United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

For Release on Delivery
Expected at 10:00 a.m. EDT
Tuesday, June 28, 2005

DOD PERSONNEL CLEARANCES

Some Progress Has Been Made but Hurdles Remain to Overcome the Challenges That Led to GAO's High-Risk Designation

Statement of Derek B. Stewart, Director
Defense Capabilities and Management

GAO-05-842T

June 28, 2005

DOD PERSONNEL CLEARANCES

Some Progress Has Been Made but Hurdles Remain to Overcome the Challenges that Led to GAO's High-Risk Designation

GAO Accountability·Integrity·Reliability

Highlights

Highlights of GAO-05-842T, a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

Threats to national security—such as the September 11, 2001, terrorist attacks and high-profile espionage cases—underscore the need for timely, high-quality determinations of who is eligible for a personnel security clearance which allows an individual to access classified information.

The Department of Defense (DOD) needs an effective and efficient clearance program because it is responsible for about 2 million active clearances and provides clearances to more than 20 other executive agencies as well as the legislative branch. Despite these imperatives, DOD has for more than a decade experienced delays in completing hundreds of thousands of clearance requests and impediments to accurately estimating and eliminating its clearance backlog. In January 2005, GAO designated DOD's personnel security clearance program as a high-risk area. In February 2005, DOD transferred its personnel security investigative functions and about 1,800 positions to the Office of Personnel Management (OPM), after 2 years of negotiation between the agencies.

This testimony provides an update on the challenges that led to GAO's high-risk designation. It identifies both the positive steps that have been taken to address previously identified challenges and some of the remaining hurdles. GAO will continue to monitor this area.

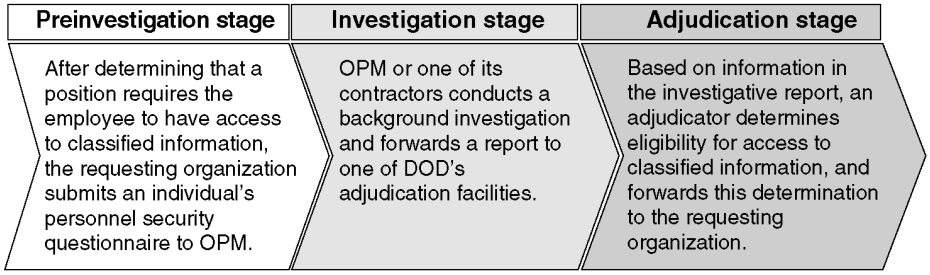
www.gao.gov/cgi-bin/getrpt?GAO-05-842T.

To view the full product, click on the link above. For more information, contact Derek B. Stewart at (202) 512-5559 or stewartd@gao.gov.

What GAO Found

While DOD has taken steps to address the problems that led to designating its clearance program as high risk, continuing challenges are found in each of the three stages of DOD's personnel security clearance process. Figure 1 describes the process.

Figure 1: DOD's Process for Determining Clearance Eligibility



Source: DOD.

Preinvestigation: To address previously identified problems in projecting clearance workload, DOD is identifying the military and civilian positions that require clearances. Identifying clearance requirements for contractor personnel is still in the planning phase. Another problem is the efficient submission of investigation requests. In the 2 years since DOD and OPM announced the transfer of DOD's investigative functions and personnel to OPM, the two agencies did not ensure the seamless submission of DOD requests to OPM. DOD is developing software to remedy this problem.

Investigation: Delays in completing investigations are continuing. For February 2005, OPM—which now supplies an estimated 90 percent of the government's clearance investigations—reported that over 185,000 of its clearance investigations had exceeded timeliness goals. OPM's effort to add investigative staff is a positive step, but adding thousands of staff could result in continued timeliness problems and quality concerns as the staff gain experience. OPM's workload should decrease because of two recent initiatives: (1) eliminating a few of the investigative requirements for some reinvestigations of personnel updating their clearances and (2) requiring the acceptance of clearances and access granted to personnel moving from one agency to another.

Adjudication: In the past, DOD had difficulty monitoring who had been adjudicated for clearances and when the clearances needed to be renewed. While the Joint Personnel Adjudication System has combined databases from DOD's 10 adjudicative facilities to enhance monitoring, wider consolidation of government databases may be required. The Director of OPM will need to integrate all federal agencies into a single governmentwide database in order to meet a requirement established in a recent law. As of September 30, 2003, DOD had a backlog of roughly 90,000 adjudications.

Chairman Voinovich and Members of the Subcommittee:

I am pleased to be here today to discuss the Department of Defense's (DOD) personnel security clearance program. As you know, Mr. Chairman, it is one of the 25 areas GAO has designated as high risk in our recent report, *High-Risk Series: An Update*.[1] GAO's high-risk list focuses on those major programs and operations that need urgent attention and transformation in order to ensure that our national government functions in the most economical, efficient, and effective manner possible. Also, some federal programs and operations are designated high risk because of their greater vulnerabilities to fraud, waste, abuse, and mismanagement.

