



U.S. Department of Energy
Office of Inspector General
Office of Audits and Inspections

INSPECTION REPORT

Allegations Regarding Personnel Security
Concerns at Oak Ridge National Laboratory

INS-O-14-02

June 2014



Department of Energy
Washington, DC 20585

June 4, 2014

MEMORANDUM FOR THE DIRECTOR, OFFICE OF INTELLIGENCE AND
COUNTERINTELLIGENCE
DEPUTY DIRECTOR FOR FIELD OPERATIONS, OFFICE OF
SCIENCE

Sandra D. Bruce

FROM: Sandra D. Bruce
Assistant Inspector General
for Inspections
Office of Inspector General

SUBJECT: INFORMATION: Inspection Report on "Allegations Regarding
Personnel Security Concerns at Oak Ridge National Laboratory"

BACKGROUND

Oak Ridge National Laboratory (ORNL) is the largest science and energy national laboratory in the Department of Energy (Department). UT-Battelle, LLC (UT-Battelle), manages ORNL and, as of October 2013, has over 6,000 employees, including subcontractors. Contractor personnel are required to have proper identification and criminal history background checks in accordance with Homeland Security Presidential Directive 12. However, subcontractors are excluded from this requirement except when a clearance is necessary because of work location and/or type of work performed. Further, if an individual has a Q clearance and specific need-to-know, that person is granted access to Sensitive Compartmented Information (SCI). When SCI access is no longer required, individuals must go through a debriefing process designed to ensure that they remain cognizant of their duty to continue to protect classified information.

We received a request from the Office of Science to review a complaint alleging that: (1) a senior ORNL employee continued to maintain access to SCI after changing employment status from full-time to casual employee without proper justification; and (2) ORNL declined to implement a recommendation to conduct criminal history background checks on all subcontractors working on-site for more than 30 days. In response, we initiated this inspection to examine the facts and circumstances surrounding the allegations.

RESULTS OF INSPECTION

We did not substantiate the access to SCI related allegation. However, during the course of our review, we identified several weaknesses regarding processes used to debrief individuals with SCI access and to report overseas employment of those holding active security clearances. In particular, we noted that even though actual in-person debriefings were normally required, officials instead used administrative debriefings, a process where a Special Security Officer makes a notation of "Unavailable for Signature/Administrative Debrief," along with the date

and reason, on a required non-disclosure agreement without actually conducting a debrief. In addition, UT-Battelle did not make a timely notification to the Cognizant Personnel Security Officer that the casual employee discussed in the allegation had accepted overseas employment.

We substantiated the allegation that ORNL declined to implement the recommendation to conduct criminal history background checks on all subcontractors working on-site for more than 30 days. However, we determined that background checks were not required for subcontractors working in an unclassified area. Further, we noted that UT-Battelle implemented a new Security Requirements contract clause for subcontractors to have background checks completed when working in one particular facility that housed classified information.

Improper administrative debriefing occurred because management officials at the Department's Office of Intelligence and Counterintelligence (Headquarters Intelligence) did not fully implement the Sensitive Compartmented Information Debriefing Policy No. 001-06, *Sensitive Compartmented Information Debriefing Policy*, which required Special Security Officers to conduct in-person debriefings unless the individual could not appear due to medical reasons or extenuating circumstances (e.g. deceased). Headquarters Intelligence officials are responsible for enforcing this policy and ensuring that Special Security Officers at the Department's Intelligence Elements, such as ORNL's Field Intelligence Element, have applied the policy appropriately. Headquarters Intelligence, however, failed to provide the proper guidance and training as to when administrative debriefings were appropriate. In fact, Headquarters Intelligence officials told us they were unaware of the policy and that more needs to be done to ensure Special Security Officers properly conduct SCI debriefs.

We are troubled that Headquarters Intelligence officials were not cognizant of existing policy requirements, especially when a number of Department Office of Inspector General inspection reports over the years have highlighted problems regarding administrative debriefings. While officials indicated that corrective actions had been taken related to previous recommendations, the actions do not appear to have been effective. When we brought the matter to their attention, Headquarters Intelligence officials informed us that they were compiling and reviewing all internal policies to ensure they are still relevant and applicable to accomplishing their mission.

