

DOE/IG-0464

**INSPECTION
REPORT**

**FOLLOW-ON REVIEW OF THE
STATUS OF THE
U.S. DEPARTMENT OF ENERGY'S
COUNTERINTELLIGENCE
IMPLEMENTATION PLAN**



MARCH 2000

U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL
OFFICE OF INSPECTIONS



Department of Energy
Washington, DC 20585

March 22, 2000

MEMORANDUM FOR THE SECRETARY

FROM: Gregory H. Friedman (signed)
Inspector General

SUBJECT: INFORMATION: Report on "Follow-on Review of the Status of the U.S. Department of Energy's Counterintelligence Implementation Plan"

BACKGROUND

The National Defense Authorization Act for Fiscal Year 2000¹ requires the President to submit a report to Congress that includes an assessment by the Inspectors General of the Departments of Commerce, Defense, State, and the Treasury and the Inspector General of the Central Intelligence Agency of the adequacy of counterintelligence measures to protect against the acquisition of United States (US) technology and technical information with potential military applications by countries and entities of concern. The Department of Energy (DOE) Office of Inspector General participated on the interagency working group established to conduct the assessment.

The DOE Counterintelligence Implementation Plan, which was developed subsequent to the release of Presidential Decision Directive 61 in February 1998, included 46 recommended actions to reorganize and improve the Department's counterintelligence program. In July 1999, we reported that 28 of the 46 recommendations in the Counterintelligence Implementation Plan had been implemented.

The purpose of our current review was to determine what actions had been taken by DOE officials on the 18 recommendations in the Counterintelligence Implementation Plan that were open at the time of our 1999 review. We also sought to determine if information is shared between the DOE Office of Counterintelligence and other agencies, and to determine the level of involvement by the DOE Office of Intelligence with other agencies in the development of information to help counter illicit technology transfer. We did not assess the extent to which the recommendations in the Counterintelligence Implementation Plan will improve the effectiveness of DOE's counterintelligence program.

¹ The National Defense Authorization Act for Fiscal Year 2000 also established the National Nuclear Security Administration (NNSA) with responsibilities for counterintelligence, intelligence, and security. A number of Department of Energy program offices, Operations Offices, and National Laboratories report, in whole or in part, to the NNSA. Any reference to the Department of Energy includes the NNSA.

RESULTS OF INSPECTION

Of the 18 recommendations in the Counterintelligence Implementation Plan that were open at the time of our 1999 review, 10 recommendations are currently open. We identified weaknesses in the implementation of two of the 10 open recommendations and suggested actions that, in our view, will help expedite their implementation. One weakness concerns the inability of the Department's Foreign Access Records Management System (FARMS), which is DOE's central data base for tracking foreign visits and assignments, to provide the precise number of foreign visitors or assignees to DOE facilities. Current DOE policy does not require DOE laboratories to enter data into FARMS. In the absence of complete data in FARMS, the counterintelligence requirement that data on foreign visits and assignments to all DOE sites must reside in DOE's central tracking system cannot be met. Therefore, we suggest that DOE officials take appropriate action to ensure that, as a minimum, DOE sites are required to enter data concerning foreign visits and assignments into FARMS or a designated central DOE database.

The second weakness concerns delays in obtaining clearances for DOE field counterintelligence analysts to access Sensitive Compartmented Information (SCI). To better integrate the field counterintelligence and intelligence elements at the DOE weapons laboratories, counterintelligence analysts are to be co-located with Field Intelligence Elements. However, SCI clearances for the field counterintelligence program managers and analysts have taken, or are taking, months to obtain. Therefore, we suggest that DOE officials take appropriate action to expedite processing of SCI clearances for the field counterintelligence program managers and analysts to enable them to access Sensitive Compartmented Information Facilities to perform SCI activities.

We determined that the DOE Office of Counterintelligence and other US Government agencies share counterintelligence information. Also, we determined that analyses developed by the DOE Office of Intelligence, which might assist DOE and other government activities to counter the illicit transfer of US technology to foreign governments, are being made available to interested activities. We made no recommendations to management.

MANAGEMENT REACTION

Management generally agreed with our report. The Director of DOE's Office of Counterintelligence agreed generally with the observations and conclusions in our draft report and appreciated our suggestions. The Director of DOE's Office of Intelligence concurred with our description of the involvement by his office with other agencies in the development of information to help counter illicit technology transfer. The Director of DOE's Office of Foreign Visits and Assignments provided an update and status report on two recommendations in the Counterintelligence Implementation Plan that were discussed in our draft report.