Threats to our national security—such as the September 11, 2001, terrorist attacks and high-profile espionage cases—underscore the need for timely, high-quality determinations of who is eligible for a personnel security clearance that will allow the individual access to classified information. An increase in the operations and deployments of military personnel since September 11, 2001, and the sensitive technology that military personnel, government civilians, and contractors use are other factors suggesting the need for an effective and efficient clearance program. Because of its size and the many parts of the government affected by DOD's personnel security clearance program, an efficient and effective process is needed. The Office of the Under Secretary of Defense for Intelligence (OUSD(I)) is responsible for the clearances issued to approximately 2 million personnel and for coordinating and implementing DOD-wide policies related to access to classified information. While most of those personnel are servicemembers and DOD's federal employees and contractor personnel, OUSD(I) is also responsible for the clearances of contractors for more than 20 other federal agencies as well as for staff in the legislative branch of the federal government.[2]

Notwithstanding the critical mission of DOD and the size of its program, our prior reviews for more than a decade have documented persistent problems with DOD's personnel security clearance program. (See the

[1] GAO, *High-Risk Series: An Update*, GAO-05-207 (Washington, D.C.: January 2005).

[2] A list of agencies and a discussion of the executive order authorizing DOD to enter into agreements with these agencies can be found in footnote 9 in GAO, *DOD Personnel Clearances: Additional Steps Can Be Taken to Reduce Backlogs and Delays in Determining Security Clearance Eligibility for Industry Personnel*, GAO-04-632 (Washington, D.C.: May 26, 2004).

reports listed at the end of this statement.) Since fiscal year 2000, DOD has declared its personnel security clearance investigations program to be a systemic weakness—a management control problem that affects more than one DOD component and may jeopardize the department's operations—under the Federal Managers' Financial Integrity Act of 1982. In addition, an October 2002 House Committee on Government Reform report recommended to the Secretary of Defense to include DOD's clearance adjudication process (use of background investigative information to determine eligibility for a clearance) as a material weakness.[3] After noting in our May 2004 report[4] that DOD had dealt with the impediments to timely clearances in a piecemeal fashion, we recommended that DOD develop and implement an integrated, comprehensive management plan to eliminate the backlog, reduce the delays in conducting investigations and determining eligibility for security clearances, and overcome the impediments that could allow such problems to recur. Although DOD partially concurred with our recommendation, the department had not implemented such a plan as of May 2005.

The longstanding delays in completing hundreds of thousands of clearance requests and the impediments that hinder DOD's ability to accurately estimate and eliminate its clearance backlog led us to declare the program a high-risk area in January 2005.[5] Specifically, we found delays and impediments in all three stages of DOD's personnel security clearance process shown in Figure 1. Shortly after we placed DOD's clearance program on our high-risk list, a major change in the program occurred. In February 2005, DOD transferred its personnel security investigative functions and about 1,800 investigative positions to the Office of Personnel Management (OPM). Now, DOD obtains nearly all of its clearance investigations from OPM.[6] The Deputy Associate Director of OPM's Center for Investigations Services estimated that OPM is responsible for about 90

[3] Committee on Government Reform, U.S. House of Representatives, *Defense Security Service: The Personnel Security Investigations [PSI] Backlog Poses a Threat to National Security*, H.R. Rep. No. 107-767, at 2 (2002).

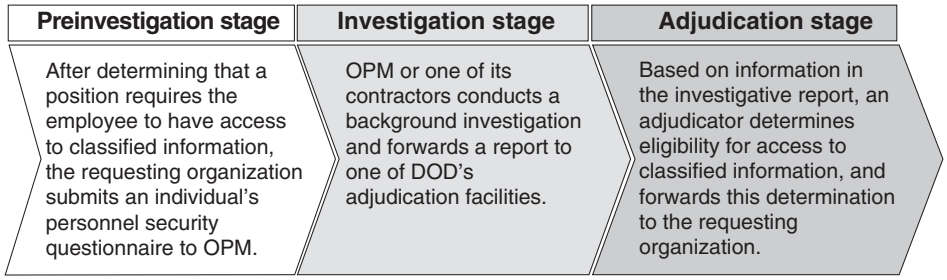
[4] GAO-04-632.

[5] GAO-05-207.

[6] Currently the National Security Agency, Defense Intelligence Agency, and National Reconnaissance Office each have a 1-year waiver that allows them to contract for their own personnel security clearance investigations. OUSD(I) officials said they do not anticipate that the waivers will be granted after the current waivers expire.

percent of the more than 650,000 investigations for security clearances conducted in fiscal year 2004, in addition to nearly 842,000 public trust, regulatory, and non-sensitive background investigations.[7]

Figure 1: DOD's Process for Determining Clearance Eligibility



Source: DOD.

