



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

Inspection Report

The Consolidated Terrorism Watchlist
Nomination Process at the Department
of Energy

DOE/IG-0778

October 2007



Department of Energy

Washington, DC 20585

October 2, 2007

MEMORANDUM FOR THE SECRETARY

FROM:

Gregory H. Friedman
Gregory H. Friedman
Inspector General

SUBJECT:

INFORMATION: Inspection Report on "The Consolidated Terrorism Watchlist Nomination Process at the Department of Energy"

BACKGROUND

The Government-wide effort to place known or suspected terrorists on a national watchlist is a key weapon in the global war on terrorism. Accurate watchlists provide an important tool for national defense and border protection operations. They allow law enforcement and intelligence personnel to screen and monitor suspected terrorist travel, reducing the likelihood that terrorists may travel undetected to or within the United States.

In 2003, the Terrorist Screening Center was established as part of Homeland Security Presidential Directive-6 to consolidate the United States Government's terrorism watchlisting activities. The Terrorist Screening Center, which is administered by the Federal Bureau of Investigation (FBI), maintains the Consolidated Terrorism Watchlist database that is continuously updated with terrorism information from the National Counterterrorism Center (NCTC) and the FBI. The information maintained by the Terrorist Screening Center is available to appropriate Federal, state, local, tribal, and territorial government officials for screening purposes. Pursuant to Homeland Security Presidential Directive-6 and its implementing agreement, executive departments are to provide all appropriate Terrorist Information in their possession to these watchlisting efforts. Terrorist Information is defined as information about individuals known or suspected to be or have been engaged in conduct constituting, in preparation for, in aid of, or related to terrorism.

The Intelligence Community Inspectors General Forum agreed to conduct a multi-agency review of the processes for nominating individuals to the Consolidated Terrorism Watchlist. The objective of our inspection was to review the Department of Energy's process for Watchlist nominations.

RESULTS OF INSPECTION

We found that DOE did not have a formal process in place for nominating individuals for inclusion to the Consolidated Terrorism Watchlist. We were advised by cognizant DOE officials that the likelihood that DOE would be in a position to nominate individuals was



Printed with soy ink on recycled paper

limited, due to the Department's operating structure and reporting relationships. These factors are described in the accompanying report. Nonetheless, given current terrorism/security concerns, we concluded that it would be prudent for DOE to formalize such a process, which would include providing employee awareness training on Watchlist issues.

MANAGEMENT REACTION

Management's comments are provided in their entirety in Appendix B of the report.

Because the comments did not include planned corrective actions with target completion dates, a Management Decision is required.

Attachment

cc: Deputy Secretary
Under Secretary of Energy
Under Secretary for Science
Administrator, National Nuclear Security Administration
Chief of Staff
Director, Office of Intelligence and Counterintelligence
Director, Office of Internal Review (CF-1.2)
Director, Policy and Internal Controls Management (NA-66)

THE CONSOLIDATED TERRORISM WATCHLIST NOMINATION PROCESS AT THE DEPARTMENT OF ENERGY

TABLE OF CONTENTS

OVERVIEW

Introduction and Objective 1

Observations and Conclusions 2

DETAILS OF FINDINGS

DOE Watchlisting 3

RECOMMENDATIONS 5

MANAGEMENT COMMENTS 5

INSPECTOR COMMENTS 5

APPENDIX

A. Scope and Methodology 6

B. Management Comments 7

Overview

INTRODUCTION AND OBJECTIVE

Placing terrorists on watchlists is a key factor in the global war on terrorism. In 2003, the Terrorist Screening Center was established under Homeland Security Presidential Directive-6 to consolidate the United States Government's terrorism watchlisting activities. The Terrorist Screening Center maintains the Consolidated Terrorism Watchlist, a sensitive unclassified database of terrorism information obtained from the National Counterterrorism Center (NCTC) and the Federal Bureau of Investigation (FBI). The NCTC provides information regarding international terrorists and the FBI provides purely domestic terrorist information. The FBI's role was formalized in a September 16, 2003, Memorandum of Understanding between the Attorney General, the Secretary of Homeland Security, the Secretary of State and the Director of Central Intelligence implementing Homeland Security Presidential Directive-6 which stated that agencies will continually provide all "Purely Domestic Terrorist Information" to the FBI.

The goal in creating the Terrorist Screening Center was to increase sharing of information at all levels of government in order to have the most comprehensive and up-to-date information about potential terrorist threats. The information maintained by the Terrorist Screening Center is available to appropriate Federal, state, local, tribal, and territorial government officials for screening purposes.

The NCTC is an interagency joint-venture under the Office of the Director of National Intelligence and serves as the primary U.S. Government organization for analyzing and integrating all intelligence possessed or acquired by the Government pertaining to international terrorism and counterterrorism. The NCTC maintains a classified database of known and suspected terrorists that is accessible by appropriate officials and entities.

