PERSONNEL SECURITY CLEARANCES

Further Actions Needed to Improve the Process and Realize Efficiencies

Statement of Brenda S. Farrell, Director
Defense Capabilities and Management
Personnel security clearances allow government and industry personnel to gain access to classified information that, through unauthorized disclosure, can in some cases cause exceptionally grave damage to U.S. national security. In 2012, the Director of National Intelligence reported that more than 4.9 million federal government and contractor employees held a security clearance.

Multiple executive-branch agencies are responsible for different phases in the government-wide personnel security clearance process. The Director of National Intelligence, as Security Executive Agent, is to develop uniform and consistent policies and procedures. Executive branch agencies are to determine which positions require access to classified information. OPM’s investigators from the Federal Investigative Service conduct the majority of security investigations on personnel holding those positions, and adjudicators from requesting agencies, such as DOD, make the final clearance eligibility determination. Reform efforts and reporting requirements since 2005 have focused on expediting the processing of clearances.

This testimony is based on GAO reports and testimonies issued between 2008 and 2013 on DOD’s personnel security clearance programs and security clearance reform efforts. This testimony addresses three areas for improvement to the government-wide personnel security clearance process: (1) a sound requirements determination process, (2) performance metrics to measure quality, and (3) guidance to enhance efficiencies.

What GAO Found

In July 2012, GAO reported that the Director of National Intelligence, as Security Executive Agent, had not provided agencies clearly defined policy and procedures to consistently determine whether a civilian position required a security clearance. Underdesignating positions can lead to security risks; overdesignating positions can result in significant cost implications. Also, GAO reported that the Department of Homeland Security and Department of Defense (DOD) components’ officials were aware of the need to keep the number of security clearances to a minimum but were not always required to conduct periodic reviews and validations of the security clearance needs of existing positions. GAO recommended that, among other things, the Director of National Intelligence, in coordination with the Director of Office of Personnel Management (OPM) and other executive branch agencies as appropriate, issue clearly defined policies and procedures to follow when determining if federal civilian positions require a security clearance, and also guidance to require executive branch agencies to periodically review and revise or validate the designation of all federal civilian positions. The Director of National Intelligence concurred with GAO’s recommendations and identified actions to implement them.

Executive branch agency efforts to improve the personnel security process have emphasized timeliness but not quality. In May 2009, GAO reported that with respect to initial top secret clearances adjudicated in July 2008, documentation was incomplete for most of OPM investigative reports. GAO independently estimated that 87 percent of about 3,500 investigative reports that DOD adjudicators used to make clearance decisions were missing required documentation. In May 2009, GAO recommended that the Director of OPM direct the Associate Director of OPM’s Federal Investigative Services to measure the frequency with which its investigative reports met federal investigative standards in order to improve the completeness—that is, quality—of future investigation documentation. As of March 2013, however, OPM had not implemented this recommendation.

Government-wide personnel security reform efforts have not yet focused on potential cost savings, even though the stated mission of these efforts includes improving cost savings. For example, OPM’s investigation process—which represents a portion of the security clearance process and has significant costs—has not been studied for process efficiencies or cost savings. In February 2012, GAO reported that OPM received over $1 billion to conduct more than 2 million background investigations in fiscal year 2011. GAO raised concerns that OPM may be simultaneously investing in process streamlining technology while maintaining a less efficient and duplicative paper-based process. In 2012, GAO recommended that, to improve the efficiency of suitability and personnel security clearance background investigation processes that could lead to cost savings, the Director of OPM direct the Associate Director of Federal Investigative Services to take actions to identify process efficiencies that could lead to cost savings within its background investigation process. OPM agreed with this recommendation and GAO is working with OPM to assess any progress it has made in this area.
Chairmen Tester and McCaskill, Ranking Members Portman and Johnson, and Members of the Subcommittees:

Thank you for the opportunity to be here to participate in the discussion of the government-wide personnel security clearance process. As you know, we have an extensive body of work on issues related to the security clearance process dating back several decades. Since 2008, we have focused on the government-wide effort to reform the security clearance process.

