United States Department of Agriculture
Office of Inspector General

Fiscal Year 2016 Classification Management

Audit Report 61701-0001-23
September 2016

Fiscal Year 2016 Classification Management

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What Were OIG's Objectives

This audit determined if OHSEC's procedures and practices were appropriate to ensure the proper classification, declassification, and marking of classified national security information. We reviewed progress made since our 2013 review of USDA's classification management program.

What OIG Reviewed

We reviewed: documentation submitted to OCFO for final action; the results of fiscal year (FY) 2014 and 2015 self-inspection reporting; security classification program statistics for FYs 2014 and 2015; and training materials, policies, and regulations; and conducted interviews.

What OIG Recommends

The Assistant Secretary for Administration should monitor OHSEC and ensure that it properly completes the previously agreed-to final actions. OHSEC needs to implement additional management controls and internal review processes, and develop reference guides and training to help employees make appropriate classification decisions.

OIG reviewed OHSEC's implementation of recommendations about the Department's internal management controls over classified material.

What OIG Found

The Office of Homeland Security and Emergency Coordination (OHSEC) does not have an internal control structure sufficient to minimize the risk of overclassifying or improperly releasing national security information, despite the agency's agreement to take appropriate actions towards that goal in response to the Office of Inspector General's (OIG) 2013 audit of classified information, as mandated by Public Law 111-258.

The 2013 audit made 17 recommendations to improve OHSEC's classification management program. However, we found that 11 recommendations had not been timely addressed at the time of our fieldwork. Corrective actions were implemented for six recommendations regarding original classification authority (OCA) guidance, training, and statistical reporting, but we found weaknesses still exist in four of those recommendations. Because recommended corrective actions have not been implemented, or the implemented policies do not adequately address the recommendations and in some cases were no longer in effect, a higher potential for misclassification, over-classification, and unauthorized release of national security information exists within USDA.

Management did not supply adequate oversight to monitor audit follow-up activities performed by its staff. OHSEC is currently taking steps to implement our previous recommendations, but it must improve management oversight as it continues to revise guidance and processes for an effective internal control system.

The agency agreed with our recommendations, and OIG accepted management decision on all recommendations.

United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250

DATE: September 27, 2016

AUDIT NUMBER: 61701-0001-23

TO: Dr. Gregory L. Parham
Assistant Secretary for Administration

Todd Repass, Jr.
Director
Office of Homeland Security and Emergency Coordination

ATTN: Jennifer Wendel
Audit Liaison Officer

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: FY 2016 Classification Management

This report presents the results of the subject audit. Your written response, dated September 15, 2016, is included in its entirety at the end of the report. Excerpts from your response and the Office of Inspector General's position are incorporated in the relevant sections of the report. Based on your written response, we are accepting management decision for all audit recommendations in the report, and no further response to this office is necessary.

In accordance with Department Regulation 1720-1, final action needs to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publically available information and will be posted in its entirety to our website (http://www.usda.gov/oig) in the near future.

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Background and Objectives

Background

On December 29, 2009, President Obama signed Executive Order (E.O.) 13526, *Classified National Security Information*. The E.O. prescribes a uniform system for classifying, safeguarding, and declassifying national security information. E.O. 13526 also states that the nation's progress depends on the sharing of information, both within the Government and with the American people. Information determined to require protection against unauthorized disclosure to prevent damage to national security must be marked appropriately to indicate its classified status. The E.O. defines the three levels of classification and the correlating expected damage to national security if the information is disclosed inappropriately:

- Top Secret—shall be applied to information, the unauthorized disclosure of which reasonably could be expected to cause exceptionally grave damage to the national security, which the original classification authority is able to identify or describe.
- Secret—shall be applied to information, the unauthorized disclosure of which reasonably could be expected to cause serious damage to the national security, which the original classification authority is able to identify or describe.
- Confidential—shall be applied to information, the unauthorized disclosure of which reasonably could be expected to cause damage to the national security, which the original classification authority is able to identify or describe.[1]

Information may be originally classified only by original classification authorities (OCA). These are individuals authorized in writing, either by the President, the Vice President, or agency heads or other officials designated by the President, to originally classify information.[2] The President designated the Secretary of Agriculture to classify information originally as "secret." OCAs must receive training on proper classification prior to originally classifying information and at least once per calendar year after that.[3] To make an original classification decision, an OCA must determine if the information meets the following standards for classification:

- The information is owned, controlled, or produced by or for the U.S. Government;
- The information falls within one or more of the eight categories (reasons for classification) of information described in section 1.4 of E.O. 13526; and
- The unauthorized disclosure of the information reasonably could be expected to result in damage to the national security, which the OCA is able to identify or describe.[4]

[1] Executive Order Number 13526, Section 1.2 (December 29, 2009).
[2] Executive Order Number 13526, Section 1.3 (December 29, 2009).
[3] 32 *Code of Federal Regulations* (CFR) § 2001.70(d)(2).
[4] Executive Order Number 13526, Section 1.1(a) (December 29, 2009).

Information may also be derivatively classified[5] from a source document or sources, or through the use of a classification guide.[6] Only personnel with appropriate security clearance, who are required by their work to restate classified source information, may derivatively classify information.[7] Those personnel must receive training on the proper application principles of E.O. 13526 prior to derivatively classifying information and refresh that training at least once every 2 years thereafter.[8]

Federal Government organizations that create or hold classified information are responsible for proper management of that information.[9] Classification management includes developing classification guides that provide a set of instructions from an OCA to derivative classifiers that identify elements of information regarding a specific subject that must be classified and the level and duration of classification for each element. One of the most effective ways to protect classified information is through application of standard classification markings and dissemination control markings.[10] Effective program management also includes a robust self-inspection program and comprehensive mandatory training for classifiers.

Information Classification within USDA

The Office of Homeland Security and Emergency Coordination (OHSEC), formed in 2010, is 1 of 10 offices that fall under Departmental Management within the Department of Agriculture (USDA). OHSEC provides Departmental leadership to USDA on Government-wide initiatives in various areas, including the safeguarding of classified national security information within USDA and managing security clearances. Within OHSEC are six divisions, including the Personnel and Document Security Division (PDSD).

