



OIG

Office of Inspector General

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Office of Evaluations and Special Projects

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# Evaluation of the Department of State's Security Clearance Process



# OIG HIGHLIGHTS

ESP-17-02

## What OIG Evaluated

In light of ongoing concerns with Government-wide efforts to reform the security clearance process, the Office of Inspector General (OIG) evaluated efforts undertaken by the Department of State (Department) to meet requirements related to timeliness and cost-effectiveness. Specifically, this report addresses (1) the accuracy of timeliness data submitted to the Office of the Director of National Intelligence (ODNI), (2) factors that impede the efficient processing of security clearances, and (3) the extent to which the Department tracks costs associated with its security clearance work.

## What OIG Recommends

OIG made five recommendations to the Bureau of Diplomatic Security to improve its reported timeliness data, to establish clear roles and responsibilities for the clearance process, to perform a workforce analysis of its clearance workforce, to perform cost estimates of the clearance process, and to attempt to recover funds expended for investigative services performed for other agencies.

OIG made one recommendation to the Bureau of Human Resources to better analyze the type of clearance that student interns may require.

The Department concurred with all of OIG's recommendations.

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OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

## Evaluation of the Department of State's Security Clearance Process

### What OIG Found

The Bureau of Diplomatic Security's Office of Personnel Security and Suitability (DS/SI/PSS) is responsible for conducting security clearance and suitability investigations for individuals at the Department and at certain other Government agencies. DS/SI/PSS investigates newly hired employees who do not currently have a clearance (initial clearances) and processes requests to transfer a clearance from another Government agency (reciprocal clearances). DS/SI/PSS also processes clearances for current Department employees moving from one position within the Department to another without a break in service (conversions).

To comply with various laws and regulations, DS/SI/PSS reports to ODNI on a quarterly and annual basis how long it takes to process both initial and reciprocal security clearances. OIG reviewed the reports submitted from 2012 through 2016 and identified a number of errors, making it impossible for OIG to determine the actual amount of time it takes to process clearances at the Department. For example, DS/SI/PSS uses blanket estimates instead of actual times in its reporting to ODNI and maintains databases with conflicting timeliness information. In addition, DS/SI/PSS does not maintain any data on conversions, so actual processing times for those efforts are also unknown. Finally, OIG identified factors that may impede the timely processing of clearances, including confusion over roles and responsibilities, a lack of adequate resources, and an influx of student interns requiring clearances.

Even though agencies must ensure that security clearances are conducted in a cost-effective manner, OIG found that DS/SI/PSS has not analyzed how much it spends on its clearance investigations. In FYs 2012 through 2015, DS/SI/PSS also failed to seek payment for overseas investigatory work performed for other agencies, potentially costing the Department millions of dollars in lost reimbursements. DS/SI/PSS began billing other agencies in 2016. However, because it does not know how much its own work actually costs, DS/SI/PSS uses pricing developed by the Office of Personnel Management, which performs the majority of background investigations for the Government.

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## OBJECTIVES AND METHODOLOGY

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Personnel security clearances allow Government employees to gain access to classified information that, through unauthorized disclosure, has the potential to cause damage to U.S. national security. In 2016, the Director of National Intelligence reported that more than 4.2 million Federal Government and contractor employees held a security clearance.

As a result of longstanding problems with delays and backlogs, Congress mandated personnel security clearance reforms in the Intelligence Reform and Terrorism Prevention Act of 2004.<sup>1</sup> These included requirements related to timeliness, acceptance of reciprocal clearances (that is, a security clearance granted to an individual by another agency), consistency, and adequacy of resources devoted to meeting investigative goals.

Since 2004, there have been a number of additional efforts to reform the security clearance process.<sup>2</sup> For example, Executive Order 13467, issued in 2008, requires agencies to ensure that clearance investigations are cost-effective as well as timely.<sup>3</sup> In 2010, Congress passed the Intelligence Authorization Act, which requires the President to submit an annual report on security clearance determinations to Congress.<sup>4</sup> As a result, the Office of the Director of National Intelligence (ODNI) requires certain agencies in the intelligence community (IC) to submit data on clearances,<sup>5</sup> including information on the volume of clearances processed and on the time taken to conduct clearance investigations.<sup>6</sup> The Department of State (Department) is among seven members of the IC with these reporting requirements.

In assessing the extent to which these reforms have been implemented, the Government Accountability Office (GAO) reported that while improvements have been made, agencies still

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<sup>1</sup> Pub. L. No. 108-458, § 3001 (2004) (codified at 50 U.S.C. § 3341).

<sup>2</sup> Most recently, Congress mandated that agencies employ an enhanced personnel security program that integrates relevant and appropriate information from various sources—including government, publicly available, and commercial data sources, consumer reporting agencies, social media, and such other sources—and involves continuous automated record checks. Pub. L. No. 114-113 § 11001 (December 18, 2015).

<sup>3</sup> Executive Order 13467, Section 1.1. The order states:

Executive branch policies and procedures relating to suitability, contractor employee fitness, eligibility to hold a sensitive position, access to federally controlled facilities and information systems, and eligibility for access to classified information shall be aligned using consistent standards to the extent possible, provide for reciprocal recognition, and shall ensure cost-effective, timely, and efficient protection of the national interest, while providing fair treatment to those upon whom the Federal Government relies to conduct our Nation's business and protect national security.

<sup>4</sup> Pub. L. No. 111-259, § 367 (2010).

<sup>5</sup> In 2005, the Office of Management and Budget (OMB) designated the Office of Personnel Management (OPM) as the lead agency for conducting and monitoring security clearance investigations. However, for the purposes of reporting on clearance processing, ODNI includes the following agencies as members of the IC: Central Intelligence Agency, Defense Intelligence Agency, Federal Bureau of Investigation, National Geospatial Intelligence Agency, National Reconnaissance Office, National Security Agency, and the Department of State. Other offices in other Government agencies—for example, Office of Intelligence and Analysis in the Department of Homeland Security—are considered members of the IC, but OPM performs their security clearance investigations, so they do not report the results of their clearance process to ODNI.

<sup>6</sup> ODNI, 2015 Annual Report on Security Clearance Determinations (Jun. 28, 2016).

face challenges in meeting timeliness objectives.<sup>7</sup> In addition, GAO has repeatedly highlighted the need for increased focus on enhancing efficiency and managing costs related to security clearances, noting that Government-wide reform efforts have not focused on identifying potential cost savings.<sup>8</sup>

In light of these ongoing concerns, the Office of Inspector General (OIG) initiated an evaluation in September 2016 to examine the extent to which the Department meets requirements related to timeliness and cost-effectiveness. Specifically, this report addresses (1) the accuracy of the timeliness data submitted to ODNI, (2) factors that impede the efficient processing of security clearances, and (3) the extent to which the Department tracks costs associated with its security clearance work.

To conduct this work, OIG reviewed the requirements in multiple Executive Orders, Intelligence Community Directives, Office of Personnel Management (OPM) Federal Investigations Notices, applicable Department directives issued in the Foreign Affairs Manual (FAM), and various bureau-level policies and procedures. OIG also reviewed publicly available ODNI reports, as well as reports created and maintained by the Department. In addition, OIG interviewed individuals in the Bureau of Diplomatic Security's Office of Personnel Security and Suitability (DS/SI/PSS), which manages the majority of the clearance process at the Department. OIG also interviewed staff with various human resources responsibilities, including staff in the Bureau of Human Resources, human resources personnel in the Department's bureaus, and the Human Resources Service Center, which performs administrative tasks related to the security clearance process for numerous Department bureaus.

OIG also examined computer-processed security clearance case data for the period covering FY 2012 to FY 2016 extracted from the Department's case management system and report management system, both of which are used to track and manage the security clearance process. Finally, OIG examined data DS/SI/PSS manually entered, stored, and analyzed in commercial spreadsheet software.

OIG conducted this work in accordance with quality standards for evaluations as set forth by the Council of the Inspectors General on Integrity and Efficiency.

## BACKGROUND

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The Department is one of 21 agencies other than OPM with the authority to conduct its own background investigations.<sup>9</sup> DS/SI/PSS conducts all administrative, investigative, and adjudicative work for the Department in coordination with various other Department bureaus

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<sup>7</sup> Government Accountability Office (GAO), *Personnel Security Clearances: Progress Has Been Made to Improve Timeliness but Continued Oversight Is Needed to Sustain Momentum* (GAO-11-65, November 2010).

