



# Report In Brief

SEPTEMBER 30, 2013

## Background

Executive Order (order) 13526, "Classified National Security Information" prescribes a uniform system effective June 27, 2010, for classifying, safeguarding, and declassifying national security information. In addition to controlling the amount and duration of classification and sharing classified information more freely, order 13526 outlines mandatory training requirements for those with classification authority.

The Department of Commerce is responsible for both implementing national policies and establishing Departmental policies to ensure that such information is adequately safeguarded when necessary and appropriately shared whenever possible. Within the Department, the Director of the Office of Security is responsible for overseeing all security management. The Department has been proactively reducing the number of classified documents.

## Why We Did This Review

The Reducing Over-Classification Act of 2010 (Public Law 111-258) mandates that each inspector general with an officer or employee authorized to make original classification decisions conduct two evaluations to promote the accurate classification of information. The first evaluation must be completed by September 30, 2013; a second, to be completed by September 30, 2016, must review progress made after the first. Our audit objectives were to (a) assess whether the Department's applicable classification policies, procedures, rules, and regulations have been adopted, followed, and effectively administered, and (b) identify what policies, procedures, rules, regulations, and management practices may be contributing to the misclassification of material.

## OFFICE OF THE SECRETARY

### Classified Information Policies and Practices at the Department of Commerce Need Improvement

OIG-13-031-A

#### WHAT WE FOUND

We found that the Department has generally adopted policies, procedures, rules, and regulations prescribed by order 13526. However, we identified areas where the Department could improve certain classification policies, procedures, rules, and regulations:

#### **The Department must ensure its policies and practices are consistent with federal requirements.**

*Documents are not being received and reviewed timely for declassification or destruction.* Our review of 61 classified documents found that 17 of them may have exceeded their declassification date and should have been referred for a declassification review. We found that a Department employee did not take action to request a mandatory declassification review of the documents that might have been inappropriately classified.

*Derivative classification documents contained marking deficiencies.* We reviewed 40 Department-generated classified documents and found that 15 derivatively generated documents reviewed had marking deficiencies that did not follow order 13526 requirements. These conditions occurred because the Office of Security neither (a) provided adequate biennial training on applying derivative classification markings nor (b) had guidance in place complying with order 13526.

#### **Oversight and internal control processes need improvement.**

*Data reported in Security Manager were inaccurate.* The Office of Security uses the Security Manager database to track and account for the entire Department's classified information. However, for 14 of the 61 documents, we found that the data reported in Security Manager were inaccurate.

*Poor inventory practices contributed to inaccurate information.* The Office of Security requires that offices maintaining classified information conduct an annual inventory and review of their classified holdings. However, we found that the offices who conducted the inventories could not provide evidence that they performed the inventory as required—and that the approaches these offices used in conducting the reviews were inconsistent.

#### WHAT WE RECOMMEND

We recommend that the Director, Office of Security:

1. ensure that the document custodian take action to finalize the disposition of the three documents identified with expired declassification dates;
2. require container custodians to be responsible for the classified documents in the container(s) they control;
3. amend the *Security Manual* to align with the language in Executive Order 13526 regarding markings on derivatively classified documents, as well as update biennial training on classification markings for derivatively generated documents;
4. improve the process for entering accurate data into Security Manager and develop guidance addressing the processes to be followed for annual classified information inventory reviews; and
5. incorporate any relevant changes made as a result of recommendations in this report as part of the Office of Security's annual reviews of the Department's classified information.