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# **A Review of the Federal Bureau of Investigation's Counterterrorism Program: Threat Assessment, Strategic Planning, and Resource Management**

**Report No. 02-38**  
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**Office of the Inspector General**

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## **EXECUTIVE SUMMARY**

### **REDACTED AND UNCLASSIFIED**

The Federal Bureau of Investigation (FBI) serves as the federal government's principal agency for responding to and investigating terrorism. Since the September 11, 2001, terrorist attacks, the Attorney General and the Director of the FBI have elevated counterterrorism and the prevention of future attacks against U.S. interests as the paramount mission of the Department of Justice (Department) and, specifically, the FBI.

As a result, the Office of the Inspector General (OIG) initiated an audit to review certain aspects of the FBI's management of its counterterrorism resources. Our audit focused specifically on:

(1) the FBI's progress toward developing a national-level risk assessment of the terrorist threat to the United States; (2) whether the FBI's strategic planning process provides a sound basis to identify counterterrorism requirements; and (3) the amount of resources dedicated to the FBI's counterterrorism program from 1995 to April 2002. In addition, the audit assessed the FBI's management of its training and after-action reporting as they relate to counterterrorism operations. This audit does not assess all aspects of the FBI's counterterrorism program or how the FBI or other law enforcement and intelligence agencies handled information that may have been related to terrorist activities that resulted in the September 11 attacks.<sup>1</sup>

In conducting this audit, OIG staff interviewed approximately 40 officials in the FBI's Counterterrorism Division, Strategic Planning Office, Finance Division, Training Division, and other offices. In addition, we examined FBI and Department documents pertaining to threat assessments, strategic planning, and resource management; reviewed the FBI's old and new organizational structures; and reviewed prior General Accounting Office (GAO) reports on the FBI's counterterrorism efforts and the FBI's progress towards implementing select GAO recommendations.

## **Threat Assessments**

The FBI has never performed a comprehensive written assessment of the risk of the terrorist threat facing the United States. Such an assessment would be useful not only to define the nature, likelihood, and severity of the threat but also to identify intelligence gaps that needed to be addressed. Moreover, we believe that comprehensive threat and risk assessments would be useful in determining where to allocate attention and resources - both within the FBI and governmentwide - on programs and initiatives to combat terrorism. In response to a September 1999 GAO report,<sup>2</sup> the Department and the FBI agreed that the FBI would conduct a national-level risk assessment of the terrorist threat to the United States.

In March 2001 the FBI said that this assessment, eventually titled "FBI Report on the Terrorist Threat to the United States and a Strategy for Prevention and Response" (Terrorist Threat Report), would address emerging trends, the current threat, the projected threat, FBI initiatives, and future focus. The FBI said the findings in the report would be based on FBI investigations, interagency reporting, public source information, and United States intelligence community publications.

By September 2001, the FBI had developed a draft of a Terrorist Threat Report that described terrorist organizations and State sponsors but did not assess the threat and risk of an attack on the United States. In addition, based on our review of the draft, the FBI's draft Terrorist Threat Report does not conform to the FBI's assessment guidance, other available guidance on preparing threat and risk assessments, or the FBI's representations as to how it would respond to the GAO's recommendations. Among the report's many omissions are assessments of the training, skill level, resources, sophistication, specific capabilities, intent, likelihood of attack, and potential targets of terrorist groups. Further, the draft report does not discuss the

methods that terrorists might use. For example, there is no analysis of terrorists' progress toward developing or acquiring chemical, biological, radiological, and nuclear weapons or any discussion of what the FBI has learned from its past terrorist investigations.

Moreover, contrary to available guidance on conducting threat and risk assessments and the FBI's representations to the GAO and the Congress, the FBI's Terrorist Threat Report did not: (1) provide information to assist FBI management and other government managers in developing counterterrorism strategies and programs and allocating resources on a priority basis; (2) identify critical intelligence requirements; or (3) make recommendations to any level of FBI management. The lack of recommendations in the Terrorist Threat Report underscores the fact that the report is, as one FBI Assistant Director described, "a primer, and not a risk assessment."

