



U.S. Department of Energy
Office of Inspector General
Office of Inspections and Special Inquiries

Inspection Report

Badge Retrieval and Security Clearance
Termination at Sandia National Laboratory-
New Mexico

DOE/IG-0724

April 2006




Department of Energy

Washington, DC 20585

April 18, 2006

MEMORANDUM FOR THE SECRETARY

FROM:


Gregory H. Friedman
Inspector General

SUBJECT:

INFORMATION: Inspection Report on "Badge Retrieval and Security Clearance Termination at Sandia National Laboratory-New Mexico"

BACKGROUND

The Department of Energy's Sandia National Laboratory-New Mexico (Sandia) is involved in a variety of research and development programs to enhance national security through technology. Sandia, which employs about 8,500 people, is one of the Department's most sensitive facilities. According to Sandia personnel records, 2,174 Sandia and subcontractor employees with personnel security clearances terminated employment at the Laboratory between March 1, 2002, and February 28, 2005.

Office of Inspector General reviews at other Department sites, including at Los Alamos National Laboratory and Lawrence Livermore National Laboratory, identified weaknesses in the internal controls designed to ensure that individuals who terminated employment at these sites had their security badges collected at the time of their departure and their security clearances terminated in a timely manner. Therefore, the objective of this inspection was to determine if Sandia's internal controls were adequate to ensure that, in accordance with applicable policies and procedures, (1) security badges assigned to terminating Sandia and subcontractor employees were retrieved at the time of their departure; and (2) security clearances of departing Sandia and subcontractor employees were terminated in a timely manner.

RESULTS OF INSPECTION

Similar to the results of our reviews at Los Alamos and Lawrence Livermore National Laboratories, we concluded that Sandia's 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. Specifically, we found that:

- Of the 2,174 cleared Sandia and subcontractor employees who terminated employment between March 1, 2002, and February 28, 2005, 38 did not turn in their badges. Further, the Sandia Personnel Security database listed an additional 20 badges as reconciled when, in fact, there was no record the badges were turned in or destroyed;



- From a sample of 182 Sandia and subcontractor employees, 16 did not have their clearances terminated in a timely manner. Of particular significance, 2 of the 16 clearances were still active at the time of our fieldwork, even though the employees had terminated over 2 years previously. We brought this to the attention of personnel security officials, who subsequently ensured termination of the clearances;
- From the same sample of 182 employees, 47 did not have complete Security Termination Statements, as required. Thus, there was no assurance these individuals had received the required Security Termination Briefing at the time of their termination; and
- From a sample of 39 Sandia students, 29 did not have their clearances terminated in a timely manner even after a 12-month variance to the regular termination procedures had lapsed. Further, 2 individuals we originally thought were students, but who turned out to be summer faculty employees to whom the variance did not apply, retained their clearances for over 27 months after their terminations.

We also found that 2 of the 52 Sandia and subcontractor employees holding Sensitive Compartmented Information (SCI) access authorizations who terminated between March 1, 2002, and February 28, 2005, retained their SCI access authorizations for approximately 1 year after their security clearances were terminated. In addition, for the same 52 people, we found that 22 did not sign an SCI Debriefing Acknowledgement document, so there was no assurance that, prior to departure, they received the required SCI debriefing.

Further, from an additional sample of terminating Sandia employees, we found that about 40 percent had not completed separation checkout sheets. Consequently, Badge Office and Personnel Security officials frequently did not receive timely notification that employees were terminating. This may have contributed to the issues we identified.

In our report, we made several recommendations to Department management to address our specific findings at Sandia. However, given the similarity of our findings at the three National Laboratories we reviewed, we believe senior Department management should consider taking broader action within the Department to ensure that all Department sites are adequately addressing the areas of badge retrieval and security clearance termination. These areas are critical to the Department's program to control access to sensitive and classified information and facilities.

MANAGEMENT REACTION

In responding to a draft of this report, management agreed with our recommendations and identified corrective actions to address them. Management's comments, which are provided in their entirety in Appendix C of the report, were responsive to our recommendations.

