

AUDIT
REPORT

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



JULY 1999

U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDIT SERVICES

July 13, 1999

MEMORANDUM FOR THE SECRETARY

FROM: Gregory H. Friedman (Signed)
Inspector General

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

BACKGROUND

In February 1998 the President issued Presidential Decision Directive 61 (PDD-61) designed to reorganize and improve the counterintelligence program of the U.S. Department of Energy (Department). Subsequent to the release of PDD-61, the Department developed a Counterintelligence Implementation Plan (CIP), which included 46 actions to achieve this goal.

On May 26, 1999, the Under Secretary requested that the Office of Inspector General evaluate the implementation status of the actions included in the CIP. In response to the Department's request, we conducted a review at Headquarters and the three largest national laboratories to determine which of the recommendations in the CIP have been implemented.

RESULTS OF AUDIT

We reviewed the status of the recommendations at Headquarters, Albuquerque and Oakland Operations Offices, Los Alamos National Laboratory, Sandia National Laboratories, and Lawrence Livermore National Laboratory. For those recommendations that the Department reported as implemented, at each location we reviewed documentation, observed practices, and interviewed Department and laboratory Counterintelligence (CI) officials and Federal Bureau of Investigation (FBI) personnel to determine if the recommendation had, in fact, been implemented. On June 1, 1999, the Department reported 26 recommendations as having been implemented. We found that the number of implemented recommendations was actually understated and that, in fact, 28 recommendations had been implemented at the time of our review.

The Department separated the 46 recommendations into three tiers to emphasize those that were most critical. As noted previously, in total, 28 of the 46 recommendations had been implemented. Of the 24 recommendations in the first tier, 21 had been implemented. For tier two, the Department had implemented 5 of the 12 recommendations. Finally, the Department had implemented 2 of the 10 recommendations included in tier three. For the 18 recommendations still open, 13 require Headquarters action, 1 requires field action, and 3 require action from both Headquarters and the field. The Department has decided not to

implement the remaining recommendation because of concerns that it will impede communication between the Department and the FBI. Our findings, related to each of the 46 recommendations, are summarized in Appendix A of the report. This information is an integral part of the review we conducted.

Personnel at Headquarters and the field organizations were very helpful during our review. CI elements at all levels were well aware of the importance of implementing the CIP and were focused on achieving its goals. The commitment of Department officials to the overall success of this effort was noteworthy.

We did not assess the effectiveness of the actions taken to implement the recommendations. Our review, however, pointed out some concerns regarding implementation methodology. We have provided suggested actions that, in our judgment, would help to ensure that the CIP is a success. These concerns are discussed in the attached report.

We discussed the issues in this report with the Office of Counterintelligence, and the respective field organizations. Please feel free to contact me should you desire to discuss any of the issues further.

Attachment

cc: Deputy Secretary
Under Secretary

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

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DEPARTMENT'S COUNTERINTELLIGENCE IMPLEMENTATION PLAN

In February 1998, the President issued Presidential Decision Directive 61 (PDD-61) designed to ensure that counterintelligence programs were effective. To implement the requirements of PDD-61, the Department developed the Counterintelligence Implementation Plan (CIP) consisting of 46 actions to achieve this goal. In response to a May 1999 request from the Department, the Office of Inspector General conducted a review to determine which of the 46 recommendations in the CIP have been implemented at Headquarters and the three largest national laboratories. We have also summarized concerns that, in our judgment, require management attention.

Status of Implementation

Our review showed that, in total, 28 of the 46 recommendations had been implemented. Of the recommendations still open, 13 require Headquarters action, 1 requires field action, and 3 require action from both Headquarters and the field. The Department decided that it would not be best to implement one of the recommended actions. This is discussed in the asterisked portion of the table below. These results are presented in the following table.

Summary of CIP Status As of June 1, 1999

Recommendations	Total Number	Implemented	Open
Tier 1	24	21	3
Tier 2	12	5	7
Tier 3	10	2	8*
TOTAL	46	28	18

* Recommendation # 46 will not be implemented because the Department believes that this action would decrease the level of interaction between its counterintelligence (CI) functions and the Federal Bureau of Investigation.

Details of our findings relating to the status of CIP actions are provided in Appendix A. Our review disclosed some weaknesses in the implementation actions. These concerns are discussed in the following paragraphs and are followed by suggested actions that, in our judgment, would help to ensure that the CIP is a success.

