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United States Government Accountability Office
Washington, DC 20548

December 19, 2008

Congressional Committees

Subject: *DOD Personnel Clearances: Preliminary Observations about Timeliness and Quality*

The enclosed briefing provides our preliminary assessment of the timeliness and quality of the Department of Defense's (DOD) personnel security clearance program. These findings are based on an ongoing engagement that we have been conducting since February 2008 under the Comptroller General's authority to conduct evaluations on his own initiative.¹ In 2009, we plan to issue a report providing more details regarding these findings. In response to a draft of this briefing report, DOD provided written comments and the Office of Personnel Management (OPM) provided comments via email. Our summary and evaluation of DOD's and OPM's comments are included in enclosure II and DOD's written comments are reprinted in their entirety in enclosure III. We are addressing this product to you at your request due to your continued interest in the DOD personnel security clearance program.

We are sending copies of this letter to the appropriate congressional committees. We are also sending copies to the Director of the Office of Management and Budget; the Secretary of Defense; the Under Secretary of Defense for Intelligence; and the Director of the Office of Personnel Management. This letter will also be available at no charge on our Web site at <http://www.gao.gov>.

Should you or your staff have any questions concerning this letter, please contact me 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 report.

Brenda S. Farrell

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Director
Defense Capabilities and Management

Enclosures

¹31 U.S.C. § 717.

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Department of Defense Personnel Clearances: Preliminary Observations about Timeliness and Quality

Briefing for Congressional Committees
December 19, 2008



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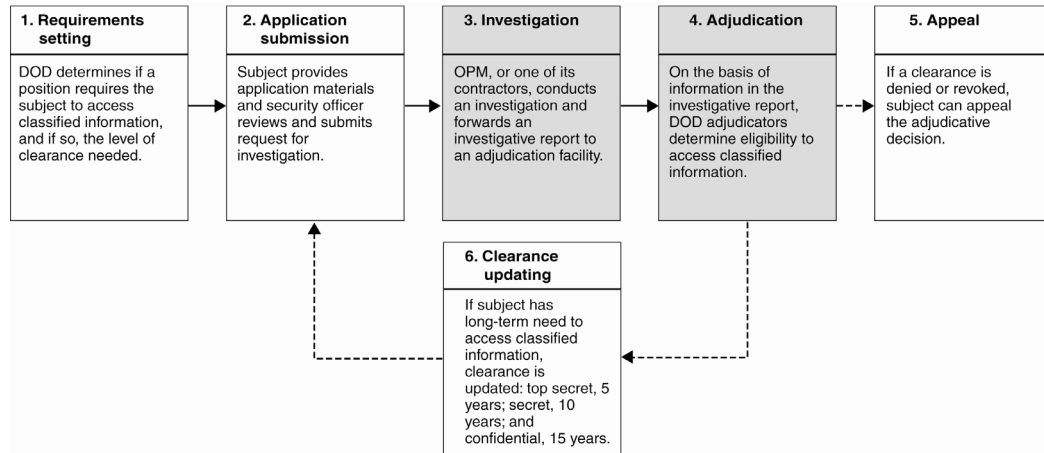
Introduction

- In fiscal year 2008, the Department of Defense (DOD) approved personnel security clearances for about 630,000 requests for initial and renewal confidential, secret, and top secret clearances for DOD's military, civilian, and industry personnel.
- Since 2005, the Office of Management and Budget (OMB) has been responsible for implementing policy relating to determination of eligibility for access to classified information and reporting annually to Congress on progress in improving the clearance process.
- The Office of Personnel Management's (OPM) federal and contract investigators conduct most of DOD's clearance investigations and DOD adjudicators use their reports to make clearance eligibility decisions.
- We placed DOD's personnel security clearance program on our high-risk list in 2005 and continued that designation in 2007, our most recent update, because of a variety of problems including delays and incomplete documentation of initial top secret clearances.
- The executive branch established a Joint Reform Team, consisting of OMB, DOD, OPM, and the Office of the Director of National Intelligence, in June 2007 to reform the security clearance process for DOD and other agencies.



Background: The Six Phases of DOD's Security Clearance Process

Figure 1: Six Phases in DOD's Personnel Security Clearance Process



Source: GAO analysis of DOD-provided information.

Note: In our current audit, we measure the timeliness and completeness of the investigation and adjudication phases (shown in gray).



Background: Intelligence Reform and
Terrorism Prevention Act of 2004

- The Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA)¹ currently requires adjudicative agencies to make a determination on at least 80 percent of all applications for a security clearance within 120 days, on average, after the date of receipt of the application, with no longer than
 - 90 days allotted for the investigation and
 - 30 days allotted for the adjudication.
- IRTPA also requires the executive branch to implement a plan by December 17, 2009, under which adjudicative agencies, to the extent practical, must make a determination on at least 90 percent of all applications for a security clearance within 60 days, on average, after the date of receipt of the application, with no longer than
 - 40 days allotted for the investigation and
 - 20 days allotted for the adjudication.

