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STATEMENT OF
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DEPARTMENT OF DEFENSE
BEFORE THE
SUBCOMMITTEE ON NATIONAL SECURITY
VETERANS AFFAIRS AND INTERNATIONAL
RELATIONS, HOUSE COMMITTEE
ON GOVERNMENT REFORM
ON
DEFENSE SECURITY SERVICE OVERSIGHT

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Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to discuss the results of recent audits by the Office of the Inspector General, DoD, related to the vitally important functions of personnel security clearance investigation and adjudication.

Longstanding Personnel Security Program Problems

The procedures for determining what type of security clearance is appropriate for each military and civilian position in the DoD, conducting investigations to ensure that individuals merit the degree of trust required for those clearances, and adjudicating cases where investigations reveal adverse information need to be both efficient and effective. As with most DoD management challenges, the huge scale of the Defense Personnel Security Program makes it inherently difficult to administer. Several thousand security officers, located throughout the Department, help managers to determine security clearance requirements and handle the paperwork for requesting clearances. The Department estimates that more than 700,000 initial investigations are needed annually, as well as several hundred thousand reinvestigations to update existing clearances. Approximately 2.4 million DoD and contractor personnel hold

clearances at any given time. Hundreds of thousands of those individuals change assignments during an average year and thousands of programs and military units depend on having individuals with current clearances available to carry out their assignments.

Unfortunately, as your Subcommittee's hearing last February indicated, the Defense Personnel Security Program has serious problems. The most widely publicized of those difficulties is the excessive time required for personnel security investigations, which has resulted in enormous backlogs of overdue clearance updates. This problem was considered critical in the 1980/81 time frame and was overcome at that time by significantly increasing the staffing of the Defense Investigative Service (DIS), which is now the Defense Security Service (DSS). Like virtually all other Defense agencies, however, the DIS budget and staffing were drastically reduced as part of the post-Cold War Defense downsizing. In fact, the 40 percent DIS staffing reduction from 4,080 personnel in FY 1989 to 2,448 in FY 1999 exceeded the average 32 percent reduction for Defense agencies during the 1990's. There was no comparable reduction in the investigative workload.

With a tremendous volume of cases and related data to compile, analyze and report on, the DSS needs effective automated information systems. However, the agency has lacked capable information systems throughout its existence.

By 1994, the combination of reduced staff and inadequate systems had caused the backlog of reinvestigations to grow again to alarming proportions. In February 1994, the Joint Security Commission reported that the personnel security investigative process was cumbersome, inefficient and in need of reform. The average time required for a single scope background investigation had climbed steadily from 102 days in FY 1989 to 145 days in FY 1994. Those numbers rose further to 220 days in FY 1996 and 262 in early FY 2000.

In May 1996, the DIS became one of about 135 DoD Reinvention Laboratories and began a multi-year business process reengineering effort intended to overcome the disparity between workload and investigative resources by improving productivity. In August 1996, the Deputy Secretary of Defense directed a study of DIS workload and alternative ways to handle the mission, including converting DIS to a fee for service organization and outsourcing. The DIS, renamed DSS in 1997, responded with additional measures intended to improve efficiency, including an

automated systems modernization effort. The centerpiece of that effort was development of the Case Control Management System (CCMS). In September 1996, the Department also created an Integrated Process Team, composed of representatives of the investigative and adjudicative communities, to address the numerous issues existing between those groups. This was the first of several teams formed by the DoD over the past few years to address management problems in this area. In addition, the DSS unilaterally made numerous policy changes to streamline its processes.

As the General Accounting Office reported in September 1999, some of the DSS changes were ill-advised and merely created new problems, especially in quality control over investigations. The failure of CCMS after its implementation in October 1998 was also a major setback. Finally, DoD has lacked good information on the existing or forecasted workload, and related resource requirements, for both the investigative and adjudicative portions of the program.

