

# NASA

National Aeronautics and Space Administration

Office of Inspector General

Office of Audits

# **FOLLOW-UP EVALUATION OF NASA'S IMPLEMENTATION OF EXECUTIVE ORDER 13526, CLASSIFIED NATIONAL SECURITY INFORMATION**

September 28, 2016

Report No. IG-16-030





## **Office of Inspector General**

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NASA Office of Inspector General  
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# RESULTS IN BRIEF

## Follow-up Evaluation of NASA's Implementation of Executive Order 13526, Classified National Security Information

September 28, 2016

IG-16-030 (A-16-010-00)

### WHY WE PERFORMED THIS AUDIT

In December 2009, the President signed Executive Order 13526, "Classified National Security Information" (Order), to reform the security classification and declassification processes for classified information (information that has been determined to require protection against unauthorized disclosure). Follow-on legislation directed Federal Inspectors General to perform two evaluations of their agency's compliance with the Order. We completed our first evaluation of NASA's Classified National Security Information (CNSI) program in September 2013, finding that while NASA's procedures for managing classified information complied with Federal requirements and implementing guidance, Agency personnel did not consistently adhere to the requirements. Specifically, classified documents were improperly marked, training requirements for classifiers were not met, and self-inspections were not fully implemented. We made three recommendations at the time, all of which NASA agreed to implement.

In this follow-up review, we assessed NASA's implementation of our 2013 recommendations and reviewed the Agency's compliance with Federal regulations and CNSI policies. As part of our work, we conducted field work at NASA Headquarters and the Johnson Space Center, and reviewed CNSI documents, Agency policies and procedures, and external reviews of NASA's CNSI Program.

### WHAT WE FOUND

Although NASA has taken steps to implement our prior recommendations, we continued to identify inconsistencies in the Agency's application of CNSI policies and procedures that led to improper marking of classified documents. This occurred because of insufficient identification and training of classifiers. Further, implementation of the Agency's self-inspection program was not fully effective because NASA Centers did not consistently review documents to verify the accuracy of classified markings. Improved identification and training of classification officials and effective self-inspections would help ensure classified information at NASA is managed in accordance with Federal requirements.

### WHAT WE RECOMMENDED

We made four recommendations to NASA's Assistant Administrator for Protective Services, including that he maintain an Agency-wide roster of classifiers and establish a mechanism to track the training required and received by these individuals. In response to our draft report, the Agency concurred with our recommendations and proposed corrective actions. We find the actions responsive and will close the recommendations upon verification of the corrective actions.

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# Acronyms

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|      |  |
|------|--|
| CFR  | Code of Federal Regulations              |
| CNSI | Classified National Security Information |
| FY   | Fiscal Year                              |
| NPR  | NASA Procedural Requirements             |
| OIG  | Office of Inspector General              |
| OPS  | Office of Protective Services            |
| SF   | Standard Form                            |

# INTRODUCTION

Throughout its history, NASA has been at the forefront of science and space exploration and responsible for numerous scientific and technological discoveries. In the course of this work, NASA creates, receives, disseminates, and maintains Classified National Security Information (CNSI or classified information) related to a variety of Agency programs and projects and through its collaboration with Federal agencies and other groups.

In December 2009, the President signed Executive Order 13526, “Classified National Security Information” (Order), to reform the security classification and declassification processes.<sup>1</sup> The Order was intended to produce greater openness and transparency in Federal classification and declassification programs while maintaining the Government’s legitimate interests to protect certain information from unauthorized disclosure.

A 2010 law known as the Reducing Over-Classification Act requires Inspectors General to perform two evaluations of their respective agency’s compliance with the Order by September 30, 2016.<sup>2</sup> We performed the first of these reviews in September 2013 and found that while NASA established policies to manage CNSI, implementation of procedures related to marking classified documents, training, and self-inspections needed improvement.<sup>3</sup> Our 2013 audit report contained three recommendations designed to improve NASA’s classification and declassification processes. We initiated this second review to assess NASA’s actions since the first review to improve its classified information processes. Details on the scope and methodology for our review can be found in Appendix A.

## Background

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Over-classification can interfere with timely and accurate information sharing; increase the cost of information security; and needlessly limit stakeholder and public access to information. In June 2010, the Information Security Oversight Office (Oversight Office) at the National Archives and Records Administration published guidance to assist agencies in implementing the Order and to provide direction related to classifying, downgrading, declassifying, and safeguarding national security information.<sup>4</sup> This guidance included rules for classification, declassification, and marking principles; safeguarding classified information; agency security education and training programs; agency self-inspection programs; and reporting requirements.<sup>5</sup>

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<sup>1</sup> Classified information is information that has been determined, pursuant to Executive Order 13526 or any predecessor order, to require protection against unauthorized disclosure. Declassification means an authorized change in the status of information from classified to unclassified information.

<sup>2</sup> Pub. L. No. 111–258, Reducing Over-Classification Act, 111th Congress (October 7, 2010).

<sup>3</sup> NASA Office of Inspector General, “NASA’s Compliance with Executive Order 13526: Classified National Security Information” (IG-13-023, September 26, 2013).

<sup>4</sup> The Oversight Office is responsible for policy and oversight of the Government-wide security classification system.

<sup>5</sup> 32 Code of Federal Regulations (CFR), Parts 2001 and 2003, “Classified National Security Information: Final Rule” (2010).

