



(U) IC IG FY2014 - 001

(U) 1 April 2013 - 30 September 2013

(U) SEMIANNUAL REPORT TO THE DIRECTOR OF NATIONAL INTELLIGENCE

(U) OFFICE OF THE INSPECTOR GENERAL
OF THE INTELLIGENCE COMMUNITY

I. Charles McCullough, III
Inspector General of the Intelligence Community

(U) Mission

(U) We conduct independent and objective audits, inspections, investigations, and reviews to promote economy, efficiency, effectiveness, and integration across the Intelligence Community.

(U) Vision

(U) Speak truth; enable excellence in management and accountability.

(U) Core Values

(U) *Integrity:* We are honest, trustworthy, accountable for our actions, and committed to fulfilling our mission.

(U) *Professionalism:* We hold ourselves to the highest standards of technical proficiency and treat others with courtesy and respect.

(U) *Independence:* We conduct our mission free of external influence and provide objective assessments, advice, and conclusions regardless of political or personal consequence.

(U) Diversity

(U) The Office of the Inspector General of the Intelligence Community (IC IG) promotes diversity in all aspects of our mission as a key to our success. Our professional and innovative culture demonstrates the value we place in having a diverse workforce. This is true with our hiring and promotion practices, as well as our efforts to support current IC IG staff who wish to develop or enhance their current skill sets by learning a new IG discipline or participating in a Joint Duty assignment. Our commitment to diversity ensures that we maintain an equitable working environment and can fully leverage the varied IG expertise and Intelligence Community backgrounds of our staff.

(U) A Message from the Inspector General



(U) I am pleased to provide this summary of the activities of the Office of the Inspector General of the Intelligence Community (IC IG) for the period of 1 April 2013 through 30 September 2013. This report is submitted pursuant to Section 103H of the National

Security Act of 1947, as amended.

(U) On September 9, 2013, we moved from CIA's Headquarters to a facility in Reston, VA. This move significantly increased our available workspaces and brought our organization together in one office suite for the very first time. We are extremely pleased with our new environment.

(U//~~FOUO~~) During this reporting period we:

- completed four audits: the Study of Electronic Waste Practices within the IC, the Fiscal Year 2012 Improper Payments Elimination and Recovery Act (IPERA) review, a follow-up Assessment of the Auditability Plans for the CIA, DIA, NSA, NGA and ODNI, and an Audit of Internal Controls over the ODNI payroll;
- completed two inspections of ODNI components: the Office of Program Manager, Information Sharing Environment; and the Office of the Assistant Director of National Intelligence for Policy and Strategy;
- completed work on 37 investigation cases of which 19 were substantiated;
- completed a joint IG review of the disciplinary processes and the disciplinary actions taken in response to Intelligence Community Office of Inspector General Reports from FY 2009 through FY 2012; and

- completed a limited, focused evaluation of the NCTC quality assurance process to ascertain whether nominations contain sufficient information for watchlisting of United States Persons.

(U//~~FOUO~~) We are currently drafting the ODNI's FY 2013 Federal Information Security Management Act of 2002 (FISMA) Capstone and ODNI reports, and we are performing the ODNI's FY 2013 IPERA review; 2 component inspections; and 3 Intelligence Oversight reviews.

(U//~~FOUO~~) We continue to foster integration and collaboration among the IC Offices of Inspector General (IC OIGs) by:

- leading the statutory IC IG Forum and the Forum's Audit, Inspections, Investigations, Counsel and the newly established Management and Administration committees;
- hiring an Executive Director for Intelligence Community Whistleblowing and Source Protection;
- implementing a Peer Review program among and in coordination with the IC OIGs; and
- liaising with the Council of Inspectors General on Integrity and Efficiency.

(U) I credit our hard-working personnel for these accomplishments and ongoing efforts. I very much appreciate the steadfast support I have received from the DNI, the Administration, and the Congressional Intelligence Committees and remain committed to the highest standards of professionalism, objectivity, independence, and integrity.

I. Charles McCullough, III

Inspector General of the Intelligence Community

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I. (U) Statutory Reporting Requirements

A. (U) Standards

(U) All audits are carried out in accordance with generally accepted government auditing standards. All inspection and investigation activities conform to standards adopted by the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

B. (U) Certification of Full and Direct Access

(U) The IC IG had full and direct access to all information relevant to the performance of his duties.

C. (U) Subpoena Authority

(U) During this reporting period the IC IG issued no subpoenas.

D. (U) Legislative Proposals

(U) During this reporting period, the IG did not make any additional legislative proposals. However, the IG remained engaged with the congressional oversight committees on previous IC IG proposals to enhance IC IG personnel authorities, budget authorities, and protection of IG materials.

E. (U) Status of Recommendations

(U) Appendix G provides an update on the status of IC IG recommendations. Each recommendation listed outlines the Office of the Director of National Intelligence (ODNI) component or Intelligence Community (IC) element responsible for the necessary corrective actions and whether or not the corrective action has been fully implemented. Where corrective action has been completed, a description of that corrective action is provided.

II. (U) Overview

A. (U) Organization

(U) The Intelligence Authorization Act (IAA) for FY 2010 established the IC IG with the authority to initiate and conduct independent audits, inspections, investigations, and reviews of programs and activities within the responsibility and authority of the DNI. The IC IG promotes economy, efficiency, and effectiveness in the administration and implementation of such programs and activities and prevents and detects fraud, waste, and abuse. The broad authority of the IAA allows the IC IG to identify and investigate systemic IC issues that impact the DNI's ability to achieve intelligence integration. In addition, the IC IG provides leadership and coordination to other IC Inspectors General through the Intelligence Community Inspectors General Forum (IC IG Forum), which was also established by the IAA for FY 2010.

(U) The IC IG is composed of the IG, the Deputy IG, the Counsel to the IG, and the Assistant Inspectors General (AIGs) for Audit, Investigations, Inspections, Management and Administration (M&A), a Senior Advisor on Intelligence Oversight (IO) and program managers for Whistleblowing and Source Protection and IG Community Standards. The office's principal operating divisions are Audit, Inspections, and Investigations. The Senior Advisor on IO provides reviews of intelligence activities, either within the ODNI or across IC organizations, to ensure that such activities are authorized and conducted lawfully. The M&A Division and the Counsel's Office provide enabling support to the operational divisions and the IC IG Front Office. The Executive Directors for Intelligence Community Whistleblowing and Source Protection and IG Community Standards support the IC IG Forum.

