

Student Guide

Preparing the DD Form 254

Course Introduction

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CDSE Center for Development of Security Excellence; LEARN. PERFORM. PROTECT.

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Course Introduction

Introduction

Screen 1 of 2

Screen text: Welcome to the Preparing the DD Form 254 Course

Narrator: Welcome to the Preparing the Department of Defense DD Form 254 course! This course has three lessons. Each lesson takes approximately 20 minutes to complete. Here are your course objectives.

Screen text: Course Objectives:

- Identify Department of Defense and Federal requirements governing the DD Form 254
- Demonstrate knowledge of all sections of the DD Form 254
- Demonstrate knowledge of sections applicable to a subcontractor DD Form 254

Scenario Introduction

Screen 2 of 2

Screen text: You are now in your office.

Evan: Hi! I'm glad I caught you at your desk! My name is Evan and I'm a Contracting Officer Representative, or COR here at the Naval Operations in Norfolk, Virginia. The U. S. Department of Navy has awarded a contractor to build a new sonar interface for one of the Navy's submarines, the USS Pennsylvania. As the COR, I'm responsible for preparing the documentation for classified contracts issued to industry within our command. One of the key

documents involved in this process is the DD Form 254. I would like you to meet with some of the team to prepare the original Prime DD Form 254 that we will issue to the company that won the contract award.

The team consists of Brooke, our Program Manager, Mary Louise, the Contracting Officer or CO, Rick, our Subject Matter Expert, or SME who has been working on the USS Pennsylvania for many years, and James, our Senior Security Specialist who will guide us with the security documentation and provide security insight for the various stages of the contract. The only one left to complete the team is you as our Security Specialist! It's important that the team approach is used because it would be difficult for one person to retain all the information needed to complete this form.

Our first meeting is this afternoon at 3 PM in the conference room. We'll see you there.

DD Form 254 Regulations, Purpose, and Lifecycle

What is the DD Form 254?

Screen 1 of 7

Screen text: You are now in the conference room

Evan: Good afternoon everyone. Today, we're having a meeting regarding the DD Form 254 that the government is required to prepare for a contract award. This meeting will also serve as a training session for our new Security Specialist, so I'll need the team's help for teaching the process.

Screen text: Learning Objectives

- Explain the purpose of the DD Form 254
- List regulations that authorize the DD Form 254
- Describe the lifecycle when a DD Form 254 is required

Evan: We'll cover the purpose of and regulations that cover the DD Form 254 and discuss the lifecycle when a DD Form 254 is required.

Screen text: DD Form 254

Evan: The Department of Defense Contract Security Classification Specification, or DD Form 254, is a contractual document providing the contractor (or a subcontractor) with security requirements and the classification guidance that is necessary to execute a specific classified contract.

Screen text: Regulations of the DD Form 254?

Evan: The best way to begin this form is by knowing the regulations governing the form and the purpose of the form. The regulations include the FAR, the DFARS, and the NISPOM. Security is an essential element of every classified contract. A program that requires access to classified information during the life of the contract is considered a “classified contract.”

Screen text: Select each document to learn more.

Select the FAR document:

Screen text: Provides uniform policies and procedures for acquisition and identifies the mandatory contract clauses that must be included in a contract document. To be more specific, the FAR reads that we “shall” use a DD Form 254 for classified contracts. The Government fulfills this obligation by incorporating a “Security Requirements Clause” and a DD Form 254 in each classified contract. It’s important to note this is not the only security related contract clause in a contract.

Evan: The Federal Acquisition Regulation, also known as the FAR, contains the principal set of rules for government procurement in the United States. It provides rules for government acquisition, as well as, instruction, forms, and guidance on government contracting.

Select the More info button:

More info text:

- The FAR requires that a DD Form 254 be incorporated in each classified contract and be issued by the government with each classified Invitation for Bid or IFB, Request for Proposal or RFP, and Request for Quote or RFQ.
- The FAR provides guidance on additional clauses for disclosure protection and compliance with safeguarding defense critical and unclassified information. This form must be part of the contract package and is used to identify security requirements that are imposed on a contractor.

Select the DFARS document.

Screen text: Consistent with the requirements of the FAR, contracting officers must ensure that solicitations, or other notices to industry that require industry to access classified information and/or controlled unclassified information, should contain a DD Form 254, FAR Security Requirements Clause, and detailed instructions for industry requirements to request access to classified information and/or controlled unclassified information.

Evan: The Defense Federal Acquisition Regulation Supplement, or DFARS, is a supplement to the FAR that provides DoD-specific acquisition regulations that DoD government acquisition officials and contractors doing business with DoD must follow in the procurement process for goods and services.

Select the NISPOM document.

Screen text: NISPOM 7-102 requires contractors to ensure a DD Form 254 is incorporated in each classified subcontract.

NISPOM 7-102a goes on further to state that an original DD Form 254 shall be issued with each IFB, RFP, RFQ, or other solicitation to ensure the prospective subcontractor is aware of the security requirements and can plan accordingly.

Agency instructions must clearly reference and be in accordance with the NISPOM.

Evan: The DoD 5200.22-M, National Industrial Security Program Operating Manual, or NISPOM, requires cleared contractors and subcontractors to safeguard classified information released during all phases of the contracting, licensing, and grant process. That includes bidding, negotiation, award, performance, and termination. For all classified contracts issued to industry, it's essential to include an associated DD Form 254. It doesn't matter how large or how small the contractual effort is, a DD Form 254 must be issued if the contract requires access to classified information by the contractor or any of its employees, or if any contractor personnel will access classified information at a government facility in the performance of their duties.

In the event a contractor must utilize another contractor to assist in fulfilling the contract with the government, a prime/sub-contractor relationship is developed. Once the prime has determined the work for which the subcontractor will perform, the prime contractor must then issue a DD Form 254 to their cleared subcontractor conveying to the subcontractor only those security classification requirements that are applicable to the subcontractor's performance.

What is the Purpose of the DD Form 254?

Screen 2 of 7

Screen text: What is the purpose of the DD Form 254?

- Provide security guidance
- Specify the classification requirements
- Ensure proper security guidance

Evan: The purpose of the DD Form 254 is to provide security classification guidance to cleared contractors working under the National Industrial Security Program, or NISP. The DD Form 254 specifies the classification requirements for contracts awarded, to include classification level and safeguarding requirements, access requirements, and performance requirements.

Another purpose of the DD Form 254 is to help ensure proper security guidance is provided for the contract to eliminate misunderstanding pertaining to classified work and to prevent the possible compromise or loss of classified information.

Select the Learn More button.

Learn "More" pop-up text:

When a company is awarded a classified contract under the NISP, their Government Contracting Activity, or GCA is required to issue a DD Form 254. The GCA is an element of an agency that is delegated broad authority regarding acquisition function.

When a classified contract is awarded to a contractor, it's imperative that all applicable security classification guidance be included in the contracting documents to properly define the contractor's eligibility and responsibility for maintaining the required security for all aspects of a particular classified program.

Evan" Okay, so I'm going to ask a few questions to ensure you understand the information.

Knowledge Check 1

Screen 3 of 7

Screen text:

Question 1 of 2

All government contracts must include a DD Form 254.

Select the best response; then select Submit.

- True
- False

Question 2 of 2

Match the definition with the correct term.

Terms:

- DFARS
- FAR
- DD Form 254
- NISPOM

Definitions

- Requires cleared contractors and subcontractors to safeguard classified information released during all phases of the contracting, licensing, and grant process.
- Contractual document that provides the security requirements and classification guidance for classified contracts
- Provides rules for government acquisition that provide instruction, forms, and guidance on government contracting.
- Provides DoD-specific acquisition regulations that DoD government acquisition officials and contractors doing business with DoD must follow in the procurement process for goods and services.

Screen text: You have completed all Knowledge Check activities. Select Next to continue.

DD Form Lifecycle

Screen 4 of 7

Evan: The DD Form 254 has several iterations during its lifecycle. They include the solicitation, the Original, the Revised, and the Final DD Form 254.

Screen text: IFB, RFP, RFQ: DD Form 254 with Invitation for Bid (IFB), Request for Proposal (RFP) and Request for Quote (RFQ)

Evan: To begin, let's discuss the solicitation. Some of these solicitations are known as Invitation for Bid or IFBs, Request for Proposal or RFPs or Request for Quote or RFQs. These are used in negotiated procurement to communicate government requirements to the contractor. If access to classified information is required in the pre-award phase of the contract, then a DD Form 254 is required with the solicitation. In most cases, and if possible, the DD Form 254 should remain unclassified.

When preparing this form, a solicitation number and due date are entered in Item 2c instead of having a prime and subcontract number in Item 2a or b.

Screen text: Contract Award: Original DD Form 254 with the Contract Award

Evan: Once the solicitation responses are received and the bid closes, the DD Form 254 is no longer active. A new and Original 254 is issued for the contract award. From this point forward, the date of the 'Original DD Form 254' shouldn't be changed. This date serves as a point of reference.