PDSD focuses on safeguarding national security information within USDA. To accomplish this, PDSD's Information Security Branch is responsible for establishing and implementing USDA's information security program. The Information Security Branch manages the document security classification function, promulgates policies and regulations concerning the safeguarding of national security information, provides technical support on information security matters to USDA agencies and staff offices, and conducts information security training.

The *USDA Classified National Security Information Program Regulation* (Departmental Regulation (DR) 3440-001) was issued on October 5, 2011, to prescribe the Department's roles and responsibilities for the classification, declassification, and safeguarding of classified national

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[5] Executive Order Number (E.O.) 13526, Section 6.1(o) (December 29, 2009) defines derivative classification as the incorporating, paraphrasing, restating, or generating in new form information that is already classified, and marking the newly developed material consistent with the classification markings that apply to the source information.
[6] 32 CFR § 2001.22(a).
[7] Information Security Oversight Office, *Marking Classified National Security Information* (December 2010, revised January 2014).
[8] 32 CFR § 2001.70(d).
[9] Reducing Over-Classification Act, Public Law Number 111-258, 124 Stat. 2648.
[10] E.O. 13526 and its implementing directive, 32 CFR Part 2001, prescribe a uniform security classification system that requires standard markings be applied to classified information. Markings shall be uniformly and conspicuously applied to leave no doubt about the classified status of the information, the level of protection required, and the duration of classification.

security information. This regulation designates the Director of OHSEC as the senior agency official (SAO), or primary liaison between USDA and the Information Security Oversight Office (ISOO),[11] responsible for identifying necessary resources to manage the program and to provide program oversight.

Similarly, the *USDA Classified National Security Program Manual* (Departmental Manual (DM) 3440-001), issued on May 1, 2008, establishes the policies and procedures that govern the USDA information security program. This manual includes uniform requirements and guidance for classifying, safeguarding, declassifying, and destroying classified national security information, whether originated by or released to USDA.

Public Law 111-258 mandated, for Departments or agencies that had OCA, that Offices of Inspectors General (OIG) carry out at least two evaluations prior to September 30, 2016, of the classified information in an effort to reduce over-classification.[12] Therefore, in consultation with ISOO, USDA OIG conducted its initial audit in 2013 of OHSEC.[13]

OIG's 2013 audit of the classification management disclosed several weaknesses in the Department's internal management controls of classified material. Specifically, we found:

- There was no records management system for classified information and the Departmental regulation and Departmental manual were outdated.
- The classification guide used for making derivative classification decisions was missing required elements.
- Incorrectly marked originally classified documents.
- Incorrectly marked derivatively classified documents.
- Annual reports submitted to ISOO with incorrect information or unsupported information.
- Self-inspection reports which were not submitted to PDSD, and USDA's roll-up report to ISOO which was not supported.
- Training records were not maintained for all USDA derivative classifiers.

In total, OIG made 17 recommendations to OHSEC to address 7 findings. In general, OIG recommended OHSEC ensure its records management system, Departmental regulations, procedures, and classification guide reflect current Federal classification requirements. In addition, a recommendation was made to review all USDA classified documents to correct improper markings. Also, we recommended that the OCA direct all subordinate agencies to report self-inspections and program statistics. Lastly, we recommended OHSEC PDSD develop, record, and track all training that meets Federal requirements. See Exhibit A for a complete description of these recommendations.

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[11] ISOO is responsible to the President for policy and oversight of the Government-wide security classification system and the National Industrial Security Program. ISOO is a component of the National Archives and Records Administration and receives policy and program guidance from the National Security Council.
[12] Reducing Over-Classification Act, Public Law Number 111-258, 124 Stat. 2648.
[13] Audit Report 61701-0001-32, *USDA Office of Homeland Security and Emergency Coordination—Classification Management*, September 2013.

Objectives

This audit was conducted to determine whether existing procedures and practices were appropriate to ensure the proper classification, declassification, and marking of classified national security information. Specifically, we reviewed progress made since our prior audit. We assessed whether policies, procedures, rules, regulations, and management practices have been revised and effectively implemented in response to the 17 prior audit recommendations made during the initial review[14] of USDA's classified management program required by Public Law 111-258.[15]

[14] Audit Report 61701-0001-32, *USDA Office of Homeland Security and Emergency Coordination—Classification Management*, September 2013.
[15] Reducing Over-Classification Act, Public Law Number 111-258, 124 Stat. 2648.

Section 1: Follow Up on Prior Audit Recommendations

Finding 1: OHSEC Needs to Strengthen Its Overall Internal Control Structure

In 2013, we published a report which identified areas within OHSEC that lacked the internal controls necessary to prevent information from being over-classified and over-compartmentalized and to promote information sharing, as prescribed by Federal guidelines.[16] The report included 17 recommendations to help the agency improve its classification management program (see Exhibit A). Since then, OHSEC implemented corrective actions for 6 of the 17 recommendations; however, 11 recommendations regarding program management, self-inspections, and training had not been timely addressed at the time of our fieldwork. Also, although corrective actions were implemented for six recommendations, we found that weaknesses still exist in four of those recommendations. This occurred because management did not provide adequate oversight to monitor audit follow-up activities performed by its staff. The recommended corrective actions had not been timely implemented for 11 recommendations, and the implemented policies did not adequately respond to 4 recommendations. While we did not identify any unauthorized releases of national security information, a higher potential for misclassification, over-classification, and unauthorized release of national security information exists within USDA.

USDA's regulation governing audit follow-up states that,

> Staff offices will implement agreed-upon corrective actions associated with audit recommendations in a timely manner, and provide an audit follow-up process that encourages the timely completion and reporting on the status of corrective actions…Heads of Staff offices will monitor responsible units completion of agreed upon corrective actions in longstanding resolved audits. Heads of Staff offices will ensure that the appropriate agency management is held accountable for audit follow-up responsibilities.…Agency audit liaison officials will ensure that the corrective action associated with each management decision is completed within 1 year of the management decision date or by the estimated completion date as agreed to by agency management and OIG.[17]

The Departmental regulation governing internal control also states that,

> all managers directing or controlling resources within the Department are responsible for establishing, evaluating, and improving on controls….Systems of internal controls will be evaluated on an ongoing basis....Heads of Staff offices are responsible for designating a management control officer (MCO) to coordinate the internal control program of the Staff office....MCOs work within the Staff office's structure with OIG to monitor timely correction and validation

[16] Audit Report 61701-0001-32, *USDA Office of Homeland Security and Emergency Coordination—Classification Management*, September 2013.
[17] USDA Departmental Regulation 1720-001, Audit Follow-up and Management Decision (November 2, 2011).

of all agency-identified deficiencies; report to the Office of Chief Financial Officer (OCFO) (in consultation with the appropriate staff office head) on internal control deficiencies identified in audit reports; and maintain a tracking system with specific data including milestones for correction of deficiencies.[18]

Based on discussions with agency officials and reviews of available documentation, we found that OHSEC has not developed and implemented internal controls to minimize the risk for overclassifying or improperly releasing national security information, despite its agreement to take such actions in response to our 2013 audit report. The director stated he was unaware that progress was not being made until May 2015. As a result, OHSEC did not sufficiently address the prior audit recommendations, as described below.

