PERSONNEL SECURITY CLEARANCES

Additional Actions Needed to Implement Key Reforms and Improve Timely Processing of Investigations

Statement of Brenda S. Farrell, Director, Defense Capabilities and Management

Accessible Version
Why GAO Did This Study

The government-wide personnel security clearance process was designated as a high-risk area in January 2018 because it represents one of the highest management risks in government.

This testimony focuses on, among other things, the extent to which executive branch agencies (1) made progress reforming the security clearance process, and (2) are meeting timeliness objectives and reducing NBIB’s investigative backlog.

What GAO Recommends

In November 2017 and December 2017, GAO made 12 recommendations to the DNI and the Director of NBIB, including setting a milestone for establishing measures for investigation quality, developing a plan to meet background investigation timeliness objectives, and developing a plan for reducing the backlog. NBIB concurred with the recommendations. The DNI concurred with some, but not all, of GAO’s recommendations. GAO continues to believe they are valid.

What GAO Found

Executive branch agencies have made progress reforming the security clearance process, but long-standing key initiatives remain incomplete. Progress includes the issuance of federal adjudicative guidelines and updated strategic documents to help sustain the reform effort. However, agencies still face challenges in implementing aspects of the 2012 Federal Investigative Standards—criteria for conducting background investigations—and in implementing a continuous evaluation program. In addition, while agencies have taken steps to establish government-wide performance measures for the quality of investigations, neither the Director of National Intelligence (DNI) nor the interagency Security, Suitability, and Credentialing Performance Accountability Council (PAC) have set a milestone for completing their establishment.

GAO’s analysis of timeliness data for specific executive branch agencies showed that the number of agencies meeting investigation and adjudication timeliness objectives for initial secret and top secret security clearances and periodic reinvestigations decreased from fiscal years 2012 through 2016. For example, while 73 percent of agencies did not meet timeliness objectives for initial clearances for three of four quarters in fiscal year 2012, 98 percent of agencies did not meet these objectives in fiscal year 2016. The DNI has not developed a government-wide plan, including goals and milestones, to help agencies improve timeliness. Agencies’ challenges in meeting timeliness objectives have contributed to a significant backlog of background investigations at the agency that is responsible for conducting the majority of investigations, the National Background Investigations Bureau (NBIB). NBIB documentation shows that the backlog of pending investigations increased from about 190,000 in August 2014 to more than 710,000 as of February 2018, as shown below. NBIB leadership has not developed a plan to reduce the backlog to a manageable level.

National Background Investigations Bureau’s Backlog of Background Investigations, August 2014 to February 2018

Number of background investigation cases (in thousands)

<table>
<thead>
<tr>
<th>Month</th>
<th>Background investigation cases</th>
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</thead>
<tbody>
<tr>
<td>Aug 2014</td>
<td>190.7</td>
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<td>Apr 2017</td>
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Source: GAO analysis of National Background Investigations Bureau Information. 1 GAO-18-431T
## Data Table for National Background Investigations Bureau's Backlog of Background Investigations, August 2014 to February 2018

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Chairman Burr, Vice Chairman Warner, and Members of the Committee:

Thank you for the opportunity to be here today to discuss personnel security clearance reforms. The government-wide personnel security clearance process was designated as a high-risk area in January 2018 because it represents one of the highest management risks in government. A high-quality personnel security process is necessary to minimize the risks of unauthorized disclosures of classified information and to help ensure that information about individuals with criminal histories or other questionable behavior is identified and assessed. In 2014, emphasis on security clearance reform was renewed following high-profile events such as the September 2013 shooting at the Washington Navy Yard by an individual who had both access to the facility and a security clearance. In November and December 2017, we reported, among other things, that the executive branch faces challenges completing key reform efforts, processing security clearances, and reducing a significant backlog in background investigations.¹

In January 2018, in light of the serious challenges facing the interagency Security, Suitability, and Credentialing Performance Accountability Council (PAC), the entity responsible for driving the implementation of and overseeing the reform efforts, we placed the government-wide personnel security clearance process on GAO’s High-Risk List. We made this designation out-of-cycle because it was important to call attention to these challenges now.² My testimony today focuses on three of the key challenges that led to the high-risk designation, including: (1) the extent to which executive branch agencies made progress reforming the security clearance process; (2) the extent to which executive branch agencies are meeting timeliness objectives and reducing the National Background Investigations Bureau’s (NBIB) investigative backlog; and (3) the potential effects of continuous evaluation—a process to review the background of clearance holders and individuals in sensitive positions at any time during the eligibility period—on executive branch agencies.