<sup>8</sup> See, e.g., GAO, *Background Investigations: Office of Personnel Management Needs to Improve Transparency of Its Pricing and Seek Cost Savings* (GAO-12-197, February 2012).

<sup>9</sup> U.S. Office of Management and Budget, *Suitability and Security Processes Review Report to the President*, February 2014, p. 2, at <http://www.whitehouse.gov/sites/default/files/omb/reports/suitability-and-security-process-reviewreport.pdf>.

and offices.<sup>10</sup> Between 2012 and 2016 it processed over 63,000 initial Secret and Top Secret clearances<sup>11</sup> and approximately 2,700 reciprocal clearances for Department employees, contractor employees, and student interns.<sup>12</sup> As the Department is currently one of the few Federal Government agencies with investigatory personnel available overseas, it also serves as a main provider of overseas background investigation work for other Government agencies.

Although DS/SI/PSS manages the majority of the clearance process, human resources (HR) staff also play a role.<sup>13</sup> HR staff are assigned to most Department bureaus to advise and assist with various personnel issues, and the Department also has a corporate HR unit that sets Department-wide personnel policies. Bureau HR officials are responsible for making hiring decisions, determining whether a security clearance is required, and initiating the request for a clearance, although some bureaus rely on a shared HR service center (HRSC) for this function.<sup>14</sup>

In addition, the Department requires hiring bureaus to use an automated tool developed by OPM to determine the sensitivity and risk levels of civilian positions, which, in turn, informs the level of investigation needed.<sup>15</sup> Generally, there are five levels of security clearances and associated investigations: Moderate Risk Public Trust, High Risk Public Trust, Confidential, Secret and Top Secret. A Moderate Risk Public Trust clearance is the lowest level and requires fewer steps to process, and a Top Secret clearance is the highest and requires a deeper look into an individual's background. Most Department employees require a Secret or Top Secret clearance.

In general, DS/SI/PSS groups its clearance work into four categories: initial clearances for job candidates who do not currently hold a security clearance; reciprocal clearances for candidates who currently hold a clearance from employment at another Federal agency; revalidations in accordance with Executive Order 12968, which includes conversions of a clearance for current

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<sup>10</sup> 1 FAM 262.7-3

<sup>11</sup> Part 732 of Title 5 of the Code of Federal Regulations also states that most Federal Government positions, "the occupant of which could bring about, by virtue of the nature of the position, a material adverse effect on national security" must be designated as a sensitive position and require a sensitivity level designation. The sensitivity level designation determines the type of background investigation required, with positions designated at a greater sensitivity level requiring a more extensive background investigation. Part 732.201 establishes three sensitivity levels—special-sensitive, critical-sensitive, and noncritical-sensitive—which are described in Figure 1. According to OPM, positions that an agency designates as special-sensitive and critical-sensitive require a background investigation that typically results in a Top Secret clearance. Noncritical-sensitive positions typically require an investigation that supports a Secret or Confidential clearance. (See part 1400.201(a)(1)(i) of Title 5 of the Code of Federal Regulations).

<sup>12</sup> Since 2012 the Department also conducted over 540 background investigations for three other Federal agencies (Millennium Challenge Corporation (MCC), Federal Housing Finance Agency (FHFA), and the U.S. Trade and Development Agency (USTDA)).

<sup>13</sup> DS's Office of Investigations and Counter-Intelligence and the Bureau of Medical Services play specific roles in the process, although their involvement is usually in the investigation or adjudication phase. For example, if there are concerns about a candidate's relative's service in a foreign military service, Counter-Intelligence may perform an evaluation of the risk posed by granting the candidate a clearance. In this scenario, Counter-Intelligence's opinion is advisory, and DS/SI/PSS retains the responsibility for assessing the candidate's suitability for a security clearance.

<sup>14</sup> This shared services center handles candidate security clearance processing for 36 out of 43 Department bureaus.

<sup>15</sup> In an October 2015 memorandum, the then-Undersecretary for Management mandated the use of this tool for competitive and excepted service positions and career Senior Executive Service positions. The memorandum does not address Foreign Service employees.

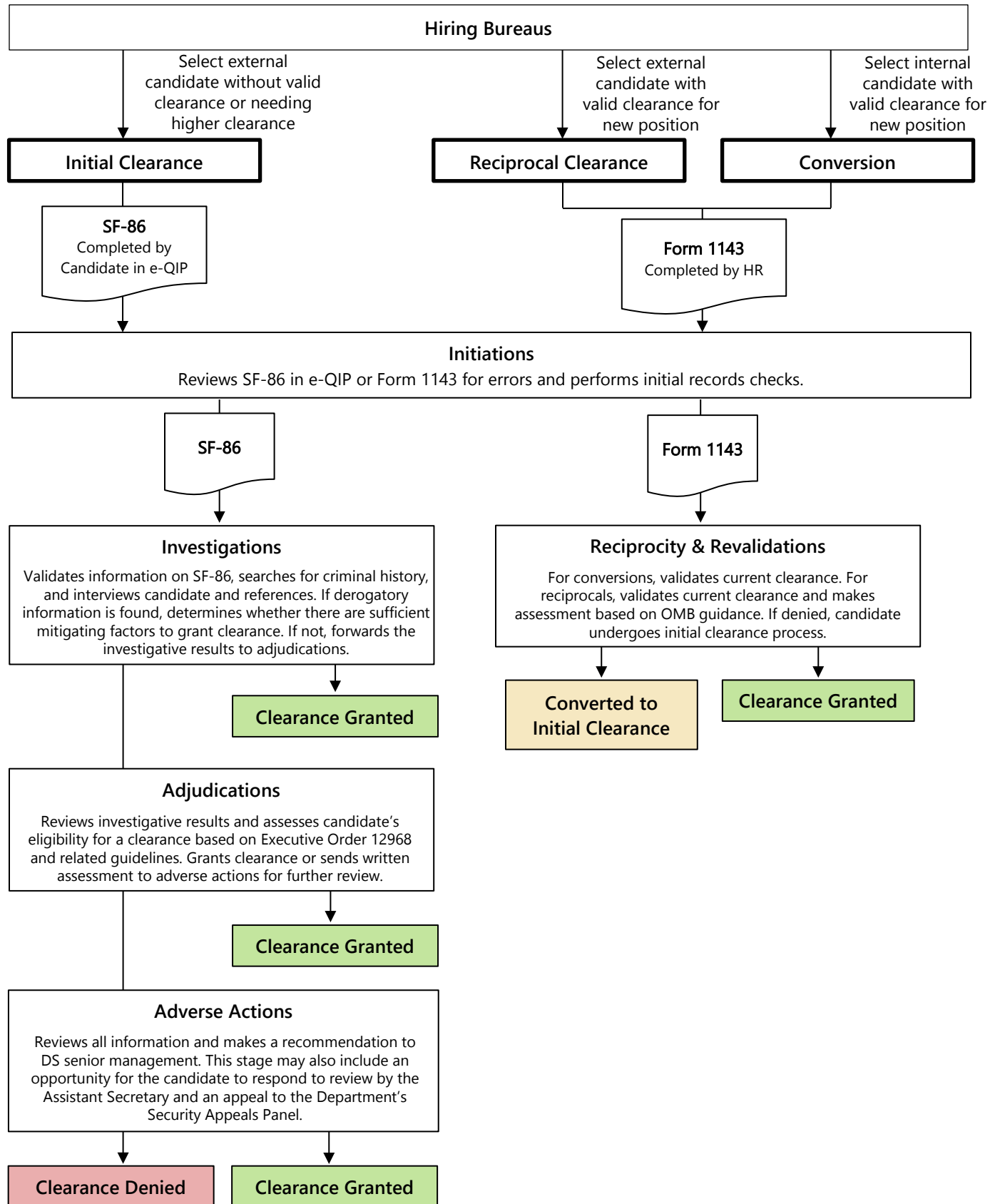
Department employees who move from one position to another without a break in service; and periodic reinvestigations of security clearances.<sup>16</sup>

Figure 1 provides an overview of each of these processes; specific steps are described in more detail following the figure.

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<sup>16</sup> Reinvestigations are required on a timeline set by OPM. In general, Top Secret clearances should be reinvestigated every 5 years, and Secret clearances should be reinvestigated every 10 years. OIG did not review reinvestigations as part of its evaluation.

Figure 1: Overview of the Department’s Security Clearance Process



Source: OIG analysis of Department processes.



