



HEARING OF THE SENATE SELECT INTELLIGENCE ON COMMITTEE
THE NOMINATION OF STEPHANIE O'SULLIVAN TO BE THE
PRINCIPAL DEPUTY DIRECTOR OF NATIONAL INTELLIGENCE

CHAIRIED BY: SENATOR DIANNE FEINSTEIN (D-CA)

LOCATION: 562 DIRKSEN SENATE OFFICE BUILDING, WASHINGTON, D.C.

WITNESS: MS. STEPHANIE O'SULLIVAN

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[Statement for the Record by Ms. Stephanie O'Sullivan](#)

SEN. FEINSTEIN: The hearing will come to order. The committee meets today to consider the president's nomination of Ms. Stephanie O'Sullivan to be the principal deputy director of National Intelligence. So, welcome, Ms. O'Sullivan.

Before turning to the nomination, let me first publicly welcome the six new members of the committee, who aren't here yet but hopefully will be coming along shortly. We are joined on the committee by Senators Conrad, Udall and Warner on our side, and Senator Coats, Blunt and Rubio on the Republican side. So we have six new members of this committee, which I think both the vice chairman and I very much look forward to.

I note that Senator Coats is returning to the committee, having served here in the 105th Congress. I also want to congratulate Senator Saxby Chambliss on his vice chairmanship. We've worked together on this committee since you joined, Senator, in 2002. And I look forward to a close, good, positive working relationship, and all I can say is so far, very good.

SENATOR SAXBY CHAMBLISS (R-GA): Thank you.

SEN. FEINSTEIN: Before turning to the nomination, I would also like to note two important matters that are before us this month. On February 16th, the committee will be holding its annual worldwide threat hearing.

That hearing provides the leaders of the intelligence community with an opportunity to present to the committee and the public their assessment of current and projected national security threats to the United States. The committee will be interested in exploring with them their assessments of the vast changes sweeping through the Middle East and North Africa.

On February 28th, three important authorities, under the Foreign Intelligence Surveillance Act, the so-called business records roving wiretap and lone-wolf provisions will sunset. That's three weeks from now, essentially, unless the Congress acts to extend them.

The attorney general and the director of National Intelligence have written to the congressional leadership in support of legislation that I've introduced to extend these authorities to December 31st, 2013. The whole Patriot Act comes up for review -- it sunsets -- in 2013. That's really the time to look at the entire act and make some decisions as to whether there should be reforms, changes, amendments, whatever at that time.

I'm very concerned that these three sections, which are really vital for ongoing operations, essentially default, and I think that would place our nation in some increased insecurity. So I am hopeful that this will be Rule Fourteened to the floor and we can have a straight up or down vote on a straight three-year extension of those three provisions.

And now to the nomination. Ms. O'Sullivan was nominated to be principle deputy director to DNI Clapper on January 5th of this year. If confirmed, she will be the second-most senior intelligence professional in the government, with the significant responsibility to assist DNI Clapper in his management and direction of the entire community.

Director Clapper has laid out his goal for his office to force a better fusion in the intelligence community between intelligence collection and analysis, and to make the whole greater than the sum of its parts. Ms. O'Sullivan has stated that she shares this goal and has agreed to take on the challenge to see it accomplished.

The importance of this mission has been underscored this week by the instability and protests in the Middle East. The president, the secretary of State and the Congress are making policy decisions on Egypt, and those policymakers deserve timely intelligence analysis. I have doubts whether the intelligence community lived up to its obligations in this area, which is an issue that the committee will continue to examine as time passes.

Now, that's not, thankfully, a question aimed at Ms. O'Sullivan. As an associate deputy director of the CIA, her role is akin to that of the chief operating officer, ensuring that the agency functions effectively and efficiently. She has served in this role since December of '09, transforming Director Panetta's objectives into actions.

Prior to this position, Ms. O'Sullivan headed CIA's Directorate of Science and Technology for four years. In that role she managed the CIA's Technical Innovation and

Support to Case Officer Operations. While almost everything in this area is highly classified and unfortunately can't be discussed here, the committee has taken a real interest in several of these programs and found them to be on the cutting edge of science and unique assets to the community.

Ms. O'Sullivan spent over 14 years combined in the Directorate of Science and Technology. She was formerly in the Office of Naval Intelligence, and before that she worked at TRW, now part of Northrop Grumman. As a nominee to be principal deputy DNI, Ms. O'Sullivan has answered numerous pre-hearing questions and met with members. Her answers to those questions will be posted today on the committee's website.

So I look forward to your statement and answers to members' questions, and hope that we will be able to get you confirmed quickly and painlessly through the Senate. I know that DNI Clapper very much shares in that hope as well.

I'll now turn to our distinguished vice chairman, and then if you will, give you an opportunity to introduce your family and make any opening remarks you would care to make.

MS. O'SULLIVAN: Thank you, Madame Chairman.

SEN. FEINSTEIN: Thank you. Mr. Vice Chairman?

