

PERSONNEL SECURITY PROGRAM

CHAPTER 1. GENERAL

1. PURPOSE. This handbook provides instructions and general operating procedures to ensure that the employment or retention in employment of any employee in the Department is clearly consistent with the interests of national security.
2. AUTHORITY.
 - a. Title 5, U.S.C., Sections 3571, 5596, 7531 and 7532;
 - b. Executive Order 10450, dated April 27, 1953, as amended, and modified by a letter dated November 18, 1965, from the Chairman of the Civil Service Commission;
 - c. Chapters 732 and 736 of the Civil Service Commission's Federal Personnel Manual.
3. DEFINITIONS. In this handbook:
 - a. "National security" refers to those activities which relate to the protection and preservation of the military, economic and productive strength of the United States, including the security of the Government in domestic and foreign affairs, from espionage, sabotage, subversion and any other actions or situations likely to weaken or destroy the United States.
 - b. "Defense information" means official information which requires protection in the interest of national defense. The information is classified by appropriate classifying authority in accordance with Executive Order 10501 of November 5, 1953, as amended.
 - c. "Sensitive position" means any position within the Department the occupant of which could bring about, by virtue of the nature of the position, a material adverse effect on the national security. "Sensitive position" is further defined in paragraph 6.
 - d. "Primary organization" means any of the components shown in the Departmental Organization Chart whose heads report directly to the Secretary or Under Secretary. They are: Assistant Secretaries, the General Counsel, the Federal Insurance Administrator, the Inspector General, Regional Administrators and Staff Heads reporting to the Secretary.

- e. "Primary Personnel component" means each of the following for the organization it services: Headquarters Personnel Operations Division and Field Personnel Operations Division.
- f. "National Agency Check and Inquiry" (NACI) means an investigation of each new Federal employee consisting of a check of the fingerprint and investigative files of the Federal Bureau of Investigation, investigative files of the Civil Service Commission and the House Committee on Internal Security. In addition, as appropriate, other checks are made of the Defense Central Index of Investigations, Naval Investigative Services Headquarters, Office of Special Investigations (Air Force) and Coast Guard Intelligence (Department of Transportation). The definition includes written inquiries to law enforcement agencies, former employers and supervisors, references, schools and a check of records of the Immigration and Naturalization Service, if the person is an alien or a naturalized citizen.
- g. "Full Field Investigation" means a National Agency Check plus personal interviews with present and former employers, supervisors, fellow workers, references, neighbors, school authorities and other knowledgeable associates, credit, other pertinent records, and, when applicable, a check of the State Department passport files.

4. PURPOSE OF PERSONNEL SECURITY PROGRAMS.

- a. Executive Order 10450 describes the two principal reasons for requiring personnel security programs in Federal agencies:
 - (1) The interests of the national security require certain standards of all persons privileged to be employed in the Government. They must be reliable, trustworthy, of good conduct and character and of complete and unswerving loyalty to the United States.
 - (2) The American tradition that all persons should receive fair, impartial and equitable treatment at the hands of the Government requires that the standards and procedures of the Federal agencies for judging applicants and employees be mutually consistent and no less than minimum.
- b. The Order and the other authorities in Paragraph 2, taken together, in essence provide for:
 - (1) The investigation of all new Federal employees, with more detailed investigations of incumbents of sensitive positions;

- (2) The suspension, reassignment or termination of employees

from sensitive positions when necessary in the interests of national security; and

- (3) If a suspended permanent or indefinite employee who has completed his one year probationary or trial period is to be removed, the opportunity for him to reply to charges, a hearing, a high-level agency review and a notice of decision on his case by the head of the agency.

5. RESPONSIBILITIES.

- a. Section 2 of Executive Order 10450 makes the head of each agency of the Government responsible for establishing and maintaining an effective program to ensure that the employment and retention in employment of any employee within the agency is clearly consistent with the interests of the national security.
- b. The Inspector General has overall responsibility for promulgating and administering personnel security policies, standards and procedures that ensure observance by all employees and fair, impartial and equitable treatment of all employees.
- c. The Inspector General is designated the Personnel Security Officer of the Department. He is responsible for developing and making recommendations concerning the personnel security policies, standards and procedures for the Department, and has direct operating responsibility for the personnel security program of the Department.
- d. The General Counsel is responsible for providing his comments in connection with any recommendation by the Inspector General to the Secretary for the suspension of an employee occupying a sensitive position; for notifying a suspended employee of the charges for his suspension; and for considering any statements or affidavits submitted to him by a suspended employee and jointly with the Assistant Secretary for Administration recommending disposition of the case to the Secretary (see Chapter 5).
- e. The Director of Personnel is consulted on the Departmental procedures to be followed with respect to the suspension, reassignment and termination of employees occupying sensitive positions. He is also consulted on individual cases involving the development of derogatory information on an applicant or employee, or the suspension, reassignment or termination of an employee. He is responsible for ensuring that applicants and employees submit the forms necessary to initiate the appropriate security

