

Federal Trade Commission Office of Inspector General



Report on Audit of Federal Trade Commission Personnel Security and Suitability Program Processes

OIG Report No. A-20-09 September 29, 2020





UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of Inspector General

September 29, 2020

MEMORANDUM

FROM: Andrew Katsaros
Inspector General

TO: David B Robbins
Executive Director

SUBJECT: Audit of Federal Trade Commission Personnel Security and Suitability Program Processes

The Office of Inspector General (OIG) conducted a performance audit to determine whether the Federal Trade Commission's (FTC) Personnel Security Office (PSO) efficiently and effectively accomplishes its Personnel Security and Suitability Program's (PSSP) objectives in accordance with federal regulations and agency policies.

We found that, overall, PSO officials are experienced and knowledgeable on program objectives and their responsibilities in administering the PSSP. However, we identified opportunities to improve overall PSSP efficiency and assist program staff, including by (1) better managing background investigation records and (2) formalizing operating procedures. Our recommendations invite management to migrate Personnel Security Office suitability investigation information into a single system and to finalize standard operating procedures.

The FTC's response to the draft report's findings and recommendations is included as Appendix F. The response reflects that the FTC concurred with the report's recommendations. In its response, the FTC provided information on initial planned actions, with target dates for completion. Within 60 calendar days, please submit to us an action plan that addresses the recommendations in this report.

A public version of this report will be posted on the OIG's website pursuant to sections 4 and 8M of the Inspector General Act of 1978, as amended (5 U.S.C. App., §§ 4 and 8M).

The OIG greatly appreciates the cooperation and courtesies extended to us by the Personnel Security Office and Human Capital Management Office throughout the audit.

If you have any questions or concerns regarding this report, please contact me at (202) 326-3527, or by email at akatsaros@ftc.gov.



AUDIT OF FEDERAL TRADE COMMISSION PERSONNEL SECURITY AND SUITABILITY PROGRAM PROCESSES

OFFICE OF INSPECTOR GENERAL

September 29, 2020
Report No. A-20-09

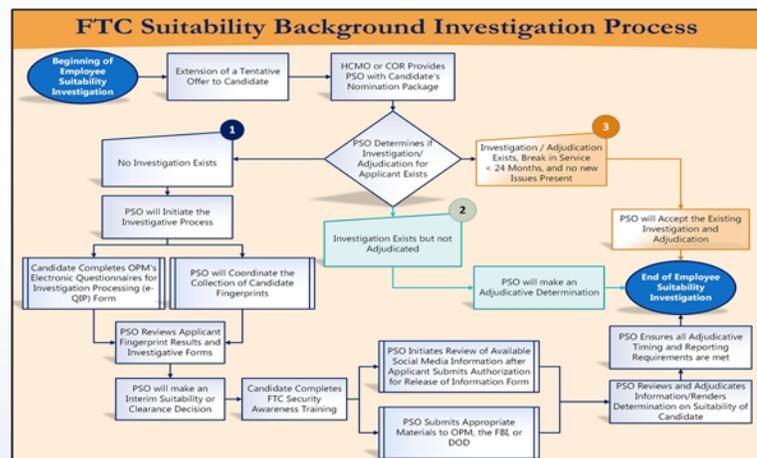
IN SUMMARY

Why We Performed This Audit

To determine whether the FTC's Personnel Security Office (PSO) efficiently and effectively accomplishes the Personnel Security and Suitability Program's (PSSP) objectives in accordance with federal regulations and agency policies. Our audit scope covered the FTC personnel security and suitability clearance processes for employees and contractor personnel.

What We Found

Our audit found that the FTC's Personnel Security and Suitability Program generally has effective controls over the suitability background process. The results of our audit show that opportunities exist to improve program administration. Our report includes recommendations inviting management to migrate Personnel Security Office suitability investigation information into a single system and to finalize standard operating procedures.



What We Recommend

Recommendation No. 1

We recommend that the Executive Director, in coordination with the Chief Human Capital Management Office, migrate all Personnel Security Office suitability investigation information into a single system.

Recommendation No. 2

We recommend that the Executive Director, in coordination with the Human Capital Management Office, finalize standard operating procedures for employee pre-screenings, background investigations, suitability and security clearance determinations, adjudications, and documentation requirements for background case files.