OHSEC Needs to Implement the Agreed-Upon Corrective Actions

Office of Management and Budget (OMB) Circular A-123 requires appropriate internal control to direct and guide an agency's operations. Deficiencies identified either through an internal review or an external audit should be evaluated and corrected. A systematic process should be in place for addressing deficiencies and management should consider previous findings when identifying risks that may prevent the organization from meeting its objectives.[19]

As of July 5, 2016, OHSEC had not taken appropriate actions to correct previously identified weaknesses and reach final action in response to 11 of the 17 recommendations from the 2013 audit report. Final action for the 11 open recommendations should have been completed between July 30, 2014, and July 30, 2015. Below, we describe three examples of previously identified weaknesses that had not been fully addressed by the agency; the remaining weaknesses are identified in Exhibit A.

Records Management and Guidance

Our prior audit found that PDSD did not have a records management system that facilitates the declassification of documents, nor did it update the Departmental Manual (DM) or Departmental Regulation (DR) to reflect the new requirements of E.O. 13526.[20] Without a records management system and current policies, there is potential that USDA documents could be over-classified, documents could be maintained beyond the declassification date (preventing information sharing), and national security information could be released inappropriately.

In our current audit we found that the agency had not implemented a records management system and was still in the process of revising its guidance. Throughout the course of our audit, the agency presented us with several draft revisions of its guidance and on January 29, 2016, submitted drafts of the DR and DM to the Office of the Chief

[18] USDA DR 1110-002, Management's Responsibility for Internal Control (June 17, 2013).
[19] OMB, *Management's Responsibility for Internal Control*, Circular A-123 (December 21, 2004).
[20] E. O. 13526 (December 29, 2009) was published in the *Federal Register* (FR) volume 75, number 2, page 707, January 5, 2010. See Exhibit A, Recommendations 1 and 3.

Information Officer (OCIO) to initiate the clearance process. The guidance was published on June 9, 2016, approximately 1 year after the agreed-upon completion date. The new records management system, Security Information Management System (SIMS), is also still under development. This system was acquired in December 2012 (prior to the beginning of our previous audit), but according to agency officials, it is not yet operational. It was expected to be operational by June 30, 2016. On August 29, 2016, an agency official stated that a small number of documents are currently loaded in SIMS but did not provide documentation to support this statement.

Self-Inspection Program

In our prior audit, we found that the Department was not maintaining adequate documentation of self-inspections[21] conducted by its subordinate agencies.[22] USDA was unable to effectively track the findings or recommendations for improvement that resulted from the self-inspections and did not have complete information summarizing their results, which is necessary to adequately determine the effectiveness of its classified national security information program. Therefore, we recommended guidance to direct all subordinate agencies to schedule, conduct, and document self-inspections.[23]

However, during our current audit, we found that this concern still has not been addressed although it was estimated to be completed by September 30, 2014. For example, for fiscal year (FY) 2014, PDSD was unable to provide documentation showing that any self-inspections had been completed. For FY 2015, PDSD only received 8 self-inspections from subordinate agencies, out of the 19 subordinate agencies PDSD identified in its letter to ISOO. Agency officials could not explain the reason for the missing self-inspection reports. However, the draft DM, submitted to OCIO for clearance and published on June 9, 2016, includes a requirement that the subordinate agencies conduct self-inspections annually, no later than the second week of August, and submit self-inspection reports to PDSD within 30 days of completion. It further states that the self-inspection reports shall be maintained for two years.

Classification Training Program

We also previously reported that the Department's training program was not in accordance with ISOO's regulations or the E.O., and the program also lacked key information.[24] This condition increased the risk that individuals creating or handling

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[21] According to 32 CFR § 2001.60(c)(1)(2) and (d), self-inspections are regular reviews of representative samples of the agency's original and derivative classification actions. They shall be regular, ongoing, and conducted at least annually. Self-inspections should evaluate the adherence to the principles and requirements of the E.O., and the regulation and the effectiveness of agency programs covering original classification, derivative classification, declassification, safeguarding, security violations, security education and training, and management and oversight.
[22] Throughout the report, the term "subordinate agency" is used to describe a component within USDA such as the Foreign Agricultural Service, the Food and Nutrition Service, or the Food Safety and Inspection Service.
[23] See Exhibit A, Recommendation 10.
[24] Specifically, the AgLearn training did not cover avoidance of over-classification, prohibitions and limitations on classification, classification challenges, and information sharing. It also did not clearly address principles of derivative classification, duration of classification, and classification guides.

classified information had not been adequately trained to do so, which may result in over-classification, misclassification, or improper release of national security information. Thus, we recommended that PDSD develop, complete, and record computer-based training that meets all requirements.[25] Training is necessary to ensure classification authorities have satisfactory knowledge and understanding of classification, safeguarding, and declassification of national classified information. Training also increases uniformity and reduces over-classification or improper classification, improper safeguarding, and inappropriate or inadequate declassification practices.

When we reviewed this recommendation for the current audit, we found that PDSD is still developing training materials (specifically, the agency is revising its training slides) although it had estimated the materials would be completed by September 30, 2014. OIG reviewed the most current revisions and concluded that the training slides still do not cover all required topics. For example, we noted that the executive briefing slides for original classification authority did not cover duration of classification, identification and markings, classification prohibitions and limitations, sanctions, classification challenges, or information sharing. We discussed the training deficiencies during our close-out meeting with the agency and, in response, we were informed that additional revisions would be made and the revised training slides would be made available by the end of June 2016. As of June 14, 2016, the agency stated that it has uploaded several training courses to USDA's Agriculture Learning system (AgLearn).

