The National Industrial Security Program Policy Advisory Committee (NISPPAC) held its eighth meeting on September 24, 1996, at 10:00 a.m., at the National Archives Building, 700 Pennsylvania Avenue, Northwest, Washington, DC. Steven Garfinkel, Director, Information Security Oversight Office (ISOO), chaired the meeting. The meeting was open to the public.

1. Welcome, Introductions and Announcements. After a welcome and introductions, the Chairman announced that this would be the last meeting of the NISPPAC in 1996. The next NISPPAC meeting will probably be held in February 1997.

The Chairman introduced the two new industry representatives, Carol Thomas and Edward Halibozek, who will be replacing Carol Donner and James Van Houten on the NISPPAC commencing October 1, 1996, for three-year terms ending September 30, 1999. The Chairman also announced that industry member Robert J. Kettering, who is retiring from McDonnell Douglas Aerospace, has advised him that he will also be leaving the NISPPAC as of September 30, 1996. Because Mr. Kettering is leaving before his term is completed, there will be one industry vacancy on the NISPPAC. The
Chairman reminded the members that, in accordance with the NISPPAC bylaws, Mr. Kettering's replacement will serve for the remainder of his term, which runs through September 30, 1998. The Chairman would like to fill this vacancy as soon as possible. He invited all of the members to send him recommendations for the vacant industry slot. [Subsequent to the meeting, in October 1996, the Chairman named Mr. Marlyn Miller, also of McDonnell Douglas Aerospace, as Mr. Kettering's replacement on the NISPPAC.]

Following the announcements, the Chairman presented Ms. Donner, Mr. Van Houten and Mr. Kettering with plaques and expressed his appreciation for their outstanding service and contributions to the NISPPAC and the NISP. [Subsequent to the meeting, Ms. Donner and Mr. Van Houten each received a letter from President Clinton thanking them for their service as original industry representatives on the NISPPAC. The text of these letters will be read into the record at the next NISPPAC meeting.]

The Chairman submitted the minutes of the May 20, 1996 meeting for approval. The members approved the minutes with one correction. The correction is on page 6, paragraph (c), line 2. The word "Assurance" was inserted between the words "Security" and "Document".

As the discussion of the minutes continued, Mr. Van Houten, an industry representative, requested that the Chairman clarify the intent of the last paragraph on
page 2, that discussed attendance at the Government working group meetings. The Chairman responded that all Government and industry members on the NISPPAC are ordinarily welcome to attend the meetings as observers. Mr. Van Houten informed the Chairman that industry members had not received invitations to attend the first working group meeting. The Chairman apologized for the oversight and assured the industry members that each industry representative would receive an invitation to attend future meetings of the Government working group.

As there were no other comments or corrections to the minutes, the NISPPAC members approved the minutes as corrected.

2. Revised Copy of NISPPAC Bylaws and Updated List of NISPPAC Members. The Chairman provided the members with a revised copy of the bylaws and an updated list of the membership. The Chairman also announced that each of the current Government representatives had been re-appointed to serve new three-year terms commencing October 1, 1996.


A. Industry Proposal to Revise the Automated Information Systems Chapter of the NISPOM. The Chairman informed the members that just before the meeting the Department of Defense representative had presented him with a letter from
the Office of the Secretary of Defense recommending that the Chairman respond to the
industry rewrite of Chapter Eight of the NISPOM. Because the Chairman had not had
sufficient time to review the letter and to meet with those individuals who may have an
interest in the subject, he requested that the membership table their discussion of the
rewrite of Chapter Eight.

There was no objection to the Chairman's request.

Following this discussion, Peter D. Saderholm, Director of the Security Policy Board
(SPB) staff, informed the Chairman that he would also be receiving a letter from the
SPB relating to this issue.

B. Future Plans to Account for Security Costs Within Industry. John
Frields, Office of the Secretary of the Defense, reported that the Department of
Defense will use the same system as last year to collect data on industry's security
costs for Fiscal Year 1997. Mr. Frields expressed that the Department of Defense will
take into account the concerns that industry has about the collection of security costs
within industry. He explained that there would be no substantive changes to the
collection process and that the collection of costs will relate to those security costs
within industry that concern compliance with the NISPOM. Mr. Frields requested that
industry members help to get the word out about the requirement to collect security
cost data so that the collection process runs smoothly.
The Chairman proposed that Mr. Frields and he meet with an industry member to discuss the collection process. Tom Adams, an industry representative, volunteered to meet with Mr. Frields and the Chairman. The Chairman informed the membership that the time and place of the meeting will be announced so that other members interested in the collection process may attend.

As the discussion concluded, the Chairman reminded the membership that the requirement to collect security costs within the Government and industry exists in law. Executive Orders 12829 and 12958 and the Omnibus Appropriations Act all contain language that requires both Government and industry to submit security cost data. The Chairman further reminded the NISPPAC members that the security costs report is due to the Congress by May 1, 1997, and that he would like to submit both Government and industry numbers at the same time.

