

*Mr. [unclear] 12.9.74
Mr. [unclear] 20/9
Mrs. Anderson to note last
sentence. [unclear] 11/9*
SECRET

August 29, 1972.

MEMORANDUM TO DEPARTMENTAL SECURITY OFFICERS:

You will recall that paragraph 19 of C.D. 35 requires departments and agencies to submit a quarterly return on adverse cases to the Secretary of the Security Panel "in order that the Panel may from time to time review the number of persons or the type of cases involved, and assess the extent of the security problem in the public service". Even though the number of security checks conducted and the number of adverse reports submitted has more than doubled since January 1964, the number of quarterly returns has dropped consistently so that there is no way of knowing the extent to which denial and other restrictive action appear to have been taken on adverse reports.

In 1966, in each quarter an increasing number (2, 3, 5 and 10) of addressees failed to submit quarterly reports. By 1971 we were receiving reports on only a very small handful of cases (45). The second quarter of 1972 indicates an almost total breakdown of the system; of 33 addressees we heard from two and these were NIL returns.

It would be difficult indeed for anyone to challenge the validity of the quarterly return as a useful means of assessing periodically the extent of the personnel security problem in the public service and, for the same reason, it is equally difficult to understand why the system should break down, the result of which is the present inability of the Secretariat to provide a comprehensive account of the personnel security problem to the Interdepartmental Committee on Security and Intelligence, the advisory body to Cabinet.

This breakdown would seem to result from either or both of the following:

- (a) a misunderstanding in many quarters of the importance of the quarterly return; and

... 2

SECRET

A0050646_1-002961

- (b) the possible marginal value and relevancy of a large number of adverse reports submitted by the Security Service.

In regard to the question of possible misunderstanding, we can usefully break this down further:

- (a) the relevant paragraph of C.D. 35 does not clearly state that NIL returns are required;
- (b) the Security Service's request that it be advised of the addressee's decision only in cases bearing on loyalty and character cases involving homosexuality may be confused with the direction of paragraph 19 in C.D. 35. Considering that character cases represent in the average about half of the adverse reports submitted and can often be resolved administratively, relatively little is known centrally of the sort of action taken by departments and agencies in such cases.

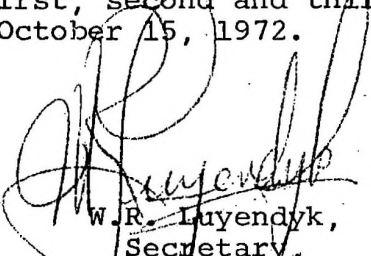
With respect to the second possible reason for breakdown, that of the usefulness of the reports, the Security Service feels duty-bound, and rightly so, to submit for consideration traces of the enquiry subject's activities related to the loyalty risk factor, and for those of a person listed on the Personal History Form or a person with whom the subject of the enquiry is known to be in close relationship. If, as it would appear, the vast majority of those reports are not of sufficient substance as to warrant restrictive action, this method of reporting is perhaps in need of review. However, as, at best, 50% of the addressees of adverse (loyalty) reports reply to the Security Service's

... 3

request for notification of decision, we feel that this is an insufficient basis upon which to review the present reporting criteria. Obviously, incomplete statistics are open to serious misinterpretation.

In order to remedy this unfortunate situation please, as a first step, ensure that your quarterly returns (including NIL returns) are henceforth submitted promptly, as required by the Cabinet policy directive. Secondly, in each department and agency there should be a tabulation made from existing security clearance records to determine the number of present employees who have been given a limited low-level clearance by reason of an adverse report which has raised a persistent doubt concerning their loyalty and/or reliability. While this will not provide an account of dismissals, voluntary resignations and compulsory transfers effected on security grounds, it will at least provide a basis for an estimate of the current personnel security problem.

In light of our joint responsibility to inform the government periodically on the security situation in all departments and agencies, you are urged to review your present situation as suggested above, and submit quarterly returns in the form appearing at Annex "A". This form has been revised to be consistent with the detailed manner in which the Secretariat is informed quarterly by the Security Service on the type of reports sent to departments and agencies and the names of applicants and employees to whom they relate. A similar return from departments and agencies will permit a more accurate and purposeful assessment of the personnel security situation throughout the public service. Considering that very few returns have been received in 1972, it would be very useful if you were to prepare returns for the first, second and third quarters of this year by October 15, 1972.


W.R. Luyendyk,
Secretary,
Interdepartmental Committee
on Security & Intelligence.

Privy Council Office,
O t t a w a.