

governmentattic.org

"Rummaging in the government's attic"

Description of document: National Reconnaissance Office (NRO) Office of Inspector

General (OIG) Work Plan for Fiscal Years 2007-2012

Requested date: 25-May-2012

Released date: 29-September-2017

Posted date: 16-October-2017

Source of document: FOIA Request

National Reconnaissance Office

OCIO/Information Review and Release Group

14675 Lee Road

Chantilly, VA 20151-1715

Fax: 703-227-9198

Online FOIA Request Form

Email: foia@nro.mil

The governmentattic.org web site ("the site") is noncommercial and free to the public. The site and materials made available on the site, such as this file, are for reference only. The governmentattic.org web site and its principals have made every effort to make this information as complete and as accurate as possible, however, there may be mistakes and omissions, both typographical and in content. The governmentattic.org web site and its principals shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to have been caused, directly or indirectly, by the information provided on the governmentattic.org web site or in this file. The public records published on the site were obtained from government agencies using proper legal channels. Each document is identified as to the source. Any concerns about the contents of the site should be directed to the agency originating the document in question. GovernmentAttic.org is not responsible for the contents of documents published on the website.



NATIONAL RECONNAISSANCE OFFICE

14675 Lee Road Chantilly, VA 20151-1715

29 September 2017

REF: FOIA Case F12-0103

This is in response to your request dated 25 May 2012 and received in the National Reconnaissance Office (NRO) on 5 June 2012. Pursuant to the Freedom of Information Act (FOIA), you requested "an ELECTRONIC/DIGITAL copy of the following NRO IG documents:

- 1) The Office of Inspector General Work Plan for Fiscal Years 2007/2008.
- 2) The Office of Inspector General Work Plan for Fiscal Year 2009.
- 3) The Office of Inspector General Work Plan for Fiscal Year 2010.
- 4) The Office of Inspector General Work Plan for Fiscal Year 2011.
- 5) The Office of Inspector General Work Plan for Fiscal Year 2012."

Your request has been processed in accordance with the FOIA, 5 U.S.C. § 552, as amended. A thorough search of our files and databases located six documents responsive to your request. These documents are being released to you in part. We note that you requested an electronic/digital copy; because of the size of the collection, we will put the material on CD and send that to you as soon as it is available.

Material redacted is denied pursuant to FOIA exemptions:

- (b)(1), as properly classified information under Executive Order 13526, Sections 1.4(c),(e),(g); and
- (b)(3), which is the basis for withholding information exempt from disclosure by statute. The relevant withholding statutes are 10 U.S.C. § 424; 50 U.S.C. § 3024(i); 50 U.S.C. § 3605; and 50 U.S.C. § 403-1.

You have the right to appeal this determination to the NRO Appellate Authority, 14675 Lee Road, Chantilly, VA 20151-1715, within 90 days of the above date. You may also submit an appeal electronically by completing the form available on the NRO's public web site at http://www.nro.gov/foia/AppealInput.aspx. Please include an explanation of the reason(s) for your appeal as part of your submission. The FOIA also provides that you may seek dispute resolution for any adverse determination through the NRO FOIA Public Liaison and/or through the Office of Government Information Services (OGIS). Please refer to the OGIS public web page at https://ogis.archive.gov/ for additional information.

If you have any questions, please call the Requester Service Center at (703) 227-9326 and reference case number F12-0103.

Sincerely,

Patricia B. Cameresi FOIA Public Liaison

Enclosures: Six documents (378 pgs., Inspector General Work Plans)

SECRET//25X1



NATIONAL RECONNAISSANCE OFFICE

Office of Inspector General



16 October 2006

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: (U) Office of Inspector General Annual Work Plan

- (U) This publication documents the National Reconnaissance Office (NRO), Office of Inspector General (OIG) Annual Work Plan for Fiscal Years (FY) 2007/2008. It provides brief descriptions and timelines of planned and ongoing audits and inspections for a two-year period. It also identifies those audits required by law and updates the details of our proactive procurement fraud prevention and detection efforts.
- (U) We repeated last year's rigorous work planning process to select those topics that would ensure comprehensive oversight of NRO programs and operations. The selected topics reflect concerns and/or challenges identified by NRO senior managers and the Congress. We also included topics that could benefit from further oversight which surfaced during the course of our FY 2006 audits, inspections, and investigations.
- (U) The attached work plan is the OIG's roadmap for addressing the most critical issues and challenges the NRO is facing as we know them today. Due to the dynamic environment in which the NRO operates, we will continue to be receptive to additions, deletions, and modifications of the plan to ensure that we remain focused on topics that provide the most relevance to the mission of the NRO.

(U) If you have any questions about this work plan, please feel free to contact me on this house 424 (secure) to this house 424 (secure), or Deputy IG this house 424 (secure), or this house 424 (nonsecure).

Eric R. Feldman Inspector General

Attachment:

(U) NRO OIG FY 2007/2008
Annual Work Plan 18//TK)

DECL ON: 20310929 DRV FROM: NCG 6.0 21 May 2005 This document is unclassified when removed from attachment

SECRET//25X1

SUBJECT: (U) Office of Inspector General Fiscal Year 2007/2008
Annual Work Plan

INTERNAL DISTRIBUTION:

Director, National Reconnaissance Office

Principal Deputy Director, National Reconnaissance Office

Deputy Director, National Reconnaissance Office

Director, Imagery Systems Acquisition and Operations Directorate

Director, SIGINT Systems Acquisition and Operations Directorate

Director, Communications Systems Acquisition and Operations Directorate

Deputy Director, National Reconnaissance Office, Business Plans and Operations

Deputy Director for System Integration and Engineering

Director, Advanced Systems and Technology Directorate

Deputy Director for Mission Support

General Counsel

Director, Office of Space Launch

Chief Information Officer

Director, Office of Equal Employment Opportunity and Military Equal Opportunity

Director, Management Services and Operations Office

Director, Office of Security and Counterintelligence

Director, Office of Human Resources

Director, Office of Contracts

Director, Office of Corporate Communications

EXTERNAL DISTRIBUTION:

Chairman and Vice Chairman, Senate Select Committee on Intelligence

Chairman and Vice Chairman, House Permanent Select Committee on Intelligence

Chairman and Ranking Member, Senate Appropriations Committee, Subcommittee on Defense

Chairman and Ranking Member, House Appropriations Committee, Subcommittee on Defense

Inspector General, Office of the Director of National Intelligence

Inspector General, Central Intelligence Agency

Inspector General, Department of Defense

Assistant to the Secretary of Defense (Intelligence Oversight)

Director, Field Detachment, Defense Contract Audit Agency

_SECRET//TK//Z5XT

Table of Contents

(U) INTRODUCTION	V
(U) OIG PROJECT DISTRIBUTION	
(U) ACQUISITION AND PROGRAM MANAGEMENT	
(U) 1. Audit of the National Reconnaissance Office Acquisition Oversight (Ongoing)	1
(U) 2. Audit of the Effectiveness of the Patriot Contract (Ongoing)	2
(U) 3. Audit of National Reconnaissance Office Oversight of Subcontractors (Planned)	2
(U) 4. Audit of the Acquisition Management of Selected National Reconnaissance Office Acquisition Activities (Planned)	
(U) 5. Audit of the National Reconnaissance Office Use of Earned Value Management (Planned)	3
(U) 6. Inspection of the Contracting Officer Workforce (Ongoing)	
(U) Inspections of the Imagery Systems Acquisition and Operations Directorate.	
(U) 7. Inspection of Imagery Systems Acquisition and Operations Directorate. (Planned)	
(U) 8. Inspection of the Imagery Systems Acquisition and Operations Directorate, (Planned)	
(U) 9. Audit of Independent Cost Estimating Group	6
(U) 10. Audit of National Reconnaissance Office Use of Defense Contract Audit Agency Services (Planned)	
(U) 11. Audit of the Oversight of Federally Funded Research and Development Centers (Planned)	7
(U) 12. Audit National Reconnaissance Office Contract Advisory and Assistance Services (Planned)	
(U) 13. Audit of National Reconnaissance Office Award and Incentive Fee Process (Planned)	8
(U) 14. Audit of the Acquisition Program Requirements Determination and Validation Pro	
(U) 15. Inspection of the SIGINT Systems Acquisition and Operations Directorate (Planned)	9
(U) FINANCIAL MANAGEMENT AND PERFORMANCE	11
(U) 16, 17, and 18. Audits of the National Reconnaissance Office Fiscal Years 2006, 2007 and 2008 Financial Statements and Resolution (Ongoing, Planned Statutory Requirements)	
(U) 19. Audit of the Management of Funds from External Organizations (Ongoing—Management Requested)	[2

(U) 20. Audit of National Reconnaissance Office Compartmented Programs (Ongoing)) 12
(U) 21. Audit of Funds Provided to Others (Planned)	13
(U) 22. Audit of the Use of Financial Information to Manage Programs (Planned)	13
(U) 23. Audit of Budget Formulation (Planned)	13
48724. Audit of Budget Execution (Planned)	14
(U) 25. Audit of Strategic Planning Initiatives (Planned)	14
(U) 26. Audit of Office of Management and Budget A-123 Implementation (Planned)	15
(U) 27. Audit of the Management of Military Intelligence Program Funding (Planned).	15
(U) INFORMATION TECHNOLOGY AND MANAGEMENT	17
(U) 28 and 29. Fiscal Years 2007 and 2008 Independent Evaluation of National Reconnaissance Office Compliance with the Federal Information Security Managemen (Planned—Statutory Requirement)	
(U) 30. Audit of the Management and Funding of National Reconnaissance Office Info	
(U) Audits of Information Technology Change Management within the National Reconnaissance Office (Continuing Series)	19
(U) 31. Audit of End-of-life Management of Information Technology Hardware (Planned)	19
(U) 32. Audit of the Management of Information System Privileged Users (Planne	ed) 19
(U) 33. Inspection of the Communications Systems Acquisition and Operations Director (Planned)	
(U) 34. Inspection of the Office of the Chief Information Officer (Planned)	20
(U) Audits of Selected National Reconnaissance Office Information Technology System (Mission Ground Systems and Contractor Systems) (Continuing Series)	
(U) 35. General Application and Control Reviews of Selected Information Technology Systems at Mission Ground Stations (Planned)	
(U) 36. General Application and control Reviews of Selected Information Technology Systems at Contractor Sites (Planned)	
(U) 37. Audit of the National Reconnaissance Office Compliance with the Privacy Act 1974 (Planned)	
(U) 38. Audit of Management of the Resolution of Identified Information Technology Vulnerabilities (Planned)	22
(S//PK) 39. Inspection of the Communications Systems Acquisition and Operations Directorate. (Planned)	22
(U) 40. Inspection of the Communications Systems Acquisition and Operations Direct	
(Planned)	,,
(rianned)	43

(U) OPERATIONS	25
(U) 41. Inspection of the Office of Space Launch (Ongoing-Management Requested)	25
(P	lanned 26
(S//FK) 43. Inspection of the Communications Systems Acquisition and Operations Directorate.	
Planned)	2
_(S//TK//REL) 44. Inspection of the (Planned)	27
_ISUTK#REE) 45. Joint Inspection of the (Planned)	
(U) 46. Inspection of the Office of Space Launch, National Reconnaissance Office Planned)	28
(U//FOUO) 47. Audit of Integration and Support for New Systems Deliveries at National Reconnaissance Office Ground Stations (Planned)	
(U//FOUO) 48. Audit of Distributed Operations, Maintenance, and Engineering Suppor (Planned)	
1S#FKT49. Inspection of the Communications Systems Acquisition and Operations	
Directorate, Planned)	30
(S//TK//REL) 50. Joint Inspection of	
(Planned)	30
U) TRANSFORMATION AND INNOVATION	33
(U) 51. Inspection of the Advanced Systems and Technology Directorate (Planned)	33
(U) 52. Inspection of Deputy Director Mission Support, (Planned)	34
(U) 53. Audit of the Migration of Research and Development and Transition into Operat (Planned)	
(U) 54. Audit of National Reconnaissance Office Information Enterprise Architecture (Planned)	35
(U) 55. Inspection of the Systems Integration and Engineering Office (Planned)	36
(U) 56. Audit of the National Reconnaissance Office Support to Homeland Security Operations (Planned)	36
U) INFRASTRUCTURE AND SUPPORT	39
(U) 57. Inspection of the Office of Security and Counterintelligence.	

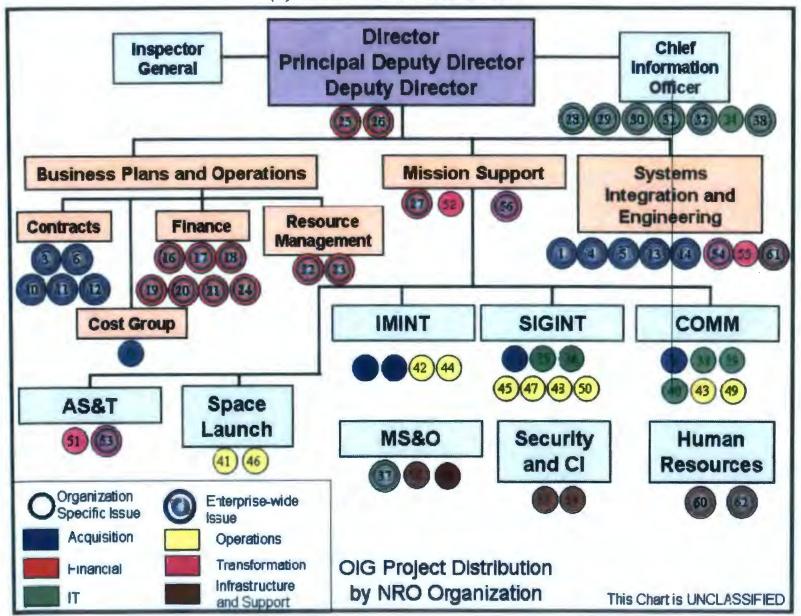
SHFK) 58. Inspection of the Management Services and Operations, (Planned)	40
J) 59. Inspection of the Office of Security and Counterintelligence, Program Security Officers (Planned)	
J) 60. Inspection of the Permanent Change in Station Process (Planned)	41
J) 61. Audit of Critical Infrastructure Protection at the National Reconnaissance Office Planned)	
J) 62. Inspection of NRO Training Programs (Planned)	42
J) 63. Inspection of Management Services and Operations, Property Accountability versight (Planned)	42
INTEGRITY	44
J) Office of Inspector General Investigations (Ongoing)	45
J) Office of Inspector General Procurement Fraud Initiative (Ongoing)	45

(U) INTRODUCTION

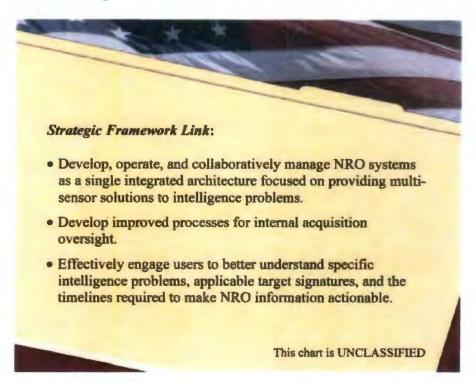
- (U) The Office of Inspector General (OIG) Work Plan for Fiscal Years (FY) 2007/2008 once again reflects the outcome of a corporate planning process designed to ensure that National Reconnaissance Office (NRO) OIG resources are used in a manner that maximizes its contribution to the NRO mission. This two-year plan allows for increased staff and management participation in the planning process and greater scheduling flexibility. It also gives the workforce an advanced understanding of our long range oversight goals and enables them to better prepare for the OIG's independent assessment of their area of responsibility.
- (U) We initiated this year's planning process by conducting dozens of interviews with key congressional staffers. NRO personnel, and senior managers. The discussions that ensued from the interviews helped us hone and validate which topics could benefit from an OIG evaluation. We also introduce in this year's Work Plan a graphical depiction of the planned audits and inspections over a period of two years by overlaying a marker for each activity on the NRO organizational chart. While it may appear that some organizations have a disproportionate number of OIG activities, most of the audits and inspections distinguished by the NRO seal are "corporate" activities that reach across the enterprise, and are therefore not exclusively focused on one component. This chart illustrates the broad distribution of OIG projects across the NRO and the percentage of audits and inspections that focus on enterprise versus single component issues.
- (U) The NRO must respond to an increasing level of oversight activities derived from statutory and regulatory requirements; congressionally directed actions; and Director of National Intelligence (DNI) data calls and taskings. It is within this context that the OIG further refined the Work Plan to also respond to or complement these activities, prevent duplication of effort, and thus minimize the oversight impact on mission operations and resources to the extent that it makes sense and we still fulfill our independent oversight role.
- (U) The Work Plan retained most of the categories presented as last year's themes to further ensure comprehensive oversight across the full scope of NRO activities. These themes include Acquisition and Program Management, Financial Management and Performance, Information Technology and Management, Operations, and Infrastructure and Support. We replaced last year's category called "Strategic Direction" with Transformation and Innovation because of the workforce's perception that it is an area of relative weakness as reflected in the NRO 2005 Climate Survey. In addition, we explicitly linked the Director of the NRO's (DNRO) 2006 "Strategic Framework" to specific OlG projects, as depicted in the charts preceding each category to ensure that we assess organizational progress on achieving his vision.
- (U) The specific projects are explained through "Background" and "Objective" paragraphs. They are further identified as "Ongoing" or "Planned." Proactive investigative efforts are highlighted in the last section entitled *Integrity*. Most of the ongoing projects were previously identified in the "Office of Inspector General Work Plan for Fiscal Years 2006/2007." These projects have been initiated, but not yet completed. The planned projects are projects identified through the corporate planning process described above and will be started during FY 2007 and FY 2008.

(U) The OIG is required by statute to conduct two major projects each year: Audit of the National Reconnaissance Office Fiscal Year Financial Statements, which is undertaken to comply with the Chief Financial Officers Act, and Independent Evaluation of National Reconnaissance Office Compliance with the Federal Information Security Management Act, which is part of the E-Government Act of 2002.

(U) OIG PROJECT DISTRIBUTION



(U) ACQUISITION AND PROGRAM MANAGEMENT



(U) 1. Audit of the National Reconnaissance Office Acquisition Oversight (Ongoing)

(U) Background

(U//FOUO) The NRO acquires and manages high quality intelligence collection systems in accordance with acquisition authorities provided by the Central Intelligence Agency (ClA) and the Department of Defense (DoD). The intelligence funding is provided by the DNI. The Deputy Director for System Integration and Engineering (DDSI&E) is the NRO focal point for acquisition policy and process execution. The DDSI&E maintains NRO Directives and Instructions supporting the NRO acquisition management process. The DDSI&E facilitates the DNRO and NRO Acquisition Board review cycle and provides leadership and resources for independent program assessments.

(U) Objective

(U/FOCO) The overall objective of the audit is to determine whether effective NRO program management systems are in place to support decision-making by the NRO Acquisition Executive. Specifically, the audit will focus on the organizational alignment; policies and processes; resources; and knowledge and information management supporting the acquisition function.

(U) 2. Audit of the Effectiveness of the Patriot Contract (Ongoing)

(U) Background

(U//EOUO) The Patriot Contract consolidates several information and communication technology contracts and basic ordering agreement requirements. It is intended to improve product and service effectiveness and quality by using re-engineered service support processes while promoting cost savings through centralization. The NRO mandates all communication services that are part of the NRO communication enterprise line business be acquired under the competitively awarded Patriot Contract. This includes the NRO Management Information System (NMIS) infrastructure and applications; message handling; enterprise management; and media services. The Patriot Contract is a hybrid, performance based, fixed price contract with firm fixed price level of effort agreements and is valued at approximately a year. This contract provides services and equipment for the NMIS, desktop computers, servers, pagers, faxes, telephones, and video teleconferencing, as well as the re-capitalization of the aforementioned equipment every three years.

(U) Objective

(U#POUO) The overall objective is to assess the effectiveness of the Patriot Contract in achieving its acquisition objectives and the mission. Specifically, the audit addresses the following questions:

- · Has performance improved over previous acquisition methods?
- How is the effectiveness and quality of service measured?
- Is acquisition cheaper than under previous methods?
- How is any cost saving associated with the Patriot Contract measured?
- Is there sufficient mission focus with the centralized service?
- · How effective are the security management controls for Patriot acquisitions?

(U) 3. Audit of National Reconnaissance Office Oversight of Subcontractors (Planned)

(U) Background

(U) A subcontract management plan is needed to ensure that the prime contractors have established an approach for the oversight of subcontractors in the areas of cost, schedule, and performance and quality control. Problems with recent major NRO acquisition programs have indicated that subcontractor performance, quality, and accounting issues require increased oversight by the prime contractor.

(U) Objective

(U) The overall objective of the audit is to assess the effectiveness of subcontract management by prime contractors. The objective includes oversight of quality control and other risk mitigation procedures in place to prevent substandard or counterfeit parts from being included in NRO systems. The audit will also examine the use of incentives to ensure that prime contractors are adequately managing their subcontractors.

(U) 4. Audit of the Acquisition Management of Selected National Reconnaissance Office Acquisition Activities (Planned)

(U) Background

(U//FOUO) According to the NRO mission statement, the NRO exists to develop and operate unique and innovative space reconnaissance systems. To fulfill this mission, NRO Directorates and Offices use a defined and managed acquisition management process administered by the DDSI&E. NRO Directive 82-2b, "Acquisition Management," governs all acquisition activities in the NRO and specifies acquisition authority, responsibilities, and processes. In accordance with this directive, the DNRO determines which acquisition activities to designate for NRO Acquisition Board review. All designated acquisition activities require the Director's approval in order to proceed through NRO acquisition phases, whereas approvals for non-designated programs remain within the NRO Directorates.

(U/FOUT) Designated acquisition activities are required to provide the DNRO and the NRO Acquisition Board with integrated program summaries. The integrated program summaries are designed to provide comparative data for key program management elements such as: execution status, collection requirements, acquisition strategy, logistics support, security, and life cycle cost estimates.

(U) Objective

(U/FOUO) The OIG will perform a series of acquisition management audits to assess key program management elements for conformity to NRO Directive 82-2b. The OIG will consider reviewing both designated and non-designated acquisition activities in order to provide NRO management with a balanced presentation of acquisition management. Should the OIG select a non-designated acquisition activity, the audit objective will include an assessment of the effectiveness of Directorate-level management controls, as required by NRO Directive 82-2b.

(U) 5. Audit of the National Reconnaissance Office Use of Earned Value Management (Planned)

(U) Background

(U) The practice of Earned Value Management (EVM) originated more than 30 years ago and is still recognized throughout government and industry as an effective program management methodology. EVM is the primary method of the NRO for integrating and conveying cost, schedule, and the technical performance aspects of program management. It is intended to

ensure uniform standards are used to facilitate integration of program scope, schedule, and cost objectives into a baseline plan for measuring contract performance during program execution.

(U) Objective

(U//FOUO) The objective of this audit is to assess the use of EVM within the NRO and determine its effectiveness in assisting program managers in assessing program status, measuring performance, and forecasting program impact.

(U) 6. Inspection of the Contracting Officer Workforce (Ongoing)

(U) Background

(U) The Deputy Director, NRO, Business Plans and Operations (BPO), Office of Contracts (OC) places contracting officers (COs) throughout the Directorates and Offices to provide professional acquisition support and contracting solutions to fulfill mission needs of the NRO and its customers. To accomplish this, the OC needs efficient and effective business processes, accurate and timely information, and highly skilled and motivated employees. Although the NRO Contracting Professionals (COs, contracting specialists, and procurement officers) fall under BPO, individuals are generally assigned to support contract teams in Signals Intelligence Systems Acquisition and Operations Directorate (SIGINT), Imagery Intelligence Systems Acquisition and Operations Directorate (IMINT), Communications Systems Acquisition and Operations Directorate (COMM), Office of Space Launch (OSL), Advanced Systems and Technology Directorate (AS&T), Management Services and Operations (MS&O), Deputy Director for Mission Support (DDMS), and the DDSI&E.