OHSEC's Corrective Actions Were Inadequate or Rescinded

OMB requires agency management to develop and maintain effective internal controls. Those controls include well-defined documentation processes that contain an audit trail and verifiable results so that someone not connected with the procedures can understand the assessment process. Agencies and individual Federal managers should design management structures that help ensure accountability for results.[26]

We noted that OHSEC reached final action for 6 of the 17 prior audit recommendations; however, our review found that only two of those six were adequately implemented and maintained. When we evaluated documentation for the current audit, we found that, although management had taken some actions to address OIG's concerns, the actions for four recommendations were either inadequate or no longer in effect after final action was reached.[27] Two examples are described below. The remaining weaknesses are identified in Exhibit A.

Guidance for Classification Decisions

In our prior audit, we identified two documents that were approved as original classifications; however, neither document had been properly marked with the OCA's identification or the reason for classification. Because of the infrequency of original

[25] See Exhibit A, Recommendation 15.
[26] OMB, *Management's Responsibility for Internal Control*, Circular A-123 (December 21, 2004).
[27] See Exhibit A, Recommendations 7, 8, 13, and 14.

classification decisions in the Department, we recommended development of a checklist that would outline the required markings to help the OCA ensure documents are appropriately marked. In response, PDSD developed a desktop reference guide[28] and flow chart to be used by the OCA.[29]

On September 9, 2014, OHSEC submitted the desktop reference guide to OCFO for final action.[30] OCFO determined the guide acceptably met the intent of the recommendation because it included a step by step process that OCFO considered to be the checklist. However, we found in our current audit that neither the guide nor the flowchart identified the required markings for originally classified documents. Instead, it walked the OCA through the steps for classifying a document, not marking a document. At the end of our fieldwork we discussed this deficiency with PDSD. In response, the agency provided OIG with a revised flowchart, which was still incomplete. The flowchart identified some required markings for originally classified documents, but did not include the requirements for portion markings or overall classification markings.[31] To mitigate the risk of incorrectly marked documents in the future, the OCA needs complete information readily available.

Statistical Reports

We concluded in our prior audit that USDA had not effectively gathered information and reported statistics related to its security classification program.[32] We also found USDA's comprehensive Standard Form (SF)-311s[33] submitted to ISOO contained unsupported data that, at times, conflicted with the data submitted to PDSD by the subordinate agencies. As a result, ISOO may have been receiving and relying upon incomplete or inaccurate information concerning the status of USDA's security classification program.

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[28] *Original Classification Authority Desktop Reference Guide*, originally dated December 2013 (and submitted to OCFO as final action) and revised December 2015 during our fieldwork.

[29] See Exhibit A, Recommendation 7.

[30] Final action is the completion of all actions stated in its management decision (an agreement between agency management and OIG) taken to address the findings and recommendations included in an audit report. OCFO is responsible for evaluating the documentation of corrective actions implemented to determine if the intent of the recommendation has been met and final action has occurred.

[31] The ISOO *Marking Classified National Security Information* booklet states that a portion is ordinarily defined as a paragraph, but also includes subjects, titles, graphics, tables, charts, bullet statements, sub-paragraphs, classified signature blocks, bullets and other portions within slide presentations, and the like. Portion markings consist of the letters "(U)" for Unclassified, "(C)" for Confidential, "(S)" for Secret, and "(TS)" for Top Secret. Overall classification markings will identify the overall classification of the document and will be equal to the highest classification level of any one portion found in the document, placed at the top and bottom of the outside of the front cover, on the title page, on the first page, and on the outside of the back cover, if any. Internal pages are to be marked with the overall classification or with a mark indicating the highest classification level of information contained on that page.

[32] The *Agency Security Classification Management Program Data,* SF-311, requires each agency to report on the numbers of: officials with OCA; original classification decisions; derivative classification decisions; mandatory declassification review requests and appeals; mandatory declassification review decisions in pages; automatic, systematic, and discretionary declassification reviews; and challenges to classification of information.

[33] Each agency that creates or safeguards classified information must annually report to the Director of ISOO statistics related to its security classification program using the *Agency Security Classification Management Program Data,* SF-311.

To alleviate this concern, we recommended that the agency direct all subordinate agencies to provide required statistical information annually and provide the subordinate agencies with instructions on how to fully document the statistical information that is used to support the annual report to ISOO.[34]

We found that PDSD emailed subordinate agencies and requested the submission of statistical information for USDA's annual ISOO report for FY 2013, but no permanent or final guidance was issued to require the reports to be submitted on an annual basis.[35] Furthermore, the agency provided the subordinate agencies with the instructions from ISOO, instead of developing guidance specifically to assist the subordinate agencies in completing the statistical report.[36] As a result of the agency implementing these inadequate corrective actions, we found that there are still discrepancies between the number of derivative decisions reported to PDSD by the subordinate agencies and what PDSD reports to ISOO. For FY 2014, USDA reported 680 derivative classification decisions, but the SF-311s provided by subordinate agencies supported 634. For FY 2015, USDA reported 1,464 derivative classification decisions, but the SF-311s provided by subordinate agencies only supported 744. PDSD was not able to explain or provide support for these differences.

We concluded that OHSEC has not developed and implemented internal controls to minimize the risk for overclassifying or improperly releasing national security information, although it agreed to take such actions in response to the 2013 OIG audit report. However, as of March 24, 2016, the agency stated it was in the process of implementing corrective actions. Despite this progress, OHSEC must improve its management oversight as it continues to revise its guidance and processes in order to develop an effective internal control system. We believe the Assistant Secretary for Administration needs to monitor and oversee OHSEC's activities and ensure adequate internal controls are developed and implemented.

As of June 14, 2016, OHSEC provided a spreadsheet to OIG, indicating it has taken actions to address all prior audit recommendations. However, as of July 5, 2016, the 11 open recommendations had not been closed, according to OCFO.[37]

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[34] See Exhibit A, Recommendations 13 and 14.

[35] OCFO accepted this documentation as the final action needed for closure of the recommendation based on PDSD's explanation that "the SF-311 along with implementation instructions is provided to PDSD, which PDSD coordinates the data with the appropriate USDA agencies."

[36] OCFO accepted this documentation as the final action needed for closure of the recommendation based on PDSD's explanation that the "new criteria from ISOO is the required procedure for collecting the information."

