



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

# Audit Report

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Selected Aspects of the East  
Tennessee Technology Park's Security  
Clearance Retention Process




## Department of Energy

Washington, DC 20585

October 18, 2007

### MEMORANDUM FOR THE SECRETARY

FROM:

  
Gregory H. Friedman  
Inspector General

SUBJECT:

INFORMATION: Audit Report on "Selected Aspects of the East Tennessee Technology Park's Security Clearance Retention Process"

### BACKGROUND

The Department of Energy uses a formal process of security clearances to help prevent unauthorized access to sites and facilities that maintain or store classified information and/or special nuclear material. As part of this process, security badges are issued to indicate whether the individual possesses a security clearance and, as a consequence, whether access to agency facilities is permitted. In addition, the Department maintains a Central Personnel Clearance Index to track security clearance information. In virtually all circumstances, policy requires that security clearances be terminated when an individual ends their association with the Department. A limited exception to that policy exists for contractor employees that are to be reemployed within three months. Closely controlling security clearances and restricting access to facilities to authorized individuals are essential to protecting the Department's valuable security and property assets.

In May 2007, the Office of Inspector General issued a report on *The Department's Audit Resolution and Follow-up Process* (DOE/IG-0766). This audit disclosed, among other things, that security clearances at the East Tennessee Technology Park (ETTP) were being retained well beyond the three-month window allowed by Departmental policy. Because of the potential for terminated employees who retained active clearances to improperly access Departmental facilities, we initiated this audit to determine whether the practice of maintaining active security clearances at ETTP for terminated employees was appropriate and/or necessary.

### RESULTS OF AUDIT

Our review disclosed that security clearances for terminated employees at ETTP were inappropriately and unnecessarily retained beyond the period permitted by Departmental policy. During the recently completed audit cited above, we identified at least 20 individuals who had been permitted to retain security clearances for more than 6 months after the date their employment with ETTP ended. Our current review identified 54 other former employees who, as of June 2007, had not had their security clearances terminated, as required.



In spite of a specific requirement that permits retention of security clearances for no more than three months following termination, and without consulting with Headquarters Personnel Security officials, the Department's Oak Ridge Office (ORO) granted the ETPP site contractor – Bechtel Jacobs Company LLC – permission to initiate a 180-day "security clearance hold list." The creation of this security clearance hold list effectively allowed individuals who were no longer employed at ETPP to improperly retain security clearances. These retained security clearances remained active in the Central Personnel Clearance Index and could have permitted former contractor employees to access facilities across the complex without authorization. Such access increases the risk of malicious damage to Departmental assets. As noted in our January 2006 OIG report on *Security Clearance Terminations and Badge Retrieval at the Lawrence Livermore National Laboratory* (DOE/IG-0716), failure to properly control security clearance terminations has the potential to degrade the Department's security posture.

After completion of our audit field work, the Office of Departmental Personnel Security (ODPS), within Office of Health, Safety and Security (HSS), notified us that they conducted a survey and discovered that two National Nuclear Security Administration (NNSA) sites – the Los Alamos and Sandia National Laboratories – had deviations in place, some of which addressed provisions for maintaining clearances in an active status subsequent to termination. ODPS determined these were not acceptable applications of the deviation process and was preparing a memorandum to NNSA conveying this determination.

The Department recently established the ODPS to strengthen and elevate the visibility of its personnel security program and to help ensure the consistent and effective implementation of personnel security programs Department-wide. We view this organizational change as a positive step that, if successfully implemented, should help ensure that ETPP and other sites are not circumventing personnel security program requirements. To aid the Department in this effort, we have made several recommendations designed to improve the security clearance termination process.

#### MANAGEMENT COMMENTS

ORO and the HSS provided comments to the draft report and concurred with the recommendations. In particular, ORO management noted that the 180-day variance had been rescinded and that outstanding clearances were being terminated. Management's comments have been included verbatim as Appendix 3.

