

September 2006

DOD PERSONNEL CLEARANCES

Additional OMB Actions Are Needed to Improve the Security Clearance Process



G A O

Accountability * Integrity * Reliability

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Abbreviations

DISCO	Defense Industrial Security Clearance Office
DOD	Department of Defense
DOHA	Defense Office of Hearings and Appeals
e-QIP	Electronic Questionnaires for Investigations Processing
IRTPA	Intelligence Reform and Terrorism Prevention Act
JPAS	Joint Personnel Adjudication System
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OUSD(I)	Office of the Under Secretary of Defense for Intelligence
PIPS	Personnel Investigations Processing System

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Congressional Requesters

The critical nature of the information that the Department of Defense (DOD) and other federal agencies maintain and the damage to national security that can result if it is not adequately safeguarded necessitate scrupulous decision making when granting security clearances. With clearances, personnel can gain access to classified information which could cause damage to U.S. national defense or foreign relations through unauthorized disclosure. In our 1999 report, we noted that these serious negative consequences have included intelligence personnel being killed, critical information being compromised, and U.S. military forces being put at risk.

DOD's Office of the Under Secretary of Defense for Intelligence [OUSD(I)] has overall responsibility for DOD clearances, and its responsibilities extend beyond DOD. Specifically, that office's responsibilities include obtaining background investigations and using that information to determine eligibility for a clearance for industry personnel in 23 other federal agencies,¹ as well as the clearances of staff in the federal government's legislative branch. As of May 2006, industry personnel held about 34 percent of the approximately 2.5 million DOD-maintained personnel security clearances. Individuals working for private industry are playing an increasingly larger role in national security work conducted by DOD and other federal agencies as a result of an increased awareness of

¹ DOD, *National Industrial Security Program: Operating Manual*, DOD 5220.22-M (Feb. 28, 2006) notes the Secretary of Defense has entered into agreements with 23 departments and agencies listed below for the purpose of rendering industrial security services. This delegation of authority is contained in an exchange of letters between the Secretary of Defense and the civilian official with authority to delegate authority for the following agencies: (1) National Aeronautics and Space Administration, (2) Department of Commerce, (3) General Services Administration, (4) Department of State, (5) Small Business Administration, (6) National Science Foundation, (7) Department of the Treasury, (8) Department of Transportation, (9) Department of the Interior, (10) Department of Agriculture, (11) Department of Labor, (12) Environmental Protection Agency, (13) Department of Justice, (14) Federal Reserve System, (15) Government Accountability Office, (16) U.S. Trade Representative, (17) U.S. International Trade Commission, (18) U.S. Agency for International Development, (19) Nuclear Regulatory Commission, (20) Department of Education, (21) Department of Health and Human Services, (22) Department of Homeland Security, and (23) Federal Communications Commission.

threats to our national security stemming from the terrorist attacks on the United States on September 11, 2001, and increased efforts over the past decade to privatize federal jobs.

In February 2005, DOD transferred its personnel security investigations functions and about 1,800 investigative positions to the Office of Personnel Management (OPM).² Now, DOD obtains nearly all of its clearance investigations from OPM,³ which is currently responsible for 90 percent of the personnel security clearance investigations in the federal government.⁴ DOD retained responsibility for adjudication (determination of eligibility for a clearance) of military personnel, DOD civilians, and industry personnel. Two offices are responsible for adjudicating cases involving industry personnel. The Defense Industrial Security Clearance Office (DISCO) within OUSD(I) adjudicates cases that contain only favorable information or minor issues regarding security concerns (e.g., some overseas travel by the individual), and the Defense Office of Hearings and Appeals (DOHA) within the Defense Legal Agency adjudicates cases that contain major security issues (e.g., an individual's unexplained affluence or criminal history) which could result in the denial of clearance eligibility.

Long-standing delays in completing hundreds of thousands of clearance requests for servicemembers, federal employees, and industry personnel as well as numerous impediments that hindered DOD's ability to

² According to OMB officials, 1,800 authorized spaces were transferred from DOD to OPM. Of which, 1,578 former DOD employees were transferred. Of these, 1,301 were investigators.

³ Currently, three DOD agencies (National Security Agency, Defense Intelligence Agency, and the National Reconnaissance Office) have waivers from DOD that allow them to contract for their own personnel security clearance investigations.

⁴ In GAO, *DOD Personnel Clearances: Some Progress Has Been Made but Hurdles Remain to Overcome the Challenges That Led to GAO's High-Risk Designation*, [GAO-05-842T](#) (Washington, D.C.: June 28, 2005), we listed, as identified by the then Deputy Associate Director of OPM's Center for Federal Investigative Services, the departments/agencies having statutory or delegated authority to conduct background investigations. Those departments/agencies are the 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 that OPM conduct all or part of their investigations.

accurately estimate and eliminate its clearance backlog led us to declare DOD's personnel security clearance program a high-risk area in January 2005.⁵ The 25 areas on our high-risk list at that time received their designation because they are 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.

Other recent significant events affecting DOD's clearance program have been the passage of the Intelligence Reform and Terrorism Prevention Act of 2004⁶ (IRTPA) and the issuance of the June 2005 Executive Order No. 13381, Strengthening Processes Relating to Determining Eligibility for Access to Classified National Security Information. IRTPA included milestones for reducing the time to complete clearances, general specifications for a database on security clearances, and requirements for reciprocity of clearances (the acceptance of a clearance and access granted by another department, agency, or military service). Not later than December 17, 2006, IRTPA requires agencies to make a determination of eligibility for a clearance on at least 80 percent of all applications within an average of 120 days after the date of receipt of the application, with a maximum of 90 days allotted for the investigation and a maximum of 30 days allotted for the adjudication.⁷

Among other things, Executive Order 13381⁸ stated that the Office of Management and Budget (OMB) was to ensure the effective implementation of policy related to appropriately uniform, centralized, efficient, effective, timely, and reciprocal agency functions relating to determining eligibility for access to classified national security information. In June 2005, OMB's Deputy Director of Management was designated as the OMB official responsible for improving the process by which the government determines eligibility for access to classified national security information. Since then, the Deputy Director has testified

⁵ GAO, *High-Risk Series: An Update*, [GAO-05-207](#) (Washington, D.C.: January 2005).

⁶ Pub. L. No. 108-458.

⁷ 50 U.S.C. § 435b(g), Reduction in Length of Personnel Security Clearance Process (Dec. 17, 2004).

⁸ The White House, Executive Order 13381, *Strengthening Processes Relating to Determining Eligibility for Access to Classified National Security Information* (June 27, 2005). On June 29, 2006, the executive order was extended until July 1, 2007.

before Congress multiple times about efforts to improve the security clearance process and has taken positive actions, such as establishing an interagency working group to improve the reciprocal acceptance of clearances issued by other agencies and taking a lead role in preparing a strategic plan to improve personnel security clearance processes governmentwide. The plan included quarterly timeliness goals for initial investigations of clearances for the 13 months between the issuance of the plan and the date on which agencies are to begin comparisons against the IRTPA timeliness requirements. For January through March 2006 (which includes the period covered by the data used in our analyses), the plan specified goals of 180 days to complete investigations for initial top secret clearances and 130 days to complete investigations for initial secret and confidential clearances. Goals were not provided for completing investigations for clearance updates, and the plan indicated that adjudications would be compared against the future IRTPA requirement of 80 percent completed within 30 days of receipt.

Problems in the clearance program can negatively affect national security. For example, delays reviewing security clearances for personnel who are already doing classified work can lead to a heightened risk of disclosure of classified information. In contrast, delays in providing initial security clearances for previously noncleared personnel can result in other negative consequences, such as additional costs and delays in completing national security-related contracts, lost-opportunity costs, and problems retaining the best qualified personnel. Moreover, our reports in 1999 and 2001 noted that when clearance investigations or adjudications are inadequately or inconsistently documented, DOD was unable to demonstrate that it fully considered all significant adverse conditions that might call into question an individual's ability to adequately safeguard classified information.⁹ Similar concerns about the broader issue of quality were identified more recently in the government plan to improve the clearance process. More specifically, the November 2005 government wide plan to improve the security clearance process noted that "a lack of reciprocity [the acceptance of a clearance and access granted by another department, agency or military service] often arises due to reluctance of the gaining activity to inherit accountability for what may be an

⁹ GAO, *DOD Personnel: More Consistency Needed in Determining Eligibility for Top Secret Security Clearances*, [GAO-01-465](#) (Washington, D.C.: Apr. 18, 2001); and GAO, *DOD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks*, [GAO/NSIAD-00-12](#) (Washington, D.C.: Oct. 27, 1999).

unacceptable risk due to poor quality investigations and/or adjudications.”¹⁰

You expressed concern about the negative consequences of untimely, inadequate, or inconsistent investigations and adjudications. This report addresses two questions: (1) How timely are the processes used to determine whether industry personnel are eligible for a top secret clearance? and (2) How complete is the documentation of the processes used to determine whether industry personnel are eligible for a top secret clearance? This report supplements the information we provided to you recently in congressional hearings that examined various aspects of DOD’s personnel security clearance program (see the list of Related GAO Products at the end of this report).

The scope of our work emphasized the analysis of information on top secret clearances awarded to industry personnel, but we also gathered additional information on other levels of clearances and clearance requests from other types of personnel in order to provide a broader context for understanding our primary findings. For both key questions, we reviewed laws, executive orders, policies, and reports related to the timeliness and completeness of security clearance investigations and adjudications for industry personnel as well as servicemembers and civilian governmental employees. Those sources provided the criteria used for assessing timeliness and documentation completeness, as well as identified causes for and effects from delayed clearances and incomplete investigative and adjudicative reports. Additional insights about causes of and effects from delayed clearances and incomplete investigative and adjudicative reports were obtained from interviews with and documentary evidence from personnel associated with a variety of governmental offices: OUSD(I), DISCO, DOHA, other DOD adjudication facilities that make clearance determinations for servicemembers and DOD civilians; DOD’s Personnel Security Research Center; the Defense Security Service’s Training Academy that offers adjudicator training; and OPM. Nongovernmental organizations supplying information on conditions, causes, and effects included officials representing two of OPM’s investigations contractors and technology associations whose member organizations require clearances for their industry personnel employees. For the timeliness question, our analyses of conditions included a review of computerized data abstracted from DOD’s Joint Personnel Adjudication

¹⁰ OMB, *Plan for Improving the Personnel Security Clearance Process* (November 2005).

System (JPAS) and statistical reports on timeliness that OPM produced for DOD. The abstract was for the population of 1,685 industry personnel granted an initial top secret clearance and 574 industry personnel granted a top secret clearance update by DISCO during January and February 2006. The clearance investigations for those 2,259 industry personnel were started at various times prior to the adjudications. While we found problems with the accuracy of some of the JPAS data, we determined they were sufficiently reliable for the purposes of this report. DOD and OPM also supplied timeliness statistics for other periods, levels of clearances, types of personnel, and agencies to provide us with a broader context to interpret the timeliness statistics that we computed from the database abstract. We addressed the completeness question with a multiple-step process. We (1) randomly selected 50 cases from the previously described population of 1,685 initially cleared industry personnel, (2) obtained paper files of the 50 investigative and adjudicative reports, (3) created a data collection instrument using federal investigative standards and adjudicative guidelines to standardize our data gathering, (4) sought experts' comments to refine our instrument and process, (5) coded data from the paper files, (6) had a second team member independently verify the information that another team member had coded, and (7) computed statistics to indicate the numbers of investigative and adjudicative reports with various types of missing documentation. In addition, two team members attended OPM's basic special agent training course to obtain an understanding of the investigative requirements as promulgated by OPM, and two other members of our team took about 40 hours of online adjudications training. We performed our work from September 2005 through August 2006 in accordance with generally accepted government auditing standards. Additional information on our scope and methodology is presented in appendix I.