(U) Objectives

(U) The inspection will assess the CO workforce climate and research CO career development. An examination of the CO retention and recruitment programs, to include parent organization commitments, will be included in the inspection. Additionally, the inspection will evaluate feedback obtained from the COs on their utilization of Defense Contract Audit Agency services (DCAA).

(U) Inspections of the Imagery Systems Acquisition and Operations Directorate,

(U) In light of IMINT's recent organizational realignment to reflect an integrated end-toend architecture focus, the inspection staff will conduct two unit inspections of key IMINT offices. The two unit inspections will examine whether the realignment is achieving (1) the NRO Director's Strategic Framework, (2) the effectiveness and efficiency of the realignment, (3) the degree of customer satisfaction, as well as (4) the standard elements of a unit inspection such as climate, compliance, and support.

(U) 7. Inspection of Imagery Systems Acquisition and Operations Directorate, (Planned)
(U) Background
(S//TK//REL) was established in November 2005 and is responsible for the life-cycle system acquisition for all IMINT electro-optical (EO)
IMINT customers. This entails responsibilities for strategic and technology planning, pre- acquisition, acquisition, systems engineering, development, readiness, test and transition, and integration of EO to support DoD and Intelligence Community (IC) missions.
(U) Objectives
(U) The objectives of the unit inspection of IMINT's are to (1) assess the general organizational climate; (2) determine compliance with applicable laws, procedures and policies; (3) determine efficiency and effectiveness in performing its assigned mission; (4) evaluate supporting functions; and (5) evaluate customer satisfaction. Specific inspection objectives will be further defined during the pre-inspection phase.
(U) 8. Inspection of the Imagery Systems Acquisition and Operations Directorate, (Planned)
(U) Background
(U) The IMINT states that it will establish, acquire, integrate, and maintain the IMINT including the states also responsible for the definition, development, and second echelon maintenance of the IMINT and management of management of the IMINT states and provides advanced development support (studies, prototyping, and technology insertion) to the IMINT Directorate. The salso coordinates with the National Geospatial-Intelligence Agency (NGA) in the research and development of and interfaces.

(U) Objectives

(U) The overall objectives of the inspection are to evaluate the effectiveness and efficiency of the office to perform its mission and more specifically, how the is supporting and achieving the DNRO's Strategic Framework. Other inspection areas are to determine compliance with laws, policies and procedures; assess general organization climate; evaluate support functions; and evaluate customer satisfaction.

(U) 9. Audit of Independent Cost Estimating Group

(U) Background

(U) Accurate cost estimating is a critical function in a time of decreasing budgets, increasing budget oversight, and increasing collection requirements from the IC. To help senior management achieve cost realism in all phases of NRO acquisitions, the NRO Cost Group (NCG) was established. The NCG is intended to provide NRO leadership, IC decision makers, and external oversight partners with cohesive, consistent, traceable cost estimates on NRO acquisitions. The NCG's primary tasks are to prepare independent cost estimates (ICE) and independent cost analysis (ICA). Both ICE and ICA are designed to furnish NRO decision makers with unbiased estimates of program costs.

(U) Objectives

(U) The overall objective of the review is to evaluate the mission effectiveness of the NCG. Specifically, the review will determine whether the NCG is preparing cost estimates that closely reflect program schedule, technical requirements, and which provide NRO management with the confidence that a program can be accomplished within stated costs. The review will further examine whether products generated by the NCG are independently prepared, free from influence by the Directorates and Offices, and reflect sound and accurate estimating.

(U) 10. Audit of National Reconnaissance Office Use of Defense Contract Audit Agency Services (Planned)

(S) Background

(U) The DCAA is responsible for performing all contract audits for the DoD. The DCAA provides accounting and financial advisory services regarding contracts and subcontracts to the NRO through a separate, appropriately cleared cadre of auditors. These services are provided in connection with negotiation, administration, and settlement of contracts and subcontracts and are critical to the effective oversight of contractor activities both prior and subsequent to contract award.

(U) Objective

(U) The objective of the review is to determine whether the NRO is effectively utilizing DCAA services.

(U) 11. Audit of the Oversight of Federally Funded Research and Development Centers (Planned)

(U) Background

(U) A Federally Funded Research and Development Center (FFRDC) meets some special long-term research or development need which cannot be met as effectively by existing in-house or contractor resources. FFRDCs, as defined in the Federal Acquisition Regulations (FAR), Part 35, enable agencies to use private sector resources to accomplish tasks that are integral to the mission and operation of the sponsoring agency. The NRO uses FFRDC resources that are primarily sponsored by and available through the U. S. Air Force (USAF). These resources are applied to achieve continuing advances in national security space and space-related systems that are basic to national security. FFRDCs are sponsored under a broad charter by a government agency, in this case the NRO, for the purpose of performing, analyzing, integrating, supporting, and managing basic or applied research and development. They are funded by the government as a Congressionally-limited resource that must be carefully managed to receive the greatest possible benefit.

(U) Objective

(UMFOUO) The objective of this audit is to assess whether the allocation and actual use of FFRDC resources at the NRO provides the maximum benefit to the NRO mission.

(U) 12. Audit of National Reconnaissance Office Contract Advisory and Assistance Services (Planned)

(U) Background

(U) Contract Advisory and Assistance Services (CAAS) refers to services provided under contract by commercial sources to support or improve organizational policy development: decision-making; management and administration; program and/or project management and administration; and research and development activities. The NRO traditionally relies on CAAS due to the relatively small complement of government personnel and the many critical mission, technical, and security requirements. The FAR, the NRO Acquisition Manual (NAM), and NRO Directives provide policy and direction to ensure that COs and contracting officer technical representatives properly acquire, track, report, and manage CAAS. The FAR also prescribes policies and procedures to ensure that contractors do not perform inherently governmental functions.

(U) Objective

(U/DOO) The overall objective of this audit is to determine whether government personnel are conducting adequate oversight of advisory and assistance services contracts in compliance with FAR, the NAM, and NRO Directives. Specifically, the audit will examine the internal management controls in place to ensure the appropriate use of CAAS contracts and personnel, and to avoid the use of CAAS mechanisms to perform inherently governmental functions.

(U) 13. Audit of National Reconnaissance Office Award and Incentive Fee Process (Planned)

(U) Background

(U) The NRO relies on award fee contracts to motivate contractors to achieve exceptional performance. Recently, the Government Accountability Office (GAO) issued a report criticizing the DoD for paying billions of dollars in award and incentive fees to contractors who have failed to deliver projects on time and within budget. The report stated, "Although [the department] has paid billions in fees over time, the department has little evidence to support its contention that the use of award and incentive fees results in the intended effect on contractor performance." In July 2001, the NRO OIG issued a report to NRO management entitled, "Audit of Administration of Award Fees" (Project No. 2000.003). The NRO OIG's report found that the award fee plans used to establish the criteria and procedures by which to evaluate a contractor's performance were not always prepared in compliance with the FAR and NAM. It also found that the evaluation determinations of the contractor's performance were not always sufficiently documented in the contract files.

(U) Objective

(U) The objective of this audit is to assess whether award fees are being effectively used to manage contractor performance and to evaluate the implementation of the recommendations from the 2001 OIG report.

(U) 14. Audit of the Acquisition Program Requirements Determination and Validation Process (Planned)

(U) Background

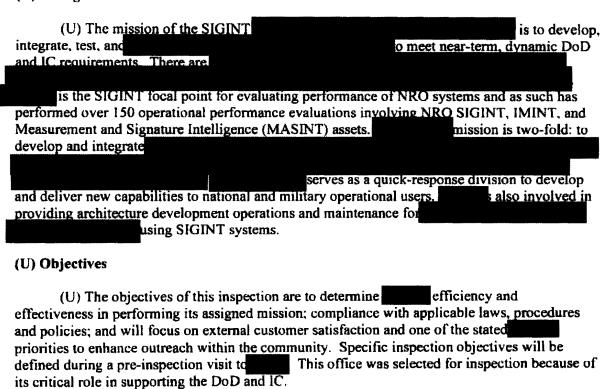
(U/FOUO) The NRO develops acquisition program requirements based on the projected needs of other IC organizations. Before any acquisition is initiated, the NRO must compile and validate requirements that satisfy a specific intelligence need or desired capability. Once the acquisition has been initiated, the NRO periodically verifies and updates the requirements throughout the course of the acquisition life cycle. The requirements determination and validation process, as part of the overall system development life cycle process, is intended to ensure that an NRO system provides the capability needed by its users. Within the past year. NRO and DoD leaders have stated that unclear requirements have been a problem plaguing some satellite system acquisitions.

(U) Objective

(U) The overall objective of this audit is to evaluate the efficiency and effectiveness of NRO requirements determination and validation process for mission systems. Specifically, the audit will assess how well the NRO translates intelligence needs into mission requirements and capabilities throughout the system development life cycle process.

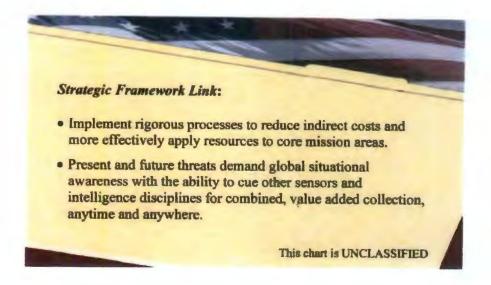
(U) 15. Inspection of the SIGINT Systems Acquisition and Operations Directorate, (Planned)

(U) Background



1	PROJECT	Fiscal Year 2007			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
	FY 2007				
1	Audit of NRO Acquisition Oversight				-
2	Audit of the Effectiveness of the Patriot Contract			7	
3	Audit of NRO Oversight of Subcontractors				
1	Audit of the Acquisition Management of Selected NRO Acquisition Activities				
6	Audit of the NRO Use of Earned Value Management				
6	Inspection of the Contracting Officer Workforce				
7	Inspection of IMINT,				
	FY 2008				
8	Inspection of IMINT,				
9	Audit of NRO Independent Cost Estimating Group				
10	Audit of NRO Use of Defense Contract Audit Agency (DCAA)				
11	Audit of the Oversight of Federally Funded Research and Development Centers				
12	Audit of Government Oversight of NRO Contract Advisory and Assistance Services				
13	Audit of NRO Award and Incentive Fee Process				
14	Audit of The Acquisition Program Requirements Determination and Validation Process				
18	Inspection of SIGINT,				

(U) FINANCIAL MANAGEMENT AND PERFORMANCE



(U) 16, 17, and 18. Audits of the National Reconnaissance Office Fiscal Years 2006, 2007, and 2008 Financial Statements and Resolution (Ongoing, Planned – Statutory Requirement)

(U) Background

(U/FOUO) The NRO OlG has contracted with the independent public accounting (IPA) firm, PricewaterhouseCoopers (PwC), to conduct audits of the NRO financial statements for FY 2005 with options years through FY 2009. The contract requires the IPA to audit in accordance with Generally Accepted Government Auditing Standards and Office of Management and Budget (OMB) Bulletin 01-02. In accordance with OMB Bulletin 01-02, the OIG is required to conduct quality control reviews of audits performed by independent external auditors.

(U) Objectives

(U) These audits will evaluate the reliability of financial data supporting the financial statements; determine the accuracy of the statements produced; and examine the adequacy of footnote disclosures in accordance with guidance issued by the Federal Accounting Standards Advisory Board, OMB, and other authoritative guidance, as appropriate. The auditors will review internal controls and compliance with laws and regulations related to the objectives and will follow up on the status of prior-year audit findings. The audit begins each year in the second quarter with audit planning and review of first quarter financials. The final audit report is completed 15 November. The OIG will monitor the IPA throughout the audit and will conduct and document quality assurance steps to ensure that all contractual and regulatory requirements

are met. The IPA relies on the OIG to carry out tests of compartmented financial information reported as "annex".

(U) In addition, the OIG will follow up with NRO management on corrective actions established to resolve outstanding audit findings that pertain to prior financial statement audits. In FY 2006, the OIG initiated an audit resolution process that includes tracking the status of management's corrective actions and participation in a weekly working group comprised of the OIG, the IPA, and the BPO Office of Financial Audit and Compliance. The group works together to explore alternatives to resolve the longstanding, complex accounting issues that challenge the NRO's ability to successfully obtain an unqualified audit opinion on its financial statements.

(U) 19. Audit of the Management of Funds from External Organizations (Ongoing—Management Requested)

(U) Background

(U) The NRO receives funding for its acquisition and maintenance of programs and equipment from various sources. One source is through funds from others under the Economy Act. (31 United States Code 1535), which authorizes agencies to enter into agreements to obtain supplies or services by inter-agency acquisition. However, the Economy Act may not be used by an agency to circumvent conditions and limitations imposed on the use of funds. In addition, the Act may not be used to make acquisitions conflicting with any other agency's authority or responsibility. Funds from others are provided to the NRO for specific purpose and use. NRO management has raised concerns as to the adequacy of the accounting and segregation of funds received from other agencies, as well as the types of programs or activities for which the funds are used.

(U) Objectives

(U//FOUO) This audit will review the NRO's management of funds from others to determine whether the execution of the funds is consistent with the NRO mission. This audit will also review the controls surrounding the execution of the funds to ensure that the funds are expended in compliance with the Economy Act, DoD regulations, OMB criteria, appropriation law, and the guidelines set forth in NRO Directive 30-5b, Commitments and Obligations.

(U) 20. Audit of National Reconnaissance Office Compartmented Programs (Ongoing)

(U) Background

(U//FOUO) in 2003, the NRO began classifying certain compartmented, or "annex", programs at security levels above the standard NRO security level. These program costs are too sensitive to be included in the audited NRO financial statements and are accounted for using a basis of accounting other than generally accepted accounting principles for financial reporting purposes. As a result, it is unclear how effectively the annex programs are managed from a budgeting or financial reporting perspective.

(U) Objective

(U//FOUO) The objective of this audit is to determine the adequacy of internal controls surrounding the NRO annex program budget and financial reporting processes.

(U) 21. Audit of Funds Provided to Others (Planned)

(U) Background



(U) Objective

(U) The overall objective of this audit will be to determine whether the NRO has sufficient management controls in place to ensure that funds (advances) provided to others are expended effectively, as authorized, and used consistent with the NRO mission.

(U) 22. Audit of the Use of Financial Information to Manage Programs (Planned)

(U) Background

(U) The Government Performance and Results Act (GPRA) requires agencies to develop strategic plans, set performance goals, and report annually on actual performance compared to goals. According to the Office of Management and Budget (OMB) Circular A-123, "Programs must operate and resources must be used consistent with agency missions, in compliance with laws and regulations, and with minimal potential for waste, fraud, and mismanagement." Additionally, the purpose of the Program Assessment Rating Tool (PART)'s is to assess the agency's program effectiveness and improve program performance.

(U) Objective

(U) We will identify what financial information the NRO currently utilizes and the impact this information has on NRO business decisions and the management of its programs.

(U) 23. Audit of Budget Formulation (Planned)

(U) Background

(5) The Office of the DNI has directed the IC components to realign the IC budgets for consistency. As a result, the NRO's current budget structure will undergo significant change. Concurrent to that effort, one of the NRO's objectives is to eliminate redundancy and programs that add little or no value and re-direct savings to existing and emerging national security

priorities. The OIG plans to develop and carry out a series of audits focused on the effectiveness and the efficiency of the NRO's budget formulation and execution procedures.

(U) Objective

(U) The objective of this audit will be to determine whether the NRO uses sound and consistent budget formulation practices that result in a realistic NRO budget. The audit will also determine if the budget is defensible and supportable to national and Congressional leaders and complies with OMB requirements.

(S) 24. Audit of Budget Execution (Planned)

(U) Background

(U/FOUO) This is the second audit of the NRO budget process, which will follow our Audit of Budget Formulation. Over the past few years, the NRO has updated its policies and procedures to comply with emerging changes in accounting standards. These policies and procedures provide general instructions to the workforce for executing the NRO's funding.

(U) Objective

(U) The objective of this audit will be to determine whether the NRO uses sound and consistent budget execution practices. We will also determine whether NRO's policies and procedures adequately address the changes to accounting standards with respect to obligations, expenditure tracking, and the capitalization or expensing of incurred costs.

(U) 25. Audit of Strategic Planning Initiatives (Planned)

(U) Background

(U/FOUO) The OMB guidance issued 25 April 2003 instructed executive agencies to include performance information in accordance with the GPRA along with their budget submissions for FY 2005. In September 2003, the NRO OIG reported that the NRO was "working to establish an integrated performance-based strategic management process" that ties performance to the budget. The report also recommended that the DNRO provide clear guidelines on the standards to be used for establishing NRO-wide strategic planning and performance policies. In May 2005, the OIG identified the lack of implementation of the DNRO 2003 strategic plan in day-to-day operations as a management challenge. In the absence of a sound strategic management plan that is tied to accurate and timely cost and performance data, NRO program managers will be unable to manage their resources effectively.

(U) Objective

(U/FOUO) We will carry out three objectives to address this topic: (1) follow-up on prior recommendations made in the OlG's FY 2003 report, Audit of the National Reconnaissance Office Strategic Management Process; (2) assess the progress that the NRO has made in

implementing the DNRO's 2006 Strategic Framework; and (3) examine the performance measures component of the NRO's FY 2007 Performance and Accountability Report.

(U) 26. Audit of Office of Management and Budget A-123 Implementation (Planned)

(U) Background

(U) The OMB Circular A-123, Management's Responsibility for Internal Control, implements the Federal Managers' Financial Integrity Act of 1982 and holds federal agency managers accountable for establishing, assessing, correcting, and reporting on internal controls beginning FY 2006. In December 2004, the Circular was revised to incorporate new internal control requirements and to emphasize management's responsibility for assessing internal controls over financial reporting. During FY 2006, the NRO designed a strategy around utilizing this new process as a value added management tool, recognizing the plan would take several years to implement.

(U) Objective

(U/FOUO) The objective of this audit will be to determine whether the process for implementing A-123 requirements is effectively achieving its goals. The audit is planned to begin in FY 2008, after the NRO A-123 management process has been in place for two years.

(U) 27. Audit of the Management of Military Intelligence Program Funding (Planned)

(U) Background

15) The NRO receives DoD funding to support military activities through the Military Intelligence Program (MIP), formerly the Defense Space Reconnaissance Program.

MIP funding is requested through the Congressional Budget Justification to fund specific requirements to be fulfilled by the NRO. Internally, BPO is responsible for the tracking and reporting of MIP funds. The Office of the Secretary of Defense is responsible for officially tracking MIP funds in accordance with their expenditure goals.

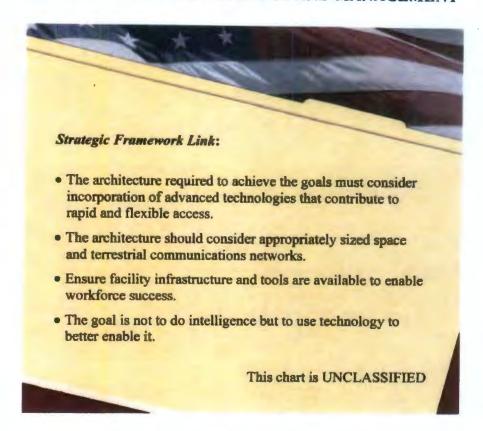
(U) Objective

(U//FOUO) The objective of this audit is to determine whether the NRO has business processes and controls in place to account for and expend MIP funds. This audit will review the controls surrounding the execution of the funds to ensure compliance with applicable laws and regulations.

SECRETI/TK//25X1 (U/FOUO) Financial Management and Performance Fiscal Year 2007 **PROJECT** Quarter 1 Quarter 2 Quarter 3 Quarter 4 FY 2007 Audit of NRO FY 2006 Financial Statements / **Annex Testing** Audit of NRO FY 2007 Financial Statements / **Annex Testing** Audit of NRO FY 2008 Financial Statements / **Annex Testing** Audit of Management of Funds from External **Organizations** 20 Audit of Compartmented Programs 21 Audit of Funds to Others Audit of the Use of Financial Information to Manage Programs FY 2008 23 Audit of Budget Formulation 24 Audit of Budget Execution 25 Audit of Strategic Planning Initiatives Audit of OMB A-123 Implementation Audit of Management of Military Intelligence Program

SECRET//TK//25X1

(U) INFORMATION TECHNOLOGY AND MANAGEMENT



(U) 28 and 29. Fiscal Years 2007 and 2008 Independent Evaluation of National Reconnaissance Office Compliance with the Federal Information Security Management Act (Planned—Statutory Requirement)

(U) Background

(U) The Federal Information Security Management Act (FISMA) requires that federal agencies manage and improve information security programs. FISMA specifies a process for reporting to the Director, OMB, and to the appropriate Congressional Oversight Committees. The Act also requires an annual independent evaluation of the Agency's information security program and practices. Each IC Inspector General is responsible for conducting the independent evaluation required by the FISMA statute.

(U) Objective

(U) The objective of this annual evaluation is to provide an independent assessment of the NRO's compliance with the requirements set forth under FISMA. The OIG's FISMA evaluation is a year-round effort that incorporates the monitoring of NRO information technology (IT) initiatives, and the audit of related IT functional areas and systems that will

contribute to the overall annual evaluation. FISMA reporting, including new privacy reporting requirements, will be based on FY 2006 OMB guidance and coordination with the Associate Director of National Intelligence and Chief Information Officer (CIO) and other IC FISMA participants.

(U) 30. Audit of the Management and Funding of National Reconnaissance Office Information Assurance (Planned)

(U) Background

- (U) Information assurance (IA) is defined as operations that protect and defend information and information systems by ensuring their availability, integrity, authentication, confidentiality, and non-repudiation. This includes providing restoration of information systems by incorporating protection, detection, and reaction capabilities.
- (U) Within the NRO, many IA operations are funded by and embedded within the individual NRO components. In addition, the NRO created an IA Enterprise Fund to develop IA solutions to benefit the enterprise as a whole. This fund supports the NRO's certification and accreditation efforts, enterprise auditing, and an automated identity and access management tool, as well as other IA efforts. The Information Assurance Board was established to review and approve IA Enterprise Fund spending requests. However, significant cuts to the IA Enterprise Fund may hinder the NRO ability to develop enterprise solutions to improve the security of its networks and systems.
- (U) The Office of the CIO (OCIO) is responsible for the NRO's IA program. In regard to funding, the OCIO can identify that which is directed to support IA from its own budget and the IA Enterprise Fund; however, OCIO does not have insight into how each NRO Directorate and Office spends its own money on IA. Therefore, the OCIO cannot determine how all IA initiative funds are spent across the NRO. Without an integrated, enterprise-wide IA program, OCIO cannot ensure that NRO's most important security risks are being addressed or that they are being addressed in the most efficient way.

(U) Objective

- (U) This audit will evaluate
 - how IA technical requirements are identified, prioritized, and addressed;
 - how IA resource requirements are estimated, allocated, and tracked across the NRO enterprise; and
 - the extent of NRO's IA budget cuts and potential effects of unfunded IA requirements on NRO's security stature.