¹Pub. L. No. 108-458, § 3001(g) (2004).



- OPM federal or contract investigators conduct clearance investigations by using governmentwide standards.² The types of information gathered in an investigation depend on the clearance level. For initial top secret clearances, investigators gather information in the following 14 areas:
 1. completion of forms (e.g., complete personnel security questionnaire)
 2. national agency databases (e.g., FBI) check
 3. national agency database check of spouses
 4. date and place of birth
 5. citizenship
 6. education
 7. employment
 8. social references
 9. former spouse interview
 10. residence
 11. financial review
 12. local agency databases (e.g., local law enforcement) check
 13. public records review (e.g., bankruptcy)
 14. subject interview
- OPM investigators also follow OPM's internal guidance on fulfilling these requirements.

²32 C.F.R. §§ 147.18 - 147.24 (2008). While these standards were in place at the time of our review, the executive branch issued revised investigative standards in December 2008.



Background: Adjudicative Guidelines

- Once an investigation is complete, DOD adjudicators review the investigative report and decide whether to grant clearance eligibility to the subject. To make their determination, federal requirements³ specify that adjudicators consider the following separate adjudicative guidelines:
 1. allegiance to the United States
 2. foreign influence
 3. foreign preference
 4. sexual behavior
 5. personal conduct
 6. financial considerations
 7. alcohol consumption
 8. drug involvement
 9. emotional, mental, and personality disorders
 10. criminal conduct
 11. security violations
 12. outside activities
 13. misuse of information technology systems

³32 C.F.R. §§ 147.3 - 147.15 (2008). The federal investigative standards support adjudicative decisions but are distinct from the adjudicative guidelines.



Background: Adjudication Documentation
DOD Adjudicative Regulation

- DOD regulation 5200.2R⁴ requires that adjudicators maintain a written or automated record of each favorable and unfavorable adjudicative determination, including the rationale underlying the determination when a clearance applicant has potential security concerns. DOD interprets rationale to include, at a minimum, the identification of the applicable adjudicative guidelines and the associated mitigating factors.

⁴DOD Regulation 5200.2-R, *DOD Personnel Security Program* (January 1987).



Background: Four Key Factors to Consider for Clearance Reform

- As we have previously noted,⁵ ongoing governmentwide security clearance reform efforts could benefit from establishing a coherent mission and integrating strategic goals, among other best practices we have identified.
- In addition, we have previously noted that the following four key factors should be part of clearance reform efforts:
 1. Ensuring a strong requirements-determination process.
 2. Building quality in all clearance processes to promote positive outcomes, such as facilitating reciprocity—in which agencies accept clearances granted by other federal agencies.
 3. Developing additional metrics to provide a fuller picture of clearance processes.
 4. Including the long-term funding requirements of security clearance reform.

⁵*Personnel Security Clearances: Preliminary Observations on Joint Reform Efforts to Improve the Governmentwide Clearance Eligibility Process*, GAO-08-1050T (Washington, D.C.: July 30, 2008).



- The Joint Reform Team issued an implementation plan in December 2008 to guide ongoing clearance reform efforts.
- This plan includes some elements that are consistent with best practices and key factors that GAO has previously identified. Specifically, the plan identifies the following metrics:
 - Timeliness metrics for various components of the clearance process,
 - Metrics for both investigation and adjudication quality,⁶ and
 - Initial steps to measure clearance reciprocity.
- Still much remains to be done to implement the reforms and sustain the recent progress of the Joint Reform Team.
- GAO has ongoing work being conducted at the request of the Chairman of the House Permanent Select Committee on Intelligence and Chairwoman of the of the committee's Subcommittee on Intelligence Community Management to evaluate the Joint Reform Team's Efforts.

⁶The implementation plan calls for developing a survey to measure the quality of investigations and a similar tool to measure adjudication quality.



- Our ongoing audit work addresses the following questions:
 1. How timely is the process for determining eligibility for DOD initial confidential, secret, and top secret personnel security clearances?
 2. How complete is the documentation of investigations for DOD initial top secret personnel security clearances?
 3. How complete is the documentation of adjudications for DOD initial top secret personnel security clearances?