Written Procedures

CIP recommendations 19, 21, and 22, which have been reported as implemented, focus on establishment of formal procedures to enhance communication or to enhance coordination with other agencies. Although we determined that actions to enhance communication and coordination have been put into practice, no written procedures have been established. Written procedures allow future counterintelligence employees to know what is expected and how to meet the expectation.

Similarly, recommendation 25, also reported as implemented, requires briefings targeted to specific audiences as well as an OCI training program that establishes minimum standards. The minimum standards for CI and Security Awareness briefings tailored to various segments of the lab community should be formalized in writing. These minimum standards have been communicated to the field orally. Thus, over time, each field location's briefings may not provide the necessary information to employees.

Foreign Visits and Assignments

Recommendations 6 and 30, although not reported as implemented, focus on policy and tracking systems for unclassified foreign visits and assignments. The proposed publication of DOE Order 1240.2C, which will replace DOE Order 1240.2B, *Unclassified Visits and Assignments by Foreign Nationals*, should be expedited because it relates to the design and implementation of a new centralized reporting system to track data on foreign visits and assignments. A thorough review of the local databases currently used by the field to track this data should be made by Headquarters personnel to ensure continuity and compatibility of data collected. The field is working from various locally developed databases that may have limited or no documentation. Any system used must be sufficiently documented to enable future users to easily maneuver around the system or modify the databases as needed. It is not clear from the Department's response to the CIP if locally developed databases will continue to be used once the new centralized reporting system is operational. Thus, the development of a centralized reporting system used to track and report foreign visits and assignments information should also be expedited.

Polygraph Examinations

Recommendation 11, which is still open, requires an expansion of current Department polygraph capabilities and requirements for CI-scope polygraph testing. Proposed polygraph testing of contractor employees with access to high-risk programs has caused concern with field elements, specifically, that it will be necessary to change current contract language to allow such testing. The Department plans to issue a notice of rulemaking on this subject within the next 30 days.

Personnel Evaluation Boards

Recommendation 43, also open, requires that all Department contractor operated facilities conducting classified or sensitive technology business to establish Personnel Evaluation Boards (PEBs). Field personnel expressed concern with the recommendation related to PEBs. The concern raised by the field CI personnel was that PEBs many times deal with personnel actions that have no CI risk, and as such would be a waste of CI resources. Thus, clear guidance should be issued to set the circumstances when CI personnel should be included on a PEB.

SUGGESTED MANAGEMENT ACTIONS

1. Formalize, in writing, procedures for liaison of local Counterintelligence Officers with their FBI, Central Intelligence Agency, and National Security Agency counterparts. For long term stability of the program, formalization of these relationships is important. (Recommendations 19, 21, and 22)
2. Formalize, in writing, the minimum standards for CI and security awareness briefings that are tailored for presentation to various segments of the lab community. (Recommendation 25)
3. Expedite publication of DOE Order 1240.2C, *Unclassified Visits and Assignments by Foreign Nationals*. (Recommendation 6)
4. Expedite the design and implementation of a new centralized reporting system to track data on foreign visits and assignments. (Recommendation 30)
5. Establish guidelines on when a Counterintelligence Officer should sit on a Personnel Evaluation Board. Specifically, the guidance should explain the situations when a Counterintelligence Officer should be called to be part of a Personnel Evaluation Board. (Recommendation 43)

(Signed)
Office of Inspector General

Office of Inspector General
Status of Department of Energy Counterintelligence Implementation Plan

Recommendations In CI Implementation Plan	Applicable To:				Status of Recommendations Per Department's Status Report Received by the OIG May 27, 1999	Results of IG Review	IG Comments
	HQ	LANL	SNL	LLNL			