Classified information must be marked in one of three classification levels to indicate its status:

- *Top Secret*. Determined by the original classification authority, the unauthorized disclosure of such information could reasonably be expected to cause *exceptionally grave damage* to national security. ;<sup>6</sup>
- *Secret*. Determined by the original classification authority, the unauthorized disclosure of such information could reasonably be expected to cause *serious damage* to national security.
- *Confidential*. Determined by the original classification authority, the unauthorized disclosure of such information could reasonably be expected to cause damage to national security.

**Over-Classification.** The Order defines over-classification as classification of information that does not meet one or more of the following standards:

- an original classification authority has classified the information
- the information is owned by, produced by or for, or under the control of the Federal Government;
- the information falls within one or more of eight categories of information;<sup>7</sup> or
- the original classification authority determines that the unauthorized disclosure of the information reasonably could be expected to result in damage to national security and the original classification authority is able to identify or describe the damage.

**Original and Derivative Classification Actions.** Information may be classified either originally or derivatively. Original classification means an initial determination that information requires, in the interest of national security, protection against unauthorized disclosure. Derivative classification means incorporating, paraphrasing, restating, or generating in new form information that is already classified. Derivative classification documents are generated when a person extracts information from a document that has been originally classified. The newly developed document must use the classification markings derived from the original classified document. Duplication or reproduction of existing classified information does not constitute derivative classification.

Persons who reproduce, extract, or summarize classified information or who apply classification markings derived from source material or as directed by a classification guide need not possess original classification authority. In addition, information may be derivatively classified from a source document or based on a classification guide.<sup>8</sup>

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<sup>6</sup> Original classification authority means an individual authorized in writing by the President, the Vice President, or by agency heads or other officials designated by the President to classify information in the first instance.

<sup>7</sup> These categories are (1) military plans, weapons systems, or operations; (2) foreign government information; (3) intelligence activities; (4) foreign relations or foreign activities of the United States; (5) scientific, technological, or economic matters relating to the national security; (6) Government programs for safeguarding nuclear materials or facilities; (7) vulnerabilities or capabilities of systems, installations, infrastructures, projects, plans, or protection services relating to national security; or (8) the development, production, or use of weapons of mass destruction.

<sup>8</sup> Source document means an existing document containing classified information that is incorporated, paraphrased, restated, or generated in new form into a new document. Classification guide means a documentary form of classification guidance issued by an original classification authority that identifies the elements of information regarding a specific subject that must be classified and establishes the level and duration of classification for each such element.

## **NASA's Management of its Classified National Security Information Program**

The Assistant Administrator for Protective Services is the senior Agency official responsible for providing direction, oversight, and implementation guidance for NASA's classified information security program. The Assistant Administrator is responsible for (1) establishing Agency-wide procedures pertaining to the management of classified information and (2) reviewing procedures and systems of Headquarters, Centers (including component facilities), technical support centers, and service support centers to ensure classified information is properly protected.

In addition, individual Center Directors are responsible, through their Chiefs of Security, for ensuring proper implementation of these requirements and managing classified information under their Center's jurisdiction.<sup>9</sup> This includes developing an annual self-inspection program to evaluate the effectiveness of Center programs for original classification, derivative classification, safeguarding (to include telecommunications, automated information systems, and network security), security education and training, and management and oversight. The self-inspections must include regular reviews of representative samples of Centers' original and derivative classification actions and must encompass all Center activities that generate classified information.

## **NASA's Classification Activity**

As required by the Order and the implementing Directive, NASA submits annual reports to the Oversight Office for original and derivative classification decisions made by its personnel, declassification activities, and the number of classification guides it creates or uses.<sup>10</sup> Five positions at NASA possess original classification authority: the Agency Administrator, Deputy Administrator, Associate Administrator, Assistant Administrator for Protective Services, and the Deputy Assistant Administrator for Protective Services. In addition to any classified information generated at NASA, the Agency also produces CNSI documents when working with other Federal agencies, educational institutions, and private organizations in a variety of Agency programs.

For fiscal years (FY) 2013 through 2015, NASA reported making only one original classification decision. However, during that same period it reported 48,872 derivative classification decisions Agency-wide – 3,335 Top Secret, 45,519 Secret, and 18 Confidential. According to NASA Office of Protective Services (OPS) officials, the majority of classification decisions made across the Agency between FYs 2013 and 2015 related to Sensitive Compartmented Information or Special Access Program documents.<sup>11</sup>

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<sup>9</sup> Center Chief of Security means the senior Center official responsible for managing the Center's security program.

<sup>10</sup> Standard Form (SF) 311, "Agency Security Classification Management Program Data," is a data collection form completed only by those Executive Branch agencies that create or handle classified national security information. Agencies submit the completed forms on an annual basis to the Information Security Oversight Office for inclusion in a report to the President.

<sup>11</sup> Sensitive Compartmented Information is a classification level used generally for intelligence-related information that requires security clearances and physical or procedural security measures above those established for classified information or Special Access Program information. Special Access Program means any program established and approved under Executive Order 13526 that imposes need-to-know or access controls beyond those normally required for access to Top Secret, Secret, or Confidential information.

## Prior NASA Office of Inspector General Review

In a September 2013 review, we concluded that NASA’s policies and procedures for managing classified information complied with Federal requirements and implementing guidance.<sup>12</sup> However, we found instances where Agency personnel did not consistently adhere to these requirements. Specifically, classified documents were improperly marked, training requirements for classifiers were not met, and self-inspections were not fully implemented. We made three recommendations, all of which NASA agreed to implement.

