Testimony

STATEMENT OF
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DEPARTMENT OF DEFENSE
BEFORE THE
SENATE COMMITTEE ON THE ARMED SERVICES
ON
ISSUES FACING THE DEPARTMENT OF DEFENSE
REGARDING PERSONNEL SECURITY
CLEARANCE INVESTIGATIONS

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Mr. Chairman and Members of the Committee:

I appreciate the opportunity to testify before you today on the extremely important issue of security clearances for Department of Defense military, civilian and contractor personnel. As you know, there has been a lot of attention directed toward this issue recently. In correspondence with congressional leadership last December, my office designated security concerns as one of the top management challenges facing the DoD. The importance of the issue is apparent--increased risk exists when individuals without current security clearances have access to classified defense information. Further, DoD programs at many levels are adversely impacted when security clearances either are not provided in a timely manner or are inappropriately granted because of failures in the investigative or adjudicative process.

Security Clearances. Personnel security clearance investigations are intended to establish and maintain a reasonable threshold for trustworthiness through investigation and adjudication before granting and maintaining access to classified information. The initial investigation provides assurance that a person has not demonstrated behavior that could be a security concern. Periodic reinvestigation is an

important, formal check to help uncover changes in behavior that may occur after the initial clearance is granted. The standard for periodic reinvestigation is 5 years for Top Secret, 10 years for Secret, and 15 years for Confidential clearances. Reinvestigations are actually more important than the initial clearance investigation, because people who have held clearances longer are more likely to be working with more critical information and systems.

There are three phases to the security clearance process. The first phase is the application process. Each DoD component is responsible for ensuring new employees and current employees needing a periodic reinvestigation submit required information. The second phase includes the actual investigations, most of which are conducted by the Defense Security Service (DSS). The third phase is the adjudication process, in which investigative results are sent to one of the adjudication facilities for decision on whether to grant, deny, or revoke a security clearance.

The scope of investigative work required is determined by the type of clearance and whether it is an initial or periodic reinvestigation. For example, according to DSS data, it takes an average of 306 days to complete an initial investigation for

a Top Secret clearance and an average of 211 days to complete a periodic reinvestigation for a Secret clearance.

Recurrence of a Prior Problem. Excessive numbers of pending personnel security investigative cases and delays in getting cases processed are not new problems. In 1981 and 1982, we and the General Accounting Office issued three reports about the increasing backlog of personnel security investigations. It was noted that, between 1979 and 1981, the number of pending security clearance investigative cases had increased from 33,900 to 76,600 and the time to complete a security investigation had increased from 71 days to 149 days. The General Accounting Office estimated that the productivity losses of DoD and its contractors from untimely processing of personnel security investigations were $920 million annually. At that time, those figures were considered unacceptable by both the Department and the Congress. The root of the problems was a lack of personnel to perform and process investigations. In response to the audit findings, the Department provided additional staffing to what was then called the Defense Investigative Service (DIS) and is now the DSS. The organization expanded dramatically from a 1982 level of 1,959 to 4,080 personnel in 1989. However, post Cold-War downsizing then reduced DSS by 40 percent to 2,448 in 1999.

Follow-up on the General Accounting Office Report. In October 1999, the General Accounting Office (GAO) issued a report entitled "DoD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks." The report was highly critical of the quality of DSS security clearance investigations and the excessive time to process investigative cases. In essence, the report indicated that the situation in mid-1999 was considerably worse than when the significant concerns were raised in 1981 and 1982. The report made 12 recommendations to correct the problems and the Department fully concurred.

We have followed up on the GAO recommendations through attendance at monthly status reviews held by the Director, DSS, and are conducting a series of audits as well. I am pleased to be able to report to you that we have an excellent working relationship with senior DSS managers, including Director Cunningham. He and his staff have been open and cooperative in helping us complete our work. The Director has also provided "real-time" updates on the status of the GAO recommendations and frequently requests our assistance to look into problems related to the overall security clearance investigation process.

Our follow-up efforts to date indicate that the Department is making a concerted effort toward implementing GAO's recommendations. Half of the corrective actions will be completed this year, but the remaining corrective actions require longer term efforts. We plan to continue our follow-up efforts until all recommendations have been implemented.

Personnel Security Overarching Integrated Process Team. On November 30, 1999, the Deputy Secretary of Defense established the Personnel Security Overarching Integrated Process Team. Personnel from my office participated on the team. On January 20, 2000, the team briefed the results of their review to the Deputy Secretary of Defense and recommended:

- outsourcing 43,000 Secret/Confidential personnel security investigations in FY 2000 and 71,000 investigations in FY 2001 to the Office of Personnel Management and its contractor, U.S. Investigations Services, to allow DSS to focus its resources on the Top Secret and Sensitive Compartmented Information investigations,

- researching alternatives to streamline and enhance the conduct of investigations, and

- restoring investment in the Joint Personnel Adjudication System to improve management of those personnel cleared to access the most sensitive classified information.