Today, I would like to provide the Subcommittee with an update on the challenges that led to our designation of DOD's personnel security clearance program as a high-risk area. I will discuss both the positive steps that have been taken to address previously identified concerns and some of the remaining hurdles. My comments will be organized around the three stages (preinvestigation, investigation, and adjudication) in DOD's personnel security clearance process.

My comments are based primarily on our completed work and our institutional knowledge from our prior reviews of the clearance process at DOD and other agencies. In addition, we used information from the Intelligence Reform and Terrorism Prevention Act of 2004[8] and perspectives and statistical data that DOD and OPM officials supplied

[7] The Deputy Associate Director of OPM's Center for Investigations Services noted that the following departments/agencies have statutory or delegated authority to conduct background investigations: Central Intelligence Agency; Department of State; Department of the Treasury; Internal Revenue Service; Bureau of Engraving and Printing; Federal Bureau of Investigation; National Security Agency; U.S. Agency for International Development; Department of Homeland Security; Bureau of Customs and Border Protection; U.S. Secret Service; Small Business Administration; Broadcasting Board of Governors; Department of Justice—Bureau of Alcohol, Tobacco, Firearms, and Explosives; U.S. Postal Service; Tennessee Valley Authority; National Reconnaissance Office; and Peace Corps. Even though these agencies have authority to conduct their own investigations, some of them request OPM to conduct all or part of their investigations.

[8] Pub. L. No. 108-458 (Dec. 17, 2004).

during interviews and in written documents gathered as part of our routine monitoring of steps that had been taken to improve DOD's personnel security clearance program. We conducted our work in accordance with generally accepted government auditing standards between February and June 2005.

Summary

DOD has taken steps to address challenges found in each of the three stages of its personnel security clearance process, but this progress cannot be fully evaluated at this time because many of the steps have not been completed. In the preinvestigation stage, previous uncertainty in projecting the number and types of clearances made it difficult for DOD to determine budgets and staffing needs. The military services have begun identifying which military and civilian positions require clearances and the level of the clearance needed; however, the clearance requirements process for contractor personnel is still in the planning phase. Also, DOD has not been able to make full use of OPM's electronic system for submitting requests for clearance investigations. Despite having 2 years between the time when OPM and DOD announced an agreement to transfer DOD's investigative functions and personnel to OPM and when this transfer actually occurred, DOD and OPM did not ensure that software was available for the seamless submission of requests from DOD's system to OPM's. Converting a DOD request for investigation into a format that is acceptable to OPM's system and obtaining missing or corrected data to open the investigation delays completion of the clearance process. Until these two issues are fully addressed, DOD will continue to encounter problems determining budgets and staff and minimizing the delays in completing the clearance process.

For the investigation stage, OPM reported that more than 185,000 of its clearance investigations had exceeded timeliness goals during February 2005. In December 2003, DOD and OPM did not have sufficient numbers of investigative personnel. Combined, they had about 4,200 full-time-equivalent investigative staff, but an OPM official at that time estimated that DOD and OPM would need about 8,000 full-time-equivalent investigative staff to eliminate backlogs and deliver investigations on time. Since then, OPM has added investigative staff, but adding thousands of staff could result in continued timeliness problems and quality concerns as the staff gain experience. However, the governmentwide investigative workload should decrease because of two recent developments: (1) the elimination of formerly required interviews and other data gathering during some reinvestigations for renewal of top secret clearances and (2) the

requirement for government agencies to accept clearances and access granted to personnel by other agencies.

For the third step in the clearance process, the adjudication stage, our reviews documented problems in monitoring overdue reinvestigations and generating accurate estimates of the backlog that were both partially due to DOD maintaining separate databases for each of its 10 adjudication facilities. DOD has largely implemented its Joint Personnel Adjudication System to consolidate the databases and thereby has addressed some of our adjudication-related concerns. While this is a positive step, the Director of OPM must now establish and maintain a single governmentwide database as required by the Intelligence Reform and Terrorism Prevention Act of 2004. As of September 30, 2003, DOD had a backlog of roughly 90,000 completed investigations that had not been adjudicated within prescribed time limits. In addition, even though we made four recommendations for improving DOD's adjudicative process in April 2001 and DOD concurred with those recommendations, none has been fully implemented at this time.