In response to our recommendations, the Assistant Administrator for Protective Services revised NASA Procedural Requirements (NPR) 1600.2, “NASA Classified National Security Information,” to clarify required training for derivative classifiers, require Center Chiefs of Security to identify personnel eligible to perform derivative classification, and require Centers to provide training to derivative classifiers prior to classifying any information and once every 2 years thereafter.<sup>13</sup> The Assistant Administrator also issued a self-inspection checklist to Center Chiefs of Security to be used as part of the formal evaluation criteria associated with Center Integrated Security Functional Reviews, which began in 2014. Subsequent to issuance of our report, we verified that NASA made the necessary policy changes in support of our recommendations (see Appendix B for a list of these recommendations and the Agency’s responses). This current review examines NASA’s implementation of Federal regulations and policies related to the management of CNSI.

## Information Security Oversight Office Review

Under the Order, the Oversight Office has the authority to evaluate agencies’ implementation of CNSI programs. Specifically, the Office reviews agencies’ CNSI program organization and management, classification marking, security education and training, and self-inspections. In January 2016, the Oversight Office issued a report about NASA’s CNSI program, finding that while NASA operates a strong CNSI program, several areas – such as identification of derivative classifiers, classification markings, security and education training, and self-inspections – were in need of improvement. The Oversight Office made five recommendations to NASA, all of which the Agency agreed to implement (see Appendix C for these recommendations and the Agency’s responses).<sup>14</sup>

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<sup>12</sup> IG-13-023.

<sup>13</sup> NPR 1600.2, “NASA Classified National Security Information” (February 12, 2014).

<sup>14</sup> The Oversight Office conducted an on-site review at NASA Headquarters in August 2015 and at Marshall Space Flight Center in November 2015.

# CONTINUED IMPROVEMENTS NEEDED IN NASA'S MANAGEMENT OF CLASSIFIED NATIONAL SECURITY INFORMATION

Although NASA has taken steps to implement recommendations from our 2013 report, we identified inconsistencies in the Agency's application of policies and procedures that led to improper marking of classified documents. This occurred because the identification and training of derivative classifiers was insufficient. Further, implementation of the Agency's self-inspection program was not fully effective because Centers did not consistently review documents to verify the accuracy of classified markings. Improved identification and training of classification officials and effective self-inspections would help ensure that classified information at NASA is managed in accordance with Federal requirements.

## Inconsistent Marking of Classified Documents

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While NASA has taken action to implement the three recommendations from our 2013 review, the Agency continues to inconsistently apply the proper classification markings to classified documents.

Federal requirements dictate that derivative classification markings shall:

- include the date of origin of the document in a manner that is immediately apparent;
- identify the derivative classifier, portion markings, and appropriate authorized declassification instructions; and
- include a listing of the source materials on, or attached to, each derivatively classified document when a document is classified derivatively on the basis of more than one source—for example, "Derived From: Multiple Sources."<sup>15</sup>

In our 2013 review, we reported that all 16 classified documents reviewed were improperly marked. Although the deficiencies were relatively minor, failure to comply with Federal and NASA requirements for proper classification of CNSI increases the risk that personnel may inadvertently misclassify material. We recommended that NASA revise its guidance to require persons who apply derivative classification markings receive training in the proper application of the derivative classification principles prior to classifying information. The Agency concurred with the recommendation and the Assistant Administrator for Protective Services satisfied our recommendation through issuance of interim policy to Center Chiefs of Security requiring training be provided to derivative classifiers prior to classifying information and once every 2 years thereafter. On February 12, 2014, NASA revised NPR 1600.2 to include the new policy.

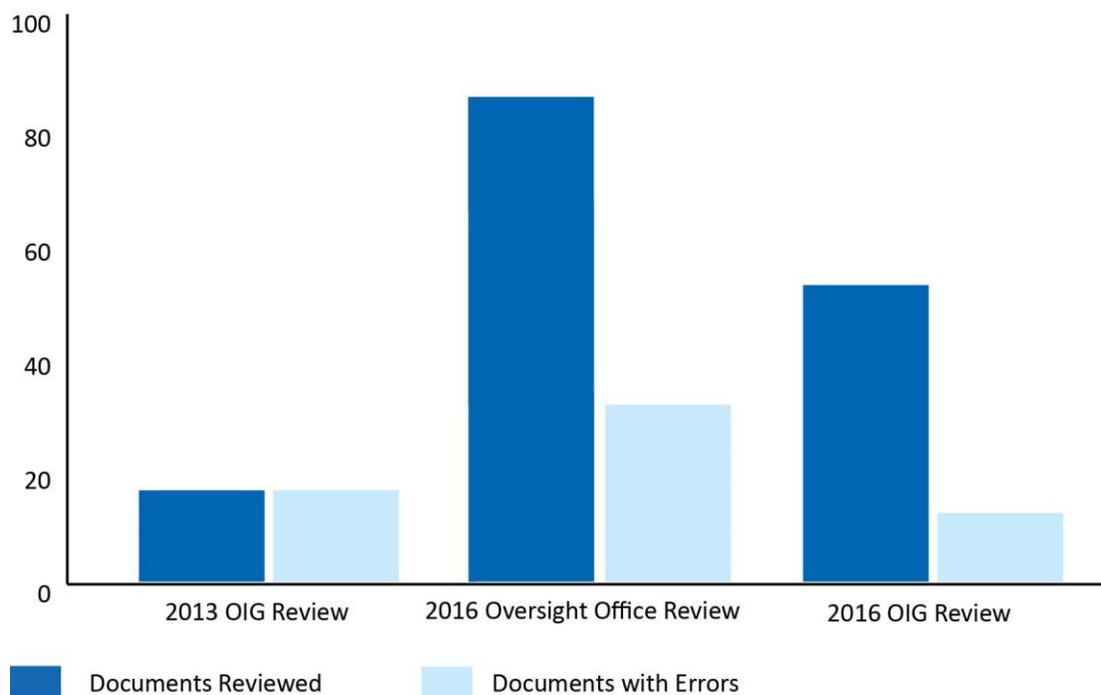
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<sup>15</sup> Portion markings identify the classification level of each portion of a document. A portion is ordinarily defined as a paragraph, but also includes subjects, titles, graphics, tables, charts, bullet statements, sub-paragraphs, classified signature blocks, and other portions within slide presentations. Portion markings consist of the letters "(U)" for Unclassified, "(C)" for Confidential, "(S)" for Secret, and "(TS)" for Top Secret. Declassification instruction defines the authorized markings that should be applied to documents.

