

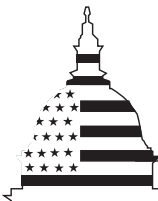
GAO

Report to the Ranking Member,
Committee on Armed Services,
House of Representatives

April 2001

DOD PERSONNEL

More Consistency Needed in Determining Eligibility for Top Secret Security Clearances



G A O

Accountability * Integrity * Reliability

Contents

Letter		1
Executive Summary		3
Chapter 1	Introduction	9
	DOD's Personnel Security Clearance Process	9
	Federal Adjudicative Guidelines Aimed at Achieving Consistent Application	11
	Criteria for Determining Clearance Eligibility	12
	Prior Review by GAO	14
	Objectives, Scope, and Methodology	14
Chapter 2	DOD Has Not Consistently Documented Significant Adverse Security Conditions	16
	Our Framework for Analyzing Adjudicative Case Files	16
	Adjudicators Have Not Consistently Documented Significant Adverse Security Conditions	18
	Record Keeping Varies Among Adjudication Facilities	24
	Conclusions	26
	Recommendation for Executive Action	26
	Agency Comments and Our Evaluation	27
Chapter 3	Several Factors Hinder the Effectiveness of DOD's Adjudicative Process	28
	Guidance to Adjudicators Has Been Inadequate	28
	Adjudication Staffs Have Not Received Common DOD Training	30
	An Effective Quality Assurance Program Is Not in Place	33
	Decentralized Process Requires Stronger Oversight	33
	Conclusions	35
	Recommendations for Executive Action	36
	Agency Comments and Our Evaluation	36
Appendix I	Comments From the Department of Defense	37
Appendix II	DOD's Adjudication Facilities	41

Appendix III	GAO’s Sampling Methodology Used in Reviewing DOD Adjudications	43
Appendix IV	Prior Reviews of DOD’s Adjudicative Process	44
Appendix V	Criteria for Mitigating Security Conditions	49
Appendix VI	Training Taken by DOD Adjudicators Since 1995	50
Appendix VII	GAO Contacts and Staff Acknowledgments	51

Tables		
	Table 1: Estimated Percent of Cases With Significant Adverse Conditions Not Documented by Six Adjudication Facilities	21
	Table 2: DOD Adjudicative Budget, Staffing, and Workload for Fiscal Year 2000 by Adjudication Facility and Reporting Organization	41
	Table 3: Number of Top Secret Adjudications Made by Adjudicators in Six DOD Facilities and Sampled by GAO	43
	Table 4: Examples of Mitigating Conditions Requiring Judgment Regarding Broad Terms in the Federal Guidelines	49
	Table 5: Adjudicative Training Taken by DOD Adjudicators Since 1995	50

Figures

Figure 1: Personnel Security Investigative and Adjudicative Process	10
Figure 2: Extent DOD Adjudicators Documented Significant Adverse Security Conditions	19
Figure 3: Estimated Percent of Cases Where GAO Found an Unexplained Affluence Condition Not Documented by the Six Adjudication Facilities	23

Abbreviations

C3I	Command, Control, Communications, and Intelligence
DOD	Department of Defense
DSS	Defense Security Service
GAO	General Accounting Office



G A O

Accountability * Integrity * Reliability

United States General Accounting Office
Washington, DC 20548

April 18, 2001

The Honorable Ike Skelton
Ranking Member
Committee on Armed Services
House of Representatives:

Dear Mr. Skelton:

This report responds to your request that we review the Department of Defense's (DOD) personnel security adjudicative process as a follow-on to our review for you that highlighted material weaknesses in DOD's personnel security investigative process. As requested, we (1) assessed whether DOD's adjudicators consistently document all significant adverse security conditions when determining individuals' eligibility for top secret security clearances and (2) identified factors that hinder the effectiveness of DOD's adjudicative process. We are making recommendations to the Secretary of Defense aimed at strengthening the direction and oversight of the adjudicative process.

As we agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the date of this letter. At that time, we will send copies of this report to the Honorable Donald H. Rumsfeld, the Secretary of Defense; the Honorable Joseph W. Westphal, Acting Secretary of the Army; the Honorable Lawrence J. Delaney, Acting Secretary of the Air Force; the Honorable Robert B. Pirie, Acting Secretary of the Navy; and the heads of DOD's adjudication facilities. We will then send copies to the congressional committees and others who are interested and make copies available to others who request them.

If there are any questions regarding this report, please contact me at (202) 512-3958. GAO contacts and staff acknowledgements are listed in appendix VII.

Sincerely yours,

Carol R Schuster

Carol R. Schuster
Director
Defense Capabilities and Management

Executive Summary

Purpose

Each year, the Department of Defense (DOD) makes about 200,000 decisions to grant, deny, or revoke security clearances for its civilian, military, and contractor personnel. With these clearances, employees can gain access to highly classified information that ranges from nuclear weapon systems and plans for the defense of Europe, to the identity of U.S. and allied intelligence agents. The number of clearances granted by DOD—about 2.1 million in total—represents a formidable challenge to those responsible for deciding who should be given a clearance. The critical nature of the information that DOD maintains and the damage to national security that can result if it is not adequately safeguarded requires scrupulous decision-making when granting security clearances.

In October 1999, GAO reported on the first step in DOD's process for granting top secret security clearances—the investigation phase.¹ That report identified serious weaknesses in the management and quality of investigations, recommended corrective actions, and prompted many changes by DOD. On the basis of these findings, the Ranking Member, House Committee on Armed Services asked GAO to review the second step in the process, referred to as adjudication. Through this process, personnel security specialists (called adjudicators) at eight DOD adjudication facilities review the results of the investigations to identify any potentially significant adverse conditions in an individual's background that might pose a security risk. They then decide whether or not the individual is eligible for a clearance. Those reviews are to be conducted according to federal adjudicative guidelines aimed at ensuring consistency in protecting classified information throughout the government. The President approved these guidelines in 1997. The Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) is responsible for providing policy and operating guidance and for monitoring DOD's decentralized adjudicative process.

In reviewing the adjudicative process, GAO (1) assessed whether DOD's adjudicators consistently document all significant adverse security conditions when determining individuals' eligibility for top secret security clearances and (2) identified factors that hinder the effectiveness of DOD's adjudicative process. GAO reviewed 404 randomly selected, top secret cases using the federal guidelines to determine if DOD adjudicators had recorded all significant adverse conditions in the applicants' backgrounds.

¹ *DOD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks* (GAO/NSIAD-00-12, Oct. 27, 1999).

GAO projected these results to the population of approximately 3,800 top secret cases that six of eight DOD adjudication facilities had reviewed in May 2000. These six facilities accounted for 97 percent of all DOD clearance adjudications made by the eight adjudication facilities in fiscal year 2000.

Results in Brief

GAO's analysis showed that DOD adjudicators have not consistently documented all significant adverse security conditions present in investigative case files when determining individuals' eligibility for top secret security clearances. On the basis of findings projected to the study population, GAO estimated that DOD adjudicators did not document all significant adverse conditions in about one-third of the population of 3,800 cases. As a result, DOD has been unable to demonstrate that it fully considered all significant adverse conditions that might call into question an individual's ability to adequately safeguard classified information in granting eligibility for top secret clearances. Conditions often not documented included financial matters, especially unexplained affluence (i.e., wealth that appears to exceed an individual's income), personal conduct, and foreign influence—conditions that federal guidelines say represent security concerns that should be carefully considered in the security clearance decision-making process. Moreover, GAO estimated that in about one-sixth of the study population, adjudicators decided the individuals were eligible for top secret clearances in the absence of mitigating information that might lessen the government's risk. The differences in documenting significant adverse conditions among the adjudicators in the various adjudication facilities and between the adjudicators and GAO's analysts suggests that the adjudicators may not be consistently applying the adjudicative guidelines. Although DOD regulations require adjudicators to document their rationale for clearance determinations when significant adverse information is uncovered, officials in the adjudication facilities have differed widely in the information and records they have kept. The lack of detailed documentation requirements prevents DOD from demonstrating that it has considered all relevant information.

Several factors have hindered the effectiveness of DOD's adjudicative process. Overall, the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) has not provided adequate direction to officials of the adjudication facilities or sufficient oversight of the process. Specifically, the Assistant Secretary has not (1) required adjudicators to use common explanatory guidance, such as that contained in the Adjudicative Desk Reference he developed, or issued any other clarifying

guidance to promote consistency in applying the federal guidelines; (2) required adjudicators to take DOD adjudicative training or afforded them with continuing education opportunities on applying the federal guidelines; and (3) established common quality assurance mechanisms to identify any problem areas needing clarifying guidance or training. Use of common guidance and common training could promote consistency in the application of the federal guidelines. Common quality assurance procedures would facilitate DOD's oversight of the adjudicative process. Such actions aimed at providing stronger direction and oversight are needed given the challenges posed by the decentralized nature of DOD's process.

GAO makes several recommendations for executive action to provide better direction to DOD adjudication officials, improve DOD's oversight, and enhance the effectiveness of the adjudicative process. DOD agreed with GAO's findings and recommendations and has begun to act on the recommendations.

Principal Findings

DOD Has Not Consistently Documented Adverse Security Conditions

GAO's analysis of a random sample of case files supporting the decisions to grant or deny eligibility for top secret clearances showed that DOD adjudicators did not document all significant adverse security conditions specified in the federal guidelines. First, GAO estimated that 33 percent of the population of 3,800 cases contained significant adverse security conditions that the adjudicators did not document in their records. Most frequently, DOD adjudicators did not document significant adverse conditions in four areas. In projecting the extent that adjudicators did not document such factors in the 3,800-case population, GAO estimated that

- 12 percent contained one or more adverse conditions related to personal finances, including large credit card debts, bankruptcies, and unexplained affluence;
- 10 percent contained one or more conditions related to personal conduct, such as omitting prior arrests from security questionnaires;
- 10 percent contained one or more conditions related to foreign influence, such as spouses who were not U.S. citizens, frequent travel to a foreign country, or continuing contacts with foreign relatives; and

- 6 percent contained one or more conditions related to criminal conduct, such as arrests, drug possession and use, and driving under the influence of alcohol.

Second, DOD sometimes determined individuals to be eligible for top secret clearances even though their records contained no information that might mitigate the risks posed by significant adverse conditions in the individuals' backgrounds as specified in the federal adjudicative guidelines. GAO estimated that 16 percent of the cases in its study population had adverse conditions in their case files without any mitigating information. Unexplained affluence was the adverse condition that was most frequently neither documented nor mitigated. This was true for an estimated 7 percent of the cases in GAO's study population. When requested, adjudication officials could not provide supplementary information to demonstrate that such conditions or mitigating information were considered even though DOD regulations implementing the federal adjudicative guidelines require that such factors be considered and documented when deciding that an adverse condition is not serious enough to deny a clearance.

DOD regulations require that the adjudication officials record their rationale for denying clearance eligibility or for granting it when "significant derogatory information" is found. However, the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) provides no guidance beyond the regulations for determining what constitutes this type of information, the amount of detail to record, and where it will be recorded. Each adjudication facility documents the rationale for its decisions differently; only two of the six facilities maintain complete records that clearly document the adverse conditions that their adjudicators identify and whether they applied any mitigating factors to reduce the risks from these conditions.

Several Factors Hinder the Effectiveness of DOD's Adjudication Process

The Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) has not provided sufficient direction and oversight to DOD's adjudicative process.