Personnel security clearances allow government and industry personnel to gain access to classified information that, through unauthorized disclosure, can in some cases cause exceptionally grave damage to U.S. national security. As you know, a high volume of clearances continue to be processed. In 2012, the Director of National Intelligence reported\(^1\) that more than 4.9 million federal government and contractor employees held a security clearance, making it a formidable challenge to those responsible for deciding who should be granted a clearance. The Department of Defense (DOD) accounts for the vast majority of all personnel security clearances.

My testimony today will focus on three areas for improvement to the government-wide personnel security clearance process: (1) a sound requirements determination process, (2) performance metrics to measure quality, and (3) guidance to enhance efficiencies.

My testimony is based on our reports and testimonies issued between 2008 and 2013 on DOD’s personnel security clearance program and government-wide suitability and security clearance reform efforts.\(^2\) Our reports and testimonies were conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a

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\(^2\)See related GAO products at the end of this statement. More information on our scope and methodology is included in each issued report.
Multiple executive-branch agencies are responsible for different phases in the federal government’s personnel security clearance process. In 2008, the Director of National Intelligence, for example, was designated Security Executive Agent by Executive Order 13467 and, in this capacity, is responsible for developing uniform and consistent policies and procedures to ensure the effective, efficient, and timely completion of background investigations and adjudications relating to determinations of eligibility for access to classified information or eligibility to hold a sensitive position. In turn, requesting executive branch agencies determine which positions—military, civilian, or private-industry contractors—require access to classified information and, therefore, which people must apply for and undergo a security clearance investigation. Investigators—often contractors—from Federal Investigative Services within the Office of Personnel Management (OPM) conduct these investigations for most of the federal government using federal investigative standards and OPM internal guidance as criteria for collecting background information on applicants. Adjudicators from requesting agencies, such as DOD, use the information contained in the resulting OPM investigative reports and consider federal adjudicative guidelines to determine whether an applicant is eligible for a personnel security clearance.

DOD is OPM’s largest customer, and its Under Secretary of Defense for Intelligence (USD(I)) is responsible for developing, coordinating, and overseeing the implementation of DOD policy, programs, and guidance for personnel, physical, industrial, information, operations, chemical/biological, and DOD Special Access Program security. Additionally, the Defense Security Service, under the authority and

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4Agencies without delegated authority rely on OPM to conduct their background investigations while agencies with delegated authority—including the Defense Intelligence Agency, National Security Agency, National Geospatial-Intelligence Agency, Central Intelligence Agency, Federal Bureau of Investigations, National Reconnaissance Office, and Department of State—have been authorized to conduct their own background investigations.
direction and control of USD(I), manages and administers the DOD portion of the National Industrial Security Program\textsuperscript{5} for the DOD components and other federal services by agreement, as well as providing security education and training, among other things.

Section 3001 of the Intelligence Reform and Terrorism Prevention Act of 2004\textsuperscript{6} prompted government-wide suitability and security clearance reform. The act required an annual report of progress and key measurements as to the timeliness of initial security clearances in February of each year from 2006 through 2011. It specifically required those reports to include the periods of time required for conducting investigations, adjudicating cases, and granting clearances. However, the Intelligence Reform and Terrorism Prevention Act requirement for the executive branch to annually report on its timeliness has expired. More recently, the Intelligence Authorization Act of 2010\textsuperscript{7} established a new requirement that the President annually report to Congress, among other things, the total amount of time required to process certain security clearance determinations for the previous fiscal year for each element of the Intelligence Community. The Intelligence Authorization Act of 2010 additionally requires that those annual reports include the total number of active security clearances throughout the United States government, to include both government employees and contractors. Unlike the Intelligence Reform and Terrorism Prevention Act reporting requirement, the requirement to submit these annual reports does not expire.