Attachment

cc: Deputy Secretary
Under Secretary
Acting Under Secretary for Nuclear Security

FOLLOW-ON REVIEW OF THE STATUS OF THE U.S. DEPARTMENT OF ENERGY'S COUNTERINTELLIGENCE IMPLEMENTATION PLAN

TABLE OF CONTENTS

OVERVIEW

Introduction, Background, and Objective	1
Observations and Conclusions	2

RESULTS OF INSPECTION

Counterintelligence Implementation Plan	3
Information Sharing by the Office of Counterintelligence	6
Involvement by the Office of Intelligence	7

MANAGEMENT REACTION

8

INSPECTOR COMMENTS

8

APPENDICES

A. Scope and Methodology.....	9
B. Energy Implementation of 1999 OIG Suggestions	10
C. Recommendations Implemented Since 1999 OIG Report	12
D. Status of Open Recommendations	14

Overview

INTRODUCTION, BACKGROUND, AND OBJECTIVE

The National Defense Authorization Act for Fiscal Year 2000¹ requires the President to submit to Congress an annual report to include, as a minimum, an audit by the Inspectors General of the Departments of Commerce, Defense, Energy, and State of the policies and procedures of the United States (US) Government with respect to the export of technologies and technical information with potential military applications to countries and entities of concern. The first annual report was to include “an assessment by the Inspectors General² . . . of the adequacy of . . . counterintelligence measures to protect against the acquisition by countries and entities of concern of United States technology and technical information . . .” An interagency working group, comprised of representatives from the Offices of Inspector General of Commerce, Defense, Energy, State, the Treasury, and the Central Intelligence Agency (CIA), as well as the Inspection Division of the Federal Bureau of Investigation, was established to conduct the assessment regarding the adequacy of counterintelligence measures.

In February 1998, the President issued Presidential Decision Directive 61 (PDD-61), which was designed to, among other things, reorganize and improve the counterintelligence program of the Department of Energy (Energy). Subsequent to the release of PDD-61, Energy developed the Counterintelligence Implementation Plan, which included 46 recommended actions to achieve this goal. In response to a May 1999, request from the Under Secretary of Energy, the Energy Office of Inspector General (OIG) conducted a review to determine which of the 46 recommendations in the Counterintelligence Implementation Plan had been implemented. The results of the OIG review were published in a report titled “REVIEW OF THE STATUS OF THE U.S. DEPARTMENT OF ENERGY’S COUNTER-INTELLIGENCE IMPLEMENTATION PLAN,” DOE/IG-0448, dated July 1999. The OIG found that 28 of 46 recommendations in the Counterintelligence Implementation Plan had been implemented at the time of the review. The OIG also provided five

¹ The National Defense Authorization Act for Fiscal Year 2000 also established the National Nuclear Security Administration (NNSA) with responsibilities for counterintelligence, intelligence, and security. A number of Department of Energy program offices, Operations Offices, and National Laboratories report, in whole or in part, to the NNSA. Any reference to the Department of Energy includes the NNSA.

² The Inspectors General of the Departments of Commerce, Defense, State, and the Treasury, and the Inspector General of the Central Intelligence Agency.

suggested actions to help ensure the Counterintelligence Implementation Plan is a success. The actions taken by Energy officials regarding the OIG suggestions are discussed in Appendix B.

The purpose of our inspection was to review, among other things, the actions taken by Energy officials on the 18 recommendations in the Counterintelligence Implementation Plan that were open at the time of the 1999 OIG review. The objectives of our inspection were to determine: (1) the status of the 18 recommendations, (2) whether information is shared between the Energy Office of Counterintelligence and other agencies, and (3) the level of involvement by the Energy Office of Intelligence with other agencies in the development of information to help counter illicit technology transfer.

OBSERVATIONS AND CONCLUSIONS

We determined that, of the 18 recommendations in the Counterintelligence Implementation Plan that were open at the time of the 1999 OIG review, 10 recommendations are currently open; six recommendations have been implemented; one recommendation, in our view, has not been fully implemented; and one recommendation will not be implemented. We identified weaknesses in the implementation of 2 of the 10 open recommendations and suggested actions that, in our view, will help expedite their implementation. We did not assess the extent to which the recommendations in the Counterintelligence Implementation Plan will improve the effectiveness of Energy's counterintelligence program. We also determined that the Energy Office of Counterintelligence and other US Government agencies share counterintelligence information. In addition, we determined that analyses developed by the Energy Office of Intelligence, which might assist Energy and other government activities to counter the illicit transfer of US technology to foreign governments, are being made available to interested activities.