(U) Audits of Information Technology Change Management within the National Reconnaissance Office (Continuing Series)

(U) Background

- (U) Change management is the set of processes executed within an organization's IT architecture to manage enhancements, updates, incremental fixes, and patches to production systems. These processes include application code revisions, system upgrades (applications, operating systems, databases), and infrastructure changes (servers, cabling, routers, firewalls, etc.) Without adequate control and visibility, an organization can spend money and effort on unneeded or low-priority changes, while neglecting more important initiatives. Poorly designed or ill-considered changes can cause disruptions that must be addressed after the fact, or the changes must be "backed out." IT changes to one system can disrupt the operations of other systems. While such disruptions cost time and money, they can be avoided or mitigated by good IT change management practices.
- (U) The NRO IG will continue conducting a series of change management audits. In FY 2006, we audited application code revisions, commonly referred to as "patch management." That audit will be followed by additional audits concerning end-of-life management of hardware, hardware infrastructure, and software enhancement change management control processes.
 - (U) The following two audits are planned as part of this continuing series.

(U) 31. Audit of End-of-life Management of Information Technology Hardware (Planned)

(U) Objective

(U) The objective of this audit is to determine the effectiveness of NRO policies, procedures, and control practices for disposal of IT hardware infrastructure at its end-of-life. This hardware includes hard drives and equipment with non-volatile memory, which may contain classified or sensitive data. Specifically, the audit will evaluate management procedures for handling, clearing, sanitizing, and destroying information system components, and will review life-cycle practices for process improvement.

(U) 32. Audit of the Management of Information System Privileged Users (Planned)

(U) Objective

(U) The overall objective is to determine and evaluate the procedures and controls implemented to manage privileged user functions, actions, and access to information systems and data. Privileged users are those information system users, such as network and system administrators, who have information systems permissions and authorities to access normally restricted data and system functions in order for them to manage, operate, maintain, and secure NRO information systems. Privileged users are government and contractor personnel who can

control or change system information and functionality, including access controls, security features, system logs, and audit policies. Privileged users present an inherent risk to information assurance because of the unique information system permissions and authorities granted them to perform their work.

(U) 33. Inspection of the Communications Systems Acquisition and Operations Directorate (Planned)

(U) Background

(5) The

under the COMM Directorate, is a

also manages the NRO communication

network through network management and information assurance activities.

(U) Objectives

(5) The inspection objectives are to evaluate the efficiency and effectiveness of the in supporting network operations and

point. In addition, the inspection will assess the general organizational climate, customer satisfaction, and compliance with policies, procedures, and standards.

(U) 34. Inspection of the Office of the Chief Information Officer (Planned)

(U) Background

(U) The CIO provides guidance to the NRO senior leaders on issues pertaining to the planning, acquisition, management, and assurance of IT.

(U) Objectives

(U) The overall objectives for this inspection will be to evaluate the efficiency and effectiveness of the OCIO in conducting its mission, to include an examination of the CIO governance boards. The inspection will also evaluate adherence to application policies, procedures, and standards. In addition, the inspection will assess the general organizational climate, customer satisfaction, and support functions such as contract administration and financial management.

(U) Audits of Selected National Reconnaissance Office Information Technology Systems (Mission Ground Systems and Contractor Systems) (Continuing Series)

(U) Background

(U) FISMA requires agencies to perform periodic security evaluations and tests on all systems at least annually. System owners, information security officials, OCIO, and OIG staff personnel can perform these evaluations and tests. The NRO OIG will participate by conducting a series of general application and control system reviews based upon audit methodologies promulgated by the Information Systems and Audit Controls Association. The information systems selected will cover a range of functional applications, system types, and security environments. In FY 2006, we reviewed two administrative systems at NRO headquarters. In FY 2007 and 2008, we plan to audit the management and administration of a sample of selected mission ground station systems and a sample of contractor systems that connect to the NRO's contractor wide area network.

(U) 35. General Application and Control Reviews of Selected Information Technology Systems at Mission Ground Stations (Planned)

(U) Objective

(U) The objective of this information system review is to evaluate the security environment, system controls, and operational risks affecting system confidentiality, integrity, and availability of a sample of IT systems at a mission ground station.

(U) 36. General Application and control Reviews of Selected Information Technology Systems at Contractor Sites (Planned)

(U) Objective

(U) The objective of this information system review is to evaluate the security environment, system controls, and operational risks affecting system confidentiality, integrity, and availability of a sample of IT systems at NRO contractor facilities.

(U) 37. Audit of the National Reconnaissance Office Compliance with the Privacy Act of 1974 (Planned)

(U) Background

(U) The Privacy Act of 1974, 5 U.S.C. § 552a, attempts to regulate the collection, maintenance, use, and dissemination of personal information by federal executive branch agencies. According to the GAO, "a key characteristic of agencies' systems of records is that a large proportion of them are electronic, reflecting the government's significant use of computers and the Internet to collect and share personal information." In June 2005, OMB asked federal agencies to use FISMA as the Privacy Act reporting medium instead of reporting it via the E-

Government Act. OMB also encouraged the IGs to provide any meaningful data that they have regarding the agency's Privacy Act program and related activities.

(U) Objective

(U) The objective of this audit is to evaluate the performance of the NRO's Privacy Act Program in order to ensure it is meeting the federal guidelines promulgated by the OMB.

(U) 38. Audit of Management of the Resolution of Identified Information Technology Vulnerabilities (Planned)

(U) Background

(5) An IT vulnerability is defined as an information system, cryptographic system, or component (e.g., system security procedures, hardware design, internal controls) that could be exploited. Within the NRO, there are multiple organizations responsible, and multiple processes used, for conducting IT vulnerability assessments. These assessments include

(U) Objective

(8) The objective of this audit is to assess the NRO's effectiveness

(SHTK) 39. Inspection of the Communications Systems Acquisition and Operations Directorate (Planned)

(U) Background

(U#FOUO) As mandated in Presidential Decision Directives 63 and 67, the NRO is required to develop a viable continuity of operations (COOP) capability. In support of the COOP capability, the COMM Directorate established in the event of an emergency or other COOP event.

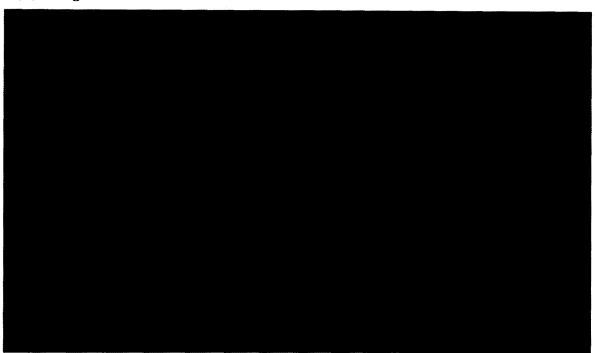
(U) Objectives

(S//TK) The overall inspection objective is to determine whether the NRO has effectively established a viable COOP capability that can emergency or other COOP event. In addition, the inspection will examine compliance with mandates, regulations, directives, and instructions. The inspection will also assess the general

organizational climate and customer satisfaction, and evaluate support functions such as property management and contract administration.

(U) 40. Inspection of the Communications Systems Acquisition and	d Operations
Directorate,	
	(Planned)

(U) Background



(U) Objectives

(U) This inspection will examine each objectives for the inspection will be to evaluate: (1) the effectiveness of mission operations and integration; (2) accomplishments in terms of customer satisfaction; (3) adherence to applicable policies and guidance as well as the level of government oversight; (4) support functions such as contract administration, financial management, and training; and (5) organizational climate, focusing heavily on teamwork, workload, and relationships between

SECRET#TK#25X1 (SHTK) Information Technology and Management Fiscal Year 2007 **PROJECT** Quarter 1 Quarter 2 Quarter 3 Quarter 4 **FY 2007** FY 2007 Evaluation of FISMA Compliance FY 2008 Evaluation of FISMA Compliance Audit of the Management and Funding of NRO Information Assurance Audit of End-of-life Management of IT Hardware Audit of Management of Information System **Privileged Users** Inspection of Inspection of the Office of the Chief Information Officer **FY 2008** General Application and Control Reviews of Selected IT Systems at Mission Ground Stations General Application and Control Reviews of Selected IT systems at Contractor Sites Audit of NRO Compliance with The Privacy Act Audit of Management of the Resolution of Identified IT Vulnerabilities Inspection of NRO Inspection of COMM SECRETI/TKI/25X1

(U) OPERATIONS



- Ground capabilities will have equal priority with collection.
- The architecture required ... must consider continuity of ground operations in both short and long-term contingency situations.
- Work with mission partners and users to create an improved collection and processing strategy that provides responsive solutions.
- Implement an approach that provides a consistent corporate face to users and coordinated interface back into the NRO.

This chart is UNCLASSIFIED

(U) 41. Inspection of the Office of Space Launch (Ongoing-Management Requested)

(U)Background

(U/FOUO) The Office of Space Launch (OSL) mission is to provide reliable access to space, supporting all NRO-wide launch requirements. The OSL offers extensive expertise and resources to satisfy NRO mission-unique requirements and to deliver comprehensive launch support. The OSL's responsibilities are broad and span the entire space vehicle and launch system project cycle from initial user needs definition through launch and post flight. OSL headquarters' responsibilities are divided between Westfields, Virginia, to interface with mission program offices and NRO staff and Los Angeles, California, to interface with the Air Force Space and Missile Systems Center leadership and booster program offices. OSL has

(U) Objectives

(U) The overall inspection objectives for the OSL headquarters are to determine compliance with laws, regulations, and policies; determine efficiency and effectiveness in performing the assigned duties, specifically as it pertains to the Westfields and Los Angeles

locations; evaluate various support functions such as security, contracts, and budget; and evaluate customer satisfaction. The specific inspection objectives will be defined at the end of the pre-inspection phase.

(S//TK//REL) 42. Inspection of (Planned)

(U) Background



(S//TK) Historically, the NRO OIG has led and participated in joint inspections of

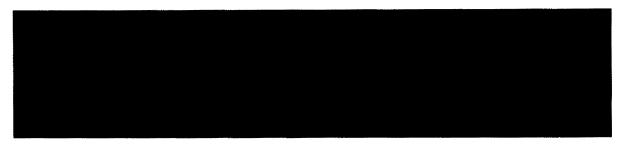
The Tiger Team will stand up for six weeks and design a plan that incorporates proper research, work planning, and coordination to ensure that the joint inspection objectives are met within the time constraints of the inspection.

(U) Objectives

—(S//TK//REL) The objectives of the state of the inspection will be to: (1) assess the general organizational climate; (2) determine compliance with laws, regulations, directives, instructions, policies and procedures; (3) determine efficiency and effectiveness in performing the assigned mission; (4) evaluate various support functions; and (5) evaluate customer satisfaction. Specific inspection objectives will be defined during the pre-inspection of

-(S//TK) 43. Inspection of the Communications Systems Acquisition and Operations Directorate
(Planned)
(U) Background
(U) Objectives
(U) The inspection will determine whether the communication support element is efficiently and effectively accomplishing its mission and adhering to applicable standards to include COMM network standards and instructions. The inspection will also review emergency response, security, and COOP plans, as well as circuit outage records and service call and service request records. Further, the inspection will review the organizational climate, customer satisfaction, and support functions to include property accountability and contract management.
(S//TK//REL) 44. Inspection of (Planned)
(U) Background
(U) Objectives
(S//TK//REL) The objectives of this process inspection will be to (1) assess the general organizational climate which may include sensing sessions (group interviews) with various segments of the workforce; (2) determine compliance with applicable laws, procedures, and policies; (3) determine efficiency and effectiveness in performing assigned mission; (4) evaluate various support functions to include security, contracting, and budget; and (5) evaluate customer satisfaction. The specific objectives for the will be defined after the pre-inspection visit.

(Planned)
(U) Background
(U) Objectives
(S//TK//REL) The Joint Inspection Team will consist of representatives from the NRO,
financial management. In addition, the senior members of the Joint Inspection Team will
examine the organizational climate, conduct sensing sessions (group interviews) with various segments of the workforce, and also conduct separate individual interviews with the site's managers and employees.
(U) 46. Inspection of the Office of Space Launch, National Reconnaissance (Planned)
(U) Background



(U) Objectives

(U) The objectives of inspection are to (1) assess the general organizational climate; (2) determine compliance with applicable laws, procedures, and policies; (3) determine efficiency and effectiveness in performing the assigned mission; (4) evaluate various support functions; and (5) evaluate customer satisfaction. Specific inspection objectives will be defined during the pre-inspection of this site.

(U//FOUO) 47. Audit of Integration and Support for New Systems Deliveries at National Reconnaissance Office Ground Stations (Planned)

(U) Background

(U#FOUO) The NRO Directorates have specific components responsible for the transition and delivery as the systems to NRO ground stations. The transition and delivery of these systems from acquisition organizations involve extensive and detailed coordination of the ground station operations, communications, engineering, maintenance, facilities, and support contracts. The successful transition of these systems to ground station operations relies on the direct participation of these organizations in the planning, design, development, transition coordination, and delivery.

(U#FOUO) Prior OIG joint inspections and reviews of NRO ground stations have pointed out

(U) Objective

(U#FOUO) The objective of this audit is to determine whether management controls designed to oversee the effective delivery of systems to NRO ground stations are in place and performing as intended.

(U//FOUO) 48. Audit of Distributed Operations, Maintenance, and Engineering Support (Planned)

(U) Background

(S#FK) NRC rely on operations, engineering, and maintenance contracts to provide a consolidated and wide-ranging enterprise environment for direct support. Examples

I ne government oversight of these contracts requires equally extensive performance and quality assurance evaluation controls to ensure the best value to the government.

(U) Objective

(U//FOUO) The objective of this audit is to evaluate the effectiveness of contract oversight and management controls designed to ensure quality performance of operations, engineering, and maintenance support.

(S//FK) 49. Inspection of the Communications Systems Acquisition and Operations Directorate (Planned)

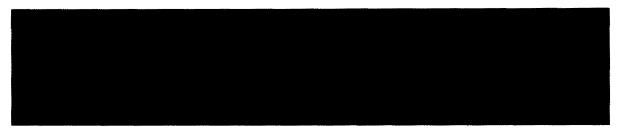
(U) Background

(U) Objectives

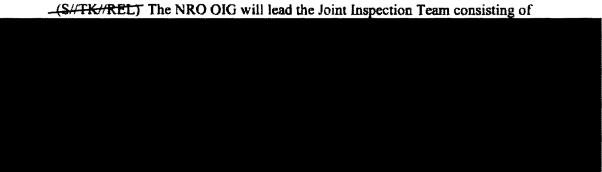
(U) The inspection will determine whether the efficiently and effectively accomplishing its mission and adhering to applicable standards to include COMM network standards and instructions. The inspection will also review emergency response, security, and COOP plans, as well as circuit outage records and service call and service request records. Further, the inspection will review the organizational climate, customer satisfaction, and support functions, to include property accountability and contract management.

(S//TK//REL) 50. Joint Inspection of (Planned)

(U) Background



(U) Objectives



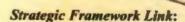
systems, mission systems, site operations support, and financial management. In addition, the senior members of the Joint Inspection Team will examine the organizational climate; conduct sensing sessions (group interviews) with various segments of the workforce; and also conduct separate individual interviews with the site's leaders, managers, and other personnel.

(St/TK) Operations

	PROJECT	Fiscal Year 2007				
	PROJECT	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	FY 2007					
41	Inspection of the Office of Space Launch					
42	Inspection of the second secon					
43	Inspection OF NRO COMM					
44	Inspection of the		<u> </u>			
45	Joint Inspection of					
	FY 2008					
46	Inspection of the OSL NRO					
47	Audit of Integration and Support for New System Deliveries at Ground Stations					
48	Audit of Distributed Operations, Maintenance, and Engineering (DOME) Support At Ground Stations					
40	Inspection of NRO COMM					
50	Joint Inspection of					

BEONE DITINIZACI

(U) TRANSFORMATION AND INNOVATION

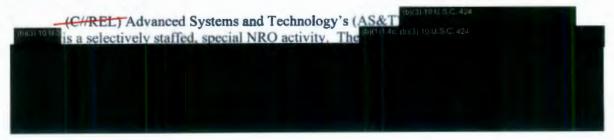


- Utilize NRO's unique perspective, its engineering expertise, and system knowledge to create new multidiscipline information that only the NRO can create.
- Rapidly develop and deploy new or adaptive solutions to evolving user needs.
- Establish a corporate-level systems engineering capability with the necessary authorities and technical depth and experience to effectively define and manage NRO architecture construction.
- Process the capabilities and exploitation tools that integrate multi-sensor data and enable synergistic exploitation.
- Effectively align R&D priorities and the new architectural construct.
- Push technological boundaries; discover and demonstrate new sources and methods.
- Sustain an environment that sparks innovation and manages risk.
- Develop a repeatable process to rapidly transition and make operational new technologies and capabilities.

This chart is UNCLASSIFIED

(U) 51. Inspection of the Advanced Systems and Technology Directorate (Planned)

(U) Background

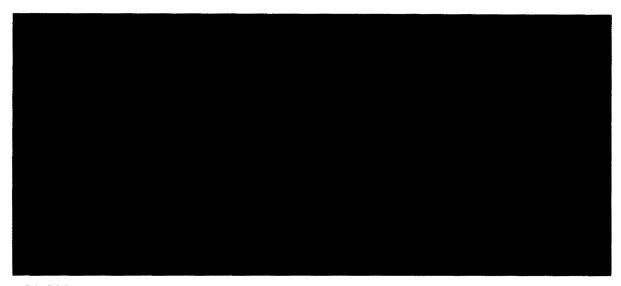




(U) The objective for this inspection is to determine it provides performing its assigned mission and functions in the most efficient and effective manner possible and in accordance with applicable directives, policies, and procedures. Other specific inspection objectives will be defined during a pre-inspection visit to

(U) 52. Inspection of Deputy Director Mission Support (Planned)

(U) Background



(U) Objectives

(U) The overall inspection objective is to determine if a specific performing its assigned mission and functions in the most efficient and effective manner possible in accordance with applicable directives, policies, and procedures, and to evaluate customer satisfaction. Specific inspection objectives will be defined during a pre-inspection visit to

(U) 53. Audit of the Migration of Research and Development and Transition into Operations (Planned)

(U) Background

Conducting aggressive customer focused research and development (R&D), and evolving space and ground systems to meet operational demands are two key elements of the NRO Strategic Framework. In recent years, NRO investment in R&D has varied between of the NRO total budget. Strong R&D efforts are critical for ensuring the future success of the NRO. However, technological advances provide little value if they cannot be incorporated into daily operations. Therefore, it is also critical that the NRO has effective processes to ensure that the products of R&D transition to operational programs.

(U) Objective

(U/FOUO) The overall objective of the audit will be to determine how effectively the NRO is transitioning its R&D efforts into NRO operations. Specifically, OlG will address the following questions:

- · What processes are used in transitioning R&D efforts into operations?
- · How is the success of those processes measured?
- Is NRO targeting the right organizations and focusing on the right technologies in the R&D arena?
- What is the process for divesting in R&D, when the NRO becomes aware that the effort will have no beneficial impact on operations?
- Is the timing of R&D divestitures appropriate?

(U) 54. Audit of National Reconnaissance Office Information Enterprise Architecture (Planned)

Background

(U//FOUO) Enterprise architecture establishes the organization-wide roadmap to achieve an organization's mission through optimal performance of its core business processes within an efficient IT environment. Simply stated, enterprise architectures are "blueprints" for systematically and completely defining an organization's current (baseline) or desired (target) environment. Enterprise architectures are essential for evolving information systems and developing new systems that optimize their mission value. This is accomplished in technical terms through software, hardware, and communications technologies, and includes a transition plan for moving from the baseline environment to the target environment. From a strategic framework perspective, an enterprise architecture facilitates the NRO's development, operation, and management of its systems as a single, integrated architecture.

(U/FOUO) If defined, maintained, and implemented effectively, these blueprints assist in optimizing the interdependencies and interrelationships among the business operations of the enterprise and the underlying IT that support these operations. Without a complete and enforced enterprise architecture, business units within the enterprise run the risk of buying and building systems that are duplicative, incompatible, and unnecessarily costly to secure, maintain, and interface. For an enterprise architecture to be useful and provide business value, its development, maintenance, and implementation should be managed effectively and supported by tools.

(U) Objective

(U#FOUO) The objective of this audit is to evaluate and determine the effectiveness of NRO-wide efforts to develop, implement, and maintain enterprise information systems architecture to include hardware and software engineering and development.

(U) 55. Inspection of the Systems Integration and Engineering Office (Planned)

(U) Background

(U) The NRO OIG initiated a unit inspection of the Deputy Director for System Engineering (DDSE) on 21 March 2006. Soon after, the DNRO delivered his new Strategic Framework and tasked the DDSE with leading a group to develop options on what a new systems engineering organization should look like to conduct effective architectural management. Based on the new direction of DDSE, the OIG suspended the unit inspection and issued a memorandum presenting 14 observations which were noted during the inspection. On 25 August 2006, the DNRO released Director's Note 2006-42, directing that a new Systems Integration and Engineering Office (SI&E) be established by 15 October 2006. The new organization will include functions of architecture analysis, engineering integration, acquisition oversight and support, mission assurance, and engineering policy.

(U) Objectives

(U) We will conduct this unit inspection during FY 2008 to assess how well the new SI&E function is achieving its objectives. The overall objectives will be to (1) assess the general climate of the component; (2) evaluate compliance with laws, regulations, and standards; (3) determine effectiveness and efficiency in performing assigned missions and function; (4) evaluate various support functions; and (5) evaluate customer satisfaction. The specific objectives will be defined during the pre-inspection.

(U) 56. Audit of the National Reconnaissance Office Support to Homeland Security Operations (Planned)

(U) Background

(U/FOUO) A key objective of the NRO Strategic Framework is for the NRO to keep commitments to satisfy existing customer requirements. Recent world events have led to a dramatic increase in customer requirements relating to homeland security. To ensure full coverage of all NRO support efforts, the OIG will continue with its plan to conduct a series of audits focusing on NRO's support to civil, IC, and defense homeland security operations.

(U//FOUO) In 2004, the OIG issued its report on the Audit of the NRO Support to Civil Homeland Operations, which covered the first phase of the homeland security review effort. The Audit of the National Reconnaissance Office Support to Homeland Defense Operations will be the second audit in the series. The third audit will be the Audit of the National Reconnaissance Office Support to Intelligence Community Homeland Security Operations, which is planned for FY 2008.

(U) Objective

(U//FOUO) The overall objective of these audits is to evaluate the effectiveness of NRO support to homeland defense and IC homeland security operations. The audits will address the following questions:

- Is the NRO providing sufficient outreach and awareness training to ensure DoD and IC organizations are aware of national system capabilities in the homeland security and the counterterrorism areas?
- How effectively does the NRO apply its collection and communications assets against high-priority DoD and IC homeland security and counterterrorism intelligence needs?
- Is NRO-derived information related to homeland security and counterterrorism effectively distributed to DoD and IC homeland security analysts?
- Is the NRO effectively working with DoD and IC mission partners to gain an understanding of their homeland security-related needs and is NRO properly considering these needs in its future investment process?

(U//FOUO) The audits will focus on how the NRO interfaces with the NSA, the NGA, the CIA, the Defense Intelligence Agency, and other relevant DoD and IC organizations and agencies.

