

Procurement Advisory No. 61 A

Safeguarding Classified National Security Information

1. INTRODUCTION

This Procurement Advisory supersedes Procurement Advisory 61, dated March 2, 2004 and updates information regarding the process for safeguarding classified national security information that is released to contractors. This Procurement Advisory provides information to Contracting Officers (COs) and Contracting Officer Representatives (CORs) on Federal Acquisition Regulation (FAR) Part 4.404 as it relates to safeguarding classified national security information that is released to contractors.

2. SUMMARY

The FAR subpart 4.403 provides guidance to COs on safeguarding classified information that is released to contractors. COs must first determine whether access to classified information may be required by offerors, or by a contractor during contract performance. If access to classified information (of another agency) may be required, the CO shall determine if the agency is covered by the National Industrial Security Program (NISP), and follow that agency's procedures for determining the security clearances of firms to be solicited. If the classified information required is from the CO's agency, the CO shall follow agency procedures. Agencies covered by the NISP are required to use the Contract Security Classification Specification, DD Form 254. Agencies not covered by the program must follow internal agency procedures.

3. SPECIFIC ISSUES

FAR 2.101 defines a classified contract as "any contract in which the contractor or its employees must have access to classified information during contract performance. A contract may be a classified contract even though the contract document itself is unclassified."

The requirements prescribed for a "classified contract" also are applicable to all phases of pre-contract activity, including solicitations (bids, quotations, and proposals), pre-contract negotiations, or post-contract activity, if the contract requires access to classified information by the contractor.

The DD 254 informs the contractor of the level of information they will be required to access, the level of security clearance the contractors will need, and how they will process, store, transmit, and destroy the classified information when the contract is complete. If the contractor then subcontracts the work, they are obligated, under the NISP, to pass those requirements on to the subcontract.

Contracts requiring work that is unclassified but sensitive should also be evaluated to ensure that contractors have undergone an appropriate level of background investigation to perform the required duties, and contractors must be made aware of any procedures or requirements regarding proper protection of unclassified but sensitive information.

The Office of Security Services, Personnel and Document Security Division, Information Security Staff is the point of contact for additional Industrial Security guidance and information on completing the DD Form 254. Please contact Susan Gulbranson by telephone at (202) 720-7373, or by email at susan.gulbranson@usda.gov. For more information on completion of the form go to: <http://www.usda.gov/da/infosec/DD254.pdf>

COs must ensure that any classified acquisition is conducted as required by the NISP or agency procedures, as appropriate, and include clause 52.204-2, Security Requirements in the solicitation, and as appropriate, in

solicitations and contracts when the contract may require access to classified information, a requirement for security safeguards in addition to those provided in the clause 52.204-2, Security Requirements.

COs shall inform contractors and subcontractors of the security classifications and requirements assigned to the various documents, materials, tasks, subcontracts, and components of the classified contract.

4. CONTACTS

If you have questions or comments regarding this advisory please contact the OPPM Procurement Policy Division at procurement.policy@dm.usda.gov.

Procurement Advisories are issued by the Procurement Policy Division of the Office of Procurement and Property Management, Departmental Management, USDA, Dorothy Lilly, Chief, and posted on the USDA World Wide Web site at the following URL: <http://www.dm.usda.gov/procurement/policy/advisories.html>.

EXPIRATION DATE: Effective until cancelled.

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