Results of Inspection

COUNTER- INTELLIGENCE IMPLEMENTATION PLAN

The Counterintelligence Implementation Plan contained 46 recommended actions. These recommendations were separated into three tiers; tier one recommendations are considered the most critical. At the time of the 1999 OIG review, 21 of the 24 recommendations in tier one had been implemented; 5 of the 12 recommendations in tier two had been implemented; and 2 of the 10 recommendations in tier three had been implemented.

Our determination of the status of the 18 recommendations in the Counterintelligence Implementation Plan that were open at the time of the 1999 OIG review was based on discussions with Energy and Energy contractor officials at Energy Headquarters; the Oak Ridge Operations Office; and four Energy laboratories: Lawrence Livermore National Laboratory, Los Alamos National Laboratory, Oak Ridge National Laboratory, and Sandia National Laboratory-Albuquerque. The following table provides a status by tier of the recommendations in the Counterintelligence Implementation Plan as of February 14, 2000.

**Status of Counterintelligence Implementation Plan
Recommendations as of February 14, 2000**

<i>Recommendations</i>	<i>Total</i>	<i>Implemented³</i>	<i>Open</i>
Tier 1	24	23	1
Tier 2	12	8	4
Tier 3	10	5	5
TOTAL	46	36	10

Additional Recommendations Have Been Implemented

Of the 18 recommendations that were open at the time of the 1999 OIG review, we found that six recommendations have been implemented and one recommendation will not be implemented.⁴ These recommendations are discussed in Appendix C.

³ We do not agree with the Office of Counterintelligence that Recommendation 42 has been fully implemented.

⁴ As discussed in the July 1999 OIG Report, Recommendation No. 46, which is a tier 3 recommendation, will not be implemented because Energy believes that this action would decrease the level of interaction between its counterintelligence functions and the Federal Bureau of Investigation.

One Recommendation Was Not Fully Implemented

We found that although the Office of Counterintelligence considered Recommendation 42 to be implemented, additional action was required by the Federal Bureau of Investigation (FBI).

Recommendation 42 states that: “The team does not believe that Background Investigations (BIs) are being conducted satisfactorily. As such and as per DOE Order 472.1B *Personnel Security Activities* and the Atomic Energy Act, as amended, DOE should request that all further Single Scope Background Investigations (SSBIs) be conducted by the FBI.”

A Headquarters Office of Counterintelligence official said that the Secretary of Energy requested the FBI conduct all “Q clearance” background investigations, including SSBIs. Although the Office of Counterintelligence considered this recommendation implemented, we determined that the FBI has not assumed responsibility for conducting all SSBIs. We learned that Energy, FBI, and Office of Personnel Management officials examined this issue and determined that the FBI would initially conduct 150 reinvestigations in calendar year 2000. Based on the results of the 150 reinvestigations, a determination will be made whether the FBI will conduct all SSBIs.

In comments dated March 6, 2000, to our draft report, the Director, Office of Counterintelligence, stated that it remains the view of his office that the recommendation has been implemented, since the Secretary of Energy has requested assistance from the FBI. However, he also stated that our report raises a valid concern regarding the progress of the FBI in conducting the SSBIs.

Some Recommendations Have Not Been Implemented

We also found that 10 of the recommendations in the Counterintelligence Implementation Plan have not been implemented. Of these, 4 recommendations require action by the Headquarters Office of Counterintelligence; 4 recommendations require action by other Headquarters organizations; and, 2 recommendations require actions by field organizations. These recommendations and the current status of their implementation are discussed in Appendix D.

**Weaknesses
Identified In
Implementation**

Our review identified weaknesses in implementation actions for two recommendations. These weaknesses are discussed below, along with suggested actions that we believe will help expedite implementation of the recommendations.

**Foreign Visits and
Assignments**

Recommendation 30 states that the Visit and Assignment Management System (VAMS) recapitalization project should be cancelled and local databases, many of which are already developed, should be used to approve and track all foreign visit and assignment requests. It also states that the Energy Office of Counterintelligence would take the lead in designing a new centralized reporting system that will track (and thus be able to definitively report to Congress on) those visits and assignments which actually occurred.

We learned that the Foreign Access Records Management System (FARMS), which is operated by Energy's Office of Foreign Visits and Assignments, has replaced VAMS as Energy's central database for tracking foreign visits and assignments. By memorandum dated September 15, 1999, the Director of the Office of Counterintelligence provided the Director of the Office of Security and Emergency Operations⁵ a list of counterintelligence requirements for the central foreign visits and assignments tracking system to be utilized by Energy. One of the requirements was that data from all Energy sites that receive foreign national visitors and/or assignees must reside in the tracking system. According to the Director of the Office of Counterintelligence, if FARMS cannot meet the counterintelligence requirements, a new system may be necessary.