²GAO updates the High-Risk List every 2 years near the start of each new Congress to help set oversight agendas. Our next update will be in 2019.
My testimony is primarily based on our November and December reports on these topics. For those reports, we reviewed relevant statutes, Executive Orders, and PAC strategic documents; obtained data from the Office of the Director of National Intelligence (ODNI) on the timeliness of initial personnel security clearances and periodic reinvestigations for fiscal years 2012 through 2016 for specific executive branch agencies; and interviewed PAC, Office of Personnel Management (OPM), NBIB, ODNI, and Department of Defense (DOD) officials. Our November and December 2017 reports include a detailed explanation of our scope and methodology. In these reports, we made 12 recommendations to the Director of National Intelligence and the Director of NBIB, some of which I will discuss today. NBIB concurred with the recommendations. The Director of National Intelligence concurred with some, but not all, of our recommendations. We continue to believe these recommendations are valid. Information that ODNI and OPM deemed sensitive was omitted. We conducted the work on which this statement is based in accordance with generally accepted government auditing standards.

Executive Branch Agencies Have Made Progress Reforming the Security Clearance Process, but Long-Standing Key Initiatives Remain Incomplete

The PAC Has Made Progress Reforming the Personnel Security Clearance Process

The PAC has made progress in reforming the personnel security clearance process and implementing various security clearance reform initiatives. For example, the PAC has taken action on 73 percent of the recommendations of a February 2014 review conducted in the wake of the Washington Navy Yard shooting. Actions in response to these recommendations included ODNI and OPM jointly issuing Quality

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4For this statement, we followed up with OMB and NBIB officials to obtain updated backlog data and other key performance indicators.

Assessment Standards in January 2015, which establish federal guidelines for assessing the quality of investigations. Additionally, ODNI developed the Quality Assessment Reporting Tool, through which agencies will report on the completeness of investigations.

Similarly, the PAC reported quarterly on the status and progress of key initiatives, as part of the Insider Threat and Security Clearance Reform cross-agency priority goal. This reporting included the milestone due date and status for each initiative. According to PAC Program Management Office officials, although the data are no longer publicly reported, they have continued to track the status of these milestones internally, and identified almost half of the initiatives—16 of 33—as complete as of the third quarter of fiscal year 2017.

Additionally, the PAC has issued three documents that serve as its updated strategic framework for the next 5 years. In July 2016, it issued its Strategic Intent for Fiscal Years 2017 through 2021, which identifies the overall vision, goals, and 5-year business direction to achieve an entrusted workforce. In October 2016, it issued an updated PAC Enterprise IT Strategy, which provides the technical direction to provide mission-capable and secure security, suitability, and credentialing IT systems. According to PAC program management officials, the third document—PAC Strategic Intent and Enterprise IT Strategy Implementation Plan—was distributed to executive branch agencies in February 2017. Further, we reported in December 2017 that PAC members noted additional progress in reforming the personnel security clearance process, such as the development of Security Executive Agent Directives, the identification of executive branch–wide IT shared service capabilities, and the standardization of adjudicative criteria.

6The PAC reports began in the second quarter of fiscal year 2014 and continued through the end of fiscal year 2016.

7The PAC has not reported publicly on the status of the reform effort since the fourth quarter of fiscal year 2016 as the content on performance.gov, the vehicle through which the PAC previously issued its quarterly updates, was being reviewed based on the presidential transition. As of August 2017, it was undergoing revision as agencies developed updated goals and objectives for release in February 2018 with the President’s budget submission to Congress. As of February 2018, the PAC is not reporting on the status of the reform effort via performance.gov.

