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United States General Accounting Office

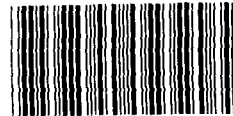
GAO

Fact Sheet for Congressional Requesters

February 1988

NUCLEAR MATERIALS

Section 604, Omnibus Diplomatic Security and Antiterrorism Act of 1986



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United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-227447

February 29, 1988

The Honorable John Glenn
United States Senate

The Honorable Howard Wolpe
House of Representatives

In your letter dated December 17, 1987, you requested that we investigate certain matters concerning compliance with section 604 of the Omnibus Diplomatic Security and Antiterrorism Act of 1986. The section requires that the Secretaries of Defense, Energy, and State; the Director of the Arms Control and Disarmament Agency; and the Nuclear Regulatory Commission shall each review and report on the adequacy of physical security standards for the shipment and storage of certain amounts of plutonium and enriched uranium outside the United States. The reports were to be provided to the Congress within 6 months of the act's becoming law (by February 27, 1987).

You expressed concern that four of the five reports had been submitted late and asked us to investigate the circumstances of the reports' preparation, including "whether any agency was forced to change the content of its report." Our work indicated that disagreements between the Department of Defense and the other reporting agencies were a major factor for the reports' being late. Also, cognizant officials at each agency stated that the respective reports represented each agency's views and that no agency was forced to make unacceptable substantive changes.

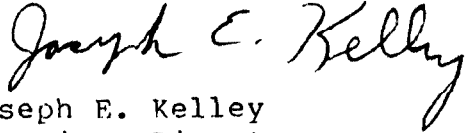
We were not able to determine the nature and source of changes made to each agency's draft report due to the lack of documentation. As agreed with your offices, therefore, we have documented the sequence of events surrounding the preparation and release of the reports. This is detailed in appendix I.

Unless you publicly announce its contents earlier, we plan no further distribution of this fact sheet until 7 days

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from its date. At that time, we will send copies to appropriate congressional committees. Copies of the fact sheet will be made available to other interested parties on request.

If we can be of further assistance, please call me on 275-4128.

A handwritten signature in cursive script that reads "Joseph E. Kelley". The signature is written in black ink and is positioned above the typed name and title.

Joseph E. Kelley
Associate Director

CHRONOLOGY OF KEY EVENTS IN THE PREPARATION OF
REPORTS TO THE CONGRESS UNDER SECTION 604 OF THE
OMNIBUS DIPLOMATIC SECURITY AND ANTITERRORISM ACT OF 1986

- August 27, 1986 The act became law.
- September 30, 1986 An interagency group, which was chaired by an Assistant Secretary of State and included representatives from the five agencies responsible for the reports--the Departments of State, Defense (DOD), and Energy (DOE); the Nuclear Regulatory Commission (NRC); and the Arms Control and Disarmament Agency (ACDA)--and from the Department of Commerce, the Office of Management and Budget (OMB), and the National Security Council (NSC), met to discuss how to proceed in preparing the reports required by section 604 of the act. The purpose of this meeting was to make sure that the agencies were all (1) working with the same data, (2) reviewing the same standards, and (3) addressing the same threats. It was announced that each report would be submitted to OMB and reviewed by the other report writing agencies under procedures described in OMB Circular A-19. Under this circular, agencies must submit reports intended for Congress to OMB for coordination and clearance. OMB may coordinate each report with other interested agencies.
- October 3, 1986 Representatives from the agencies participating in the interagency group met in a working group to follow up on the decisions made at the earlier meeting. For example, arrangements were made for exchanging information among agencies. A schedule for report preparation and review was also introduced.
- October 20, 1986 A State Department memorandum setting forth guidelines on how to prepare the reports was issued to the other participating agencies. This document, which also included other relevant information, was based on the interagency and working group meetings discussed above.
- November 21, 1986 State requested that all reports be ready for circulation among the participating agencies for comment by this date.