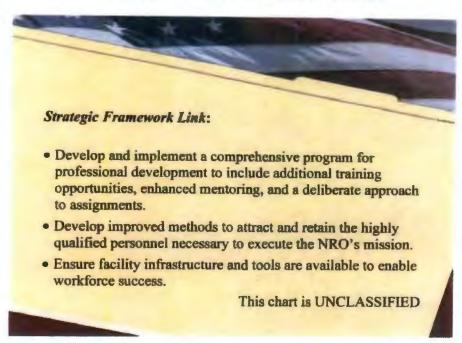
- GEGRET#TK#25X1

(U/EQUO) Transformation and Innovation

	PDC IFOT		Fiscal Year 2007				
	PROJECT	Quarter 1	Quarter 2	Quarter 3	Quarter 4		
	FY 2007						
51	Inspection of the AS&T,			A	*		
52	Inspection of DDMS.				•		
	FY 2008						
53	Audit of Migration of R&D and Transition into Operations		,				
54	Audit of NRO Information Enterprise Architecture						
55	Inspection of the Directorate of Systems Integration and Engineering						
56	Audit of Support to Homeland Security Operations						

BEGRET//TK//25XT

(U) INFRASTRUCTURE AND SUPPORT



(U) 57. Inspection of the Office of Security and Counterintelligence, (Planned)

(U) Background

(U) The Office of Security and Counterintelligence (OS&CI) provides facility-based physical and technical accreditation guidance at the sensitive compartmented information, collateral, and compartmented levels. It is responsible for such areas as sensitive compartmented information facility accreditation, package inspection, security equipment, and The office 10 US consists of the following five branches: (DIC) 10 US C 424

(U) Objectives

(U) The objectives of this unit inspection of the arc to (1) assess the general organizational climate; (2) determine compliance with laws, regulations, directives, instructions, policies, and procedures; (3) determine efficiency and effectiveness in performing their assigned mission; (4) evaluate various support functions; and (5) evaluate customer satisfaction. Specific inspection objectives will be defined during the pre-inspection.

(S//TK) 58. Inspection of the Management Services and Operations (Planned)

(U) Background

-(S//TK)

Center is responsible for warehousing, packing, preserving, transporting, and disposing of material shipped through its facility and other contractor locations.

(U) Objective

(S//TK) The overall unit inspection objective is to evaluate the efficiency and effectiveness of the operations. A specific inspection objective consists of an examination of the storage and issuing functions to ensure the protection and preservation of materiel, including The inspection team will examine the process for issuing materiel from storage to ensure compliance with established procedures and the existence of proper documentation. The inspection team will also evaluate property accountability, as well as conduct a storeroom examination to determine whether the storerooms are arranged to promote economy and efficiency in storing, locating, and issuing materiel. The inspection will also include an assessment of the organizational climate, customer satisfaction, and key support functions to include budgeting, contracting, and records management.

(U) 59. Inspection of the Office of Security and Counterintelligence, Program Security Officers (Planned)

(U) Background

(U) The OS&Cl places program security officers (PSOs) in the various Directorates and Offices to manage security for their respective programs and operations. PSOs provide contract, program, and personnel security support as well as liaison with the centralized services at the OS&Cl. Currently, PSOs reside in

(U) Objectives

(U) The inspection will determine whether the PSOs are consistently complying with contract security regulations, the PSO's manual requirements, and special program guidance. Further, the inspection will examine customer support and the application of consistent security policy across the NRO. Specific inspection objectives will be defined during the pre-inspection phase.

(U) 60. Inspection of the Permanent Change in Station Process (Planned)

(U) Background

(U) The Permanent Change in Station (PCS) process arranges for the movement of personnel and their household effects while in PCS status. The PCS process entails the various Directorates and Offices, Office of Human Resources (OHR), Cover and Liaison Staff, Travel Services Center (TSC), and BPO assigned responsibilities. For example, the PCS processor in the OHR meets with the traveler to address entitlements and the PCS processor in the TSC ensures that PCS travel transactions are properly authorized and in compliance with regulations.

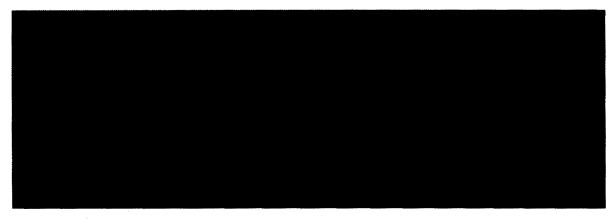
(U) Objectives

(U) The inspection will evaluate the efficiency and effectiveness of the PCS process in ensuring personnel experience a straightforward and unproblematic transition to their new assignment. We will also examine compliance with applicable regulations, policies, and procedures, and evaluate customer satisfaction with the PCS process.

(U) 61. Audit of Critical Infrastructure Protection at the National Reconnaissance Office (Planned)

(U) Background

(U/FOUO) The purpose of a critical infrastructure protection strategy is to assure that the assets on which an agency relies are available to mobilize, deploy, command and control, and sustain operations. Personnel must have real-time situational awareness of critical infrastructure assets, and have the means to accurately predict changes in the unfolding operational environment in time to change operations in anticipation of adverse action and/or adverse events.



(U) Objective

(U//FOUO) The overall objective of the audit will determine whether the NRO has

infrastructure events.

(U) 62. Inspection of National Reconnaissance Office Training Programs (Planned)

(U) Background

(U) Employees working at the NRO have numerous opportunities for training, to include professional development programs offered by the OHR, Corporate Learning and Development Group. Graduate Certificate Programs and acquisition training are provided by the Office of Contracts, Acquisition Center for Excellence; and security-related training is provided by the NRO Security Education Center. Courses are also offered by BPO, IMINT University, the Schoolhouse, SI&E, and the Collaborative Learning Environment on Networks (CLEON). Further, employees have an opportunity to participate in the NRO Program Call – training programs offered by a variety of prestigious institutions to include Harvard University, Massachusetts Institute of Technology, the University of Pennsylvania, and the Wharton School; and the NRO Academic Call – training provided through university or college courses on a full-time or part-time basis.

(U) Objective

(U) The inspection will evaluate the effectiveness and efficiency of the decentralized NRO training programs to include cost-benefit considerations and an assessment as to whether the overall NRO professional development goals are being achieved. We will examine the extent to which training programs duplicate, overlap, or conflict with other established training programs. We will also incorporate benchmarking activities in order to identify best training practices utilized by other government and industry organizations.

(U) 63. Inspection of Management Services and Operations, Property Accountability Oversight (Planned)

(U) Background

(U) On 1 October 2006, MS&O will assume property accountability responsibility for government property at government locations. Accountability responsibilitie

conducting physical inventories to ensure accuracy of record keeping; and maintaining an up-to-date property manual.

(U) Objectives

(U) This FY 2008 inspection will assess MS&O success in assuming the NRO property accountability function. Specifically, the inspection will evaluate the effectiveness and efficiency of MS&O in providing property accountability oversight for government property at government locations. The inspection will examine such issues as the accuracy of system in reflecting actual physical inventory. The inspection will also evaluate compliance with NRO directives and policies and procedures as well as general organizational climate, customer satisfaction, and support functions.

(SITTK) Infrastructure and Support

SECRETITIVICEXI

		Fiscal Year 2007				
	PROJECT	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	FY 2007					
57	Inspection of OS&CI			4		
58	Inspection of MS&O,					
	FY 2008					
59	Inspection of OS&CI, Program Security Officers					
60	Inspection of the Permanent Change in Station Process					
61	Audit of Critical Infrastructure Protection					
62	Inspection of NRO Training Programs					
63	Inspection of MS&O, Property Accountability Oversight					

SEGRET//TIO/25X1

(U) INTEGRITY



(U) Introduction

Framework, shared values held by every member of the NRO team are critical to the success of his plan. INTEGRITY is the NRO's essential and enduring tenet – the strategic, inviolable principle that tells people how to act as members of the NRO team and sets forth the organization's standards of accountability. This value needs to be reflected in our people, in our products and services, in our interactions with each other, in our interaction with our oversight committees, in our community involvement, and in our responsibility to the nation. Strong adherence to NRO values will bring out the best in our employees by nurturing their talent and rewarding their dedication. The Director expects executive and management personnel to set the example and assume responsibility for fostering a work environment that is positive—an environment where people are honest and fair with one another, trusting, willing to take responsibility, and are accountable for their actions. It is the responsibility of every employee to adhere to the NRO's principles of integrity and ethical behavior and to its policies and procedures. A commitment to the highest standards of ethical conduct is fundamental to the success of the NRO.

(U/FOUO) The proactive prevention and detection efforts that follow are used by OIG to promote integrity and ensure accountability among all personnel associated with NRO programs, be it our government workforce or the contractors who support us.

(U) Office of Inspector General Investigations (Ongoing)

(U//FOUO) The OIG's Investigation Staff is primarily responsible for efforts which ensure individual accountability when serious breaches in integrity occur. The staff investigates allegations of crime and other serious misconduct both within the NRO government and contractor workforces. However, OIG Investigations go beyond ensuring individual accountability, they also ensure the NRO is made whole on those occasions when it has been harmed by the malicious actions of the employee or company. Further, the Investigations Staff provides senior managers with actionable information on critical administrative issues and systemic weaknesses identified during the investigation in order to protect the NRO from future harm.

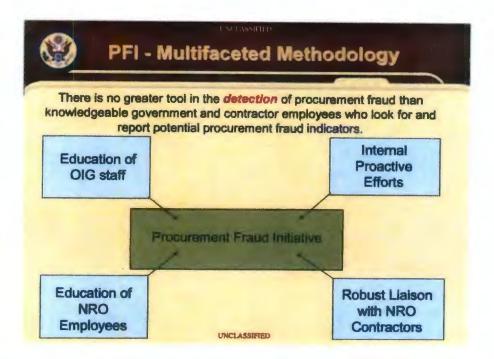
(U//FOUO) The value of OIG investigative efforts many times straddles between detection of breaches of integrity and prevention by promoting integrity. The results of investigations are regularly communicated to the NRO population in the form of "Messages from the IG" or educational videos, which help sensitize employees to behaviors that have adversely impacted NRO programs. Such communiqués illustrate just one of the OIG's approaches to countering fraud and building a strong commitment to high ethical conduct within the NRO.

(U//FOUO) The OlG Investigations Staff also periodically

The Investigation Staff also collects case-related statistics such as financial losses and recoveries, indictments, fines, convictions, instances of administrative discipline, and notifications to the Department of Justice in both criminal and civil matters. This data allows the OIG to identify and share investigative trends with senior NRO leadership and formulate tactics to help better prevent and detect fraud.

(U) Office of Inspector General Procurement Fraud Initiative (Ongoing)

(U) The OIG's proactive Procurement Fraud Initiative (PFI) continues to be the centerpiece of our effort to protect the NRO's procurement process by preventing and detecting fraud. The PFI relies on three critical partnerships: the first with the NRO OC; the second with NRO's corporate mission partners; and the third with the NRO's government and contractor employees who are often in the best position to observe and report indicators of fraud. Appreciating the importance of these partnerships, the PFI is structured as follows:



- Education of OIG Staff We educate our own staff by mandating formal training on contract and procurement fraud and providing monthly PFI awareness briefings. Our audit, inspection, and investigation managers ensure that procurement fraud is included in each staff member's individual development plan.
- Internal Proactive Efforts We have embedded NRO-specific procurement fraud vulnerability detection steps in our audits and inspections. These detection steps are also being used to identify internal control weaknesses and potential systemic issues. We

We also engage in information sharing with DCAA, other OIGs, and law enforcement through government-wide procurement fraud working groups.

- Education of NRO employees We educate government and contractor employees on common fraud indicators through providing tailored briefings in occupations that are most-likely to observe the indicators; publishing of "Messages from the IG" to the general workforce; developing and distributing procurement fraud training videos; and circulating procurement fraud posters.
- Robust Liaison with NRO Contractors We maintain an effective NRO contractor
 procurement fraud referral program through regular interaction with corporate business
 ethics and compliance offices and senior corporate procurement officials. The NRO has
 adopted an OIG-specific contract clause requiring contractor reporting to, and
 cooperation with, the OIG on all allegations of procurement fraud. Contractor referrals
 are not part of the DoD voluntary disclosure program.





NATIONAL RECONNAISSANCE OFFICE

Office of Inspector General



16 October 2007

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: (U) Office of Inspector General Annual Work Plan

- (U) The National Reconnaissance Office (NRO), Office of Inspector General (OIG) Annual Work Plan for Fiscal Years (FY) 2008/2009 is attached. It provides brief descriptions and timelines of planned and ongoing audits and inspections for the upcoming two-year period, including those audits required by law. It also updates the actions anticipated as part of our proactive procurement fraud prevention and detection efforts.
- (U) We repeated last year's rigorous work planning process to select those topics that would ensure comprehensive oversight of NRO programs and operations. The selected topics reflect concerns and challenges identified by NRO senior managers and the Congress, and areas that came to our attention during the course of our FY 2007 audits, inspections, and investigations.
- (U) This work plan is the OIG roadmap for addressing critical issues and challenges the NRO is facing today. With the Director of the NRO's recent decision to implement an Enterprise Integration Transformation that involves significant managerial and organizational changes, some of our project titles may be revised; however, the functional areas and objectives of those projects will stay the same. Due to the dynamic environment in which the NRO operates, we will continue to be receptive to additions, deletions, and modifications of the plan to ensure that we remain focused on topics that provide the most relevance to the mission of the NRO.

	(U)	If	you	have	any	quest	ons	about	this work	plan,	please	fee	1
free	to	cont	act	me on	(b)(3) 1	0 USC 424	Lsec	ure)/	(secure)	(n	onsecur	e),	or
Deput	y I	G 💮				on	TO NOT 1		(secure)/				
(nons													

Eric R. Feldman Inspector General

Attachment:

(U) NRO OIG FY 2008/2009 Annual Work Plan (S//TK) SUBJECT: (U) Office of Inspector General Fiscal Year 2008/2009
Annual Work Plan

INTERNAL DISTRIBUTION:

Director, National Reconnaissance Office

Principal Deputy Director, National Reconnaissance Office

Deputy Director, National Reconnaissance Office

Director, Imagery Systems Acquisition and Operations Directorate

Director, Signals Intelligence Systems Acquisition and Operations Directorate

Director, Communications Systems Acquisition and Operations Directorate

Deputy Director, National Reconnaissance Office, Business Plans and Operations

Deputy Director for System Integration and Engineering

Deputy Director for Mission Support

Director, Advanced Systems and Technology Directorate

General Counsel

Director, Office of Space Launch

Director, Office of Equal Employment Opportunity and Military Equal Opportunity

Director, Office of Security and Counterintelligence

Director, Office of Human Resources

Director, Management Services and Operations Office

Director, Office of Contracts

Director, Office of Strategic Communications, BPO

Chief Information Officer

Senior Enlisted Advisor

EXTERNAL DISTRIBUTION:

Chairman and Vice Chairman, Senate Select Committee on Intelligence

Chairman and Vice Chairman, House Permanent Select Committee on Intelligence

Chairman and Ranking Member, Senate Appropriations Committee, Subcommittee on Defense

Chairman and Ranking Member, House Appropriations Committee, Subcommittee on Defense

Inspector General, Office of the Director of National Intelligence

Inspector General, Central Intelligence Agency

Inspector General, Department of Defense

Assistant to the Secretary of Defense (Intelligence Oversight)

Director, Field Detachment, Defense Contract Audit Agency

NRO APPROVED FOR RELEASE 9/29/2017 SECRET//TK//NOFORN//25X1

Table of Contents

(U) INTRODUCTION	V
(U) ACQUISITION MANAGEMENT	1
(U) 1. Audit of NRO Oversight of Subcontractors (Ongoing)	1
(U) 2. Audit of the NRO Award and Incentive Fee Process (Ongoing)	2
(S//NF) 3. Audit of the Acquisition Management of Planned)	
(U) 4. Audit of the NRO Acquisition Requirements Verification and Validation Process (Planned)	3
(U) 5. Audit of the Management of Selected NRO Acquisition Activities (Planned)	4
(U) 6. Audit of the NRO Research and Development Transition to Acquisitions and Operations (Planned)	5
(U) 7. Audit of the NRO Quarterly Program Review Processes (Planned)	5
(U) BUSINESS MANAGEMENT	8
(U) 8. Audit of Budget Formulation (Ongoing)	8
(U) 9. Survey of the Use of Financial Information to Manage Programs (Ongoing)	9
(U) 10 and 11. Audits of the NRO Fiscal Years 2008 and 2009 Financial Statements and Resolution (Planned – Statutory Requirement)	
(U) 12. Audit of Office of Management and Budget A-123 Implementation (Planned)	10
(U) 13. Audits of Budget Execution Processes (Planned)	10
(U) 14. Audit of Advances to Others (Planned)	H
(U) 15. Audit of NRO Facilities and Space Management (Planned)	11
(U) 16. Audit of the NRO Cost Estimating Process (Planned)	11
(U) 17. Audit of NRO Ground Mission Costs (Planned)	12
(U) 18. Inspection of the Business Plans and Operations, Office of Policy and Analysis (Planned)	12
(U) 19. Audit of the Corporate Management Program (Planned)	13
(U) CONTRACTING	15
(U) 20. Audit of NRO Contract Advisory and Assistance Services (Ongoing)	
(U) 21. Audit of NRO Use of Defense Contract Audit Agency Services (Planned)	16
(U) 22. Audit of Un-recovered Costs on NRO Contracts (Planned)	16
(U) 23. Audit of Selected Contract Termination Procedures (Planned)	
(U) 24. Audit of NRO Use of Federally Funded Research and Development Centers (Pla	

(U) HUMAN CAPITAL & TRAINING	19
(U) 25. Inspection of NRO Staffing Practices (Planned)	19
(U) 26. Inspection of NRO Training Programs (Planned)	20
(U) 27. Inspection of the Management Services and Operations, Administrative Support Group, Wellness Center - Employee Assistance Program (Planned)	20
(U) INFORMATION MANAGEMENT	23
(U) INFORMATION TECHNOLOGY & INFORMATION ASSURANCE	24
(U) 28. Audit of the Management and Funding of NRO Information Assurance (Ongoing)	24
(U) 29 and 30. Fiscal Years 2008 and 2009 Independent Evaluation of the NRO Compliand with the Federal Information Security Management Act (Planned – Statutory Requirement)	
(U) 31. Audit of the NRO Certification and Accreditation Process (Planned)	26
(U) 32. Audit of the Management of Information System Privileged Users (Planned)	26
(U) 33. Audit of the Controls for Connecting to the NRO Contractor Wide Area Network (Planned)	27
(U) 34. Audit of NRO Portfolio Management and IT Investment Oversight (Planned)	2 7
(U) 35. Audit of NRO Enterprise Software Acquisition and License Management (Planned) 28
(U) 36. Audit of the NRO Information Enterprise Architecture (Planned)	28
(U) 37. Audit of NRO Configuration Management and Control (Planned)	29
(U) 38. Audit of IT Change Management and Recapitalization (Planned)	30
(U) 39. Inspection of the Communications Systems Acquisition and Operations Directorate (Planned)	
(U) 40. Inspection of the Office of the Chief Information Officer (Planned)	
(U) OPERATIONS	
(S//TK) 41. Audit of Distributed Operations, Maintenance, and Engineering Support Contra	act
- (S//TK) 42. Audit of the Agreements (Planned)	
(S//TK//REL) 43. Joint Inspection of the (Planned)	
_(S://TK://REL) 44. Joint Inspection of the (Planned)	35
(Planned)	36
(U) 46. Audit of the NRO Ground Program Organization and Governance (Planned)	. 36
(U) 47 Audit of the NRO Support to Homeland Security Operations (Planned)	. 37

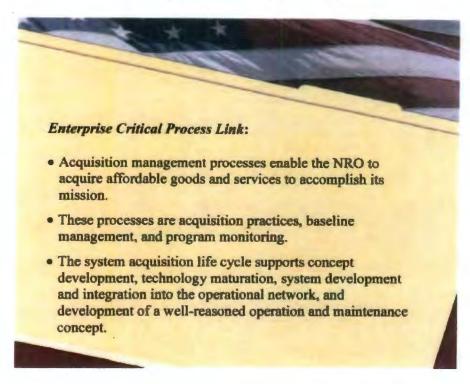
(SHTK) 48. Inspection of	the Communications Systems Ac	quisition and Operations
Directorate.	(Planned)	
(S//TK) 49 Inspection of	f the Communications Systems Acc	
Directorate		
	· · · · · · · · · · · · · · · · · · ·	
(U) 50. Inspection of the	Communications Systems Acquisi	tion and Operations Directorate,
	Managem	ent (Planned)39
(U) 51. Inspection of the	Office of Space Launch, NRO	(Planned) 40
(S//TK//REL) 5 2. Joint Ir	aspection of the	(Planned) 41
(U) OVERSIGHT		43
	Office of Equal Employment Oppo	ortunity and Diversity
(U) PROPERTY MAN	AGEMENT	46
-(8) 54. Audit of Satellite	Valuation (Planned)	46
(U) 55. Audit of NRO Ma	aintenance of Spare Program Propo	erty 47
(U) 56. Audit of NRO Us		47
-(S//TK) 57. Inspection of	the Management Services and Op	erations, ed)47
(I) CECUPITY 0.00	,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,,	
		50
(U) 58. Inspection of the	Office of Security and Counterinte	:iligence 50
	Office of Security and Counterinte	
Officers (Planned)	- -	51
(U) STRATEGIC CON	MMUNICATIONS	53
(U) 60. Audit of the NRO	Critical Infrastructure Protection	(Planned) 53
(U) SYSTEMS ENGIN	EERING	<u></u> 56
(U) 61. Inspection of the	IMINT Directorate	(Planned)56
(U) 62. Inspection of the	SIGINT Directorate,	(Planned) 57
(U) 63. Inspection of the		Planned) 57
(U) 64. Inspection of the		(Planned) 58
•		60
•		anned) 60
(U) 66. Inspection of the	SIGINT Directorate,	Planned) 61

(U) 67. Inspection of the Deputy Director for Mission Support, National Reconnai Operations Center (Planned)	
(U) INTEGRITY	63
(U) OlG Investigations (Ongoing)	64
(U) Office of Inspector General Procurement Fraud Initiative (Ongoing)	6.

(U) INTRODUCTION

- (U) The National Reconnaissance Office (NRO), and in turn, its Office of Inspector General (OIG), must respond to an increasing level of oversight activities derived from statutory and regulatory requirements; congressionally directed actions; and Director of National Intelligence (DNI) data calls and taskings. Therefore, the OIG Work Plan for Fiscal Years (FY) 2008/2009 is designed to respond to and complement these requirements while ensuring that OIG resources are used in a manner that maximizes its contribution to the NRO mission.
- (U) We initiated this year's planning process by conducting interviews with key congressional staffers, NRO personnel, and senior managers. The discussions that ensued from the interviews helped us identify the specific topics that could benefit from an OIG evaluation. This two-year plan allows for increased staff and management participation in the planning process and greater scheduling flexibility. It also gives the workforce an advanced understanding of our long range oversight goals and enables them to better prepare for the OIG's independent assessment of their area of responsibility.
- (U) Our Work Plan is linked to the NRO Corporate Management Program's Enterprise Critical Processes, which are Acquisition Management, Business Management, Contracting, Human Capital & Training, Information Management, Information Technology & Information Assurance, Operations, Oversight, Property Management, Security & Counterintelligence, Strategic Communications, Systems Engineering, and User Engagement. The specific projects are explained through "Background" and "Objective" paragraphs. They are further identified as "Ongoing" or "Planned." Proactive investigative efforts are highlighted in the last section entitled *Integrity*. Most of the ongoing projects were previously identified in the "Office of Inspector General Work Plan for Fiscal Years 2006/2007." These projects have been initiated, but not yet completed. The planned projects are those identified through the OIG planning process described above, which will be conducted during FY 2008 and FY 2009. With the Director of the NRO's (DNRO's) recent decision to implement an Enterprise Integration Transformation that involves significant managerial and organizational changes, some of our project titles may be revised: however, the functional areas and objectives of those projects will stay the same.
- (U) The OIG is required by statute to conduct the following major projects each year: Audit of the National Reconnaissance Office Fiscal Year Financial Statements, which is undertaken to comply with the Chief Financial Officers Act, and Independent Evaluation of National Reconnaissance Office Compliance with the Federal Information Security Management Act, required under the E-Government Act of 2002.

