

**REPORT ON THE ACTIVITIES
OF THE NATIONAL SECURITY AUTHORITY 2006**

Prague 2007

1. Introduction

Activities of the National Security Authority (hereinafter referred to as "the Authority") in the year 2006 was aimed in particular at following main areas, in accordance with its jurisdiction and with targets set out in the Act N. 412/2005 Coll., on the Protection of Classified Information.

- Introduction of the new legal regulation governing the protection of classified information and security eligibility into practice under conditions of the public administration, the sphere of business and concerning natural persons, as well as under conditions of the Authority itself. This was effected partly by actual implementation of the legal regulation on the part of the Authority and further through indoctrination concerning the new legal regulation, providing methodical assistance, public disclosure of detailed description of procedures, other source materials and required documents in electronic form on websites of the Authority and last but not least by dealing with requests concerning the correct application of the new legal regulation.
- Deciding applications of natural persons, facilities and applications for the certificate and carrying out security clearance procedures.
- Certification of technical means, information systems, cryptographic devices, cryptographic sites and screened chambers.
- Co-operation with security authorities of Member States of the North Atlantic Treaty Organization (NATO) and the European Union (EU) and with security authorities of candidate States for accession to these organizations (mutual consultations, concluding international agreements) and engaging of specialists of the Authority in work and negotiations of NATO and EU bodies.

2. Activities of the Authority

2.1. Legislative and legal activities

2.1.1. External legislative activities

The Authority participated in the legislative process of approving of the government draft amendment to the Act on the Protection of Classified Information, which is intended to eliminate some shortcomings of the new legal regulation concerning the area of protection of classified information, as well as incompatibility of the mentioned legal regulation with international obligations of the Czech Republic with respect to NATO, which have been discovered on the basis of the inspection carried out by representatives of NATO.

On 25 October 2006 the Government considered the draft amendment to the Act on the Protection of Classified Information, and the legislative process in the legislative body of the Czech Republic is being currently underway.

At the end of the year the work has been initiated on the amendment to the Act on the Protection of Classified Information concerning the proposal of a method of issuing of a Personnel Security Clearance for a foreign power for some statesmen, in accordance with Government Resolution N. 1196 of 25 October, 2006.

Further, the Authority participated actively in other drafts amendments to the Act on the Protection of Classified Information and drafts provisions of acts involved in its supporting act, which were prepared by ministries or other central state bodies of the State Administration in conjunction with acceptance of new acts or in conjunction with amendments to the current acts.

Nevertheless, those draft amendments to provisions of acts involved in the supporting act to the Act on the Protection of Classified Information could not be affected, which have not been subjected to the comment procedure or which have been created in the framework of legislative initiative in Committees or at meetings of the Chamber of Deputies of the Parliament of the Czech Republic. Activities of the Authority are considerably negatively impacted by these amendments to the acts, e.g. cancellation of the duty of banks to provide information about matters concerning their clients and constituting a bank secret in the event of the security clearance procedure, without the client's consent.

The Authority as mandatory commenting place with respect to drafts legal regulations affecting directly the Authority or its jurisdiction, and as optional commenting place with respect to other drafts legal regulations, has processed number of comments on drafts legal regulations presented by ministries and other central bodies of the State Administration.

2.1.2. Internal legislative activities

During the year 2006 together 21 new internal directive acts of the Authority have been issued and another 23 ones have been amended. These measures have been commanded partly by the need to ensure the organisation of implementation of the new legal regulation in the area of protection of classified information and further by the need to respond to changes in legal order of the Czech Republic, which were necessarily to be applied into conditions of the Authority, as well as by efforts to make control within the Authority more effective.

2.1.3. Legal activities

During the year 2006 118 events of the breach of the law were ascertained, 16 ones thereof were dealt with by another body, 45 ones were not proceeded with, in three cases information was presented to the police on the commission of crime, in 22 cases sufficiency of evidence has not been accumulated yet, which would permit termination of a case, in 32 cases administrative proceedings were conducted with natural and legal persons for breach of duties in the area of protection of classified information, in 31 cases thereof with natural persons and in one case with a legal person. In 25 cases the administrative proceedings were not proceeded with, in seven cases a fine was imposed. The total amount of fines reached

32.000,- CZK, 28.000,- CZK thereof is the sum of money paid by natural persons and 4.000,- paid by the legal person.

Administrative proceedings

Person	Administrative proceedings initiated	Number of fines imposed	Administrative proceedings discontinued	Pending administrative proceedings
Natural	31	6	25	0
Legal	1	1	-	0
Total amount	32	7	25	0

Frequency of breach of protection of classified information

Person	Security area ¹					Access of unauthorized persons to classified information
	Administrative	Information systems	Physical	Industrial	Personnel	
Natural	19	14	1	-	30	5
Legal	-	-	1	4	-	-
Total amount	19	14	2	4	30	5

In the year 2006 one judicial proceeding was terminated for damages caused by improper management of affairs, and one judicial proceeding concerning a labour dispute. In both proceedings the Authority was the defendant side and in both cases the action was dismissed. Also one judicial proceeding was terminated for payment of debt, where the Authority was the demandant (the proceeding was terminated because claims proved in action were fully satisfied). Three judicial proceedings are still underway, in one case the Authority is the demandant (proceeding for payment of debt) and in two cases the defendant side (these are cases of a labour dispute and proceeding for damages caused by improper management of affairs).

Also the processing of drafts agreements to be concluded by the Authority and the comment procedure concerning these agreements are important parts of legal activities. In the year 2006 the legal department participated in preparation of more than 60 drafts agreements, these are in particular agreements concluded according to the Civil Code and Commercial Code. Other area of legal activities is processing of legal views concerning application of the Act N. 412/2005 Coll., in particular in areas of security management, ensuring co-operation with the Office of Industrial Property in the protection of industrial property matters and recording of discharge of legislative obligations resulting from the membership in the EU

¹ In 49 cases the breach of duties in the area of security eligibility occurred.

within the powers of the Authority through the Information System for the Approximation of Law (ISAP).

In a series of cases the Authority continued to deal with and dispose applications of bodies of the Police of the Czech Republic for providing information and sending documents concerning conducting security clearance procedures before the year 2006 in connection with investigation of suspected committing an abuse of authority of a public officer.

2.2. *International co-operation of the Authority*

In the area of international co-operation the Authority discharged duties, on an ongoing basis, resulting from the Act N. 412/2005 Coll., international agreements to which the Czech Republic is bound, and further obligations arising out of the membership of the Czech Republic in NATO and EU. The Authority also supervised security and distribution of NATO and EU classified information released to the Czech Republic under the membership in these organizations, as well as security of classified information of partner states released under bilateral and multilateral international agreements on mutual protection of classified information (hereinafter “agreement on the protection of classified information”).

2.2.1. International agreements

As the central administrative body in the area of protection of classified information the Authority has in its competence negotiating agreements on the protection of classified information. Fundamental to determination of priorities in this area for the Authority is the operational need to exchange classified information with particular states and the need to ensure an appropriate degree of protection for this information. Negotiation agreements on the protection of classified information is fully consistent with foreign political interests of the Czech Republic as well as with obligations arising out for the Czech Republic from the membership in NATO and EU.

Agreements on the protection of classified information regulate the form of releasing of classified information between the Czech Republic and other party to the agreement, protection of classified information being released, co-operation of administrative bodies responsible for its protection as well as rights and obligations of private subjects in this area. Therefore, Agreements on the protection of classified information are negotiated as international agreements of so-called presidential category.

Agreements on the protection of classified information are negotiated in accordance with legal order of the Czech Republic and their implementation has no adverse impact on the state budget.

2.2.1.1. Evaluation of negotiation agreements on the protection of classified information for the year 2006

In the year 2006 previously commenced expert negotiations continued. In the light of enactment of the Act N. 412/2005 Coll., a standard form of draft directive for expert negotiations on draft agreements on the protection of classified information was drawn up and

subsequently negotiated, in accordance with article 8, par. 4 of the government regulation of the Czech Republic, dated 11th February 2004, for negotiation, discussions at the national level, implementation and termination of validity of international agreements.

In the year 2006 expert negotiations concerning agreements on the protection of classified information stated below had been completed and proposals for negotiations were or will be presented to the national approval process.

☐ **Security agreement between the Czech Republic and the Kingdom of Sweden on Exchange and Mutual Protection of Classified Information**

Interdepartmental comment procedure was concluded and all comments were settled. The agreement in question was submitted for signature to the Minister of Foreign Affairs.

☐ **Agreement between the Czech Republic and the Republic of Bulgaria on Mutual Protection and Exchange of Classified Information**

Interdepartmental comment procedure was concluded and all comments were settled. The agreement in question was submitted for signature to the Prime Minister. Subsequently it will be submitted for signature to the Minister of Foreign Affairs.