Attachment

cc: Deputy Secretary
Administrator, National Nuclear Security Administration
Under Secretary for Energy, Science and Environment
Chief of Staff
Director, Office of Security and Safety Performance Assurance
Manager, Sandia Site Office
Director, Policy and Internal Controls Management (NA-66)
Director, Office of Internal Review (CF-1.2)

BADGE RETRIEVAL AND SECURITY CLEARANCE TERMINATION AT SANDIA NATIONAL LABORATORY- NEW MEXICO

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Overview

INTRODUCTION AND OBJECTIVES

The Department of Energy's (DOE's) Sandia National Laboratory-New Mexico (Sandia) is involved in a variety of research and development programs to enhance national security through technology. Sandia develops technologies to sustain, modernize, and protect the nuclear arsenal of the U.S., prevent the spread of weapons of mass destruction, defend against terrorism, protect national infrastructure, ensure stable energy and water supplies, and provide new capabilities to the armed forces. Sandia is administered by the National Nuclear Security Administration (NNSA) and is operated for NNSA by Sandia Corporation, a subsidiary of Lockheed Martin Corporation. Sandia employs about 8,500 people. According to Sandia personnel records, 2,174 Sandia employees, including students and consultants, and subcontractor employees with personnel security clearances terminated employment at the Laboratory between March 1, 2002, and February 28, 2005.

Office of Inspector General (OIG) reviews at other DOE sites have identified weaknesses in the internal controls designed to ensure that individuals who terminated employment at these sites had their security badges collected at the time of their departure and their security clearances terminated in a timely manner. A list of the associated reports is contained at Appendix B.

The objective of this inspection was to determine if Sandia's internal controls were adequate to ensure that, in accordance with applicable policies and procedures: (1) security badges assigned to terminating Sandia and subcontractor employees were retrieved at the time of their departure; and, (2) security clearances of departing Sandia and subcontractor employees were terminated in a timely manner. To achieve this objective, we conducted sampling from databases related to Sandia and subcontractor employee out-processing, to include badge retrieval and security clearance termination.

OBSERVATIONS AND CONCLUSIONS

We concluded that Sandia's 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. Specifically, we found that:

- Of the 2,174 cleared Sandia and subcontractor employees who terminated employment between March 1, 2002, and

February 28, 2005, 38 did not turn in their badges. Further, the Sandia Personnel Security database listed an additional 20 badges as reconciled when, in fact, there was no record the badges were turned in or destroyed;

- From a sample of 182 Sandia and subcontractor employees who terminated between March 1, 2002, and February 28, 2005, 16 did not have their clearances terminated in a timely manner. (The 16 employees did not include students, who are addressed separately because of a variance granted to the normal termination procedures.) Of particular significance, 2 of the 16 clearances were still active at the time of our fieldwork, even though the employees had terminated over 2 years previously. We brought this to the attention of personnel security officials, who subsequently ensured termination of the clearances;
- From the same sample of 182 Sandia and subcontractor employees, 47 did not have complete Security Termination Statements as required; and, thus, there was no assurance these individuals had received the required Security Termination Briefing at the time of their termination. We also found that Sandia Personnel Security staff members changed the termination dates on Security Termination Statements for 21 subcontractor employees in the sample and that this may have been done to avoid non-compliance with DOE requirements resulting from late submission of the forms by subcontractors;
- From a sample of 39 Sandia students, 29 did not have their clearances terminated in a timely manner after a 12-month variance to the regular termination procedures had lapsed. Further, 2 individuals we originally thought were students, but who turned out to be summer faculty employees to whom the variance did not apply, retained their clearances for over 27 months after their terminations; and
- Subcontractor employees performing personnel security duties were not conducting adequate security debriefings or retaining all required documentation in personnel security files of departing employees.

We also found that 2 of the 52 Sandia and subcontractor employees holding SCI access authorizations who terminated between March 1, 2002, and February 28, 2005, retained their SCI access authorizations for approximately 1 year after their security clearances were terminated. In addition, for the same 52 people,

we found that 7 Sandia and 15 subcontractor employees did not sign an SCI Debriefing Acknowledgement document, so there was no assurance that, prior to departure, they received the required SCI debriefing.

In addition, Sandia Human Resources retains terminating employees' separation checkout sheets for 12 months, so we reviewed a judgmental sample of 581 Sandia employees out of the 1,189 who departed the Laboratory from May 1, 2004, to April 30, 2005. We found that 230 of the 581 terminated Sandia employees did not complete separation checkout sheets. Consequently, Badge Office and Personnel Security officials frequently did not receive timely notification that employees were terminating. This may have contributed to the issues we identified.