(U) ACQUISITION MANAGEMENT



(U) 1. Audit of NRO Oversight of Subcontractors (Ongoing)

(U) Background

- (U) The Acquisition Reform shift from government "oversight to insight" and from military standards and established milestones to best commercial practices may have resulted in an erosion of subcontract management by NRO prime contractors. Problems with recent major NRO acquisition programs indicate that subcontractor performance, quality, and accounting have not received adequate oversight by the prime contractor.
- (U) The Federal Acquisition Regulation (FAR) provides limited guidance for government oversight of subcontractors. That guidance includes contractor purchasing system reviews (CPSR) and subcontract consent and notification requirements. The CPSR evaluates the efficiency and effectiveness with which the contractor spends Government funds and complies with Government policy when subcontracting. Subcontract consent and notification refer to communication of requirements among the Government, prime contractor and their subcontractors. However, existing oversight mechanisms may not fully address subcontract management at a level necessary to protect NRO interests and guarantee mission success. For example, the CPSR process may not effectively ensure quality assurance of parts supplied to subcontractors or accurately analyze technical subcontracting processes and procedures.

(U) Objective

(U) The audit will focus on whether the NRO has adequate oversight to ensure that prime contractors are properly managing subcontractor performance, cost, and schedule.

(U) 2. Audit of the NRO Award and Incentive Fee Process (Ongoing)

(U) Background

(S) The NRO relies on award fee contracts to motivate contractors to achieve exceptional performance. In 2006, the Government Accountability Office (GAO) issued a report criticizing the Department of Defense (DoD) for paying billions of dollars in award and incentive fees to contractors who have failed to deliver projects on time and within budget. The report stated, "Although [the department] has paid billions in fees over time, the department has little evidence to support its contention that the use of award and incentive fees results in the intended effect on contractor performance."

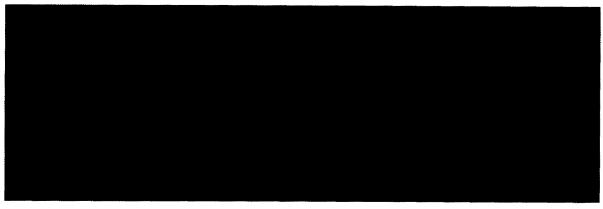
(U/EOUO) In July 2001, the NRO OIG issued a report to NRO management entitled, "Audit of Administration of Award Fees" (Project No. 2000.003). The report stated that the award fee plans used to establish the criteria and procedures by which to evaluate a contractor's performance were not always prepared in compliance with the Federal Acquisition Regulation and the NRO Acquisition Manual. It also stated that the evaluation determinations of the contractor's performance were not always sufficiently documented in the contract files.

(U) Objective

(U) The overall objective of the audit is to assess whether award and incentive fees are effectively used to influence contractor performance and achieve desired results. In addition, we will review the NRO implementation of the recommendations from the 2001 OIG report referenced above.

(SHNF) 3. Audit of the Acquisition Management of Planned)

(U) Background



(U) Objectives

(U//FOUO) The overall objective of the audit is to determine whether the same has a sustainable acquisition strategy that includes effective oversight and management controls. Additionally, the audit will consider the benefits and lessons learned resulting

(U) 4. Audit of the NRO Acquisition Requirements Verification and Validation Process (Planned)

(U) Background

(UIFOUT) The NRO develops acquisition program requirements based on the projected needs and user engagement with national, military, and Intelligence Community (IC) organizations. Before any acquisition is initiated, the NRO must compile and validate requirements that satisfy a specific intelligence need or desired capability. Once the acquisition has been initiated, the NRO should periodically verify and update the requirements throughout the course of the acquisition life cycle. The requirements verification and validation process, as part of the overall system development life cycle process, is intended to ensure that an NRO system provides the capability needed by its users. Within the past year, NRO and DoD leaders have stated that unclear requirements have been a problem plaguing some satellite system acquisitions.

(U) Objective

(U) The overall objective of this audit is to evaluate the efficiency and effectiveness of NRO requirements verification and validation process for major systems acquisition programs. Specifically, the audit will assess how well the NRO monitors and controls acquisition user requirements and capabilities throughout the system development life cycle process.

(U) 5. Audit of the Management of Selected NRO Acquisition Activities (Planned)

(U) Background

(U/FOUO) According to the NRO mission statement, the NRO exists to develop and operate unique and innovative space reconnaissance systems. In 2006, the DNRO recognized that the NRO had significant challenges in its acquisition programs, and initiated several actions to address his concerns. First, the Director's Strategic Framework was written to establish a corporate vision for an integrated overhead architecture. A key part of the framework was to develop improved processes for internal acquisition oversight. Second, the Systems Integration and Engineering Directorate (SI&E) was established to exercise expertise and leadership across many functions, to include strengthening acquisition oversight and support. Finally, the DNRO defined strategies to address internal concerns with oversight and accountability of NRO acquisition programs. These strategies are to

- (U) Develop and implement an overarching corporate policy to improve the alignment of acquisition governance across the NRO that clearly defines acquisition authority and responsibilities;
- (U) Implement a consistent program management system with robust corporate governance that supports the NRO Acquisition Executive's decision making;
- (U) Rewrite the current acquisition management policy to instill a disciplined and structured process to enable the NRO Acquisition Executive with the means to provide effective program oversight; and
- (U) Collaborate with each parent organization to optimally allocate NRO human resources to address acquisition workforce recruiting, hiring, and career development concerns.

(U//FOUT) To effect these strategies, the DNRO established an executive-level team under the direction of the Deputy Director, NRO. Recently, the Senate Select Committee on Intelligence expressed concerns that the NRO has failed to adequately incorporate accountability mechanisms into its program management processes. Therefore, it is critical that the NRO commit to an aggressive course that establishes effective governance, oversight and accountability to ensure that NRO acquisition activities meet community expectations.

(U) Objective



(U) 6. Audit of the NRO Research and Development Transition to Acquisitions and Operations (Planned)

(U) Background

customer focused research and development (R&D), and evolving space and ground systems to meet operational demands. In recent years, NRO investment in R&D has varied between approximately percent of the NRO total budget. Strong R&D efforts are critical for ensuring the future success of the NRO. However, technological advances provide little value if they cannot be incorporated into daily operations. Therefore, it is also critical that the NRO has effective processes in place to ensure that R&D products transition to operational programs.

(U) Objective

(U//FOUO) The overall objective of the audit will be to determine how effectively the NRO is transitioning its R&D efforts into NRO operations. Specifically, we will address the following questions:

- What processes are used in transitioning R&D efforts into operations?
- How is the success of those processes measured?
- Is NRO targeting the right organizations and focusing on the right technologies in the R&D arena?
- What is the process for divesting in R&D when the NRO becomes aware that the effort will have no beneficial impact on operations?
- Is the timing of R&D divestitures appropriate?

(U) 7. Audit of the NRO Quarterly Program Review Processes (Planned)

(U) Background

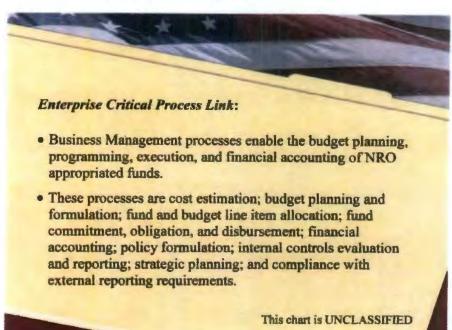
(U/FOUO) Senior NRO acquisition officials consider the NRO Quarterly Program Reviews (QPR) the most critical forum for acquisition program monitoring, oversight, and control. However, the form and function of the NRO QPRs remains undefined. In the FY 2006 Audit of the NRO Acquisition Oversight Process, we found that the program information submitted to the QPR was inconsistent or unrelated to program oversight. Also, senior acquisition officials had diverse perspectives on the value of the QPRs, and portrayed the reviews as "agonizing," "unclear," or forums for information sharing rather than a disciplined, executive-level program monitoring and control activity. In response to our Acquisition Oversight Process audit, NRO senior leadership plans to address and redefine the form and function of the QPRs.

(U) Objective

(U//FOUO) The overall objective of the audit is to determine whether the QPR is fulfilling its purpose of providing accurate and relevant project performance data in a clear format to the executive-level stakeholders to enable them to make well-informed decisions.

	PROJECT	Fiscal Year 2008					
	PROJECT	Quarter 1	Quarter 2	Quarter 3	Quarter 4		
	FY 2008						
1	Audit of NRO Oversight of Subcontractors						
2	Audit of NRO Award and Incentive Fee Process			7			
3	Audit of the Acquisition Management of						
	FY 2009						
4	Audit of NRO Acquisition Requirements Verification and Validation Process						
5	Audit of the Acquisition Management of Selected NRO Acquisition Activities						
6	Audit of the NRO Research and Development Transition to Acquisitions and Operations						
7	Audit of the NRO Quarterly Review Processes						

(U) BUSINESS MANAGEMENT



(U) 8. Audit of Budget Formulation (Ongoing)

(U) Background

(S) The Office of the DNI directed Intelligence Community (IC) components to realign the IC budgets for consistency of budget formulation. As a result, the NRO budget structure will undergo significant change. Concurrent with that effort, the NRO plans to eliminate redundancy and programs that add little or no value and re-direct savings to existing and emerging national security priorities. This is the first of a series of planned audits to focus on the effectiveness and efficiency of all aspects of the NRO budget process, from formulation through execution.

(U) Objective

(U) The objective of this audit is to determine whether the NRO uses sound and consistent formulation practices that result in a realistic and defensible budget. Specifically, the audit will (1) evaluate the processes for developing total program cost, schedule, and budget phasing at the corporate level, (2) examine the roles and responsibilities within the NRO for development of the annual budget and (3) ensure the NRO budget formulation process is compliant with applicable laws and related guidance.

(U) 9. Survey of the Use of Financial Information to Manage Programs (Ongoing)

(U) Background

(U) The purpose of the financial statement process is to provide sound financial information that enables managers to run programs more efficiently and effectively. In 2006, the NRO recognized that it lacked the seamless integration of financial data because it had created two processes for generating financial information: one to meet annual financial statement requirements and another to provide useful information for programmatic decision making. The seamless integration of financial information generated for external reporting and day-to-day business operations would result in more effective program management and allow the NRO to reach its goal of a clean financial statement audit opinion.

(U) Objective

(U) The objective of this audit survey is to gain a better understanding of the information NRO managers use to meet programmatic and financial reporting requirements and to gather data to develop specific audit objectives.

(U) 10 and 11. Audits of the NRO Fiscal Years 2008 and 2009 Financial Statements and Resolution (Planned - Statutory Requirement)

(U) Background

(U//FOUO) Under the Chief Financial Officer Act and the Office of Management and Budget (OMB) Bulletin 06-03. Audit Requirements for Federal Financial Statements, an audit of the NRO financial statements is required to be performed by the OIG or by an independent public accountant (IPA) as determined by the OIG. The NRO OIG will contract with an IPA firm to conduct audits of the NRO financial statements for FY 2008 and FY 2009, with options years through FY 2012. The contract will require the IPA to audit in accordance with Generally Accepted Government Auditing Standards and OMB Bulletin 06-03. The OIG will oversee the IPA audit to ensure that requirements are met at the quality level established by the President's Council on Integrity and Efficiency best practices. An audit was completed in FY 2006, resulting in a disclaimer of opinion. The NRO did not undergo an audit of the financial statements in FY 2007.

(U) Objectives

(U) The audit will evaluate the reliability of the data supporting the financial statements; determine the accuracy of the statements produced; and examine the adequacy of footnote disclosures in accordance with guidance issued by the Federal Accounting Standards Advisory Board, OMB, and other authoritative guidance. The auditors will also review internal controls and compliance with laws and regulations related to the objectives and will follow up on the

NRO APPROVED FOR RELEASE 9/29/2017 SECRET//TK// NOFORN//25X1

status of prior-year audit findings. The OIG will continue working with NRO management to resolve outstanding issues identified during prior financial statement audits.

(U) 12. Audit of Office of Management and Budget A-123 Implementation (Planned)

(U) Background

(U) The Office of Management and Budget Circular A-123 (A-123), Management's Responsibility for Internal Control, requires Federal agencies to assess the adequacy of internal controls and demonstrate that it has reviewed, documented, tested, assessed, and corrected internal controls. A-123 Appendix A, added in FY 2006, requires Federal agencies to strengthen their assessment, documentation, and testing of internal controls over financial reporting, and prepare a separate annual assurance statement on the operating effectiveness of those controls by FY 2008. NRO management determined that A-123 compliance would be implemented utilizing a phased approach, which is permitted by OMB, provided a scope limitation is reported and a qualified or statement of no assurance is issued addressing the effectiveness of the internal controls. The NRO is in the process of seeking OMB concurrence for an extension for full compliance to the revised A-123 by FY 2010.

(U) Objective

(U/LFOUO) The objective of the audit will be to determine whether the NRO implementation plan and related procedures are on track to address the requirements as established.

(U) 13. Audits of Budget Execution Processes (Planned)

(U) Background

(U) This is the second in a series of audits that will focus on the elements of the NRO budget process. The budget execution processes include procedures for funds management as they relate to commitments, obligations, and disbursements.

(U) Objective

(U) The objective of this audit is to determine whether the NRO uses sound and consistent budget execution practices, with an emphasis on funds management. We will also determine whether NRO policies and procedures adequately address generally accepted accounting standards with respect to obligations, expenditure tracking, and the capitalization or expensing of incurred costs.

(U) 14. Audit of Advances to Others (Planned)

(U) Background

The NRO processes a portion of its budget authority through sub-allotment to other entities in order to support its mission. These transactions are allowed under the Economy Act of 1932 (31 United States Code 1535), which authorizes federal agencies to enter into agreements to obtain supplies or services by interagency acquisition. The NRO may expend funds via its Treasury Deposit account or the sub-allotment authority for spending through the Defense Finance and Accounting Service.

(U) Objective

(U) The overall objective of this audit will be to determine whether the NRO has sufficient management controls in place to ensure that funds provided to external organizations are spent and tracked efficiently, as authorized, and in accordance with the NRO mission.

(U) 15. Audit of NRO Facilities and Space Management (Planned)

(U) Background

(S/TK) The NRO is responsible for the contract and maintenance of over buildings and facilities at an average annual cost exceeding the transfer of these range from office buildings, testing labs and logistics warehouses, to facilities at remote monitoring locations and mission ground stations. Also, the NRO is a contributing tenant to other government agencies; leases space for special programs and personnel; and provides facilities and office space for contractors and other government agency personnel supporting the NRO.

(U) Objective

(U) The objective of this audit is to evaluate whether the NRO oversight and management of government and leased facilities operations and finances are effective, efficient, and in compliance with applicable laws and regulations.

(U) 16. Audit of the NRO Cost Estimating Process (Planned)

(U) Background

(U) The NRO is required by the 2004 Intelligence Authorization Act (the Act) to complete an independent cost estimate (ICE) for any program projected to exceed \$500 million. The Act also requires that the NRO budget 100 percent of program funds to an ICE endorsed by the Office of the Director of National Intelligence. Cost estimates play a critical role in budget formulation and set the baseline for the costs and schedules associated with major acquisition programs.

(U) Objective

(U) The overall objective of this audit is to determine whether the cost estimating process used to develop NRO program budgets results in realistic, reliable cost and schedule estimates. In addition, we will examine whether the estimating methodologies are consistent across the NRO and conducive to accounting for program costs in accordance with generally accepted accounting principles.

(U) 17. Audit of NRO Ground Mission Costs (Planned)

(U) Background

(S) In FY 2006, the NRO reported in ground systems costs. Currently, the NRO is defining and reorganizing the ground mission under a new corporate management model to increase efficiency and tighten controls over operations. Visibility to the cost of the ground mission has been a challenge to the NRO from both a budget and cost accumulation perspective. As the NRO tries to improve the business model, our audit will focus on ways to strengthen management of ground systems through greater insight of ground costs incurred and to substantiate the NRO rationale for ground cost accumulation under the new business model.

(U) Objective

(U//FOUO) The objective of the audit is to determine whether NRO procedures for the accounting of ground costs are effective.

(U) 18. Inspection of the Business Plans and Operations, Office of Policy and Analysis (Planned)

(U) Background

(U) The Business Plans and Operations, Office of Policy and Analysis provides an NRO policy foundation and serves as the policy advisor to the DNRO and the NRO Program Managers on interagency and international issues. The Office of Policy and Analysis consists of

The Office of Policy and Analysis is also integral to the NRO Corporate Management Program (CMP) which aligns policies with NRO corporate critical processes.

(U) Objectives

(8) The overall objectives of this inspection are to evaluate the process used to ensure the development, coordination, and issuance of consistent internal policies and procedures across the Directorates, Offices, and Mission Ground Stations as well as national and interagency policies. The inspection will also evaluate the success of the NRO CMP in creating an environment of continual process improvement and horizontal integration across the organization

(U) 19. Audit of the Corporate Management Program (Planned)

(U) Background

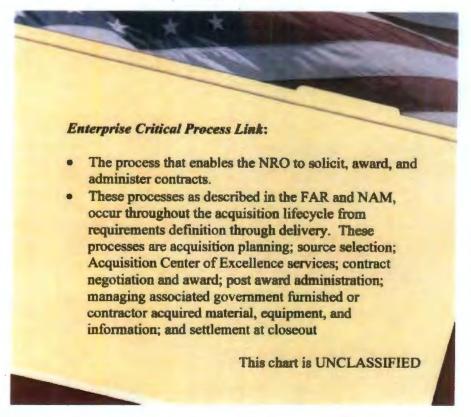
(U) The NRO implemented its Corporate Management Program in order to horizontally integrate and align NRO policies within 13 enterprise critical processes. A critical process is defined as a set of continuing functions, performed by two or more Directorates or Offices that are considered essential to accomplishing the NRO mission. According to NRO management, the Corporate Management Program will reduce the number of NRO Directives and Instructions, and create an environment of continual process improvement while providing effectiveness and efficiency in operations, reduction of waste, and compliance with federal laws and regulations as defined in OMB Circular A-123, Management's Responsibility for Internal Control.

(U) Objective

(U) The overall objective of this audit is to evaluate the implementation and monitoring of the Corporate Management Program.

SECRETI/TIN/25X1 (U/FOUO) Business Management Fiscal Year 2008 PROJECT Quarter 2 Quarter 3 Quarter 1 Quarter 4 FY 2008 **Audit of Budget Formulation** Survey of the Use of Financial Information to **Management Programs** Audit of NRO FY 2008 Financial Statements Audit of NRO FY 2009 Financial Statements 12 Audit of OMB A-123 Implementation 13 Audits of Budget Execution Processes Audit of Advances to Others FY 2009 15 Audit of NRO Facilities & Space Management 16 Audit of NRO Cost Estimating 17 Audit of Ground Mission Costs Inspection of the Business Plans and Operations, Office of Policy and Analysis 19 Audit of Corporate Management Program - GEORETHTINIZSXT

(U) CONTRACTING



(U) 20. Audit of NRO Contract Advisory and Assistance Services (Ongoing)

(U) Background

(U) Contract Advisory and Assistance Services (CAAS) and Systems Engineering and Technical Assistance (SETA) refer to services provided under contract by commercial sources to support or improve organizational policy development; decision-making; management and administration; program and/or project management and administration; and research and development activities. The NRO traditionally relies on CAAS due to the relatively small complement of government personnel and the many critical missions and technical and security requirements. The Federal Acquisition Regulation (FAR), the NRO Acquisition Manual (NAM), and NRO Directives provide policy and direction to ensure that contracting officers and contracting officer technical representatives properly acquire, track, report, and manage CAAS. The FAR also prescribes policies and procedures to ensure that inherently governmental functions are not performed by contractors.

(U) Objective

(U) The overall objective of this audit is to determine whether the NRO is efficiently and effectively using CAAS and SETA resources to meet its mission. Specifically, the audit will

focus on the NRO structure of authorities, roles and responsibilities, requirements definition, and policies and procedures for monitoring and controlling CAAS/SETA.

(U) 21. Audit of NRO Use of Defense Contract Audit Agency Services (Planned)

(U) Background

(U) The DCAA is responsible for performing all contract audits for the DoD. The DCAA provides accounting and financial advisory services regarding contracts and subcontracts to the NRO through a separate, appropriately cleared cadre of auditors. These services are provided in connection with negotiation, administration, and settlement of contracts and subcontracts and are critical to the effective oversight of contractor activities both prior and subsequent to contract award.

(U) Objective

(U) The objective of the review is to determine whether the NRO is effectively utilizing DCAA services.

(U) 22. Audit of Un-recovered Costs on NRO Contracts (Planned)

(U) Background

(U//FOUO) In 2005 the Defense Contract Audit Agency (DCAA) and the Defense Finance and Accounting Service (DFAS) performed a joint review to determine whether contractors were overpaid for work performed on government contracts. The scope of the joint review was limited to examining unclassified contracts and therefore did not include NRO classified contracts. The joint review identified millions of dollars in overpayments, most of which were the result of contractor indirect rate adjustments. The joint review team found, in many cases, that the Defense Contract Management Agency (DCMA) had not issued demand letters for the repayment of overfilled costs. Many of the contracts found to have received overpayments were with contractors that conduct business with the NRO. However, since this review was limited to unclassified Department of Defense contracts, DCAA could not determine whether the overpayments affected any NRO contracts.

(U) Objective

(U/FOUO) The objectives of this audit are to determine whether the NRO overpaid contractors during contract execution and whether any identified overpayments were recovered.

(U) 23. Audit of Selected Contract Termination Procedures (Planned)

(U) Background

(S//TK) In recent years, the NRO has incurred in contract termination liabilities as a result of

The process and

procedures employed during termination activities are critical to ensure fair and equitable representation of the NRO's industrial base and optimum value to the Government.

(U) Objective

(U#FOUO) The objective of this audit is to determine whether the selected NRO contract termination activities are properly managed, meet management expectations, and result in the best value for the government.