In 2007, DOD and the Office of the Director of National Intelligence formed the Joint Security Clearance Process Reform Team, known as the Joint Reform Team, to improve the security clearance process government-wide. In a 2008 memorandum, the President called for a reform of the security clearance program and subsequently issued Executive Order 13467\textsuperscript{8} establishing a Performance Accountability

\textsuperscript{5}The National Industrial Security Program was established by Executive Order 12829 to safeguard Federal Government classified information that is released to contractors, licensees, and grantees of the United States Government, Executive Order No. 12829, National Industrial Security Program (Jan. 6, 1993).


\textsuperscript{8}Executive Order No. 13467, Reforming Processes Related to Suitability for Government Employment, Fitness for Contractor Employees, and Eligibility for Access to Classified National Security Information (June 30, 2008).
Council. Under the executive order, this council is accountable to the President for driving implementation of the reform effort, including ensuring the alignment of security and suitability processes, holding agencies accountable for implementation, and establishing goals and metrics for progress. The order also appointed the Deputy Director for Management at the Office of Management and Budget as the chair of the council and designated the Director of National Intelligence as the Security Executive Agent and the Director of OPM as the Suitability Executive Agent.9

### Improvements Needed to the Personnel Security Clearance Process

| Sound Requirements Determination Process | We have previously reported that, to safeguard classified data and manage costs, agencies need an effective process to determine whether positions require a clearance and, if so, at what level. Last year we found, however, that the Director of National Intelligence, as Security Executive Agent, has not provided agencies clearly defined policies and procedures to consistently determine if a civilian position requires a security clearance.10 Executive Order 13467 assigns the Director responsibility for, among other things, developing uniform and consistent policies and procedures to ensure the effective, efficient, and timely completion of background investigations and adjudications relating to determinations of eligibility for access to classified information or eligibility to hold a sensitive position, and gives the Director authority to issue guidance to agency heads to ensure uniformity in processes relating to those determinations. Further, the Director also has not established guidance to require agencies to review and revise or validate existing federal civilian |

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9Determinations of suitability for government employment in positions in the competitive service and for career appointment in the Senior Executive Service include consideration of aspects of an individual’s character or conduct that may have an effect on the integrity or efficiency of their service.

position designations. Executive Order 12968\textsuperscript{11} says that, subject to certain exceptions, eligibility for access to classified information shall only be requested and granted on the basis of a demonstrated, foreseeable need for access, and the number of employees that each agency determines is eligible for access to classified information shall be kept to the minimum required. The order also states that access to classified information shall be terminated when an employee no longer has a need for access, and prohibits requesting or approving eligibility for access in excess of the actual requirements. Without such requirements, executive branch agencies may be hiring and budgeting for initial and periodic security clearance investigations using position descriptions and security clearance requirements that no longer reflect national security needs.

In our July 2012 report, we found that Department of Homeland Security and DOD components’ officials were aware of the need to keep the number of security clearances to a minimum, but were not always required to conduct periodic reviews and validations of the security clearance needs of existing positions. Overdesignating positions results in significant cost implications, given that the fiscal year 2012 base price for a top secret clearance investigation conducted by OPM was $4,005, while the base price of a secret clearance was $260. Conversely, underdesignating positions could lead to security risks.

In the absence of guidance to determine if a position requires a security clearance, agencies are using a tool that OPM designed to determine the sensitivity and risk levels of civilian positions which, in turn, inform the type of investigation needed. OPM audits, however, found inconsistency in these position designations, and some agencies described problems in implementing OPM’s tool. In an April 2012 audit, OPM reviewed the sensitivity levels of 39 positions in an agency within DOD and reached different conclusions than the agency for 26 of them. Problems exist, in part, because OPM and the Office of the Director of National Intelligence did not collaborate on the development of the position designation tool, and because their roles for suitability—consideration of character and conduct for federal employment—and security clearance reform are still evolving. In our July 2012 report, we concluded that without guidance from the Director of National Intelligence, and without collaboration

\textsuperscript{11}Executive Order No. 12968, \textit{Access to Classified Information} (Aug. 2, 1995 as amended).
between the Office of the Director of National Intelligence and OPM in future revisions to the tool, executive branch agencies will continue to risk making security clearance determinations that are inconsistent or at improper levels.