We noted that in November 2004 Sandia revised its internal reporting procedures regarding employees terminating from the Laboratory. Specifically, Sandia established a process to provide daily notification of terminating students to the Personnel Security Office and of terminating Sandia employees to the Special Security Officer in charge of the SCI program. Based on our inspection, it did not appear that the revised reporting procedures corrected all the problems in these two areas.

Details of Findings

SECURITY BADGES

We found that of the 2,174 cleared Sandia and subcontractor employees who terminated employment between March 1, 2002, and February 28, 2005, 38 did not turn in their badges. Further, we identified that the Sandia Personnel Security database listed an additional 20 badges as reconciled when, in fact, there was no record the badges were turned in or destroyed. DOE Manual 473.1-1, “Physical Protection Program Manual,” stated that badges issued must be recovered at the final security checkpoint or earlier when an individual no longer has a valid requirement for access to a DOE facility.

During our fieldwork, we were told that access to Sandia facilities was controlled through electronic means. However, under certain circumstances, access to Sandia facilities could still be gained with a Sandia badge while avoiding electronic access controls. In addition, Sandia badges allow access to other DOE facilities. Therefore, a terminated employee who had retained his/her badge could potentially access certain Laboratory facilities, as well as other DOE sites, but there was no practical way for the OIG to readily determine if such access had, in fact, occurred.

SECURITY CLEARANCE TERMINATIONS

We found that from a sample of 182 Sandia and subcontractor employees who terminated between March 1, 2002, and February 28, 2005, 16 did not have their clearances terminated in a timely manner. (The 16 employees did not include students, who are addressed in a separate section because of a variance granted to the normal termination procedures.)

DOE Manual 472.1-1B, “Personnel Security Program Manual,” stated that, “Within 2 working days of receipt of a DOE F 5631.29 [Security Termination Statement] or written notice [of termination], the cognizant DOE security office must note in the individual’s PSF [Personnel Security File] the date the access authorization was actually terminated and must enter the appropriate information to the CPCI [Central Personnel Clearance Index].” The CPCI is the Department’s official personnel security clearance database.

We sampled 69 cleared Sandia employees who departed the Laboratory and determined that 11, which included one consultant, retained their clearances in the CPCI from 11 days to more than 2 years after their departure. Of particular significance, two of these clearances were still active at the time of our fieldwork, even though the employees had terminated over two years previously. We brought this to the attention of personnel security officials, who subsequently ensured termination of the clearances.

**SECURITY
TERMINATION
STATEMENTS**

In addition, we sampled 113 cleared Sandia subcontractor employees who departed their subcontractor organizations during the period March 1, 2002, to February 28, 2005. Of the 113 subcontractor employees, we found that 5 security clearances remained active from more than 10 days to 10 months after the employees' departures.

We found that from the same sample of 182 Sandia and subcontractor employees, 47 did not have complete Security Termination Statements as required; and, thus, there was no assurance these individuals had received the required Security Termination Briefing at the time of their termination. DOE Manual 470.1-1, "Safeguards and Security Awareness Program," states that a Security Termination Briefing is required whenever access authorization has been or will be terminated. Security Termination Briefings are used to impress upon the individual his or her continuing responsibility not to disclose classified information. This briefing also addresses the individual's obligation, prior to departure, to return to appropriate DOE officials all classified documents and materials in the individual's possession.

To document the Security Termination Briefing, the terminating employee and the Line Manager who conducted the briefing sign DOE Form (F) 5631.29, Security Termination Statement. This form is then used by Sandia to provide the required notification to the cognizant DOE Personnel Security Office of the termination of an employee. Based on this form, the DOE Personnel Security Office terminates the employee's security clearance/access authorization in DOE's CPCI system.

We also found that Sandia Personnel Security staff members changed the termination dates on Security Termination Statements for 21 subcontractor employees in the sample and that this may have been done to avoid non-compliance with DOE requirements resulting from late submission of the forms by subcontractors. DOE Order 472.1C, "Personnel Security Activities," Attachment 2, CONTRACTOR REQUIREMENTS DOCUMENT, states that verbal notification within 2 working days followed by written confirmation within the next 10 working days shall be provided through established channels to the cognizant DOE office when the contractor restricts or withdraws an employee's access to classified matter without DOE direction.