☐ **Security agreement between the Czech Republic and the Swiss Confederation on Exchange and Mutual Protection of Classified Information**

The agreement will be forwarded to the interdepartmental comment procedure.

☐ **Agreement between the Czech Republic and the Portuguese Republic on Exchange and Mutual Protection of Classified Information**

The agreement has been forwarded to the interdepartmental comment procedure.

☐ **Agreement between the Czech Republic and the Kingdom of Spain on Exchange and Mutual Protection of Classified Information**

The agreement will be forwarded to the interdepartmental comment procedure.

Expert negotiations concerning the Agreement on Exchange and Mutual Protection of classified information with the Republic of Hungary were postponed for the reason of current extensive amendments to the legal regulation on the protection of classified information in Hungary, until its final coming into force.

2.2.1.2. Other agreements on the protection of classified information

Early in 2006 the Authority sent to the European Organisation for the Safety of Air Navigation Eurocontrol its opinion concerning the possibility of accession of the Czech Republic to the Multilateral agreement on the protection of classified information Eurocontrol. This is the international agreement between member states of Eurocontrol 1969,

to which acceded so far 11 of 35 member states. The Agreement creates original mode of protection of classified information originated by the international organisation Eurocontrol. Despite of repeated reminder the Authority has not received any answer to date.

2.2.1.3. Forward study for the year 2007

In the year 2007 the Authority foresees re-opening negotiations on the Agreement on the protection of classified information commenced before with Republic of Hungary.

In addition commencement is expected of expert negotiations of agreements on the protection of classified information with the Kingdom of Norway, the Republic of Slovenia, the Kingdom of the Netherlands, the Republic of Finland, Grand Duchy of Luxembourg, Romania, the Republic of Austria, the Republic Turkey and Georgia.

Taking into account the strategic importance of contractual relations with the United States of America and Great Britain in the area of protection of classified information and obsolescence of current agreements on the exchange of classified information, the Authority will strive to achieve their revision.

2.2.2. Activities resulting from the membership of the Czech Republic in NATO and EU

Officials of the Authority are engaged actively in activities of working groups, advisory bodies and executive committees within NATO and EU. Mentioned working groups are engaged in producing security standards in individual areas of security (industrial, personnel, administrative, physical, INFOSEC, etc.), development of common criteria for evaluation of communication and information systems, deciding about publishing internal documents, and in the area of cryptography. Then the executive committees normally approve outputs of working groups and co-ordinate their activities. Areas of common interest of member states are further consulted on their ground.

2.3. Personnel security

The area of personnel security involves personnel security clearance procedures, issuance of personnel security clearances or decisions on denial of the PSC, issuance of certificates confirming to a foreign power that the person concerned has been issued with a security clearance and accompanying acts of the procedure, opening, keeping, making amendments to, recording and discarding of security files on natural persons, as well as keeping records of natural persons who are to have access to classified information. Within the Authority three independent departments provided the above-mentioned activities. One department had responsibility for carrying out personnel security clearance procedures with respect to natural persons from Armed Forces and corps departments, the second one was responsible for carrying out personnel security clearance procedures with respect to other natural persons except employees of the Authority, and the third one was responsible for carrying out security investigations in determined registries, issuance of NATO, EU and WEU certificates, keeping all records and for administrative organisational activities.

In view of the fact that the new legal regulation in the area of protection of classified information (Act N. 412/2005 Coll.) had come into force, unprecedented security clearance procedures have been successfully applied from the beginning of the year 2006, even in respect to time limits requested by the Act for completion of the security clearance procedure. Observance of these time limits applied also to time limits determined for completion of security clearance procedures on the basis of applications made still according to the previous legal regulation (45 days before the coming into force of the Act N. 412/2005 Coll. at the latest).

The first limit date of completion of these security clearance procedures was 31 March 2006. The absolute majority of security clearance procedures was completed to that day for the security level Confidential, and pending procedures for this security level, where a time limit had been extended under the Act, were completed before 30 June 2006. The time limit for completion of security clearance procedures for the security level Secret was 30 September 2006 and for the Top Secret 31 December 2006. Also in this case the absolute majority of security clearance procedures was completed within the determined periods of time. The period was extended only on a case-by-case basis.

Also applications made according to the new Act N. 412/2005 Coll., were processed within a period set by the law. The number of applications for a personnel security clearance where the security investigation was conducted for the first time remained high also in the year 2006. The number of applications made for reinvestigation with respect to personnel security clearance continued to be on increase as a result of expiration of validity of security clearances issued in years 2000 – 2001. In addition, the number of security investigations being carried out has increased substantially as a result of carrying out security clearance procedures for higher security levels concerning persons who had already been issued with personnel security clearances for the security level Confidential.

Officials of the Authority have afforded attention, on an ongoing basis, both to perfection of procedures being already in place and development of new procedures and institutes within the frame of the security clearance procedure, including methodical direction in order to optimise some acts of the procedure, which is necessary for the Authority in order to implement requirements for carrying out security clearance procedures systemically and on a long-term basis.

The co-operation provided by intelligence services and other co-operative bodies of the State may be considered to be excellent and very effective.

2.3.1. Statistics

Summary of applications received and of security clearance procedures completed during the year 2006

	Restricted	Confidential	Secret	Top Secret	In total
Applications received	572	6789	3765	210	11337
Security clearance issued	-	9460	4376	257	14093
Security clearance not issued	-	142	30	4	176
Decision not to proceed with a procedure	-	223	69	9	301

Summary of certificates issued confirming to a foreign power that the person concerned has been issued with a security clearance

COSMIC TOP SECRET	274
COSMIC TOP SECRET ATOMAL	41
NATO SECRET	1718
NATO SECRET ATOMAL	32
NATO CONFIDENTIAL	746
NATO CONFIDENTIAL ATOMAL	1
EU TOP SECRET	321
EU SECRET	1215
EU CONFIDENTIAL	583
WEU FOCAL TOP SECRET	54

WEU SECRET	188
WEU CONFIDENTIAL	82
IN TOTAL	5255

2.3.2. Analysis of reasons for decision to deny a Personnel Security Clearance

As in previous years the predominant reason to deny the personnel security clearance was in particular failure to meet condition of security reliability (Section 12, par. 1 (d) of the Act N. 412/2005 Coll.), primarily finding occurrence of below mentioned security risks:

- ☐ conduct and lifestyle that may render the individual liable to influence, and may affect his or her trustworthiness or ability to maintain confidentiality of information (Section 14, par. 3 (d) of the Act N. 412/2005 Coll.); and
- ☐ activities consisting of suppressing human rights or liberties, or support of such activities (Section 14, par. 2 (b) of the Act N. 412/2005 Coll.).

Other security risks outlined in Section 14 par. 2 and 3 of the Act N. 412/2005 Coll., have been stated only as isolated incidents.

Other the most frequent reason to deny the personnel security clearance was failure to meet the condition of no criminal record stated in Section 6, par. 2(c) of the Act N. 412/2005 Coll.

2.3.3. Personnel project

Ministries and other central administrative bodies have submitted to the Authority their personnel projects in accordance with Section 72 of the Act N. 412/2005 Coll. In view of coming into force of the Act of 1 January 2006 these materials have been submitted for the first time.

The purpose of development of personnel projects is to obtain the overall overview of situation in the field of personnel security in the area of classified information, and evaluation of the state with respect to the number of natural persons who request to be issued with the personnel security clearance, in light of real needs and frequency of occurrence of classified information within ministries and central administrative bodies.

In order to ensure consistency of the content of the personnel project the Authority has prepared a form, which was sent in advance to all relevant subjects.

27 personnel projects have been submitted in total. The Authority has not modified these projects in any way and they were the part of a material submitted to the Government of the Czech Republic on 30 November 2006. The material concerned included evaluation of data provided with respect to individual subjects concerning the number of positions and

posts where the access to information is based upon the need-to-know principle. It was found by comparison of this data with numbers of individuals who are holders of a Personnel Security Clearance that the number of these individuals exceeds the number of such occupied positions and posts by c. 4500 persons. Further, a different approach to personal requirements has been found in the area of protection of classified information on the part of individual facilities by comparison of personal projects being submitted, in particular concerning creation of reserves in the number of natural persons who meet conditions for access to classified information, when some facilities largely overvalue these reserves.

Concerning the purpose of personal projects processing, it should be stated that subject to two cases no facility proposes a reduction in the number of full-time permanent positions involving need-to-know. In the light of this fact and also taking into account the different approach to processing of personal projects the Authority is ready to provide any methodical assistance to all facilities, which will be aimed at attainment of intended purpose.

