

NATIONAL INDUSTRIAL SECURITY PROGRAM
POLICY ADVISORY COMMITTEE
MINUTES OF THE MEETING

APRIL 20, 1995

The National Industrial Security Program Policy Advisory Committee (NISPPAC) held its fifth meeting on April 20, 1995, at 10:00 a.m., at the Information Security Oversight Office (ISOO), 750 17th Street, NW, Suite 530, Washington, DC. The meeting was open to the public.

1. Welcome and Introductions: After a welcome and introductions, the Chairman submitted the minutes of the October 20, 1994, meeting for approval. The NISPPAC members approved the minutes without correction.

2. A New Executive Order Replaces Executive Order 12356: The Chairman reported that the President signed the Executive order on classified national security information on April 17, 1995. The Order will appear in the *Federal Register* on April 20, 1995. ISOO has been informed that the Order's number is 12958.

The Chairman further reported that ISOO will brief Government agencies on the Order during the week of April 25-28, 1995. He provided the NISPPAC members with a schedule of the briefings. After April 28, ISOO analysts are available to provide briefings for industry and other non-Government organizations. Those individuals interested in receiving a briefing should contact ISOO.

MINUTES OF THE MEETING

APRIL 20, 1995

The Executive order calls for the issuance of five directives: (1) classification and marking principles; (2) agency security education and training programs; (3) agency self-inspection programs; (4) classification and declassification guides; and (5) safeguarding classified information. The Order directs ISOO to develop the first four directives and the Security Policy Board (SPB) to develop the fifth directive. ISOO and the SPB will work together to get the directives developed and issued as quickly as possible because they are critical to the development of the agencies' internal regulations. The agencies' regulations are due 180 days after the effective date of the Order. The effective date of the Order is Saturday, October 14, 1995. Consequently, most implementing actions will be due on October 16, 1995.

3. Issues Pertaining to the National Industrial Security Program

Operating Manual (NISPOM): Industry representatives requested today's meeting so that they could address particular concerns about the National Industrial Security Program (NISP) and the NISPOM. Industry representatives expressed concerns about: (1) insufficient implementation guidance; (2) the failure to adhere with the principle of security clearance reciprocity; (3) outdated and non-uniform guidance in the automated information systems chapter; (4) incomplete requirements on international security; and

MINUTES OF THE MEETING

APRIL 20, 1995

(5) the need for clarification of the cognizant security agency. A designated industry representative(s) presented each issue to the NISPPAC members.

Before the presentations, John T. Elliff, Office of the Secretary of Defense, commented that, on behalf of the Executive Agent, he has offered to meet with industry representatives to discuss any concerns that they may have about the NISP and the NISPOM. He added that the Department of Defense has an interest in the five issues raised in today's meeting and is willing to have follow-up meetings with industry to discuss these issues and any others in more depth.

A. Implementation guidance: The industry representatives stated that industry has not received adequate Government-wide implementation on the NISPOM. The Department of Defense has instructed industry to treat the NISPOM as a revision to the Industrial Security Manual. However, industry has not received guidance from the Central Intelligence Agency (CIA), the Department of Energy (DOE), or the Nuclear Regulatory Commission (NRC).

The industry representatives reminded the NISPPAC members that during the development of the NISP, both Government and industry recognized the

MINUTES OF THE MEETING

APRIL 20, 1995

need for CIA, DOE, and NRC to issue a directive stating that the NISPOM would serve as guidance for the affected organizations within their agencies.

The CIA representative reported that the CIA has implemented the NISPOM. In mid-March, CIA sent letters to all of its contracting officials and met with its contractors to discuss the implementing guidance. CIA is willing to meet with industry to discuss any matters that need clarification.

The DOE and NRC representatives reported that their agencies have changed many of their regulations to agree with the NISPOM's requirements. Currently, both agencies are completing reviews of their regulations to ensure that all of their requirements agree with the NISPOM. NRC will send implementing letters to its contractors as soon as the review is complete.

