



U.S. Department of Energy
Office of Inspector General
Office of Audit Services

Audit Report

Personnel Security Clearances and
Badge Access Controls at Selected
Field Locations

DOE/IG-0582

January 2003



Department of Energy

Washington, DC 20585

January 24, 2003

MEMORANDUM FOR THE SECRETARY

FROM:

Greg Friedman
Gregory H. Friedman
Inspector General

SUBJECT:

INFORMATION: Audit Report on "Personnel Security Clearances and Badge Access Controls at Selected Field Locations"

BACKGROUND

The Department of Energy uses a formal process of security clearances and security badges to control access at its sites and facilities. The badges indicate whether the individual possesses a security clearance and, as a consequence, whether access to agency facilities is permitted. The Department maintains a Central Personnel Clearance Index (CPCI) and site-level information systems to track clearance and badge information. Because some of our Nation's most valuable security assets are maintained at Department of Energy facilities, appropriate control over access is vital.

In March 2002, the Office of Inspector General issued a report on *Personnel Security Clearances and Badge Access Controls at Department Headquarters* (DOE/IG-0548). The audit disclosed that the Department had either not terminated former federal and contractor employees' clearances or had not recovered their badges. In light of this finding, we sought to ascertain whether similar conditions existed at selected field locations. Specifically, our objective was to determine whether the Department's field offices were recovering unneeded security badges and terminating unneeded clearances.

RESULTS OF AUDIT

At three of four field locations visited – the Savannah River Site, and the Sandia and Los Alamos National Laboratories – we found only minor discrepancies in the recovery of badges. However, at Oak Ridge, a statistically significant number of badges had not been recovered from former contractor and other non-federal workers. Of 309 workers in our sample, badges for 26, or 8 percent, had not been recovered from the individuals when they terminated their association with the Department. Three of the badges in question could have allowed the holders access to restricted areas or classified information. At the time of our review, the Department could not account for these badges, which had been provided to contractor personnel who were part of the National Nuclear Security Administration and other Department components.



At Savannah River and Sandia, we also identified significant error rates in the CPCI records. In short, we found that former contract workers retained authority to hold active clearances even though their association with the Department had ended. Specifically, security clearances that should have been canceled in the CPCI at these sites – 19 percent at Savannah River and 13 percent at Sandia – were listed as still valid. The error rate for CPCI records was about 6 percent at Oak Ridge and less than 1 percent at Los Alamos.

Where problems were noted, the Department had not ensured that contractors had implemented effective control processes over badge recovery and clearance cancellation functions. Failure to promptly revoke and recover badges and terminate unneeded clearances increased the risks associated with unauthorized access to facilities, property, and classified information. To reduce such risks in the future, we recommended several specific actions intended to help the Department strengthen controls over clearance termination and badge recovery.

Based on the information we provided, the sites we visited reported to us that they took immediate action to correct identified clearance and badge discrepancies.

MANAGEMENT REACTION

Management generally agreed with the recommendations and planned to take corrective actions.

Attachment

cc: Deputy Secretary
Acting Administrator, National Nuclear Security Administration
Under Secretary for Energy, Science, and Environment
Assistant Secretary for Environmental Management
Director, Office of Science
Director, Office of Security

PERSONNEL SECURITY CLEARANCES AND BADGE ACCESS CONTROLS AT SELECTED FIELD LOCATIONS

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SITE MANAGEMENT OF BADGE RECOVERY AND CLEARANCE TERMINATION

Potential Access by Former Non-Federal Workforce

At each of the four locations we visited – the Oak Ridge Reservation (Oak Ridge), the Savannah River Site (Savannah River), and the Sandia and Los Alamos National Laboratories (Sandia and Los Alamos) – we selected random samples of contractor and other non-federal workers to determine whether badges had been recovered when the workers terminated their association with the Department. Although there were some discrepancies at three of the four locations, only at Oak Ridge was the number of discrepancies significant.

Department directives require security badges to be surrendered to a badging office when individuals terminate their association with the Department. Once returned, issuing organizations are required to physically destroy the badge and update the tracking system to revoke the individual's authority to possess a badge. Badges remain the property of the Government and must be surrendered whenever an individual is transferred, terminates employment or association, or when no longer required.

At Oak Ridge, 26 of the 309 records sampled indicated that former workers retained badge authority. The badge system showed that three of these individuals were entitled to Q or L badges that would have allowed them, at least theoretically, to inappropriately access restricted areas or classified information. In another case, a former Oak Ridge worker retained authority for a badge even though his employment terminated almost 4 years earlier.