Attachment

cc: Deputy Secretary  
 Chief of Staff  
 Under Secretary of Energy  
 Administrator, National Nuclear Security Administration  
 Chief Operating Officer, Office of Science  
 Assistant Secretary for Environmental Management  
 Director, Policy and Internal Controls Management, NA-66

# REPORT ON SELECTED ASPECTS OF THE EAST TENNESSEE TECHNOLOGY PARK'S SECURITY CLEARANCE RETENTION PROCESS

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## ETTP'S SECURITY CLEARANCE RETENTION PROCESS

### Security Clearances

Security clearances for terminated employees at the East Tennessee Technology Park (ETTP) were inappropriately and unnecessarily held active beyond the timeframe permitted under Department of Energy (Department) policy. In our May 2007 report on *The Department's Audit Resolution and Follow-up Process* (DOE/IG-0766), we identified at least 20 individuals who had retained security clearances in the Central Personnel Clearance Index (CPCI) system for over 6 months after their termination from ETTP. Our current review identified an additional 54 contractor or subcontractor employees who, as of June 2007, had been terminated from ETTP for at least 3 months and whose clearances remained active. The table below summarizes the extent of retained security clearances and the rationale for the termination of each of the 54 employees.

<b>Reason for Termination</b>	<b>Number of Terminated Employees</b>	<b>Clearance Type Q/L</b>	<b>Contractor/Sub-Contractor</b>
Layoff	41	8 Q – 33 L	8 Contractor – 33 Sub
Involuntary Reduction-in-Force	5	1 Q – 4 L	3 Contractor – 2 Sub
No Reason Given	2	0 Q – 2 L	1 Contractor – 1 Sub
Family Emergency	1	0 Q – 1 L	0 Contractor – 1 Sub
Not Hired	1	1 Q – 0 L	1 Contractor – 0 Sub
Lack of Funding	1	0 Q – 1 L	0 Contractor – 1 Sub
Budget Cutbacks	1	1 Q – 0 L	0 Contractor – 1 Sub
End of Contract	1	1 Q – 0 L	0 Contractor – 1 Sub
Voluntarily Quit	1	0 Q – 1 L	1 Contractor – 0 Sub
<b>TOTALS</b>	<b>54</b>	<b>12 Q – 42 L</b>	<b>14 Contractor – 40 Sub</b>

As illustrated in the table, most of these employees were terminated from ETTP either through layoffs or involuntary reduction-in-force. Additionally, 12 of the 54 employees maintained "Q" clearances, the highest level of security clearance provided to Departmental employees.

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**Security Clearance  
Hold List**

Security clearances were being held active more than three months after employees were terminated because the Department's Oak Ridge Office (ORO) granted the ETTP site contractor – Bechtel Jacobs Company LLC (Bechtel Jacobs) permission to initiate a 180-day "security clearance hold list." This hold list was designed to allow Bechtel Jacobs and their subcontractors to rehire terminated personnel without having to take action to reinstate clearances. According to an official from the Office of Departmental Personnel Security (ODPS), however, field offices do not have the authority to approve the retention of security clearances for terminated personnel beyond the three-month maximum permitted by Departmental policy. Officials from that same office told us that they were not aware of the deviation which resulted in the creation of the "hold list." Based on their records, neither the original deviation granted in 2004 by ORO, nor the extension in 2007, were subjected to more extensive reviews at ODPS or its predecessor organization, as required.

ORO maintains that the deviation and the resultant 180-day hold list system in place were handled appropriately and were consistent with Departmental policy. Officials cited a clause in the Department's Personnel Security Manual that allows the local security authority to adjust the timeframes that clearances may be held active for individuals on leave of absence or extended leave. However, it is important to note that this clause does not pertain to terminated employees such as the 54 identified in the above chart who are the focus of this report. ORO also indicated that the impact of terminated employees maintaining active clearances in the CPCI was minimized because other protective controls, such as the retrieval of badges and the debriefing of employees at the time of employment termination, were in place. Nevertheless, these actions would not have prevented access to other sites and perhaps not even to other Oak Ridge locations since the security clearance was still active in CPCI.

