

**GENERAL MANAGEMENT:
Investment In Information Technology
May Speed Security Clearances**

OIG-CA-02-007

June 25, 2002



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Office of Inspector General

The Department of the Treasury

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Abbreviations

BI	Background Investigation
CFR	Code of Federal Regulations
CVS	Clearance Verification System
DO	Departmental Offices
EPSQ	Electronic Personnel Security Questionnaire
MIS	Management Information System
NAC	National Agency Check
NFO	Nomination Forms Online
OIG	Office of Inspector General
OPM	Office of Personnel Management
OSCIP	Office of Security and Critical Infrastructure Protection
PSB	Personnel Security Branch
SSBI	Single Scope Background Investigation

June 25, 2002

Edward R. Kingman, Jr.
Assistant Secretary for Management
and Chief Financial Officer

The time required to complete security clearances is one of the greatest frustrations in government for both hiring managers and potential employees. In order to have access to classified information, or hold a sensitive position, Federal regulations require the completion of extensive background checks. The completion of these checks in a timely manner is an ongoing challenge across the Federal government.

We completed an evaluation of personnel security clearance procedures in the Office of Security and Critical Infrastructure Protection (OSCIP). OSCIP is responsible for personnel security in Departmental Offices (DO), the Office of Inspector General (OIG), and high-level positions across the Department. Our objectives were to identify opportunities for increasing the timeliness of the clearance process, and to determine whether security clearances were appropriately terminated for departing employees and contractors. We performed fieldwork from October 2001 to February 2002 at OSCIP and DO in Washington, D.C. This report covers the potential applications of information technology to the security clearance process, while a separate report, *Timeliness Of Departmental Offices' Security Clearances Can Be Improved* (OIG-CA-02-006), examines the security clearance process more generally. A more detailed statement of the review approach can be found in Appendix 1.

Results in Brief

may be to participate in the Office of Personnel Management’s (OPM) Clearance Verification System (CVS), which we recommend exploring.

We also found that a more capable management information system (MIS) would likely increase the efficiency of PSB. An MIS would facilitate those gains through speeding up the performance of routine tasks, and by providing more accurate information on clearance processes, thereby allowing clearance times to be evaluated relative to performance goals. Additional efficiencies may be possible by adopting electronic documents and eliminating the need to process and deliver some paper documents. We

We believe this information would allow PSB’s performance to be evaluated relative to performance goals, which we also recommend be set. Finally, we recommend exploring the increased use of information technology to speed the clearance process.

The Office of Security responded to our draft report that it has procured the services of a contractor to increase the functionality of the PSB database, and it is moving forward on the Administration’s e-Clearance initiative. While the actions taken and planned are responsive to our recommendations, target dates for incomplete corrective actions need to be established pursuant to Treasury Directive 40-01, *Responsibilities of and to the Inspector General*, and recorded in the Inventory, Tracking and Closure (ITC)

System. The Office of Security's comments are included as Appendix 3.

Background

Personnel security deals with the standards and procedures for determining whether an individual should be employed or retained by the Federal government, and whether that individual should be eligible for access to classified information. According to Title 5 Code of Federal Regulations (CFR) Part 732.202, all personnel must undergo the type of background investigation appropriate for their position unless they will be associated with the Treasury Department for less than 180 days. Depending on the sensitivity of the position and the need for access to classified information, the investigation may take from 1 month to a year in some cases. The standards for investigations, the subjects that investigations should cover and in what depth, and the processes by which investigative findings are evaluated are defined in Title 5 CFR Parts 731 and 732, and Title 32 CFR Part 147.

Within DO, personnel security is the responsibility of PSB, located within OSCIP, under the Assistant Secretary for Management and Chief Financial Officer. The responsibilities of OSCIP are specified in Treasury Directive 12-32 dated November 3, 2000, *Delegation of Authority Concerning Personnel Security*. OSCIP is responsible for setting Department-wide personnel security policies in the Treasury Security Manual, overseeing the National Industrial Security Program in the Department with regard to contractors, and overseeing the implementation of the security program throughout the department.