SEN. CHAMBLISS: Thank you, Madame Chairman. And first of all, let me say at the hearing the other day when you were unable to be with us, I made the comment -- but I want to make it again -- about the fact that I appreciate, as a member of this committee, particularly on the minority side, the way that you have conducted yourself as chairman in both our classified and unclassified hearings, and all other aspects of serving as chairman.

You have made sure that every member of the committee -- it didn't make any difference which side of the aisle we were on -- had total input into whatever the issue was, and I commend you for that and want to make sure you know that I feel personally very strongly about the fact that we are going to have a very strong working relationship. And we've had the opportunity to work together before. And it's going to be interesting times that we have to deal with but I thank you for your leadership.

SEN. FEINSTEIN: Thank you. I appreciate that.

SEN. CHAMBLISS: Ms. O'Sullivan, I join the chair in congratulating you on your nomination. You have a distinguished career and we appreciate your willingness to serve in the number-two job in the intelligence community.

In your responses to the committee's questions, you describe the many serious threats our nation faces. And as we watch the events in the Middle East unfold, we are reminded of

how important good and timely intelligence is to staying ahead of the rapid changes in our world? A big part of your new job will be to make sure that our intelligence community collectors and analysts live up to this task.

And as you and I talked yesterday, information sharing is of critical importance. It's important to get the information but then it's also extremely important to make sure that it gets in the hands of those people who are making the decisions, including yourself in this position. And I want to make sure that we continue to give the due diligence to the sharing of information within the community. And of course we have a major oversight of that, but as the number-two person at DNI, you are going to have a major role in that particular issue too.

As you noted, the ongoing threat from al-Qaida in the Arabian Peninsula, the same group responsible for the failed Christmas Day attack, is high on our radar screen. Amplifying this concern is the fact that former Guantanamo Bay detainees have joined AQAP. How to handle the remaining Gitmo detainees in ensuring that host countries actually monitor already released detainees remain critical problems.

We know the IC plays an important role in this area. Congress too has its own oversight responsibilities. I expect that in your new position you will help make sure this committee has all the information we have asked for and need to fulfill our responsibilities. Today and in the coming months, I look forward to hearing your views on other oversight matters, including the ODNI's reorganization under Director Clapper, and how it will improve the IC's collection and analysis.

As the budget debate heats up here in Washington, we'll look for your ideas on how the IC can run more efficiently and cost- effectively. The days of bloated government budgets, including for the IC, must be behind us. This committee has a good track record in taking firm stances on budget issues, and I expect that trend to continue in this Congress.

These are just a few of the issues facing the IC and the ODNI. We look forward to hearing your ideas today, and we look forward to a speedy confirmation process and to continue to work with you. And I thank you.

MS. O'SULLIVAN: Thank you, Vice Chairman.

SEN. FEINSTEIN: Thank you very much, Mr. Vice Chairman. Ms. O'Sullivan?

MS. O'SULLIVAN: Madame Chairman, Vice Chairman Chambliss and distinguished members of the committee, it is an honor to appear before you today as the president's nominee to be in the position of principal deputy director of National Intelligence. I also want to thank you for welcoming my family. I am pleased that my husband Patrick, my parents Adam and Barbara, and my brother-in-law Timothy could join me. Their support and grounding have been essential to my ability to serve in public service throughout my career.

That service encompasses almost 30 years spent in or supporting our country's intelligence community. During that time I have served in private industry, the Department of Defense, and the Central Intelligence Agency. I have delivered systems and new capabilities in every intelligence discipline. I have worked across the intelligence cycle, from research to operations, and I have worked across the intelligence community in partnerships that delivered more than either of us could have alone.

I fully comprehend both the challenge and the grave responsibility bestowed upon the director of National Intelligence and, if confirmed, would strive to meet both the challenges and fulfill the responsibilities of the office.

The DNI is charged with protecting our country in a time where we are collectively facing a daunting set of threats and challenges. In this environment, a strong and effective DNI and its leadership has never been more important. If I am confirmed, I look forward to supporting Director Clapper's goals to better integrate the intelligence community and to ensure that the community is efficient in both its structure and its operation.

I also look forward to supporting the DNI and the intelligence community's imperative to keep Congress fully and currently informed. The oversight process is the basis by which the intelligence community maintains the trust of the Congress and the people that we serve. Moreover, oversight is a valuable contribution to improving the quality of intelligence. If confirmed, I will ensure that the intelligence community is meeting its statutory obligations to fully and currently inform the congressional oversight committees of intelligence activities.

Thank you again for the opportunity to appear before you today, and for your consideration of my nomination. I look forward to answering your questions.

SEN. FEINSTEIN: Thank you very much, Ms. O'Sullivan. There are several standard questions that I might ask you, so I'm just going to go through them very quickly. I think you can answer them with one word.

Do you agree to appear before the committee here or in other venues when invited?

MS. O'SULLIVAN: Yes.

SEN. FEINSTEIN: Do you agree to send officials from the Office of the Director of National Intelligence and elsewhere in the intelligence community to appear before the committee and designated staff when invited?

MS. O'SULLIVAN: Yes.