We identified a number of causes for the Terrorist Threat Report not adequately addressing these issues. First, the report was the responsibility of at least two different FBI managers and an unknown number of staff, but no single individual was accountable for managing the assessment throughout the process or for maintaining the original reporting objectives. Second, some FBI officials said the FBI lacked the analytical capability or resources to complete such a broad threat assessment. Third, the FBI does not have a system of management controls that ensures compliance with GAO (or OIG) recommendations. Finally, in our judgment, FBI counterterrorism managers had a tendency to rely on their experience and professional judgment regarding the overall terrorist threat and did not value a formal written assessment that uses a structured methodology. In fact, the Terrorist Threat project had such a low profile within the FBI that it took the FBI nearly a month to identify to us anyone who was familiar with the project and the draft report.

Because the FBI has not completed a systematic written assessment of the most likely terrorism scenarios - taking into account terrorist methods, capabilities, and intent - it may not have fully identified the specific nature of the threat so that it could focus its attention and resources to prepare adequately and respond effectively given the assessed risk. A comprehensive national-level written assessment of the threats and risk of terrorism would aid the Director's objective of moving the FBI from a reactive, crime investigation culture to a more proactive institution that seeks to prevent, deter, and disrupt terrorist acts. Determining what scenarios are most likely

to occur in a comprehensive and more formal manner would better position the FBI to meet its new counterterrorism priority.

In addition, any national-level assessment of the terrorist threat would be incomplete without incorporating an assessment of the potential for, and likelihood of, an attack using chemical, biological, radiological, and nuclear materials or weapons. However, the FBI has not performed a full assessment of the threat and risk of a terrorist attack with chemical and biological materials (or with other weapons of mass destruction such as improvised radiological or nuclear devices), despite its representations that it would.

The FBI's Assistant Director, Office of Public and Congressional Affairs, reported to the Chairman of the House Appropriations Committee in a March 2000 letter that the FBI:

- supported the GAO's September 1999 recommendation for a formal, authoritative intelligence threat assessment;
- concurred that the assessment process must involve a multidisciplinary team of subject matter experts;
- viewed the assessment as the first step in providing a guide for future program investment for WMD [weapons of mass destruction] countermeasures;
- would determine the specific WMD hazards chosen for evaluation by analyzing intelligence sources, case histories, related assessment data from the scientific and health communities, and current trends in domestic and foreign WMD terrorist activities;
- would develop and rank a list of chemical and biological agents based on the likelihood that a particular agent would be used over another; these factors will be analyzed utilizing a baseline of the number of casualties intended by the threat element;
- would develop scenarios for the highest threat hazards so that this information may be utilized to determine deficiencies in response capabilities at the national-level; and
- agreed that such an assessment would require updating at least every

three years.

However, the approach the FBI actually used for the chemical and biological assessment was, in our view, unresponsive to the GAO recommendation. Further, the FBI failed to follow through on its promise that it would render a formal, authoritative intelligence threat assessment using a multidisciplinary team of experts that specifically assesses the chemical and biological agents that would more likely be used by terrorists domestically.<sup>3</sup>

Instead of performing its own intelligence threat assessment, the FBI joined in an ongoing contractor assessment<sup>4</sup> funded by the National Institute of Justice (NIJ) under the auspices of the interagency Technical Support Working Group.<sup>5</sup> The NIJ-funded study had different objectives than the FBI's promised assessment and was never designed to meet the FBI's assessment objectives in response to the GAO recommendation; the FBI's more general need to determine which WMD agents to focus its attention and resources; the FBI's responsibility to provide guidance to others as the federal domestic intelligence agency and the lead federal agency for crisis management and response in the event of a terrorist WMD attack; and the need for input to a broader national-level threat and risk assessment that could be used by the FBI and other federal, state, and local agencies to determine and prioritize programs to combat terrorism and focus WMD preparedness efforts. Rather, the NIJ-funded study was intended to "assist the NIJ and State and local law enforcement in addressing needs for (a) improved means for detecting nuclear, biological and chemical (NBC) hazards and (b) better NBC protective gear." Further, the NIJ-funded study noted that "...classified materials of any sort were not examined nor considered." The draft report of the NIJ-funded study, which explicitly excludes any consideration of intelligence information, did not assess the threat and risk that either foreign-based or domestic terrorists will use a given chemical or biological agent (or even improvised radiological or nuclear devices) against U.S. citizens on U.S. soil to create mass casualties.