TIER ONE 24 recommendations; 21 implemented

1. Within the laboratories the Counterintelligence (CI) function be moved out from under security and given its own programmatic and operational identity with assured access to the laboratory director.		X	X	X	This recommendation has been implemented .	I	
2. Beginning in FY99, Office of Counterintelligence (OCI) Director will submit a consolidated budget request encompassing all CI activities including DOE and Lab personnel. Henceforth, all DOE CI activities will be programmed and funded directly by OCI.	X				This recommendation has been implemented .	I	
3. Within next 12 months, OCI Director will assign, with concurrence of laboratory directors, experienced Counterintelligence Officers (CIOs) at four key national laboratories.	X	X	X	X	This recommendation has been implemented . The Director, OCI has selected experienced CIOs to head the CI Programs at Los Alamos National Laboratory (LANL), Oak Ridge National Laboratory (ORNL), Sandia National Laboratories (SNL) and Pacific Northwest National Laboratory (PNNL).	I	
4. CIOs will request indices checks on all foreign national visitors and assignees from sensitive countries, and on those non-sensitive country foreign nationals who will have access to sensitive technologies.	X	X	X	X	This recommendation has been implemented . A memorandum jointly drafted by OCI and the Office of the Secretary was sent out on March 15, 1999, from the Albuquerque Operations Office to all facilities within its purview, confirming the determination made in the Secretary's CI Action Plan that indices checks must be conducted for the following foreign national visitors and assignees: all those from sensitive countries and all those from any country who will have access to sensitive subjects while at the facility, except as otherwise provided by the Atomic Energy Act (AEA). A similar memo went out on April 1, 1999, from the Secretary to all Operations Offices setting forth the same policy.	I	
5. CIOs will contact, either orally or in writing, all DOE employees and contractors having interaction with foreign nationals from sensitive countries in any foray. Based on information provided, CIOs will determine if an in-person debriefing is necessary. CIOs will also develop close and cooperative relationships with DOE international scientific and non-proliferation exchanges for pre-briefing purposes. These programs include, but are not limited to: 1) Materials Protection, Control and Accounting (MPC&A), 2) High Enriched Uranium (HEU), 3) Nuclear Cities Initiative, and 4) Initiative of Proliferation Prevention (IPP).	X	X	X	X	This recommendation has been implemented . OCI has notified each CIO, in writing, that this recommendation is in effect. Also, OCI has assigned a CI professional to each of the identified international programs.	I	
6. The current DOE policy & order on Unclassified Foreign Visits and Assignments (to include all exemptions and waivers) should be rescinded and a new policy issued by the Secretary of Energy. The primary goal of this policy should be to delegate responsibility to approve <i>unclassified</i> foreign visits and assignments to the Lab Directors, and hold them accountable for these decisions. Accountability for these decisions would be ensured, in part, through the Inspection process outlined in Presidential Decision Directive-61(PDD-61).	X				A draft has been written and will be circulated for concurrence May 12, 1999. Directives Management is coordinating this effort.	O	A copy of the draft regulation was sent out for comment in early June.
7. As part of its overall Unclassified Foreign Visits and Assignments program, the Secretary of Energy's policy should include a requirement <i>thatlose</i> and <i>continuing</i> contact with foreign nationals from sensitive countries be reported to local CIOs.	X	X	X	X	This recommendation has been implemented . OCI sent a Counterintelligence Analytical Research Data System (CARDS) email message to all CIOs on March 18, 1999, stating that this requirement was in force, and mandating that all CIOs provide OCI with a strategy for obtaining the required information. This requirement will also be incorporated into the substance of the new Order on Unclassified Foreign Visits and Assignments.	I	
8. The OCI Director will establish an internal inspection function to review compliance with PDD-61 and evaluate the performance of field CIOs at DOE.	X				This recommendation has been implemented . OCI has hired seven inspectors and one technical advisor, is scheduling three inspections for calendar year 1999, and is developing CI program performance measures to be used when conducting these inspections.	I	

I = Implemented
O = Open recommendation

Los Alamos National Laboratory (LANL)
Sandia National Laboratories (SNL)
Lawrence Livermore National Laboratory (LLNL)