2.4. Security eligibility

The Authority carried out security clearance procedures in response to applications for issuance of certificate of security eligibility of the natural person (hereinafter “the Certificate”), as described in the Part four of the Act. N. 412/2005 Coll. In the majority the applications submitted were applications related to performance of sensitive activities in the area of civil aviation, as well as applications related to performance of sensitive activities in the area of foreign trade with military materials, in the area of nuclear energy, and applications for issuance of certificate for the purposes of the Act on Handling of Security Material (in this case the Act N. 310/2006 Coll., to make provisions for handling of some material utilizable for defence and security purposes in the territory of the Czech Republic /Act on handling of security material/, as amended, does not define sensitive activities within the intention of the Act, but simply lays duties on subjects to be holders of the certificate, or to ensure that members of the statutory body, members of a supervisory board, proctors and responsible representative in the case of a legal person, be holders of the certificate).

As of 1 July 2006 sensitive activities in this area have been repealed by amendment to the Act N. 49/1997 Coll., to make provisions for the civil aviation, as amended. In view of the fact that certificates confirming the security eligibility continue to be considered as documents proving the eligibility for performance of civil aviation specific work, the Authority has completed all security investigations where the application had been submitted not later than 3 months prior to the mentioned date. Where applications were submitted later, in the majority of cases discontinuance of procedure occurred in accordance with the duty laid down in an amendment to the Act N. 49/1997 Coll.

Also control procedures aimed at follow-up verification as to whether conditions for holding of the certificate continue to be met constitute the intrinsic part of the responsibility of the Authority in the area of security eligibility. In particular within the group of certificate holders for performance of original sensitive work in the area of civil aviation in many cases such circumstances have been discovered, which caused initiation of the procedure to withdraw the certificate. In particular in view of transferability of the certificate (it is not

bound to specific sensitive activity) the Authority makes efforts in these cases with the aim to exclude all risks between valid certificate holders where appropriate.

Again, it should be stated here, that the security clearance procedure concerning any application for the certificate, which is applied in the Czech Republic, might be viewed as one of the most transparent within the EU, in particular as the result of unambiguous foreseeability of rights and obligations of individuals being investigated. Transparency of the process lies primarily in the fact that the whole security clearance procedure is completely unambiguously defined by legal regulations, that is from elements of an application for issuance of the certificate and the scope of information being required, through submission of the application, security clearance procedure, conditions that shall be met by a natural person to be issued with a certificate, including possible adverse information being investigated, to remedial measures system. In addition the completion of this procedure is quite clearly limited by processing times set out by the Act. As a result of acceptance of the new legal regulation and thanks to more precise definition of the security clearance procedure (Part Four of the Act N. 412/2005 Col.) (interview with the participant in the procedure, interview with a witness, appointment of an expert, suspension and termination of the procedure, time limits), both actions have been more precisely regulated, which the Authority is entitled to use, and consolidation has been achieved of the position of a participant in the procedure, who shall be kept notified of principal actions in the procedure from this point onwards, who shall have the right to inspect the security file and to make extracts thereof before issuance of the decision, and who will be in a position to seek a remedy against decisions of the Authority

During the first half-year 2006 the Authority also put more effort into improvement of current and new procedures and institutes within the frame of security clearance procedure, including methodical activities in relation to responsible persons (the statutory body according to the previous legal regulation), who give reasons for submission of the application. During the year several tens of workshops and consultations took place within which the Authority presented a process containing details of security clearance procedure. A co-operation provided to the Authority within the frame of this security clearance procedure by Intelligence Services and other co-operating state bodies may be qualified as excellent and very effective.

In the next years, in connection with foreseen appearance of new types of sensitive activities the Authority expects gradual rise in the number of received and processed applications for issuance of the certificate.

Last, it should be stated that in the year 2006 the Authority managed to apply fully the new legal regulation to its working procedures when conduction the security clearance procedure, despite the sudden necessity to put great effort and despite increased claims both on human resources and on material technical resources. During the year some acts of the procedure were optimised as a matter of necessity, thanks to which the Authority can implement systemically and on a long-term basis requirements for carrying out the security clearance procedure and issuance of the certificate, unless considerable changes occur in the volume of applications submitted.

2.4.1. Statistics

Summary of received applications and summary of completed security clearance procedures

Sensitive activities according to	Application received	Terminated by issuance	Terminated by denial	Suspended	Termination of validity of the certificate
S. 8 of the Act N. 38/1994 Coll., to regulate trade in military equipment with foreign countries	164	163	4	9	5
S. 2(a) of the Czech Atomic Law (Act N. 18/1997) Coll.)	34	258	-	2	-
S. 86(a) of the Act N. 49/1997 Coll., to make provisions for the civil aviation (or the Government Regulation N. 31/2005 Coll.)	963	2406	28	459	25
S. 5 of the Act N. 310/2006, Coll. to make provisions for handling of security material	8	2	-	4	-
In total	1169	2839	32	474	30

2.4.2. Analysis of reasons to deny the certificate

In the overwhelming majority of cases where the certificate has not been issued, the reason to deny the certificate was failure to meet conditions of reliability (S. 81 par. 1/e/ of the Act N. 412/2005 Coll.), in particular these were cases where adverse circumstance became known concerning an individual according to S. 84 par. 3(c) of the Act N. 412/2005 Coll. – conduct, influential conduct or untrustworthiness of the natural person that could result in misuse of performance of sensitive activities. Occurrence of other adverse circumstances as outlined in S. 84 of the Act N. 412/2005 Coll., was ascertained only in some isolated cases. Also failure to meet conditions of personal eligibility was the reason for denial of the certificate only in isolated cases. The second reason in frequency for denial of the certificate was failure to meet conditions of suitability (condition of no criminal record) (S. 81 par. 1/c/ of the Act N. 412/2005 Coll.).

2.5. Industrial security

In the area of industrial security the Authority has been providing and carrying out security clearance procedures in the matter of applications of facilities and it has been issuing Facility Security Clearances and simultaneously, all the year round, performing acts of the procedure, it has been carrying out investigations with respect to facilities, which were holders of the Facility Security Clearance, whether they continue to meet conditions outlined in S. 16 of the Act N. 412/2005 Coll., in particular with respect to reported changes in data, which had been entered in the application of the facility according to S. 68 and S. 69 of the Act N. 412/2005 Coll., or with respect to information obtained from the state bodies, legal persons and from public resources. In a series of cases the Authority commenced actions for withdrawal of a Facility Security Clearance and terminated its validity by its decision. Further, the Authority has been issuing certificates confirming to a foreign power that the facility concerned had been issued with a valid Facility Security Clearance. Security clearance procedures of organisations, which had been initiated at the time of validity of the Act N. 148/1998 Coll., on Protection of Classified Information and on Amendments to Relevant Legislation, as amended, has been duly terminated within specified deadlines outlined in S. 157 par. 18 of the Act N. 412/2005 Coll.

During the year 2006 the Authority successfully tackled problems also in the area of industrial security in application of the Act N. 412/2005 Coll., in practice, which directly affected conducting security clearance procedure in the matter of the application of the facility.

As an example the need of methodical co-ordination of actions of responsible persons may be given in the process of verification to satisfy themselves that the conditions for access to information classified RESTRICTED have been fulfilled, as well as the need of briefing before the initial access to information classified RESTRICTED.

In the light of the fact that specific provisions of the Act are sometimes unambiguous in its meaning, intensification of methodical activities of the Authority has proved necessary, which consists in holding of workshops for the state administration and facilities, regular training within the frame of facilities and giving instructions through the Bulletin of the Authority and on websites of the Authority.

In September and in October 2006 the Authority arranged training of facilities that are holders of a valid FSC in respect of duties arising out of the Act N. 412/2005 Coll.

2.5.1. Security clearance procedure in the matter of the application of the facility

207 applications for issuance of the Facility Security Clearance were submitted in the year 2006; this means 17 applications every month on average. Impact of application of the new legal regulation has come to light this year, in particular with regard to different terms of validity of the FSC for different security classification levels, for which the facility required issuance of the Facility Security Clearance, as separate security vetting shall be conducted for each security classification level with clearly defined acts of the procedure and with clearly defined period. Last but not least also the impact of application of amendments to the

Commercial Code and to economical laws affects the number of received applications of the facility, on the basis of which the facilities that have already been issued with the FSC merged with newly arising companies, which, as a consequence, meant termination of validity of the Facility Security Clearance in case of merging companies and subsequently submission of new applications for issuance of the FSC.

In the year 2006 the Authority issued 399 Facility Security Clearances in total both on the basis of applications of the facility for issuance of the Facility Security Clearance according to S. 96 of the Act N. 412/2005 Coll., and on the basis of applications of the facility as described in S. 56 of the Act N. 412/2005 Coll. As of 31 December 2006 84 of facility security clearances procedures were being carried out.

