

**Independent Oversight
Inspection of
Classification and Information Control Programs
at the**

**Oak Ridge Office,
Oak Ridge National Laboratory,
East Tennessee Technology Park,
and the United States Enrichment
Corporation American Centrifuge
Technology Program**



May 2007

Prepared by
Office of Security Evaluations
Office of Independent Oversight
Office of Health, Safety and Security
Office of the Secretary of Energy

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Abbreviations Used in This Report

CIC	Classification and Information Control
CRADA	Cooperative Research and Development Agreement
DOE	U.S. Department of Energy
ETTP	East Tennessee Technology Park
NNSA	National Nuclear Security Administration
ORNL	Oak Ridge National Laboratory
ORO	Oak Ridge Office
OUO	Official Use Only
UCNI	Unclassified Controlled Nuclear Information
USEC	United States Enrichment Corporation

1.0

Introduction

This report presents the results of inspection activities by the U.S. Department of Energy (DOE) Office of Independent Oversight in the area of classification and information control (CIC) at the Oak Ridge Office (ORO), Oak Ridge National Laboratory (ORNL), East Tennessee Technology Park (ETTP), and the United States Enrichment Corporation (USEC) American Centrifuge Technology Program. This effort was the first CIC inspection of Oak Ridge facilities conducted by the Office of Security Evaluations since that office assumed responsibility for oversight of CIC activities throughout the DOE/National Nuclear Security Administration (NNSA) complex in October 2005. Before October 2005, the Office of Classification and its predecessor organizations were responsible for the CIC oversight program. This is the first Independent Oversight review of CIC at USEC. The Office of Security Evaluations, within the Office of Independent Oversight, conducted this inspection to evaluate the subtopical areas of program administration, authorities, guidance, training, document reviews, and program evaluation. Data collection activities were conducted March 5 through 9, 2007.

The inspection scope consisted of an assessment of ORO, ORNL, ETTP, and the USEC American Centrifuge Technology Program classification programs and practices that are used to safeguard controlled unclassified information, such as Unclassified Controlled Nuclear Information (UCNI) and Official Use Only (OUO) information. ORO is responsible for major DOE programs in science, environmental management, nuclear fuel supply, and national security that are performed at ORNL and ETTP, and is the single point of management for all non-NNSA activities performed on the Oak Ridge Reservation. ORNL focuses on basic and applied research to advance the nation's energy resources, environmental quality, and scientific knowledge. ORNL is operated by the University of Tennessee-Battelle, LLC. ETTP's original mission was to enrich uranium for use in nuclear weapons and subsequently for use in the commercial nuclear power industry. The plant was permanently shut down in 1987, and in 1996, re-industrialization went into effect

with efforts focusing on restoration of the environment, decontamination and decommissioning of the facilities, and management of legacy wastes. Bechtel Jacobs Company, LLC, is the environmental management contractor that is performing this cleanup work. The Office of Science is the Headquarters program office for ORO and ORNL, and the Office of Environmental Management is the Headquarters program office for ETTP and other cleanup projects on the Oak Ridge Reservation.

USEC was created as a government corporation in the early 1990s to restructure the government's uranium enrichment operation and prepare it for sale to the private sector. USEC's privatization was completed on July 28, 1998, and USEC is now a leading supplier of enriched uranium fuel for commercial nuclear power plants. USEC conducts centrifuge development work at Oak Ridge under a Cooperative Research and Development Agreement (CRADA) with DOE.

The last oversight review of the ORO, ORNL, and ETTP CIC programs was conducted by the Office of Classification in June 2004. That review determined that ORO was meeting applicable requirements in all subtopical areas except guidance. Two findings were issued related to the certification of guidance on Contract Security Classification Specification forms. ORNL was not meeting applicable requirements in four of the six subtopical areas—program administration, authorities, guidance, and training. Eight findings were issued related to various situations, including the need for additional administrative support; the need to maintain a current list of guides on hand and a complete, up-to-date set of guides used at ORNL; the need to update guides with current with Headquarters changes; the need to update UCNI training material; and the need to terminate derivative declassification authority for individuals no longer under contract to ORNL. ETTP was meeting applicable requirements in all areas except authorities and document reviews and was issued four findings. These findings related to the need for better management of the derivative classifier certification program and improper classifier markings on documents. All previous ORO, ORNL, and ETTP findings were closed and validated.