Finally, officials from the ODPS indicated that there was no reason for the ETTP 180-day hold list. Under Department policy, reinstatement of a clearance within a 180-day timeframe is just a matter of verifying the previous clearance and having the individual sign a new agreement. In fact, in August 2007, the ORO Access Authorization Branch had an average time of two to three days to reinstate a clearance once the paperwork had been received.

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**Control Over Security Clearance Termination**

As implemented, the deviation in place at ETTP, which allows security clearances to be held active for 180 days after an employee's termination, poses an unnecessary security vulnerability to the Department and its facilities. Proper controls over security clearance terminations are necessary to prevent unauthorized access to information and facilities, and decrease the risk of malicious damage to Departmental assets. As confirmed by an official from the ODPS, unauthorized individuals could gain access to Department facilities if their security clearances were not properly terminated in the CPCI system even if their badges had been retrieved. A temporary badge could be obtained and access granted if a site security officer at a given access point verified the active clearance with information from the CPCI. As such, it is imperative that all Department security clearance terminations occur in accordance with Departmental requirements. Previous Office of Inspector General inspections have found issues with security clearance terminations being timely at Sandia, Lawrence Livermore, and Los Alamos National Laboratories.

**RECOMMENDATIONS**

We recommend that the Manager, ORO, in conjunction with the ODPS:

1. Rescind the deviation in place that allows Bechtel Jacobs to hold terminated employees' security clearances active for up to 180 days; and,
2. Ensure that all current active security clearances for individuals whose employment has been terminated for over three months be immediately terminated in the CPCI.

We further recommend that the ODPS:

3. Determine whether other Departmental sites currently have similar practices of holding security clearances active for more than three months after termination.

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**MANAGEMENT  
REACTION**

ORO and the Office of Health, Safety and Security (HSS) provided comments to the draft report and concurred with the recommendations. ORO stated that the 180-day variance was rescinded on September 5, 2007, with an effective date of September 30, 2007. In addition, ORO requested that Bechtel Jacobs submit termination statements to their office as soon as possible for those employees whose employment has been terminated for over three months. ORO indicated that all clearances associated with the 180-day variance have been terminated and that these actions were completed on September 28, 2007.

ODPS polled other Departmental personnel security offices to determine if they had deviations in place to allow holding security clearances over three months after termination. While ODPS found many sites did not deviate from the personnel security directives in any way, they did find two National Nuclear Security Administration (NNSA) sites – the Los Alamos and Sandia National Laboratories – that had a total of four deviations in place, three of which addressed provisions for maintaining clearances in an active status subsequent to termination. ODPS has found that these are not acceptable applications of the deviation process and is preparing a memorandum to the NNSA Service Center to inform them of this determination.

**AUDITOR  
COMMENTS**

Comments from ORO and HSS acknowledged that changes were needed in the management controls at the Department to improve the security clearance retention process. Management's completed and planned actions, as stated above, were responsive to the report's recommendations.

Management's comments are included verbatim as Appendix 3.



## Appendix 1

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### OBJECTIVE

To determine whether the practice of maintaining active security clearances at the East Tennessee Technology Park (ETTP) for terminated employees was appropriate and/or necessary.

### SCOPE

We performed the audit from June 2007 through August 2007 and obtained data from Headquarters, the Oak Ridge Office (ORO) and the ETTP in Oak Ridge, Tennessee.

### METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable Department of Energy (Department) policies and procedures implemented at the Department;
- Held discussions with Headquarters and site officials regarding security clearance terminations and deviations;
- Analyzed ETTP's 180-day security clearance hold list to determine the number of employees who had been terminated for more than 3 months; and,
- Performed comparative analysis of ETTP's 180-day security clearance hold list and the Department's Central Personnel Clearance Index (CPCI) to confirm that terminated employees on the hold list still had active clearances in the CPCI.

