



Department of Energy

Washington, DC 20585

September 7, 2016

Ms. Jill M. Hruby
President and Laboratories Director
Sandia Corporation
Sandia National Laboratories
1515 Eubank SE
Building 802/Room 3180
Albuquerque, New Mexico 87123

SEL-2016-01

Dear Ms. Hruby:

The Office of Enterprise Assessments' Office of Enforcement completed an evaluation of two security incidents involving the unauthorized disclosure of classified information, as reported by Sandia Corporation (Sandia) into the Department of Energy's (DOE) Safeguards and Security Information Management System under SFO-09/2015-0032 and SFO-10/2015-0034, dated January 18, 2016, (hereinafter referred to as the subject incidents). An Office of Enforcement fact-finding team (hereinafter referred to as the review team) visited Sandia National Laboratories in Albuquerque, New Mexico, on June 21 through 23, 2016, to confirm DOE's understanding of the facts and circumstances surrounding these events and to discuss Sandia's incidents of security concern (IOSC) program and corrective actions.

During the initial evaluation of the subject incident inquiry reports, the review team identified circumstances apparently similar to those that served as the basis of a notice of violation issued by the National Nuclear Security Administration (NNSA) to Sandia approximately six months earlier. At that time, Sandia's IOSC inquiry response was of particular concern to DOE. However, discussions with the Sandia inquiry official revealed that the facts and circumstances of the subject incidents were different and that the inquiry response was thorough. Nonetheless, the review team identified a few areas where Sandia's inquiry process could have been more efficient and could have contributed to earlier containment and sanitization of the offending information in the subject incidents.

Additionally, the review team identified two specific concerns with Sandia's IOSC program. First, Sandia policy establishes a locally-defined IOSC category that allows IOSCs to be categorized as "Non-Events" when information believed to be unclassified is emailed for derivative classification review via unclassified means, but is then determined to contain classified information. The initial occurrence of the subject incidents involved such "Non-Events."



Notwithstanding Sandia's rationale for designating such incidents as "Non-Events", the subject incidents constituted IOSCs within the meaning of applicable DOE security policy and therefore must be categorized and responded to in accordance with Departmental directives.

The second concern the review team identified involves the sanitization process for personally owned electronic equipment that has been contaminated with classified information. In the subject incidents, the inquiry official directed the individual responsible for causing the incidents to personally sanitize their own contaminated electronic equipment. This practice is contrary to Sandia Operations Procedure *Conduct of Inquiries*, S&S-OP-180, dated September 22, 2015, which states that personally owned electronic equipment is to be taken to Sandia National Laboratories for sanitization.

With respect to Sandia's causal analysis, extent-of-condition review, and corrective actions associated with the subject incidents, the review team found them to be comprehensive but in some cases not completed. The subject incidents revealed a weakness in Sandia's personal conflict of interest process, as well as shortcomings in employee training on DOE's *Publication of Nuclear Weapon Information*, GEN-19. We understand that Sandia will complete its extent-of-condition review and corrective actions for the personal conflict of interest process by June 2017 and complete validation and verification by June 2018. In addition, Sandia will update the next iteration of the annual ethics training and the annual refresher training for clearance holders (i.e., SEC 100) to clearly address GEN-19 requirements. Further, we understand that Sandia is also taking corrective actions to update S&S-OP-180 to better represent DOE requirements for categorization and reporting of IOSCs and deviations from the sanitization process.

Sandia management attention is warranted to ensure completion of the extent-of-condition review and corrective actions in order to achieve and sustain compliance with required derivative classification reviews for the protection of classified information from unauthorized disclosure. The proposed changes to the IOSC operations procedure will also facilitate compliance with Departmental IOSC reporting requirements.

The Office of Enforcement has elected to issue this Enforcement Letter to convey the foregoing concerns. Issuance of this Enforcement Letter reflects DOE's decision to not pursue further enforcement activity against Sandia at this time. In coordination with NNSA, the Office of Enforcement will continue to monitor Sandia's efforts to improve security performance.

This letter imposes no requirements on Sandia, and no response is required. If you have any questions, please contact me at (301) 903-7707, or your staff may contact Ms. Carrienne Zimmerman, Director, Office of Security Enforcement, at (301) 903-0107.

Sincerely,

A handwritten signature in black ink that reads "Steven C. Simonson". The signature is written in a cursive style with a large, prominent 'S' at the beginning.

Steven C. Simonson
Director
Office of Enforcement
Office of Enterprise Assessments

cc: Jeffrey Harrell, NA-SN
Gabriel King, SNL