**Initial Clearances:** When a hiring bureau selects an external candidate without a valid security clearance, HR personnel, either assigned to the hiring bureau or HRSC, create a profile for the candidate in the Electronic Questionnaires for Investigations Processing (e-QIP) application. OPM manages e-QIP, which is used Government-wide to process Standard Form 86 (SF-86), the 127-page form required for all initial security clearance applications. When a hiring bureau selects an external candidate who has a current security clearance from a different Government agency but who needs a higher clearance (for example, the candidate holds a Secret clearance but the new position at the Department will require a Top Secret clearance), the candidate must also complete the SF-86.<sup>17</sup>

The SF-86 requires the candidate to supply specific background information, including date of birth, Social Security number, citizenship, previous and current residences, education, employment history, military service, and criminal or civil complaint history. The form also asks the candidate to list character references. Once the candidate completes the SF-86 and submits fingerprints, DS/SI/PSS begins the four-phase initial clearance process:

- **Initiations:** All administrative processes<sup>18</sup> related to the initiation of a clearance are performed during this phase, which begins as soon as the candidate submits a completed SF-86. It includes HR review of the SF-86 for errors and omissions, HR release of the SF-86 to DS/SI/PSS, DS/SI/PSS review of the SF-86 for errors and omissions, and initial records checks.<sup>19</sup>
- **Investigations:** This phase<sup>20</sup> involves validating all of the information contained on the SF-86, including residence and employment information. The unit conducts in-depth records checks, such as searches for criminal history; confirms attendance dates and degrees earned from applicable educational institutions; and interviews the candidate, neighbors, and education, employment, and listed character references.<sup>21</sup> All major issues, such as espionage or unauthorized disclosure of classified information, must be referred to the adjudications unit for further review. For lesser issues, the investigations team can adjudicate the security clearance using Executive Order 12968 and the

<sup>17</sup> According to DS/SI/PSS personnel, some work previously performed (e.g., education checks) does not need to be redone for this type of request.

<sup>18</sup> All work performed during initiation is performed by DS/SI/PSS's Operations unit, which is split into sub-units that complete specific administrative tasks. The "Intake" team is responsible for checking e-QIP, reviewing the SF-86 for errors and omissions, and transferring biographical information into the case management and report management systems. The "Contacts" team is responsible for communicating with candidates and HR representatives about missing or incorrect information. The "Records" team is responsible for checking the various databases listed above. The "Reciprocity and Revalidations" team is responsible for processing reciprocal requests and conversions.

<sup>19</sup> For example, all male candidates are checked against the Selective Service's registration database and all candidates are checked against a terrorist watch list database maintained by the Department of Homeland Security.

<sup>20</sup> Investigations conducts its work in accordance with OPM's Federal Investigative Standards. DS/SI/PSS has incorporated this guidance in an internal guidebook referred to as the "Blue Book," which is used by investigations personnel to determine how to scope, conduct, and report their work.

<sup>21</sup> All clearance requests for Foreign Service personnel are sent to a Suitability Review Panel after the investigation to determine the candidate's suitability for the Foreign Service. According to DS/SI/PSS, a negative suitability determination will eliminate the necessity for further work on the clearance because it prohibits an individual from entering the Foreign Service.

Government-wide National Security Adjudicative Guidelines to determine whether there are sufficient mitigating factors to grant the clearance. This is done through an assessment of a variety of factors, including the severity of the issue, the length of time since the infraction occurred, and whether there were repeated offenses of a similar nature. If the investigations team finds that derogatory issues have not been mitigated, it forwards the results of its investigation to the adjudications unit.

- **Adjudications:** Adjudications personnel review the investigative results and the identified derogatory information and assess the candidate's eligibility to receive a clearance using Executive Order 12968 and the National Security Adjudicative Guidelines. These guidelines provide a framework for assessing the nature and seriousness of the conduct in question, the circumstances surrounding the conduct, the age of the candidate when the conduct occurred, and the absence or presence of efforts toward rehabilitation. After conducting this assessment, the adjudications unit will prepare a written assessment of the candidate's suitability and either grant the clearance or refer the case to the adverse actions unit for further review.<sup>22</sup>
- **Adverse Actions:** The adverse actions unit reassesses the candidate's suitability for a clearance using the same guidelines used by the adjudications team. If adverse actions personnel conclude that the derogatory information should result in a denial of a clearance, they will draft a recommendation for denial that is reviewed by the Department's Office of Legal Adviser and members of DS/SI/ PSS senior leadership. The Principal Deputy Assistant Secretary for DS will then determine if the clearance should be granted or denied. If the clearance is denied, the candidate can appeal the decision to the Assistant Secretary for DS. If the Assistant Secretary concurs with the denial, the candidate can appeal the decision to the Department's Security Appeals Panel,<sup>23</sup> and a panel consisting of the Undersecretary for Management, the Assistant Secretary for Administration, and the Director General for Human Resources make a final decision.<sup>24</sup>

**Reciprocal Clearances:** If the candidate currently has the same level of clearance needed for a new position at the Department, HR personnel complete a one-page form, DS 1143, using the candidate's Social Security number, place of birth, and information on current or previous security clearances. Once the form is complete, the same DS/SI/PSS initiation team used for initial clearance completes administrative processing and sends the form to a separate unit—the reciprocity and revalidations team—for review. This team checks the applicable Government database to determine if the individual's current clearance is valid and assesses whether the

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<sup>22</sup> Civil service personnel with derogatory information that cannot be mitigated in the adjudications phase are sent to an HR Personnel Review Panel to assess suitability for employment with the Department prior to being forwarded to Adverse Actions. According to DS/SI/PSS leadership a negative employment suitability determination will eliminate the necessity for further work on the clearance because this determination prohibits an individual from working at the Department.

<sup>23</sup> The Security Appeals Panel consists of the Under Secretary for Management, the Principal Deputy Assistant Secretary for Human Resources, and an Assistant Secretary or Deputy Assistant Secretary or equivalent from a third bureau designated by the Under Secretary for Management.

<sup>24</sup> 12 FAM 234 provides the appeal rights of the candidate, as well as the full process for appealing a decision.

candidate is eligible for a reciprocal clearance using guidance prepared by the Office of Management and Budget (OMB).<sup>25</sup> OMB's guidance states that gaining agencies are not required to grant reciprocity if they are in possession of substantial derogatory information (for example, other than an honorable military discharge) about a candidate, even if the candidate's current clearance is valid. In such cases, the gaining agency is authorized to reinvestigate and adjudicate the candidate's clearance.

**Conversions:** Requests for conversions also require completion of form DS 1143. As with reciprocal clearances, after the initiation phase, DS/SI/PSS sends the form to the reciprocity and revalidations team, which will review the form and confirm the validity of the candidate's clearance. If the candidate does not have a valid clearance, the candidate must undergo the initial clearance process if he or she wishes to move to the new position.

## DATA REPORTED TO ODNI CONTAINS INACCURACIES AND TOTAL PROCESSING TIME FOR ALL CLEARANCES IS UNKNOWN

As previously noted, ODNI reports annually on the volume of clearances processed by the IC and on the timeliness of initial security clearance investigations performed by the relevant members of the IC.<sup>26</sup> However, in reviewing timeliness data maintained by the Department, OIG identified a number of errors that made it impossible to determine how long it actually takes to complete initial and reciprocal Secret and Top Secret clearances. The Department does not maintain any data on conversion timeliness, so the processing time for those efforts are also unknown.

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<sup>25</sup> For example, the team will check the Joint Personnel Adjudication System for Department of Defense personnel or Scattered Castles for members of the IC.

<sup>26</sup> The ODNI annual report contains the following information:

- 1) The time in days to process the shortest and longest security clearance determination made among 80 percent of security clearance determinations, and the time in days for the shortest and longest security clearance determination made among 90 percent of determinations.
- 2) The number of security clearance investigations as of October 1 of the preceding fiscal year open for:
  - 4 months or less;
  - 4–8 months;
  - 8–12 months; and
  - more than 1 year.
- 3) Percentage of reviews during the preceding fiscal year that resulted in a denial or revocation of a security clearance.
- 4) Percentage of investigations during the preceding fiscal year that resulted in incomplete information.
- 5) Percentage of investigations during the preceding fiscal year that did not result in enough information to make a decision on potentially adverse information.
- 6) The number of completed or pending security clearance determinations for government employees and contractors during the preceding fiscal year that have taken longer than one year to complete; the agencies that investigated and adjudicated such determinations; and the cause of significant delays in such determinations.