During our fieldwork, we were told by a Sandia staff member that they changed the termination dates on the forms in order to make Sandia's notification of subcontractor employee terminations to the cognizant DOE office appear more timely. In comments on a draft of this report, Sandia told us that Sandia staff members were actually changing the dates in response to a process improvement recommendation by Pacific Northwest National Laboratories. We noted that the Security Termination Statement clearly specifies that the "Date of Termination" is to be provided; therefore, we believe it is inappropriate and potentially misleading to provide any date except the employee's termination date.

STUDENT VARIANCES

We found that from a sample of 39 students, 29 did not have their clearances terminated in a timely manner after a 12-month variance to the regular termination procedures had lapsed. The Director of the NNSA Service Center signed a memorandum, subject: "Sandia National Laboratories (SNL) Variance Request OSS-SNL-04-001, Retaining Student Employee Clearances," that approved a Sandia request for a variance to DOE policy on student clearances. This variance authorized retention of a student intern's security clearance for up to 12 months after his/her official departure date. We selected a judgmental sample of 116 employees and established that 39 of them were students. We reviewed the clearance status of the 39 students and determined that 29 of their security clearances remained active from more than 10 days to 14 months after the end of the approved 12-month variance. In addition, we noted that, contrary to Sandia policy, 1 student retained his badge during the entire 12-month variance period. Further, 2 individuals we originally thought were students, but who turned out to be summer faculty employees to whom the variance did not apply, retained their clearances for over 27 months after their terminations.

SUBCONTRACTOR DEBRIEFINGS AND SECURITY FILES

We found that subcontractor employees performing personnel security duties were not conducting adequate security debriefings or retaining all required documentation in personnel security files of departing employees. We determined that subcontractor employees performing personnel security duties were not knowledgeable of all DOE requirements for the conduct of security debriefings and the retention of personnel security files.

DOE Manual 470.1-1 requires that termination briefings include the information contained in items 1 through 6 of the Security Termination Statement (DOE F 5631.29) and items 3, 4, 5, 7, and 8 of the Classified Information Nondisclosure Agreement that

individuals sign when they are granted a clearance. In addition, the Manual requires that the termination briefing include penalties for unauthorized disclosure of classified information and Unclassified Controlled Nuclear Information as specified in the U.S. Code.

Through interviews and documentation reviews, we determined that subcontractor employees performing personnel security duties were only addressing items 1 through 6 of the Security Termination Statement, which include destruction/return of classified materials, agreement not to disclose classified information, agreement to report to appropriate authorities any attempts by an unauthorized individual to obtain classified information, and acknowledgement of penalties associated with unauthorized disclosure of classified information. Subcontractor employees were not aware of the other required elements of termination briefings, to include the effect of disclosure of classified information, restrictions associated with publication of classified information, and acknowledgement that classified information is the property of the U.S. Government.

In addition, subcontractor employees were not aware of the records maintenance requirements for the retention of personnel security files. DOE Order 472.1C states that contractors shall maintain current records that reflect by contract number all employees granted access authorizations and copies of correspondence to and from the cognizant DOE office(s) that reflect access authorization matters for each applicant and employee. These records include the request for access authorization, notification that access authorization action was effected, and access authorization termination actions. However, subcontractor administrative employees were not maintaining the required records, apparently due to their lack of knowledge concerning DOE personnel security requirements.

**SENSITIVE
COMPARTMENTED
INFORMATION**

We found that 2 of the 52 Sandia and subcontractor employees holding SCI access authorizations who terminated between March 1, 2002, and February 28, 2005, retained their SCI access authorizations for approximately 1 year after their security clearances were terminated. In addition, for the same 52 people, we found that 7 Sandia and 15 subcontractor employees did not sign an SCI Debriefing Acknowledgement document, so there was no assurance that, prior to departure, they received the required SCI debriefing. These individuals' Debriefing Acknowledgement documents were annotated with the words "Unavailable to Sign." This practice is commonly referred to as "administrative debriefing."

Sandia's "5900 Systems Assessment and Research Center Sensitive Compartmented Information Briefing/Debriefing Procedures" provides guidance on the Sandia SCI process. The SCI debriefing procedures state: "Give each participant a debriefing sheet to read. . . . Also have them sign the Security Debriefing Acknowledgement" The SCI debriefing procedures also state: "At this time, show them their original briefing form(s), . . . have them sign in the debrief box, witness their signature, and verify their SS [Social Security] number."