8Security, Suitability, and Credentialing Performance Accountability Council, Strategic Intent Fiscal Years 2017-2021 (July 2016); and Enterprise Information Technology Strategy Fiscal Years 2017-2021 (October 2016).
Long-Standing Key Reform Initiatives Remain Incomplete

Although the PAC has reformed many parts of the personnel security clearance process, the implementation of certain key initiatives, including the full implementation of the 2012 Federal Investigative Standards and the development of government-wide performance measures for the quality of investigations, remain incomplete. The Federal Investigative Standards outline criteria for conducting background investigations to determine eligibility for a security clearance, and are intended to ensure cost-effective, timely, and efficient protection of national interests and to facilitate reciprocal recognition of the resulting investigations.9

However, the standards also changed the frequency of periodic reinvestigations for certain clearance holders and include continuous evaluation as a new requirement for certain clearance holders. Continuous evaluation is a key executive branch initiative to more frequently identify and assess security-relevant information, such as criminal activity, between periodic reinvestigations. Continuous evaluation is a process to review the background of an individual who has been determined to be eligible for access to classified information or to hold a sensitive position at any time during the period of eligibility. Continuous evaluation involves automated record checks conducted on a more frequent basis, whereas periodic reinvestigations are conducted less frequently and may include, among other things, subject and reference interviews. The types of records checked as part of continuous evaluation are the same as those checked for other personnel security purposes. Security-relevant information discovered in the course of continuous evaluation is to be investigated and adjudicated under the existing standards.

Efforts to implement an executive branch continuous evaluation program go back to at least 2008, with a milestone for full implementation by the fourth quarter of fiscal year 2010. In November 2017, we reported that while ODNI has taken an initial step to implement continuous evaluation in a phased approach across the executive branch, it had not determined when the future phases of implementation will occur. We recommended, among other things, that the Director of National Intelligence develop an

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9In addition to eligibility for access to classified information, the standards cover investigations to determine eligibility for logical and physical access, suitability for government employment, eligibility to hold a sensitive position, and fitness to perform work for or on behalf of the government as a contractor employee.
implementation plan. ODNI generally concurred with that recommendation.\textsuperscript{10}

Regarding government-wide measures for the quality of background investigations, as noted earlier, ODNI and OPM issued the Quality Assessment Standards and ODNI issued the Quality Assessment Reporting Tool. The Quality Assessment Standards established federal guidelines for assessing the quality of investigations. The Quality Assessment Reporting Tool is a tool through which agencies will report on the completeness of investigations. However, measures for quality have not been developed, and it is unclear when this key effort will be completed. The original milestone for completing government-wide measures was fiscal year 2010, and no new milestone has been established. In our December 2017 report, we recommended that the Director of National Intelligence, in his capacity as the Security Executive Agent, and in coordination with the other PAC Principals, establish a milestone for the completion of government-wide performance measures for the quality of investigations. ODNI disagreed with the recommendation, stating that it is premature to establish such a milestone and that it will do so once the Quality Assessment Reporting Tool metrics have been fully analyzed. We continue to believe that setting a milestone, which takes into consideration the amount of time needed to analyze Quality Assessment Reporting Tool data, will help to ensure that the analysis of the data is completed, initial performance measures are developed, and agencies have a greater understanding of what they are being measured against.

\textbf{Agencies Meeting Timeliness Objectives for Clearances Decreased, and a Government-Wide Approach Has Not Been Developed to Improve Timeliness or Address the Backlog}

Our analysis of government-wide and agency-specific data shows a decline in the number of executive branch agencies meeting the timeliness objectives for processing clearances. While ODNI has taken steps to address timeliness challenges, it has not developed a government-wide approach to help agencies improve the timeliness of

\textsuperscript{10}GAO-18-117.
initial personnel security clearances. Additionally, the backlog of background investigations conducted by NBIB—the primary entity responsible for conducting background investigations—has steadily increased since 2014 and as of February 2018 exceeds 710,000 cases. NBIB personnel are attempting to decrease the backlog by making the background investigation process more effective and efficient and increasing investigator capacity. However, NBIB faces challenges in developing a plan to reduce the size of the investigation backlog to a manageable level.