Without completion of required security actions, former Department employees and contractors would not be reminded of classified information regulations and could unknowingly initiate a compromise of highly sensitive national security information. In addition, if Federal officials are not appropriately notified of overseas employment, individuals could inappropriately maintain access to national security information. We believe improvements are warranted in these areas and have made recommendations designed to assist management in ensuring that classified information with restrictions is properly protected.

MANAGEMENT REACTION

Management concurred with our recommendations and indicated that it was in the process of implementing corrective actions. We found management's comments and planned corrective actions to be generally responsive to our report findings and recommendations. Management's formal comments are included in Appendix 3.

Attachment

cc: Deputy Secretary
Deputy Under Secretary for Science and Energy
Chief of Staff
Manager, Oak Ridge National Laboratory Site Office
Manager, Oak Ridge Office

INSPECTION REPORT ON ALLEGATIONS REGARDING PERSONNEL SECURITY CONCERNS AT OAK RIDGE NATIONAL LABORATORY

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ALLEGATIONS REGARDING PERSONNEL SECURITY CONCERNS AT OAK RIDGE NATIONAL LABORATORY

MANAGEMENT OF SECURITY-RELATED PROCESSES

We did not substantiate the allegation that a former UT-Battelle, LLC, (UT-Battelle) senior management official continued to maintain access to Sensitive Compartmented Information (SCI) after changing employment status from full-time to casual employee¹ without proper justification. However, during the course of our review, we identified weaknesses regarding the processes used to administratively debrief individuals with SCI access and report overseas employment. Further, we substantiated the allegation that the Oak Ridge National Laboratory (ORNL) declined to implement the recommendation to conduct criminal history background checks on all subcontractors working on-site for more than 30 days. We determined that background checks were not required for subcontractors working in an unclassified area. However, UT-Battelle implemented a new Security Requirements contract clause specifying that subcontractors have background checks completed when working in one particular facility which housed classified data.

SCI Access

Our review found that UT-Battelle followed the Department's Office of Intelligence and Counterintelligence (Headquarters Intelligence) internal process in requesting a re-justification for SCI access for the casual employee. The Headquarters Intelligence SCI re-justification process entails providing Headquarters Intelligence personnel the rationale as to why the employee should retain this level of access. Headquarters Intelligence prepares the SCI Access Request Form for processing and approval. On September 18, 2012, UT-Battelle submitted a re-justification for SCI access to Headquarters Intelligence after the former UT-Battelle senior management official changed his employment status to casual employee. This re-justification was premised upon the casual employee, who has expertise in high performance computing, participating as a member of the ORNL Global Security Directorate's Strategic Advisory Group. The Strategic Advisory Group is comprised of a mix of industry, Government, academia and scientists who advise ORNL on its alignment with national security needs. On November 1, 2012, Headquarters Intelligence approved the re-justification. However, upon further analysis by Headquarters Intelligence and UT-Battelle, officials determined that the casual employee had not attended two Strategic Advisory Group meetings. As a result, the individual's SCI access was cancelled. The annotation on the form indicated that the individual was administratively debriefed on February 6, 2013.

Use of Administrative Debriefs

We found that Special Security Officers completed SCI administrative debriefings instead of exhausting other priority debriefing methods, as required. Headquarters Intelligence Policy No. 001-06, *Sensitive Compartmented Information Debriefing Policy*, requires Special Security Officers to conduct debriefings in-person unless the individual cannot appear due to medical reasons or extenuating circumstances (e.g. deceased). If an in-person debrief cannot be

¹ Casual employee as defined by the ORNL/UT-Battelle contract is an exempt or nonexempt non-salaried employee hired to work on a project type or intermittent basis and their work hours are determined on a case-by-case basis by their management. These employees are paid weekly and are not expected to work a fixed full-time schedule in excess of 6 months.

completed, debriefings may be conducted by telephone, certified mail, or administratively. Administrative debriefs occur when a Headquarters Intelligence official annotates the individual's debriefing acknowledgement form indicating that the individual was not able to sign.