Background

Since 1997, all federal agencies have been subject to a common set of personnel security investigative standards and adjudicative guidelines for determining whether servicemembers, government employees, industry personnel, and others are eligible to receive a security clearance.[9] Clearances allow personnel to access classified information categorized into three levels: top secret, secret, and confidential.[10] The expected damage to national defense and foreign relations that unauthorized disclosure could reasonably be expected to cause is "exceptionally grave damage" for top secret information, "serious damage" for secret information, and "damage" for confidential information. Individuals who need access to classified information for extended periods of time are required to periodically renew their clearance (a reinvestigation). The time

[9] The White House, "Implementation of Executive Order 12968," Memorandum (Washington, D.C.: Mar. 24, 1997). This memorandum approves the adjudication guidelines, temporary eligibility standards, and investigative standards required by Executive Order 12968, *Access to Classified Information* (Aug. 2, 1995).

[10] Classified Designations, 5 C.F.R. § 1312.4 (2005).

frames for reinvestigations are 5 years for top secret clearances, 10 years for secret clearances, and 15 years for confidential clearances.[11]

In addition to requiring different time frames for renewal, the different levels of clearances require that different types of background information be gathered and used in making the adjudicative decision about whether an individual is or is not eligible for a clearance (see table 1). Much of the information for a secret or confidential clearance is gathered through electronic files. The investigation for a top secret clearance requires the information needed for the secret or confidential clearance as well as additional data which are gathered through time-consuming tasks, such as interviews with the subject of the investigation request, references in the workplace, and neighbors. OPM officials estimated that the time required to gather information to complete initial investigations for top secret clearances is twice that needed for reinvestigations for top secret clearances and 10 times as much as that needed for initial investigations or reinvestigations for secret or confidential clearances. DOD estimated that adjudicators' reviews of the longer investigative reports for top secret clearances also take three times as long as the reviews of investigative reports for determining eligibility for secret or confidential clearances. Moreover, if the clearance required for a position is upgraded from secret to top secret, the investigation and adjudication would need to be performed twice as often (every 5 years instead of every 10 years).

[11] *Adjudicative Guidelines for Determining Eligibility for Access to Classified Information*, 32 C.F.R. Part 147, Subpart B, Attach. A and Attach. C (2004).

Table 1: Information Gathered to Determine Eligibility for a Security Clearance

	Type of security clearance and investigation		
	Confidential or secret	Top secret	
Type of information gathered	Initial investigation or reinvestigation	Initial investigation	Reinvestigation
1. Personnel security questionnaire: The subject's self-reported answers on a paper SF-86 form or an electronic form	X	X	X
2. National agency check: Data from the Federal Bureau of Investigation, military records centers, Department of the Treasury, etc.	X	X	X
3. Credit check: Data from credit bureaus where the subject lived/worked/attended school for at least 6 months	X	X	X
4. Local agency checks: Data from law enforcement agencies where the subject lived/worked/attended school during past 5 years	X	X	X
5. Date and place of birth: Corroboration of information supplied on the personnel security questionnaire	X	X	
6. Citizenship: For individuals born outside of the United States, verification of U.S. citizenship directly from the appropriate registration authority		X	
7. Education: Corroboration of most recent or significant claimed attendance, degree, or diploma		X	X
8. Employment: Review of employment records and interviews with workplace references, such as supervisors and coworkers		X	X
9. References: Data from interviews with subject-identified and investigator-developed leads		X	X
10. National agency check for spouse or cohabitant: National agency check without fingerprint		X	X
11. Former spouse: Data from interview(s) conducted with spouse(s) divorced within the last 10 years		X	X
12. Neighborhoods: Interviews with neighbors and verification of residence through records check		X	X
13. Public records: Verification of issues, such as bankruptcy, divorce, and criminal and civil court cases		X	X
14. Subject interview: Collection of relevant data, resolution of significant inconsistencies, or both		X	X

Source: DOD.

Progress and Continuing Challenges Found at Each Stage of DOD's Personnel Security Clearance Process

We found that DOD has taken steps to address challenges found at all three stages of its personnel security clearance process, but many of the steps have not yet resulted in implementations that fully address the challenges. In the preinvestigation stage, DOD has begun decreasing the uncertainty in its projections of how many and what levels of clearances are required by identifying the clearances needed for military and civilian positions and developing software that will result in electronic submissions of clearance investigation requests to OPM. Regarding the second stage of the clearance process, OPM has been hiring investigative staff to address past personnel shortages and the resulting delays from having too few staff for the investigative workload. Adding thousands of staff could, however, result in continued timeliness problems as well as quality concerns until the staff gain experience. Regarding the adjudication stage, DOD's Joint Personnel Adjudication System consolidated the databases for 10 DOD adjudication facilities to enhance monitoring of adjudicative decisions and time frames for renewing clearances, but a new law requires a governmentwide clearance database.