Scope and Methodology

- To assess the timeliness of DOD's personnel security clearance process, we reviewed the timeliness requirements specified in federal law and in OMB performance goals laid out in annual reports. We measured the timeliness of personnel security clearances using OPM and DOD data for 448,255 initial confidential, secret, and top secret clearances adjudicated in fiscal year 2008 by the central adjudication facilities of the U.S. Army, U.S. Navy, U.S. Air Force, and the Defense Industrial Security Clearance Office. We conducted electronic testing on these data and found that they were sufficiently reliable for the purposes of this product.
- To assess the completeness of investigation and adjudication documentation, respectively, we reviewed federal investigative standards, OPM's internal guidance, and adjudicative guidelines. We collected and reviewed a random sample of 100 OPM investigative reports and associated adjudication documentation for initial top secret clearances granted to DOD military, civilian, and industry personnel in July 2008 by the central adjudication facilities of the U.S. Army, U.S. Navy, and U.S. Air Force. We focused on top secret clearances because we have identified documentation problems with this clearance level in previous work; top secret clearance investigations require information to be gathered for 14 investigative standards; and granting top secret clearances enables subjects to access information that, if improperly disclosed, could cause exceptionally grave damage to national security. Our review of this sample enabled us to estimate the level of completeness of the investigation and adjudication documentation of the approximately 3,500⁶ initial top secret clearances favorably adjudicated at these central adjudication facilities in July 2008. The estimates from this sample have a margin of error of plus or minus 10 percent or less.
- We conducted this performance audit from February 2008 through December 2008 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 assessment based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our assessment based on our audit objectives.

⁷ We sampled from 3,993 clearances and found that some of the reports were out of the scope of our audit. Therefore, we estimate that the number of clearances that DOD granted at the U.S. Army, U.S. Navy, and U.S. Air Force central adjudication facilities in July 2008 was 3,500 (+/- 300 clearances), based on a 95 percent confidence level.



Summary

- While many clearances continue to experience delays, OMB, DOD, and OPM have made significant progress in meeting IRTPA's requirements by making a determination in fiscal year 2008 on at least 80 percent of initial confidential, secret, and top secret personnel security clearances in less than an average of 120 days.
- The vast majority of favorably adjudicated initial top secret clearance investigative reports OPM provided to DOD adjudicators in July 2008 were missing at least one type of required documentation.
- Required documentation of DOD's application of federal adjudicative guidelines was incomplete in an estimated 22 percent of files for initial top secret clearances adjudicated in July 2008.
- We provided our draft briefing report to the Department of Defense (DOD) and the Office of Personnel Management (OPM). In response to this draft, we received written comments from DOD (see enclosure III) and comments via email from OPM which we summarize below. Throughout our briefing report, we also incorporated our responses to each agency's comments where appropriate.
 - In his comments to our briefing report the Under Secretary of Defense for Intelligence (USDI) stated that while our observations of the timeliness and quality of the DOD personnel security program are fair, DOD does not share some of the same concerns that we identified in our briefing report.
 - In email comments to our briefing report, OPM's Federal Investigative Services Division (FISD) agreed with our observation that DOD and OPM have made significant progress in improving the timeliness of the DOD personnel security clearance program. However, OPM did not concur with our observations concerning the completeness of the documentation of initial top secret personnel security clearance investigations.



Preliminary Observations: Timeliness

- While many clearances continue to experience delays, OMB, DOD, and OPM have made significant progress⁸ in meeting IRTPA requirements by making a determination in fiscal year 2008 on at least 80 percent of initial personnel security clearances in less than an average of 120 days:

Table 1: Average Days^a to Complete 80 Percent of DOD Initial Personnel Security Clearances^b in Fiscal Year 2008

Clearance type	Average days to complete 80% of initial clearances	
	Government requirement	GAO's analysis
Initial confidential, secret, and top secret	120 Days	87 Days

^aWe measured clearance timeliness of the investigation and adjudication phases from the date that OPM receives a completed clearance application to the adjudication date.

^bThese initial confidential, secret, and top secret clearances were adjudicated at the central adjudication facilities of the U.S. Army, U.S. Navy, U.S. Air Force, and the Defense Industrial Security Clearance Office during fiscal year 2008.

Source: GAO analysis of OPM and DOD data.

- However, DOD and OMB officials have noted that the existing clearance process is not likely to allow DOD and other agencies to meet IRTPA's 2009 timeliness requirements, which require the implementation of a plan by December 2009 under which, to the extent practical, at least 90 percent of initial personnel security clearance determinations take no longer than 60 days, on average. To meet these more demanding timeliness requirements, the executive branch established a Joint Reform Team to reform the security clearance process for DOD and other agencies.

⁸In 2007, we reported that a sample of 2,259 initial clearances for DOD industry personnel took an average of 325 days to complete the investigation and adjudication phases. 14



- Delays in completing clearances increase the length of time a subject holds an interim clearance:
 - while awaiting initial clearances, DOD facilities grant most subjects interim clearances, which require a limited review of a subject's background:
 - national agency checks
 - local file checks at a subject's facility (e.g., personnel records, security files)
 - SF-86 (i.e., the information the subject provides)
- Delays in the clearance process increase the time that subjects, who might ultimately be denied a clearance, have access to classified information.