SEN. FEINSTEIN: Do you agree to provide documents or any other materials requested by the committee in order for it to carry out its oversight and legislative responsibility?

MS. O'SULLIVAN: Yes.

SEN. FEINSTEIN: Will you ensure that the Office of the Director of National Intelligence and officials elsewhere in the intelligence community provide such material to the committee when requested?

MS. O'SULLIVAN: Yes.

SEN. FEINSTEIN: Do you agree to inform and fully brief, to the fullest extent possible, all members of this committee of intelligence activities and covert actions rather than only the chairman and vice chairman?

MS. O'SULLIVAN: Yes.

SEN. FEINSTEIN: Thank you very, very much. And I have a couple of questions.

On August 20th, DNI Clapper established the position of deputy director of National Intelligence as the new third-ranking position in the Office of DNI, and he eliminated the four deputy DNI positions that had existed previously. The same day, DNI Clapper also announced that Robert Cardillo, former deputy director for analysis at the DIA, would serve as the first deputy DNI for Intelligence Integration.

In your written responses to our committee's pre-hearing questions, you stated that -- and I quote -- "The PDDNI is responsible for ensuring the adequate and appropriate resources, policies and process to maximize intelligence integration." But you also wrote, and I quote, "The DDNI too is responsible for the integration of intelligence across the intelligence community."

Who is in charge of making sure intelligence information is integrated and shared across the intelligence community? Would it be you, if you're confirmed, or is it Mr. Cardillo?

MS. O'SULLIVAN: The director of National Intelligence has set the agenda, and he has the primary responsibility. Both Robert Cardillo and I will fully support his objective of doing that. So I would feel bound to answer that call, and I would feel that that would be a primary responsibility that I carried.

SEN. FEINSTEIN: Now I'm confused. You're saying that he has the primary responsibility.

MS. O'SULLIVAN: General Clapper has the primary responsibility, and both of us will be supporting him in that role.

SEN. FEINSTEIN: Well, who makes sure that intelligence is integrated and shared across the community? Which person?

MS. O'SULLIVAN: That would probably fall into my area of primary responsibility as I understand the structure of the office. Robert Cardillo's primary role is in integrating collection and analysis and identifying intelligence gaps, which are then passed to the rest

of the community to affect solutions. I would be responsible for overseeing the process of the trades and implementation across the rest of the community.

SEN. FEINSTEIN: Good. Now that's very clear and on the record, so thank you.

I wanted to ask you a question on contractors, if I can find it here. We have been increasingly concerned about the IC's heavy dependence on contractors. The actual numbers are classified at the secret level, but past DNIs and agency heads have all generally agreed that there's an over-reliance on contractors that have put inherently governmental work in the hands of the private sector.

As you know, the law is that if the work is inherently governmental, it must be done by a government employee, not a contractor. And contractors have increased costs, roughly 70 percent per position. In other words, it is much more expensive to do it that way, and it means that the government does not develop and obtain its own expertise. It's delegated out at 70 percent greater cost.

Your answers to the committee's pre-hearing questions state your belief that contractors can help the government meet its short-term needs. You wrote, "If the immediate security of the nation or United States citizens or our interests are threatened, then the surge use of contractors is an appropriate consideration," end quote. Now, this budget is likely to have cuts, as you may guess. Will you make reducing the use of contractors within the IC a priority if confirmed?

MS. O'SULLIVAN: Madame Chairman, if confirmed, I would pledge to take a very close look at those contractors. The key word in my response was "surge" use. That does not mean sustained forever. Contractors bring unique and valuable skills and they fill surge needs, but we should take a look at it periodically, on an ongoing basis, to make sure that they are not just continuing out of inertia.

SEN. FEINSTEIN: Well, as long as you know and take a look at the gross number, which are astonishing.

MS. O'SULLIVAN: I would pledge to do that.

SEN. FEINSTEIN: And, in fact, the department has pledged itself to, I believe to a 5-percent reduction of contractor use a year, which, candidly, is rather de minimus. So I would like to ask that you look at that, and we will be calling on you in the future to question you further on it.

MS. O'SULLIVAN: I have experience doing that already.

SEN. FEINSTEIN: Okay, thank you.

Mr. Vice Chairman.

SEN. CHAMBLISS: Thank you. Ms. O'Sullivan, the committee has been reviewing the disposition of Gitmo detainees and the process used to decide whether to detain or release these detainees. As the recidivism rate continues to rise, we need to make sure that transfer countries really do have eyes on any released detainees. The committee is still waiting for some key documents from the administration on this issue. Will you commit to working with the committee to help us get all the documents that we have requested?

MS. O'SULLIVAN: If confirmed I would pledge to make available all the information that this committee needs to the best of my ability including on this issue.

SEN. CHAMBLISS: The ODNI has acknowledged that the DNI acted in a policy role in the decision-making process for transferring detainees. Do you believe that's an appropriate role for the DNI and if so, why?