Screen text: Revised: Revised DD Form 254

- Security Classification Guidance
- Contract Classification Level
- Facility Clearance or FCL
- Security Accesses (an increase or decrease)
- Facility Address
- Performance Location

Evan: A Revised DD Form 254 must be issued if there is a change in security contractual requirements for a classified contract. Some examples include changes in: security classification guidance, contract classification level, Facility Clearance or FCL, security accesses (an increase or decrease), facility address, or performance location.

A revision requires 3b on the form to be marked along with the revision number. The Revised DD Form 254 is dated appropriately, and the revision number should start at 1 and follow

sequentially for any revisions that may follow. The document would also need to be updated for the required revision, such as the change in FCL or required access.

Screen text: Final: Final DD Form 254

- Issued when the contract is completed
- Includes the contractor's period of retention for classified information associated with the contract

Evan: When the classified contract is complete, the NISPOM automatically authorizes the contractor's retention of any classified material received or generated under that contract for a period of two years. If a contractor desires to retain the classified material for a longer period, they must request additional retention from the GCA.

When preparing a Final, Item 3c would be marked along with the date and Item 5 would be marked "Yes." The period of retention and requested date would also be filled in on Item 5. Please note that automatic retention does not apply to a Special Access Program or SAP.

I have a few True-False questions about what we just discussed for you to answer.

Select See examples of DD Form 254 revisions.

Screen text: Security Classification Guidance

- A component that was classified as TOP SECRET has been downgraded to SECRET

Contract Classification Level

- A contract's classification level is changed because the product or information has been changed to a higher or lower classification level
- Information used to develop a product is declassified under the Freedom of Information Act (FOIA)

Facility Clearance or FCL

- The contract is changed to a higher classification level after award
- Change in Security Accesses (an increase or a decrease)

Facility Address/Performance Location

- Work will be performed at a location other than the location(s) identified in the Original DD Form 254
- Portions of work originally designated to be performed on a Government site are later authorized to be performed at the contractor's facility

Knowledge Check 2

Screen 5 of 7

Screen text:

Question 1 of 3

A DD Form 254 should accompany an RFP if the work performed on the contract requires access to classified information.

Select the best response; then select Submit.

- True
- False

Question 2 of 3

A Final DD Form 254 is required if the contractor desires to retain classified material for a contract past the end of the period of performance.

Select the best response; then select Submit.

- True
- False

Question 3 of 3

If the contract's classification level changes from TOP SECRET to SECRET, my DD Form 254 will remain the same.

Select the best response; then select Submit.

- True
- False

You have completed all Knowledge Check activities. Select Next to continue.

Common Questions

Screen 6 of 7

Evan: Before we finish up with the regulations, purpose, and lifecycle, let's go over a couple of common questions you may be thinking about.

Screen text: Select each question.

Do prospective contractors need an FCL to bid on a contract that requires access to classified information?

Prospective contractors do not need to possess an FCL to bid if access to classified information is not required during the solicitation process. However, if classified access is required, all prospective contractors must possess the appropriate FCL.

Evan: Prospective contractors do not need to possess an FCL to bid if access to classified information is not required during the solicitation process. However, if classified access is required, all prospective contractors must possess the appropriate FCL.

Screen text: How do you determine the FCL of a contractor?

A prospective contractor's FCL may be verified via the DoD system of record for facility clearances. The contractor's Commercial and Government Entity Code or CAGE code, a government-issued unique identifier required for all companies to do business with the government, is needed for verification. The CAGE code can be verified through the Defense Logistics Agency, CAGE website.

Evan: A prospective contractor's FCL may be verified via the DoD system of record for facility clearances. The contractor's Commercial and Government Entity Code or CAGE code, a government-issued unique identifier required for all companies that do business with the government, is needed for verification. The CAGE code can be verified through the Defense Logistics Agency, CAGE website.

Screen text: How does a contractor get an FCL if they don't have one?

If the potential contractor is not cleared, either a government entity or a cleared contractor must sponsor the company for an FCL. An FCL sponsorship letter must be submitted to the Cognizant Security Office, or CSO by the sponsoring entity. If eligible, an Interim FCL may be issued.

Evan: If the potential contractor is not cleared, either a government entity or a cleared contractor must sponsor the company for an FCL. An FCL sponsorship letter must be submitted to the Cognizant Security Office, or CSO by the sponsoring entity. If eligible, an Interim FCL may be issued.

Screen text: How do I learn more about an FCL and obtaining one?

For more about FCL sponsorship, please go to the CSO website. You can also complete the Center for Development of Security Excellence, or CDSE, eLearning course titled Facility Clearances in the NISP. For more information on the FCL process please visit our Course Resource Page.

Evan: For more about FCL sponsorship, please go to the CSO website. You can also complete the Center for Development of Security Excellence, or CDSE, eLearning course titled Facility Clearances in the NISP. For more information on the FCL process please visit our Course Resource Page.

Lesson Conclusion
Screen 7 of 7

Screen text: Learning Objectives

- Explain the purpose of the DD Form 254
- List regulations that authorize the DD Form 254
- Describe the lifecycle when a DD Form 254 is required

Evan: Okay, good session! You should be able to explain the purpose of the DD Form 254, list the regulations that authorize the DD Form 254, and describe the lifecycle when the DD Form 254 is required. Let's move on to the next topic.

Preparing a DD Form 254 Lesson

Accessing a DD Form 254

Screen 1 of 22

Evan: Now that we have discussed the regulations and purpose, we can begin to prepare the Prime DD Form 254.

The fillable form and instructions are available on the CDSE website which you can access through the Course Resources page.

You can also access the form through The NISP Contract Classification System or NCCS that is being implemented for submitting the DD Form 254.

Screen text: Select the NCCS button for more information.

NCCS button text: The NCCS is the enterprise Federal information system application supporting DoD, the other Federal Agencies, and cleared industry in the NISP by facilitating the processing and distribution of contract security classification specifications for contracts requiring access to classified information.

Items 1-5

Screen 2 of 22

More info button:

Hyperlinks to: <https://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd0254-Inst.pdf>

Scenario button text: You are a Security Specialist at the Naval Operations (NO) in Norfolk, VA. Evan (Contracting Officer Representative at NO in Norfolk, VA) stops by and tells you that a request authorization has come down from the Office of the Chief of Naval Operations requesting a contractor (Zoom Inc) to build a new sonar interface for one of the Navy's submarines, The USS Pennsylvania.

Evan: Now that you know where to find the form, we'll go through how to prepare each item on the DD Form 254 and identify DD Form 254 common errors.

Brooke: We're here to chime in and help explain the form as well.

Evan: Great, let's get started!

Screen text: Learning Objectives

- Prepare DD Form 254, Sections 1 through 5
- Prepare DD Form 254, Sections 6 through 11
- Prepare DD Form 254, Sections 12 through 15
- Prepare DD Form 254, Sections 16 through 18
- Identify DD Form 254 common errors

Brooke: While we're going through the form, you can access the full instructions at any time by selecting the "More Info" button. We have also provided information about the contract that you may access by selecting the "Scenario" button.

Screen text: Item 1. Clearance and Safeguarding

- Do NOT cite special categories such as Communications Security (COMSEC), Special Access Programs (SAP) or Sensitive Compartmented Information (SCI) in this box.
- Do NOT use this form with foreign contractors, governments, or the North Atlantic Treaty Organization, or NATO.

Evan: At the top of the form, you will begin by choosing the classification of the form from the dropdown list. If possible, the DD Form 254 should remain unclassified.

James: The overall classification of the DD Form 254 information will be unclassified. Any classified information will be sent to Zoom under separate cover.

Screen text: Complete the highlighted areas to continue.

Items 1-5 (cont.)

Screen 3 of 22

Screen text: Item 1. Clearance and Safeguarding

- Do NOT cite special categories such as Communications Security (COMSEC), Special Access Programs (SAP) or Sensitive Compartmented Information (SCI) in this box.
- Do NOT use this form with foreign contractors, governments, or the North Atlantic Treaty Organization, or NATO.

Evan: Okay, so in Item 1a, select the contractor's level of FCL required. We know this contract requires a TOP SECRET FCL.

James: Since I am the Senior Security Specialist and have an account with the DoD system of record, I was able to verify that Zoom has an active FCL at the TOP SECRET level with SECRET safeguarding.

Evan: Great, for Item 1a and 1b, insert the level of FCL required and level of safeguarding for classified information that is required to be stored at the contractor's facility.

The required storage may not be higher than the contractor's FCL in 1a. For example, if 1a is SECRET, 1b should be SECRET or lower. However, the company may be sponsored for an FCL upgrade.

Did you know? **BOX text:** The contractor's FCL and storage classification level must be verified via the DoD system of record for verifying contractor facility clearances.

Screen text: Complete the highlighted areas to continue.

Items 1-5 (cont.)

Screen 4 of 22

More info button: the student is redirected to a pdf.

Scenario button text: The overall classification of the form will remain UNCLASSIFIED. This contract requires a TOP SECRET FCL with SECRET safeguarding.

Screen text: Item 2. This Specification is for:

- 2a. Prime Contract Number
- 2b. Subcontract Number
- 2c. Solicitation/Other Number

Evan: Now for Item 2, enter the prime contract number which is used when the GCA issues guidance to a prime contractor. The issuing activity, in this case Naval Operations, enters the contract number. Mary Louise has already provided that for us, so this should be in Item 2a. Item 2b is completed by a prime contractor when there's a prime/subcontract relationship. The prime contractor issuing the subcontract enters the subcontract number. We will talk more about that later.