We were advised by an official in Energy's Office of Foreign Visits and Assignments, however, that at the present time FARMS cannot provide the precise number of foreign visitors or assignees to Energy facilities. According to the official, the current Energy policy does not require Energy laboratories to enter data into FARMS. Consequently, some Energy laboratories are not entering data on foreign visits and assignments into FARMS.

In the absence of complete data in FARMS regarding foreign visits and assignments to Energy sites, the counterintelligence requirement that data on foreign visits and assignments to all Energy sites must reside in Energy's central tracking system cannot be met. Therefore, we suggest that Energy officials take appropriate action to ensure that, as a minimum, Energy sites are

⁵ The Office of Foreign Visits and Assignments, which operates FARMS, is within the Office of Security and Emergency Operations.

required to enter data concerning foreign visits and assignments into FARMS or a designated central Energy database.

SCI Clearance Process

Recommendation 32 states that counterintelligence analysts at the three nuclear weapons laboratories⁶ should be co-located with Field Intelligence Elements (FIEs) to better integrate the field counterintelligence and intelligence elements at the laboratories. We determined that the required co-location of field counterintelligence analysts with the FIEs at the Energy laboratories that we visited has not taken place because the field counterintelligence analysts have not received clearances to access Sensitive Compartmented Information (SCI). The field counterintelligence program managers at the laboratories, which included the three nuclear weapons laboratories, told us that SCI clearances for themselves and the analysts have taken, or are taking, months to obtain. This has caused delays in implementing this recommendation.

In view of the above, we suggest that Energy officials take appropriate action to expedite Energy's processing of SCI clearances for the field counterintelligence analysts to enable them to be co-located with the field intelligence analysts.

In comments dated March 6, 2000, to our draft report, the Director, Office of Intelligence, stated that obtaining an SCI clearance is a lengthy process. He said that Office of Counterintelligence personnel have received "quite a bit of extra attention" because of PDD-61. He also stated that although the Sensitive Compartmented Information Facilities (SCIFs) are not large enough to accommodate all field intelligence and counterintelligence personnel, it has been agreed that the counterintelligence analysts will be provided access to the SCIFs to perform SCI functions once the analysts are SCI-cleared.

INFORMATION SHARING BY THE OFFICE OF COUNTER- INTELLIGENCE

We were told by Energy Headquarters Office of Counterintelligence officials, as well as by field counterintelligence officials, that counterintelligence information is shared within the counterintelligence community on a regular basis. For example, the Office of Counterintelligence shares, on a limited distribution basis, country-specific counterintelligence threat assessments with other members of the counterintelligence community. Also, counterintelligence program managers at the Energy laboratories said that they conduct liaison on both a formal and informal basis with, among others, the FBI, the CIA, and the Air Force Office of

⁶ Lawrence Livermore National Laboratory, Los Alamos National Laboratory, and Sandia National Laboratory-Albuquerque.

Special Investigations. We were told that, as an example of efforts to share information, a field counterintelligence activity at one Energy laboratory has established a “Counterintelligence Coordination Committee.” This Committee includes representatives from the Energy laboratory, the Energy Operations Office, the FBI, the CIA, and the US Customs Service. Representatives of agencies that we contacted confirmed that counterintelligence information is being shared between their respective agencies and the Energy Office of Counterintelligence. No concerns were identified by the representatives regarding the sharing of counterintelligence information.

**INVOLVEMENT BY
THE OFFICE OF
INTELLIGENCE**

We sought to determine the involvement by the Energy Office of Intelligence with other agencies in the development of information to help counter illicit technology transfer. We learned that analyses developed by the Energy Office of Intelligence might be of use to other agencies in identifying information or technology that foreign governments might need to further their nuclear weapons programs. A list of topics proposed for analyses by the Energy Office of Intelligence is developed in-house and provided to Energy officials and officials of other US Government agencies. Based on interest expressed by these officials, the Energy Office of Intelligence conducts intelligence analyses using the nuclear expertise in the Energy laboratories. The Office also conducts nuclear-related technology assessments at the request of other agencies. We were told, for example, that topics normally involve foreign intelligence analyses that could support Energy nonproliferation activities or US Government policymakers, or that could be of interest to members of the Intelligence Community, Energy’s Office of Counterintelligence, the counterintelligence community, or law enforcement.

