



Highlights of [GAO-06-748T](#) a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

## Why GAO Did This Study

The Department of Defense (DOD) is responsible for about 2 million active personnel security clearances. About one-third of the clearances are for industry personnel working on contracts for DOD and more than 20 other executive agencies. Delays in determining eligibility for a clearance can heighten the risk that classified information will be disclosed to unauthorized sources and increase contract costs and problems attracting and retaining qualified personnel. Long-standing delays in completing hundreds of thousands of clearance requests and numerous impediments that hinder DOD's ability to accurately estimate and eliminate its clearance backlog led GAO to declare DOD's personnel security clearance program a high-risk area in January 2005.

This testimony presents GAO's (1) preliminary observations from its ongoing review of the timeliness and completeness of clearances, (2) concerns about the upcoming expiration of an executive order that has resulted in high level commitment to improving the governmentwide clearance process, and (3) views on factors underlying DOD's decision to stop accepting clearance requests for industry personnel.

[www.gao.gov/cgi-bin/getrpt?GAO-06-748T](http://www.gao.gov/cgi-bin/getrpt?GAO-06-748T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Derek B. Stewart at (202) 512-5559 or [StewartD@gao.gov](mailto:StewartD@gao.gov).

# DOD PERSONNEL CLEARANCES

## New Concerns Slow Processing of Security Clearances for Industry Personnel

### What GAO Found

GAO's ongoing review of the timeliness and completeness of security clearance processes for industry personnel has provided three preliminary observations. First, communication problems between DOD and the Office of Personnel Management (OPM) may be limiting governmentwide efforts to improve the personnel security clearance process. Second, OPM faces performance problems due to the inexperience of its domestic investigative workforce, and it is still in the process of developing a foreign presence to investigate leads overseas. Third, some DOD adjudication facilities have stopped accepting closed pending cases—that is, investigations formerly forwarded to DOD adjudicators from OPM—even though some required investigative information was not included.

In addition, the expiration of Executive Order 13381 could slow improvements in the security clearance processes governmentwide, as well as for DOD in particular. The executive order, which among other things delegated responsibility for improving the clearance process to the Office of Management and Budget (OMB), is set to expire on July 1, 2006. GAO has been encouraged by the high level of commitment that OMB has demonstrated in the development of a plan to address clearance-related problems. Because there has been no indication that the executive order will be extended, GAO is concerned about whether the progress that has resulted from OMB's high-level management involvement will continue. Issues such as OPM's need to establish an overseas presence are discussed as potential reasons why OPM may not be in a position to assume an additional high-level commitment if OMB does not continue in its current role.

Finally, inaccurate projections of clearance requests and funding constraints are delaying the processing of security clearance requests for industry personnel. DOD stopped processing new applications for clearance investigations for industry personnel on April 28, 2006. DOD attributed its actions, in part, to an overwhelming volume of requests for industry personnel security investigations. DOD's long-standing inability to accurately project its security clearance workload makes it difficult to determine clearance-related budgets and staffing requirements. The funding constraints that also underlie the stoppage are related to the transfer of DOD's personnel security investigations functions to OPM. DOD has questioned some of the costs being charged by OPM and has asked OMB to mediate the DOD-OPM dispute. Information from the two agencies indicates that OMB has directed the agencies to continue to work together to resolve the matter. According to officials in the DOD and OPM inspector general offices, they are investigating the billing dispute and expect to report on the results of their investigations this summer.