**Office of Inspector General
Status of Department of Energy Counterintelligence Implementation Plan**

Recommendations In CI Implementation Plan	Applicable To:				Status of Recommendations Per Department's Status Report Received by the OIG May 27, 1999	Results of IG Review	IG Comments
	HQ	LANL	SNL	LLNL			
9. The OCI Director will request that 6 federal full time equivalents at DOE Operations Offices be functionally transferred to OCI by the end of calendar year 1998.	X				This recommendation has been implemented . OCI will have hired individuals to fill four of the six full time equivalents (FTE's) by the end of FY 1999, and the remaining two will be filled in FY2000.	I	DOE has functionally transferred 6 federal full time equivalents from the Operations Offices to HQ. DOE expects to have 4 of 6 filled by end of FY 1999.
10. The analysis program will complete products which will allow CI field personnel to better target their scarce operational and analytical resources.	X				This recommendation has been implemented . The analysis program has completed a threat assessment regarding two countries of proliferation concern, and is working on the second in what will be a series of threat assessments and other products designed to aid DOE's CI professionals in better targeting their resources.	I	
11. The OCI will work with the Office of Security Affairs to expand DOE's current polygraph capability from existing resources to meet its proposed mission. The OCI Director will institute requirements for CI scope polygraph testing for initial and ongoing access to all the high-risk programs, beginning with the Special Access Programs (SAPs).	X				DOE published a Notice announcing this expanded authority in March of this year allowing OCI to test DOE federal employees, and OCI has tested 6 employees thus far, including the Director, OCI. At least 45 additional employees will be polygraphed by the beginning of July 1999.	O	Personnel in the Office of Counterintelligence (CN-1) have been scheduled to be polygraphed. The field raised concerns over contractor employee rights. Contracts may have to be modified to polygraph contractor employees, in the field's opinion.
12. The screening and adjudicative authority for the high-risk population should be transferred to OCI. The OCI will create a Personnel Security Program (PSP) which will manage the CI-Scope Polygraph Program, an expanded financial disclosure program, and forensic financial investigations.	X				This recommendation has been implemented . The Manager of this program, a CIA detailee with several years of experience in the personnel security area, reported for duty on March 22, 1999.	I	
13. As the breadth of DOE technical knowledge lies at the laboratories, OCI will request that each Lab Director develop an unclassified sensitive technologies list at his/her facility.	X	X	X	X	In February 1999, OCI notified Laboratory Directors in writing that these lists must be completed by early May 1999. A memorandum recently was sent from the Office of the Secretary stating that the Laboratory Directors must provide OCI with these lists by May 14, 1999.	I	Field elements reviewed completed lists and sent to HQ. HQ in process of compiling all lab lists into one.
14. Within the next 12 months, OCI Director will create a Cyber Program, which will work in coordination with the larger DOE critical infrastructure protection effort as mandated by PDD-63.	X				This recommendation has been implemented . OCIs Cyber Program is managed by a CI-Cyber expert detailed to the OCI from the FBI's National Infrastructure Protection Center (NIPC).	I	
15. Within the next 24 months, OCI Director will, in coordination with Lab Directors develop and implement a complex wide strategy to address the potential CI implications of e-mail to foreign nations, primarily sensitive countries.	X				OCI recently initiated a pilot program to address both CI implications of email to foreign nations and intrusion detection at four Department of Energy sites in FY 1999. The cost of this pilot for FY 1999 is \$2 million. Expansion of this pilot to an additional eight sites in FY2000 will require an additional \$8 million.	O	Pilot program dealing with CI-Cyber Security has been started.
16. OCI will review, in coordination with the FBI, the existing DOE-FBI Memorandum of Understanding (MOU) in order to ensure that it addresses current CI needs as outlined in PDD-61 and Cox Report.	X				This recommendation has been implemented . The MOU was signed on May 10, 1999.	I	
17. OCI will establish formal procedures for referrals to the FBI mandated by Section 811 of the <i>Intelligence Reauthorization Act of 1995</i> (PL 103-359). OCI will be directly involved in the referral process. Education will be provided to all DOE field and laboratory employees, particularly those responsible for CI and all facets (physical, personnel, and information) of security.	X	X	X	X	This recommendation has been implemented . A formal procedure for referring Section 811 matters from OCI to the FBI has been established by the Director of OCI. The procedure involves prior consultation between OCI and the Espionage Unit, National Security Division, FBI HQ, to be followed by a detailed letter outlining the allegations of potential espionage activity.	I	MOU with local FBI defines point at which referral must be made to FBI. Section 811 of PL 103-359 mandates cooperation between FBI and CI personnel without overlap. Education will be provided to all CI personnel.
18. OCI will request that FBI Headquarters recruit and station FCI-experienced Special Agents in the 5 nuclear laboratory jurisdictions.	X				This recommendation has been implemented .	I	
19. Local CIOs will establish formal procedures for liaison with their local FBI counterparts. All CIOs should have direct access to local FBI officials. The efficacy of these procedures will be assessed in the inspection process.			X	X	This recommendation has been implemented .	I	The three labs reviewed are following intended practices. However, only Livermore is using old CI guidance as formal procedures. Los Alamos has drafted formal procedures but they have not been issued yet. Procedures should be formalized in writing so that future changes in personnel will allow these practices to continue.
20. The OCI will work with CIA to develop an expanded DOE distribution list for all CIA CI analytical products.	X				This recommendation has been implemented .	I	