- First, although the Assistant Secretary developed explanatory guidance for the adjudicative guidelines in the Adjudicative Desk Reference to help interpret the broad terms in the federal guidelines, he did not require DOD's adjudicators to use it in their reviews or provide any further explanatory guidance. Officials in the Office of the Assistant Secretary were concerned that adjudicators might interpret the guidance in the Desk

Reference as a simple checklist that could be substituted for a careful consideration of all the facts. GAO found that the tool provides more specificity about what constitutes a significant adverse security condition, the rationale for the concern about the condition, and the ways the risks of the condition could be reduced. The Assistant Secretary has not provided any further clarifying guidance, although he is assessing whether such guidance is needed based on continuing questions about the definition of terms in the guidelines.

- Second, the Assistant Secretary has developed core and advanced adjudicative training through DOD's Defense Security Service Academy that is consistent with the federal guidelines, but he has not required adjudicators to take this training. GAO found that almost one-half of the adjudicators on board during fiscal year 2000 had not taken a single course from the Academy since 1995, the time when the adjudicative guidelines were being circulated within DOD and included in Academy courses. Further, the Assistant Secretary has not provided continuing education opportunities, although DOD adjudicator training staff and adjudication facility officials believe that it is necessary to keep adjudicators current on how to apply the federal guidelines. GAO believes that the lack of common training can perpetuate inconsistent application of the federal guidelines.
- Third, the Assistant Secretary has not specified uniform quality assurance procedures to be followed by the adjudication facility officials. As a result, various procedures have been used to monitor the quality of adjudications and, where reviews were done, the results were largely undocumented. Without systematic and documented periodic reviews of all the adjudicative work, neither DOD nor adjudication facility officials have the information they need to oversee or manage the process and to ensure that clearance decisions are made in accordance with the DOD regulations implementing the federal guidelines.

The decentralized structure of DOD's adjudicative process has posed management challenges. Three federal studies over the last decade identified the decentralized structure of the process as the primary cause of cost inefficiencies, policy inconsistencies, and monitoring weaknesses. In 1993, following the first of these studies, DOD reduced the number of adjudication facilities from 19 to 8. Despite the studies' recommendations to further consolidate DOD's process, adjudication facility officials have generally opposed such efforts for various reasons, including the fact that each facility performs unique functions in addition to adjudication that might be lost under a consolidated facility. If the process is to remain decentralized, stronger guidance, direction, and oversight are needed to enhance the consistency with which security clearance decisions are made.

Recommendations for Executive Action

To provide better direction to DOD adjudication officials, improve DOD's oversight, and enhance the effectiveness of the adjudicative process, GAO recommends that the Secretary of Defense direct the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) to

- establish detailed documentation requirements to support adjudication decisions, including all significant adverse security conditions and the mitigating factors relevant to each condition;
- require that all DOD adjudicators use common explanatory guidance, such as that contained in the Adjudicative Desk Reference;
- establish common adjudicator training requirements and work with the Defense Security Service Academy to develop appropriate continuing education opportunities for all DOD adjudicators; and
- establish a common quality assurance program to be implemented by officials in all DOD adjudication facilities and monitor compliance through annual reporting.

Agency Comments and GAO's Evaluation

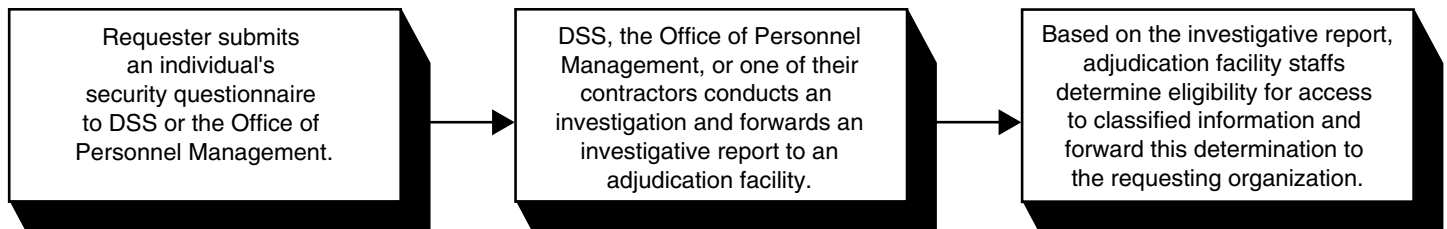
GAO received written comments on a draft of this report from the Department of Defense that are reprinted in appendix I. The agency acknowledged that the data in the report shows that adjudicators have not clearly documented disqualifying or mitigating factors in many cases. Also, the agency acknowledged that it needs to develop more precise and relevant reference material for its adjudicators, improve and expand on training opportunities for its adjudicators, and provide an effective quality assurance program to better ensure uniformity and standardization among the adjudication facilities in support of the agency's mission objectives. The agency concurred with our recommendations and described the actions it plans to take to improve its documentation, guidance, training, and quality assurance program. In addition, the agency provided technical comments to update or clarify key information that we incorporated where appropriate.

Chapter 1: Introduction

Currently, about 2.1 million Department of Defense (DOD) military, civilian, and contractor personnel hold security clearances. More than a half million of these have top secret clearances, which allow access to information that could cause grave danger to national security if disclosed without authorization. Between 1982 and 1999, 80 federal civilian, military, and contractor personnel were convicted of espionage, 68 of whom were DOD employees. Nineteen of these individuals held clearances that allowed access to top secret information. These espionage cases have had serious consequences for the United States because foreign governments, many of which are hostile to the United States, have gained access to such highly classified information as stealth technology; plans for the defense of Europe; the location and use of tactical nuclear weapons; and the identification of U. S. and allied intelligence agents who were subsequently killed. Because compromising classified information can lead to serious damage to U.S. national security, determining which individuals can be expected to best safeguard such information is one of the nation's most serious security obligations.

DOD's Personnel Security Clearance Process

To ensure the trustworthiness, reliability, and loyalty of persons in positions with access to classified information, the federal government depends upon a process that includes (1) a personnel security investigation and (2) a determination of eligibility for access to classified information—a process known as adjudication. As shown in figure 1, DOD's process begins with the individual completing a security questionnaire and a military commander, contractor, or other DOD official submitting a request for a security clearance. DOD's Defense Security Service (DSS), the Office of Personnel Management, or their contractors conduct the investigations.

Figure 1: Personnel Security Investigative and Adjudicative Process

Source: DOD's Defense Office of Hearings and Appeals and DSS.

Once a security investigation is completed, the results are sent to an adjudication facility where an adjudicator, usually a personnel security specialist, is assigned to review the investigative findings. The adjudicator makes a determination, in accordance with DOD regulations implementing the federal adjudicative guidelines, regarding an individual's eligibility for access to classified information.¹ DOD maintains eight adjudication facilities: the Air Force Central Adjudication Facility; the Army Central Personnel Security Clearance Facility; the Defense Intelligence Agency Central Adjudication Facility; the Directorate of Management, Joint Chiefs of Staff Central Adjudication Facility; the Department of the Navy Central Adjudication Facility; the National Security Agency Central Adjudication Facility; the Washington Headquarters Services Consolidated Adjudication Facility; and a two-part organization that makes eligibility determinations for DOD contractor personnel (the Defense Industrial Security Clearance Office in DSS and the Defense Office of Hearings and Appeals in the Defense Legal Services Agency).

On the basis of the adjudicator's review, adjudication facility officials approve, deny, or revoke an individual's eligibility for a clearance. DOD Regulation 5200.2R requires adjudication facility staff to record the rationale for each unfavorable security determination and each favorable determination in which the investigation or other information highlighted significant adverse conditions identified in the federal adjudicative guidelines. The results of the adjudication determination are

¹ In implementing the federal adjudicative guidelines, DOD Regulation 5200.2R *Department of Defense Personnel Security Program*, January 1987, sets forth the policies and procedures for granting DOD military, civilian, and contractor personnel access to classified information. The policies and procedures for granting industrial personnel security clearances are also contained in *DOD Directive 5220.6, Defense Industrial Personnel Security Clearance Review Program*, April 20, 1999.

communicated to the requesting organization, usually the organization where the individual is or will be assigned. The organization then makes the final decision to authorize or limit access to classified information based on the individual's eligibility and the position requirements. Overall, DOD grants security clearance eligibility to the vast majority of applicants; in fiscal year 2000, DOD granted eligibility for about 98 percent of the security clearance requests.

The Assistant Secretary of Defense, Command, Control, Communications, and Intelligence (C3I), has primary responsibility for issuing policy and operating guidance and performing oversight of the adjudicative process. Accountability for DOD's adjudicative process is decentralized. The eight adjudication facilities charged with making adjudication determinations report to the head of their respective military department or defense agency. In fiscal year 2000, the facilities made about 185,000 clearance decisions with 183 adjudicators and a budget of about \$25 million. Appendix II describes the reporting organizations, budget, staffing, and workload for the eight adjudication facilities.

Federal Adjudicative Guidelines Aimed at Achieving Consistent Application

In March 1997, the federal government established a common set of personnel security investigative standards and adjudicative guidelines for determining eligibility for access to classified information. These guidelines were in response to the mandate of Executive Order 12968 that security policies must ensure consistent, cost-effective, and efficient protection of classified information. Such policies foster the consistent application of the federal guidelines to facilitate reciprocity among federal agencies, and thereby avoid unnecessary and costly clearance reevaluations when an individual moves from one agency to another before the clearance eligibility has expired. All federal agencies and departments are to use the federal guidelines in making decisions on security clearances for government civilians, military personnel, consultants, contractor employees, and others who require access to classified information. The guidelines also apply to all clearance types – confidential, secret, and top secret.² The guidelines are based on the collective advice and expertise of a broad cross section of senior representatives from 10 federal agencies and the results of studies of prior

² These classifications refer to information or material that if disclosed without proper authorization could cause varying degrees of damage to national security. For example, disclosure of top secret information could cause grave damage to national security.

espionage cases. DOD instructed adjudication facility officials to begin following the guidelines in 1996 while they were still under review. The President approved the guidelines in March 1997; in November 1998, DOD adopted the guidelines as its official adjudication policy.

The 1997 federal adjudicative guidelines state that each security clearance case is to be judged on its own merits and a final decision to grant, deny, or revoke access to classified information is the responsibility of the specific department or agency. Any doubt about whether a clearance for access to classified information is consistent with national security is to be resolved in favor of national security. Executive Order 12968, which authorized the federal guidelines, makes it clear that a determination to grant clearance eligibility is a discretionary decision based on judgments by appropriately trained adjudicative staff. The guidelines, therefore, are not to be considered a simple checklist. Adjudicators are to consider available, reliable information about the person—past and present, favorable and unfavorable—in reaching an “overall common sense” clearance eligibility determination, a process known as the “whole person” concept.

Criteria for Determining Clearance Eligibility

In making determinations of eligibility for security clearances, the federal guidelines require adjudicators to consider (1) guidelines covering 13 specific areas, (2) adverse conditions or conduct that could raise a security concern and factors that might mitigate (alleviate) the condition for each guideline, and (3) general factors related to the whole person. First, the guidelines state that clearance decisions require a common sense determination of eligibility for access to classified information based upon careful consideration of the following 13 areas:

- allegiance to the United States;
- foreign influence, such as having a family member who is a citizen of a foreign country;
- foreign preference, such as performing military service for a foreign country;
- sexual behavior;
- personal conduct, such as deliberately concealing or falsifying relevant facts when completing a security questionnaire;
- financial considerations;
- alcohol consumption;
- drug involvement;
- emotional, mental, and personality disorders;
- criminal conduct;

- security violations;
- outside activities, such as providing service to or being employed by a foreign country; and
- misuse of information technology systems.

