

**GAO**

Testimony

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Committee on Armed Services,  
House of Representatives

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# DOD PERSONNEL CLEARANCES

## DOD Faces Multiple Challenges in Its Efforts to Improve Clearance Processes for Industry Personnel

Statement of Jack E. Edwards, Acting Director  
Defense Capabilities and Management





Highlights of [GAO-08-470T](#), a testimony before the Subcommittee on Readiness, Committee on Armed Services, House of Representatives

## Why GAO Did This Study

The Department of Defense (DOD) maintains approximately 2.5 million security clearances on servicemembers, federal DOD civilian employees, industry personnel for DOD and 23 other federal agencies, and employees in the legislative branch. Delays in determining eligibility for a clearance can heighten the risk that classified information will be disclosed to unauthorized sources, increase contract costs, and pose problems in attracting and retaining qualified personnel. In this statement, GAO addresses: (1) the status of DOD's efforts to improve its projections of the numbers of clearances needed for industry personnel, and (2) other long-standing challenges that have a negative effect on the efficiency and effectiveness of DOD's personnel security clearance program for industry personnel. This statement is based on a report GAO is issuing today ([GAO-08-350](#)) and other prior work, which included reviews of clearance-related documents and interviews of senior officials at DOD and the Office of Personnel Management (OPM).

## What GAO Recommends

GAO made recommendations to address DOD's security clearance challenges. For example, in the report we are issuing today, GAO recommended that DOD provide Congress with information on funding and quality in clearance processes. DOD concurred and indicated it would provide that information in its 2009 report to Congress.

To view the full product, click on [GAO-08-470T](#). For more information, contact Jack Edwards at (202) 512-8246 or [edwardsj@gao.gov](mailto:edwardsj@gao.gov), or Brenda Farrell at (202) 512-3604 or [farrellb@gao.gov](mailto:farrellb@gao.gov).

## DOD PERSONNEL CLEARANCES

### DOD Faces Multiple Challenges in Its Efforts to Improve Clearance Processes for Industry Personnel

#### What GAO Found

DOD has had a long-standing challenge in accurately projecting the number of clearance investigations that will be required in the future for industry personnel. The Office of Management and Budget (OMB) developed criteria for these projections in November 2005. It established a governmentwide goal for agencies to refine their projections of the number of clearance investigations that will be required in any given year to be within 5 percent of the number of actual requests for investigation. At a May 2006 congressional hearing, an OPM Assistant Director stated that DOD had exceeded its departmentwide projection by 59 percent for the first half of fiscal year 2006. The negative effects of such inaccurate projections include impediments to workload planning and funding. GAO noted the problem with the accuracy of DOD's projections in its February 2004 report and recommended that DOD improve its projections for industry personnel. In the report it is issuing today, GAO noted that DOD has initiated changes to improve its estimates of future investigation needs and is conducting research that may change these methods further. For example, in 2006, DOD took steps to increase the response rate of its annual survey used as a basis for determining its projections. In 2007, it changed its methods for analyzing data that informs its projections. However, DOD has not yet demonstrated the effectiveness of these changes.

DOD must address additional long-standing challenges or issues in order to improve the efficiency and accuracy of its personnel security clearance program for industry personnel. First, continuing delays in determining clearance eligibility can result in increased costs and risk to national security. For example, when new employees' clearances are delayed, it affects their abilities to perform their duties fully since they do not have access to classified material. Second, DOD and the rest of the federal government provide limited information to one another on how they individually ensure the quality of clearance products and procedures, which affects reciprocity of clearances. Reciprocity occurs when one government agency fully accepts a security clearance granted by another government agency. GAO's September 2006 report noted that agencies may not reciprocally recognize clearances granted by other agencies because of concerns that other agencies may have granted clearances based on inadequate investigations and adjudications. Third, in DOD's August 2007 report to Congress, it provided less than 2 years of funding-requirements information, which limits congressional awareness of future year requirements for this program. Fourth, DOD does not have a comprehensive DOD-specific plan to address delays in its clearance program. While there is a governmentwide effort to reform the clearance process, it is projected not to be operational until beyond December 2008.

