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July 14, 2008

The Honorable Daniel K. Akaka
Chairman

The Honorable George V. Voinovich
Ranking Member

Subcommittee on Oversight of Government Management, the Federal Workforce and
the District of Columbia

Committee on Homeland Security and Governmental Affairs
United States Senate

Subject: *Personnel Clearances: Questions for the Record Regarding Security
Clearance Reform*

On May 22, 2008, I testified before your subcommittee at a hearing on Security
Clearance Reform.¹ This letter responds to three questions for the record you posed.
Your questions and my responses follow.

- 1. Your testimony indicates that a greater emphasis on quality throughout the clearance process could promote reciprocity. Have you noted any efforts in the Joint Reform Team report to address the quality of investigative and adjudicative work and if not, can you suggest some steps that might be taken?**

Through our reports and testimonies, we have emphasized a need to build more quality and quality monitoring into the clearance process. For example, in our September 2006 report,² we identified concerns about quality in the personnel security clearance process and noted that the lack of full reciprocity of clearances—when a security clearance granted by one agency is accepted by another agency—is an outgrowth of agencies’ concerns that other agencies may have granted clearances based on inadequate investigations and adjudications. As I noted in my May 22, 2008, testimony, we believe quality metrics should be applied throughout all six phases of the security clearance process (i.e., requirements setting, application submission, investigation, adjudication, appeal, and clearance updating). In addition, we have initiated discussions with the Office of Management and Budget and the Office of

¹GAO, *Personnel Clearances: Key Factors for Reforming the Security Clearance Process*, [GAO-08-776T](#) (Washington, D.C.: May 22, 2008).

²GAO, *DOD Personnel Clearances: Additional OMB Actions Are Needed to Improve the Security Clearance Process*, [GAO-06-1070](#) (Washington, D.C.: Sept. 28, 2006).

Personnel Management about the importance of including quality in the security clearance process.

At the request of the House Permanent Select Committee on Intelligence, we recently initiated an engagement assessing the Joint Reform Team's plans to reform the security clearance process. In this review, we will assess whether the Joint Reform Team's plan and its ongoing efforts address the key factors I discussed at your hearing on May 22, 2008, one of which is building more quality and quality monitoring throughout the clearance process. In a separate engagement initiated under the authority of the Comptroller General, we are evaluating both the quality and timeliness of the Department of Defense's (DOD) personnel security clearances. To evaluate quality in this engagement, we are surveying DOD adjudicators—who review clearance investigation files to determine clearance eligibility—and evaluating clearance adjudication files. When we complete this engagement, we will be available to provide a briefing about our findings to you and your staff on request.

2. Since the Department of Defense (DOD) was put on GAO's high-risk list, GAO has been recommending DOD develop methods to better forecast long-term funding needs for the clearance process. What are your thoughts on the steps taken by the Defense Security Service (DSS), including its use of a refined web-based survey, to better forecast its workload?

In our February 2008 report on DOD's personnel security program for industry,³ we reported that DOD's procedures for projecting its long-term funding needs for industry personnel security clearances are evolving. While conducting the audit work for this report, DOD officials explained to us that the Defense Security Service (DSS) is responsible for conducting an annual survey of contractors performing classified work for the government. In this survey, DSS asks contractors to estimate their future clearance investigation needs for industry personnel. The survey results are used to forecast estimates of the future investigation workload and budget requirements. In its efforts to improve the accuracy of these estimates, DSS has made several recent changes. In 2006, for example, DSS made its annual survey accessible through the Internet. In addition, DSS has begun to use its field staff to actively encourage industry representatives to complete the voluntary survey. According to a DSS official, these two changes increased the response rate of surveyed facilities from historical lows of between 10 and 15 percent in previous years to a 70 percent response rate in 2007, representing 86 percent of industry personnel with a clearance in fiscal year 2007. Improvements in the survey response rate may help DOD to improve its forecasts of long-term funding needs for the industry personnel security program. Improvements to DOD's long-term funding forecasts would help enable it to implement the recommendation we made in our February 2008 report to add additional out-years of projected funding information to its annual report to Congress on the personnel security clearance program for industry.

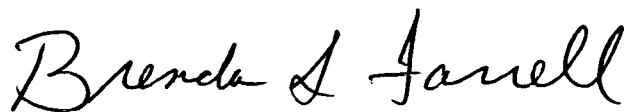
³GAO, *DOD Personnel Clearances: Improved Annual Reporting Would Enable More Informed Congressional Oversight*, [GAO-08-350](#) (Washington, D.C.: Feb. 13, 2008).

3. What suggestions do you have for the Joint Reform Team and Congress as we move forward with plans to reform the security clearance process?

As the Joint Reform Team continues with its efforts to reform the security clearance process, we suggest that it review our past reports and testimonies on personnel security clearances to understand the weaknesses we have previously identified in the process and the recommendations we have made to help DOD address those weaknesses. Our previous work in this area has provided us with broad institutional knowledge, enabling us to identify key factors that should be considered in security clearance reform efforts. As I emphasized in my May 22, 2008, statement, efforts to reform personnel security clearance processes should consider, among other things, the following four key factors: (1) a strong requirements determination process, (2) quality in all clearance processes, (3) metrics to provide a fuller picture of clearance processes, and (4) long-term funding requirements of security clearance reform. As the Joint Reform Team moves forward, we suggest that it design its approach to ensure that these key factors are incorporated into the reformed process.

Past experience has shown that Congress has every reason to remain vigilant and continue its oversight of this high-risk area. The Joint Reform Team's initial efforts to develop a new governmentwide security clearance process represent a positive step toward addressing past impediments and managing security reform efforts. However, continued oversight will help ensure that the momentum of these initial reform efforts continues, particularly as the upcoming change in administration takes place. Much remains to be done to improve the security clearance process governmentwide, and GAO stands ready to assist Congress in its continued oversight of this high-risk area.

If you or other members of the subcommittee have any additional questions about personnel security clearance reform, please contact me at (202) 512-3604 or farrellb@gao.gov. In addition, contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this correspondence. GAO staff members who made major contributions to this correspondence are listed in the enclosure.



Brenda S. Farrell
Director, Defense Capabilities and Management

Enclosure

Enclosure I: GAO Contact and Staff Acknowledgments

GAO Contact

Brenda S. Farrell, (202) 512-3604 or farrellb@gao.gov

Acknowledgments

In addition to the contact above, David E. Moser, Assistant Director; Renee S. Brown; Shvetal Khanna; James P. Klein; Caryn E. Kuebler; Ronald La Due Lake; and Gregory A. Marchand made key contributions to this correspondence.

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