

## SUPPORTING STATEMENT - PART A

### FOCI Outside Director/Proxy Holder – 0704-ODPH

#### 1. Need for the Information Collection

This information collection is necessary so that DCSA can provide proper monitoring and oversight of companies with Foreign Ownership, Control, or Influence (FOCI), while those companies provide services on a U.S. government contract. In order to mitigate foreign ownership risks, DCSA approves the nomination of Outside Director/Proxy Holder(s) (OD/PH) for the specified company. The OD/PH will be a cleared U.S. citizen, disinterested in the company and its shareholder, who can exercise management prerogative to ensure the foreign owner is effectively insulated from controlling or influencing the management or business of the cleared company in a manner that could affect its performance on classified contracts.

DCSA authority for this information collection can be found in Executive Order 12829, Executive Order 13526, the Atomic Energy Act of 1954. These documents resulted in DoD 5220.22-M, the National Industrial Security Program Operating Manual, which, in part, describes how cleared contractors under foreign ownership, control or influence must operate to possess a facility security clearance. Included with this Supporting Statement is a white paper, entitled “Partnering with Outside Directors & Proxy Holders to Strengthen FOCI Boards,” which describes in greater detail the requirements necessitating this information collection.

#### 2. Use of the Information

The overall intent of this collection is to ensure all nominated OD/PH are capable of performing their duties effectively at the time of nomination, continue to remain capable of performing their duties while serving in the OD/PH role, and the FOCI boards are effective in fulfilling their national security and fiduciary responsibilities while under FOCI mitigation.

All forms will be available on the DSS.mil website once approved, may be completed by fillable pdf or printed, and emailed to the OD/PH or company’s DCSA Risk Mitigation Officer (RMO) once completed. OD/PH or companies may elect to mail forms to DCSA. All forms will be reviewed by the OD/PH or company’s RMO to take the necessary relevant actions.

1) Outside Director/Proxy Holder Nominee Package—This form is completed by the prospective OD/PH after being nominated to the position by the company’s shareholder. This form will provide DCSA with the information necessary to assess whether the nominated OD/PH possesses the qualifications necessary to fulfill their role. The form consists of eight questions, and must include a resume of the nominee.

2) Outside Director/Proxy Holder Nominating Official Package—This form is completed by the company shareholder or proxy holders responsible for nominating the nominated OD/PH. It provides DCSA with the information necessary to understand the particular reasons why an individual nominee was selected for placement on a FOCI Board. The form consists of five questions.

3) Self-Assessment Form—This form is completed by OD/PH, Officer/Directors, and Inside Directors on an annual basis. It enables DCSA to evaluate whether the individuals are fulfilling the duties of his or her role effectively in accordance with the National Industrial Security Program. The form consists of six questions.

4) Peer Evaluation Form—Every board member serving on a company's FOCI board, as well as the principle security advisors to a company's FOCI board (Facility Security Officer and Technology Control Officer) will complete this form on an annual basis to evaluate the OD/PH (there are generally between one and seven OD/PH personnel on a company's FOCI board) and Officer/Directors. The information will assist DCSA in evaluating whether an OD/PH and Officer/Directors are performing their duties in good faith and in a manner believed to be in the U.S. national interest and in the best interests of the company and company's shareholders. The form consists of six questions.

5) Group Assessment Form—This form is completed by the company's Board of Directors and the Government Security Committee. It provides DCSA with the information necessary to evaluate whether the collective group is acting in a manner consistent with a functioning corporate governance body, which is essential for the proper functioning and execution of corporate security controls and oversight. The form consists of three questions.

6) Outside Director/Proxy Holder Continuous Training Form—provides DCSA with information necessary to annually determine whether OD/PH have completed the necessary professional development units for continued approval to serve as an OD/PH.

### 3. Use of Information Technology

100% of submissions are collected electronically.

### 4. Non-duplication

The information obtained through this collection is unique and is not already available for use or adaptation from another cleared source.

### 5. Burden on Small Businesses

This information collection does not impose a significant economic impact on a substantial number of small businesses or entities.