## ODNI Reporting Requirements and the Department's Results

To compile the timeliness information needed for its annual report, ODNI requests both quarterly and annual data submissions from the IC:

### ODNI Quarterly Data Submission Requirements

- The total number of initial Top Secret and Secret clearance cases completed during that quarter.
- The aggregate total number of days spent in each of three phases: initiation, investigation, and adjudication. ODNI'S adjudication phase encompasses both the Department's adjudication and adverse action phases.
- The total number of days spent in each of the three phases for the clearance cases completed most quickly—the fastest 90 percent of cases closed that quarter.
- Completion of a template with the start and end dates for Secret and Top Secret reciprocal investigations; the template calculates the average time taken to process approved reciprocal clearances during the quarter.

### ODNI Annual Data Submission Requirements

- The shortest and longest number of days taken to complete an investigation for the fastest 90 percent of Top Secret and Secret cases closed during the year.
- The shortest and longest number of days taken to complete an investigation for fastest 80 percent of Top Secret and Secret cases closed during the year.

According to ODNI's most recent annual report released in June 2016, the Department ranked well against other IC members, completing the first 90 percent of its Top Secret clearances more quickly than all but one other member and its Secret clearances more quickly than all other members. Table 1 shows the shortest and longest time it took for the various IC agencies to process the fastest 90 percent of initial clearance cases. However, as discussed in the next section, these comparisons are unreliable because of several errors OIG identified in the Department's data. ODNI does not report timeliness information on reciprocal cases.

**Table 1: Initial Clearance Processing Times for Intelligence Community Agencies, 2015**

Agency	Longest Time Top Secret	Shortest Time Top Secret	Longest Time Secret <sup>a</sup>	Shortest Time Secret <sup>a</sup>
Central Intelligence Agency	311	1	197	1
Defense Intelligence Agency	349	1	n/a <sup>b</sup>	n/a <sup>b</sup>

Agency	Longest Time Top Secret	Shortest Time Top Secret	Longest Time Secret <sup>a</sup>	Shortest Time Secret <sup>a</sup>
Federal Bureau of Investigation	268	1	189	24
National Geospatial-Intelligence Agency	395	28	n/a <sup>b</sup>	n/a <sup>b</sup>
National Reconnaissance Office	325	26	162	52
National Security Agency	134	9	n/a <sup>b</sup>	n/a <sup>b</sup>
Department of State	267	2	153	1

**Source:** ODNI 2015 Annual Report on Security Clearance Determinations.

<sup>a</sup>ODNI reports information on Confidential and Secret clearances in the same category; the Department does not grant Confidential clearances.

<sup>b</sup>According to ODNI, these agencies do not conduct investigations for or grant Secret clearances.

ODNI releases the IC's quarterly data on initial clearances in a summary form to IC members and includes timeliness goals for the fastest 90 percent of Top Secret and Secret clearances. The current goal for completing a Top Secret investigation is 114 days and for Secret investigations the goal is 74 days. The most recent quarterly reporting by DS/SI/PSS states that while the Department is not meeting ODNI's timeliness goals, it outperforms the overall IC average by almost 100 days for Top Secret clearances and 50 days for Secret clearances. These figures are shown in Table 2.

**Table 2: Average Processing Times for Fourth Quarter, 2016**

	Top Secret Clearance	Secret Clearance
ODNI Goal	114	74
Department of State Average	158	129
IC Average	246	179

**Source:** OIG analysis of Department data.

## Inaccuracies in the Department's Timeliness Data

OIG found that the data the Department submitted to ODNI from 2012 to 2016 is incorrect in many respects. Some of the issues OIG identified may result in an underestimation of the timeframes for clearance completion; others may result in an overestimation. Nonetheless, the identified issues mean the actual total amount of time to process initial and reciprocal Secret and Top Secret clearances is unknown.

**Quarterly Reports on Initial Clearances Do Not Reflect Actual Time Spent in Initiation:** In its quarterly reporting to ODNI, DS/SI/PSS does not report the actual total number of days it takes to move initial Top Secret or Secret background investigations through the initiation phase (that is, the time period between when the individual signs the clearance paperwork and when the initiations unit forwards the paperwork to the investigations unit). Instead, DS/SI/PSS uses 22 days for this phase for each case it reports. Unlike some other Federal agencies, DS/SI/PSS's case

management system does not share a data connection with e-QIP, so it cannot capture and store the date when the individual signs the clearance paperwork, which would allow it to calculate initiation timeframes automatically. DS/SI/PSS officials told OIG that using a 22-day estimate is a practice that predates the office's current leadership. However, HR officials in multiple bureaus stated that in their experience it could take up to 8 weeks to move initial clearances through the initiation phase.

**Annual Reports on Initial Clearances Do Not Contain Consistent Initiation Data:** As noted, annual reporting to ODNI includes data on the number of days (from initiation through adjudication) required to process the shortest and longest initial security clearance cases. DS/SI/PSS told OIG this number is based on the same data compiled for the quarterly report. However, OIG observed that for the annual report, the total number of days DS/SI/PSS reported did not include the 22-day estimate DS/SI/PSS stated that it always uses for initiation. For example, DS/SI/PSS's report to ODNI for FY 2015 stated that the shortest amount of time it took to process a Top Secret security clearance from initiation to adjudication was 2 days. This calculation should have included, at a minimum, the 22-day estimate. DS/SI/PSS told OIG that the employees responsible for annual reporting during 2012 to 2015 were no longer with DS/SI/PSS so the reason for the exclusion of the 22-day estimate could not be determined.

**DS/SI/PSS Maintains Conflicting Data on Investigation Timeframes:** DS/SI/PSS maintains two systems that track investigation processing times: the case management system (CMS) and the report management system (RMS). CMS is primarily used for overall case management, while RMS is used specifically for the field investigation component of the clearance process (for example, time taken to investigate a specific investigative lead). DS/SI/PSS uses CMS as the system of record for both quarterly and annual reporting of investigation and adjudication times to ODNI. However, the systems contain different timeframes for the same processes, and OIG does not know which representation is more accurate. For example, for one Secret investigation, data from CMS indicated that it took 42 days to complete the investigation phase of the clearance process, but data from RMS indicated the timeframe was 98 days. In another case, CMS data indicated it took 102 days to complete the investigation phase of the clearance process, while data from RMS indicated the timeframe was 41 days. DS/SI/PSS could not explain why the systems contain conflicting data.

**DS/SI/PSS Over-reports Time Spent in Adjudications:** Due to an error in the formula used to calculate adjudications,<sup>27</sup> DS/SI/PSS reported cases as being in the adjudication phase when they were not. As a result, DS/SI/PSS is over-reporting its average total time to process adjudications. However, it is unclear if these over-reported adjudications should have been

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<sup>27</sup> As noted previously, the Department uses commercially-available spreadsheet software and DS/SI/PSS-designed formulas to analyze data from CMS. OIG reviewed the formula used to calculate adjudications case time and found that under specific conditions, the formula led to time being recorded under adjudications when no adjudication work was actually performed. According to DS/SI/PSS data personnel, the formulas in the spreadsheet were created by personnel under previous DS/SI/PSS leadership and have not been updated in the past several years. In addition, according to DS, its data does not directly correlate to the ODNI model dividing the process into three distinct phases because of structural and process differences.

included in another phase of the process. Therefore, OIG cannot determine the overall impact of this error on the total number of days to process a clearance.

**Inclusion of Cancelled Cases Potentially Causes Overestimation of Total Number of Days Taken to Process a Clearance:** ODNI requests that agencies only report on cases that have completed every stage of the process from initiation to adjudication. However, DS/SI/PSS reported information on cancelled cases in both its quarterly and annual submissions. Although OIG cannot fully assess the overall impact of including cancelled cases, OIG observed that their inclusion can result in an overestimation of the total number of days taken to complete a clearance. Specifically, OIG found that cancelled cases may linger in any one of the clearance phases for an extended period of time before the decision to cancel the clearance process is made—either by a candidate who is no longer interested in employment at the Department or by HR if it chooses to rescind the offer of employment. As a result, the total number of days associated with cancelled cases may be relatively high. DS/SI/PSS told OIG in October 2016 that it planned to clarify with ODNI whether it should include cancelled cases as part of its reporting; however, meeting notes from an August 2016 call with ODNI indicate that this issue has already been addressed and that ODNI has been clear that it does not want agencies to report on cancelled cases.