Results in Brief

Our independent analysis of timeliness data showed that industry personnel contracted to work for the federal government waited more than one year on average to receive top secret clearances, longer than OPM-produced statistics would suggest. Our analysis of 2,259 cases for industry personnel who were granted top secret clearance eligibility in January and February 2006 had an average of 446 days for an initial clearance and 545 days for a clearance update. While OMB has issued a goal that the application-submission phase of the clearance process will take no longer than 14 days by December 17, 2006, this phase took an average of 111 days. OPM's current procedures for measuring application-submission timeliness do not fully capture all of the time in the application process that starts when the application form is submitted by the facility

security officer to the federal government. Inaccurate data that the employee provided in the application, multiple reviews of the application, and manual entry of some application forms are some of the causes for the extended application-submission phase. In addition, our analyses showed that OPM took an average of 286 days to complete the initial investigations for top secret clearances, well in excess of the 180-day goal (no goal is given for clearance update investigations) specified in the governmentwide plan for improving the clearance process. Factors contributing to the slowness of completing the investigation phase include an inexperienced investigative workforce that has not reached its full performance level; and problems accessing national, state, and local records. Finally, the average time required for the adjudications for all industry personnel top secret cases in our population was 39 days, compared to IRTPA's future requirement that 80 percent of all cases be completed in 30 days. DOD adjudicators have, however, noted that current procedures to measure adjudication timeliness include 2-3 weeks for OPM to print and ship its investigative reports, rather than delivering them electronically. Regardless of when in the process the delays occur, the outcome is the same—the government may incur additional costs from new industry employees being unable to begin work promptly and increased risks to national security because previously cleared industry employees' backgrounds are not completed promptly to see if they still should be eligible to hold a clearance. Our analysis of OPM-produced statistics suggests that current methods do not fully capture and portray the time required to obtain a clearance. For example, we have already noted that the methods do not measure the total time for the application-submission phase. Also, OPM-provided statistics may underrepresent the average number of days required in the process by treating some incomplete investigations (termed "closed pending cases") as being fully complete and not counting all of the time when other incomplete investigations are returned for additional investigative work. OPM's issuance of closed pending investigations causes ambiguity in defining and accurately estimating the backlog of overdue investigations. Statistics that underrepresent the time that it takes for investigations to be completed prevent congressional oversight committees from having a fuller understanding of the government's efforts to decrease delays in the clearance process and determining if legislative actions are necessary.

OPM provided incomplete investigative reports to DISCO adjudicators, and DISCO adjudicators used these reports to grant clearance eligibility for industry personnel. In some cases, these investigative reports contained unresolved issues such as unexplained affluence and potential foreign influence. In our review of 50 initial investigations for top secret

clearances randomly sampled from the population used in our timeliness analyses, we found that almost all (47 of 50) of the sampled investigative reports were missing documentation required by federal investigative standards. At least half of the 50 reports that we examined did not contain the required documentation in three investigative areas: residence, employment, and education. Moreover, the federal standards indicate that investigations may be expanded as necessary to resolve issues. We found at least one unresolved issue in 27 investigative reports. For example, one investigative report did not contain additional information even though another portion of the report briefly identified issues such as possible multiple extramarital affairs, and financial delinquency on a loan worth several thousand dollars. Officials from OPM's Quality Management unit reviewed 8 of our sampled cases and confirmed that information we found to be missing should have been included in the final investigative reports. OPM officials suggested that the need to rapidly increase the size of the investigative workforce and prior quality control procedures, that have since been replaced, were some of the causes for the delivery of incomplete investigative reports to DISCO. In our review of the completeness of documentation in adjudicative reports, we found that the adjudicators had not documented the missing investigative information and did not record other information related to issues that were present in the investigative reports. DISCO adjudicators granted top secret clearance eligibility for 27 industry personnel whose investigative reports contained unresolved issues without requesting additional information or documenting in the adjudicative report that the information was missing. DISCO officials reviewed our findings for 8 cases and indicated that documentation was missing for some of the cases. In explaining the reasons why adjudicators might make eligibility determinations without a full investigative report, they noted that adjudicators weigh a variety of factors in making their risk-based determinations. We believe that another factor is the limited attention devoted to the assessment of completeness and other aspects of quality. The limited assessment of quality was one of the concerns we raised in our November 2005 assessment of the governmentwide plan for improving the clearance process, but the plan has not been revised to address the shortcomings that we identified. The use of incomplete investigations and adjudications in the granting of top secret clearance eligibility increases the risk of unauthorized disclosure of classified information. Also, it could negatively affect efforts to promote reciprocity that are being developed by an interagency working group headed by OMB's Deputy Director of Management.

In order to improve the timeliness and completeness of OPM investigations and DOD adjudications for top secret security clearance for

industry personnel, we are making a number of recommendations to OMB's Deputy Director for Management. To improve timeliness, we recommend that OPM and DOD fully measure and report all of the time that transpires between when the facility security officer submits the application to when the clearance-eligibility determination has been provided to the customer; identify and implement information technology solutions; and update and widely distribute the government plan for improving the security clearance process. To improve the completeness, we recommend that OMB require OPM and DOD to submit procedures for eliminating the deficiencies that we identified in this review and develop metrics for monitoring the effectiveness of the new procedures; and in an effort to improve reciprocity, issue guidance that clarifies when, if ever, adjudicators may use incomplete investigative reports as the basis for granting clearance eligibility. In his comments on a draft of this report, OMB's Deputy Director for Management did not take exception to any of our recommendations.

Background

As with servicemembers and federal workers, industry personnel must obtain a security clearance to gain access to classified information, which is categorized into three levels: top secret, secret, and confidential. The level of classification denotes the degree of protection required for information and the amount of damage that unauthorized disclosure could reasonably be expected to cause to national defense or foreign relations. For top secret information, the expected damage that unauthorized disclosure could reasonably be expected to cause is "exceptionally grave damage"; for secret information, it is "serious damage"; and for confidential information, it is "damage."¹¹

To ensure the trustworthiness, reliability, and character of personnel in positions with access to classified information, DOD relies on a

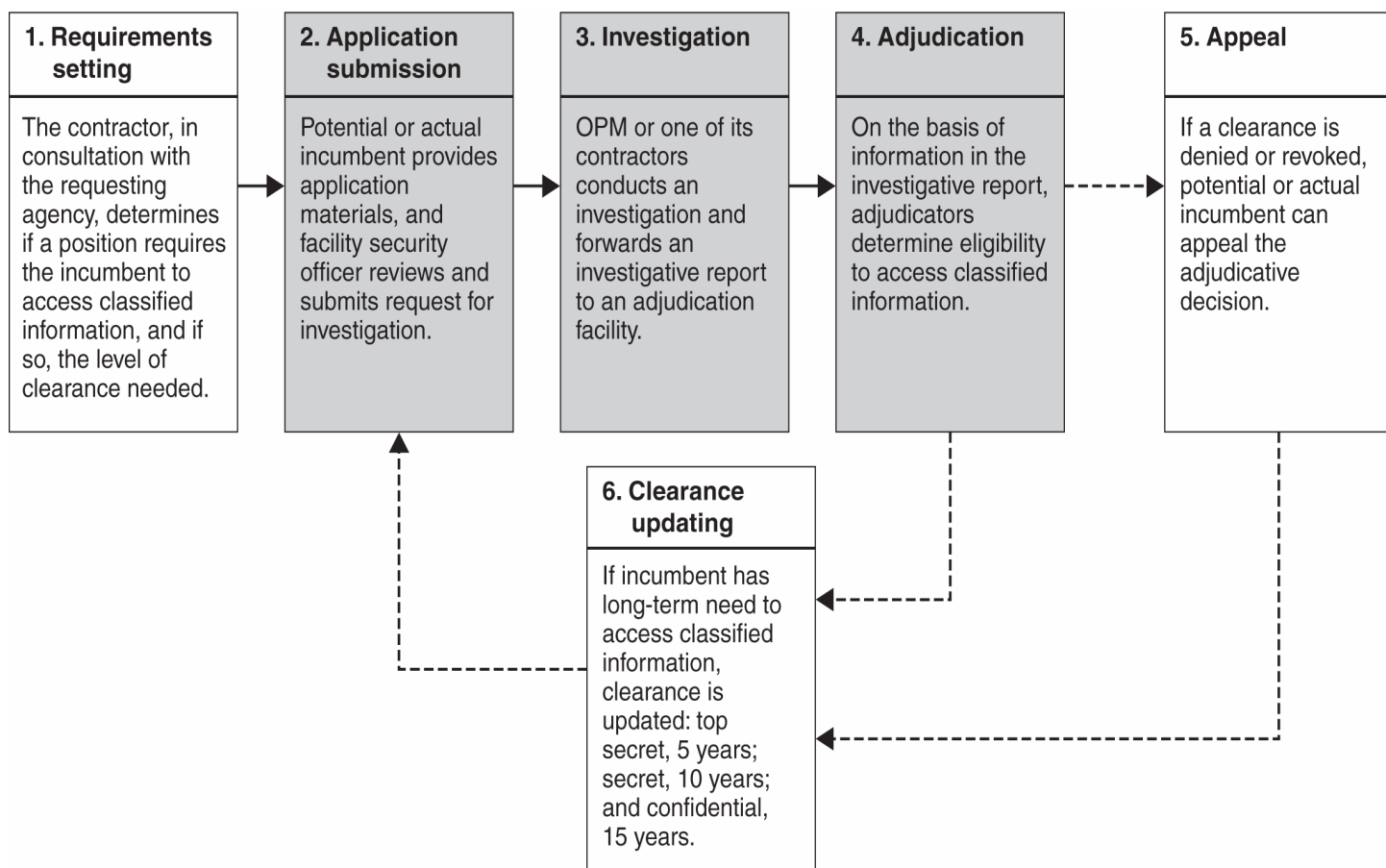
¹¹ 5 C.F.R. §1312.4, *Classification of National Security Information* (2006).

multiphased personnel security clearance process.¹² Figure 1 shows six phases that could be involved in determining whether to grant an actual or a potential job incumbent a clearance. The three phases shown in gray are those that are most transparent to individuals requesting an initial clearance. Such individuals may not have been aware that they

- are allowed to apply for a clearance only if a contractor determines that access is essential in the performance of tasks or services related to the fulfillment of a classified contract (Phase 1),
- have certain appeal rights if their clearance request is denied or their clearance is subsequently revoked (Phase 5), and
- may need to renew their clearance in the future if they occupy their position for an extended period (Phase 6).

¹² DOD Directive 5200.2, *DOD Personnel Security Program* (Apr. 9, 1999), establishes policy and procedures for granting DOD military, civilian, and industry personnel access to classified information. Additionally, DOD Regulation 5200.2-R, *DOD Personnel Security Program* (January 1987), establishes DOD personnel security policies and procedures; sets forth standards, criteria, and guidelines upon which personnel security determinations shall be based; prescribes the types and scopes of personnel security investigations required; details the evaluation and adverse action procedures by which personnel security determinations shall be made; and assigns overall program management responsibilities. The policies and procedures for granting industry personnel security clearances and adjudicative procedural guidance for appealing cases if an unfavorable clearance decision is reached also are contained in DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (Apr. 20, 1999).

Figure 1: Six Phases in the Personnel Security Clearance Process



Source: GAO analysis of DOD-provided information.

In the application-submission phase, if a position requires a clearance (as has been determined in Phase 1), then the facility security officer must request an investigation of the individual. The request could be the result of needing to fill a new position for a recent contract, replacing an employee in an existing position, renewing the clearance of an individual who is due for clearance updating (Phase 6), or processing a request for a future employee in advance of the hiring date. Once the requirement for a security clearance is established, the industry employee completes a personnel security questionnaire using OPM's Electronic Questionnaires for Investigations Processing (e-QIP) system, or a paper copy of the

standard form 86. After a review, the facility security officer submits the questionnaire and other information such as fingerprints to OPM.

In the investigation stage, OPM or one of its contractors conducts the actual investigation of the industry employee by using standards that were established governmentwide in 1997.¹³ As table 1 shows, the type of information gathered in an investigation depends on the level of clearance needed and whether an investigation for an initial clearance or a reinvestigation for a clearance update is being conducted. For either an initial investigation or a reinvestigation for a confidential or secret clearance, investigators gather much of the information electronically. For a top secret clearance, investigators gather additional information that requires much more time-consuming efforts, such as traveling, obtaining police and court records, and arranging and conducting interviews. In August 2006, OPM estimated that approximately 60 total staff hours are needed for each investigation for an initial top secret clearance and 6 total staff hours are needed for the investigation to support a secret or confidential clearance. After the investigation is complete, OPM forwards a paper copy of the investigative report to DISCO for adjudication.

¹³ The White House, "Implementation of Executive Order 12968," Memorandum (Washington, D.C.: Mar. 24, 1997). This memorandum includes *Investigative Standards for Background Investigations for Access to Classified Information* and *Adjudicative Guidelines for Determining Eligibility for Access to Classified Information*. It approves the adjudicative guidelines, temporary eligibility standards, and investigative standards required by Executive Order No. 12968, *Access to Classified Information* (Aug. 4, 1995).

Table 1: Information Gathered in Conducting an Investigation to Determine Eligibility for a Security Clearance

Type of information gathered	Type of security clearance and investigation		
	Confidential or secret	Top secret	
		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 Federal Bureau of Investigation, military records, and other agencies as required	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 the past 10 years or—in the case of reinvestigations—since the last security clearance investigation	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: Verification 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 or since the last investigation or reinvestigation		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 and OPM.

