Student Guide

Short: Industrial Security for Senior Management

Objective	The purpose of this security short is to refresh your understanding, as a senior manager, of corporate security program requirements.
Estimated Completion Time	10 Minutes

Screen 1: Introduction

As a senior manager, you play a critical role in the success of your company's industrial security program. A successful security program not only ensures the protection of our national security information, it also ensures the protection of our great country, its citizens, and most important—its service members.

Screen 2: Security Requirements

When your company entered into its contract with the United States Government by signing the DD Form 441, Department of Defense Security Agreement, it agreed to put in place appropriate security controls to protect the classified information entrusted to it.

A big part of meeting that commitment was appointing someone in your company to act as your Facility Security Officer or FSO. But your security responsibility didn't end with the appointment of your FSO—that was really just the beginning!

So, what can YOU, as a senior manager, do to ensure the success of your company's security program? Let's start by looking at the important role senior management plays in the facility clearance process.

Screen 3: Facility Clearance

So, what is a Facility Security Clearance?

The Facility Security Clearance (FCL) is an administrative determination that, from a security viewpoint, a company is eligible for access to classified information of a certain category and all lower categories. Once the determination has been made that your company is eligible for access, your company is required to maintain that eligibility throughout the lifetime of your FCL.

Why is the FCL important to you?

The FCL allows your company to bid and work on Government contracts requiring access to classified information. Although security is often perceived as an "overhead function," without a Facility Security Clearance, your company's earning potential could be significantly diminished. In order to qualify for a Facility Security Clearance, your company must clear certain Key Management Personnel, or KMPs.

What are KMPs?

KMPs are those individuals having the authority and responsibility for planning, directing, and controlling a company. The senior management official and the Facility Security Officer (FSO) are KMPs who must always be cleared to the level of your FCL. Other corporate officials, as determined by your Cognizant Security Agency (CSA), must be granted a Personnel Security Clearance (PCL) or be excluded from classified access. For more information about the CSA, see "More Information" below. Depending on the senior management position you hold, it is likely that you will be or already have been cleared in order for your company to obtain and maintain its FCL.

Remember, deciding which KMPs must be cleared is a determination made by the CSA and depends on a number of factors, the most important of which is the way a company is structured and organized. For more information about who is required to be cleared based on company structure, see the Job Aid at the end of this guide.

More Information

The CSA consists of four agencies of the Executive Branch that have been authorized to establish an industrial security program to safeguard classified information under the jurisdiction of those agencies when disclosed or released to U.S. Industry. These agencies are: The Department of Defense (DoD), Department of Energy (DOE), Central Intelligence Agency (CIA) and Nuclear Regulatory Commission (NRC). DSS has been delegated security administration responsibility by the DoD and acts as the CSA for most DoD contractors.

Screen 4: FSO Responsibilities

You may be wondering about the role of your FSO and his or her security responsibilities. Let's take a closer look.

The Facility Security Officer, or FSO, is the person in your company responsible for the daily administration of your security program. He or she must be a US citizen, an employee of your company and must be cleared as a Key Management Personnel (KMP) in order to get your company cleared and maintain your Facility Security Clearance.

What are your FSO's responsibilities?

Your FSO is responsible for implementing and maintaining a security program that complies with the applicable NISPOM requirements and working in partnership with your DSS Industrial Security Representative to process and maintain your company's FCL.

FSO responsibilities include ensuring that:

- Personnel security clearances, or PCLs, for your cleared employees are kept to a minimum, and
- All associated records are complete and accurate

Your FSO is also responsible for reporting changes that may affect the company's FCL status. These include changes in:

- Business ownership name or address
- Foreign Ownership, Control, or Influence, also known as FOCI,

- Changes in KMPs, and

- Any action to terminate business or reorganize in bankruptcy

Additionally, your FSO is responsible for reporting information that could affect your cleared employees. These reports include adverse information and suspicious contacts.

And finally, your FSO must be appropriately trained and must train your cleared employees. Your FSO must successfully complete NISPOM required training within one year of being appointed to the FSO postion, and must implement initial security training and security education programs for all cleared employees.

To learn more about the NISPOM FSO training requirements, review the FSO Curriculum Brochure found at http://www.dss.mil/documents/cdse/FSO_brochure.pdf.

Screen 5: FSO Roles and Responsibilities

Why is the role of the FSO so important?

As you have seen, your FSO has a lot of responsibilities and needs to have the ability, authority and your full support to get the job done. The role of the FSO is so important that, like you, the FSO is considered to be a KMP. Take care in selecting the right person to be your FSO – the success of your security program depends on it. But your FSO can't do this job alone. Your support is essential to ensure that he or she has the resources needed for success.

Screen 6: Supporting the FSO

Now that you have a better understanding of the importance of your FCL and the roles and responsibilities of your FSO, what can you do to support your security program?

Stay engaged with your FSO

Become familiar with the FCL process and applicable security requirements at your company.

Lead by example

Be an active participant:

- Follow your company's security rules and procedures

- Attend security refresher briefings, and

- Participate in both your company's self-review and your DSS security review to include the entrance and exit briefings by DSS

Provide resources

Ensure that the FSO has access to company information, records and personnel as well as adequate resources to effectively manage your security program.