The Deputy Secretary of Defense has tentatively approved the plan and specific corrective actions related to the recommendations.

Security Clearance Workload. This week we issued a report, "Security Clearance Investigative Priorities," that discusses why the Department needs to take additional measures, beyond those recommended by the GAO and the DoD study team, to improve the effectiveness and efficiency of the investigative process for security clearances.

In December 1999, the Deputy Secretary of Defense allocated additional resources to DSS. The declared goal was to reduce the length of time during which security clearance investigations remain pending. The DSS based the productivity forecasts in its budget request on its ability to complete 2,300 investigations per day. When we analyzed the DSS data, however, we estimated that DSS could only expect to complete 1,500 investigations per day in FY 2000 and 2,000 investigations per day in FY 2001. The shortfall between the DSS estimate of 2,300

cases per day and our more realistic estimate could increase the number of investigative cases pending as shown below:

Investigative Case Workload

FY 2000 Cases	DSS Estimate	IG Estimate
Beginning Balance 10/01/99	244,200	244,200
Added During Year	634,100	634,100
Total	878,300	878,300
Completed During Year	-617,000	-415,500
Total Pending 9/30/00	261,300	462,800
FY 2001 Cases		
Beginning Balance 10/01/00	261,300	462,800
Added During Year	664,500	664,500
Total	925,800	1,127,300
Completed During Year	-662,300	-502,000
Total Pending 9/30/01	263,500	625,300

The number of cases pending is growing, not remedied as planned. In the first five months of FY 2000, an average of only 1,083 security cases per day were closed versus the goal of 2,300. As of February 29, 2000, there were 397,000 cases pending compared to 244,200 cases on September 30, 1999, and to 151,000 cases on June 30, 1999. In that 8 month timeframe, the number of pending cases increased by 163 percent.

The following table demonstrates the increasing time required to close cases.

Average Days To Close Cases

Type of Investigation	December 1999 Average Days	February 2000 Average Days
Top Secret - Initial	257	306
Top Secret - Periodic	262	300
Secret - Initial	180	237
Secret - Periodic	137	211

We have identified several factors that bear on DSS performance:

1. Case Control Management System. In October 1998, the DSS implemented a Case Control Management System which was intended to expedite processing of security investigations. This system was designed to provide an electronic process for completing the personnel security questionnaire needed to initiate a security investigation, storing all relevant investigative reports for easy reference and transmitting completed security investigations to the adjudication facility.

The system failed. Instead of expediting the security investigation process, the system has actually caused serious delays in information processing and delayed the number of case openings. In total, administrative delays caused by the system

added 50 days to the average time for a case to be opened and 20 days for a case completion report to be printed and sent to the adjudication facility.

2. Increased Requirements for Security Clearance Investigations. Starting in the late 1990's, greater numbers of the DoD workforce have become retirement eligible with even larger numbers on the horizon. This turnover will significantly increase the numbers of personnel security investigations required for new hires. For example, our recent review of the acquisition workforce showed that of 129,000 personnel in critical jobs, 55,000 will leave government service by 2005. New hires create more workload for DSS because initial security investigations require more time than periodic reinvestigations. Further aggravating this problem, the Navy and Air Force recently increased the level of security clearance investigations required for new recruits, thereby increasing the amount of work required on about 25,000 cases annually. Additionally, growing concern about the quality of security clearance investigations cited in the GAO report may cause the adjudication facilities to return more cases to DSS for additional investigative work.

3. Average Case Workload for DSS Will Be More Difficult. The decision to contract with the Office of Personnel Management for civilian Secret and Confidential investigations, combined with the Navy and the Air Force decision to increase the level of security investigations required for new recruits, leaves DSS with the more complex security investigations. This increased complexity will make it even more difficult for DSS to achieve their goal of closing 2,300 investigative cases per day.

4. Unrecognized DSS Workload. Changing the type of investigation, reopening cases, entering paper requests, deleting duplicate requests, reviewing and returning invalid and incomplete requests, and researching the status of requests to respond to inquiries all currently require manual intervention by the DSS case analysts, adding to the DSS workload. As the number of cases pending grows and cases take longer to complete, there will be even more inquiries into the status of cases by the Defense components and contractors. This type of work performed by DSS has never been fully considered when estimating DSS workload, which is measured solely in terms of cases received and closed. Not counting these administrative functions as part of the workload was a detriment to DSS when it needed to account for its resources and budget. The number of case analysts needed, based on the actual workload, may in fact

be considerably greater than reflected in current resource plans.