In the adjudication stage, DISCO or some other adjudication facility uses the information from the investigative report to determine whether an individual is eligible for a security clearance. For our May 2004 report, an OUSD(I) official estimated that it took three times longer to adjudicate a

top secret clearance than it did to adjudicate a secret or confidential clearance. If the report is determined to be a “clean” case—a case that contains no or minimal potential security issues—the DISCO adjudicators determine eligibility for a clearance. However, if the case is determined to be an “issue” case—a case containing information that might disqualify an individual for a clearance (e.g., serious foreign connections or drug- or alcohol-related problems)—then DISCO forwards the case to DOHA adjudicators for the clearance-eligibility decisions. Regardless of which office renders the adjudication to approve, deny, or revoke eligibility for a security clearance, DISCO issues the clearance-eligibility decision and forwards the determination to the industrial contractor. All adjudications are based on 13 federal adjudicative guidelines established governmentwide in 1997 and implemented by DOD in 1998 (see app. II). The President approved an update of the adjudication guidelines on December 29, 2005. According to OMB, DOD should be using these updated guidelines.

Determining Top Secret Clearances for Industry Personnel Averaged More than One Year and Government Statistics Did Not Portray All Delays

Industry personnel contracted to work for the federal government waited more than one year on average to receive top secret security clearances, and government statistics did not portray the full length of time it takes many applicants to obtain a clearance. Industry personnel in the population from which our sample was randomly selected waited on average over one year for initial clearances and almost a year and a half for clearance updates. The phase of the process between the time an applicant submits his or her application and the time the investigation actually begins averaged over 3 months, and government statistics did not fully account for the time required to complete this phase. In addition, the investigative phase for industry personnel was not timely, and government statistics did not account for the full extent of the delay. Delays in the clearance process may cost money and pose threats to national security.

Delays in the Application-Submission and Investigation Phases Are Caused by Many Factors

Industry personnel granted eligibility for top secret clearances from DISCO in January and February 2006 waited an average of 446 days for their initial clearance or 545 days for their clearance update. DISCO may, however, have issued an interim clearance to some of these industry personnel, which might have allowed them to begin classified work for

Lengthy Application-Submission Phase Lacks Transparency

many contracts.¹⁴ Beginning in December 2006, IRTPA will require that 80 percent of all clearances—regardless of clearance level—be completed in an average of 120 days.¹⁵ The government plan for improving the personnel security clearance process provides quarterly goals for various types of initial clearances. Since the completion of initial clearances is given priority over completion of clearance updates, much of our discussion in this section focuses on the timeliness of initial clearances.

The application-submission phase of the clearance process took on average 111 days for the initial clearances that DISCO adjudicated in January and February 2006 (see table 2). The starting point for our measurement of this phase was the date when the application was submitted by the facility security officer.¹⁶ Our end point for this phase was the date that OPM scheduled the investigation into its Personnel Investigations Processing System (PIPS). We used this starting date because the government can begin to incur an economic cost if an industry employee cannot begin work on a classified contract because of delays in obtaining a security clearance and this end date because OPM currently uses this date as its start point for the next phase in the clearance process. The governmentwide plan on improving the clearance process noted that “investigation submission” (i.e., application-submission) be completed in 14 calendar days or less. Therefore, the 111 days taken for the application-submission phase took nearly 100 more days on average than allocated.

¹⁴ DISCO reported that it granted eligibility for 10,724 of 11,397 (94 percent) interim top secret clearance determinations and declined interim clearances for 673, during the period from October 1, 2005, through July 31, 2006. To grant an interim clearance, DISCO stated that it reviews the security clearance application, performs record checks using DOD and OPM security databases, verifies that there is no existing clearance eligibility or investigation that would meet the requirements of the application, and determines that the facts and circumstances indicate that access to classified information is consistent with the national security interests of the United States.

¹⁵ In our analyses, we are not identifying the percentage of top secret clearances which were completed within an average of 120 days. Because investigations for top secret clearances require more time for data collection than do the investigations for secret or confidential clearances, the comparison of the overall timeliness or the investigation time for *top secret clearances only* could result in misleading conclusions about the government’s ability to meet the IRTPA requirement for *all levels of clearances* combined.

¹⁶ JPAS included a field that recorded the date the personal security questionnaire was sent to DISCO by the facility security officers. These data were used as the starting point for our analyses.

Table 2: Time Required to Grant Eligibility for a Top Secret Clearance to Industry Personnel—Cases Adjudicated in January and February 2006

Total clearance process		Phases of security clearance process ^a			
		2. Application submission	3. Investigation	4. Adjudication	
Clearance type	Average days ^b	Average days	Average days	Average days	
Initial	446	111	286	39	
Update	545	81	419	36	
All	471	103	320	38	
Example tasks and decisions required in each phase.	<div><div><ul style="list-style-type: none">• Subject signs and dates the application.• Facility security officer checks application materials for completeness and accuracy, and forwards them to DISCO after any applicable changes.• DISCO adjudicator reviews materials for completeness and other concerns, and returns deficient materials to the facility security officer for further work.• If the application materials are approved, DISCO adjudicators determine whether the applicant is eligible for an interim clearance.• DISCO then forwards the completed application to OPM to begin the investigation.• OPM reviews the application for completeness and other concerns and returns deficient materials to DISCO for further work.</div><div><ul style="list-style-type: none">• If application is not submitted via e-QIP, OPM key-enters information for the application into its investigative database.• OPM schedules the investigation, assigning the investigation to its federal investigative workforce or one of its investigations contractors.• Investigators gather the types of information identified earlier in table 1 to produce an investigative report.• OPM's PIPS database obtains a variety of electronic information that is available via government databases.• Once the investigative work has been completed, OPM checks the investigative report for completeness before sending the report to an adjudication facility.</div><div><ul style="list-style-type: none">• OPM prints a paper copy of the investigative report.• OPM ships the paper copies to adjudication facilities if agencies choose or cannot get it electronically.¹⁷</div><div><ul style="list-style-type: none">• DISCO adjudicator reviews the information in the investigative report.• DISCO adjudicator determines if industry employee is eligible for a clearance^c</div></div>				

Source: GAO analysis of OPM and DOD information.

^aThe phases referred to here are based on figure 1 provided earlier.

^bThe average days for the phases do not sum to the average days for the total clearance process because the number of applicable cases varies for each calculation. See app. I for details.

^cAdditional time may be needed in this phase if DISCO adjudicators identify major security issues in the investigative report. Such cases may be submitted to DOHA for the clearance eligibility determination.

¹⁷ According to OPM, the requesting agency has the option to request that the investigation be delivered through PIPS, eliminating the mail time, for all completed investigations that do not contain hard-copy third-party information.

Several factors contribute to the amount of time we observed in the application-submission phase, including rejecting applications multiple times, multiple completeness reviews, and manually entering data from paper applications. For example, an April 2006 DOD Office of Inspector General report cited instances where OPM rejected applications multiple times due to inaccurate information. The security managers interviewed for that report said it appeared that OPM did not review the entire documents for all errors before returning them. Security managers at two DOD locations noted that in some cases OPM had rejected the same application submission three or four times for inaccurate information. The cited inaccuracies included outdated references, telephone numbers, and signatures, as well as incorrect zip codes. Another source of delay is the multiple levels of review that are performed before the application is accepted. Reviews of the clearance application might include the corporate facility security officer, DISCO adjudicators, and OPM staff. A third source of the delay in the application-submission phase is the time that it takes OPM to key-enter data from paper applications. For April 2006, OPM's Associate Director in charge of the investigations unit stated that applications submitted on paper took an average of 14 days longer than submissions through OPM's electronic Questionnaires for Investigations Processing (e-QIP). She also noted additional information on e-QIP that could portend future timeliness improvements governmentwide: in May 2006, over 221,000 investigations had been requested through e-QIP by 50 agencies (up from 17,000 submissions by 27 agencies in June 2005), and a goal to reduce the rejection rate for e-QIP applications from the current 9 percent to 5 percent. The gray portion of table 2's application-submission phase identifies some tasks that are not currently included in the investigation phase of the clearance process but which could be included in the investigation phase, depending on the interpretation of what constitutes "receipt of the application for a security clearance by an authorized investigative agency"—IRTPA's start date for the investigations phase.

Investigative Phase Took Longer Than the Goal Specified

Investigations for the initial top secret clearances of industry personnel took an average of 286 days for DISCO cases adjudicated in January and February 2006 (see table 2). During the same period, investigations for top secret clearance updates took an average of 419 days, almost 1½ times as long as the initial investigations. Compared to our findings, OPM reported that the time required to complete initial investigations for top secret clearances was much shorter when it analyzed governmentwide data for April 2006. The newer data indicate that OPM completed the initial investigations in 171 days. While some of that difference in investigation times reported by GAO and OPM may be related to better productivity, a

later section of this report identifies other factors that could have contributed to the difference. The shorter period of 171 days is less than the 180 days provided as a goal in the governmentwide plan. But the methods for computing the 171 days may not have included the total average time required to complete an initial clearance.

Many factors impede the speed with which OPM can deliver investigative reports to DISCO and other adjudication facilities. As we have previously identified, DOD's inability to accurately project the number of requests for security clearances is a major impediment to investigative workload planning and clearance timeliness.¹⁸ As we noted in 2004 when both OPM and DOD were struggling to improve investigation timeliness, backlogged investigations contributed to delays because most new requests for investigations remain largely dormant until earlier requests are completed.¹⁹ The governmentwide plan for improving the personnel security clearance process also asserted that while the total number of OPM federal and contract investigators was sufficient to meet the timeliness requirements of the IRTPA, many of the investigative staff are relatively inexperienced and do not perform at a full-performance level. In May 2006, we noted that OPM reported progress in developing an overseas presence to investigate leads overseas, but acknowledged it will take time to fully meet the full demand for overseas investigative coverage.²⁰ In May 2006, the Associate Director in charge of OPM's investigations unit indicated that her unit continues to have difficulty obtaining national, state, and local records from third-party providers. Similarly, representatives for contractors and their associations are concerned that new investigative requirements like those in Homeland Security Presidential Directive-12 could further slow responses to OPM's requests for information from national, state, and local agencies.²¹ Finally, more

¹⁸ OPM's 2006 quarterly reports showed that DOD exceeded its projected workload for top secret cases during the first and second quarters of fiscal year 2006 by 32 and 22 percent, respectively. The government plan established a 5 percent limit on how far agencies could exceed their workload projections.

¹⁹ 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).

²⁰ GAO, *DOD Personnel Clearances: New Concerns Slow Processing of Clearances for Industry Personnel*, [GAO-06-748T](#) (Washington, D.C.: May 17, 2006).

²¹ The White House, Homeland Security Presidential Directive/Hspd-12, *Policy for a Common Identification Standard for Federal Employees and Contractors* (Aug. 27, 2004).

DISCO Adjudications May Have Achieved the IRTPA Timeliness Requirement

requests for top secret clearances could slow OPM's ability to meet the IRTPA timeliness requirements, since investigations for that level of clearance are estimated to take 10 times the number of staff hours as do investigations for secret and confidential clearances.

DISCO adjudicators took an average of 39 days to grant initial clearance eligibility to the industry personnel whose cases were decided in January and February 2006 (see table 2).²² The measurement of this phase for our analysis used the same start and stop dates that OPM uses in its reports, starting on the date that OPM closed the report and continuing through the date that DISCO adjudicators decided clearance eligibility. In December 2006, IRTPA will require that at least 80 percent of the adjudications be completed within 30 days. As of June 2006, DISCO reported that it had adjudicated 82 percent of its initial top secret clearances within 30 days. In its report, DISCO excluded the time required to print and transfer investigative reports from OPM to DISCO.

Two data reliability concerns make it difficult to interpret statistics for the adjudication phase of the clearance process. First, the activities in the gray section in the adjudication phase of table 2 show that the government's current procedures for measuring the time required for the adjudication phase include tasks that occur before adjudicators actually receive the investigative reports from OPM. Although the information that we analyzed could not be used to determine how much time had elapsed before DISCO received the investigative reports, DOD adjudication officials recently estimated that these printing and transfer tasks had taken 2 to 3 weeks. OUSD(I) and adjudication officials said that inclusion of this time in the adjudication phase holds adjudicators accountable for time that is not currently in their control. They acknowledge that OPM has offered faster electronic delivery of the investigative reports, but they countered that they would need to then print the reports since the files are not offered in an electronic format that would allow the adjudicators to easily use the electronic information. The second data reliability problem is DOD's nonreporting of final dates of adjudication decisions to OPM. While we had the dates that the clearance eligibility was determined for our data, OPM officials have noted that DOD departmentwide reported about 10 percent of its adjudication decisions back to OPM for August

²² This time includes the amount of time taken to transfer investigative reports from OPM to DISCO, since DISCO was not tracking the transfer time during the period that GAO selected its sample.

Delays in Clearance Process
Cost Money and Threaten
National Security

2006. Although OPM reports this information as specified by the government plan for improving the security clearance process, OPM officials acknowledged that they have not enforced the need to report this information. When asked about this issue, DOD officials indicated that OPM would not accept a download of adjudication dates from JPAS that DOD had offered to provide on compact discs. Since DOD represents about 80 percent of the security clearances adjudicated by the federal government, not including these data could make it appear as if adjudication timeliness is different than it actually is.