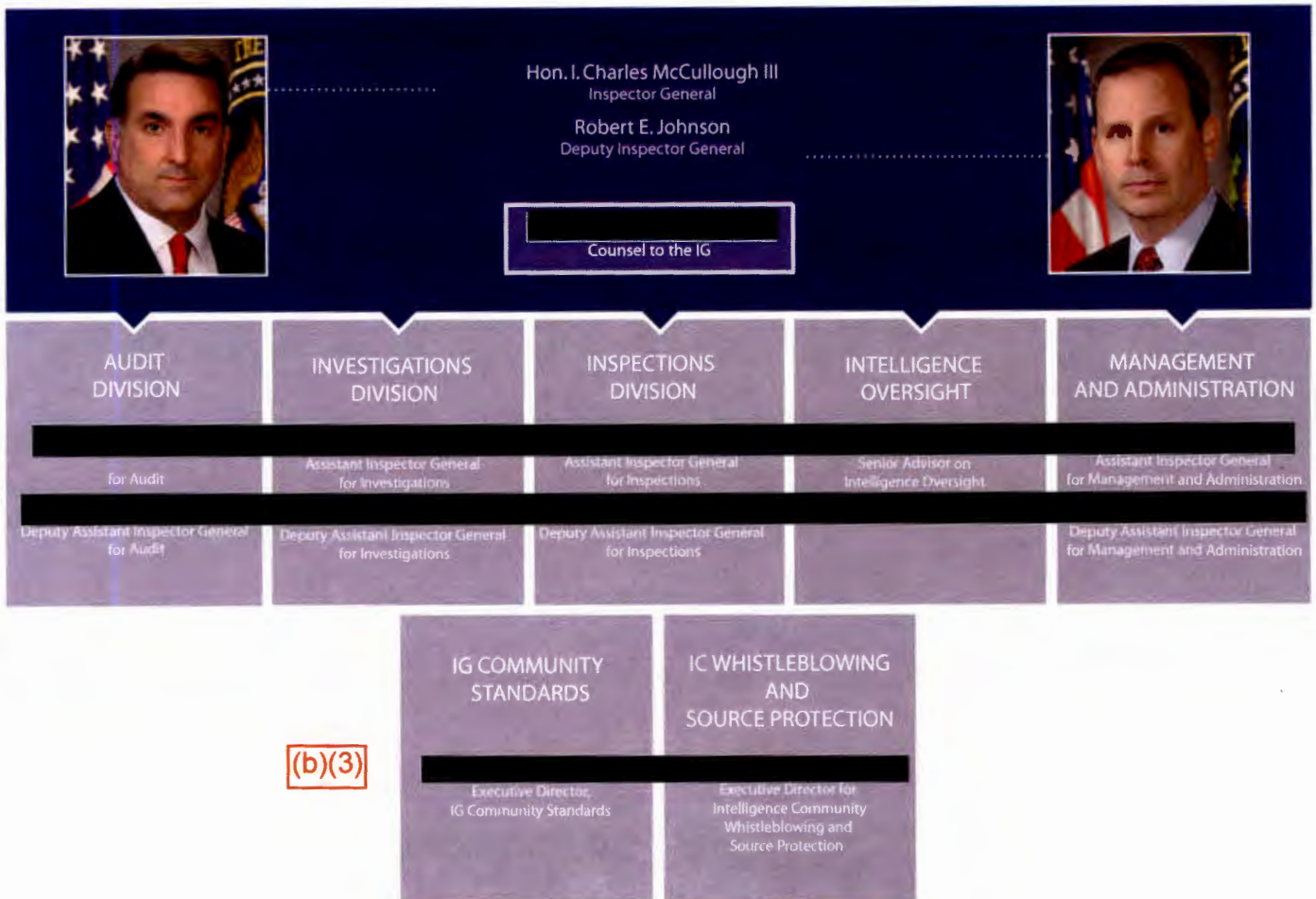


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B. (U) Personnel

(U//~~FOUO~~) The IC IG is authorized a total staffing complement of [redacted] positions. The table below shows positions by division and office. Filled positions, as of 30 September 2013, reflect [redacted] full-time, [redacted].

(U) The IC IG is composed of a mixture of ODNI cadre, rotational employees on Joint Duty Assignments, and contractors who provide subject matter expertise. The following figures summarize the breakdown of the IC IG staff by category.

(U//~~FOUO~~) IC IG Position Allocation

| | Audit | Investigations | Inspections | IO | M&A | Counsel | Forum | Leadership | Total |
|------------|------------|----------------|-------------|------------|------------|------------|------------|------------|------------|
| Full-time | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| Part-time | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| Total | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| Vacancies | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| Contractor | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |

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(U//~~FOUO~~) Figure A: Current IC IG Membership

Cadre
Rotational
Contractors



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(U//~~FOUO~~) Figure B: Rotational Detailee Organization



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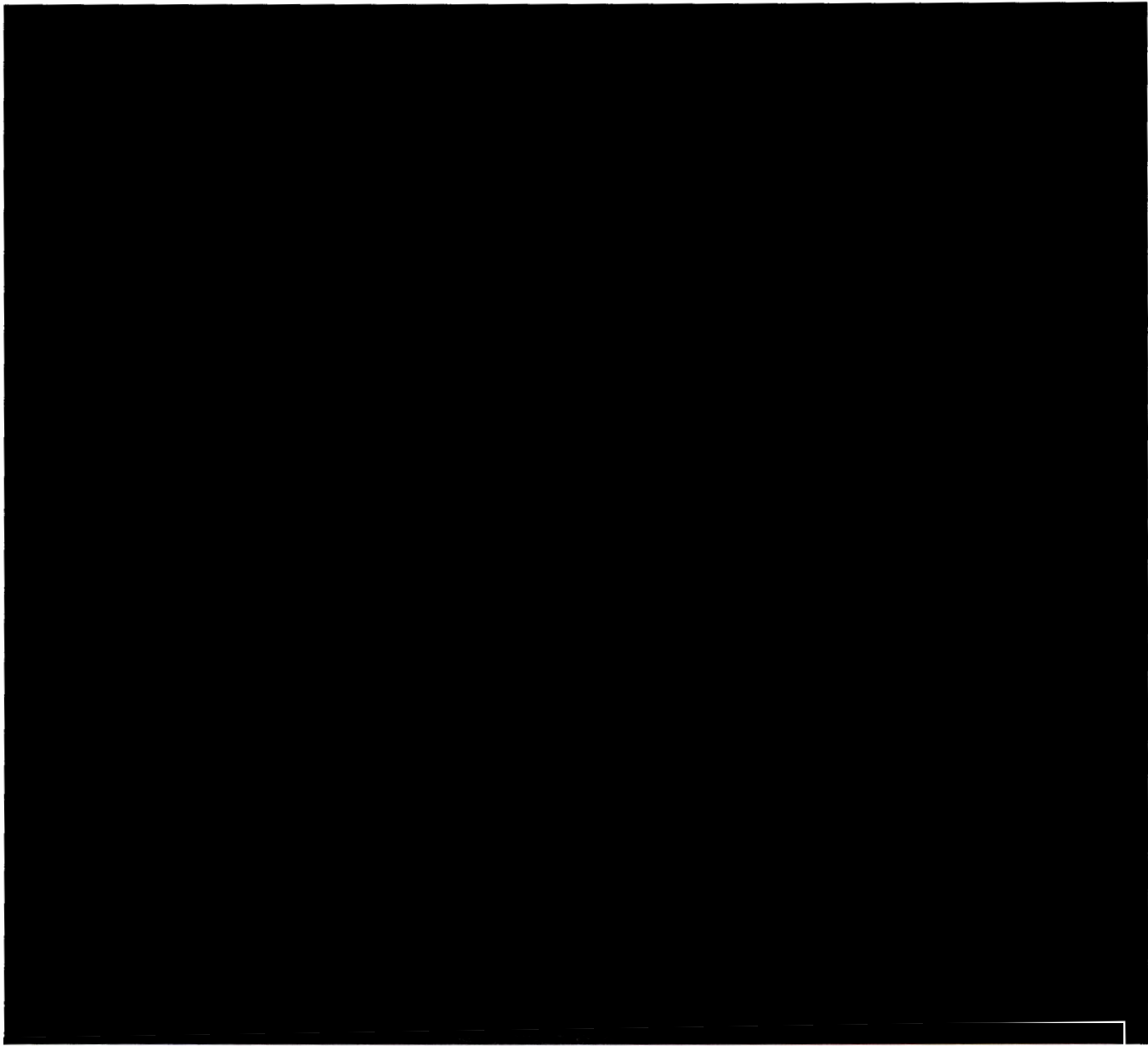


C. (U) Funding

(U//~~FOUO~~) The ODNI provided adequate funding for the IC IG mission during this reporting period. Our budget covered personnel services and general support requirements such as travel, training, equipment, supplies, information technology support, and office automation requirements.

The IC IG requested and the DNI supported an increase in IC IG personnel for Fiscal Year 2014. The requested increase in staffing will assist the IC IG in keeping pace with increasing mission requirements.

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III. (U) Planning

A. (U) Strategic Planning

(U) The IC IG's main goal is to implement our IC-wide mission of integration. Specifically identifying cross-IC best practices, collaborating on IC-wide audits and reviews, and establishing Peer Review and Whistleblowing and Source Protection programs.

(U) This goal and associated objectives reflect our mission, vision, and integration across the IC, while enabling excellence in management and accountability. We have established timelines to achieve those goals, updated our work planning process to ensure the most efficient and effective allocation of IC IG resources to best meet mission requirements, and required all IC IG officers to create performance plans to meet the needs of both the individual and the IC IG.

B. (U) Annual Planning

(U) We published our work plan for Audits and Inspections for FY 2014. The plan provides for broad coverage of issues of continuing importance to the DNI and IC as a whole.

(U) To identify relevant and timely topics, we obtained input from ODNI leadership and senior staff as well as fellow IGs from the IC IG Forum. We also considered the National Intelligence Strategy, congressional reports, and the results of our IC-wide and component efforts.

(U) In FY 2014, we are focusing our efforts on improving efficiency and effectiveness in critical areas for the ODNI and the IC, such as:

- Financial Management and Administration
- Procurement and Contracting
- Information Management and Technology

IV. (U) Congressional Engagements

A. (U) Briefings

(U) Pursuant to section 103H of the National Security Act of 1947, as amended, the IG has a statutory obligation to ensure that the congressional oversight committees are kept fully and currently informed of significant problems and deficiencies within the programs and activities of the DNI. During this reporting period, the IG, Deputy IG, and each of the AIGs briefed the congressional oversight committees on several critical IC IG investigations, reviews, and audits regarding crimes reporting, IC financial auditability, and IC IG budget and resource planning.

(U) In addition, the IC IG was joined by the IGs from the Department of Justice, Department of Homeland Security, and the Central Intelligence Agency in examining the information available to the U.S. Government before the Boston bombings and the information sharing protocols and procedures followed between and among the intelligence and law enforcement agencies. The IC IG Counsel facilitated several joint congressional briefings and congressional notifications related to this matter. These engagements and notifications ensured that the congressional oversight committees for each of the IGs were well informed of the progress of this critical review.