Priority for Processing Investigations. The DSS processes security investigative cases on a first-in, first-out basis, except for certain special programs. We believe that the current prioritization process is ineffective because it is too limited, too easily overwhelmed by the sheer number of pending cases and not responsive to user needs. The continuing problem of large numbers of personnel in mission-critical or high-risk positions without updated security clearances while investigative resources are being used on less important cases is of great concern. In the report that we issued this week, we recommended that the Department initiate a business process re-engineering effort to develop a comprehensive prioritization method. We also recommended that the Director, DSS, establish the process and metrics to ensure expeditious processing of personnel security clearance investigations in accordance with the new priority system.

Although the DSS comments on our draft report were responsive, we were frankly disappointed by the comments received from the Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) and the Army. The former

stated that implementing a comprehensive prioritization method would be too hard and the latter stated it was unnecessary. In both cases, the response cited the belief that ongoing efforts will alleviate delays, thereby ignoring our analysis as to the true magnitude of the problem. We disagree with both positions and have asked the Assistant Secretary to reconsider his position when responding to our final report.

Adjudication Process. The officials at adjudication facilities must review all investigative information, resolve conflicting information and decide whether to deny, grant or revoke a clearance. Our most recent work with adjudication facilities was discussed in Inspector General, DoD, Report No. 98-124, "Department of Defense Adjudication Program," April 27, 1998. At the time of the audit, we found that 6 of 8 adjudication facilities did not even keep statistics on the time needed to process an adjudication. The two facilities with data showed it took 11 days to 15 days to process a case with no unfavorable information and 153 days to 360 days to process cases with unfavorable information. Our report also identified a need to standardize forms, eliminate the need for readjudication of security clearances when personnel were transferred, provide continuing training for adjudicators and establish a peer review

process to ensure consistent application of adjudication guidelines at each facility.

To address the audit findings, the Department is developing the Joint Personnel Adjudication System (JPAS). When implemented in early 2001, JPAS will preclude the need for multiple forms and readjudication. A training curriculum was also developed and a standard training class for adjudication personnel was disseminated in January 2000.

The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) decided on October 22, 1999, to implement a formal peer review mechanism to oversee central adjudication facility implementation of the national adjudication guidelines. Specific guidelines pertaining to this process will be inserted into the pending revision of DoD Regulation 5200-2R, DoD Personnel Security Program. The guidance will mandate the creation of a small team of DoD adjudicators (3-5 persons), manned on a rotating basis by experienced adjudication personnel, which will visit a DoD central adjudication facility each quarter to examine its policies, procedures, and practices, to include sampling of actual cases. The results of these peer reviews will be provided to the Assistant Secretary of Defense. It is expected

that this oversight will be initiated no later than the first quarter of FY 2001.

Ongoing and Planned Audit Work. We have several ongoing and planned audits relating to DSS and the DoD security clearance issues. We issued a draft audit report on March 31, 2000, on the DSS process for tracking security clearance requests and notifying the requesting agencies of the status of their requests. We are also assessing the accuracy, timeliness, and availability of information in the Defense Clearance and Investigations Index, which is the central index of all DoD personnel security investigations and clearances. Another ongoing audit is focused on the policies of the Military Departments and Defense agencies regarding clearance reciprocity within the special access program community.

In addition, we are initiating other audits in response to the March 14, 2000, request from the Chairmen of the Senate and House Committees on Armed Services. We recently began an audit of the acquisition and management of the Case Control Management System. We also plan an audit of certain aspects of the adjudication process that are not already under review by the General Accounting Office.

Conclusion. The Office of the Inspector General, DoD, is putting high priority on efforts to support the Department and the Congress as they work to improve the security clearance posture. To help resolve the current problems, I believe the Department needs to:

- more actively oversee and manage the workload at the DSS and adjudication facilities, with the expressed intent of maintaining high standards for both quality and timeliness;

- implement performance metrics that will measure both the quality and timeliness of investigative and adjudication workload;

- periodically assess and adjust the resource requirements for DSS, outsourced investigative effort, and the adjudication facilities;

- develop a uniform, DoD-wide priority system for security clearance investigations; and

- closely monitor management of the Case Control Management System and the Joint Personnel Adjudication System.

I appreciate your interest in our reports and views on these challenging matters. This concludes my statement.

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