Preliminary Observations: Completeness of Investigation Documentation

- The vast majority of OPM-provided investigative reports which DOD adjudicators used to grant initial top secret clearances in July 2008 were missing some required documentation.
 - We estimated that 87 percent⁹ of about 3,500 OPM-provided investigative reports that DOD adjudicators used to grant initial top secret clearances in July 2008 were missing at least one type of documentation required by federal investigative standards and OPM's internal guidance.
- The types of missing investigation items ranged from subject interviews¹⁰—which OPM officials told us is an important element of a clearance investigation because the subject is a key source of information—to record checks at a subject's place(s) of employment and residence(s).

⁹This estimate has a margin of error, based on a 95-percent confidence interval, of +/- 9 percent.

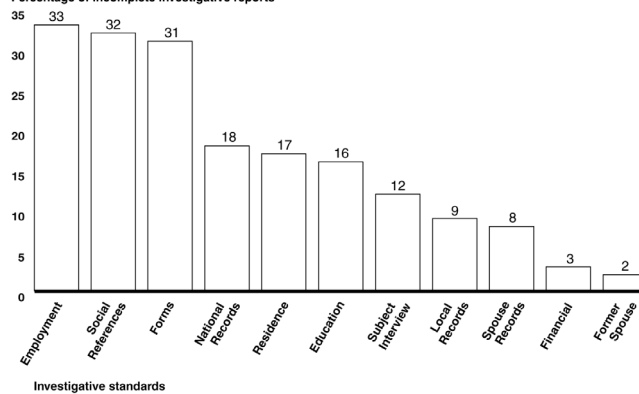
¹⁰Missing subject interviews in the investigative reports we reviewed were the result of the subject's deployment.



Preliminary Observations: Completeness of Investigation Documentation

- Most frequently, investigative reports were missing completed security clearance forms, verification of all employment, and information from the required number of social references. Additionally, some reports had multiple incomplete investigative items.

Figure 2: Estimated Percentage of Incomplete OPM Investigation Reports by Investigative Standard
Percentage of incomplete investigative reports



Source: GAO analysis of OPM investigative reports.

Note: These estimates have a margin of error, based on a 95-percent confidence interval, within +/- 10 percent, and are based on our review of a random sample of 100 OPM investigative reports favorably adjudicated by the central adjudication facilities of the U.S. Army, U.S. Navy, and U.S. Air Force in July 2008. All estimates are rounded to the nearest whole percentage.



Preliminary Observations:
Completeness of Investigation Documentation

- Incomplete investigations may cause delays, increase costs, and introduce risk in the adjudication process.
 - DOD adjudicators are sometimes required to perform work of an investigative nature because of incomplete investigative reports, which increases the amount of time required and the costs involved to make an adjudicative determination.
 - For example, DOD adjudicators told us that when investigation reports lack complete law enforcement database checks and financial verification information they follow up by conducting additional criminal history and financial verification (e.g., obtaining missing bankruptcy records).
 - An incomplete investigative report introduces risk into the clearance process because adjudicators do not have all of the required investigative information about a clearance subject when making a decision to grant a personnel security clearance.



Preliminary Observations:
Completeness of Investigation Documentation

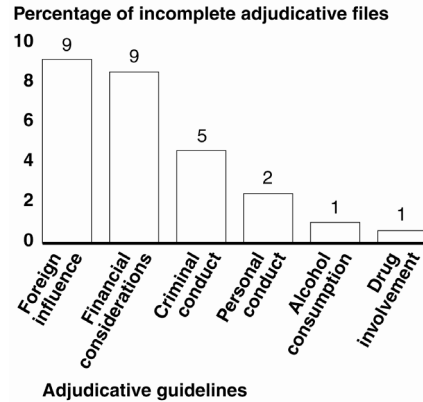
- Because the federal investigative standards do not assign a level of importance to each investigative requirement, we did not make evaluative judgments about the importance of one missing investigative item over another during our review. We assessed only whether the documentation for each required investigative item was complete. In addition, we did not make judgments about the adequacy of the investigative reports to support decisions made by DOD adjudicators to grant or deny clearances.
- OPM officials reviewed and concurred with a subset of our assessment.
 - In their written response, officials from OPM's Federal Investigative Services Division's Quality Management Group reviewed eight of the sample investigative reports and concurred with our assessment that documentation for at least one item required by federal investigative standards or OPM's internal guidance was missing and an unresolved issue of a potential security concern was present in one report.