Consequently, the NIJ-funded study is of limited use in meeting the fundamental strategic planning needs - including program and intelligence requirements determination, priorities, and resource allocation - of the FBI or other federal, state, and local agencies involved in developing countermeasure strategies and domestic preparedness efforts. In our judgment, only a team consisting of subject matter experts could provide an adequately comprehensive assessment of all relevant factors in potential

terrorist use of chemical or biological agents or other WMD. Because the NIJ-funded study does not contain intelligence input, the study is not useful to the FBI for assessing risk (although this is not intended as a criticism of the study for use in meeting its intended purpose). The need remains for an authoritative assessment of what chemical and biological agents, as well as radiological and nuclear devices, are more likely to be used by terrorists against targets in the United States.

Protecting critical physical infrastructure assets is an important part of the FBI's counterterrorism program. In an effort to identify and better protect critical infrastructure, the FBI began a Key Asset Program in the 1980s. The program developed slowly, and in 1998 the FBI sought to re-emphasize the effort, now renamed the Key Asset Initiative. However, the FBI's attempt to create a nationwide database of key assets has encountered difficulties. For example, the FBI inconsistently classified the priority of assets and it lacks an adequate database management system.

Our findings should not be interpreted to mean that the FBI has not taken some important steps to revamp its counterterrorism program. After the September 11 terrorist attacks, the FBI has identified as a critical weakness its ability to analyze intelligence and has begun taking steps to improve its capabilities. For example, the FBI established a Threat Assessment Operations Group (TAOG) to try to "connect the dots" by analyzing the disparate terrorism-related information flowing into the FBI. Specifically, "connecting the dots" involves taking pieces of intelligence data from the intelligence community or from FBI investigations and analyzing the information to establish any relationship that might indicate potential terrorist activity. The TAOG also provides input to the daily threat briefing presented to the President.

In a major effort to improve the FBI's analytical capability, in May 2002 the FBI Director established an Office of Intelligence led by an experienced member of the intelligence community and supplemented by additional staffing of 25 experienced intelligence analysts. Adding professional intelligence staff should contribute to helping the FBI meet a clear need for improving its ability to collect, analyze, and disseminate threat information. The FBI recognized its weakness in its ability to analyze intelligence in terms of the numbers and in some cases the capabilities of its support staff. Based on our review, we concluded that the FBI lacked a professional corps of intelligence analysts with a defined career path, standards for training or

experience, or a system for effectively deploying and utilizing analysts to assess priority threats at either the tactical (investigative or operational) level or the strategic (long-term or predictive) level.

## **Strategic Planning**

The FBI has developed an elaborate, multi-layered strategic planning system over the past decade. Yet while the planning system acknowledged a general terrorist threat to the nation, the FBI did not perform and incorporate into its strategic plan a comprehensive assessment of the threat and risk of terrorist attacks on U. S. soil. Similarly, the planning system identified numerous vulnerabilities and weaknesses in the FBI's capabilities to deal with the general terrorist threat, but before September 11 this identification did not result in the fundamental changes in the FBI necessary to correct the deficiencies.

The FBI planning system consists of Annual Field Office Reports, which serve as the 56 field offices' strategic plans and identify their counterterrorism program vulnerabilities; division-level Program Plans, which incorporate the results of the field office plans and accompany the annual budget submissions; the Counterterrorism Division's Director's Report to articulate the division's goals; and the FBI Strategic Plan. Since at least 1993, these layers of planning have not been guided by an overall strategic level assessment of the threat and risk of terrorist attacks on the United States but rather by judgments at each level about the general nature of the terrorist threat. Further, the FBI's Strategic Plan has not been updated since 1998 and does not conform to the counterterrorism priorities in the Department's November 2001 Strategic Plan, the FBI Director's new priorities, or the Counterterrorism Division's approach to develop the maximum capacity to deal with the terrorist threat.