Over the past two years, senior DoD managers have become much more involved in the problems at DSS than had been the case previously, and have made several major changes, beginning with the appointment of LTG (Ret.) Cunningham as Acting Director of

DSS in June 1999 and Director in December 1999. Over the past year, DSS has taken action to implement GAO and IG recommendations, cancel questionable DSS policies, and acquire Air Force assistance to remediate the CCMS. Another Integrated Process Team reported to the Deputy Secretary of Defense on the continuing backlog problem in January 2000, leading to his decision to outsource part of the DSS workload to the Office of Personnel Management and contractors.

Management Actions Needed

I would like to recap the advice that the OIG, DoD, has provided to the Department over the past year regarding both the personnel security investigative and adjudicative processes.

In April 2000, I testified on the issues confronting DSS before the Senate Armed Services Committee. Our position at that time, which remains essentially the same today, was that the DoD plan to quickly eliminate the backlog of overdue clearances through a combination of outsourcing and internal changes at DSS was overly optimistic. Specifically, the DoD plan unrealistically assumed that DSS could close an average of 2,500 cases per day, starting in FY 2000. In practice, however, DSS completed an average of only 1,500 per day in the first eleven months of

FY 2000 and was unable to reduce the backlog. We also questioned the realism of DSS workload projections, believing them to be significantly understated, and cautioned that it would probably take years, not months, to overhaul the entire Personnel Security Program.

At the April 2000 hearing, in audit reports and during internal discussions within DoD, we advised that the Department needed 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 adjudication workload;
- develop a uniform, DoD-wide priority system for security clearance investigations; and

- improve DSS tracking of security clearance requests and feedback to requestors on case status; and
- closely monitor management of the Case Control Management System and the Joint Personnel Adjudication System.

Prioritizing Investigations

All of those actions remain very necessary today and most of them entail sustained senior management attention. Today I will emphasize the last three of those items, beginning with our concern over the need to prioritize the security clearance investigative workload, which has been perhaps our most controversial recommendation.

The April 2000 IG, DoD report on Security Clearance Investigative Priorities (No. D-2000-111) discussed a number of DSS case management issues. The principal concern was the lack of a meaningful process for prioritizing the workload. We determined that investigative resources were generally applied on a first in, first out basis, so that clearance requests for important programs and higher risk positions often languished while investigators worked on routine cases. Since timely

investigations are a major problem, we deemed it particularly unreasonable not to have a viable prioritization process that both the requestors of the clearances and the investigators understand.

The Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) initially disagreed with the feasibility of developing an investigation prioritization method, but subsequently changed its position and has been working with the Services and DSS to comply with the recommendation. I am frankly disappointed however with the slow progress and concerned that it is so difficult to implement this basic workload management tool.

Tracking Clearance Requests

In May 2000, we issued another report on DSS investigative case management, Tracking Security Clearance Requests (No. D-2000-134). We reported that DSS lacked an effective means for tracking the status of security clearance requests from the other DoD components.

Between July and December 1999, the DSS could not identify, on a case-by-case basis, why 12,354 of 302,352 electronic requests

received did not result in investigative cases being opened. The DSS provided possible reasons such as changes in type of investigation, duplicate submissions, conversions and reinstatements of prior clearances, and rejections. Also the DSS could not explain why 51,788 of 261,361 investigative cases were opened during that period without electronic requests, although using electronic requests was mandatory and was important for maintaining control and improving efficiency. Possible factors included case analysts manually entering paper requests submitted into the CCMS; requesting agencies submitting duplicate requests that case analysts had to manually annotate as deleted; and the lack of active acknowledgement of request receipts, which created the appearance that requests were being lost. The DSS acknowledged that its case analysts spent an excessive amount of their time researching the status of requests, decreasing the resources available for actually completing cases.

The DSS and Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) agreed with the need to track all security clearance requests more efficiently, but the necessary corrective actions depend partially on improving the CCMS and implementing the JPAS. Because the JPAS will not be operational until at least FY 2002,

we continue to believe that DSS should be seeking interim measures. The confusion over clearance request status wastes administrative resources and frustrates the DoD organizations, contractors and individuals awaiting the clearances. Coupled with the slow turnaround time on clearance requests, these frustrations account for the dismal customer satisfaction scores for DSS in the DoD Biennial Review of Defense Agencies for 1999. This survey, published in May 2000, indicated that only 14 percent of responding DoD organizations were satisfied with DSS performance on personnel security investigations.