**Magnitude and Effect of Coding Errors Are Unknown:** As part of its case tracking efforts, DS/SI/PSS manually enters case code information in CMS, which in part describes the type of function being performed. Although OIG did not identify any coding errors as part of its review, DS/SI/PSS told OIG that staff do occasionally enter incorrect codes into the system. For example, a staff member may inadvertently enter the code signifying that a clearance investigation has been cancelled, when in reality the investigation is still ongoing. DS/SI/PSS is not sure how to correct these errors and does not exclude the cases from ODNI reporting out of a concern that its timeliness results will be adversely affected. DS/SI/PSS told OIG that these errors only occur once or twice a quarter but provided no evidence to support this statement. OIG has no way to independently validate the scale or impact of such errors.

**Quarterly Reciprocal Clearance Averages Are Questionable:** Although ODNI does not publicly report on the timeliness of reciprocal clearances, quarterly reporting by IC members includes data on the average number of days taken to process these clearances. In the fourth quarter of 2016, DS/SI/PSS reported that this processing took an average of 20.1 calendar days. DS/SI/PSS maintains limited information (for example, request and decision dates) associated with reciprocal processing, so it is difficult for OIG to assess the accuracy of the reported average. However, OIG again observed that DS/SI/PSS's calculations did not include the 22-day estimate for initiation. DS/SI/PSS confirmed to OIG that it does not include initiation time in these calculations but noted the time spent in this phase should be much shorter as it typically only involves reviewing the one-page Form DS 1143. Nonetheless, a staff member from the reciprocity and revalidations team told OIG that the initiations phase can be 4 to 6 weeks behind schedule. According to DS/SI/PSS, it tried to assess initiation timeliness for reciprocal clearances in early 2016, and the results demonstrated significantly less time than the 22-day estimate used



for initiation. However, OIG is not able to assess this conclusion because DS/SI/PSS did not maintain any records of its review.

**The Department Does Not Maintain Data on Conversions:** ODNI does not report on conversions because these efforts are considered internal administrative functions. DS/SI/PSS does not track data related to the process, and therefore, the total amount of time the Department takes to process conversions is also unknown. DS/SI/PSS told OIG that a pilot program with HRSC reduced the processing time for conversions by automating the workflow. However, absent reliable data, OIG cannot assess these efforts. Furthermore, DS/SI/PSS told OIG there were no current plans to expand the pilot program to other bureaus because of low levels of interest.

## SEVERAL FACTORS MAY IMPEDE THE EFFICIENT PROCESSING OF CLEARANCE REQUESTS

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During the course of its work, OIG identified a number of impediments to the timely processing of clearances, including confusion over HR's roles and responsibilities, inadequate resources, and an influx of student interns requiring clearances.

**Lack of Defined Roles for HR Personnel:** Although the FAM states that HR officials are responsible for initiating the security clearance process,<sup>28</sup> there is no policy or process that explicitly defines the responsibilities of HR officials. Both HR and DS/SI/PSS staff expressed concerns to OIG that clearance requests have aged excessively because of the lack of a standard process. In particular, the lack of standardization has led to difficulties processing initial clearance requests using SF-86 in OPM's e-QIP application. For example, once the candidate has completed the form, there is confusion regarding who is responsible for communicating that the clearance request is ready to be reviewed by DS/SI/PSS. According to DS/SI/PSS, some HR staff send an email stating the forms are complete; if this does not happen, DS/SI/PSS may first learn about a new clearance request when it runs a report that tracks clearances submitted via the e-QIP portal. In other cases, DS/SI/PSS only learns about a new clearance request when it receives other material related to the request, such as a fingerprint card.

Another area of confusion involves reviewing the SF-86 for accuracy. Some HR personnel check for errors or missing information and request clarification<sup>28</sup> from the candidate, but others do not. Various HR officials told OIG that they do not believe it is their responsibility to review the forms, and others told OIG they lack knowledge about what they should be reviewing. Although DS/SI/PSS provides information on its intranet website and provides ad hoc training upon request or identification of a systemic error, in the past there have been no regular training programs designed to inform HR personnel about how security clearance applications are processed. Soon after OIG concluded its interviews, DS/SI/PSS reinstated a training course it had previously used for HR personnel.

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<sup>28</sup> 12 FAM 231.1 (October 21, 2016).



Notwithstanding the lack of a defined role or consistent training, DS/SI/PSS personnel believe that HR should conduct reviews for accuracy to save time in the clearance process. For example, if a candidate has a foreign-born spouse, the spouse is required to fill out additional paperwork. Delays occur when DS/SI/PSS receives an SF-86 without such paperwork. Similar delays can occur if DS/SI/PSS does not receive the written release required by some countries to perform a local agency check,<sup>29</sup> which must be conducted if a candidate lived in a foreign country for more than six months. According to the DS/SI/PSS Branch Chief for Operations, approximately 70 percent of SF-86 forms reviewed by DS/SI/PSS contain these types of errors or omissions, all of which require DS/SI/PSS to contact the candidate or HR personnel. OIG's review of 230 initial clearance cases showed that approximately 44 percent required additional information or contained errors requiring clarification. OIG estimates that cases spent an additional 23 days, on average, in the initiation stage as a result of these issues.

**Lack of Adequate Resources:** As described previously, conducting security clearance investigations is a multi-step, labor-intensive process. In an effort to maintain timeliness and efficiency, DS/SI/PSS splits its investigations caseload between two teams and has identified what they believe to be an optimal range for cases per worker in the investigation phase.<sup>30</sup> This optimal range represents the number of cases an investigations case manager can handle at one time and still be expected to process the cases within the ODNI timeliness goals previously discussed. In its February 2, 2017, submission of information to ODNI, DS/SI/PSS stated the optimal range for investigations case managers is 55 to 65 cases at one time.

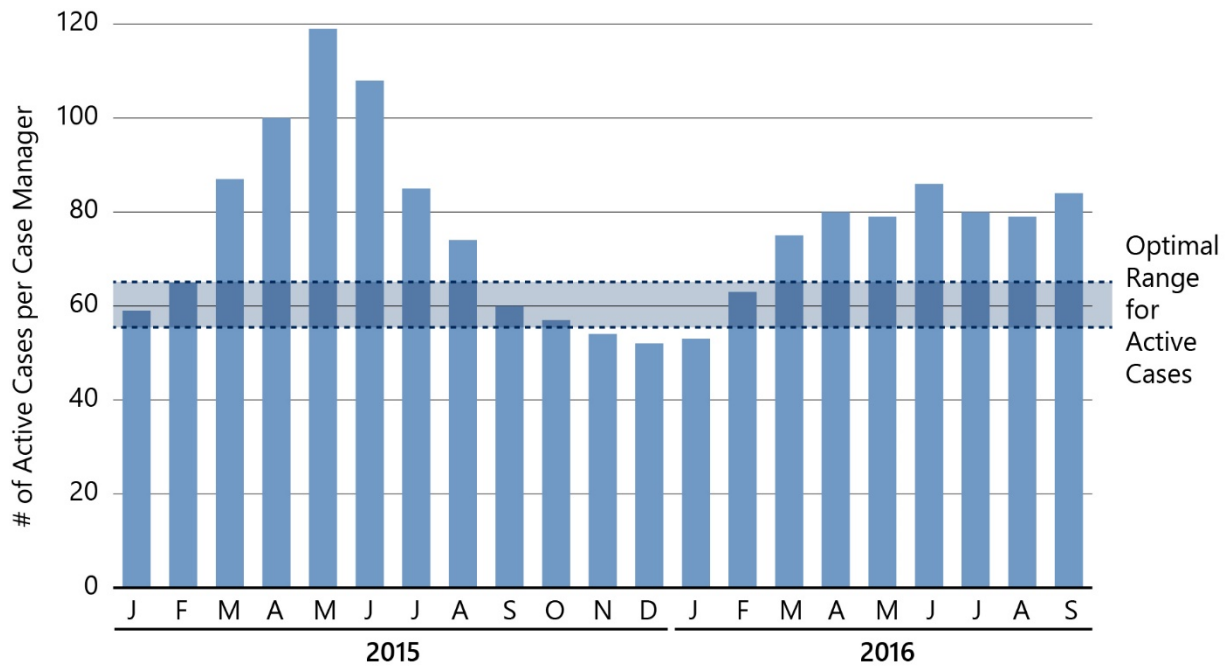
However, DS/SI/PSS case managers experience wide fluctuations in their workload throughout the year, and they often exceed this optimal range. For example, for one of the two teams that conducts initial clearance investigations, the average cases per case manager was 57 in January 2015, 137 in May 2015, and 53 in November 2015. Furthermore, the number of months that these averages fell outside of the optimal range has increased. Figure 2 demonstrates that, for calendar year 2015, the teams were at or below the optimal caseload level for 6 out of the 12 months; according to the data available for 2016, the teams were at or below the optimal range for only 2 out of 9 months.