[37] On August 25, 2016, OCFO provided OIG with documentation indicating corrective actions had been implemented in response to 10 of the 11 open recommendations, as of August 10, 2016. Final action has not been reached for Recommendation 9. Since the corrective actions for the 10 recommendations were not timely implemented, we were not able to test the effectiveness of the actions during the course of our audit fieldwork.

Recommendation 1 (to Assistant Secretary for Administration)

Closely monitor OHSEC and ensure that it properly completes final actions agreed to in the previous OIG audit on Classified Management, Audit Report 61701-0001-32, as well as any other recommendations presented to the agency in the future.

Agency Response

In its September 15, 2016, response, OHSEC stated that OCFO reported that all recommendations from the previous OIG audit, Audit 61701-001-32, are closed. In addition, OHSEC provided a memo from OCFO, dated August 31, 2016, supporting this statement.

OIG Position

We accept management decision for this recommendation.

Recommendation 2 (to OHSEC)

Develop and implement a management process within OHSEC (document periodic meetings, set deadlines, and require deliverables) to ensure that final actions on audits are completed within the established timeframes.

Agency Response

In its September 15, 2016, response, OHSEC stated that as of September 13, 2016, it has established and implemented a process to ensure that all final actions are completed within the prescribed timeframes.

OIG Position

We accept management decision for this recommendation.

Recommendation 3 (to OHSEC)

Develop and implement a periodic internal review process to ensure internal controls related to classification management are maintained and operating properly.

Agency Response

In its September 15, 2016 response, OHSEC stated that as of September 13, 2016, it has scheduled a series of standing meetings between OHSEC and the Assistant Secretary for Administration to ensure internal controls related to classification management are maintained and operating properly.

OIG Position

We accept management decision for this recommendation.

Recommendation 4 (to Assistant Secretary for Administration)

Appoint a representative to conduct a periodic internal review to ensure internal controls related to classification management are maintained and operating properly.

Agency Response

In its September 15, 2016, response, OHSEC stated that it will work with the Assistant Secretary for Administration to appoint a representative to conduct a periodic internal review to ensure internal controls related to classification management are maintained and operating properly. This will be accomplished by March 31, 2017.

OIG Position

We accept management decision for this recommendation.

Recommendation 5 (to OHSEC)

Develop and attach guidance to the desktop reference guide, identifying all required markings for OCA documents. (Follow-up to prior audit Recommendation 7)

Agency Response

In its September 15, 2016, response, OHSEC stated that as of September 13, 2016, it completed the development of guidance for the desktop reference guide and the guidance identified all required markings for OCA documents. OHSEC also stated that OCFO reported that all recommendations from Audit No. 61701-001-32, are closed and OHSEC provided a memo from OCFO, dated August 31, 2016, supporting this statement.

OIG Position

We accept management decision for this recommendation.

Recommendation 6 (to OHSEC)

Develop and then conduct, at least once every two years, specialized derivative marking training to USDA personnel who perform derivative classifications. Ensure that the training covers all required topics as described in the CFR and discusses the differences between working papers and finished documents and the marking requirements for each. (Follow-up to prior audit Recommendation 8)

Agency Response

In its September 15, 2016, response, OHSEC stated that as of September 13, 2016, derivative classification training, which includes all required topics, has been developed and uploaded to AgLearn. In addition, it stated that the training has been assigned to derivative classifiers and training completion will continue to be tracked. OHSEC also stated, as mentioned earlier, that OCFO reported that all recommendations from Audit 61701-001-32, are closed and OHSEC provided a memo supporting this statement.

OIG Position

We accept management decision for this recommendation.

Recommendation 7 (to OHSEC)

Develop a method to track the completion of annual statistical data (SF-311) by subordinate agencies that includes verifying the methodology used for estimating the data. (Follow-up to prior audit Recommendation 13)

Agency Response

In its September 15, 2016, response, OHSEC stated that as of September 13, 2016, it has developed and implemented a method to track completion of the SF 311 through a set suspense date that allows OHSEC sufficient time to validate and follow-up on information provided by the agencies. OHSEC also stated that all recommendations from Audit 61701-001-32 are closed and provided a memo from OCFO to support this statement.

OIG Position

We accept management decision for this recommendation.

Recommendation 8 (to OHSEC)

Develop instructions which guide subordinate agencies through the completion of the annual statistical data (SF-311) and require them to document their methodology. (Follow-up to prior audit Recommendation 14)

Agency Response

In its September 15, 2016, response, OHSEC stated that as of September 13, 2016, it has obtained instructions from ISOO for completing Standard Form (SF 311) and it is utilizing that guidance. In addition, OHSEC stated that it provides agencies with guidelines, an approved methodology for counting classification decisions, and a Derivative Classification Checklist. OHSEC further stated that it has developed training for the agencies and it covers the completion of the SF 311. This training will be conducted by October 31, 2016. OHSEC also stated, again,

that OCFO reported that all recommendations from the prior audit (Audit 61701-001-32) are closed and OHSEC provided a memo from OCFO to support this statement.

OIG Position

We accept management decision for this recommendation.

Recommendation 9 (to OHSEC)

Develop and conduct training with subordinate agencies to ensure proper completion of the statistical data (SF-311). (Follow-up to prior audit Recommendation 14)

Agency Response

In its September 15, 2016, response, OHSEC stated that as of September 13, 2016, training has been developed (see response to Recommendation 8) for the subordinate agencies and it is scheduled to occur by October 31, 2016. As stated earlier, it also stated that OCFO reported that all recommendations from the prior audit (Audit 61701-001-32) are closed and OHSEC provided a memo from OCFO to support this statement.

OIG Position

We accept management decision for this recommendation.

Scope and Methodology

Our audit covered the policies, procedures, rules, regulations, and management practices of USDA's OHSEC. We conducted field work from November 2015 through July 2016.[38] We conducted our audit at OHSEC's offices in Washington, D.C.

We reviewed the 17 prior OIG audit recommendations and the corrective actions taken by OHSEC since our audit in 2013. The 17 prior audit recommendations related to 7 areas of OHSEC's classified national security information program: (1) security program management, (2) original classification authorities, (3) original classification decisions and dissemination control marking decisions, (4) derivative classification decisions and dissemination control marking decisions, (5) security self-inspection program, (6) security reporting, and (7) security education and training.