In connection with new accepted methodical procedures the co-operation has been regulated of the Authority and other state bodies, intelligence services and the Police of the Czech Republic as participants of the security clearance procedure in the matter of the application of the facility.

2.5.2. Statistics

Applications received for issuance of a Facility Security Clearance

Restricted	Confidential	Secret	Top Secret	In total
95	78	33	1	207

Facility Security Clearances issued

Restricted	Confidential	Secret	Top Secret	In total
203	157	38	1	399

2.5.3. Analysis of reasons to deny a Facility Security Clearance

Following the decision of the Authority, in the year 2006 the FSC has not been issued in 12 cases. In 10 cases the reason for denial of the FSC was failure to meet conditions outlined in S. 16 par. 1(b) of the Act N. 412/2005 Coll., which is the security reliability. Remaining two cases were concurrent failure to meet three conditions subject to bullets (b), (c) and (d) of the Section cited above, that is that the facility was not eligible from a security viewpoint, it was not able to provide the protection to classified information and a responsible person and proctors were not holders of a valid Personnel Security Clearance at the appropriate classification level.

2.6. Security of information and communication systems and cryptographic protection

The Authority is responsible for carrying out certification of information systems and for approving security projects of communication systems handling classified information, and playing a role of national security accreditation authority further for accreditation of NATO and EU information systems in the territory of the Czech Republic.

In the area of protection of classified information the Authority carries out or ensures research, development and production of national cryptographic devices, development and approval of national cipher algorithms, research, development, production and distribution of cryptographic materials, certification of cryptographic devices, certification of cryptographic sites, as well as examinations of a specific specialist competence of cryptographic protection officers.

Further, the Authority carries out measurements of compromising electromagnetic emissions of electrical and electronic equipments handling classified information, and investigates suitability of security areas and objects to provide a protection against leakage of classified information as compromising electromagnetic emissions.

The Authority shall be responsible for development of cryptology and for basic and applied research in areas of cryptography, cryptoanalysis, security of information systems and compromising electromagnetic emissions.

In the year 2006 internal acts of management, procedures and methodology for conducting certification of information systems, certification of cryptographic devices and of cryptographic sites, as well as for measurement of compromising electromagnetic emissions have been updated in connection with transition to the new legal regulation.

The Authority has prepared and issued security standards concerning certification of cryptographic devices, and also update of security standards covering the area of compromising electromagnetic emissions has been prepared. Methodical materials have been processed on an ongoing basis addressing partial problems of safeguarding of information systems, setting of security parameters of the most used operational systems, general policy of safeguarding of information systems and the method of documentation of information systems security. These methodical materials are published or provided to applicants for certification, security standards are provided in accordance with their security classification level and on the need-to-know basis.

2.6.1. Certification and accreditation activities

The certification shall be the necessary statutory condition for use of information systems, cryptographic devices, shielded chambers and of cryptographic sites as provided by law in the protection of classified information.

The Authority has successfully coped with the transition to the application of the Act N. 412/2005 Coll., and of new implementing regulations and with new tasks, such as certification of shielded chambers and certification of cryptographic sites.

2.6.1.1 Certification and accreditation of information systems

Another 135 applications for certification of information systems were submitted during the year 2006 in addition to those being in process in the year 2005, both by the state administration and private sphere. 85 certificates of information systems were issued; in 17 cases the process of certification was terminated without issuance of the certificate, from which only in one case under the decision of the Authority, in other cases on the initiative of applicants for certification.

Certification of information systems

Application received	Certification terminated without issuance of the certificate		Certificates issued	
	State administration	Facilities	State administration	Facilities
135	9	8	35	50

The work with this system will not be terminated by issuance of the certificate of information system in view of the fact that, in particular in large systems, some development is required and changes being planned must be considered and approved by the Authority. Re-certification shall be carried out for the next period prior to expiration of a period of validity of the certificate.

It should be stated that a trend continued, which was felt during the last two years and which consists in increasing of the share of applications for certification of information systems using local and large computer networks and consequently cryptographic devices for the protection of classified information being transmitted. Therefore demandingness of tasks of the Authority rose proportionately. Certification of a new governmental secure communication system, which coincides with its establishment, re-certifications of information systems of the state administration securing a smooth continuation of their operation even if period of validity of the previous certificate has expired, as well as the certification of new large information systems of the Ministry of Foreign Affairs, the Ministry of Defence and the Ministry of the Interior continue to be priorities of the Authority.

In the year 2006 the Authority provided accreditation of national nodes of some international co-operation networks (EU, NATO) in the Ministry of the Interior and the Ministry of Defence, with which it continued to co-operate in development and reconstruction of the national part of two important NATO information systems.

In addition, within the frame of certification of information systems officials of the Authority provided to applicants for certification the setting of security characteristics of operation systems and other information necessary for safeguarding of a specific information system. In a series of cases they directed development of these systems so as to be able to be certified

2.6.1.2 Certification of cryptographic devices

As of 31 December 2006 79 applications for certification of a cryptographic device were submitted to the Authority in total. 75 certificates were issued in total in procedures concerning certification of a cryptographic device, in 16 cases the procedure was terminated without issuance of a certificate. 19 applications of the above mentioned number were submitted in the year 2006. As a matter of priority the Authority continued to carry out certification of cryptographic devices for the protection of classified information EU in national networks of the Czech Republic. The current situation in the area of procedures is summed up to the following table.

Certification of cryptographic devices

Applications received: 19

Certificates in process		Terminated certification without issuance of the certificate		Certificates issued		Certification for NATO and EU	
State administration	Facilities	State administration	Facilities	State administration	Facilities	State administration	Facilities
4	6	0	2	15	2	16	15

The Authority continued certifying cryptographic devices for the protection of EU classified information and national classified information, in particular for the protocol TCP/IP. Further, re-certification has been carried out of national and imported cryptographic devices, the validity of certificates of which had expired in the year 2006. The certification procedure concerning other cryptographic devices for the protocol TCP/IP is under way, estimated termination of the procedure in the year 2007.

Mentioned cryptographic devices are or will be used particularly in departments of the Ministry of Defence, the Ministry of the Interior, the Ministry of Foreign Affairs and by Intelligence Services.

At the present time a basic set of certified cryptographic devices has been established in the Czech Republic for required areas of service. Certified cryptographic devices are available for the protocol TCP/IP for security classification levels CONFIDENTIAL and SECRET that can be used for the protection of national classified information, EU and NATO classified information in national networks of the Czech Republic and that can be possibly used for modification of governmental secure communication.

Also cryptographic devices for the software cipher have been certified for the protection of information classified RESTRICTED, which had been developed by the Authority.

In areas of evaluation and development of cryptographic devices experience and knowledge are being used, which were gained on the basis of independent research of the Authority, as well as information and knowledge gained on the basis of participation in international cryptographic conferences and exhibitions EUROCRYPT'06, CHES'06,

ISSE'06, CARTES'06 and also in the special TEMPEST course organized by the Great Britain in laboratories CESG in Chaltenham.

2.6.1.3 Certification of cryptographic sites

From the beginning of the year 2006 the certification have been carried out of cryptographic sites in bodies of the state administration and in facilities in accordance with S. 46 of Act. N. 412/2005 Coll.

Certification of cryptographic sites

	Applications received	In process	Certified	Denied
State administration	12	0	12	0
Facilities	3	1	2	0
In total	15	1	14	0

2.6.1.4 Certification of screened chambers

Bulk of certification measurements of attenuation effect of screened chambers was carried out for the Ministry of Foreign Affairs; since the site concerned has been equipped with other technology, the Authority was able to satisfy requirements of the Ministry of Foreign Affairs within reasonable deadlines and these measurements could also be carried out for the needs of the Ministry of Defence and other entities.

2.6.2. Other expert activities

2.6.2.1 Measurement of compromising emissions (TEMPEST)

In the year 2006 the Authority was carrying out measurements according to NATO AMSG standards and according to methodology MIL-STD 461. Measurements were aimed in particular at devices of the state administration. It took measurements of commercial devices, mostly for purposes of competitive bidding. The majority of devices of this total number were evaluated as Class I device according to security standards of the Authority. These positive results are founded on fact that specific commercial devices have been selected as appropriate in terms of quality on the basis of hundreds of measurements and that the list of these devices was subsequently published on websites of the Authority, consequently potential costumers had some guidance in selection of types of technique being purchased.

Further TEMPEST measurements were conducted within the frame of certification of information systems for the state administration bodies or for facilities to the extent exceeding

50 devices. In all cases it was the certification of information systems for handling of information classified CONFIDENTIAL, SECRET or TOP SECRET.

The Authority also carried out evaluation of areas by a method of zoning measurement. These were areas storing devices handling classified information. The zoning measurements were carried out for the state administration and for private bodies within the frame of certification of information systems. Some measurements also took place abroad.