Second, for each of these 13 areas, the guidelines specify (1) numerous significant adverse conditions or conduct that could raise a security concern that may disqualify an individual from obtaining a security clearance and (2) mitigating factors that could allay those security concerns, even when serious, and permit granting a clearance. For example, the financial consideration guideline states that individuals could be denied security clearances based on having a history of not meeting financial obligations. However, this adverse condition could be set aside (referred to as mitigated) if one or more of the following factors were present: the financial condition was not recent, resulted from factors largely beyond the person's control (e.g., loss of employment), or was addressed through counseling.

Third, the adjudicator should evaluate the relevance of an individual's overall conduct by considering the following general factors:

- the nature, extent, and seriousness of the conduct;
- the circumstances surrounding the conduct, to include knowledgeable participation;
- the frequency and recency of the conduct;
- the individual's age and maturity at the time of the conduct;
- the voluntariness of participation;
- the presence or absence of rehabilitation and other pertinent behavioral changes;
- the motivation for the conduct;
- the potential for pressure, coercion, exploitation, or duress; and
- the likelihood of continuation or recurrence.

When the personnel security investigation uncovers no adverse security conditions, the adjudicator's task is fairly straightforward because there is no security condition to mitigate.

Prior Review by GAO

In October 1999, we reported on the first part of the process of obtaining a security clearance—DOD’s security investigative process.³ We found that 92 percent of investigations did not gather all of the information required by federal investigative standards and that the investigations were not completed in a timely manner. We concluded that these problems represented a risk to national security by making DOD vulnerable to espionage. We recommended that the Secretary of Defense improve oversight, identify the personnel security investigative process as containing material internal control weaknesses, and take steps to correct those weaknesses.⁴ We also recommended that the DSS Director develop a strategic plan and performance measures to improve the quality of the investigative work and correct problems in such areas as the case control management system and training. Following our report, DOD began to institute a variety of reforms aimed at improving security investigations. These reforms will not be completed for several more years.

Objectives, Scope, and Methodology

On the basis of the weaknesses we noted in DOD’s personnel security investigative process, the Ranking Member, House Committee on Armed Services, asked us to determine if similar weaknesses might exist in the second step in determining eligibility for security clearances—the adjudicative process. The decentralized management of this process adds special challenges not faced in the centralized investigative process. Our objectives were to (1) assess whether DOD’s adjudicators consistently document all significant adverse security conditions when determining individuals’ eligibility for security clearances and (2) identify factors that might hinder the effectiveness of DOD’s adjudicative process.

To assess whether DOD’s adjudicators consistently document all significant adverse security conditions, we conducted an independent analysis of a sample of 404 randomly selected top secret security

³ [GAO/NSIAD-00-12](#), October 27, 1999. We also reported on DOD’s backlog of overdue personnel security reinvestigations and DOD’s plans to address this problem in *DOD Personnel: More Actions Needed to Address Backlog of Security Clearance Reinvestigations* ([GAO/NSIAD-00-215](#), Aug. 24, 2000) and *DOD Personnel: More Accurate Estimate of Overdue Security Clearance Reinvestigations Is Needed* ([GAO/T-NSIAD-00-246](#), Sept. 20, 2000).

⁴ As we recommended, DOD reported its investigative process weaknesses under the Federal Managers’ Financial Integrity Act of 1982. Under the act, agency managers are publicly accountable for correcting deficiencies; the head of each agency reports annually to the President and the Congress on material control weaknesses and on formal plans for correcting them. See 31 U.S.C. 3512 (d)(2).

clearance requests. We projected the findings from that sample to the approximately 3,800 cases adjudicated by six facilities in May 2000. A detailed discussion of our framework for analyzing adjudicative case files is contained in chapter 2; a detailed discussion of our sampling methodology for the case files is presented in appendix III.

To identify factors that might hinder the effectiveness of DOD's adjudicative process, we (1) evaluated the clarity of guidance to DOD adjudicative staffs on how to apply the federal guidelines, (2) determined the extent that adjudicators had been trained on the guidelines, (3) identified quality assurance mechanisms to ensure that the federal guidelines had been consistently applied and all significant adverse conditions documented, and (4) evaluated DOD's oversight of the process, including challenges posed by its decentralized structure. We discussed these matters with officials in the Office of the Assistant Secretary of Defense (C3I), the eight adjudication facilities, two joint combatant commands, and several industries with DOD contracts requiring personnel to have security clearances. To provide additional context for our findings, we also summarized the key findings of past audits and evaluations of DOD's adjudicative process, which are discussed in appendix IV.

We performed our work at the headquarters' offices of the Assistant Secretary of Defense (C3I); DSS; and the eight adjudication facilities located in the Washington, D.C., metropolitan area; and DOD's Defense Personnel Security Research Center located in Monterey, California.

We conducted our review from January 2000 to March 2001 in accordance with generally accepted government auditing standards.

Chapter 2: DOD Has Not Consistently Documented Significant Adverse Security Conditions

Federal adjudicative guidelines were developed to promote consistency in security clearance eligibility determinations. However, our analysis of a random sample of the case files supporting decisions for eligibility for top secret clearances in May 2000 showed that DOD did not consistently document all significant adverse conditions specified in the federal guidelines as areas of concern. We found two major weaknesses. First, we estimated that about one-third of the study population cases contained significant adverse security conditions that the adjudicators did not document in their records. Second, in about one-sixth of the cases, the adjudicators determined individuals to be eligible for clearances, even though there was no information in the case files to mitigate the adverse conditions. The differences in documenting adverse conditions among the adjudicators in the various adjudication facilities and between the adjudicators and our analysts suggest that the adjudicators may not be consistently applying the adjudicative guidelines. As a result, DOD cannot demonstrate that it had fully considered significant adverse conditions contained in the federal adjudicative guidelines before it granted top secret clearances to individuals.

DOD regulations require that adjudication facility officials record their rationale for denying a clearance or for granting one when significant adverse information as specified in the federal adjudicative guidelines is uncovered. However, the extent of documentation varies widely. The lack of standard documentation requirements for adjudicative decisions hampers DOD's ability to perform meaningful quality reviews and prevents it from demonstrating that it considered all relevant information.

Our Framework for Analyzing Adjudicative Case Files

To evaluate the extent to which DOD adjudicators consistently documented adverse security conditions, we conducted independent reviews of a random sample of cases adjudicated by six of DOD's eight adjudication facilities in May 2000. These six facilities accounted for 97 percent of DOD's clearance adjudications made by DOD's eight adjudication facilities in fiscal year 2000. We selected separate random samples totaling 404 cases from the 6 facilities, which enabled us to project our results to a population of about 3,800 cases adjudicated for top secret clearances by these facilities during that month.¹ The sample included cases being adjudicated for the first time as well as cases that

¹ DOD determined that individuals were eligible for a security clearance in 399 of the 404 cases.

were up for renewal. We included cases adjudicated by the Air Force, the Army, the Defense Intelligence Agency, the Defense Office of Hearings and Appeals, the Navy, and the Washington Headquarters Services because these six adjudication facilities collectively handled all key employee groups—military and civilian personnel and contractors. We also included cases for intelligence agency personnel.

Prior to beginning our case file reviews, our staff received adjudicator training from the DSS Academy, which is the organization responsible for training DOD adjudicators. We also studied and used the DOD regulations implementing the federal adjudicative guidelines. As an aid in performing our reviews, we used DOD’s Adjudicative Desk Reference, which had been recommended by DSS Academy training staff and officials in the Office of the Assistant Secretary of Defense (C3I).²

In our case file reviews, we recorded the significant adverse conditions and the mitigating factors we found in the same investigative files the adjudicators had used in their reviews. To ensure the uniformity of our reviews, we developed a data collection instrument that listed all of the specific security conditions and the general and specific mitigating factors stated in the federal guidelines. To ensure that our instrument was accurate and complete, officials in the Office of the Assistant Secretary of Defense (C3I) and training staff from the DSS Academy reviewed it. We also pretested the instrument using adjudicative case files from DOD’s Defense Office of Hearings and Appeals.

We used a multilevel review process to ensure the accuracy and consistency of our case file reviews. First, two or more of our analysts reviewed each sampled case. Second, at our request, the training staff from the DSS Academy reviewed many of the cases with significant adverse information to ensure that we had correctly applied the guidelines. They also assisted us in determining the seriousness of a condition or whether a condition was mitigated based on the facts contained in many case files. Third, because only two of the six adjudication facilities had recorded data on the specific adverse conditions and mitigating factors they identified in their case files, we asked facility officials to provide any supplementary information or adjudicative-related data to demonstrate which adverse conditions they

² *Adjudicative Desk Reference (Version 99.1 html)*, Defense Personnel Security Research Center, DOD, January 1999.

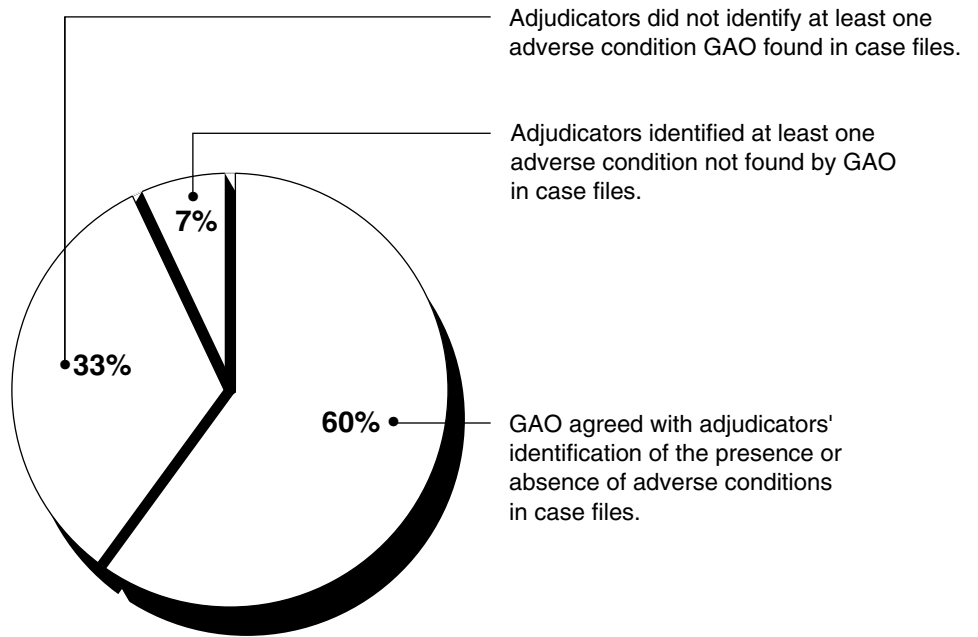
had identified during their reviews. Fourth, we provided the results of our case reviews to DOD officials in the six adjudication facilities, the Office of the Assistant Secretary of Defense (C3I), and the Office of the Deputy General Counsel (Legal Counsel) for review. After considering all of the information supplied by the adjudication facility staffs and the results of the DOD officials' reviews of the cases, our analysts compared the extent to which they and the adjudicators agreed on the presence or absence of significant adverse conditions for each of the 13 federal adjudicative guidelines. We further determined if information was present in the case files to mitigate conditions that we found.