Contrary to Headquarters Intelligence policy, we found that in Fiscal Year 2013, 48 SCI debriefs were completed administratively, including the casual employee mentioned in the complaint. Of the 48, Headquarters Intelligence provided documentation to adequately support 4 administrative debriefs that were completed, 3 that were due to deaths and 1 for medical reasons. As such, we concluded that the remaining individuals must have been available to participate in the preferred debriefing method. Individuals who are administratively debriefed from SCI are not reminded of ongoing obligations to safeguard SCI, acknowledge lack of possession of any documents containing SCI, and report any attempts by an individual to solicit information.

Overseas Employment

We determined that UT-Battelle did not appropriately notify the Cognizant Personnel Security Officer (CPSO) that a senior ORNL employee, discussed in the allegation, that held a Q-clearance,² accepted overseas employment. Department Order 472.2, *Personnel Security*, requires contractors to notify the CPSO of any conditions affecting the contractor employee's security status within 2 working days followed by written confirmation within 10 working days once the contractor is made aware of a personnel security interest such as "Employment by, representation of, or other business-related association with a foreign or foreign owned interest...."

A UT-Battelle senior official did not inform the CPSO until at least 470 days after the required reporting date that the casual employee had accepted a position in a foreign country. The casual employee mentioned above began overseas employment on September 1, 2012, and the UT-Battelle senior official notified the CPSO on November 18, 2013. Consequently, UT-Battelle did not timely notify the CPSO of the overseas employment. Failure to notify appropriate security personnel of overseas employment could potentially result in the improper continuation of an individual's security access to sensitive Government information. As such, more needs to be done to ensure that the CPSO is made aware when UT-Battelle employees with clearances obtain overseas employment while also still being employed by UT-Battelle.

Background Checks

We confirmed that ORNL declined to implement the recommendation to conduct criminal history background checks on all subcontractors working on-site for more than 30 days, as alleged. We found that ORNL subcontractors are not required to have a criminal background check before entering the Laboratory. According to Department Order 206.2 *Identity, Credential, and Access Management*, any employees, such as those employed by UT-Battelle, who have Homeland Security Presidential Directive 12 (HSPD-12) badges, must have background checks completed. However, we determined that UT-Battelle subcontractors are

² A security clearance is an administrative determination that an individual is eligible for access to classified information. A Q-clearance authorization is required for access to Restricted Data and Special Nuclear Material as defined by the *Atomic Energy Act of 1954*, as amended.

generally not required to have background checks, except when performing work in certain locations and/or certain types of work that will require the subcontractor to have a background check or clearance. For example, subcontractors working in the unclassified area of the facility do not require a security clearance or an HSPD-12 type badge. During interviews, we confirmed that a subcontractor with a felony criminal conviction worked in the unrestricted area (no clearance required) of a particular building which also houses the Sensitive Compartmented Information Facility (SCIF). UT-Battelle discovered the conviction after a discussion with the subcontractor pertaining to an opportunity for new job responsibilities that required a background check.

Based on the ongoing efforts of the ORNL Security Integration Team³ and this incident, as of October 1, 2013, UT-Battelle implemented a new Security Requirements contracting clause for subcontractors that requires all persons working in the facility where the SCIF is located to have a criminal record background check even if they only had access to the unrestricted area of the facility. Further, UT-Battelle is in the process of evaluating current subcontractors working in the facility to determine which employees have a need for continued access in the particular building. Although not required, we believe that UT-Battelle has taken proactive steps by instituting efforts to evaluate background checks for subcontractors working in the building.