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<sup>29</sup> As part of the clearance process, DS/SI/PSS performs record checks with the local law enforcement agencies in the locations in which the candidate has lived and worked. Canada, Ireland, Australia, Argentina and the city of Munich, Germany require a written release from the candidate to respond to such a check.

<sup>30</sup> DS/SI/PSS established a similar metric for its adjudications phase.

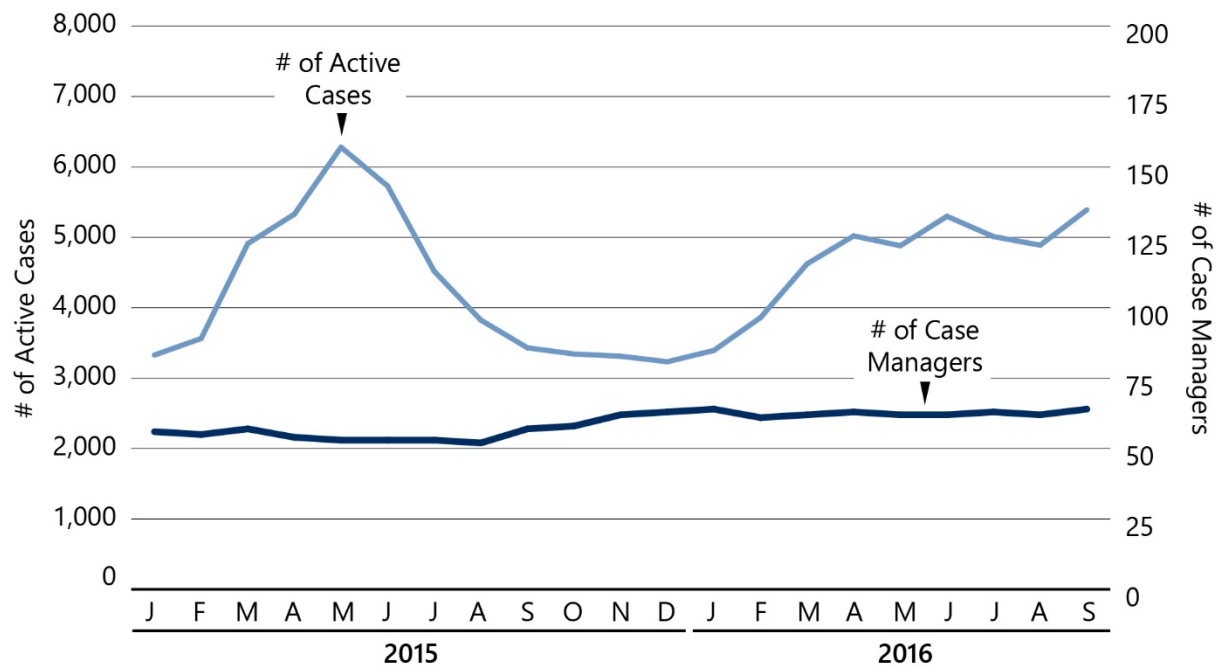
Figure 2: Active Case Investigations Versus the DS/SI/PSS Optimal Range, January 2015 to September 2016



Source: OIG analysis of Department data.

As shown in Figure 3, despite the large variance in the number of cases, the number of case managers has remained relatively static. DS/SI/PSS staff reported that caseload fluctuations affect their ability to complete their work in a timely manner and that they will often work on weekends to meet the increased demand. DS/SI/PSS leadership stated that a lack of resources is a continuing problem for the Department and that more personnel would help address timeliness problems.

**Figure 3: Active Case Investigations Versus Total Number of Case Managers from January 2015 to September 2016**



**Source:** OIG analysis of Department data.

**Influx of Student Interns:** The yearly influx of student interns, and the timing of requests for security clearances for those interns, contributes to the large fluctuations in DS/SI/PSS's caseloads. From January 2015 through September 2016, internships represented 48 percent of all the closed initial Secret clearance request cases and 30 percent of the closed initial Top Secret and Secret clearance requests combined. Sixty-seven percent of those intern cases were opened in only 4 months—March and June of 2015 and February and March of 2016. While non-intern cases also experienced month to month fluctuations, the variance was not as large as it was for interns. For example, March and June of 2015 and February and March of 2016 accounted for only 28 percent of the total non-intern cases closed between January 2015 and September 2016. The large number of intern cases, and their unequal distribution throughout the year, contributed to steep rises in DS/SI/PSS's caseload seen in Figure 3.

Several features of the internship program magnify its impact on the overall timeliness of the Department's clearance process. For example, because interns are hired for a particular semester or the summer, their security clearances must be processed by a specific deadline. Therefore, according to DS/SI/PSS, the intern clearances receive prioritization over most other candidates in the security clearance process, which can extend the time needed to process the other clearances.

In addition, the hiring process for interns involves selecting both primary and alternate program candidates for each internship opportunity. DS/SI/PSS conducts background investigations on *both* the primary and alternate candidates so that if a primary candidate does not receive a

clearance or chooses not to accept the position after receiving a clearance, an alternate candidate is immediately available. This means that DS/SI/PSS conducts a large number of background investigations for individuals who do not join the Department. According to HR data, from spring 2015 through fall 2016, DS/SI/PSS investigated and granted 1,191 Secret clearances and 46 Top Secret clearances for intern candidates who did not report for duty. Only 65 percent of the primary and alternate intern candidates who received clearances actually joined the Department, and these interns work for approximately 10 weeks.

It is also unclear whether intern positions have been appropriately designated in terms of their national security sensitivity to ensure appropriate screening as required in the FAM and by Executive Order.<sup>31</sup> As previously noted, the Department requires hiring bureaus to use OPM's automated tool to determine the sensitivity and risk levels of civilian positions, which, in turn, inform the type of investigation needed. However, hiring bureaus are not required to use the tool for student interns. As a result, the determination about whether an intern needs a clearance is often based on other factors, such as whether the intern would be in the proximity of a printer authorized to print classified material.<sup>32</sup>

According to HR personnel responsible for overseeing the intern program, HR has begun an initiative with DS/SI/PSS to reduce the number of clearance requests for interns. However, this initiative began in mid-2016, and data on the reduction in clearance submissions does not yet exist.

## THE COST OF THE CLEARANCE PROCESS IS UNKNOWN, AND THE DEPARTMENT HAS NOT RECOVERED COSTS FOR CLEARANCE WORK PERFORMED FOR OTHER AGENCIES

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OIG also examined issues surrounding the overall cost of the clearance process. OIG found that the Department does not know how much its clearance process costs and, in the past, has not recovered costs from other Federal agencies for the work it performed on their behalf. As a result, the Department is failing to meet requirements set forth in Executive Order 13467,<sup>33</sup> the Economy Act,<sup>34</sup> and Department policy.<sup>35</sup>

**Cost of the Department's Clearance Process is Unknown:** Executive Order 13467 requires agencies to ensure that security clearances are conducted in a cost-effective manner. However,

<sup>31</sup> See 3 FAM 2222.1-1. Executive Order 10450 sets forth security requirements for government employment. Under Section 3a of Executive Order 10450, the scope of the investigation shall be determined according to the degree of adverse effect the occupant of the position sought to be filled could bring about, by virtue of the nature of the position, on national security.

<sup>32</sup> Department regulations authorize PIN printing in offices where security is a concern. PIN printing allows employees to delay immediate printing and enables document retrieval at the printer by entering an individual code. 5 FAM 314.

<sup>33</sup> Executive Order 13467, Section 1.1.

<sup>34</sup> 31 U.S.C. § 1535.

<sup>35</sup> The FAM contains specific steps to document billing when the Department provides services to other agencies under the Economy Act. 4 FAM 840.

the Department cannot ensure that it complies with this requirement because DS/SI/PSS has not conducted an analysis to assess how much it costs to perform the different types of clearance investigations. OIG reviewed overall data on DS/SI/PSS's budgeted funds, but DS/SI/PSS could not provide any information on how its expenditures relate to the level of effort for the various types of work DS/SI/PSS performs. DS/SI/PSS told OIG that it is in the process of engaging a third party to help develop a cost model that will reflect the actual expenditures associated with each type of job activity.