2.0

Status and Results

Data collection activities involved interviews with management, classifiers, and other personnel associated with the CIC programs; evaluation of information (the data call) submitted in advance by ORO, ORNL, ETTP, and USEC; onsite reviews and assessments of documentation and procedures; and responses to inquiries during the inspection. Independent Oversight reviewed 455 documents selected from a cross-section of organizations that generate classified, UCNI, and OOU documents, and 1,060 documents housed on the ORO, ORNL, ETTP, and USEC web pages, related web sites, and in the ORO public reading room.

2.1 Program Administration

Leadership and Responsibilities

The classification, UCNI, and OOU programs at ORO are administered by a classification officer who is supported by a Federal classification analyst, two contractor derivative classifiers/declassifiers, and one administrative assistant. The classification officer is recruiting a third contractor derivative classifier/declassifier to replace a contractor who recently retired. ORNL classification, UCNI, and OOU programs are administered by a classification officer, who has no additional dedicated support. However, he does have a main backup, who performs the bulk of the administrative functions, and a secondary backup. The ETTP classification, UCNI, and OOU programs are administered by a classification officer supported by two full-time and two part-time classification specialists and one full-time administrative support person. The USEC American Centrifuge Technology Program has one classification officer who serves in this capacity at the USEC facilities in Oak Ridge, Tennessee, and in Piketon, Ohio. He is supported by a contractor who provides support in guide writing, declassification proposals, and document reviews. The ORO Federal classification analyst is detailed to USEC on a full-time basis to provide advice and assistance to the classification officer. Overall, the number of personnel assigned to administer the classification, UCNI, and OOU programs at ORO, ORNL, ETTP, and USEC is adequate.

Procedures

ORO follows the requirements in DOE classification, UCNI, and OOU orders and manuals and does not issue local procedures to implement these requirements. As part of the Standards-Based Management System, ORNL has several local procedures that implement DOE classification, UCNI, and OOU orders and manuals. ETTP has four local procedures that implement DOE classification, UCNI, and OOU orders and manuals. Minor errors and outdated information were identified in the ORNL and ETTP procedures. Under the provisions of the CRADA, USEC complies with DOE classification, UCNI, and OOU orders and manuals, and has implemented them in two local procedures. Both USEC procedures were found to have minor errors and outdated information. ORO, ORNL, ETTP, and USEC do not have, nor currently need, any deviations to the requirements in the classification, UCNI, and OOU orders and manuals.

2.2 Authorities

The authority descriptions for ORO, ORNL, ETTP, and USEC accurately identify the person, responsibilities, and other information required by DOE directives. ORO has 1 Top Secret derivative and Secret original classifier (the classification officer), 31 Secret derivative classifiers, 8 derivative declassifiers, and 25 UCNI reviewing officials. ORNL has 63 derivative classifiers, 1 derivative declassifier, and 28 UCNI reviewing officials. ETTP has 1 Top Secret derivative classifier (the classification officer), 92 Secret derivative classifiers, 4 derivative declassifiers, and 7 UCNI reviewing officials. USEC has 34 Secret derivative classifiers, 1 derivative declassifier, and 18 UCNI reviewing officials. Questionnaires and interviews with the classification officer and derivative classifiers at ORO, ORNL, ETTP, and USEC indicated that the number of officials is adequate to meet the requirements. Additionally, records indicate that all ORO, ORNL, ETTP, and USEC derivative classifiers successfully completed training and an examination before being granted authority and successfully completed a recertification examination within three years. All UCNI reviewing officials completed training before being granted authority.

