

## **Industrial Security Learn at Lunch Webinar February 14, 2013**

Welcome and thank you for standing by. All participants will be in a listen only mode for today's conference. Today's call is being recorded; if you have any objections you may disconnect at this time. I would now like to turn today's call over to Ms. Christine Beauregard. Ma'am, you may begin.

Thank you and good afternoon, welcome to our Valentine Day's edition of our Industrial Security Learn at Lunch webinar series. I am Christine Beauregard, your Industrial Security Curriculum manager here at CDSE—or Center for Development of Security Excellence—and I'm going to be acting as your host for today. Working behind the scenes in our webinar studio located here in Linthicum are Rachel Mongeau and Sandy Vega. For those of you who aren't familiar, Linthicum is a suburb of Baltimore, Maryland, home of the reigning Super Bowl champions Baltimore Ravens. I know I hear all the excitement out there, but that's not what we're here for today; today we're here for our "New Facility Clearance for Government Contracting Activities and Prime Contractors" webinar. And the purpose today is to introduce you to a brochure which is called the New Facility Clearance Sponsorship brochure, and to answer some common questions surrounding sponsorship and the facility clearance process. But before we get started, let's take a tour of our DCO meeting room for those of you who may not be familiar. In the bottom left hand corner, as marked with a green arrow on your screen, you'll find a notes box. This lists the call-in numbers and other announcements that we might have for you today. If you get disconnected from the audio, this number will remain on your screen for your reference and to help you get back in. You'll also see our notes regarding using full screen. If you look on the gray banner on the top of your screen, you'll find the full screen option. All you have to do is select the full screen to see more detailed information on your screen. However, if you want to respond to any of our poll questions or chat questions, you'll need to select full screen again to return to normal view and to respond to those questions.

To the right is a Question and Answer box for entering questions and feedback today. Since all participant phones are muted, this is the only way you're going to communicate with our presenters during the webinar. And below, you're going to find a file share box. Here you can download and save the files listed to your computer so you can record notes on today's presentation. The last thing I want to go over with you is our poll questions. We're going to have I think at least one poll question today and a couple free response questions, but for our poll questions think of them as a multiple choice question and all you need to do is to take a look at your choices, make your selection and then we're going to provide feedback to you.

Today's presenters are Sarah Beauregard and Jeremy Hargis, and you can see the wealth of experience that they both bring with them. They both work at the Facility Clearance Branch of the Defense Security Service, which is located in Quantico, Virginia, and in their current roles they're responsible for processing contractors for Facility Security Clearances, monitoring their

continued eligibility, and then providing support to DSS field offices throughout the country. So to get this webinar started, I'm going to turn it over to Sarah and Jeremy. Sarah!

Happy Valentine's Day, everyone. Thank you for joining us to discuss the new facility clearance sponsorship. We're going to start with a quick poll question. Company A is cleared but has only been in business for a short time. Company B is uncleared but has been in business for over 20 years. Both are interested in responding to the RFP that contains at least one classified document. Who can receive the RFP? Alright, let's go ahead and close the poll. Looks like the majority is correct. Only Company A, unless someone sponsors B and they can receive an interim or final security clearance in time to respond. So let's start with the basics.

On the screen you will see our new Facility Clearance Sponsorship Pamphlet. This came out in the summer of 2012, and was developed for information for Government Contracting Activities and Industry which provides key information about the Facility Clearance process. Today will discuss in detail the information provided in this pamphlet.

A quick overview of what is a classified contract. A classified contract is any contract requiring access to classified information by a contractor in the performance of the contract. This does not mean the contract document is classified, and in most situations, the document itself is not classified. A facility clearance is an administrative determination that a company is eligible for access to classified information or award of a classified contract per NISPOM 2-100. If a company requires access to classified information to perform work on a contract, or during the pre-award phase of a contract, they will need to be sponsored for a facility clearance. We are going to discuss who can sponsor a company for a facility clearance as well as some common reasons for rejection of a sponsorship package in the following slides.

So who can sponsor a facility for a facility clearance? NISPOM 2-102, indicates that a government contracting activity or a cleared defense contractor can sponsor a facility for a clearance. A company cannot sponsor itself for a facility clearance. In order for a company to be processed for a facility clearance it must meet certain requirements. These are also covered in NISPOM 2-102. These requirements are that the company must need access to classified information in connection with a legitimate U.S. Government or foreign government requirement. The company must be organized and existing under the laws of the fifty states, District of Columbia, or Puerto Rico, and be located in the United States or territorial areas. The company must have a reputation for integrity and lawful conduct in its business dealings. And the company must not be under any foreign ownership, control or influence to such a degree that the granting of the facility clearance would be inconsistent with national interest.