After we pointed out these discrepancies to security officials, they told us that they canceled all of the outstanding authorizations and were able to physically recover 6 of the 26 badges (including a Q and an L badge) from the individuals who had terminated their association with the Department. They also indicated that 15 of these individuals could not be located so their badges could not be recovered. Officials discovered that the remaining five individuals were re-hired after our test work.

The numbers of discrepancies at the other sites were not as significant. At Sandia in Albuquerque, New Mexico, we noted that 3 of the 416 individuals in our sample retained security badge authority. Site officials indicated that they were able to recover all of these badges from the individuals we identified. At Savannah River, we found only 2 of 280 records that resulted in exceptions, while at Los Alamos, there were none.

It is important to note that at Oak Ridge, as is the case with most Department sites, a person who is inappropriately listed as an active employee in the local badge system can gain access to the site by presenting another form of identification. As we have noted in a number of reports in this area (Appendix 2), unauthorized individuals could gain access to the Department's facilities and engage in malicious acts. The potential for transfer, conversion, or counterfeit of badges based on those improperly retained also increases the risk of harm.

Termination of Clearances

We also reviewed random samples of non-federal workers to determine whether the four sites had canceled security clearances¹ in the Central Personnel Clearance Index (CPCI) when the workers terminated their association with the Department. While we found discrepancies in the CPCI records at all four locations, the error rates were most significant at Savannah River and Sandia.

When a security clearance is no longer needed, a Termination Statement must be submitted to a Department personnel security office at the site. Site officials told us that, based on receipt of the Termination Statement, federal officials update the individual's personnel security file and record the date that access authorization was terminated. These officials also update the CPCI, the official Department repository where all clearance data are maintained. Maintaining accurate information in the CPCI is critical because security officials may use it to verify clearance levels and issue badges to visitors.

At Savannah River and Sandia, error rates in the CPCI were approximately 19 percent and 13 percent, respectively. At Savannah River, 34 of 177 individuals improperly retained the authority to hold clearances. While 18 of these errors appeared to have been caused by the failure of Federal officials to update the CPCI, 16 of the personnel security files did not contain Termination Statements, which indicates that the contractor had not taken action to initiate the termination process. Two individuals retained Q clearances even though their associations had ended more than 10 years earlier. Similarly, at Sandia 14 of 108 individuals inappropriately maintained active clearances. For example, one student held an L clearance even though the assignment was terminated in September 1997. Only 2 of the 14 personnel security files contained evidence that the termination process had been initiated.

¹"Security clearance" and its variations mean "access authorization" as defined in Title 10, Code of Federal Regulations, Part 710 and DOE Order 472.1B.

The error rates at Oak Ridge and Los Alamos were not as significant. At Oak Ridge we found 15 individuals that had active clearances in the CPCI, which represented about 6 percent of the random sample. At Los Alamos, only two individuals maintained active status, representing less than 1 percent of the sample. While these clearances remained active in the CPCI, we noted that personnel security files for these individuals contained properly completed Termination Statements.

This breakdown of controls over clearance terminations could allow unauthorized access to information and facilities. Officials from Headquarters Personnel Security indicated that unauthorized individuals could gain access to headquarters' facilities if their clearances were not properly terminated in the CPCI system and a third party verified their visit. Thus, the information in the CPCI is a critical part of the control structure for preventing access by unauthorized individuals, and identified weaknesses in the system reduce its effectiveness as a security layer.

Badging and Clearance Controls

Site-level badge recovery and clearance termination processes were inefficient and suffered from a number of control weaknesses. Contractor officials told us that they were not always provided with exit or termination information. Additionally, some sites relied on faxes or hand-delivery of employment or clearance termination information that was not always effective. For example, while Sandia officials had evidence that they had faxed seven clearance termination statements, the Albuquerque Personnel Security Office had no record of receipt and did not terminate the clearances in the CPCI system. Savannah River used a "hand carry" system to provide clearance termination notifications but did not require acknowledgement of receipt. Site badge officials also told us that they did not always follow up with Department personnel security offices to ensure that the termination information was received and that updates were properly made in the CPCI system.

We also observed that sites did not employ a comprehensive reconciliation process to identify individuals that no longer required badges or clearances. For example, while reconciliations between the CPCI and local badge systems took place, comparisons of human resource information to clearance or badge systems were not always performed.