To ensure that the NCTC has the most accurate and up-to-date terrorist information, Homeland Security Presidential Directive-6 requires that "executive departments and agencies shall, to the extent permitted by law, provide to the Terrorist Threat Integration Center [now NCTC] on an ongoing basis all appropriate Terrorist Information in their possession, custody, or control." Terrorist Information is defined as information about individuals known or suspected to be or have been engaged in conduct constituting, in preparation for, in aid of, or related to terrorism.

The Intelligence Community Inspectors General Forum agreed to conduct a multi-agency review of the processes for nominating individuals to the Consolidated Terrorism Watchlist. Thus, the objective of our inspection was to review the DOE process for Watchlist nominations.

OBSERVATIONS AND CONCLUSIONS

We found that DOE did not have a formal process for nominating individuals to the Consolidated Terrorism Watchlist and had never directly nominated anyone to the Watchlist. In fact, Department officials asserted that there is a limited likelihood that DOE would ever be in a position to do so. We concluded, however, that given the current terrorism/security concerns and DOE's highly sensitive mission, DOE should formalize such a process which would include providing employee awareness training on watchlist issues.

Details of Findings

DOE WATCHLISTING

Within DOE, the Office of Intelligence and Counterintelligence is the responsible entity for nominating individuals to the Consolidated Terrorism Watchlist in the event appropriate information is acquired. The Intelligence Directorate conducts technical analyses of foreign intelligence for DOE, including the National Nuclear Security Administration, and the United States Intelligence Community. The Counterintelligence Directorate is responsible for protecting DOE information against espionage or other intelligence activities by foreign entities. DOE employees across the complex are required to report to the local or servicing Counterintelligence Directorate office information concerning actual or suspected espionage, sabotage, or terrorist acts against the United States. We were advised by officials from both Directorates that they were unaware of DOE ever having acquired information that would have triggered a nomination to the Consolidated Watchlist.

Intelligence Directorate

Responsible DOE officials stated that because DOE does not engage in primary covert collection, any terrorist names that it might normally acquire in its technical analyses role would come from some other member of the Intelligence Community. As indicated previously, these other agencies are required to nominate such individuals to the Consolidated Terrorism Watchlist pursuant to Homeland Security Presidential Directive-6.

However, we determined that pursuant to Executive Order 12333, the Intelligence Directorate can engage in limited overt collection activities. Thus, it appears possible that the Directorate could acquire information concerning terrorists as part of these responsibilities.

Counterintelligence Directorate

We determined that although the primary mission of the Counterintelligence Directorate is to protect against espionage, the Directorate could potentially acquire terrorist information related to DOE and National Nuclear Security Administration activities. However, the Counterintelligence Directorate has essentially no investigative authority and is required to provide information that it develops concerning espionage or terrorist activity within the United States to the FBI. The FBI, with clear jurisdiction in these circumstances, is responsible for the nomination of individuals to the Consolidated Terrorism Watchlist. The FBI is to provide information directly to the Terrorist Screening Center regarding purely domestic terrorism and is to provide any information regarding international terrorists to the NCTC.

Conclusion

Given the roles and authorities of the Intelligence Directorate and Counterintelligence Directorate and statements made by Office of Intelligence and Counterintelligence officials, it appears unlikely but possible that the Directorates have or may ever acquire information on an individual who should be nominated to the Consolidated Watchlist. In the event that either Directorate acquires such information, they are required to provide that information to the NCTC or FBI.

We interviewed officials at the NCTC and Terrorist Screening Center regarding DOE watchlisting issues. An NCTC official advised us that given the Intelligence Directorate's limited collection capabilities and, as a result its limited opportunities to make a nomination, there was little need for it to develop an extensive nominating process. However, the NCTC official advised that, in her judgment, the Intelligence Directorate should formalize a process for contacting NCTC to seek guidance in the event that it acquires information pertinent to U.S. watchlisting efforts.

The official further advised that because the FBI is to submit relevant information to the NCTC, there should be no need for the Counterintelligence Directorate to make direct nominations. An FBI official at the Terrorist Screening Center confirmed that given the formal relationship between the Counterintelligence Directorate and the FBI, the FBI should make any Watchlist nominations that it deems appropriate. Based on our request, the Terrorist Screening Center attempted to determine whether information provided by DOE has ever been used in any Watchlist nominations. The results were inconclusive.

We recognize DOE's relationship with the FBI and that appropriate information is to be referred to the FBI and the Terrorist Screening Center. Nevertheless, we concluded that DOE and national security interests would be best served if the Counterintelligence Directorate formalized a process to ensure that appropriate information is nominated for the Watchlist.