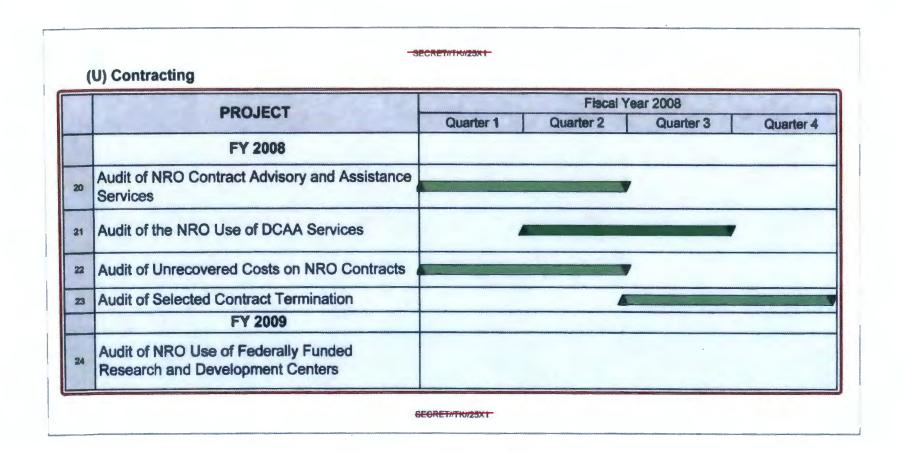
(U) 24. Audit of NRO Use of Federally Funded Research and Development Centers (Planned)

(U) Background

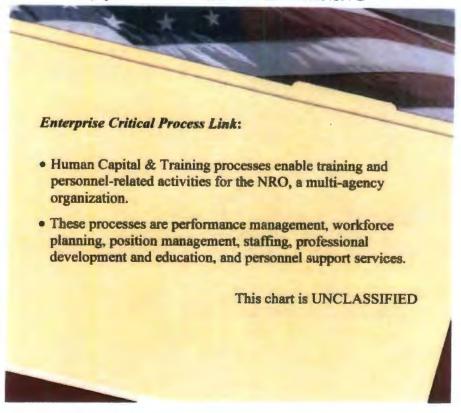
(U) A Federally Funded Research and Development Center (FFRDC) meets some special long-term research or development need which cannot be met as effectively by existing in-house or contractor resources. FFRDCs, as defined in the Federal Acquisition Regulations (FAR), Part 35, enable agencies to use private sector resources to accomplish tasks that are integral to the mission and operation of the sponsoring agency. The NRO uses FFRDC resources that are primarily sponsored by and available through the U. S. Air Force (USAF). These resources are applied to achieve continuing advances in national security space and space-related systems that are basic to national security. FFRDCs are sponsored under a broad charter by a government agency, in this case the NRO, for the purpose of performing, analyzing, integrating, supporting, and managing basic or applied research and development. They are funded by the government as a Congressionally-limited resource that must be carefully managed to receive the greatest possible benefit.

(U) Objective

(U/4FOUO) The objective of this audit is to assess whether the allocation and actual use of FFRDC resources at the NRO provides the maximum benefit to the NRO mission.



(U) HUMAN CAPITAL & TRAINING



(U) 25. Inspection of NRO Staffing Practices (Planned)

(U) Background

(U) The NRO was established as a joint enterprise between the Department of Defense (DoD) and the Central Intelligence Agency (CIA) and is jointly staffed with individuals from the CIA, the military departments, and other government agencies and organizations. On 7 June 2006, the DNRO and the USAF Chief of Staff signed a Statement of Intent which addressed personnel management, education/training, and disciplinary processes for Air Force personnel assigned to the NRO. On 6 September 2007, the DNRO and the Director, CIA signed a Memorandum of Agreement addressing the personnel support and relationship between the two organizations. The NRO relies on these "parent organizations" to provide technical, engineering, and corporate support talent to accomplish the mission. The reliance on "parent organizations" requires the NRO to engage with each parent organization to ensure each individual is properly recruited, trained, and developed for success. This parent organization reliance can also result in the loss of flexibility with respect to attracting, developing, and retaining a world-class workforce and can result in significant staffing challenges regarding such aspects as Intelligence Community Joint Duty Assignments, military deployments, and Permanent Change of Station restrictions.

(U) Objectives

(U) The overall objective of this inspection is to examine current NRO staffing practices, including the identification of any impediments the current practices might impose on providing the highest quality personnel support to the NRO mission. The inspection will also examine the cost-benefit of various staffing options, including NRO direct hiring authority.

(U) 26. Inspection of NRO Training Programs (Planned)

(U) Background

(U) Employees working at the NRO have numerous opportunities for training, including professional development programs offered by the Office of Human Resources (OHR). Corporate Learning and Development Group. Graduate Certificate Programs and acquisition training are provided by the Office of Contracts, Acquisition Center for Excellence; and security-related training is provided by the NRO Security Education Center. Courses are also offered by Business Plans and Operations (BPO), IMINT (imagery intelligence) University,

Schoolhouse, Sl&E, and the Collaborative Learning Environment on Networks (CLEON). Further, employees have an opportunity to participate in the NRO Program Call—training programs offered by a variety of prestigious institutions to include Harvard University, Massachusetts Institute of Technology, and the University of Pennsylvania; and the NRO Academic Call—training provided through university or college courses on a full-time or part-time basis.

(U) Objectives

(U) The overall objectives of this inspection are to evaluate the effectiveness and efficiency of the decentralized NRO training programs, including cost-benefit considerations, as well as an assessment as to whether the overall NRO professional development goals are being achieved. We will also examine the extent to which training programs duplicate, overlap, or conflict with other established training programs. We will also incorporate benchmarking activities in order to identify best training practices of other government and industry organizations.

(U) 27. Inspection of the Management Services and Operations, Administrative Support Group, Wellness Center – Employee Assistance Program (Planned)

(U) Background

(U) The Wellness Center provides an Employee Assistance Program (EAP) which offers in-house, confidential counseling and referral services to military, government, and contractor personnel, and their family members. The services address a wide variety of career, personal, or work problems. The EAP also provides management consultation services to assist managers dealing with employee issues and concerns. The services are provided by Licensed Clinical

Social Workers, Licensed Professional Counselors, Psychologists, and an Accredited Financial Counselor.

(U) Objectives

(U) The overall objective of this inspection is to evaluate the efficiency and effectiveness of EAP operations and services. We will also examine the marketing of counseling and referral services to ensure the military, government, and contractor personnel are aware of available guidance for career, personal, or work problems. Our inspection will also include benchmarking with similar organizations within the government and industry to identify potential best practices.

SECRETI/TRI/25XT

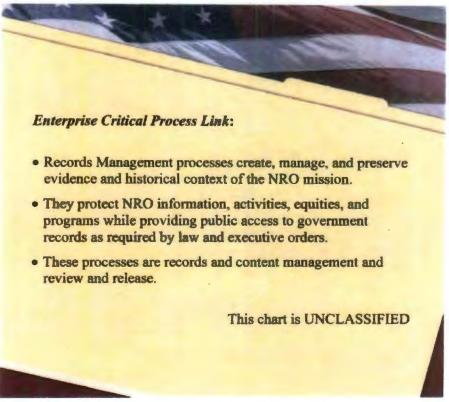
(U//FOUO) Human Capital & Training

	PROJECT	Fiscal Year 2008				
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	FY 2008					
25	Inspection of the NRO Staffing Practices	A				
	FY 2009					
26	Inspection of NRO Training Programs					
27	Inspection of the MS&O, Administrative Support Group, Wellness Center – Employee Assistance Program					

SECRET//TK/25XT

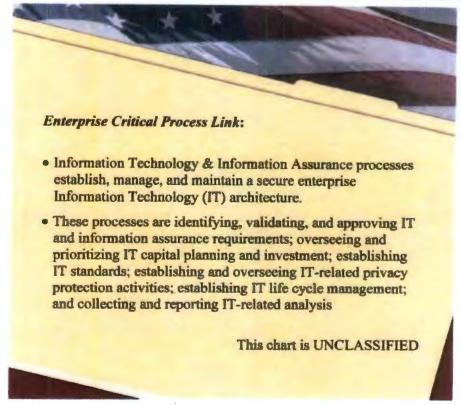
NRO APPROVED FOR RELEASE 9/29/2017

(U) INFORMATION MANAGEMENT



(U) There are no specific OIG projects scheduled in the area of Information Management. Since our 2003 Inspection of the Records and Information Management Centers (Project Number 2003-009N), we have incorporated a records/information management review as part of our standard methodology for conducting unit inspections.

(U) INFORMATION TECHNOLOGY & INFORMATION ASSURANCE



(U) 28. Audit of the Management and Funding of NRO Information Assurance (Ongoing)

(U) Background

- (U) Information assurance (IA) is defined as operations that protect and defend information and information systems by ensuring their availability, integrity, authenticity confidentiality, and non-repudiation. This includes providing restoration of information systems by incorporating protection, detection, and reaction capabilities.
- (U) Within the NRO, many IA operations are funded by and embedded within the individual NRO components. In addition, the NRO created an IA Enterprise Fund to develop IA solutions to benefit the enterprise as a whole. This fund supports the NRO's certification and accreditation efforts, enterprise auditing, and an automated identity and access management tool, as well as other IA efforts. The Information Assurance Board was established to review and approve IA Enterprise Fund spending requests. However, significant cuts to the IA Enterprise Fund may hinder the NRO's ability to develop enterprise solutions to improve the security of its networks and systems.
- (U) The Office of the Chief Information Officer (OCIO) is responsible for the NRO's IA program. In regard to funding, the OCIO can identify that which is directed to support IA from

NRO APPROVED FOR RELEASE 9/29/2017 SECRET//TK// NOFORN//25X1

its own budget and the IA Enterprise Fund; however, OCIO does not have insight into how each NRO Directorate and Office spends its own money on IA. Therefore, the OCIO cannot determine how all IA initiative funds are spent across the NRO. Without an integrated, enterprise-wide IA program, OCIO cannot ensure that NRO's most important security risks are being addressed or that they are being addressed in the most efficient way.

(U) Objective

- (U) This objective of this audit is to evaluate
 - how IA technical requirements are identified, prioritized, and addressed;
 - how 1A resource requirements are estimated, allocated, and tracked across the NRO enterprise; and
 - the extent of the NRO IA budget cuts and potential effects of unfunded IA requirements on the NRO security stature.

(U) 29 and 30. Fiscal Years 2008 and 2009 Independent Evaluation of the NRO Compliance with the Federal Information Security Management Act (Planned – Statutory Requirement)

(U) Background

(U) The Federal Information Security Management Act (FISMA) was enacted to provide a comprehensive framework for ensuring the effectiveness of information security controls over information resources that support federal operations and assets. FISMA requires that federal agencies develop and maintain an agency-wide information security program and report annually to the Director. Office of Management and Budget (OMB), and to the appropriate Congressional Oversight Committees on the adequacy and effectiveness of their information security policies, procedures, and practices. The Act also requires an annual independent evaluation of each federal agency's information security program and practices. OMB provides annual FISMA reporting instructions for agency CIOs and IGs to utilize while performing these assessments. Within the Intelligence Community (IC), each OIG is responsible for conducting the independent evaluation required by the FISMA statute and providing its evaluation to the Associate Director of National Intelligence and the Chief Information Officer for consolidated reporting to OMB. Beginning in FY 2008, these evaluations will be conducted by the Independent Public Accounting team acquired through a competitive acquisition in FY 2007.

(U) Objective

(U) The objective of this legislatively mandated annual evaluation is to provide an independent assessment of the NRO compliance with the requirements set forth under FISMA and the OMB guidance that implements it. The OIG FISMA evaluation is a year-round effort that incorporates the monitoring of NRO information technology (IT) initiatives, and audits of related IT functional areas and systems that contribute to the overall annual evaluation.

(U) 31. Audit of the NRO Certification and Accreditation Process (Planned)

(U) Background

(U/FOUO) Director of Central Intelligence Directive (DCID) 6/3 establishes the security policy and procedures for storing, processing, and communicating classified intelligence information in information systems (ISs). It requires that all IC systems be certified and accredited (C&A) using a comprehensive process for ensuring implementation of security measures that effectively counter relevant threats and vulnerabilities. The NRO C&A manual describes the process for ensuring that all NRO owned, operated, and sponsored information systems meet the C&A criteria established by DCID 6/3 prior to operation.

(U) Objective

(U) The overall objective of this audit is to assess the effectiveness and efficiency of the NRO C&A process. Specifically, we will assess NRO processes and practices for (1) developing accreditation boundaries, (2) identifying and mitigating risk during the C&A process, and (3) providing continuous monitoring of security controls and features after system accreditation.

(U) 32. Audit of the Management of Information System Privileged Users (Planned)

(U) Background

(U) Privileged users are those information system (IS) users, such as network and system administrators, who have IS permissions and authorities to access normally restricted data and system functions to manage, operate, maintain, and secure NRO information systems. Privileged users are government and contractor personnel who can control or change system information and functionality, including access controls, security features, system logs, and audit policies. Privileged users present an inherent risk to information assurance because of the IS permissions and authorities granted them to perform their work.

(U) Objective

(U) The overall objective is to determine and evaluate the procedures and controls implemented to manage privileged user functions, actions, and access to information systems and data.



(U) 33. Audit of the Controls for Connecting to the NRO Contractor Wide Area Network (Planned)

(U) Background

(U) The NRO contractor wide area network (CWAN) is a classified communications network used by non-government personnel to access select NRO resources and to facilitate collaboration among cleared contractor personnel. CWAN access is limited to the NRO and does not allow direct communication with Joint World-wide Intelligence Communication Systems (JWICS) users. CWAN configuration management is not as stringent as the government wide area network (GWAN) and thus allows more flexibility in sharing data and demonstrating new network-centric technologies.

(U) Objective

(U) The objective of this information system audit is to evaluate the security environment, system controls, and operational risks affecting system confidentiality, integrity, and availability of IT systems at NRO contractor facilities.

(U) 34. Audit of NRO Portfolio Management and IT Investment Oversight (Planned)

(U) Background

(U) The Clinger-Cohen Act (CCA) requires federal agencies to establish enterprise-wide processes for IT capital planning and investment control (CPIC). This process will provide a structured, integrated, and disciplined approach to planning and managing IT investments. The CPIC process is used to leverage governance processes and boards to facilitate IT investment decisions prior to program budget submission; allow the NRO to develop a comprehensive prioritized funding strategy for IT investments that support the NRO IT strategy and the NRO IT enterprise architecture; and provide oversight over the selection, acquisition, and operation of IT investments. Full implementation of the NRO CPIC process depends on future funding of portfolio management tools and completion of NRO Instruction 61-7-1 to formalize the NRO IT governance board reviews of major IT acquisitions and business cases. Despite these efforts, it remains uncertain whether the NRO CPIC efforts will ultimately provide the NRO CIO with the authority and accountability for managing NRO information resources consistent with the CCA.

(U) Objective

(U) The overall objective of this audit is to determine whether the NRO CPIC process provides an effective, efficient, and corporate means for the acquisition and procurement of IT. The audit will assess whether the CPIC process has effective controls in place to ensure that IT acquisitions and procurements

NRO APPROVED FOR RELEASE 9/29/2017

- support NRO mission and business needs:
- do not duplicate existing functionality:
- provide new technology that has corporate utility;
- support the corporate IT architecture and are interoperable with other NRO systems and equipment;
- effectively replace existing NRO legacy systems and equipment;
- · meet functionality, schedule, and funding requirements; and
- include adequate funding and resources to cover life-cycle operations and maintenance costs.

(U) 35. Audit of NRO Enterprise Software Acquisition and License Management (Planned)

(U) Background

(U) The NRO staff can procure and obtain information technology (IT) hardware and software through several contracting mechanisms, such as the government purchase card and, NRO directorate specialty contracts. The benefit of having a variety of mechanisms is the convenience it provides for the purchaser. However, this purchasing model may result in potential loss of accountability and inventory control, redundant or unnecessary software licensing, and a failure to realize savings from large scale purchases.

(U) Objective

- (U) The overall objectives of the audit are to determine whether NRO IT software procurement practices are effective and efficient. The audit will assess whether the existing procurement methods have controls to address
 - cost savings for volume purchases;
 - service and licensing agreements; and
 - inventory management and accountability for IT software purchases.

(U) 36. Audit of the NRO Information Enterprise Architecture (Planned)

(U) Background

(UFOUO) The enterprise architecture establishes the organization-wide roadmap for achieving the organization's mission through optimal performance of its core business processes within an efficient IT environment. Simply stated, enterprise architectures are "blueprints" for systematically and completely defining an organization's current (baseline) or desired (target) environment. Enterprise architectures are essential for evolving information systems and developing new systems that optimize their mission value. This is accomplished in technical terms through software, hardware, and communications technologies, and includes a transition plan for moving from the baseline environment to the target environment. From a strategic

NRO APPROVED FOR RELEASE, 9/29/2017

framework perspective, an enterprise architecture facilitates the NRO development, operation, and management of its systems as a single, integrated architecture.

(U/FOUO) If defined, maintained, and implemented effectively, these blueprints assist in optimizing the interdependencies and interrelationships among the business operations of the enterprise and the underlying IT that support these operations. Without a complete and enforced enterprise architecture, business units within the enterprise run the risk of buying and building systems that are duplicative, incompatible, and unnecessarily costly to secure, maintain, and interface. For an enterprise architecture to be useful and provide business value, its development, maintenance, and implementation should be managed effectively and supported by software management tools.

(U) Objective

(U#FOUO) The objective of this audit is to evaluate and determine the effectiveness of NRO-wide efforts to develop, implement, and maintain enterprise information systems architecture, including hardware and software engineering and development.

(U) 37. Audit of NRO Configuration Management and Control (Planned)

(U) Background

(U) Configuration management (CM) involves the identification and management of security features for all hardware, software, and firmware components of an information system at a given point, and systematically controls changes to that configuration during the system's life cycle. Configuration control activities involve activities that request, evaluate, approve, disapprove, or implement changes to baselined configuration items. Through CM, the composition of a system is formally defined and tracked to ensure that an unauthorized change is not introduced. An effective entity configuration management and control policy, and associated procedures are essential to ensuring adequate consideration of the potential security impact of specific changes to an information system. CM and control procedures are critical to establishing an initial baseline of hardware, software, and firmware components for the entity and subsequently controlling and maintaining an accurate inventory of any changes to the system.

(U) Objective

- (U) The overall audit objective is to determine whether the NRO has configuration management and control processes in place to ensure that changes to information system resources are authorized, and that systems are configured and operated securely and as intended. Specifically, we will asses whether the NRO has
 - effective configuration management policies, plans, and procedures;
 - current configuration identification information:
 - proper authorization, testing, approval, and tracking of all configuration changes; and.
 - · routine monitoring of the configuration.

(U) 38. Audit of IT Change Management and Recapitalization (Planned)

(U) Background

(U) IT Recapitalization is essential to ensuring that an agency's IT systems keep pace with current technology, are supported by vendors, and are interoperable with other NRO and IC systems. Change management is the set of processes executed within an organization's IT architecture to manage enhancements, updates, incremental fixes, and patches to production systems. These processes include application code revisions, system upgrades (applications, operating systems, databases), and infrastructure changes (servers, cabling, routers, firewalls, etc.). Without adequate control and visibility over IT recapitalization efforts, an organization can spend money and effort on unneeded or low-priority changes, while neglecting more important initiatives. IT changes to one system can disrupt the operations of other systems. While such disruptions cost time and money, they can be avoided or mitigated by good IT change management practices and IT recapitalization planning.

(U) Objective

(U) The objective of this audit is to determine the effectiveness of the NRO change management and IT recapitalization policies, procedures, and control practices for updates and enhancements to IT hardware and software infrastructure. Specifically, the audit will evaluate management procedures that assess the operational baseline; plan, acquire, test, and deploy new equipment and software applications; dispose of obsolete equipment and software; and review life-cycle practices for process improvement.

(U) 39. Inspection of the Communications Systems Acquisition and Operations Directorate, (Planned)

(U) Background

under the COMM Directorate, is a centrally managed also manages the NRO communication network through network management and information assurance activities.

(U) Objectives

AST The overall objectives of this inspection are to evaluate the efficiency and effectiveness of the in supporting network operations and the

In addition, the inspection will assess the general organizational climate, customer satisfaction, and compliance with regulations, policies, procedures, and standards.

NRO APPROVED FOR RELEASE 9/29/2017 SECRET//TK// NOFORN//25XI

(U) 40. Inspection of the Office of the Chief Information Officer (Planned)

(U) Background

(U) The CIO provides guidance to the NRO senior leaders on issues pertaining to the planning, acquisition, management, and assurance of IT. The OCIO consists

ensures proper IA posture for IT systems using the Director of Central Intelligence Directive 6/3 Certification and Assurance Process, Network Vulnerability Assessments, Information Assurance Vulnerability Alert Compliance, and general industry best practices for IT security.

maintains capital planning and investment control processes for information technology acquisitions.

esponsibilities include providing program management for NRO IT enterprise architecture, NRO information sharing, and NRO IT standards.

(U) Objectives

(U) The overall objectives of this inspection are to evaluate the efficiency and effectiveness of the OCIO in conducting its mission, including an examination of the CIO governance boards as well as the OCIO support for the NRO Information Assurance and Information Technology strategies. The inspection will also evaluate adherence to applicable regulations, standards, policies, and procedures. In addition, the inspection will assess the general organizational climate, customer satisfaction, and support functions such as contract administration and financial management.

	PROJECT	Fiscal Year 2006			
	PROJECT	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Н	FY 2008				-
20	Audit of the Management & Funding of NRO Information Assumace		y		
29	FY 2008 Independent Evaluation of the NRO Compliance with FISMA			- 7	
30	FY 2009 Independent Evaluation of the NRO Compliance with FISMA		A 3-		
31	Audit of NRO Certification and Accreditation Process		4	3 .:	•
32	Audit of the the Management of Information System Privileged Users		,,		
33	Audit of the Controls for Connecting to the NRO CWAN				4
	FY 2009				
34	Audit of NRO Portfolio Management and IT Investment Oversight			**************************************	
36	Audit of Enterprise Software Acquisition and License Management				
38	Audit of the NRO Information Enterprise Architecture			-	
37	Audit of the NRO Configuration Management and Control				
36	Audit of iT Change Management and Recapitalization			-	
39	Inspection of the COMM Systems Acquisition and Operations Directorate				

(U) OPERATIONS

Enterprise Critical Process Link:

- Operations processes enable the NRO to operate, maintain, and safeguard space based collection and command and support systems.
- These processes are command and control of on-orbit assets; mission planning and resource allocation; anomaly resolution; data processing, delivery, and exploitation; constellation status reporting; operational testing, evaluation and analysis; continuity of operations; space situational awareness; threat awareness to assets; defensive counterspace operations; and, support to experimental systems.

This chart is UNCLASSIFIED

(S//TK) 41. Audit of Distributed Operations, Maintenance, and Engineering Support Contract (Ongoing)

(U) Background

(S//TK) The Distributed Operations, Maintenance, and Engineering (DOME) contract provides support in the areas of mission management, mission processing, intelligence production, analysis and reporting, and technical infrastructures for SIGINT.

and imagery intelligence (IMINT) users.

(S//TK//REL) The contract is administered and managed within the SIGINT Directorate, at the

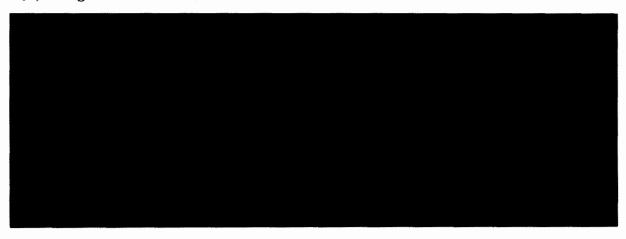
and was created to develop an enterprise approach for the tasks therein. The contract was awarded during FY 2003 and contains tasks through FY 2008.

(U) Objectives

is effectively and efficiently fulfilling its intended purpose. Specifically, the audit review will address customer requirements and support, financial management, use of information technology, and management and internal controls.

(S#FK) 42. Audit of the Agreements (Planned)

(U) Background



(U) Objective

(S//TK) The joint audit objective is to determine whether agreements put in place subsequent to the Joint 2005 Special Review have been implemented and are achieving the desired results. The audit plan will be coordinated with the Office of Inspectors General from the NSA and the NGA.

(S//TK//REL) 43. Joint Inspection of the (Planned)

(U) Background



Historically, the NRO OIG has led and participated in joint inspections

This inspection will be the first at partnering with the NGA OIG. The NRO OIG will be the lead agency.