FTC management concurred with our report recommendations.

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AUDIT RESULTS SUMMARY

We conducted a performance audit to determine whether the FTC's Personnel Security Office (PSO) efficiently and effectively accomplishes the Personnel Security and Suitability Program's (PSSP) objectives in accordance with federal regulations and agency policies. We audited PSSP activity for the period covering April 1, 2018 through March 31, 2020. Additional information on our objective, scope, and methodology is included in Appendix A. Background information is included in Appendix B.

The PSSP has faced several challenges in recent years, including new program requirements,¹ the 2019 furlough, turnover of contractors, increased pressure on PSO officials, and interruptions created by COVID-19. We found that, overall, PSO officials are experienced and knowledgeable on program objectives and their responsibilities in administering the PSSP. However, we identified opportunities to improve overall PSSP efficiency and assist program staff.

Our recommendations invite management to migrate Personnel Security Office suitability investigation information into a single system and to finalize standard operating procedures.

¹ In a government-wide effort to transform vetting of federal personnel and create a clearance system that is agile and better able to identify risks as they occur, the federal government has implemented the Trusted Workforce 2.0 (TW) initiative. To accomplish the aims of TW, federal agencies are being encouraged to enroll all applicants for security clearances into continuous vetting and eliminate periodic reinvestigations.

WHY WE PERFORMED THIS AUDIT

PSO leads and manages all suitability investigation activities for employees and contractors requiring access to FTC facilities and resources. PSO officials are responsible for administering the PSSP, including pre-screening applicants, submitting requests to investigation agencies, reviewing employee reports, granting security clearances, ensuring employee suitability, and tracking cleared employees' needs for re-investigation. We performed this audit after learning about several challenges PSO has faced in recent years, including new program requirements, the 2019 furlough, turnover of contractors, a backlog of cases, and interruptions created by COVID-19.

FINDINGS AND RECOMMENDATIONS

A. The Personnel Security Office Needs an Updated Approach to Managing its Background Investigation Records

The PSO system for managing and tracking PSSP information that we audited was complicated, piecemeal, prone to error, and lacked information necessary for effective decision-making. The case tracking system consisted of multiple spreadsheets used to track the FTC's universe of background investigations for applicants, employees, and contractors. PSO analysts also maintained their own spreadsheets for cases and were responsible for manually updating pertinent information into one or more of the PSO spreadsheets. In reviewing the case tracking system spreadsheets and the individual analysts' spreadsheets, we identified conflicting information between the different sets of data and identified where some spreadsheets were missing important data elements or included inaccurate information. Specifically, PSO was unable to produce complete information for some of its background investigations, including onboard dates, suitability adjudications, and investigation renewal dates.

Also, because PSO maintained PSSP information in a system comprised of spreadsheets rather than in a relational database, PSO did not have a reliable method to check its data against other FTC data. For example, we matched the case tracking system data against a roster of FTC contractors and employees and determined that the case tracking system did not have records for potentially ██████████ FTC employees and more than █████ contractor personnel.² Comparisons against other FTC employee roster sources showed that the numbers could be even higher.³ In addition, in analyzing the nearly █████ personnel security processing records, we identified █████ sets of duplicate records that contained conflicting data.⁴

PSO has made significant improvements to the maintenance of program data in recent years. Prior to 2018, PSO maintained decentralized suitability case records comprised of multiple individual spreadsheets that were not accessible by all team members. The single spreadsheet system it developed in FY 2018, accessible by all team members and linked to separate formula-driven reports, represented an immediate and vast improvement over anything previously available. This improved approach enabled greater uniformity, reduced manual intervention by team members, and allowed PSO to work and function more effectively with the program information. Our report and recommendations are designed to assist PSO in the next iteration of program enhancements.

To ensure the reliability and completeness of its data and to improve efficiency, PSO would benefit from a single-system approach to the management and maintenance of personnel security and suitability processing information. A single system would allow multiple users to conduct work at the same time and would allow PSO to track suitability and security clearance cases with improved efficiency and accuracy. As part of the single-system, the establishment of mandatory

² Based on an analysis of FTC employees and contractors identified in the FTC Locator as of May 26, 2020.

³ In a separate analysis of PSO data, a comparison revealed over █████ employee records missing from the PSO Case Processing spreadsheets when compared to at least one FTC employee roster (i.e., the FTC Locator).