Agencies Meeting Timeliness Objectives Decreased

Our analysis showed that the percentage of executive branch agencies meeting timeliness objectives for investigations and adjudications decreased from fiscal years 2012 through 2016. The Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA)\(^ {11}\) established an objective for each authorized adjudicative agency to make a determination on at least 90 percent of all applications for a personnel security clearance within an average of 60 days after the date of receipt of the completed application by an authorized investigative agency. The objective includes no longer than 40 days to complete the investigative phase and 20 days to complete the adjudicative phase.\(^ {12}\) In assessing timeliness under these objectives, executive branch agencies exclude the slowest 10 percent and report on the average of the remaining 90 percent (referred to as the fastest 90 percent).\(^ {13}\)

As part of the Insider Threat and Security Clearance Reform cross-agency priority goal, the PAC reported quarterly on the average number of days to initiate, investigate, adjudicate, and complete the end-to-end process for initial secret and initial top secret cases and periodic reinvestigations for the executive branch as a whole from fiscal year 2014

\(^{11}\)Pub. L. No. 108-458, § 3001 (2004) (codified in relevant part at 50 U.S.C. § 3341). While IRTPA was a far-reaching act with many broad implications, our references to it throughout this statement pertain solely to section 3001, unless otherwise specified.

\(^{12}\)Specifically, IRTPA required the development of a plan to reduce the length of the personnel security clearance process that included, to the extent practical, the above time frames. See Pub. L. No. 108-458, § 3001(g) (2004) (codified as amended at 50 U.S.C. § 3341(g)).

\(^{13}\)In 2012, ODNI, in coordination with interagency participation, modified the timeliness goals for certain background investigations.
For fiscal year 2016, the PAC reported that the government-wide average for executive branch agencies through 2016.\textsuperscript{14} did not meet the 40-day investigation objective for the fastest 90 percent of initial secret clearances for any quarter; the averages ranged from 92 days to 135 days; did not meet ODNI’s revised investigation objective for the fastest 90 percent of initial top secret clearances for any quarter; the averages ranged from 168 days to 208 days; did not meet the goal of conducting the investigative portion of periodic reinvestigations within 150 days for the fastest 90 percent of cases for any quarter; the averages ranged from 175 days to 192 days; and did not meet the goal of completing periodic reinvestigations—the end-to-end goal—within 195 days for any quarter of fiscal year 2016; the averages ranged from 209 days to 227 days.

Our analysis of timeliness data for specific executive branch agencies showed that the percentage of agencies meeting established investigation and adjudication timeliness objectives for initial secret and top secret personnel security clearances and periodic reinvestigations decreased from fiscal year 2012 through 2016. We found that agencies with delegated authority to conduct their own investigations and those that use NBIB as their investigative provider experienced challenges in meeting established investigative timeliness objectives. Specifically, in fiscal year 2012, we found that 73 percent of the agencies, for which we obtained data, did not meet investigation and adjudication objectives for at least three of four quarters for initial secret clearances.

\textsuperscript{14} However, the timeliness goals on which the PAC currently reports for periodic reinvestigations are the same as those identified in a 2008 report that included government-wide processing goals for security clearances for calendar year 2008. The calendar year 2008 government-wide goal for the fastest 90 percent of periodic reinvestigations is the same as the goal currently in place: 195 days to complete the end-to-end processing of the periodic reinvestigations. Joint Security and Suitability Reform Team, Security and Suitability Process Reform (December 2008).

\textsuperscript{15} Of the agencies we reviewed, we found that agencies that use NBIB as their investigative service provider and agencies with delegated authority to conduct their own investigations both experienced challenges in meeting established timeliness goals. Data provided by ODNI identified the agencies with delegated authority to conduct their own investigations.
41 percent did not meet those objectives for initial top secret clearances, and

16 percent did not meet the investigative goal for at least three of four quarters for the fastest 90 percent of periodic reinvestigations.