(U)Objectives

and guidance, mission accomplishment, and command climate. The specific topic areas for review include command topics, intelligence oversight, mission operations, training, communications and computer systems, mission systems, security, and financial management. In addition, the senior members of the Joint Inspection Team will conduct sensing sessions (group interviews) with various segments of the workforce, and also conduct separate individual interviews with the site's managers and employees.

(S/TK//REL) 44. Joint Inspection of the (Planned)

(U) Background



(U) Objective

—(S//TK//REL) The overall objectives are to evaluate policy and guidance, mission accomplishment, and command climate. The specific topic areas for review include: command topics, intelligence oversight, mission operations, training, communications and computer systems, mission systems, security, and financial management. In addition, the senior members of the Joint Inspection Team will conduct sensing sessions (group interviews) with various segments of the workforce, and also conduct separate individual interviews with the site's managers and employees.

(S//TK//REL) 45. Joint Inspection of the (Planned)

(U) Background		
(U) Background (S//TK// REL)		

The NSA/CSS is responsible for SIGINT analysis and production. The NGA is responsible for geospatial intelligence (GEOINT) collection, collection management, analysis and production. The inspection is being conducted under the Joint Cryptological Inspection Program, which was created to coordinate multiple IG inspections into one, thus minimizing impact to the sites. The Joint Inspection Team will consist of representatives from the NRO, NSA, NGA, Defense Intelligence Agency, AF Intelligence Surveillance Reconnaissance Agency, U.S. Army Intelligence and Security Command, and the U.S. Naval Network Warfare Command. The NSA is responsible for national Cryptologic programs and functions as the overall administrator for the joint inspections.

(U)Objectives

(S#PK#REL) The overall objectives of the inspection are to evaluate mission accomplishment, policy and guidance, and command climate. Specific topic areas for review include command topics, intelligence oversight, mission operations, mission systems, communications and computer systems, training, resource programs, and financial management. In addition, the senior members of the Joint Inspection Team will conduct sensing sessions (group interviews) with various segments of the workforce, and conduct separate individual interviews with the site's management team.

(U) 46. Audit of the NRO Ground Program Organization and Governance (Planned)

(U) Background

(UIFOUO) In June 2007 the DNRO established an implementation team with representatives from Systems Integration & Engineering (SI&E) and the Communications Systems Acquisition and Operations Directorate (COMM) to develop a plan to integrate the NRO ground programs. The team developed the plan for the NRO ground program organization and governance from the work of the Ground Mission Manager (GMM).

NRO APPROVED FOR RELEASE 9/29/2017 SECRET/TK//NOFORN/25X1

The GMM defined the initial requirements to acquire and facilitate an NRO Unified Ground Architecture (UGA). Once approved, a newly established line organization would execute the plan.

(U//FOUO) The team completed the implementation plan in August 2007. The DNRO delegated the implementation decision to a senior management team led by the Deputy Director of the NRO (DDNRO) to ensure continuity throughout the process. The senior management team was responsible for exploring options to develop a capable, agile and adaptive UGA which utilizes a progressive acquisition strategy and operational approach. The strategy and approach would meet the intent of the NRO strategic framework by focusing on providing common mission management, ground services, consolidate operations and enterprise-wide acquisitions engineering.

(U//FOUO) Overall, the UGA will enable the NRO to efficiently apply the full multi-intelligence scope and power of its space and ground resources to help the national security community solve intelligence problems. The UGA will share all of its information of consumable benefit to users by making it discoverable, accessible, interoperable, and usable. It will respond to community needs for intelligence, whether in raw form, processed, or rendered as single-discipline and multi-discipline products.

(U) Objective

effectively planned, organized and documented the authorities, responsibilities, roles, and processes of the Ground Program to meet its mission. The audit will determine the effect of the Ground Program meets the intent of the NRO's long-term strategic goals as well as those of the Director of National Intelligence.

(U) 47. Audit of the NRO Support to Homeland Security Operations (Planned)

(U) Background

(U//FOUO) A key objective of the NRO Strategic Framework is for the NRO to keep commitments to satisfy existing customer requirements. Recent world events have led to a dramatic increase in customer requirements relating to homeland security. To ensure full coverage of all NRO support efforts, the OIG will conduct a series of audits focusing on NRO's user engagement efforts to support civil, Intelligence Community (IC), and defense homeland security operations. The audits will be conducted under the umbrella of support to NRO Homeland Security Operations.

(U//FOUO) In 2004, the OIG issued its report on the Audit of the NRO Support to Civil Homeland Operations, which provided the first coverage to the homeland security review effort. Since that time, the NRO has made significant doctrinal and organizational changes to improve its national and military user engagement efforts for operations and acquisitions. This audit will

NRO APPROVED FOR RELEASE 9/29/2017

focus on how the NRO interfaces with the NSA, the NGA, the CIA, the Defense Intelligence Agency, and other relevant DoD and IC organizations and agencies.

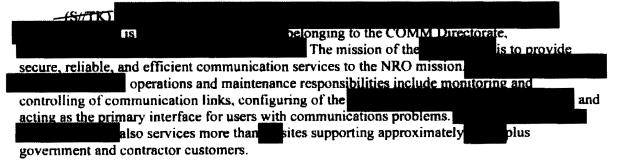
(U) Objective

(U#FOUO) The overall objective of the audit is to evaluate the effectiveness of NRO support to homeland defense and IC homeland security operations. The audit will address the following questions:

- Is the NRO providing sufficient outreach and awareness training to ensure DoD and IC
 organizations are aware of national system capabilities in the homeland security and the
 counterterrorism areas?
- How effectively does the NRO apply its collection and communications assets against high-priority DoD and IC homeland security and counterterrorism intelligence needs?
- Is NRO-derived information related to homeland security and counterterrorism effectively distributed to DoD and IC homeland security analysts?
- Is the NRO effectively working with DoD and IC mission partners to gain an understanding of their homeland security-related needs and is NRO properly considering these needs in its future investment process?

(S//TK) 48. Inspection of the Communications Systems Acquisition and Operations Directorate (Planned)

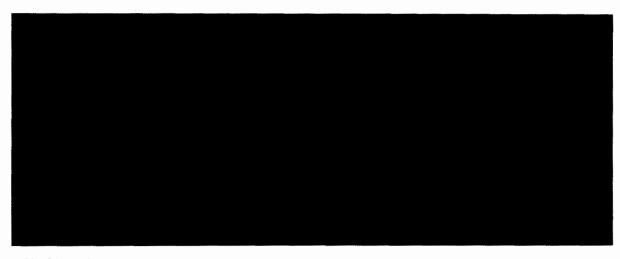
(U) Background



(U) Objectives

(U) The overall objective of this inspection is to determine whether is efficiently and effectively accomplishing its mission and adhering to applicable standards to include COMM network standards and instructions. The inspection will also assess emergency response, security, and continuity of operations (COOP) plans, as well as circuit outage records and service call and service request records. Further, the inspection will evaluate the organizational climate, customer satisfaction, and support functions, to include property accountability and contract management.

Operations Directorate (U) Background (S/FK) Directorate, provide and integrate dynamic communication requirements to support NRO launch, launch mission partners, and mission support sites in As of January 2007, staff consisted of government personnel and NRO communications, including in addition to five new customer sites over the past two years. (U) Objectives (U) Objectives (U) The overall objective of this inspection is to determine whether is efficiently and effectively accomplishing its mission and adhering to applicable COMM network standards and instructions. This will include an examination of network drawings and documentation as well as a review of floor plans and rack layouts. The inspection will also review circuit outage records, security and COOP plans, as well as service call and service
Directorate, The mission of the provide and integrate dynamic communication requirements to support NRO launch, launch mission partners, and mission support sites in As of January 2007, staff consisted of government personnel and NRO communications, including in addition to five new customer sites over the past two years. (U) Objectives (U) The overall objective of this inspection is to determine whether is efficiently and effectively accomplishing its mission and adhering to applicable COMM network standards and instructions. This will include an examination of network drawings and documentation as well as a review of floor plans and rack layouts. The inspection will also
Directorate, provide and integrate dynamic communication requirements to support NRO launch, launch mission partners, and mission support sites in addition to five new customer sites over the past two years. (U) Objectives (U) The overall objective of this inspection is to determine whether efficiently and effectively accomplishing its mission and adhering to applicable COMM network standards and instructions. This will include an examination of network drawings and documentation as well as a review of floor plans and rack layouts. The inspection will also
(U) Objectives (U) The overall objective of this inspection is to determine whether is efficiently and effectively accomplishing its mission and adhering to applicable COMM network standards and instructions. This will include an examination of network drawings and documentation as well as a review of floor plans and rack layouts. The inspection will also
(U) Objectives (U) The overall objective of this inspection is to determine whether is efficiently and effectively accomplishing its mission and adhering to applicable COMM network standards and instructions. This will include an examination of network drawings and documentation as well as a review of floor plans and rack layouts. The inspection will also
efficiently and effectively accomplishing its mission and adhering to applicable COMM network standards and instructions. This will include an examination of network drawings and documentation as well as a review of floor plans and rack layouts. The inspection will also
request records. Further the inspection will assess organizational climate, customer satisfaction, and support functions such as property accountability, records management, government card purchases and contract management.
(U) 50. Inspection of the Communications Systems Acquisition and Operations Directorate (Planned)
(U) Background



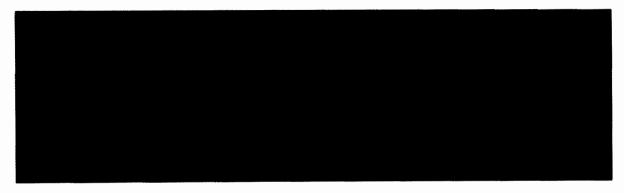
(U) Objectives

(U) This inspection will examine each of the test and evaluation centers. The overall objectives for the inspection will be to evaluate (1) the effectiveness of mission operations and integration; (2) accomplishments in terms of customer satisfaction; (3) adherence to applicable policies and guidance as well as the level of government oversight; (4) support functions such as contract administration, financial management, and training; and (5) organizational climate, focusing heavily on teamwork, workload, and relationships between the three centers.

(U) 51. Inspection of the Office of Space Launch, NRO (Planned)

o

(U) Background



(U)Objectives

(U) The objectives of inspection include our standard unit inspection protocols: to assess organizational climate; evaluate customer satisfaction; determine compliance with applicable procedures, and efficiency and effectiveness in performing the mission: and evaluate various support functions, including contract management and oversight.

-(S//TK//REL) 52. Joint Inspection of the (Planned)

(U) Background

/S//TK//REL

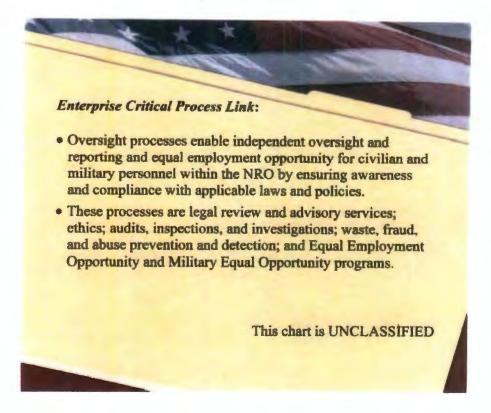
The Ground Systems Office within the NRO is the executive office for all
activities related to the The NRO OlG will lead the inspection in support of the Joint
Cryptologic Inspection Program. The OIG inspection team will consist of representatives from
the NRO, NSA, AF Intelligence Surveillance Reconnaissance Agency, US Army Intelligence and Security Command, and the US Naval Security Group Command.
and security Command, and the 03 Navar Security Group Command.

(U) Objective

(S//TK//REL) The overall objectives of the joint inspection are to evaluate policy and guidance, mission accomplishment, and command climate. Topic areas for review include intelligence oversight, mission operations, training, communications and information technology systems, mission systems, resource programs, and financial management. The senior OIG members of the inspection team will conduct sensing sessions (group interviews) with various segments of the workforce and conduct separate individual interviews with the site management team.

	DDO IFOT	Fiscal Year 2008				
	PROJECT	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	FY 2008					
41	Audit of Distributed Operations, Maintenance, and Engineering Support Contract					
42	Audit of the Agreements and NSA/					
43	Joint Inspection of the	1				
44	Joint Inspection of the					
	FY 2009		- 			
45	Joint Inspection of the					
48	Audit of the NRO Ground Program Organization and Governance	•			4	
47	Audit of the NRO Support to Homeland Security Operations					
48	Inspection of the COMM.					
48	Inspection of the COMM					
80	Inspection of the COMM,					
51	Inspection of the OSL, NRO					
52	Joint Inspection of the					

(U) OVERSIGHT



(U) 53. Inspection of the Office of Equal Employment Opportunity and Diversity Management (Ongoing)

(U) Background

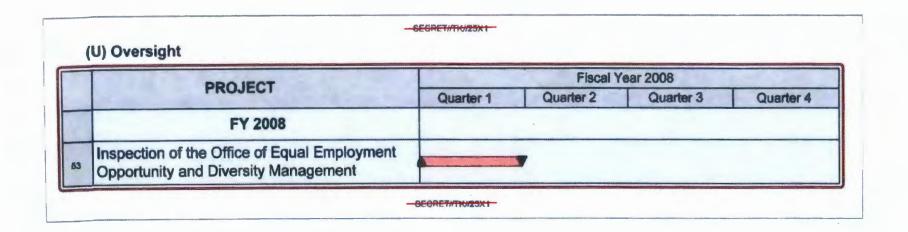
(U//FOUO) The mission of the Office of Equal Employment Opportunity and Diversity Management (OEEO&DM) is to enable a work environment where there is equality of opportunity and an understanding of the value of diversity in accomplishing the NRO mission. The OEEO&DM strives to accomplish its mission by (1) providing efficient, fair, and impartial complaint processing; (2) providing EEO and diversity awareness training and education; (3) managing special emphasis programs; and (4) providing reasonable accommodations to qualified persons with disabilities. The OEEO&DM serves the entire NRO community and provides customer service to managers and employees regardless of parent organization affiliation.

(U) Objectives

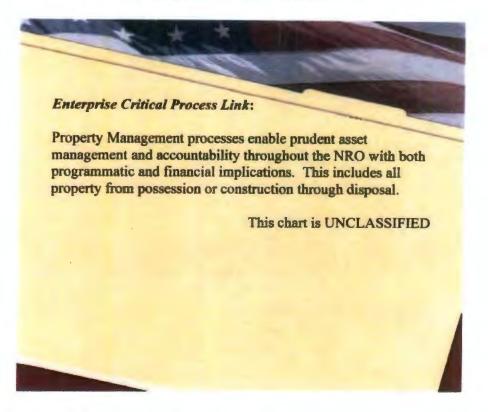
(U//FOUO) The overall objective of the inspection is to evaluate the effectiveness and efficiency of the OEEO&DM in accomplishing its mission. Specific objectives are to (1) examine both the civilian and military equal opportunity complaint processes to ensure that NRO employees and management are provided counseling and mediation to informal complaints as well as efficient, fair, thorough, and timely investigation and processing of formal complaints; (2) assess the sufficiency of EEO and diversity awareness training and education; (3) determine

NRO APPROVED FOR RELEASE 9/29/2017 SECRET//TK// NOFORN//25X1

compliance with Equal Employment Opportunity laws. Executive Orders, parent agency and military regulations, directives, policies and procedures; and (4) evaluate customer satisfaction with the advice and assistance provided regarding management issues, unlawful discrimination, workplace harassment, and hostile work environment issues.



(U) PROPERTY MANAGEMENT



(5) 54. Audit of Satellite Valuation (Planned)

(U) Background

Historically, the NRO has struggled with shifting its property accounting model from a funding driven process with numerous labor intensive compensating controls to a more efficient process. The new process would be built upon actual cost accumulation in a manner that would minimize changes to business practices.

(U) Objectives

(5) The objective of this audit will be to determine whether the NRO procedures for valuing and accounting for satellites and satellite systems are capturing complete and accurate cost information.

(U) 55. Audit of NRO Maintenance of Spare Program Property

(U) Background



(U) Objectives

(U) The objective of this audit will be to determine whether the NRO is properly addressing mission readiness from the standpoint of replacement program property.

(U) 56. Audit of NRO Use of Basic Ordering Agreements

(U) Background

(U) A Basic Ordering Agreement (BOA) is a written understanding that describes the methodology for the future procurement of goods and services, for which the specific time, price, and quantity are unknown. For example, these agreements can be used to purchase commodities, such as office supplies, as needed.

(U) Objectives

(U) The objectives of this audit will be to determine whether the NRO establishment and use of BOAs is in compliance with applicable laws and regulations and whether BOAs are being managed efficiently and effectively.

(S//TK) 57. Inspection of the Management Services and Operations, (Planned)

(U) Background

serves as the focal point for all NRO transportation matters and is responsible for approving, funding, and selecting the government and/or contracted transportation mode for validated NRO shipments.

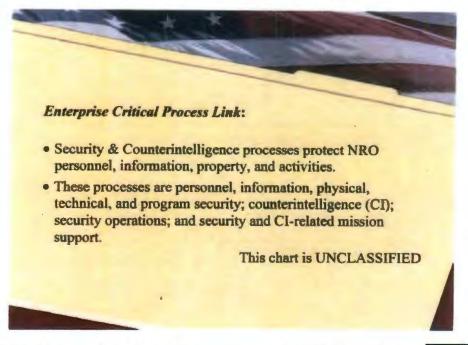
(U) Objectives

(S#FK) The overall unit inspection objective is to evaluate the efficiency and effectiveness of operations. The specific inspection objectives include a determination as to whether a second operation all transportation requests and selecting the most cost effective transportation means. The inspection team will also conduct an assessment of

and examine their processes for sending and receiving classified and unclassified mail and for handling Sensitive Compartmented Information. The team will evaluate and examine their processes for conducting courier services. Finally, the inspection team will include an assessment of the organizational climate, customer satisfaction, and key support functions to include budgeting, contracting, and records management.

	PROJECT	Fiscal Year 2008				
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	FY 2009					
54	Audit of Satellite Valuation			•		
55	Audit of NRO Maintenance of Spare Program Property					
56	Audit of NRO Use of Basic Ordering Agreements					
57	Inspection of the MS&O.					

(U) SECURITY & COUNTERINTELLIGENCE



(U) 58. Inspection of the Office of Security and Counterintelligence, (Planned)

(U) Background

(U) The OS&C: provides facility-based physical and technical accreditation guidance at the sensitive compartmented information, collateral, and compartmented levels.

s responsible for such areas as sensitive compartmented information facility accreditation, security equipment, and the TEMPEST Program.

(U) Objectives

(U) The overall objective of this inspection is to assess roll of the insupport of NRO Information Assurance (IA). Specifically, the inspection will evaluate the efficiency and effectiveness of the second as it executes its duties in conjunction with the Office of the Chief Information Officer and the Communications Systems Acquisition and Operations Directorate. We will also examine the extent to which IA roles and responsibilities conflict, overlap, and/or duplicate one another across the three organizations. This inspection will also utilize INTELINK as a collaboration tool to solicit IA best practices and potential roadblocks.

NRO APPROVED FOR RELEASE 9/29/2017 SECRET//TK// NOFORN//25X1

(U) 59. Inspection of the Office of Security and Counterintelligence, Program Security Officers (Planned)

(U) Background

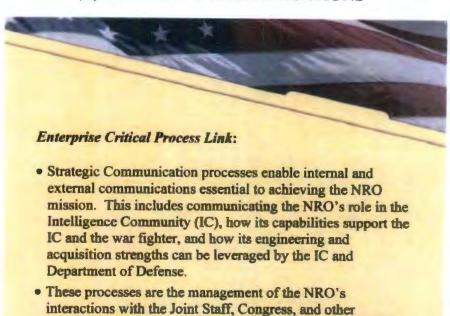
(U) The Office of Security and Counterintelligence (OS&CI) places program security officers (PSOs) in the various Directorates and Offices to manage security for their respective programs and operations. PSOs provide contract, program, and personnel security support as well as ligious with the centralized services at the OS&CI. Currently, PSOs reside in

(U) Objectives

(U) The overall objective of this inspection is to determine whether the PSOs are consistently complying with contract security regulations, the PSO's manual requirements, and special program guidance. The inspection will also include an examination of incident reporting, support to competitive source selection, and/or program protection plan preparation and coordination. Further, we will examine customer support and the application of consistent security policy across the NRO.

		Fiscal Year 2008				
	PROJECT	Quarter 1	Quarter 2	Quarter 3 Quarter 4		
	FY 2008					
58	Inspection of the OS&CI,	_		,		
	FY 2009			`		
59	Inspection of the OS&CI, Program Security Officers					

(U) STRATEGIC COMMUNICATIONS



 These processes are the management of the NRO's interactions with the Joint Staff, Congress, and other influential interests; communications actions at the national, international, interagency, and enterprise level; and media and community relations.

This chart is UNCLASSIFIED

(U) 60. Audit of the NRO Critical Infrastructure Protection (Planned)

(U) Background



(U//FOUO) The purpose of a critical infrastructure protection strategy is to assure that the assets on which an agency relies are available to mobilize, deploy, command and control, and sustain operations. Personnel must have real-time situational awareness of critical infrastructure assets, and have the means to accurately predict changes in the unfolding operational environment in time to change operations in anticipation of adverse actions and/or adverse events. Additionally, agencies should identify information assurance and budget requirements in anticipation of adverse infrastructure events.

(U) Objective

(U//EQUO) The overall objective of the audit is to determine whether the NRO has established protective measures and situational awareness procedures to eliminate or reduce critical infrastructure single points of failure, to adjust operations, and to identify information assurance and budget requirements in anticipation of adverse infrastructure events.

SECRET//TK// NOFORN//25X1 NRO APPROVED FOR RELEASE 9/29/2017

-SEGRET//THURSH

(U) Strategic Communications

	PROJECT	Fiscal Year 2008				
3		Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	FY 2009					
60	Audit of the NRO Critical Infrastructure Protection					

SECRETI/TIVI/25XT

SECRET//TK// NOFORN//25X1

(U) SYSTEMS ENGINEERING



- Systems Engineering is an interdisciplinary approach to designing, evolving, and verifying a balanced, optimized set of components to achieve the overall system requirements across the technical life cycle.
- Systems engineering processes support the technical engineering related to the conception, development, manufacturing, integration, verification, deployment, operation, support, and disposal of system products and processes; the definition and management of the system configuration; and the development of technical information for sound decision making.

This chart is UNCLASSIFIED

(U) 61. Inspection of the IMINT Directorate,

(Planned)

(U) Background

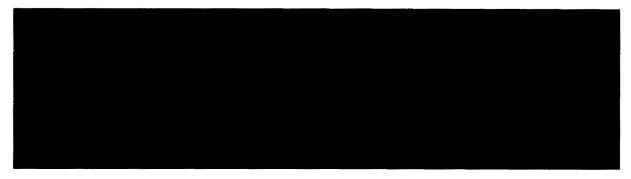


(U) Objective

(U) The objectives of this inspection are to assess the general organizational climate; determine compliance with laws and policies; determine efficiency and effectiveness in performing the assigned mission and its stated goals; evaluate various support functions such as, contracts, financial management, and security; and evaluate customer satisfaction. Specific objectives will be defined during the pre-inspection visit to the laws are progress towards the NRO's new integrated ground architecture strategy.

(U) 62. Inspection of the SIGINT Directorate, (Planned)

(U) Background



(U) Objectives

(U) The overall objectives for the inspection are to determine compliance with laws, regulations, and policies; determine efficiency and effectiveness in performing the assigned duties; evaluate various support functions; and assess customer satisfaction. The specific inspection objectives will be defined at the end of the pre-inspection phase however, a general focus will be on how well the supports will be found Stations.