The Oversight Office’s January 2016 report of NASA’s CSNI program analyzed 85 documents and found that 31 (36 percent) had a total of 48 marking errors. The most frequently occurring errors were the absence of portion markings and omissions or errors in the classification block, which must include a “derived from” line, a “classify by” line, and a “declassify on” line. In a memorandum issued to the Assistant Administrator for Protective Services, the Oversight Office recommended NASA analyze the results of their review to identify trends and root causes of the marking discrepancies and continue training and oversight that focuses on improving the classification and marking of documents. In April 2016, NASA agreed to the recommendation and OPS directed Center Chiefs of Security to identify and track trends or root causes for marking discrepancies. In addition, OPS officials promised that these issues would be addressed in annual refresher training and that OPS would continue to monitor implementation of the requirement during annual self-inspections and OPS Integrated Functional Reviews.

In June 2016, we examined 52 classified documents – 1 originally classified and 51 derivatively classified – and found 13 documents (25 percent) had a total of 20 marking errors. The marking errors included the absence of portion markings, use of unauthorized declassification markings (i.e., 25X1-human marking), and the omission of “declassify on” notations.<sup>16</sup> Figure 1 represents the trend of findings across the three reviews.

**Figure 1: Trend Analysis of CNSI Document Review Findings**



Source: NASA Office of the Inspector General (OIG) analysis of OIG and Oversight Office findings.

<sup>16</sup> Documents classified with the declassification instruction of “25X1-human” contain information that reveals the identity of a confidential human source, a human intelligence source, a relationship with an intelligence or security service of a foreign government or international organization, or a non-human intelligence source. Use of the 25X1-human declassification instruction is no longer authorized when creating new originally or derivatively classified documents. The classification marking on the new derivatively classified documents should be changed to 50X1-HUM.

Proper marking of classified documents is essential to ensure that information has been properly classified, identify the individual who performed the classification action, and communicate the period of time for which the information must be protected. While NASA's efforts show clear improvement since our 2013 review, NASA still has work to do in terms of ensuring classified documents is consistently marked appropriately.

## **Insufficient Training on Marking Classified National Security Information**

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Training of derivative classifiers was not sufficient or effectively implemented to prevent improper marking of classified documents. Federal regulations require that all persons with original classification authority receive training on proper classification prior to originally classifying information and at least once per year thereafter. Likewise, persons who apply derivative classification markings must receive training before classifying any information and at least once every 2 years thereafter. The regulations require that, at minimum, the training cover the principles of derivative classification, classification levels, duration of classification, identification and markings, classification prohibitions and limitations, sanctions, classification challenges, security classification guides, and information sharing.

In our September 2013 review, we found that NASA policy did not require employees receive training on derivative classification principles prior to classifying information. The Agency subsequently agreed to revise its policy to require such training.

Similarly, the Oversight Office's review of NASA's CNSI program identified weaknesses in the Agency's information security training, including the absence of elements required by directive or incomplete or inaccurate presentation of a required element. Specifically, the Oversight Office report found that:

- initial training does not outline the criminal, civil, or administrative sanctions for abuse or misuse of CNSI;
- training for persons with original classification authority does not cover classification challenges, information sharing, or the avoidance of over-classification;
- training for persons who apply derivative classification markings does not cover portion marking placement for titles or the requirement to include a list of sources attached to documents that cite multiple sources; and
- specialized security education and training is not provided to all classification management officers, security managers, security specialists, declassification authorities, as well as all other personnel whose duties significantly involve the creation and handling of classified information.

In addition, the Oversight Office found that NPR 1600.2 did not contain required items such as identification of the derivative classifier by name and position or personal identifier and classification marking on electronic documents. The Oversight Office recommended that NASA revise its policy to correct these omissions. In response, the Agency agreed and committed to revising its policy by December 30, 2016.

Our current review identified 22 individuals who had classified the 52 CNSI documents we sampled. Of those 22, we identified 13 who had not received derivative classification training prior to classifying documents. Upon raising this issue to the NASA officials, we learned that OPS does not maintain an

Agency-wide listing of derivative classifiers and therefore has no mechanism by which to track if training has been completed.