MS. O'SULLIVAN: The process by which we are working the Gitmo detainee is a cross-community process. Intelligence officers inform that process. They also have a statement -- a say as to the risk involved. So it's appropriate that the community informs the interagency process as to what the risks are and the capabilities of liaison countries.

SEN. CHAMBLISS: So do you think the DNI is an appropriate person to be on that policy-making side?

MS. O'SULLIVAN: I think he is appropriate to consult.

SEN. CHAMBLISS: Okay. Let me just express a concern that has been brought up from time to time since creation of the DNI. It's something you and I talked about a little bit yesterday and that's the size of the DNI. I don't want to put you in a position of saying the DNI is too big or not big enough but certainly one of the problems that we've had in the intelligence community is sometimes wading through the bureaucracy. And I would just urge you that in your position as General Clapper's right-hand person that you look at the size and the scope of the work being done by the DNI and if we can from the policy side help make decisions and work with you with regard to either trimming it down or making it more efficient I'd just urge you to think outside the box and let us help you do that.

Lastly, since the Wikileidia's (ph) disclosure began the tug between the need to know versus the need to share has come under increased scrutiny. What are the key factors that you believe should be considered in resolving this tension between need to know and need to share?

MS. O'SULLIVAN: To your first question on the size of the DNI, I agree with you that it would be difficult for me to make a substantive assessment looking at the DNI's office from the outside. However, if confirmed I would pledge to do what I have always done when I'm responsible for leading a group of intelligence community men and women. I would make sure that their efforts are not wasted because they are duplicative.

I would make sure that their efforts had an impact and I would make sure that they had the tools and resources needed to do the job that you expect of them. I would look at the cadre mix, the skills mix across the organization and that would include looking at the size of the organization. I would do this because every single person in the intelligence community wants to feel that they are making an impact and having a bottom-line addition to the community. They want to feel value added.

They deserve that their work is value added and that means taking a careful look at what we're asking them to do. On your second question about intelligence sharing, need to share and need to know are not and cannot be mutually exclusive for the intelligence community. We definitely have intelligence sources that must be protected. Lives are indeed at stake. We also cannot afford to give up the gains that we have made -- the very real gains we have made -- via deeper integration and sharing that we've had since 9/11.

That has been important to keeping our country safe and it has really truly meant that we are able to do things that we weren't in the past. There are things that we can do to balance those two competing objectives and the way forward I think has been laid out by the DNI's staff working with the intelligence community and is focused on looking at access across the community, looking at the configuration of systems so that it's not possible anymore to have a CD that you put in a computer and walk out with lots of data and is focused on audit and monitoring, and we have started moves in all of those directions to implement capabilities which I think will make us stronger and not sacrifice our duty to share.

SEN. CHAMBLISS: Well, thank you very much and thanks for the great work you've done in the past with the community and we look forward to continuing to work with you.

MS. O'SULLIVAN: Thank you, Vice Chairman.

SEN. FEINSTEIN: Thank you, Mr. Vice Chairman. Senator Burr.

SENATOR RICHARD BURR (R-NC): Thank you, Madame Chairman. Ms. O'Sullivan, welcome and I say on behalf of all of us thank you for your commitment to the country and to the effort up to this point and I for one hope this is an expeditious process that we move on and that we can have you within the DNI and your expertise, which I think are invaluable to us.

Let me follow up on what Senator Chambliss raised and specifically go to one area. I think we can all agree that there is duplication within the DNI as it relates to analyst. Now, there's not a part of the IC community that analysts aren't crucial to their work and I guess I would ask you is there a point we can get to where we have over analyzed (on ?) issue? Do you have the lack of confidence in the rest of the IC community that you strongly feel that there's a need to continue to grow analysts within the DNI or is that an area that you'd feel comfortable relying on the products that come from the rest of the intelligence community?

MS. O'SULLIVAN: DNI's role is that of setting standards, making best practices move between organizations, doing common training and sharing the skills that we have across the community. It's a valuable role and it needs to be there. We also need the DNI's function and we've had it for a long time in the community in the body of the NIC to integrate analysis that comes from all the disparate and different skill sets of the community -- an imagery analyst piece versus a -- (inaudible) -- analyst piece versus what would come from an all-force analyst or a military analyst. To get the full picture for intelligence somebody needs to integrate that and the DNI has picked up that ongoing community responsibility. I do not believe that they have added unnecessarily to it. That integration job is a very, very big job.

SEN. BURR: In most cases would you agree that within the DNI they take that raw data that is available and analyze that to get their own snapshot?

MS. O'SULLIVAN: I think they take the raw data that's available and see what happens when you put it together.

SEN. BURR: Let me ask you, if I could -- one of the frustrations I go through as a member of the committee -- and I might speak on behalf of the entire committee -- is we're asked to do oversight on the intelligence community. In most cases we're denied access to raw data. I would ask you, if confirmed today would you do everything you can in the instances that we feel we need the raw data as a committee to be supplied the raw data to do our oversight job?