B. (U) Legislation Impacting the IC IG

(U) During this reporting period, the IC IG reviewed several congressional proposals impacting the IC IG mission including enhanced oversight of Foreign Intelligence Surveillance Act (FISA) and USA PATRIOT Act authorities, Cyber information sharing, and IG authorities. The IC IG Legislative Counsel tracked each proposed bill and analyzed the impact to the IC IG mission and statutory authorities. In addition, the IC IG Legislative Counsel engaged with congressional committees on enacted legislation and other reviews of interest, including the Improper Payments Elimination and Recovery Act of 2010, the FISA Amendments Act of 2008, and the Reducing Over-Classification Act of 2010.

V. (U) Audit Division

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(U) The IC IG Audit Division (Audit) conducts program, compliance, and financial audits and evaluations of ODNI and IC programs related to information technology, procurement, acquisitions, internal controls, financial statements, and financial management.

(U) During this reporting period, Audit completed 4 projects and issued reports containing 16 recommendations to strengthen internal controls over financial management and payroll, and 5 recommendations to address electronic waste within the IC. As of 31 March 2013, the Audit staff had four on-going audits.

A. (U) Completed Audits

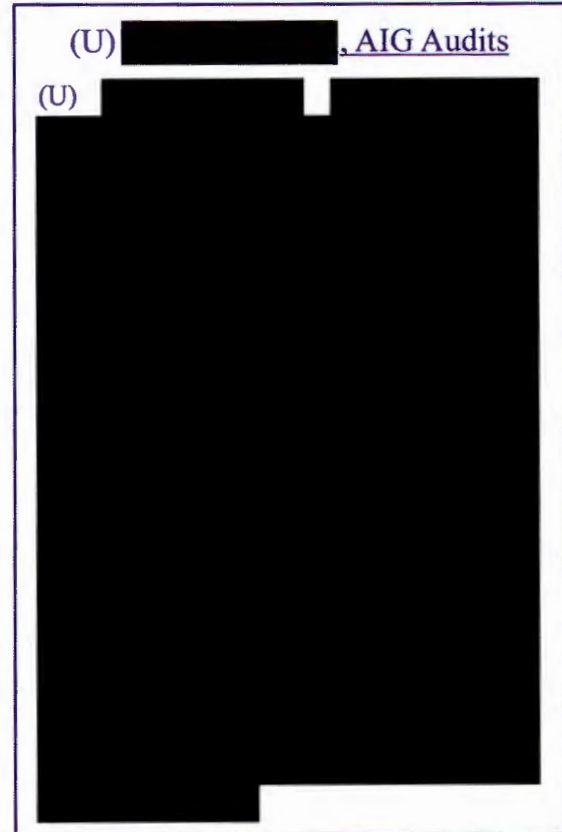
1. (U) *Study of Electronic Waste Disposal Practices in the Intelligence Community*

(AUD-2012-004, April 2013)

(U//~~FOUO~~) Pursuant to section 340 of the IAA for FY 2010, Audit initiated a study of the electronic waste disposal practices of the largest IC elements with exclusively intelligence-related missions. This study was a joint effort with participation from CIA, DIA, NGA, NRO, and NSA OIGs. The study had two objectives:

1. To identify and assess the security of electronic waste disposal practices in the IC, including the potential for counterintelligence exploitation; and
2. To identify methods to improve the security of disposal practices, including steps to prevent the forensic exploitation of electronic waste.

(U) The report contained five recommendations addressed to the Intelligence Community Chief Information Officer (IC CIO) and the National Counterintelligence Executive (NCIX). The recommendations focused on developing policies to ensure Intelligence Community elements uniformly implement National Institute of Standards and Technology (NIST) and Committee on National Security Systems (CNSS) best practices for the disposal of electronic waste. The IC CIO and NCIX concurred with the recommendations.



2. (U) *Review of the Office of the Director of National Intelligence's Fiscal Year 2012 Compliance with the Improper Payments Elimination and Recovery Act (IPERA) of 2010*

(AUD-2013-001, April 2013)

(U) The objective of this review was to determine whether ODNI complied with IPERA requirements for FY 2012. According to Section 3 (a)(3) of IPERA and consistent with Office of Management and Budget (OMB) Circular No. A-123, "compliance" with IPERA means that the agency has:

- Published a Performance and Accountability Report (PAR) or Agency Financial Report (AFR) for the most recent fiscal year and posted that

report and any accompanying materials required by OMB on the agency website.

- Conducted a program-specific risk assessment for each program or activity (if required).
- Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required).
- Published programmatic corrective action plans in the PAR or AFR (if required).
- Published, and has met, annual reduction targets for each program assessed to be at risk and measured for improper payments.
- Reported a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the PAR or AFR.
- Reported information on its efforts to recapture improper payments.

(U//~~FOUO~~) We found the ODNI has taken actions to improve compliance with IPERA. However, we determined that ODNI improper payments exceeded the \$10 million threshold in FY 2012. As a result, ODNI did not follow OMB guidance on IPERA reporting and was not in compliance with IPERA.

(U) We recommended the Chief Management Officer develop and implement a corrective action plan. In addition, we recommended that the Chief Financial Executive develop a process, policy, and training program to ensure that invoices approved for payment are supported properly with sufficient documentation.

3. (U) 2013 Congressionally Directed Action (CDA) to Perform a Follow-up Assessment of the Auditability Plans for CIA, DIA, NSA, NGA, and ODNI

(AUD-2013-004, September 2013)

(U) The IC IG conducted this assessment in response to a CDA in the Classified Annex of the Intelligence Authorization Act for FY 2013. The CDA required

the IC IG to perform a follow-up review using the same terms of reference specified in the FY 2011 Act: to assess the soundness and likely success of each auditability plan to achieve full auditability by FY 2016.

(U//~~FOUO~~) We found that IC elements have shown some progress in improving their corrective action plans (CAPs) and audit readiness strategies to achieve an unqualified opinion on their FY 2016 financial statements. While the current CAPs and audit strategies incorporate project management elements and strategic focus the Government Accountability Office (GAO) recommends as vital for entities to achieve an unqualified opinion, IC elements continued to report long-standing weaknesses in the areas of Fund Balance with Treasury, Property, Plant & Equipment, and Financial Systems. As a result, we still have no reasonable assurance that these IC elements will achieve an unqualified opinion on their FY 2016 financial statements.

4. (U) Audit of the Internal Controls over the Office of the Director of National Intelligence's Payroll

(AUD-2013-005, September 2013)

(U//~~FOUO~~) The objectives of this audit were to determine whether:

- ODNI has designed and implemented internal controls to provide reasonable assurance that payroll activity is completely and accurately recorded in the accounting system.
- ODNI has designed and implemented internal controls to provide reasonable assurance that payroll activity and related disclosures are presented in the ODNI's financial statements in accordance with Department of Treasury and Office of Management and Budget form and content requirements.
- ODNI has designed and implemented internal controls to provide reasonable assurance that the ODNI is in compliance with relevant laws and regulations.

(U) We did not find any instances of non-compliance with select provisions of relevant laws and regulations. However, ODNI did not have internal controls in place to provide reasonable assurance that payroll activity was completely and accurately recorded in the accounting system or fairly presented in financial statements. We found that:

- ODNI did not maintain adequate supporting documentation for the compensation rates of CIA employees detailed into ODNI.
- ODNI did not maintain adequate supporting documentation for deductions related to the Federal Employees' Group Life Insurance (FEGLI) Program for ODNI Cadre employees.
- ODNI was not seeking prompt reimbursement of salary and benefits paid for ODNI employees detailed out to other agencies.
- ODNI made payments for the reimbursement of salaries and benefits of employees detailed into ODNI without obtaining and reviewing sufficient supporting documentation.

(U) We made eight recommendations to enhance internal controls over supporting, recording, and reporting ODNI payroll activity. ODNI management concurred with our recommendations.

B. (U) Ongoing Audits

1. (U) Fiscal Year 2013 Independent Evaluation of ODNI Compliance with the Federal Information Security Management Act (FISMA) of 2002

(AUD-2013-003)

(U) The Federal Information Security Management Act of 2002 (FISMA), which is Title III of the E-Government Act of 2002, requires the agency OIG, or an independent external auditor, perform an annual independent evaluation of the agency's information security program and practices.

(U) The objective of this evaluation is to determine

the adequacy of the information security program and practices for the ODNI's internal operations. In addition, we will follow-up on steps taken to address recommendations made in the FY 2012 FISMA Report.

(U) We will issue our report by the end of calendar year (CY) 2013.

2. (U) Review of the Office of the Director of National Intelligence's Fiscal Year 2013 Compliance with the Improper Payments Elimination and Recovery Act (IPERA) of 2010.

(AUD-2013-006)

(U) IPERA requires agencies to identify and estimate improper payments and to take into account those risk factors that are likely to contribute to significant improper payments. In addition, IPERA requires agencies to conduct payment recapture audits with respect to each program and activity that expends \$1 million or more annually, if conducting such audits would be cost-effective, and it requires agencies to report on the actions taken to recover improper payments.