Item 2c refers to solicitations such as an RFP, RFQ, IFB, or other solicitation that will involve access to classified material for the contract performance. The GCA or prime contractor for a subcontract enters the solicitation number and due date. For this contract, this is not currently required. So, the only Item in 2 that applies in our case is 2a.

Screen text: Item 3. This Specification is for:

- 3a. Original
- 3b. Revised (Revision No.)
- 3c. Final

Evan: This is a new contract that has not been previously issued so we select Original for Item 3a and enter today's date.

James: Remember, revisions only occur when there is a change to security classification guidance or contractual security requirements. Revisions should be numbered sequentially beginning with 1, along with the date.

Evan: That's right, and don't forget, the Final DD Form 254 is an authorization to retain information beyond the automatic two-year period. The GCA for a contract may also authorize additional retention by letter, email, or other correspondence.

Screen text: Item 4.

Is this a follow-on contract?
Same Contractor/Subcontractor?
Same Item/Services?

Evan: We check "No" for Item 4 because this is a new contract that's just been awarded. A follow-on contract is awarded when the same contractor or subcontractor receives additional follow-on work for the same item or services as the preceding classified contract.

Screen text: Item 5.

If this is a Final DD Form 254, enter the date of the retention request.
Item 13 must include retention period and disposition instructions.

Mary Louise: The same applies for Item 5 because it is not a Final DD Form 254. We would only mark "Yes" if the contract has already been completed and the GCA determines, in response to a formal contractor request, that the contractor has a continuing need for the classified material beyond the automatic 2-year period.

Did you know? BOX text: The date the Final DD Form 254 is issued should be entered along with the date of the original in 3a.

Did you know? BOX text: The Revised DD Form 254s must be incorporated into the contract via a contract modification."

Screen text: Complete the highlighted areas to continue.

Evan: That's right Mary Louise. Now let's use what we've just reviewed to answer a few questions.

Knowledge Check

Screen 5 of 22

Screen text:

Question 1 of 3

If the GCA issues a classified contract to prime contractor Merchant Company, which number should be entered in Item 2 (This specification is for)?

Select the best response; then select Submit.

- Prime contract number
- Subcontract number
- Solicitation or other number

Question 2 of 3

Merchant Company submitted a solicitation response to a contract that has a TOP SECRET facility clearance requirement, but Merchant holds a SECRET facility clearance. Can they fulfill the contract?

Select the best response; then select Submit.

- No
- Yes
- Yes, only if they are sponsored for an FCL upgrade.
- No, because the contractor needed to have the correct level of security clearance before the contract was awarded.

Question 3 of 3

The GCA is preparing the Original DD Form 254 that accompanies the contract award for Merchant Company. Should Item 4 be checked, indicating it as a follow-on contract?

Select the best response; then select Submit.

- Yes
- No

You have completed all Knowledge Check activities. Select Next to continue.

Items 6-9

Screen 6 of 22

Evan: Good job with the first 5 items. Let's move on to items 6 through 9 and remember, you can select the "More Info" button at any time to retrieve the full instructions.

Scenario button text: For this contract, Zoom will be performing fabrication, testing, and other services in support of the Sonar Interface for Naval Submarine USS Pennsylvania.

Screen text: Item 6a.

Name: Zoom Incorporated
Address: 123 Roundtree Way Virginia Beach, VA
Zip Code: 23462

Evan: Item 6 is used when a GCA issues a classified contract to a prime contractor or when a prime is issuing a classified contract to a subcontractor.

James: I have the contractor's name and mailing address for Item 6a. Since this company has a classified mailing address, I have verified it through the current DoD system of record.

Screen text: Item 6b: CAGE Code
Defense Logistics Agency, or DLA

James: I retrieved the CAGE Code for Zoom through the Defense Logistics Agency, or DLA website. Enter it into Item 6b.

Did you know? BOX text: It's important to note that not all facilities with CAGE Codes are cleared facilities; therefore, the FCL should be verified via the DoD system of record.

Evan: Thanks. There are a couple of ways to get the CSO information for Item 6c. James, do you mind telling us how you usually obtain it?

Did you know? BOX text: Only list the CSO if the location where classified performance required will be at a prime contractor or subcontractor's location.

James: Sure, for Zoom I went to the CSO's website, but I could also email the CSO or contact the contractor directly.

Screen text: Item 7: Subcontractors
Name
Address
Zip Code

Evan: Item 7 is completed by the prime contractor when a subcontractor has been approved to work on a particular contract. Additional information on preparing a subcontractor DD Form 254 will be discussed later.

The work for this contract will be performed at Zoom's location in Item 6a. Since this is the only approved place for work performance, no other addresses are listed in Item 8.

Brooke: It's important to keep in mind that by identifying an actual performance location, you are limiting all performance under the contract to the location identified in Item 8.

Did you know? BOX text: If there are more places of performance, select the “Add More Items” button and identify them in the additional fields for Item 8a. You can also remove the additional fields by selecting the “Remove” button.

Item 9

Examples of the project could be research, development, production, study, services, or manufacturing.

Rick: Here in Item 9, we insert the type of work performed on the contract. The description should be short, concise, and UNCLASSIFIED, while still providing enough detail to provide an adequate picture of the project.

Evan: Awesome job team! Now, let us use what we’ve just reviewed to answer a few questions.

Knowledge Check **Screen 7 of 22**

Screen text:

Question 1 of 3

The GCA is preparing the DD Form 254 for Merchant Company. Which website would they use to verify Merchant’s CAGE Code?

Select the best response; then select Submit.

- CSO website
- DLA website
- CAGE website
- ISFO website

Question 2 of 3

The performance for the contract will be at Merchant’s cleared facility location. Should the CSO location be listed in Item 6c (Cognizant Security Office(s) (CSO))?

Select the best response; then select Submit.

- Yes
- No

Question 3 of 3

The COR is trying to fill out Item 9 (General unclassified description of this procurement), which is the description of the project. What classification should the information be?

Select the best response; then select Submit.

- CONFIDENTIAL
- CLASSIFIED

- UNCLASSIFIED
- SECRET

You have completed all Knowledge Check Activities. Select the Next button to continue.

Item 10
Screen 8 of 22

More info button: the student is redirected to a pdf.

Scenario button text: This contract requires access to COMSEC.

Evan: Item 10 lists all access requirements for the contractor and their employees, regardless of where the access will occur. This does not refer to safeguarding. We'll go through each access in Item 10a through 10k.

Screen text: Item 10. What does the contractor require access to?

Regardless of where the access will occur (contractor's facility or government facility).

Screen text: COMSEC

- Accountable
- Non-Accountable
- CCI

Evan: Communications Security, also known as COMSEC, includes accountable or non-accountable COMSEC information and Controlled Cryptographic Items or CCI.

Rick: This contract requires access to COMSEC and also requires the prime to have a COMSEC account.

James: We also need to provide additional security guidance about COMSEC in Item 13 or in an attachment.

Evan: That's right James.

Screen text: Complete the highlighted areas to continue.

Item 10 (cont.)
Screen 9 of 22

More info button: the student is redirected to a pdf.

Scenario button text: This contract requires access to COMSEC.

Screen text: 10b. RESTRICTED DATA will ALWAYS be marked if 10c CNWDI is marked.

Rick: Item 10b should not be marked because this contract does not concern the design, manufacture, or utilization of atomic weapons or special nuclear material.

Item 10c will not be marked either. This contract doesn't deal with TOP SECRET or SECRET data that reveals the theory of operation or design of the components of a thermonuclear or implosion-type fission bomb, warhead, demolition munition, or test device.

James: Although, not applicable on this program, it's important to note that contracts which require access to Critical Nuclear Weapon Design Information or, CNWDI, require Item 10b to be marked as well.

Evan: Thanks James. Formerly Restricted Data is Restricted Data that has been removed from that category to a lower safeguarding classification level. We will not mark 10d because it still doesn't apply to the current contract.

Screen text: SCI required?

Evan: Sensitive Compartmented Information or SCI is a type of classified information encompassing things that are intelligence-related. James, is this type of access required?

James: No, we should not mark Item 10e for this contract. However, if SCI were required, the applicable security requirements should be listed in Item 13 or in an attachment. Item 14 and 15 would be marked and completed appropriately as well.

Screen text: SCI required?

- List applicable security requirements in Item 13 or attachment
- Mark and complete Item 14 and 15 appropriately

Refer to Security Clause

- DFARS 252.204-7005

Screen text: SAP examples:

- Acquisition
- Intelligence
- Operations and Support

Refer to Security-related Clauses

- DFARS 252.204-7005

Evan: To ensure adequate protection of this procurement, Special Access Program or SAP requirements may be imposed on the contractor. However, this contract does not need security requirements that exceed the NISPOM, so we will not mark Item 10f.

Mary Louise: It's important to know that additional requirements for SAP may be included in the contract document itself or they may be provided separately.

Evan: Great point Mary Louise. Item 14 and 15 should also be marked appropriately in that case for SAP and we'll get to those items shortly.

