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Report on

**Review of Contractors'
Personnel Security Clearances
at the DOE Field Office,
Albuquerque**

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U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL

REVIEW OF CONTRACTORS' PERSONNEL SECURITY CLEARANCES

AT THE

DOE FIELD OFFICE, ALBUQUERQUE

Report Number: WR-B-91-8
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Western Regional Audit Office
Albuquerque, New Mexico 87115

REVIEW OF CONTRACTORS' PERSONNEL SECURITY CLEARANCES
AT THE
DOE FIELD OFFICE, ALBUQUERQUE

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U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDITS

REVIEW OF CONTRACTORS' PERSONNEL SECURITY CLEARANCES
AT THE
DOE FIELD OFFICE, ALBUQUERQUE

Audit Report Number: WR-B-91-8

September 27, 1991

SUMMARY

The DOE Field Office, Albuquerque (AL) Personnel Security Operations Division was responsible for ensuring that the need to access classified information was limited to persons with proper security clearance levels. This responsibility included justifying that need as well as designating, granting, and rescinding employees' clearances based on the Department of Energy's (Department) access requirements. The purpose of this audit was to determine if the Department unnecessarily granted Q security clearances to Management and Operating (M&O) contractor employees who did not have a need to access classified information.

The audit disclosed that AL granted Q level clearances to M&O contractor employees who did not need access to classified information to perform official duties. AL granted these clearances because M&O contractors required all employees to be Q cleared regardless of whether or not there was a need to access classified information. Furthermore, AL accepted the M&O contractors' clearance requests without an in-depth review of their justifications. The initial cost of each unnecessary Q level clearance was \$2,475; in addition, the Department will incur an additional cost for each future reinvestigation.

The report is being issued to the managers of AL and the Rocky Flats Office (RFO) because the responsibility for personnel security clearances at the Rocky Flats Plant was transferred during the course of our audit. Both managers agreed that unneeded Q clearances had been granted and have taken steps to eliminate unneeded clearances. Both AL and RFO have initiated the use of a clearance justification form to be submitted with all new and reinvestigation requests.

Office of Inspector General

PART I

APPROACH AND OVERVIEW

PURPOSE AND OBJECTIVE

The purpose of the audit was to determine if the Department granted Q security clearances to M&O employees who did not have a need to access classified information. The audit objective was to determine if AL managed and if the M&O contractors' controlled personnel security clearances to prevent the granting of unnecessary Q security clearances.

SCOPE AND METHODOLOGY

The audit was conducted at four of the Department's M&O contractor sites: Sandia National Laboratories (Sandia) in Albuquerque, New Mexico; Los Alamos National Laboratory (Los Alamos) in Los Alamos, New Mexico; Pantex Plant (Pantex) in Amarillo, Texas; and Rocky Flats in Golden, Colorado.

At all sites, we evaluated the following specific personnel security clearance controls:

- o Laws, Department Orders, regulations, policies, procedures, memoranda, and other correspondence concerning the control of Q clearances;
- o Personnel security clearance practices, procedures and administrative controls for reviewing clearance requests at Albuquerque, Sandia, Los Alamos, Pantex and Rocky Flats.

We also reviewed internal Department reports and relevant audit reports issued by the U.S. General Accounting Office (GAO) and the Office of Inspector General (OIG) concerning AL's problems with administrative controls over security clearances.

The field work for the audit was conducted from July 1990 to April 1991 at M&O contractor laboratories and plant sites. On January 1, 1991, the responsibility for personnel security clearances at Rocky Flats Plant was transferred to RFO. This gave RFO the authority to grant and evaluate personnel security clearances.

The audit followed generally accepted Government auditing standards for performance audits which included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the objective of the audit. The review disclosed no material internal control weaknesses other than

those discussed in this report. Since our review was limited, however, it would not necessarily have disclosed all material internal control weaknesses.

AL and RFO waived a formal exit conference.

BACKGROUND

The OIG has issued several audit reports at various Department locations which identified problems concerning the number and effects of security clearances. GAO reported, in March 1987, that the Department's backlog of reinvestigations had increased and could be reduced only if Q clearances were limited to employees who required them. GAO also reported that the clearance process was not only lengthy and costly, but that it also lowered productivity and possibly increased security risks. In 1990, the Department reported that a major initiative started in 1986 considerably decreased the number of clearances. However, OIG reports on 1989 and 1990 financial related audits showed that some problems may have persisted.

The AL Personnel Security Operations Division and the respective Area Offices processed all security requests received from its M&O contractors. Policy required clearance requests to be properly justified and the Department to designate, grant, and rescind Q clearances based on access requirements. Q clearances allowed access to classified data and increased the type and cost of the investigations.