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. Accordingly, we assessed the significant internal controls and performance measures established under the Government Performance and Results Act of 1993. 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. We obtained and reviewed computer generated data in order to achieve our audit objective. We performed procedures to validate the reliability of the information as necessary to satisfy our audit objective.

Management elected to waive the exit conference.

### **APPENDIX 2**

#### **PRIOR REPORTS**

##### **Office of Inspector General Reports**

- *The Department's Audit Resolution and Follow-up Process* (DOE/IG-0766, May 2007). This audit found that the Department of Energy (Department) had made significant improvements to many aspects of its follow-up system. In particular, it had ensured that target closure dates were established for all agreed-upon recommendations and that, in most cases, audit recommendations were closed in a timely manner. However, we found that, in some cases, agreed-upon recommendations had been closed, but corrective actions had either not been completed or were ineffective. Our review of "closed" recommendations contained in six selected reports found significant continuing management issues relating to: (1) ensuring that employee badges were returned and security clearances were terminated as required; (2) tracking visits and assignments by foreign nationals; (3) consolidating duplicative nuclear material tracking systems; and, (4) resolving information technology security weaknesses.
- *Badge Retrieval and Security Clearance Termination at Sandia National Laboratory-New Mexico* (DOE/IG-0724, April 2006). This inspection concluded that the internal controls at the Sandia National Laboratory-New Mexico (Sandia) 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. Additionally, they found employees that did not have complete Security Termination Statements, as required. Thus, there was no assurance that these individuals had received the required Security Termination Briefing at the time of their termination.
- *Security Clearance Terminations and Badge Retrieval at the Lawrence Livermore National Laboratory* (DOE/IG-0716, January 2006). This inspection concluded that the Lawrence Livermore National Laboratory's internal control structure was not adequate to ensure that security badges were retrieved at the time of employee departure or that security clearances of departing employees were terminated in a timely manner. Additionally, they found terminated employees that did not complete the required Security Termination Statements. Thus, there was no assurance that these employees had received the required Security Termination Briefing.
- *Security and Other Issues Related to Out-Processing of Employees at Los Alamos National Laboratory* (DOE/IG-0677, February 2005). This inspection found that out-processing procedures at the Los Alamos National Laboratory (LANL) were not followed by more than 40 percent of the 305 terminating employees included in their sample. They found that there was no assurance that, prior to departure, LANL terminating employees turned in security badges, completed the required Security Termination Statement, or had their security clearances and access authorizations to classified matter and/or special nuclear material terminated in a timely manner.



**Department of Energy**  
Washington, DC 20585

October 3, 2007

MEMORANDUM FOR GREGORY H. FRIEDMAN  
INSPECTOR GENERAL

FROM: GLENN S. PODONSKY  
CHIEF HEALTH, SAFETY AND SECURITY OFFICER  
OFFICE OF HEALTH, SAFETY AND SECURITY

SUBJECT: COMMENTS FOR IG DRAFT AUDIT REPORT: "Management  
Controls over Selected Aspects of the East Tennessee Technology  
Park's Security Clearance Retention Process" (AO7PT039)

The Office of Health, Safety and Security (HSS) has reviewed the subject draft audit report provided by the Inspector General's Office on September 11, 2007. Below is the response to the finding and recommendation addressed to HSS.

**Recommendation 3:**

We further recommend that the ODPS:

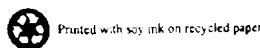
Determine whether other Departmental sites currently have similar practices of holding security clearances over three months after termination.