Preinvestigation Steps Being Taken to Help DOD Identify Requirements for Clearances and Address Submission of Requests for Clearance Investigations

At this time, DOD is uncertain about the number and level of clearances that it requires and has experienced problems submitting investigation requests, but the department has begun addressing these problems. DOD's inability to accurately project such clearance requirements makes it difficult to determine budgets and staffing needs. DOD is addressing this problem by identifying the clearance needs for military and civilian positions, but no military service had completed this task as of May 2005. Similarly, in response to our May 2004 recommendation to improve the projection of clearance requirements for industry personnel, DOD indicated that it is developing a plan and computer software to have the government's contracting officers authorize the number of industry personnel investigations required to perform the classified work on a given contract and link the clearance investigations to the contract number.

Despite having 2 years between the time when OPM and DOD announced an agreement for the transfer of DOD's investigative functions and personnel to OPM and when the transfer actually occurred, DOD cannot make full use of OPM's Electronic Questionnaires for Investigations Processing (eQIP), the system used to submit materials required to start a background investigation. To overcome this challenge to the prompt and efficient submission of investigation requests, DOD is developing software that will convert the department's submissions into the eQIP format. Also,

OPM told us that about 11 percent of the February 2005 clearance investigation requests submitted outside of eQIP were returned to the requesting offices when missing or discrepant information could not be obtained telephonically. Converting a DOD request for investigation into a format that is compatible with OPM's eQIP and obtaining missing or corrected data to open an investigation delays the completion of the clearance process. OPM does not monitor how many days elapse between initial submissions and resubmissions of corrected material and, therefore, does not include that time in its calculations of the average time required to complete an investigation. Until DOD implements the software currently being developed and fully determines its clearance requirements, the department will continue to encounter problems determining budgets and staff and minimizing the delays in completing the clearance process.

Delays Exist in Completing Investigations, but Recent Steps May Decrease the Delays

DOD and the rest of the government serviced by OPM are not receiving completed investigations promptly, but recent initiatives may decrease these delays. For February 2005, OPM told us that it had more than 185,000 investigations governmentwide that had taken longer than its goals for closing cases: 120 days for initial investigations and 180 days for reinvestigations. The current goals for completing a case allow more time than did the DOD goals reported in our earlier work and, therefore, comparison of the investigation backlog size that OPM reported in February 2005 to the backlog size cited in our prior reviews would not provide any meaningful information.[12] The Intelligence Reform and Terrorism Prevention Act of 2004 requires that not later than December 17, 2006, and ending December 17, 2009, each authorized adjudicative agency shall make a determination on at least 80 percent of all applicants for personnel security clearances within an average of 120 days—90 days to complete the investigation and 30 days to complete the adjudication—of

[12] For example, DOD's performance goals were to have 75 percent of its in-house investigations completed in the following time frames: 120 days for a periodic reinvestigation for a top secret clearance, 90 days for an initial top secret clearance, and 75 days for either a secret or confidential clearance being issued initially. Therefore, if these DOD goals were applied to the current OPM inventory of investigations, the size of the backlog would be higher.

receiving the security clearance application.[13] Also, not later than February 15, 2006, and annually thereafter through 2011, a report on the progress made during the preceding year toward meeting these goals is to be supplied to appropriate congressional committees.[14] Table 2 shows that, across the government, standard service for both initial investigations and reinvestigations for top secret clearances resulted in more than 1 year elapsing, on average, between submitting the investigation requests and closing the investigations. OPM does, however, permit agencies to request priority (expedited) processing on a limited number of investigations, and those investigations took less time to close. Table 2 also shows a difference in the time required to close initial investigations and reinvestigations for top secret clearances.

Table 2: February 2005 Governmentwide Findings on the Types of Investigations for Different Clearances, Average Number of Days Used to Close an Investigation, and the Number of Investigations Exceeding Goals for Closing

Type of investigation	Type of processing	Average number of days to close	Number exceeding the goals for closing
Initial investigations and reinvestigations for secret/confidential clearances	Priority	87	555
	Standard	160	99,543
Initial investigations for top secret clearances	Priority	115	1,938
	Standard	370	47,444
Reinvestigations for top secret clearances	Standard	498	36,320
Total			**185,800**

Source: OPM.

In February and May 2004, we reported that different risks are associated with delays in completing initial investigations and reinvestigations.[15] Delays in completing initial personnel security clearances can have negative impacts on the costs of performing classified work within or for

[13] Pub. L. No. 108-458, § 3001(g) (Dec. 17, 2004). The act also notes that the time frame for completing clearances will reduce further once 5 years have elapsed from the enactment. At that time, the act notes that to the extent practical, each authorized adjudicative agency shall make a determination on at least 90 percent of all applications for a personnel security clearance within an average of 60 days—40 days to complete the investigation and 20 days to complete the adjudication.

[14] Pub. L. No. 108-458, § 3001(h) (Dec. 17, 2004).

[15] GAO-04-344 and GAO-04-632.

the U.S. government. For example, delays in clearing industry personnel can affect the cost, timeliness, and quality of contractor performance on defense contracts. Conversely, delays in completing reinvestigations may lead to a heightened risk of national security breaches because the longer individuals hold clearances, the more likely they are to be working with critical information systems.