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Chairman Ortiz and Members of the Subcommittee:

I am pleased to be here today to discuss several of the long-standing challenges that affect the efficiency and effectiveness of the Department of Defense's (DOD) personnel security clearance program for industry personnel. DOD's clearance program maintains approximately 2.5 million clearances on servicemembers, federal DOD civilian employees, industry personnel for DOD and 23 other federal agencies, and employees in the federal legislative branch. For more than two decades, we have documented challenges to DOD's clearance program.

Long-standing delays in determining clearance eligibility and other clearance challenges led us to designate DOD's personnel security clearance program as a high-risk area in January 2005 and to continue that designation in the updated list of high-risk areas that we published in 2007.<sup>1</sup> We identified this as a high-risk area because problems in the clearance program can negatively affect national security. For example, delays in renewing security clearances for personnel who are already doing classified work can lead to a heightened risk of unauthorized disclosure of classified information. In contrast, delays in providing initial security clearances for previously noncleared personnel can result in other negative consequences, such as additional costs and delays in completing national security-related contracts, lost-opportunity costs, and problems retaining the best qualified personnel. At the same time, our work has acknowledged recent improvements to the department's clearance processes that were DOD-specific or part of governmentwide efforts.

My statement today will focus on two issues: (1) the status of DOD's efforts to improve its projections of the number of clearances needed for industry personnel, and (2) an overview of other long-standing challenges that have a negative effect on the efficiency and effectiveness of DOD's personnel security clearance program for industry personnel. My statement draws on a report which we are issuing today<sup>2</sup> and on our prior

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<sup>1</sup>GAO, *High-Risk Series: An Update*, [GAO-07-310](#) (Washington, D.C.: January 2007); and *High-Risk Series: An Update*, [GAO-05-207](#) (Washington, D.C.: January 2005). The areas on our high-risk list received their designation because they are major programs and operations that need urgent attention and transformation in order to ensure that our national government functions in the most economical, efficient, and effective manner possible.

<sup>2</sup>GAO, *DOD Personnel Clearances: Improved Annual Reporting Would Enable More Informed Congressional Oversight*, [GAO-08-350](#) (Washington, D.C.: Feb. 13, 2008).

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work on clearance processes which included reviews of clearance related documents and interviews of senior officials at DOD and the Office of Personnel Management (OPM) which has the primary responsibility for providing investigation services to DOD. Our work was performed in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objectives. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. A list of our related GAO products can be found at the end of this statement.

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## Summary

DOD has had a long-standing challenge in accurately projecting the number of clearance investigations that will be required in the future for industry personnel. In November 2005, the Office of Management and Budget (OMB) reported a governmentwide goal for agencies to refine their projections of the number of clearance investigations that will be required in any given year to be within 5 percent of the numbers of actual requests for investigation. In contrast, at a May 2006 congressional hearing, an OPM Assistant Director stated that DOD's actual number of clearance investigation requests exceeded its departmentwide projection by 59 percent for the first half of fiscal year 2006. The negative effects of such inaccurate projections include impediments to workload planning and funding. These negative effects led us to recommend in our February 2004 report that DOD improve its projections for industry personnel. In the report we are issuing today on security clearances, we note that DOD initiated changes to improve its estimates of future investigation needs and is conducting research that may change these methods further. DOD's Defense Security Service (DSS) took steps to improve the response rate of its annual survey used to determine the number of clearances that industry anticipates needing in order to perform classified work. First, in 2006 to improve response rates, DSS made its annual survey accessible through the Internet, and DSS field staff began actively encouraging industry representatives to complete this voluntary survey. Second, in 2007, DSS changed the methods it uses to analyze the survey data. For example, DSS began performing weekly analyses of future investigation needs rather than relying on the previous method of performing a one-time annual analysis of its survey results. DSS also changed its analysis procedures by including variables (e.g., company size) not previously accounted for in its analyses. In addition to these recent changes to the methods DSS uses to develop its projections, DOD is conducting research that may change

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these methods further. However, DOD has not yet demonstrated the effectiveness of these changes.