employee from a nonsensitive to a sensitive position is proposed. If, during the course of necessary record and reference checks by the Office of Personnel, any derogatory information is developed, or it is disclosed that reports of investigation are in existence, the Director of Personnel is responsible for promptly advising the Inspector General accordingly.

- f. The head of a primary organization is responsible for providing his views in connection with any recommendation by the Inspector General to the Secretary for the suspension, reassignment or termination of an employee occupying a sensitive position. He is also responsible for identifying positions in his organization that should be designated sensitive. (See paragraphs 7 and 18).

6. CATEGORIES OF SENSITIVE POSITIONS. For the purpose of conducting investigations, the Civil Service Commission requires that sensitive positions (defined in paragraph 3(c)) are to be divided into two categories: critical-sensitive positions and noncritical-sensitive positions.

- a. Critical-sensitive positions are positions the duties of which include any of the following:

- (1) Access to TOP SECRET defense information;
- (2) Development or approval of war plans, plans or particulars of future or major or special operations of war, or critical and extremely important items of war;
- (3) Development or approval of plans, policies or programs which affect the overall operations of an agency; that is, policy-making or policy-determining positions. It is Departmental policy to include all supergrade positions. It is also Departmental policy to include the heads and associate heads or assistant heads of all primary organizations;
- (4) Investigative duties, the issuance of personnel security clearances, or duty on security hearing boards;
- (5) Fiduciary, public contact, or other duties demanding the highest degree of public trust. It is Departmental policy to include all heads of HUD Area Offices and HUD Insuring Offices.

- b. Noncritical-sensitive positions are positions the duties of which:

- (1) Do not include any of the duties listed in subparagraph a.; and
- (2) The occupant of which could bring about by virtue of the nature of his position, a material adverse effect on the national security; and
- (3) The duties of which may include access to SECRET or CONFIDENTIAL defense information.

7. DESIGNATION OF CRITICAL-SENSITIVE AND NONCRITICAL-SENSITIVE POSITIONS.

- a. The head of each primary organization is responsible for identifying each position in his organization meeting the description of a critical-sensitive or noncritical-sensitive position in paragraph 6. Each organizational head shall make an effort to hold to a minimum the number of positions designated. He is also responsible for notifying the Inspector General of the identifications. The Inspector General, if he concurs, designates each position as critical-sensitive or noncritical-sensitive, as appropriate.
- b. When the Inspector General designates a position as sensitive, he shall issue a notification to that effect to:
 - (1) The head of the primary organization in which the position is located;
 - (2) The Director of Personnel; and
 - (3) The incumbent of the position, if the position is encumbered at the time of its designation as sensitive.

8. CHANGE IN OR REVOCATION OF DESIGNATIONS.

- a. The Inspector General shall make an annual review of the positions designated as sensitive to determine whether:
 - (1) The duties assigned a critical-sensitive position no longer require that the position be designated as critical-sensitive, but do require that it be designated as noncritical-sensitive;

- (2) The duties assigned a noncritical-sensitive position require that its designation be changed from noncritical-sensitive to critical-sensitive; or
- (3) The duties assigned a critical-sensitive or noncritical-sensitive position no longer require that the

position be designated as sensitive.

- b. When the Inspector General finds, as a result of his review or upon the advice of the head of a primary organization, that the duties of a sensitive position have been changed so as to warrant one of the three types of action described in subparagraph a., the Inspector General shall take the necessary action to change or revoke the designation, as appropriate. He shall issue a notification to that effect to:

- (1) The head of the primary organization in which the position is located;
- (2) The Director of Personnel; and
- (3) The incumbent of the sensitive position, if the position is encumbered at the time of its change in or revocation of designation.