(U) IPERA requires the IG of the agency to perform an annual "compliance review" to determine whether or not the agency is in compliance with IPERA. Pursuant to this statutory requirement, Audit is conducting the IPERA review for ODNI. To that end, Audit is following OMB Circular No. A-123 guidance to review the ODNI's improper payment reporting contained in the FY 2012 Annual Financial Report and accompanying materials to determine if ODNI is in compliance with IPERA.

(U) We will issue our report by the March 2014 due date.

3. (U) *Fiscal Year 2013 Consolidated Federal Information Security Management Act (FISMA) of 2002 Capstone Report for the Intelligence Community Elements' Inspectors General*

(AUD-2013-007)

(U//~~FOUO~~) The objective of this evaluation is to collect and summarize the FY 2013 FISMA report submissions from the OIGs for the IC elements operating or exercising control of national security systems. This evaluation will summarize 11 IC elements' information security program strengths and weaknesses, identify the cause of the weaknesses in these programs, if noted by the respective OIGs, and provide a brief summary of the recommendations made for IC information security programs based on our review of the OIG reports. To perform this evaluation, we will apply the Department of Homeland Security FY 2013 IG FISMA metrics for 11 information security program areas. These 11 information security program areas include:

1. Continuous Monitoring Management
2. Security Configuration Management
3. Identity and Access Management
4. Incident Response and Reporting
5. Risk Management
6. Security Training
7. Plan of Action and Milestones
8. Remote Access Management
9. Contingency Planning
10. Contractor Systems
11. Security Capital Planning

(U) We will issue our report by the end of CY 2013.

4. (U) *Evaluation of the Implementation of the "Reducing Over-Classification Act" by the ODNI*

(AUD-2012-009)

(U) This evaluation has been temporarily suspended pending the availability of audit staff.

(U) The reducing Over-Classification Act (the Act) of 2010 requires the IG of each U.S. Government department or agency with an officer or employee who is authorized to make original classification decisions to conduct two evaluations of that department, agency, or component. The first evaluation was due by 30 September 2013, and the second is due in 2016. Specific objectives identified by the act are to:

- Assess whether applicable classification policies, procedures, rules and regulations have been adopted, followed and effectively administered; and
- Identify policies, procedures, rules, regulations, or management practices that may be contributing to persistent misclassification of material.

(U) The evaluation focuses on implementation of the Act by the ODNI.

VI. (U) Inspections Division

(U) The IC IG Inspections Division (INS) conducts inspections, reviews, and evaluations to improve ODNI and IC-wide performance and integration. The division examines information access, collaboration, collection, and analysis; IC programs and issues; and compliance with laws and regulations.

(U) INS also encourages the use of the IC IG Complaint Intake Process, or Hotline, as a confidential and reliable source for IC employees and contractors to report fraud, waste, and abuse.

(U//~~FOUO~~) During this reporting period, INS completed two Special Review Inspections. Special Reviews are accelerated assessments that use questionnaires and data call responses with limited interviews of component staff.

The inspections covered four primary areas:

1. Mission performance
2. Management effectiveness
3. Resource management
4. Enterprise oversight

(U//~~FOUO~~) As of 30 September 2013, INS had two ongoing Special Reviews

A. (U) Completed Inspections

1. (U) Office of the Program Manager, Information Sharing Environment (PM-ISE)

(INS-2013-002, June 2013)

(U//~~FOUO~~) This Special Review inspection occurred during the period of February-April 2013. We validated challenges in the following areas:

- PM-ISE's contract oversight process required modification to fully comply with Federal requirements,
- there was a lack of technical support to install a

(U) [REDACTED], AIG Inspections

(U) [REDACTED]

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customer relationship management software tool acquired in 2012, and

- an implementation fund supporting information sharing projects to accelerate government-wide information sharing was not adequately addressed in the Community Management Account (CMA) Congressional Budget Justification Book for proper transparency and oversight.

We observed and reported the following:

- PM-ISE's focus appeared overly broad;
- there was a lack of full compliance with ODNI policies and procedures;
- some existing contracts might not ensure best value for the Government;
- contractor activities may fall within functions

defined in OMB (OFPP) Policy Letter 11-01;

- some participants perceived aspects of the work environment were not conducive to a positive, effective, and efficient work place (PM-ISE was implementing corrective actions during our review);
- there were fewer detailees than ODNI staffing policy recommends; and
- there was a relatively high number of Senior National Intelligence Service officers.

(U) We noted as commendable PM-ISE's relatively high number of assigned Wounded Warrior Internship Program interns.

2. (U) Office of the Assistant Director of National Intelligence for Policy & Strategy (P&S)

(INS-2013-003, August 2013)

(U//~~FOUO~~) This Special Review inspection was conducted during the period of April through May 2013. The review coincided with a change in P&S office leadership, thereby affording timely and relevant input to the incoming Director of P&S. We validated challenges regarding out-of-date IC policies and ODNI temporary duty spending policy needing clarification for officers on Joint Duty Assignment. We observed and reported the following:

- a cost advantageous alternative to P&S local transportation practices may exist;
- P&S oversight of Sensitive Compartmented Information below the compartment level should be considered;
- some functions performed by contractors require enhanced controls;
- internal IT improvements should be considered to aid P&S's use of a network maintained by the National Security Council;
- the P&S website can be further improved;

- the workforce had concerns about IT reliability; and
- there was one instance of non-compliance with Leave Without Pay policy.

(U) We noted as commendable the following:

- P&S' effective administration of the Galileo Awards and Galileo Pilot Programs that promote IC innovation,
- the positive work environment, and
- P&S' role in the efficient transition of the National Intelligence Emergency Management Agency (NIEMA) from P&S to the ODNI Mission Support Division.

B. (U) Ongoing Inspections

1. (U) Office of the Assistant Director of National Intelligence for Acquisition, Technology & Facilities (AT&F)

(INS-2013-004)

(U//~~FOUO~~) INS is currently conducting a Special Review of the ODNI AT&F Office. We will issue our report during the first quarter of FY 2014.

2. (U) Intelligence Community Equal Employment Opportunity & Diversity Office (EEOD)

(INS-2013-005)

(U//~~FOUO~~) INS is currently conducting a Special Review of the ODNI EEOD Office. We will issue our report during the second quarter of FY 2014.

VII. (U) Investigations Division

(U) The IC IG Investigations Division (INV) investigates allegations of violations of criminal and civil laws and administrative regulations arising from the conduct of IC and ODNI employees and contractors. INV has unique authority to investigate programs and activities across the IC within the responsibility and authority of the DNI. INV also plays a principal role in conducting IC-wide administrative investigations into unauthorized disclosures of classified information.

(U//~~FOUO~~) During this reporting period, INV conducted 49 investigations (24 new and 25 carried over) of which 37 were closed. Of the 37 closed investigations, 19 were substantiated and involved violations such as labor mischarging, employee misconduct and misuse of government equipment. Of the 19 substantiated investigations, 18 were labor mischarging cases that resulted in an estimated \$1,106,703 in potential recoveries for the Government. As of 30 September 2013, INV had 12 open investigations

A. (U) Completed Reports

Intelligence Community Accountability Review

(Project No. 2012C017, May 2013)

(U) At the request of the Senate Select Committee on Intelligence, we conducted a joint IG review with the Department of Defense Inspector General of the disciplinary processes and the disciplinary actions taken in response to Intelligence Community Office of Inspector General Reports from FY 2009 through FY 2012. The Intelligence Community agencies and elements reviewed included ODNI, DIA, NGA, NRO, NSA. The review addressed the following objectives:

1. Review and report on the disciplinary actions taken in response to substantiated misconduct in Intelligence Community OIG reports from FY 2009 through FY 2012.
2. Review and report on the disciplinary processes in the Intelligence Community Agencies and elements.

(U) We found that the IC Agencies and elements have processes and systems in place to hold intelligence personnel accountable for committing acts of fraud, waste, and abuse, and other acts of misconduct. We also found that the IC Agencies and elements have established governance policies which are generally consistent with the procedural rights established for adverse actions under Title 5 and Title 10, United States Code. However, we identified weaknesses in IC Agency and element policies and/or internal controls

(U) [REDACTED], AIG Investigations

(U) [REDACTED] is the Assistant IG for Investigations for the IC IG. [REDACTED]

and made specific recommendations for each IG Agency or element to update and strengthen governance policies consistent with law and regulation, and to ensure thorough and accurate documentation of disciplinary actions.

(U) We made a total of 13 recommendations: ODNI - 4; DIA - 1; NGA - 1; NRO - 2; NSA-5; all of which focused on updating respective agency/element directives to reflect the recent changes in OIG statutory authorities and improving agency policies governing the disciplinary processes. For example, the ODNI has closed all four recommendations including issuing an implementing instruction for the IC IG, which establishes in internal policy IC IG authorities and responsibilities. The NSA IG has hired an independent IG counsel in accordance with IG statutory authorities. Finally, Director NRO opted to reconsider our recommendation to establish an internal NRO governance policy and plan to clearly define the roles and responsibilities of NRO management officials in the disciplinary process.