To determine whether Departmental policies and practices were consistent with E.O. 13526 and 32 CFR 2001 and assess whether policies, procedures, rules, regulations, and practices had been adopted, followed, and effectively administered, and to identify policies and practices that may be contributing to persistent misclassification, we:

- Assessed documentation submitted to OCFO for final action;
- Examined the results of FYs 2014 and 2015 self-inspection reporting;
- Analyzed Forms SF-311, "Agency Security Classification Management Program Data," for FYs 2014 and 2015;
- Reviewed current training slides, policies, manuals, regulations, and related external reviews; and
- Interviewed key department officials responsible for security training and related policy development and implementation.

When we initiated our fieldwork, we determined that little progress had been made since our prior audit (see Finding 1 and Exhibit A). Therefore, audit testing could not be performed to assess whether policies, procedures, rules, regulations, and practices had been followed and administered effectively.

In December 2012, OHSEC acquired a management system, SIMS. This system is designed to provide a complete view of the required administrative tracking and auditing elements of a classified program focused primarily on records management. However, we were unable to evaluate the effectiveness of this system or its controls because it was not yet operational during the course of our fieldwork. As such, we did not rely upon an information system to obtain sufficient, appropriate evidence to support the findings presented in this report.

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

[38] We followed up with the agency after the completion of fieldwork to obtain an update on the implementation of corrective actions. Any updates are noted in exhibit A.

based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Abbreviations

AgLearn..... Agriculture Learning system (USDA)
CFR ..... *Code of Federal Regulations*
DM ..... Departmental Manual
DR ..... Departmental Regulation
E.O. ..... Executive Order
FR..... *Federal Register*
FY..... fiscal year
ISOO ..... Information Security Oversight Office
MCO..... Management Control Officer
OCA ..... Original Classification Authority
OCFO ..... Office of the Chief Financial Officer
OCIO ..... Office of the Chief Information Officer
OHSEC..... Office of Homeland Security and Emergency Coordination
OIG..... Office of Inspector General
OMB..... Office of Management and Budget
PDSD..... Personnel and Document Security Division
SAO..... Senior Agency Official
SETS ..... .Security Entry Tracking System
SF ..... Standard Form
SIMS ..... .Security Information Management System
USDA……. Department of Agriculture

Exhibit A: Analysis of Implementation of Recommendations in Audit Report 61701-0001-32

We initiated our follow-up of the 2013 audit[39] December 8, 2015, to determine the progress made since our prior audit. The following presents the status of those recommendations.[40]

2013 Recommendation 1 Establish a records management system to facilitate the release of information after declassification date.		**Estimated Completion Date** July 30, 2015
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Open	Purchased a system (SIMS) in December 2012 to track and manage USDA classified holdings and revised the DM to require sub-agencies to track derivative classifications. The DM was published June 9, 2016.	SIMS was not operational as of March 24, 2016. The agency still needs to implement the records management system. An agency official stated there was some delay in getting the approvals/accreditations required for the system. On August 29, 2016, an agency official stated that a small number of documents are currently loaded in SIMS. (See Finding 1, Records Management and Guidance)

2013 Recommendation 2 Review all documents in which the declassification date has passed, in accordance with the "Mandatory Review for Declassification."		**Estimated Completion Date** March 31, 2015
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Open	Hired an outside contractor that reviewed all USDA classified holdings as of November 2014. On January 29, 2016, OHSEC sent an email to its sub-agencies, informing them that a request to correct deficiencies would be forthcoming. On February 3, 2016, OHSEC sent an email, requiring the sub-agencies to review all classified holdings and destroy those products authorized for destructions.	OHSEC has initiated corrective action by contacting the sub-agencies, requiring them to review all classified holdings and destroy those products authorized for destructions in accordance with 32 CFR Part 2001.47.

[39] Audit Report 61701-0001-32, *USDA Office of Homeland Security and Emergency Coordination—Classification Management*, September 2013.

[40] In this exhibit, the column "Status per OCFO" is used to identify the status as of July 5, 2016, according to a report provided by OCFO, of the recommendations. OCFO makes a determination as to when a recommendation has been closed and the corrective action implemented. OCFO provided OIG with documentation indicating corrective actions had been implemented in response to 10 of the 11 open recommendations, as of August 10, 2016. Since the corrective actions were not timely implemented, we were not able to test the effectiveness of the actions during the course of our audit fieldwork.

2013 Recommendation 3 Dedicate the resources to expedite the process of ensuring the DR 3440-001 and DM 3440-001 are updated to reflect Federal requirements (E.O. 13526 and 32 Code of Federal Regulations (CFR) 2001).		**Estimated Completion Date** July 30, 2015
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Open	Submitted a revised DR and DM to OCIO January 29, 2016. The DM and DR were published June 9, 2016.	Based on a preliminary review of the draft documents, two elements were still not covered adequately (1: the date of origin was not discussed in the DM for derivative classifications; 2: the DM does not require agencies to report security violations and/or improper declassification to ISOO annually). The PDSD chief agreed to further revise the DM to address these elements. However, the DM was not revised to include these elements prior to its publication. (See Finding 1, Records Management and Guidance)

2013 Recommendation 4 Update the classification guide to include a point of contact and specific date or event for declassification.		**Estimated Completion Date** July 30, 2014
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Open	Revised the security classification guide and sent a copy to subject matter experts January 29, 2016, with feedback requested by February 24, 2016. As of June 14, 2016, the classification guide is awaiting final signature.	As of January 29, 2016, the security classification guide did not provide a specific date or event for declassification, as required by 32 CFR 2001.15(b)(9).

2013 Recommendation 5 Develop and implement procedures to review and update the classification guide when regulatory changes occur to ensure future compliance.		**Estimated Completion Date** December 31, 2013
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Closed	Issued a memorandum which identified the new procedures. Also included the new procedures in the recently revised DM. The DM was published June 9, 2016.	Final Action Completed.

2013 Recommendation 6 Correct the markings on the two original classified documents so it is clear that the documents are original classifications, not derivative classifications.		**Estimated Completion Date** August 9, 2013
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Closed	Destroyed the two documents and provided a memorandum as documentation.	Final Action Completed.

