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Office of Inspector General
Office of Audits and Inspections

Inspection Report

Follow-up Inspection on Security
Clearance Terminations and Badge
Retrieval at the Lawrence Livermore
National Laboratory

INS-L-12-02

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Department of Energy
Washington, DC 20585

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MEMORANDUM FOR THE ASSOCIATE ADMINISTRATOR FOR DEFENSE NUCLEAR
SECURITY
MANAGER, LIVERMORE SITE OFFICE

Sandra D. Bruce

FROM: Sandra D. Bruce
Assistant Inspector General
for Inspections
Office of Inspector General

SUBJECT: INFORMATION: Inspection Report on "Follow-up Inspection on
Security Clearance Terminations and Badge Retrieval at the Lawrence
Livermore National Laboratory"

BACKGROUND

The Department of Energy's Lawrence Livermore National Laboratory (Livermore) is managed and operated under contract by Lawrence Livermore National Security, LLC, for the National Nuclear Security Administration. The Livermore Site Office is the NNSA Federal entity responsible for administering the contract. Livermore is contractually obligated to follow the Department's security policies when individuals terminate employment. These policies include: collecting and locally deactivating security badges; providing security briefings and ensuring a Security Termination Statement (STS) is signed; and, sending requests for security clearance terminations to NNSA Personnel Security Division in Albuquerque, New Mexico.

Our January 2006 report on *Security Clearance Terminations and Badge Retrieval at the Lawrence Livermore National Laboratory*, (DOE/IG-0716), and reviews at other Department facilities over the past 10 years revealed Department-wide weaknesses regarding the recovery of security badges, following security termination briefing procedures, and the timely termination of security clearances. Given these past concerns, we initiated this inspection to determine if Livermore had improved its processes for terminating cleared employees; and, if the NNSA Personnel Security Division was terminating security clearances in a timely manner.

CONCLUSIONS AND OBSERVATIONS

Our inspection revealed that Livermore and NNSA have generally taken corrective actions in response to our 2006 report with regard to recovery of security badges, conducting security termination briefings and timely termination of security clearances. Specifically:

- Livermore developed and implemented the Vital Information System Interactive Online Network, improving the employee termination process to include the retrieval of

security badges, the security termination briefing procedures and the sending of clearance termination requests through an encrypted email system to NNSA Personnel Security Division;

- Livermore revised and improved its internal procedures for the recovery of security badges;
- NNSA Personnel Security Division improved the timeliness of security clearance terminations in the Department's Central Personnel Clearance Index; and,
- NNSA improved its process for transmitting the STS by developing and implementing an encrypted email system which Livermore is using to transmit its requests for security clearance terminations to NNSA Personnel Security Division.

While Livermore's changes to its badge retrieval procedures have addressed the issues discussed in our 2006 report, we did identify opportunities for further improvements regarding Livermore's security termination briefing procedures and NNSA's full utilization of the encrypted email system.

Livermore Badge Retrieval

Our inspection revealed that the development and implementation of the Vital Information System Interactive Online Network enhanced Livermore's ability to communicate employee termination information to security personnel, thus allowing security personnel to take necessary actions to ensure the termination of local site access and the retrieval of security badges in a more timely manner. In addition, Livermore updated its badge retrieval procedure in accordance with NNSA Policy Letter, NAP 70.2, *Physical Protection*, improving Livermore's ability to recover security badges that were not returned by terminating individuals on their last day of employment. Specifically, NAP 70.2 requires that unrecovered security badges be treated as stolen Government property. Livermore's updated procedure requires that if a security badge is not returned in 5 days, it must be reported to the Livermore Security Incident Reporting Office as a stolen badge. While we did not independently verify the effectiveness of this updated procedure, we were told by a Livermore security official that since this procedure was implemented, all security badges have been recovered.

Security Termination Briefings and Statements

We found that the development and implementation of the Vital Information System Interactive Online Network also enhanced Livermore's ability to recognize the need to provide terminating employees with a security termination briefing and the opportunity to sign an STS during the briefing. However, we identified several issues that require additional action. DOE Manual 470.4-1, *Safeguards and Security Program Planning and Management*,¹ requires that Department facilities such as Livermore ensure that individuals who no longer require a security clearance, or who no longer require access to classified information, understand their continuing responsibility to protect classified information. This is accomplished by providing the individuals with the Security Termination Briefing that includes the opportunity to review

¹ DOE Manual 470.4-1 has been replaced by DOE Order 470.4B, *Safeguards and Security Program*. However the requirements with respect to the STS forms are the same. At the time this report was written, Livermore's management contract had not been modified to include the new Order.

and sign an STS. In addition, Department policy requires that if the individual is not available for the Security Termination Briefing, the completed yet unsigned STS and an explanation of the circumstances surrounding the termination, including why the signature could not be obtained, must be submitted to NNSA Personnel Security Division.