B. (U) Select Completed Investigations

(U//~~FOUO~~) INV investigated the following cases and obtained declinations of criminal prosecution from the U.S. Attorney's Office, Eastern District of Virginia.

1. (U) Labor Mischarging

(INV-2011-0021, September 2013)

(U//~~FOUO~~) A contract labor mischarging investigation substantiated that a contractor billed the Government for approximately 8,320 hours of labor that was performed outside of the scope of the contract during an approximate six year period. INV referred the matter to the Head of Contracting Activity for appropriate recovery.

2. (U) Labor Mischarging

(INV-2012-0042, June 2013)

(U//~~FOUO~~) A contract labor mischarging investigation substantiated that a contractor billed the Government for approximately 3,282 hours of labor that was performed outside of the scope of the contract during an approximate seven year period. INV referred the matter to the Head of Contracting Activity for appropriate recovery.

3. (U) Labor Mischarging

(INV-2012-0044, November 2012)

(U//~~FOUO~~) A contract labor mischarging investigation substantiated that a contractor billed the Government for approximately 496 hours of labor that was performed outside of the scope of the contract. INV referred the matter to the Head of Contracting Activity for appropriate recovery.

4. (U) Labor Mischarging

(INV-2012-0062, June 2013)

(U//~~FOUO~~) A contract labor mischarging investigation substantiated that a contractor billed the Government for approximately 455 hours of labor that was performed outside of the scope of the contract during a one year period. INV referred the matter to the Head of Contracting Activity for appropriate recovery.

5. (U) Labor Mischarging

(INV-2013-0010, June 2013)

(U//~~FOUO~~) A contract labor mischarging investigation substantiated that a contractor billed the Government for approximately 1,771 hours of labor that was performed outside of the scope of the contract during a four year period. INV referred the matter to the Head of Contracting Activity for appropriate recovery.

6. (U) Labor Mischarging

(INV-2013-0029, July 2013)

(U//~~FOUO~~) A contract labor mischarging investigation substantiated that a contractor billed the Government for approximately 739 hours of labor that was performed outside of the scope of the contract during a 17 month period. INV referred the matter to the Head of Contracting Activity for appropriate recovery.

7. (U) USERRA Investigation.

(INV-2013-0044, September 2013)

(U) An allegation of violation of the Uniform Services Employment and Reemployment Rights Act (USERRA) was brought against an ODNI supervisor for investigation. An employee alleged that the supervisor harassed and took adverse personnel actions against the complainant in reprisal for serving as an activated member of the Uniformed Services Reserve Component. Upon the completion of the investigation, the IC IG found no violation of USERRA. The case is closed.

8. (U) Labor Mischarging

(INV-2013-0046, June 2013)

(U//~~FOUO~~) A contract labor mischarging investigation substantiated that a contractor billed the Government for approximately 510 hours of labor that was performed outside of the scope of the contract during a one year period. INV referred the matter to the Head of Contracting Activity for appropriate recovery.

9. (U) Employee Misconduct

(INV-2013-0056, June 2013)

(U//~~FOUO~~) INV substantiated that an ODNI Senior Official engaged in Conduct Unbecoming a Federal Employee while on TDY conducting official ODNI

Business. The Senior Official exhibited poor personal judgment that created circumstances which reflected poorly on the ODNI and potentially impaired his ability to perform his duties. INV referred the matter to the ODNI Chief Management Officer.

10. *(U) Failure to Timely Report a Crime*
(INV-2013-0060, September 2013)

(U) We investigated an allegation that a former NRO employee failed to timely report a case of suspected child abuse in late 2009 and early 2010 as required by 42 U.S.C. § 13031; inappropriately closed an ethics investigation in 2010; and, that the process for selecting and re-hiring this former employee was improper. Upon completion of the investigation, the IC IG concluded that these allegations were unsubstantiated.

C. (U) Other Investigative Activities

(U//~~FOUO~~) During this reporting period the Department of Energy OIG contacted INV regarding a contractor employee suspected of producing falsified research results at a national laboratory using IARPA funds. As a result of the DOE OIG investigation in which the IC IG coordinated and facilitated negotiations, IARPA received a credit for \$756,533 fraudulently obtained by the contractor employee. INV is now working with the DOE IG to suspend and debar the contractor employee.

(U//~~FOUO~~) A contractor misconduct investigation substantiated that a contractor employee routinely misused government equipment and systems to engage in inappropriate and prurient Internet chat over an extended period of time. New evidence emerged during the investigation indicating the contractor was attempting to engage in an inappropriate relationship with a minor. INV notified the FBI and coordinated with another Intelligence Community security office to file a crimes report with the appropriate local authorities while simultaneously suspending the contractor employee's clearances and access. The local authorities ensured the safety of the minor, the contractor was subsequently removed from the facility, and the company terminated the employee. INV continues to liaise with and support local officials in their investigation.

D. (U) IC IG Hotline

(U) The Hotline and intake processes provide confidential means for IC employees, contractors, and the public to report fraud, waste, and abuse. The intake process includes secure and commercial Hotline phone numbers, U.S. mail, anonymous secure Web application submissions, and walk-ins. Since the last Semiannual Report to Congress on 31 March 2013, the Hotline received 135 contacts (66 internal contacts and 69 external contacts).

VIII. (U) IC IG Counsel

(U//FOUO) In accordance with Section 103H of the National Security Act of 1947, as amended, the IC IG has a separate Counsel who reports directly to the IG. The IC IG Counsel provides independent, objective, and confidential legal advice on a variety of legal and policy issues that impact the IC IG mission. The Counsel manages three main portfolios: Legal and Policy Reviews, Legislative Reviews, and Congressional Engagements.

A. (U) Legal and Policy Reviews

(U) During this reporting period, the Counsel continued outreach efforts to the IC IG staff, ODNI components, and other IG Counsel counterparts. Because the IC IG has broad statutory authority to identify and review IC-wide issues, the IC IG Counsel worked closely with the respective IG Counsels from the Department of Justice, Department of Homeland Security, and the Central Intelligence Agency regarding the joint review of the Boston Marathon Bombing. This joint review examines the information available to the U.S. Government (USG) before the bombings and the information sharing protocols and procedures followed between and among the intelligence and law enforcement agencies. As such, the IG counsels reviewed the scope and methodology of the review to address any cross-jurisdictional legal issues. In addition, the IC IG Counsel reviewed information requests pertinent to the Boston Review to ensure that the IC IG's access to data was in keeping with its legal authorities.

(U) The IC IG Counsel developed several internal policy instructions that had significant impact on the IC IG mission. For example, the IC IG Counsel worked closely with the ODNI Office of General Counsel (OGC) on the ODNI's internal policy for implementing Presidential Policy Directive-19 (PPD-19), *Protecting Whistleblowers with Access to Classified Information* (10 October 2012), which protects IC employees and USG personnel with access to classified information from reprisal actions for making protected disclosures. Further, the IC IG Counsel developed the IC IG External Review Procedures to support Section C of PPD-19, which allows IC employees and USG personnel to seek a review by a three-IG panel of their reprisal allegations. The IC IG Counsel is coordinating on these policy efforts to ensure that IG equities are protected.

(U) In addition to the PPD-19 IG policy development efforts, the IC IG Counsel developed an ODNI internal

(U) [REDACTED], Counsel to the IC IG

(U) [REDACTED]

policy instruction to ensure that the statutory provisions of the IC IG were fully implemented in ODNI policy. An IG implementing instruction provides pertinent policy guidance to the managers, employees, contractors, and other personnel within an organization on how to interact with the IG. The IC IG Counsel worked closely with ODNI OGC and ODNI Senior Policy Officials to ensure that the IC IG had the necessary DNI delegations of authority, access to pertinent information, and policy authorities to manage IG personnel and resources effectively. These efforts resulted in the DNI signing the IC IG implementing policy instruction on 22 September 2013, which also closes an IC IG and DOD IG recommendation from the joint IC Accountability Review.

(U) To ensure legal sufficiency, the IC IG Counsel worked with the IG, the Deputy IG, the AIGs, and IC IG personnel to review plans, projects, and reports.

B. (U) Legislative Reviews

(U//~~FOUO~~) The IC IG has a statutory obligation to make appropriate recommendations for legislation that promote economy, efficiency, and effectiveness in the administration and implementation of programs and activities within the responsibility and authority of the DNI. During this reporting period, the IC IG reviewed several proposals for the IAA for FY 2014 that were submitted to the intelligence oversight committees for consideration. Working through the IC IG Legislative Counsel, the IC IG Counsel was able to ensure that IC IG equities were considered in proposed legislation.

