



U.S. DEPARTMENT OF COMMERCE
MANUAL OF SECURITY
POLICIES AND PROCEDURES

Chapter 43 - Industrial Security

4301 Purpose

This chapter sets forth the policies and procedures for Department of Commerce participation in the National Industrial Security Program. The National Industrial Security Program Operating Manual (NISPOM) and the NISPOM Supplement serve as sole guidance for the Department's Industrial Security Program. Uniform, standardized security policies are outlined in the National Industrial Security Program Operating Manual and the NISPOM Supplement. This chapter supplements NISPOM guidance for the Department of Commerce.

4302 Authority

Established by Executive Order 12829 on January 6, 1993, the National Industrial Security Program provides for the protection of classified information pursuant to Executive Order 12958 or its successor or predecessor orders, and the Atomic Energy Act of 1954.

4303 Application

The National Industrial Security Program (NISP) was created to develop a uniform program of baseline security requirements and standards for which all agencies, departments and contractors will adhere to, and for which they will be measured. Through the NISP, the Department of Defense extends access to national security information to cleared Department of Commerce contractors and cleared Federal advisory committee members who have appropriate security clearances. The provisions of the NISPOM and NISPOM Supplement apply to all departmental operating units, offices, contractors and associates, and others who access to national security information through contractual obligations.

4304 Roles and Responsibilities

A. Director for Security. The Director for Security or his designee shall provide the following functions.

1. Furnish assistance and guidance to contracting and program personnel relating to the security requirements of any procurement action involving classified or sensitive information.



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2. Furnish assistance and guidance to committee control officers relating to processing requests for security clearances for members of Federal advisory committees (see Chapter 11, Investigative Processing) and facility security clearances under the NISP.
3. Receive and process requests for verification of facility security clearances for prospective contractors or employers of advisory committee members.
4. Process and grant security clearances for designated contractors and/or consultants as determined by the Director for Security in accordance with Chapter 11, Investigative Processing.
5. Assist the contractor, contracting officer, and contracting officer's technical representative (COTR) in the development of security classification guidance.
6. Represent the Department in all NISP matters with other Federal departments, boards, committees, etc.

B. Contracting Officer. The contracting officer shall accomplish the following responsibilities.

1. Coordinate with the COTR and the security contact to assure protection of classified information in the possession of contractors and pertaining to contracts.
2. Obtain verification from the Office of Security of a facility security clearance through the security contact and the servicing security officer prior to the disclosure or release of any classified information to a contractor.
3. Review and approve the Contract Security Classification Specification, DD Form 254, to include the following actions.
 - a. Submit all DD Form 254s to the security contact. The security contact will forward the form to the servicing security officer for certification.
 - b. Issue a DD Form 254 (revised) whenever a modification or additional classification guidance is found necessary.
 - c. Review, in coordination with the responsible office initiating the procurement action or the COTR, the existing classification specification during the term of the contract and at least once every two years. The security contact will forward any revised classification



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guidance to the servicing security officer.

d. Issue a final DD Form 254 upon completion of the contract. The final DD Form 254 shall provide disposition instructions for any classified information the contractor may possess which pertains to the departmental contract.

4. In coordination with the servicing security officer, authorize the contractor, upon receipt of written justification, to retain classified information in accordance with the NISPOM.

5. Authorize release of classified information by contractors at seminars, meetings, and symposiums when such authorization is required in the performance of the contract and after coordination with the Office of Security through the servicing security officer.

6. Identify and certify a visitor's security clearance and need-to-know prior to access to Department of Commerce contractor facilities where classified information will be disclosed. The security contact will forward visit requests from foreign nationals involving the release of classified information through the servicing security officer to the Office of Security for approval.

7. In coordination with the security contact and the servicing security officer, identify and certify a contractor's security clearance and need-to-know for access concerning requests by Department of Commerce contractors for their employees to visit the facility of another contractor, a military installation, or another Federal Government agency where classified information will be disclosed.

8. Immediately report to the Office of Security, through the security contact and servicing security officer, the public release of classified information or the disclosure of classified information that occurred for which prior written approval of the contracting officer or appropriate visit authorization was not received.

9. Review and approve or disapprove requests for classified documents provided by the Defense Technical Information Center submitted on DD Form 1540, Registration for Scientific and Technical Information Services.

10. Provide written justification for requests from contractors through the security contact and servicing security officer to the Office of Security for requests to obtain national security clearances for contractor employees who are immigrant aliens.



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C. Servicing Security Officer. The servicing security officer shall:

1. Maintain records of contractor/consultant personnel in their units subject to the NISP;
2. Provide assistance and guidance to the committee control officer, contracting officer, and COTR with respect to industrial security matters in their organization;
3. Initiate the processing of personnel and facility security clearances within their organization;
4. Coordinate the personnel security processing of contractors and consultants; and
5. Ensure that all contractor and consultant personnel have been briefed on the procedures for handling and safeguarding classified information.

4305 Determination of Facility Clearance and Personnel Clearance of Contractors or Consultants

A. Verification of Facility Security Clearance. Prior to the disclosure of any classified information to a contractor, the responsible COTR must obtain verification that the contractor's facility is in possession of a valid facility security clearance equal to or higher than the level of classified information to be disclosed in the performance of the contract. Requests for verification shall be submitted in writing and contain the following information:

1. Name and location of the contractor facility;
2. Brief description of the work to be performed;
3. Level of access to classified information required;
4. A statement as to whether or not the facility is to receive, generate, use, and/or store classified information in the performance of the contract;
5. The estimated volume of classified information, segregated by classification level, to be provided to, and/or generated by, the contractor; and
6. The name and telephone number of the point of contact at the contractor facility who is knowledgeable and responsible for the contract.



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B. Verification of Personnel Security Clearance. The Office of Security shall provide security clearance verification for Department of Commerce contractors, experts, and consultants.

4306 Processing Requirements

A. For each classified contract, the Supply, Equipment or Service Order Form, CD 45, must include a statement that the contractor will require access to classified information and/or will generate classified information in the performance of the contract.

B. All classified contracts require verification of facility security clearance.

C. The office responsible for initiating the procurement request will prepare the Contract Security Classification Specification, DD Form 254, and forward it to the contracting officer for review and approval. Committee control officers shall prepare the DD Form 254 for advisory committee members requiring access outside of Department of Commerce facilities and forward it to the Office of Security through the servicing security officer for review and approval. Supplemental instructions for preparation of the DD Form 254 are available from the Office of Security. This action should be taken sufficiently in advance to permit forwarding a copy with each Invitation For Bid (IFB), Request For Proposal (RFP), or Request For Quotation (RFQ).