

Testimony of Sterling Phillips

Chief Executive Officer

USIS

Chairman Issa, Ranking Member Cummings and Members of the Committee:

My name is Sterling Phillips, and since January 2013, I have served as CEO of USIS, a federal contractor headquartered in Falls Church, Virginia. As part of a wholesale leadership change at the company, I joined USIS after more than 30 years in senior management positions with Federal contractors.

I'm here today representing more than 6,000 USIS employees dedicated to excellence in supporting the missions of our government customers. That number includes 2,000 field investigators across the country who conduct background investigations, as well as nearly 400 of their colleagues involved in assuring the quality of our work.

Over the past nine months, the disclosure of classified material by Edward Snowden and the Navy Yard tragedy caused by Aaron Alexis have caused a great deal to be written and said about the security clearance process in general, and USIS specifically, in the media. Much of this public commentary has been factually inaccurate.

Today I hope to correct these inaccuracies and clarify the role contractors like USIS play in the nation's security clearance process so as to provide you with better insight as to how this process might be improved.

In order to understand the process, it is critical to recognize that USIS and OPM's other contractors have *no* role in deciding whether an individual actually receives or retains a security clearance. We only collect and report information and we do not even make a recommendation. The decision-making process is known as "adjudication" and that authority lies solely with the agency requesting the clearance.

All OPM background investigations, whether conducted by contractors or Federal employees, follow specific procedures and protocols established by OPM. Contractors like USIS rigorously adhere to the established investigative process and have no flexibility in terms of how an investigation is conducted.

Once an investigation is complete and accepted by the government, our work is done and we have no further role in the oversight or monitoring of cleared personnel. In fact, contractors are not allowed to maintain any of the case materials or information, all of which are returned to OPM.

Our performance goals for all cases, including Snowden and Alexis, are to strictly follow the OPM process and to meet all OPM standards for quality in our work. If we ever fail to do so, we are promptly notified by OPM with a detailed description of any defects. All indications to USIS are that we met all standards on each of these cases.

Mr. Chairman, in my 13 months at USIS, I have been impressed with the dedication and professionalism of our investigators and other employees. They understand that they are performing a sensitive and vital national security function. Many of our investigators came to us from the military or law enforcement. They understand their responsibilities and take them very seriously.

It is important to note that all investigations are fixed-price products. USIS has an extensive and costly quality review system and all of our work is subsequently reviewed by OPM and the adjudicating agency. At any time, the USIS National Quality Team, OPM or the requesting agency can send the case back for additional work at no extra cost to the government. The cost to USIS of quality defects and re-work is high. Both short- and long-term, it is in the best financial interest of the company to do the job right the first time.

In any enterprise of this size, however, from time to time there are individuals who fail to meet our high standards. But I submit to you that in USIS those individuals are an aberration, not the norm.

When USIS suspects that an investigator has misrepresented or falsified his or her work product, we immediately suspend that investigator and launch an internal investigation. If our investigation determines that work has been falsified or misrepresented, we pro-actively report and refer those cases to OPM and cooperate with the U.S. Attorney's Office for subsequent prosecution.

As you know, the U.S. Department of Justice has intervened in a civil false claims suit against USIS. That matter is ongoing and has not been resolved.

I was not at USIS when the alleged conduct in that case occurred, but I can tell you that the allegations in the complaint relate to a small group of individuals over a specific time period and are inconsistent with our values and strong record of customer service. Since first learning of these allegations two years ago, the company has acted decisively to ensure the quality of USIS's work and compliance with OPM requirements. New leadership has been installed, oversight has been enhanced and internal controls strengthened. From the outset, the company has fully cooperated with the government's investigation and will continue to do so.

Finally, I hope this hearing is helpful to you as you assess possible policy changes in America's security clearance process.

USIS and our 6,000 employees are prepared to assist you in any way that we can.

Thank you.