C. (U) Congressional Engagements

(U) The IC IG has an obligation to ensure that the congressional oversight committees are kept fully and currently informed of significant problems and deficiencies within the programs and activities of the ODNI. Accordingly, the IG tasked the IC IG Counsel to create a robust congressional outreach program. Section IV of this report highlights several engagements with congressional oversight committees during this reporting period.

D. (U) Counsel Special Projects

(U) During this reporting period, the IC IG counsel continued the support of the Presidential Policy Directive-19 (PPD-19), *Protecting Whistleblowers with Access to Classified Information* (10 October 2012), which protects IC and Federal Government employees with access to classified information from reprisal actions for making protected disclosures. In support of PPD-19, the IC IG Counsel facilitated a working group of IG personnel on the legal requirements of the directive. Specifically, PPD-19 requires each agency to develop a policy that allows IC personnel to receive an IG review of personnel actions alleged to have been taken in reprisal for making a protected disclosure. Further, the directive requires each USG agency with personnel that are eligible for access to classified information to include in their respective policies an IG review of any action impacting eligibility

for access to classified information that is alleged to have been taken in reprisal for making a protected disclosure. PPD-19 allows IC personnel and employees with access to classified information to appeal to the IC IG for an external review of the allegations after exhausting the applicable agency review process. Finally, the directive requires the DNI to issue IC-wide policy to ensure that IC personnel are aware of the enhanced protections from reprisal for properly reporting fraud, waste, and abuse.

(U) Through the working group, the IC IG Counsel identified potential issues with PPD-19 implementation including potential infringement on IG independence, conflicts of interest, and IG jurisdictional issues. For example, the IC IG Counsel developed the IC IG External Review Procedures that will allow IC employees and USG personnel to request a panel of three IGs to review their allegations. Further, the IC IG Counsel worked with the National Security Staff Counsel and the ODNI Office of General Counsel on legal issues regarding or related to the overall applicability of PPD-19. These efforts helped to ensure that the required PPD-19 policy changes were implemented within proscribed PPD-19 timeframes. By the end of this reporting period, the majority of agency heads had certified to the DNI that their policies included the necessary IG reviews and were consistent with the requirements of PPD-19.

(U) As PPD-19 implementation proceeds, legal issues will arise surrounding the role of IGs and the policy and statutory protections afforded whistleblowers. The IC IG Counsel will continue to support PPD-19 efforts by working with the IC IG Forum Councils Committee and the newly established IC IG Executive Director for Intelligence Community Whistleblowing & Source Protection.

IX. (U) Intelligence Oversight

(U) The IC IG has established a position of Senior Advisor on Intelligence Oversight (IO) to assess the need for expanding the IC IG IO portfolio. To further this assessment, the Senior Advisor on IO serves as the principal advisor to the IC IG for the independent oversight of intelligence, counterintelligence, and intelligence-related activities in the IC; represents the IC IG, with the assistance of Counsel, to the President's Intelligence Oversight Board; provides advice and guidance on intelligence oversight to other IC IG elements and other IC IO elements; and ensures that intelligence activities performed by IC elements are conducted in compliance with Executive Order 12333, as amended, and with other related Federal laws, Executive Orders, and policies or directives. The Senior Advisor on IO will accomplish these objectives by maintaining liaison and coordination with appropriate IC element oversight organizations and engaging in IC-wide or ODNI-specific IO projects and evaluations.

(U//~~FOUO~~) Pursuant to Executive Order 13462, the DNI designated the IC IG as a responsible office for reporting intelligence oversight matters arising within the ODNI to the Intelligence Oversight Board (IOB). During this reporting period, the IO staff submitted two quarterly reports to the IOB and issued one evaluation report. As of 30 September 2013, the IO office had three ongoing evaluations.

A. (U) Completed Reports

1. (U) *First Quarter Calendar Year 2013 Report to the IOB.*

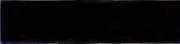
(IO-2013-006, May 2013)

(U) For the first quarter of calendar year 2013, we had no reports from within the ODNI of intelligence activities that we had reason to believe may be unlawful or contrary to Executive Order or Presidential Directive.

2. (U) *Second Quarter Calendar Year 2013 Report to the IOB.*

(IO-2013-008, August 2013)

(U) For the second quarter of calendar year 2013, we had no reports from within the ODNI of intelligence

(U) , Senior Advisor on Intelligence Oversight

(U) 

activities that we had reason to believe may be unlawful or contrary to Executive Order or Presidential Directive.

3. (U//~~FOUO~~) *Evaluation of the National Counterterrorism Center Quality Assurance Process to Nominate U.S. Persons to Terrorist Intelligence Datamart Environment (TIDE)*

(IO-2013-001, April 2013)

(U//~~FOUO~~) As a follow-up to the 2012 IC IG Inspection of the National Counterterrorism Center (NCTC), we conducted a limited, focused evaluation of the NCTC quality assurance process to ascertain whether nominations contain sufficient information for watchlisting of United States Persons.

(U//~~FOUO~~) We found that NCTC had implemented a quality assurance process that provided reasonable

assurance that nominations of U.S. Persons for inclusion or removal from TIDE during FY 2012 complied with watchlisting guidance.

that the NRO did not report to the DOJ and appropriate investigative authorities admissions of two potential crimes made by a contractor and a military officer in 2010. We anticipate reporting our findings in 2013.

B. (U) Ongoing Evaluations

1. *(U//~~FOUO~~) Special Review of NRO Crimes Reporting Process.*

(IO-2013-002/007)

(U//~~FOUO~~) On behalf of the NRO Office of Inspector General, we are conducting a special review of NRO compliance with laws, policies, and procedures to identify and report admissions of reportable crimes made by NRO contractors, government civilians, and military personnel during polygraph sessions. The NRO OIG recused itself due to its role in the crimes reporting process.

2. *(U//~~FOUO~~) Evaluation of Intelligence Community Information Sharing Prior to the April 15, 2013 Boston Marathon Bombing*

(IO-2013-005)

(U//~~FOUO~~) The Inspectors General of the IC, CIA, DOJ and DHS initiated a coordinated and independent review into the U.S. Government's handling of intelligence information leading up to the Boston Marathon Bombings. The review will examine the information available to the U.S. Government before the bombings and the information sharing protocols and procedures followed between and among the intelligence and law enforcement agencies.

3. *(U) Evaluation of Media Claims Regarding Non-Reporting by the National Reconnaissance Office of Certain 2010 Admissions of Potential Crimes*

(IO-2013-007)

(U) At the request of the NRO OIG, the IC IG is conducting a limited scope review to determine the accuracy of claims made by the McClatchy Newspaper

X. (U) IC Inspectors General Activities

A. (U) IC IG Forum

(U) The statutory IC IG Forum was established by the IAA for FY 2010. The IG chairs the Forum, which is composed of IGs with oversight responsibilities for IC elements. The IC IG Assistant Inspectors General (AIGs) chair the Forum committees. Forum members collaborate on IC-wide projects; share information and best practices; resolve jurisdictional issues; and facilitate access to employees, contractors, and other materials that may be of assistance to Forum members. The IG uses the Forum to understand and prioritize IC-wide projects, to seek key IG stakeholder buy-in on projects, and to develop strategies on how to best leverage limited IG resources across the community.

(U//~~FOUO~~) IC IG senior managers lead the IC IG Forum Committees. The Committees engaged in the following activities during this reporting period:

- **Deputies Committee.** The Deputies met to collaborate on issues impacting the IGs from both an IG and an IC perspective. The Deputies focused on whistleblowing, peer review, IC IG Conference planning, and the IC IG Awards Program.
- **Audit Committee.** The Audit Committee met two times and discussed audit software, ongoing audit projects, the development of FISMA metrics, workplans, status of IC-wide CDAs and preparation for auditability. Mr. Tom Hall from the IC CIO office, briefed the ICITE Enterprise Architecture. Mr. Matt Grote, Senior Staffer for Senator Carper, spoke on cybersecurity legislation.
- **Investigations Committee.** The Investigations Committee met to discuss investigative best practices, joint investigation procedures, retirement benefits for criminal investigators, and training opportunities for investigators. Substantive discussions relative to the Counter Fraud Investigations and Recoveries Program revealed that several IC OIG's were running similar programs, prompting the creation of a subcommittee that is exploring opportunities for information sharing (common database), consistent policies, and joint investigations.
- **Inspections Committee.** The Inspections Committee met twice during this reporting period. Committee members discussed the Peer Review concept proposed by the IC IG Forum, inspection-derived referrals to OIG hotlines, contractor cooperation with inspections, accelerated inspection methodologies and abbreviated product lines, and best practices in inspection annual planning and product lines. The committee received briefings from the NGA and NRO members regarding the planning, methodology, results and lessons learned from a voluntary Peer Review of NGA OIG Inspections by NRO OIG Inspections. The committee also received a briefing from the Director of the National Intelligence Emergency Management Activity office, ODNI, regarding current and anticipated IC Continuity of Operations Planning activities.
- **Counsels Committee.** The Counsels Committee met several times and discussed jurisdictional issues for IC-wide projects, legislative impacts to the IC IG community mission, Congressional correspondence, and training opportunities to better educate the IG workforce. In addition, the IG Counsels to the DOJ, DHS and CIA worked closely to support the joint IC IG Forum review of the Boston Marathon Bombing.
- **Management and Administration (M&A) Committee.** The M&A committee held its inaugural meeting this reporting period. The committee addressed numerous issues concerning standardization between the offices, and shared best practices for administration of IG matters.

