



**DEPARTMENT OF THE NAVY**  
NAVAL INSPECTOR GENERAL  
1254 9TH STREET SE  
WASHINGTON NAVY YARD DC 20374-5006

IN REPLY REFER TO:  
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1 Jun 2015

Ms. Catherine A. McMullen  
Chief, Disclosure Unit  
U.S. Office of Special Counsel  
1730 M Street, N.W., Suite 300  
Washington, D.C. 20036-4505

Re: OSC DI-13-2348 and DI-13-2309, (NAVINSGEN 201303073) Security Violations at Strategic Systems Programs (SSP), Washington Navy Yard, DC

Dear Ms. McMullen:

1. This letter is a supplemental report for the referenced investigation. I am authorized to provide this report on behalf of the Office of the Naval Inspector General (NAVINSGEN) as a result of successive delegations of authority beginning with the Office of the Deputy Secretary of Defense.
2. This supplemental letter report provides information on the additional tasks the Secretary of the Navy (SECNAV) directed the Chief of Naval Operations (CNO)<sup>1</sup> undertake after SECNAV read the original NAVINSGEN report of investigation dated August 13, 2014. Those tasks are described in paragraph three of the Deputy Secretary of Defense letter to OSC dated August 15, 2014. They include: (1) confirming SSP's full implementation of the Naval IG's recommendations; (2) conducting a comprehensive security-in-depth review of SSP; (3) determining whether additional corrective action is appropriate; (4) recommending changes to Department of Navy policy as appropriate; and (5) considering what accountability action, if any, is appropriate for individuals whose performance of their duties may have been deficient. SECNAV also directed NAVINSGEN to support the CNO in his accountability determinations if so requested.
3. The CNO directed the Vice Chief of Naval Operations (VCNO) to implement the SECNAV taskings. VCNO, in turn, requested Commander, U.S. Fleet Forces Command (USFF) to undertake SECNAV tasks one through four. USFF, like SSP, is a Navy Echelon II command; however, Commander, USFF, a four-star officer, is senior to the Director, SSP, a three-star officer. Moreover, while the USFF staff is responsible to train, certify and provide combat-ready Navy forces, it is also staffed to provide command and control of subordinate Navy forces and shore activities during the planning and execution of assigned service functions in support of CNO. Accordingly, VCNO selected Commander, USFF to conduct the necessary review of SSP.

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<sup>1</sup> SSP reports directly to CNO.

4. The VCNO also requested that the Naval Inspector General (Naval IG) review the NAVINSGEN report of investigation for senior official performance deficiencies and conduct such additional inquiry as he deemed necessary to provide the VCNO evidence that would assist her in making an accountability determination about any senior official whose performance of duty may have been deficient.

#### Task One – Implement NAVINSGEN Recommendations

5. On September 17, 2014, USFF conducted a site visit to SSP and concluded that SSP had implemented all but two of the NAVINSGEN recommendations. By November 18, 2014, the date of the USFF report, SSP had resolved one of those outstanding recommendations; action on the other recommendation was completed on February 10, 2015.

#### Task Two - Comprehensive Review of SSP Security-in-Depth

6. On October 15 and 16, 2014, USFF conducted a follow-on security-in-depth review at SSP Headquarters in the Washington Navy Yard. This review included those matters addressed in the original NAVINSGEN inquiry and other matters, not raised in the OSC tasker to SECDEF, that USFF would ordinarily examine during the course of such a review. USFF determined that SSP had an overall effective security program in place with a few exceptions. Consistent with past practice for OSC tasked investigations, this supplemental report will not address those elements of the USFF review that do not pertain to matters mentioned in the OSC tasker.

7. Part of USFF's review of SSP's physical security was an assessment of contract security guards used to control access into Building 200. An underlying assumption in the USFF security-in-depth review was that Washington Navy Yard external security, even if operating effectively, did not provide sufficient physical security-in-depth for SSP. It should be noted that the use of contract guards is not required, and other security measures can and should be used to provide security-in-depth. Nonetheless, to the extent guards were utilized as part of SSP's physical security program, USFF reviewed their effectiveness. USFF found that the lack of overarching Navy policy regarding security coordination in a multi-tenant building, such as Building 200, hindered contract guard effectiveness to some degree. Separately, USFF noted that the SSP organizational structure may have created unnecessary impediments to the Command Security Manager's (CSM) direct access to the Director or Deputy Director, which also may have diminished the CSM's authority to implement an effective security program throughout SSP.