Adjudicators Have Not Consistently Documented Significant Adverse Security Conditions

On the basis of our case reviews, we estimated that DOD adjudicators had not documented all significant adverse conditions present in the case files in 33 percent of the 3,800 cases adjudicated for top secret clearances by the six adjudication facilities in May 2000 (i.e., our study population), as shown by figure 2.³ For another 7 percent of the cases, adjudicators recorded adverse conditions in their records, even though we either found no evidence of such conditions in the case files or the conditions did not appear to meet the criteria in DOD's regulations implementing the federal guidelines. We agreed with the DOD adjudicators' records on the presence or absence of adverse security conditions for the remaining cases.

³Population values can be estimated using findings from a random sample. Moreover, the precision of the estimates can be calculated. For example, the 33 percent estimate has a precision of ± 6 percentage points. That is, we are highly confident that the population value lies between 27 and 39 percent. Unless noted otherwise, the precision level is also ± 6 percentage points or less for our other findings from the combined facilities and ± 10 percentage points or less for the facility-specific findings. See app. III.

Figure 2: Extent DOD Adjudicators Documented Significant Adverse Security Conditions



Source: Population projections based on GAO's random sample from about 3,800 clearance requests adjudicated in May 2000 by six DOD adjudication facilities. See appendix III.

Adjudicators most frequently did not document significant adverse security conditions related to financial problems, personal and criminal conduct, and possible foreign influence as evidenced by their not being documented in facility case files or other records. For the cases in our study population, we estimated that

- 12 percent contained one or more adverse financial conditions, including large credit card debts, bankruptcies, and unexplained affluence, not recorded by the adjudicators;
- 10 percent contained one or more personal conduct conditions, including omitting prior arrests from security questionnaires, not recorded by the adjudicators;
- 10 percent contained one or more foreign influence conditions, including spouses who were not U.S. citizens, frequent travel to a foreign country, or continuing contacts with foreign relatives, not recorded by the adjudicators; and

- 6 percent contained one or more criminal conduct conditions, including arrests, drug use and possession, and driving under the influence of alcohol, not recorded by the adjudicators.

When requested, adjudication officials could not provide supplementary information to demonstrate that such significant conditions were considered even though DOD regulations require adjudicators to document how they consider such conditions in their decisions on eligibility.

Some specific examples of these omissions follow:

- In a case involving a DOD civilian employee, adjudication facility records did not document that the individual had a pattern of adverse financial conditions in his background—a bad debt of \$1,400 in 1989; a declared bankruptcy in 1992; and a current credit card debt totaling \$98,000. Although this information was included in the individual’s credit report, the adjudicator did not record the financial matters as conditions to be considered in the adjudication process. According to the federal adjudicative guidelines, these conditions represent a security concern because the individual has a history of not meeting financial obligations.
- In two cases involving military and civilian personnel, personnel security investigations revealed that the individuals did not disclose arrests for driving under the influence of alcohol and being drunk and disorderly. Yet, these conditions were not documented in the adjudication facilities’ records as matters for consideration in the adjudication process. According to the federal adjudicative guidelines, these conditions are security concerns because the individuals lack candor or exhibit dishonesty and an unwillingness to comply with established rules and regulations.
- In 17 cases involving military or civilian personnel, the adjudication facilities’ records did not show that the security investigations disclosed that the individuals had foreign ties through continuing contact with relatives who were citizens of foreign countries, spouses who were non-U. S. citizens, or property owned in foreign countries but not disclosed on security questionnaires. The federal adjudicative guidelines state that such ties may present a security concern because the individuals may be (1) subject to influence from citizens of a foreign country over the United States, (2) placed in situations where the potential for foreign influence could result in the compromise of classified information, or (3) potentially vulnerable to coercion or pressure from a foreign government.

The differences in documenting significant adverse conditions among the adjudicators in the various adjudication facilities and between the adjudicators and our analysts suggest that the adjudicators may not be consistently applying the adjudicative guidelines. As shown by table 1, the extent to which the adjudicators in the six facilities documented these four conditions varied widely. For example, adjudicators in the Air Force and the Washington Headquarters Services more frequently did not document conditions related to financial matters and foreign influence.

Table 1: Estimated Percent of Cases With Significant Adverse Conditions Not Documented by Six Adjudication Facilities

Adjudication facility	Adjudicative guideline			
	Financial matters	Personal conduct	Foreign influence	Criminal conduct
Air Force	13	14	15	8
Army	8	5	2	4
Navy/Marine Corps	6	8	8	2
Defense Intelligence Agency	13	5	5	2
Defense Office of Hearings and Appeals	5	5	4	7
Washington Headquarters Services	20	1	13	3
Percent for all six facilities	12	10	10	6

Source: Population projections based on GAO's random sample from about 3,800 clearance requests adjudicated in May 2000. See appendix III.

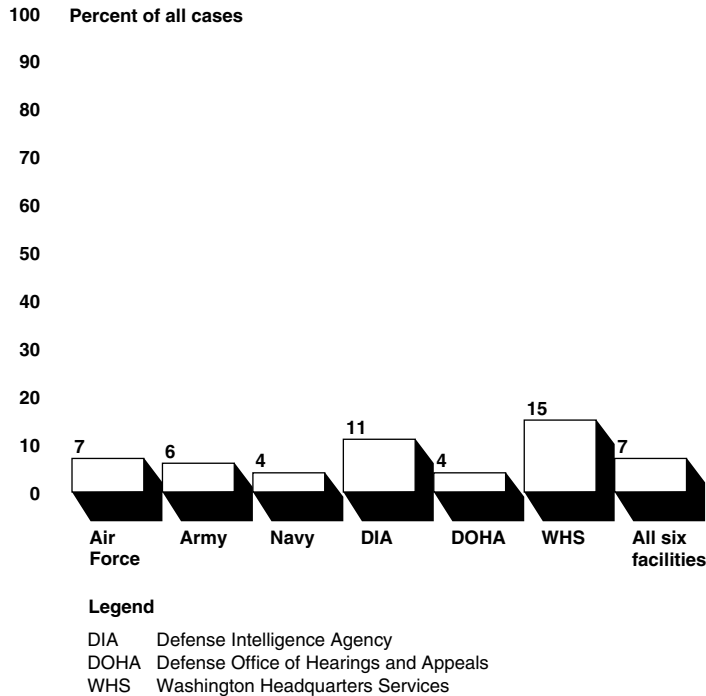
The presence of mitigating information in the files might lessen the potential risks of the adjudicators' omissions. However, on the basis of our analysis, we estimated that 16 percent of the cases in our study population had significant adverse conditions in their case files without any mitigating information. In these cases, adjudication facility staff determined that the individuals were eligible for top secret clearances in the absence of information to mitigate adverse conditions. Some examples of the types of cases we found with no mitigating information were individuals who had (1) spouses, parents, children, and other relatives who were born in foreign countries, such as the former East Germany, South Korea, and Syria with no proof of U.S. citizenship; and (2) a history of financial problems, such as bad debts; unpaid bills, including a failure to file and pay federal income tax amounting to several hundreds of dollars; and large credit card bills with no evidence in the case file that the individuals' income and their spouses would be sufficient to meet the monthly

payments. These types of conditions are listed in the federal adjudicative guidelines as security concerns.

For example, in one case in which the adjudicator had not documented the condition, we found no mitigating factor for the individual's pattern of financial problems (four judgments for unpaid bills, two debts placed for collection, and four accounts currently 30 to 120 days past due) that occurred during the five-year period covered by the adjudication. In another case, an individual had filed for bankruptcy, had three separate actions to garnish wages for unpaid bills, and had one current overdue bill during the current investigative period. For this case, the adjudicator documented that the conditions were mitigated on the basis that (1) bankruptcy is a legal means to satisfy creditors, (2) the three actions to garnish wages had satisfied the unpaid debts, and (3) the current overdue bill was only 30 days past due. We did not find the information sufficient to mitigate this pattern of financial problems. In discussing this case with DSS Academy officials, they stated that, in their opinion, the individual's history showed a history of not meeting financial obligations, which the adjudicative guidelines identify as a security concern.

Unexplained affluence was the adverse condition that was most frequently neither documented nor mitigated. This was true for an estimated 7 percent of the cases in our study population. As shown in figure 3, adjudicators in the Washington Headquarters Services and the Defense Intelligence Agency did not document or mitigate this condition most often. The Adjudicative Desk Reference suggests that unexplained affluence should be considered a potential concern when an individual's monthly payments exceed 20 percent of his/her take home pay. For the most part, the individuals in the cases shown in figure 3 had credit card debts ranging from \$20,000 to over \$200,000 according to their credit reports.

Figure 3: Estimated Percent of Cases Where GAO Found an Unexplained Affluence Condition Not Documented by the Six Adjudication Facilities



Source: Population projections based on GAO's random sample from about 3,800 clearance requests adjudicated for top secret clearances in May 2000. See appendix III.

The following cases are examples of the types of unexplained affluence that we found in the files that were not documented by adjudicators.

- A DOD civilian employee who had credit card balances totaling \$31,000 and three mortgages totaling \$1.2 million. Although the Adjudicative Desk Reference excludes mortgage debt in determining unexplained affluence, adjudication facility staff told us that the large credit card debt and mortgages should have been identified and pursued as a potential unexplained affluence condition. This individual's monthly credit and mortgage payments amounted to nearly \$12,000. The Adjudicative Desk Reference suggests 20 percent of income as the level where a security concern should be noted; this means that the individual would have had to take home about \$60,000 a month. As a federal employee, the individual's take home pay was far less than that and the case file contained no information about income from other members of the family or other

sources. The individual also had a close association with a citizen of a foreign country.

- Three DOD civilian and military personnel who had credit card balances of \$96,000, \$136,000, and \$225,000 listed on their respective credit reports.
- A DOD General Schedule-Grade 7 civilian employee who had credit card balances totaling more than \$40,000. In addition, this individual had also failed to disclose travel to different foreign countries, including visits to foreign relatives, on the security questionnaire.

DSS investigative guidance states that, in instances in which an individual's financial history raises questions about his or her ability to meet financial obligations, the investigator is to obtain a personal financial statement for the record. In the cases we identified with potential unexplained affluence issues, no such statements were present in the files nor was there any indication that adjudicators had requested such statements.

Record Keeping Varies Among Adjudication Facilities

The six individual adjudication facilities in our case reviews differ widely in (1) the types of records they maintain on their eligibility determinations and (2) the manner in which they chose to apply and record adverse security conditions. DOD Regulation 5200.2R requires that adjudication facility staff keep records on the rationale for each unfavorable security determination and each favorable determination in which the investigation or other information has identified significant adverse information. However, neither the regulation nor any other Assistant Secretary of Defense (C3I) guidance specifies how detailed this rationale must be, where it must be documented, or what constitutes unfavorable information.

Only the adjudication staffs in the Defense Intelligence Agency and the Defense Office of Hearings and Appeals routinely recorded data on the specific conditions found in their cases and whether the conditions were mitigated. Adjudication staffs in the Air Force and the Army recorded adverse conditions at the broad guideline level, not the specific adverse condition or the mitigating factor. For example, they sometimes noted that there was a concern related to the financial guideline but not the specific financial condition, such as whether it was a bankruptcy or unexplained affluence, or the applicable mitigating factors. The Navy's adjudicative documentation was similar to that of both the Air Force and the Army, although Navy officials said that they planned to begin recording mitigating information. The adjudication staff at the Washington Headquarters Services recorded adverse information in a tracking system

and had a separate database, which was updated subsequent to our case file review to include more information on mitigating factors.