## Self-Inspection Program Not Fully Implemented

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NASA has not fully or effectively implemented its Agency-wide self-inspection program. Federal regulations require senior officials establish and maintain a self-inspection program that includes regular reviews of representative samples of an agency's original and derivative classification actions. The self-inspections should evaluate adherence to Federal regulations and the effectiveness of agency programs covering original classification, derivative classification, declassification, safeguarding, security violations, security education and training, and management oversight. According to the regulations, the self-inspections must occur at least annually.<sup>17</sup> During our 2013 review, we found that NASA had not fully implemented Federal self-inspection requirements. At that time, we determined that 6 of 12 NASA Centers did not conduct any self-inspections between FYs 2010 and 2012. In response to our review, in March 2014, the Assistant Administrator for Protective Services provided Centers a comprehensive Agency self-inspection checklist linked to requirements for completing self-inspections required in NPR 1600.2.

The January 2016 review conducted by the Oversight Office noted that NASA submitted a "very good" self-inspection report in FY 2014. According to the Office, the Agency provided Centers with the OPS self-inspection checklist, samples of self-inspection reports Centers submitted to OPS in 2014, and sample functional reviews performed by OPS. However, the Oversight Office raised concerns that NASA may not have conducted a thorough review of its classified documents.

In its review, the Office asked NASA to provide approximately 200 documents generated, originally or derivatively, by the Agency in FYs 2013 and 2014; however, NASA could not provide more than 85 of the requested documents nor could the Agency explain the inability to provide the additional documentation. In NASA's FY 2014 self-inspection report, the Agency stated that only 14 discrepancies were identified in its review of 1,983 documents. However, the Oversight Office reported that it was unclear how NASA was able to review 1,983 documents for its FY 2014 self-inspection report but was unable to provide the 200 documents it had requested. They further stated that the self-inspection checklist did not provide specific guidance on the document review with regard to the volume, scope, and variety of material to sample or regarding the specific requirements to be evaluated. The Oversight Office recommended that NASA provide detailed instructions to personnel who perform Agency self-inspections and ensure the annual self-inspections include reviews of a representative sample of classified documents created by NASA.

During our current review, we found that 11 of the 12 Centers performed self-inspections in FY 2015.<sup>18</sup> However, 6 of the 11 self-inspections did not involve sampling of documents to determine if the markings of classified documents were correct. Those Centers that sampled documents identified errors related to the overall classification, declassification authority block, and declassification instructions. While self-inspections provide NASA an opportunity to strengthen internal controls related to CNSI, the Agency's inconsistent approach increases the risk that marking errors will continue to be made and remain undetected.

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<sup>17</sup> 32 CFR Part 2001.60(a) (b) (c) (d), "Classified National Security Information: Final Rule" (2010).

<sup>18</sup> The White Sands Test Facility did not provide a self-inspection report.

# CONCLUSION

Although NASA has strengthened its program to manage classified information over the past 3 years, the Agency needs to improve compliance with its document markings policy, provide better training for classification officials, and perform self-inspections more consistently. Further, implementation of recommendations made by our office and the Oversight Office would help ensure NASA is acting in accordance with Federal requirements for openness and transparency in agency classification and declassification programs.

# RECOMMENDATIONS, MANAGEMENT'S RESPONSE, AND OUR EVALUATION

In order to improve NASA's CNSI program, we recommended that the NASA Assistant Administrator for Protective Services:

1. Create and maintain an Agency-wide roster of original and derivative classifiers and establish a mechanism to track when training is required and conducted for these individuals prior to classifying documents.
2. Ensure all personnel who apply original and derivative classification markings receive training in the proper application of derivative classification principles prior to classifying any information.
3. Implement the Oversight Office's corrective actions by revising training for personnel who apply derivative classifications markings to include appropriate portion marking placement, correct use of the declassification block, and the appropriate application of declassification instructions; and ensure that trends and root causes of marking discrepancies are included in the training.
4. Ensure that annual self-inspections include reviews of a representative sample of classified documentation created by each Center.

We provided a draft of this report to NASA management who concurred with all of our recommendations and proposed corrective actions. We consider management's proposed actions responsive and therefore the recommendations are resolved and will be closed upon completion and verification of those actions.

Management's full response to our report is reproduced in Appendix D. Agency technical comments have been incorporated, as appropriate.

Major contributors to this report include, Laura Nicolosi, Mission Support Director; Vincent Small, Project Manager; Eugene Bauer; Cedric Campbell; and Ellis Lee.

If you have questions about this report or wish to comment on the quality or usefulness of this report, contact Laurence Hawkins, Audit Operations and Quality Assurance Director, at 202-358-1543 or [laurence.b.hawkins@nasa.gov](mailto:laurence.b.hawkins@nasa.gov).



Paul K. Martin  
Inspector General

# APPENDIX A: SCOPE AND METHODOLOGY

In accordance with the Reducing Over-Classification Act we performed our second evaluation of NASA's implementation of Executive Order 13526. We completed our first evaluation on September 26, 2013.

The objective of this evaluation was to assess the Agency's implementation of the recommendations made in our 2013 report. We performed this evaluation from March 2016 through August 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To answer the evaluation's objective, we reviewed CNSI documents and decisions, external organization's reviews of NASA CNSI and NASA's response to those reviews, NASA Headquarters functional reviews, Center self-inspections of CNSI, NASA OPS functional reviews, NASA Headquarters and Centers' lists of original and derivative classifiers and their corresponding training records, and examples of NASA HQ and Center CNSI training curricula. In addition, we interviewed NASA OPS officials, Johnson Space Center Protective Services Division officials, and National Archives and Records Administration Information Security Oversight Office officials.