In July 2012, we recommended, among other things, that the Director of National Intelligence, in coordination with the Director of OPM and other executive branch agencies as appropriate, issue clearly defined policy and procedures for federal agencies to follow when determining if federal civilian positions require a security clearance. We also recommended that the Director of National Intelligence, in coordination with the Director of OPM and other executive branch agencies as appropriate, issue guidance to require executive branch agencies to periodically review and revise or validate the designation of all federal civilian positions. The Director of National Intelligence concurred with our recommendation and has taken steps to implement them.

We have emphasized—since the late 1990s\(^\text{12}\)—a need to build quality and quality monitoring throughout the clearance process to promote oversight and positive outcomes, such as honoring reciprocity.\(^\text{13}\) Executive branch efforts have emphasized timeliness, but efforts to develop and implement metrics for measuring the quality of investigations have not included goals with related outcome focused measures to show progress or identify obstacles to progress and possible remedies. Furthermore, our recent reviews of OPM’s investigations show reasons for continuing concern. For example, in May 2009 we reported that, with respect to initial top secret clearances adjudicated in July 2008, documentation was incomplete for most OPM investigative reports. We independently estimated that 87 percent of about 3,500 investigative reports that DOD adjudicators used to make clearance decision were missing required documentation. We recommended that the Director of OPM direct the Associate Director of OPM’s Federal Investigative Services Division to measure the frequency with which its investigative

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\(^{13}\)Subject to certain exceptions, all agencies shall accept a background investigation or clearance determination completed by any other authorized investigative or adjudicative agency.
reports meet federal investigative standards in order to improve the
completeness—that is, quality—of future investigation documentation.\textsuperscript{14}

As of March 2013, however, OPM had not implemented our recommendation to measure how frequently investigative reports meet federal investigative standards.\textsuperscript{15} Instead, OPM continues to assess the quality of investigations based on voluntary reporting from customer agencies. Specifically, OPM tracks investigations that are (1) returned for rework from the requesting agency, (2) identified as deficient using a web-based survey, and (3) identified as deficient through adjudicator calls to OPM’s quality hotline. In our past work, we have 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 have been reluctant to return incomplete investigations in anticipation of delays that would impact timeliness. Further, relying on agencies to voluntarily provide information on investigation quality may not reflect the quality of OPM’s total investigation workload.

In February 2011, we noted that one of OPM’s customer agencies, DOD, had developed and implemented a tool known as Rapid Assessment of Incomplete Security Evaluations to monitor the quality of investigations completed by OPM. In that report, we noted that leaders of the reform effort had provided congressional members and executive branch agencies with metrics assessing quality and other aspects of the clearance process. Although the Rapid Assessment of Incomplete Security Evaluations was one tool the reform team members planned to use for measuring quality, according to an OPM official, OPM chose not to use this tool. Instead, OPM opted to develop another tool but has not provided details on the tool including estimated timeframes for its development and implementation.

Since 2008, we have highlighted the importance of the executive branch enhancing efficiency and managing costs related to security clearance reform efforts. Government-wide suitability and personnel security clearance reform efforts have not yet focused on identifying potential cost


savings, even though the stated mission of these efforts includes improving cost savings. For example, in 2008, we noted that one of the key factors to consider in current and future reform efforts was the long-term funding requirements. Further, in 2009, we found that reform-related reports issued in 2008\textsuperscript{16} did not detail which reform objectives require funding, how much they will cost, or where funding will come from.\textsuperscript{17} Finally, the reports did not estimate potential cost savings resulting from these reform efforts. While the Performance Accountability Council has a stated goal regarding cost savings, it has not provided the executive branch with guidance on opportunities for achieving efficiencies in managing personnel security clearances.