Our prior review noted that delays in completing personnel security clearance investigations for DOD and other agencies have resulted, in part, from a shortage of investigative staff. In February 2004, we noted that the Deputy Associate Director of OPM's Center for Investigations Services estimated that OPM and DOD would need a total of roughly 8,000 full-time-equivalent investigative personnel[16] to eliminate backlogs and deliver investigations in a timely fashion to their customers.[17] To reach its goal of 8,000, OPM must add and retain approximately 3,800 full-time equivalent investigative staff, and retain all of the estimated 4,200 full-time-equivalent staff that OPM and DOD had combined in December 2003. In our February 2004 report, we noted that OPM's primary contractor was adding about 100 and losing about 70 investigators per month. If the high rate of turnover has continued, the ability to grow investigative capacity could be difficult. In addition, OPM could be left with a large number of investigative staff with limited experience.

OPM's Deputy Associate Director noted that the inexperience among investigative staff results in investigations not being completed as quickly as they might have been if the investigators were more experienced. The OPM official also noted that the quality of the investigations is not where she would like to see it. As we noted in our September 2004 testimony before this subcommittee,[18] OPM had continued to use its investigations contractor to conduct personnel security clearance investigations on its own employees even though we raised an internal control concern about

[16] In our February 2004 report, we noted that OPM's estimate includes workers who may be (1) investigators or investigative technicians, (2) federal or contracted staff, and (3) full- or part-time employees.

[17] GAO, *DOD Personnel Clearances: DOD Needs to Overcome Impediments to Eliminating Backlog and Determining Its Size*, GAO-04-344 (Washington, D.C.: Feb. 9, 2004).

[18] GAO, *Intelligence Reform: Human Capital Considerations Critical to 9/11 Commission's Proposed Reforms*, GAO-04-1084T (Washington, D.C.: Sept. 14, 2004).

this practice during our 1996 review. [19] OPM officials indicated that they plan to use the government employees that were transferred from DOD to address this concern.

In addition to adding staff, two other initiatives should decrease delays in completing clearance investigations. A new DOD initiative—the phased periodic reinvestigation (phased PR)—that we discussed in our May 2004 report can make more staff available and thereby decrease the workload associated with some reinvestigations for top secret clearances.[20] The phased approach to periodic reinvestigations involves conducting a reinvestigation in two phases; a more extensive reinvestigation would be conducted only if potential security issues were identified in the initial phase. Specifically, investigative staff would verify residency records and conduct interviews of listed references, references developed during the investigation, and individuals residing in the neighborhood only if potential security issues were identified in other parts of the standard reinvestigation process. The Defense Personnel Security Research Center showed that at least 20 percent of the normal investigative effort could be saved with almost no loss in identifying critical issues needed for adjudication. In December 2004, the President approved the use of the phased PR for personnel needing to renew their top secret clearances.

Another source of investigative, as well as adjudicative, workload reduction may result from the recent reciprocity requirements contained in the Intelligence Reform and Terrorism Prevention Act of 2004.[21] Our May 2004 report noted that the lack of reciprocity (the acceptance of clearance and access granted by another department, agency, or military service) was cited as an obstacle that can cause contractor delays in filling positions and starting work on government contracts. Under the new law, all security clearance background investigations and determinations completed by an authorized investigative agency or authorized adjudicative agency shall be accepted by all agencies.

[19] GAO, *Privatization of OPM's Investigations Service*, GAO/GGD-96-97R (Washington, D.C.: Aug. 22, 1996).

[20] GAO-04-632.

[21] Pub. L. No. 108-458, § 3001(d) (Dec. 17, 2004).

Joint Personnel Adjudication System Consolidates DOD Adjudicative Data, but a New Law Requires Wider Consolidation

DOD's Joint Personnel Adjudication System (JPAS) consolidated 10 DOD adjudication databases to provide OUSD(I) with better monitoring of adjudication-related problems, but a new law requires wider consolidation. Past delays in implementing DOD's JPAS greatly inhibited OUSD(I)'s ability to monitor overdue reinvestigations and generate accurate estimates for that portion of the backlog. In addition to correcting these problems, implementation of much of JPAS has eliminated the need for DOD's 10 adjudication facilities to maintain their own databases of adjudicative information. This consolidation may also assist with a requirement in the Intelligence Reform and Terrorism Prevention Act of 2004.[22] Among other things, the law requires that not later than December 17, 2005, the Director of OPM shall, in cooperation with the heads of the certain other government entities, establish and commence operating and maintaining a single, integrated, secure database into which appropriate data relevant to the granting, denial, and revocation of a security clearance or access pertaining to military, civilian, or government contractor personnel shall be entered from all authorized investigative and adjudicative agencies. OPM officials stated that JPAS and OPM's Clearance Verification System account for over 90 percent of the government's active security clearances and that the remaining clearances are primarily housed in classified record systems (e.g., the Central Intelligence Agency's Scattered Castles) devoted to the intelligence community.