The type of clearance requested impacts the type of investigation and the cost. A Q clearance, for example, requires a full field investigation by either the Federal Bureau of Investigation (FBI) or the Office of Personnel Management (OPM) and costs \$4,089 or \$2,475, respectively. Q clearances must be reinvestigated every five years. The cost of the reinvestigation varies based on the type of investigation and the length of service of the employee.

OBSERVATIONS AND CONCLUSIONS

During the audit we observed that M&O contractors required all their employees to have Q level clearances. The M&O contractors we visited had 1,058 Q cleared employees who did not need to have access to classified information to perform their jobs. Many, but not all, of these employees worked in service areas such as laundries, travel offices, and cafeterias.

The audit showed that AL granted Q level clearances to M&O employees based on M&O contractors' requests. Neither AL nor the Area Offices performed an in-depth review of the justifications. At the close of the audit, however, both AL and

RFO had begun to implement procedures to prevent issuing unnecessary Q clearances.

Our finding relating to AL's granting of unneeded Q clearances to M&O contractor employees represents a material internal control weakness which AL and RFO should include when preparing their year-end assurance memoranda on internal controls.

PART II

FINDING AND RECOMMENDATIONS

FINDING

Department regulations limit security clearances to individuals who had a need to access classified information in the performance of official duties. Based on a test of 13 service organizational units that employed 2,161 employees, we found that AL granted Q clearances to 1,058 M&O contractor laboratory and plant employees that did not need to access classified information. AL granted these Q clearances, without an in-depth review of their justifications, because M&O contractors required all employees to be Q cleared regardless of whether or not there was a need to access classified information. By granting these 1,058 Q clearances, AL increased security risk, contributed to the backlog of reinvestigations, and incurred about \$2,618,550 for initial investigations.

RECOMMENDATIONS

We recommend that the managers of DOE Field Office, Albuquerque, and Rocky Flats Office direct their respective Safeguards and Security Offices to:

- Review the justifications prepared to support contractors security clearance requests and direct the M&O contractors to limit security clearance requests to individuals who have a need to access classified information.
- Reevaluate the need for Q security clearances held by M&O employees, and if the clearances cannot be appropriately justified, direct that such clearances be downgraded or terminated.

MANAGEMENT REACTION

The managers at AL and RFO concurred with both recommendations and have implemented the use of a clearance justification form to ensure that all clearances are needed.

DETAILS OF FINDING

Department Order 5631.2B "Personnel Security Program" required granting Q clearances to employees only after the Department determined that they needed access to classified information. The Order also required keeping Q clearances to the minimum needed for operational efficiency and rescinding clearances granted or held merely for an individual's convenience.

Four of the Department's M&O contractors Sandia, Los Alamos, Rocky Flats, and Pantex had a total of 2,161 Q cleared employees working at 13 different service organizations. Of these 2,161 cleared employees, 1,058 did not need a Q clearance to perform their jobs as stated in Department Order 5631.2B. (See the Appendix for a complete breakdown of clearances required opposed to clearances not needed.) The following list shows the type of work areas having employees with unnecessary clearances.

Accounting and Financial Operations: The Accounting and Financial Operations Divisions at Sandia, Los Alamos, Pantex, and Rocky Flats had a total of 218 employees with Q clearances. According to laboratory and plant officials, however, only 90 Accounting and Financial Operation employees required clearances because they regularly prepared classified information. The remaining 128 Q clearances were not needed.

Human Resources: The Human Resource Divisions at Sandia, Los Alamos, Pantex, and Rocky Flats had a total of 416 employees with Q clearances. According to laboratory and plant officials, only 138 Human Resource employees needed clearances because they required access to classified documents. The remaining 278 Q clearances were not needed.

Purchasing: The Purchasing Divisions at Sandia and Pantex had a total of 94 employees with Q clearances. According to laboratory and plant officials, only 30 purchasing representative employees required clearances because they regularly reviewed classified documents. The remaining 64 Q clearances were not needed.

Travel: The Travel Divisions at Sandia and Pantex had a total of 49 employees with Q clearances. According to a laboratory and plant official, none of the Travel employees required access to classified information. The 49 Q clearances were not needed.

Safeguards and Security: The Safeguards and Security Divisions at Los Alamos and Rocky Flats had a total of 147 employees with Q clearances. According to laboratory and plant officials, 117 Safeguards and Security employees required clearances because they regularly reviewed classified documents. The remaining 30 Q clearances were not needed.

Environmental Safety & Health: The Environmental Safety & Health Divisions at Los Alamos and Pantex had a total of 764 employees with Q clearances. According to laboratory and plant officials, 644 Environmental Safety & Health representative employees required clearances because they regularly reviewed classified documents. The remaining 120 Q clearances were not needed.