C. Process for Developing and Enforcing NISP Policy. James Van Houten served as the spokesperson for the industry members. On behalf of the industry members, Mr. Van Houten inquired about the procedure for incorporating policy into the NISPOM. Mr. Frields, Office of the Secretary of Defense, responded that industry members may comment on proposed changes to the NISPOM through standard channels, and that both Government and industry would receive ample opportunity to comment. At the end of the comment process, members of Government and industry will participate in small working groups to recommend the final language.
Mr. Frields reminded the members that the safeguarding directive has not been incorporated into the NISPOM. The Chairman, Mr. Frields, and Mr. Saderholm reminded the NISPPAC members that they had avenues through the Information Security Oversight Office, the Security Policy Board, and the NISPPAC itself, to seek changes in NISP policy. Mr. Frields informed the membership that the Secretary of Defense, as Executive Secretary for the NISP, would give very serious consideration to any policy change to the NISPOM recommended by the NISPPAC.

D. Actions Planned to Standardize Periodic Reinvestigations. Since the May 20, 1996 NISPPAC meeting, CIA, DOD, DOE, and NRC have worked to improve the problems that industry had been experiencing with periodic reinvestigations, prescreening, and reciprocity. Tom Adams, an industry representative, reported that industry had noted some improvement in these areas. As they had stated at the May meeting, several Government members repeated that industry needs to let agencies know about specific problems as they occur in order for progress to continue.

The Chairman reminded the membership that a lack of resources has prevented the Information Security Oversight Office from fully fulfilling its oversight role of the NISP, specifically conducting program reviews or inspections. Until such time as ISOO is able to conduct such inspections, tentatively in 1997, anecdotal recitations about problems that industry is experiencing with implementation remain a fairly effective
means to address particular problems. Agencies continue to be responsive to particular issues raised by ISOO in response to complaints it has received.

Ray Brady, NRC, reported that the Department of Energy, the Department of Defense and the Nuclear Regulatory Commission have executed a reciprocity agreement.

The Chairman asked Margaret Munson, Director, Defense Investigative Service, if DIS would be willing to report on personnel security investigations problems and prognoses at the next NISPPAC meeting. Ms. Munson agreed to do so.

4. The Phase Out of Non-GSA Approved Security Containers. Mr. Saderholm reported that by the year 2012 the Government will no longer permit the use of non-GSA approved security containers to store classified national security information. Mr. Van Houten expressed that industry was disappointed that the Government did not conduct a threat or risk assessment or cost analysis before making this decision. He added, however, the year 2012 is a long way off and many changes were likely in technology and policy before industry faced the consequences of such a requirement.

5. Status Report on the Safeguarding Directive. Mr. Saderholm reported that the SPB is reviewing comments on the draft Safeguarding Directive from certain foreign governments. As soon as these have been received, the Directive will be presented to the Security Policy Forum.
6. **Financial Disclosure and Foreign Travel.**

   **A. Status of Financial Disclosure Form.** Mr. Saderholm reported that progress on the form has been slowed by the controversy that it engenders. He reported that the SPB staff was working on a new draft. The SPB will provide a copy of any new draft to the NISPPAC so that its members may have an opportunity to comment on it.

   **B. Status of Draft Form on Foreign Travel (Supplement to SF 86).**

   Mr. Saderholm reported that the implementation of this policy has been a success. This is not a form. Rather, it is the policy for reporting requirements on foreign travel.

   As the membership discussed the policy, the members expressed concern that the use within the policy of the term “cognizant security officer” led to confusion with the NISPOM term of the same name. Several suggested that another term be used in the foreign travel policy.

7. **Status of Questionnaire for Collecting Information on Foreign Ownership, Control or Interest.** Mr. Frields reported that the issues have been resolved and that the form will be converted to a standard form.

A. Change to the International Chapter on the NISPOM. Robert Kettering, industry, asked the OSD representative about changes to the International Chapter in the NISPOM. DOD is working on the chapter and there will be an opportunity for the NISPPAC members to comment. Mr. Frields commented that there are very few changes recommended so far.

B. Report on the Working Group. Andrea Jones, Department of State, asked for a report on the first meeting of the Government working group. Ethel R. Theis, Information Security Oversight Office, reported that first meeting of the working group was held in mid-August. The group discussed outstanding items from the NISPPAC agenda and what is the purpose of the group. She hopes that future meetings will address specific issues to be presented before the NISPPAC in greater substance, including the possibility of drafting motions to be presented to the NISPPAC membership.

C. Policy on Overnight Delivery of Classified Information. Tom Adams, industry, raised questions about the policy to ship classified information by Federal Express (FEDEX). Mr. Adams commented that the policy to ship classified information by FEDEX appears to conflict with a memorandum issued by the Executive Agent.
Mr. Adams explained that, in the memorandum, the Executive Agent prohibits contractors use of FEDEX to ship classified information to contractors of Government agencies.

After some discussion, the membership decided to include this as an agenda item for the Government working group. Helen Bragg, Department of the Army, pointed out that this issue is covered in the draft Safeguarding Directive and that the issuance of the Directive may take care of the problem.

D. Reciprocity Issue. Jim Linn, an industry observer, expressed concern about the reporting of different issues that might come up in the reciprocity process. He suggested that a matrix format be created so that an anecdotal record exist to assist the Government in resolving recurring issues.

9. Adjournment. The Chairman reminded the members that the next meeting would likely take place in February 1997. After summarizing the action items, the Chairman adjourned the meeting.