The list of measurements conducted in the area of compromising emissions in the year 2006 is shown in the table below:

TYPE OF THE MEASUREMENT ²	Number
Zoning measurement	30 premises
Cryptographic devices	1 type
PC sets	4 types – Class 0 more than 50 types – Class 1 and 2
Audio technique	2 types of telephone sets

2.6.2.2 *Approval of communication systems security projects*

In the year 2006 the first applications were received for approval of communication systems security projects according to Act N. 412/2005 Coll.³. The applicants were the Ministry of Defence, the Ministry of the Interior, the Czech National Bank and the Security Intelligence Service.

All communication systems security projects were approved in that year. The operation of the communication system depends on validity of the certificate of the cryptographic device used in the communication system.

Communication systems security projects

Application received	Applications approved
8	8

² In the case of zoning measurements it includes premises; several rooms or buildings were measured within the frame of one object. In the case of cryptographic devices this was also verification measurement. In the case of PC sets of Class 1 and 2 this was also the measurement within the frame of competitive biddings, e.g. for the needs of the Ministry of the Interior of the Czech Republic.

³ Translator's note – Act N. 412/2004 Coll., in original text.

2.6.2.3 Training of cryptographic protection staff and specific specialists competence examinations

In the year 2006 the Authority carried out training of a cryptographic protection staff in 11 cases in accordance with the Act N. 412/2005 Coll., and issued 84 certificates of the specific specialist competence of a cryptographic protection officer (the “Specialist Competence Certificate” in the Act) verified by the specific specialist competence examination (“the Specialist Exam” in the Act). At the same time the Authority made a new contract with departments of the Ministry of Defence, the Ministry of Foreign Affairs and the Ministry of the Interior for carrying out training and specific specialist competence examinations concerning cryptographic protection staff. On the basis of these contracts the Authority approves the scheme and content of courses.

2.6.3. Problem areas of security of information systems and of the cryptographic protection

In providing activities of the Authority in the area of cryptographic protection and certification of information systems handling classified information as determined by the Act in particular the following problem areas continued to appear:

- Upon letting competitive biddings for purchase of cryptographic devices the requirement of a submitter to provide cryptographic devices, which were certified by the Authority, was very difficult to satisfy. This set is limited in quantity and the Authority could not certify some cryptographic devices in anticipation that one of them will be subsequently possibly selected and purchased, and on the other hand in case of selection from uncertified cryptographic devices no assurance could be given that any winning device will be subsequently certified by the Authority. In addition, the type of classified information for which a cryptographic device was intended limited the selection (e.g. NATO or EU).
- In light of providing protection of classified information in information and communication systems and providing cryptographic protection the problem was the continuing lack of information technology experts cleared for the security classification levels CONFIDENTIAL, SECRET and TOP SECRET in the state administration. Consequently, the same individuals held positions in an administration and security administration of some information or communication systems, or more positions in particular information system

In view of previous experience it becomes apparent that these are long-term problems, which will occur also in future.

2.7. Administrative and physical security, the Central Registry

2.7.1. Administrative security

During the first two months of the year 2006 facility security documents of 70 facilities were evaluated in total as a matter of urgency in terms of the administrative security (including supervising), which had been accepted by the Authority in connection with applications for carrying out of a security clearance procedure of an organization according to the Act N. 148/1998 Coll., at the end of the year 2005. The evaluation was carried out according to S. 157 par. 18 and 28 of the Act N. 412/2005 Coll.

Subsequently, on the basis of new applications for carrying out security clearance procedures, evaluation was being made of facility security documents in terms of the administrative security. At the same time updated security documents were being evaluated. Supervisions were also conducted, which were aimed at preparedness of a facility to receive, create, store and handle classified documents.

Number of assessed security documents and supervisions that took place

Security documents	Supervision that took place
280	161

During the year 2006 four bodies in total asked the Authority for temporary storage of classified documents. These were bodies, which no longer, but temporarily, fulfilled the conditions of the Act for the given security classification. Three cases were facilities and one case a body of the state administration. The main reasons were the change of location or reconstruction of a facility and security area.

2.7.1.1 Problem areas of the administrative security

The Authority managed to remedy problems mentioned below in a large extend, nevertheless they persist in some bodies and they are being dealt with within the frame of conducting methodology and security clearance procedures.

- ☐ Providing of protection of classified information in municipalities.
- ☐ Recording and storage of classified documents originated in the period before the coming into force of the Act.
- ☐ Safeguarding of classified documents when their holder no longer fulfils provisions of the Act.

2.7.2. Physical security

2.7.2.1 Statistics

In the year 2006 the Authority issued certificates for 1008 technical means, where the certification includes an approval of capability of a technical means to be used for the protection of classified information.

Numbers of certificates being issued according to categories of technical means as defined by the Act N. 412/2005 Coll., are shown in the following table.

Number of certificates of technical means issued

Act N. 412/2005 Coll., S. 30 par. 1(xxx)	Technical means	Certificates
(a)	Mechanical barriers	239
(b), (d)	Electrical locking mechanisms and entry control systems and special closed circuit television systems	397
(c), (e)	Electrical alarm annunciation equipment and emergency systems	199
(f)	Electrical fire detection devices	46
(g)	Devices for physical searches for dangerous substances or objects, in particular metal detectors	0
(h)	Devices for physical destruction of data carriers	127
In total		1008

In the year 2006 the Authority issued its opinions on 187 physical security projects, and further, in the same year, accepted 238 physical security projects to be evaluated. 106 physical security projects are still to be evaluated by 1 January 2007.

Distribution of numbers of applications for certification of technical means and distribution of numbers of physical security projects accepted in the year 2006 is shown in following tables.

Physical security projects accepted and evaluated in the year 2006

Month	Applications accepted	Opinions issued
January	9	19
February	4	10
March	16	22
April	14	16
May	19	9
June	15	19
July	16	10
August	15	18

September	15	12
October	24	18
November	60	17
December	31	17

Applications for certification of technical means received in the year 2006

Month	Number of applications
January	47
February	31
March	94
April	57
May	22
June	65
July	37
August	50
September	43
October	73
November	125
December	182

2.7.3. Central Registry

During the year 2006 the Central Registry personnel conducted 34 control-methodical actions in sub-registries of classified information. A special attention was given to the first classified information NATO ATOMAL, which the Czech Republic has received.

2.8. Remedial measures

In the year 2006 the director of the Authority decided applications for remedial measures brought by natural persons and facilities as complaints according to the Act N. 148/1998 Coll.⁴, against following decisions of the Authority:

- ☐ to deny a security clearance;
- ☐ to deny a confirmation;
- ☐ to deny a certificate of the security eligibility;
- ☐ to terminate the validity of a security clearance, confirmation and certificate of the security eligibility.

⁴ In accordance with provisions of S. 157 par. 21 of the Act N. 412/2005 Coll., complaints lodged against the non-issuance of the security clearance, confirmation and the certificate before the 1 January 2006 were disposed of according to existing legal regulations, this means according to the Act N. 148/1998 Coll.

According to the Act N. 412/2005 Coll., which came into force on 1 January 2006, a complaint will no longer be the regular remedial measure but a remonstrance. Consequently, in addition to complaints listed above, which were brought according to the Act N. 148/1988 Coll., the director of the Authority decided remonstrances filed against the following decisions of the Authority:

- ☐ to deny a Personnel Security Clearance and a Facility Security Clearance;
- ☐ to deny a certificate;
- ☐ to terminate the validity of a Personnel Security Clearance, a Facility Security Clearance and a certificate.

Remonstrances brought according to the Act N. 412/2005 Coll., were decided by the director of the Authority upon a motion of the remonstrance commission appointed as of the 1 January 2006 in accordance with S. 130 of this Act.

Decisions of the director of the Authority on complaints and remonstrances could be contested by administrative action, which is decided by the Municipal Court in Prague. A cassation complaint may also be filed against the decision of the Municipal Court in Prague, which will be decided by the Supreme Administrative Court.

In actions in court regarding the above mentioned administrative actions the Authority and the director were represented by the Remedial Measures Department (of the Authority), which in addition prepared positions of the director of the Authority on the above mentioned actions and cassation complaints. Further, this department organizationally ensured activities of the remonstrance commission and prepared documents for decisions of the director of the Authority on the above mentioned remedial measures.