We were told by an official in DOE's Office of Intelligence (IN) that a 1995 memorandum from the then IN Director only authorized a deviation from the debriefing requirements when an individual refused to sign the debriefing document. The IN official also said that, aside from this specific situation, no other written IN policy exists authorizing an administrative debriefing of an individual with SCI access. We obtained a copy of the 1995 memorandum and determined it states that "When an individual refuses to participate in a formal debriefing an administrative debriefing is permissible."

We found no evidence that any of the 22 departing employees who were administratively debriefed refused to participate in a formal debriefing or sign the debriefing form. In discussing this matter with Sandia, we were told that several of the employees were debriefed by telephone and that the Debriefing Acknowledgement was subsequently annotated with the words "Unavailable to Sign." We noted that the Sandia SCI debriefing procedures made no provision for telephonic debriefings.

We believe that, given the significance of the SCI program and the stringent security policies and procedures applicable to safeguarding SCI information, administrative debriefings should be rare. At Sandia, however, this practice appears to be routine. We believe that Sandia should discontinue administrative debriefings except in the instance specified under DOE policy.

OUT-PROCESSING PROCEDURES

Sandia Human Resources retains terminating employees' separation checkout sheets for 12 months, so we reviewed a judgmental sample of 581 Sandia employees out of the 1,189 who departed the Laboratory from May 1, 2004, to April 30, 2005. We found that 230 of the 581 terminated Sandia employees did not complete separation checkout sheets.

Sandia's "Separation Process & Procedures," which is maintained on its internal web site, requires all terminating Sandia employees to complete a "SEPARATION CHECKOUT SHEET – For All Personnel Separating from Sandia." This checkout sheet is intended to ensure, among other things, that an employee's badge and Security Termination Statement are collected at the time of departure. (Subcontractor employees are out-processed by their organization.) Because the checkout sheets were not always completed by terminating Sandia employees, Badge Office and Personnel Security officials frequently did not receive timely notification that employees were terminating. This may have contributed to the issues we identified.

RECOMMENDATIONS

We recommend that the Director, IN, ensures that:

1. Terminating employees who held SCI access authorizations are debriefed and sign the Debriefing Acknowledgement, and that the use of administrative debriefings is limited to the circumstances described in DOE policy.

We recommend that the Manager, Sandia Site Office, ensures that:

2. In accordance with DOE policy, Sandia recovers badges of terminating Sandia and subcontractors employees; conducts Security Termination Briefings; completes Security Termination Statements; and makes timely notification to DOE when security clearances and access authorizations should be terminated.
3. Sandia reviews the facts and circumstances with respect to employees changing the termination dates on subcontractor employee Security Termination Statements and takes appropriate follow-up action, to include disciplinary action if warranted.
4. Sandia does not exceed the 12-month variance for terminating student clearances.
5. Sandia and subcontractor employee SCI access authorizations are terminated in a timely manner.
6. Sandia subcontractor employees performing personnel security duties include all required information in security clearance debriefings.

-
7. Sandia subcontractors maintain personnel security files in accordance with DOE policy, to include records relating to access authorizations and terminations.
 8. Sandia takes action to ensure that terminating employees follow the applicable out-processing procedures.

**MANAGEMENT
COMMENTS**

In comments on our draft report, IN agreed with recommendation 1 and stated that IN will issue clarifying policy regarding the use of administrative debriefings for individuals who have had access to SCI information.

In comments on our draft report, NNSA agreed with recommendations 2 through 8 and stated that “since the inspection, internal controls have either been strengthened or developed to ensure that the issues that are raised in this report do not occur.” NNSA agreed to take the corrective actions recommended and noted that a number of corrective actions are nearing completion. In addition, under separate cover, NNSA provided technical data regarding the report and corrective actions that have been implemented.

**INSPECTOR
COMMENTS**

We found management’s comments to be responsive to our report. In addition, we reviewed the technical data provided by management and discussed specifics with Sandia, and the report was revised as appropriate.

Appendix A

SCOPE AND METHODOLOGY

We conducted the majority of our inspection fieldwork between March and May 2005. We interviewed Laboratory and subcontractor officials regarding Sandia out-processing, badge termination and retrieval, and clearance termination procedures. We reviewed DOE and Sandia policies, procedures, and records regarding employee terminations, security clearance and access authorization terminations, and badge turn-in procedures. We also interviewed DOE officials regarding security clearance and access authorization terminations. Documents of primary interest were:

- DOE Manual 470.1-1, “Safeguards and Security Awareness Program.”
- DOE Order 472.1C, “Personnel Security Activities.”
- DOE Manual 472.1-1B, “Personnel Security Program Manual.”
- DOE Manual 473.1-1, “Physical Protection Program Manual.”