In 2004, we outlined unnecessary costs and threats to national security that result from delays in determining clearance eligibility.²³ Those same negative consequences apply today. Delays in completing initial security clearances may have an economic impact on the costs of performing classified work within or for the U.S. government. In a 1981 report, we estimated that DOD's investigative backlog of overdue clearances cost nearly \$1 billion per year in lost productivity.²⁴ More than a decade later, a Joint Security Commission report noted that the costs directly attributable to investigative delays in fiscal year 1994 could have been as high as several billion dollars because workers were unable to perform their jobs while awaiting a clearance.²⁵ While newer overall cost estimates are not available, the underlying reasons—the delays in determining clearance eligibility that we documented in this report—still exist today.

The impact of delays in completing initial clearances affects industry, and therefore affects the U.S. government, which is funding the work that requires the clearances. In a May 2006 congressional hearing, a representative for a technology association testified that retaining qualified personnel is resulting in salary premiums as high as 25 percent for current clearance holders. The association representative went on to note that such premiums raise costs to industry, which in turn passes on

²³ 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).

²⁴ GAO, *Faster Processing of DOD Personnel Security Clearances Could Avoid Millions in Losses*, [GAO/GGD-81-105](#) (Washington, D.C.: Sept. 15, 1981).

²⁵ Joint Security Commission, *Redefining Security: A Report to the Secretary of Defense and the Director of Central Intelligence*, Chapter 4, Personnel Security—The First and Best Defense (Washington, D.C.: Feb. 28, 1994).

the costs to the government and taxpayers.²⁶ In 2004, representatives of a company with \$1 billion per year in sales stated that their company offered \$10,000 bonuses to its employees for each person recruited who already had a security clearance. In cases where recruits left for the company in question, their former companies faced the possibility of having to back-fill a position, as well as possibly settling for a lower level of contract performance while a new employee was found, obtained a clearance, and learned the former employee's job. Also, industry representatives discussed instances where their companies gave hiring preferences to cleared personnel who could do the job but were less qualified than others who did not possess a clearance. The chair of the interagency Personnel Security Working Group at the time of our 2004 report noted that a company might hire an employee and begin paying that individual, but not assign any work to the individual until a clearance is obtained. Also, the head of the interagency group noted that commands, agencies, and industry might incur lost-opportunity costs if the individual chooses to work somewhere else rather than wait to get the clearance before beginning work.

The negative effects of the failure to deliver timely determinations of initial clearance eligibility extend beyond industry personnel to servicemembers and federal employees. An April 2006 DOD Office of Inspector General report provided examples to illustrate how delays in the clearance process can result in negative consequences such as nonproductive time waiting for a clearance. That report noted that delays have caused students at military training facilities to remain in a holdover status while waiting for a final clearance to complete training courses, graduate, or deploy. In addition, students without a final clearance may have their duty stations changed, which impacts their ability to fully support DOD missions for which they were trained.²⁷

Delays in completing clearance updates can have serious but different negative consequences than those stemming from delays in completing initial clearance-eligibility determinations. Delays in completing clearance updates may lead to a heightened risk of national security breaches. Such breaches involve the unauthorized disclosure of classified information,

²⁶ Doug Wagoner, statement for the record, hearing before the Committee on Government Reform, U.S. House of Representatives (May 17, 2006).

²⁷ DOD Office of the Inspector General, *Human Capital: DOD Security Clearance Process at Requesting Activities*, D-2006-077 (Arlington, Va.: Apr. 19, 2006).

which can have effects that range from exceptionally grave damage to national security in the case of top secret information to damage in the case of confidential information.²⁸ In 1999, the Joint Security Commission reported that delays in initiating investigations for clearance updates create risks to national security because the longer individuals hold clearances the more likely they are to be working with critical information systems.²⁹

OPM's Timeliness Reporting Does Not Convey Full Magnitude of Delays

The timeliness statistics that OPM³⁰ provided in the recent congressional hearings do not convey the full magnitude of the investigations-related delays facing the government. In her May 17, 2006, congressional testimony statement, the Associate Director in charge of OPM's investigations unit said that OPM continued to make "significant progress" in reducing the amount of time needed to complete initial security clearance investigations. She supported her statement with statistics that showed OPM's initial investigations for top secret clearances governmentwide averaged 284 days in June 2005 and decreased to 171 days in April 2006 (see table 3).³¹ When we converted these two timeliness statistics to a percentage, we found that the average time to complete an investigation for an initial top secret clearance in April 2006 was about 60 percent of what it had been in June 2005. We also calculated the percentage change for the numbers of investigations completed in the same 2 months and found that OPM had completed about 68 percent (5,751 versus 8,430) as many initial investigations for top secret clearances in April 2006 as it did in June 2005. Her statement went on to mention that another problem was developing—the inventory of pending investigations was increasing because of difficulty obtaining information from third-party providers.

²⁸ 5 C.F.R. § 1312.4, *Classification of National Security Information* (2006).

²⁹ Joint Security Commission II, *Report of the Joint Security Commission II* (Aug. 24, 1999), pp.5-6.

³⁰ As we mentioned earlier, the governmentwide plan states that except for a limited number of programs, OMB Memorandum M-05-17 delegated OPM responsibility for the day-to-day oversight and monitoring of security clearance investigations, including investigations for clearance updates.

³¹ OPM, *Progress or More Problems: Assessing the Federal Government's Security Clearance Process*, Statement of Kathy L. Dillaman, 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 (Washington, D.C.: May 17, 2006).

Table 3: Statistics on the Timeliness of Initial Investigations that OPM Provided in Its Testimony Statement to Congress on May 17, 2006

Clearance (and type of investigation)	June 2005		October 2005		April 2006	
	N	Average days	N	Average days	N	Average days
Top secret clearance (single scope background investigation)						
Priority	1,168	58	1,170	38	692	53
All	8,430	284	8,589	231	5,751	171
Secret and confidential clearances (national agency checks with law check and credit)						
Priority	827	95	908	53	922	64
All	34,727	163	33,521	134	32,491	145

Source: OPM.

Note: OPM extracted the above information from their Personnel Investigations Processing System (PIPS). In our review, we found that some entries for the investigations start date were inaccurate.

The testimony statement did not provide timeliness statistics for the investigations that are conducted for clearance updates, but that type of investigation probably had longer completion times than did the initial investigations. Our previously reviewed statistics on industry personnel (see table 2) indicated that clearance update investigations took about 1½ times as long as the initial investigations. The absence of information on clearance-update investigations from the OPM’s Associate Director’s testimony statement may be partially explained by the higher priority that OMB and OPM have placed on completing initial clearances so that individuals who have not previously had clearances can begin classified work sooner. At the same time, the absence of information on clearance-update investigations does not provide all stakeholders—Congress, agencies, contractors attempting to fulfill their contracts, and employees awaiting their clearances—with a complete picture of clearance delays. We have noted in the past that focusing on completing initial clearance investigations could negatively affect the completion of clearance-update investigations and thereby increase the risk of unauthorized disclosure of classified information.

The testimony statement did not indicate whether or not the statistics on complete investigations included a type of incomplete investigation that OPM sometimes treats as being complete. In our February 2004 report, we noted that OPM’s issuance of “closed pending” investigations—investigative reports sent to adjudication facilities without one or more types of source data required by the federal investigative standards—

causes ambiguity in defining and accurately estimating the backlog of overdue investigations. In our February 2004 report, we also noted that cases that are closed pending the provision of additional information should continue to be tracked separately in the investigations phase of the clearance process. According to recently released OPM data, between February 20, 2005, and July 1, 2006, the number of initial top secret clearance investigative reports that were closed pending the provision of additional information increased from 14,841 to 18,849, a 27 percent increase. DISCO officials and representatives from some other DOD adjudication facilities have indicated that they will not adjudicate closed pending cases since critical information is missing. OPM, however, has stated that other federal agencies review the investigative reports from closed pending cases and may determine that they have enough information for adjudication. Combining partially completed investigations with fully completed investigations overstates how quickly OPM is supplying adjudication facilities with the information they request to make their clearance-eligibility determinations.

OPM told us that it does not continue counting the time when agencies return investigative reports for rework because they were in some way deficient. Instead, OPM begins the count of days in the investigative phase anew. OPM says that approximately 1 to 2 percent of its investigations are reopened for such work. OPM has indicated that system problems prevent them from continuing to monitor these returned investigations as a continuation of the prior investigations. By not fully capturing all investigative time—including the review time which occurred at the adjudication facility and resulted in returning a report—OPM is undercounting the number of days that it takes to conduct an investigation.

Finally, our analysis of OPM's quarterly reports, which are provided to OMB and Congress, revealed computational errors. For example, using information from such reports, we found that the number of adjudications completed in the second quarter of 2006 was off by about 12,000 cases. One reason for the errors was mistakes in the programs used to extract the data from OPM's database, rather than the use of a documented and verified computer program that can be used again as data are updated. Without complete and accurate data and analyses, Congress, OMB, and others do not have full visibility over the timeliness of the clearance process.

OPM Delivered Incomplete Investigative Reports and DISCO Adjudicated Cases Did Not Document All Clearance-determination Considerations

OPM provided incomplete investigative reports to DOD adjudicators, which they used to determine top secret clearance eligibility. Almost all (47 of 50) of the sampled investigative reports we reviewed were incomplete based on requirements in the federal investigative standards. In addition, DISCO adjudicators granted clearance eligibility without requesting additional information for any of the incomplete investigative reports and did not document that they considered some adjudicative guidelines when adverse information was present in some reports. Granting clearances based on incomplete investigative reports increases risks to national security. In addition, use of incomplete investigative reports and not fully documenting adjudicative considerations may undermine the government's efforts to increase the acceptance of security clearances granted by other federal agencies.

Almost All of the Sampled Investigative Reports Were Incomplete

In our review of 50 initial investigations randomly sampled from the population used in our timeliness analyses, we found that almost all (47 of 50) of the investigative reports were missing documentation required by the federal investigative standards. The missing data were of two general types: (1) the absence of documentation showing that an investigator gathered the prescribed information in each of the applicable 13 investigative areas and included requisite forms in the investigative report, and (2) information to help resolve issues (such as conflicting information on indebtedness) that were raised in other parts of the investigative report.³² The requirements for gathering these types of information were identified in federal investigative standards published about a decade ago.³³ We categorized an investigative area as incomplete if the investigative report did not contain all of the required documentation for

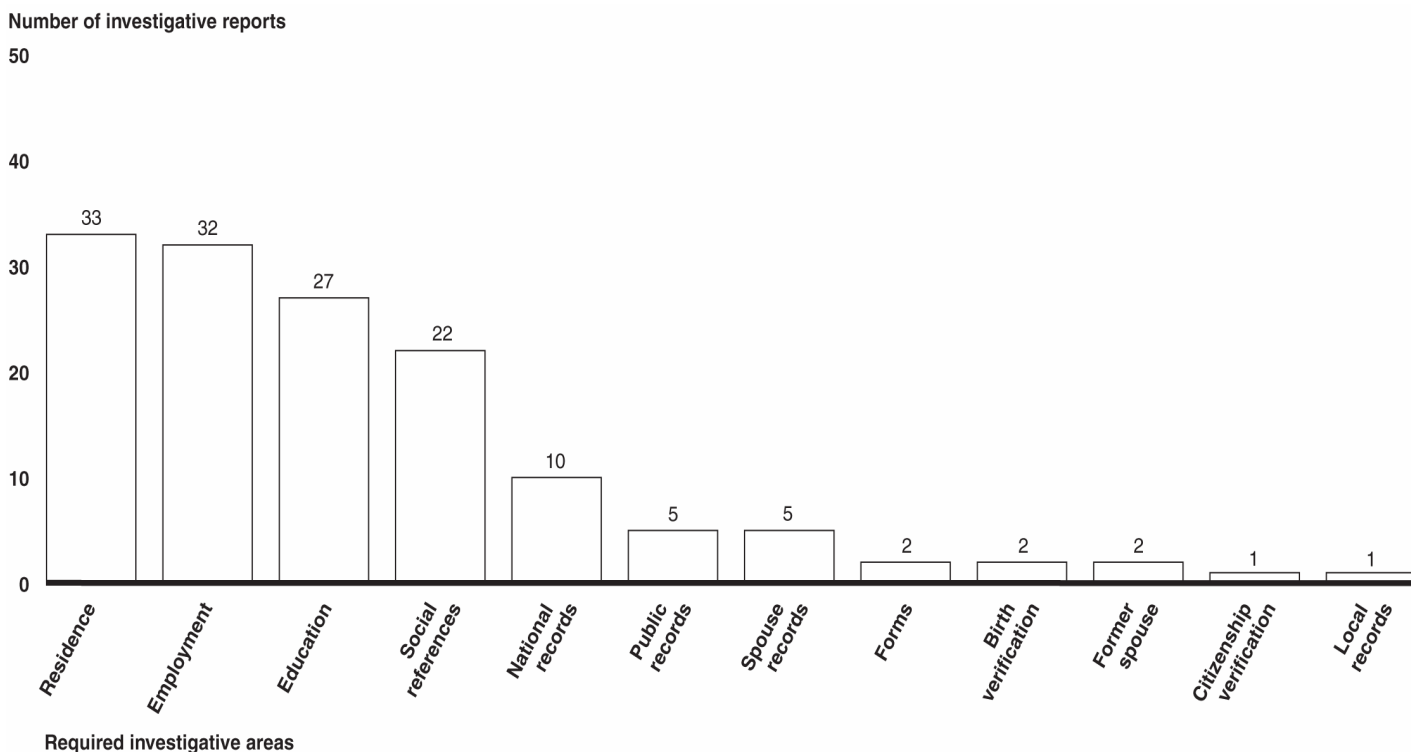
³² We reviewed the investigative reports for the presence or absence of the documentation. Available information often did not allow a determination of why the documentation was missing. For example, required documentation could be missing because an investigator failed to either perform the activity involved in gathering the information or submit the information after it had been gathered. In either case, an investigative report would not provide an adjudicator with all of the information prescribed in the federal investigative standards.