2.8.1. Statistics

2.8.1.1 Complaints filed according to the Act N. 148/1998 Coll.

Complaints against decisions of the Authority to deny a security clearance

The total number	Pending	Disposed of in the affirmative	Disposed of in the negative
31	0	8	23

Complaints against decisions of the Authority to terminate the validity of a security clearance

The total number	Pending	Disposed of in the affirmative	Disposed of in the negative
5	0	1	4

Complaints against decisions of the Authority to deny a certificate

The total number	Pending	Disposed of in the affirmative	Disposed of in the negative
74	0	13	61

Administrative actions against decisions of the director of the Authority (2005 – 2006)

The total number	Pending	Procedure terminated	Disposed of in the affirmative	Disposed of in the negative	Refused
54	40	4	1	8	1

Cassation complaints against decisions of the Municipal Court in Prague and dismissal of a case (2005 – 2006)

The total number	Pending	Procedure terminated	Disposed of in the affirmative	Disposed of in the negative	Refused
5	5	0	0	0	0

2.8.1.2 Remonstrances filed according to the Act N. 412/2005 Coll.

Remonstrances against decisions of the Authority to deny a Personnel Security Clearance

The total number	Pending	Disposed of in the affirmative	Disposed of in the negative
109	20	40	49

Remonstrances against decisions of the Authority to terminate the validity of a Personnel Security Clearance

The total number	Pending	Disposed of in the affirmative	Disposed of in the negative
11	2	3	6

Remonstrances against decisions of the Authority to deny a Facility Security Clearance

The total number	Pending	Disposed of in the affirmative	Disposed of in the negative
4	0	1	3

Remonstrances against decisions of the Authority to deny a certificate

The total number	Pending	Disposed of in the affirmative	Disposed of in the negative
18	0	7	11

Remonstrances against decisions of the Authority to terminate the validity of a certificate

The total number	Pending	Disposed of in the affirmative	Disposed of in the negative
3	0	0	3

Administrative actions against decisions of the director of the Authority on remonstrance (year 2006)

The total number	Pending	Procedure terminated	Disposed of in the affirmative	Disposed of in the negative	Refused
11	10	0	0	1	0

2.9. Research and development activities of the Authority

2.9.1. Research and development goals and organization

The main goal in the area of research and development was to develop further security technology for the protection of classified information in communication and information systems. The research and development were organized within the frame of co-ordination of purposefully financed projects on the part of external researches and investigators and also within the frame of the Authority's own institutional development.

In the area of purposefully financed projects intensive involvement of university research centres further took place and also close co-operation with external specialists continued who participated in particular in the process of evaluation and opponent proceedings of projects. The Authority managed to concentrate funds and research activities to key projects, where a realization output for security practice is expected and where a public order exists.

In general, in the area of purposefully financed research and development the level and demandingness of projects being announced and of opponent proceedings have increased. In the light of results being achieved this form of research and development appears to be perspective for the Authority. Despite demanding co-ordination of special-purpose projects the external co-ordination partially releases limited capabilities in institutional research in favour of research-development works, which cannot be solved outside the Authority for reasons of secrecy.

2.9.2. Actual research and development within the Authority

In the year 2006 the actual process of research and development was conducted on specialized sites (cryptology, certification and TEMPEST) and it was concentrated in particular on areas of cryptographic algorithms and their implementation, creation of software cryptographic application tools, testing and verification of cryptographic devices.

Further, the institutional research and development of the Authority was focused on the area of support of certification and measurement TEMPEST.

On the basis of extensive statistical and analysis experiments knowledge was deepened concerning current and newly proposed national cipher algorithms. Series of programs was created for implementation of and cryptographic analysis of cipher algorithms.

Further development of procedures of cryptographic and technical evaluation of cryptographic devices occurred in the year 2006 for the needs of certification and TEMPEST.

An analysis was made of regulatory requirements in the area of security of information systems and 30 international standards from the area of information technologies were secured.

Further, updating of National security profile CRAMM was carried out, for Version 5.1.

2.10. Performance of the state supervision

According to S. 137(b) of the Act N. 412/2005 Coll., the Authority shall carry out the state supervision in areas of protection of classified information and security eligibility, which means that the Authority supervises the observance of law regulations in the given area by the state bodies, facilities and natural persons. Activities of the Intelligence Services and in

determined cases activities of the Ministry of the Interior should not be subject to the state supervision as described in the Act.

The main purpose of the state supervision is to contribute to providing for the protection of classified information, in particular from the perspective of preventing unauthorised persons from having access to classified information, determining the actual state of protection of classified information and simultaneously to create prerequisites for strengthening and unification of legal environment in this area.

2.10.1. Inspections in the year 2006

In the year 2006 the Authority carried out, within the frame of the state supervision, 16 inspections of the protection of classified information in state bodies, their components and in facilities.

A plan of inspections was prepared and approved at the end of the year 2005. In view of the beginning of effectiveness of the new Act N. 412/2005 Coll. as of 1 January 2006, inspections were planned in overwhelming majority of cases for the second half-year 2006. Partly inspections in bodies of the state were included in the plan, where no inspection has been carried out so far, and partly, within the frame of periodicity of inspections, also in state bodies where inspections had already been carried out in previous period, including an inspection in the Ministry of Defence, the carrying out of which was postponed from the year 2005 in connection with preparations of the Authority for the entry into force of the new legal regulation. Also subsequent inspection in the Ministry for Regional Development was included in the inspection plan, which was aimed at verification whether remedial and corrective measures were taken to correct deficiencies found at the end of the year 2005. During the year inspections in the Ministry of the Interior – the Supervision Department of the Ministry of the Interior - were included in the inspection plan, and in the Ministry of Health, on the basis of knowledge obtained concerning possible infringement of legal regulations in the area of protection of classified information.

Inspections in central administrative bodies and in their components

Subject of inspection	Focus of inspection
Ministry of Foreign Affairs – embassy of the Czech Republic in Cairo	Personal, administrative and physical security, security of information and communication systems and cryptographic protection
Ministry for Regional Development	Administrative security and security of information systems
Fire Rescue Service (Fire Brigade) of the Pardubice region	Personal, administrative and physical security, security of information systems
Ministry of Foreign Affairs – embassy of the Czech Republic in Luxembourg	Personal, administrative and physical security, security of information and communication systems and cryptographic protection

Fire Rescue Service (Fire Brigade) of the southern Bohemia region	Personal, administrative and physical security, security of information systems
Ministry of Education, Youth and Sports	Personal, administrative and physical security, security of information and communication systems and cryptographic protection

Subject of inspection	Focus of inspection
Office of the Government of the Czech Republic	Personal, administrative and physical security, security of information and communication systems and cryptographic protection
The Ministry of Defence	Personal, administrative and physical security, security of information and communication systems and cryptographic protection
Supervision Department of the Ministry of the Interior	Personal, administrative and physical security
Ministry of Foreign Affairs – embassy of the Czech Republic in Lisbon	Personal, administrative and physical security, security of information and communication systems and cryptographic protection
Fire Rescue Service (Fire Brigade) of the Zlín region	Personal, administrative and physical security, security of information systems
Ministry of Health	Personal, administrative and physical security, security of information and communication systems and cryptographic protection

During the year also inspections in facilities were included in the inspection plan, as in preceding years, which had been issued with a Facility Security Clearance (the Confirmation according to the Act N. 148/1998 Coll.) and which were holders of classified information.

Inspections in facilities

Subject of inspection	Focus of inspection
Aero Vodochody, Inc.	Industrial, personal, administrative and physical security and security of information systems
Institute of Nuclear Research Řež, Inc.	Industrial, personal, administrative and physical security and security of information systems
Czech Consolidation Agency	Personal and administrative security

JIMI CZ, Ltd.	Industrial, personal, administrative and physical security and security of information systems
---------------	--

2.10.2. Knowledge obtained in performance of the state supervision

Within the frame of performance of the state supervision the Authority was gathering general information about deficiencies in providing protection of classified information by state bodies and facilities, which resulted from breach of or non-compliance with provisions of the Act and other legal regulations in this area and which were discovered during inspections and subsequently entered as inspection findings in protocols.

Another type of knowledge obtained on the basis of inspections of the state of protection of classified information were practical problems arising in application and implementation of legal regulations in providing protection of classified information. Thus feedback was secured in evaluation of effectiveness of the new legal regulation and effectiveness of particular solutions of questionable areas. The Authority will use this feedback partly in preparation of possible amendments to the Act N. 412/2005 Coll., and its implementing regulations, partly the attention will be paid to questionable areas being sought within the frame of performance of methodical activities with respect to state administration bodies and facilities having access to classified information.

Throughout the existence of the previous legal regulation and initially as soon as the new legal regulation has entered into force the deficiencies arouse almost in all areas of the protection of classified information. Despite the fact that the great part of procedures determined by legal regulations is practically identical to the previous legal regulation, during inspections being carried out in the year 2006 the similar deficiencies were discovered as in previous periods.