The Energy Office of Intelligence typically provides the results of its analyses to Energy officials or US Government agencies based on the stated interest of the official or agency. The following are examples of recent foreign technology-related intelligence analyses produced by the Energy Office of Intelligence and provided to interested activities, both within Energy and within the Intelligence Community.

“Machine Tool Procurement Summary” (U)

“Challenges of Advanced Nuclear Weapon Development in Pakistan” (U)

“Chinese Computational Capabilities for Supporting Stockpile Maintenance” (U)

“Challenges of Advanced Nuclear Weapons Development in India” (U)

“China – A Nuclear Supplier, Playing a Deadly Game” (U)

“Proliferation Aspects of Commercial Nuclear Reactor Designs” (U)

“Computer, Nuclear Weapons, and U.S. Security” (U)

Representatives of agencies that we contacted confirmed that their agencies received reports prepared by the Energy Office of Intelligence and that the reports were utilized in their agencies' intelligence and counterintelligence activities. However, we did not determine if the intelligence analyses provided by Energy were specifically utilized in efforts to counter illicit technology transfer. Several representatives commented on the high quality of the reports.

MANAGEMENT REACTION

Management generally agreed with our report. The Director, Office of Counterintelligence, agreed generally with the observations and conclusions in our draft report and appreciated our suggestions. He said that his office is working with Energy Headquarters offices to speed implementation of the 10 outstanding recommendations in the Counterintelligence Implementation Plan. The Director, Office of Intelligence, concurred with our description of the involvement by his office with other agencies in the development of information to help counter illicit technology transfer. The Director, Office of Foreign Visits and Assignments, provided an update and status report on two recommendations in the Counterintelligence Implementation Plan that were discussed in our draft report.

INSPECTOR COMMENTS

We believe management's comments are appropriate.

Appendix A

SCOPE AND METHODOLOGY

We conducted the field work portion of our review during the period December 1999 to February 2000 at Energy Headquarters, the Oak Ridge Operations Office, and four Energy laboratories; Los Alamos National Laboratory, Sandia National Laboratory - Albuquerque, Lawrence Livermore National Laboratory, and Oak Ridge National Laboratory. We interviewed officials in the Energy Headquarters Office of Counterintelligence, the Oak Ridge Operations Office, and the four Energy laboratories, including counterintelligence program managers and personnel responsible for the counterintelligence programs at the respective sites. At the time of our review, the Energy Office of Counterintelligence was in the process of hiring federal employees to oversee the counterintelligence programs at the Energy Operations Offices in Albuquerque, New Mexico, and Oakland, California. We also interviewed officials in Energy's Office of Intelligence to determine the involvement of the Office with other agencies in the development of information to help counter illicit technology transfer.

We reviewed the Office of Inspector General Audit Report titled "REVIEW OF THE STATUS OF THE U.S. DEPARTMENT OF ENERGY'S COUNTERINTELLIGENCE IMPLEMENTATION PLAN," DOE/IG-0448, dated July 1999. For those recommendations in the Counterintelligence Implementation Plan that Energy Office of Counterintelligence officials reported were implemented, we reviewed applicable documentation, observed practices, and interviewed Energy and Energy contractor counterintelligence officials at selected locations to determine if the recommendation(s) had, in fact, been implemented.

This inspection was conducted in accordance with the Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency.

Appendix B

ENERGY IMPLEMENTATION OF 1999 OIG SUGGESTIONS

The July 1999 Energy Office of Inspector General (OIG) report on the status of the Counterintelligence Implementation Plan identified weaknesses in the implementation actions for certain recommendations in the Plan and suggested actions to help ensure that the Plan was a success. During our review, we attempted to determine what actions, if any, were taken by Energy officials to implement the OIG suggestions.

Regarding the OIG suggestion that procedures for liaison of local counterintelligence officers with their Federal Bureau of Investigation, Central Intelligence Agency, and National Security Agency counterparts be formalized in writing (Recommendations 19, 21, and 22), we were told by Energy Office of Counterintelligence and Energy laboratory counterintelligence officials that formalized written procedures have been developed for liaison with counterintelligence counterparts in other agencies.

Regarding the OIG suggestion that the minimum standards for counterintelligence and security awareness briefings to be presented to various segments of the laboratory community be formalized in writing (Recommendation 25), we were told by an Energy Office of Counterintelligence official that no minimum standards have been written. The official stated that the differences in counterintelligence needs of those attending the briefings vary to the degree that no minimum standards could be determined. The official also said, however, that each briefing will be tailored to the respective audience.

