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BY THE COMPTROLLER GENERAL

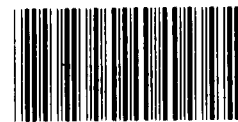
# Report To The Congress

OF THE UNITED STATES

## DOD Should Give Better Guidance And Training To Contractors Who Classify National Security Information

Over 50 percent of 235 documents GAO randomly selected and examined at 20 contractors were classified incorrectly--overclassified and underclassified--and 90 percent of 496 documents were not marked correctly to protect national security information. These deficiencies occurred primarily because of poor DOD guidance to industry, insufficient training for contractor employees, and inadequate DOD inspections.

This report recommends actions that should improve the program.



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COMPTROLLER GENERAL OF THE UNITED STATES  
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To the President of the Senate and the  
Speaker of the House of Representatives

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This report describes the results of our review of the classification and marking of national security information by Department of Defense contractors. This is the fifth in a series of reports on the Government's program for classifying national security information under Executive Order 12065. These reviews were undertaken because of congressional interest in the classification program.

We are sending copies of this report to the Director, Office of Management and Budget; the Administrator of General Services; and the Secretary of Defense.

*Milton J. Fowler*

Acting Comptroller General  
of the United States

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D I G E S T

Because of deficiencies in guidance, training, and inspections, some national security information has been classified improperly--both overclassified and underclassified--and has not been properly marked to protect it.

GAO evaluated contractor compliance with the classification program requirements of Executive Order 12065 and the Department of Defense (DOD) by visiting 20 contractors in southern California and by sending about 600 questionnaires to contractors nationwide. GAO concluded that DOD needs to improve

- the classification guidance furnished to contractors,
- its program for training contractor employees in classification management, and
- its program for inspecting contractor compliance with the order, implementing instructions, and classification guidance.

CLASSIFICATION GUIDANCE  
NEEDS MUCH IMPROVEMENT

Despite the specific requirements of the Executive order and implementing instructions, GAO found:

- Classification guidance was approved and issued by DOD contracting officers and security personnel who did not have original classification authority.
- Classification guidance furnished by DOD was outdated, vague, inconsistent, and oral.
- Information was originally classified by contractor employees who were not authorized original classifiers. (See p. 4.)

## IMPROPER CLASSIFICATION OF INFORMATION

GAO examined 235 classified documents to determine if they were classified in accordance with the Executive order and implementing instructions and found that 119, or about 51 percent, had one or more classification errors. Most of the documents contained some information that was overclassified. However, about 10 percent of the documents had some information underclassified. The errors generally were the result of poor guidance from DOD user agencies or contractor employees not following guidance. (See p. 14.)

## IMPROPER MARKING OF CLASSIFIED INFORMATION

GAO examined 496 classified documents, including the 235 examined for proper classification, to determine if they were marked in accordance with program requirements. Various markings are required on classified documents to prevent the unauthorized or premature disclosure of classified information and to assure that such information is promptly reviewed, downgraded, or declassified. GAO found that 444 of the documents, or about 90 percent, were improperly marked in one or more ways. The incidence of such errors was high, considering that similar marking requirements were required under the previous Executive order that was in effect from June 1972 through November 1978. (See p. 15.)

## IMPROVED TRAINING AND INSPECTIONS NEEDED

On the basis of visits to contractors' facilities and responses to a questionnaire, GAO concluded that about 332,000 contractor employees were not receiving adequate training on how to derivatively classify national security information. Since inception of a DOD information security training course in 1974, only 116 contractor employees had attended as of July 1980. Attendance at the course was supposed to help employees develop and implement training programs at their companies. However, very few contractors had programs that covered all facets of classification management. (See p. 21.)

DOD inspections of contractors' handling of classified documents seldom included an evaluation of whether information had been classified properly. As with training, inspections generally focused on physical safeguards. Most classifiers indicated that GAO's review was the first time that they had been asked to justify their derivative classification decisions. (See p. 22.)

#### RECOMMENDATIONS

The Secretary of Defense should revise DOD's information security and industrial security program regulations to:

- Clarify that contract security classification specifications not transmitting or referencing approved classification guides and containing the only classification guidance furnished to contractors are, in effect, classification guides and need to be approved personally and in writing by officials with top secret classification authority, as required by Executive Order 12065.
- Require that (1) DOD schools that train project managers emphasize the need for compliance with regulations concerning classification guidance furnished to industry, (2) every solicitation or contract dealing with classified matters be accompanied by a contract security classification specification that has the concurrence of the cognizant security official, and (3) preaward and postaward conferences with contractors discuss security requirements.
- Require that classification guides, instructions, and revisions be reviewed during periodic independent classification inspections to assure compliance with the provisions and intent of the Executive order.
- Expand the training program to (1) include more contractor personnel in the information security training courses given by the Defense Industrial Security Institute and (2) provide assistance to contractors in developing and expanding their training programs on derivative classification.

--Provide definitive guidance on the items to be covered by DOD inspections, with special reference to the need to question the propriety of derivative classification decisions by contractors.

The Secretary of Defense should revise DOD's industrial security manual to provide that contractors identify the source of original classification (a classification guide or classified document) and the office of origin on derivatively classified documents.

#### AGENCY COMMENTS

DOD believes that the discrepancies noted by GAO are not indicative of noncompliance with the order and that they reflect an already recognized need to generally improve the effectiveness of the dialogue between DOD and its contractors. DOD disagrees with GAO's position on classification guidance and inspections, but concurs in the need for expanded training. However, it cites insufficient resources as the major impediment to improvement. (See pp. 10, 19, and 24 and app. I.)

The National Classification Management Society, a nonprofit organization of individuals in Government and industry dedicated to the improvement of classification management, says that it was not surprised at GAO's findings, only the high percentage of common errors reported. The Society generally concurs with GAO and says that it has been pursuing similar goals since its inception. It points out that problems in guidance are the result of DOD user agencies' failure to do their jobs properly and that improvements in training and inspections would require more DOD resources. The Aerospace Industries Association of America concurs with GAO that little emphasis has been given to classification management, particularly in the area of classification guidance. The Association believes that more education is needed and that user agencies that continue to ignore good classification principles should be officially reprimanded. (See pp. 12, 13, and 25 and apps. II and III.)

DOD's attempt to minimize the seriousness of program deficiencies is at odds with GAO's findings and the views of the Society and the



Association. GAO did not determine the additional resources that might be needed for training. GAO believes that DOD should make that determination and, if additional resources are needed, they should be reassigned or requested. Improvements can be made in inspections by redirecting some of the effort currently being spent on overall security inspections. GAO agrees with the Society that some guidance deficiencies are caused by DOD user agencies. As a result, GAO has added a recommendation to address this point.



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America, Inc.

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ABBREVIATIONS

GAO

General Accounting Office

DOD

Department of Defense

## CHAPTER 1

### INTRODUCTION

This review was requested by the Chairmen, Subcommittee on Priorities and Economy in Government, Joint Economic Committee, and the Subcommittee on Government Information and Individual Rights, House Committee on Government Operations.

The classification of national security information has been governed by Executive orders since 1940. Executive Order 11652, which was in effect from June 1972 through November 1978, was superseded by Executive Order 12065 which took effect on December 1, 1978.

The current order, like its predecessor, provides for three levels of classification--top secret, secret, and confidential--depending on the degree of sensitivity of the information to national security. The order limits the classification of most information to 6 years. However, it further provides that information requiring protection for a longer period may be classified for up to 20 years. Foreign government information may be classified for up to 30 years.

The classification of information is divided into two categories--original and derivative. An original classification is an initial determination that information, in the interests of national security, requires a specific degree or level of protection against unauthorized disclosure.

Derivative classification is a determination that information is in substance the same as information that is currently classified, including a designation of its level of classification. There are two ways that information can be classified derivatively. One way is to extract or summarize classified information from one document for use in another. In other words, the classification assigned to the latter document is derived from the classification status of the former. The second way is to use instructions in an approved classification guide.

Although the Department of Defense (DOD) has been using classification guides for many years, the new order is the first to authorize their use specifically. DOD has issued over 1,000 guides for various programs and projects. Classification guides have to be approved personally and in writing by the head of the agency or by an official with top secret classification authority. This approval is considered to be an original classification decision. Guides are required to specify the information to be classified and the level and duration of classification.

The Administrator of General Services is responsible for implementing and monitoring the classification program, and the order directs him to delegate that responsibility to the Information Security Oversight Office.

The President has designated the heads of certain agencies and officials of those agencies to be authorized classifiers. Some agency officials have top secret authority, while others, depending on their need for such authority, have secret or confidential authority. The current order, like previous orders, does not provide for contractors to have original classification authority. Consequently, contractors classify information derivatively. As a result, contractors must rely on and use documents already classified, classification guides, and other instructions to classify information derivatively.

The Deputy Under Secretary of Defense (Policy Review) provides overall policy guidance for DOD's information security program, including that portion related to industrial security. DOD's information security program regulation contains DOD policies, standards, and procedures for implementing Executive Order 12065 and instructions issued by the Information Security Oversight Office.

The Defense Logistics Agency was responsible for administering the industrial program; however, this function was transferred to the Defense Investigative Service on October 1, 1980. The information security program in DOD-related industry is governed by DOD's industrial security regulation and industrial security manual for safeguarding classified information. The industrial security regulation is used by DOD to assure maximum uniformity in the policies, procedures, and practices applicable to the industrial security program. The industrial security manual, which is part of the basic contract between the Government and those contractors who require access to classified information, contains general requirements for contractors to follow to safeguard that information.