In a series of cases deficiencies being discovered in inspections related to more areas of protection of classified information. The most frequent deficiencies are as follows:

Personal security:

- ☐ failure to maintain properly lists of posts or positions where the access to classified information is needed (need-to-know principle), as well as to keep records of individuals having access to classified information – these were not kept at all or were not updated;
- ☐ access to classified information by persons who did not meet conditions for access to classified information – in this case the failure often resulted from misunderstanding of the legal regulation concerning access of persons to classified information classified RESTRICTED, even though at the end of the year 2005 before the coming into force of the Act N. 412/2005 Coll., the Authority, at guidance workshops organized for security directors of state bodies, gave considerable attention to this area.

Administrative security

- ☐ failures to keep records of classified documents (including cases where classified documents were not recorded at all) and to keep other administrative aids – in the light of completeness, accuracy and correctness of entries, incorrectly made corrections of records;
- ☐ failures to mark elements of classified documents, including security classification levels, improper reclassification (downgrading) or declassification – failure to mark formally reclassification (downgrading) or declassification on documents or failure to record these classification changes in registers;
- ☐ failures to record classified documents being received or originated in handling books and improper handling of classified documents – releasing of classified documents without signature or incorrectly.

Physical security

- ☐ deficiencies in physical security project processing – in some cases it was not complete or it did not reflect facts;
- ☐ insufficient security measures in terms of providing physical security.

Information systems security

- ☐ handling of classified information in information systems not certified by the Authority for security classification level in question;
- ☐ variations from approved security documentation of information systems while being operated – e.g. failure to create and archive audit records, failure to observe specified limits of a controlled area required for installation of electronic devices;
- ☐ incomplete or missing records in operational documentation of information systems.

Cryptographic protection

- ☐ deficiencies in recording entries to security areas and to cryptographic sites, which is the duty resulting from operational documentation of cryptographic devices;
- ☐ unsatisfactory observance of installation conditions for cryptographic devices.

2.11. Methodical activities of the Authority

In the light of the need to apply the new legal regulation in practice as effectively as possible, officials of the Authority held a lot of presentations for employees of ministries, other central administrative bodies and facilities. One-to-one consultations and presentations

addressed in particular interpretation of the legal regulation governing the protection of classified information, in particular in areas where significant changes occurred in comparison with the previous state, and they were aimed to answering questions concerning provisions of the Act N. 412/2005 Coll., and its implementing regulations.

In addition to general subjects in particular questions connected with a security clearance procedure, processing of security documentation, handling of classified information within the frame of administrative security, providing physical security including processing of physical security projects were subjects of methodical activities of the Authority. Many workshops organized by the Authority and by external subjects (e.g. the Czech association of Security Managers) were attended by employees of the Authority who gave series of lectures also on the new legal regulation of protection of classified information in its processing by information technology.

The Authority conducted methodical activities towards bodies of the state and their organizational components and organizations further within the frame of expert activities of particular organizational units in the form of answering phone and written questions, and in performance of the state supervision, in carrying out of so-called supervisions in the process of the security clearance procedure with respect to facilities etc.

In addition to methodical activities aimed at target subjects resulting directly from the Act N. 412/2005 Coll. in the state administration and in private sector the Authority answered phone questions or more frequently electronic questions posed by lay public.

The Authority posts the most frequently asked questions together with answers on its websites.

2.11.1. Methodical activities in the area of the security clearance procedure

Methodical activities of the Authority in the area of the security clearance procedure were orientated towards four main areas. Their structure corresponded with phases of the security clearance procedure on issuance of the public instrument. The first area was giving consultations and methodical guidance for preparation and implementation of an application for issuance of a security clearance or certificate. The second area is connected with the procedure of the Authority according to S. 102 of the Act N. 412/2005 Coll., where the Authority affords assistance to the participant in the procedure in the course of submission of the application to eliminate defects of the application on the spot where possible. The third area of methodical activities may be determined to be methodical maintaining lists of public instruments holders to whom statutory duties apply according to S. 66-69, S. 86 and S. 87 of the Act N. 412/2005 Coll. The fourth area was giving consultations and methodical guidance in preparation of applications submitted according to S. 94 par. 4 and 5, S. 96 par. 4 and 5 and S. 99 par. 4 and 5 of the Act N. 412/2005 Coll. Methodical activities of the Authority, aimed in this area to public instruments holders, the validity of which expired, who continued to expect that they would have access to classified information or perform sensitive activities, were very important due to the fact that just in case of these natural persons and facilities the possible failure to observe time limits as provided by the Act could result in real threats to classified information or performance of sensitive activities.

The Authority continued to conduct periodically methodical activities with regard to bodies of the state, which were co-operating with the Authority in carrying out security clearance procedure. The year 2006 was very specific in this area of methodical activities as it was necessary to regulate methodically relationship of old and new legal regulations in accordance with S. 157 of the Act N. 412/2005 Coll.

2.12. The Bulletin of the Authority and websites of the Authority

2.12.1. The Bulletin of the Authority

The Authority issues the Bulletin of the Authority, in accordance with the Act, as periodic publication published twice a year or more frequently, as necessary. Two regular issues have been issued in the year 2006.

The Bulletin contains in particular a list of certified technical means according to the Act N. 412/2005 Coll., further a list of organizations, which have been issued with the confirmation according to the Act N. 148/1998 Coll, a list of organizations, the validity of confirmation of which has expired or has been terminated, as well as a list of facilities, which have been issued with a security clearance according to the Act N. 412/2005 Coll.

In addition, in the Bulletin of the Authority information is published from areas of personnel security, industrial security, administrative security, physical security, security of information and communication systems or from the area of the cryptographic protection. Further, guidance notes issued by the Authority are published, directions and instructions, including forms of certificates, security clearances, confirmations, applications, etc., as well as other information for public.

The Bulletin of the Authority may not be distributed without limitation. Only subscribers may obtain it (at the present time about 3000 subscribers have been registered). An order for the Bulletin of the Authority may also be placed directly with the Authority or with a commercial section of the Printing works of the Ministry of the Interior.

The content of the Bulletin of the Authority is published in a manner enabling remote access.

2.12.2. Websites of the Authority

Websites of the Authority (www.nbu.cz) exist as from the year 1999. On these sites all information is regularly published concerning activities of the Authority and its missions. It is divided into specialized and general information, including latest information, press news and electronic mailroom. Departments of the Authority currently update all data according to their subject-matter venue.

Through the content of its websites the Authority in particular endeavours to respond to the most frequently asked questions in such a manner as to ensure that their visitors find all

that they need to know concerning classified information problems and the Authority itself. In the year 2006 the most frequently sought was information concerning security management.

Summary is published on websites of the Authority of all valid legal regulations covering the area of protection of classified information and security eligibility, which is currently kept up to date by means of their amendments. Websites also contain information about loss or termination of validity of certificates, forged certificates, etc.

Current guidance notes are also published on websites of the Authority, electronic versions of questionnaires and applications are made available. Websites always contain an up-to-date edition of the Bulletin of the Authority.

In the year 2006 access recorded to websites of the Authority exceeded beyond the number of 130,000, which means 11,000 visits monthly.

2.13. Providing of information according to the Act N. 106/1999 Coll.

In addition to tasks imposed by the law and other legal regulations, which determine its applicability, and tasks resulting from international agreements, the Authority also carried out duties imposed by the Act N. 106/1999 Coll. to regulate free access to information, as amended.

In the year 2006 the Authority dealt with 227 applications for information according to the Act N. 106/1999 Coll. The above mentioned number does not include expert information given by telephone, which was provided directly by specialized sections of the Authority.

In the year 2006 no decision was issued in accordance with S. 15 of the Act N. 106/1999 Coll., consequently no appeal was lodged against the decision. No proceedings to impose sanctions on the Authority were commenced for non-compliance with this Act.

3. Security, economic and personnel organization of the Authority

3.1. Security organization of the Authority

In the year 2006 the protection of classified information within the Authority, safeguarding of internal security and physical protection were provided by the Security and Crisis Management Department headed by the director of the Authority. At the end of the year organizational measures have been implemented to achieve higher effectiveness of these activities and organizational changes were prepared to strengthen security organization of the Authority. As from 1 January 2007 the protection of classified information of the Authority will be strengthened personally and the physical protection will be incorporated into operational sections of the Authority. In addition, the co-operation with the Police of the Czech Republic will be strengthened in this area.

3.1.1. Physical protection of the Authority

In the year 2006 security systems were extended in accordance with requirements resulting from activities of the Authority and according to needs of organizational units of the Authority.

A waiting room for applicants for issuance of public instruments was built in order to increase the comfort for clients of the Authority. The waiting room is equipped with a standard camera system with outputs monitored by a security service of the Police of the Czech Republic.

3.1.2. Internal inspections

In accordance with an Inspections plan for the year 2006 internal inspections were aimed at protection of classified information by employees of the Authority. Inspections, which took place during and after duty hours, were aimed at all sections of the Authority and at all employees.