This inspection was conducted in accordance with the “Quality Standards for Inspections” issued by the President’s Council on Integrity and Efficiency.

Appendix B

RELATED REPORTS

The following OIG reports involve work similar to this inspection:

- “Personnel Security Clearances and Badge Access Controls at Department Headquarters” (DOE/IG-0548, March 2002);
- “Personnel Security Clearances and Badge Access Controls at Selected Field Locations” (DOE/IG-0582, January 2003);
- “Security and Other Issues Related to Out-Processing of Employees at Los Alamos National Laboratory” (DOE/IG-0677, February 2005); and
- “Security Clearance Terminations and Badge Retrieval at Lawrence Livermore National Laboratory” (DOE/IG-0716, January 2006).


Appendix C



Department of Energy
Washington, DC 20585

MAR - 9 2006

MEMORANDUM FOR ALFRED K. WALTER
ASSISTANT INSPECTOR GENERAL FOR
INSPECTIONS AND SPECIAL INQUIRIES

FROM: ROLF MOWATT-LARSEN 
DIRECTOR
OFFICE OF INTELLIGENCE

SUBJECT: Draft Report on "Badge Retrieval and Security Clearance
Terminations at Sandia National Laboratory – New Mexico"
(S05IS0XX)

Thank you for the opportunity to comment on the draft subject report.

The Office of Intelligence agrees with recommendation #1 and will issue clarifying policy regarding the use of administrative debriefings for individuals that have had access to SCI information. This policy will incorporate standard practices within the Intelligence Community as well as procedures described in DOE policy.

Questions regarding this response should be addressed to Deborah K. Johnson, Director of Security on 202-586-3298.



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Department of Energy
National Nuclear Security Administration
Washington, DC 20585



MEMORANDUM

MEMORANDUM FOR Alfred K. Walter
Assistant Inspector General
for Inspections and Special Inquiries


FROM: Michael C. Kane 
Associate Administrator
for Management and Administration

SUBJECT: Comments to Sandia's Badge Termination Draft
Report; S05IS0XX/2006-06032

The National Nuclear Security Administration (NNSA) appreciates the opportunity to have reviewed the Inspector General's (IG) draft report, "Badge Retrieval and Security Clearance Termination at Sandia National Laboratory-New Mexico." We understand that the objective of this inspection was to determine if Sandia's internal controls were adequate to ensure that security badges were retrieved and security clearances were terminated in a timely manner.

NNSA believes that it is important to note that since the inspection, internal controls have either been strengthened or developed to ensure the issues that are raised in this report do not occur. More specifically:

- there is a quarterly reconciliation of the clearance population between the Site Office and the Service Center.
- a daily access authorization report is generated that includes individuals who were granted, terminated, extended, or transferred. (This is important to note - in a case where the individual or sub-contractor sends the termination directly to the Service Center, Sandia would become aware of the termination the following day.)
- the draft report did not disclose the fact that Sandia has a security survey finding from the 2004 Safeguards and Security Survey which remains open. This finding has to do with the badge retrieval process (similar to what is addressed in the report) and has corrective actions that are bringing this finding to resolution.
- for the student clearance variance that is mentioned in the report, the Site Office does validations of existing deviations of Departmental policies such as variances. In November 2005, the student clearance variance was

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validated and the validation confirmed that Sandia is operating within the restrictions of the variance and that student clearances are being appropriately terminated.

- the subcontractor debriefings and security files issues mentioned in the draft report also were the subject of two separate security survey findings. The first has to do with the flow-down of security requirements to subcontractors and is still in the resolution stage. The second, which completed its resolution phase in February 2006, had to do with incomplete information contained in the Security Termination Briefing.

NNSA agrees that we will take the corrective actions regarding the recommendations made to the Manager, Sandia Site Office. A number of corrective actions are nearing completion having been developed to correct previously identified issues. We have additionally submitted some technical data, under separate cover, that addresses the report and corrective actions that the Site Office has implemented.

Should you have any questions related to the response, please contact Richard Speidel, Director, Policy and Internal Controls Management.

cc: Patty Wagner, Manager, Sandia Site Office
William Desmond, Associate Administrator for Defense Nuclear Security
Robert Braden, Senior Procurement Executive
Karen Boardman, Director, Service Center

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