Preliminary Observations: Completeness of Adjudication Documentation

- Required documentation of DOD's application of federal adjudicative guidelines was incomplete in some files for the initial top secret clearances adjudicated in July 2008.

Figure 3: Estimated Percentage of Incomplete Adjudication Files by Adjudicative Guideline



Source: GAO analysis of DOD adjudication reports.

Note: These estimates have a margin of error, based on a 95-percent confidence interval, within +/- 8 percent and are based on our review of a random sample of 100 DOD initial top secret clearances favorably adjudicated at the central adjudication facilities of the U.S. Army, U.S. Navy, and U.S. Air Force in July 2008—some of which included multiple incomplete items. All estimates are rounded to the nearest whole percentage.

- We estimated that 22 percent¹¹ of about 3,500 adjudication files that DOD granted in July 2008 were missing documentation required by a DOD regulation.

¹¹This estimate has a margin of error, based on a 95 percent confidence interval, of +/- 10 percent.



Preliminary Observations:
Completeness of Adjudication Documentation

- In addition, DOD adjudicators granted clearance eligibility using incomplete OPM-provided investigation reports.
 - As we noted above, we estimated that DOD adjudicators granted eligibility to 87 percent¹² of initial top secret clearances in July 2008 based on incomplete investigative reports.
 - We did not make evaluative judgments about the importance of one missing investigative item over another.
 - Further, we did not evaluate the merit of the DOD adjudicators' decisions to grant clearances.
- Adjudicators and adjudication facility leadership reviewed and concurred with a subset of the adjudicative files we reviewed, and we incorporated their feedback in our analysis.

¹²This estimate has a margin of error, based on a 95 percent confidence interval, of +/- 9 percent.



Preliminary Observations:
Completeness of Adjudication Documentation

- The use of incomplete adjudicative files could:
 - increase the risk of adjudicators missing patterns of behavior in subsequent clearance renewals since adjudicators may refer to prior adjudication files as part of their decision-making process and
 - undermine efforts to achieve clearance reciprocity (an agency accepting a clearance awarded by another agency).
- Additionally, the use of incomplete clearance documentation in the investigative and adjudicative phases may increase the risk of unauthorized disclosure of classified information.
- As we have previously reported,¹³ DOD and other agencies, in the past, have paid little attention to quality metrics, which can provide a more complete picture of the clearance process.

¹³DOD Personnel Clearances: Key Factors for Reforming the Security Clearance Process, GAO-08-776T (Washington, D.C.: May 22, 2008).

Enclosure I



Agency Comments

- In response to a draft of this briefing report, DOD provided written comments and OPM provided comments via email. Our summary and evaluation of DOD's and OPM's comments are included in enclosure II, and DOD's written comments are reprinted in their entirety in enclosure III.



GAO Contact and Acknowledgements

- Should you or your staff have any questions on the matters discussed in this briefing, please contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.
- Key contributors to this report were David E. Moser, Assistant Director; James D. Ashley; Catherine Gelb; Mae Jones; Shvetal Khanna; James P. Klein; Caryn E. Kuebler; Ronald La Due Lake; Dolores McGhee; Gregory A. Marchand; and Thomas R. Predmore.



- To assess the extent to which the process for determining security clearance eligibility for Department of Defense (DOD) initial confidential, secret, and top secret security clearances is timely, we:
 - Measured the timeliness of 448,255 initial clearances—at the confidential, secret, and top secret levels—adjudicated in fiscal year 2008 by the adjudication facilities of the U.S. Army, U.S. Navy, U.S. Air Force, and Defense Industrial Security Clearance Office.
 - Analyzed the data to measure whether initial clearances were completed according to statutory requirements specified in the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004.
 - Obtained and reviewed data from the Joint Personnel Adjudication System, DOD's clearance database, and the Personnel Investigation Processing System, the Office of Personnel Management's (OPM) investigations database. We conducted electronic testing on these data and found that they were sufficiently reliable for the purposes of this product.