According to the Defense Logistics Agency, about 10,600 contractor facilities were cleared to handle classified information. We estimate that contractors were holding 16.4 million (plus or minus about 66,000) classified documents as of December 31, 1979. This estimate is based on a random sample of the 10,600 contractors and is statistically valid at the 95-percent confidence level.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

Because of the size of the Government's national security information classification program, our review is being done in phases. A report (LCD-78-125, Mar. 9, 1979) on the first phase of our review discusses the need for improved executive branch oversight of the program. A second report (LCD-80-16, Oct. 6, 1979) discusses continuing problems in DOD's classification program. A third report (LCD-81-3, Oct. 15, 1980) discusses the systematic review for declassification of national security information at the National Archives and Records Service and several other Government agencies. Our most recent report (LCD-81-13, Dec. 16, 1980) discusses the reasons why some improvement is still needed

in the oversight of the Government's security classification program.

Our objectives during this review were to evaluate (1) contractors' compliance with Executive Order 12065 and its implementing instructions and (2) the adequacy of DOD security classification guidance provided to contractors. To achieve our objectives, we visited 20 contractors in southern California. We selected that area because of the large concentration of DOD contractors. We interviewed officials of the Defense Logistics Agency, Alexandria, Virginia, and the Defense Contract Administration Services Region, Los Angeles, California. In addition, we reviewed Executive Order 12065 and its implementing instructions and DOD regulations and instructions relating to security classification practices. We also reviewed DOD security classification guidance provided to industry.

To evaluate industry's compliance with Executive Order 12065 and DOD's implementing regulations, we randomly selected 235 secret and confidential documents and compared them with the classification guides, classified documents, or other documents cited as the basis for derivative classification. We also discussed the rationale for the derivative classification decisions with security managers and classifiers. We randomly selected and reviewed 496 documents for proper marking, including the 235 reviewed for proper classification.

With the assistance of the National Classification Management Society, a nonprofit organization of individuals in Government and industry dedicated to improvement of classification management, and several contractors, we developed a questionnaire to obtain nationwide coverage of contractors. We randomly selected 709 firms from the Defense Logistics Agency's January 1980 master list of 10,631 cleared facilities. We eliminated 126 firms, such as employment agencies and those providing protective, office cleaning, and transportation services, because they probably did not have any classified information. Consequently, we sent out 583 questionnaires. Five hundred contractors, or about 86 percent, responded. Of the contractors responding, 219, or about 44 percent, had classified documents as of December 31, 1979. Our analysis of the questionnaire responses was limited to the 219 contractors.

We did not examine any information protected under DOD's special access programs. Those programs control the access, distribution, and protection of particularly sensitive information. Many other special designations are added to top secret, secret, and confidential classification markings that further limit access to information because special clearances are needed.

## CHAPTER 2

### CLASSIFICATION GUIDANCE FOR INDUSTRY

#### NEEDS MUCH IMPROVEMENT

Executive Order 12065 authorizes the use of classification guides so that individuals without original classification authority, such as contractor employees, may derivatively classify information by following instructions contained in the guides. The head of an agency or an official with top secret classification authority must personally approve in writing all guides. The purpose of limiting the number of individuals who can approve guides is to minimize the amount of information that is classified and to declassify it as soon as possible. Maintaining control over the issuance of guides also helps to assure consistency in the classification of similar types of information.

Guides must identify the information to be classified and the level of classification to be assigned to each item. In addition, guides must include instructions concerning the duration of classification and marking requirements. Each guide is to be kept current and must be reviewed at least once every 2 years.

Although these requirements are clearly stated in the 1978 Executive order and its implementing instructions, we found that:

- Classification guidance was approved and issued by DOD contracting officers and security personnel who did not have original classification authority.
- Classification guidance furnished by DOD was outdated, vague, inconsistent, and oral.
- Information was originally classified by contractor employees who were not authorized classifiers.

These findings are discussed below.

#### UNAUTHORIZED DOD PERSONNEL APPROVED AND ISSUED GUIDANCE

Original top secret classification authority, needed to approve security guidance provided to industry, was used by DOD contracting officials who did not have that authority. Executive Order 12065 designates the Secretaries of Defense, Army, Navy, and Air Force as top secret classifiers and authorizes them to delegate top secret classification authority only to principal subordinate officials who have a frequent need for such authority.

DOD's information security program regulation requires that a classification guide be issued for each classified system, program, plan, or project as soon as practicable, but prior to initial funding or implementation of the system, program, plan,



or project. The guide must identify the information to be protected and state the level and duration of classification to be applied for specific items.

DOD contracting officials provide security classification guidance to contractors through a contract security classification specification (DD Form 254). The security specification, with attachments and supplements (usually classification guides), is the basic document that provides the contractor with the applicable classification, regrading, and declassification instructions for a classified solicitation or contract. If the nature of the contract does not require a breakdown by classification of the various items, the security specification may be used without attachments or supplemental guidance, such as a contract for consulting services. If a classification guide has been developed for the program, plan, or project, it should be cited in the security specification.

Cases exist where classification guides have not been developed and where the security specifications contain the only guidance provided to a contractor. In such cases, we believe that the specifications, in effect, are classification guides and must be approved in writing by a DOD official with top secret classification authority before they are sent to a contractor. DOD's industrial security program regulation does not require that security specifications of the type described above be approved by an official with top secret classification authority. Consequently, there is insufficient control over the issuance of classification guidance, with the possibility that some information might be classified improperly or inconsistently or classified for longer periods than necessary.

Only 3 of the 639 security specifications that we reviewed were signed by officials with top secret classification authority. However, 240 of the specifications, or about 38 percent, did not transmit or make reference to a classification guide. Those specifications contained classification instructions, but were signed by DOD contracting officials or security personnel who did not have top secret classification authority.

For example, one contractor received a security specification that had been signed by a contracting officer and security specialist, neither of whom had top secret classification authority. The specification did not transmit or make reference to an approved classification guide. However, an attachment to it contained classification instructions for 21 items, ranging from unclassified to top secret.

Examples of insufficient control over the issuance of classification guidance were not confined to only those contractors visited. Thirty-one contractors, or about 17 percent of those who responded to our questionnaire, said that their facilities had received 285 security specifications during calendar year 1979 that did not transmit or make reference to approved guides.

CLASSIFICATION GUIDANCE WAS OUTDATED,  
VAGUE, INCONSISTENT, AND ORAL

To ensure accurate classification and protection of national security information, the Executive order and its implementing instructions require that classification guidance specifically identify the information to be classified and that the guidance be current, complete, consistent, and in writing. However, we found that DOD did not always meet these requirements because, frequently, the guidance provided to industry was outdated, vague, inconsistent, and oral.

Outdated guidance

On October 5, 1978, the Information Security Oversight Office issued implementing instructions which provide that each classification guide is to be kept current and is to be reviewed at least once every 2 years. However, the instructions do not state who is to make the review. DOD's regulation requires the originator of the guide to make the review. The regulation further provided that all guides issued before December 1, 1978, were to be reviewed and updated. That review was to be completed before December 1, the effective date of the new Executive order.

Of the 718 security specifications and classification guides that we reviewed, 221, or about 21 percent, had not been updated. Fifty-two of the specifications and guides were 2 years old or older. The following are examples of specifications which referred to outdated guidance.

- One contractor received a May 1979 security specification which referred to a September 1976 classification guide, although a revised guide had been issued in March 1979. We examined one document that was classified on the basis of the 1976 classification guide rather than the 1979 revised guide. As a result, the contractor had marked the declassification date for the document as December 1994 instead of December 1998. The contractor may have made classification errors on other documents because the classification levels assigned to similar items differed between the old and revised guides.
- Another contractor had six contracts where the security specifications referred to outdated guidance. One security specification referred to a classification guide dated October 1974, even though the guide had been superseded by a February 1979 guide. The contractor had requested that DOD provide current guidance, but had not received a response 4 months later.

Some contractors who responded to our questionnaire also expressed dissatisfaction with the currency of classification guides. One contractor said that "most master guides were outdated." Two contractors said that classification guides had

not been updated to reflect changes required by Executive Order 12065. Another contractor said that in the areas of research and development or test and evaluation on new systems, only outdated guides were available and they were almost useless.

### Vague and inconsistent guidance

DOD distributed guidance to contractors that did not always identify the information to be protected and, in some cases, contained conflicting instructions. In other cases, the classification levels of some information in DOD documents, used for derivative classification, conflicted with guidance furnished to contractors. The following examples illustrate that deficiency.

- One contractor submitted a classified proposal to DOD based on a classification guide dated March 1979. The contractor's assistant program manager told us that he had to make numerous judgmental decisions when he classified the proposal because the guide was so vague. DOD later required the contractor to reclassify the proposal from confidential to secret. As a result, the contractor had to change the classification level of at least 49 paragraphs. Those paragraph changes varied from unclassified to confidential, unclassified to secret, and confidential to secret.
- Another contractor said that the same information was classified differently, depending on the source documents used. For example, an aircraft electronic support device was classified confidential in a Navy classification guide. However, in some documents reviewed by one of the contractor's senior scientists, the same electronic device was classified secret. The senior scientist also told us that the Navy did not provide any guidance for one missile system.

Contractors who responded to our questionnaire, stated that 245 of the classified solicitations to which they responded in calendar year 1979, or about 24 percent, had not been accompanied by classification instructions from DOD. Several contractors said that more detailed information was needed in guides. Another contractor said that guidance was not clear or provided. Six contractors said that they had requested, but were unable to obtain classification guidance.

One contractor said that the Army declassified hardware that the Navy refused to discuss or declassify even though it was being produced on the same production line. Another contractor said that there were discrepancies in guidance among several Air Force contracts for the same type of work. Still another contractor was required to retain and generate classified reports on an unclassified subcontract, and the contractor said that no one seemed to be able to provide proper classification instructions.