⁴ PSO first created a master Excel spreadsheet in 2018, so its data only includes personnel that have onboarded since the system was first created. PSO has added existing employees to the spreadsheet as actions have been completed on them.

fields and adherence to a consistent data structure will better eliminate potentially conflicting records.

Additionally, PSO management has indicated that an up-to-date awareness on the status of cases would assist them in identifying issues at the outset. For example, at the time of our fieldwork, PSO had a backlog of approximately [REDACTED] cases to adjudicate. Identifying growing problems early, like an increasing caseload backlog, will result in a more timely and focused response that better complies with OMB guidance.⁵

In the course of our work, we also saw that PSO faces challenges with an outdated system of event notification (e.g. notifications for new investigation renewals or new suitability adjudications). The PSO program typically has dozens of suitability investigations occurring in different stages. With the level of program activity PSO experiences, a properly timed and dependable system of notification would improve collaboration, assist with forecasting, and allow for better decisions on the use of program resources. A notification system focused on tasks and paired with a calendaring system could contribute to cohesive planning, execution, and overall management of cases.

The OIG was able to recreate the PSO information in a relational database system capable of maintaining a single record for each employee. With a similar system, HCMO would be able to report on the status of each employee's pre-screening information, pending status, and completed investigation timelines with real-time dashboards and reporting.

Revising PSO's approach to data management is critical to improving its tracking of cases across an investigation's lifecycle and expanding its capacity for insight into case progression. Because several stakeholders share the PSSP data, it is vital that the data is provisioned in a way that allows for sharing among team members. A single system approach should accomplish this and produce analytical capabilities beyond what is currently possible, resulting in a much less complicated reporting processes and in better-informed decisions. During the audit, we learned that an FTC contractor is developing a new PSSP case management system for PSO that may address some of the issues discussed above.

Recommendation No. 1

We recommend that the Executive Director, in coordination with the Chief Human Capital Management Office, migrate all Personnel Security Office suitability investigation information into a single system.

B. PSO Would Benefit from a More Formal Structure Over Its Personnel Security and Suitability Program

We found that PSSP did not have formal policies and procedures related to managing investigation files, the adjudication process, and reinvestigations of employees.

GAO's *Standards for Internal Control in the Federal Government* advise that each unit of an agency should adopt policies that weigh the operational process' objectives against related risks

⁵ OMB Circular No. A-123, Appx. A, Management of Reporting and Data Integrity Risk (2016), emphasizes a risk-based approach towards managing data as an asset and highlights the importance of using high quality data to support data-driven decisions and improve transparency in government.

and should design and implement control activities to ensure effectiveness. We found that PSO follows Office of Personnel Management (OPM) and Office of the Director of National Intelligence (ODNI) guidance related to personnel security processes and specific actions taken within the process. Likewise, PSO employees were knowledgeable about the responsibilities of their roles; however, at the time of the audit, PSO lacked policies and procedures for the PSSP.⁶ For example, PSSP did not have standard procedures for how to properly document actions in suitability investigation files. PSSP would also benefit from policies to ensure adjudicators are independent and free from conflicts of interest, which is crucial to the integrity of the program.

PSO had no standard protocols on documentation included or maintained in its suitability investigation files. The adjudication of suitability cases, for example, is an important component of the investigations process. Our audit found that PSSP follows OPM guidance on the adjudication process, but has not documented formal internal guidance. Adjudicator independence, as mentioned above, is a critical aspect of the process as these individuals must be free from conflicts of interest. Without internal guidance explicitly establishing safeguards against bias in the process, however, the FTC risks the integrity of adjudications. While adjudicators can and most likely will recuse themselves in cases where bias could exist, the FTC should take reasonable precautions and formalize their response to this risk.

Without documented internal policies and procedures, the FTC risks making inconsistent decisions based on incomplete information. Additionally, a lack of formal procedures may result in greater dependency on experienced personnel rather than a defined system capable of meeting program demands. If PSSP personnel were to leave the agency without sufficiently documenting their processes, the loss of knowledge about PSSP processes could be devastating to the security and suitability clearance process for FTC employees. Although our audit was not designed to address all Adjudication Guideline elements, we did not identify significant or material instances of noncompliance.