³³ 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). We obtained additional information on the operations used to obtain and document investigative information by attending OPM's 3-week investigator training and from OPM's guidance to its investigators: OPM, *Investigator's Handbook* (Draft version 5, March 2005).

that area or issue resolution. For example, we categorized the employment area as incomplete if investigators did not document a check of the subject's employee personnel file or the required number of interviews of employment references such as supervisors and coworkers.

At least half of the 50 reports that we examined did not contain the required documentation in three investigative areas: residence, employment, and education (see fig. 2). In addition, many investigative reports contained multiple deficiencies within each of these areas. For example, multiple deficiencies might be present in the residence area because investigators did not document a rental record check and an interview with a neighborhood reference.

Figure 2: Number of OPM-prepared Investigative Reports Missing at Least One Piece of Documentation for 12 of the 14 Types^a of Information—Cases Adjudicated in January and February 2006

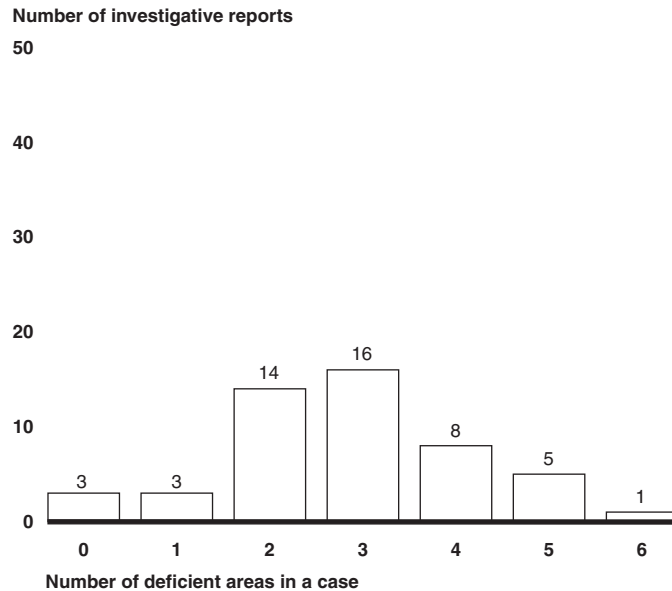


Source: GAO analysis of OPM investigative reports.

^aThe federal investigative standards and OPM's Investigator's Handbook identify 13 investigative areas that require documentation and also require that the investigation forms be included in the investigative report. Some reports were missing one or more pieces of documentation for at least one investigative area (e.g., three of the required 10 employment interviews for a subject with five jobs), and other reports were missing documentation in multiple investigative areas (e.g., both residence and employment information). Two of the types of information—financial records and subject interview—were included in all 50 cases we examined.

Looking at the data for figure 2 in a different way shows that three of every five reports that we reviewed had at least three investigative areas that did not have all of the prescribed documentation. Thirty-eight of the 50 investigative reports had two to four investigative areas with at least one piece of missing documentation (see fig. 3).

Figure 3: Number of Deficient Areas in Each OPM-prepared Investigative Report—Cases Adjudicated in January and February 2006^a



Source: GAO analysis of OPM investigative reports.

^aSome reports contained multiple deficiencies in a given investigative area.

The following examples illustrate some of the types of documentation missing from the investigative reports that we reviewed. When we discussed our findings for these investigative reports with OPM Quality Management officials, they agreed that the OPM investigators should have included documentation in the identified investigative areas.

- Residence, social, and employment documentation were missing. One investigative report did not have documentation on all of the required residence interviews or to show they checked rental records at two of the subjects' residences. In addition, it contained no information from required investigator-developed social references, but information from interviews with two subject-identified social references was in the report. Federal investigative standards require investigators to interview at least two of the subject-identified social references and two additional social references that the investigator develops during the course of the investigation. Finally, investigators documented performing only 3 of the

10 employment interviews that would be required for the subject's five jobs covered by the investigative scope.³⁴

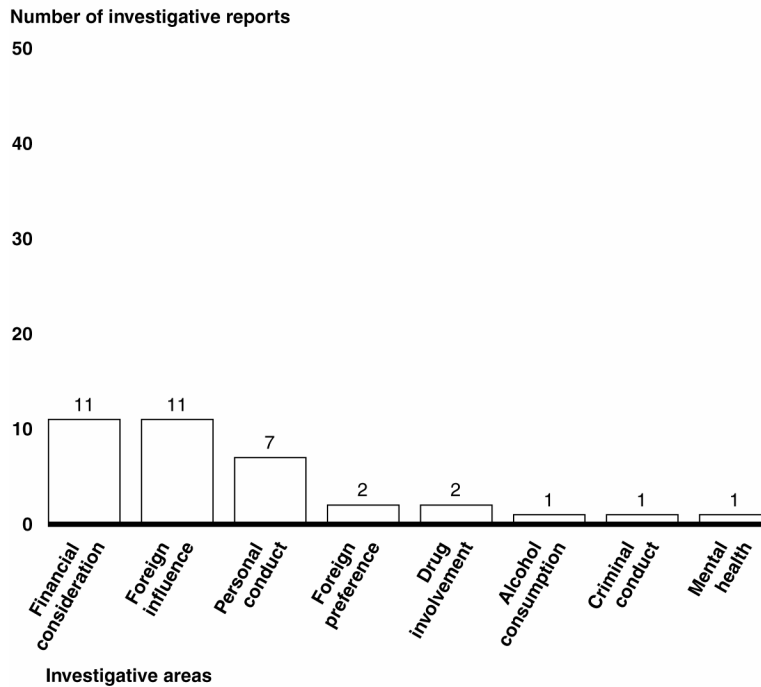
- Residence, social, and employment documentation were missing. An investigative report on a DOD industry employee did not contain documentation on interviews with any neighborhood references where the subject had resided for 10 years. Similarly, the report contained interview documentation from one subject-identified but no investigator-developed social reference. Of the eight employment reference interviews required by federal standards for this investigative report, there was documentation that three were performed.³⁵
- Spouse national record documentation was missing. In another investigative report, required documentation for four national agency record checks of the subject's cohabitant of 35 years was missing. The four types of missing checks were the Federal Bureau of Investigation name and fingerprints, OPM's Security/Suitability Investigations Index, and DOD's Spouse Defense Clearance and Investigations Index.

Although federal standards indicate that investigations may be expanded as necessary to resolve issues, according to OPM, (1) issue resolution is a standard part of all initial investigations and periodic reinvestigations for top secret clearances and (2) all issues developed during the course of an investigation should be fully resolved in the final investigative report provided to DOD. We found a total of 36 unresolved issues in 27 of the investigative reports. The three investigative areas with the most unresolved issues were financial consideration, foreign influence, and personal conduct (see fig. 4).

³⁴ Investigative scope defines the time period for which investigators are required to examine aspects of a subject's background in each investigative area. For example, in initial investigations, investigators are required to obtain information about all jobs of 6 months or more that took place within the 7 years prior to the date the investigation was scheduled. While this is the minimum requirement, instructions provided in OPM's training for new investigators encouraged coverage of all employment during the period of interest, noting that shorter terms of employment would probably reveal more issues.

³⁵ According to OPM's *Investigator's Handbook* and subsequent clarifications, two source interviews are required for each activity listed on a subject's clearance application. Activities include the subject's employment, education, and residence.

Figure 4: Number of OPM-prepared Investigative Reports with at Least One Unresolved Issue by Investigative Area—Cases Adjudicated in January and February 2006



Source: GAO analysis of OPM investigative reports.

The following examples highlight investigative areas that lacked the documentation needed to resolve an issue. When we reviewed these investigative reports with OPM Quality Management officials, they agreed that the investigators should have included documentation to resolve the issues.

- Personal conduct and financial issues were unresolved. One investigative report did not contain documentation of the resolution of possible extramarital affairs and financial delinquency. During the course of the investigation, the subject reported having extramarital affairs; however, there was no documentation to show that these affairs had been investigated further. Also, the subject's clearance application indicated cohabitation with an individual with whom the subject had previously had a romantic relationship, but there was no documentation that record checks were performed on the cohabitant. Moreover, information in the investigative report indicated that the subject defaulted on a loan with a balance of several thousand dollars; however, no other documentation suggested that this issue was explored further.

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- Foreign influence issues were unresolved. The clearance application showed that the subject had traveled to an Asian country to visit family. However, in the subject interview, the subject reported not knowing the names of the family members or the city in which one relative lived. There was no documentation in other parts of the investigative report of a follow-up discussion with the subject about this issue.
 - Financial issues were unresolved. An industry employee indicated “no” in his clearance application when asked if during the last 7 years he had a lien placed against his property for failing to pay taxes or other debt, but information in another part of the investigative report indicated that a tax lien in the tens of thousands of dollars had been placed against his property. The investigative report did not have additional information to indicate whether or not investigators asked the subject about the omission on the application or the tax lien itself.

Although we found that the interview narratives in some of the 50 OPM investigative reports were limited in content, we did not identify them as being deficient for the purposes of our statistical analysis because such an evaluation would have required a subjective assessment that we were not willing to make. For example, in our assessment of the presence or absence of documentation, we found a 35-word narrative for a subject interview of a naturalized citizen from an Asian country. It stated only that the subject did not have any foreign contacts in his birth country and that he spent his time with family and participated in sports. Nevertheless, others with more adjudicative expertise voiced concern about the issue of documentation adequacy. At their monthly meeting in April 2006, top officials representing DOD’s adjudication facilities were in agreement that OPM-provided investigative summaries had been inadequate. The OPM Investigator’s Handbook provides guidance that directs investigators to be brief in the interview narratives but not to sacrifice content. Narrative documentation is required for subject interviews and all interviews with references contacted in the investigation, including neighbors, character references, and coworkers.

The Associate Director of OPM’s investigations unit and her Quality Management officials cited the inexperience of the investigative workforce as one of the possible causes for the incomplete investigative reports we reviewed. This inexperience is due to the fact that OPM has rapidly increased the size of the investigative workforce. In December 2003, GAO estimated that OPM and DOD had around 4,200 full-time equivalent investigative personnel. In May 2006, the Associate Director said that OPM had over 8,600 employees. The Associate Director also indicated that

variations in the training provided to federal and contractor investigative staff could be another reason for the incompleteness. These variations can occur since each contract investigative company is responsible for developing the training course for its employees. She, however, added that OPM (1) publishes the Investigator's Handbook that provides guidance on how to conduct an investigation and forms the basis for the training, (2) approves the training curriculum for each contractor, and (3) occasionally monitors actual training sessions.

The Associate Director also noted that she had little indication from her customers—adjudicators—that the investigative reports had problems since adjudicative facilities were returning 1 to 2 percent of the reports for rework. In our November 2005 testimony evaluating the government plan for improving the personnel security clearance process, we noted that the number of investigations returned for rework is not by itself a valid indicator of the quality of investigative work because adjudication officials said they were reluctant to return incomplete investigations in anticipation of further delays. We went on to say in November 2005 that regardless of whether that metric remains a part of the government plan, developers of the plan may want to consider adding other indicators of the quality of investigations. When we asked if OMB and OPM had made changes to the government plan to address quality-measurement and other shortcomings that we had identified in our November 2005 testimony, the Associate Director said the plan had not been modified to address our concerns but implementation of the plan was continuing.