## Oral guidance

Despite the requirement that security classification guidance must be in writing, we found that some guidance was never provided in written form. Twenty-four contractor employees, who derivatively classified documents, said that they had used oral guidance which was not followed by written instructions from DOD. The following are examples of contractors receiving oral guidance.

- One contractor employee told us that an Air Force program officer told him to classify those portions that mentioned certain classified equipment. He stamped all the pages secret because he was unable to identify the equipment.
- The only guidance in a security specification stated that the contractor would be advised on security classification by the director of the support group by "separate action." According to the project's senior engineer and the security manager, no classification guide existed and the "separate action" was oral instruction.
- One contractor was using a security specification which contained general guidance for top secret information, but no guidance for confidential or secret information. The specification also stated that the DOD contracting officer's representative would provide classification instructions on a case-by-case basis. No further written guidance was provided. The classifier told us he had to use oral instructions from DOD and his own judgment to classify documents.

In responding to our questionnaire, 17 contractors said that they had received oral classification instructions 48 times during calendar year 1979 which were not followed by written instructions. One contractor said that all the classification guidance that the facility received in 1979 was oral. Another contractor said that company staff members generally agreed that most, if not all, new guidance received from DOD was provided by "word-of-mouth."

## INFORMATION ORIGINALLY CLASSIFIED BY CONTRACTOR EMPLOYEES

Executive Order 12065 does not authorize industry to make original classification decisions. The order limits this authority to certain Government agencies and officials of those agencies. Consequently, industry classifies documents derivatively-- using guidance provided for a classified Government contract or by a document already classified. DOD's industrial security regulation requires that if a contractor originates or develops information that the facility believes should be classified, the contractor should protect the information as though it is classified at the appropriate level, until an advisory opinion is obtained from DOD.

Of the 235 documents that we examined for proper classification, 52, or 22 percent, had been classified by contractor employees and could not be supported by a guide or other source document. In addition, these documents had not been reviewed by anyone in DOD with original classification authority.

All of the 52 documents cited a guide or other source document as the classification authority. Most individuals acknowledged that the derivative classification decisions were actually based on their own judgment and experience, even though a guide or some other source document had been cited. The problem seemed to stem from a lack of specific guidance or no guidance at all.

For example, one individual said that he did not have any specific guidance for classifying his report; therefore, he used his own judgment and experience.

Another individual said that his program manager had sent a proposed guide to DOD in November 1979 for approval and issuance to the contractor, but as of April 1980 he had not received a response. Since no guidance was available at the time he prepared his report, he used his own judgment to classify the report.

Sections of some classification guides and security specifications permitted users to decide the classification levels which, in effect, made their determinations original classification decisions. One security specification stated that guidance was under development and would be provided to the contractor within 90 days. It directed the contractor to apply tentative classification based on "their assessment of the sensitivity of the information." Another security specification stated that classified documentation generated under the contract should be marked in accordance with regulations contained in the industrial security manual. Another security specification directed a contractor to classify progress and final reports "according to content."

In responding to our questionnaire, 29 contractors said that they had received 92 guides during calendar year 1979 which contained one or more items that allowed contractors to select the classification level.

## CONCLUSIONS

Even though the Executive order clearly states that only Government officials with top secret classification authority shall approve and sign classification guides, unauthorized DOD contracting officials and security personnel were performing this function by issuing security specifications. Consequently, there was insufficient control over the issuance of classification guidance to contractors. Frequently, the guidance was old, vague, inconsistent, and oral. In some cases, no guidance was provided.

DOD's regulation requires the originators of guides to review the guides at least every 2 years for currency and accuracy, since

the originators generally would be the ones most knowledgeable on the subject matter. However, we believe that someone other than the originators should also review the guides to ensure that the guides are current and that the level of classification is specified.

In commenting on this point in our previous report on our review of DOD installations (see p. 2), DOD stated that a review of classification guides by someone other than the originator is already common practice within DOD though not specifically required by the regulation. Our review of industry, however, further illustrates the need for the regulation to require an independent review. In our opinion, such a review would ensure that guides are kept current and would eliminate or greatly reduce the number of guides that contain options that allow unauthorized individuals to make original classification decisions.

### RECOMMENDATIONS

We recommend that the Secretary of Defense revise the industrial security program regulation to clarify that contract security classification specifications not transmitting or referencing approved classification guides and containing the only classification guidance furnished to contractors are, in effect, classification guides and need to be approved personally and in writing by officials with top secret classification authority, as required by the Executive order.

We also recommend that the Secretary of Defense revise the industrial security program regulation to require that (1) DOD schools that train project managers emphasize the need for compliance with regulations concerning classification guidance furnished to industry, (2) every solicitation or contract dealing with classified matters be accompanied by a contract security classification specification that has the concurrence of the cognizant security official, and (3) preaward and postaward conferences with contractors discuss security requirements.

We again recommend that the Secretary of Defense revise the information security program regulation to require that classification guides, instructions, and revisions be reviewed during periodic independent classification inspections for compliance with the provisions and intent of the Executive order.

### DOD AND OTHER COMMENTS AND OUR EVALUATION

#### DOD comments and our evaluation

On December 19, 1980, the Deputy Under Secretary of Defense, Policy Review, commented on our findings and recommendations (see app. I). DOD believes that the deficiencies in guidance, classification, and marking noted during our review are not indicative of noncompliance with the order and reflect an already recognized need to generally improve the effectiveness of the dialogue

between DOD and its contractors on information security matters. DOD also believes that because there are over 10,000 cleared facilities and about 52,000 DD Form 254s, it is reasonable to expect some problem areas to occur, such as inconsistencies in security classification guidance.

We believe that the magnitude of the findings on guidance described in this chapter and the classification and marking errors described in chapter 3 amply represent noncompliance with the order and implementing instructions. Although there are over 10,000 cleared facilities, only about 30 percent had classified documents at December 31, 1979. We agree with DOD that some problems are apt to occur, even with a program involving 3,000 contractors; however, we noted major problems that were widespread and were more extensive than the inconsistencies in guidance referred to by DOD. In addition to inconsistencies, in many cases the guidance was not properly authorized, was outdated, or was not furnished at all.

DOD does not agree with our conclusion that 38 percent of the DD Form 254s were deficient because they did not transmit or make reference to an approved classification guide, contained guidance, and were not signed by an official with top secret classification authority. DOD states that a DD Form 254 can contain valid guidance derived from approved sources without explicitly citing the source or reference and that our conclusion "is not only misleading, it is unsupported and probably incorrect." DOD further states that its regulations authorize the procurement contracting officer to review and sign the DD Form 254.

DOD's position is not consistent with Executive Order 12065, its implementing instructions, or DOD's industrial security manual. The Information Security Oversight Office Directive No. 1, effective December 1, 1978, describes the responsibility for derivative classification as follows.

"Derivative application of classification markings is a responsibility of those who incorporate, paraphrase, restate, or generate in new form information that is already classified, and of those who apply markings in accordance with instructions from an authorized classifier or in accordance with an authorized classification guide." (Underscoring supplied.)

The industrial security manual for safeguarding classified information, which is part of the basic contract between the Government and those contractors who require access to classified information, describes the classification responsibilities of contractors as follows.

"Contractor implementation shall be based on classified source material or a Contract Security Classification Specification (DD Form 254) including its enclosed or referenced classification guides." (Underscoring supplied.)

We did not attempt to determine if all the security specifications not transmitting or referencing classification guides contained guidance taken from guides. However, some of the security specifications not signed by individuals with top secret classification authority indicated that guides did not exist.

DOD states that contractors can follow rules and procedures to resolve classification problems, such as those involving guidance, but our report does not indicate that contractors took the appropriate actions available to them.

According to contractor employees, there is a general hesitancy to precipitate any action that might jeopardize future business with their customers. Consequently, they seldom take the remedial action available to them. We believe that DOD should place more emphasis on preventing problems rather than relying on procedures for resolving them.

DOD opposes our recommendation that a DD Form 254 that does not transmit or make reference to a classification guide should be signed by an official with top secret classification authority. According to DOD, such a procedure would seriously impede the contracting process, serve no useful purpose, and be tantamount to requiring such approval of any document which could reasonably be used as a derivative classification source document.

If the provisions of the Executive order, implementing instructions, and industrial security manual are followed, we believe that there should be no serious impediment to the contracting process. The purpose of our recommendation is to ensure compliance with the order. The order does not require that classified documents used by contractors as the source for derivative classification be approved by an official with top secret classification authority.

DOD also opposes our recommendation that classification guides, instructions, and revisions be reviewed during periodic independent classification inspections on the grounds that it is redundant and duplicative of existing procedures and practices.

Our review at contractor facilities indicated that classification guidance was not reviewed for currency or other areas of compliance with the order and implementing instructions during inspections. Furthermore, DOD's information security program regulation and industrial security regulation do not require an administrative review of the guidance.

#### National Classification Management Society comments and our evaluation

On December 12, 1980, the President of the National Classification Management Society commented on our findings and recommendations (see app. II). The Society says that it was not surprised at our findings, but it was surprised at the high



percentage of common errors reported. The Society concurs in the thrust of our recommendations and says it has been pursuing similar goals since its inception. The Society believes that our report conveys the impression that DOD is a monolithic organization and seems to make the Office of the Secretary of Defense the sole authority for, and executor of, all actions or lack of action pertaining to the information security program. The Society points out that program problems are not the result of DOD implementing policy and direction, but are the result of DOD user agencies' failure to do their jobs properly.