Medical: The Medical Divisions at Los Alamos and Pantex had a total of 83 employees with Q clearances. According to laboratory and plant officials, 38 Medical representative employees required clearances because they regularly reviewed classified documents. The remaining 45 Q clearances were not needed.

Solar Energy: The Solar Energy Division at Sandia had a total of 22 employees with Q clearances. According to a laboratory official, none of the Solar Thermal Test Facility employees required access to classified information. The 22 Q clearances were not needed.

Transportation Services: The Transportation Services Division at Sandia had a total of 44 employees with Q clearances. A laboratory official said that 40 employees needed Q clearances because they regularly handled classified material. The remaining four Q clearances were held by General Services Administrative representatives. The laboratory official said that the General Services Administrative employees did not require access to classified information or classified material; therefore, the four Q clearances were not needed.

General Warehouse: The General Warehouse Division at Rocky Flats had a total of 35 employees designated as needing Q clearances. A plant official said that one employee needed a Q clearance to work on a classified computer system in the warehouse and five employees needed Q clearances to handle the occasional classified shipments in the receiving and shipping warehouse. The other 29 Q clearances were not needed.

Cafeteria: The Cafeterias at Los Alamos, Pantex, and Rocky Flats had a total of 148 food service employees designated as needing Q clearances. Laboratory and plant officials said that none of the food service employees required access to classified information. A subcontractor official also said that Rocky Flats required food service employees to have clearances so that food service employees could work in the cafeterias in Q cleared areas. This conflicts with the DOE Order and, therefore, the 148 Q clearances for food service employees were not required in the performance of their official duties.

Custodial Services: The Custodial Service Division at Sandia had a total of 99 employees with Q clearances. According to a laboratory official, none of the custodial service employees required access to classified information. This laboratory official also said that the laboratory required custodial service employees to have clearances so that custodial service employees could work in Q cleared areas. This conflicts with the DOE Order and, therefore, the 99 Q clearances for custodial service employees were not needed in the performance of their official duties.

Laundry: The Laundry Division at Rocky Flats had a total of 42 employees designated as needing Q clearances. A plant official said that 20 of the employees working in Q cleared areas required Q clearances for area access only. The remaining 22 employees worked in nonclassified areas. This conflicts with the DOE Order and, therefore, the 42 Q clearances for laundry service employees were not needed in the performance of their official duties.

The 1,058 contractor employees held Q clearances because the M&O contractors' policy required all employees to have Q clearances and because AL did not perform in-depth reviews of M&O contractors' justifications for clearance requests. Laboratory and plant officials said they requested Q clearances as a condition of employment. An AL official said that it was common practice to accept contractor clearance requests without verifying the required justifications.

Granting of these Q clearances to employees impaired the effectiveness of AL's security program in three ways. First, security risk was increased by giving employees, who did not have the need to know, access to classified information. Second, unnecessary Q clearances contributed to the backlog of reinvestigations and prevented Albuquerque from providing prompt responses when there was a justified need for a clearance. Finally, by granting unnecessary Q clearances, the Department incurred excess costs of about \$2,618,550 for the 1,058 initial investigations. The Department, however, could save the cost of the required reinvestigations over the next five years by rescinding the 1,058 Q clearances. We did not calculate the amount of the savings, because the amount will vary depending on the length of time that each person has held their Q clearance.

PART III

MANAGEMENT AND AUDITOR COMMENTS

In responding to our draft version of this report, the Assistant Manager for Safeguards and Security, Albuquerque, and the Assistant Manager for Administration, Rocky Flats, agreed to establish controls over the issuance and justification of clearances. A summary of management's comments and our replies follows.

Management Comments. AL and RFO both concurred with the first recommendation, to review the justifications prepared to support contractor security clearance requests and direct the M&O contractors to limit security clearance requests to individuals who have a need to access classified information, and have already taken measures to enhance their control of clearances.

AL has implemented the use of a clearance justification form. The form will be submitted with all new and reinvestigation requests. No requests for clearance will be processed unless each sponsoring entity certifies that a clearance is needed.

As early as October 1990, Rocky Flats Office identified the problem regarding clearances being issued without the appropriate justification. RFO took action by directing the contractors to develop a plan that would bring Rocky Flats into compliance with appropriate DOE Orders and guidelines. The plan was structured to be implemented over three phases during several months. A clearance request and justification form was developed to be used by all entities requesting initial clearances and reinvestigations through RFO. This included all levels of clearances for Department, contractor, and subcontractor employees.

Auditor Comments. We believe that AL's and RFO's planned actions are responsive to the first recommendation.