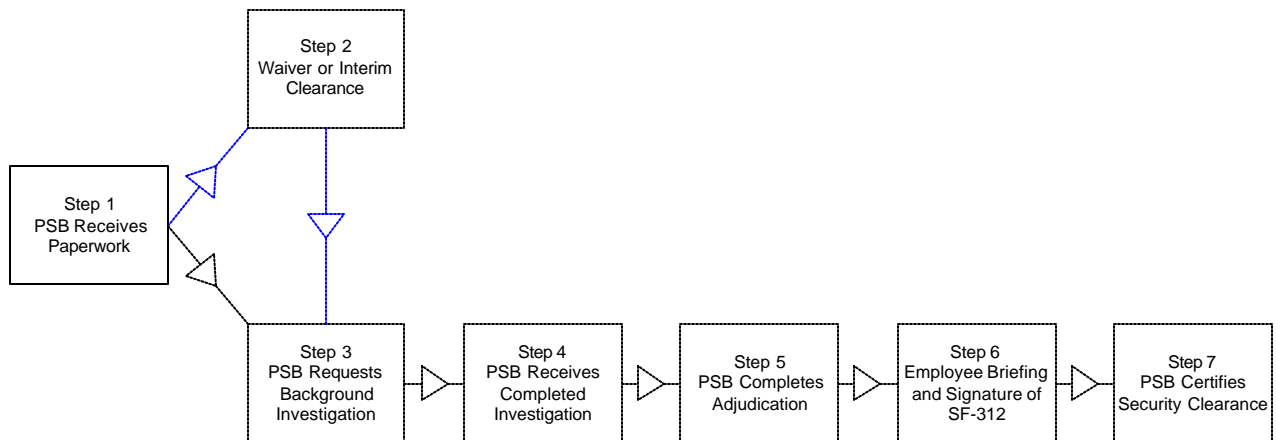
OSCIP handles background investigations for DO, OIG, and some positions within bureaus, including Bureau heads, deputies and security officers, all positions requiring Senate confirmation, and contractors. In addition to processing and adjudicating background investigations, PSB's responsibilities include: (1) processing periodic reinvestigations of personnel with prior clearances, (2) verifying clearances within the Treasury Department and to external agencies, (3) reviewing personnel security processes in

Treasury bureaus, (4) conducting security briefings, (5) maintaining personnel security files, and (6) responding to information regarding individuals' current fitness for security clearances.

The Background Investigation Process

All Federal government positions must be assigned a level of sensitivity or risk that determines the type of investigative processing the individual holding the position must undergo. In general, the greater the sensitivity or risk inherent to the position, the more intensive is the background investigation required. The type of investigation also depends on the level of national security information to which the incumbent will require access. It should be noted that a security clearance is an administrative determination that an individual is eligible for access to classified information. Actual access to classified information should be granted only on a "need-to-know" basis.

Diagram of the Background Investigation Process



The security clearance process begins when an individual selected for a position or a security clearance submits security forms to PSB (*Step 1*). In DO and OIG, these forms generally consist of a National Security Questionnaire Standard Form 86 (SF-86), fingerprint cards, an authorization for a credit check, and a copy of the applicant's resume or Optional Form 612 (OF-612). Anecdotal

evidence suggests that there is often a considerable time lag between the selection date and the date on which PSB receives the completed forms, but PSB files do not contain selection dates, so we could not analyze that step. After receiving the completed forms, PSB reviews them before further processing, and contacts the applicant if additional information is needed.

To mitigate partially the lengthy investigation process, hiring offices have the option of requesting PSB to process an interim clearance or a waiver (*Step 2*). Employees in positions that require a background investigation prior to entry on duty can be granted a waiver of that requirement under Title 5 CFR 732.202. Waivers are only granted after a written request from the hiring office and the favorable adjudication of checks of national law enforcement databases and credit bureaus. If the checks find problematic information, the waiver is not granted, and the applicant may not begin work until the full process is completed and favorably adjudicated. Applicants that require immediate access to classified information can be granted an interim clearance, which is also based on a check of national law enforcement databases. Interim clearances cannot be used for access to Sensitive Compartmentalized Information. Waivers and interim clearances were processed for 60 of 114 cases that we examined, and take 30 days to complete, on average.¹ For a complete breakdown of average times for DO, OIG, and Schedule C applicants, see Appendix 2.

After all security forms have been received and checked, regardless of whether a waiver or interim clearance was requested, PSB schedules an investigation (*Step 3*). The basic investigation is the NAC, of which there are several variations. They consist of different combinations of law enforcement and OPM database checks, fingerprint checks, credit checks, and checks of the applicant's educational and employment history. OPM performs these NAC-type investigations for PSB. Applicants in sensitive positions or requiring access to classified information may require a

¹ All times refer only to Top Secret clearances. We did not collect data on the time taken to process National Agency Checks (NACs) and similar investigations for clearances below Top Secret.