We agree that part of the responsibility for the program problems lies with the user agencies who furnish guidance to contractors. Attachments to the Society's comments indicate a lack of competence or care in preparing the guidance given to contractors. We discussed this matter with Society and DOD officials who generally agree with the additional recommendation that we are making to improve classification guidance.

Aerospace Industries Association of  
America comments and our evaluation

On February 5, 1981, the Aerospace Industries Association of America, in commenting on our report, concurred that insufficient attention has been given to classification management, particularly in the area of classification guidance (see app. III). The Association believes that more attention should be given to education and that user agencies that continue to ignore good classification principles should be officially reprimanded.

### CHAPTER 3

#### IMPROPER CLASSIFICATION AND MARKING

##### OF NATIONAL SECURITY INFORMATION

The Executive order and implementing instructions describe the types of information that should be classified for national security reasons--to preclude overclassification and underclassification and to make information about the Government available to the maximum extent possible. The order and implementing instructions also clearly specify the markings that are to be shown on each classified document so that the classified information can be properly protected. The classification and marking requirements for specific programs and projects are also included in the classification guides furnished to contractors.

We identified examples of documents that were improperly classified and marked at each of the 20 contractors visited.

##### IMPROPER CLASSIFICATION

We reviewed 235 classified documents to determine if various portions of the documents were classified correctly. We discussed the documents with the contractor employees who had derivatively classified the information and verified the basis for classification--classification guides or documents already classified. Of the 235 documents, 119, or about 51 percent, contained one or more examples of improper classification. Of the 119 documents, 109 had portions that were overclassified, and 10 had portions that were both underclassified and overclassified.

Generally, contractors improperly classified portions of documents because DOD did not provide adequate guidance or because contractor employees did not follow DOD guidance. The following three examples illustrate the kinds of classification errors that were identified by us and were confirmed by the contractor employees who were responsible for them.

- A December 1979 secret report cited a classification guide as the justification for classification. However, the classifier said that the guide was not available at the company and was not used to classify the document. According to the classifier, the information's current classification level was not verified, and the document was classified based on his own judgment. The classifier admitted that, on the basis of the guide, there were at least four overclassification errors in the document.
- A November 1979 secret report contained portions that were overclassified and underclassified. Information was marked unclassified or secret in some sections, even though the same information was classified as confidential

in other sections. The classifier told us that the information should have been marked confidential. According to the classifier, it is easy to classify information improperly when the source documents disagree on the appropriate classification level and when information is extracted from several sources. However, he did not verify the information's current classification level.

--A classifier improperly classified portions of an October 1979 report because he did not use the classification guide. He told us that probably 90 percent of the information in the report was secret, and therefore, it was not worth determining those portions that were unclassified. As a result, he marked all paragraphs secret. The classifier admitted that at least six paragraphs were marked secret that should have been unclassified.

#### IMPROPER MARKING

We reviewed 496 documents to see if they were marked in accordance with the requirements of the Executive order and implementing instructions. Of those 496 documents, 444, or about 90 percent, were marked improperly in one or more ways. We believe that the incidence of such errors is high because similar markings were required under Executive Order 11652 and implementing instructions that were in effect from June 1972 through November 1978.

Properly marked information should preclude its unauthorized or premature disclosure and assure that it is promptly reviewed, downgraded, or declassified. At the time of original classification, documents are required to be clearly marked to indicate the

- identity of the original classification authority and the office of origin;
- date or event for declassification or review;
- classified portions, with the applicable classification level, and the unclassified portions; and
- highest overall classification of each page, based on content, or that the page is unclassified.

Derivatively classified documents are required to be similarly marked.

We found the following types of errors on 444 derivatively classified documents reviewed.

Type of error or omission

Source of original classification and office of origin		180
Date or event for declassification or review		43
Portion marking:		
Paragraphs and subparagraphs	255	
Illustrations, figures, graphs, and drawings	145	
Captions	<u>71</u>	471
Page marking		<u>104</u>
Total		<u>798</u>

These four major types of marking deficiencies are discussed below.

Source of original classification  
and office of origin

Derivatively classified documents are required to be marked on the face to show the source of original classification and the office of origin so that questions or challenges regarding the classified information can be directed to the proper sources.

The following are examples where the source of original classification or the office of origin was either incorrectly shown or not shown on the 180 documents.

--An October 1979 secret memorandum did not show the correct source of original classification. It cited a DOD organizational guide instead of the classification guide for the specific program involved.

--A paper copy of viewgraphs, classified secret, did not indicate the classification source, although the classifier had guidance available.

Date or event for declassification or review

The Executive order requires the classifier, at the time information is originally classified, to establish a date or event for the declassification or review of the information. This date or event is to be as early as national security permits, in most cases 6 years or less and no more than 20 years after original classification. Foreign government information may be classified for up to 30 years.

The purpose of establishing a date or event for declassification or review is to ensure that information is declassified as soon as possible. Information that remains unnecessarily classified violates the public's right to know, imposes unnecessary storage costs, and weakens protection for truly sensitive information by undermining respect for all classification.

In marking derivatively classified documents, the dates or events for declassification or review are to be taken from the source material or classification guide. The dates are supposed to be shown on a "Declassify on" or "Review for declassification on" line. In addition, if the classification is derived from more than one source, the latest date for declassification or review, applicable to the various source materials, is to be applied to the new information.

The following are examples where the date or event for declassification or review was not shown or was shown incorrectly on 43 documents.

--An October 1979 secret proposal did not show a date or event for declassification or review. The classifier told us that the temporary guidance for classifying information did not contain declassification or review instructions.

--A March 1980 secret report showed the following date for declassification: "XGDS-3, Declassify 31 December 2000." That type of designation was applicable under the previous Executive order which was in effect until December 1, 1978. The classifier told us he was not aware that the designation had been changed.

### Portion marking

The order requires that each classified document be marked to clearly indicate the level of each classified portion and the unclassified portions, in order to facilitate excerpting and other uses. DOD's industrial security manual is even more specific in this regard. The manual states that each section, part, paragraph, subparagraph, or similar portion of a classified document is to be marked to show the classification level of the information contained in or revealed by it, or that it is unclassified.

Classifiers are required to mark portions of documents in a manner that eliminates doubt as to which portions contain or reveal classified information. The portions are to be marked to show the highest level of classified information contained therein. In addition, illustrations, photographs, figures, graphs, drawings, charts, and similar portions of classified documents are to be clearly marked to show their classified and unclassified status. Captions of such portions are to be marked on the basis of their content alone.

We identified 471 portion marking errors on the documents reviewed.

### Page marking

The purpose of page markings is to warn the reader, recipient, or holder of the document of its classification level so that the required degree of protection may be provided.

The overall classification of a document is to be marked, stamped, or permanently affixed at the top and bottom of the outside of the front and back covers and title page, if any, the first page, and each interior page. The classification assigned to each page of the document is to represent the highest level of classified data on that page. For example, a page containing secret, confidential, and unclassified paragraphs should be marked secret at the top and bottom of the page. Unclassified pages in a classified document are to be marked unclassified.

Of the 496 documents reviewed, 104 contained pages that were not marked to show the classification level or were marked incorrectly.

### CONCLUSIONS

While Executive Order 12065 and its implementing instructions specify the information that should be classified, our review showed that half of the documents examined contained information that was classified incorrectly. Overclassification causes less information to be made available to the public and weakens protection for truly sensitive information which directly affects our national security.

Despite similar marking requirements under the previous order and implementing instructions, the incidence of marking deficiencies in contractor generated classified documents was very high. About 90 percent of the documents we reviewed contained one or more marking errors.

We believe that the examples given in this chapter demonstrate that a serious problem exists within industry. In our opinion, improved training for classifiers could reduce the incidence of the types of classification and marking errors discussed above. Such training should emphasize the importance of the requirements of the order and implementing instructions and the responsibilities of each classifier. We also believe that DOD should improve its guidance to contractors if the classification program is to function in the manner prescribed by Executive Order 12065 and its implementing instructions.

Our recommendations concerning improved guidance are included in chapter 2, while those concerning improved training and inspections are included in chapter 4.

## DOD COMMENTS AND OUR EVALUATION

DOD states that much of the factual data and the analysis of data appearing in this chapter is misleading because of our misunderstanding of marking requirements. DOD cites our discussion of the requirement that derivatively classified documents be marked to show the source of original classification (referred to in our draft report as original classification authority) and office of origin.

Because DOD's comments indicated that it might have misunderstood the explanation of our finding on identifying the source of derivative classification and office of origin, we discussed the matter with DOD officials. The officials said that although they had been misled by our explanation, the industrial security manual provides that a contractor need only identify the applicable contract security classification specification (DD Form 254) because they consider it a source document.

Although the manual does contain that provision, it is inconsistent with the marking requirements established by the Information Security Oversight Office and by DOD itself. Section II C of the Oversight Office directive for implementing the Executive order provides as follows.

"Paper copies of derivatively classified documents shall be marked at the time of origination as follows.

1. The classification authority shall be shown on a 'classified by' line; e.g., 'classified by (Insert identity of classification guide)' or 'classified by (Insert source of original classification).' \* \* \*
2. The identity of the office originating the derivatively classified document shall be shown on the face of the document."

DOD's information security program regulation, which is applicable to all DOD components and contracts, contains similar language. Chapter IV, section 1 provides as follows.

"At the time of origin, paper copies of derivatively classified documents shall show on their face:

1. The source of classification, i.e., a source document or classification guide. \* \* \*
2. The office of origin of the derivatively classified document."

Because some contractors are following the industrial security manual and are showing the contract security classification specification as the source of classification on derivatively classified documents, we believe that the manual should be revised to conform with the requirements of section II C of Information Security Oversight Office Directive No. 1 and chapter IV, section 1 of DOD's information security program regulation.