Additionally, DOD may move closer toward the 9/11 Commission's recommendation of having a single government agency responsible for providing and maintaining clearances by co-locating its 10 adjudication facilities on a single military installation. The recent base realignment and closure list includes a recommendation to co-locate all of DOD's adjudication facilities. While co-location—if it occurs—would not be the same as consolidation, it might provide opportunities for greater communication within DOD. However, the proposed co-location at Fort Meade, Maryland, could also result in the loss of trained staff who might choose not to relocate, such as some of the roughly 400 employees in the Defense Industrial Security Clearance Office and the Defense Office of Hearings and Appeals Personal Security Division in Columbus, Ohio.

[22] Pub. L. No. 108-458, § 3001(e) (Dec. 17, 2004).

In our February 2004 report,[23] we noted that DOD had (1) as of September 30, 2003, a backlog of roughly 90,000 completed investigations that had not been adjudicated within prescribed time limits, (2) no DOD-wide standard for determining how quickly adjudications should be completed, and (3) inadequate adjudicator staffing. Also at the time of our report, the DOD Office of Inspector General was examining whether the Navy adjudicative contracts led to contractors' staff performing an inherently governmental function—adjudication. Because of that examination, it was unclear whether the Army and Air Force adjudication facilities would be able to use similar contracting to eliminate their backlogs.

Although DOD concurred with our April 2001[24] recommendations for improving its adjudicative process, it has not fully implemented any of the recommendations as of May 2005. OUSD(I) reported the following progress for those four recommendations. (Our recommendations appear in italics, followed by a summary of DOD's response and/or actions.)

- *Establish detailed documentation requirements to support adjudication decisions.* Use of JPAS will require greater documentation on adverse information and possible factors to mitigate that information, but this feature of JPAS has not been fully implemented.

- *Require that all DOD adjudicators use common explanatory guidance.* DOD has developed this guidance and is awaiting review by the Personnel Security Working Group of Policy Coordinating Committee for Records Access and Information Security Policy, an interagency group.

- *Establish common adjudicator training requirements and develop appropriate continuing education opportunities for all DOD adjudicators.* A work plan has been developed to establish an adjudicator certification process, to be implemented in late 2005 or early 2006. The plan will include continuing education requirements.

- *Establish a common quality assurance program to be implemented by officials in all DOD adjudication facilities and monitor compliance*

[23] GAO-04-344.

[24] GAO, *DOD Personnel: More Consistency Needed in Determining Eligibility for Top Secret Security Clearances*, GAO-01-465 (Washington, D.C.: Apr. 18, 2001).

through annual reporting. OUSD(I) indicates DOD is developing criteria and a form to assess the quality of the investigations that DOD is receiving. Also, in the future, cases are to be randomly selected from JPAS and reviewed by a team of adjudicators from the various adjudication facilities.

Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions you may have at this time. In summary, Mr. Chairman, we will continue to monitor this area as we do for all of the high-risk programs on our list. Much remains to be done to bring lasting solutions to this high-risk area. As we stated in our report, *High-Risk Series: An Update*, perseverance by the administration in implementing GAO's recommended solutions and continued oversight and action by the Congress are both essential.

GAO Contact and Staff Acknowledgments

GAO Contact

Derek B. Stewart, (202) 512-5559

Acknowledgments

Individuals making key contributions to this statement include Alissa H. Czyz, Jack E. Edwards, Julia C. Matta, and Mark A. Pross.

Related GAO Products

Defense Management: Key Elements Needed to Successfully Transform DOD Business Operations. GAO-05-629T. Washington, D.C.: April 28, 2005.

Maritime Security: New Structures Have Improved Information Sharing, but Security Clearance Processing Requires Further Attention. GAO-05-394. Washington, D.C.: April 15, 2005.

DOD's High-Risk Areas: Successful Business Transformation Requires Sound Strategic Planning and Sustained Leadership. GAO-05-520T. Washington, D.C.: April 13, 2005.

High-Risk Series: An Update. GAO-05-207. Washington, D.C.: January 2005.

Intelligence Reform: Human Capital Considerations Critical to 9/11 Commission's Proposed Reforms. GAO-04-1084T. Washington, D.C.: September 14, 2004.

DOD Personnel Clearances: Additional Steps Can Be Taken to Reduce Backlogs and Delays in Determining Security Clearance Eligibility for Industry Personnel. GAO-04-632. Washington, D.C.: May 26, 2004.