We identified and reviewed all applicable Federal, Agency, and Center level regulations, guidance, and documentation, including the following:

- Executive Order 13526 – Classified National Security Information, December 29, 2009
- Pub. L. No. 111–258, “Reducing Over-classification Act,” October 7, 2010
- Title 32, National Defense, Subtitle B – Other Regulations Pertaining to National Defense, Chapter XX, Information Security Oversight Office, National Archives and Records Administration, Part 2001, Classified National Security Information (32 C.F.R. § 2001, as of January 26, 2016)
- Title 14, “Aeronautics and Space,” Chapter V, National Aeronautics and Space Administration, , Part 1203, Information Security Program, (14 C.F.R. § 1203, as of January 26, 2016)
- NPR 1600.2, “NASA Classified National Security Information with Change 2,” February 14, 2014
- Information Security Oversight Office, “Marking Classified National Security Information, Revision 2,” January 2014

## Use of Computer-Processed Data

We did not use computer-processed data but reviewed 52 classified documents that were maintained in the Agency's electronic investigative database so that we could examine the propriety of the documents' classification markings. We did not verify the hard copy documents to the source documents but considered the documents that we examined reliable for the purposes of the review.

## Review of Internal Controls

We reviewed internal controls as they relate to CNSI. We discussed the control weaknesses identified in the body of this report. Our recommendations, if implemented, will improve those identified weaknesses.

## Prior Coverage

During the last 5 years, the NASA OIG and the Information Security Oversight Office issued report of significant relevance to the subject of this report. The unrestricted OIG report can be accessed at <https://oig.nasa.gov/audits/reports/FY16>.

### *NASA Office of Inspector General*

*NASA's Compliance with Executive Order 13526, Classified National Security Information (IG-13-023, September 26, 2013)*

### *Information Security Oversight Office*

*Memorandum: Results of On-site Review of NASA Classified National Security Information Program (January 19, 2016)*

# APPENDIX B: OIG 2013 REVIEW RECOMMENDATIONS, NASA RESPONSES AND ACTIONS, AND OIG APPROVAL DATES OF NASA'S ACTIONS

**Table 1: OIG Recommendations and Agency Response**

| OIG Recommendation   | Agency Response   | OIG Assessment of NASA's Actions  |
|--|---|---|
| Revise 14 C.F.R. 1203 and NPR 1600.2 to require that persons who apply derivative classification markings receive training in the proper application of the derivative classification principles prior to classifying any information. | NASA agreed to revise 14 C.F.R. 1203 and NPR 1600.2 to clarify that individuals who apply derivative classification markings must receive the required training prior to classifying any information.                                       | <b>Completed.</b> NPR 1600.2 was revised and required individuals who apply derivative classification markings receive training prior to classifying any information. The 14 C.F.R. 1203 referenced NPR 1600.2. This action was completed on September 24, 2014.  |
| Coordinate with Center Chiefs of Protective Services to ensure that persons who apply derivative classification markings receive training before classifying any information and refresher training at least every 2 years thereafter. | NASA will issue an interim policy letter to all Centers and revise NPR 1600.2 to clarify that individuals must complete training prior to classifying any information as well as (at a minimum) every 2 years thereafter.                   | <b>Completed.</b> OPS issued interim policy to the Center Chiefs of Protective Services and Center Chiefs of Security that, among other things, required training be provided to derivative classifiers prior to classifying information and once every 2 years thereafter. These requirements were formalized in NPR 1600.2 on February 12, 2014. This action was completed on September 24, 2014. |
| Ensure that the Agency self-inspection program includes regular reviews of NASA's derivative classification actions sufficient to identify and mitigate classification marking and training deficiencies.                              | NASA concurred, stating that OPS will formalize criteria for annual Center self-inspections, provide self-inspection sheets for tracking purposes, and measure the Centers' progress as part of the Integrated Security Functional Reviews. | <b>Completed.</b> Provided a comprehensive self-inspection checklist that are linked to requirements set out in NPR 1600.2 that Centers will use in conjunction with the annual Integrated Security Functional Reviews. This action was completed on March 26, 2014.  |

Source: NASA OIG analysis of Agency responses.

# APPENDIX C: OVERSIGHT OFFICE FINDINGS, REQUIRED CORRECTIVE ACTIONS, AND NASA OFFICE OF PROTECTIVE SERVICES RESPONSES

**Table 2: Information Security Oversight Office Findings and Corrective Actions**

| Information Security Oversight Office Finding   | Required Corrective Actions  | NASA Response   |
|---|--|---|
| <p>Some required items were not found in the NPR 1600.2, such as the identification of the derivative classifier by name and position, or personal identifier, classification marking in the electronic environment, and sanctions for violations of the Order.</p> | <p>Revise NASA's policy documents to include the requirements of the Order and Directive that are currently not addressed.</p>   | <p><b>In Progress.</b> OPS concurred with the Information Security Oversight Office corrective action to revise NPR 1600.2, Estimated completion date: December 30, 2016.</p>   |
| <p>Of NASA's classified documents that the oversight Office reviewed, 36 percent contained marking errors.</p>  | <p>Analyze the Oversight Office document review findings to identify trends or root causes of marking discrepancies and continue training and oversight that focuses on improving the classification and marking of documents.</p> | <p><b>Completed.</b> OPS agreed to identify trends or root causes of marking discrepancies and continue training and oversight that focuses on improving the classification and marking of documents. OPS has developed new Agency-wide derivative classifier training that emphasizes correct marking. OPS now requires Center Chiefs of Protective Services and Center Chiefs of Security to identify and track trends or root causes for improper marking discrepancies. These identified trends and root causes will then be addressed in annual refresher training. Additionally, OPS has included this requirement in the updated NPR 1600.2. OPS will continue to monitor implementation of the requirement at the Centers during annual self-inspections and OPS Integrated Functional Reviews.</p> |