RECOMMENDATION

We recommend that the Secretary of Defense revise the industrial security manual to provide that contractors identify the source of original classification (a classification guide or classified document) and the office of origin on derivatively classified documents.



## CHAPTER 4

### IMPROVED TRAINING AND

#### INSPECTIONS NEEDED

As noted in the preceding chapters of this report, serious classification deficiencies existed at most of the contractors visited. We believe that those deficiencies existed in part because (1) derivative classifiers did not have adequate training and (2) formal inspections did not determine whether information had been properly classified derivatively.

#### INADEQUATE TRAINING FOR DERIVATIVE CLASSIFIERS

While most of the contractors we visited had some type of information security education and training program, our discussions with some of the derivative classifiers, as well as responses to our questionnaire, indicated that such programs generally did not include instructions on how to interpret and use DOD guidance. We believe that the absence of such training was a contributing cause of many of the classification deficiencies that we identified.

Both Executive orders have required agencies to establish training and orientation programs to familiarize employees with the provisions of the orders and implementing instructions. The DOD information security program regulation requires the heads of DOD components to establish security education programs. According to the regulation, such programs "shall stress the objectives of classifying less information, declassifying more, and improving protection of information that requires it." The programs, as a minimum, should be designed to indoctrinate personnel in the principles, criteria, and procedures for classifying, downgrading, declassifying, marking, and disseminating information.

In 1974 DOD began offering an information security management course at its Defense Industrial Security Institute in Richmond, Virginia. DOD officials said that the 2-week course is the most comprehensive one given in the classification area. One week covers the physical protection of the information. The second week, which is the only week that contractor personnel attend, addresses the question of what information to classify, what classification level to assign, and when to downgrade or declassify information. In addition, the Institute gives a condensed 3-day version of the course at DOD installations that request it. However, according to an Institute official, it is given to Government personnel only.

The 2-week course is primarily designed for military and civilian security managers, to assist them in developing and implementing education and training activities for classifiers

in their organizations. An Institute official told us that, from 1974 through July 1980, the Institute had given 50 2-week courses which were attended by 2,219 individuals, including 116 contractor employees, or about 5 percent.

The industrial security manual contains requirements for contractors for safeguarding classified information; however, it does not address the training of derivative classifiers.

In responding to our questionnaire, only 23 contractors said that they had a formal in-house training program for employees in the proper interpretation and application of derivative classification. On the basis of responses from the contractors, we estimate that 332,000 full-time employees were authorized to classify documents derivatively and that more than half of the employees had not received any formal in-house training on how to classify documents.

In addition, we found that the security education programs at contractors visited generally did not provide such training. Most of the classifiers said that the training that they had received generally consisted of orientation briefings for newly hired or transferred staff; periodic security briefings; and memorandums, newsletters, posters, and security awareness-type publications. Much of the training concerned how to mark and safeguard information properly, rather than how to classify information.

#### INSUFFICIENT INSPECTIONS OF THE PROPER CLASSIFICATION OF INFORMATION

Although self-inspections and inspections by the field office of the Defense Contract Administration Services Region had been made at each of the contractors visited, those inspections seldom included an evaluation of whether information had been classified properly. As with training, the inspections generally focused on the proper safeguarding of documents, other physical security responsibilities, and proper marking. Most contractor employees indicated that our review was the first time that they had ever been asked by an independent party to justify their classification decisions.

The Executive order requires each agency originating or handling classified information to designate a senior official to conduct an active oversight program to ensure effective implementation of the order. The previous order contained a similar requirement. The implementing instructions issued for both orders make no additional reference to that requirement.

DOD's industrial security regulation provides that inspections will be made at all contractor facilities which are authorized to have access to classified information. These inspections ensure that contractors' procedures, methods, and

physical safeguards are adequate for the protection of classified information entrusted to them. The inspection schedule is based on the highest level of classified material at the facility. For example, a facility with top secret and/or secret classified material is to be inspected every 6 months while a facility with only confidential classified material is to be inspected every 9 months.

The inspectors use an industrial security inspection checklist to provide for uniform and comprehensive security inspections of facilities. The checklist is used to determine whether contractors are complying with the requirements of the industrial security manual and with any additional security requirements for individual contracts. About 40 percent of the contractors who responded to our questionnaire said that the Defense Contract Administration Services inspections provided little or no help in ensuring that classification levels were assigned properly.

Most contractors who responded to our questionnaire said that they had a formal in-house program of classification inspection (i.e., periodic random review of documents). About 70 percent said that their programs were aimed at determining if information was classified properly, and about 88 percent said their programs included determining if documents were marked properly. In addition, 57 percent of the contractors said that they had a formal classification review process in which all classified documents were reviewed by someone other than the originator before being disseminated.

Some classifiers said that the administrative internal review would identify any weaknesses in the classification process. Generally, the reviewers were the classifiers' supervisors or managers. Sometimes the reviewers were representatives of the security office. However, on the basis of the number of classification and marking errors that we found, the internal reviews did not appear to be effective.

Some classifiers also said that the DOD program offices had no formal or periodic inspection program. Occasionally, the program offices questioned the classification of information, but the questions primarily concerned whether the information was underclassified rather than overclassified.

## CONCLUSIONS

We believe that DOD should direct more attention to training contractor personnel who derivatively classify information. DOD can accomplish this by providing detailed instructions in its industrial security education program on how to apply and mark derivative classification properly.

We believe that more contractor employees should attend the Defense Industrial Security Institute program and that its facilities should be expanded, if necessary, to accommodate

the employees. We further believe that the Institute should provide training aids to contractors to assist them in their in-house training programs.

Because contractors had about 16 million classified documents in December 1979 and continue to classify thousands of new documents, we believe effective training programs are essential if national security information is to be properly protected. We also believe that contractors should be encouraged to develop or expand their training programs.

While the areas covered by DOD inspections--physical safeguards and markings--are important, we believe that the propriety of the classification decisions is equally important. During inspections, DOD, at a minimum, should determine whether information should be classified and whether it is classified at the proper level.

#### RECOMMENDATIONS

We recommend that the Secretary of Defense revise the industrial security program regulation to expand the industrial security education program to (1) include more contractor personnel in the training courses given by the Defense Industrial Security Institute and (2) provide assistance to contractors in developing and expanding their training programs on derivative classification.

We further recommend that the Secretary of Defense revise the industrial security regulation to provide definitive guidance on the items to be covered by DOD inspectors, with special reference to the need for inspectors to question the propriety of classification decisions by contractors.

#### DOD AND OTHER COMMENTS AND OUR EVALUATION

##### DOD comments and our evaluation

DOD concurs in the spirit of the recommendation concerning expanded training, but it believes that revision of the regulations is unwarranted because it is more effective implementation that is needed. DOD believes that the major impediment to expanded education and training is a lack of sufficient resources. DOD asserts that we are recommending that some 10,000 contractor personnel throughout the United States be sent to the Defense Industrial Security Institute for specialized training in classification.

Although there were about 10,600 cleared facilities, only about 3,000 had classified documents. We are not advocating sending each contractor's security supervisor to the Institute in Richmond. We believe that DOD should consider establishing training facilities in other parts of the country or, at least, periodically sending its instructors to other parts of the country for several days to train groups of contractor representatives.

As implied in our recommendation, we believe that DOD should also provide training aids, such as video tapes, to contractors to assist them in developing or expanding their internal training programs. Because most of the 332,000 contractor employees, authorized to derivatively classify documents, have had no formal classification training, we believe that it is essential that DOD direct more attention to this area. We did not make a determination of the additional resources that might be needed for training. We believe that DOD should make that determination and, if additional resources are needed, it should either reassign or request the necessary resources.

The industrial security manual provides that each contractor appoint a security supervisor. The manual also spells out the responsibilities of that supervisor, but does not specifically mention training.

DOD says that its recent publication, "A Guide to Marking Classified Documents," is an effort to show people how to mark classified documents properly. This 22-page pamphlet of illustrations, issued by DOD in July 1980, is a step in the right direction. However, we believe that it falls far short of the type of training that is needed by contractors or DOD personnel dealing with contractors because its purpose is to show how markings are to be applied to classified documents prepared by DOD. It does not make reference to the DD Form 254 or to other matters pertinent to documents derivatively classified by contractors.

DOD does not concur in our recommendation concerning inspections because of its belief that definitive inspection guidance in the regulations would not effectively improve the quality of classification determinations. DOD says that its industrial security inspection checklist contains a question that is intended to direct the attention of the inspector into the area of whether the contractor is complying with the applicable security classification guidance and that only generalized inquiries may be made.

We still believe that definitive guidance is needed because our review showed that the checklist alone was not sufficient to direct inspectors to question the propriety of derivative classification decisions by contractors.

#### National Classification Management Society comments and our evaluation

The Society says that it wholly supports our observations and recommendations, but it believes that we should comment on the additional resources that would be needed to implement our inspection and training recommendations.

Although some additional resources may be needed to expand the training program, we do not anticipate that implementation of our recommendation on inspections would necessitate additional resources. We believe that some redirection or emphasis on derivative classification could be accomplished during the regular periodic inspections currently being made. We agree with the Society that periodic independent classification inspections would be desirable; however, in view of the limited resources available, the inspectors could ask questions similar to what we asked during our review. We believe that even a small number of questions directed at derivative classification decisions would tend to improve the quality of those decisions.