OPM's Associate Director outlined new quality control procedures that were put in place after the investigations that we reviewed were completed. Among other things, OPM has a new contractor responsible for reviewing the quality of its investigative reports, a new organizational structure for its quality control group, and new quality control processes. After describing these changes, the Associate Director acknowledged that it will take time before the positive effects from the changes will be fully realized.

DISCO Adjudicators Granted Top Secret Clearance Eligibility for Cases with Missing Information

DISCO adjudicators granted top secret clearance eligibility for the 27 industry personnel whose investigative reports contained unresolved issues without requesting additional information or documenting in the adjudicative report that the information was missing. Furthermore, in 17 cases, adjudicators did not document consideration of guidelines. In making clearance-eligibility determinations, the federal guidelines require adjudicators to consider (1) guidelines covering 13 specific areas such as

foreign influence and financial considerations, (2) adverse conditions or conduct that could raise a security concern and factors that might mitigate (alleviate) the condition for each guideline, and (3) general factors related to the whole person. (See app. II for additional details on these three types of adjudicative considerations.) According to a DISCO official, DISCO and other DOD adjudicators are to record information relevant to each of their eligibility determinations in JPAS. They do this by selecting applicable guidelines and mitigating factors from prelisted responses and may type up to 3,000 characters of additional information.

DISCO adjudicators granted clearance eligibility for 27 industry personnel whose investigative reports did not contain the required documentation to resolve issues raised in other parts of the investigative reports (see fig. 4). The corresponding adjudicative reports for the 27 industry personnel did not contain documentation showing that adjudicators had identified the information as missing or that they attempted to return the investigative reports to obtain the information required by the federal adjudicative guidelines. The following are examples of unresolved issues that we found in adjudicative and investigative reports and later discussed with DISCO officials, including administrators and adjudicators. For both examples, the DISCO officials agreed that additional information should have been obtained to resolve the issues before the industry personnel were granted top secret clearances.

- Information to resolve a foreign influence issue was missing. A state-level record check on an industry employee indicated that the subject was part owner of a foreign-owned corporation. Although the DISCO adjudicator applied the foreign influence guideline for the subject's foreign travel and mitigated that foreign influence issue, there was no documentation in the adjudicative report to acknowledge or mitigate the foreign-owned business.
- Information to resolve a foreign influence issue was missing. An industry employee reported overseas employment on their application, but the subjects adjudicative and investigative reports did not contain other documentation of the 6 years (all within the scope of the investigation) that they spent working for a DOD contractor in two European countries. For example, the subject interview documentation did not indicate whether the subject's relationships with foreign nationals had been addressed. The adjudicative and investigative reports did not document verification of the subject's residence and interviews with overseas social references. Furthermore, the adjudicative report did not indicate that the

foreign influence guideline was considered as part of the clearance determination.

When asked why the adjudicators did not provide the required documentation in JPAS, the DISCO officials said that its adjudicators review the investigative reports for sufficient documentation to resolve issues and will ask OPM to reopen a case if they do not have enough information to reach an eligibility determination. The DISCO officials and Defense Security Service Academy personnel who teach adjudicator training courses cited risk management as a reason that clearance determinations are made without full documentation. They said that adjudicators make judgment calls about the amount of risk associated with each case by weighing a variety of past and present, favorable and unfavorable information about the person to reach an eligibility determination. The trainers also said that adjudicators understand that investigators may not be able to obtain all of the information needed to resolve all issues. Notably, DISCO and DOHA officials told us that DISCO adjudicators determine eligibility for cases with few or no issues and that DOHA adjudicates cases with potentially more serious issues.

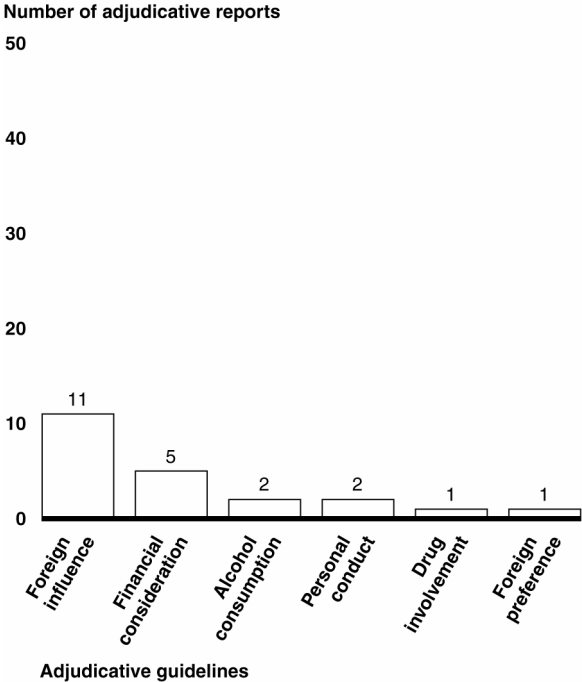
Seventeen of the 50 adjudicative reports were missing documentation on a total of 22 guidelines for which issues were present in the investigative reports.³⁶ The guideline documentation missing most often was for foreign influence, financial considerations, alcohol consumption, and personal conduct issues (see fig. 5). We, like DISCO adjudicators, used the Adjudicative Desk Reference and DOD's Decision Logic Table to help determine whether or not documentation of a guideline was needed.³⁷ An example of the lack of documentation shown in figure 5 was when DISCO

³⁶ Mitigation factors were also missing for these 22 guidelines since an adjudicator would not mitigate an issue if the applicable adjudicative guideline had not been documented in JPAS. We found four other instances where a guideline was reported in JPAS, but the mitigating factor was not indicated.

³⁷ The Adjudicative Desk Reference identifies the logic of a particular security concern for each of the 13 federal adjudicative guidelines, examples of conditions that raise a security concern, and examples of conditions that could mitigate security concerns. DOD's Decision Logic Table is from the Defense Security Service's 20-1-M (April 2003) and contains guidance concerning investigation expansion for each adjudicative guideline. Each section of the table presents one of the 13 adjudicative guidelines and discusses the concern, the potential disqualifying condition, and the mitigating factors that pertain to each guideline. To identify instances of missing documentation in an adjudicative report, we compared information in the investigative reports to security concerns specified in these two source documents.

adjudicators did not record consideration of the personal conduct guideline despite a subject's involvement in an automobile accident while driving with a suspended driver's license, no auto insurance, and an expired car license.

Figure 5: Number of DISCO-prepared Adjudicative Reports that Did Not Document Issues Specified in Adjudicative Guidelines in the Presence of Adverse Information, Cases Adjudicated in January and February 2006



Source: GAO analysis of DISCO adjudicative reports.

DISCO officials stated that procedural changes associated with JPAS implementation contributed to the missing documentation on guidelines. DISCO began using JPAS in February 2003, and it became the official system for all DOD adjudications in February 2005. Before February 2005, DISCO adjudicators were not required to document the consideration of a guideline issue unless adverse information could disqualify an individual from being granted clearance eligibility. After JPAS implementation, DISCO adjudicators were trained to document in JPAS their rationale for the clearance determination and the adverse information from the investigative report, regardless of whether or not an adjudicative guideline issue could disqualify an individual from obtaining a clearance. The

administrators also attributed the missing guideline documentation to a few adjudicators attempting to produce more adjudication determinations.

Delivery and Use of Incomplete Investigations Increase Risks to National Security and Reciprocity

Decisions to grant clearances based on incomplete investigations increase risks to national security because individuals can gain access to classified information without being vetted against the full federal standards and guidelines. Although there is no guarantee that individuals granted clearances based on complete investigations will not engage in espionage activities, complete investigations are a critical first step in ensuring that those granted access to classified information can be trusted to safeguard it.

Adjudicators' reviews of incomplete investigative reports can have negative economic consequences for adjudication facilities, regardless of whether the incomplete report is (1) an inadvertent failure by OPM to detect the missing information during its quality control procedures or (2) a conscious decision to forward a closed pending case that OPM knows is not complete. Specifically, adjudication facilities must use adjudicator time to review cases more than once and then use additional time to document problems with the incomplete investigative reports. Conversely, an adjudicative review of incomplete cases could have the benefit of alerting adjudicators to negative information on a person who has been granted an interim initial clearance so that the adjudication facility could determine whether that interim clearance should be revoked pending a full investigative report.

Incomplete investigations and adjudications undermine the government's efforts to move toward greater clearance and access reciprocity. An interagency working group, the Security Clearance Oversight Steering Committee,³⁸ has noted that agencies are reluctant to be accountable for poor quality investigations and/or adjudications conducted by other agencies or organizations. To achieve fuller reciprocity, clearance-granting agencies need to have confidence in the quality of the clearance process. Without full documentation of investigative actions, information obtained, and adjudicative decisions, agencies could continue to require duplicative investigations and adjudications.

³⁸ This committee is led by OMB's Deputy Director for Management and is comprised of representatives from DOD, Homeland Security, Energy, Justice, Transportation, Commerce, State, the Director of National Intelligence, the National Security Council, and the National Archives and Records Administration.

Conclusions

Incomplete timeliness data limit the visibility of stakeholders and decision makers in their efforts to address long-standing delays in the personnel security clearance process. For example, not accounting for all of the time that is required when industry personnel submit an application multiple times before it is accepted limits the government's ability to accurately monitor the time required for each step in the application-submission phase and identify positive steps that facility security officers, DISCO adjudicators, OPM investigative staff, and other stakeholders can take to speed the process. Similarly, OPM's procedure of restarting the measurement of investigation time for the 1 to 2 percent of investigative reports that are sent back for quality control reasons does not hold OPM fully accountable for total investigative time when deficient products are delivered to its customers. In fact, restarting the time measurement for reworked investigations could positively affect OPM's statistics if the reworked sections of the investigation take less time than did the earlier effort to complete the large portion of the investigative report.

Information-technology-related problems are another area where needless delays are being experienced. Failure to fully utilize e-QIP adds about 2 weeks to the application-submission time, and the government must pay to have information key-entered into OPM's investigative database. Likewise, an estimated 2 to 3 weeks are added to the adjudication phase because of the need to print and ship investigative reports to DISCO and other adjudication facilities. These and other reasons for delays show the fragmented approach that the government has taken to addressing the clearance problems. In November 2005, we were optimistic that the government plan for improving the clearance process prepared under the direction of OMB's Deputy Director for Management would be a living document that would provide the strategic vision for correcting long-standing problems in the personnel security clearance process. However, OPM recently told us that the plan has not been modified in the 9 months since we labeled it as an important step forward but identified numerous shortcomings that should be addressed to make it a more powerful vehicle for change.

While eliminating delays in the clearance process is an important goal, the government cannot afford to achieve that goal by providing investigative and adjudicative reports that are incomplete in key areas required by federal investigative standards and adjudicative guidelines. The lack of full reciprocity of clearances is an outgrowth of agencies' concerns that other agencies may have granted clearances based on inadequate investigations and adjudications. OMB's Deputy Director of Management has convened an interagency committee to address this problem and has taken steps to move agencies toward greater reciprocity. The findings in this report may

suggest to some security managers that there is at least some evidence to support agencies' concerns about the risks that may come from accepting the clearances issued by other federal agencies. Readers are reminded, however, that our review and the analyses presented here looked at only one aspect of quality—completeness of reports. We could not address whether the information contained in the investigative reports we reviewed was adequate for determining clearance eligibility and whether all 50 of the industry personnel should have been granted clearances. Such judgments are best left to fully trained, experienced adjudicators. Still, our findings do raise questions about (1) the adequacy of the procedures that OPM used to ensure quality before sending its investigative reports to its customers and (2) DISCO's procedures for reviewing the quality of the clearance determinations made by its adjudicators when information was missing from the investigative reports or decisions were not fully documented in JPAS. Furthermore, as we pointed out in November 2005, the almost total absence of quality metrics in the governmentwide plan for improving the clearance process hinders Congress's oversight of these important issues. Finally, the missing documentation could have longer term negative effects such as requiring future investigators and adjudicators to obtain the documentation missing from current reviews when it is time to update the clearances currently being issued.

Recommendations for Executive Action

To improve the timeliness of the processes used to determine whether or not industry personnel are eligible for a top secret clearance, we are making the following recommendations to the Director of the Office of Management and Budget to direct the Deputy Director for Management, in his oversight role of the governmentwide clearance process, to take the following actions:

- Direct OPM and DOD to fully measure and report all of the time that transpires between when the application is initially received by the federal government to when the clearance-eligibility determination has been provided to the customer. Inherent in this recommendation to increase transparency is the need to provide all stakeholders (including facility security officers, federal and contract investigators, and adjudicators) information about each of their steps within the clearances phases so that each can develop goals and implement actions to minimize delays.
- Establish an interagency working group to identify and implement solutions for investigative and adjudicative information technology problems—such as some parts of DOD continuing to submit paper copies of the clearance application, or inefficiencies—such as the continued

distribution of paper investigative reports—that have resulted in clearance delays.