Here is another common question. How long does it take to get an FCL? I'll give you a few moments to best guess. Okay, by looking at the responses we're all over the board. Currently it is taking on average 137 days to issue a final Secret/Confidential FCL, 151 days to issue a final Top Secret FCL, and 98 days to issue an Interim FCL. Keep in mind these are only averages.

There are various factors that go into the timeframe of receiving an FCL such as Personnel Security Clearances of the Key Management Personnel (KMP); any Foreign, Ownership, Control, or Influence (FOCI) that may need to be mitigated; the processing of parent companies as excluded parents or cleared parents and the timeframe it takes the company to provide DSS with all required information.

The sponsorship package consists of a sponsorship letter and a justification for a facility clearance. There is a sample sponsorship letter on the DSS website. The letter must include name, address, telephone number, and email address of the requestor. The name, address, telephone number, and email address of the company to be cleared, including a company official who shall serve as the point of contact. The level of the facility clearance required as well as the level of safeguarding required. As well as a justification for the request. On the screen you can see a sample of our DSS sponsorship letter. This sponsorship letter includes many questions. One question would be if the facility is located on a Government installation as there are other requirements pertaining to this that will be discussed in a few moments. It also asks if the facility holds a facility clearance with another Government agency. NISPOM 2-101 talks about reciprocity. A facility clearance shall be considered valid and acceptable for use on a fully reciprocal basis by all Federal departments and agencies, provided it meets or exceeds the level of clearance needed. If it is indicated on the sponsorship letter that a company has a clearance with another government agency, DSS will reach out to that agency to try to obtain the information. This will eliminate duplication of work for both DSS and the company. If a point of contact at the other government agency is known, it's helpful to add this information to the sponsorship letter. The sponsorship letter also asks if the GCA asks for a GCA point of contact information in case there are questions regarding the sponsorship, and the cage code for the company being sponsored. If there's no cage code at the time of the sponsorship, DSS can assign a temporary cage code until the company receives their permanent cage code from the Defense Logistics Agency. A permanent cage code is required prior to the facility clearance being issued. A cage code is also required prior to the Facility Clearance Branch initiating an e-QIP for the Key Management Personnel.

Okay we're going to talk more in depth about the cage code and the role it plays in the FCL process. DSS uses cage codes to track basic facility information. Every facility who holds a facility clearance must have a cage code. A company can have a cage code and can be uncleared. A cage code is completely separate and distinct from a FCL. DSS does not assign cage codes. This is a function of the Defense Logistics Agency (DLA). There are two ways for a company to obtain a cage code: A company can register with the SAM site (System for Award Management) database at [www.sam.gov](http://www.sam.gov). Later on in the presentation we'll provide a link. The second way—a DD Form 2051 can be submitted to the Commander of DLA. Section A of this form must be filled out and signed by the sponsoring government agency. This is not DSS. DSS does not sign or submit DD Form 2051s for companies. More information regarding cage codes

will be provided to the company being sponsored via a Welcome Packet provided by the Facility Clearance Branch once the sponsorship package is accepted by DSS.

Here's another question for you. What are some of the acceptable justifications for requesting a facility clearance? Okay, I see most of you answered with DD 254. We can just go ahead to the next slide. The most common and preferred justification is the DD 254. However, on the screen you'll see other justifications that can be submitted as with the sponsorship letter for the sponsorship package. A DD Form 254, a security aspects letter, a contractor statement of work, a request for proposal, request for quotation, or a cooperative research and development agreement. A justification should include information regarding the nature of the tasks or services to be performed by the company that require access to classified information.

Okay, on your screen you should see, what you're seeing is a snapshot from December 2012 of the number of sponsorships we have received at DSS and a breakdown of how many we accepted versus rejected. It's typical to see approximately 1/3 of all requests rejected initially by Facility Clearance Branch. Please keep in mind the amount of new requests each month vary greatly.