In addition to the wide differences in the type of and amount of adjudication information recorded, the adjudication facilities have differed in the manner in which they have chosen to apply the federal guidelines and record adverse security conditions. First, adjudication facility officials explained that more experienced adjudicators sometimes adjudicated cases “in their heads” and, therefore, did not document the adverse condition in the case files if they felt the condition was mitigated. Second, in cases involving alcohol consumption and drug involvement, most adjudicators in five of the six adjudication facilities also recorded criminal conduct conditions, as appropriate, in addition to the alcohol or drug condition. That is, adjudicators also recorded a criminal conduct condition for an individual convicted of driving under the influence of alcohol or who admitted to drug use or was charged with drug possession. If the individual was a military member, adjudicators sometimes also recorded a personal conduct condition since drug use or possession is a violation of military personnel policies. In the sixth facility, however, most adjudicators recorded only the primary condition, which was usually alcohol or drug use, and not the relevant related criminal or personal conduct conditions. Officials in the DSS Academy and the Office of the Assistant Secretary of Defense (C3I) agreed that recording relevant additional conditions for individuals who violated the alcohol or drug condition was appropriate for applying the adjudicative guidelines.

Third, we found other inconsistencies in cases involving financial conditions. Some facility adjudicators documented financial conditions for past due bills with relatively small amounts but had not recorded more serious conditions, such as financial judgments against an individual, unpaid debts placed for collection, unpaid bills written off by creditors as bad debts, past due bills between 30 to 120 days, and large credit card bills.

Several problems stem from this lack of common documentation requirements. First, in some cases, information documenting the rationale for decisions is scattered between case files and other supplementary adjudication records; and in other cases, the rationale may not be recorded at all. As a result, adjudication staff must manually reconstruct their rationale for decisions if questioned. Second, the scattered or absent documentation makes it difficult for DOD or facility staff to perform meaningful oversight or quality reviews to identify any systemic weaknesses in the adjudicative process. Third, the differences in the

manner of recording significant adverse conditions may give the impression that certain conditions are more prevalent among certain DOD population groups, when such differences may be due to the inconsistent manner in which DOD adjudicators are applying and documenting their eligibility determinations. Finally, the lack of standard documentation makes it difficult for facilities to share information when personnel granted DOD clearance eligibility move to positions in other DOD agencies or departments. Consequently, time and resources might be used to readjudicate (and possibly reinvestigate) the individual before the previous eligibility expires. This lack of reciprocity was one of the problems that the federal guidelines sought to address.

Conclusions

On the basis of our analysis of DOD adjudication case files, DOD adjudicators have determined that many individuals are eligible for access to top secret classified information without fully documenting potentially significant adverse security conditions in their backgrounds, as called for under DOD regulations implementing the federal adjudicative guidelines. Without full documentation, it is difficult to determine if the adjudicative determinations are based on a sound and consistent application of the federal guidelines. Under these circumstances, DOD cannot demonstrate that it has fully considered conditions that might call into question individuals' ability to safeguard classified information before determining their eligibility for access. DOD's potential risk is especially serious in those cases in which the adjudicators do not document a security condition for which no factors are present in the case files to mitigate the condition. The lack of detailed documentation requirements for adjudicative decisions hampers DOD's ability to perform meaningful quality reviews and prevents it from demonstrating that it considered all relevant information.

Recommendation for Executive Action

To more fully document adjudication decisions, we recommend that the Secretary of Defense direct that the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) establish detailed documentation requirements to support adjudication decisions, including all significant adverse security conditions and any mitigating factors relevant to each condition.

Agency Comments and Our Evaluation

We received written comments on a draft of this report from the Department of Defense that are reprinted in appendix I. The agency acknowledged that the data in the report shows that, in many cases, adjudicators have not clearly documented disqualifying or mitigating factors. The agency concurred with our recommendation and described the actions it plans to take to improve its documentation.

Chapter 3: Several Factors Hinder the Effectiveness of DOD’s Adjudicative Process

We identified several factors that have hindered the effectiveness of DOD’s adjudicative process. These have stemmed primarily from inadequate oversight of the process by the Assistant Secretary of Defense (C3I). Specifically, the Assistant Secretary has not (1) required adjudicators to use common explanatory guidance, such as the Adjudicative Desk Reference, to promote consistency in applying the federal guidelines or issued any other clarifying guidance; (2) required adjudicators to take DOD adjudicative training or afforded them continuing education opportunities to stay current on how to apply the federal guidelines; and (3) established common quality assurance mechanisms to identify any problem areas needing clarifying guidance or training. Federal studies during the past decade noted drawbacks to the decentralized structure DOD uses for its adjudicative process, such as difficulties in performing oversight and ensuring that policy is consistently implemented. If the process is to remain decentralized, strong direction and oversight by the Assistant Secretary of Defense (C3I) are required to promote consistency in applying the federal adjudicative guidelines.

Guidance to Adjudicators Has Been Inadequate

We believe that one possible reason for some of the adjudicators’ failures to document significant adverse conditions has been the absence of guidance to assist them in applying the broad terms in the federal guidelines and DOD’s implementing regulations regarding what constitutes a condition that should be documented. Although DOD has developed a tool to improve the uniformity with which adjudicators apply the federal adjudicative guidelines, DOD adjudicators have not been required to use it. As a result, the tool has not been consistently used.

The federal adjudicative guidelines contain broad, general terms that allow the use of judgment in their application. For example, to determine the seriousness of certain conditions in an individual’s background—such as alcohol and drug use, criminal conduct, and foreign influence—the federal guidelines call for adjudicators to consider, among other things, the “frequency” and “recency” of the conduct, whether foreign contacts were “casual,” and whether foreign holdings were “minimal.” The guidelines, however, do not provide any guidance as to what represents a frequent or recent action, a casual contact, or minimal holdings. Similarly, the guidelines contain provisions that require an individual’s financial condition to be addressed, including unexplained affluence and a failure to satisfy debts, but they do not provide guidance as to the amounts that can represent thresholds for unexplained affluence or debt. As shown in appendix V, 11 of the 13 adjudicative guidelines call for adjudicators to use these general criteria in weighing the seriousness of a security condition.

In May 2000, the Defense Personnel Security Research Center published its report commissioned by the Assistant Secretary of Defense (C3I) on the impact of the new federal investigative standards and adjudicative guidelines on DOD personnel security practices.¹ It noted that many of the 300 adjudication staff who participated in the study's surveys, workshops, and focus groups identified a need to clarify terms used in the guidelines. These included terms describing timing, frequency, and severity of behaviors (e.g., current, recent, isolated, frequent, severe, and serious); and financial interest (e.g., unexplained affluence, over-indebtedness, and substantial financial interest). The Center concluded that such terms could have different meanings to different individuals and therefore might contribute to inconsistencies in the adjudicative process. The Center recommended that DOD develop standard terminology to help clarify these terms.

The Assistant Secretary of Defense (C3I) had earlier recognized the need for more definitive guidance on the terms in the federal guidelines and had tasked the Defense Personnel Security Research Center to develop a tool to assist adjudicators in this regard. The end product of this effort was publication of the Adjudicative Desk Reference in April 1997 and last updated in January 1999. This reference tool provides clarifying criteria for 7 of the 11 guidelines that require judgments considering such factors as the frequency or recency of an individual's conduct. For example, when considering financial matters such as delinquent payments, the Desk Reference states that concerns may be mitigated if there has been no recurrence in 1 year or the individual has participated in credit counseling or a debt repayment program for at least 6 months.

However, the Assistant Secretary of Defense (C3I) has not adopted the Adjudicative Desk Reference as official DOD adjudicative policy and has not required adjudicators to use it in reviewing DOD case files. Nor has the Assistant Secretary provided adjudicators with any other clarifying guidance to use. Officials in the Office of the Assistant Secretary of Defense (C3I), including those in the Defense Personnel Security Research Center, said that, while the Desk Reference offers more specific guidance on the terms, they feared that adjudicators might interpret it as a checklist that could be substituted for a careful consideration of all the facts. According to data obtained from the Center, 46 percent of DOD

¹*Adjudicative Guidelines and Investigative Standards in the Department of Defense*, Defense Personnel Security Research Center, DOD, Technical Report-00-2, May 2000.

adjudicators responding to its survey for its May 2000 report said that they used the Desk Reference to a great or very great extent. The remaining 54 percent used the Desk Reference either to a moderate or slight extent or not at all. In conducting our independent assessments of a sample of adjudicative cases, our analysts used the Desk Reference because its use had been recommended by DSS Academy training staff and by an official in the Office of the Assistant Secretary of Defense (C3I). In discussing the results of our case file reviews with adjudication officials, we found the Desk Reference to be a valuable tool that provided a common frame of reference to our respective determinations. On the basis of our analysis of adjudicative cases described in chapter 2, we do believe that DOD cannot show that careful consideration has been given to all the significant conditions identified when adjudicating cases, and that greater use of a tool to clarify the broad terms in the federal guidelines could help to promote consistent application of the guidelines.

The Assistant Secretary of Defense (C3I) has not issued any further clarifying guidance since developing the Adjudicative Desk Reference. However, because the May 2000 study surfaced continuing questions about the definition of terms in the guidelines, the Assistant Secretary has asked the Defense Personnel Security Research Center to again review the federal guidelines and identify what additional guidance is needed. As part of this effort, the Center is using the Adjudicative Desk Reference it developed as a starting point to determine whether additional guidelines need clarification and if further clarification of the guidance in the Desk Reference is needed. DOD has not established a time frame for the Center to complete its work.

Adjudication Staffs Have Not Received Common DOD Training

The Assistant Secretary of Defense (C3I) has not established uniform training requirements for DOD adjudication facility staffs, and as a result, DOD adjudicators have not received common training and continuing education in applying the federal guidelines. Without sufficient and common training and continuing education for adjudicators, DOD cannot ensure that all adjudicators have acquired the required knowledge and skills necessary to apply the federal guidelines to consistently identify, record, and determine whether security conditions are appropriately mitigated.

Training Academy Offers Training but Not All Adjudicators Attend

Under Executive Order 12968, eligibility for access to classified information is to be based on judgments by appropriately trained adjudicative staff. To implement this directive, DOD offered adjudicative training for many years. Between 1997 and 1999, personnel security training of all types, including that related to adjudication, was significantly restructured and a DSS Academy was established in July 1999. The DSS Academy took steps to ensure that its adjudicative training was consistent with the federal adjudicative guidelines. It uses a DOD contractor specializing in education and a stakeholder panel to perform formal curriculum reviews of the training. The panel is composed of representatives from the Office of the Assistant Secretary of Defense (C3I), the adjudication facilities, and the military service commands. The core adjudicative training is contained in a basic course for new adjudicators and an advanced course for experienced adjudication staff. These two courses cover such topics as how to identify adverse security conditions, apply the mitigating factors, and resolve complex issues.

Although DOD has devoted much effort to develop adjudicative training, the Assistant Secretary of Defense (C3I) has not defined or required a specific training regimen for DOD adjudicators. As part of our review, we determined the extent to which adjudication staff had received adjudication training. We focused on training taken since 1995, the time when the adjudicative guidelines were being circulated within DOD and the Academy began to include them in its courses. Information submitted by all eight adjudication facilities indicated that about half of the 183 adjudicative staff (52 percent) on board in fiscal year 2000 had taken a single course from the Academy. Thirty-eight of the 183 adjudicative staff (21 percent) had taken the official two Academy courses since the federal guidelines were developed. The numbers taking the full range of DOD training varied by adjudication facility. In the Defense Intelligence Agency, none of the 9 adjudicators had taken any Academy training since the federal guidelines were developed; and 1 adjudicator of 9 in the National Security Agency, 3 of 48 in the Army, 3 of 7 in the Washington Headquarters Services, and 4 of 36 in the Air Force had recently taken training.