Regarding the OIG suggestion that publication of Energy Order 1240.2C, "UNCLASSIFIED VISITS AND ASSIGNMENTS BY FOREIGN NATIONALS," be expedited, (Recommendation 6), we learned that on July 14, 1999, Energy Notice 142.1, "UNCLASSIFIED FOREIGN VISITS AND ASSIGNMENTS," was published. The Energy Notice,⁷ which was issued in lieu of Energy Order 1240.2C, cancelled Energy Order 1240.2B, "UNCLASSIFIED VISITS AND ASSIGNMENTS BY FOREIGN NATIONALS," dated August 21, 1992.

Regarding the OIG suggestion to expedite the design and implementation of a new centralized reporting system to track data on foreign visits and assignments (Recommendation 30), we were told by Energy Office of Counterintelligence officials and Energy field counterintelligence program managers that the Visit and Assignment Management System (VAMS) has been replaced. Each field counterintelligence program manager said that while a replacement for VAMS⁸ is being developed, local databases are being used to maintain this data, or will shortly be in use.

⁷ We were told by an Office of Foreign Visits and Assignments official that portions of the Energy Notice require clarification and that a revision to the Energy Notice is being developed.

⁸ The Foreign Access Records Management System (FARMS) has replaced VAMS as the central Energy database for information on foreign visits and assignments. We were told, however, that not all Energy sites are entering data on foreign visits and assignments into FARMS.

Regarding the OIG suggestion to establish guidelines on when a counterintelligence officer should sit on a Personnel Evaluation Board (Recommendation 43), we were told by an Energy Headquarters Office of Counterintelligence official that these guidelines have yet to be determined. The official stated that appropriate language will be incorporated into the forthcoming Energy order for the Office of Counterintelligence. We were also told by the field counterintelligence program managers that they have standard procedures for their involvement in Personnel Evaluation Boards and typically do not sit on them.

Appendix C

RECOMMENDATIONS IMPLEMENTED SINCE 1999 OIG REPORT

We determined, based on discussions with Energy and Energy contractor officials at Energy Headquarters, the Oak Ridge Operations Office, and four Energy weapons laboratories; Lawrence Livermore National Laboratory, Los Alamos National Laboratory, Oak Ridge National Laboratory, and Sandia National Laboratory-Albuquerque, that the following recommendations in the Energy Counterintelligence Implementation Plan have been implemented since the July 1999 OIG review.

Recommendation 6: The current Energy policy and order on unclassified foreign visits and assignments should be rescinded and a new policy issued by the Secretary of Energy. The goal of this policy, among other things, is to delegate responsibility to approve unclassified foreign visits and assignments to the laboratory directors.

- Action taken: On July 14, 1999, the Office of the Secretary issued Energy Notice 142.1, “UNCLASSIFIED FOREIGN VISITS AND ASSIGNMENTS,” which delegates approval authority for all unclassified foreign visits and assignments at Energy field and contractor sites to the site manager/laboratory director.

In comments dated March 7, 2000, to our draft report, the Director, Office of Foreign Visits and Assignments, stated that a new Directive on foreign visits and assignments is in progress. According to the Director, the new Directive will reflect current Energy policy; respond to requirements in prevailing Inspector General reports; highlight new transitions in the management of foreign visit and assignment responsibilities; and include applicable requirements of the Office of Counterintelligence, Export Control, Security, and Foreign Intelligence. He stated that the new Directive, which is expected to be issued in June 2000, will also clarify roles, responsibilities and authorities of officials relative to the foreign visits and assignments program.

Recommendation 11: The Office of Counterintelligence will work with the Office of Security Affairs to expand Energy’s current polygraph capability from existing resources to meet its proposed mission. The Director of the Office of Counterintelligence will institute requirements for counterintelligence polygraph testing for initial and ongoing access to all the high risk programs beginning with the special access programs.

- Action taken: 10 CFR Parts 709, 710, and 711, “Polygraph Examination Regulation: Final Rule,” was published in the Federal Register on December 17, 1999. The final rule, which was effective January 18, 2000, defines counterintelligence polygraph guidelines with special attention to high-risk programs, including special access programs.

Recommendation 29: All employees, not exclusively those with clearances, should receive counterintelligence and security awareness briefings.

- Action taken: A Headquarters Office of Counterintelligence official said that all Energy employees will be required to attend counterintelligence and security awareness briefings.

We determined that, for the Energy sites we visited, all Energy and Energy contractor employees are receiving counterintelligence and security awareness briefings.

Recommendation 33: One future focus of the Office of Counterintelligence Analysis Program will be the area of "economic espionage," specifically Cooperative Research and Development Agreements (CRADAs) conducted at the laboratories.