The industry representatives raised concerns about the requirement for Contracting Officer approval for the NISPOM since it is being treated as a revision to the Industrial Security Manual (ISM). These representatives expressed the view that this approval is unnecessary because, historically, revisions to the ISM have not required Contracting Officer approval.

MINUTES OF THE MEETING

APRIL 20, 1995

B. Security Clearance Reciprocity: The industry representative reported instances of agencies ignoring the principle of security clearance reciprocity as set forth in paragraph 2-203 of the NISPOM. To illustrate the agencies' failure to observe clearance reciprocity, the industry representative provided the NISPPAC members with examples of industry personnel having to undergo more than one investigation and adjudication when they need access to another agency's program.

James H. Van Houten, Rockwell International, Inc., introduced a motion that the Government establish a task force composed of representatives of clearance granting agencies to develop a method for clearance reciprocity that achieves a goal of one background investigation and one adjudication honored by all. The task force will be requested to report on its progress at NISPPAC meetings until the goal is achieved.

As the NISPPAC members discussed the motion and reviewed the examples, the DOE representative noted that those examples relating to DOE conflict with current DOE policy. He firmly stated that DOE's policy is to accept the Single Scope Background Investigation conducted by another agency. The DOE representative requested that industry provide the specific details of these incidents so that corrective action could be taken.

MINUTES OF THE MEETING

APRIL 20, 1995

As the discussion continued, other Government representatives indicated that agencies should be following the principle of reciprocity. However, a few Government representatives noted that the principle of reciprocity may be experiencing "growing pains" while everyone is getting on board. The Chairman remarked that was not acceptable because the Single Scope Background Investigation has been established since 1991, and that clearance reciprocity should exist among the agencies.

Peter D. Saderholm, Director, Security Policy Board Staff (SPB) informed the NISPPAC members that the SPB is aware of the problems with clearance reciprocity and is working to resolve this issue. At the Chairman's request, Mr. Saderholm agreed to report the SPB's progress on resolving this matter at a future meeting. After a brief discussion, the NISPPAC members decided to table Mr. Van Houten's motion until receiving the SPB's report.

C. Chapter Eight of the NISPOM----Automated

Information Systems (AIS): The industry representative voiced two major concerns with Chapter Eight. First, the guidance in the chapter is outdated. It does not relate to the current technology that is applicable in today's AIS arena. Second, the absence of uniform Government-wide policy causes industry to implement AIS requirements in several different ways.

MINUTES OF THE MEETING

APRIL 20, 1995

The industry representative reported that some agencies are excepting themselves from the chapter and other agencies are drafting their own AIS chapter. In industry's view, this is costly and inconsistent. Moreover, it defeats the purpose of the NISP. Industry is requesting that the Government improve its policy on AIS by reconciling contentious issues so that standardized procedures and requirements exist among the agencies.

The Chairman requested that the affected parties meet to resolve the issues surrounding AIS security. On behalf of the Executive Agent, John T. Elliff, Office of the Secretary of Defense, agreed to address these matters with Department of Defense agencies and those agencies involved in the NISP.



D. International Security: The industry representative indicated that the current NISPOM chapter's requirements are inadequate. The committee established to address this issue has not completed its work. The NISPPAC members agreed to table this issue until the committee reports its results.

E. Clarification of the Cognizant Security Agency: The industry representatives removed this as a separate issue because corrections to the first issue, implementation guidance, should resolve this matter.

MINUTES OF THE MEETING

APRIL 20, 1995

4. Industrial Security Training Standardization---SPB Training and Professional Development Committee: At the request of the NISPPAC members, Floyd Dunstan, Instructor, Department of Defense Security Institute (DODSI) briefly described the various industrial security courses provided at DODSI. DODSI is keeping abreast of the NISP policies and is making an effort to make the courses relevant to DOE and CIA personnel.