### 6. Less Frequent Collection

All OD/PH Forms are completed as necessary. Less frequent collection impairs DCSA, the companies, and shareholders from operating under a common understanding of the requirements and how those requirements are being met. In addition, less frequent collection will disallow DCSA from ensuring FOCI is properly mitigated at each Company as required by the NISPOM. Collecting any of this information at more infrequent intervals would directly impair DCSA in monitoring the effectiveness of FOCI mitigations at FOCI companies.

- OD/PH Nominee Package and Nominating Official Packages are completed as OD/PH are nominated to serve as OD/PH to allow DCSA to fulfill requirements of the National Industrial Security Program.
- Self-Assessment, Peer Assessment, and Group Assessment Forms are completed at annual or bi-annual intervals to allow DCSA to assess the effectiveness of FOCI company boards in fulfilling their responsibilities under the terms of the mitigation agreements entered into between the company, the shareholder, and DCSA.
- OD/PH Continuous Training Form is done annually to allow DCSA to ensure effective completion of OD/PH with required annual DCSA training requirements.

#### 7. Paperwork Reduction Act Guidelines

This collection of information does not require collection to be conducted in a manner inconsistent with the guidelines delineated in 5 CFR 1320.5(d)(2).

#### 8. Consultation and Public Comments

##### Part A: PUBLIC NOTICE

A 60-Day Federal Register Notice (FRN) for the collection published on Monday, February 11, 2019. The 60-Day FRN citation is 84 FRN 3152.

No comments were received during the 60-Day Comment Period.

A 30-Day Federal Register Notice for the collection published on Tuesday, October 1, 2019. The 30-Day FRN citation is 84 FRN 52077.

##### Part B: CONSULTATION

No additional consultation apart from soliciting public comments through the Federal Register was conducted for this submission.

#### 9. Gifts or Payment

No payments or gifts are being offered to respondents as an incentive to participate in the collection.

#### 10. Confidentiality

A Privacy Act Statement is not required for this collection because we are not requesting individuals to furnish personal information for a system of records.

A System of Record Notice (SORN) is not required for this collection because records are not retrievable by PII.

A Privacy Impact Assessment (PIA) is not required for this collection because PII is not being collected electronically.

All materials associated with this collection will be retained on DCSA IT equipment for a period of 15 years as required for all materials associated with FOCl.

11. Sensitive Questions

No questions considered sensitive are being asked in this collection.

12. Respondent Burden and its Labor Costs

Part A: ESTIMATION OF RESPONDENT BURDEN

- 1) Outside Director/Proxy Holder Nominee Package and Nominating Official Package
  - a) Number of Respondents: 125
  - b) Number of Responses Per Respondent: 2
  - c) Number of Total Annual Responses: 250
  - d) Response Time: 45 minutes
  - e) Respondent Burden Hours: 188

Self-Assessment Form

- a) Number of Respondents: 1400
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 1400
- d) Response Time: 45 minutes
- e) Respondent Burden Hours: 1050

Peer Evaluation Form

- a) Number of Respondents: 1575
- b) Number of Responses Per Respondent: 5
- c) Number of Total Annual Responses: 7875
- d) Response Time: 45 minutes
- e) Respondent Burden Hours: 5907

Group Assessment Form

- a) Number of Respondents: 175
- b) Number of Responses Per Respondent: 2
- c) Number of Total Annual Responses: 350

- d) Response Time: 1 hour
- e) Respondent Burden Hours: 350

Outside Director/Proxy Holder Continuous Training Certificate

- a) Number of Respondents: 350
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 350
- d) Response Time: 45 minutes
- e) Respondent Burden Hours: 263

2) Total Submission Burden (Summation or average based on collection)

- a) Total Number of Respondents: 1925
- b) Total Number of Annual Responses: 10225
- c) Total Respondent Burden Hours: 7408

Part B: LABOR COST OF RESPONDENT BURDEN

1) Outside Director/Proxy Holder Nominee Package, and Nominating Official Package

- a) Number of Total Annual Responses: 250
- b) Response Time: 45 minutes
- c) Respondent Hourly Wage: \$133.25
- d) Labor Burden per Response: \$99.94
- e) Total Labor Burden: \$24,985.00

Self-Assessment Form

- a) Number of Total Annual Responses: 1400
- b) Response Time: 45 minutes
- c) Respondent Hourly Wage: \$133.25
- d) Labor Burden per Response: \$99.94
- e) Total Labor Burden: \$139,916.00