DOD Personnel Clearances: Preliminary Observations Related to Backlogs and Delays in Determining Security Clearance Eligibility for Industry Personnel. GAO-04-202T. Washington, D.C.: May 6, 2004.

Security Clearances: FBI Has Enhanced Its Process for State and Local Law Enforcement Officials. GAO-04-596. Washington, D.C.: April 30, 2004.

Industrial Security: DOD Cannot Provide Adequate Assurances That Its Oversight Ensures the Protection of Classified Information. GAO-04-332. Washington, D.C.: March 3, 2004.

DOD Personnel Clearances: DOD Needs to Overcome Impediments to Eliminating Backlog and Determining Its Size. GAO-04-344. Washington, D.C.: February 9, 2004.

Aviation Security: Federal Air Marshal Service Is Addressing Challenges of Its Expanded Mission and Workforce but Additional Actions Needed. GAO-04-242. Washington, D.C.: November 19, 2003.

DOD Personnel: More Consistency Needed in Determining Eligibility for Top Secret Security Clearances. GAO-01-465. Washington, D.C.: April 18, 2001.

DOD Personnel: More Accurate Estimate of Overdue Security Clearance Reinvestigation Is Needed. GAO/T-NSIAD-00-246. Washington, D.C.: September 20, 2000.

DOD Personnel: More Actions Needed to Address Backlog of Security Clearance Reinvestigations. GAO/NSIAD-00-215. Washington, D.C.: August 24, 2000.

DOD Personnel: Weaknesses in Security Investigation Program Are Being Addressed. GAO/T-NSIAD-00-148. Washington, D.C.: April 6, 2000.

DOD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks. GAO/T-NSIAD-00-65. Washington, D.C.: February 16, 2000.

DOD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks. GAO/NSIAD-00-12. Washington, D.C.: October 27, 1999.

Background Investigations: Program Deficiencies May Lead DEA to Relinquish Its Authority to OPM. GAO/GGD-99-173. Washington, D.C.: September 7, 1999.

Military Recruiting: New Initiatives Could Improve Criminal History Screening. GAO/NSIAD-99-53. Washington, D.C.: February 23, 1999.

Executive Office of the President: Procedures for Acquiring Access to and Safeguarding Intelligence Information. GAO/NSIAD-98-245. Washington, D.C.: September 30, 1998.

Privatization of OPM's Investigations Service. GAO/GGD-96-97R. Washington, D.C.: August 22, 1996.

Cost Analysis: Privatizing OPM Investigations. GAO/GGD-96-121R. Washington, D.C.: July 5, 1996.

Personnel Security: Pass and Security Clearance Data for the Executive Office of the President. GAO/NSIAD-96-20. Washington, D.C.: October 19, 1995.

Privatizing OPM Investigations: Perspectives on OPM's Role in Background Investigations. GAO/T-GGD-95-185. Washington, D.C.: June 14, 1995.

Background Investigations: Impediments to Consolidating Investigations and Adjudicative Functions. GAO/NSIAD-95-101. Washington, D.C.: March 24, 1995.

Security Clearances: Consideration of Sexual Orientation in the Clearance Process. GAO/NSIAD-95-21. Washington, D.C.: March 24, 1995.

Personnel Security Investigations. GAO/NSIAD-94-135R. Washington, D.C.: March 4, 1994.

Nuclear Security: DOE's Progress on Reducing Its Security Clearance Work Load. GAO/RCED-93-183. Washington, D.C.: August 12, 1993.

Personnel Security: Efforts by DOD and DOE to Eliminate Duplicative Background Investigations. GAO/RCED-93-23. Washington, D.C.: May 10, 1993.

Security Clearances: Due Process for Denials and Revocations by Defense, Energy, and State. GAO/NSIAD-92-99. Washington, D.C.: May 6, 1992.

DOD Special Access Programs: Administrative Due Process Not Provided When Access Is Denied or Revoked. GAO/NSIAD-93-162. Washington, D.C.: May 5, 1993.

Administrative Due Process: Denials and Revocations of Security Clearances and Access to Special Programs. GAO/T-NSIAD-93-14. Washington, D.C.: May 5, 1993.

Due Process: Procedures for Unfavorable Suitability and Security Clearance Actions. GAO/NSIAD-90-97FS. Washington, D.C.: April 23, 1990.

GAO's Mission

The Government Accountability Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday, GAO posts newly released reports, testimony, and correspondence on its Web site. To have GAO e-mail you a list of newly posted products every afternoon, go to www.gao.gov and select "Subscribe to Updates."

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are $2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. Government Accountability Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000
TDD: (202) 512-2537
Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm
E-mail: fraudnet@gao.gov
Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Gloria Jarmon, Managing Director, JarmonG@gao.gov (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, D.C. 20548

Public Affairs

Paul Anderson, Managing Director, AndersonP1@gao.gov (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, D.C. 20548