Screen text: NATO levels of classified information.

James: None of the information that is required for this contract belongs to NATO. If NATO were required, the specific levels of NATO information would be listed in Items 13 and 14 as appropriate on the DD Form 254.

Screen text: Access to SIPRNET?

- Do NOT check 10g

Evan: Right, so we do not need to mark Item 10g.

Did you know? BOX text: If the contractor doesn't require access to NATO but does require access to the Secret Internet Protocol Router Network (SIPRNET), do NOT check this box. However, a NATO awareness briefing is required for appropriate contractor personnel, and this must be annotated in Item 13.

Evan: So, what about Foreign Government Information, or FGI? Does this contract require access to that?

James: FGI is information provided to the U.S. by a foreign government or international organization of governments or its entities. FGI can also be information generated by the U.S. through a joint arrangement with said foreign government. But this contract is not involved with foreign governments, so we will not mark Item 10h.

Item 10i is also not required. Alternative Compensatory Control Measures or ACCM are used to safeguard classified information when normal measures are insufficient to achieve need-to-know controls.

Mary Louise: Right, there is already sufficient safeguarding for this contract.

Screen text: Immigration, export control, critical infrastructure, intelligence, procurement and acquisition, CUI

Evan: In addition to classified information, certain types of unclassified information also require application of access and distribution controls and protective measures for a variety of reasons, referred to as Controlled Unclassified Information or CUI. Brooke, are you aware of any CUI requirements for this contract?

Brooke: No, so therefore, we should not mark Item 10j.

Did you know? BOX text: Non-DoD Components must consult with their Component-specific information security policy office to determine if they have any existing authority by law, government-wide policy, or government-wide regulation to impose this requirement.

Evan: Item 10k is used to list other access requirements outside of those listed in Items 10a through 10j. This includes handling caveats or dissemination controls that are not covered.

James: We have no other access requirements, so we will not mark Item 10k.

Item 11

Screen 10 of 22

More info button: the student is redirected to a pdf.

Scenario button text: This contract requires the need to receive, store, and generate classified material. It also requires a COMSEC account.

Screen text: Item 11.

What will the contractor do, in performing this contract?

Evan: For Item 11, it's important that we follow form instructions where it states certain items should not be checked together.

James: Right; but in special circumstances if the form instructions are not followed, we must explain why in Item 13.

Screen text: Item 11.

Have access to classified information ONLY at another contractor's facility or a government activity

Refer to Security-related clauses:

DFARS 252.204-7003

Item 1b should be marked "None"

Identify performance locations in Item 8a

When 11a marked, do not check 11b through d, 11h, 11i, or 11k

Evan: Okay, now let's go over Items 11a through 11m. For this contract, Zoom will have classified access and storage at their facility. Therefore, we will not mark Item 11a. But does anyone know what should be done if 11a is marked?

Mary Louise: Yes. When 11a is marked, Item 1b should be marked “None.” Additionally, the performance locations where the contractor will have classified access should be identified in Item 8a and when the actual work or performance location is at a cleared contractor site, Items 8b and 8c must also be completed.

Evan: Good to know, Mary Louise. Let’s continue. This contract requires the generation of classified material, not just the ability to store and receive documents, so 11b should not be marked.

Screen text: Receive and store classified documents ONLY

If 11e is checked along with 11b, include an explanation in Item 13.

Screen text: Receive, store, AND generate classified information or material.

Do NOT check Item 11a or 11b.

Item 11e should NOT be checked if 11c is checked since 11e is for services. If both are checked, explain in Item 13.

Refer to Security-related clause:

DFARS 252.204-7008

DFARS 52.227-10

James: As you just explained Evan, the contract requires the need to receive, store, and generate classified material, so 11c should be marked. This also authorizes the contractor to have access to classified information at another contractor’s cleared facility or government activity.

Evan: That’s correct, and with 11c or 11d marked, the contractor has justification to use Information Systems to process classified information with the appropriate government approval authority. 11c and 11d will also be checked if the GCA requires access to the Secret Internet Protocol Router Network, or SIPRNET, the Joint Worldwide Intelligence Communications Systems, or JWICS, SCI, or various other types of information. Applicable details should be added to Item 13 or Item 14.

Screen text: Complete the highlighted areas to continue.

Item 11 (cont.)
Screen 11 of 22

Screen text: Do NOT check Item 11a or 11b.

If 11d is marked, describe what is required in Item 13.

Explain in Item 13 if 11e is also checked.

Evan: Rick, is there any fabrication or use of hardware containing classified material at the contractor’s own cleared facility?

Rick: No, that is not required under this contract, so we will not mark 11d.

More info button: the student is redirected to a pdf.

Scenario button text: This contract requires the need to receive, store, and generate classified material. It also requires a COMSEC account.

Screen text: Contractor ONLY performing a service.

Refer to Security-related clause:
DFARS 252.239-7001

Evan: For this contract, they are expected to produce a deliverable item, not just perform a service, so 11e should not be marked either. Brooke, can you discuss Item 11f?

Screen text: Access to classified information outside of the United States.

Refer to Security-related clause:
DFARS 252.225-7040
FAR 52.225-19
FAR 42.1
DFARS 252.239-7016

Brooke: Sure, 11f pertains to classified information outside or with any travel outside of the U.S., its possessions, and territories. The classified information for this contract is within the U.S., so this item shouldn't be marked.

Evan: Thanks Brooke, go ahead and continue with 11g.

Brooke: Okay, if the contractor is authorized to obtain classified documents from the Defense Technical Information Center or DTIC, then Item 11g should be marked. In this case, the GCA must submit DD Form 1540, "Registration for Scientific and Technical Information Services" to DTIC on behalf of the contractor. The contractor may also submit DD Form 2345, "Militarily Critical Technical Data Agreement," after DTIC registration, to the Defense Logistics Services Center for access to unclassified, militarily critical technical data.

Evan: Thanks for explaining that Brooke. For this contract, no documents are required from DTIC, so we will not mark 11g.

Okay, let's think back to Item 10a where James indicated that the contractor will require access to COMSEC information.

James: That's correct. In performance of this contract, the contractor must store accountable classified COMSEC information at their cleared facility, so Item 11h would be marked, and as a general rule, when classified COMSEC is stored at the contractor's cleared facility, a COMSEC

account is required. As a reminder, we need to provide additional security guidance about COMSEC in Item 13 or in an attachment.

Screen text: Complete the highlighted areas to continue.

Item 11 (cont.)
Screen 12 of 22

More info button: the student is redirected to a pdf.

Scenario button text: This contract requires the need to receive, store, and generate classified material. It also requires a COMSEC account.

Screen text: TEMPEST requirements are above the baseline requirements of NISPOM.

TEMPEST is very expensive and not usually required inside the U.S. without proper justification.

Refer to Security-related clause:
DFARS 252.225-7040
FAR 52.22-19

Evan: Thanks again James. TEMPEST is an unclassified term referring to the investigation and study of compromising emanations. The contract doesn't require TEMPEST, so we will not mark 11i.

James: TEMPEST is rarely required inside the U.S. and is very expensive. In the case that it's required, Item 14 must be marked "Yes" and pertinent contract clauses or clarifying information must be added to Item 13. The GCA must identify in writing by contract any TEMPEST requirements within the U.S. prior to imposing TEMPEST requirements on contractors.

Evan: Good information James. Can you explain Item 11j for us?

Screen text: Refer to DoDD 5205.02E, DoD OPSEC Program and associated DoD implementation guidance for additional information.

James: Sure, Operations Security or, OPSEC requirements apply when the GCA determines additional safeguards are essential for the contract, including additional protection or countermeasures to safeguard the operations associated with the program. The GCA must provide a copy of the OPSEC requirements or plan.

Evan: Rick, is this required?

Rick: OPSEC is not required for this program, so we will not mark 11j.

Did you know? BOX text: If 11j is marked, Item 14 must also be marked “Yes” with the additional OPSEC requirements identified.

Rick: If we were to require OPSEC on this contract, we would have to ensure that Zoom fully understood their OPSEC requirement.

Mary Louise: This contract does not require Defense Courier Service or DCS; therefore, we do not need to mark 11k. With this requirement, the GCA must obtain written approval from the U.S. Transportation Command or USTRANSCOM Defense Courier Division to impose this requirement on the contractor and only certain classified materials qualify.

Evan: Thanks Mary Louise, I forgot to mention that.

Screen text: CUI, Controlled Unclassified Information
ONLY check if 10j, 11a, 11b, 11c or 11d is checked.

Evan: Just as in Item 10j, this contract will not receive, store, or generate CUI so we will not mark 11i.

Screen text: Add any additional performance requirements.
Determine if 10k, “Other”, should also be marked.

Evan: Lastly, 11m is for any additional requirements not covered or not referenced in Items 10a or 11. Does anyone have any additional requirements to be added in Item 11m that I may have missed at this point?

Brooke: No, I think we’re all done with the performance requirements.

James: However, if we did have additional requirements, they would be explained in Item 13 or in an attachment.