November 1986 An NRC draft report was circulated to the other agencies for comment. Officials could not remember the exact date, and supporting documentation is no longer available.

December 1986 An ACDA draft report was circulated to the other agencies for comment. Officials could not remember the exact date, and supporting documentation is no longer available.

January 9, 1987 A State Department draft report was circulated to the other agencies for comment.

January 14, 1987 A DOE draft report was circulated to the other agencies for comment.

February 12, 1987 A DOD draft report was circulated to the other agencies for comment.

February 18, 1987 An interagency group meeting was held to discuss all the draft reports.

February 19, 1987 A working group meeting was held to discuss all the reports. DOD's draft report received most of the attention.

We were informed that each agency, except State, made changes to its report based on the other agencies' comments during the interagency review process from November through February. (State Department officials said that they did not receive any suggested changes from the other agencies.) DOD officials said they made some suggested changes but rejected others. State Department officials said they were concerned that certain parts of the DOD report were sensitive and should not be included in an unclassified report. Some sections of DOD's report were moved to a classified appendix. State Department officials also expressed concern that parts of the DOD report were counter to administration policy and could adversely affect executive branch efforts to promote effective control over civilian nuclear materials overseas.

February 23, 1987 ACDA's final report was submitted to OMB for review.

February 27, 1987 The agencies' reports were due to the Congress. NRC's final report was submitted on this date. NRC officials stated that because NRC is an

independent agency it does not have to submit congressional reports to OMB for review.

- March 4, 1987 State's final report was submitted to OMB for review.
- March 25, 1987 DOD's report, signed by the Secretary of Defense, was sent to OMB. In the covering memorandum to the Secretary, the Assistant Secretary of Defense for International Security Policy stated that "extensive revisions were made to accommodate other agency views wherever possible. It was not possible, however, to alter our principal conclusion." The memorandum also noted that DOD's "basic conclusion differs from the conclusions of the other four reports which all assert that existing international standards are adequate."
- March 26, 1987 DOE's final report submitted to OMB for review.
- April 8, 1987 OMB requested that the four remaining participating agencies (the NRC report had already been sent to the Congress) review the other agencies' reports for formal clearance, as announced at the September 30, 1986, meeting.
- June 18, 1987 In a meeting between OMB and DOD officials, OMB asked DOD to make the changes suggested by the other participating agencies. DOD officials said these were many of the same changes they had refused to make in February. DOD did not make any of these suggested changes and its report does not contain a discussion of the advice it received from OMB, as required by OMB Circular A-19.
- July 6, 1987 The Deputy Assistant Secretary of Defense for Nuclear Forces and Arms Control Policy sent a letter to the Assistant to the President for Legislative Affairs concerning DOD's report to Congress on international physical security standards. In the letter, the Deputy Assistant Secretary stated that "I believe it would be irresponsible and unresponsive with the statutory direction given by the Congress to alter [our] views simply to provide a homogenized interagency response. Unfortunately,...OMB and the other agencies are seeking dramatic changes to our report which we believe are utterly inappropriate. Moreover,

the delay we have already been subjected to in getting OMB's [approval] is inexcusable."

- August 10, 1987 In a meeting chaired by the NSC at which several nuclear nonproliferation issues were discussed, the status of the remaining reports was reviewed. DOD was asked to reconsider the changes suggested by the other agencies one more time and accept what they could. After that process, the reports were to be released.
- September 24, 1987 DOD completed its review of the recommended changes. According to DOD officials, a few minor changes were accepted. The report was released to OMB on this date.
- DOD officials reiterated that changes they believed would substantively alter the report were not made.
- October 16, 1987 Clearance was given by NSC to release the reports.
- October 21, 1987 DOD's final report was sent to Congress.
- October 26, 1987 State's final report was sent to Congress.
- October 28, 1987 ACDA's final report was sent to Congress.
- November 16, 1987 DOE's final report was sent to Congress.

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