At the time of our audit, PSO provided the OIG with a draft version of standard operating procedures in development.⁷ We reviewed the draft and noted that many important elements of the program – including “Adding a New Case on the Case Tracker and Dashboard,” “Creating a Security Folder,” and “Case Processing” – were included.

Recommendation No. 2

We recommend that the Executive Director, in coordination with the Human Capital Management Office, finalize standard operating procedures for employee pre-screenings, background investigations, suitability and security clearance determinations, adjudications, and documentation requirements for background case files.

⁶ The FTC follows the guidance (Executive Directives (SEADs)) developed by ODNI. ONDI is responsible for the development, implementation, and oversight of uniform policies and procedures governing investigations and adjudications for eligibility to access classified information and eligibility to hold a sensitive position.

⁷ PSO Draft Standard Operating Procedure (SOP) (Apr. 14, 2020).

OTHER MATTER

PSO Should Accelerate the Conversion of Its Physical PSSP Files to Electronic Format

PSO processes would be improved by the migration of hardcopy paper files of investigations to electronic files. PSO officials advised us that they already started to maintain investigation files in electronic format at the beginning of the pandemic, starting in March 2020. The office should consider accelerating this conversion.

In 2019, OMB issued a memorandum citing the expense and access issues related to maintaining paper records.⁸ The memorandum directed “Federal agencies to transition recordkeeping to a fully electronic environment that complies with all records management laws and regulations” by December 31, 2022.⁹

Notably, HCMO has faced the risks highlighted in the OMB memorandum related to paper records. For example, prior to the COVID-19 pandemic, [REDACTED]. Currently, due to the COVID-19 pandemic, PSO has limited access to FTC facilities and, thus, the physical records therein.

If accomplished properly, a migration to electronic files will make it easier to search documents, share files with colleagues, and quickly locate needed information on investigations. Controls should include redundant backups, access security, audit trails, archiving, and disaster recovery. Automating records management will also reduce the burden of records management responsibilities and promote greater transparency, efficiency, and accountability, as directed by the National Archives and Records Administration.¹⁰

⁸ OMB Memorandum M-19-21, Transition to Electronic Records (June 28, 2019).

⁹ Ibid.

¹⁰ National Archives and Records Administration, Office of the Chief Records Officer for the U.S. Government, *Managing Government Records Directive, Automated Electronic Records Management Report/Plan* (Sept. 19, 2014).

SUMMARY OF AGENCY RESPONSE AND OIG COMMENTS

FTC management agreed with both recommendations included in our audit report. In its response, management plans to streamline personnel security processes, migrate all suitability investigation information into a single, automated system, and review and finalize standard operating procedures for background investigations. The FTC response to our report is included in its entirety in Appendix E.

APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY

We conducted a performance audit determine whether the FTC efficiently and effectively accomplishes Personnel Security and Suitability Program objectives in accordance federal regulations and agency policies. To accomplish this objective, we assessed the FTC’s overall administration of the program, including the extent to which applicable policies and procedures are in place and being consistently applied.

As background for our audit, we researched and reviewed pertinent authorities including Federal laws, agency guidance, and policies, and procedures related to employment suitability investigations. This included OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Controls*, the GAO Standards for Internal Control in the Federal Government (The GAO Green Book), internal FTC policies, and policy memoranda. We reviewed prior reports issued within the Inspector General community and GAO reports relevant to suitability investigations. We conducted interviews with FTC officials, performed a walkthrough of employee suitability and clearance processes, and conducted additional analysis.

In planning and performing our audit, we identified the controls significant in the context of our audit objective. We tested controls over suitability and clearance processes to verify compliance with federal standards, as well as with FTC policies and procedures. To ensure the data we used was reliable, we compared data provided by PSO against data obtained from other sources outside of and independent of HCMO to provide reasonable assurance that we had a complete and accurate set of data.