- Action taken: A Headquarters Office of Counterintelligence official said that the Office has hired an analyst that specializes in economic espionage, with an emphasis on CRADAs. The official said that an economic espionage threat assessment is currently being developed.

Recommendation 34: Under the authority of the Secretary of Energy, the Director of the Office of Counterintelligence will create a working group to identify high-risk Energy or Energy contractor personnel outside the traditional high-risk programs. Subject matter experts from Energy programs and laboratories, as well as counterintelligence and security personnel, will be represented on this working group.

- Action taken: A Headquarters Office of Counterintelligence official said that a working group was formed to, among other things, identify high-risk Energy or Energy contractor personnel outside the traditional high-risk programs. 10 CFR Parts 709, 710, and 711, "Polygraph Examination Regulation: Final Rule" was the result of this effort.

Recommendation 37: The Office of Counterintelligence will establish a continual in house training program which will move beyond the introductory nature of current Energy counterintelligence training courses, and ensure that there are also greater opportunities for all counterintelligence officers (CIOs) to participate in applicable US Intelligence Community training courses.

- Action taken: A Headquarters Office of Counterintelligence official said that a comprehensive training program for CIOs has been created, which includes nine broad-based courses. This training program will be supplemented by Intelligence Community, Federal Bureau of Investigation, and Central Intelligence Agency courses and seminars. We determined that the field CIOs have access to newly established training courses throughout the intelligence and counterintelligence communities.

STATUS OF OPEN RECOMMENDATIONS

Based on interviews with Energy Headquarters Office of Counterintelligence officials, as well as counterintelligence program managers at four Energy laboratories and the Oak Ridge Operations Office, we learned that the following efforts are being made, or will be made, to implement the remaining open recommendations in the Counterintelligence Implementation Plan.

Recommendation 15: Within the next 24 months, the Director of the Office of Counterintelligence will, in coordination with Energy laboratory directors, develop and implement a complex-wide strategy to address the potential counterintelligence implications of e-mail to foreign nations, primarily sensitive countries.

- A Headquarters Office of Counterintelligence official said that the Energy Office of the Chief Information Officer has the lead on this matter. The Office of Counterintelligence recently initiated a Counterintelligence-Cyber Pilot program to address the counterintelligence implications of e-mail to foreign nations and intrusion detection at Los Alamos National Laboratory (LANL), Sandia National Laboratory-Albuquerque (SNL-Albuquerque), Lawrence Livermore National Laboratory (LLNL), and Pacific Northwest National Laboratory (PNNL). The pilot program is scheduled for completion by mid-2000.

Recommendation 30: The Visit and Assignment Management System (VAMS) recapitalization project should be cancelled. Local databases, many of which are already developed, should be used to approve and track all foreign visit and assignment requests. The Office of Counterintelligence will take the lead in designing a new centralized reporting system which will track (and thus be able to definitively report to Congress on) those visits and assignments which actually occurred, so that all such data for the entire Energy complex will be housed in one place.

- We learned that the Foreign Access Records Management System (FARMS), which is operated by Energy's Office of Foreign Visits and Assignments, has replaced VAMS as Energy's central data base for foreign visits and assignments. The Office of Counterintelligence provided the Office of Foreign Visits and Assignments a list of requirements for Energy's central foreign visits and assignments tracking system, including the requirement that data from all Energy sites that receive foreign national visitors and/or assignees must reside in the system. However, according to an official in the Office of Foreign Visits and Assignments, the current Energy policy does not require Energy laboratories to input data into FARMS and, therefore, some Energy laboratories are not entering data on foreign visits and assignments into the central database. Thus, Energy does not know the precise number of foreign visitors or assignees to its facilities.

In comments dated March 7, 2000, to our draft report, the Director, Office of Foreign Visits and Assignments, stated that over the last six months, aggressive initiatives have been underway to assess the efficiency and reliability of FARMS. He stated that, based on a review by his office of the existing system to determine the capability of meeting current and evolving needs of Energy's Foreign Visits and Assignments program, a decision was made to proceed with dual

initiatives. These initiatives include identifying the most critical remedial actions needed in FARMS and making identified system corrections, and identifying and exploring alternative systems capable of meeting the growing foreign visits and assignments needs across the Energy complex. He identified June 2000 as the target date for full implementation of a new system at Energy.

Recommendation 32: As mandated by Presidential Decision Directive (PDD)-61, in order to better integrate the counterintelligence and field intelligence elements at the Energy laboratories, counterintelligence analysts at the three nuclear weapons laboratories will be co-located with the Field Intelligence Element (FIE).