DOD must address additional long-standing challenges or issues in order to improve the efficiency and effectiveness of its personnel security clearance program for industry personnel. First, delays in determining the eligibility for a clearance continue. For example, DOD's August 2007 congressionally mandated report on clearances for industry personnel noted that it took 276 days to complete the end-to-end processing of initial top secret clearances in the first 6 months of fiscal year 2007. These delays result in increased costs and risk to national security, such as when new industry employees are not able to begin work promptly and employees with outdated clearances have access to classified documents.<sup>3</sup> Second, DOD and the rest of the federal government provide limited information to one another on how they individually ensure the quality of clearance products and procedures which affects reciprocity of clearances. Reciprocity occurs when one government agency fully accepts a security clearance granted by another government agency. In our September 2006 report, we noted that agencies may not reciprocally recognize clearances granted by other agencies because the other agencies may have granted clearances based on inadequate investigations and adjudications.<sup>4</sup> Third, in DOD's August 2007 report to Congress it provided less than 2 years of funding-requirements information which limits congressional awareness of future year requirements for this program. Fourth, DOD currently has no comprehensive DOD-specific plan to address delays in its clearance program. There is a new governmentwide effort led by an interagency security clearance process reform team to reduce delays in the security clearance process.<sup>5</sup> However, the future system will not be operational until some time after December 2008. We have recommended that DOD take several actions to address each of these challenges in our prior work. Most recently, in the report we are issuing today, we are recommending that DOD augment its annual report on industry personnel security clearances with additional information on funding and quality in clearance processes. DOD concurred with those recommendations and indicated it would provide that information in its 2009 report.

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<sup>3</sup>[GAO-08-350](#).

<sup>4</sup>GAO, *DOD Personnel Clearances: Additional OMB Actions Are Needed to Improve the Security Clearance Process*, [GAO-06-1070](#) (Washington, D.C.: Sept. 28, 2006).

<sup>5</sup>[GAO-08-350](#).

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## Background

As with servicemembers and federal workers, industry personnel must obtain security clearances to gain access to classified information. Clearances are categorized into three levels: top secret, secret, and confidential. The level of classification denotes the degree of protection required for information and the amount of damage that unauthorized disclosure could reasonably cause to national security. The degree of expected damage that unauthorized disclosure could reasonably be expected to cause is “exceptionally grave damage” for top secret information, “serious damage” for secret information, and “damage” for confidential information.<sup>6</sup>

DOD’s Office of the Under Secretary of Defense for Intelligence [OUSD(I)] has responsibility for determining eligibility for clearances for servicemembers, DOD civilian employees, and industry personnel performing work for DOD and 23 other federal agencies, and employees in the federal legislative branch.<sup>7</sup> That responsibility includes obtaining background investigations, primarily through OPM. Within OUSD(I), DSS uses OPM-provided investigative reports to determine clearance eligibility of industry personnel. DOD has responsibility for adjudicating the clearances of servicemembers, DOD civilians, and industry personnel. Two DOD offices are responsible for adjudicating cases involving industry personnel: the Defense Industrial Security Clearance Office within DSS and the Defense Office of Hearings and Appeals within the Defense Legal Agency. Accordingly, the Defense Industrial Security Clearance Office adjudicates cases that contain only favorable information or minor issues regarding security concerns (e.g., some overseas travel by the individual). The Defense Office of Hearings and Appeals adjudicates cases containing major security issues (e.g., an individual’s unexplained affluence or

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<sup>6</sup>5 C.F.R. § 1312.4 (2007).