**Information, Property,
and Individuals at Risk**

Failure to promptly terminate clearances and recover badges increases the risk of malicious damage or unauthorized access to Department assets and potentially endangers Department workers. Current processes do not ensure that authorizations are promptly removed from systems and could permit those who improperly retained a clearance or badge with a window of opportunity to enter or access sites without authority. Therefore, the possibility exists that disgruntled or disloyal former workers could gain access with the intent to disrupt operations, obtain information, or cause harm to Department property or employees. If security controls are not rigorously enforced, national security information, various types of classified and unclassified property, and the security of Department workers are at risk.

RECOMMENDATIONS

To improve controls over clearance terminations and badge recovery, we recommend that the Assistant Secretary for Environmental Management, the Director, Office of Science, and the Associate Administrator for Facilities and Operations, National Nuclear Security Administration should, in conjunction with the Office of Security:

1. Enhance controls to ensure that badges are recovered and that clearances are appropriately terminated when no longer needed. At a minimum:
 - a. Establish requirements and associated incentives for sub or lower tier contractors to promptly recover badges and initiate action to terminate unneeded clearances.
 - b. Require personnel security offices to acknowledge receipt of termination notifications, and require site badging officials to ensure that updates have been entered in the CPCI system.
2. Develop procedures to ensure consistency between the site systems that track security badges and the CPCI. At a minimum, require site badging officials to periodically reconcile human resources data to the local badge system and the Department's CPCI system.
3. Evaluate and correct, as necessary, information in both the CPCI and the badge systems to ensure that only currently employed individuals hold active clearance and badge status.

NNSA concurred with the recommendations and planned to take corrective actions to address the conditions cited in this report. While the Offices of Environmental Management and Science did not specifically concur with the recommendations, they took corrective

MANAGEMENT REACTION

actions that were responsive to the recommendations. In addition, we provided clarifying information and made adjustments to the report to address specific management comments. After completion of these technical adjustments, the Office of Security informed us that it generally concurred with our findings and recommendations.

In commenting on the draft report, the Office of Science commented on Recommendation 1 and indicated that the establishment of requirements and incentives for badge recovery and clearance termination may not be necessary because an existing Departmental Order and Manual already establish requirements. The Office of Science also indicated that the draft report implied an overly simplified correlation between unauthorized access to security areas and access to classified matter.

AUDITOR COMMENTS

With respect to the Office of Science comments, we recognize that a DOE Order and Manual establishing such requirements were in place during our fieldwork. However, Recommendation 1 is directed at establishing controls at the site level to ensure that Departmental requirements such as DOE Orders and Manuals are implemented. Additionally, DOE Manual 5632.1C-1 applicable to the recovery of badges was recently cancelled and replaced with DOE Manual 473.1-1, which exempts sites using Office of Science badges from Department security badge requirements. Accordingly, it is important for these Office of Science sites to establish both requirements for recovering badges and terminating clearances, as well as controls to ensure that such requirements are implemented.

Regarding the Office of Science contention that the report presented an overly simplified correlation between unauthorized access to security areas and access to classified matter, we acknowledge that a valid need-to-know is necessary before access to classified matter can be granted. However, the information in the report points out that a weakness in any layer of security can reduce the overall effectiveness of controls established to prevent unauthorized access.



Department of Energy
National Nuclear Security Administration
Washington, DC 20585

JAN 13 2003

MEMORANDUM FOR Frederick D. Doggett
Deputy Assistant Inspector General
for Audit Services

FROM: Anthony R. Lane *Anthony R. Lane*
Associate Administrator
for Management and Administration

SUBJECT: Comments to Draft Report, "Personnel Security
Clearances and Badge Access Controls at Selected
Field Locations"

The Office of Inspector General (IG) issued their draft report, "Personnel Security Clearances and Badge Access Controls at Selected Field Locations" on December 4, 2002. We appreciate having had the opportunity to have reviewed the draft report. We understand from the report that the IG believes their audit disclosed minor discrepancies in the recovery of badges at three of the four field locations visited. The fourth site, Oak Ridge, a statistically significant number of badges had not been recovered from former contractor and other non-federal workers and were unaccounted for. Discrepancies were found in the termination of unneeded clearances. Two of the four locations, Savannah River and Sandia, had significant error rates in the Centralized Personnel Clearance Index records indicating that former non-federal workers retained authority to hold active clearances. Specifically, security clearances that should have been canceled, were listed as still valid. The IG believes that the Department had not ensured that contractors had implemented effective control processes over badge recovery and clearance cancellation functions. The IG recommends several actions to help the Department strengthen controls over clearance termination and badge recovery.