MS. O'SULLIVAN: I would indeed, if confirmed, pledge to do everything possible to get the information that you need to do your job to the best of my ability. Now, I understand that there are sometimes competing jurisdictions across committees and that the raw information may fall into that bucket. But, again, I would pledge to do everything possible to make this committee's role of oversight of intelligence effective.

SEN. BURR: I would hope with the coordinating role that you see Director Clapper in that he could overcome those territorial boundaries and make sure, especially within the IC community, that we have the tools we need it to make.

MS. O'SULLIVAN: Director Clapper is quite persuasive.

SEN. BURR: Let me ask you one last question if I could, and this is really regarding the 2007 NIE. That estimate was on Iran's nuclear program and former CIA director Jim Woosley said publicly that this was the worst and most irresponsible national intelligence estimate that had ever -- ever that had confused -- that confused its headlines with its footnotes, and the headlines was that Iran had stopped its nuclear weapons program but the footnote said oh, by the way, it's still enriching uranium.

In my view an additional problem was that key judgments of this NIE were publicly released. Now, this has not only complicated our intelligence efforts within our allies and our partners but it could also serve to have a chilling effect on future NIEs. If analysts

believe that there's a chance that any part of their work might be made public they could alter or hold back their fullest analytical assessments from policy makers. What's your personal view as it relates to publicizing the national intelligence estimates?

MS. O'SULLIVAN: The men and women of the intelligence community are responsible for informing policymakers in the decisions that they have to make. We are committed to providing the most fulsome views to those policymakers, including all of the footnotes, including all the debates.

The policymakers then make the decisions for how best to take that information forward and use it. Of course, we are concerned for the security and sensitivities that you noted and we would make those sensitivities clear as part of our production of the product.

SEN. BURR: Would you agree that that could affect the analytic product if too much of that became public?

MS. O'SULLIVAN: I think that the analysts in this intelligence community are more devoted to making sure that policymakers have the information on their desk; that they would not withhold anything because of that.

SEN. BURR: Great. Thank you very much, Madame Chairman.

MS. O'SULLIVAN: Thank you.

SEN. FEINSTEIN: (Off mic.)

Senator Rubio.

SENATOR MARCO RUBIO (R-FL): Thank you, Madame Chair.

Thank you, Ms. O'Sullivan.

Really one of the main questions -- how would you assess the state of affairs in collecting and analyzing intelligence from detainees that we're capturing around the world?

MS. O'SULLIVAN: I believe that we're doing across the community -- including with our partnerships with DOD and law enforcement -- that we're getting the best access to the information we can.

When we can get access to people; we are getting the information that we need. The capabilities and tools that we have are effective in supporting that.

SEN. RUBIO: The other question I had, I think, as we're watching events in the Middle East unfold, are there any lessons you take in terms of long-term strategic analysis that we could learn from with regard, for example, to what's happening in Egypt in terms of long-term planning for our different intelligence community agencies?

MS. O'SULLIVAN: The events in Egypt are rapidly unfolding and the intelligence community is working full out to track them on the ground. But the minute the things started earlier on in Tunisia, the intelligence started looking at the longer-term strategic impacts.

That's a balance that we always pursue. We set aside and value as part of our trade craft the stand-back look and the projection of things and trends as they go forward, as well as our obligation to keep the policymakers currently informed of events as they unfold. So I don't think that we would ever lose sight of that.

And of course, we will always do after-action looks to see if there was something more that we should have done as we look back.

SEN. FEINSTEIN: Thank you, Senator.

Senator Wyden.

SENATOR RON WYDEN (D-OR): Madame Chair, I appreciate this hearing. And I also want to say how great it is to see you back as a picture of good health as we begin this hearing and we are glad you're here.

Ms. Sullivan, let me ask you -- picking up on Senator Rubio's question, because I think the whole question of Egypt and what we knew when is critical.

Can you tell me when the intelligence community first alerted the president and other policymakers that Egyptian street protestors were likely to threaten President Mubarak's hold on power?

MS. O'SULLIVAN: The IC has assessed for some time that the political stagnation in these countries has been untenable in the long run and briefed that up to policymakers. Our experts have been closely following the drivers of change from economic instability and conditions to the youth bulge in these areas and other societal factors that underlie the current crisis.

We will continue to monitor developments as we go forward. And we will continue to feed, in a continuous process, indicators of additional instability across the region.

SEN. WYDEN: That's helpful, but that's not the question I asked. The question I asked was when did the intelligence community first alert the president and policymakers that protestors were likely to threaten President Mubarak's hold on power?

MS. O'SULLIVAN: We have warned of instability. We didn't know what the triggering mechanism would be for that and that happened in the last -- end of the last year.

SEN. WYDEN: So did you give him a sense at the end of last year -- I mean, if you don't want to give me a specific date -- I am interested in when the president was told how

serious this was. I mean, if you tell me it was the end of last year or last week or last month -- you don't have to give me a specific, you know, specific date, but this goes again to the function of intelligence. And to me, the intelligence community's primary job is to collect information from people who know important things. And you can't just gaze into a crystal ball and try to guess what can't be predicted.

But I do want to get a general sense of when you all told the president that we were faced with something that was as serious as what we have seen in recent days.

