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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

May 18, 1983

The Honorable John F. Lehman
The Secretary of the Navy

Dear Mr. Secretary:

Subject: Need for Central Adjudication Facility for
Security Clearances for Navy Personnel
(GAO/GGD-83-66)

In October 1981, we began the survey phase of an evaluation of the Department of Defense's (DOD) Personnel Security Program under assignment code 009709. Shortly thereafter, we learned of two similar reviews underway by the Defense Audit Service and a Select Panel of top Department officials. Consequently, we suspended our survey for 6 months.

We have now completed our survey and the results support previous recommendations that the Navy centralize its adjudication of security clearances for military and civilian personnel. Although the Navy has maintained a centralized adjudication facility for civilian personnel for many years and for special intelligence accesses for both military and civilian personnel, about 3,000 commands have been authorized to adjudicate the security clearances for military personnel. We visited 11 of these commands in California, Maryland, and Virginia. During these visits we found that (1) the range in rank or grade level of the individuals adjudicating cases varied widely, (2) formal training and security experience were lacking, and (3) the clearance review and verification procedures were inconsistent.

ABSENCE OF CENTRAL ADJUDICATION
FACILITY NOT JUSTIFIED

Before suspension of our survey, we had noted that the Navy did not have a central adjudication facility for security clearances for military personnel, except with respect to the adjudication of the special accesses required for sensitive compartmented information. We further noted that DOD Regulation 5200.2-R, "Personnel Security Program," required the head of each component, to the extent practicable, to establish a single central adjudication facility.

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In a December 2, 1981, letter to you, we asked if the Navy had made any studies of the practicality of creating a central adjudication facility and, if no studies had been made, the reasons for noncompliance with the DOD regulation, mentioned earlier.

In a January 4, 1982, response to our letter, the Director of Naval Intelligence said that no studies had been made and that it was expected that the recommendations of the DOD Select Panel, then examining the personnel security program, would have a bearing on the Navy's course of action.

One of the recommendations in the April 16, 1982, report of the Select Panel was that the Deputy Under Secretary of Defense for Policy specifically require the Navy to demonstrate why its adjudication system complies with the regulation to the extent practicable. Consequently, in a July 20, 1982, memorandum to the Secretary of the Navy, the Deputy Under Secretary of Defense for Policy, noting the Select Panel's recommendation, the advantages derived from centralized adjudication, the requirements of the DOD regulation, and the Navy's inaction to centralize, asked that the Secretary review the situation to determine whether centralization could be implemented as recommended. Although 10 months have elapsed without a response by the Navy, we understand that the Navy still does not accept the concept of centralized adjudication for military clearances.

WIDE RANGE IN RANK OR GRADE OF ADJUDICATORS

Even though the adjudication of security clearances for military personnel assigned to various stations and ships is the responsibility of the commanding officer, that responsibility generally is delegated to the security manager or a subordinate. Depending on the size of the activity or ship and its administrative organization, the adjudicator may be civilian or military. For example, the rank of military personnel adjudicating clearances at the bases and ships that we visited ranged from a Chief Warrant Officer to a Commander. The grade level of civilians ranged from a GS-5 to a GS-12. We were told that if an investigation disclosed derogatory information about an individual, higher authority or the commanding officer would get involved in the adjudication process. However, the initial determination as to what constitutes derogatory information is still the responsibility of the adjudicator who, in some cases, may lack the necessary experience to make a proper determination. Even when cases are referred to higher authority, including the commanding officer, there is no assurance that the investigative results will be evaluated properly and consistently.

ADJUDICATORS LACKED TRAINING AND EXPERIENCE

None of the adjudicators that we interviewed had received any formal training. This situation, however, is not unique to the Navy. Decentralization of the adjudicative process, especially with respect to military adjudicators, precludes long-term on-the-job training under the close supervision of experienced adjudicators. This unsatisfactory condition is further exacerbated by two factors. First, the function of security manager for a station often is a collateral duty of the administrative officer whose knowledge of security may be limited to the guidance included in the Navy's Security Managers Handbook. Second, we believe that the rotation policy for military personnel means that military adjudicators may not be adjudicating cases for more than 2 or 3 years at any one location, and their new assignments may not involve any adjudicative work. The proper and consistent application of adjudicative criteria is essential to the personnel security program, not only to protect national security information, but also to assure fairness and equal treatment to all personnel to the extent practicable.

CLEARANCE VERIFICATION PROCEDURES ARE INCONSISTENT

Navy instructions are not clear on what procedures should be followed before access is granted to civilian and military personnel already possessing security clearances. At some commands, personnel folders were being examined for derogatory information by someone from the personnel office, while at other commands someone from the security office was doing the examination. Some commands were checking with local law enforcement agencies or with credit bureaus before granting access, which is authorized by Navy instructions, while other commands were only verifying that the individual held a valid clearance. Procedures for granting access to classified information should be consistent. More definitive instructions would reduce the inconsistencies in determining access eligibility.

RECOMMENDATIONS

We recommend that you establish a central adjudication facility for civilian and military personnel, in accordance with the requirement of DOD Regulation 5200.2-R, "Personnel Security Program." We further recommend that you require revisions to existing instructions to provide specific criteria on the procedures to be followed in determining individual eligibility for access to classified information.

A copy of this report is being sent to the Secretary of Defense.

Sincerely yours,

John M. Lovelady for
Arnold P. Jones
Senior Associate Director