#### Task Three - Additional Corrective Action

8. The concerns for multi-tenant building security are being addressed as a matter of policy. SSP has revised its organizational structure to give the Command Security Manager direct access to the Deputy Director, SSP.

#### Task Four – Recommended Department of Navy (DON) Policy Changes

9. USFF made seven recommendations to address policy issues, three of which are pertinent to matters raised in September 25, 2013, OSC tasking letter. One recommendation pertained to security personnel at the entrances to the building in which SSP is located. A second recommendation addressed the organizational relationship between the CSM and SSP leadership. A third recommendation suggested clarification of the term “solid material” used to describe the construction of doors in SECNAV M-5510.36, the Navy’s Security Manual.<sup>2</sup>

10. The VCNO reviewed the USFF policy recommendations with the Deputy Under Secretaries of the Navy (DUSN) for Management and Policy, and the Assistant Secretary of the Navy for Energy, Installations and Environment. The DUSN (Policy) agreed to take on the task of revising policy guidance. The VCNO decided to task the Director Navy Staff to provide her options to better synchronize the four traditional pillars of security (physical, personal, industrial and information security) with the new and evolving security competencies (anti-terrorism, cyber, operations and information assurance) across the DON. These policy and synchronization efforts are expected to be long-term projects that will result in new or revised DON instructions.

#### Task Five – Accountability Determination

11. To provide the VCNO additional information that would assist her in making senior official accountability determinations, a NAVINSGEN investigator re-interviewed the Director, SSP and the Director of Plans and Programs for SSP. These additional interviews offered the two senior officials an opportunity to provide specific, detailed comments on the findings, analysis and conclusions in the original NAVINSGEN report of investigation and to offer documents that SSP had not provided during the original NAVINSGEN investigation for the Naval IG’s consideration. It also provided the investigator an opportunity to question the senior officials about the contents of the newly provided documents. Subsequently, NAVINSGEN staff reviewed the new documentary evidence provided by SSP and, in conjunction with the evidence previously obtained and reported in the original report of investigation, constructed a more detailed and comprehensive timeline of events.

12. After reviewing the interview transcripts, the additional documentary evidence, and the new timeline, the Naval IG concluded that none of the additional information would cause him to change any conclusions or recommendations he reached in the original report. Consequently, he concluded that no additional analysis of this information by way of a supplemental report of investigation was necessary to address the VCNO’s request. On March 23, 2015, the Naval IG provided the VCNO for her consideration the transcripts and voice recordings of the interviews, the additional evidence not previously provided the VCNO, and the new timeline.

13. After evaluating the additional evidence the Naval IG provided her in March, the VCNO concluded that although in isolated instances the Director, SSP did not correct security

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<sup>2</sup> The doors at issue in the NAVINSGEN investigation did not meet the requirements of the Security Manual because they were composed of clear glass panels inserted into wooden frames. Noting that some people believe a door constructed of a single piece of shatterproof translucent glass meets the requirement of the Security Manual, USFF recommended the definition of “solid material” be clarified.

deficiencies in a rapid manner, his authority to take action on those matters was limited and dependent on the decisions of others. With respect to those matters over which he did have control, she found no negligence or other significant deviation from the standard of care on his part. She also observed the investigation and follow-up reviews found no evidence of compromise or loss of classified material and concluded that overall, Director, SSP maintained an effective security program. Noting that various assessments found the risk to SSP's physical and information security was low, and that SSP received one of the highest assessments of compliance and performance of any DON command inspected under new, stricter grading criteria, the VCNO determined that administrative counseling was the most appropriate disposition. She conducted a counseling session with Director, SSP on May 11, 2015.

14. Please contact me at 202-433-2223 or Lawrence.Lippolis@navy.mil should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence J. Lippolis", written in a cursive style.

LAWRENCE J. LIPPOLIS  
Counsel