This chart shows the rejection reasons for sponsorship packages and the percentage of packages that were rejected for each reason. The most common rejection reason is that GCA authorization is needed. Written authorization by the Government Contracting Activity is required in order to subcontract Intelligence information, COMSEC information, NATO information, or CNWDI information. This written authorization can come in many forms. The authorization may be, but is not limited to, an email from the GCA point of contact; it might be a signature by the Government Contracting Activity on the DD254, or a separate letter from the Government Contracting Activity. The second most common reason is that there is incorrect information in the sponsorship package. This might be a contradictory information between the sponsorship letter and the DD 254 or other justification submitted. An example of this might be that the sponsorship letter indicates that no safeguarding is required and the DD Form 254 might say that safeguarding is required. The third most common reason is that there's no justification for the request followed by the fact that it's a solicitation in which doesn't require access to classified or for other reasons that will be discussed in the next slide. The percentage of rejections is for companies that are already cleared. The other rejection reasons may be that more clarification is needed because it's uncertain who sponsored the facility, for example, Self Sponsorship. We also see facilities that indicate that they are on a government installation, in which case we would need to determine if this is true, and we would need a letter from the Commander of the installation. DSS is also seeing more sponsorships come in for a facility clearance for branch offices that do not require safeguarding. Industrial Security Letter dated August 22, 2006, Reference #7, indicates that DSS does not process new facility clearances for division or branch that do not require possession of classified material for contract performance. Security functions can be administered in this case from the home office. DSS is also seeing more requests for Service Contracts. These are contracts where the company will not have access to classified

information in connection with the procurement. For service oriented tasks, basic security procedures can be put in place to preclude access to classified information, and thus it is not a justification for a facility clearance. This is indicated in Industrial Security Letter, dated August 22, 2006, Reference #6. One example of these types of contracts would be janitorial contracts.

Okay another quick question. How do you determine if a company is cleared? Okay, it looks like most of you correctly said ISFD. Go ahead and close it. Now we're going to briefly talk about ISFD. The Industrial Security Facilities Database is the system that is used to verify if a facility has a facility clearance. ISFD allows users to search the system for a verification of an FCL for a company using its cage code. This will allow a user to see if a facility has a FCL prior to sponsoring the facility. It also provides the FCL level, the level of safeguarding if approved, and mailing addresses. One quick note: JPAS should not be used to determine if a company is cleared. ISFD is the system of record for all companies participating in the National Industrial Security Program. Industry and government can obtain an ISFD account by filling out a System Access Request, or SAR request. This can be accessed on the DSS website. CDSE currently has a class on ISFD Verifications. The live link to this course will be provided at the end of the presentation.

If the facility being sponsored is located on a government installation, the sponsorship letter and justification will need to be accompanied by a letter from the Commander or Head of the installation. This letter must indicate if the contractor's on-installation activities justify a facility security clearance. It must also advise DSS if the installation will assume security cognizance or if DSS will maintain security cognizance. This is not for situations in which employees of a company located off base are working on the installation. This is only if the facility itself is located on the installation.

Okay, we briefly talked about solicitations previously. Solicitation is any request to submit offers or quotations to the government. An FCL is not needed during the pre-award stage of a contract unless access to classified information is required. If access to classified information is not needed during the pre-award stage, the facility can be sponsored for an FCL upon award of the contract. NISPOM 2-100 advises that contract award may be made prior to the issuance of an FCL. However, the contractor will not be afforded access to classified information until the FCL has been granted.

Once a sponsorship package is accepted at the Facility Clearance Branch, the facility is assigned to an Industrial Security Specialist at a local field office. A welcome package is sent to the point of contact of the company being sponsored and the company is registered in the e-FCL system. The company being sponsored will be contacted by the assigned Industrial Security Specialist to obtain information pertaining to the company as well as to schedule an on-site. The point of contact who sponsored the company will receive an email when the company is put in-process for a facility clearance. Notifications will also be sent when the facility clearance is granted or if

the facility clearance process is discontinued. These emails are automatically generated by the ISFD system.