Peer Evaluation Form

- a) Number of Total Annual Responses: 7875
- b) Response Time: 45 minutes
- c) Respondent Hourly Wage: \$133.25
- d) Labor Burden per Response: \$99.94
- e) Total Labor Burden: \$787,027.50

Group Assessment Form

- a) Number of Total Annual Responses: 350
- b) Response Time: 1 hour
- c) Respondent Hourly Wage: \$133.25
- d) Labor Burden per Response: \$133.25
- e) Total Labor Burden: \$46,637.50

Outside Director/Proxy Holder Continuous Training Certificate

- a) Number of Total Annual Responses: 350
- b) Response Time: 45 minutes
- c) Respondent Hourly Wage: \$133.25
- d) Labor Burden per Response: \$99.94
- e) Total Labor Burden: \$34,979.00

2) Overall Labor Burden

- a) Total Number of Annual Responses: 10225
- b) Total Labor Burden: \$1,033,545.00

The Bureau of Labor Statistics was used for the median hourly wage for Chief Executive and Compliance Officer. The hourly wage of OD/PH was determined by reviewing existing pay of 20 companies with OD/PH and dividing their annual pay by the number of hours the National Association of Corporate Directors suggests is the appropriate amount a director should expend on board service, 250 hours.

13. Respondent Costs Other Than Burden Hour Costs

There are no annualized costs to respondents other than the labor burden costs addressed in Section 12 of this document to complete this collection.

14. Cost to the Federal Government

Part A: LABOR COST TO THE FEDERAL GOVERNMENT

1) Outside Director/Proxy Holder Nominee Package, and Nominating Official Package

- a) Number of Total Annual Responses: 250
- b) Processing Time per Response: 30 minutes
- c) Hourly Wage of Worker(s) Processing Responses : \$40.10
- d) Cost to Process Each Response: \$20.05
- e) Total Cost to Process Responses: \$5012.50

Self-Assessment Form

- a) Number of Total Annual Responses: 1400
- b) Processing Time per Response: 30 minutes
- c) Hourly Wage of Worker(s) Processing Responses : \$40.10
- d) Cost to Process Each Response: \$20.05
- e) Total Cost to Process Responses: \$28,070.00

Peer-Evaluation Form

- a) Number of Total Annual Responses: 7875
- b) Processing Time per Response: 30 minutes
- c) Hourly Wage of Worker(s) Processing Responses : \$40.10
- d) Cost to Process Each Response: \$20.05
- e) Total Cost to Process Responses: \$157,893.75

Group-Assessment Form

- a) Number of Total Annual Responses: 350
- b) Processing Time per Response: 30 minutes
- c) Hourly Wage of Worker(s) Processing Responses : \$40.10
- d) Cost to Process Each Response: \$20.05
- e) Total Cost to Process Responses: \$7017.50

Outside Director/Proxy Holder Continuous Training Certificate

- a) Number of Total Annual Responses: 350
- b) Processing Time per Response: 30 minutes
- c) Hourly Wage of Worker(s) Processing Responses : \$40.10
- d) Cost to Process Each Response: \$20.05
- e) Total Cost to Process Responses: \$7017.50

2) Overall Labor Burden to the Federal Government

- a) Total Number of Annual Responses: 10225
- b) Total Labor Burden: \$205,011.25

Part B: OPERATIONAL AND MAINTENANCE COSTS

1) Cost Categories

- a) Equipment: \$0
- b) Printing: \$0
- c) Postage: \$0
- d) Software Purchases: \$0
- e) Licensing Costs: \$0
- f) Other: \$0

2) Total Operational and Maintenance Cost: \$0

Part C: TOTAL COST TO THE FEDERAL GOVERNMENT

1) Total Labor Cost to the Federal Government: \$205,011.25

2) Total Operational and Maintenance Costs: \$0

3) Total Cost to the Federal Government: \$205,011.25

15. Reasons for Change in Burden

This is a new collection with a new associated burden.

16. Publication of Results

The results of this information collection will not be published.

17. Non-Display of OMB Expiration Date

We are not seeking approval to omit the display of the expiration date of the OMB approval on the collection instrument.

18. Exceptions to “Certification for Paperwork Reduction Submissions”

We are not requesting any exemptions to the provisions stated in 5 CFR 1320.9.