Ensure your FSO is qualified

It is important that your FSO is qualified to carry out the important duties of this position, has time to properly administer your security program, and successfully completes NISPOM required training.

Understand security review ratings

Understand the meaning of the various ratings that may be assigned to your company as a result of your recurring Government security review.

Keep in mind that "Satisfactory" is the most common rating received by industry and means that your company is in general compliance with all applicable NISPOM requirements.

Know the importance of suspicious contacts reporting and threats to your technology

Understand the importance of ensuring that your employees recognize and report suspicious contacts, including:

- Attempts to gain illegal or unauthorized access to classified information

- Attempts to compromise cleared and/or uncleared employees, or

- Cyber intrusion attacks

To learn more about reporting cyber intrusion attacks, view Industrial Security Letter (ISL) 2010-02 detailing reporting requirements for cyber intrusions http://www.dss.mil/documents/pressroom/ISL_2010_02.pdf.

Follow NISPOM requirements

Keep in mind that the FSO is required to follow NISPOM requirements, and will provide recommendations on company polices, processes, and practices as they affect your security program.

Screen 7: Knowledge Check

Now, let's see what you've learned by responding to the following situations. For each scenario, read the question then select the best answer or answers.

Scenario 1: Self-Review

You just received an email from your company's FSO advising you of the self-review he is planning to conduct next month. How can you best show your support?

☒ Review the self-review process with the FSO and ensure he has the resources needed to conduct a thorough review.

☒ After the self-review is completed, review the results with your FSO and make sure appropriate corrective actions are taken if problems were identified

☐ Since your involvement as a senior manager could influence the results, do not get involved until after the self-review is completed

☐ None of the above, the self-review is the sole responsibility of the FSO

Correct answer: You can best show your support for the FSO's self-review by:

- Reviewing the process with the FSO and ensuring he has the resources needed to conduct a thorough review
- Reviewing the results of the review with your FSO and making sure that appropriate corrective actions are taken if problems were identified.

Remember the importance of staying engaged, leading by example, and being an active participant.

Scenario 2: Refresher Training

As a senior management official for your company, how can you support your company's annual refresher training?

☐ Since your role as a senior manager does not require you to access classified information, you are exempt from attending annual refresher training.

☐ Since refresher training is a NISPOM requirement, it is the responsibility of your FSO and your involvement is not necessary.

☒ Make sure your FSO has the time and resources necessary to develop an effective refresher training program and become an active participant.

☐ None of the above.

Correct answer: You can support your company's annual refresher training by making sure your FSO has the time and resources necessary to develop an effective refresher training program and by becoming an active participant.

Scenario 3: DSS Security Review

How can you support your security program during a DSS security review?

☒ Be available during the entrance briefing to answer questions regarding any organizational changes and provide information regarding any future business that may affect your security program.

☒ Be available during the exit briefing to receive your review results and rating from your DSS Representative.

☒ Ensure your FSO has access to company resources and your employees are available to be interviewed during your DSS security review.

☐ None of the above, the DSS security review is the sole responsibility of the FSO.

Correct answer: You can support your program during a DSS security review by being available during the entrance and exit briefings and ensuring your FSO has access to company resources.

Screen 8: Conclusion

Hopefully you now have a better understanding of not only what is involved in maintaining a successful industrial security program, but the different ways you can get involved to show your support. Remember, your FCL is the vehicle that allows your company to bid and work on Government contracts requiring access to classified information. In addition, your successful security program ensures that classified information remains secure, which ultimately protects our national security, and most importantly, the men and women in our Armed Forces.

And never forget, that a successful industrial security program can only be achieved when the FSO has YOUR support!

Required Key Management Personnel for Facility Clearances

Key Management Personnel (KMP) are individuals that manage the actual day-to-day operations of the company and are in a position to adversely affect the company's policies and practices. The required KMP that must obtain a Personnel Clearance (PCL) in order for your company to receive a Facility Clearance (FCL) vary depending on the business structure of your company and other specifics related to the company. A final FCL will not be granted until all the KMP required to be cleared have received personnel security clearance determinations.

The required KMP listed below are only an example of which KMP must be cleared based on the business structure. Remember, that depending on other information about the company, the required KMP may be different.

Business Structure	KMP Required to be Cleared
Sole Proprietorship	- Owner of Business - Senior Management Official - FSO (Sometimes the business owner is also the Senior Management Official and/or FSO)
General Partnerships Limited Partnerships	- All General Partners - Exceptions for when the partnership has designated full authority for management control and supervision to a managing partner or executive committee, then those who require a PCL are: - Managing Partner - All members of - In limited partnerships, the limited partners will need clearances only if: - They need access to classified information - Their position allows them to impact the way the partnership handles classified contracts
Joint Venture Partnerships	- All Joint Venture partners must be cleared (or excluded) - If the executives of the joint venture are executives for one of the partner companies, they will be processed with each company - If the Joint Venture has an independent executive board, then the - Chief Executive Officer (CEO) for the joint venture must be cleared - Any other Joint Venture officers, who can adversely affect the venture's performance on classified contracts

Business Structure	KMP Required to be Cleared
Corporations	• President • FSO • Chairman of the Board of Directors ○ Potential Alternates (If Chairman position is rotated among board members, then all board members must be cleared)
Limited Liability Company (LLC)	• All members • Other management officials who can enter into contracts