To improve the completeness of the documentation for the processes used to determine whether or not industry personnel are eligible for a top secret clearance and to decrease future concerns about the reciprocal acceptance of clearances issued by other agencies, we are recommending that the Director of the Office of Management and Budget direct the Deputy Director for Management, in his oversight role of the governmentwide clearance process, to take the following actions:

- Require OPM and DOD to (1) submit to the Deputy Director their procedures for eliminating the deficiencies that we identified in their investigative and adjudicative documentation and (2) develop and report metrics on completeness and other measures of quality that will address the effectiveness of the new procedures.
- Update the government strategic plan for improving the clearance process to address, among other things, the weaknesses that we identified in the November 2005 version of the plan as well as the timeliness and incompleteness issues identified in this report, and widely distribute it so that all stakeholders can work toward the goals that they can positively impact.
- Issue guidance that clarifies when, if ever, adjudicators may use incomplete investigative reports—closed pending and inadvertently incomplete cases—as the basis for granting clearance eligibility.

Agency Comments

We received agency comments from OMB, DOD, and OPM (see apps. III, IV, and V, respectively). In addition, OMB and OPM provided separate technical comments which we incorporated in the final report, as appropriate.

Office of Management and Budget

In his comments to our report, OMB's Deputy Director for Management did not take exception to any of our recommendations. Among other things, he noted his agreement with our report's conclusion that agencies must identify and implement new investigative and adjudicative solutions to improve the quality and timeliness of background investigations. The Deputy Director stated that National Security Council's Security Clearance Working Group had begun to explore ways to identify and implement such improvements. He also said that the quality of the investigations and adjudications are of paramount concern and that he would ask the

National Security Council's Personnel Security Working Group to determine when, if ever, an adjudicator may use incomplete investigative reports to determine whether to grant a security clearance.

Department of Defense

Although our recommendations were not directed to DOD, the Deputy Under Secretary of Defense (Counterintelligence and Security) noted his concurrence with our recommendations. The Deputy Under Secretary also discussed the use of incomplete cases as the basis for adjudication. He maintained that when the unresolved issues appear to be of minor importance, a risk management adjudication may be prudent. After noting that patchwork fixes will not solve the fundamental problem—"the current process takes too long, costs too much, and leaves us with a product of uncertain quality"—the Deputy Under Secretary reported that DOD is working on a new process.

Office of Personnel Management

In her written comments, OPM's Director stated that she fully supported the intent of our report but expressed concern that we had based our findings upon a number of inaccurate facts. We disagree. To address the Director's concerns, we grouped her concerns into four general categories as discussed below.

The Director stated that a fair comparison cannot be made between PIPS (OPM's investigative database) and JPAS (DOD's clearance database that also includes investigative timeliness data). As our scope and methodology section makes clear, we did report information from OPM and DOD databases, but the focus of our report was not a comparison of databases. While we did present timeliness findings based on the two databases, we did not perform comparisons—a condition that would have required us to report statistics on the same population for the same time period. Instead, our draft report clearly noted when we were supplementing our findings from the DOD database with more recent statistics from OPM. We also noted that the OPM findings were governmentwide. Therefore, we are puzzled by the Director's comment since we supplied the additional OPM-provided statistics in our efforts to present a balanced view and reflect OPM's statements that investigation timeliness had improved. The Director's later statement that a fair comparison cannot be made between the data in the two systems is troubling because underpinning effective oversight is the prerequisite for reliable data. Regardless of whose data are used, the two databases should produce timeliness statistics that agree and cover the full periods that IRTPA require to be monitored: total clearance process, investigations, and adjudications.

The Director took exception to our report's assertion that stakeholders and decision makers are limited in their ability to address delays in the security clearance process because of incomplete timeliness data. She stated that OPM feels stakeholders and decision makers have the most comprehensive data possible to understand and address the delays in the security clearance process. At the same time, other parts of her comments noted deficiencies in OPM's timeliness data. For example, she noted that OPM does "not account for the timeliness of multiple submissions" [of applications], and that OPM only measures "timeliness from beginning to the point where OPM has completed all items under our direct control via the Closed Pending process." We stand behind our assertion that OPM has incomplete timeliness data, and we believe the Director's admissions about the limitations of the OPM data reinforce the empirical basis of our assertion. The evidence supplied in our draft report further contradicts the Director's assertion that stakeholders and decision makers have the most comprehensive data possible. Our approach for investigating timeliness and completeness is fully described in our scope and methodology, including the specific steps that we took. For example, we sent written questions and verbally inquired with OPM staff about whether OPM tracked timeliness for certain situations, and the staff's written and verbal answers to those questions indicated that the agency does not measure the timeliness of situations such as multiple submissions and the full period required to conduct an investigation when the investigative report is returned because of quality problems. IRTPA did not identify situations that could be excluded from mandated timeliness assessments. Therefore, we stand by our conclusion that without fully accounting for the total time needed to complete the clearance process, OMB and Congress will not be able to accurately determine whether agencies have met future IRTPA requirements.

Concerning our findings that initial clearances took 446 days and clearance updates took 545 days, the director noted that a sample of current cases would likely show a marked improvement in consistency and would reflect the many process improvements that have been put in place since the time of transfer. Also, she indicated that some of the problems that we reported were the result of transferred staff and cases. We agree that it is possible that different findings might be obtained if a more recent population were examined today. However, the population that we examined represented the most up-to-date information available when we began our timeliness analyses. With regard to the Director's statement that some of the problems were caused by the transfer of investigative functions and personnel from DOD, OPM had 2 years to prepare for the transfer between the announced transfer agreement in

February 2003 and its occurrence in February 2005. In addition, 47 of the 50 investigative reports that we reviewed were missing documentation even though OPM has quality control procedures for reviewing the reports before they are sent to DOD.

Lastly, the Director indicated that our report discounts the government's efforts to correct clearance problems, like the impact of IRTPA and the government's Plan for Improving the Personnel Security Clearance Process. In addition, the Director wrote that the draft report did not address the effects of the backlog and agencies' inaccurate projections of investigations workload. To the contrary, our draft report discussed each of these issues and we believe the report presents a balanced assessment of programs—identifying problems, discussing ongoing efforts to correct situations, and helping the reader understand the context within which a program functions. For example, the introduction discussed IRTPA, the development of the plan, additional actions that were coordinated through OMB's Deputy Director for Management, and the transfer of DOD's investigative function to OPM. Similarly, we noted in the investigation-completeness section that OPM has increased its investigative workforce in recent years. Our draft report also identified both concerns as factors that impede the speed with which OPM can deliver investigative reports.

After careful consideration of the OPM Director's concerns, we continue to believe our findings and conclusions have merit.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this report. At that time, we will send copies of this report to interested congressional members: the Director of the Office of Management and Budget; the Secretary of Defense; and the Director of the Office of Personnel Management. We will also make copies available to others upon request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or other members have any additional questions about DOD's personnel security program, please contact me at (202) 512-5559 or stewartd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this correspondence. GAO staff who made major contributions to the correspondence are listed in appendix VI.

A handwritten signature in black ink that reads "Derek B. Stewart". The signature is written in a cursive, flowing style.

Derek B. Stewart
Director, Defense Capabilities and Management

List of Congressional Requesters

The Honorable Susan M. Collins
Chairman
The Honorable Joseph I. Lieberman
Ranking Minority Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable George V. Voinovich
Chairman
The Honorable Daniel K. Akaka
Ranking Minority Member
Subcommittee on Oversight of Government Management, the Federal
Workforce, and the District of Columbia
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Barbara A. Mikulski
United States Senate

The Honorable Tom Davis
Chairman
Committee on Government Reform
House of Representatives

The Honorable Christopher Shays
Chairman
Subcommittee on National Security, Emerging Threats and International
Relations
Committee on Government Reform
House of Representatives

Appendix I: Scope and Methodology

Scope

The scope of our work emphasized the analysis of information on top secret clearances for industry personnel. Earlier in this report, table 1 showed that all of the investigative information needed to determine eligibility for a secret or confidential clearance is also required as part of the investigative report considered when determining eligibility for a top secret clearance. In addition, examining the timeliness and completeness of documentation for top secret clearances focused our efforts on a level of clearance where greater damage could occur through the unauthorized disclosure of classified information. Our examination of clearance information for industry personnel continued a line of research discussed in our report issued in May 2004. With about 34 percent of its 2.5 million clearances held by industry personnel who are performing contract work for the Department of Defense (DOD) and 23 other agencies, this segment of the workforce is playing an increasingly larger role in national security.

Methodology

To examine the timeliness of the processes used to determine whether or not industry personnel are eligible for a top secret clearance, we reviewed various documents, including laws and executive orders, DOD security clearance policies, Office of Personnel Management (OPM) policies, and the government plan for improving the security clearance process. These sources provided the criteria that we used in our analyses, as well as insights into possible causes for and effects of the delays in obtaining timely clearances. We also reviewed clearance-related reports issued by organizations such as GAO, DOD's Office of Inspector General, and DOD's Personnel Security Research Center. We interviewed headquarters policy and program officials from DOD's Office of the Under Secretary of Defense for Intelligence [OUSD(I)] and OPM and obtained and evaluated additional documentation from those officials. In addition, representatives from the organizations shown in table 4 provided additional interview and documentary evidence that we also evaluated. A major focus of our timeliness examination included our analysis of computerized data abstracted from the Joint Personnel Adjudications System (JPAS) and statistical reports on timeliness that OPM produced for DOD. We calculated the number of days required for each case for three phases of the process and the total process. Missing dates for the start or completion dates for a phase prevented the calculation for some cases. Also, we eliminated some dates for the phases when the start date was chronologically later than the end date. As a result, the number of applicable cases varies for each calculation. The abstract was for the population of 1,685 industry personnel granted initial top secret clearances and 574 industry personnel granted top secret clearance updates by the Defense Industrial Security Clearance Office (DISCO) during January and

February 2006. The application-submission and investigation phases of the clearance process for those 2,259 industry personnel were started at various times prior to the final adjudication determinations. We assessed the reliability of the JPAS data by (1) performing electronic testing of required data elements, (2) reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials knowledgeable about the data. While we found problems with the accuracy of some of the JPAS data, we determined they were sufficiently reliable for selecting a sample of cases for our review and for calculating average days for the clearance process. DOD and OPM also provided timeliness statistics for other time periods, levels of clearances, types of personnel, and other federal agencies to provide us with a broader context to interpret the timeliness statistics that we extracted from the DISCO database abstract.

Table 4: List of Organizations Contacted to Obtain Information Related to the Timeliness and Completeness of Investigations and Adjudications

DOD adjudication facilities

- Air Force Central Adjudication Facility, Bolling AFB, Washington, D.C.
- Army Central Adjudication Facility, Fort George Meade, Maryland
- Defense Intelligence Agency, Central Adjudication Facility, Arlington, Virginia
- Defense Industrial Security Clearance Office, Columbus, Ohio
- Defense Office of Hearings and Appeals, Columbus, Ohio
- Navy Central Adjudication Facility, Washington, D.C.
- National Security Agency Central Adjudication Facility, Linthicum, Maryland
- Washington Headquarters Services, Consolidated Adjudications Facility, Arlington, Virginia

Other governmental agencies and organizations

- Defense Security Service, Headquarters, Alexandria, Virginia
- Defense Security Service Academy, Linthicum, Maryland
- Information Security Oversight Office, Washington, D.C.
- National Industrial Security Program Policy Advisory Committee, Washington, D.C.
- DOD's Personnel Security Research Center, Monterey, California

Investigative contractors

- CACI International Inc., Arlington, Virginia
- Kroll Inc., New York, New York
- ManTech, Fairfax, Virginia
- System Application and Technologies, Inc., Landover, Maryland
- USIS, Falls Church, Virginia

Investigator associations

- Association of Certified Background Investigators, LaPlata, Maryland
- American Federal Contract Investigators Association, Oceanside, California

Industry associations

- The Armed Forces Communications and Electronics Association, Fairfax, Virginia
- Aerospace Industries Association, Arlington, Virginia
- Contract Services Association, Arlington, Virginia
- Information Technology Association of America, Arlington, Virginia
- Intelligence & National Security Alliance, Annapolis Junction, Maryland
- National Defense Industrial Association, Arlington, Virginia

Source: GAO.