Because terminating individuals were not always present on the day of their termination, Livermore's policy was to mail the unsigned STS and a briefing booklet to the individuals, with a direction to read the booklet and return the signed STS form. However, we observed that this procedure was not always effective as many of the employee personnel security files reviewed only contained unsigned STS forms with the notation "individual not present for the termination . . . trying to obtain signature." Also, the files contained no further explanation of the circumstances surrounding the termination or why the signature could not be obtained.

We believe that the mailing of the STS and briefing booklet to the terminated individuals did not provide reasonable assurance that the individuals actually received the STS and the briefing booklet since the terminated individuals could have moved or otherwise not have received the clearance termination information. Further, the lack of a written explanation in the personnel security files regarding the circumstances surrounding the termination, or why the signature could not be obtained, was not consistent with the requirements of DOE Manual 470.4-1 and its replacement, DOE Order 470.4B. In addition, the lack of a written explanation did not ensure that a permanent record existed with regard to the individual's level of cooperation during the termination process. This is important if the individual reapplies for a position in the future that requires a security clearance. A Livermore official indicated that Livermore and other NNSA sites are in the process of working together to develop procedures to comply with the Department's requirements regarding the Security Termination Briefing and STS.

Timely Termination of Security Clearances

Our inspection revealed that both Livermore and NNSA Personnel Security Division had made improvements to the security clearance termination process. The request to terminate a security clearance is accomplished by sending the STS from the affected NNSA site to NNSA Personnel Security Division within two days of an employee's termination. Since our 2006 inspection, Livermore officials noted that the Vital Information System Interactive Online Network was designed to improve the employee termination process and ensure that security clearance termination requests were sent to NNSA Personnel Security Division in a timely manner. In addition, NNSA Personnel Security Division indicated that steps had been taken to improve the timely termination of security clearances in the Department's Central Personnel Clearance Index (CPCI) once it had received STS forms. CPCI is a Department-wide personnel security automated information system for recording all security clearance transactions, including terminations. DOE Manual 470.4-5, *Personnel Security*, states that the processing personnel security office must note in the individual's personnel security file the date the access authorization was actually terminated and enter related information in CPCI, within two-working days of receipt of an STS or written notice of termination from an NNSA site.²

² DOE Manual 470.4-5 has been replaced by DOE Order 472.2 *Personnel Security* which states all action must be entered into CPCI within 48 hours of occurrence. At the time this report was written, Livermore's management contract had not been modified to include the new Order.

One of the steps taken by NNSA Personnel Security Division since our 2006 report was the development and implementation of an encrypted email system for transmitting STS forms from the various NNSA sites to NNSA Personnel Security Division. Prior to the use of the encrypted email system, facsimile machines were utilized to transmit and receive STS forms. Due to both technical and human errors, the time and date stamps on STS forms were not always a reliable indication of when STS forms were actually sent or received, thus making a concise assessment of the timeliness of security clearance terminations difficult to determine. According to NNSA officials, the encrypted email system now accurately records when STS forms are sent by the sites and received by NNSA Personnel Security Division, eliminating the facsimile time and date problems.

A Livermore official confirmed that Livermore is utilizing the encrypted email system to send all STS clearance termination requests to NNSA Personnel Security Division. However, we learned from an NNSA official that the encrypted email system was not being fully utilized by all NNSA sites. We believe the use of this system at all NNSA sites would strengthen internal controls regarding the timely termination of security clearances.

SUGGESTED ACTIONS

We suggest that the Manager, Livermore Site Office:

1. Ensure that any completed but unsigned Security Termination Statements submitted to NNSA Personnel Security Division include a written explanation of the circumstances surrounding the termination and the reason why the signature could not be obtained.

We also suggest that the Associate Administrator for Defense Nuclear Security:

2. Evaluate the reasons why some NNSA sites are not utilizing the encrypted email system and consider making use of the system mandatory throughout the NNSA complex.

No recommendations are being made in this report; therefore, a response is not required. We appreciate the cooperation received from your staffs during our inspection.