There are some other important things to remember about Items 10 and 11. COMSEC, CNWDI, and NATO require a final U.S. Government security clearance at the appropriate level and GCA approval is required prior to granting these accesses to a subcontractor. This similar annotation along with security guidance must be provided in Item 13 of the DD Form 254 or attachment. GCA approval is also needed before imposing DCS, OPSEC, and TEMPEST requirements to a subcontractor and when these items are marked, security guidance must be included in Item 13 or attachment as well.

Brooke: Thanks James. These are very important to remember. We’ll discuss this in more detail in Item 13. Additionally, the DD Form 254 instructions provide great guidance for these items.

Evan: Awesome job team, we really worked together on this section. James, how about you take lead on this next item?

James: Sounds good!

Items 12 and 13
Screen 13 of 22

More info button: the student is redirected to a pdf.

Scenario button text: Reference Item 10a - Access to classified COMSEC information requires a final U.S. Government security clearance at the appropriate level. Further disclosure of classified COMSEC information by a contractor, to include subcontracting, requires prior approval from the GCA. Non-accountable COMSEC information, though not tracked in the COMSEC material control system, may still require a level of control within a document control system. Refer to NSA/CSS Manual 3-16, "Control of Communications Security Material," and the Committee on National Security Systems Instruction (CNSS) 4001, "Controlled Cryptographic Items," for guidance. If access to classified COMSEC information is required at government facilities, contractor personnel will follow the security requirements of the host government activity. All contractor employees who require access to classified COMSEC information in the performance of their duties shall receive a COMSEC briefing before access is granted.

Reference Item 11h - The contractor is required to store accountable COMSEC information at their cleared facility in performance of this contract. Additional COMSEC guidance will be provided via separate cover.

Reference Item 11c - Contractor will reference the appropriate Security Classification Guide (SCG) when generating or deriving classified material or hardware. All classified information received or generated will be properly stored and handled according to the markings on the material. All classified information received or generated is the property of the U.S. Government. At the termination or expiration of this contract, the U.S. Government will be contacted for proper disposition instructions. The contractor will abide by the following security classification guidance:

-U. S. Naval Operations Guided Sonar 3.126, dated 4 March 2017 (provided via separate cover)

Performance on this contract shall be limited to the location(s) specified per this DD Form 254 and GCA approved U.S. Government sites.

Contractors shall follow security requirements IAW DoD 5220.22M, NISPOM, dated 18 May 2016 and other U.S. Government contractual security regulations as mandated.

Screen text: Item 12.

- GCA must approve any classified or unclassified information related to the contract prior to public release
- Identify GCA public release authority in Item 12

Refer to security-related contract clause

DFARS 252.204-7000

James: Item 12 gives guidance on the appropriate GCA office that has public release authority for the contract at hand. Prior to public release, any classified or unclassified information related to the contract must be approved by the GCA that has public release authority. So, we'll mark "DIRECT" and then indicate the appropriate government approval authority and their contact information in Item 12.

Screen text: Complete the highlighted areas to continue.

Items 12 and 13 (cont.)
Screen 14 of 22

More info button: the student is redirected to a pdf.

Scenario button text: Reference Item 10a - Access to classified COMSEC information requires a final U.S. Government security clearance at the appropriate level. Further disclosure of classified COMSEC information by a contractor, to include subcontracting, requires prior approval from the GCA. Non-accountable COMSEC information, though not tracked in the COMSEC material control system, may still require a level of control within a document control system. Refer to NSA/CSS Manual 3-16, "Control of Communications Security Material," and the Committee on National Security Systems Instruction (CNSS) 4001, "Controlled Cryptographic Items," for guidance. If access to classified COMSEC information is required at government facilities, contractor personnel will follow the security requirements of the host government activity. All contractor employees who require access to classified COMSEC information in the performance of their duties shall receive a COMSEC briefing before access is granted.

Reference Item 11h - The contractor is required to store accountable COMSEC information at their cleared facility in performance of this contract. Additional COMSEC guidance will be provided via separate cover.

Reference Item 11c - Contractor will reference the appropriate Security Classification Guide (SCG) when generating or deriving classified material or hardware. All classified information received or generated will be properly stored and handled according to the markings on the material. All classified information received or generated is the property of the U.S. Government. At the termination or expiration of this contract, the U.S. Government will be contacted for proper disposition instructions. The contractor will abide by the following security classification guidance:

-U. S. Naval Operations Guided Sonar 3.126, dated 4 March 2017 (provided via separate cover)

Performance on this contract shall be limited to the location(s) specified per this DD Form 254 and GCA approved U.S. Government sites.

Contractors shall follow security requirements IAW DoD 5220.22M, NISPOM, dated 18 May 2016 and other U.S. Government contractual security regulations as mandated.

Screen text: Item 13

- Explain anything unclear, or important
- Avoid contradictory information

Did you know? BOX text: Select the “Scenario” button to read a full list of factors to consider when completing Item 13.

Evan: Thanks James. As discussed earlier, Item 13 is used to explain or expand information that might be unclear, confusing, or important. Use this item to provide additional security requirements referenced in other sections of the form. When referencing other items or sections, properly identify them in Item 13. Examples would include applicable government manuals, a program Security Classification Guide, or SCG(s), specific annotations and other security contractual requirements or guidance. Digital signatures of internal reviewers may be included as well. If more room is needed, add the information in an attachment. If possible, make every effort to keep the DD Form 254 unclassified and if any information is sent separately, make a note that it was sent via separate cover.

For this contract, since we marked 10a and 11h, we’re including annotations and other guidance about COMSEC in Item 13. Since 11c is marked and Zoom will receive, store, and generate classified information on this contract, they will need the applicable Naval Guided Sonar SCG. Hence, we have provided guidance for that along with other references and security requirements in Item 13 or noted it via separate cover.

Great job everyone. There is so much benefit when using a team approach in preparing the DD Form 254, as it would be difficult for one person to retain all this knowledge and prepare the form alone. James, would you take on Items 14 through 16 after we do a quick review?

James: Gladly!

Knowledge Check

Screen 15 of 22

Screen text:

Question 1 of 3

Merchant Company is required to have access to CNWDI (Item 10c). Which access is also required to be marked?

Select the best response; then select Submit.

- RESTRICTED DATA
- COMSEC
- NATO
- SCI

Question 2 of 3

Which of the following items gives guidance on the appropriate GCA office that has public release authority for the contract at hand?

Select the best response; then select Submit.

- Item 10 (Contractor will require access to)
- Item 11 (In performing this contract, the contractor will)
- Item 12 (Public Release)
- Item 13 (Security Guidance)

Question 3 of 3

Which of the following information could be included in Item 13 (Security Guidance) or as an attachment?

Select the best response; then select Submit.

- Security Classification Guides (SCG)
- Classified information
- Digital signatures of reviewers
- Specific annotations, either security contractual requirements or guidance
- All the above

You have completed all Knowledge Check activities. Select Next to continue.

Items 14 through 16

Screen 16 of 22

More info button: the student is redirected to a pdf.

Scenario button text: The contract has no additional requirements outside of the NISPOM and there are no elements of this contract that are outside the inspection responsibility of the CSO.

Screen text: Provide CSO with a copy of additional requirements.

James: When security requirements imposed on a contractor are in addition to the NISPOM, Item 14 needs to be marked “Yes.”

Additional security requirements mean additional costs, so it's important that only necessary security requirements are imposed. The additional costs are subject to negotiation between the contractor and the GCA, and prior GCA approval is required before a Prime may impose additional security requirements on a subcontractor.

We'll mark Item 14 "No" because this contract has no additional requirements outside of the NISPOM.

Screen text: Examples of when to identify the agency in Item 15:

- SCI required (Item 10e)
- SAPs (Item 10f)

James: Item 15 is also marked "No" because there are no elements of this contract that are outside the inspection responsibility of the CSO. If SCI or SAP were required, this item would be marked "Yes," and in the case for a contractor, DSS is the CSO and would be relieved of security cognizance only for the SCI or SAP, not the oversight of the baseline FCL. The SCI or SAP agency CSO is responsible for their own program inspections and their government activity should be identified in this item. It's also the responsibility of the GCA to determine if Item 15 requires classification and coordinate with the CSO to provide the DD Form 254 through the appropriate channels.

Screen text: Complete the highlighted areas to continue.

Items 14 through 16 (cont.)

Screen 17 of 22

More info button: the student is redirected to a pdf.

Scenario button text: This contract has no additional requirements outside of the NISPOM and there are no elements of this contract that are outside the inspection responsibility if the CSO.

Screen text: GCA Name: Department of the Navy

AAC: N000XX

GCA Address: Norfolk Naval Base, Gilbert Street, Norfolk, VA 23511

POC Name: Evan Sharpton

POC Phone Number: 757-555-2330

POC Email: sharpton.evan@examplenary.mil

Mary Louise: Item 16 is where the GCA and Point of Contact information is required. We'll enter the GCA name, which is us, Department of Navy, in this case, the Activity Address Code, or AAC and our GCA address in the appropriate fields. Evan, since you are the COR for this contract, we'll enter your name as the overall Point of Contact or POC with your phone number and email.

Did you know? BOX text: “A change of POC is NOT a reason to revise a DD Form 254. If there are other viable reasons for a revision, then the POC can be updated at that time.”

Evan: Great, where can you get the AAC of the Contracting Office?