Some Office of Intelligence and Counterintelligence officials acknowledged having limited familiarity with watchlisting issues. We concluded that the appropriate Department analysts and officials would benefit from awareness training to ensure that they are sensitive to information that should be incorporated into the Watchlist and the related procedures for doing so.

RECOMMENDATIONS

We recommend that the Director, Office of Intelligence and Counterintelligence:

1. Develop a formal Department of Energy process for nominating personnel to the Consolidated Terrorism Watchlist; and,
2. Provide awareness training to all employees who could acquire information relating to individuals who should be nominated to the Consolidated Terrorism Watchlist.

**MANAGEMENT
COMMENTS**

Management said that it initiated action to develop a Memorandum of Understanding with the NCTC and the Terrorist Screening Center and a process for nominating individuals to the Consolidated Terrorism Watchlist. Management also said that it will review current practices and implement appropriate Watchlist awareness training for all current and newly-hired personnel with a counterterrorism mission. We have included management's comments in their entirety at Appendix B.

**INSPECTOR
COMMENTS**

We found management's comments to be responsive to our report. However, because the comments did not include planned corrective actions with target completion dates, a Management Decision is required.

Appendix A

SCOPE AND METHODOLOGY

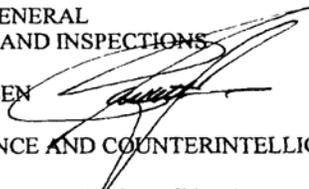
This review included interviews with officials at DOE, the NCTC and the Terrorist Screening Center. We reviewed applicable policies pertaining to the United States Government’s watchlisting activities. Also, pursuant to the “Government Performance and Results Act of 1993,” we examined performance measurement processes as they related to watchlisting. This inspection was conducted in accordance with “Quality Standards for Inspections” issued by the President’s Council on Integrity and Efficiency.



Department of Energy
Washington, DC 20585

August 22, 2007

MEMORANDUM FOR CHRISTOPHER SHARPLEY
DEPUTY INSPECTOR GENERAL
FOR INVESTIGATIONS AND INSPECTIONS

FROM: ROLF MOWATT-LARSEN 
DIRECTOR
OFFICE OF INTELLIGENCE AND COUNTERINTELLIGENCE

SUBJECT: (U) Response to Draft Report on "The Consolidated
Terrorism Watch list Nomination Process at the Department of
Energy" (S07IS015)

(U) We received your memorandum, dated July 3, 2007, requesting information about departmental processes for nominating individuals for inclusion to the Consolidated Terrorism Watch list.

(U) The information is provided as follows:

- The Intelligence Directorate of the Office of Intelligence and Counterintelligence has initiated discussions with National Counterterrorism Center (NCTC) and the Terrorist Screening Center, to develop a simple Memorandum of Understanding (MOU) and process for Department of Energy to nominate individuals to the consolidated watch lists as appropriate. This MOU will be coordinated with the Counterintelligence Directorate and, if appropriate, the Federal Bureau of Investigation.
- The Office will review current practices and consult with the field offices concerning Watch List awareness training. Following this review, requirements will be identified and an appropriate method implemented to provide this training for all current and newly-hired personnel with a counterterrorism mission.

(U) If you have any questions, please contact me on 202-586-2610 or Alex Goodale on 202-586-2085.



Printed with soy ink on recycled paper

CUSTOMER RESPONSE FORM

The Office of Inspector General has a continuing interest in improving the usefulness of its products. We wish to make our reports as responsive as possible to our customers' requirements, and, therefore, ask that you consider sharing your thoughts with us. On the back of this form, you may suggest improvements to enhance the effectiveness of future reports. Please include answers to the following questions if they are applicable to you:

1. What additional background information about the selection, scheduling, scope, or procedures of the inspection would have been helpful to the reader in understanding this report?
2. What additional information related to findings and recommendations could have been included in the report to assist management in implementing corrective actions?
3. What format, stylistic, or organizational changes might have made this report's overall message clearer to the reader?
4. What additional actions could the Office of Inspector General have taken on the issues discussed in this report which would have been helpful?
5. Please include your name and telephone number so that we may contact you should we have any questions about your comments.

Name _____ Date _____

Telephone _____ Organization _____

When you have completed this form, you may telefax it to the Office of Inspector General at (202) 586-0948, or you may mail it to:

Office of Inspector General (IG-1)
Department of Energy
Washington, DC 20585

ATTN: Customer Relations

If you wish to discuss this report or your comments with a staff member of the Office of Inspector General, please contact Judy Garland Smith at (202) 586-7828.

The Office of Inspector General wants to make the distribution of its reports as customer friendly and cost effective as possible. Therefore, this report will be available electronically through the Internet at the following address:

U.S. Department of Energy Office of Inspector General Home Page

<http://www.ig.energy.gov>

Your comments would be appreciated and can be provided on the Customer Response Form attached to the report.