Attachments

cc: Deputy Secretary
Associate Deputy Secretary
Administrator, National Nuclear Security Administration
Director, Office of Security, Office of Health, Safety and Security
Chief of Staff

OBJECTIVE, SCOPE AND METHODOLOGY

OBJECTIVE

We initiated this inspection to determine if Lawrence Livermore National Laboratory had improved its processes for terminating cleared employees; and, if the National Nuclear Security Administration Personnel Security Division was terminating security clearances in a timely manner.

SCOPE

The inspection was completed in January 2012. This was a follow-up performance inspection to our previous report on *Security Clearance Terminations and Badge Retrieval at the Lawrence Livermore National Laboratory*, (DOE/IG-0716, January 2006). We conducted our inspection at the Lawrence Livermore National Laboratory (Livermore) in Livermore, California; and, at NNSA Personnel Security Division in Albuquerque, New Mexico.

METHODOLOGY

To accomplish the inspection objectives, we interviewed Livermore and NNSA personnel, and reviewed personnel security files of terminated individuals at Livermore and NNSA Personnel Security Division. Also, we reviewed and evaluated NNSA policies, Livermore internal policies, and Department of Energy policies regarding security termination procedures for departing employees. In particular:

- The former DOE Manual 470.4-1, *Safeguards and Security Program Planning and Management*, and the current DOE Order 470.4B, *Safeguards and Security Program*;
- The former DOE Manual 470.4-2A, *Physical Protection*, and the current NNSA Policy Letter (NAP) 70.2, *Physical Protection*; and,
- The former DOE Manual 470.4-5, *Personnel Security* and the current DOE Order 472.2, *Personnel Security*.

The inspection was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Inspections*, issued by the President's Council on Integrity and Efficiency, January 2005. Those standards require that we plan and perform the inspection to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions and observations based on our objectives. We believe the evidence obtained provides a reasonable basis for our conclusions and observations based on our inspection objectives. The inspection included tests of controls and compliance with laws and regulations to the extent necessary to satisfy the inspection objectives. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our inspection. Finally, we relied on computer-processed data to some extent to satisfy our objective related to security management. We confirmed the validity of such data, as appropriate, by conducting interviews and reviewing source documents.

An exit conference was waived by NNSA management.

PRIOR REPORTS

- Inspection Report on [*Badge Retrieval and Security Clearance Termination at Sandia National Laboratory-New Mexico*](#), (DOE/IG-0724, April 2006). The report concluded that Sandia National Laboratories (Sandia) internal controls were not adequate to ensure that, in accordance with applicable policies and procedures, security badges assigned to terminating Sandia and subcontractor employees were retrieved at the time of departure, or that security clearances of terminating Sandia and subcontractor employees were terminated in a timely manner.
- Inspection Report on [*Security Clearance Terminations and Badge Retrieval at the Lawrence Livermore National Laboratory*](#) (DOE/IG-0716, January 2006). The report noted that the Lawrence Livermore National Laboratory internal control structure was not adequate to ensure that security badges were retrieved at the time of employee departure, that security clearances of departing employees were terminated in a timely manner or that departing employees received a security briefing and signed a Security Termination Statement.
- Inspection Report on [*Security and Other Issues Related to Out-Processing of Employees at Los Alamos National Laboratory*](#) (DOE/IG-0677, February 2005). The report noted that Los Alamos National Laboratory (Los Alamos) out-processing procedures were not followed by more than 40 percent of the 305 terminating employees included in the review. Consequently, Property Administrators, Classified Document Custodians and Badge Office personnel did not receive timely notification that employees were terminating employment, and key out-processing elements were not performed.
- Audit Report on [*Personnel Security Clearances and Badge Access Controls at Selected Field Locations*](#) (DOE/IG-0582, January 2003). The audit disclosed that in three of four field locations visited (Savannah River Site, Sandia and Los Alamos), only minor discrepancies were found in the recovery of badges. However, at the Oak Ridge National Laboratory, a statistically significant number of badges had not been recovered from former contractor and other non-Federal workers.
- Audit Report on [*Personnel Security Clearances and Badge Access Controls at Department Headquarters*](#) (DOE/IG-0548, March 2002). The report noted that of 147 Federal and contractor employee records selected for initial review at Headquarters, in 9 cases, despite discontinued employment, the Department had either not terminated the employees' clearances or had not recovered their badges. The audit also disclosed that program offices did not always hold contractors accountable for adherence to Department of Energy policy regarding clearance termination and badge recovery.

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