Screen text: The AAC is a six-position code containing alpha and/or numeric characters assigned to specific DoD and civilian agencies and organizations.

Mary Louise: It may be found by visiting the DLA website. The AAC is a six-position code containing alpha and/or numeric characters assigned to specific DoD and civilian agencies and organizations. It’s similar to a CAGE Code as it’s also used as an identifier.

Evan: Good job, we’re moving right along! Thank you for covering those items Mary Louise. I’ll finish up with Items 17 and 18.

Items 17 and 18

Screen 18 of 22

More info button: the student is redirected to a pdf.

Scenario button text: The contractor, subcontractor cognizant security office for prime and subcontractor, and administrative contracting officer are required to receive a copy of this DD Form 254.

Screen text: Certification of the DD Form 254 by Signature
Contracting Officer (Government or Prime Contractor for a subcontract)

Evan: Item 17 is where the signature of the Contracting Officer, or authorized representative, is required to ensure that the DD Form 254 is prepared and distributed in accordance with the DoD policy. So, Mary Louise, I’ll enter your name and information as the Contracting Officer. Item 17h through 17i are designated for the digital or original signature of the certifying official, again in this case it will be you Mary Louise. Once you digitally sign the form, the date will automatically populate. It’s important to know that the form locks once digitally signed, and no additional changes will be allowed. So be sure to review and complete all the items before digitally signing.

Screen text: If “Others” are necessary, continue in Item 13 or in an attachment.

Mary Louise: Lastly, Item 18 identifies who is required to receive a copy of the DD Form 254. It’s recommended, at minimum, that the contractor and contractor CSO, which is DSS, is marked for distribution. All addresses of those to receive a copy should be marked in Item 13 or in an attachment.

Screen text: Complete the highlighted areas to continue.

Evan: Okay, that was the last section on preparing a DD Form 254. Let's do a quick review.

Knowledge Check

Screen 19 of 22

Screen text:

Question 1 of 3

The contract for Merchant Company has a security requirement, in addition to the NISPOM. This requirement accrued some additional costs for the contractor. Who must negotiate the additional costs?

Select the best response; then select Submit.

- The CSO and contractor
- The prime and subcontractor
- The GCA and contractor
- The GCA and subcontractor

Question 2 of 3

Item 18 (Required distribution by the certifying official) identifies who is required to receive a copy of the DD Form 254. The addresses of those to receive a copy should be listed in Item 18.

Select the best response; then select Submit.

- True
- False

Question 3 of 3

The GCA has completed the contract for Merchant Company and the CO has signed in Item 17h (Signature) as the approving official. After the CO has digitally signed the DD Form 254, changes can still be made to the form.

Select the best response; then select Submit.

- True
- False

You have completed all Knowledge Check activities. Select Next to continue.

Common Errors

Screen 20 of 22

Evan: Lastly, I am going to go over some errors that I have seen over the years when preparing a DD Form 254 and explain how to avoid them. These errors may be represented in an Original DD Form 254 or a DD Form 254 completed by a prime contractor for a subcontractor.

It's common to think that you may copy and paste the same information from a DD Form 254 previously completed and issued. However, each DD Form 254 is unique and should be treated as a new document.

Screen text: A DD Form 254 should not be reused because there could be changes in access, location, or clearance level from form to form. It is important to treat each DD Form 254 as a new document.

Screen text: Especially remember Item 13!

Evan: Another error that can occur is leaving items blank. When completing the DD Form 254, it's important to fill in all numbered and lettered items. If any items are left blank, it creates doubt as to what is really required for the contract.

Screen text: Original date does NOT change

Evan: Throughout the life of the contract, it's important to maintain the original date of the DD Form 254. Only the revision date is updated with subsequent revisions. Remember, Item 1a should always be the same or higher classification than 1b. This is because the safeguarding level or storage may not exceed the level of the FCL.

Screen text:

- Incorrect CSO address
- Conflict between Items 10 and 11
- Too many selections in Item 11
- Incorrect information in Item 13
- Missing approval signatures

Evan: A few other errors include incorrect CSO address, conflict between Items 10 and 11, too many selections in Item 11, incorrect information in Item 13, and missing approval signatures. Also, classification levels, accesses, and performance requirements on the subcontractor DD Form 254 can never exceed the Original DD Form 254.

If there are errors found or if further clarification is needed about security requirements on the form, the prime contractor is to contact the GCA POC listed in Item 16 on the Original DD Form 254 and the subcontractor will contact the Prime Contractor, which is generally the POC in the Security Office and/or the official that signs the subcontractor DD Form 254.

Alright, great job! I have a few questions for you.

Knowledge Check
Screen 21 of 22

Screen text:

Question 1 of 4

You may use a duplicate DD Form 254 for a new contract.

Select the best response; then select Submit.

- True
- False

Question 2 of 4

Item 13 (Security Guidance) is the only item that can be left blank.

Select the best response; then select Submit.

- True
- False

Question 3 of 4

The original date on the DD Form 254 changes.

Select the best response; then select Submit.

- True
- False

Question 4 of 4

Safeguarding or storage level cannot exceed the FCL.

Select the best response; then select Submit.

- True
- False

You have completed the Knowledge Check activities. Select Next to continue.

Lesson Conclusion
Screen 22 of 22

Screen text: Learning Objectives

- Prepare DD Form 254, Sections 1 through 5
- Prepare DD Form 254, Sections 6 through 11
- Prepare DD Form 254, Sections 12 through 15

Prepare DD Form 254, Sections 16 through 18
Identify DD Form 254 common errors

Evan: As you can see the DD Form 254 is complex, but there are detailed instructions to assist in completing it. CDSE also has a job aid for reference. The DD Form 254 instructions and job aid may be accessed by selecting the Menu and then selecting the course resources item.

Screen text: The example Zoom and Reflect-INC DD Form 254 may be accessed via the course resource page.

Reviewing and Preparing a Subcontractor DD Form 254 Lesson

Reviewing DD Form 254

Screen 1 of 15

Screen text: You are now in the conference room

Mary Louise: Now that we're finished here, I'll ensure that the DD Form 254 and other related security guidance are included with the contractual documentation that we're sending to Zoom. I will contact Leslie, Zoom's Contracts Manager, and their team will go over the Subcontract DD Form 254.

Evan: Great! Thanks everyone for your help!

Reviewing DD Form 254

Screen 2 of 15

Screen text: You are now in Zoom's conference room.

Leslie: Hello, I'm Leslie, the Contract's Manager for Zoom Inc. We're extremely pleased to have won this contract award with the Navy. Our Program Manager, Rita, and our Facility Security Officer, or FSO, Connor, have joined us for this meeting.

We have already reviewed the security guidance and other contractual documentation received from the Navy and would like to discuss further details about the DD Form 254 with you. It has already been determined that Zoom can contractually meet the Navy's requirements in performance of this contract and our subcontractor, Reflect-INC has been approved by the GCA to perform testing services.

Screen text: Learning Objectives

- Recognize fields in a DD Form 254 that are specific to a subcontractor
- Interpret information for a subcontractor DD Form 254

Leslie: So, our next step is a team approach to prepare our subcontractor DD Form 254 for Reflect-INC.

Preparing Subcontractor DD Form 254 Items 1-5 Screen 3 of 15

Leslie: Connor, would you like to introduce yourself?

Connor: Sure Leslie. Hi there! I'm Connor, the FSO for Zoom. One of my responsibilities as FSO is to ensure that I'm aware of all the company's classified contracts and that I have a copy of every completed and signed DD Form 254 and supporting documentation. I also play an important role in the preparation of the subcontractor DD Form 254 as well. Just as with the DD Form 254 that is provided to the Prime Contractor, a team approach is best when preparing the subcontractor DD Form 254. The FSO plays the same role as the Security Specialist on the team. We ensure security requirements are specified on the form. We'll go through all the sections of the form except our focus will be specific to the subcontractor DD Form 254. The full instructions and information for the contract are also available by selecting the "More Info" or "Scenario" buttons.

More info button: the student is redirected to a pdf.

Scenario button text: The overall classification of the form will remain UNCLASSIFIED. This contract requires a TOP SECRET FCL with NONE selected for safeguarding.

Leslie: First, classification levels, accesses and performance requirements on the subcontractor DD Form 254 can never exceed the Original DD Form 254 for the Prime contract. So, we know that the overall classification level of the subcontractor DD Form 254 will be unclassified because the Original DD Form 254 is unclassified.

Screen text: Complete the highlighted areas to continue.

Preparing Subcontractor DD Form 254 Items 1-5 (cont.) Screen 4 of 15

More info button: the student is redirected to a pdf.

Scenario button text: The overall classification of the form will remain UNCLASSIFIED. This contract requires a TOP SECRET FCL with NONE selected for safeguarding.

Leslie: Per the Original DD Form 254, the FCL required in Item 1a is TOP SECRET. Connor, as the FSO has an active account in the DoD System of Record and has verified that Reflect-INC has an active TOP SECRET FCL, so TOP SECRET will be selected for 1a.

Item 1b should be marked “None,” since the subcontractor will have access to classified information only at another contractor’s facility or a government activity.

Screen text: Complete the highlighted areas to continue.