**The Department Does Not Appropriately Recover Costs for External Clearance Work:** The Department is one of the few agencies with overseas personnel who can perform clearance investigations, so it serves as a main provider of overseas background investigation work for OPM, the Federal Bureau of Investigation, the Broadcasting Board of Governors (BBG), the Department of Treasury, Customs and Border Patrol, and the Peace Corps.<sup>36</sup> In performing this work, the Department relies upon the authority of the Economy Act,<sup>37</sup> which allows agencies to provide goods or services to other Federal agencies but requires the customer agency to reimburse the provider agency for the actual cost of the work performed. The Department of State Acquisition Regulation establishes Department policy and procedures for the development, documentation, and administration of interagency acquisition agreements (IAA) under the Economy Act; IAAs must include billing information.<sup>38</sup> OIG found that the Department is in violation of the Economy Act and Department policy in the following ways:

- During FYs 2012 through 2015, DS/SI/PSS generally failed to bill agencies for its external overseas investigatory work with the exception of work performed for BBG and for OPM near or on Department of Defense installations. In addition to violating billing requirements, failure to seek reimbursement improperly augmented the appropriations of the external agencies.<sup>39</sup> According to the head of the unit that processes this work, DS/SI/PSS leadership discussed whether to seek repayment but did not do so. OIG was not able to independently determine the volume of overseas investigatory work performed for the other agencies from 2012 to 2015 or the funds expended to conduct

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<sup>36</sup> DS/SI/PSS's International Investigations Unit processes requests for overseas investigatory work.

<sup>37</sup> 31 U.S.C. § 1535.

<sup>38</sup> See Subpart 617.500. State Form DS-1921, Award/Modification of Interagency Acquisition Agreement, shall be used for Economy Act IAAs where the Department is the servicing agency if the requesting agency does not have a similar form that provides the same information. Subpart 617.504-70(b) of Title 48 of the Code of Federal Regulations. An interagency agreement must include the billing information specified in 4 FAM 842(b). When the Department provides services to another agency, the Department, as the seller agency, is required to record an unfilled/unbilled customer order immediately upon receipt and to accept an authorized intragovernmental order. 4 FAM 844.2(a). The responsibility for initiating the Intra-governmental Payment and Collection (IPAC) transaction may be negotiated between the Department and the other agency, and the responsible party may be stated in the order. If no responsible party is specified, the Department will be deemed the party responsible for initiating the IPAC transaction. 4 FAM 844.2(b).

<sup>39</sup> An order placed or agreement made under the Economy Act obligates an appropriation of the ordering agency or unit. 31 U.S.C. § 1535(d). The Economy Act requires the ordering agency to reimburse the performing agency the actual cost of providing the item or service to avoid an unauthorized augmentation of the ordering agency's appropriation. See Matter of: Economy Act Payments After Obligated Account Is Closed, GAO/B-260993 (June 26, 1996).

such work. The head of the unit could not arrive at a reliable amount of reimbursable costs because of limitations on data retention, but he estimated that since 2009, the amount would range in the millions of dollars.

- In FY 2016, DS/SI/PSS began seeking reimbursement for its overseas clearance work. However, DS/SI/PSS does not bill the agencies for the actual cost of this work, as required by the Economy Act and Department policy. Because DS/SI/PSS does not know how much the work costs, it instead chooses to rely on prices developed to compete with OPM's pricing, which performs the majority of background investigations for the Federal Government. OPM conducts an annual cost analysis of its own clearance work to determine pricing for the services it provides.<sup>40</sup> OIG received no evidence, however, suggesting that these prices were accurate for work performed by DS/SI/PSS. Invoices show that DS/SI/PSS billed the external agencies that had previously not paid for services approximately \$1.3 million for its overseas investigations services in FY 2016.

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<sup>40</sup> GAO, *Office of Personnel Management Needs to Improve Transparency of Its Pricing and Seek Cost Savings* (GAO-12-197, February 2012).

## RECOMMENDATIONS

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To ensure that the Department has accurate information on the time and cost devoted to the clearance process and that it is able to process clearances more efficiently and to recover costs appropriately, OIG has issued the following recommendations to the Bureau of Diplomatic Security and the Bureau of Human Resources. Their complete responses can be found in Appendix A. The Department also provided technical comments that OIG incorporated as appropriate into this report.

**Recommendation 1:** The Bureau of Diplomatic Security, Office of Personnel Security and Suitability, should inform the Office of the Director of National Intelligence of the inaccuracies identified by OIG and the steps it is taking to correct these errors. These steps should increase the accuracy of data for the time it takes to process both initial and reciprocal clearances, specifically by

- measuring the time it takes for clearances to move through the initiation stage rather than relying upon a blanket estimate,
- removing cancelled cases from its data, making corrections to its timeliness formula, and
- reconciling any data discrepancies in its case management systems.

**Management Response:** In its June 26, 2017, response, the Bureau of Diplomatic Security concurred with this recommendation but noted that the format required by the Office of the Director of National Intelligence (ODNI) for reporting data does not fully correlate with how the Department of State maintains its timeliness data. However, the Bureau agreed to “improve how initiation phase timelines are calculated, remove cancelled cases from its data, and review data discrepancies in its case management systems to improve future submissions.”

**OIG Reply:** OIG identified several errors in how the Department of State calculates the timeliness of its security clearance process. These errors bring into question the accuracy of the Department’s overall timeliness data, a concern that would remain even if the Department reported its data in a manner correlating with the way ODNI requests it. The recommendation can be closed when OIG receives and accepts documentation that the Department has taken concrete steps to address the problems identified in the report and has briefed ODNI on such steps.

**Recommendation 2:** The Bureau of Diplomatic Security, Office of Personnel Security and Suitability, in coordination with the Bureau of Human Resources, should establish clear responsibilities for the processing of security clearance requests in order to reduce or eliminate unnecessary delays in the clearance process and require appropriate training for all Human Resources personnel involved in the process.

**Management Response:** In its June 26, 2017, response, the Bureau of Diplomatic Security concurred with this recommendation.

**OIG Reply:** The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Diplomatic Security has issued guidance on responsibilities for the processing of security clearances and has developed training on these responsibilities.

**Recommendation 3:** The Bureau of Diplomatic Security should perform a workforce analysis of its employees who perform security clearance work to ensure that it has the proper staffing levels in place to meet its timeliness goals.

**Management Response:** In its June 26, 2017, response, the Bureau of Diplomatic Security concurred with this recommendation.

**OIG Reply:** The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Diplomatic Security has performed a workforce analysis.

**Recommendation 4:** The Bureau of Human Resources should establish procedures to use the Office of Personnel Management's automated tool to assess the proper security clearance necessary for work performed by student interns.

**Management Response:** In its June 22, 2017, response, the Bureau of Human Resources concurred with this recommendation.

**OIG Reply:** The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Human Resources has coordinated with regional and functional bureau internship coordinators to ensure they extend usage of the Position Designation Tool to student intern positions.

**Recommendation 5:** The Bureau of Diplomatic Security, Office of Personnel Security and Suitability should determine the actual cost of the security clearance work it performs for other Government agencies in order to fully recoup its expended funds, in accordance with the Economy Act and Department policy.

**Management Response:** In its June 26, 2017, response, the Bureau of Diplomatic Security concurred with this recommendation and stated that it is in the process of determining the actual cost. The Bureau noted that it had no information as to how the current price structure was developed. It also stated that it compares its prices to the Office of Personnel Management (OPM) pricing to ensure that the two align but represented that it does not attempt to compete with OPM and that there is no incentive to do so.

**OIG Reply:** The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Diplomatic Security has developed a more accurate pricing structure.



**Recommendation 6:** The Bureau of Diplomatic Security should seek reimbursement for funds it expended for work performed for other Government agencies from 2009 through 2016, in accordance with the Economy Act and Department policy.

**Management Response:** In its June 26, 2017, response, the Bureau of Diplomatic Security concurred with the intent of this recommendation but noted that it will need to research the issue further to determine whether it will be practical to implement the recommendation. The Bureau notes that there are many factors that will affect “whether agencies are able to fund work conducted in prior fiscal years and if anything can be done with those funds once received except to be returned to the U.S. Treasury.”

**OIG Reply:** The recommendation can be closed when OIG receives and accepts documentation that the Department has either taken steps to recover the funds or has provided a justification demonstrating why such recovery is not practicable. OIG expects that such any such justification would present compelling reasons, given that the Government Accountability Office has ruled that under the Economy Act, a customer agency must reimburse the performing agency for the actual cost of work performed, even if the work was performed ten years earlier.<sup>41</sup>

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<sup>41</sup> See Matter of: Economy Act Payments After Obligated Account Is Closed, GAO/B-260993 (June 26, 1996).

