



U.S. Department of Energy
Office of Inspector General
Office of Audits and Inspections

INSPECTION REPORT

Allegations Concerning Information
Protection at Los Alamos National Laboratory

DOE/IG-0935


February 2015



Department of Energy
Washington, DC 20585

February 11, 2015

MEMORANDUM FOR THE SECRETARY

FROM: 
Gregory H. Friedman
Inspector General

SUBJECT: INFORMATION: Inspection Report on "Allegations Concerning Information Protection at Los Alamos National Laboratory"

BACKGROUND

Los Alamos National Laboratory (LANL), a part of the National Nuclear Security Administration (NNSA), executes missions affecting national priorities involving nuclear security, intelligence, defense, nonproliferation, and counterterrorism. LANL is managed and operated by Los Alamos National Security, LLC (LANS) under a 10-year, \$17.6 billion contract. Within the Laboratory, the Associate Directorate for Security and Safeguards is responsible for contributing to the LANL security mission, in part, by protecting nuclear material, classified matter, property, and personnel. Federal oversight is provided by the Los Alamos Site Office.

The Department of Energy's Office of Inspector General received a complaint alleging that: (1) a LANL Classification Officer had not executed certain duties in protecting and controlling classified information; (2) senior LANL officials had not addressed reported violations by the Classification Officer; and (3) LANL's security incident management program lacked objective oversight and transparency, particularly when allegations existed that managers had violated policy. We initiated an inspection to determine the facts and circumstances surrounding the allegations.

RESULTS OF INSPECTION

We substantiated certain allegations regarding LANL's classification program. In particular, we determined that LANL's Classification Officer had not always adequately protected and controlled classified information resulting in the misclassification and improper disclosure of sensitive, national security information. Specifically, we found that the Classification Officer had not always:

- Ensured that derivative classifiers had appropriate and up-to-date classification bulletins, including detailed interpretive guidance;
- Classified information properly; and
- Reported security incidents, as required.

Our examination of incident reports and other available evidence revealed six incidents in which LANL documents were misclassified. Further, as alleged and despite acknowledging that they had received complaints from employees, we found that LANS management officials had not taken action to investigate or resolve alleged violations by the LANL Classification Officer. The Federal manager responsible for this area indicated that LANS never made him aware of the classification issues.

Distribution and Interpretative Guidance of Classification Bulletin

We found that the Classification Officer failed to distribute a classification bulletin in a timely manner or to provide interpretive classification guidance when required. As alleged, these problems led to four instances of misclassification; two of the most significant situations are the following:

- A LANL employee submitted an article he planned to have published for review and classification. The classification analyst, lacking appropriate interpretive classification guidance, determined the article was unclassified. After the article was published, another LANL employee expressed the opinion that the article was classified. This assertion prompted a second review of the article. Also lacking the needed guidance, a different analyst also determined that the article was unclassified. Ultimately, the Classification Officer, who failed to issue interpretive guidance for the classification bulletin, reviewed the article and determined that it was classified.
- Another LANL employee prepared and submitted a presentation to his manager for approval. The manager, having not received the latest pertinent classification bulletin, erroneously approved the presentation. As a consequence, the LANL employee unknowingly presented classified information on a specific subject area at a large public function. Approximately 2 months after the presentation, a LANL classification analyst, after receiving a complaint that the information should have been classified, examined the presentation and determined that it was classified.

In these cases, the Classification Officer stated that upon receipt of the classification bulletin, he had placed it on a shared drive and notified staff the next day. Further, he informed us that he asked one of the analysts to distribute the bulletin to LANL derivative classifiers. Contrary to this assertion, classification analysts told us that the Classification Officer neither discussed the bulletin nor asked that the bulletin be distributed. We were unable to reconcile the conflicting statements; however, our review revealed that Department Order 475.2A, *Identifying Classified Information*, specifically requires that a delegation of this nature must be in writing. The Classification Officer was unable to provide any evidence of a delegation.

After the controversy developed regarding the misclassifications, the Classification Officer told us that there were varying philosophies and viewpoints among his classification analysts. But, he asserted that the final determination lies with the Classification Officer. One analyst believed that the new bulletin conflicted with existing guidance, while another analyst indicated that the Classification Officer failed to provide subordinate analysts with the rationale for classifying one article but not others on the same subject matter. The analysts indicated that because of the varying opinions, interpretive guidance was needed to avoid inconsistent application of the bulletin. Based on the results of our review, we concluded that consistent with requirements of

Department Order 475.2A, the Classification Officer should have ensured that the bulletin was distributed in a timely manner and that appropriate interpretative guidance was provided. After our review was initiated, and almost 2 years after the bulletin was issued, the Classification Officer issued interpretative guidance. Even then, we found this guidance was not appropriately distributed.