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| <p>NASA was unable to provide a sufficient sample of its classification activity.</p>  | <p>Review the process to gather data for the Standard Form (SF) 311. The OPS should provide NASA-specific guidance to derivative classifiers regarding what should be counted and reported.</p>   | <p><b>In Progress.</b> OPS concurred with the Information Security Oversight Office corrective action to review the process used to gather data for the SF 311. OPS has provided detailed guidance to NASA Centers in the past to ensure the quality of the reports are consistent and accurate. OPS will work directly with Center Chiefs of Protective Services and Center Chiefs of Security to provide better NASA-specific guidance to derivative classifiers regarding what should and should not be counted for the report. OPS has included these guidelines in the updated NPR 1600.2 and has implemented reviewing Center's SF 311 reports as part of the NASA Integrated Functional Reviews. Estimated completion date will be the next cycle of SF 311 reporting in November 2016.</p> |
| <p>Nearly all forms of required information security training contain weaknesses, such as the absence of an element or elements required by the Directive or an incomplete or inaccurate presentation of a required element.</p> | <p>Update initial training. In accordance with the Order and Directive, it must include accurate information on the proper placement of portion markings; clearly distinguish between derivative and original classification components; describe and account for the use of the standard forms for all activities that process classified information; and provide a thorough description of the criminal, civil, and/or administrative sanctions for abuse and/or misuse of CNSI.</p> | <p><b>In Progress.</b> OPS concurred that initial training needs to be updated to ensure all elements of the Order and Directive are covered. OPS has initiated a full review of all Center's initial and annual training to ensure all elements of the Order and Directive are covered. Estimated completion date: December 30, 2016.</p>   |
|  | <p>Update training for persons with original classification authority to include classification challenges, information sharing, and the avoidance of over-classification.</p>  | <p><b>Completed.</b> OPS concurred with updating original classification authority training to include classification challenges, information sharing, and the avoidance of over-classification.</p>   |

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| Nearly all forms of required information security training contain weaknesses, such as the absence of an element or elements required by the Directive or an incomplete or inaccurate presentation of a required element.  | Update training for persons who apply derivative classification markings to include proper portion marking placement for titles, accurate date formatting of the "Declassify On" line, classification prohibitions and limitations, classification challenges, information sharing principles, and the required list of sources that must be included on or attached to a document that is derived from multiple sources. | <b>Completed.</b> OPS concurred with updating training for persons who apply derivative classification markings to include proper portion marking placement for titles, accurate date formatting of the "Declassify On" line, classification prohibitions and limitations, classification challenges, information sharing principles, and the required list of sources that must be included on or attached to a document that is derived from multiple sources. OPS has updated the derivative classifier training and will incorporate training on the classified email marking tool. This will be implemented at the Agency level for Centers. Estimated completion date: December 30, 2016.               |
|  | Provide specialized security education and training to all classification management officers, security managers, security specialists, declassification authorities, as well as all other personnel whose duties significantly involve the creation and handling of classified information. This training must be completed no later than 6 months from the assumption of these duties.                                  | <b>Completed.</b> OPS concurred with providing specialized security education and training to all classification management officers, security managers, security specialists, declassification authorities, as well as all other personnel whose duties significantly involve the creation and handling of classified information. This training must be completed no later than 6 months from the assumption of these duties. Center Chiefs of Protective Services and Center Chiefs of Security will implement specialized training for security specialists. OPS is responsible for declassification authority training and provides within 6 months of designation and requires refresher every 3 years. |
| NASA does not provide specific guidance to those conducting self-inspections on what should be evaluated during the document reviews, and the results of the document review reported in NASA's self-inspection report suggest that a thorough assessment of the documents was not made. | Provide detailed instructions to the personnel who perform NASA self-inspections on conducting and reporting the review of classified documents.  | <b>Completed.</b> OPS concurred and has provided detailed instructions to the personnel who perform NASA self-inspections on conducting and reporting the review of classified documents. Center Chiefs of Protective Services and Center Chiefs of Security will ensure that the annual self-inspection includes a review of a representative sample of the classified documents that NASA creates at their Center.  |
|  | Ensure that the annual self-inspection includes a review of a representative sample of the classified documents that NASA creates.  |   |

Source: NASA OIG analysis of the Oversight Office report findings and NASA's related responses.

# APPENDIX D: MANAGEMENT'S COMMENTS

National Aeronautics and Space Administration  
**Headquarters**  
 Washington, DC 20546-0001



SEP 26 2016

Reply to Attn of:

Office of Protective Services

TO: Assistant Inspector General for Audits

FROM: Assistant Administrator for Protective Services

SUBJECT: Agency Response to OIG Draft Report "NASA's Implementation of Executive Order 13526, Classified National Security Information" (A-16-010-00)

The National Aeronautics and Space Administration (NASA) appreciates the opportunity to review and comment on the Office of Inspector General (OIG) draft report entitled "NASA's Implementation of Executive Order 13526, Classified National Security Information" (A-16-010-00), dated August 24, 2016.