## ABBREVIATIONS

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BBG	Broadcasting Board of Governors
CMS	case management system
Department	Department of State
DHS	Department of Homeland Security
DS/SI/PSS	Bureau of Diplomatic Security, Office of Personnel Security and Suitability
e-QIP	Electronic Questionnaires for Investigations Processing
FAM	Foreign Affairs Manual
GAO	Government Accountability Office
HR	human resources
HRSC	Human Resources Service Center
IC	Intelligence Community
IAA	interagency acquisition agreements
ODNI	Office of the Director of National Intelligence
OIG	Office of Inspector General
OPM	Office of Personnel Management
OMB	Office of Management and Budget
RMS	report management system
SF-86	Standard Form 86

## OIG EVALUATIONS AND SPECIAL PROJECTS TEAM

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Robert Lovely  
Jeffrey McDermott  
Paul Cooksey

## APPENDIX A: MANAGEMENT RESPONSES

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United States Department of State

Assistant Secretary of State  
for Diplomatic Security

Washington, D.C. 20520

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June 26, 2017

### INFORMATION MEMO TO INSPECTOR GENERAL LINICK - OIG

FROM: DS – Bill A. Miller, Acting *BA Miller* JUN 26 2017

SUBJECT: Bureau of Diplomatic Security response to the Office of Inspector General (OIG) Draft Report titled The Department of State Lacks Accurate Data on the Timeliness and Cost of its Security Clearance Process

Below is the Bureau of Diplomatic Security's response to recommendations 1-3, 5, and 6 of the subject report. A list of general corrections to the draft report is also attached.

**Recommendation 1:** The Bureau of Diplomatic Security, Office of Personnel Security and Suitability, should inform the Office of the Director of National Intelligence of the inaccuracies identified by OIG and the steps it is taking to correct these errors. These steps should increase the accuracy of data for the time it takes to process both initial and reciprocal clearances, specifically by

- measuring the time it takes for clearances to move through the initiation state rather than relying upon a blanket estimate,
- removing cancelled cases from its data, making corrections to its timeliness formula, and
- reconciling any data discrepancies in its case management systems.

**DS Response (6/26/2017):** While DS agrees that the accuracy of the data provided to Office of the Director of National Intelligence (ODNI) can be improved in future submissions, including initiation phase timelines, the Office of Personnel Security and Suitability's (DS/SI/PSS) processes do not directly correlate to the model ODNI uses due to structural and process differences. The ODNI model assumes three distinct and separate phases for initiation, investigations, and adjudications performed by three separate and distinct entities. ODNI's data assumes a Department of Defense (DoD) model for investigations and security clearances. The vast majority of all U. S. government clearances are DoD. The initiation is performed by the DoD element requesting the clearance. Once completed, the DoD element sends the eQIP to OPM, which conducts the

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investigation. Once OPM completes the investigation, OPM closes their case and submits the report of investigation (ROI) to the DoD Central Adjudicative Facility for adjudication. There is no overlap between the three phases.

However, the Department's model does not have these same three distinct phases. The initiation phase, which includes both Human Resources (HR) personnel and DS/SI/PSS roles, is similar to the ODNI model. Once the applicant has completed their eQIP, bureau HR personnel release it to DS/SI/PSS. DS/SI/PSS then reviews the eQIP and frequently has to reach out to the applicant because it is incomplete. Once the completed package is received, the investigation begins. Unlike the assumed ODNI model where OPM only conducts the investigation, DS/SI/PSS adjudicates and investigative case managers can and do grant clearances or public trust certifications in cases with no or few adjudicative concerns. This process is designed to allow DS/SI/PSS to grant some clearances more quickly during the investigation phase rather than moving the case to adjudications for another review. Any cases with more substantive issues are referred to adjudications for additional review. For these reasons, DS agrees to improve how initiation phase timelines are calculated, remove cancelled cases from its data, and review data discrepancies in its case management systems to improve future submissions to ODNI. Additionally, DS has drafted language to be cleared through the Secretary and sent to ODNI detailing the differences in the adjudication process at DS as well as planned actions to improve initiation phase timeliness. The response indicates DS has reduced the number of cases in the adjudicative phase by 32 percent in the last year through improvements in the procedural processing of cases.

**Recommendation 2:** The Bureau of Diplomatic Security, Office of Personnel Security and Suitability, in coordination with the Bureau of Human Resources, should establish clear responsibilities for the processing of security clearance requests in order to reduce or eliminate unnecessary delays in the clearance process and require appropriate training for all Human Resources personnel involved in the process.

**DS Response (6/26/2017):** DS concurs with this recommendation and will update OIG on actions taken towards implementation during compliance.

**Recommendation 3:** The Bureau of Diplomatic Security should perform a workforce analysis of its employees who perform security clearance work to ensure that it has the proper staffing levels in place to meet its timeliness goals

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**DS Response (6/26/2017):** DS agrees with the recommendation to perform a workforce analysis of its employees who perform security clearance work and will provide updates to OIG on the results during compliance.

**Recommendation 5:** The Bureau of Diplomatic Security, Office of Personnel Security and Suitability should determine the actual cost of the security clearance work it performs for other government agencies in order to fully recoup its expended funds, in accordance with the Economy Act and Department policy.

**DS Response (6/26/2017):** Historical data and documentation is not available from when the DS/SI/PSS pricing structure was developed. The costs have been adjusted each year in collaboration with the Office of the Chief Financial Officer (DS/EX/CFO). DS/SI/PSS has compared their pricing to OPM's price list to see if the pricing was reasonable and in line with OPM's pricing. Although there is a lack of data regarding how our prices were originally derived, there is no indication that the pricing was developed based on OPM's costs. Page 20 of the draft report indicates DS/SI/PSS developed their pricing to "compete" with OPM, which is inaccurate. DS/SI/PSS does not compete with OPM; DS/SI/PSS has been identified as the only option for providing these overseas investigative services so there is no incentive for DS/SI/PSS to arbitrarily adjust pricing structures to be competitive with OPM.

Despite the corrections to the narrative in the report, DS does agree with the intent of the recommendation and is in the process of determining an actual cost of the security clearance work it performs for other government agencies.

**Recommendation 6:** The Bureau of Diplomatic Security should seek reimbursement for funds it expended for work performed for other government agencies from 2009 through 2016, in accordance with the Economy Act and Department policy.

**DS Response (6/26/2017):** DS will need to research the issue further to determine whether it will be practical to implement the recommendation to seek reimbursement for services provided in prior fiscal years. There are many factors that will affect whether agencies are able to fund work conducted in prior fiscal years and if anything can be done with those funds once received except to be returned to the U.S. Treasury. DS will update OIG during compliance.

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Attachments:

Tab 1 – General Comments on Draft Report

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Approved: DS – Bill A. Miller

Drafted: Douglas P. Quiram, 571-345-3219

Cleared: M – DWinters (ok)  
DGHR – SSheils (ok)  
DS/DSS – C. Schurman (ok)  
DS/EX – S. Dietz (ok)  
DS/EX/CFO – R. Baldre (ok)  
DS/EX/MGT – J. Schools (ok)  
DS/MGT/PPD – M. Scherger (ok)  
DS/MGT/PPD – P. Brown (ok)  
DS/SI – D. Reid (ok)  
DS/SI/PSS – D. Quiram (ok)



MEMORANDUM

TO: OIG – Steve A. Linick

FROM: DGHR – William E. Todd, Acting

SUBJECT: Response to Recommendation 4 in OIG’s Draft Report, “The Department of State Lacks Accurate Data on the Timeliness and Cost of its Security Clearance Process”

The Bureau of Human Resources (HR) has reviewed OIG’s report. We provide the following comments in response to Recommendation 4 provided by OIG:

**OIG Recommendation 4:** The Bureau of Human Resources should establish procedures to use the Office of Personnel Management’s automated tool to assess the proper security clearance necessary for work performed by student interns.

**Management Response:** HR concurs with Recommendation 4. In FY17, HR conducted 13 educational briefings on the use and regulatory requirements of the Office of Personnel Management’s Position Designation Tool, reaching more than 100 HR Specialists. Additionally, HR recently completed a program review of the Unpaid Internship Program. As part of its revisions and reforms to the program, HR will coordinate with regional and functional bureau internship coordinators to ensure they extend usage of the Office of Personnel Management’s Position Designation Tool to student intern positions, which is not currently under the government-wide mandate.

The point of contact for this memorandum is Siobhan Sheils, [sheilssm@state.gov](mailto:sheilssm@state.gov), or (202 485-2842).

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