POLICY REVIEW

THE DEPUTY UNDER SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

19 DEC 1980

In reply refer to:  
I-12129/80

Mr. R. W. Gutmann  
Director  
Logistics and Communication Division  
United States General Accounting Office  
Washington, D.C. 20548

Dear Mr. Gutmann:

This is in reply to your November 14, 1980 letter to Secretary Brown concerning your draft report to the Congress, "DoD Should Give More Assistance to Contractors Who Classify National Security Information" (Code 941184) (OSD Case #5565).

We trust that these comments will be reflected in your final report.

Sincerely,

*Daniel J. Murphy*  
Daniel J. Murphy  
Admiral, USN (Ret.)

Enclosure

GAO note: Page numbers in appendixes I through II refer to pages in the draft report.

DEPARTMENT OF DEFENSE COMMENTS CONCERNING  
GENERAL ACCOUNTING OFFICE DRAFT REPORT 941184  
"DOD SHOULD GIVE MORE ASSISTANCE TO CONTRACTORS  
WHO CLASSIFY NATIONAL SECURITY INFORMATION"  
(OSD CASE NO. 5565)

Based on its evaluation of Defense contractor compliance with information security classification requirements as they apply to Defense industry, the GAO concludes that the Department of Defense needs to improve (1) the security classification guidance furnished to contractors, (2) its program for training contractor employees in classification management, and (3) its program for inspection of contractor compliance with Executive Order 12065, "National Security Information," implementing instructions, and classification guidance.

It is the Department's view that the discrepancies noted by the GAO in its draft report are not indicative of non-compliance with the order and reflect an already recognized need to generally improve the effectiveness of the dialogue between Defense contractors and the Department of Defense on information security matters.

Many of the GAO assertions regarding alleged improprieties are difficult to support or refute because of the absence of specific citations in the report. However, given the size of the Defense Industrial Security Program (over 10,000 cleared facilities and the promulgation and maintenance of some 52,000 Contract Security Classification Specifications (DD Form 254)) it is reasonable to expect that some problem areas, such as inconsistencies in security classification guidance, will occur. Nevertheless, the objective of the Defense Industrial Security Program is to properly safeguard classified information in the hands of U.S. industry and there is nothing in the report that would lead GAO or the Department of Defense to conclude that the evaluation of Defense industry implementation of security classification guidance provided by the Department indicates actual or potential, inadvertent or purposeful compromise of national security information.

Chapter 2 - Unauthorized DoD Personnel Approved and Issued Guidance  
(Page 8)

This section of the draft report implies that the Contract Security Classification Specification (DD Form 254), providing security classification guidance to contractors, is required to be signed by an official with original Top Secret classification authority in instances when the DD Form 254 does not transmit or make reference to a security classification guide. Further, GAO asserts that DoD contracting officials approve such guidance without proper authority. This assertion is erroneous and is based on incomplete information.

GAO points to the occurrence of a DD Form 254 that does not transmit or make reference to a classification guide, but fails to recognize that such a DD Form 254 can contain valid guidance derived from approved



sources without explicitly citing the source or reference. Therefore, to conclude the 38 percent of the DD Forms 254 reviewed were signed by officials unauthorized to do so is not only misleading, it is unsupported and probably incorrect.

The GAO view that a DD Form 254 constitutes a security classification "guide," and therefore must be signed by a Top Secret original classification authority, is unfounded. Defense regulations hold that the Procurement Contracting Officer is responsible for providing security classification guidance by DD Form 254 to the contractor. Further, the PCO is authorized to review and sign such Forms.

It should be noted that paragraph 10e of DoD 5220.22-M, "Industrial Security Manual for Safeguarding Classified Information" (ISM) authorizes and encourages contractors to seek resolution of classification guidance problems, to include formal challenges to classification actions. Further, contractors are encouraged to advise and assist in the development of the DD Form 254 in order that their technical knowledge may be utilized and that they may be in a better position to anticipate the security requirements under the contract.

#### Classification Guidance Was Outdated, Vague, Inconsistent and Oral (Page 11)

This section of the report describes broadly some instances in which "outdated, vague, inconsistent, and oral" classification guidance was furnished contractors leading to inaccurate and improper classification of documents. To the extent that this condition exists, it remains an area that warrants attention. It is recognized that increased education and training efforts will further strengthen the Information Security Program. To provide added impetus to these efforts, the Deputy Under Secretary of Defense (Policy Review) signed a memorandum in September 1980 to the Department's senior officials, who are responsible for implementation of the Information Security Program within their respective Components, that calls for a revitalization of Defense Component security education and training. But to reiterate there are rules and procedures in place that are designed to rectify such problems when they occur, and there is no indication in the report that the Defense contractors visited took the appropriate actions available to them to resolve the classification problems encountered. As mentioned previously, the ISM authorizes and encourages contractors to seek resolution of classification problems and if such problems are not resolved "within a 45-day period, the cognizant security office may be requested to provide assistance in obtaining a response." As an example, the report states on page 15 that a contractor reported that "the Army declassified hardware that the Navy refused to discuss or declassify even though it was being produced on the same production lines." If this report is accurate, it describes a situation of classification error which would be handled under the provisions of the ISM. The report implies that Navy representatives were contacted on the matter, but contains no indication that the contractor notified Army representatives or the cognizant security office.

#### Information Originally Classified By Contractor Employees (Page 17)

In this section of the draft report, the GAO asserts that contractor employees originally classify national security information. The

Department's policy is clear that all Defense original classification decisions originate within the Department. Only those DoD officials who have been designated by competent authority to exercise original classification authority may originally classify information. Contractors often, and by virtue of their technical expertise, may be the first to recognize the "sensitivity" of the information they generate or develop. The ISM provides procedures whereby contractors may recommend appropriate classification levels for such information to their contracting agencies. In no way does this procedure constitute an abrogation of the Department's responsibility and authority to classify information. Each contractor that generates classified material is responsible for applying classification as instructed by the Contract Security Classification Specification. Such action is the responsibility of each holder of classified information and constitutes an implementation of a directed action rather than an exercise of the authority for originally determining classification.

Chapter 3 - Improper Classification and Marking of National Security Information (Page 21)

This section of the report correctly identifies that documents that are originally classified are required to be clearly marked to indicate, inter alia, the identity of the original classification authority and the office of origin. However, the report also asserts that there is a requirement that derivatively classified documents be similarly marked. In fact, such is not the case. As a result of the GAO misunderstanding of the requirement for marking derivatively classified documents, much of the factual data and the analysis of that data which appears in Chapter 3 are misleading.

Nonetheless, the report does demonstrate that mistakes are made by Defense contractors in applying to documents containing national security information classification and other markings as required by DoD regulations. The problem is not newly discovered, and in some measure must be recognized as endemic in a program with such a large number of participants (more than 10,000 contractor facilities) performing under such a large number of contracts and associated DD Forms 254. Within the limits of the resources that can be made available for the purpose, the Department of Defense will continue to identify improper classification and marking of national security information and initiate corrective actions.

Although in no way condoning occurrence of classification marking errors, the Department would point out that none reported were of such a character as to have been a direct cause of a failure to protect from unauthorized disclosure information that could cause identifiable damage to the national security or of release of such information to the public.

In recognition of the fact that security education and training is the cornerstone to an effective Information Security Program, "A Guide to Marking Classified Documents" was developed recently and given wide dissemination (over 60,000 copies) within the Department of Defense. The Director, Industrial Security is preparing to publish this pamphlet as an Appendix to the Industrial Security Letter which is distributed to

all cleared facilities in the Industrial Security Program. It is designed to be a handy reference for people who mark classified documents and it is expected that the accuracy in the marking of classified documentation generated by the Department and Defense industry will be improved as a consequence of the pamphlet's publication.

Chapter 4 - Inadequate Training of Individuals Who Derivatively Classify Information (Page 31)

This section of the GAO report asserts the need for additional training of derivative classifiers.

The Department of Defense does not doubt that additional security education and training would be beneficial for the Defense Industrial Security Program particularly in the area of classification management. However, security education and training is expensive, indeed very expensive in the context of the Defense Industrial Security Program with its thousands of cleared contractors and over 1.2 million cleared personnel.

The Industrial Security Manual (paragraph 5a) requires that each contractor appoint a "security supervisor" to "supervise and direct security measures necessary for the proper application of Government furnished guidance or specifications for classification, downgrading, upgrading, and for safeguarding classified information." Thus the "security supervisor" would be the ideal single person in each cleared contractor facility to be targeted for more intensive training in the area of classification management. Thus, the GAO is in effect recommending that some 10,000 contractor personnel throughout the United States be sent to the Defense Industrial Security Institute for specialized training in classification. That number would in fact be larger due to factors such as employee turn-over.

Mandatory security classification training for each "security supervisor" at the Defense Industrial Security Institute is not practical from a cost viewpoint, costs in terms of Government and industry resources - both personnel and financial. The Department agrees that such mandatory training would be ideal and supports the GAO's objective in this area. Nevertheless, the Department recognizes the practicalities of the matter and moves toward achievement of the goals in other ways.

As an example, the Defense publication of "A Guide to Marking Classified Documents," DoD 5200.1-PH is an effort to show people how to properly mark classified documents. As mentioned previously, action has been taken to cause the pamphlet to be printed as a part of a forthcoming Industrial Security Letter which will be disseminated to each cleared facility in the Defense Industrial Security Program. The Department expects to provide other similar assistance to contractors in developing and expanding their security training programs. The Department also is exploring ways to increase contractor participation in classification management training offered by the Defense Industrial Security Institute whether at the Institute in Richmond, Virginia or at other locations around the country. However, expanded participation by industry is limited by available resources and fiscal restraints.

Inadequate Inspections of the Proper Classification of Information  
(Page 34)

This section of the GAO report asserts that industrial security inspections should include a determination of whether information should be classified and, if classified, whether it is classified at the proper level (and for the proper length of time).