After September 11, the FBI Director refocused the FBI's traditional crime-fighting orientation of investigating criminal acts after-the-fact for prosecution to place the highest priority on preventing terrorism. The Director also shifted resources to meet this new priority. However, the FBI's strategic planning process lacks management controls to ensure that resources will be requested and allocated consistent with the Director's and the Attorney General's counterterrorism priority, particularly at the field office level. For example, during our audit period foreign language translation requests did not always receive priority over drug-related translation requests. Also, the

FBI lacks an effective system of performance measures and standards that holds managers at all levels accountable for achieving the goals and objectives stated in FBI strategic plans. If the new strategic focus is to be achieved, the existing gap between the formal planning process and actual operations must be narrowed.

Further, the FBI has made slow progress in completing its assigned tasks under the 1998 Attorney General's Five-Year Interagency Counterterrorism and Technology Crime Plan. In addition, the FBI has not issued a policy on or developed a system for capturing, disseminating, and using lessons learned from past terrorism incidents, operations, and exercises to improve the FBI's counterterrorism capabilities.

## **Resources**

Our report also details the level of resources that the FBI has dedicated to counterterrorism and related counterintelligence between 1995 and 2002. Those resources have increased dramatically - about threefold - between 1995 and 2002. The FBI received for counterterrorism, counterintelligence, and other security programs nearly \$[DELETED] in 2002<sup>6</sup> compared to nearly \$[DELETED] in 1995. With the exception of 1996, appropriations for counterterrorism and counterintelligence increased each year. From 1995 to 2002, the average annual increase in appropriations was [DELETED] percent. Over the seven-year period, the percentage of the entire FBI budget spent on counterterrorism ranged from [DELETED] to [DELETED] percent.

FBI budget officials told us that the FBI's budget execution system tracks expenditures organizationally and not by program. Consequently, the FBI cannot readily determine real-time expenditures for its counterterrorism program. To report counterterrorism spending to the Office of Management and Budget, the FBI determines from its timekeeping system the percentage of field-agent time charged to counterterrorism investigations - historically about [DELETED] percent - and applies that percentage to non-personnel and crosscutting expenditures such as travel, the FBI Laboratory, and the Trilogy project to upgrade FBI computer systems.

As shown in the table on the next page, total FBI staff dedicated to counterterrorism increased from [DELETED] in FY 1995 to [DELETED] in FY 2002. The staffing numbers include headquarters staff of the Counterterrorism Division, counterterrorism squads in the 56 field offices, and

support staff both at headquarters and in the field. The FBI estimates that in 2003, counterterrorism staffing will increase by [DELETED] agents and [DELETED] support staff. The percentage of agents assigned to FBI headquarters for counterterrorism duties increased from [DELETED] percent in FY 1995 to [DELETED] percent in FY 2002.

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As noted in the following chart, the number of agents assigned to counterterrorism nearly tripled during the last seven years from [DELETED] in 1995 to [DELETED] in 2002. The FBI estimates that staffing for counterterrorism will continue to increase in 2003 to about [DELETED] agents.

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Given the influx of agents, our review found that the FBI has not established a core training curriculum and proficiency standards for these new agents working in counterterrorism, nor does the FBI measure the proficiency of agents working in counterterrorism squads in the field or in headquarters units. Moreover, we found that the type and extent of counterterrorism-related training varies throughout the FBI.

### **FBI Comments**

In response to our findings, the FBI's Executive Assistant Director for Counterterrorism and Counterintelligence disagreed that the FBI has not adequately assessed the threat and risk of terrorism. While he acknowledged that the FBI had not conducted a formal written threat assessment consistent with its response to the GAO recommendation, he stated that the FBI knows the risks and threats of terrorism facing the United States. He believed that he was fully aware of the threats, both before and after September 11, 2001, based on the breadth of the FBI's counterterrorism cases and his frequent discussions with FBI employees. He stated, for example, that he meets with Special Agents in Charge of the 56 field offices, assesses both threats and vulnerabilities, and receives information from the intelligence community on these issues. He said that this information and the assessments derived from it are incorporated into the Counterterrorism Division's strategic planning

process. He believes that this process provides the necessary information to effectively allocate FBI counterterrorism resources. He added that he did not believe a formal, written threat assessment would have improved the FBI's ability to understand or address terrorist threats.