2013 Recommendation 7 Develop and implement a checklist to be used by the OCA at the time of classification to ensure all originally classified documents include the required markings.		**Estimated Completion Date** December 31, 2013
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Closed	Developed a desktop reference guide and flowchart to be used by the OCA.	The desktop reference guide is a summary of the DM, rather than a short checklist that could be used to verify appropriate markings. The flowchart does not identify all required markings; specifically, it does not include the requirements for portion markings or overall classification markings. An agency official agreed these requirements were not specified, stating that the guide requires the OCA to ensure all proper markings are included. (See Finding 1, Guidance for Classification Decisions)

2013 Recommendation 8 Develop and conduct specialized training for derivative classifiers that discusses the differences between working papers and finished documents and the marking requirements, as described in the regulation.		**Estimated Completion Date** March 31, 2014
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Closed	Revised the 2013 annual refresher training in AgLearn to cover the differences between working papers and finished documents and the marking requirements. OHSEC is currently in the process of revising all	Documentation was not provided to indicate that the revised annual refresher training was completed for all derivative classifiers since 2013. Also, we found that the recently revised training slides do not discuss the differences between

	trainings.	working papers and finished documents. At the time of our close out meeting, the agency was still in the process of developing the training. As of June 14, 2016, the agency stated that it had uploaded several training courses to AgLearn.

2013 Recommendation 9 Coordinate with the subordinate agencies to review all USDA classified documents maintained and correct all improper markings identified.		**Estimated Completion Date** September 30, 2014
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Open	Hired an outside contractor that reviewed all USDA classified holdings between June 30, 2014, and October 31, 2014; however, all improper markings have not been corrected. On February 3, 2016, OHSEC sent an email to its sub-agencies, requiring them to correct improper markings on all USDA classified documents. As of June 14, 2016, the agency stated that this work has been completed.	No documentation has been provided to document the correction of improper markings on USDA classified holdings. [41]

2013 Recommendation 10 Direct all subordinate agencies to schedule, conduct, and document self-inspections and provide the completed inspections to PDSD.		**Estimated Completion Date** September 30, 2014
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Open	A draft DM was submitted to OCIO for clearance on January 29, 2016, which includes the requirement. The DM was published on June 9, 2016.	Documentation supporting the completion of FYs 2014 and 2015 self-inspections was not always received from all sub-agencies. OHSEC was unable to provide copies of any sub-agency self-inspections for FY 2014 and only had copies of 8 sub-agency self-inspections for FY 2015, out of the 19 sub-agencies identified in the letter to ISOO. (See Finding 1, Self-Inspection Program)

[41] As of August 25, 2016, OCFO had not accepted final action for this recommendation.

2013 Recommendation 11 Develop and implement procedures that require PDSD to report to the SAO on the completion of the subordinate agency self-inspections.		**Estimated Completion Date** July 30, 2015
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Open	A draft DM was submitted to OCIO for clearance on January 29, 2016, which includes the requirement. The DM was published on June 9, 2016.	Procedures have been finalized. OHSEC was unable to provide copies of any sub-agency self-inspection reports for FY 2014 and only had copies of 8 sub-agency self-inspection reports for FY 2015.

2013 Recommendation 12 Develop and implement procedures that require the SAO to review and verify that the annual self-inspection report includes all required information, prior to submitting the report to ISOO.		**Estimated Completion Date** July 30, 2015
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Open	A draft DM was submitted to OCIO for clearance on January 29, 2016, which includes the requirement. The DM was published on June 9, 2016.	Procedures have been finalized. For FY 2015, there was a discrepancy between the number of self-inspections reported by the sub-agencies (39) and the number of self-inspections reported to ISOO (8). The agency could not find any documentation to explain this discrepancy.

2013 Recommendation 13 Direct all subordinate agencies to provide required statistical information to PDSD annually to ensure accurate reporting to ISOO.		**Estimated Completion Date** December 31, 2013
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Closed	The agency sent an email to subordinate agencies, requesting reports for 2013. The DM submitted to OCIO for clearance on January 29, 2016, instructs the sub-agencies to provide statistical information to PDSD on an annual basis. The DM was published on June 9, 2016.	No permanent/final guidance was issued to require sub-agencies to provide statistical information to PDSD on an annual basis until over 2 years after the agreed upon completion date. (See Finding 1, Statistical Reports)

2013 Recommendation 14 Develop procedures to fully document the statistical information (including methodologies utilized for changing or estimating data) used to support the annual report to ISOO.		**Estimated Completion Date** March 31, 2014
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Closed	The agency has not developed procedures which instruct the sub-agencies on how to fully document the statistical information. Instead, agency officials rely upon the instructions provided to them by ISOO.	During the course of our fieldwork, procedures had not been developed. The FYs 2014 and 2015 reports to ISOO were not adequately supported. For FYs 2014 and 2015, there were unexplained discrepancies of 46 and 720 derivative classification decisions, respectively, between the USDA comprehensive SF-311 and the supporting sub-agency reports. (See Finding 1, Statistical Reports)

2013 Recommendation 15 Develop, complete, and record computer-based training (AgLearn) that meets all requirements for the original and derivative classification authorities.		**Estimated Completion Date** September 30, 2014
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Open	OHSEC is currently in the process of updating trainings.	Revised training slides (provided to OIG on March 28, 2016 and April 7, 2016) do not cover all required topics. (See Finding 1, Classification Training Program)

2013 Recommendation 16 Establish a tracking system to record and manage training completed outside of AgLearn for everyone with original and derivative classification authorities.		**Estimated Completion Date** October 30, 2014
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Open	The agency has been documenting training taken outside of AgLearn in SETS (a subsystem owned and managed by another agency). Agency officials provided documentation indicating that the completion date for 2014 OCA training was unknown and a note was added in SETS approximately 8 months after OCA training was stated to be completed for 2015. The new tracking system (SIMS) is still under development and procedures have not been finalized. A draft	During the course of our fieldwork, the records management system had not been implemented.

	DM was submitted to OCIO for clearance on January 29, 2016, which discussed the process for recording training completed outside AgLearn. The DM was published on June 9, 2016.	

2013 Recommendation 17 Develop procedures that identify those original or derivative classification authorities who do not complete required training annually or biennially, as appropriate, and suspend those individual's authority to classify information until training is completed.		**Estimated Completion Date** July 30, 2015
Status per OCFO	**Status per OHSEC**	**OIG Conclusion**
Open	A draft DM was submitted to OCIO for clearance on January 29, 2016, which includes the requirement. The DM was published on June 9, 2016.	No authorities have been suspended since the prior audit although individuals have been identified that are past due for the training.