Preparing Subcontractor DD Form 254 Items 1-5 (cont.) **Screen 5 of 15**

More info button: the student is redirected to a pdf.

Scenario button text: The overall classification of the form will remain UNCLASSIFIED. This contract requires a TOP SECRET FCL with NONE selected for safeguarding.

Leslie: In Item 2a, we’ll enter the Original Contract Number from the Original DD Form 254 and enter the subcontract number that I have for Item 2b since this DD Form 254 is for the subcontractor. Items 3, 4, and 5 will have the same information as the original contract apart from the date in Item 3a, which we’ll enter as today, since we’re filling out the subcontract form today.

Did you know? BOX text: Even though the prime contractor prepares this subcontract form, the GCA may still determine any restrictions or pre-approval requirements for subcontracting.

Screen text: Complete the highlighted areas to continue.

Preparing Subcontractor DD Form 254 Items 6-9 **Screen 6 of 15**

More info button: the student is redirected to a pdf.

Scenario button text: For this contract, Reflect INC will be performing testing services in support of the Sonar Interface for Naval Submarine USS Pennsylvania.

Leslie: Item 6 is used when a GCA issues a classified contract to a prime contractor or when a prime is issuing a classified contract to a subcontractor. Since we are issuing to a subcontractor, enter the prime contractor information in Item 6. Then, enter the subcontractor name, address, and zip code in Item 7a. If there were multiple subcontractors, we would list them here but also have a separate DD Form 254 for each.

Screen text: The contractor’s physical and classified mailing address must be verified via the DoD system of record or by contacting the CSO.

Connor: Also, the contractor’s physical and classified mailing address must be verified via the DoD system of record, or by contacting the CSO. The CAGE Code may be found through the DLA website. Reflect-INC has been verified as required.

Leslie: The performance will be at the prime contractor's location, so Item 8 should state "see Item 6a". Rita, can you discuss Items 9, 10 and 11?

Rita: Sure, Item 9 will differ from the Original DD Form 254 because they are performing different work. Here we'll enter a short, unclassified description pertaining to the testing services Reflect-INC is performing.

Preparing Subcontractor DD Form 254 Items 10-11 Screen 7 of 15

More info button: the student is redirected to a pdf.

Scenario button text: This contract requires access to COMSEC.

Rita: For Item 10, Reflect-INC will also require access to COMSEC information just as Zoom Inc. does, so we'll mark Item 10a. We have to receive prior approval from the GCA to grant the subcontractor access to COMSEC. We'll also need to provide security guidance in Item 13.

Screen text: Select item 10a

Preparing Subcontractor DD Form 254 Items 10-11 (cont.) Screen 8 of 15

More info button: the student is redirected to a pdf.

Scenario button text: This contract requires access to COMSEC.

Leslie: I have the written approval from Evan Sharpton, our Navy COR on the Program, that Zoom may grant Reflect-INC COMSEC access. I brought a copy for each team member.

Rita: Thanks Leslie!

Connor: Great! Any other accesses for Item 10, Rita?

Rita: Reflect-INC does not need a COMSEC account in performance of this subcontract and the subcontractor DD Form 254 may not exceed the Prime DD Form 254 therefore no other accesses are required for Reflect-INC in Item 10. We can move on to Item 11.

The subcontractor will only perform services for this contract, so Item 11e will be marked. No other items will be marked in Item 11 for the subcontractor.

Screen text: Select Item 11e

Preparing Subcontractor DD Form 254 Items 10-11 (cont.) Screen 9 of 15

More info button: the student is redirected to a pdf.

Scenario button text: In performing this contract, the contractor will perform services only.

Leslie: Something important about 11e that I would like to share for future reference. If a subcontractor is performing services but it does not apply to a specific original contract; you would enter "Multiple Contracts" in Item 2a instead of an original contract number. If this is the case, you would also include a statement in Item 13 that provides appropriate security classification guidance, explains the services, and lists the original contract numbers for the multiple contracts.

Connor: Good to know Leslie. Thanks.

Leslie: No problem. Let's continue.

Preparing Subcontractor DD Form 254 Items 12-13 Screen 10 of 15

More info button: the student is redirected to a pdf.

Scenario button text: Reference Item 10a - Access to classified COMSEC information requires a final U.S. Government security clearance at the appropriate level. Further disclosure of classified COMSEC information by a contractor, to include subcontracting, requires prior approval from the GCA. Non-accountable COMSEC information, though not tracked in the COMSEC material control system, may still require a level of control within a document control system. Refer to NSA/CSS Manual 3-16, "Control of Communications Security Material," and the Committee on National Security Systems Instruction (CNSS) 4001, "Controlled Cryptographic Items," for guidance. If access to classified COMSEC information is required at government facilities, contractor personnel will follow the security requirements of the host government activity. All contractor employees who require access to classified COMSEC information in the performance of their duties shall receive a COMSEC briefing before access is granted.

Reference 11a - Performance on this contract shall be limited to the location(s) specified per this DD Form 254 and GCA approved U.S. Government sites. Classified information will not be generated, only testing services will be performed.

Contractors shall follow security requirements IAW DoD 5220.22M, NISPOM, dated 18 May 2016 and other U.S. Government contractual security regulations as mandated.

Leslie: If a subcontractor, Reflect-INC in this case, is requesting public release, Zoom Inc., the prime contractor, is responsible for submitting their request for public release to the GCA public release authority.

Connor: So, to ensure I understand, Reflect-INC would submit their request for public release through us. So, we'll mark "THROUGH" and enter information for Zoom's Security Office in Item 12.

Leslie: That's correct. Moving right along, Item 13 will be different for the subcontractor due to the different accesses and performance requirements. Again, Item 13 is used to explain or expand information that might be unclear, confusing, or important. Use this item to provide additional security requirements referenced in other sections of the form. When referencing other items or sections, properly identify them in Item 13.

For this contract, since we marked 10a, we're including annotations and other guidance about COMSEC in Item 13. Additionally, because 11a is marked and Reflect-INC will have access to classified information only at another contractor facility or Government Activity, we explain this in Item 13 as well. We used the same applicable references that were in the Original DD Form 254 and then followed guidance in the instructions for the DD Form 254 to explain the other items.

Did you know? BOX text: Some larger contractors/companies may have a public affairs office that public release may go through, therefore, a contractor's public release authority may vary per company.

Item 13 Examples button: Examples would include applicable government manuals, a program SCG(s), specific annotations and other security contractual requirements or guidance. Digital signatures of internal reviewers may be included as well. If more room is needed, add the information in an attachment. If any information is sent separately, make a note that it was sent via separate cover.

Preparing Subcontractor DD Form 254 Items 14-16 Screen 11 of 15

More info button: the student is redirected to a pdf.

Scenario button text: This contract has no additional requirements outside of the NISPOM and there are no elements of this contract that are outside the inspection responsibility if the CSO.

Leslie: Items 14 and 15 will both be marked "No" because no additional security requirements were marked on the Original DD Form 254.

However, if Item 14 was marked "Yes," GCA approval is required before a Prime may impose additional security requirements on a subcontractor. If Item 15 is marked "Yes," this would be completed per GCA guidance.

Item 16 should indicate the same GCA and POC from the Original DD Form 254 even though this is for the subcontractor.

Screen text: Select "No" for items 14 and 15

Preparing Subcontractor DD Form 254 Items 17-18 Screen 12 of 15

More info button: the student is redirected to a pdf.

Scenario button text: The contractor, subcontractor, and cognizant security office for prime and subcontractor are required to receive a copy of this DD Form 254.

Leslie: Hey, it looks like we're almost done here. As the FSO for Zoom, Connor's information should be entered into Item 17. The AAC and CAGE Code are the same as the Original DD Form 254. Connor, once you digitally sign the form, the date will automatically populate, and the form will then lock allowing no additional changes.

Rita: Lastly, for Item 18, Items a, b, c, and e should be marked to indicate who should be distributed copies of the signed DD Form 254.

Screen text: Complete the highlighted areas to continue.

Preparing Subcontractor DD Form 254 Items 17-18 (cont.) Screen 13 of 15

More info button: the student is redirected to a pdf.

Scenario button text: The contractor, subcontractor, and cognizant security office for prime and subcontractor are required to receive a copy of this DD Form 254.

Rita: Be sure everyone on the team is given a copy of the subcontractor DD Form 254!

Connor: Sure thing Rita! Well, I think we're finished here. After I perform a final review, I'll sign the subcontractor DD Form 254 and send it to Reflect-INC, our subcontractor.

Leslie: Great, let's check your knowledge about the work you just did with a few questions.

Screen text: The example Zoom and Reflect-INC DD Form 254 may be accessed via the course resources page.

Knowledge Check Screen 14 of 15

Screen text:

Question 1 of 3

Merchant Company has been approved to use a subcontractor. All classified access will be at another contractor's facility or Government Activity. What level of safeguarding should be indicated in Item 1b (Level of safeguarding for classified information/material required at contractor facility)?

Select the best response; then select Submit.

- SECRET
- None
- UNCLASSIFIED

Question 2 of 3

The prime contractor can grant accesses such as COMSEC to the subcontractor without prior approval from the GCA.

Select the best response; then select Submit.