Inspections were aimed in particular at the following:

- ☐ safeguarding of workplaces during short-term and long-term absence of an employee;
- ☐ storage of office and workplace keys;
- ☐ safeguarding of classified documents and documents;
- ☐ safeguarding of computer technique;
- ☐ safeguarding of safes and lockable containers;
- ☐ handling and storage of registered stamps of the Authority;
- ☐ handling of weapons and ammunition.

In the year 2006 six inspections were carried in total by the Authority of storage of classified information by employees of the Authority during which no failures was discovered. No failures were also found in areas of archives and storage facilities where safeguarding of documents was controlled.

The storage and state of weapons of designated employees of the Authority corresponded with determined requirements, and during inspections aimed at this area no failure was spotted.

3.1.3. Security clearance procedures with respect to employees of the Authority

As of 1 January 2006 security clearance vetting procedures initiated on the basis of applications submitted by employees of the Authority and by job applicants for employment in the Authority are being carried out according to the Act N. 412/2005 Coll. In the year 2006

55 individuals were issued with a Personnel Security Clearance and 43 individuals with a Personnel Security Clearance for a foreign power on the basis of security clearance procedure carried out by the Security and Crisis Management Department.

3.2. Security archive of the Authority

A Security archive was established in the year 2006, which has subsequently been accredited according to the Act N. 499/2004 Coll., regulating records archive and documents service, and altering some other laws, as amended. The Security archive selects archival documents in procedure directed to a safe destruction of official documents. It shall be in charge of classified archival documents, which it keeps on basic files of the National Archival Inheritance. Non-classified archival documents resulting from activities will be handed over by the Authority to the National Archive for permanent deposition.

3.3. Economic support and supplies of the Authority

Concerning economics the Authority has been detached from the Ministry of the Interior of the Czech Republic on 1 November 1998, that is by its formation under the Act N. 412/2005 Coll. as a separate chapter of the state budget “308”. Nevertheless, the Authority could operate independently only after mid-year 2001, when it has been moved to the new locality.

The budget for the year 2006 was affected substantially by the newly adopted Act N. 412/2005 Coll., on the basis of which the increase occurred in the chapter by 30,201 thousands CZK. New activities under the Act were financed from the above mentioned increase, such as coverage of experts’ fees, reimbursement of witness fees, further it was necessary to carry out alterations and renewals of administrative areas, security and information systems, but, in particular, coverage of wage funds and statutory payroll taxes for 25 new posts.

In the year 2006 incomes were not budgeted because these were only contingent incomes amounting 578 thousands CZK.

Approved budget expenditures for the year 2006 amounted in total 285,263 thousands CZK already after increase and were drawn on in the amount of 269,050 thousands CZK, that is 94,32%. The greatest volume of current expenses were, as every year, wage expenses and statutory payments, which amounted 67% in total. Remaining 33% cover payments in the area of energy, necessary services and purchases to provide activities of the Authority.

Budget for capital outlays for the year 2006 was approved after modifications to the extent of 38,000 thousands CZK and it was drawn on in the amount of 99,54%, which is 37,827 thousands CZK.

The research and development were financed to the full extent from the state budget appropriations amounting 27,712 thousands CZK and 82,12% were used, that is 22,757 thousands CZK. Within the frame of contractual obligations made with external investigators

17,250 thousands CZK were drawn on for special-purpose research projects, and within the frame of institutional means, which the Authority uses for the needs of its own research, 5,508 thousands CZK were drawn on. Two projects with the highest appropriation 8,535 thousands CZK in total, which is 50% from the total volume of special-purpose means, were verified within the frame of public administration control, in accordance with the Act N. 320/2001 Coll., on Financial Control and on Amendments to Relevant Legislation, as amended (Financial Control Act).

All means determined for financing of the Authority, consequently for supporting activities resulting from the Act N. 412/2005 Coll., undergone an advance and running checks in accordance with the Financial Control Act. In the case of selected financial operations also subsequent sectional checks were made.

3.4. Personal organization of the Authority

As of 1 January 2006 there were 310 established positions in the Authority.

The Authority puts every effort to fill the posts with qualified and capable employees with corresponding professional experience who will simultaneously meet requirements of the security clearance procedure. Unfortunately, in the area of information technology and cryptology staffing the positions by suitable experts does not succeed, because the reward system for the state administration cannot compete with possibilities in the commercial sphere.

A great deal of employees of the Authority were involved in carrying out security clearance procedures – it was a case of nearly 49% of all employees. At the end of the year 147 women and 155 men were in employment in the Authority. The average age of employees of the Authority was 42 years. 60% of employees have university education.

A system of current training of employees is established in the Authority. It has recently been aimed at the training of selected officials in connection with the preparations of the Czech Republic for the membership in the Council of the EU. In the year 2006 the attention was paid also to language education and passing language examinations, in accordance with appropriate government resolution. Eight employees passed language examinations in English at the first and second levels, 90 employees in total took part in language courses. In the light of expanding co-operation with foreign partners in particular in the technical area the Authority will continue to organize language education of its employees.

In the year 2006 basic managerial studies were conducted for chief officers on themes personality and professional role of an employee, effective managerial communication, teams building and further subsequent managerial studies of presentation skills and management according to goals. Participants evaluated managerial studies very well with optimum utilization in practice.

Possibility of education of employees is one of motivation elements used by the Authority.

CONTENT

1. Introduction.....	2
2. Activities of the Authority.....	2
2.1. Legislative and legal activities.....	2
2.1.1. External legislative activities	2
2.1.2. Internal legislative activities	3
2.1.3. Legal activities	3
2.2. International co-operation of the Authority	5
2.2.1. International agreements	5
2.2.1.1 <i>Evaluation of negotiation agreements on the protection of</i> <i>classified information for the year 2006</i>	<i>5</i>
2.2.1.2 <i>Other agreements on the protection of classified information.....</i>	<i>6</i>
2.2.1.3 <i>Forward study for the year 2007.....</i>	<i>7</i>
2.2.2. Activities resulting from the membership of the Czech Republic in NATO and EU	7
2.3. Personnel security	7
2.3.1. Statistics	9
2.3.2. Analysis of reasons to deny a Personnel Security Clearance.....	10
2.3.3. Personnel project.....	10
2.4. Security eligibility.....	11
2.4.1. Statistics	13
2.4.2. Analysis of reasons to deny a certificate.....	13
2.5. Industrial security	14
2.5.1. Security clearance procedure in the matter of the application of the facility	14
2.5.2. Statistics	15
2.5.3. Analysis of reasons to deny the FSC.....	15
2.6. Security of information and communications systems and cryptographic protection	16
2.6.1. Certification and accreditation activities.....	16

2.6.1.1	<i>Certification and accreditation of information systems</i>	17
2.6.1.2	<i>Certification of cryptographic devices</i>	18
2.6.1.3	<i>Certification of cryptographic sites</i>	19
2.6.1.4	<i>Certification of screened chambers</i>	19
2.6.2.	Other expert activities	19
2.6.2.1	<i>Measurement of compromising emissions (TEMPEST)</i>	19
2.6.2.2	<i>Approval of communication systems security projects</i>	20
2.6.2.3	<i>Training of cryptographic protection staff and specific specialist competence examinations</i>	21
2.6.3.	Problem areas of security of information systems and of the cryptographic protection	21
2.7.	Administrative and physical security, the Central Register	22
2.7.1.	Administrative security	22
2.7.1.1	<i>Problem areas of the administrative security</i>	22
2.7.2.	Physical security.....	23
2.7.2.1	<i>Statistics</i>	23
2.7.3.	Central Registry	24
2.8.	Remedial measures.....	24
2.8.1.	Statistics	25
2.8.1.1	<i>Complaints filed according to the Act N. 148/1998 Coll.</i>	25
2.8.1.2	<i>Remonstrances filed according to the Act N. 412/2005 Coll.</i>	26
2.9.	Research and development activities of the Authority	27
2.9.1.	Research and development goals and organization	27
2.9.2.	Actual research and development within the Authority.....	28
2.10.	Performance of the state supervision	28
2.10.1.	Inspections in the year 2006.....	29
2.10.2.	Knowledge obtained in performance of the state supervision	31
2.11.	Methodical activities of the Authority	32

2.11.1. Methodical activities in the area of the security clearance procedure .	33
2.12. The Bulletin of the Authority and websites of the Authority	34
2.12.1. The Bulletin of the Authority	34
2.12.2. Websites of the Authority	34
2.13. Providing of information according to the Act N. 106/1999 Coll.....	35
3. Security, economic and personnel organization of the Authority	35
3.1. Security organization of the Authority.....	35
3.1.1. Physical protection of the Authority	36
3.1.2. Internal inspections	36
3.1.3. Security clearance procedures with respect to employees of the Authority	36
3.2. Security archive of the Authority	37
3.3. Economic support and supplies of the Authority	37
3.4. Personal organization of the Authority	38