<sup>7</sup>DOD, *National Industrial Security Program: Operating Manual*, DOD 5220.22-M (Feb. 28, 2006), notes that heads of agencies are required to enter into agreements with the Secretary of Defense for the purpose of rendering industrial security services. The following 23 departments and agencies have entered into such agreements: (1) National Aeronautics and Space Administration, (2) Department of Commerce, (3) General Services Administration, (4) Department of State, (5) Small Business Administration, (6) National Science Foundation, (7) Department of the Treasury, (8) Department of Transportation, (9) Department of the Interior, (10) Department of Agriculture, (11) Department of Labor, (12) Environmental Protection Agency, (13) Department of Justice, (14) Federal Reserve System, (15) Government Accountability Office, (16) U.S. Trade Representative, (17) U.S. International Trade Commission, (18) U.S. Agency for International Development, (19) Nuclear Regulatory Commission, (20) Department of Education, (21) Department of Health and Human Services, (22) Department of Homeland Security, and (23) Federal Communications Commission.

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criminal history) that could result in the denial of clearance eligibility and possibly lead to an appeal.

Recent significant events affecting DOD's clearance program include the passage of the Intelligence Reform and Terrorism Prevention Act of 2004<sup>8</sup> and the issuance of the June 2005 Executive Order 13381, "Strengthening Processes Relating to Determining Eligibility for Access to Classified National Security Information." The act included milestones for reducing the time to complete clearances, general specifications for a database on security clearances, and requirements for reciprocity of clearances. Among other things, the executive order stated that OMB was to ensure the effective implementation of policy related to appropriately uniform, centralized, efficient, effective, timely, and reciprocal agency functions relating to determining eligibility for access to classified national security information.

Another recent event affecting DOD's clearance program was the passage of the John Warner National Defense Authorization Act for Fiscal Year 2007<sup>9</sup> which required DOD to include in its annual budget submission to Congress a report on DOD's industry personnel clearance investigations program. In response to that mandate, DOD's August 2007 Annual Report to Congress on Personnel Security Investigations for Industry described DOD-specific and governmentwide efforts to improve security clearance processes.<sup>10</sup> For example, one DOD-specific action described in the report is the addition of a capability to electronically submit a clearance applicant's form authorizing the release of medical information. In addition, one governmentwide effort described in the report is that all requests for clearances are now being submitted using OPM's Electronic Questionnaires for Investigations Processing.

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<sup>8</sup>Pub. L. No. 108-458 (2004).

<sup>9</sup>Pub. L. No. 109-364, §347 (2006).

<sup>10</sup>DOD, *Annual Report to Congress on Personnel Security Investigations for Industry and the National Industrial Security Program* (August 2007). This first of a series of annual reports was mandated by the John Warner National Defense Authorization Act for Fiscal Year 2007, Pub. L. No. 109-364, §347 (2006).

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## DOD's Procedures for Projecting Future Industry Investigation Needs Are Evolving, but the Effectiveness of These Efforts Is Unclear

DOD has had a long-standing challenge in accurately projecting future industry investigation needs and is developing and implementing new methods to improve its procedures. However, DOD has not yet demonstrated the effectiveness of these changes. Since 2001, DOD has conducted an annual survey of contractors performing classified work for the government in order to estimate future clearance-investigation needs for industry personnel, but those estimates have not accurately reflected actual clearance needs. In November 2005, OMB reported a governmentwide goal whereby agencies have been asked to work toward refining their projections of required investigations to be within 5 percent of the numbers of actual requests for investigation.<sup>11</sup> However, according to an OPM Associate Director's May 2006 congressional testimony, DOD exceeded its departmentwide projection by 59 percent in the first half of fiscal year 2006.