Contributing Factors and Impact

The improper administrative debriefing occurred because management officials at Headquarters Intelligence did not fully implement Policy No. 001-06. Headquarters Intelligence also failed to provide the proper guidance and training when administrative debriefings were used by the field offices. Headquarters Intelligence is responsible for enforcing this policy and ensuring that Special Security Officers at the Department Intelligence Elements, such as ORNL's Field Intelligence Element, have applied the policy appropriately. Further, Headquarters Intelligence told us they were unaware of the policy and that more needs to be done to ensure Special Security Officers are aware of the policy so they can properly conduct SCI debriefs. Although the officials said that they were unaware of the policy, the Office of Inspector General has made a number of recommendations in separate reports regarding administrative debriefings and Headquarters Intelligence has indicated that corrective actions had been taken. To address this matter, Headquarters Intelligence officials informed us that they are compiling and reviewing all internal policies to ensure they are still relevant and applicable to accomplishing their mission. In addition, the issue involving failure to notify the CPSO of an employee accepting overseas employment was due to an inadvertent oversight by UT-Battelle.

Without completion of required security actions, former Department employees and contractors would not be reminded of classified information regulations and could unknowingly initiate a compromise of highly sensitive national security information. In addition, if Federal officials are not appropriately notified of overseas employment, individuals could inappropriately maintain

³ The Security Integration Team was set up to protect ORNL people and property through an integrated approach to physical security, personnel security, cyber security and counterintelligence and is comprised of UT-Battelle personnel from these areas.

access to sensitive Government information. We believe improvements are warranted in these areas and have made recommendations to assist management in ensuring that classified information with restrictions is properly protected.

RECOMMENDATIONS

To address the issues identified in this report, we recommend that the Director, Office of Intelligence and Counterintelligence:

1. Ensure that appropriate Headquarters Intelligence Officials and Special Security Officers are made aware of and provided training on the requirements for conducting SCI debriefings; and

We also recommend that the Oak Ridge National Laboratory Site Office Manager:

2. Ensure that the CPSO is appropriately notified of a change in need for access to classified information or Special Nuclear Material when a foreign nexus is involved, such as overseas employment.

MANAGEMENT RESPONSE AND INSPECTOR COMMENTS

Management concurred with our recommendations and indicated that corrective actions were in the process of being implemented. We found management's comments and planned corrective actions to be generally responsive to our report findings and recommendations. On April 15, 2014, Department management sent a letter to the ORNL contractor as a reminder of the requirements pertaining to Department Order 472.2, and the information which must be reported in accordance with the Contractor Requirements Document in this Order.

Management's formal comments are included in Appendix 3.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

We received a request from the Office of Science to review a complaint alleging security concerns at Oak Ridge National Laboratory (ORNL). Specifically, it was alleged that: (1) a senior ORNL employee continued to maintain access to Sensitive Compartmented Information after changing employment status from full-time to casual employee without proper justification; and (2) ORNL declined to implement a recommendation to conduct criminal history background checks on all subcontractors working on-site for more than 30 days. In response, we initiated this inspection to assess the facts and circumstances surrounding the allegations.

Scope

We conducted the fieldwork for this allegation-based inspection between September 2013 and June 2014. We focused the inspection on ORNL, Oak Ridge Field Office and Department of Energy (Department) Office of Intelligence and Counterintelligence personnel involved with criminal history checks and access to Sensitive Compartmented Information. We interviewed 22 individuals who had involvement with various subjects including background checks, Sensitive Compartmented Information, and administrative debriefings. This included discussions with both Federal and contractor personnel in legal, human resources and security offices. We reviewed and analyzed 48 Sensitive Compartmented Information administrative debriefs that were completed from October 2012 through October 2013. The inspection was conducted under Office of Inspector General Project Number S13IS015.

Methodology

To accomplish the inspection objective, we:

- Evaluated Department and local policies, procedures and guidance on employee background checks and access to Sensitive Compartmented Information;
- Interviewed Federal and contractor officials including Headquarters personnel, ORNL directors, ORNL's Intelligence employees and other appropriate personnel; and
- Obtained and reviewed information, documents and emails concerning various aspects of the allegation.