USDA'S OFFICE OF HOMELAND SECURITY AND EMERGENCY COORDINATION'S RESPONSE TO AUDIT REPORT

United States
Department of
Agriculture

1400 Independence
Avenue SW

Washington, DC
20250-5010

TO: Gil H. Harden
Assistant Inspector General for Audit

FROM: Todd Repass /s/ September 15, 2016
Director
Office of Homeland Security
and Emergency Coordination

SUBJECT: FY 2016 Classification Management, Audit Number 61701-0001-23

The purpose of the memorandum is provide the Office of the Inspector General (OIG) with responses to the findings and recommendations for the draft report on the Classification Management Inspection, Audit Number 61701-0001-23. At this time, the Office of Homeland Security and Emergency Coordination (OHSEC) does not have any comments on this draft. Per your request, we have provided an updated chart showing the recommendations and the corrective actions taken or planned. Additionally, the proposed completion date for implementation of each action is included.

Thank you for the opportunity to review this report. If you have any questions concerning this engagement, please have a member of your staff contact Jennifer Wendel at 202.205.4441.

FY2016 CLASSIFICATION MANAGEMENT: AUDIT NUMBER 61701-0001-23

Recommendation	Responsible Office per OIG	OHSEC Status as of September 15, 2016
1. Closely monitor OHSEC and ensure that it properly completes final actions agreed to in the previous OIG audit on Classified Management, Audit Report 61701-0001-32, as well as any recommendations presented to the agency in the future.	ASA	• OCFO reports that all recommendations from Audit 61701-001-32 are closed. See Attachment 1.
2. Develop and implement a management process within OHSEC (document periodic meetings, set deadlines, and require deliverables) to ensure that final actions on audits are completed within the established timeframes.	OHSEC	• Completed on September 13, 2016. OHSEC has established and implemented a process to ensure that all audit final actions are completed within the prescribed timeframes.
3. Develop and implement a periodic internal review process to ensure internal controls related to classification management are maintained and operating properly.	OHSEC	• Completed on September 13, 2016. A series of standing meetings between OHSEC and the ASA to ensure internal controls related to classification management are maintained and operating properly have been scheduled.
4. Appoint a representative to conduct a periodic internal review to ensure internal controls related to classification management are maintained and operating properly.	ASA	• OHSEC will work with the ASA to appoint a representative to conduct a periodic internal review to ensure internal controls related to classification management are maintained and operating properly by March 31, 2017.

Recommendation	Responsible Office per OIG	OHSEC Status as of September 15, 2016
5. Develop and attach guidance to the desktop reference guide, identifying all required markings for OCA documents. (Follow-up to prior audit Recommendation 7)	OHSEC	• Completed on September 13, 2016. OCFO reports that all recommendations from Audit 61701-001-32 are closed. See Attachment 1. Furthermore, OHSEC developed guidance for the desktop reference guide, identifying all required markings for OCA documents.
6. Develop and then conduct, at least once every two years, specialized derivative marking training to USDA personnel who perform derivative classifications. Ensure that the training covers all required topics as described in the CFR and discusses the differences between working papers and finished documents and the marking requirements for each. (Follow-up to prior audit Recommendation 8)	OHSEC	• OCFO reports that all recommendations from Audit 61701-001-32 are closed. See Attachment 1. Furthermore, as of September 13, 2016, derivative classification training, which includes all required topics, has been developed and uploaded to AgLearn. Training has been assigned to derivative classifiers and training completion will continue to be tracked.
7. Develop a method to track the completion of annual statistical data (form SF-311) by subordinate agencies that includes verifying the methodology used for estimating the data. (Follow-up to prior audit Recommendation 13)	OHSEC	• OCFO reports that all recommendations from Audit 61701-001-32 are closed. See Attachment 1. Furthermore, as of September 13, 2016, OHSEC/PDSD has developed and implemented a method to track the completion of the SF 311 through a set suspense date that allows OHSEC/PDSD sufficient time to validate and follow-up on information provided by the agencies.

Recommendation	Responsible Office per OIG	OHSEC Status as of September 15, 2016
8. Develop instructions which guide subordinate agencies through the completion of the annual statistical data (form SF-311) and require them to document their methodology. (Follow-up to prior audit Recommendation 14)	OHSEC	• OCFO reports that all recommendations from Audit 61701-001-32 are closed. See Attachment 1. Furthermore, as of September 13, 2016 OHSEC/PDSD has obtained instructions from ISOO for Standard Form (SF 311) data collection and OHSEC/PDSD utilizes that guidance. In addition, OHSEC/PDSD provides agencies with guidelines and approved methodology for counting classification decisions as well as a Derivative Classification Checklist. • OHSEC/PDSD has developed training for agencies on the completion of the SF 311 that will be conducted by October 31, 2016.
9. Develop and conduct training with subordinate agencies to ensure proper completion of the statistical data (form SF-311). (Follow-up to prior audit Recommendation 14)	OHSEC	• OCFO reports that all recommendations from Audit 61701-001-32 are closed. See Attachment 1. Furthermore, as of September 13, 2016 OHSEC/PDSD has scheduled training for subordinate agencies to occur by October 31, 2016.

United States Department of Agriculture

Office of the Chief Financial Officer

1400 Independence Avenue, SW

Washington, DC 20250

TO: Todd Repass, Jr.
Director
Office of Homeland Security
and Emergency Coordination

FROM: Peggy V. Javery 8/31/2016
Director
Fiscal Policy Division

SUBJECT: Classification Management Inspection Response for Audit Number 61701-0001-32, Recommendation 9

Based on the Office of Homeland Security and Emergency Coordination memorandum dated June 30, 2016, and e-mail dated August 17, 2016, we accept final action on Recommendation 9 in the subject audit. No further reporting to the Office of the Chief Financial Officer (OCFO) is necessary for this recommendation. With this final action, Audit number 61701-0001-32 has achieved final action on the audit in its entirety. However, OCFO and the Office of Inspector General reserve the right to perform follow-up reviews of the actions taken.

If you have any questions regarding this audit, please have a member of your staff contact Sherri Johnson at (202) 690-2801.

cc: Jennifer Wendel

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