Appendix I - Scope and Methodology Investigation Documentation Completeness

- To determine the extent of documentation completeness of the investigative reports for DOD initial top secret security clearances, we:
 - Selected a random sample of OPM-provided investigative reports for 100 initial top secret personnel security clearances for DOD military, civilian, and industry personnel working on DOD contracts that were favorably adjudicated during July 2008 at the central adjudication facilities of the U.S. Army, U.S. Navy, and U.S. Air Force. We sampled from 3,993 clearances and found that some of the reports, such as conditionally granted clearances, were out of the scope of our audit since we assessed only final determinations. Therefore, we estimate, that the number of clearances that DOD granted at the U.S. Army, U.S. Navy, and U.S. Air Force central adjudication facilities in July 2008 was 3,500 (+/- 300 clearances), based on a 95 percent confidence level.
 - Developed a data collection instrument based on the federal investigative standards and OPM's internal guidance. We solicited and incorporated feedback on this data collection instrument from officials at OPM's Federal Investigative Services Division, DOD's Personnel Security Research Center, and the Air Force's central adjudication facility.
 - Used the instrument to categorize an investigative item in the selected investigative report as incomplete if the report did not contain all of the required documentation for that item.
 - For example, we categorized the employment area as incomplete if investigators did not document an actual or attempted check of the subject's employee record(s) or interviews of employment references such as supervisors and coworkers.
 - Reviewed a subset of the data collection instruments and associated investigative reports initially completed by team members for data reliability purposes by having a second team member independently verify information.



Appendix I - Scope and Methodology Adjudication Documentation Completeness

- To determine the extent of documentation completeness in the adjudication files, we:
 - Selected the same random sample of 100 OPM investigative reports and associated adjudication documentation for 100 initial top secret clearances for DOD military, civilian, and industry personnel that were favorably adjudicated during July 2008 at the central adjudication facilities of the U.S. Army, U.S. Navy, and U.S. Air Force.
 - Developed a data collection instrument based on the federal adjudicative guidelines and solicited feedback from DOD's Office of the Under Secretary of Defense for Intelligence and the Defense Personnel Security Research Center.
 - Engaged adjudicators in GAO's security office to review the sample adjudication files and apply the data collection instrument to them.
 - Engaged adjudicators in GAO's security office to independently review a random subset of the completed data collection instruments and adjudication files to ensure the reliability of our data.



- We conducted this performance audit from February 2008 through December 2008 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 assessment based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our assessment based on our audit objectives.



Related GAO Products

- *Personnel Security Clearances: Preliminary Observations on Joint Reform Efforts to Improve the Governmentwide Clearance Eligibility Process.* GAO-08-1050T. Washington, D.C.: July 30, 2008.
- *Personnel Clearances: Questions for the Record Regarding Security Clearance Reform.* GAO-08-965R. Washington, D.C.: July 14, 2008.
- *Personnel Clearances: Key Factors for Reforming the Security Clearance Process.* GAO-08-776T. Washington, D.C.: May 22, 2008.
- *Employee Security: Implementation of Identification Cards and DOD's Personnel Security Clearance Program Need Improvement.* GAO-08-551T. Washington, D.C.: April 9, 2008.
- *DOD Personnel Clearances: Questions for the Record Related to the Quality and Timeliness of Clearances.* GAO-08-580R. Washington, D.C.: March 25, 2008.



Related GAO Products

- *Personnel Clearances: Key Factors to Consider in Efforts to Reform Security Clearance Processes.* GAO-08-352T. Washington, D.C.: February 27, 2008.
- *DOD Personnel Clearances: DOD Faces Multiple Challenges in Its Efforts to Improve Clearance Processes for Industry Personnel.* GAO-08-470T. Washington, D.C.: Feb. 13, 2008.
- *DOD Personnel Clearances: Improved Annual Reporting Would Enable More Informed Congressional Oversight.* GAO-08-350. Washington, D.C.: February 13, 2008.
- *DOD Personnel Clearances: Delays and Inadequate Documentation Found for Industry Personnel.* GAO-07-842T. Washington, D.C.: May 17, 2007.
- *DOD Personnel Clearances: Additional OMB Actions Are Needed to Improve the Security Clearance Process.* GAO-06-1070. Washington, D.C.: September 28, 2006.

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Enclosure II

Agency Comments and Our Evaluation

We provided our draft briefing report to the Department of Defense (DOD) and the Office of Personnel Management (OPM). In response to this draft, we received written comments from DOD (see enclosure II) and comments via email from OPM which we summarize below. Throughout our briefing report, we also incorporated our responses to each agency's comments where appropriate.

Department of Defense

In his comments to our briefing report the Under Secretary of Defense for Intelligence (USDI) stated that while our observations of the timeliness and quality of the DOD personnel security program are fair, DOD does not share some of the same concerns that we identified in our briefing report.

In response to our observation that 80 percent of initial DOD clearances completed in fiscal year 2008 took an average of 87 days to complete the investigation and adjudication phases, the USDI noted that at the end of October 2008, 80 percent of DOD's initial security clearances were completed within an average of 76 days. As we state in our briefing report, we measured the average time to complete 448,255 initial clearances completed in fiscal year 2008. We did not measure the time to complete clearances in fiscal year 2009. Our analysis provides a representative assessment of the timeliness of clearances completed in fiscal year 2008.