Our work has shown that DOD's long-standing inability to accurately project its security clearance workload has had negative effects on its clearance-related budgets and staffing requirements. For example, as we reported in 2004, the services and defense agencies had to limit the number of overdue reinvestigations that they submitted for investigation in fiscal year 2000 because they did not budget sufficient funds to cover the costs of the workload.<sup>12</sup> Furthermore, in April 2006, DOD temporarily stopped processing applications for clearance investigations for industry personnel, attributing the stoppage to a large volume of industry clearance requests and funding problems.<sup>13</sup>

In May 2004, we addressed DOD's problems with inaccurately projecting the future number of clearances needed for industry personnel and the negative effect of inaccurate projections on workload planning.<sup>14</sup> In that report, we recommended that OUSD(I) improve its projections of clearance requirements for industry personnel—for both the numbers and types of clearances—by working with DOD components, industry

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<sup>11</sup>OMB, *Plan for Improving the Personnel Security Clearance Process* (November 2005).

<sup>12</sup>GAO, *DOD Personnel Clearances: DOD Needs to Overcome Impediments to Eliminating Backlog and Determining Its Size*, [GAO-04-344](#) (Washington, D.C.: Feb. 9, 2004).

<sup>13</sup>GAO, *DOD Personnel Clearances: Funding Challenges and Other Impediments Slow Clearances for Industry Personnel*, [GAO-06-747T](#) (Washington, D.C.: May 17, 2006).

<sup>14</sup>GAO, *DOD Personnel Clearances: Additional Steps Can Be Taken to Reduce Backlogs and Delays in Determining Security Clearance Eligibility for Industry Personnel*, [GAO-04-632](#) (Washington, D.C.: May 26, 2004).



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contractors, and the acquisition community to identify obstacles and implement steps to overcome them. At that time, DOD officials attributed inaccurate projections to (1) the use of some industry personnel on more than one contract and often for different agencies, (2) the movement of employees from one company to another, and (3) unanticipated world events such as the September 11, 2001, terrorist attacks. Because DOD continues to experience an inability to accurately project its security clearance workload, we believe that our 2004 recommendation for improving projections still has merit.

In the report on security clearances we are issuing today, we note that DSS has made recent changes to the methods it uses to develop these estimates, and it is conducting research that may change these methods further. For example, DOD has modified the procedures for annually surveying contractors performing classified work for the government in order to more accurately estimate the number of future clearance investigations needed for industry personnel. To improve the response rate to this survey, in 2006, DSS made its survey accessible through the Internet, and DSS field staff began actively encouraging industry representatives to complete this voluntary survey. According to a DSS official, these changes increased the survey response rate from historically low rates of between 10 and 15 percent of the surveyed facilities providing information in previous years to 70 percent of facilities in 2007, which represented 86 percent of industry personnel with a clearance. In addition to improving the response rate for its annual survey, DSS also changed its methods for computing the projections. For example, DSS began performing weekly analyses to refine its future investigation needs rather than relying on the previous method of performing a onetime annual analysis of its survey results. DSS also changed its analysis procedures by including variables (e.g., company size) not previously accounted for in its analyses. In addition, DOD's Personnel Security Research Center is assessing a statistical model for estimating future investigation needs in order to determine if a model can supplement or replace the current survey method. However, it is too early to determine the effect of these new methods on the accuracy of DOD's projections.

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## DOD Faces Additional Long-standing Challenges to Improving the Efficiency and Effectiveness of Its Personnel Security Clearance Program for Industry Personnel

DOD must address additional long-standing challenges or issues in order to improve the efficiency and effectiveness of its personnel security clearance program for industry personnel. First, delays in the clearance process continue to increase costs and risk to national security, such as when new industry employees are not able to begin work promptly and employees with outdated clearances have access to classified documents. Second, DOD and the rest of the federal government provide limited information to one another on how they individually ensure the quality of clearance products and procedures. Third, in DOD's August 2007 report to Congress, it provided less than 2 years of funding-requirements information which limits congressional awareness of future year requirements for this program. Fourth, DOD currently has no comprehensive DOD-specific plan to address delays in its clearance program.