- True
- False

Question 3 of 3

The prime contractor number is not required when preparing a subcontract.

Select the best response; then select Submit.

- True
- False

You have completed all Knowledge Check activities. Select Next to continue.

Lesson Conclusion

Screen 15 of 15

Screen text: Learning Objectives

- Recognize fields in a DD Form 254 that are specific to a subcontractor
- Interpret information for a subcontractor DD Form 254

Leslie: This has been a very productive meeting for all of us. You should now be able to recognize fields in a DD Form 254 that are specific to a subcontractor and interpret information for a subcontractor DD Form 254.

Course Conclusion

Course Summary
Screen 1 of 2

Screen text: Learning Objectives

- ✓ Identify DoD and Federal requirements governing the DD Form 254
- ✓ Demonstrate knowledge of all sections of the DD Form 254
- ✓ Demonstrate knowledge of all sections applicable to a subcontractor DD Form 254

Leslie: Congratulations! You have completed the Preparing the DD Form 254 course. You should now be able to successfully perform these tasks and apply the knowledge you gained here toward preparing the DD Form 254.

Course Examination
Screen 2 of 2

Screen text: To receive course credit, you **MUST** take the course examination. Please use the STEPP system from the Center for Development of Security Excellence to register for the online exam.

Answer Key

DD Form 254 Regulations, Purpose, and Lifecycle Lesson

Knowledge Check Screen 3 of 7

Question 1 of 2

All government contracts must include a DD Form 254.

- True
- False

Answer: False

The statement is false. Only those contracts that involve access to classified information or require the contractor to access classified information to perform their work must include a DD Form 254.

Question 2 of 2

Match the definition with the correct term.

Correct answers:

- | | |
|-------------|--|
| NISPOM | Requires cleared contractors and subcontractors to safeguard classified information released during all phases of the contracting, licensing, and grant process. |
| DD Form 254 | Contractual document that provides the security requirements and classification guidance for classified contracts. |
| FAR | Provides rules for government acquisition that provide instruction, forms, and guidance on government contracting. |
| DFARS | Provides DoD-specific acquisition regulations that DoD government acquisition officials and contractors doing business with DoD must follow in the procurement process for goods and services. |

Knowledge Check Screen 5 of 7

Question 1 of 3

A DD Form 254 should accompany an RFP if the contract requires access to classified information.

- True
- False

Answer: True

Question 2 of 3

A Final DD Form 254 is required if the contractor desires to retain classified material for a contract past the end of the period of performance.

- True
- False

Answer: True

Question 3 of 3

If the contract's classification level changes from TOP SECRET to SECRET, my DD Form 254 will remain the same.

- True
- False

Answer: False

Preparing a DD Form 254 Lesson

Knowledge Check
Screen 5 of 22

Question 1 of 3

If the GCA issues a classified contract to prime contractor Merchant Company, which number should be entered in Item 2 (This specification is for)? Select the best response.

- A. Prime contract number
- B. Subcontract number
- C. Solicitation or other number

Answer: Prime contract number

If the GCA issues a classified contract to prime contractor Merchant Company, the prime contract number should be entered into Item 2 (This specification is for).

Question 2 of 3

Merchant Company submitted a solicitation response to a contract that has a TOP SECRET facility clearance requirement, but Merchant holds a SECRET facility clearance. Can they fulfill the contract?

- A. No
- B. Yes

- C. Yes, only if they are sponsored for an FCL upgrade.
- D. No, because the contractor needed to have the correct level of security clearance before the contract was awarded.

Answer: Yes, only if they are sponsored for an FCL upgrade

If the contractor is sponsored for an FCL upgrade, they can fulfill the contract.

Question 3 of 3

The GCA is preparing the Original DD Form 254 that accompanies the contract award for Merchant Company. Should Item 4 be checked, indicating it as a follow-on contract?

- Yes
- No

Answer: No

A follow-on contract is only awarded when the same contractor or subcontractor receives additional follow-on work for the same item or services as the preceding classified contract.

Knowledge Check

Screen 7 of 22

Question 1 of 3

The GCA is preparing the DD Form 254 for Merchant Company. Which website would they use to verify Merchant's CAGE Code? Select the best response.

- A. CSO website
- B. DLA website
- C. CAGE website
- D. ISFO website

Answer: DLA website

The DLA website can be used to verify a contractor's CAGE code.

Question 2 of 3

The performance for the contract will be at Merchant's cleared facility location. Should the CSO location be listed in Item 6c (Cognizant Security Office(s) (CSO))?

- A. Yes
- B. No

Answer: Yes

The CSO location is required when classified performance will be at another prime contractor's or subcontractor's cleared facility location.

Question 3 of 3

The COR is trying to fill out Item 9 (General unclassified description of this procurement), which is the description of the project. What classification should the information be? Select the best response.

- A. CONFIDENTIAL
- B. CLASSIFIED
- C. UNCLASSIFIED
- D. SECRET

Answer: UNCLASSIFIED

The description should be short, concise, and unclassified while still providing enough detail to provide an adequate picture of the project.

Knowledge Check
Screen 15 of 22

Question 1 of 3

Merchant Company is required to have access to CNWDI (Item 10c). Which access is also required to be marked? Select the best response.

- A. RESTRICTED DATA
- B. COMSEC
- C. NATO
- D. SCI

Answer: RESTRICTED DATA

When CNWDI is required, RESTRICTED DATA is also required.

Question 2 of 3

Which of the following items gives guidance on the appropriate GCA office that has public release authority for the contract at hand. Select the best response.

- A. Item 10 (Contractor will require access to)
- B. Item 11 (In performing this contract, the contractor will)
- C. Item 12 (Public Release)
- D. Item 13 (Security Guidance)

Answer: Item 12 (Public Release)

Item 12 (Public Release) gives guidance on the appropriate GCA office that has public release authority for the contract at hand

Question 3 of 3

Which of the following information could be included in Item 13 (Security Guidance) or as an attachment? Select the best response.

- A. Security Classification Guides (SCG)
- B. Classified information
- C. Digital signatures of reviewers
- D. Specific annotations, either security contractual requirements or guidance
- E. All the above

Answer: All the above

Digital signatures of reviewers, classified information, specific annotations, either security contractual requirements of guidance and Security Classification Guides (SCG) could be included in Item 13.

Knowledge Check

Screen 19 of 22

Question 1 of 3

The contract for Merchant Company has a security requirement, in addition to the NISPOM. This requirement accrued some additional costs for the contractor. Who must negotiate the additional costs? Select the best response.

- A. The CSO and contractor
- B. The prime and subcontractor
- C. The GCA and contractor
- D. The GCA and subcontractor

Answer: The GCA and contractor

The GCA and prime contractor negotiate the additional costs.

Question 2 of 3

Item 18 (Required distribution by the certifying official) identifies who is required to receive a copy of the DD Form 254. The addresses of those to receive a copy should be listed in Item 18.

- True
- False

Answer: False

That answer is false. All addresses of those to receive a copy should be marked in Item 13 (Security Guidance) or in an attachment.

Question 3 of 3

The GCA has completed the contract for Merchant Company and the CO has signed in Item 17h (Signature) as the approving official. After the CO has digitally signed the DD Form 254, changes can still be made to the form.

- True
- False

Answer: False

That statement is false. When the form has been digitally signed, it automatically locks, and no further changes can be made.

Knowledge Check
Screen 21 of 22

Screen 1 of 4

You may use a duplicate DD Form 254 for a new contract.

- True
- False

Answer: False

The statement is false. A new and original DD Form 254 should be generated for a new classified contract.

Question 2 of 4

Item 13 (Security Guidance) is the only item that can be left blank.

Select the best response; then select Submit.

- True
- False

Answer: False

The answer is false. None of the sections or items on the DD Form 254 should be left blank.

Question 3 of 4

The original date on the DD Form 254 changes.

- True
- False

Answer: False

The statement is false. The original date on the DD Form 254 stays for the life of the document.

Question 4 of 4

Safeguarding or storage level cannot exceed the FCL.

- True
- False

Answer: True

The answer is true. The storage level can never exceed the FCL.

Reviewing and Preparing a Subcontractor DD Form 254 Lesson

Knowledge Check Screen 14 of 15

Question 1 of 3

Merchant Company has been approved to use a subcontractor. All classified access will be at another contractor's facility or Government Activity. What level of safeguarding should be indicated in Item 1b (Level of safeguarding for classified information/material required at contractor facility)? Select the best response.

- A. SECRET
- B. None
- C. UNCLASSIFIED

Answer: None

In this situation, Item 1b (Level of safeguarding for classified information/material required at contractor facility) would indicate "None." When classified access will be at another contractor's facility or Government Activity no safeguarding is required.

Question 2 of 3

The prime contractor can grant accesses such as COMSEC to the subcontractor without prior approval from the GCA. Select the best response.

- True
- False

Answer: False

The statement is false. The prime contractor must receive prior approval from the GCA before granting the subcontractor certain accesses, such as to COMSEC.

Question 3 of 3

The prime contractor number is not required when preparing a subcontract. Select the best response.

- True
- False

Answer: False

The statement is false. The prime contractor number is required when preparing a subcontractor DD Form 254.