MS. O'SULLIVAN: I'm afraid I'm not going to be able to satisfy your specific question. My duties involved a more general understanding of the debates that were going on and not the face-to-face briefing of the president over this past year.

SEN. WYDEN: You were told yesterday I was going to ask this question, weren't you?

MS. O'SULLIVAN: Not in this detail, sir.

SEN. WYDEN: All right. Because I think -- I'm told by staff that we notified you specifically, because I wanted to get into this -- this area. So I think it's unfortunate we're not getting more specifics, given the fact you were put on notice.

Speaking more broadly, do you think it's realistic to expect U.S. intelligence agencies to have deep coverage of every country in the world, or should policymakers just expect to focus really on high priority countries and issues?

MS. O'SULLIVAN: The intelligence community has to have coverage of every area of the world that we possibly can in preparation for those hot spots that policymakers need to focus on. We don't get to relax our vigilance on global coverage as we chase the current unfolding crisis.

SEN. WYDEN: What's the role of the DNI in all this? When the DNI, for example, lays out certain priorities for intelligence collection and analysis, how will you expect the various agencies to react?

MS. O'SULLIVAN: The DNI has a very critical role. The DNI adjudicates between competing requirements and then allocates resources aligned to those top priority requirements.

And the classic example you've just laid out is one that we frequently wrestle with, which is how do we cover the whole world and maintain the crisis collection and assessments on ongoing and unfolding events?

SEN. WYDEN: Let's see if I can get one other question in, Madame Chair, and that's the role of the DNI in relations with the CIA.

The Congress created the position of DNI so that there'd be somebody who was responsible for looking across all of the various intelligence agencies to make sure the enterprise was as effective as possible. And one of the questions that those of us on the committee ask every time we confirm a new director or a deputy director of national intelligence is: How well is the concept working?

So from your vantage point as a senior manager at the CIA, how well is the concept of a director of national intelligence working in practice?

MS. O'SULLIVAN: I can tell you unequivocally, as a member of the senior management team at CIA, that we are fully onboard with the DNI's leadership and vision for the community. It is -- resonates with us, his vision, with all the men and women of the community it resonates. His vision focused on mission and integration works. It makes sense to everyone.

We went through a lot of stand-up pains in the community, but in my assessment and my experience over the last year or so -- and especially as Director Clapper has come on and laid out his vision -- I believe that most of that is behind us.

SEN. WYDEN: Thank you, Madame Chair.

SEN. FEINSTEIN: Thank you very much, Senator Wyden.

Senator Blunt.

SENATOR ROY BLUNT (R-MO): Thank you, Madame Chair.

Ms. O'Sullivan, thanks for coming by and having a chance to visit yesterday. And I'm pleased to be with a Missourian nominated for such a high and important position in the security of our country.

You've been at the CIA for what -- the last 15 years?

MS. O'SULLIVAN: Since 1995.

SEN. BLUNT: So you've been there during the entire time that we've changed structure from --

MS. O'SULLIVAN: That's correct.

SEN. BLUNT: -- from 2001 until today.

A handful of years ago, what was your job at the CIA -- four or five -- the last job before the one you have now?

MS. O'SULLIVAN: I was the director of Science and Technology at CIA.

SEN. BLUNT: So in all places -- I was actually going to ask Senator Wyden's question, because I thought in all -- you probably have had a good a view of this from inside as almost anybody. And I heard your answer yesterday, which you gave the same answer again today. And I hope your optimism's well founded.

What do you think about DNI Clapper's -- how's the reorganization that he is in the midst of going to impact the way that the DNI responsibilities are handled differently than they have been before the reorganization?

MS. O'SULLIVAN: His reorganization reflects his vision.

So it's focused on integration. It's focused on efficiency in both the structure that he is standing up and the management team that he has, which is why he's restructured the way he has. And so it resonates because it's true from top to bottom. He's not just -- he's walking the talk in his own organization, as well as laying the path for the community.

SEN. BLUNT: And how would you describe his vision as different? Is he so very focused on integration as the principal responsibility, or how would you see his vision for what the job is, as opposed to maybe what the job has been doing before?

MS. O'SULLIVAN: Well, I'm very thankful for all the people who came before in these jobs, because there was a lot of heavy lifting that had to be done. So we're standing on their shoulders. But what General Clapper is able to do now -- because I think the community is at that point, and the vision he has brought starts with mission. And mission is what motivates the men and women of the intelligence community. That's why we are here every day. That's why they make the sacrifices they do.

And so when you start with mission and you lay that out and then show how integration can make that mission more effective, you can get extraordinary things out of the people in this community. And that's why I think it's resonating, and that's why I'm optimistic.

SEN. BLUNT: And what is the principal mission of the DNI? Is --

MS. O'SULLIVAN: To protect our country.

SEN. BLUNT: To protect our country. And the DNI's unique role in that is what?