NNSA obtained comments from the field elements and, based on those comments, prepared a corrective action plan. This plan, in the format of a Management Decision, is attached. As you are aware, NNSA has announced the "stand-up" of its re-engineered organization. One of the efficiencies that will be realized will be consistent processes and procedures throughout the complex, as they relate to this



draft report. The NNSA Service Center will provide consistent support as related to personnel security clearances and badge access controls. This consistency is reflected in the draft Management Decision.

NNSA generally agrees with the report and recommendations.

Attachment

cc: Associate Administrator for Facilities and Operations, NA-50
Manager, Sandia Site Office
Director, NNSA Service Center

Appendix 1 (continued)



Department of Energy

Washington, DC 20585

December 24, 2002

Audit 500

MEMORANDUM FOR GREGORY HARRIS
INSPECTOR GENERAL

FROM: JESSIE HILL ROBERSON
ASSISTANT SECRETARY FOR
ENVIRONMENTAL MANAGEMENT

SUBJECT: Draft Audit Report "Personnel Security Clearances and
Badge Access Controls at Selected Field Locations"

The purpose of this memorandum is to provide comments on the subject report addressing clearance and badge anomalies at several Departmental sites. Our comments address issues relative to two sites under the cognizance of the Office of Environmental Management: Savannah River Site (SRS) and the East Tennessee Technology Park (ETTP). We offer some general comments about your findings regarding each site and provide specific responses from the respective sites in an attachment.

At SRS, the respective personnel security organizations of the operations office, Westinghouse and Wackenhut are working effectively to ensure departing employees receive debriefings, complete DOE Form 5631.29 and submit their SRS badges. This effectiveness was also demonstrated by the prompt resolution of all issues prior to the Inspector General completing the onsite audit.

Westinghouse now performs a monthly automated comparison of the badge database to the Department of Energy clearance database. This comparison identifies discrepancies between the badge level issued and the granted clearance.

At ETTP, the Director of Safeguards and Security at Oak Ridge Operations is preparing a letter of guidance concerning the importance of retrieving badges, properly debriefing departing personnel and the need to have a better interface with the clearance database. Corrective actions will be implemented early in 2003 and validation reviews will be conducted at 3 month intervals to ensure acceptable implementation.



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Appendix 1 (continued)

2

Your audit added value to our personnel security programs at SRS and ETP and we appreciate the constructive comments made in the audit report. If you have any questions, please contact Maurice Daugherty, of my staff at (301) 903-9978.

Attachment

cc:
J. Mahaley, SO-1
J. Turi, OR
J. Allison, SR

Appendix 1 (continued)



Department of Energy
Washington, DC 20585

DEC 31 2002

MEMORANDUM FOR FREDERICK D. DOGGETT
DEPUTY ASSISTANT INSPECTOR GENERAL FOR
AUDIT SERVICES

FROM: JOHN RODNEY CLARK *for Robert H. De Lorenzo*
ASSOCIATE DIRECTOR OF SCIENCE FOR
RESOURCE MANAGEMENT

SUBJECT: Comments on IG Draft Report, "Personnel Security Clearance
and Badge Access Controls at Selected Field Locations"

The Office of Science Security Management staff has reviewed the subject report and submits the following general comments:

1. The Oak Ridge Operations Office is providing oversight for corrective actions that have been initiated to address the deficiencies cited in the report. Procedures to address the formal termination of access for departing contractors under the purview of the Oak Ridge National Laboratory are being developed. The completion of implementation and appropriate training is anticipated by March 31, 2003.
2. Recommendation 1.a., of the draft report suggests the establishment of requirements and incentives for the recovery of badges and termination of clearances. The requirements already exist in DOE Order 472.1B, Contractor Requirements Document paragraph 7.c., and DOE Manual 5632.1C-1, Chapter XIV. Incentives for compliance with DOE directives are built into existing contracts in the form of award fees.
3. We acknowledge the potential "domino effect" that can occur when deficiencies within a security system occur and concur with the need for timely and appropriate corrective actions to identified deficiencies; however, the draft report implies an overly simplified correlation between unauthorized access to security areas and access to classified matter. A valid need-to-know must be established in addition to the appropriate security clearance before access to classified information can be granted.