The Department's industrial security inspections are performed by trained Industrial Security Representatives who are knowledgeable of the many facets of the Industrial Security Program including the principles of derivative classification. These people are security specialists. The typical Industrial Security Representative has an inspection responsibility for many contractor facilities that may be involved in a myriad of disciplines from robotics and mechanical engineering through hydrographics to computer sciences. The Department's Industrial Security Representatives are not specialists in these and many other areas except by chance. It is important to comprehend this point because intelligent security classification determinations cannot be made in the first place unless one knows intimately the subject matter area in which the classification determination is to be made, especially in highly technical subject areas.

The Department has long recognized the need to make inquiries into the propriety of classifications assigned by contractors in response to the Government's security classification guidance. The basic "Industrial Security Inspection Check List for Contractor Facilities," DD Form 696, contains the question "Classifications applied to information in accordance with DD Form 254, 254-1 or letter in lieu of." This question is intended to direct the attention of the Industrial Security Representative into the area of whether the contractor is complying with the applicable security classification guidance. Only generalized inquiries may be made by the Industrial Security Representative and these limited to the application of security classification guidance.

GAO Recommendation

"The Secretary of Defense should revise DoD's Information Security and Industrial Security Program Regulations to clarify that security classification specifications that contain the only classification guidance furnished to contractors are, in effect, classification guides and need to be approved personally and in writing by officials with Top Secret classification authority, as required by Executive Order 12065."

DoD Position

The Department of Defense opposes this recommendation because it is based on a faulty premise. The Procurement Contracting Officer (PCO) is responsible for providing security classification guidance to the contractor. The PCO receives this guidance from competent original classification authorities and adequate rules and procedures exist to resolve classification problems between the Department of Defense and industry. The GAO assertion that a DD Form 254 which does not transmit

or make reference to a classification guide is therefore itself a classification guide, is unsupported and misleading. The DD Form 254 is an instrument which conveys security classification guidance and is not an original security classification guide. To unnecessarily require Top Secret classification authorities to approve DD Forms 254 would seriously impede the contracting process, serve no useful purpose, and would be tantamount to requiring such approval of any document which could reasonably be used as a derivative classification source document.

#### GAO Recommendation

"The Secretary of Defense should revise DoD's Information Security and Industrial Security Program Regulations to require that all classification guides, instructions and revisions be reviewed during periodic independent classification inspections to assure compliance with the provisions and intent of the Executive Order."

#### DoD Position

The Department of Defense opposes this recommendation to the extent that it is redundant and duplicative of existing Departmental procedures and practice. Review of classification guides by other than the originator is already common practice within the Department. Regulatory provision is already established for assuring compliance with the provisions and intent of the Executive Order through an active monitorship program by various levels of command and responsibility. Similarly, regulatory provision exists for the resolution of classification problems through command levels up to the Office of the Deputy Under Secretary of Defense (Policy Review). An "Index of Security Classification Guides" is published semiannually and reflects current revisions, cancellations, and addition of new guides within the Department of Defense. This Index is available to Defense industry through secondary distribution centers and users of the guides listed in the Index are encouraged to challenge security classification decisions reflected in the guides.

#### GAO Recommendation

"The Secretary of Defense should revise DoD's Information Security and Industrial Security Program Regulations to expand the training program to (1) include more training courses given by the Defense Industrial Security Institute and (2) provide assistance to contractors in developing and expanding their training programs on derivative classification."

#### DoD Position

The Department of Defense concurs in the spirit of this recommendation but believes that revision of Defense Regulations is unwarranted since it is the more effective implementation of these regulations that strengthens the program. Expansion of security education and training in the manner recommended by the GAO would not remove the major impediment to expanded education and training - lack of sufficient resources. As previously discussed, it would be impractical to mandate the attendance of each "security supervisor" at the Defense Industrial Security Institute.

Significant expansion of the Institute's current education and training activity would require substantial increases in both funding and personnel, neither of which appears to be forthcoming in the immediate future. However, the Department will continue to seek alternate means within its current resources to improve the quality and level of security classification guidance it provides to Defense industry.

#### GAO Recommendation

"The Secretary of Defense should revise DoD's Information and Industrial Security Program Regulations to provide definitive guidance on the items to be covered by DoD inspections, with special reference to the need to question the propriety of classification decisions by contractors."

#### DoD Position

The Department of Defense does not concur in this recommendation to the extent that it would not effectively improve the quality of classification determinations. As previously mentioned, contractors are encouraged to advise and assist in the development of DD Forms 254 in order that their technical knowledge may be utilized and that they may be in a better position to anticipate the security requirements under the contract. Procedures are in place to permit contractors to seek resolution of classification guidance problems, to include formal challenges to classification actions. The Department will continue to seek ways to improve the effectiveness of the dialogue between Defense contractors and the Department of Defense on information security matters. As an example, the Department has recently published a "DoD Handbook for Writing Security Classification Guidance." This handbook is designed to assist managers of classified programs, projects, and systems in their development of necessary security classification guidance and provides a plan of action for writing classification guides step-by-step. It is expected that the quality of security classification guidance will be improved as a consequence of this handbook.



the  
**National Classification Management Society Inc.**  
*Science & Technology • National Policy & Operations*

A NON-PROFIT ORGANIZATION

EXECUTIVE SECRETARY, P.O. BOX 7493, ALEXANDRIA, VIRGINIA 22307

REPLY TO:

12 December 1980

Mr. R. W. Gutmann  
 Director  
 Logistics & Communications Division, GAO  
 Washington, DC 25048

Dear Mr. Gutmann:

On behalf of the Society, I express our appreciation for the opportunity to review your draft report on the Defense Industrial Security Program. We are honored to have been so requested.

We were not necessarily surprised at the findings but were surprised about the high percentages of common errors reported. We are in accord with the thrust of the recommendations contained in the draft report. Indeed, the Society has been pursuing goals of the nature recommended since its inception. Evidence supports the need for much more to be done.

Two general faults of some importance appear to us to exist. We believe they would affect Congress' understanding (along with others) of the problems and recommended solutions. The first is the monolithic presentation of DoD. It seems to make the Office of the Secretary the sole authority for, and executor of, all actions or their absence. The effect of this is to hold blameless those who are at fault. Implementing policy and direction for the program from the Office of the Secretary – and the Headquarters of the Military Departments – is not, by and large, the problem. The problem rests with the User Agencies' failures to do their part of the job properly. In the context of the program – as you know and as your draft report reveals to us – the principal reasons underlying most errors are found in such failures. We commend to your consideration a few changes shown on a copy of the draft. We believe these might strengthen the recommendations and identify more correctly where problems exist in the structure for execution – without naming organizations, *per se*.

The second is a failure to comment at all about resources necessary to do the things you recommend. An uninformed person might easily be led to suppose such actions can be accomplished within existing resources; a supposition that would be at significant odds with our observations. In addition to the quantity of needed resources there is as well the question of their quality. A comment related to two of the recommendations may illustrate the point.

In accord with your second recommendation a requirement for periodic independent classification inspections would be established. Discussions and observations suggest that necessary command inspections are not adequately staffed or accomplished as desirable now. Both travel fund restrictions and personnel restrictions have adversely affected all of them. It would seem unlikely that separate additional ones – particularly those requiring the significant expertise inherent in the recommendation – could be considered without further resources.

Your third recommendation would require expanding the DISI training program to include more contractors, and also to provide assistance to contractors in developing and expanding their training in derivative classification. It is reasonable to observe that the portion of the faculty available for the information security program is quite small (5) and is overcommitted now. A further observation; the level of derivative classification instruction would need to be expanded substantially. Both of these actions would require more and different personnel resources.

Page 2. NCMS letter of 12 December 1980

The Society is wholly in support of the observations and recommendations but believes a footnote, at least, should mention resource implications. Some words are suggested on the draft that may be useful to assist in understanding the point. Additional comments and some suggested clarifications are included too. Three of the more extensive written comments from our reviewers are enclosed for information. They include perspectives of the program that may be of interest. We have deleted the names and organizations of the reviewers.

Again, we appreciate this opportunity, and we believe the survey and report can and will serve the program well. Should you desire to discuss further any of our comments or observations our point of contact in the Washington area will be Jack Robinson (703-998-3568).

Most sincerely,

  
Marilyn H. Griffin  
President

Enclosures:  
Draft Report, annotated  
3 separate individual comments



Subject: COMMENTS AND RECOMMENDATIONS ON GAO DRAFT REPORT DTD NOV. 1980, #941184

An observation and conclusion that has been alluded to throughout this report, but not stated, is the failure of the government in its User agencies and Inspection agencies to give recognition and support to Classification Management as a separate discipline from Physical Security Enforcement.

This is born out by the following facts:

- o There is no Classification Management (CM) job classification in Civil Service. All security is lumped in the O80 series. The Office of Personnel Management still insists that there is no priority for setting standards in this area.
- o The DOE is the only agency that sets professional criteria for CM by establishing minimum educational and experience standards.
- o CM billets, when established, are most frequently filled either by Physical Security personnel who are in line for grade promotion with no CM background or are filled with personnel who have the task as additional duty to their technical military responsibilities.

As a result, original classifiers have no expertise to draw from in guidance preparation and guides reflect in many instances, adequate guidance in the area of expertise of the originating technical specialist and little or no guidance in all other areas.

Under improved training and inspections, GAO (pages 34-38) indicated that DCAS (now DISP) does not thoroughly inspect applications of guidance, and recommend that the Secretary of Defense revise the Industrial Security Regulation to provide for inspections to question propriety of classification decisions of contractors. However, the observations and recommendations did not discuss the lack of professional capability to conduct these inspections at the DISP regional offices. These offices have a single CM billet, usually staffed by a promoted Physical Security inspector with little or no preknowledge of CM. Until additional billets are defined and qualifications established, DISP will not have the inspection capability.