MS. O'SULLIVAN: The DNI has the responsibility of integrating the community. He has the responsibility of being the intelligence advisor to the president, carrying forward all the information that the intelligence community brings. He has a responsibility of making sure that the intelligence community acts in compliance with the laws and the Constitution and values of our country, as well as making sure that all of the intelligence community keeps Congress in our oversight committees completely and currently informed. That's the start of the list, but not all of it.

SEN. BLUNT: Thank you. Thank you, Madame Chairman.

SEN. FEINSTEIN: Thank you very much, Senator.

Senator Udall.

SENATOR MARK UDALL (D-CO): Thank you, Madame Chair.

Good afternoon, Ms. O'Sullivan. I, too, like Senator Blunt, want to thank you for taking the time to pay me a visit yesterday, and it helped me prepare for the hearing today.

I think we discussed yesterday -- I sit on the Armed Services Committee and have an interest in that interaction between the intelligence community and the military, particularly outside of war zones. I believe there's some need to clarify those relationships.

Do you think that there are areas where we need new guidelines or new agreements between the IC and the -- I'll use some more acronyms -- the DOD, intelligence community and the Department of Defense?

MS. O'SULLIVAN: I believe that, particularly in war zones, we operate quite effectively together, largely because our combined and joint mission is so clear. There aren't competing requirements. We're all pointing at the same thing.

As far as additional guidance or structures, the DNI has worked very closely with the DOD and the SECDEF to set up a number of bodies to work through CONOPS policy, resource allocation, requirements allocation. So all of those lower-level structures are being put in place to make sure that we work as effectively back here as we do out in the field.

SEN. UDALL: This isn't necessarily the time to do this, but I think at some point perhaps we could more specifically pursue that question, say, for example, in Egypt, what sorts of coordination was occurring there between what our defense analysts see and perceive and those in the DNI world as well.

Let me move to energy security. I think, in your written response, you mentioned energy security, along with climate change, is concerns that would have national-security implications. What specific actions would you envision the IC taking now to make energy security a real priority, given what we're seeing in the Middle East and the potential for this unrest and instability to spread?

MS. O'SULLIVAN: As I -- as I was stating earlier, our analysis of the trends and the instability and impacts includes economic indicators. Energy security is a huge driver of that. It is -- underlies a lot of the decisions and risks that are made and -- (inaudible) -- decisions that are made as we go forward.

The analysts in the community have stood up. All of them have long-term strategic analysis plans that include looking at those longer-term issues, such as energy security, and including climate change, for which we've stood up a climate change center.

SEN. UDALL: Again, I look forward to working more with you if you're confirmed.

Let me turn to cybersecurity. Senator Feinstein led a very worthwhile and informative codel to China a year ago in May, and one of the subjects that we discussed in a series of meetings with the Chinese was cybersecurity. I know in, again, your written responses to pre-hearing questions, I think you said, quote, "The current balance favoring cyberactors who desire to exploit our vulnerabilities is likely to increase over the next five years."

You've got an engineering and science-and-tech background. Can you identify areas in which we can be working harder and maybe in a more focused way to address cybersecurity threats?

MS. O'SULLIVAN: You put your finger on one of the most complex and evolving threats that our country face. It is indeed an increasing threat because, as you said, the advantage goes to the attacker in the cyber world. The IC in this endeavor has some very unique skills and capabilities that we can contribute. We have a couple of responsibilities and obligations as well. We track and identify cyberthreats and warn of them. In addition, we have a responsibility to protect our own networks.

It is in the course of that endeavor that we probably have some of the most valuable things that we can share, because our networks for a long time have faced both sophisticated and persistent attacks. So we've learned a great deal in the course of defending them. And NSA in particular brings a lot of very unique skills which we are working and sharing, under the direction of the DNI, across the national-security community.

SEN. UDALL: So it's no secret that it's much easier to go on offense. It's much harder to defend networks and assets in cyber.

MS. O'SULLIVAN: Particularly in an open society.

SEN. UDALL: Mm-hmm. (Acknowledging.) Our strength sometimes is our weakness, but vice versa as well.

MS. O'SULLIVAN: That's what we're here to defend.

SEN. UDALL: CYBERCOM is standing itself up, and I'm curious if you'd have any thoughts in regard to the intelligence community's relationship with CYBERCOM. And, more specifically, do you have any concerns that laws and guidelines governing this area are lagging behind either the threat or our capabilities?

MS. O'SULLIVAN: CYBERCOM is standing up. And so what we're primarily going through now is setting up the interface structures between us, making sure that we hook up all the different parts of the community as this new organization steps forward and begins to take a more and more active role.

So at the time, I don't see any particular laws, authorities that are required. But, if confirmed, I would certainly pledge to bring back to you anything that I discover.

SEN. UDALL: Well, thank you.

Madame Chair, I operate in the spirit of you never get in trouble for something you didn't say, although my wife would disagree with me on occasion. But I do look forward to working on the committee with the chairwoman and with the vice chairman on cybersecurity and the important challenges we face there. But I also think we have some real opportunities if we get out front.

So, again, Madame Chair, thank you for the time.

SEN. FEINSTEIN: Well, thank you very much, Senator Udall.