Background Investigation (BI) or a Single Scope Background Investigation (SSBI), which entail field interviews with professional, educational, and personal contacts.² On average, it takes 22 days from receipt of security forms for PSB to schedule a BI or SSBI.

The next step (*Step 4*) is completion of the background investigation (BI or SSBI). The time taken for background investigations ranged from 3 weeks to 9 months. The Secret Service performs most background investigations for DO, while OPM performs investigations for OIG and Schedule C employees. The Secret Service does not charge PSB for investigations, which take 130 days, on average. OPM charges \$3,085 for a 35-day investigation, which is most commonly used, but the average time for completion of OPM investigations is 67 days. PSB reported that it is common for OPM to return partial investigation results by the 35-day deadline, with the remaining information transmitted as it becomes available.

Once PSB has received the complete investigation file, the next step (*Step 5*) is for a PSB personnel security specialist to adjudicate the case. Adjudication is the most time-intensive stage in the process for PSB, and involves making a determination about the applicant's suitability based on the information developed in the investigation. For that reason, it is at this stage of the process where backlogs tend to accumulate at PSB. While the actual process of adjudication rarely takes more than a few hours, it takes at least 60 days,³ on average, for a case to work its way up to the top of the pile for adjudication after an investigation is completed. As well, adjudication may require additional information from the applicant or further investigation by PSB or by another agency in some cases.

² BIs and SSBIs should be distinguished from both the general background investigation process, and from investigations like the NAC.

³ As of December 2001, 100 of the 114 cases we examined had been adjudicated, with an average time of 49 days from completion of the investigation to completion of adjudication. However, if the 10 cases waiting for adjudication are assumed completed on 31 December, the average time for adjudication increases to 60 days. Since it is unlikely that all outstanding cases were actually completed by that time, the actual average time is likely to be even higher than 60 days.

clearances and allow PSB to process security clearances more

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Recommendations

The Assistant Secretary for Management and Chief Financial Officer should:

1. -----

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Management Response

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OIG Comment

The planned enhancements to the PSB database, once implemented, are responsive to the recommendation.

2. Direct PSB to evaluate the benefits of participation in OPM's CVS, and determine what database capabilities would be necessary for participation.

Management Response

The planned database will be capable of generating reports with the format and frequency required by CVS. The Department also supports the selection of e-Clearance as an initiative by the Administration to improve the processing of individuals who

must have an investigation prior to a security clearance decision. OPM is the Managing Partner for e-Clearance.

OIG Comment

The planned enhancements to the PSB database are responsive to the recommendation.

Finding 2 A More Capable MIS Would Likely Increase Efficiency Of Personnel Security Branch

In a 1999 report titled *Assessment of Personnel Security Processes within Departmental Offices*, (OIG-00-CA-001), the OIG team observed significant limitations with the database systems available for processing and tracking employee and contractor security clearances-----



Paper Files at PSB

----- we stated in the prior report, we believe that a more capable management information system would increase the efficiency of PSB operations. It would achieve these gains through speeding the performance of routine tasks, and by providing more accurate information on clearance processes, thereby allowing clearance times to be evaluated relative to performance goals. Additional efficiencies may be possible by adopting electronic documents and eliminating the need to process and deliver some paper documents.

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Electronic Documents

Currently, almost all clearance processes in the PSB are paper-based. Applicants submit security forms to PSB on paper, PSB submits requests for investigations to OPM and the Secret Service on paper, they return investigative reports to PSB on paper, and adjudicators review large paper files before typing out security clearance certifications and sending memorandums to hiring offices. The process necessarily takes time, and some of this time is necessary: Security office personnel must determine what kind of investigation is needed, investigators must go to the field to interview sources and verify data, and adjudicators must review the results of investigations and determine whether the subject should be granted a security clearance or allowed to enter Federal government employment. However, each step also involves the processing and physical transmission of paper documents, and in the degree to which the time spent managing paper documents can be minimized, the clearance process will be shortened.



More Paper Files

A significant potential exists for accelerating the clearance process through the increased use of information technology. One relatively simple way would be to use electronic forms that could be entered directly into a case management system. Electronic security forms would be easier for the applicant to fill out, eliminating the occasional problem of illegible handwriting. They could be entered directly into the case management system, thereby allowing electronic data transmission to investigating agencies, and they could be formatted to disallow skipped

responses, another common source of delay in the clearance process. The Electronic Signatures in Global and National Commerce Act, signed June 30, 2000, gives electronic signatures, contracts, and records the same validity as their handwritten and hard copy counterparts. This act would give applicants' electronic submissions of security documents the same legal status as their signed paper security forms.