Our findings are not intended to criticize the expertise of FBI employees and managers who work on counterterrorism matters or the extensive knowledge they have developed through their casework and regular discussions within the FBI and the intelligence community. Yet, we believe that the professional judgment of FBI officials is not a substitute for a formal and comprehensive written strategic assessment of the threat and risk of terrorist attacks in the United States. We believe, as did the GAO when it made the recommendation, that a comprehensive written assessment would provide a better mechanism to analyze and assess the threats facing the United States.

The Executive Assistant Director also suggested that our report does not cover the full range of the FBI's counterterrorism efforts. He added that it could be read to suggest that FBI employees are not doing much to address the changing counterterrorism priorities since September 11. Our report is not intended to address every aspect of the FBI's counterterrorism program or to suggest that the FBI has not taken important steps since September 11 to reorient its program. Rather, our audit focused on specific areas of the FBI's counterterrorism program, and we found deficiencies in these areas that need to be addressed, such as the lack of a comprehensive written threat and risk assessment.

## **Recommendations**

Among the 14 recommendations we make in the audit to the FBI are:

- prepare an authoritative written national-level threat and risk assessment of terrorism with a predictive and strategic view, including the potential use of Weapons of Mass Destruction;
- identify the chemical and biological agents most likely to be used in a terrorist attack and fully assess the threat and risk of terrorists' use of all types of weapons of mass destruction;
- develop criteria for evaluating and prioritizing incoming threat information for analysis, and establish a protocol to guide the

distribution of threat information;

- establish a time goal and a process for building a corps of professional, trained, and experienced intelligence analysts for assessing and reporting on threats at both the strategic and tactical levels;
- update the FBI strategic planning process to effectively conform to the current Department strategic plan and the FBI Director's counterterrorism priority;
- close the gap between planning and operations by establishing an effective system of performance measures and standards and holding managers at all levels accountable for achieving the goals and objectives stated in FBI strategic plans;
- issue a policy on and develop a system for capturing and disseminating lessons learned from counterterrorism incidents, operations, and exercises; and
- establish a core training curriculum and minimum competencies for agents assigned to counterterrorism.

The FBI concurred with our recommendations and identified appropriate corrective action that it plans to undertake. This Executive Summary describes and summarizes the findings of our full 131-page audit report, which is classified at the Secret level.

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## **Footnotes**

1. The OIG recently initiated a separate review that will examine aspects of the FBI's handling of intelligence information prior to the September 11 attacks. Specifically, that review is investigating allegations made by Chief Division Counsel Coleen Rowley regarding the Minneapolis Division's efforts to investigate suspected terrorist Zacarias Moussaoui, the FBI's handling of information provided by the Phoenix Division about flight schools, and the FBI's handling of other intelligence information.

2. The report is entitled **Combating Terrorism: Need for Comprehensive Threat and Risk Assessments of Chemical and Biological Attacks** (GAO/NSIAD-99-163, dated September 7, 1999).
3. A distinction must be made between use of chemical or biological agents domestically (on U.S. soil) compared to use of weapons of mass destruction by domestically-based terrorists. To assess only domestic-based terrorists and ignore intelligence analyses on internationally-based or internationally-supported terrorists would be shortsighted and produce a seriously limited assessment.
4. The study is entitled "Threat Assessment: Chemical Biological Material and Domestic Terrorism."
5. The interagency Technical Support Working Group was established under the National Security Council to manage research and development efforts in counterterrorism.
6. Our data on FBI national security funding includes funds from three sources: (1) regular congressional appropriations, (2) counterterrorism supplemental or emergency appropriations, and (3) reprogrammed funds.

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