Properly Classifying Information and Reporting Security Incidents

As part of our inspection, we also identified two instances in which the Classification Officer failed to execute his duties to ensure that information is identified, reviewed, and properly classified. The first example involved the misclassification of a "white paper" written by the Classification Officer, and the second resulted in the misclassification of a work-for-others proposal. Additionally, we noted the Classification Officer originated the classified white paper in an unclassified system. Further, the Classification Officer, although specifically required to, failed to report either incident to LANL's security incident team. Our examination of incident reports and other available evidence revealed the following:

- The LANL Classification Officer drafted a white paper involving a classified subject area and sent the encrypted document to a Sandia National Laboratory employee using an unclassified system. During the Classification Officer's presentation to Department officials, one official indicated that the presentation was classified. Upon being alerted that the document was classified, the Classification Officer told officials he failed to mark the document due to time constraints, but he assured individuals that the document was drafted using a classified system. Contrary to the Classification Officer's assertion, however, a classification analyst indicated that the information was found on the unclassified system and the security incident team determined that the Classification Officer attempted to delete the information from the unclassified system. In this case, the Classification Officer failed to immediately report the incident to LANL's security incident team. The Classification Officer's supervisor reported the incident to the security incident team the day after the misclassification was discovered.
- The second incident involved a work-for-others proposal that was initially determined to be unclassified by the Classification Officer but ultimately was found to be classified by another Federal agency. The employee stated the Classification Officer was told the information was derived from classified sources; however, the Classification Officer informed us that he was not aware that the work-for-others proposal was derived from classified information. Even when this matter was brought to his attention, the Classification Officer failed to take immediate steps to appropriately classify the information. The Classification Officer informed us that he was awaiting supporting documentation from the other agency prior to reclassifying the document. One month after receiving the supporting documentation, the Classification Officer classified the document. The Classification Officer indicated in an e-mail that under the circumstances, the document needed to be retrieved from LANL's unclassified library; however, the Classification Officer made no effort to ensure that this was accomplished. We noted that classification analysts removed the original version of the proposal that had been incorrectly marked as unclassified from the library 6 months later. Further, the Classification Officer failed to report the incident to LANL's security incident team. However, a member of the security incident team told us they became aware of the

incident through other means and they conducted an inquiry into this matter. The team was not able to provide us with a copy of the security incident report nor was the incident included in the contractor's security incident database. We did not find any evidence of the security incident team took mitigation efforts to purge and sanitize systems and destroy hardcopies of the inappropriately marked document, as required.

While these two instances involve the Classification Officer, who is a manager, we did not substantiate the allegation that the LANL security management program lacked objective oversight and transparency when there were allegations managers had violated policy.

Contributing Factors and Impact

The issues we identified in this report occurred, in part, due to lack of oversight by LANS management and the cognizant Federal manager. Specifically, LANS management failed to take action once they became aware of issues related to the Classification Officer. Even after being made aware of the issues/incidents involving the Classification Officer, senior LANS officials maintain they had total confidence in the Classification Officer. Management indicated that the concerns were not worthy of action and that they were raised by disgruntled employees within the classification office. Further, we were told that morale was low among certain employees working in LANL's classification office due to a lack of trust with senior classification officials and a lack of confidence in the LANL Employee Concerns Program. It was our sense that these factors may have contributed to the workplace concerns expressed by the complainants.

The Federal manager charged with responsibility for overseeing the contractor's efforts in this area indicated that he was not aware of any misclassification, classification challenges, distribution failures or security incident reports that involve Classification Officer. He stated that in these instances he should have been notified, but nothing was brought to his attention. He noted that he participated with LANS on its annual self-assessments and evaluations, and no concerns were identified during these reviews. However, in the most recent Headquarters Office of Classification evaluation, completed prior to the beginning of our review, we noted that similar issues had been identified and the relevant data provided to the Federal manager. The problems we observed, in our view, directly contributed to the erroneous review and dissemination of classified documents. Timely distribution of classification bulletins and related documents, including interpretive guidance and enhanced contractor and Federal oversight, will help to alleviate confusion among classification analysts and derivative classifiers, reducing the likelihood that classified information will be inappropriately disclosed in the future.