Please contact William Nay at (510) 486-5184 or Mark Thornock at (301) 903-2995 if you have any questions regarding this memorandum.



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Appendix 2

OBJECTIVE	To determine whether the Department was recovering security badges and terminating unneeded clearances when non-federal employees terminate employment.
SCOPE	The audit was performed from April through August 2002 at the Oak Ridge National Laboratory, East Tennessee Technology Park, and Y-12 Plant in Oak Ridge, Tennessee. We also performed work at the Savannah River Site near Aiken, South Carolina; at Sandia National Laboratory in Albuquerque, New Mexico; and at Los Alamos National Laboratory in Los Alamos, New Mexico. Our test work consisted of random sampling of universes from site badge and human resources systems, using the Headquarters Central Personnel Clearance Index as of April 15, 2002, as a reference.
METHODOLOGY	<p>To accomplish the audit objective, we:</p> <ul style="list-style-type: none">• Obtained data files of active badges from site badge systems and active clearances from the CPCI system at Headquarters;• Used Army Audit Agency statistical sampling packages in Audit Command Language (ACL) to determine sample sizes and to select sample items;• Tested random samples of individuals in site badging systems to determine whether they were still employed;• Used ACL to compare information on all individuals with a security clearance in site badge systems to information in the CPCI. We also compared all individuals in the CPCI to information in site badge systems. These tests identified individuals terminated in one system but not the other;• Selected and tested random samples of individuals from both contractor and sub-contractor human resource listings of employee terminations to determine whether they still had an active clearance in the CPCI or an active badge in the site badge system;

Appendix 2 (continued)

- Spoke with representatives of sponsoring organizations or company officials to determine whether individuals were still employed;
- Provided site officials the opportunity to verify the discrepancies we discovered through our sampling process; and,
- Confirmed with site badge personnel whether badges were actually recovered.

The audit was conducted in accordance with generally accepted Government auditing standards for performance audits and included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. Because of problems with data inputs, we questioned the validity of computer-processed data.

We assessed the Department's compliance with the Government Performance and Results Act of 1993. The Department's Annual Performance Plan for Fiscal Year 2002 did not contain specific performance data addressing security activities to prevent unauthorized access. However, the Department's Annual Performance Plan for Fiscal Year 2003 does include more specific performance goals, targets, and program funding descriptions that do address the commitment to protect classified information and assets and prevent unauthorized access. Management waived the exit conference.

PRIOR REPORTS

OFFICE OF INSPECTOR GENERAL REPORTS

- *Personnel Security Clearances and Badge Access Controls at Department Headquarters*, (DOE/IG-0548, March 2002). Unauthorized individuals could have gained access to Department Headquarters. Of 147 Federal and contractor employee records selected for review, the audit found that in 9 cases the Department had either not terminated the employees' clearances or had not recovered their badges. Errors occurred because program offices had not always provided employment termination information to security operations personnel or held contractors accountable for adherence to Departmental policy.
- *The U.S. Department of Energy's Audit Follow-up Process*, (DOE/IG-0447, July 1999). By eliminating the blanket clearance polices and closely monitoring individual clearance requests, the number and level of security clearances dropped substantially. Decreases in employment levels also contributed to the drop. However, the Department had limited success in addressing clearance processing and reinvestigations problems.

GENERAL ACCOUNTING OFFICE (GAO) REVIEWS

- *Review of DOE's Personnel Security Clearances Program*, (DOE/IG-0323, March 1993). The Department issued unnecessary clearances, clearances at a level higher than necessary, and had not terminated clearances that were no longer needed. Throughout the Department, processing of initial clearances was slow and numerous reinvestigation backlogs occurred. This occurred because field offices did not comply with regulations and procedures for clearance terminations, justifications, and recertifications. It was recommended that blanket clearances be discontinued, a critical review of clearance justifications be performed, numbers and levels of clearances be reduced, standards be developed for cases containing derogatory information, and cases adjudicated within 90 days.
- *Key Factors Underlying Security Problems at DOE Facilities*, (GAO/T-RCED-99-159, April 20, 1999). The U.S. General Accounting Office (GAO) has performed numerous reviews of security that show weaknesses dating back to the early 1980s. GAO found problems with long delays in conducting security investigations; the Department's security clearance database was incorrect; individuals with clearances that should have been terminated; and individuals with badges but without active clearances.

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