To examine the completeness of the documentation of the processes used to determine whether or not industry personnel are eligible for a top secret clearance, we used the sources identified above to answer the timeliness question concerning: laws, executive orders, policies, reports, and materials and testimonial evidence provided by the organizations

listed in table 4. The sources and materials provided us with an understanding of the criteria for evaluating whether prescribed information was present in or absent from investigative and adjudicative reports used in the clearance process. Members of the GAO team attended OPM's basic special agent training course for 3 weeks to gain a greater understanding of investigative procedures and requirements and participated in the Defense Security Service Academy's online basic adjudicator training to learn more about adjudicative procedures and requirements. Following the training, we began a multiple-step process to review and analyze the investigative and adjudicative documentation associated with DISCO determinations of clearance eligibility for industry security clearance cases. We started by randomly selecting 50 cases from the population of 1,685 initial clearance applications adjudicated by DISCO during January and February 2006. Once our sample was selected, we obtained paper copies of the completely adjudicated case files. We developed a data collection instrument that incorporated information from sources such as the federal investigative standards and adjudicative guidelines, OPM's Investigator's Handbook (Draft Version 5), and DOD's Personnel Security Research Center's Quality Rating Form—an analysis tool to help DOD adjudicators assess the quality of investigative reports used to make adjudication decisions. Our staff who developed the instrument then trained other members of our team on how to use the instrument in order to ensure the accuracy and consistency of data entry. We refined our instrument utilizing feedback from DOD's Personnel Security Research Center staff and our pretest of the instrument on cases not included in our sample of 50 cases. To ensure the accuracy of our work, a second team member independently verified information that another team member had initially coded. As part of each review, we examined each report of investigation to ensure that all of the investigative requirements had been met (e.g., neighborhood reference checks) and to determine if issues that were raised as part of the investigation had been resolved by OPM investigators. After a thorough review of the investigative report and associated materials, we reviewed the JPAS adjudicative report. The JPAS report showed the final adjudicative decision, including any guidelines that were applied and any mitigating information. Our assessment of each case was entered into an electronic database and analyzed to determine the completeness of the files and to identify areas of deficiency. In addition to obtaining statistical findings, we identified 8 cases that best illustrated several types of deficiencies identified by our reviews and statistical analyses. We then met with investigations and adjudications experts from the Defense Security Service Academy to discuss several cases. We also discussed our findings for each of the 8 cases with investigative experts from OPM's Quality Management

group and adjudication experts from DISCO. By discussing the issues contained in each case with OPM and DOD experts, we were able to learn more about the causes of the incomplete documentation and confirm the accuracy of our observations on 16 percent of our sampled cases. We performed our work from September 2005 through August 2006 in accordance with generally accepted government auditing standards.

Appendix II: Criteria for Determining Clearance Eligibility

In making determinations of eligibility for security clearances, the federal guidelines require adjudicators to consider (1) guidelines covering 13 specific areas, (2) adverse conditions or conduct that could raise a security concern and factors that might mitigate (alleviate) the condition for each guideline, and (3) general factors related to the whole person. First, the guidelines state that clearance decisions require a common-sense determination of eligibility for access to classified information based upon careful consideration of the following 13 areas:

- allegiance to the United States;
- foreign influence, such as having a family member who is a citizen of a foreign country;
- foreign preference, such as performing military service for a foreign country;
- sexual behavior;
- personal conduct, such as deliberately concealing or falsifying relevant facts when completing a security questionnaire;
- financial considerations;
- alcohol consumption;
- drug involvement;
- emotional, mental, and personality disorders;
- criminal conduct;
- security violations;
- outside activities, such as providing service to or being employed by a foreign country; and
- misuse of information technology systems.

Second, for each of these 13 areas, the guidelines specify (1) numerous significant adverse conditions or conduct that could raise a security concern that may disqualify an individual from obtaining a security clearance and (2) mitigating factors that could allay those security

concerns, even when serious, and permit granting a clearance. For example, the financial consideration guideline states that individuals could be denied security clearances based on having a history of not meeting financial obligations. However, this adverse condition could be set aside (referred to as mitigated) if one or more of the following factors were present: the financial condition was not recent, resulted from factors largely beyond the person's control (e.g., loss of employment), or was addressed through counseling.

Third, the adjudicator should evaluate the relevance of an individual's overall conduct by considering the following general factors:

- the nature, extent, and seriousness of the conduct;
- the circumstances surrounding the conduct, to include knowledgeable participation;
- the frequency and recency of the conduct;
- the individual's age and maturity at the time of the conduct;
- the voluntariness of participation;
- the presence or absence of rehabilitation and other pertinent behavioral changes;
- the motivation for the conduct;
- the potential for pressure, coercion, exploitation, or duress; and
- the likelihood of continuation or recurrence.

When the personnel security investigation uncovers no adverse security conditions, the adjudicator's task is fairly straightforward because there is no security condition to mitigate.

Appendix III: Comments from the Office of Management and Budget



DEPUTY DIRECTOR
FOR MANAGEMENT

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SEP 15 2006

Mr. Derek B. Stewart
Director
Defense Capabilities and Management
Government Accountability Office
Washington, DC 20548

Dear Mr. Stewart:

Thank you for the opportunity to review the draft report, *DOD Personnel Clearances: Additional OMB Actions are Needed to Improve the Security Clearance Process (GAO-06-1070)*. As you know, all affected agencies are working diligently to fix the government's security clearance process because all of them fully understand the impact of the current unsatisfactory process on performance, cost, and most importantly, security.

While I may disagree with some of the specific statistics quoted in the report, I certainly agree that in early 2006, when agencies were just fully launching their reform efforts, we were a long way away from accomplishing our December 2006 goals.

Because of the scope of the longstanding problems associated with the security clearance process, the initial focus of the Administration's improvement efforts are with initial clearances, including contractor clearances. I agree that the eventual focus of our improvement efforts will also include the timeliness and quality of both initial and updated clearances.

I agree with the report's conclusion that agencies must identify and implement new investigative and adjudicative solutions to improve the quality and timeliness of background investigations. Consistent with this recommendation, this summer the Security Clearance Work Group established a subcommittee, chaired by the Office of the Director of National Intelligence, to explore ways to do just that.

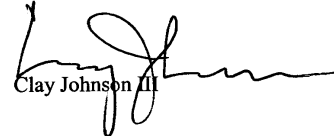
Agencies involved in this security clearance improvement effort set aggressive goals and targets. I agree that we should always be trying to improve the way we measure our progress. The strategic plan developed in the fall of 2005 is still valid and valuable, but in 2007, we will ensure it is current and suitably aggressive.

The quality of background investigations and security clearance adjudications is of paramount importance. The members of the Security Clearance Working Group are providing a venue for agencies to collaborate on and improve security clearance adjudications. However, as a result of your report, I will ask the National Security Council's Personnel Security Working Group to review existing adjudication guidelines to ensure it is clear when, if ever, an

adjudicator may use incomplete investigative reports when deciding whether to grant a security clearance.

Once again, thank you for the opportunity to review this report.

Sincerely,


Clay Johnson III

Appendix IV: Comments from the Department of Defense



OFFICE OF THE UNDER SECRETARY OF DEFENSE
5000 DEFENSE PENTAGON
WASHINGTON, DC 20301-5000

SEP 12 2006

Mr. Derek Stewart, Director
Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Stewart:

This is the Department of Defense (DoD) response to the GAO draft report, "DoD PERSONNEL CLEARANCES: Additional OMB Actions Are Needed to Improve the Security Clearance Process," dated August 30, 2006 (GAO Code 350734/GAO-06-1070)."


I concur with the Recommendations for Executive Action. Please pass to your people my appreciation for the thorough and professional manner in which they conducted this audit.

Recent improvements, to include submission of all requests for investigation electronically, and programming of our internal system to facilitate documentation of adjudication decisions should decrease case completion time and improve confidence in our adjudicative decisions.

I agree fully that adjudicatively significant issues must be returned to the Office of Personnel Management (OPM) for further investigation. Returning an investigation to OPM, however, adds significant time to the clearance process. When the unresolved issue appears to be of minor importance, I believe a risk management adjudication may be prudent.

Patchwork fixes will not solve the fundamental problem that our current process takes too long, costs too much, and leaves us with a product of uncertain quality. DoD is working on a new process that relies on validated electronic data sources and tailored investigations. I solicit your support as we acquaint the Federal personnel security community with this process.

Sincerely,

A handwritten signature in black ink, appearing to read "Robt + Andrews", with the date "12 SEP 06" written in the upper right corner of the signature area.

Robert Andrews
Deputy Under Secretary of Defense
(Counterintelligence and Security)



Appendix V: Comments from the Office of Personnel Management



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

September 13, 2006

Mr. Derek B. Stewart
Director, Defense Capabilities and Management
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Stewart:

I appreciate the opportunity to respond to the draft audit report entitled *DOD Personnel Clearances Additional OMB Actions Are Needed to Improve the Security Clearance Process*, GAO-06-1070. While I fully support the intent of the report, I am concerned about the number of inaccurate facts reported and upon which you have based your findings.

There are allegations throughout the GAO report that OPM's data is incomplete and inaccurate. Conclusions were drawn based on a comparison of the data extracted from OPM's Personnel Investigations Processing System (PIPS) and the Department of Defense's (DOD) Joint Personnel Adjudication System (JPAS), and the data OPM reported to OMB and Congress. Throughout your audit, we responded to many requests for statistical data. The data was extracted from our PIPS and based on the timeliness measurements we use for the Intelligence Reform and Terrorism Prevention Act (IRTPA). The measurements we use differ from the data reported in JPAS. This does not mean our data is incorrect or inaccurate, only that a fair comparison cannot be made between PIPS and JPAS data.

In addition, OPM routinely provides statistical data on the overall investigation timeliness from beginning to full completion, as well as the timeliness from beginning to the point where OPM has completed all items under our direct control via the Closed Pending process. These time tracks are intended to represent processes internal and external to OPM, and the differences are clearly identified in our reports and presentations.

The report suggests that stakeholders and decision makers are limited in their ability to address delays in the security clearance process because of incomplete timeliness data. The data OPM reports quarterly to OMB and our customer agencies provides complete timeliness data for each phase of the investigative process: submissions, investigations, and adjudications. Although we do not account for the timeliness of multiple submissions, we report the percent of case papers rejected by OPM for being incomplete or missing required information. We also report on the timeliness and pending workloads of our third party record providers. We reported similar data in our testimonies before Congress. Therefore, we feel stakeholders and decision makers have the most comprehensive data possible to understand and address the delays in the security clearance process.

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Mr. Derek B. Stewart

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The GAO report does not take into consideration the events that occurred during the evaluation period. These are important to note because they impacted on case timeliness and our ability to ensure a quality product was sent to the agency.

The study reviewed cases that were adjudicated in January and February 2006. On average, these cases took 446 days for initial clearances and 545 days for clearance updates. Based on these time frames, the cases reviewed included investigations that were initially processed by the Defense Security Service (DSS) prior to their transfer to OPM. Although the investigations were closed after the transfer was completed, the summary review of these investigations' content was also completed by staff that transferred from DSS. We recognized early in the transfer process that DSS and OPM did not have a consistent interpretation of coverage requirements. Significant training for both field agents and quality review staff was completed to standardize the scope and content of the investigations performed by OPM. A sample of current cases would likely show a marked improvement in consistency and would reflect the many process improvements that have been put in place since the time of transfer.

The report suggests the delays in the investigative process show the fragmented approach the government has taken to addressing the clearance problems. Although we might have agreed with these conclusions prior to the IRTPA, it discounts the impact of the IRTPA and the efforts the government has made to correct problems that been identified for decades. OMB, OPM, and the larger security granting agencies finalized the *Plan for Improving the Personnel Security Clearance Process* in November 2005. The Plan addresses each phase of the security clearance process and accounts for the delays your report identified, and lays out a framework of responsibilities across government. As our third quarter report for FY2006 shows, we are making significant progress in all areas of the security clearance process.

Our additional comments concerning the draft report are enclosed for your review. In general there are two significant issues that are not addressed. First, timeliness of investigations is largely based the calculation for average number of days to complete a case. Unfortunately, the process of clearing the longstanding backlog means that older cases are being completed which will skew the average noticeably. Second, the inability of agencies to accurately predict their workloads has been a longstanding problem as it does not allow FISC to staff appropriately. This is the single biggest cause of delays and backlogs, and has prompted OMB to require a more careful workload projection process. These two issues are major factors affecting the timeliness of investigations and should be addressed more directly.

Mr. Derek B. Stewart

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I would welcome the opportunity to meet with your team to review all of the concerns we have identified in the draft report prior to the release of the final report. It would serve as a more useful management tool for both OPM and GAO to have a balanced report that clearly reflects the progress that has been made.

Sincerely,

A handwritten signature in black ink, appearing to read 'LMS', with a long, sweeping horizontal line extending to the right.

Linda M. Springer
Director

Enclosure

Appendix VI: Contact and Staff Acknowledgments

GAO Contact

Derek B. Stewart (202) 512-5559 or stewartd@gao.gov

Acknowledgments

In addition to the contact above, Jack E. Edwards, Assistant Director; Jim D. Ashley; Jerome A. Brown; Kurt A. Burgeson; Susan C. Ditto; David S. Epstein; Cindy K. Gilbert; Cynthia L. Grant; Sara G. Hackley; James P. Klein; Ron La Due Lake; Kenneth E. Patton; and Jennifer L. Young made key contributions to this report.

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