**Response:**

Concur: The Office of Departmental Personnel Security, within HSS, has polled the other Departmental personnel security offices to determine if they have deviations in place to allow holding security clearances over three months after termination. The offices of Naval Reactors (Pittsburgh and Schenectady jointly), Chicago, Idaho, Richland, Savannah River and Headquarters all reported that they do not deviate from the Department of Energy personnel security directives in any way, including holding clearances active for more than three months after termination. The National Nuclear Security Administration (NNSA) Service Center reported that two of their sites (Los Alamos and Sandia National Laboratories) have a total of four deviations in place, three of which address provisions for maintaining clearances in an active status subsequent to termination. The Office of Departmental Personnel Security has found that these are not acceptable applications of the deviation process and is preparing a memorandum to the NNSA Service Center to inform them of this determination.

If you have any questions, you may contact me at (301) 903-3777 or have a member of your staff contact Stephanie Scott Grimes, of my staff, at (301) 903-4175.

cc: Gerald Boyd, SC-OR  
Jeanette Miller, SC-OR



DOE # 1325-2  
(4/92)

United States Government

Department of Energy

Oak Ridge Office

# memorandum

DATE: October 2, 2007


REPLY TO  
ATTN: FM-733:Miller

SUBJECT: **RESPONSE TO DRAFT REPORT, "MANAGEMENT CONTROLS OVER SELECTED ASPECTS OF THE EAST TENNESSEE TECHNOLOGY PARK'S SECURITY CLEARANCE RETENTION PROCESS"**

TO: Rickey R. Hass, Assistant Inspection General for Financial, Technology and Corporate Audits,  
Office of Inspector General, IG-34, FORS

This is in response to your September 11, 2007, memorandum, with attached draft report, subject as above. Your memorandum requested that the Oak Ridge Office (ORO) review the information in the draft report and provide written comments within 15 working days on the facts presented and conclusions reached, as well as any alternative recommendations in solving the problems discussed in the report.

ORO concurs in the report recommendations, and our comments are attached. Please feel free to contact me at 865-576-4446 or Pauline Douglas at 865-576-9171 if you wish to discuss this further.

  
Judith M. Perry  
Chief Financial Officer

#### Attachments

cc w/attachments:  
G. J. Malosh, SC-3, FORS  
S. S. Grimes, HS-1.4, GTN  
K. E. Goodwin, EM-3.1, GTN  
M. L. Lewis, CF-1.2, FORS  
P. J. Douglas, OS-20, ORO

Attachment

**OAK RIDGE OFFICE COMMENTS**  
**ON DRAFT INSPECTOR GENERAL REPORT ENTITLED**  
**"MANAGEMENT CONTROLS OVER SELECTED ASPECTS OF THE**  
**EAST TENNESSEE TECHNOLOGY PARK'S SECURITY CLEARANCE**  
**RETENTION PROCESS"**

**RESPONSE TO RECOMMENDATIONS:**

**That the Manager, Oak Ridge Office, in conjunction with the ODPS:**

- 1. Rescind the deviation in place that allows Bechtel Jacobs to hold terminated employees' security clearances active for up to 180 days.**

**Response:** Concur. The 180-day variance was rescinded on September 5, 2007, with an effective date of September 30, 2007.

- 2. Ensure that all current active security clearances for individuals whose employment has been terminated for over three months be immediately terminated in the CPCI.**

**Response:** Concur. The Oak Ridge Office requested that Bechtel Jacobs submit termination statements to our office as soon as possible for those employees whose employment has been terminated for over three months. All clearances associated with the 180-day variance have been terminated. Actions were completed on September 28, 2007.

**GENERAL COMMENTS**

Page 1, 1<sup>st</sup> paragraph (Security Clearances):

- It is unclear whether Paducah and Portsmouth personnel (i.e. former BJC employees) were included in this number (20 and 54).

Page 2, 1<sup>st</sup> paragraph (Security Clearance Hold List):

- This request for retaining clearances for 180 days after layoff or project completion for specific work groups for Bechtel Jacobs Company LLC, Oak Ridge, was initially approved on January 30, 2004 with a copy going to Headquarters personnel at SO-11, SO-23, and SC-1. The updated extension of this variance was approved April 16, 2007.

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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 more clear 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:

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