5. Accounting for Security Costs within Industry: Laura L.S. Kimberly, Senior Program Analyst, ISOO, addressed this issue. She noted that the Office of Management and Budget (OMB), ISOO, and the Security Cost Working Group of the Security Policy Board are working together to establish a common system for accounting for security costs. Because the Congress and the Administration are anxiously awaiting the establishment of a system to account for security costs in Government and industry, it was decided to use OMB Circular A-11, "Preparation and Submission of Budget Estimates" to collect costs within Government and industry.

The CIA and DOD representatives strongly objected to the use of the OMB Circular A-11 to collect industrial security costs. The Chairman indicated

MINUTES OF THE MEETING

APRIL 20, 1995

that the collection of industrial security costs is still open for discussion and that firm decisions have not been made. However, Government and industry will have to work together to develop a simple sample-based system. The Chairman further advised that the Congress and the Administration have a keen interest in security costs. Therefore, they must act quickly on this matter. Neither the Congress nor the Administration will tolerate lengthy delays in developing a system for accounting for security costs.

6. Nuclear Weapons Information Access Authorization Review

Group: Ernest A. Conrads, an industry representative, and Cathy Tullis, Department of Energy, reported that the Review Group, which is composed of representatives from industry, CIA, DOD, DOE, and NRC, is working successfully to resolve the differences in requirements and clearances for access to Secret Restricted Data information. The Review Group is also discussing issues relating to physical and AIS security and the definition for Critical Information, otherwise known as CRIT. The Review Group expects to complete its work by early May 1995.

The Chairman requested that DOE report on the status of this project at the next meeting.

MINUTES OF THE MEETING

APRIL 20, 1995

7. Open Forum for Members: Two issues were raised during this session:

(1) James H. Van Houten, Rockwell International, Inc., asked for more information on the publication of the NISPOM Supplement. Richard F. Williams, Special Programs, Office of the Secretary of Defense, reported that the Supplement was approved and should be published in May 1995.

The Chairman requested that Mr. Williams report on the status of the Supplement at the next meeting.

(2) William F. Lavalley, Vought Aircraft Company, informed the NISPPAC members that industry has noticed a growing trend among agencies to classify information that the Government does not own or control. Industry representatives indicated that this information included academic and proprietary information. The Chairman cautioned the NISPPAC members that this issue might be beyond the NISPPAC's jurisdiction and requested industry to provide specific examples of this information before the NISPPAC addresses this matter.

MINUTES OF THE MEETING

APRIL 20, 1995

8. Date of the Next Meeting and Adjournment: The Chairman did not set a date for the next meeting. However, he mentioned the possibility of holding a NISPPAC meeting the first week of June, during the Aerospace Industries Association Industrial Security meeting in Tucson, Arizona.

The Chairman summarized the action items and adjourned the meeting.

NATIONAL INDUSTRIAL SECURITY PROGRAM

POLICY ADVISORY COMMITTEE

ATTENDANCE ROSTER

APRIL 20, 1995

Adams, Thomas J.	Industry
Brown, Michael	Department of the Navy
Bragg, Helen P.	Department of the Army
Conrads, Ernest A.	Industry
Davidson, William	Department of the Air Force
Donnelly, John F.	Defense Investigative Service
Donner, Carol	Industry
Dopp, Richard A.	Nuclear Regulatory Commission
Elliff, John T.	Office of the Secretary of Defense
Enfinger, Neala K. (Executive Secretary)	Information Security Oversight Office
Garfinkel, Steven (Chairman)	Information Security Oversight Office
Grau, Richard P.	Industry
Hanratty, Dennis	National Security Agency
Hagan, John C.	National Aeronautics & Space Administration
Jones, Andrea	Department of State
Jones, David	Department of Energy
Lavallee, William F.	Industry

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NATIONAL INDUSTRIAL SECURITY PROGRAM

POLICY ADVISORY COMMITTEE

ATTENDANCE ROSTER

APRIL 20, 1995

O'Neill, John P.	Industry
Page, Cary	Central Intelligence Agency
Rubino, D. Jerry	Department of Justice
Van Houten, James H., II	Industry
Volz, Harry A.	Industry