Other agencies have taken significant steps in using electronic forms to speed the clearance process. For example, the Defense Security Service requires security forms to be submitted through the Electronic Personnel Security Questionnaire (EPSQ), available for review at <http://www.dss.mil/epsq/index.htm>. EPSQ allows the electronic submission of standard security forms in an encrypted format to protect applicants' privacy. A project funded by Pew Charitable Trusts has developed Nomination Forms On-line (NFO), available for review at <http://www.whitehouse2001.org/>. NFO allows the simultaneous completion of several forms required for Schedule C appointments, but not their electronic submission.

There may be other ways to use information technology to speed the clearance process. OPM is currently using technology that allows fingerprints to be scanned and transmitted to the Federal Bureau of Investigation fingerprint database electronically. OPM claims that this technology has cut the time required to process fingerprint checks from weeks to hours.

The scale of personnel security clearances in DO is unlikely to justify PSB's investment in its own electronically formatted security forms. However, we believe that the potential that electronic security forms hold for speeding the clearance process is sufficient to justify exploring either the use of another agency's existing electronic security forms, or forming a partnership with Treasury bureaus to develop a single electronic form for use across all or selected Treasury bureaus.

Recommendations

The Assistant Secretary for Management and Chief Financial Officer should:

1. Develop or implement an MIS for PSB that is capable of:

Management Response

The planned PSB database enhancement will incorporate these recommended capabilities.

OIG Comment

The planned enhancements to the PSB database, once implemented, are responsive to the recommendation.

2. Direct PSB to establish goals for the timeliness of the clearance process, incorporate those goals into its performance plan, and track and report its achievement of those goals.

Management Response

PSB will develop a performance plan to ensure the achievement of selected goals.

OIG Comment

The planned action, once implemented, is responsive to the recommendation.

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3. Direct PSB to explore the potential application of different information technologies to the clearance process, and consider the feasibility of eventually moving to an entirely electronic case management system.

Management Response

All Treasury bureaus, including DO, will implement initiatives under e-Clearance.

OIG Comment

The planned implementation of the e-Clearance initiative is responsive to the recommendation.

* * * * *

We will record the recommendations in this report in the Inventory, Tracking and Closure (ITC) system. Your office should identify a target date for implementing the recommendations and provide us with this within 30 days.

We appreciate the cooperation and courtesies extended to our staff. Major contributors to this report are listed in Appendix 4. If you have any questions, please contact me at (202) 927-5400 or a member of your staff may contact Inez Jordan, Acting Director, Office of Evaluations at (202) 927-6835.

Marla A. Freedman
Assistant Inspector General for Audit

Our initial objectives were to identify opportunities for improving the timeliness of the clearance process, and to determine whether clearances for departing employees and contractors were appropriately terminated. Regarding the latter objective, we determined that the clearance process determines only eligibility for access to classified information. Actual access to classified information is determined by offices and bureaus, which have the responsibility to terminate access when there is no longer a need-to-know. Accordingly, PSB plays no role in “terminating” clearances. PSB maintains a permanent record of Treasury DO employee clearances, and clearances are generally terminated or downgraded only if negative information regarding the holder is discovered, although a clearance may lapse if its holder is not reinvestigated as required.

With regard to the objective of identifying opportunities for speeding the clearance process, we performed fieldwork in Washington, D.C. We based our conclusions on: (1) interviews with representatives of OSCIP, the Office of Personnel Resources, the Secret Service, and OPM, (2) a review of personnel security policies and procedures in the Treasury Department and other agencies, and (3) an analysis of personnel security files for investigations performed during 11 months of Fiscal Year 2001⁵. We used billing records to identify files, and then recorded the dates of selected steps in the clearance process for each file. Because of the relative infrequency of Secret and Confidential clearances, we report only average times for Top Secret clearances.

We performed our work in accordance with the *Quality Standards for Inspections* issued by the President’s Council on Integrity and Efficiency.

⁵ Billing records for October 2000 were not available.