Our audit covered FTC personnel security and suitability processes in place as of the commencement of our audit, as well as analyses of related employee and contractor data maintained by PSO. We performed the audit work from March 2020 through September 2020 remotely and at FTC headquarters and the Constitution Center in Washington, D.C.¹¹ We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We used the following criteria in the performance of our audit:

- 5 C.F.R. § 1400.201, *Sensitivity Level Designations and Investigative Requirements*;
- 5 C.F.R. Part 731, *Suitability*;
- 5 C.F.R. Part 736, *Personnel Investigations*;
- Executive Order 10450, *Security Requirements for Government Employment*;
- Executive Order 13488, *Granting Reciprocity on Excepted Service and Federal Contractor Employee Fitness and Reinvestigating Individuals in Positions of Public Trust*;
- OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*;
- *Standards for Internal Control in the Federal Government* (the GAO Green Book); and
- [REDACTED]

¹¹ We were unable to access paper files due to the remote nature of the audit. After weighing the safety of our personnel against the value of the paper records, we determined that we could successfully perform the audit without the paper files.

APPENDIX B: BACKGROUND

The Federal Trade Commission is an independent federal government law enforcement and regulatory agency led by five presidentially appointed Commissioners with the authority to promote consumer welfare through its jurisdiction over both consumer protection and competition issues. The FTC prevents business practices that are anti-competitive, deceptive, or unfair to consumers, while also enhancing informed consumer choice and public understanding of the competitive process. Specifically, the FTC advances competition and consumer interests by sharing expertise with other federal agencies and state legislatures through; vigorous law enforcement; development of policy and research tools; and hearings, workshops, and conferences.

FTC's Personnel Security and Suitability Program (PSSP)

The FTC's Human Capital Management Office (HCMO) is responsible for implementing human resources policies throughout the FTC. HCMO has about 27 authorized positions and approximately 5 contractors who provide support for FTC's approximately 1,100 employees.¹²

The Personnel Security Office (PSO) within HCMO is responsible for administering the FTC's Personnel Security and Suitability Program (PSSP) for contractors and employees. In administering the PSSP, the PSO (1) assists in the development of security policies and procedures; (2) coordinates the initiation of background investigations; (3) oversees the adjudication of completed investigations; (4) collaborates within HCMO to determine the sensitivity and risk level appropriate for each position; (5) makes adjudication of suitability determinations regarding FTC personnel; and (6) contributes to the authorization of Personal Identity Verification (PIV) card issuance and credentialing.^{13 14}

[REDACTED] - establishes the guidelines and procedures for the PSSP.

¹² This information was obtained from an [REDACTED] as of the end of fiscal year 2019.

¹³ PSSP's policies and procedures are based on federal regulations and Executive Order 10450, which direct agencies to adopt a uniform and effective security program *See* 5 C.F.R. Parts 731 & 736; Exec. Order No. 10450, *Security Requirements for Government Employment* (1953).

¹⁴ Homeland Security Presidential Directive 12 (HSPD-12) establishes the policies, standards, and procedures for the issuance and use of Personal Identity Verification (PIV) credentials, which facilitate physical access to FTC facilities and logical access to the FTC network.

Position Designation Assessment

Position designation is foundational to an effective and consistent agency security program. The OPM Position Designation System provides a process for agencies to follow in making position

Figure 1: OPM Position Designation System Process

Step 1.A.: National Security Requirements of the Position

Step 1.B.: Determine the potential damage to the national security

Step 2.A.: Suitability Requirements

Step 2.B.: Determine the potential impact of the position on the efficiency or integrity of the service (public trust).

Step 3: Point adjustment for program designation and level of supervision.

Step 4: Final Position Designation and Investigation.

designations. The process requires agencies to assess the duties and responsibilities of a position and determine the degree of potential damage that misconduct in the position could have on national security and the efficiency and integrity of agencies. The position designation system consists of a four-step process, depicted in Figure 1: OPM Position Designation System Process,¹⁵ which results in a final designation for the position. The final designation determines the investigative requirements for the position.

In order to ensure that agencies implement the Position Designation System process in a systematic, dependable, and uniform way, OPM provides the Position Designation Automated Tool (PDT) to assist agencies in completing the process.¹⁶

Source: Adapted from OPM's Position Designation System.