In response to our observation that the vast majority of favorably adjudicated initial top secret investigative reports OPM provided to DOD adjudicators in July 2008 were missing at least one type of required documentation, the USDI stated that DOD adjudicators use a risk-managed approach when granting security clearances, to ensure that critical DOD positions are filled. The USDI stated that he is confident in DOD's risk-managed approach for adjudicating security clearances, even when the investigative reports are not complete. He also described the steps involved in this approach. As we state in our final briefing report, we did not evaluate the merit of DOD adjudicators' decisions to grant clearances using the risk-management guidelines the USDI describes. As we also state in our briefing report, we did not make evaluative judgments about the importance of one missing investigative item over another in our review. We assessed only whether the documentation for each required investigative item was complete in the reports that DOD adjudicators used to make their clearance eligibility decisions. Our preliminary observation is that DOD adjudicators granted eligibility to an estimated 87 percent of initial top secret clearances in July 2008 based on incomplete investigative reports.

In response to our observation regarding incomplete documentation of adjudicative decisions, the USDI stated that it is essential that DOD adjudicators appropriately document adjudicative rationale. Further, the USDI noted that by the end of 2009, DOD plans to deploy enhancements to the Joint Personnel Adjudication System that will facilitate and standardize the documentation process throughout DOD. We agree that appropriate documentation of the adjudicative rationale is essential, because, as we noted in the briefing report, , the use of incomplete clearance documentation may

Enclosure II

increase the risk of adjudicators missing patterns of behavior in subsequent clearance renewals since adjudicators may refer to prior adjudication files as part of their decision-making process and may undermine efforts to achieve clearance reciprocity (an agency accepting a clearance awarded by another agency).

In response to our observation in our draft report that DOD has not developed quality metrics, the USDI stated that the quality of investigations and adjudications are of paramount importance and described the development of two tools to assess clearance quality that DOD plans to begin using in March 2009. We revised our final briefing report to reflect the USDI's additional information provided. Furthermore, as we noted in the briefing report, the Joint Reform Team's December 2008 clearance reform implementation plan includes some elements which are consistent with best practices and key factors that we have previously identified. Specifically, the plan includes metrics for both investigation and adjudication quality and initial steps to measure clearance reciprocity. While much remains to be done to implement the reforms and sustain the recent progress of the Joint Reform Team, we are encouraged by the inclusion of these elements in the Joint Reform Team's implementation plan.

Office of Personnel Management

In email comments to our briefing report, OPM's Federal Investigative Services Division (FISD) agreed with our observation that DOD and OPM have made significant progress in improving the timeliness of the DOD personnel security clearance program. However, OPM did not concur with our observations concerning the completeness of the documentation of initial top secret personnel security clearance investigations.

In response to our observations about the completeness of the documentation of investigations for DOD initial top secret personnel security clearances, OPM stated that it provided us with investigation policy guidance prior to the construction of our data collection instrument to assess investigation documentation completeness. OPM stated that the instrument was detailed, but accurately represented the requirements and complexity of the investigative process, and OPM further stated that it believes this instrument would have provided more accurate findings—indicating that OPM believes we used a different data collection instrument to assess investigation documentation completeness. However, the instrument, which we developed collaboratively, is the instrument we ultimately used to assess completeness.

In response to our statement that OPM reviewed and concurred with a subset of our analysis of 8 investigation reports, OPM stated that it disagreed with most of our findings about individual investigative items in those 8 reports. Further, OPM stated that these 8 reports met the federal investigative standards and supported DOD's adjudicative needs. In the review of these reports, OPM provided an explanation for why some required items were missing based on the complexity of the investigation process and the unique aspects of the individual investigation. However, in OPM's written response to our analysis, it concurred with our assessment that

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documentation for *at least one* item required by the federal investigative standards or OPM's internal guidance was missing in each of these reports. Moreover, as DOD adjudicators review investigative reports, they consider adjudicative guidelines which are separate from the federal investigative standards to make their determination. As we note in our final briefing report, we did not make judgments about the adequacy of the investigative reports to support an adjudicative determination. Instead, we categorized these reports as incomplete if they did not contain all of the documentation required by the federal investigative standards and OPM's internal guidance.

In addition, OPM responded to our observations about the completeness the documentation of initial top secret investigations by providing reasons that some required information was missing from the 8 investigative reports we reviewed with OPM. As we state in our briefing report, we discuss one reason for an incomplete investigative item. We recognize that there are additional reasons for missing information in investigative reports and will discuss these reasons in more depth in the report we will issue in 2009.

Further, OPM indicated that during a meeting, we acknowledged the several reasons OPM discussed for missing information and stated that an investigative file would be considered complete if it included documentation explaining the reasons OPM was unable to complete a required element. OPM stated that OPM agreed to this measurement. However, at this meeting we stated only one aspect of our methodology and made no agreement with OPM about our full methodological approach.

