



U.S. Department of
Transportation

Office of the Secretary
of Transportation

Memorandum

Subject: **ACTION:** Background Investigations on
Contractor Personnel

Date: MAY 17 2004

From: Vincent T. Taylor
Assistant Secretary for Administration

Reply to
Attn. of:

To: Heads of Operating Administrations
Secretarial Offices
Director, BTS

On October 23, 2002, the Assistant Secretary for Administration sent a memorandum to all of you reminding you of the requirements for conducting background investigations on contractor employees who have access to the U.S. Department of Transportation (DOT) facilities, sensitive information, and/or resources. This memorandum followed one dated September 25, 2000, requesting that required investigations be completed on contractor personnel who design, develop, operate, or maintain sensitive applications and have access to sensitive data on DOT computer systems. Both of these memoranda were precipitated by Office of the Inspector General audits showing a lack of compliance with the background investigation requirements, particularly with respect to contractor employees with access to information technology systems. DOT Order 1630.2B, Personnel Security Management, and the accompanying manual, DOT M 1630.2B, Personnel Security Management Manual, Appendix 2, contain the policy and procedures regarding these investigations.

Again, we cannot stress enough the importance of conducting required background investigations on contractor employees who have access to DOT facilities, sensitive information, and resources, whether or not they work with information technology systems. As before, we request that you immediately take all necessary measures to ensure that your organization complies with the requirements of Order 1630.2B.

In order to help ensure proper investigation of contractor employees, the following restrictions are effective immediately:

- No DOT organization is to issue a DOT identification card or any kind of credential to any contractor employee unless the contractor employee has submitted all necessary forms (electronic or hard-copy) for any required background investigation. (Some contractor employees already have completed investigations meeting DOT requirements and do not need to submit forms at all. However, these persons are not to be issued identification cards or credentials until the servicing security organization has verified the previous investigations.)
- No DOT organization is to provide a contractor employee access to any DOT information technology system (excluding those available to the general public) unless

the contractor employee has submitted all necessary forms for any required background investigation.

DOT policy does not require that an investigation be completed prior to issuing identification media or granting access to a DOT system. However, the servicing security organization may direct that the contractor employee not be issued identification media or given system access until the completion of preliminary checks that it can accomplish within a relatively short period of time. An example of such a check would be an electronic fingerprint submission to the Federal Bureau of Investigation for a check of criminal history records when DOT will have the results within a few hours. The security organization may also delay approval for issuing identification media or granting system access when information that a contractor employee provides on a form or information received as the result of a preliminary check raises a significant question regarding the individual's suitability for access to DOT facilities, sensitive information, or resources.

We want to remind you that if a contract will result in contractor employees having access to DOT facilities, sensitive information, and/or resources, it must contain the appropriate contract language making the contract personnel subject to investigation and allowing DOT to deny a contractor employee this access if the servicing security organization determines the individual to be unsuitable. On February 13, 2003, the Chief Information Officer and I jointly issued a memorandum, "U.S. Department of Transportation (DOT) Information Security Requirements," containing required contract language for procurement requests when contractor employees will have this access or will be providing information technology services.

Whenever contractor employees no longer need access to DOT facilities, it is important to retrieve all identification media issued to them; and, if they no longer need access to any information technology systems, to revoke that access. These situations usually occur when an employee is removed from work on a DOT contract, a particular project is finished, or the contract itself is terminated. Strict adherence to these requirements will help us curtail the access of contractor employees who may not have been properly investigated in the past. Identification media should be returned to the issuing office.

In addition, please provide to the Office of Security (M-40), within 10 days following the end of each quarter, a list of all contractor employees who began work for your organization during that quarter and who have had access to DOT facilities, sensitive information, and/or resources. Also, please list all contractor employees who previously had this access but terminated their work on a DOT contract during the quarter or had a change of duties and now no longer need the access. (FAA is exempt from this requirement to provide a quarterly list to M-40. FAA organizations should continue to follow all FAA policies and procedures with regard to contractor employees.) The purpose of this requirement is to ensure that M-40 has been apprised as necessary of all actions concerning contractor employees and to enable M-40 to reconcile its records regarding contractor employee investigations and identification media. Please provide your first list, for the current quarter, to M-40 by July 10, 2004. You may do so either by hard copy or electronically to Pamela Daitillio in Security Operations.

If you have any questions, please contact Richard Thompson, M-40, at x64678.