We're going to discuss interim FCL and final FCL. An interim FCL can be granted by the Facility Clearance Branch to eligible contractors. An interim FCL is granted on a temporary basis pending completion of the personnel security eligibility determinations for the key management personnel, or KMP. An interim FCL can only be granted if KMP requiring to be cleared in conjunction with the facility clearance receive at least an interim personnel clearance at the level required. There is no FOCI that requires mitigation, and parent companies are either cleared or excluded. An interim FCL does not need to be requested. If a company meets the criteria for an interim FCL, DSS will move forward with the issuing of the interim FCL. However, should the interim personnel clearance for any key management personnel cleared in conjunction with the FCL be withdrawn, the interim FCL will also be withdrawn. Facility Clearance Branch will continue to monitor the status of pending KMP investigations and adjudication actions. The final FCL shall not be issued unless all KMP being cleared in conjunction with the FCL have received a favorable and final eligibility determination and the facility has met all other FCL requirements we previously discussed. When the final FCL has been issued, the Facility Clearance Branch will update ISFD and send a Letter of Notification of Facility Clearance to the contractor, with a copy to the Industrial Security Representative and Field Office Chief. With that said, let's kinda like wrap it up here, the last 25 minutes we provided a lot of good information regarding the FCL process and sponsorship process. I hope it was beneficial. With that, I'm going to turn it back over to Chris.

Okay, thank you Sarah and Jeremy. I think I even picked up a few things I didn't know before we got started here this afternoon. So I appreciate you guys taking the time and helping me and everyone else on the line out today. We do have a few minutes left so let's see if we can answer a couple of questions that came in.

The first question I have for you guys is: After my company receives its facility clearance, who will be my primary point of contact? I'll take this one.

Each company holding a facility security clearance is assigned to the local DSS Field office and an Industrial Security Representative is assigned to your facility, they would be the first line point of contact for anything regarding your FCL or any matters related to the National Industrial Security program. Alright, the IS Rep will be the point of contact is that right? That's what I'm leaving here with, right? Yes.

Question number two that I have for you guys is: What if my company holds a secret facility clearance but then is awarded a contract that requires access to Top Secret?

If a company requires an upgrade for a facility clearance, the company would also need to be sponsored by a government contracting activity or another cleared contractor as discussed. Also,

a sponsorship package would need to be submitted to a facility clearance branch for that upgrade request. Okay, thanks Sarah.

Okay, the third question I have for today is: A facility clearance is valid; I guess the best way is to say this is how long is a facility clearance good for?

An FCL is valid as long as the company is adhering to the NISPOM and has a valid DD Form 254 which requires access to classified information and which DSS can verify. Alright, very good, let's see if we can squeeze a couple more in.

If the interim facility clearance is granted, can the facility start processing employees for personnel clearances?

Yeah, once a facility has its interim FCL, as long as they have a JPAS account they can start processing their employees that are required to access classified information for PCLs. Okay then, Sarah, if they were granted that would it still be at the interim level? Yeah.

I guess our last one we'll go through today is: What if a company has a Top Secret facility clearance and that contract is completed or expires, so I guess the question that I'm asking is they would only have the need at that point for Secret access, would the facility clearance have to be downgraded or would no action be required, what would exactly happen?

Well the first thing is if this happens at your facility, the first call you should make is to your Industrial Security Rep, and yes, if you are only working on Secret classified contracts, then DSS would take action to downgrade your FCL to the Secret level.

Okay, I think that will do it for our questions that we answer here live today, but just to let you all know that these questions—and we received other questions that we don't have time to answer today, but we'll run by Sarah and Jeremy and then once we have those questions answered we'll post them on our CDSE webinar website, so keep a lookout for that in the near future.

And as Jeremy mentioned earlier in the presentation, here's that listing of resources that will provide additional information about the topics that were covered in today's presentation. On behalf of everyone here at CDSE and our wonderful presenters, Sarah and Jeremy, we'd like to thank you all for spending part of your day with us. I'll do a little bit of shame myself promotion for some upcoming events here that might help you out. Our next Industrial Security Learn at Lunch webinar is March 14 and the topic is "DSS Counterintelligence Products and Briefings" that are available to you. And then on March 11 we're going to do "Industrial Security Training Products and Resources" that would help you and perhaps even your training program at your company. Both are open for registration, so don't delay, register today, go ahead and do it while you're thinking about it.

And in March, March 19 and 20 here in Linthicum, which remember is close to Baltimore, and home of the world champions Baltimore Ravens, let's get that plug in one more time, we're going to be holding our instructor-led class "The Getting Started Seminar for new FSOs, The Role In The NISP" it's a day and a half course, we do have seats available, although those seats are limited. There's one prerequisite course called "The Role in the NISP," so if you're interested in attending, go to our course catalog on our CDSE webpage and sign up.

That about does it for today. I hope you all have a great Valentine's Day, and even greater Valentine's night—and remember, don't ever miss an opportunity to Learn at Lunch. Thanks again; we'll talk to you next month. Bye bye!