B. (U) The Council of the Inspectors General On Integrity and Efficiency (CIGIE)

(U) The IC IG is a statutory member of the CIGIE. The IC IG actively participates in CIGIE meetings and has representatives who participate in each of the six CIGIE committees: Information Technology, Inspections and Evaluations, Investigations, Legislation, Professional Development, and Audit.

C. (U) IC IG Peer Review Activities

(U//~~FOUO~~) During this reporting period, the NRO OIG Inspections Division completed a peer review of the NGA OIG Inspections Division.

(b)(3)

(U//FOUO) [REDACTED] joined the IC IG as the Executive Director for IG Community Standards. Mr. [REDACTED] brings over three decades of intelligence experience to the IC IG. His primary role is to work closely with the IC IG Forum, the DoD IG, and CIGIE to establish and implement a comprehensive Peer Review Program for members of the IC IG forum.

(U//~~FOUO~~) The IC IG Forum received a decision briefing on the Peer Review Program at the Forum's 26 September 2013 meeting. Discussion by the Inspectors General led to consensus on approach, and will be codified in a jointly-signed memorandum formally establishing the IC IG Forum Peer Review Program. Roll-out to the staffs of the Offices of the Inspectors General will occur at the Annual Intelligence Community Inspectors General Conference following coordination among the IC OIGs as well as CIGIE.

D. (U) Whistleblowing and Source Protection

(b)(3)

(U) [REDACTED] joined the IC IG as the Executive Director for Intelligence Community Whistleblowing and Source Protection (ED-ICW & SP). Mr. [REDACTED] conducted and oversaw reprisal investigations at the Department of Defense from 2004 to 2013. He brings extensive experience to the Community in the area of investigating use of the security clearance process as a means of whistleblower reprisal. His primary role is to work closely with the IC IG Forum, the DoD IG, and CIGIE to establish and implement a comprehensive whistleblower and source protection program for members of the IC IG forum.



(U) Appendix A: Statistical Overview

(U) Audit Division

(U//~~FOUO~~) The Audit Division completed and issued 4 reports containing 21 recommendations to strengthen internal controls over financial management and to address issues concerning E-Waste within the IC. At the end of the reporting period, the Audit staff had 4 on-going audits.

(U) Inspection Division

(U//~~FOUO~~) The Inspection Division completed 2 inspections. At the end of the reporting period, the inspection staff had 2 on-going inspections.

(U) Investigations Division

(U//~~FOUO~~) The Investigations Division completed work on 37 cases and a joint IG review of the disciplinary processes and the disciplinary actions taken in response to Intelligence Community Office of Inspector General Reports from FY 2009 through FY 2012. At the end of the reporting period, the Investigations Division had 12 open cases.

(U) Intelligence Oversight Division

(U//~~FOUO~~) The Intelligence Oversight Division completed 2 quarterly reports to the Intelligence Oversight Board and a limited, focused evaluation of the NCTC quality assurance process to ascertain whether nominations of U.S. Persons for inclusion or removal from TIDE complied with watchlisting guidance. At the end of the reporting period, the Intelligence Oversight Division had 3 on-going special evaluations.

(U) Appendix B: Summary of Audits

1 April 2013 – 30 September 2013

| | (U) Audit Number | (U) Audit Title |
|-----------------------------|------------------|--|
| (U) Completed Audits | | |
| IC-Wide | AUD-2012-004 | (U// FOUO) Study of Electronic Waste Disposal Practices in the Intelligence Community |
| Financial Management | AUD-2013-001 | (U) Review of the Office of the Director of National Intelligence's FY 2012 Compliance With the Improper Payments Elimination and Recovery Act (IPERA) of 2010 |
| Financial Management | AUD-2013-004 | (U) Auditability follow-up: 2013 Congressional Directed Action (CDA) to Perform a follow-up Assessment of the Auditability Plans for CIA, DIA, NSA, NGA, and ODNI |
| Financial Management | AUD-2013-005 | (U) Audit of the Internal Controls over the Office of the Director of National Intelligence's Payroll |
| (U) Ongoing Audits | | |
| IC-Wide | AUD-2012-009 | (U) Evaluation of the Implementation of the "Reducing Over-Classification Act" by the ODNI |
| Information Technology | AUD-2013-003 | (U) Fiscal Year 2013 Independent Evaluation of ODNI Compliance with the Federal Information Security Management Act (FISMA) of 2002 |
| Financial Management | AUD-2013-006 | (U) Review of the Office of the Director of National Intelligence's Fiscal Year 2013 Compliance with the Improper Payments Elimination and Recovery Act (IPERA) of 2010 |
| Information Technology | AUD-2013-007 | (U// FOUO) Fiscal Year 2013 Consolidated Federal Information Security Management Act (FISMA) of 2002 Capstone Report for the Intelligence Community Elements' Inspectors General |

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(U) Appendix C: Summary of Inspections

1 April 2013 – 30 September 2013

| | (U) Inspection Number | (U) Inspection Title |
|----------------------------------|-----------------------|---|
| (U) Completed Inspections | | |
| Component Inspections | INS 2013-002 | (U) Office of the Program Manager, Information Sharing Environment (PM-ISE) |
| | INS 2013-003 | (U) Office of the Assistant Director of National Intelligence for Policy & Strategy (P&S) |
| (U) Ongoing Inspections | | |
| Component Inspections | INS 2013-004 | (U) Office of the Assistant Director of National Intelligence for Acquisition, Technology & Facilities (AT&F) |
| | INS 2013-005 | (U) Intelligence Community Equal Employment Opportunity & Diversity Office (EEOD) |

TABLE 1 • UNCLASSIFIED

(U) Appendix D: Summary of Additional Reporting

1 April 2013 – 30 September 2013

| | (U) Report Number | (U) Report Title |
|-------------------------------|----------------------|---|
| (U) Completed Reports | | |
| Intelligence Oversight | IO-2013-001 | (U// FOUO) Evaluation of the National Counterterrorism Center Quality Assurance Process to Nominate U.S. Persons to TIDE |
| | IO-2013-006 | (U) First Quarter Calendar Year 2013 Report to the IOB |
| | IO-2013-008 | (U) Second Quarter Calendar Year 2013 Report to the IOB |
| IC-wide Review | Project No. 2012C017 | (U) Intelligence Community Accountability Review |
| (U) Ongoing Activities | | |
| Special Review | IO-2013-002 | (U// FOUO) Special Review of NRO Crimes Reporting Process |
| | IO-2013-005 | (U// FOUO) Evaluation of Intelligence Community Information Sharing Prior to the April 15, 2013 Boston Marathon Bombing |
| | IO-2013-007 | (U) Evaluation of Media Claims Regarding Non-Reporting by the National Reconnaissance Office of Certain 2010 Admissions of Potential Crimes |

TABLE 2 • UNCLASSIFIED // ~~FOR OFFICIAL USE ONLY~~

(U) Appendix E: Summary of Investigations

1 April 2013 - 30 September 2013

| (U) Case Number | (U) CLOSED Investigations | (U) Case Number | (U) CLOSED Investigations |
|-----------------|---|-----------------|---|
| 2013-0062 | Labor Mischarging (Unsubstantiated) | 2013-0014 | Labor Mischarging (Substantiated) |
| 2013-0060 | Failure to comply with statutory reporting requirements (Unsubstantiated) | 2013-0010 | Labor Mischarging (Substantiated) |
| 2013-0059 | Special Review (Referral) | 2013-0007 | Labor Mischarging (Substantiated) |
| 2013-0058 | Special Review (Referral) | 2013-0006 | Labor Mischarging (Substantiated) |
| 2013-0057 | Special Review (Referral) | 2013-0005 | Labor Mischarging (Substantiated) |
| 2013-0056 | Misconduct of Senior Official (Substantiated) | 2013-0003 | Labor Mischarging (Substantiated) |
| 2013-0051 | Labor Mischarging (Unsubstantiated) | 2013-0002 | Labor Mischarging (Unsubstantiated) |
| 2013-0046 | Labor Mischarging (Substantiated) | 2013-0001 | Labor Mischarging (Substantiated) |
| 2013-0044 | USERRA (Unsubstantiated) | 2012-0064 | Labor Mischarging (Substantiated) |
| 2013-0041 | Labor Mischarging (Unsubstantiated) | 2012-0063 | Labor Mischarging (Substantiated) |
| 2013-0036 | Labor Mischarging (Substantiated) | 2012-0062 | Labor Mischarging (Substantiated) |
| 2013-0035 | Labor Mischarging (Unsubstantiated) | 2012-0057 | Labor Mischarging (Unsubstantiated) |
| 2013-0033 | Unauthorized Disclosure (Unsubstantiated) | 2012-0052 | 18 U.S.C. § 205 Violation (Unsubstantiated) |
| 2013-0032 | Unauthorized Disclosure (Unsubstantiated) | 2012-0042 | Labor Mischarging (Substantiated) |
| 2013-0031 | Labor Mischarging (Unsubstantiated) | 2011-0021 | Labor Mischarging (Substantiated) |
| 2013-0030 | Labor Mischarging (Unsubstantiated) | | |
| 2013-0029 | Labor Mischarging (Substantiated) | | |
| 2013-0028 | Labor Mischarging (Unsubstantiated) | | |
| 2013-0026 | Labor Mischarging (Substantiated) | | |
| 2013-0024 | Labor Mischarging (Substantiated) | | |
| 2013-0016 | Labor Mischarging (Unsubstantiated) | | |
| 2013-0015 | Labor Mischarging (Substantiated) | | |

