Mod 5 Job Aid: Proxy Agreement Compliance Checklist

Annual Implementation and Compliance Report to DSS Checklist

This is a sample of some of the questions the Government Security Committee (GSC) should consider addressing in the Annual Implementation and Compliance Report and meeting.

The Company CEO and the Chairman of the GSC should jointly submit at least a draft Annual Report to DSS one year from the effective date of this Agreement and annually 30 days prior to the Annual Implementation and Compliance Meeting certifying compliance with the FOCI Agreement to include the Implementation plans (Electronic Control Plan (ECP), Technology Control Plan (TCP), Affiliated Operations Plan (AOP), and Facility Location Plan (FLP), and Visitation Policy and Procedures)

☐ 1. Whether this Agreement is working in a satisfactory manner;
☐ 2. Is the company in compliance with the Agreement, the NISPOM, or other applicable laws and regulations; if not, did the GSC/FSO report any acts of noncompliance to DSS?
☐ 3. Did the Company or GSC request the necessary guidance or assistance from DSS regarding problems or impediments associated with the practical application or utility of this Agreement and implementation plans?
☐ 4. Do any of the security controls, practices or procedures warrant the need for adjustment? If so, what changes should be considered?
☐ 5. The report should include the following information:

Organization Changes
☐ • Any changes or impending changes, to any of the Company's management including the reasons for such changes;
☐ • A list of any changes, or impending changes to the Key Management Personnel (KMP) or key board members, including the reasons for the change; or any changes?
☐ • Impending changes in the organizational structure or ownership, including any acquisitions, mergers or divestitures;
☐ • Has the company entered into new or open bids for classified contracts and is the list of active classified contracts up-to-date?
☐ • Has the company acquired any new subsidiaries or filed CFIUS in the past year? If so, list the new subsidiaries.
☐ • List the CFIUS or a summary of the new acquisition and merger, divestitures.

Implementation of the Agreement
☐ • A detailed description of how the Company is carrying out its obligations under this Agreement; (example: implementing an online security and counterintelligence training program)
☐ • A statement that a review of the records concerning all visits and communications between representatives of the Company and the Affiliates has been accomplished and the records are in order;
☐ • Any other issues that may have a bearing on the effectiveness or implementation of this Agreement.
☐ • A certification that any affiliated operations and/or collocation do not circumvent the requirements or intent of the agreement;
| ☐ | • A certification on the effectiveness of the ECP, TCP, AOP, and FLP; and |
| ☐ | • Any other issues that could have a bearing on the effectiveness of the applicable agreement |
| ☐ | • Are all of the resolutions and certificates up to date? |
| | Government Security Committee Meetings |
| ☐ | • Summary of Quarterly and any additional meetings (including dates location, meeting minutes), with the affiliates. |
| | Meeting dates and minutes of the Board of Directors |
| ☐ | • A statement, as appropriate, that a review of the records concerning all visits and communications between representatives of the Corporation and the Affiliates have been accomplished and the records are in order; |
| ☐ | • Are there any increases, reduction or reclassification of the capital stock of the Corporation? |
| ☐ | • Any matters or actions affecting the Corporation and not specifically described in the Agreement? |
| | Affiliated shared services provided to the FOCI company and the Affiliates |
| ☐ | • A list of any new or unreported shared services, as well as discontinued services. |
| | Security events or violations of the Agreement or security measures implemented during this period |
| ☐ | • A detailed description of any acts of noncompliance, whether inadvertent or intentional, and the steps taken to prevent such acts from occurring again in the future; |
| ☐ | • Any issues or changes to the TCP, ECP, AOP, or FLP? |
| | Technology Transfer |
| ☐ | • A detailed description of any technology transfers and violations with resolutions by the company. |
| | Audits by DSS |
| | Financial Audits and reports to the Affiliates |
| ☐ | • Annual Financial Viability Reports: To ensure a company under a PA remains financially viable as required in NISPOM 2-303(b)(2). Was it forwarded to the DSS Representative? |
| | Security Posture |
| ☐ | • Changes to security procedures, implemented, or proposed, and the reasons for those changes and security initiatives implemented; |
| ☐ | • Any security audits or inspections of Special Access Programs (SAP) or Sensitive Compartmented Information (SCI) by the government contracting activity, if applicable? |
| ☐ | • Any A list of the Company's (including its cleared divisions and cleared subsidiaries) current classified contracts and the percentage of income derived from each such classified contract; and |
### Export Control Information

- Include any audits from the International Trade and Export Compliance, to include reviews and assessments of export compliance programs, if applicable.
- A detailed chronological summary of all transfers of classified and/or controlled unclassified information or Export Controlled Information, if any, from the Company to the Affiliates, including an explanation of the U.S. Government authorization relied upon to affect such transfers. Copies of approved export licenses covering the reporting period shall be appended to the report.
- List of licenses to affiliates/logs of Exports/Export training records, if applicable.
- Independent Audits

### Visitation Policy and Procedures

- Are there established visitation procedures for visit notifications and approvals between the company/controlled entities, and the foreign parent and Affiliates?
- Are all the non-routine business visits pre-approved by the designated OD?
- How many non-routine business visits were approved in the last inspection cycle?
- How many were denied? Reason?
- Any concerns

#### Routine Business Visits

- Are all the routine business visits approved by the FSO?
- How many were denied? Reasons?
- Are the approved routine visits consistent with the definitions of “business visits” as defined by the agreement?
- Any concerns?

#### Visit Request approved by the designated Proxy Holder

- Do the submitted Visit Request Forms obtain enough detail sufficient to enable the ODs/PHs/FSOs to approve/deny the visit request?
- Have there been any social visits reported?
- Do these social contact reports have enough detail?
- Any concerns?
- Are there any Long-term visits or other type visit requests that the GSC or DSS needs to approve?
- Does the GSC periodically review visit requests?
- Does the GSC maintain a chronological file of all documentation associated with meetings, visitations, and communication?
|☐ | o Are Video Teleconferences or VTCs requested and approved as visits? |
|☐ | o Are there any violations of the visitation policies and/or procedures? |
|☐ | o Have employees reported issues that have taken place as a result of visit? |

**Organizational Chart that includes affiliates, cleared, and uncleared subsidiaries**

|☐ | • Does the facility have a listing of those companies that are above or outside the agreement? |
|☐ | • Are the employees aware of which companies are affiliates? |

**List of Best Practices and Security Enhancements**