We conducted this allegation-based inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation. Those standards require that we plan and perform the inspection to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions and observations based on our inspection objective. We believe the evidence obtained provided a reasonable basis for our conclusions and observations based on our inspection objective. Accordingly, the inspection included tests of controls and compliance with laws and regulations to the extent necessary to

satisfy the inspection objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our inspection. Finally, we relied on computer-processed data, to some extent, to satisfy our objective.

We held an exit conference with ORNL management on April 11, 2014.

We confirmed the validity of such data, when appropriate, by reviewing source documents. The Department's Office of Intelligence and Counterintelligence waived the exit conference on April 7, 2014.

PRIOR REPORTS

- Inspection Report on [*Badge Retrieval and Security Clearance Termination at Sandia National Laboratory- New Mexico*](#), (DOE/IG-0724, April 2006). The objective of this inspection was to determine if Sandia National Laboratory's (Sandia) internal controls were adequate to ensure that, in accordance with applicable policies and procedures: (1) security badges assigned to terminating Sandia and subcontractor employees were retrieved at the time of their departure; and (2) security clearances of departing Sandia and subcontractor employees were terminated in a timely manner. The report found that 22 of 52 people did not sign a Sensitive Compartmented Information (SCI) Debriefing Acknowledgement document, so there was no assurance that prior to departure they received the required SCI debriefing acknowledgement document. This practice is commonly referred to as "administrative debriefing." We believe that given the significance of the SCI program and the stringent security policies applicable to safeguarding SCI information, administrative debriefings should be rare.
- Inspection Report on [*Office of Intelligence and Counterintelligence Internal Controls Over the Department of Energy's Sensitive Compartmented Information Access Program*](#), (DOE/IG-0790, July 2008). The objective of this inspection was to determine if the Department of Energy (Department) Office of Intelligence and Counterintelligence (Headquarters Intelligence) had adequate internal controls for granting, maintaining and terminating SCI access authorizations to the Department Federal and contractor employees. The report determined that Headquarters Intelligence did not have adequate internal controls over its SCI access program. We found that individuals apparently were "administratively debriefed" from SCI access by Headquarters Intelligence without that office making all attempts to contact those individuals to ensure they received instructions regarding their continued obligation to safeguard SCI. We also noted that Headquarters Intelligence established an SCI debriefing policy in response to one of the prior Inspector General reviews.
- Inspection Report on [*Internal Controls Over Sensitive Compartmented Information Access for Selected Field Intelligence Elements*](#), (DOE/IG-0796, July 2008). The objective of this inspection was to determine the adequacy of internal controls over access to intelligence information at two selected Field Intelligence Elements, Los Alamos National Laboratory (Los Alamos) and Sandia. We found that the Los Alamos Field Intelligence Element had not terminated the SCI access authorizations of 13 individuals whose personnel security clearances had been terminated for up to 10 months prior. This appeared to be the result of the Los Alamos Field Intelligence Element not having an effective means of being kept apprised of employee and personnel security clearance terminations. We also observed that this condition has the potential to result in the over-use of "administrative debriefings" by the Los Alamos Field Intelligence Element.
- Inspection Report on [*Security Clearances at Lawrence Livermore National Laboratory and Sandia National Laboratory-California*](#), (INS-O-09-01, December 2008). The objective of this inspection was to determine if security clearance justifications at

- Lawrence Livermore National Laboratory (Livermore) and Sandia met the Department's requirements. Livermore and Sandia officials did not fully adhere to Department requirements regarding security clearance justifications. Specifically, these officials requested and retained security clearances inconsistent with Department policy. Clearance justifications for 28 of 40 individuals stated that the individuals required a "Q" clearance to access secret restricted data, top secret data, or similar reasons on a daily or weekly basis. This proved to be inconsistent with their assigned duties. We also observed that there were not any internal controls concerning security clearance justifications. Specifically, after the contractor requestor prepared the security clearance justification form, contractor and Service Center personnel security reviewed the form for completeness, but neither validated the security clearance justification.