For example, OPM’s investigation process—which represents just a portion of the security clearance process and had significant costs—has not been studied for process efficiencies or cost savings. In February 2012, we reported that OPM received over $1 billion to conduct more than 2 million background investigations (suitability determinations and personnel security clearances) for government employees in fiscal year 2011. OPM officials explained that, to date, they have chosen to address investigation timeliness and investigation backlogs rather than the identification of process and workforce efficiencies. To its credit, OPM helped reduce the backlog of ongoing background investigations that it inherited from DOD at the time of the 2005 transfer. However, only recently has OPM started to look at its internal processes for efficiencies. Further, while OPM invested in an electronic case-management program, it continues to convert submitted electronic files to paper. In November 2010, the Deputy Director for Management of the Office of Management and Budget testified that OPM receives 98 percent of investigation applications electronically, yet we observed that it was continuing to use a paper-based investigation processing system and convert electronically submitted applications to paper. OPM officials stated that the paper-based process is required because a small portion of their customer agencies do not have electronic capabilities. As a result, OPM may be


simultaneously investing in process streamlining technology while maintaining a less efficient and duplicative paper-based process. In 2012, we recommended that, to improve transparency of costs and the efficiency of suitability and personnel security clearance background investigation processes that could lead to cost savings, the Director of OPM direct the Associate Director of Federal Investigative Services to take actions to identify process efficiencies that could lead to cost savings within its background investigation process.\(^\text{18}\) OPM agreed with this recommendation and we are working with OPM to assess any progress it has made in this area.

Further, agencies have made potentially duplicative investments in case-management and adjudication systems without considering opportunities for leveraging existing technologies. In February 2012, as part of our annual report on opportunities to reduce duplication, overlap and fragmentation, we reported that multiple agencies have invested in or are beginning to invest in potentially duplicative, electronic case management and adjudication systems despite government-wide reform effort goals that agencies leverage existing technologies to reduce duplication and enhance reciprocity.\(^\text{19}\) According to DOD officials, DOD began the development of its Case Adjudication Tracking System in 2006 and, as of 2011, had invested a total of $32 million to deploy the system. The system helped DOD achieve efficiencies with case management and an electronic adjudication module for secret level cases that did not contain issues, given the volume and types of adjudications performed. According to DOD officials, after it observed that the Case Adjudication Tracking System could easily be deployed to other agencies at a low cost, the department intended to share the technology with interested entities across the federal government. However, at that time, five other agencies were also developing or seeking funds to develop individual systems with capabilities similar to DOD’s system.\(^\text{20}\) With multiple agencies developing


\(^{20}\)These agencies are the Department of Homeland Security, Department of the Treasury, Department of Justice, Department of Veterans Affairs, and the National Reconnaissance Office.
individual case-management systems, these agencies may be at risk of duplicating efforts and may fail to realize cost savings.

In 2012, we recommended that the Deputy Director for Management at OMB, in his capacity as the Chair of the Performance Accountability Council, expand and specify reform-related guidance to help ensure that reform stakeholders identify opportunities for efficiencies and cost savings, such as preventing duplication in the development of electronic case management.\(^{21}\) OMB concurred with our recommendation. As of March of this year, however, OMB has not expanded and specified reform-related guidance to help ensure that reform stakeholders identify opportunities for cost savings. According to OMB officials, they are exploring whether and how to develop and implement guidance on information technology spending that is minimally disruptive, will not compromise agencies’ ability to adjudicate cases, and is implementable within budget constraints. While these specific efforts may be notable steps in clearance reform, they do not meet the intent of our recommendation for OMB to develop overarching guidance that reform stakeholders can use to identify opportunities for cost savings.

In conclusion, while the executive branch has made strides in improving the timeliness of the personnel security clearance process, now is the time to focus on making the improvements GAO has recommended. Failing to do so increases the risk of damaging unauthorized disclosures of classified information. This concludes my prepared statement. I would be pleased to answer any questions that you may have at this time.

For further information on this testimony, please contact Brenda S. Farrell, Director, Defense Capabilities and Management, who may be reached at (202) 512-3604 or farrellb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony include David Moser (Assistant Director), Sara Cradic, Mae Jones, Erin Preston, Leigh Ann Sennette, and Michael Willems.

\(^{21}\)GAO-12-197.
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