2.3 Guidance

Based on information obtained from questionnaires and interviews with derivative classifiers, ORO, ORNL, ETTP, and USEC derivative classifiers have access to appropriate, up-to-date guidance. The ORO, ORNL, and ETTP classification officers maintain up-to-date reference libraries of guides that are used at their facilities. ORNL has all OOU guides that pertain to their programs on a website accessible by the derivative classifiers to ensure that they always have up-to-date guidance. USEC has a library of applicable Headquarters guides in Piketon, but not in Oak Ridge. However, the derivative classifiers in Oak Ridge have or have access to the appropriate guidance. ORO, ETTP, and USEC do not have any locally issued guides. ORNL has one local guide, CG-ORNL-BGD-1, *Classification of Information Related to Waste Burial Ground and Radioactive Material Storage Facilities at the Oak Ridge National Laboratory*, which was issued in January 2007.

ORO has 16 contracts that generate classified information; ETTP has 27; and USEC has 10. The Contract Security Classification Specification forms for these contracts identify the guidance to be used, and the classification officer or his delegate has certified the guidance as appropriate for the contracts. ORNL has 16 contracts that generate classified information. The Contract Security Classification Specification forms for these contracts identify the guidance to be used, but some forms were signed by individuals who had not been delegated the authority to do so. ORO, ETTP, and USEC do not have any classified work-for-others projects. ORNL does have classified work-for-others projects; however, guidance for intelligence-related projects is being certified as adequate by a derivative classifier who has not been delegated that authority.

FINDING: 27MAR07-ORNL-577-OA-IP.4-001: ORNL does not ensure that all contracts that generate classified information are reviewed by an authorized classification official to certify that the classification guidance is adequate. [DOE Manual 475.1-1A, Contractor Requirements Document, Ch. IV, pars. 3.b and c]

2.4 Training

All ORO, ORNL, ETTP, and USEC employees who hold security clearances are required to attend both a comprehensive security briefing before they are granted a clearance and an annual security refresher briefing. Appropriate classification training is incorporated in both of these briefings, and the material is consistent with DOE

classification directive requirements. The derivative classifier training material used by ORO, ORNL, ETTP, and USEC is mostly derived from training material prepared by the Headquarters Office of Classification. The ETTP and USEC derivative classifier training materials were consistent with DOE directive requirements. However, the ORO and ORNL materials contained National Security Information marking examples that had incorrect declassification instructions; for example, information that is exempt from automatic declassification at 25 years is not annotated as such.

The ORO classification officer has implemented a mentoring program for his newly appointed derivative classifiers. This program lasts for six months to one year from the time the new derivative classifiers receive their authority. During this period, when they receive a document to review, they make a determination and then have their decision reviewed by the classification officer to ensure that proper determinations are made. Since March 2006, the USEC classification officer has held quarterly derivative classifier meetings to discuss current classification issues, guidance updates, classification bulletins, and other subjects of interest to his derivative classifiers.

2.5 Document Reviews

A review of 455 randomly selected documents from a cross-section of programs that generate classified information, UCNI, and OOU information was conducted to determine whether the documents are correctly identified as classified, declassified, unclassified, UCNI, or OOU, and whether the markings and guidance used are in accordance with DOE requirements. A statistical sampling plan is employed to determine the appropriate number of documents to be reviewed. The sampling plan identifies the number of documents that must be classified correctly in order to achieve the target of 95 percent confidence that 99 percent of all documents are classified correctly. The resulting standard was met by all four organizations. The results of the document review activities are shown in the table below.

Additionally, 1,060 documents found on the ORO, ORNL, ETTP, and USEC web pages and in the ORO public reading room were also reviewed, and all had been correctly identified as unclassified.

Another component of document reviews is to evaluate the declassification program and resulting OpenNet entries. Declassification efforts of greater than 10,000 pages must involve the DOE Headquarters Office of Classification. In addition, documents that have been declassified and are publicly releasable must be entered on the OpenNet system to ensure public and researcher access. Both ORO and ETTP have large-scale review plans that were approved by the Office of Classification in January 2007. The ORO plan encompasses a general declassification effort of 6,000 boxes and also covers Freedom of Information Act and Privacy Act requests, litigation reviews, and health studies. The ETTP plan covers a large-scale review effort that was initiated in 1994 to review documents under the declassification provision of Executive Order 12958, *Classified National Security Information*, and is nearing completion. ORNL and USEC have no ongoing reviews that exceed 10,000 pages and foresee no such reviews in the future. ORO and ETTP do have procedures in place for submitting data to the Office of Scientific and Technical Information for entry into the OpenNet system.

2.6 Program Evaluation

Beginning in 2006, the classification self-assessments of ORO, ORNL, and ETTP have been conducted as part of the security survey program. The ORO classification officer develops his own line of inquiry for the classification self-assessment, which covers the six subtopical areas included in this oversight review. The assessment includes interviewing derivative classifiers, reviewing their guidance for currency, and reviewing documents that they have reviewed to determine the accuracy of their determinations and markings. The last ORO classification self-assessment was conducted in the fall of 2006. The last ORNL classification self-assessment was conducted in the fall of 2006 using the ORO "Self-Assessment Inspection Toolkit." The last ETTP classification self-assessment was conducted in March 2006 and covered the areas included in this oversight review. Future ETTP classification self-assessments will be conducted in accordance with the ORO "Self-Assessment Inspection Toolkit" dated September 2006. The classification guidance section of the toolkit consists of 59 verification elements that cover the areas included in this oversight review. USEC classification self-assessments are conducted as part of the security self-assessment program. ORO, ORNL, ETTP, and USEC all meet the classification manual self-assessment requirements.

Table 1. Statistical Sampling Results

			NUMBER OF	NUMBER OF
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ORGANIZATION	NUMBER OF DOCUMENTS	REQUIRED SAMPLE SIZE	DOCUMENTS REVIEWED	SIGNIFICANT ERRORS
ORO	≈3000	125	169	0
ORNL	60	13	60	0
ETTP	≈1600	125	146	0
USEC	≈1000	80	80	0

ORO conducts classification oversight reviews of three organizations—ORNL, ETTP, and USEC. ORO assessed ETTP in February 2003; ORO was jointly assessed with Headquarters in June 2004; and ORNL was assessed by ORO in May 2006. These oversight reviews covered all the areas required in DOE directives and formal reports were written. ETTP is scheduled to undergo another review in 2008, and ORNL will undergo another assessment in 2009. A Federal classification analyst from ORO has been detailed full time to USEC and conducts facility oversight on a daily basis.

ORNL has two contractors that require oversight reviews. Both were recently transferred from ETTP and had been appraised by them in October and November 2006, with participation by the ORNL classification officer. The ORNL classification officer plans to follow the oversight review procedures previously used by ETTP to conduct future oversight reviews.

ETTP has 15 subcontractors that require oversight reviews. A self-assessment checklist is sent to the subcontractors annually and the completed form is reviewed by a member of the classification office for discrepancies and potential deficiencies. Based on the subcontractor's work activities and observations from his/her completed self-assessment checklists, previous problems, the extent of classification interest, and program effectiveness, onsite appraisals are scheduled when appropriate—but at an interval not to exceed five years. If a subcontractor is to be appraised, he/she is provided a copy of the ETTP *Subcontractor Classification Appraisal Checklist*, which the subcontractor must review and then gather the required information in preparation for the appraisal. The checklist covers the areas required by the DOE classification manual.

USEC does not have any subordinate organizations that require oversight reviews; all the oversight is covered under the classification self-assessment program.

The ORO, ORNL, ETTP, and USEC classification officers use various methods to ensure that the derivative classifiers are making proper determinations on classified and unclassified documents generated in classified subject areas. During the annual self-assessment, the ORO, ETTP, and USEC classification officers conduct quality control reviews of documents generated by the derivative classifiers. In addition, the ETTP classification officer conducts quality control reviews of about 10 percent of the documents reviewed for classification by derivative classifiers who routinely review more than 50 documents per year. The ORNL classification officer makes the final determination on 90 percent of the classified documents generated at ORNL. As the technical information officer, he also reviews documents intended for public release that have already received a derivative classifier review, which gives him an opportunity to assess their determinations.