Case Control Management System

The CCMS is the core of the information systems used by DSS, which are currently termed the Enterprise System. The CCMS is itself a collection of subsystems whose integration with each other and with non-CCMS systems has been extremely difficult, leading to many of the lingering problems with functionality and reliability. The need for a modern DSS system with the capabilities intended for CCMS is undeniable; however, as has often been the case over the last decade with DoD information technology investments, execution of this system acquisition project was flawed. In retrospect, DSS and its contractors

badly underestimated the technical risk and failed to test adequately to manage those risks.

We are currently conducting an audit of the CCMS and plan to issue a draft report within the next few weeks that will discuss in detail the reasons for the system's initial failure and what needs to be done now.

As previously noted, DSS has prudently turned to the Air Force for system acquisition management support and indications are that CCMS is being stabilized. DSS reported an average of 2,523 cases closed per day in August 2000, which is a positive sign, assuming that this high level of performance can be sustained. Although the widely publicized CCMS "crash" last July certainly disrupted DSS operations for a few days and frequent repetitions of that severity would be a major problem, it is unreasonable to conclude from just one outage that CCMS must be scrapped. However, we believe that it must continue to be intensively managed as a high risk, DoD mission critical system. We understand that the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) intends to designate CCMS as a major acquisition project, meaning there will be oversight by an Integrated Process Team and the Chief Information Officer at the Office of the Secretary of Defense

level. This is a prudent step, but does not in itself guarantee close oversight.

The CCMS will reach a critical milestone in FY 2002, when the Department will decide whether to deploy an overall Enterprise System Architecture for DSS. In the interim, CCMS must prove that it can process an average of 2,500 case closings per day, various initial design inefficiencies must be resolved, and additional reliability and maintainability testing is needed. In addition, DoD should aggressively benchmark CCMS against systems performing similar functions in the public and private sector, so that any viable alternatives are identified and fully considered.

Other Future Reports

In addition to an audit report on CCMS, we are conducting several other reviews related to the personnel security investigation and adjudication processes. These reviews are being closely coordinated with ongoing General Accounting Office evaluations in these areas to prevent duplication. Ongoing or planned efforts include the following:

- We plan to issue a final report on adjudication facility resources in the next couple weeks. The focus will be that the Department needs to do more to identify future workload and budget adequate resources for the adjudication facilities. Otherwise, those facilities could become bottlenecks and efforts to improve production in the investigation phase of the process could be largely nullified. We are awaiting the Department's comments on our draft report.
- We are auditing the Defense Clearance and Investigations Index, focusing primarily on this data base's reliability. We plan to issue a final report in January 2001.
- We are auditing the process for adjudicating clearances for contractor employees and the related provisions for appeals. Again, we plan to provide a report early next year.
- We plan to audit the acquisition of the Joint Personnel Adjudication System, starting next month.

End-to-End Focus Needed

As mentioned at the outset of this testimony, the enormous scope of the Defense Personnel Security Program makes it an inherently

difficult management challenge. The dispersion of responsibility for various portions of the security management process across all DoD organizations and this fragmentation of control over resources add significantly to this difficulty. It is important that the Department avoid piecemeal solutions, such as its ill-fated attempt to address productivity and capacity problems at DSS by arbitrarily limiting the number of security clearance requests that DoD components were allowed to submit. We believe that, with somewhat stronger recent support from the Office of the Secretary of Defense, DSS is making reasonable progress in its second agency reengineering attempt, although not as quickly as planned earlier this year. DSS will need continued close oversight and adequate support. In addition, all other DoD organizations that play roles in personnel security management must view the risks seriously and cooperate to achieve end-to-end improvement. It is particularly important that lingering confusion about the size and definition of the clearance backlog and the likely investigative and adjudication workload over the next several years be eliminated, to enable proper planning.

Again, thank you for considering our views on this important subject. This concludes my statement.

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