Other Adjudicator Training Exists but May Not Provide Common Approach

Officials in seven of the eight adjudication facilities stated that they conducted their own internal training to supplement the DSS Academy training. The internal training consisted of a combination of (1) on-the-job training, (2) adjudicative seminars and independent study programs, (3) formal classroom and computer-based training, and (4) contractor courses. Overall, 11 percent of the adjudication staff that had taken some

adjudication training since the new guidelines were being developed had taken training at organizations besides the DSS Academy, either at the adjudication facility or elsewhere. Appendix VI shows the number of adjudication staff who had taken DSS Academy training as well as training taken from other organizations since the federal guidelines were developed.

Although adjudication facility officials believe that this supplemental training can often compensate for the lack of centralized training, it is not without its drawbacks. For example, neither the Office of the Assistant Secretary of Defense (C3I) nor the DSS Academy staffs have reviewed the non-Academy training to ensure that the content is consistent with the federal adjudicative guidelines. Moreover, although adjudication facility officials believe that sending experienced staff to basic or advanced DSS Academy adjudication training would be redundant of their past training or experience, these adjudicators may not have received current training in the federal guidelines. While the staff may have extensive experience and may have taken training in the past, the practices, procedures, and habits that adjudication staff learned may be inconsistent with today's requirements.

Adjudicators Are Not Provided Continuing Education Opportunities

The DSS Academy does not offer continuing education training for adjudicators, although Academy staff acknowledged that such training is needed. Adjudicators themselves have expressed the need for such training. According to DOD's Defense Personnel Security Research Center, over 70 percent of the adjudicators who responded to its survey on the adequacy of adjudication training agreed to a moderate or greater extent that they needed additional training on applying the federal adjudicative guidelines.² Moreover, a 1998 DOD Inspector General review of DOD's adjudicative process noted that adjudicators were not receiving continuing education training, nor was there a training development plan for adjudicators that would allow them to work toward a certificate of adjudication.³ The Inspector General also noted that if adjudicators trained together, reciprocity in clearance determinations would increase within DOD and that other government agencies might more readily accept DOD clearances, eliminating excessive and unnecessary delays caused by

²*Adjudicative Guidelines and Investigative Standards in the Department of Defense.*

³*Department of Defense Adjudication Program, Report No. 98-124, Office of the Inspector General, Department of Defense, April 27, 1998.*

conducting another adjudication. The Inspector General recommended that DOD address these training weaknesses by establishing continuing education standards and a program to encourage the development and certification of professional adjudicators, but at the time we completed our fieldwork, DOD had not done so.

An Effective Quality Assurance Program Is Not in Place

The Assistant Secretary of Defense (C3I) has relied on staffs in the adjudication facilities to implement quality assurance programs and ensure that their clearance actions are consistent with the federal guidelines. However, it has not established uniform quality assurance procedures to be followed by DOD's adjudication facility staffs. As a result, different procedures are followed throughout DOD to determine the quality of adjudications and consistency in the application of the federal guidelines. Moreover, the results of such efforts are largely not documented. Without systematic and documented periodic reviews of all the adjudicative work, neither DOD nor adjudication facility officials have the information they need to oversee or manage the process and to ensure that clearance decisions are made in accordance with DOD regulations implementing the federal guidelines.

DOD Regulation 5200.2R specifies levels of supervisory review over clearance eligibility determinations and requires the components to ensure that the personnel security program is included in their inspection programs covering administrative matters. However, the regulation does not specifically require the DOD components' adjudication facility staff to periodically assess adjudicative actions and report on the extent to which adjudications are consistent with federal guidelines. Officials in the Air Force, the Navy, the Defense Office of Hearings and Appeals, and the National Security Agency adjudication facilities said that they had conducted various types of reviews and that their assessments had shown no significant problems in their adjudication work. However, none could provide documentation on the results of their reviews. None of the other four facilities had formal quality assurance programs, although some had conducted various internal control and management assessments.

Decentralized Process Requires Stronger Oversight

Because of the decentralized structure of DOD's adjudicative process, strong direction and oversight are required to ensure that the many entities involved in the process consistently apply the federal adjudicative guidelines. Three studies done by DOD's Defense Personnel Security Research Center, the Joint Security Commission, and the DOD Inspector

General between 1991 and 1998 concluded that the decentralized structure had definite drawbacks. For example, the studies noted that

- personnel security policy may not be implemented fairly and consistently, leading to varying interpretations and applications of adjudicative guidelines;
- oversight was difficult and may not have been as effective as it would have been had the adjudication facilities been consolidated;
- developing, coordinating, and implementing new adjudicative policy was difficult; and
- the adjudicative process was not cost efficient because of the number of small facilities that were not large enough to operate efficiently.

The Defense Personnel Security Research Center and the Joint Security Commission recommended that DOD consolidate its adjudication facilities (with the exception of the National Security Agency because of the sensitive nature of its work) into a single entity. The studies noted that this consolidation would achieve both direct savings through reduced costs and indirect savings through improvements in customer satisfaction, adjudicative consistency and quality, and timeliness. In the other study, the DOD Inspector General cited the benefits of consolidation but did not make a recommendation. However, the Inspector General noted that without consolidation, DOD needed to improve and streamline its adjudicative procedures to provide consistent and timely security clearance determinations and efficient customer service. Appendix IV summarizes the results of these three studies.

In 1993, DOD partially consolidated its adjudication facilities by reducing them from 19 facilities to the eight in existence today. Officials in the Office of the Assistant Secretary of Defense (C3I) told us that further facility consolidation would help to achieve more consistency in applying the federal guidelines. However, all of the facility heads, with the exception of the Navy, oppose further consolidation for various reasons, such as the fact that each facility performs unique functions in addition to adjudication that might be lost under a consolidated facility. The Army adjudication facility staff, for example, also support screening boards for general officer, colonel, drill sergeant, recruiter, and senior executive service positions. Although resisting physical consolidation, the facilities have agreed to implement the automated Joint Personnel Adjudication System, which is designed to virtually consolidate DOD's adjudicative management information in late 2001. We did not fully evaluate the merits of consolidation, however, we believe that if the process is to remain decentralized, the Assistant Secretary of Defense (C3I) will have to

provide explicit direction regarding documentation, guidance, and training and strong oversight, such as quality assurance reviews, to counter the drawbacks noted by the above studies.

Conclusions

The decentralized manner in which DOD adjudications are conducted makes it imperative that the entity charged with policy direction and oversight take a strong role in guiding and directing the adjudicative process. Thus far, the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) has not performed this role in an effective manner. As it is, the officials at the multiple adjudication facilities have been permitted to operate with a high degree of independence with little oversight, each with its own methods for training its staff, documenting its adjudicative decisions, and monitoring its work. Under this decentralized structure, DOD can hope to achieve greater effectiveness in its adjudicative process only by providing stronger direction than it has in the past.

Without clear guidance and common training, adjudicators may have difficulty in reaching an informed judgment on whether a given security condition is significant enough to warrant disapproving or revoking access to classified information. As a result, determinations among adjudicators may vary widely. The differences in the adjudicative process can be an obstacle to achieving reciprocity with other DOD and executive branch organizations—a key problem that the federal adjudicative guidelines were intended to address. DOD's preparation of an Adjudicative Desk Reference was a positive step in promoting a common understanding of general terms in the federal guidelines. While further refinements may be needed, it would seem that requiring its use as an adjudicative aid or providing another form of clarifying guidance would at least be a positive step toward making DOD's adjudicative process more effective.

Similarly, the lack of a required training regimen and opportunities for continuing education for DOD adjudicators inhibits a common understanding of how to apply the federal guidelines. We believe that the lack of common training could perpetuate inconsistent adjudicative determinations. And, the absence of a prescribed quality assurance program prevents DOD from systematically evaluating whether the adjudications are done in accordance with DOD's regulations implementing the federal guidelines. Such quality assurance information is needed for effective oversight of the adjudicative process.

Recommendations for Executive Action

To provide better direction to DOD's adjudication facility officials, promote consistency in applying the federal guidelines, and provide stronger oversight, we recommend that the Secretary of Defense direct the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) to

- require that all DOD adjudicators use common explanatory guidance, such as that contained in the Adjudicative Desk Reference,
- establish common adjudicator training requirements and work with the Defense Security Service Academy to develop appropriate continuing education opportunities for all DOD adjudicators, and
- establish a common quality assurance program to be implemented by officials in all DOD adjudication facilities and monitor compliance through annual reporting.

Agency Comments and Our Evaluation

We received written comments on a draft of this report from the Department of Defense that are reprinted in appendix I. The agency acknowledged that it needs to develop more precise and relevant reference material for its adjudicators, improve and expand on training opportunities for its adjudicators, and provide an effective quality assurance program to better ensure uniformity and standardization among the adjudication facilities in support of the agency's mission objectives. The agency concurred with our recommendations and described the actions it plans to take to improve its guidance, training, and quality assurance program.

Appendix I: Comments From the Department of Defense



COMMAND, CONTROL,
COMMUNICATIONS, AND
INTELLIGENCE

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
6000 DEFENSE PENTAGON
WASHINGTON, DC 20301-6000

April 11, 2001

Ms. Carol R. Schuster
Director, Defense Capabilities and Management
U.S. General Accounting Office
Washington, DC 20548

Dear Ms. Schuster:

This is the Department of Defense (DoD) response to the GAO draft report, 'DOD PERSONNEL: More Consistency Needed in Determining Eligibility for Top Secret Security Clearances,' dated March 7, 2001 (GAO Code 702028/OSD Case 3050).

DoD largely concurs with the recommendations for improvements in the adjudication process (Enclosure). The GAO auditors were very thorough and conducted a professional review of the eight DoD central adjudication facilities (CAF) and the policies and procedures they operate under. The data displayed in the report shows that DoD adjudicators have not clearly documented disqualifying or mitigating factors in many of the cases. GAO has provided important recommendations to remedy this lack of documentation which we intend to pursue. GAO has also made recommendations regarding reference materials, training requirements and quality assurance.

The adjudication process by nature is a difficult and complex undertaking, especially when trying to document a wide range of human problems and behaviors and evaluate them against various mitigating factors. Most DoD adjudicators are very experienced and successfully conduct thousands of such evaluations every year. The challenge facing the DoD CAFs is to fully and accurately document these evaluations during a time when they are confronted with the need to maintain a high standard of service to their customers while dealing with a large backlog of investigations. In FY02, the Joint Personnel Adjudication System (JPAS) will provide a uniform and standardized automated environment for the eight DoD CAFs to more consistently and effectively accomplish this objective.

It is always a difficult task for adjudicators to predict future behavior based on past conduct, especially considering the inherent ambiguity contained in the adjudication guidelines as well as the need to apply sound judgment and flexibility in addressing a diverse population and mission requirements. It is acknowledged that, when dealing with human beings, deficiencies may exist in program guidance, uniformity in the application of the guidelines, adequacy of reference materials and training of adjudicators. Plans are already underway to address these issues in May 2001 with all DoD CAFs and representatives of the Defense Security Service Academy (DSSA), which provides the adjudicative instruction for DoD.




**Appendix I: Comments From the Department
of Defense**

In order to ensure that full documentation is included in JPAS by the eight DoD CAFs, it is acknowledged that DoD needs to improve and expand training opportunities for its adjudicators; develop more precise and relevant adjudication guidelines and associated reference material; and provide an effective quality assurance program to better ensure uniformity and standardization among the CAFs in support of DoD mission objectives.