Position Designation and Investigation Level

In conducting the Position Designation System process, the agency must evaluate the position description along with supplemental information (e.g. human resources and management and security office input). Federal agencies are required to evaluate position sensitivity and position risk designations commensurate with the duties and responsibilities of those positions.¹⁷ All positions must be evaluated for a position sensitivity designation commensurate with the responsibilities and assignments of the position as they relate to the impact on the national security.¹⁸

Agencies must designate every covered position within the agency at a high, moderate, or low risk level as determined by the position's potential for adverse impact to the efficiency or integrity of the service.¹⁹ The agency must look at both national security and public trust duties and responsibilities. For covered positions, a critical-sensitive or special-sensitive security designation automatically confers a high-risk public trust designation, and a noncritical-sensitive national

¹⁵ OPM Designation System, <https://www.opm.gov/suitability/suitability-executive-agent/position-designation-tool/position-designation-system-with-glossary-2017.pdf>, (Sept. 2017).

¹⁶ OPM Position Designation Tool, <https://www.opm.gov/suitability/suitability-executive-agent/position-designation-tool/> (2017).

¹⁷ 5 C.F.R. Parts 731 and 1400.

¹⁸ 5 C.F.R. § 1400.201

¹⁹ 5 C.F.R. § 731.106(a)

security designation automatically confers a moderate-risk public trust designation unless, as described in the following sections of the position designation system, it requires a higher designation. Figure 2: OPM Position Designation and Investigation reflects the final position designation and required investigative Tier.

Figure 2: OPM Position Designation and Investigation

Level of Investigation	Final Position Designation	Explanation
TIER 1	Nonsensitive – Low Risk	The minimum level required to obtain a credential.
TIER 2	Nonsensitive – Moderate Risk	Public Trust positions. Moderate to serious impact.
TIER 3	Non-Critical Sensitive – Moderate	National Security or sensitive positions. Access to confidential or secret classified information (SCI).
TIER 4	Nonsensitive – High Risk	Public Trust positions. Exceptionally serious impact.
TIER 5	Critical or Special Sensitive – High Risk	National Security or sensitive positions. Access to top secret classified info or SCI.

The Background Suitability Investigation

Background investigations are used to determine if applicants or employees meet the suitability or fitness requirements for eligibility for: (1) access to federally controlled facilities, federally controlled information systems, or classified information; (2) eligibility for issuance of a credential; (3) employment as a federal employee or contractor; (4) or service in the military.²⁰

Upon the extension of a tentative offer, HCMO or the COR (for contractors) will provide the PSSP with a completed nomination package. The Nomination Package is a combination of documents or information required by the candidate prior to being pre-screened for a background investigation check. See Figure 3: Nomination Package for the complete list of required documents.

Figure 3: Nomination Package

Full Time Employee	Contractor
<ol style="list-style-type: none"> 1. Resume 2. OF-306 3. Contact Sheet 4. Position Risk Designation 	<ol style="list-style-type: none"> 1. Resume 2. OF-306 3. Contract Information Sheet 4. Risk Designation Form

Both applicants for full-time employment and contractors submit a resume reflecting a brief account of their professional background, skills, and accomplishments; as well as the OMB OF-306, *Declaration for Federal Employment* form (OF-306), used to conduct suitability investigations for Federal employment. The OF-306 includes questions about an applicant's criminal or adverse credit history. In addition to a resume and OF-306, nomination packages for full-time employees (FTE) include a Contact Sheet reflecting details about the applicant (i.e. name, address, etc.) and a Position Risk Designation.^{21 22}

²⁰ FTC HCMO Quarterly—Human Capital Services for FTC Employees, February 2020 - Issue 1, 2.

²¹ [REDACTED], defines the Position Risk Designation as an assessment of the potential for adverse impact on the integrity and efficiency of the service, and the degree to which, by the nature of the civilian position, an occupant could bring about a material adverse effect on national security.

²² As of February 14, 2020, the Risk Designation Form (RDF) is required for all contractor nominations for security processing. The RDF provides additional information about the position requirements, so that the individual receives proper designation and required background investigation.

Preliminary Clearance and Adjudication, and Reciprocity

PSSP has three key decision milestones: preliminary clearance, adjudication, and reciprocity.²³ The PSSP team conducts the preliminary clearance assessment to determine compliance with FTC suitability criteria. PSSP reviews the applicant's fingerprint results and the investigative forms submitted in order to make a preliminary clearance decision. If PSO makes a favorable determination based on these items, the applicant will be instructed to complete required FTC Security Awareness Training. Once an applicant receives preliminary clearance approval, the applicant is eligible to begin work at the FTC.