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(U) Appendix F: Ongoing Investigations

As of 30 September 2013

| (U) OPEN Investigations | (U) Number of Cases |
|---|----------------------------|
| (U) Criminal and Prohibited Acts | |
| Time and Attendance | 9 |
| Fraud | 1 |
| Ethics Violation | 1 |
| Computer Misuse | 1 |
| (U) Total Ongoing Investigations | 12 |

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(U) Appendix G: Status of Recommendations

(U) REVIEW OF THE OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE'S COMPLIANCE WITH THE IMPROPER PAYMENTS ELIMINATION AND RECOVERY ACT OF 2010 (ISSUED MAY 2012)

Report Total: 7 Recommendations: 2 Open 5 Closed

Summary of OPEN Recommendations

| Recommendation | Rec # | Responsible Office | Corrective Action |
|----------------|------------|--------------------|-------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

Summary of CLOSED Recommendations

| | | | |
|------------|------------|------------|------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

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(U) REVIEW OF THE OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE'S COMPLIANCE WITH THE IMPROPER PAYMENTS ELIMINATION AND RECOVERY ACT OF 2010 (ISSUED MAY 2012)

(continued)

Report Total: 7 Recommendations: 2 Open 5 Closed

Summary of Closed Recommendations (continued)

(b)(3)
(b)(5)

| Recommendation | Rec # | Responsible Office | Corrective Action |
|----------------|------------|--------------------|-------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

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(U) REPORT OF INSPECTION: OFFICE OF THE CHIEF FINANCIAL OFFICER OF THE IC (ISSUED MARCH 2013)

Report Total: 3 Recommendations: 0 Open 3 Closed

Summary of Closed Recommendations

| Recommendation | Rec # | Responsible Office | Corrective Action |
|----------------|------------|--------------------|-------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

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(b)(5)

**(U) REPORT OF INSPECTION: NATIONAL COUNTER TERRORISM CENTER
(ISSUED November 2012)**

Report Total: 2 Recommendations: 0 Open 2 Closed

Summary of Closed Recommendations

| Recommendation | Rec # | Responsible Office | Corrective Action |
|----------------|------------|--------------------|-------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

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**(U//~~FOUO~~) AUDIT REPORT OF INTELLIGENCE COMMUNITY SECURITY CLEARANCE RECIPROCITY
(ISSUED December 2012)**

Report Total: 2 Recommendations: 2 Open 0 Closed

Summary of OPEN Recommendations

| Recommendation | Rec # | Responsible Office | Corrective Action |
|----------------|------------|--------------------|-------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

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**(U) REPORT OF INSPECTION: OFFICE OF LEGISLATIVE AFFAIRS
(ISSUED October 2012)**

Report Total: 7 Recommendations: 0 Open 7 Closed

Summary of Closed Recommendations

| Recommendation | Rec # | Responsible Office | Corrective Action |
|---|------------|--------------------|-------------------|
| (U) Within 60 days, the Director of OLA, in [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

~~(U//FOUO)~~ FISCAL YEAR 2012 INDEPENDENT EVALUATION OF ODNI COMPLIANCE WITH THE FEDERAL INFORMATION SECURITY MANAGEMENT ACT OF 2002 (ISSUED December 2012)

Report Total: 12 Recommendations: 4 Open 8 Closed

Summary of OPEN Recommendations

(b)(3)
(b)(5)

| Recommendation | Rec # | Responsible Office | Corrective Action |
|----------------|------------|--------------------|-------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

Summary of CLOSED Recommendations

| | | | |
|------------|------------|------------|------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

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(U//~~FOUO~~) FISCAL YEAR 2012 INDEPENDENT EVALUATION OF ODNI COMPLIANCE WITH THE FEDERAL INFORMATION SECURITY MANAGEMENT ACT OF 2002 (ISSUED December 2012) (continued)

Report Total: 12 Recommendations: 4 Open 8 Closed

Summary of CLOSED Recommendations (continued)

(b)(3)
(b)(5)

| Recommendation | Rec # | Responsible Office | Corrective Action |
|----------------|------------|--------------------|-------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

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(U) REPORT OF INSPECTION: OFFICE OF THE ASSISTANT DIRECTOR OF NATIONAL INTELLIGENCE FOR POLICY AND STRATEGY (P&S) (ISSUED August 2013)

Report Total: 3 Recommendations: 2 Open 1 Closed

Summary of OPEN Recommendations

| Recommendation | Rec # | Responsible Office | Corrective Action |
|------------------|------------|--------------------|-------------------|
| (b)(3) (b)(5) | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

Summary of CLOSED Recommendations

| | | | |
|------------|------------|------------|------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
|------------|------------|------------|------------|

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(U) REPORT OF INSPECTION: OFFICE OF THE PROGRAM MANAGER, INFORMATION SHARING ENVIRONMENT OFFICE (PM-ISE) (ISSUED June 2013)

Report Total: 4 Recommendations: 2 Open 2 Closed

Summary of OPEN Recommendations

| Recommendation | Rec # | Responsible Office | Corrective Action |
|----------------|------------|--------------------|-------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

Summary of CLOSED Recommendations

| | | | |
|------------|------------|------------|------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

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(U) REVIEW OF THE ODNI's FY 2012 COMPLIANCE WITH IPERA (ISSUED April 2013)

Report Total: 4 Recommendations: 4 Open 0 Closed

Summary of OPEN Recommendations


| Recommendation | Rec # | Responsible Office | Corrective Action |
|--|--|---|---|
| <div data-bbox="50 495 147 573" style="border: 1px solid red; padding: 2px;">(b)(3) (b)(5)</div>  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

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(b)(3)
(b)(5)

(U) AUDIT OF THE INTERNAL CONTROLS OVER THE ODNI PAYROLL (ISSUED SEPTEMBER 2013)

Report Total: 12 Recommendations: 12 Open 0 Closed

Summary of OPEN Recommendations

| Recommendation | Rec # | Responsible Office | Corrective Action |
|----------------|------------|--------------------|-------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

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**(U)/STUDY OF INTELLIGENCE COMMUNITY ELECTRONIC WASTE DISPOSAL PRACTICES
(ISSUED May 2013)**

Report Total: 5 Recommendations: 5 Open 0 Closed

Summary of OPEN Recommendations

| Recommendation | Rec # | Responsible Office | Corrective Action |
|---|---|--|---|
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

(b)(3)
(b)(5)

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**(U) INTELLIGENCE COMMUNITY ACCOUNTABILITY REVIEW
(ISSUED May 2013)**

Report Total: 13 Recommendations: 8 Open 5 Closed

Summary of OPEN Recommendations

| Recommendation | Rec # | Responsible Office | Corrective Action |
|-----------------------------|------------|--------------------|-------------------|
| (b)(3) (b)(5) [Redacted] | [Redacted] | [Redacted] | [Redacted] |
| [Redacted] | [Redacted] | [Redacted] | [Redacted] |
| [Redacted] | [Redacted] | [Redacted] | [Redacted] |
| [Redacted] | [Redacted] | [Redacted] | [Redacted] |
| [Redacted] | [Redacted] | [Redacted] | [Redacted] |
| [Redacted] | [Redacted] | [Redacted] | [Redacted] |
| [Redacted] | [Redacted] | [Redacted] | [Redacted] |

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(b)(3)
(b)(5)

(U) INTELLIGENCE COMMUNITY ACCOUNTABILITY REVIEW *continued*
(ISSUED May 2013)

Report Total: 13 Recommendations: 8 Open 5 Closed

Summary of OPEN Recommendations *continued*

| Recommendation | Rec # | Responsible Office | Corrective Action |
|----------------|------------|--------------------|-------------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

Summary of CLOSED Recommendations

| | | | |
|------------|------------|------------|------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |