



Department of Energy

Washington, DC 20585

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Dr. James S. Peery
Laboratories Director
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SEL-2022-01

Dear Dr. Peery:

The Office of Enterprise Assessments' Office of Enforcement has completed an evaluation into three incidents of security concern (IOSC) involving the protection of visually classified items as reported into the Department of Energy's (DOE) Safeguards and Security Information Management System (SSIMS) in February 2019, April 2020, and September 2020. DOE Order 471.6, Chg. 3, *Information Security*, requires that classified information in all forms must be protected in accordance with all applicable laws, regulations, policies, directives, and other requirements. Based on this evaluation, the Office of Enforcement identified concerns that warrant management attention by National Technologies and Engineering Solutions of Sandia, LLC (NTESS) at the National Nuclear Security Administration's (DOE/NNSA) Sandia National Laboratories in Albuquerque, NM (SNL-NM).

Two separate NTESS organizations (02568-1 and 02561) within the Component Science, Engineering and Production Center (Center 7500) were responsible for the three IOSCs. Following the February 2019 and April 2020 IOSCs, the Office of Enforcement requested additional information for further evaluation and decided to take no action, based on the relatively low security significance; rather, to closely monitor for similar future IOSCs. After a third IOSC was reported in September 2020, the Office of Enforcement decided to conduct a fact-finding to understand the facts and circumstances regarding the three IOSCs. The onsite portion of the fact-finding occurred on November 16-18, 2021, at SNL-NM.

In February 2019, NTESS Center 7500 organization 02568-1 reported five visually classified Confidential/Restricted Data (C/RD) items as missing. NTESS discovered this IOSC due to a discrepancy between its online tracking system and the actual items present within the vault-type room (VTR). In response to this event, NTESS stopped all work within the organization 02568-1 VTR and conducted an extensive search of the work area but could not locate the five missing items.

In April 2020, a second Center 7500 organization, 02561, discovered that 12 visually classified C/RD items were missing from a secure storage location. NTESS discovered this incident during a review to verify the location of classified items stored in the organization 02561 VTR. Upon discovery of the missing classified items, the responsible

organization's manager inspected the transaction history for the missing items and determined that there were no transaction requests or jobs requiring the use of the missing classified items. Organization 02561 conducted multiple searches of the subject VTR but did not locate the 12 missing items.

Lastly, in September 2020, an NTESS employee discovered a visually classified item belonging to the same Center 7500 organization, 02568-1, responsible for the February 2019 incident on the ground in a parking lot in a Limited Area at SNL-NM.

The Office of Enforcement confirmed that the visually classified item discovered in September 2020 was not associated with the previous five missing visually classified items discovered in February 2019. Upon discovery, the NTESS employee confirmed that the item was classified C/RD, then bagged, labeled, and stored it in an approved VTR. NTESS conducted two searches of the Limited Area parking lot where the classified item was discovered and confirmed that no other classified items were improperly protected in the area. The NTESS inquiry could not identify the responsible individual(s) or determine how long the visually classified item was left improperly protected in the parking lot, with estimates ranging from months to years.

The Office of Enforcement's evaluation included a review of relevant NTESS documentation, as well as 16 interviews with approximately 45 NTESS managers and personnel within the IOSC program, the security program, and the responsible Center 7500 organizations (02568-1 and 02561). The Office of Enforcement identified two principal areas of concern resulting from this fact-finding: (1) internal procedures and processes for the protection of visually classified items within organization 02561 and (2) performance of targeted security self-assessments to identify work process vulnerabilities associated with visually classified items.

For the April 2020 IOSC, the NTESS inquiry could not determine how the 12 missing C/RD items were lost. During the NTESS causal analysis, two theories were identified as to the cause of the incident: a transaction error, or accidental discard into a waste stream. Organization 02561 determined from its database that the missing items were physically counted in March 2017 and June 2018. Organization 02561 could not provide documentation to show that the missing items had been physically counted before 2017 or that counts were performed between June 2018 and the discovery of the IOSC in April 2020. The Office of Enforcement's fact-finding determined that the internal procedures for the protection of visually classified items used within organization 02561 do not provide clear expectations regarding annual cycle counts nor were cycle counts implemented as intended.

Regarding performance of targeted security self-assessments to identify work process vulnerabilities associated with visually classified items, the Office of Enforcement observed that NTESS's classified information protection self-assessments focused on the overall administration of the program, or were standard compliance-based assessments, focused only on classified workstations (e.g., proper classified document marking, repository documentation). The Office of Enforcement determined that the NTESS self-assessments did not address classified matter protection activities at the operational/user

level sufficient to identify and prevent the deficiencies recognized in the analysis of these three security incidents. Security self-assessments targeting the effectiveness of operations with large concentrations of high consequence (e.g., visually classified) items or organizations with a history of poor protection performance could help reduce security vulnerabilities.

NTESS Center 7500 organization 02568-1 (responsible for the February 2019 and September 2020 IOSCs) implemented several significant measures to correct the concerns identified as a result of the 2019 incident to include: (1) implementing processes to identify, protect, and document visually classified items, including scrap; (2) making physical changes in the work area (e.g., overhead lighting, floor matting color, and sink drain covers); (3) updating work instructions pertaining to protection of items during various process tasks; (4) updating the tracking system to track all forms of classified items in a single database to facilitate reconciliation of discrepancies; (5) implementing blind counts (i.e., a physical inventory without access to the quantities identified in inventory records); and (6) developing improved training and formal job aids for current and new employees. The Office of Enforcement determined that the aforementioned measures should prevent similar IOSCs reoccurring within organization 02568-1.

For the September 2020 IOSC, the NTESS causal analysis determined that the visually classified item “most likely” fell out of a work desk while the desk was moved outside of the VTR. Prior to the February 2019 IOSC, the organization’s personnel were allowed to store visually classified items in their work desks. Given the corrective measures implemented by organization 02568-1 in response to the February 2019 IOSC, NTESS deemed that no further corrective actions were necessary following the September 2020 IOSC.

NTESS Center 7500 organization 02561 (responsible for the April 2020 IOSC) implemented the following corrective action measures: (1) developing and implementing a formal waste stream process; (2) implementing partial physical counts based on sampling (i.e., not counting 100% of all items); and (3) improving training for employees handling visually classified items. The Office of Enforcement recommends that NTESS also consider the following measures for organization 02561: (1) ensuring that the procedures and processes for protection measures, such as physical counts, are more definitive and avoid ambiguous wording (e.g., “periodically,” “may,” and “should”); (2) revising formal procedures to ensure that records of physical counts are retained to document what was counted and when the count occurred; and (3) delaying the removal of classified waste until after the completion of a physical count to eliminate the waste stream as a potential avenue for loss.

In addition to previous corrective measures implemented in response to the aforementioned IOSCs, NTESS initiated a structured improvement activity (SIA) that is currently reviewing how visually classified and Official Use Only/Export Controlled Information items are handled and managed within Center 7500. The NTESS SIA should result in documented opportunities for improvement related to inventory control of high

consequence items for NTESS to implement in Center 7500 and other applicable organizations. Another encouraging NTESS action is the formation of a team of security experts trained in causal analysis to conduct in-depth evaluations of security deficiencies and develop effective corrective actions.

The Office of Enforcement has elected to issue this Enforcement Letter to convey its concerns and provide feedback on the measures that NTESS has implemented to address the concerns revealed by the three security incidents. Issuance of this Enforcement Letter reflects the DOE's decision not to pursue further enforcement activity against NTESS at this time. In coordination with DOE/NNSA, the Office of Enforcement will continue to monitor NTESS's efforts to improve security performance.

This letter imposes no requirements on NTESS, and no response is required. If you have any questions, please contact me at (301) 903-4033, or your staff may contact Ms. Carrienne Zimmerman, Director, Office of Security Enforcement, at (301) 903-8996.

Sincerely,

Anthony C. Pierpoint
Director
Office of Enforcement
Office of Enterprise Assessments

cc: Dr. Daryl Hauck, NNSA/SFO
Randy Castillo, NTESS