3.0

Conclusions

The inspection of the CIC programs at ORO, ORNL, ETTP, and USEC revealed effective, well-managed programs. Some noteworthy accomplishments were identified during the inspection. The ORO classification officer has implemented a mentoring program for new derivative classifiers; this program greatly enhances their effectiveness. The mentoring program allows new derivative classifiers to practice the proper techniques and develop needed skills under the tutelage of an experienced classification officer for up to one year. ORO has also engaged a seasoned Federal classification analyst to the USEC American Centrifuge Technology Program, to provide them with advice and

assistance for their relatively young classification program. The ORNL classification officer also serves as the ORNL technical information officer and reviews documents intended for public release. In many cases, this provides a "second review" of documents, thus reducing the chance of sensitive information being inadvertently released. Additionally, ORNL has placed all ORO guides that pertain to their programs on a website accessible by the derivative classifiers to ensure that the derivative classifiers always have up-to-date guidance. The ETTP classification officer is extremely well respected by his cadre of derivative classifiers and is always available to assist them when needed. He has a support staff of very knowledgeable and dedicated professionals who are widely recognized as gaseous diffusion subject matter experts. USEC has taken great strides in establishing a solid, well-managed classification program to support the American Centrifuge Technology Program. The USEC program has developed an excellent classification guide that thoroughly covers the complicated subject of enriching uranium by the gas centrifuge. Additionally, the classification officer conducts periodic meetings with all of his derivative classifiers to keep them apprised of current information. No significant discrepancies were found at ORO, ETTP or USEC, and only one was found at ORNL.

One area at ORNL requires improvement: ORNL does not ensure that all contracts that generate classified information are reviewed by an authorized classification official to certify that the classification guidance is adequate. While this deficiency warrants attention, it does not substantially detract from the overall effectiveness of the CIC program at ORNL.

4.0

Ratings

The ORO CIC program provides adequate assurance that applicable requirements are being met. Therefore, the topic is rated as **EFFECTIVE PERFORMANCE** for ORO.

The ORNL CIC program provides adequate assurance that applicable requirements are being met. Therefore, the topic is rated as **EFFECTIVE PERFORMANCE** for ORNL.

The ETTP CIC program provides adequate assurance that applicable requirements are being met. Therefore, the topic is rated as **EFFECTIVE PERFORMANCE** for ETTP.

The USEC CIC program provides adequate assurance that applicable requirements are being met. Therefore, the topic is rated as **EFFECTIVE PERFORMANCE** for USEC.

5.0

Opportunities for Improvement

Opportunities for improvement were identified during this inspection. These potential enhancements are not intended to be prescriptive. Rather, they are intended to be reviewed and evaluated by the responsible DOE and contractor line management and modified as appropriate, in accordance with site-specific programmatic and safeguards and security objectives.

1. **ORO should correct the National Security Information marking examples contained in the derivative classifier training material.**
2. **ORNL should consider revising its procedures for the review of contracts that generate classified information.** Actions to consider include:

- Ensure that the classification officer reviews all contracts that generate classified information and certifies that the classification guidance is adequate.
 - Alternatively, delegate that the authority to certify the classification guidance on contracts that generate classified information to derivative classifiers is more closely associated with the work being performed.
3. **ORNL should consider updating their local procedures and training material.**
 4. **ETTP should consider updating their local procedures.**
 5. **USEC should consider updating their local procedures.**
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APPENDIX A SUPPLEMENTAL INFORMATION

A.1 Dates of Review

Onsite Inspection	March 5 - 9, 2007
Report Validation and Closeout	March 26 - 27, 2007

A.2 Inspection Team Composition

A.2.1 Management

Glenn S. Podonsky, Chief Health, Safety and Security Officer
Michael A. Kilpatrick, Deputy Chief for Operations, Office of Health, Safety and Security
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A.2.2 Quality Review Board

Michael A. Kilpatrick
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Bob Nelson

A.2.3 Inspection Team

Reece Edmonds, Team Leader
Allen Barwick
Matt Mathieson
Cathy Maus
Pat Rhoderick
Don Seyler

APPENDIX B SITE-SPECIFIC FINDINGS

Table B-1. Site-Specific Findings Requiring Corrective Action Plans

Identifier	Issue Statement
27MAR07-ORNL-577-OA-IP.4-001	ORNL does not ensure that all contracts that generate classified information are reviewed by an authorized classification official to certify that the classification guidance is adequate. [DOE Manual 475.1-1A, <i>Contractor Requirements Document</i> , Ch. IV, pars. 3.b and c]