I = Implemented
O = Open recommendation

Los Alamos National Laboratory (LANL)
Sandia National Laboratories (SNL)
Lawrence Livermore National Laboratory (LLNL)

**Office of Inspector General
Status of Department of Energy Counterintelligence Implementation Plan**

Recommendations In CI Implementation Plan	Applicable To:				Status of Recommendations Per Department's Status Report Received by the OIG May 27, 1999	Results of IG Review	IG Comments
	HQ	LANL	SNL	LLNL			
21. Enhance coordination with CIA.	X				This recommendation has been implemented .	I	
22. Enhance coordination with NSA.	X				This recommendation has been implemented .	I	
23. The Analysis Program will participate in and contribute to, but not direct, future annual assessments of the threat to DOE weapons and facilities.	X				This recommendation has been implemented .	I	
24. Beginning in FY1999, funding for the DOE CI program should be programmed in the National Foreign Intelligence Program (NFIP) and consolidated in a single, dedicated line appropriation in the DOE budget.	X				This recommendation has been implemented . Funding for OCI has been consolidated into a single dedicated line appropriation in the DOE budget. Beginning in FY2000, OCI will appear for the first time as one individual component of DOE's Foreign Intelligence Program in the Congressional Budget Justification Book.	I	

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**Office of Inspector General
Status of Department of Energy Counterintelligence Implementation Plan**

Recommendations In CI Implementation Plan	Applicable To:				Status of Recommendations Per Department's Status Report Received by the OIG May 27, 1999	Results of IG Review	IG Comments
	HQ	LANL	SNL	LLNL			

TIER TWO 12 recommendations; 5 implemented

25. CI and Security Awareness briefings should be targeted to the audience, allowing for tailored presentation to various segments of the lab community. OCI's training program will establish minimum standards to ensure consistency and equivalency for a national program.	X				This recommendation has been implemented . OCI's Training Program Manager continues to work to diversify OCI's training offerings. For example, OCI has contracted with a renowned Russian defector who will lecture at various DOE facilities regarding the methodology of the Russian Intelligence Services. Also, OCI is working on a special CI awareness briefing that will be presented to senior DOE staff and managers in the near future.	I	Information on CI and Security Awareness briefings have been communicated orally to the field. There was a meeting with HQ and field CIO's in December 1998. A formal program that conveys to all what the minimum standards are should be developed. This would establish expectations for content and performance.
26. CIOs will enter into CARDS sensitive country visit/assignment and foreign travel data that produces CI relevant information in order to ensure that CARDS remains pure.		X	X	X	This recommendation has been implemented .	I	Although Oakland Operations Office does not have a CARDS terminal in Oakland, they do have one at the Livermore site.
27. The OCI will encourage senior level DOE, laboratory, and FBI officials to develop formalized means of periodic communications to discuss CI matters of mutual interest.	X	X	X	X	This recommendation has been implemented .	I	
28. The OCI must be granted some level of access to Special Access Programs (SAPs) in order to contribute to the development of heretofore non-existent CI plans required in the <i>Security Program Manual</i> .	X				This recommendation has been implemented . The Director, OCI is now a member of the Special Access Program Oversight Committee (SAPOC), and has been briefed into all DOE SAPs.	I	
29. All employees, not exclusively those with clearances, should receive CI and security awareness briefings.	X				OCI is creating a module that will become a mandatory part of DOE's Annual Security Awareness Briefing, provided to all DOE personnel with clearances. OCI will also work with the Office of Security Affairs to jointly produce an abbreviated version of the CI Awareness portion of the briefing which will be given to all employees beginning with the FY 2000 briefing cycle.	O	There is a draft implementation plan working. HQ is also developing a module for this training which should be available for use in the FY 2000 cycle of briefings.
30. The Visit and Assignment Management System (VAMS) recapitalization project should be canceled. Local databases, many of which are already developed, should be used to approve and track all foreign visit and assignment requests. OCI 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 DOE complex will be housed in one place.	X	X	X	X	The Visits and Assignments Management System (VAMS) will be replaced by a new system, presently under development by OCI. However, until that system is deployed, those foreign visits and assignments personnel at all DOE sites that do not possess an independent foreign visits and assignments tracking system must continue to enter data into VAMS. This process will be detailed in DOE Order 1240.2c, presently being revised. Design of this new system will be completed in the Fall of 1999.	O	HQ is currently in the Option Paper stage. They are determining what is needed for the new system. The field is using several different locally developed databases. One of these, Foreign Access Records Management System (FARMS) was developed by a former Los Alamos employee who did not prepare a users manual or documentation for the system. Users of FARMS find it hard to work with and no training is available.