As part of the preliminary clearance stage, PSSP will check to determine whether an investigation and adjudication for the applicant already exists in OPM's Clearance Verification System (CVS), the Defense Department's Joint Personnel Adjudication System (JPAS), and intelligence databases, as applicable. Applicants receiving preliminary clearance will undergo an OPM investigation based on the risk designation for the position. OPM returns its investigation to the PSSP team for final adjudication.

PSSP will initiate the investigative process, if no requisite suitability investigation exists. If the requisite investigation exists and has been adjudicated with no new issues present, PSSP will reciprocate the existing investigation and adjudication.²⁴ If the requisite investigation exists but has not been adjudicated, PSO will make an adjudicative determination.

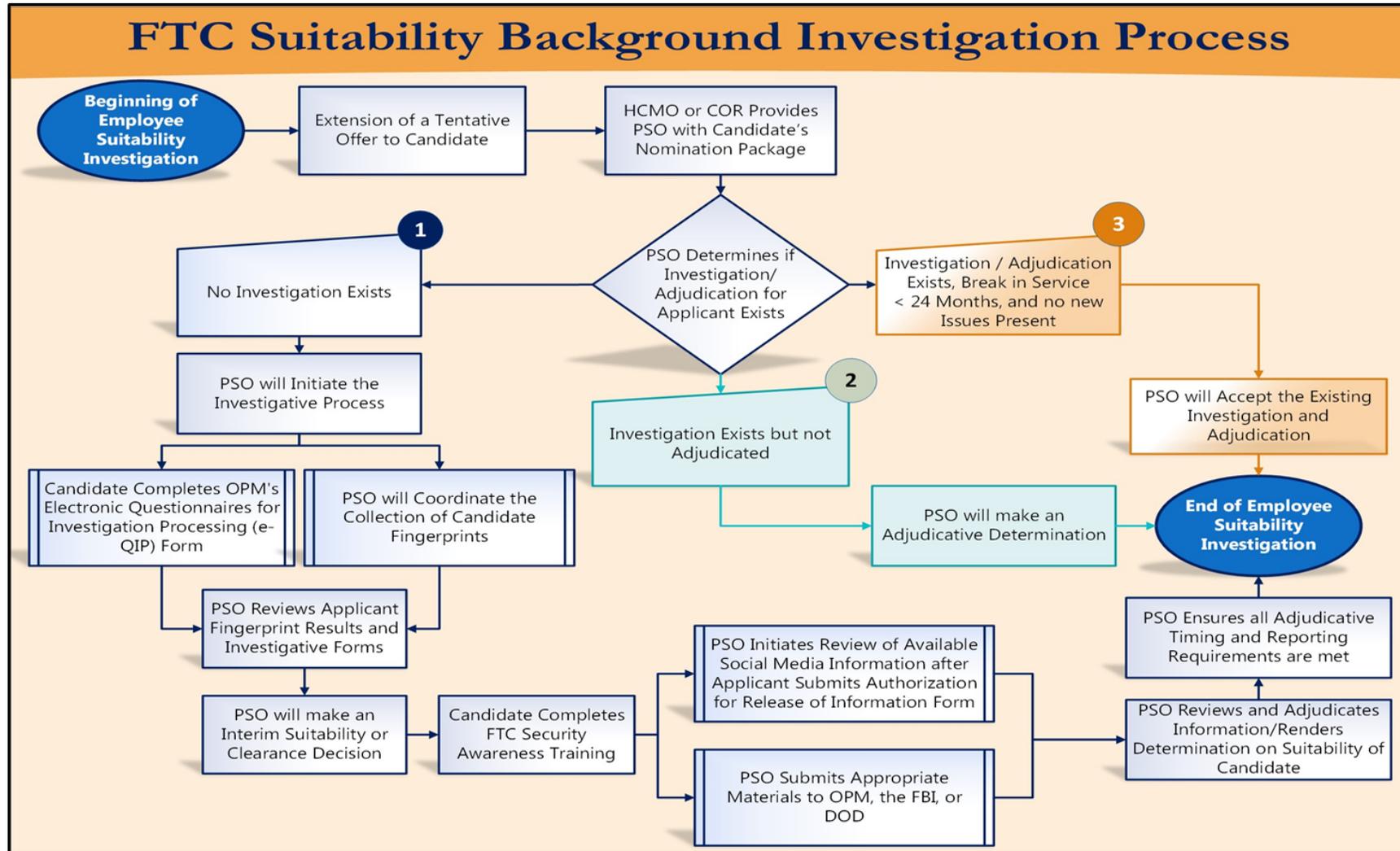
PSO will initiate the required background investigation by submitting the appropriate materials to the Department of Defense (DoD) or the Federal Bureau of Investigation (FBI), as applicable. PSO may initiate a review of publicly available social media information after the candidate has submitted a signed Authorization for Release of Information form as part of the candidate's investigative forms package.