Step-to-Step Times in Days for Top Secret Clearances⁶

Step in Clearance Process	Responsible Actor	Overall	Schedule C (24, 1 incomplete)	DO (70, 8 incomplete)	OIG (20, 12 incomplete)
1. Preparation and Transmission of Security Forms	Applicant	No Data	No Data	No Data	No Data
2. Interim clearance or waiver, if requested	PSB	30, for 60 cases	35, for 8 cases	33, for 37 cases	21, for 15 cases
3. Request for investigation	PSB	22	9	22	35
4. Completion of investigation	OPM or Secret Service ⁷	102	59	122	86
5. Completion of adjudication ⁸	PSB	60	28	48	92
6. Employee briefing and signature of SF-312 ⁹	Applicant	9	7	10	96
7. PSB certification of clearance	PSB	0	0	0	0
Entire Process ¹⁰		174	97	193	243

⁶ Data was collected in December 2001.

⁷The average time for investigations was 130 days for the Secret Service and 67 days for OPM.

⁸These numbers reflect the assumption that PSB adjudicated all incomplete cases with completed investigations by the end of December 2001. Since this assumption is unlikely, the actual average times are probably higher.

⁹ These numbers reflect the assumption that for all incomplete cases with completed adjudications, employees attended security briefings and signed SF-312s by the end of December 2001. The actual average times are probably higher.

¹⁰ These numbers are based on the cases that were completed at the time of data collection. As may be seen from summing the times taken for individual steps, actual average times are probably higher than those reported.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MAY 7 2002

MEMORANDUM FOR MARLA A. FREEDMAN
ASSISTANT INSPECTOR GENERAL FOR AUDIT

FROM: Mayi Canales *Mayi Canales*
Acting Deputy Assistant Secretary (Information Systems)
and Chief Information Officer

SUBJECT: OIG Draft Report: Investment in Information Technology May Speed
Security Clearances

The Office of Security reviewed the Office of Inspector General's (OIG) draft report entitled, "Investment in Information Technology May Speed Security Clearances." We believe that the OIG's recommendations concerning the application of information technology to the security clearance process, would strengthen the processes involved in executing this important DO security function. Please consider the following comments concerning the OIG recommendations and report:

OIG Recommendation


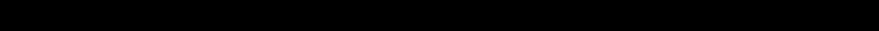
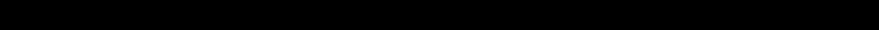
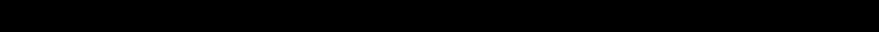
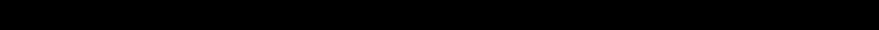
1. [REDACTED]
2. Direct PSB to evaluate the benefits of participation in Office of Personnel Management's (OPM) Clearance Verification System (CVS), and determine what database capabilities would be necessary for participation.

Office of Security Response

1. The Office of Security procured the services of Booz-Allen & Hamilton to increase the functionality of the current PSB database. [REDACTED]. CVS requirements will be included to download clearance information from DO.
2. Deputy Secretary Kenneth Dam, as a member of the President's Management Council, supports the selection of e-Clearance as one of this Administration's initiatives. OPM is the Managing Partner for e-Clearance. I am the designated Treasury senior manager for this initiative. Ms. Ann Tursic, Assistant Director (Personnel Security) is attending all meetings on my behalf. The main objective of the e-Clearance initiative is to improve the processing

of individuals who must have an investigation prior to a security clearance decision.

OIG Recommendation

1. Develop or implement an MIS for PSB that is capable of:
 - a. 
 - b. 
 - c. 
 - d. 
 - e. 
2. Direct PSB to establish goals into its performance plan, and track and report its achievement of those goals.
3. Direct PSB to explore the potential application of different technologies to the clearance process, and consider the feasibility of eventually moving to an entirely electronic case management system.

Office of Security Response

1. Booz-Allen & Hamilton will be incorporating the OIG recommendations into the new enhancements of the PSB database.
2. PSB will develop a performance plan to ensure achievement of the goals enumerated in this memorandum.
3. All Treasury bureaus, to include Departmental Offices, will implement the initiatives under e-Clearance.

Thank you for the opportunity to comment on this report. If you would like to discuss this response or have any additional questions, I can be reached at 622-1200.

Office of Evaluations

Inez Jordan, Acting Director, Office of Evaluations
John Lemen, Supervisory Evaluator
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The Department of the Treasury

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