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## Delays in Clearance Processes Continue to Be a Challenge

DOD's August 2007 report to Congress noted that delays in processing personnel security clearances have been reduced, yet the time required to process clearances continues to exceed time requirements established by the Intelligence Reform and Terrorism Prevention Act of 2004.<sup>15</sup> This law currently requires adjudicative agencies to make a determination on at least 80 percent of all applications for a security clearance within an average of 120 days after the date of receipt of the application, with 90 days allotted for the investigation and 30 days allotted for the adjudication. DOD's August 2007 congressionally-mandated report on clearances for industry personnel described continuing delays in the processing of clearances. For example, during the first 6 months of fiscal year 2007, the end-to-end processing of initial top secret clearances took an average of 276 days; renewal of top secret clearances, 335 days; and all secret clearances, 208 days.

Delays in clearance processes can result in additional costs when new industry employees are not able to begin work promptly and increased risks to national security because previously cleared industry employees are likely to continue working with classified information while the agency determines whether they should still be eligible to hold a clearance. To

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<sup>15</sup>DOD, *Annual Report to Congress on Personnel Security Investigations for Industry and the National Industrial Security Program* (August 2007).

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improve the timeliness of the clearance process, we recommended in September 2006 that OMB establish an interagency working group to identify and implement solutions for investigative and adjudicative information-technology problems that have resulted in clearance delays.<sup>16</sup> In commenting on our recommendation, OMB's Deputy Director for Management stated that that National Security Council's Security Clearance Working Group had begun to explore ways to identify and implement improvements to the process.

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## DOD and the Rest of the Government Provide Limited Information on How to Ensure the Quality of Clearance Products and Procedures

DOD's August 2007 congressionally mandated report on clearances for industry personnel documented improvements in clearance processes but was largely silent regarding quality in clearance processes. While DOD described several changes to the processes and characterized the changes as progress, the department provided little information on (1) any measures of quality used to assess clearance processes or (2) procedures to promote quality during clearance investigation and adjudication processes. Specifically, DOD reported that DSS, DOD's adjudicative community, and OPM are gathering and analyzing measures of quality for the clearance processes that could be used to provide the national security community with a better product. However, the DOD report did not include any of those measures.

In September 2006, we reported that while eliminating delays in clearance processes is an important goal, the government cannot afford to achieve that goal by providing investigative and adjudicative reports that are incomplete in key areas. We additionally reported that the lack of full reciprocity of clearances is an outgrowth of agencies' concerns that other agencies may have granted clearances based on inadequate investigations and adjudications. Without fuller reciprocity of clearances, agencies could continue to require duplicative investigations and adjudications, which result in additional costs to the federal government. In the report we are issuing today, we are recommending that DOD develop measures of quality for the clearance process and include them in future reports to Congress.<sup>17</sup> Statistics from such measures would help to illustrate how DOD is balancing quality and timeliness requirements in its personnel security clearance program. DOD concurred with that recommendation, indicating it had developed a baseline performance measure of the quality

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<sup>16</sup>GAO-06-1070.

<sup>17</sup>GAO-08-350.

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of investigations and adjudications and was developing methods to collect information using this quality measure.

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**DOD's Limited Information on Future Funding Requirements Hampers Congressional Awareness of a Key Aspect of the Personnel Security Clearance Program**

DOD's August 2007 congressionally mandated report on clearances for industry personnel provided less than 2 years of data on funding requirements. In its report, DOD identified its immediate needs by submitting an annualized projected cost of \$178.2 million for fiscal year 2007<sup>18</sup> and a projected funding need of approximately \$300 million for fiscal year 2008. However, the report did not include information on (1) the funding requirements for fiscal year 2009 and beyond even though the survey used to develop the funding requirements asked contractors about their clearance needs through 2010 and (2) the tens of millions of dollars that the DSS Director testified to Congress in May 2007 were necessary to maintain the infrastructure supporting the industry personnel security clearance program.