By fiscal year 2016, the percentage of agencies that did not meet these same objectives had increased to 98 percent, 90 percent, and 82 percent, respectively.

Furthermore, ODNI requests individual corrective action plans from agencies not meeting security clearance timeliness objectives. However, the executive branch has not developed a government-wide plan, with goals and interim milestones, to meet established timeliness objectives for initial security clearances that takes into consideration increased investigative requirements and other stated challenges. In our December 2017 report, we recommended that the Director of National Intelligence, as Security Executive Agent, develop a government-wide plan, including goals and interim milestones, to meet timeliness objectives for initial personnel security clearance investigations and adjudications. Although the DNI did not specifically comment on this recommendation, we continue to believe a government-wide plan would better position ODNI to identify and address any systemic government-wide issues.

We also recommended that the Director of National Intelligence conduct an evidence-based review of the investigation and adjudication timeliness objectives and take action to adjust the objectives if appropriate. He did not agree with this recommendation and stated that it is premature to revise the existing timeliness goals until NBIB’s backlog is resolved. We continue to believe that our recommendation to conduct an evidence-based review, using relevant data, is valid. As we noted in our report, even agencies with delegated authority to conduct their own investigations are experiencing challenges meeting established timeliness objectives. We also noted that ODNI has not comprehensively revisited the investigation or adjudication timeliness objectives for initial security stemming from the implementation of the 2012 Federal Investigative Standards.

Backlog of Background Investigations Has Steadily Increased since 2014

The executive branch’s challenges in meeting investigation timeliness objectives for initial personnel security clearances and periodic
reinvestigations have contributed to a significant backlog of background investigations at the primary entity responsible for conducting background investigations, NBIB. NBIB personnel are attempting to decrease the backlog by making the background investigation process more effective and efficient. To do so, NBIB conducted a business process reengineering effort that was intended to identify challenges in the process and their root causes. Specifically, NBIB officials cited efforts that have been implemented to reduce the number of personnel hours necessary to complete an investigation, such as centralizing interviews and using video-teleconferencing for overseas investigations (to decrease travel time), automated record checks, and focused writing (to make reports more succinct and less time-consuming to prepare). However, NBIB has not identified how the implementation of the business process reengineering effort will affect the backlog or the need for additional investigators in the future. In December 2017, we recommended that the Director of NBIB develop a plan, including goals and milestones, that includes a determination of the effect of the business process reengineering efforts on reducing the backlog to a "healthy" inventory of work, representing approximately 6 weeks of work. NBIB concurred with this recommendation.

NBIB documentation shows that the backlog of pending investigations increased from about 190,000 in August 2014 to more than 710,000 as of February 2018, as shown in figure 1. NBIB’s Key Performance Indicators report states that a “healthy” inventory of work is around 180,000 pending investigations, representing approximately 6 weeks of work, and would allow NBIB to meet timeliness objectives.
Figure 1: National Background Investigations Bureau’s Backlog of Background Investigations, August 2014 to February 2018

Number of background investigation cases (in thousands)

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ODNI officials stated that several significant events contributed to agency challenges in meeting timeliness objectives over the past 5 fiscal years, including a government shutdown, the 2015 OPM data breach, a loss of OPM contractor support, and OPM’s review of the security of its IT systems, which resulted in the temporary suspension of the web-based platform used to complete and submit background investigation forms. In addition, executive branch agencies noted the increased investigative requirements stemming from the 2012 Federal Investigative Standards as a further challenge to meeting established timeliness objectives in the future.

While NBIB has taken steps to increase its capacity to conduct background investigations by increasing its own investigator staff as well as awarding new contracts, in our December 2017 report we noted that NBIB officials have assessed four scenarios, from the status quo—assuming no additional contractor or federal investigator hires—to an aggressive contractor staffing plan beyond January 2018. The two scenarios that NBIB identified as most feasible would not result in a “healthy” inventory level until fiscal year 2022 at the earliest. In our December 2017 report, we recommended that the Director of NBIB establish goals for increasing total investigator capacity—federal employees and contractor personnel—in accordance with the plan for reducing the backlog of investigations, as noted above. NBIB concurred with this recommendation.