My staff and I appreciated the opportunity to work with your staff over the past couple of years in your reviews of and recommendations to improve the DoD personnel security program. We look forward to further mutual collaboration as DoD moves to implement the recommendations contained in this and related reports. If you have any questions regarding this response, please do not hesitate to contact me.

Sincerely,



J. William Leonard
Deputy Assistant Secretary of Defense
(Security and Information Operations)

Enclosure

GAO DRAFT REPORT – DATED MARCH 7, 2001
GAO CODE 702028/OSD CASE 3050

“DOD PERSONNEL: MORE CONSISTENCY NEEDED IN DETERMINING
ELIGIBILITY FOR TOP SECRET SECURITY CLEARANCES”

DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS

RECOMMENDATION 1:

The GAO recommended that the Secretary of Defense direct the Assistant Secretary of Defense for Command, Control, Communications and Intelligence (ASD(C3I)) to establish detailed documentation requirements to support adjudication decisions, including all adverse security conditions and the mitigating factors relevant to each condition.

DOD RESPONSE: Concur. This process is already underway with the pending implementation of the Joint Personnel Adjudication System (JPAS) in October 2001 which will require all DoD central adjudication facilities (CAFs) to enter a much more complete and consistent record of their adjudicative deliberations, especially for cases containing adverse information. JPAS will require the DoD CAFs to enter all adjudicative issues pertaining to the 13 adjudicative guidelines that may be present in a case. There is also a place in JPAS for narrative adjudicative entries that will be required whenever any adjudicative issue is cited in the JPAS “PROFILE” data field. While JPAS will provide the vehicle for fully documenting adjudication reviews, it is acknowledged that additional training, guidance and oversight are needed.

RECOMMENDATION 2:

The GAO recommended that the Secretary of Defense direct the ASD(C3I) to require that all DoD adjudicators use common explanatory guidance such as that contained in the Adjudicative Desk Reference.

DOD RESPONSE: Concur. The Security Directorate, OASD(C3I) and the Defense Personnel Security Research Center (PERSEREC) collaborated closely on the development and implementation of the Adjudicators Desk Reference (ADR). The ADR has been well received both inside and outside the DoD. As valuable a tool as the ADR is to the adjudication process, it does not establish policy on adjudication criteria and was never intended to do so. That is still our position. We will task all DoD CAFs to refer to the ADR in pursuit of their clearance adjudication process, but only as an adjudicative aid and not as policy. In addition, PERSEREC is already involved in a complete review and proposed revision of the 13 adjudicative guidelines. We expect the proposed revised guidelines will be ready for review and coordination within DoD by September 2001. We then expect to propose a revision of the guidelines through the interagency staffing process. It is anticipated that the revised guidelines will be more specific

and provide adjudicators with greater guidance for more consistent application and documentation of the adjudication guidelines.

RECOMMENDATION 3:

The GAO recommended that the Secretary of Defense direct the ASD(C3I) to establish common adjudicator training requirements and work with the Defense Security Service Academy to develop appropriate continuing education opportunities for all DoD adjudicators.

DOD RESPONSE: Concur. The DoD Inspector General has made similar recommendations with regard to adjudicator training and certification that OASD(C3I) will incorporate into the revised DoD 5200.2-R. Preliminary discussions have been held on this issue with the DSSA and further meetings are planned with them and the DoD CAFs to develop relevant and timely continuing education courses, especially in the areas of unexplained affluence and foreign preference.

RECOMMENDATION 4:

The GAO recommended that the Secretary of Defense direct the ASD(C3I) to establish a common quality assurance program to be implemented by officials in all DoD adjudication facilities and monitor compliance through annual reporting.

DOD RESPONSE: Concur. Again, the DoD Inspector General has made a similar recommendation in a previous report and OASD(C3I) is in the process of developing policy and procedures to implement a "peer review" of the DoD CAFs. Based on resource considerations, it is anticipated that CAF members will make up the "peer review" team and will conduct about three reviews per year. It has not yet been decided if these reviews will include a qualitative review of randomly sampled cases at each CAF since this is a time consuming process subject to interpretation and debate. It is estimated that each "peer review" visit would take a maximum of one week with the team consisting of 3-5 members. The DoD "peer review" policy should be in place with visits to begin in FY02.

Appendix II: DOD's Adjudication Facilities

The Assistant Secretary of Defense, (Command, Control, Communications and Intelligence) is responsible for overseeing the adjudicative process in the Department of Defense (DOD). Eight adjudication facilities are responsible for making adjudicative determinations for clearance eligibility. Facility officials report to the heads of their respective military departments or defense agencies through various organizational elements within their respective components. Table 2 shows the organizations to which each facility reports as well as their budget, staffing, and workload for fiscal year 2000. These decentralized adjudication facilities are located in the Washington, D.C.-Baltimore, Maryland, metropolitan area.

Table 2: DOD Adjudicative Budget, Staffing, and Workload for Fiscal Year 2000 by Adjudication Facility and Reporting Organization

Adjudication facility	Budget (in millions ^a)	Number of total facility staff	Number of adjudicative staff	Number of adjudications	Reporting organization
Air Force	\$5.2	78	36	69,000	Administrative Assistant to the Secretary of the Air Force
Army	5.7	101	48	28,000	Adjutant General, U.S. Army Personnel Command
Defense Intelligence Agency	Not available	25	9	5,000	Counterintelligence and Security Activity, Directorate of Administration, Defense Intelligence Agency
Defense Office of Hearings and Appeals	8.1	64	12 ^b	10,200 ^c	Defense Legal Services Agency
Joint Chiefs of Staff	.05	5	2	2,000	Directorate of Management, Joint Staff
National Security Agency	Not available	26	9	4,200	Office of Security Services, National Security Agency
Navy	4.4	72	60	51,000	Naval Criminal Investigative Service
Washington Headquarters Services	1.0	12	7	16,000	Personnel and Security Directorate, Washington Headquarters Services
Total	\$24.45	383	183	185,400^d	

^aDollars were rounded.

^bThe Defense Office of Hearings and Appeals also has 14 administrative judges who consider appeals but also adjudicate cases with significant adverse security conditions.

**Appendix II: DOD's
Adjudication Facilities**

⁶About 79,000 other industrial personnel clearance requests were handled by the Defense Industrial Security Clearance Office in the Defense Security Service (DSS) rather than the Defense Office of Hearings and Appeals because the related investigations disclosed no adverse conditions. Concurrent with our review, DOD's Office of the Inspector General reviewed the adequacy of DSS's adjudication process for granting contractor security clearances. See *DOD Adjudication of Contractor Security Clearances Granted by the Defense Security Service*, Report No. D-2001-065, Office of the Inspector General, DOD, February 28, 2001.

⁷The number of clearance adjudications made in fiscal year 2000 was less than prior years. For the prior 5 fiscal years, DOD made, on average, 277,500 adjudications per year; the lowest number of adjudications made was 241,300 in fiscal year 1999.

Source: GAO analysis of data from DOD adjudication facility officials.

Appendix III: GAO's Sampling Methodology Used in Reviewing DOD Adjudications

To determine whether DOD consistently documented significant adverse security conditions, we sampled 404 cases from the 3,806 requests for top secret clearance eligibility that were adjudicated by six of the eight DOD adjudication facilities in May 2000 (see table 3). We selected separate random samples for the Air Force, the Army, the Defense Intelligence Agency, the Defense Office of Hearings and Appeals, the Navy, and the Washington Headquarters Services. When we began reviewing the cases, however, we found that the adjudication facility officials had erroneously listed cases that should not have been in the population. We, therefore, adjusted the numbers for the populations to reflect the actual number of correctly categorized cases in the sample.

Table 3: Number of Top Secret Adjudications Made by Adjudicators in Six DOD Facilities and Sampled by GAO

DOD adjudication facility	Adjusted number of adjudicative actions in May 2000	Adjusted number of adjudications sampled by GAO
Air Force	2,122	93
Army	1,148	85
Defense Intelligence Agency	82	47
Defense Office of Hearings and Appeals	94	52
Navy	97	48
Washington Headquarters Services	263	79
Total	3,806	404

Source: GAO compilation of DOD adjudications in May 2000 for six DOD adjudication facilities.

The sampling strategy (i.e., the number of cases selected) was designed to yield a precision of ± 10 percentage points or less for findings that described each adjudication facility. In addition to obtaining this precision for facility-specific findings, the finding for the combined six facilities was ± 6 percentage points or less. All precision rates were constructed using a 95-percent confidence level.

This sampling strategy permitted us to project findings to the study population of approximately 3,800 top secret cases. The findings are provided as percentages rather than numbers of cases because of the problems encountered in obtaining accurate lists of the May 2000 populations from adjudication facility officials. The percentages presented in the report are estimates of the occurrence of our findings for the adjudicative actions in May 2000 shown in table 3.

The details of our framework for case file reviews are presented in chapter 2.

Appendix IV: Prior Reviews of DOD's Adjudicative Process

Three federal studies done between 1991 and 1998 assessed DOD's adjudicative process. The studies found problems in oversight, inconsistencies in adjudicating clearance eligibility, and cost inefficiencies. The results of these studies are summarized below.

Study by the Defense Personnel Security Research Center (1991)

The Defense Personnel Security Research Center was founded in 1986 to conduct research to improve the effectiveness, efficiency, and fairness of DOD security systems. In March 1991, the Deputy Under Secretary of Defense (Security Policy) directed the Center to study DOD's adjudicative process.¹ At that time, DOD had 19 adjudicative facilities and the study's objective was to determine if DOD could improve its efficiency and effectiveness by consolidating these facilities. The four areas reviewed were (1) the total cost of the system; (2) customer satisfaction; (3) the quality, consistency, and timeliness of clearance decisions; and (4) the ability of the system to adapt to changing conditions. The Center gathered data on the structure and functions of the facilities and held structured interviews with facility staff. The Center found both strengths and weaknesses in the decentralized system. Among the strengths, it found that the facilities did "reasonably well" in meeting DOD goals for customer requirements and priorities and that adjudicative staff were trained and experienced in meeting the needs and requirements of their respective components. The study also found three weaknesses:

- First, personnel security policy may not have been implemented fairly and consistently, leading to varying interpretations and applications of adjudicative guidelines.
- Second, monitoring was difficult and may not have been as effective as it might have been in a more consolidated structure. It stated that with the 19 facilities, it was difficult, and sometimes impossible, for DOD to implement common automation changes; develop, coordinate, and implement new adjudicative policy; and implement procedures to ensure the timely and coordinated flow of adjudicative information throughout the system.
- Third, the system was potentially inefficient in terms of cost. Some small facilities, it stated, were not large enough to operate efficiently and could be more efficient if the smaller facilities were combined.

¹ *Consolidation of Personnel Security Adjudication in DOD*, Defense Personnel Security Research Center, DOD, PERS-TR-92-001, October 1991.

The Center concluded that these weaknesses resulted from the large number of facilities, and it proposed two consolidation options. The first option assigned all DOD adjudicative operations, except the National Security Agency, to six authorities instead of 19 facilities.² Three facilities would make clearance and access determinations for the Army, the Air Force, and the Navy; a consolidated defense agency facility would adjudicate clearance determinations for the defense and intelligence agencies, such as DOD Inspector General staff; an organization in the Office of the Secretary of Defense would adjudicate Defense Intelligence Agency clearances; and two separate organizations would be merged into one to adjudicate industry clearances. The Center noted that this option would require one-time consolidation costs for moving offices, building upgrades, and purchasing furniture and automation equipment. Over 10 years, the Center estimated cost savings of \$10 million over the then current system of 19 facilities.