I = Implemented
O = Open recommendation

Los Alamos National Laboratory (LANL)
Sandia National Laboratories (SNL)
Lawrence Livermore National Laboratory (LLNL)

**Office of Inspector General
Status of Department of Energy Counterintelligence Implementation Plan**

Recommendations In CI Implementation Plan	Applicable To:				Status of Recommendations Per Department's Status Report Received by the OIG May 27, 1999	Results of IG Review	IG Comments
	HQ	LANL	SNL	LLNL			
31. The Analysis Program will fully exploit the wealth of CI information contained in the Counterintelligence Analytical Research Data System (CARDS), and to a lesser extent Sensitive Country Information Logging System (SCILS), databases, and place it in disseminable form for use by DOE facilities and by the larger U.S. Intelligence Community (USIC) when appropriate.	X				This recommendation has been implemented . The Analysis Program has produced a threat assessment regarding two proliferant countries, relying largely on CARDS data, and has a second threat assessment underway. Also, OCI presently is funding a pilot project to determine the usefulness of SCILS data.	I	
32. As mandated by PDD-61, in order to better integrate the CI and FI elements at the DOE laboratories, CI analysts at the three nuclear weapons laboratories will be collocated with the Field Intelligence Element (FIE).		X	X	X	OCI's FY 1999 budget was not large enough to fund field CI analysts. OCI's FY 2000 budget will allow OCI to place CI analysts at the three nuclear weapons laboratories, collocated with the FIE.	O	HQ has included money in the FY 2000 budget to allow this to happen in the field. Los Alamos is in the process of collocating Field Intelligence Element personnel with CI. Sandia-New Mexico indicated this could be a problem.
33. One future focus of the Analysis Program will be the area of "economic espionage," specifically Cooperative Research and Development Agreements (CRADAs) conducted at the laboratories.	X					O	There was an analyst hired the week of 6/14/1999. This individual will focus on economic espionage especially in the area of CRADAs.
34. Under the authority of the Secretary of Energy, the OCI Director will create a working group to identify high-risk DOE contractor or federal personnel outside the traditional high-risk programs. Subject matter experts from DOE programs and laboratories, as well as CI and security personnel, will be represented on this working group.	X					O	No group has been created.
35. Within the next 12 months, OCI Director will establish an initial Intrusion Detection and Analysis Capability in coordination with DOE's Chief Information Officer, Chief Infrastructure Assurance Officer, and Lab Directors.	X				OCI recently initiated a pilot program to address both CI implications of email to foreign nations and intrusion detection at four Department of Energy sites in FY 1999. The cost of this pilot for FY 1999 is \$2 million. Expansion of this pilot to an additional eight sites in FY 2000 will require an additional \$8 million.	O	This is part of the CI-Cyber Pilot Program.
36. OCI recommends the Sec of Energy establish a task force to develop a means for auditing all DOE-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.	X					O	There has not been a task force established.

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O = Open recommendation

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**Office of Inspector General
Status of Department of Energy Counterintelligence Implementation Plan**

Recommendations In CI Implementation Plan	Applicable To:				Status of Recommendations Per Department's Status Report Received by the OIG May 27, 1999	Results of IG Review	IG Comments
	HQ	LANL	SNL	LLNL			