Management Comments. AL and RFO both concurred with the second recommendation to reevaluate the need for Q security clearances held by M&O employees, and if the clearances cannot be appropriately justified, to direct that such clearances be downgraded or terminated.

AL plans to reevaluate the need for security clearances held by those individuals in the areas mentioned in the report. AL will contact all of the sites covered and direct each site to provide a clearance justification form on the positions in question. If the clearances cannot be appropriately justified, AL will direct the downgrade or termination of the clearances. Furthermore, AL's Personnel Security Operations Division will perform audits on a selected basis in order to ensure that the

sites mentioned in the report provide accurate and reliable information when completing the clearance justification forms. In addition, all future personnel security audits will review contractor efforts to reduce or eliminate unnecessary clearances.

RFO requested that the M&O contractor at Rocky Flats develop a plan to bring Rocky Flats into compliance with the Department's personnel security program. The M&O contractor at Rocky Flats developed a plan that required the rejustification of employee access authorizations for each operating division. All M&O contractor employees at Rocky Flats will complete a clearance rejustification form that will be used to determine the type of clearance needed for their position.

Auditor Comments. We believe that AL's and RFO's planned actions are responsive to the recommendation. However, we feel that AL should not limit its review only to the areas cited in the audit report.

PART IV
ANALYSIS OF SECURITY CLEARANCES

<u>DIVISION</u>	<u>NO. OF EMPLOYEES</u>	<u>Q CLEARANCES REQUIRED</u>	<u>Q CLEARANCES NOT NEEDED BASED ON DOE ORDER 5631.2B</u>
<u>ACCOUNTING & FINANCIAL OPERATIONS:</u>			
Sandia	50	45	5
Los Alamos	147	45	102
Pantex	9	0	9
Rocky Flats	<u>12</u>	<u>0</u>	<u>12</u>
Subtotal	<u>218</u>	<u>90</u>	<u>128</u>
<u>HUMAN RESOURCES:</u>			
Sandia	45	5	40
Los Alamos	329	118	211
Pantex	24	15	9
Rocky Flats	<u>18</u>	<u>0</u>	<u>18</u>
Subtotal	<u>416</u>	<u>138</u>	<u>278</u>
<u>PURCHASING:</u>			
Sandia	65	26	39
Pantex	<u>29</u>	<u>4</u>	<u>25</u>
Subtotal	<u>94</u>	<u>30</u>	<u>64</u>
<u>TRAVEL:</u>			
Sandia	46	0	46
Pantex	<u>3</u>	<u>0</u>	<u>3</u>
Subtotal	<u>49</u>	<u>0</u>	<u>49</u>
<u>SAFEGUARDS & SECURITY:</u>			
Los Alamos	127	113	14
Rocky Flats	<u>20</u>	<u>4</u>	<u>16</u>
Subtotal	<u>147</u>	<u>117</u>	<u>30</u>
<u>ENVIRONMENTAL SAFETY & HEALTH:</u>			
Los Alamos	624	514	110
Pantex	<u>140</u>	<u>130</u>	<u>10</u>
Subtotal	<u>764</u>	<u>644</u>	<u>120</u>

ANALYSIS OF SECURITY CLEARANCES

<u>DIVISION</u>	<u>NO. OF EMPLOYEES</u>	<u>Q CLEARANCES REQUIRED</u>	<u>Q CLEARANCES NOT NEEDED BASED ON DOE ORDER 5631.2B</u>
<u>MEDICAL:</u>			
Los Alamos	65	28	37
Pantex	<u>18</u>	<u>10</u>	<u>8</u>
Subtotal	<u>83</u>	<u>38</u>	<u>45</u>
<u>SOLAR ENERGY:</u>			
Sandia	<u>22</u>	<u>0</u>	<u>22</u>
<u>TRANSPORTATION SERVICES:</u>			
Sandia	<u>44</u>	<u>40</u>	<u>4</u>
<u>GENERAL WAREHOUSE:</u>			
Rocky Flats	<u>35</u>	<u>6</u>	<u>29</u>
<u>CAFETERIA:</u>			
Los Alamos	57	0	57
Pantex	21	0	21
Rocky Flats	<u>70</u>	<u>0</u>	<u>70</u>
Subtotal	<u>148</u>	<u>0</u>	<u>148</u>
<u>CUSTODIAL SERVICES:</u>			
Sandia	<u>99</u>	<u>0</u>	<u>99</u>
<u>LAUNDRY:</u>			
Rocky Flats	<u>42</u>	<u>0</u>	<u>42</u>
Total	<u>2,161</u>	<u>1,103</u>	<u>1,058</u>

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