Under the Center's second option, all DOD adjudication facilities, except the National Security Agency, would be consolidated into one. This option was intended to (1) improve DOD adjudicative operations by streamlining command and control, (2) ensure uniform implementation of DOD policy and procedures, and (3) maximize the potential for cost savings. Under this option, the consolidated facility would be under the authority of the Assistant Secretary of Defense (C3I). Some of the existing adjudication facility heads expressed concerns that this option might not be responsive to the special requirements and priorities of individual components and, lacking adjudicative authority, the components could not direct the facility to be more responsive to their requirements. To address these concerns, the Center proposed that DOD establish two advisory boards under the Assistant Secretary to formally review aspects of the facility's operations: a Standards Review Board to ensure compliance with applicable standards and procedures and a Requirements Review Board to ensure that component personnel security programs were being supported and priorities were being met.

Under this full consolidation option, the Center estimated cost savings over a 10-year period of \$41 million. These savings would result from:

² Consolidating the National Security Agency adjudicative functions was not considered because of its highly sensitive mission, and historically the agency has maintained close control over adjudicating personnel with access to its intelligence information.

- annual reductions of work years by eliminating duplicate adjudications and performance improvement resulting from the larger facility taking less time to adjudicate cases than small facilities,
- economies of scale that would reduce the number of required work years for adjudication, and
- reduced labor costs based on a more efficient grade structure and span of control in a large facility than in smaller ones.

Despite what it cited as the compelling advantages for consolidating DOD's adjudicative functions under a single facility, the Center recommended that option 1 (six facilities) was a more conservative course for DOD. It stated that despite the risks, the implementation of a single adjudication facility was favored because it was consistent with the current consolidation trend in DOD that resulted from shrinking resources and changing missions. The Center concluded by noting that if DOD decided to implement option 1, this consolidation would be compatible with any future decision to consolidate into one organization. It stated that the most efficient manner to move from the current system of multiple facilities to one facility was to use a phased implementation plan and six facilities was a natural evolution from the current system. It stated that DOD could first implement a partial consolidation under option 1 and then assess the feasibility of moving to a single adjudication facility (option 2) at a future date.

Instead of the options proposed by the Center, in September 1993, DOD chose to consolidate its 19 adjudication facilities into eight—the structure currently in place. DOD's rationale was that this structure was the best way to ensure efficiency, customer responsiveness, and the quality of adjudicative work. Instead of the six facilities recommended by the Center, DOD chose to maintain two separate organizations to adjudicate clearances for the Joint Chiefs of Staff and the National Security Agency, resulting in the eight facilities that exist today.

Study by the Joint Security Commission (1994)

In 1994, the Joint Security Commission issued a report that included its assessment of DOD's adjudicative process.³ The Commission, formed at the request of the Secretary of Defense and the Director of Central Intelligence, was to develop a more simplified, uniform, and cost-effective

³ *Redefining Security: A Report to the Secretary of Defense and the Director of Central Intelligence*, Joint Security Commission, February 28, 1994.

approach to security that would not diminish protection. It drew upon the advice and expertise of staff from the Central Intelligence Agency, DOD, the National Security Agency, and the Department of Energy and obtained views from policymakers, Members of the Congress, military and industry representatives, and public interest groups. The Commission noted that, at the time it was conducting its work, DOD was consolidating its 19 adjudication facilities into 8. However, it noted that, staffing at the facilities varied widely (one facility had only one person) and all of the facilities were substantially understaffed and faced significant budget reductions. The Commission found the adjudication structure inefficient and the adjudication facilities were untimely in their actions and were not meeting customer needs. It also noted that few of the facilities had strategic plans in place for their operations or used automation to manage their processes.

The Commission concluded that DOD would benefit substantially from consolidating its adjudicative facilities into one organization. In its opinion, larger facilities tended to be more efficient than smaller ones, and in addition to direct savings resulting from maintaining a single adjudication facility instead of eight, DOD would accrue substantial savings through increased improved timeliness of clearance actions and better responsiveness to customer needs. The Commission recommended that DOD merge all of its adjudicative facilities (except the National Security Agency) into one organization reporting to the appropriate Under Secretary or Assistant Secretary of Defense. DOD has taken no action to respond to the Commission's recommendation.

Study by the DOD
Inspector General (1998)

In April 1998, DOD's Inspector General reviewed DOD's adjudicative process to determine the feasibility of consolidating DOD adjudication facilities.⁴ In conducting its work, the Inspector General (1) analyzed data from DOD adjudication facilities on operating costs, staffing, and adjudication workload from fiscal year 1994 through 1997 and (2) interviewed officials from the Office of the Assistant Secretary of Defense (C3I), the adjudication facilities, and other DOD components. Similar to the findings of the Defense Personnel Security Research Center and the Joint Security Commission, the Inspector General found that DOD needed to improve and streamline its adjudication procedures to provide

⁴ *Department of Defense Adjudication Program, Report No. 98-124*, Office of the Inspector General, Department of Defense, April 27, 1998.

consistent and timely security clearances. For example, the Inspector General found that although uniform federal adjudicative guidelines were adopted in 1997, clearance transfers continued to entail paperwork and that administrative action and reciprocal acceptance was not automatic. The Inspector General noted that such administrative processing could delay the transfer of the clearance from 1 week to several months, even though the person was fully eligible for a security clearance and program access in his or her prior organization. The Inspector General also noted that customers of the adjudication facilities had expressed dissatisfaction with the time it took to make clearance decisions. For example, the Inspector General cited that Army clearances with adverse conditions took from 153 to 212 days to process and Air Force cases took, on average, 360 days to process. The Inspector General also found inefficient practices and confusion among the DOD joint combatant commands as a result of having to deal with multiple adjudication facilities and variances in processing clearance requests. For example, the Inspector General noted that (1) the commands used guidance and forms specific to each adjudication facility to process personnel security clearances and (2) the variation in processing and forms could be confusing for staff supporting the commands' security functions, since some of them operated without formal training and supported the function as an additional duty. Although the Inspector General noted that consolidation of DOD adjudication facilities into a single entity was feasible and had merits, it did not take a position on the matter. However, the Inspector General stated that with or without consolidation, DOD needed to improve and streamline its adjudication procedures to provide consistent and timely security clearances and efficient customer service.

Appendix V: Criteria for Mitigating Security Conditions

Table 4 describes the federal adjudicative guidelines and certain mitigating criteria that call for adjudicators to use judgment in applying general terms when making clearance eligibility determinations.

Table 4: Examples of Mitigating Conditions Requiring Judgment Regarding Broad Terms in the Federal Guidelines

Adjudicative guideline^a	Examples of mitigating security conditions containing broad terms
Allegiance to the United States	Involvement in questionable activities occurred for only a short period of time or was not recent.
Foreign influence	Contact and correspondence with foreign citizens are casual and infrequent. Foreign financial interests are minimal.
Sexual behavior	The behavior was not recent.
Personal conduct	Omission or falsification of relevant facts on a security questionnaire or falsification to or concealment from an investigator, security official, or others was not recent.
Financial considerations	A history of unsatisfied financial obligations or debts was not recent or was an isolated incident. Unexplained affluence was from a legal source.
Alcohol consumption	The alcohol problem occurred a number of years ago and there is no indication of a recent problem.
Drug involvement	Drug involvement was not recent.
Emotional, mental, and personality disorders	There is no indication of a current problem. There is a recent opinion made by a mental health professional that the disorder is cured, under control or in remission, and has a low probability of recurrence or exacerbation. The past emotional instability was a temporary condition.
Criminal conduct	Criminal behavior was not recent or was an isolated incident.
Security violations	The violations were isolated or infrequent.
Misuse of information technology systems	The violations were isolated.

^aTwo guidelines (foreign preference and outside activities) were not included because they do not require assessments of recency, frequency, etc. Criteria listed are from the federal adjudicative guidelines.

Source: GAO review of the Office of the Assistant Secretary of Defense (C3I) memorandum of November 10, 1998, on Personnel Security Investigations and Adjudications, Attachment 1: Adjudicative Guidelines for Determining Eligibility for Access to Classified Information.

Appendix VI: Training Taken by DOD Adjudicators Since 1995

This appendix describes the adjudicative training taken by DOD adjudicators since 1995, the time when the federal adjudicative guidelines were being circulated within DOD and incorporated into Defense Security Service Academy courses. Table 5 includes both formal training offered by the DSS Academy and other training offered by the adjudication facilities and other organizations.

Table 5: Adjudicative Training Taken by DOD Adjudicators Since 1995

Adjudication facility	Number of adjudicators ^a	Number (percent) receiving any training ^b	Number (percent) receiving DSS Academy training		Number (percent) receiving non-DOD training
			One course taken	Two courses taken	
Air Force	36	27 (89%)	27 (75%)	4 (11%)	0
Army	48	41 (35%)	30 (62%)	3 (6%)	11 (23%)
Defense Intelligence Agency	9	5 (56%)	0	0	5 (55%)
Defense Office of Hearings and Appeals	12 ^c	9 (75%)	9 (75%)	9 (75%)	0
Joint Chiefs of Staff	2	2 (100%)	2 (100%)	2 (100%)	0
National Security Agency	9	5 (56%)	2 (22%)	1 (11%)	3 (33%)
Navy	60	22 (37%)	20 (33%)	16 (27%)	2 (3%)
Washington Headquarters Services	7	5 (71%)	5 (71%)	3 (43%)	0
Total	183	116 (63%)	95 (52%)	38 (21%)	21 (11%)

^aAdjudicators on board in fiscal year 2000.

^bConsists of DSS Academy and other training to include formal and informal programs, such as conferences, seminars and on-the-job training.

^cDefense Office of Hearings and Appeals data includes training taken by adjudicators since they were involved in the cases GAO reviewed and excludes information for the 14 administrative judges who consider appeals but also adjudicate cases with significant adverse security conditions.

Source: GAO analysis of data provided by DOD adjudication facilities.

Appendix VII: GAO Contacts and Staff Acknowledgments

GAO Contacts

Christine Fossett (202) 512-2956
Rodney Ragan (202) 512-4158

Acknowledgments

In addition to those named above, Frank Bowen, John Brosnan, Tracy Brown, Leo Clarke, Carole Coffey, Jack Edwards, Brian Hackett, Ernie Jackson, Arthur Kendall, Bennett Quade, Jane Trahan, Dale Wineholt, and Susan Woodward made significant contributions to this report.

Ordering Information

The first copy of each GAO report is free. Additional copies of reports are \$2 each. A check or money order should be made out to the Superintendent of Documents. VISA and MasterCard credit cards are also accepted.

Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013

Orders by visiting:

Room 1100
700 4th St., NW (corner of 4th and G Sts. NW)
Washington, DC 20013

Orders by phone:

(202) 512-6000
fax: (202) 512-6061
TDD (202) 512-2537

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

Orders by Internet

For information on how to access GAO reports on the Internet, send an e-mail message with "info" in the body to:

Info@www.gao.gov

or visit GAO's World Wide Web home page at:

<http://www.gao.gov>

To Report Fraud, Waste, and Abuse in Federal Programs

Contact one:

- Web site: <http://www.gao.gov/fraudnet/fraudnet.htm>
- E-mail: fraudnet@gao.gov
- 1-800-424-5454 (automated answering system)