To date, User agencies continually resist the DISP getting involved in CM level decision making or review as they feel it is their prerogative; however, they too lack proper staffing of qualified professionals.

Therefore we disagree with this recommendation as being incomplete. <sup>HP</sup> We agree with the overall recommendations for improved guidance to be signed by an original classification authority; however, any such recommendation must be accompanied by a companion recommendation that professional, qualified Classification Management staff personnel be authorized and in place to provide the expertise required by an original classification authority to accomplish this extra additional duty imposed by the Executive Order.

Review Report #1

Many thanks for the opportunity to review the GAO draft which I received on 11/17.

In order to get something back to you for "recrunching" I will give you my very general impressions of the report in terms of (a)accuracy of the information, and (b)conclusions/recommendations drawn therefrom.

(a) Accuracy of the information:

Being a believer in the axiom "Figures can't lie but liars can figure" I can't comment on the value of the sample numbers quoted in the report. Percentage seems small.

The information quoted seems to be true and correct. Classification guidance furnished to contractors is, in many (if not most instances incomplete, vague or inconsistent. At this instant of my 41 prime contracts (24 U.S.A.F.)(16 U.S.N.)(1 U.S.A.) at least 50% would clearly fit one or more of the descriptors "incomplete", "vague" or "inconsistent". To this I must add that if the GAO didn't "like" the prime contract guidance provided to contractors they would "hate"the proposal/RFP guidance received. This is even more ambiguous and inconsistent (if even available).

The matter of guides signed by "authorized" TS authorities, I feel is not as important as the guide being (a)complete and clear and (b)consistent. In our particular business (hardware) we seldom see a guide and all guidance is in the form of a DD-254 with addendum pages. The one or two guides we have received (one just last week) is in conflict with DD-254's we have for the same equipment. I do know that our major problem is DD-254's prepared by "Technical Reps" of procuring agencies (e.g. Air Command) who for the most part have no knowledge of how to prepare CM guidance or of "Classification Philosophy".

On the accuracy of the information, I agree, DCASR Security Reps have little, if any, CM knowledge and tend to avoid the subject.

Review Report No. 2

Generally they refer any questions to the "Specialist" in the Regional Office who in turn wants a letter detailing the problem or question. Seldom is there any interest in visiting the contractor to learn the "problem" first hand. Letters when written seldom get a useful or timely response.

As to the improper marking of material by contractors all I can say is we do the best we can with available guidance. I would agree that the tendency is to overclassify as indicated because with vague DD-254's there is a definite "crystal ball" requirement on the part of contractor authors.

(b) Conclusions/Recommendations drawn-

In general I am in agreement with the report conclusions:

- 1) Guidance is vague, incomplete or inconsistent.
- 2) Documents are frequently improperly classified or mismarked. (Generally overclassified or classified for over extended periods).
- 3) DCASR Inspectors have little knowledge or interest in CM matters.
- 4) My impression of the DISI course from NCMS members who have attended is that it is of little practical value. I have no personal knowledge here and reserve judgement.
- 5) U.S.A.F., U.S.N., U.S.A. 254's prepared by procurement agencies are not prepared by personnel with CM knowledge, experience or interest.
- 6) Training of individuals who classify by derivation is inadequate.

Recommendations:

I agree with the report recommendation that the Industrial Security Program be expanded to permit more contractor personnel attendance at DISI and that it be mandatory that DoD personnel who will be preparing DD-254's attend. It would seem appropriate that all DCASR Security Inspectors be required to attend also.

I may be suggesting the impossible at this time however I would like to see a central point for issuance of all classification guidance for contractors such as DISCO now functions in the area of security clearances.

Seems like my "brief" note rambled on however I do feel that much work is needed and that at times we who work with these problems tend to become frustrated with the program or lack of it.

Best regards.

24 November 1980

Subj: GAO Report, "DoD should give more assistance to Contractors Who Classify National Security Information"

1. General Comment

a. My principal criticism of the report is that it treats the DoD as a prime entity which can turn on a tap and get things done. Not so. Even though classification under EO 12065 follows the normal command lines with the assumption that the leader can control and direct, contracting does not follow the same lines. Delegations of authority, limitations of authority and the procedures which must be followed in the contracting process are different. In sum, the two processes - the assignment and control of classification, and the direction or management of a contract are two separate and distinct systems which only come together in the preparation and administration of a DD Form 254 - which is a contractual specification which must be handled in accordance with contractual procedures.

b. The User (Procurement) Agency has sole and complete responsibility for its actions, subject only to the normal inspection, audit and review processes which are set forth in the DAR.

c. Classification is based on primarily an Executive/<sup>Order</sup>which delegates certain authorities to the Head of an Agency. Even though that same Head of an Agency (providing it is a procurement activity) may appoint the Contracting Officer, the terms and requirements of the appointment are different and have yet to be reconciled. For example, the Contracting Officer is the only individual who can "enter into contracts for supplies or services on behalf of the Government, and in

Review Report No. 3

the name of the United States of America . . . ." In the event that a classification action has a contractual impact on delivery, price or performance, the requirements of the DAR would prevail, notwithstanding any requirement of EO 12065. I am confident of this even though the subject, in so far as I know, has never been tested.

2. Specific Comments on the Digest: Conclusions

- a. Need to improve guidance furnished to contractors - concur.
- b. DoD needs to improve its training program for contractor employees in classification management - concur.
- c. Improve its program for inspecting contractor compliance with the order, implementing instructions, and classification guidance.

3. Specific comments on the Digest: Recommendations

- a. Security guides to contractors are guides and should be approved by individuals having original TS classification authority - Concur.
- b. Guides should be reviewed during inspections - concur.
- c. Expand training program at DISI to include more contractor personnel - concur.
- d. Provide assistance to contractors in providing training programs on derivative classification - concur.
- e. Provide definitive guidance on items on the items to be covered in DoD inspections . . . propriety of classification decisions by contractors - concur.

4. Specific Comments on the Report.

- a. Having concurred with the comments and recommendations I feel

that the thrust of the report is wrong, that it is focussed on the wrong activity. The DoD is not a monolith that directs and controls; in fact, the Office of the Secretary of Defense has little, if any, contractual authority; contracting is done through components or agencies which have such authority. Classification is a function of USER Agencies which do have contractual authority. It is the User Agency which generates and issues classification guidance and is responsible for its correctness. The DD Form 254 is a contract specification issued and signed by a specifically appointed Contracting Officer as established in the DAR.

b. Compliance with the security requirements of a contract is based on a contractor-executed Department of Defense Security Agreement (DD Form 441). In the agreement the contractors agree to:

Section I - Security Controls. ". . . provide and maintain a system of security controls . . . in accordance with the requirements of the DoD ISM . . ."

"(B) The Government agrees that it shall indicate when necessary . . . the degree of importance to the national defense of information . . . , and the Government shall give written notice of such security classification to the Contractor . . . ; provided, however, that matters requiring security classification will be assigned the least restrictive security classification consistent with . . . the importance of correctly classified matter." . . . The contractor is authorized to rely on any letter or other written instrument signed by the contracting officer changing the classification of matter."

Section II - Inspection. "Designated representatives of the Government responsible for inspection pertaining to industrial plant security shall have the right to inspect . . . the procedures, methods, and facilities utilized by the contractor in complying with the terms and condi-

tions of the DoD ISM' . . .

Section IV - Security Costs. " This Agreement does not obligate Government funds, and the Government shall not be liable for any costs or claims of the Contractor arising out of this Agreement or instructions issued hereunder . . ."

c. The DIS is not now responsible for nor capable of - nor does it have the resources - performing the type of inspection recommended in the GAO report. Inspection is geared to the protection of information that the Government has determined requires protection; with compliance with the requirements of the Agreement; with compliance with the terms of the contract and its DD 254. It is the respective USER Agencies that are totally responsible for providing the information guidance from which the contractor makes classification judgements. Should there be non-compliance, or differences of opinion on any element of classification, it is a matter the respective User Agency must resolve, not the DIS. The only reasonable contribution the DIS can make to the process is to:

- Ensure currency of DD Forms 254;
- Intercede with a User Agency when a contractor has conflicting guidance on the same product, or to intercede with procurement activities when there are inconsistencies in classification applied to the same product - remembering always that agencies may legitimately require different classification to their application of the same product

d. The DIS has neither the assignment nor competence at this time to evaluate whether information is or is not classified properly.

**AEROSPACE INDUSTRIES ASSOCIATION OF AMERICA, INC.**

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February 5, 1981

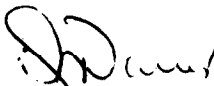
Mr. Irving T. Boker  
U.S. General Accounting Office  
441 G Street, N.W., Room 5814  
Washington, D.C. 20548

Dear Irv:

AIA has reviewed the draft of the GAO Report and concurs with the overall opinion that government and user agencies over the years have given very little emphasis to the classification issue. This has manifested itself in spotty guidance and countless examples of inadequate and, in some cases, total lack of classification guidance to contractors.

AIA in general feels that the lack of attention given to this matter requires increased emphasis on the part of DCAS, and more attention be given to educating DCAS inspectors in classification management matters. AIA feels that some concentrated effort should be made to put pressure on the procuring agencies in regard to classification management and to take some effective action via government channels to officially reprimand those agencies that continue to ignore good classification principles.

Very truly yours,

  
Daniel J. Nauer

DJN/bm

(941184)





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