The inclusion of less than 2 future years of budgeting information limits Congress's ability to carry out its oversight and appropriations functions pertaining to industry personnel security clearances. Without more information on DOD's longer-term funding requirements for industry personnel security clearances, Congress lacks the visibility it needs to fully assess appropriations requirements. Elsewhere, DOD provides such longer-term funding projections as a tool for looking beyond immediate budget priorities. Specifically, DOD annually submits the future years defense program to Congress, which contains budget projections for the current budget year and at least the 4 succeeding years. In the report we are issuing today, we are recommending that DOD add projected funding information for additional future years so that Congress can use that information in making strategic appropriation and authorization decisions about the clearance program for industry personnel.<sup>19</sup> DOD concurred with that recommendation and stated that it would implement our recommendation in its 2009 congressional report.

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<sup>18</sup>This annualized projection was based on the 41 weeks from October 1, 2006, to July 14, 2007.

<sup>19</sup>[GAO-08-350](#).

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DOD Has No  
Comprehensive  
Department-specific Plan  
to Address Delays in its  
Clearance Program

DOD currently has no comprehensive department-specific plan to address delays and other challenges in its clearance program. In our 2004 report<sup>20</sup> on personnel security clearances for industry personnel, we recommended that DOD develop and implement an integrated, comprehensive management plan to eliminate the backlog, reduce the delays in conducting investigations and determining eligibility for security clearances, and overcome the impediments that could allow such problems to recur. However, DOD continues to address challenges in the security clearance process in an incremental fashion. According to OUSD(I) officials, DOD is pursuing a limited number of smaller-scale initiatives to address backlogs and delays. For example, to address delays in the process, DOD is working with OPM to introduce a new method of obtaining an applicant's fingerprints electronically and implement a method that would enable OPM to transfer investigative records to DOD adjudicators electronically.

The DSS Director said that DSS had been drafting a comprehensive plan to improve security clearance processes for industry personnel, but new governmentwide efforts have supplanted the larger-scale initiatives that DSS was planning. In particular, DOD is relying on a governmentwide effort to reform the clearance system. Agencies involved in this governmentwide effort include the Office of the Director of National Intelligence, DOD, OMB, and OPM. A description of those planned improvements are included in the team's July 25, 2007, terms of reference, which indicate that the reform team plans to deliver "a transformed, modernized, fair, and reciprocal security clearance process that is universally applicable" to DOD, the intelligence community, and other U.S. government agencies. In our November 2007 discussions with DOD officials, the OUSD(I) Director of Security stated that the government expects to have demonstrated the feasibility for components of the new system by December 2008, but the actual system would not be operational for some additional unspecified period.

We believe that our 2004 recommendation for a comprehensive management plan is still warranted because (1) many of the challenges still exist 4 years after we made our recommendation and (2) the date that the reformed system will be in operation is unknown.

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<sup>20</sup> [GAO-04-632](#).

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## Concluding Observations

Mr. Chairman, we are encouraged by some department-specific and governmentwide efforts that have improved DOD's personnel security clearance program, but the challenges identified in this testimony show that much remains to be done. Should these long-standing challenges and issues not be addressed, the vulnerability of unauthorized disclosure of national security information and additional costs and delays in completing national security-related contracts will likely continue. We will continue to monitor DOD's program as part of our series on high-risk issues that monitors major programs and operations that need urgent attention and transformation.

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Chairman Ortiz and Members of the subcommittee, this concludes my prepared statement. I would be happy to answer any questions that you may have at this time.

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## Contact and Acknowledgments

For further information regarding this testimony, please contact me at (202) 512-8246 or [edwardsj@gao.gov](mailto:edwardsj@gao.gov), or Brenda S. Farrell at (202) 512-3604 or [farrellb@gao.gov](mailto:farrellb@gao.gov). In addition, contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals who made key contributions to this testimony are Grace Coleman, James P. Klein, Ron La Due Lake, Marie Mak, and Karen D. Thornton.