The Potential Effects of Continuous Evaluation on Executive Branch Agencies Are Unknown

We reported in November 2017 that the potential effects of continuous evaluation on executive branch agencies are unknown because future phases of the program and the effect on agency resources have not yet been determined. ODNI has not yet determined key aspects of its continuous evaluation program, which has limited the ability of executive branch agencies to plan for implementation in accordance with ODNI’s phased approach. For example, while ODNI has initiated the first phase of continuous evaluation in coordination with implementing executive

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16 GAO-18-29.
17 GAO-18-117.
branch agencies, it has not yet determined what the future phases of implementation will entail, or when they will occur. As we reported in November 2017, the uncertainty regarding the requirements and time frames for the future phases of the program has affected the ability of executive branch agencies to plan to implement continuous evaluation and estimate the associated costs.

Although executive branch agencies have identified increased resources as a risk associated with implementing continuous evaluation, and ODNI has acknowledged that risk, ODNI, in coordination with the PAC, has not assessed the potential effects of continuous evaluation on an agency’s resources. Further, ODNI has not developed a plan, in consultation with implementing agencies, to address such effects, including modifying the scope or frequency of periodic reinvestigations or replacing periodic reinvestigations for certain clearance holders.

Moreover, the potential effect of continuous evaluation on periodic reinvestigations is unknown. Executive branch agencies have expressed varying views about potential changes to the periodic reinvestigation model:

- DOD officials stated that with workload and funding issues, they see no alternative but to replace periodic reinvestigations for certain clearance holders with continuous evaluation, as the record checks conducted are the same for both processes.

- State Department officials expressed concerns that relevant information, such as state and local law-enforcement records that are not yet automated, would be missed if it did not conduct periodic reinvestigations.

- State Department officials, along with officials from the Departments of Justice and Homeland Security, stated it may be possible to change the frequency or scope of periodic reinvestigations at some point in the future.

- The Security Executive Agent Directive for continuous evaluation, issued since our report, clarified that continuous evaluation is intended to supplement but not replace periodic reinvestigations.

In our November 2017 report, ODNI officials stated that ODNI is not opposed to further improving the security clearance process, and that once continuous evaluation is operational, it plans to determine the efficiencies and mitigation of risks associated with the approach. Specifically, these officials stated that once continuous evaluation is
further implemented and ODNI has gathered sufficient data—which they estimated would take about a year from May 2017—they can perform analysis and research to determine whether any changes are needed to the periodic reinvestigation model.

We recommended that the Director of National Intelligence assess the potential effects of continuous evaluation on agency resources and develop a plan, in consultation with implementing agencies, to address those effects, such as modifying the scope of periodic reinvestigations, changing the frequency of periodic reinvestigations, or replacing periodic reinvestigations for certain clearance holders. ODNI generally concurred with this recommendation.

Finally, the National Defense Authorization Act for Fiscal Year 2018, enacted in December 2017, will have a significant impact on the personnel security clearance process. Among other things, the act authorized DOD to conduct its own background investigations and requires DOD to begin carrying out a related implementation plan by October 1, 2020.\(^\text{18}\) It also requires the Secretary of Defense, in consultation with the Director of OPM, to provide for a phased transition.\(^\text{19}\) These changes could potentially affect timeliness, the backlog, and other reform initiatives but the effect is unknown at this time. DOD’s investigations represent the majority of the background investigations conducted by NBIB.

Chairman Burr, Vice Chairman Warner and Members of the committee, this concludes my prepared testimony. I look forward to answering any questions.

### GAO Contact and Staff Acknowledgements

If you or your staff have any questions about this testimony, please contact Brenda S. Farrell at (202) 512-3604 or at farrellb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this testimony. GAO staff who


\(^{19}\)§ 925(a)(2).
made key contributions to this testimony are Kimberly Seay (Assistant Director), James Krustapentus, Michael Shaughnessy, and John Van Schaik.
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