

SENIOR MANAGEMENT OFFICIAL

SINGLE AND MULTIPLE FACILITY ORGANIZATIONS

A Senior Management Official (SMO) is the cleared employee of a legal entity who, based on the entity's governance documents, occupies a position in the entity with ultimate authority over the entity's operations and the authority to direct actions necessary to safeguard classified information throughout the entity. The SMO's authority to direct actions to safeguard classified information applies to the access of classified information by entity employees at all the contractor's location and any U.S. Government locations where they work.

A Multiple Facility Organization (MFO) is a single legal entity composed of two or more cleared facilities (i.e., a home office facility (HOF) identified on the DD Form 441 "DOD Security Agreement" and at least one branch/division identified on the DD Form 441-1 "Appendage to DOD Security Agreement"). Within an MFO, the designated SMO for the HOF is the individual with ultimate authority over the legal entity's operations as outlined in the governance documents. Due to the unique nature of MFOs, the governing HOF may choose to either maintain the HOF SMO as the SMO for one or more cleared branch/division facility or may appoint another cleared employee at each branch/division as the facility SMO. Although ultimate accountability cannot be delegated from the HOF SMO, security related duties can be performed by an appointed branch/division SMO. Refer to the frequently asked questions for more information.

Although part of the same corporate family, a parent-subsidary relationship is not considered an MFO since they are separate legal entities (indicated by executing separate DD Form 441s). As such, the SMO for each legal entity's HOF will be based on the entity's governance documents.

SMO Duties and Responsibilities

- ☐ Oversees the implementation of the NISPOM and ensures the contractor maintains a system of security controls in accordance with the requirements of the NISPOM.
- ☐ Appoints a cleared contractor employee or employees, in writing, as the FSO and appoints the same or a different employee as the ITPSO.
- ☐ Remains fully informed of the facility's classified operations.
- ☐ Makes decisions based on classified threat reporting and their thorough knowledge, understanding, and appreciation of the threat information and the potential impacts caused by a loss of classified information.
- ☐ Retains accountability for the management and operations of the facility without delegating that accountability to a subordinate manager.
- ☐ Undergoes the same security training that is required for all other contractor employees in addition to their position-specific training.
- ☐ Undergo a personnel security investigation and national security eligibility determination for access to classified information at a level of the facility clearance and be on the KMP list for the cleared entity/facility.





DEFENSE COUNTERINTELLIGENCE AND SECURITY AGENCY

Senior Management Officials

Frequently Asked Questions

Q: Is the SMO required to be on-site where the classified work is performed?

A: No, the SMO is not required to be on-site where classified work is being performed. The SMO must have cognizance of the classified work being performed and be able to execute their responsibilities outlined in the NISPOM.

Q: Will DCSA review the contractor's governance documents to ensure the SMO is properly appointed?

A: Yes, DCSA will review the cleared entity's governance documents, board meeting minutes, and other documents to validate the SMO possesses sufficient authority for the entity to meet the criteria in the NISPOM. If an MFO chooses to appoint a SMO at a cleared branch/division, DCSA will accept this appointment on the KMP List entered in NISS.

Q: Does the SMO need to be designated in writing?

A: Yes, the SMO is designated "in-writing" by being included on the KMP List uploaded in NISS by the entity/facility. DCSA will validate the individual being designated as the HOF SMO by reviewing the governance documents. In an MFO, the HOF SMO is not included on the cleared branch/division KMP List if the contractor has appointed a branch/division SMO. No separate appointment letters are required.

Q: Is the SMO the only person who can certify the Annual Self-Inspection?

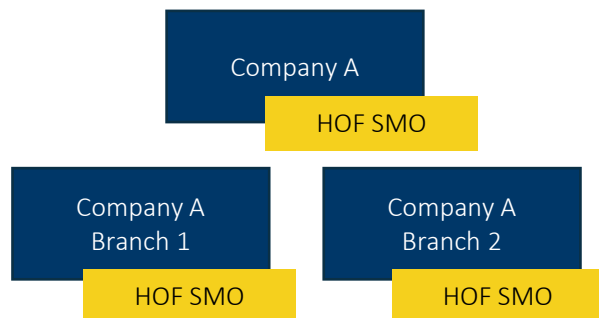
A: Yes, the NISPOM requires the designated SMO to certify the Annual Self-Inspection. When one is appointed by an MFO, the cleared branch/division SMO will perform security related duties including certifying the Annual Self-Inspection. The SMO can have any user record the annual certification in NISS.

Q: Are all KMP required to be briefed on the results of the Annual Self-Inspection?

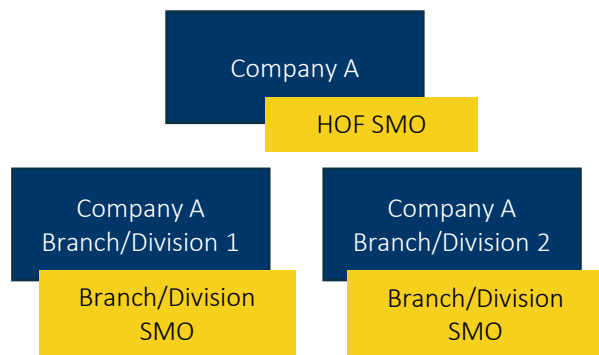
A: Yes, the NISPOM requires the SMO to certify that "other KMP" were briefed on the results of the Annual Self-Inspection. DCSA interprets the phrase "other KMP" to mean KMP on the KMP List for each specific cleared facility. KMP under an active exclusion resolution are not required to be briefed. The HOF SMO is not required to be briefed on the results for a branch/division (unless the HOF SMO is also the branch/division SMO). However, as a best practice, DCSA encourages a branch/division SMO to have procedures for notifying the HOF SMO or Director of Security, if applicable, of identified vulnerabilities that may negatively impact classified contract performance.

SMO Appointment Examples

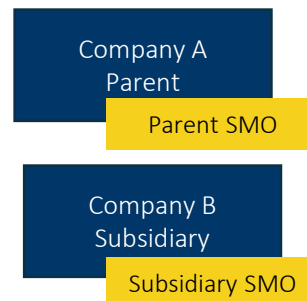
Example 1: Cleared MFO appoints the ultimate SMO, as outlined in the governance documents, as the SMO for the HOF and all cleared branch/division facilities.



Example 2: Cleared MFO appoints the ultimate SMO, as outlined in the governance documents, as the HOF SMO and appoints other cleared individual(s) as the SMO for all cleared branch/division facilities.



Example 3: Cleared parent entity appoints the ultimate SMO, as outlined in the governance documents. As a separate legal entity, the cleared subsidiary appoints the ultimate SMO, as outlined in their governance documents.



NISPOM References:

- 32 CFR 117.3(b) "SMO"
- 32 CFR 117.3(b) "MFO"
- 32 CFR 117.7(b), (c), & (h)