TIER THREE 10 recommendations; 1 overtaken by events and 2 implemented

37. The OCI will establish a continual in-house CIO training program which will move beyond the introductory nature of current DOE CI training courses, and ensure that there are also greater opportunities for all CIOs to participate in applicable U.S. Intelligence Community (USIC) training courses.	X					O	A training track for CI personnel is being developed.
38. The OCI will establish a mentoring program which fosters the exchange of knowledge between inexperienced and experienced CIOs.	X	X	X	X		O	The OCI training program manager may establish when the need arises.
39. In Phase II of this process, the OCI will develop a personnel system which will: 1) clearly articulate the standards by which new CIOs will be hired, 2) establish individual performance measures for existing CIOs, and 3) develop a career path to include training courses and milestones, which will assist the professional advancement of CIOs.	X					O	Nothing has been done with the personnel system.
40. The OCI believes that the Secretary of Energy should commission a study to examine the question of whether DOE Counterintelligence and Security should be combined in part or whole.	X					I	This was done as part of studying the Department's reorganization. As a result, the decision was made not to combine CI and security.
41. The OCI believes that the Secretary of Energy should commission an independent and narrowly focused audit of the security clearance adjudication process.	X					O	Although no action has been taken to request an audit, the Secretary would like to have the FBI do the Background Investigations, but cost must be considered. (this ties in with #42)
42. The team does not believe that Background Investigations (BIs) are being conducted satisfactorily. As such and as per DOE Order 472.1B <i>Personnel Security Activities</i> and the Atomic Energy Act, as amended, DOE should request that all further Single Scope Background Investigations (SSBIs) be conducted by the FBI.	X					O	DOE's intention is to let the FBI do at least the most sensitive background investigations.
43. DOE should require all DOE contractor-operated facilities where classified and sensitive technical business is conducted to establish Personnel Evaluation Boards (PEBs).	X	X	X	X		O	There was concern by the field about what the Personnel Evaluation Boards would do and how much involvement the CI personnel would have. HQ needs to provide better explanations and guidance on what PEBs should be, who should sit on them and when they should be convened.
44. The OCI believes that DOE's two computer security programs should be consolidated under one organization.	X				This recommendation has been implemented pursuant to a May 1999 Department of Energy reorganization.	I	The Secretary has reorganized the Department to accomplish this recommendation.
45. The Director, OCI will request the CIA's assistance in filling critical substantive gaps by assigning analysts on a rotational detail to OCI.	X					O	Initial conversations have begun between DOE and the CIA.
46. OCI will have CARDS terminals placed at select FBI Field Offices or Resident Agencies, with appropriate security precautions taken.	X				This recommendation has been overtaken by events and will not be further considered.	O	No action will be taken on this recommendation. DOE has decided that this is no longer necessary since the interaction between CI personnel and the FBI has been improved.

I = Implemented
O = Open recommendation

Los Alamos National Laboratory (LANL)
Sandia National Laboratories (SNL)
Lawrence Livermore National Laboratory (LLNL)

SCOPE AND METHODOLOGY

We conducted the review at Headquarters, Albuquerque Operations Office, Oakland Operations Office, Los Alamos National Laboratory, Sandia National Laboratories and Lawrence Livermore National Laboratory from May through June 1999. To accomplish our review objective, we:

- reviewed the status of the implementation plan;
- interviewed Headquarters, Operations Offices, and Laboratory personnel to determine status;
- reviewed documentation to support implementation actions;
- observed operational practices;
- held discussions with local FBI officials;
- reviewed Office of Inspector General report, DOE/IG-0445, dated May 1999 which reported on weaknesses in the Department of Energy's export licensing process and issues relating to associated foreign visits and assignments;
- reviewed General Accounting Office report GAO/RCED-97-229 dated September 25, 1997, which reported on deficiencies related to controls over foreign visitors to the Department of Energy's laboratories; and,
- reviewed General Accounting Office testimony GAO/T-RCED-99-28 dated October 14, 1998, which reported on DOE's need to improve controls over foreign visitors to its weapons laboratories.

We did not assess the effectiveness of the actions taken to implement the recommendations. This review was not performed in accordance with generally accepted government auditing standards.

CUSTOMER RESPONSE FORM

The Office of Inspector General has a continuing interest in improving the usefulness of its products. We wish to make our reports as responsive as possible to our customers' requirements, and therefore ask that you consider sharing your thoughts with us. On the back of this form, you may suggest improvements to enhance the effectiveness of future reports. Please include answers to the following questions if they are applicable to you:

1. What additional background information about the selection, scheduling, scope, or procedures of the audit or inspection would have been helpful to the reader in understanding this report?
2. What additional information related to findings and recommendations could have been included in this report to assist management in implementing corrective actions?
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