After the FBI or DOD provides the PSO with the results of their investigation, the PSO will review and adjudicate the information provided and render a determination on the suitability of the individual.

²³ The FTC Personnel Security Office (PSO) has the roles and the responsibilities of the agency Adjudicator. The agency adjudicator is the individual who is authorized to record or update the status of an adjudication result for an applicant. A positive adjudication result will initiate the PIV credential issuance process. The adjudicator serves as a gatekeeper to the granting of PIV credentials.

²⁴ Reciprocity can be applied to cases in which (1) the required investigation already exists and is in scope; (2) the required investigation has been adjudicated and recorded in CVS or JPAS; (3) there has been no break in federal service of 24 months or more; (4) one year of continuous service in the position was completed that was favorably adjudicated; (5) no new issues have developed after adjudication; (6) for individuals with security clearances, the clearance cannot be denied, revoked, or suspended for reciprocity to apply; and (7) individuals have not been granted temporary or interim access.

APPENDIX C: SUITABILITY INVESTIGATION PROCESS



1. No investigation exists
2. Investigation exists but not adjudicated
3. Investigation and adjudication exists, break in federal service less than 24 months, and no new issues present

APPENDIX D: ACRONYMS AND ABBREVIATIONS

ACRONYMS AND ABBREVIATIONS	
COR	Contracting Officer's Representative
CVS	OPM's Central Verification System
DoD	Department of Defense
FBI	Federal Bureau of Investigation
FTC	Federal Trade Commission
GAO	Government Accountability Office
HCMO	Human Capital Management Office
JPAS	Defense Department's Joint Personnel Adjudication System
OMB	Office of Management and Budget
PSO	Personnel Security Office
PSSP	Personnel Security and Suitability Program
TW	Trusted Workforce

APPENDIX E: FTC MANAGEMENT RESPONSE



UNITED STATES OF AMERICA
Federal Trade Commission
Washington, D.C. 20580

Human Capital Management Office

Date: September 23, 2020

To: Andrew Katsaros, Inspector General

From: Vicki A. Barber, Chief Human Capital Officer

Subject: Action Plan to OIG Report A-20-XX, Audit of Federal Trade Commission Personnel Security and Suitability Processing Controls

Thank you for the opportunity to provide comments on this draft report.

We concur with the two recommendations in this audit and in response, propose the following actions:

Recommendation 1: We recommend that the Executive Director, in coordination with the Human Capital Management Office, migrate all Personnel Security Office suitability investigation information into a single system.

Planned Action: In coordination with the Executive Director, Chief Information Officer, and Chief Administrative Services Officer, the Human Capital Management Office submitted contract requirements for an automated system that streamlines personnel security processes and migrates all suitability investigation information into a single, automated system, replacing the manual tracking process via Excel spreadsheets. In October 2019, the agency awarded a contract for the new system, which will allow Human Resources Specialists, Contractor Officer's Representatives, and other nominating officials to submit new-hire documents directly into the system, triggering an onboarding task that can be monitored by each nominating official. The system will also track and monitor case assignment actions, notify the Personnel Security team of upcoming suspense actions, and manage correspondence, documents and files affiliated with each FTC employee.

Target Completion Date: Expected deployment October 30, 2020

Recommendation 2: We recommend that the Executive Director, in coordination with the Human Capital Management Office, finalize standard operating procedures for employee pre-screenings, background investigations, suitability and security clearance determinations, adjudications, and documentation requirements for background case files.

Planned Action: The Human Capital Management Office will review and finalize standard operating procedures for employee pre-screenings, background investigations, suitability and security clearance determinations, adjudications, and documentation requirements in alignment with the implementation of the new case management system.

Target Completion Date: September 30, 2021