In response to our observation that an estimated 31 percent of investigative reports were missing forms, OPM stated that the forms do not affect the adjudicative process and are not required elements of the investigation report. We disagree. The federal investigative standards for initial top secret clearances require the completion of forms, including the personnel security questionnaire (Standard Form 86), applicable releases, and supporting documentation. In our review, we found that nearly a third of the investigative reports included incomplete forms.

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Comments from the Department of Defense



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

DEC 18 2008

Ms Brenda S. Farrell
Director
Defense Capabilities and Management
Government Accountability Office
Washington, DC 20548

Dear Ms. Farrell:

Thank you for the opportunity to review the draft briefing for Congressional Committees, *Department of Defense Personnel Clearances: Preliminary Observations about Timeliness and Quality (GAO-09-261R)*. The observations outlined in the briefing are a fair assessment of the timeliness and quality of the Department's personnel security program; however, DoD does not share some of the same concerns. The enclosure provides specific feedback on the Department's adjudicative decisions and quality assessment program. Should you have additional questions or concerns, please contact my point of contact, Ms. Becky Allen, at (703) 604-1173 or rebecca.allen@osd.mil.

Sincerely,



James R. Clapper, Jr.

Enclosure
As stated



Department of Defense Response

GAO draft briefing for Congressional Committees:

Department of Defense Personnel Clearances: Preliminary Observations about Timeliness and Quality (GAO-09-261R).

GAO Observation: While many clearances continue to experience delays, OMB, DOD, and OPM have made significant progress in meeting IRTPA requirements by making a determination on an average of 80 percent of initial confidential, secret, and top secret personnel security clearances within 120 days.

DoD Response: I endorse and support your observation that significant progress has been made to improve the timeliness of the security clearance process as outlined in your report. It is important to note that the timeliness data in this brief does not reflect current performance levels. At the end of October 2008, 80% of the Department's initial security clearances were completed within an average of 76 days, which is 11 days faster than outlined in your brief. The Department anticipates further improvements in the timeliness of security clearance process as Joint Security Suitability Reform Team reform efforts are fully completed and implemented.

GAO Observation: The vast majority of favorably adjudicated initial top secret clearance investigative reports OPM provided to DOD adjudicators in July 2008 were missing at least one type of required documentation.

DoD Response: The Department of Defense is committed to safeguarding classified information and follows procedures outlined in EO 12968, "Access to National Classified Information." According to EO 12968 and the Office of Management and Budget (OMB) Memorandum, "*Reciprocal Recognition of Existing Personnel Security Clearances*," dated November 14, 2007, adjudicators may consider risk when granting interim security clearances or clearances based on a deviation from National investigative standards. Pursuant to 10 U.S.C., the Secretary of Defense must deploy a fully operational force. In many cases operational readiness hinges on the ability to access classified information. To ensure critical operational mission positions are filled, the Department assumes a risk managed approach when granting security clearances. I am confident in our risk managed approach for adjudicating security clearances, even when the investigative reports are not complete.

The risk managed approach includes a process of gathering preliminary information to mitigate risk and considered against the National adjudicative guidelines, and includes:

- a review of local security and personnel files

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- a review of the completed National Agency Check, which includes the Federal Bureau of Investigation (FBI) fingerprint check.
- a consideration of personnel who have had continuous long-term access to classified information, investigative history and performance
- an incorporation of the Office of Personnel Management (OPM) practice of reporting derogatory information that may develop during the investigative process
- the employment of risk managed procedures at the agency or command level for personnel granted interim security clearances, or for personnel granted a security clearances based on an exception, condition, or deviation (the aforementioned factors are weighed against National adjudicative standards).

GAO Observation: Required documentation of adjudicative rationale in DOD adjudication files was incomplete in about 20 percent of the initial top secret clearance files adjudicated in July 2008.

DoD Response: It is essential that the Department appropriately document adjudicative rationale. The Department will deploy enhancements to the Joint Personnel Adjudication System (JPAS) that will facilitate and standardize the documentation process throughout DoD. This enhancement is scheduled for deployment by the end of 2009.

GAO Observation: DOD has not developed quality metrics, which can provide a more complete picture of the clearance process.

DoD Response: Because the quality of investigations and security clearance adjudications are of paramount importance, the Department developed and successfully demonstrated tools last year that assess both investigative and adjudicative quality. The Rapid Assessment of Incomplete Security Evaluations (RAISE) is used to assess investigative quality and the Review of Adjudication Documentation Accuracy and Rationales (RADAR) is used to assess adjudicative quality. The Department will begin using RAISE by the end of March 2009. Use of RADAR will begin the following year.

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