MANAGEMENT COMMENTS



Department of Energy
ORNL Site Office
P.O. Box 2008
Oak Ridge, Tennessee 37831-6269

April 15, 2014

MEMORANDUM FOR SANDRA D. BRUCE
ASSISTANT INSPECTOR GENERAL FOR INSPECTIONS
IG-36

FROM: JOHNNY O. MOORE, MANAGER
ORNL SITE OFFICE

SUBJECT: DRAFT INSPECTION REPORT ON "ALLEGATIONS REGARDING
PERSONNEL SECURITY CONCERNS AT THE OAK RIDGE NATIONAL
LABORATORY"

Thank you for the opportunity to review and comment on the subject draft report. We agree with the Office of Inspector General's findings and recommendations, and our response to the recommendation follows.

Recommendation 1: Ensure that the Cognizant Personnel Security Office is appropriately notified of a change in need for access to classified information or Special Nuclear Material when a foreign nexus is involved, such as overseas employment.

Management Response: Concur. The Oak Ridge National Laboratory Site Office (OSO) Manager will issue correspondence requiring the contractor to adhere to and comply with the contracting requirement document set forth in DOE Order 472.2, *Personnel Security*. **Completion Date:** April 16, 2014

If there are any questions or additional information is required, please contact Claire A. Sinclair, OSO Audit Coordinator, at (865) 576-7710.

cc:
Phillip L. Holbrook Jr., IG-362
Janet Venneri, SC-41.3
Claire Sinclair, SC-OSO
Nathaniel Barker, SC-OR



U.S. Department of Energy
Washington, DC 20585

March 26, 2014

MEMORANDUM FOR: SANDRA D. BRUCE
ASSISTANT INSPECTOR GENERAL
FOR INSPECTIONS
OFFICE OF INSPECTOR GENERAL

FROM: STEVEN K. BLACK *for CLK*
DIRECTOR
OFFICE OF INTELLIGENCE AND COUNTERINTELLIGENCE

SUBJECT: Draft Report on "Allegations Regarding Personnel Security
Concerns at Oak Ridge National Laboratory"

Thank you for the opportunity to review and comment on the Inspector General (IG) report and concerns regarding the use of administrative debriefings for individuals having access to Sensitive Compartmented Information (SCI). Upon review of the draft report, the Office of Intelligence and Counterintelligence (IN) concurs that in FY 2013, approximately 6% of the 796 debriefings that occurred were administrative debriefings. DOE-IN Policy No. 001-06 requires that efforts be made to contact an individual telephonically and via registered mail before they are administratively debriefed and that those efforts are recorded on the SCI debriefing form. In 44 of 48 cases, there was no annotation on the SCI debriefing form to confirm or deny that the additional steps had been taken to contact those individuals before they were administratively debriefed from SCI access.

This office concurs with your recommendations and is taking the actions described in the attachment to remedy the identified deficiencies.

For additional questions, please contact Charles Durant, Deputy Director for Counterintelligence, Office of Intelligence and Counterintelligence at 202-586-2610.

Attachment

Comments on
Inspector General Draft Report
“Allegations Regarding Personnel Security Concerns at Oak Ridge National Laboratory”

Recommendation

Ensure that appropriate DOE-IN Special Security Officers (SSO) are made aware of and provided training on the requirements for conducting SCI debriefings.

Management Comment

Concur

In March 2014, IN re-disseminated DOE-IN Policy No. 001-06 to all field SSOs with the emphasis that effective immediately, DOE-IN Security will not accept administrative debriefings from the field SSOs unless the debriefing form reflects that the procedures outlined in Policy No. 001-06 have been followed. **This action is closed.**

In addition, IN has begun planning for an SSO training class, which will occur before the end of FY 2014. During this refresher training, administrative debriefings and other security procedures will be addressed. **This action will be completed no later than: September 30, 2014.**

FEEDBACK

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If you want to discuss this report or your comments with a member of the Office of Inspector General staff, please contact our office at (202) 253-2162.