In the draft report, the OIG makes four recommendations addressed to the Assistant Administrator for Protective Services, intended to improve NASA's implementation of Executive Order 13526. Specifically, the OIG recommends the following:

**Recommendation 1:** Create and maintain an Agency-wide roster of original and derivative classifiers and establish a mechanism to track when training is required and conducted for these individuals prior to classifying documents.

**Management's Response:** Concur. NASA is in the process of updating NPR 1600.2, NASA Classified National Security Information (CNSI), which will establish the requirement for the Office of Protective Services (OPS) to maintain an Agency-wide roster of original and derivative classifiers. Additionally, the update will institute an Agency requirement for clearance holders to receive training prior to assuming the role of an original or derivative classifier. All original classifiers will be trained in-person by OPS and a roster of Original Classification Authorities (OCAs) will be maintained within OPS. As all derivative classifiers will be required to take OPS-maintained training through the SATERN training system, the derivative classifier roster will be maintained through SATERN.

**Estimated Completion Date:** NASA estimates the update to NPR 1600.2, which includes the establishment of an Agency-wide roster of original and derivative classifiers and the commensurate training requirements for these

classifiers prior to the assumption of their duties, to be completed by May 31, 2017.

**Recommendation 2:** Ensure all personnel who apply original and derivative classification markings receive training in the proper application of derivative classification principles prior to classifying any information.

**Management's Response:** Concur. As part of NASA's update to NPR 1600.2, clearance holders will not receive access to secure electronic systems unless they have received training and have been designated in writing as a derivative classifier. In addition, Agency-wide standardized training will be implemented for derivative classifiers, which will improve NASA's ability to track training requirements of classifiers. Original classifiers are briefed in-person and will be required to sign an acknowledgement memorandum upon completion of the annual Original Classification Authority Training briefing.

**Estimated Completion Date:** NASA estimates the update to NPR 1600.2, which includes the establishment of an Agency-wide roster of original and derivative classifiers and the commensurate training requirements for these classifiers prior to the assumption of their duties, to be completed by May 31, 2017.

**Recommendation 3:** Implement the Oversight Office's corrective actions by revising training for personnel who apply derivative classifications markings to include appropriate portion marking placement, correct use of the declassification block, and the appropriate application of declassification instructions; and ensure that trends and root causes of marking discrepancies are included in the training.

**Management's Response:** Concur. The Agency-wide standard clearance holder training has been updated to include proper derivative classification markings, portion markings, proper use of the authority block, and appropriate application of declassification markings. As mentioned in the response to Recommendation 1 above, all derivative classifiers will be required to take OPS-maintained training through the SATERN training system, so the derivative classifier roster will be maintained through SATERN.

**Estimated Completion Date:** NASA has completed the action necessary to resolve the OIG recommendation. However, the training has not been published in SATERN. NASA estimates the publication of the training in SATERN by December 30, 2016. A sample of the revised training materials will be provided to the OIG for their review.

**Recommendation 4:** Ensure that annual self-inspections include review of a representative sample of classified documentation created by each Center.

**Management's Response:** Concur. As part of the update to NPR 1600.2, NASA will require Centers to conduct reviews of representative samples of classified documentation during their self-inspections. Review and verification of Center compliance is included in the OPS Integrated Security Functional Review process which is conducted at each NASA Center on a three-year cycle. Additionally, guidance is provided to the Centers via teleconferences and e-mail regarding required actions with respect to the Information Security Oversight Office Annual Self-Inspection sampling requirement.

**Estimated Completion Date:** NASA estimates the update to NPR 1600.2, which includes the requirement for annual self-inspections to include a review of a representative sample of classified documentation created by each Center, to be completed by May 31, 2017.

We have reviewed the draft report for information that should not be publicly released. As a result of this review, we have not identified any information that should not be publicly released.

Once again, thank you for the opportunity to review and comment on the subject draft report. If you have any questions or require additional information regarding this response, please contact Mr. Steven Peyton, OPS Security Management Division Director, at (202) 358-0191 or [Steven.L.Peyton@nasa.gov](mailto:Steven.L.Peyton@nasa.gov).

  
Joseph S. Mahaley

# APPENDIX E: REPORT DISTRIBUTION

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## *National Aeronautics and Space Administration*

Administrator  
Associate Administrator  
Chief of Staff  
Assistant Administrator for Protective Services

## *Non-NASA Organizations and Individuals*

Office of Management and Budget  
Chief, Science and Space Branch  
Government Accountability Office  
Director, Office of Acquisition and Sourcing Management  
National Archives and Records Administration  
Director, Information Security Oversight Office

## *Congressional Committees and Subcommittees, Chairman and Ranking Member*

Senate Committee on Appropriations  
Subcommittee on Commerce, Justice, Science, and Related Agencies  
Senate Committee on Commerce, Science, and Transportation  
Subcommittee on Space, Science, and Competitiveness  
Senate Committee on Homeland Security and Governmental Affairs  
Senate Select Committee on Intelligence  
House Committee on Appropriations  
Subcommittee on Commerce, Justice, Science, and Related Agencies  
House Committee on Homeland Security  
House Committee on Oversight and Government Reform  
Subcommittee on Government Operations  
House Committee on Science, Space, and Technology  
Subcommittee on Oversight  
Subcommittee on Space  
House Permanent Select Committee on Intelligence

**(Assignment No. A-16-010-00)**