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# Related GAO Products

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*DOD Personnel Clearances: Improved Annual Reporting Would Enable More Informed Congressional Oversight.* [GAO-08-350](#). Washington, D.C.: February 13, 2008.

*Defense Business Transformation: A Full-time Chief Management Officer with a Term Appointment Is Needed at DOD to Maintain Continuity of Effort and Achieve Sustainable Success.* [GAO-08-132T](#). Washington, D.C.: October 16, 2007.

*DOD Personnel Clearances: Delays and Inadequate Documentation Found For Industry Personnel.* [GAO-07-842T](#). Washington, D.C.: May 17, 2007.

*High-Risk Series: An Update.* [GAO-07-310](#). Washington, D.C.: January 2007.

*DOD Personnel Clearances: Additional OMB Actions Are Needed To Improve the Security Clearance Process.* [GAO-06-1070](#). Washington, D.C.: September 28, 2006.

*DOD Personnel Clearances: Questions and Answers for the Record Following the Second in a Series of Hearings on Fixing the Security Clearance Process.* [GAO-06-693R](#). Washington, D.C.: June 14, 2006.

*DOD Personnel Clearances: New Concerns Slow Processing of Clearances for Industry Personnel.* [GAO-06-748T](#). Washington, D.C.: May 17, 2006.

*DOD Personnel Clearances: Funding Challenges and Other Impediments Slow Clearances for Industry Personnel.* [GAO-06-747T](#). Washington, D.C.: May 17, 2006.

*Questions for the Record Related to DOD's Personnel Security Clearance Program and the Government Plan for Improving the Clearance Process.* [GAO-06-323R](#). Washington, D.C.: January 17, 2006.

*DOD Personnel Clearances: Government Plan Addresses Some Long-standing Problems with DOD's Program, But Concerns Remain.* [GAO-06-233T](#). Washington, D.C.: November 9, 2005.

*Defense Management: Better Review Needed of Program Protection Issues Associated with Manufacturing Presidential Helicopters.* [GAO-06-715U](#). Washington, D.C.: November 4, 2005.

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*Questions for the Record Related to DOD's Personnel Security Clearance Program.* [GAO-05-988R](#). Washington, D.C.: August 19, 2005.

*Industrial Security: DOD Cannot Ensure Its Oversight of Contractors under Foreign Influence Is Sufficient.* [GAO-05-681](#). Washington, D.C.: July 15, 2005.

*DOD Personnel Clearances: Some Progress Has Been Made but Hurdles Remain to Overcome the Challenges That Led to GAO's High-Risk Designation.* [GAO-05-842T](#). Washington, D.C.: June 28, 2005.

*DOD's High-Risk Areas: Successful Business Transformation Requires Sound Strategic Planning and Sustained Leadership.* [GAO-05-520T](#). Washington, D.C.: April 13, 2005.

*High-Risk Series: An Update.* [GAO-05-207](#). Washington, D.C.: January 2005.

*Intelligence Reform: Human Capital Considerations Critical to 9/11 Commission's Proposed Reforms.* [GAO-04-1084T](#). Washington, D.C.: September 14, 2004.

*DOD Personnel Clearances: Additional Steps Can Be Taken to Reduce Backlogs and Delays in Determining Security Clearance Eligibility for Industry Personnel.* [GAO-04-632](#). Washington, D.C.: May 26, 2004.

*DOD Personnel Clearances: Preliminary Observations Related to Backlogs and Delays in Determining Security Clearance Eligibility for Industry Personnel.* [GAO-04-202T](#). Washington, D.C.: May 6, 2004.

*Industrial Security: DOD Cannot Provide Adequate Assurances That Its Oversight Ensures the Protection of Classified Information.* [GAO-04-332](#). Washington, D.C.: March 3, 2004.

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