- A Headquarters Office of Counterintelligence official said that although the Fiscal Year (FY) 1999 budget for the Office of Counterintelligence did not permit the hiring of field counterintelligence analysts, LANL and SNL-Albuquerque have hired field analysts that will soon be co-located with the FIE. Also, LLNL, PNNL, Oak Ridge National Laboratory (ORNL), and Idaho National Environmental Engineering Laboratory are attempting to hire additional analysts in FY 2000. We determined that counterintelligence analysts at LLNL, LANL, SNL-Albuquerque, and ORNL have been identified to be co-located with the FIE. However, the actual co-location has not taken place because the counterintelligence analysts have not received their Sensitive Compartmented Information (SCI) clearances. The counterintelligence program managers at LLNL, LANL, SNL-Albuquerque, and ORNL said that SCI clearances for themselves and their analysts have or are taking months to obtain, causing delays in their respective programs.

Recommendation 35: Within the next 12 months, the Director of the Office of Counterintelligence will establish an initial intrusion detection and analysis capability in coordination with Energy's Chief Information Officer, Energy's Chief Infrastructure Assurance Officer, and Energy laboratory directors.

- A Headquarters Office of Counterintelligence official said that the Office initiated a pilot program to deploy intrusion detection capabilities at Energy facilities; to coordinate investigation of detected intrusion activities; and to perform counterintelligence analyses of the resulting intrusion data. The official also said that initially the capability would be deployed at LLNL, LANL, SNL-Albuquerque, and PNNL, followed by eight other sites in FY 2000. We were told that the pilot program would be developed in coordination with the Office of the Chief Information Officer.

Recommendation 36: The Office of Counterintelligence recommends that the Secretary of Energy establish a task force to develop a means for auditing all Energy-affiliated High Performance Computers to ensure they are not being used by foreign nationals for purposes other than what has been specifically authorized by export control authorities.

- A Headquarters Office of Counterintelligence official said that the responsibility for this recommendation falls upon the Office of the Secretary and will require coordination among the Office of the Secretary, the Office of Counterintelligence, the Office of Defense Programs, and the Office of the Chief Information Officer.

Recommendation 38: The Office of Counterintelligence will establish a mentoring program that fosters the exchange of knowledge between experienced and inexperienced counterintelligence officers.

- A Headquarters Office of Counterintelligence official said that guidelines for a mentoring program are being developed. The guidelines will be in conjunction with other training requirements to be found in the forthcoming Energy order for the Office of Counterintelligence. We determined that mentoring efforts are already being established at several field sites.

Recommendation 39: In Phase II of this process, the Office of Counterintelligence will develop a personnel system which will: 1) clearly articulate the standards by which new counterintelligence officers will be hired; 2) establish individual performance measures for existing counterintelligence officers; and 3) develop a career path to include training courses and milestones, which will assist the professional advancement of counterintelligence officers.

- A Headquarters Office of Counterintelligence official said that this personnel system will be addressed in the forthcoming Energy order for the Office of Counterintelligence. This order will be developed in coordination with the Office of Management and Administration.

Recommendation 41: The Office of Counterintelligence believes that the Secretary of Energy should commission an independent and narrowly focused audit of the security clearance adjudication process.

- A Headquarters Office of Counterintelligence official said that the responsibility for this recommendation is with the Office of the Secretary and will require coordination among the Office of the Secretary, the Office of Counterintelligence, and the Office of Nonproliferation and National Security (now the Office of Defense Nuclear Nonproliferation).

Recommendation 43: Energy should require all Energy contractor-operated facilities where classified and sensitive technical business is conducted to establish personnel evaluation boards (PEBs).

- A Headquarters Office of Counterintelligence official said that the Office is addressing this issue with the Office of the Chief Information Officer. The official also said that guidelines for PEBs will be incorporated into the forthcoming Energy order for the Office of Counterintelligence. We determined that a PEB or equivalent entity currently exists at LLNL, LANL, SNL-Albuquerque, and ORNL.

Recommendation 45: The Director of the Office of Counterintelligence will request the assistance of the Central Intelligence Agency in filling critical substantive gaps by assigning analysts on a rotational detail to the Office of Counterintelligence.

- A Headquarters Office of Counterintelligence official said that only informal requests for assistance have been made to the Central Intelligence Agency because of reduced staffing levels at the Central Intelligence Agency. The official also said that a formal request for

individuals to be detailed to the Office of Counterintelligence from the Central Intelligence Agency will be made in calendar year 2000.

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