MS. O'SULLIVAN: Thank you.

SEN. FEINSTEIN: Senator Risch -- Risch. (Corrects pronunciation.)

SENATOR JAMES RISCH (R-ID): (Off mic.)

SEN. FEINSTEIN: I know. And I practiced. (Laughs.) But it's done with such --

SEN. RISCH: The former vice chairman used to help me out. (Laughter.)

SEN. FEINSTEIN: I know.

SEN. RISCH: Tell you what, I will pass. Thank you.

SEN. FEINSTEIN: Oh. (Laughs, laughter.) I'm embarrassed.

I would like to ask one question. When I came on this committee around 2001, it was right after the Peru shutdown incident. And this all struck us very, very strongly.

Since that time, you have been chair of the Peru Air Bridge Denial Program accountability board. And the report, which was classified, has been unclassified and released. And essentially the Peruvian military and the CIA, which was involved in identifying the Bowers plane, admitted to the mistake but claimed the proper procedures had been followed and the plane had refused orders to land.

The IG report found that the CIA may have misled Congress and the Justice Department by withholding information about the drug interdiction program. And there were other problematic incidents, more than 10, where planes were shot down and operational rules were violated as part of the CIA program.

Now, it's my understanding that the board which you chaired conducted an examination of the conduct of 23 officers and recommended administrative penalties for 16 retired and current officers. In 2009 Director Panetta accepted the board's specific recommendations, which remain classified personnel decisions. But nonetheless, a substantial period of time had passed and I am very concerned about misinforming the Oversight Committee, which I think is really untenable to have happen.

What are your thoughts, having gone through this experience, to prevent what happened here from ever happening again? And to really face up to an error and certainly testify or make an accurate report to the Oversight Committee about it?

MS. O'SULLIVAN: What we found that led to the behaviors that were cited in the IG report was numerous instances of people being -- essentially asserting compliance with procedures rather than documenting them in detail. It was sloppy and incomplete reporting. As a result of that, the board made several systemic recommendations, some of which were urged by the members of this committee, to implement a lessons learned program.

And so what we've done is we've just finished the first running of the lessons learned program based on this as a case study, and we're focused on the management cadre because they are the ones who set the standards for what is acceptable reporting levels.

We also as a board agreed that the gravest offenses committed by the people that were sanctioned were those that touched on the grave responsibility of people to report accurately and completely to Congress. And we reserved our stiffest penalties for the people that we found had been careless in those duties. We feel that that is a startling standing lesson learned to all of our future management officers and are working hard to make sure that they all hear that lesson.

SEN. FEINSTEIN: Well, I very much appreciate that. And, you know, I hope that because of your work that something like this will never happen again, not only the shutdown which killed innocent people but the misrepresentation to this committee and to the other committee in the other house as well.

Do you feel that this committee can be assured that this will never happen again?

MS. O'SULLIVAN: I think that you can be assured that you have our pledge to do everything possible to make sure that we don't make mistakes of omission, that people provide full and complete reporting instead of assertions of fact, which is what this committee needs to be able to do their oversight duties.

SEN. FEINSTEIN: That's right. That's right. And I thank you. I know this is painful work, but it's also very important. So I thank you for that.

Mr. Vice Chairman, any other questions?

SEN. CHAMBLISS: Just quickly. I want to go back to the question Senator Wyden asked you about when did the president and what did he know with respect to each of, we're going to have a lot of lessons learned -- at least the opportunity to have a lot of lessons learned at the conclusion of this process, however long it takes or wherever it may go. And as part of our oversight duty, we need to make sure that we are asking the hard and tough questions of the community with respect to the job that our folks are doing on the ground and the quality of information that's getting to the number one customer, which is the president.

So what I would ask that you do based upon the answer you gave in his follow up question and the answer to that, I would like for you to go back and you know the people that know the specific answer.

MS. O'SULLIVAN: Mm-hmm.

SEN. CHAMBLISS: And I would like for you to give the committee in writing the time table that the community advised the president of the seriousness of the situation surrounding President Mubarak, what we knew and when the president was told about the fact that he may be -- or that this situation may evolve into one of the type of activity that we in fact have seen over the last week or so. And if you would do that in the next 10 days, I would appreciate that very much.

MS. O'SULLIVAN: Any shortfall in the response was entirely mine based on my own background and lack of involvements in the process of notification.

SEN. CHAMBLISS: And I understand that. But it's a question that's been asked and that we do need to the answer to.

SEN. FEINSTEIN: I think that's right. Thank you, Mr. Vice Chairman.

Anyone else have any other questions they would like to ask?

SEN. CHAMBLISS: Mr. Risch always has questions. (Laughter.)

SEN. CHAMBLISS: But he keeps them to himself sometimes.

SEN. FEINSTEIN: It's good to see you again, too.

Ms. O'Sullivan, let me thank you for being here. I think you've answered the questions. There will be some questions of writing. I trust you're answering them as well. And we look forward to processing this as soon as we can.

So thank you very much. And the committee is adjourned.

END.