Other Matters

An additional matter came to our attention that could potentially affect national security regarding Technical Surveillance Countermeasures (TSCM). Specifically, we identified four TSCM reports that were not submitted in a timely manner to appropriate Federal officials. Department policy requires that the TSCM manager report directly to the field TSCM operations manager, a Federal official. Although LANS had requested to review incidents prior to submitting these reports, the Department denied this request. The Department concluded that TSCM reporting is not under the direct cognizant responsibility of LANS. We noted, however, that LANS continues to require TSCM officials to report directly to it in order to resolve identified issues. The lack of timely reporting and notification of surveillance incidents has

national security implications. To address this matter, we concluded that the cognizant Department manager should ensure that LANL TSCM reports are being appropriately routed within required time frames.

RECOMMENDATIONS

To address the issues we have identified, we made several recommendations designed to assist management and improve oversight of Los Alamos Site Office's information and security program reporting. Specifically, we recommend that the manager, Los Alamos Site Office:

1. Provide adequate oversight of LANL's information security program to ensure all applicable laws, regulations, policies, directives and other requirements are followed or achieved;
2. Ensure that LANL Classification Officer distributes classification guidance within establish time frames, and provides interpretive guidance as required to classification analysts and derivative classifiers; and
3. Conduct a review to determine if there are other classification issues related to the timely distribution of guidance and lack of interpretive guidance.

MANAGEMENT RESPONSE

The National Nuclear Security Administration concurred with our recommendations and indicated that it was in the process of implementing corrective actions. We found NNSA's comments and planned corrective actions to be generally responsive to our report findings and recommendations. Formal comments are attached.

Attachment

cc: Deputy Secretary
Administrator, National Security Administration
Chief of Staff



Department of Energy
Under Secretary for Nuclear Security
Administrator, National Nuclear Security Administration
Washington, DC 20585



February 5, 2015

MEMORANDUM FOR GREGORY H. FRIEDMAN
INSPECTOR GENERAL

FROM: FRANK G. KLOTZ *Frank Klotz 2/5/15*

SUBJECT: Comments on the Office of Inspector General Draft Report
Titled "*Allegations Concerning Information Protection at Los
Alamos National Laboratory*" (S141S010)

Thank you for the opportunity to review and comment on the subject draft report. We appreciate the inspectors' efforts and concur with the report's recommendations. The protection of our national security information is a top priority. We will use the lessons learned from this report and subsequent program reviews to further validate and enhance our classification programs.

The attachment to this memorandum details the specific actions planned and taken to address the recommendations, as well as timelines for completion. If you have any questions regarding this response, please contact Dean Childs, Director, Audit Coordination and Internal Affairs, at (301) 903-1341.

Attachment



Attachment

Response to Report Recommendations

Recommendation 1: *Provide adequate oversight of LANL's information security program to ensure all applicable laws, regulations, policies, directives and other requirements are follow or achieved;*

The National Nuclear Security Administration (NNSA) agrees effective oversight must be maintained to ensure proper protection of information. We take seriously any potential breach in protocols and, as noted in response to recommendations 2 and 3 below, we are taking direct action to address the Office of Inspector General's concerns. We will close this recommendation concurrent with those actions. In addition, we will continue to perform periodic program reviews to ensure we sustain a strong oversight presence.

Recommendation 2: *Ensure the LANL Classification Officer distributes classification guidance within established timeframes, and provided interpretative guidance as required to classification analyst and derivative classifiers;*

NNSA will complete an evaluation of the root causes for the issues identified and use those findings to validate and/or establish additional controls as necessary. In addition, we will expand the activities of our current Headquarters program reviews, which already evaluate guidance dissemination, to place additional focus on processes in place for requesting and providing interpretative guidance to determine its formality and adequacy. The estimated completion date for these activities is December 2015 to provide sufficient time to conduct program reviews, analyze results and validate performance.

Recommendation 3: *Conduct a review to determine if there are other classification issues related to the timely distribution of guidance.*

Periodic reviews of classification processes and controls are conducted during program reviews by Headquarters, the Field Office and the contractor. NNSA will expand the focus of the next program review to specifically evaluate and validate processes and controls to ensure timely distribution of guidance. The estimated completion date for these activities is December 2015 to provide sufficient time to conduct program reviews, analyze results and validate performance.

FEEDBACK

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Office of Inspector General (IG-12)
Department of Energy
Washington, DC 20585

If you want to discuss this report or your comments with a member of the Office of Inspector General staff, please contact our office at (202) 253-2162.