(U) 63. Inspection of the Systems Integration and Engineering Office (Planned)

(U) Background

(U) The NRO OIG initiated a unit inspection of the Deputy Director for System Engineering (DDSE) on 21 March 2006. Soon after, the DNRO delivered his new Strategic Framework and tasked the DDSE with leading a group to develop options on how a new systems engineering organization should be structured in order to conduct effective architectural management. Based on this new direction, the OIG suspended the unit inspection and issued a memorandum presenting 14 observations which were noted during the inspection. The DNRO directed the new Systems Integration and Engineering Office (SI&E) be established by October 2006.

(U) Objective

(U) The overall objectives of the inspection are to (1) assess the general climate of the SI&E; (2) evaluate customer satisfaction; (3) evaluate compliance with laws, regulations, and standards; (4) determine the effectiveness and efficiency in performing the new mission and functions; and (5) evaluate various support functions such as: contracts, budget, and resource management. We will also be coordinating with the OIG audit staff to review the SI&E implementation plans and progress from the Audit of NRO Acquisition Oversight Process.

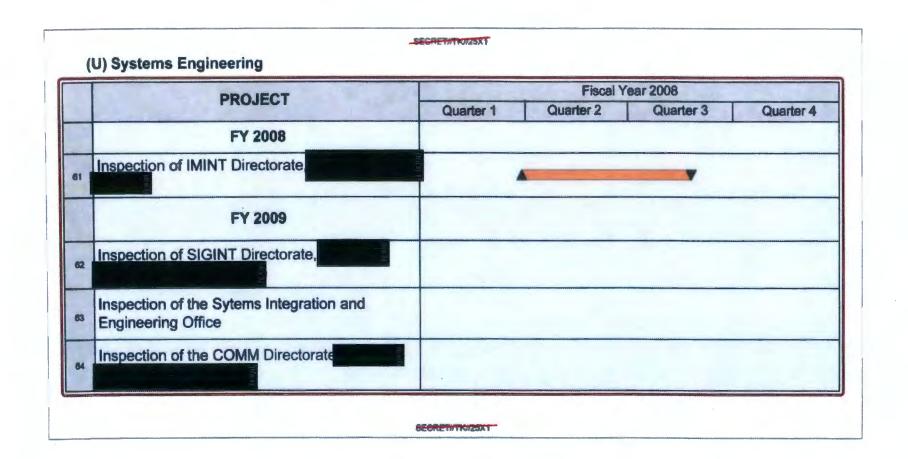
(U) 64. Inspection of the COMM Directorate (Planned)

(U) Background

(U) The mission of the deliver the communication satellite constellation to support the	s to develop, acquire, and NRO's current and future
mission architecture.	

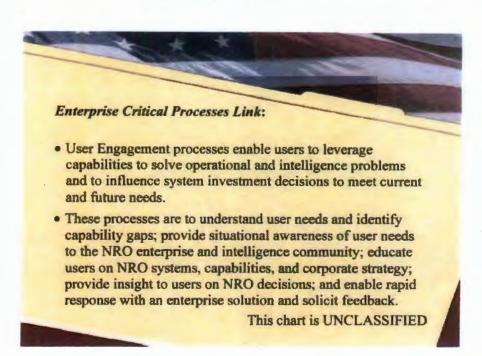
(U) Objectives

(U) The objectives of this unit inspection are to (1) assess the general organizational climate; (2) determine compliance with laws, regulations, directives, instructions, policies, and procedures; (3) determine the efficiency and effectiveness in performing assigned mission to include a specific review of acquisition and program management; (4) evaluate various support functions; and (5) evaluate customer satisfaction. More specific objectives will be defined after the pre-inspection.



SECRET//TK// NOFORN//25X1

(U) USER ENGAGEMENT



(U) 65. Inspection of NRO's User Engagement Activity (Planned)

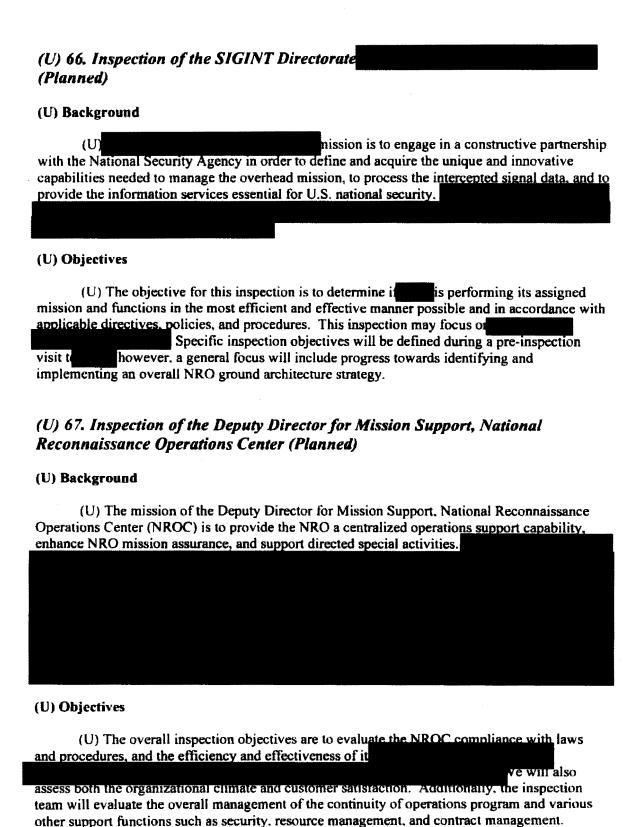
(U) Background

(U) This is an issue inspection of the NRO's User Engagement activity. The last two IG annual work plans included a unit inspection of the User Engagement Group (UEG) in the office of the Deputy Director for Mission Support (DDMS). However, in response to a request from senior management to look at user engagement from an enterprise perspective, we shifted our focus from UEG to UE functions throughout the NRO to include UEG.

(U) Objective

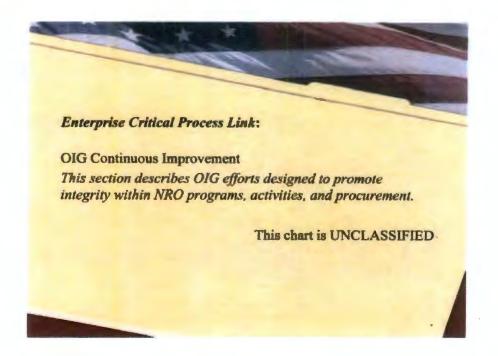
(U) The overall inspection objective is to assess the NRO user engagement function to include interaction with military users, mission partners, and non-military organizations. In addition, we will assess the relationship between the DDMS and NRO program offices, and evaluate the DDMS organizational climate. Specific objectives include: determining users' familiarity with the NRO mission and its quick reaction capability; assessing NRO's responsiveness and timeliness of support to the user; and ascertaining the effectiveness of the NRO Field Representative program.

SECRET//TK// NOFORN//25X1



	PROJECT	Fiscal Year 2008				
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	FY 2008					
85	Inspection of DDMS,			,		
	FY 2009					
66	Inspection of the SIGINT Directorate,					
67	Inspection of the DDMS, National Reconnaissance Operations Center					

(U) INTEGRITY



(U) Introduction

(U//FOUO) The extraordinary accomplishments of the NRO and its strong desire to excel are in many ways linked to its insistence that both government and contractor employees bring nothing less than the highest personal integrity to all actions affecting NRO business. INTEGRITY is the NRO's essential and enduring tenet – the strategic, inviolable principle that tells people how to act as members of the NRO team, and sets forth the organization's standards of accountability. It is the responsibility of every employee to adhere to the NRO principles of integrity and ethical behavior, and to its policies and procedures.

(U//FOUO) Unfortunately, there have been isolated examples of personal integrity breaches on the part of both government and contractor employees, which have required disciplinary action. Some examples include: conflicts of interest, fraudulent billing of contractor hours and rates, product substitution, and other types of procurement fraud.

(U//FOUC) The proactive prevention and detection efforts that follow are used by OIG to promote integrity and ensure accountability among all personnel associated with NRO programs. be it our government workforce or the contractors who support us.

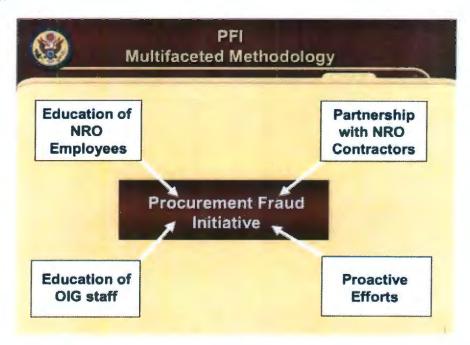
(U) OIG Investigations (Ongoing)

(U//FOUO) As part of its charter, the OIG is obligated to investigate allegations of crime and other serious wrongdoing with a principal focus on procurement fraud. However, OIG investigations go beyond ensuring individual accountability. OIG investigations also ensure that the NRO is made whole on those occasions when it has been harmed by the malicious actions of an employee or contractor. Further, the results of OIG investigations are regularly communicated to the NRO population via Messages from the IG, which is part of an ongoing effort to make employees aware of those schemes and incidents that adversely affect NRO programs and personnel. These communiqués illustrate the NRO's steadfast approach when addressing and countering fraud. Additionally, they are also intended as a deterrent for any would-be perpetrators.

(U//FOUO) As part of its activities, the OIG Investigation Staff collects case-related statistics such as financial losses and recoveries, indictments, fines, convictions, instances of administrative discipline, and notifications to the Department of Justice in both criminal and civil matters. This data allows the OIG to identify trends and formulate tactics for use against fraud as it develops. In the past five years, labor mischarging has been the predominant form of contract fraud reported by the OIG to the Department of Justice.

(U) Office of Inspector General Procurement Fraud Initiative (Ongoing)

(U) The OIG's proactive Procurement Fraud Initiative (PFI) continues to be the centerpiece of our effort to protect the NRO's procurement process by preventing and detecting fraud. As shown in the chart below, the PFI program utilizes a multifaceted approach which provides the OIG staff, as well as the entire NRO enterprise, with educational and awareness training tools for detecting and reporting procurement fraud. In addition to developing and presenting various training sessions, the PFI program offers an extensive array of anti-fraud vignettes, posters and other training tools. A key element in the PFI program is the expansion of the existing partnerships with the NRO contractor base. Other proactive PFI program initiatives include the strengthening of critical relationships with the NRO Office of Contracts and with the Defense Contract Audit Agency. By increasing the procurement fraud awareness of the OIG staff, the NRO enterprise, and the NRO contractor base, we are educating those who are often in the best position to observe and report indicators of fraud and conduct diligent procurement oversight.



- (U) Each of the elements of the PFI program depicted above strengthen the overall result and outcome: there is no greater tool in the detection of procurement fraud than knowledgeable government and contractor employees looking for and reporting potential procurement fraud indicators.
 - (U) Education of OIG Staff We educate the OIG staff by mandating formal training
 on contract and procurement fraud and providing monthly PFI awareness briefings.
 Our audit, inspection, and investigation managers ensure that procurement fraud is
 included in each staff member's individual development plan. We also encourage our
 staff to obtain professional certification with the Association of Certified Fraud
 Examiners.

- (U) Education of NRO employees As mentioned above, we provide tailored briefings in occupations that are most-likely to observe potential fraud indicators; publish "Messages from the IG" to the general workforce; and circulate procurement fraud awareness products. Also, we educate government and contractor employees on common "Red Flags" using a four-hour procurement fraud training course offered once a quarter through the NRO Acquisition Center of Excellence. We plan on using the results of the first, NRO 2007 Ethics Survey to enhance the NRO's ethics program; detect fraud, waste and abuse; and oversee the proper use of taxpayer resources.
- (U) Robust Liaison with NRO Contractors We maintain an effective NRO contractor procurement fraud referral program through regular interaction with corporate business ethics and compliance offices and senior corporate procurement officials. To strengthen the government-contractor partnership and exchange fraud awareness program best practices, we host an annual OIG Ethics and Compliance Officers Conference. Additionally, the NRO has adopted an OIG-specific contract clause requiring contractors to report, and cooperate with, the OIG on all allegations of procurement fraud. Contractor referrals are not part of the DoD voluntary disclosure program.

• (U) <u>Proactive Efforts</u> - We have embedded NRO-specific procurement fraud vulnerability detection steps in our audits and inspections. These steps are also being used to identify internal control weaknesses and potential systemic issues. We

We also engage in information sharing with other OIGs, and law enforcement through government-wide procurement fraud working groups and the National Procurement Fraud Task Force.

NRO APPROVED FOR RELEASE 9/29/2017 SECRET//TALENT-RETHOLE//NOFORN



NATIONAL RECONNAISSANCE OFFICE

Office of Inspector General



16 October 2008

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: (U) Office of Inspector General Annual Work Plan

- (U) The National Reconnaissance Office (NRO), Office of Inspector General (OIG) Annual Work Plan for Fiscal Years (FY) 2009/2010 is attached. It provides descriptions and timelines of planned and ongoing audits and inspections for the upcoming two-year period, including those audits required by law. It also updates the actions anticipated as part of our proactive procurement fraud prevention and detection efforts.
- (U) We repeated last year's rigorous work planning process to select those topics that would ensure comprehensive oversight of NRO programs and operations, particularly those related to the ongoing NRO transformation. In exercising our discretionary authority to select topics for our reviews, we reflected concerns and/or challenges identified by NRO senior managers and the Congress. We also included topics that could benefit from further oversight that came to our attention during the course of our FY 2008 audits, inspections, and investigations.
- (U) The attached work plan is the OIG roadmap for addressing critical issues and challenges the NRO is facing today. Due to the dynamic environment in which the NRO operates, we will continue to be receptive to additions, deletions, and modifications of the plan to ensure that we remain focused on topics that provide the most relevance to the mission of the NRO.

(U) If you have any questions about this work plan, please feel free to contact me on Deputy Inspector General, (1933) 10 USC 424 (secure) (nonsecure), or (secure) (nonsecure).

Eric R. Feldman Inspector General

Attachment:

(U) NRO OIG Annual Work Plan (3//TK//NF)

DECL ON: 20331016 DRV FROM: NCG 6.0

21 May 2005

when removed from attachment

Cover memo is UNCLASSIFIED

SECRET//TALENT-KEYHOLE//NOFORN

SUBJECT: (U) Office of Inspector General Annual Work Plan

INTERNAL DISTRIBUTION:

Director, National Reconnaissance Office

Principal Deputy Director, and Chief Operating Officer, National Reconnaissance Office

Deputy Director, National Reconnaissance Office

Director, Systems Engineering

Director, System Operations

Director, Ground Enterprise Directorate

Deputy Director, National Reconnaissance Office, Business Plans and Operations

Chief Information Officer

Deputy Director for Mission Support

Director, Imagery Intelligence Systems Acquisition Directorate

Director, Signals Intelligence Systems Acquisition Directorate

Director, Communications Systems Acquisition and Operations
Directorate

Director, Advanced Systems and Technology Directorate

General Counsel

Director, Office of Space Launch

Director, Management Services and Operations

Director, Office of Security and Counterintelligence

Director, Office of Human Resources

Director, Office of Equal Employment Opportunity and Diversity Management

Director, Office of Contracts, Business Plans and Operations

Director, Office of Strategic Communications, Business Plans and Operations

Senior Enlisted Advisor

EXTERNAL DISTRIBUTION:

Assistant to the Secretary of Defense (Intelligence Oversight)

Inspector General, Department of Defense

Inspector General, Office of the Director of National Intelligence

Director, Field Detachment, Defense Contract Audit Agency

Chairman and Ranking Member, Senate Select Committee on Intelligence

Chairman and Ranking Member, House Permanent Select Committee on Intelligence

Chairman and Ranking Member, Senate Appropriations Committee, Subcommittee on Defense

Chairman and Ranking Member, House Appropriations Committee, Subcommittee on Defense

Chairman and Ranking Member, Committee on Armed Services, Senate Select Committee on Intelligence

Chairman and Ranking Member, Committee on Armed Services, House Select Committee on Intelligence

Table of Contents

) INTRODUCTION	1
) ACQUISITION & MISSION ASSURANCE	
(S//TK//NF) 1. Audit of the Acquisition Management of (Ongoing)(Ongoing)	2
(U) 2. Audit of National Reconnaissance Office Award and Incentive Fee Process (Ongoing)	
(ST3. Audit of the NRO Acquisition Requirements Verification and Validation Proc (Planned 1st Quarter FY 2009)	
(U) 4. Audit of a Selected Program Closure (Planned 1st Quarter FY 2009)	4
(U//FOUO) 5. Audit of the NRO Improvements to the Acquisition Oversight Process (Planned 3rd Quarter FY 2009)	
(U//FOUO) 6. Audit of the NRO Mission Success Program (Planned 3rd Quarter FY	2009) 5
(U//EOUO) 7. Audit of the Acquisition Management of Selected NRO Acquisition Activities (Planned 3rd Quarter FY 2009)	6
(U// FOUO) 8. Audit of the NRO Ground Enterprise Acquisition Process (Planned 4t Quarter FY 2009)	
(U) 9. Audit of the NRO Research and Development Transition to Acquisition and Operations (Planned FY 2010)	7
(U) 10. Audit of the NRO Program Issue Review Processes (Planned FY 2010)	7
(U) 11. Audit of the NRO Program Control Function (Planned FY 2010)	8
) BUSINESS MANAGEMENT	9
(U) 12. Audit of Budget Formulation (Ongoing)	9
(U/JFOUO) 13. Audit of NRO Management of Funds Transferred to External Organizations (Ongoing)	10
(U/ÆQUO) 14., 15., and 16. Audits of the NRO Fiscal Years 2008 (Ongoing), 2009, 2010 (Planned) Financial Statements and Resolution (Statutory Requirement)	
(U) 17. Impact of Independent Cost Estimates on Effective Program Planning and Execution (Planned 1st Quarter FY 2009)	11
(S//TK//REL) 18. Audit of NRO Funding of Non-NRO Requirements within the Sys Operations Directorate (Planned 1st Quarter FY 2009)	tem
(U) 19. Audit of the Acquisition of the Eastern Processing Facility (Planned 1st Quar 2009)	
(U) 20. Audit of Overpayment Recovery (Planned 2nd Quarter FY 2009)	12
(U) 21. Audit of Budget Execution Processes (Planned 3rd Quarter FY 2009)	13

	(U) 22. Inspection of the Business Plans and Operations, Office of Policy and Analysis (3rd Quarter, FY 2009)
	(U) 23. Audit of United Launch Alliance Projected Cost Savings (Planned 4th Quarter 2009)
	(U) 24. Audit of NRO Facilities and Office Space Management (Planned 4th Quarter FY 2009)
	(U) 25. Audit of NRO Approach to Supporting Industrial Manufacturing Infrastructure (Planned FY 2010)
	(U) 26. Audit of the NRO Electronic Invoice Management System (Planned FY 2010) 15
	(U) 27. Audit of NRO Ground Mission Costs (Planned FY 2010)
	(U) 28. Audit of the NRO Financial Information System Payment Allocation Algorithm (Planned FY 2010)
	-(S//TK//REL) 29. Audit of Management Controls for Unfunded Requirements (Planned FY 2010)
	(U) 30. Audit of the Corporate Governance Plan (Planned FY 2010)
	(U) 31. Inspection of the Environmental and Safety Program (FY 2010)
	(U) 32. Inspection of the Business Plans and Operations, Center for the Study of National Reconnaissance (FY 2010)
	(U) 33. Audit of Contractor Charging for Business Class Travel (Planned FY 2010)
Ţ	J) CONTRACTING20
	(U) 34. Audit of National Reconnaissance Office Contract Advisory and Assistance Services (Ongoing)
	(U) 35. Audit of the NRO Acquisition Strategies (Planned 2nd Quarter FY 2009)21
	(U#FOUO) 36. Attestation of the NRO Contractor Organization Conflict of Interest and Personal Conflict of Interest Policy (Planned FY 2010)
	(U) 37. Audit of Selected Contract Termination Procedures (Planned FY 2010)
	-(S//TK) 38. Audit of the System Operations Directorate
	(U//FOUO) 39. Audit of the NRO Consolidated Commercial Off-The-Self Support Contract (Planned FY 2010)
Ί	J) HUMAN CAPITAL & TRAINING24
	(U) 40. Inspection of Strategic Human Resources (Ongoing)
	(U) 41. Inspection of Government and Contractors Performing the Same Function or Performing Inherently Governmental Functions (4th Quarter 2009)
	(U) 42. Inspection of the Management Services and Operations, Administrative Support Group, Wellness Center - Employee Assistance Program (FY 2010)

(U/EOUO) 43. Audit of NRO Use of Federally Funded Research and Development Centers (Planned FY 2010)	. 2 ć
U) INFORMATION TECHNOLOGY & INFORMATION ASSURANCE.	.28
(U) 44. Audit of the Controls for Connecting to the NRO Contractor Wide Area Network (Ongoing)	. 28
(U) 45. Audit of the NRO Certification and Accreditation Process (Planned 1st Quarter FY 2009)	
(U) 46. and 47. Fiscal Year 2009 and 2010 Independent Evaluations of the NRO Compliance with the Federal Information Security Management Act (Planned 2nd Quarter FY 2009 and FY 2010 - Statutory Requirement)	. 30
(U) 48. Audit of the Management of Information System Privileged Users (Planned 3rd Quarter FY 2009)	. 30
(U) 49. Audit of Incident Response and Detection (Planned 3rd Quarter FY 2009)	. 31
(U) 50. Audit of the NRO Cyber Initiative (Planned 4th Quarter FY 2009)	. 32
(U) 51. Special Review of the Role and Function of the CIO (Planned FY 2010)	. 32
(U) 52. Audit of Super 2 (Privacy, Protection in IT Systems) (Planned FY 2010)	. 34
(U) 53. Audit of NRO Portfolio Management and IT Investment Oversight (Planned FY 2010)	. 34
(U) 54. Audit of NRO Enterprise Software Acquisition and License Management (Planned FY 2010)	
(U) 55. Audit of the NRO Information Enterprise Architecture (Planned FY 2010)	36
(U) 56. Audit of NRO Configuration Management and Control (Planned FY 2010)	36
(U) 57. Audit of Information Technology Change Management and Recapitalization (Planned FY 2010)	. 37
(U) 58. Inspection of the COMM Directorate, (FY 2010)	. 37
(U//FOUO) 59. Audit of the NRO Critical Infrastructure Protection (Planned FY 2010)	38
U) MISSION OPERATIONS	39
(S//TK//REL) 60. Joint Inspection of the Quarter FY 2009)(Planned 1st	39
(U) 61. Inspection of the COMM Directorate. (Planned 1st Quarter FY 2009)	40
(U) 62. Inspection of the Office of Space Launch, National Reconnaissance Office (Planned 2nd Quarter FY 2009)	40
(S//TK//REL) 63. Audit of the Agreements (Planned 3rd Quarter FY 2009)	41

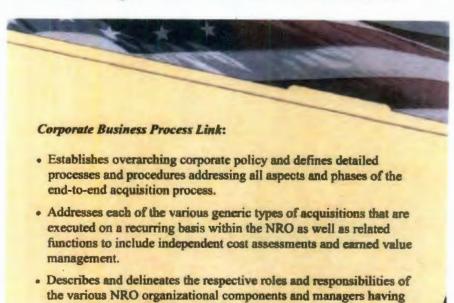
-(S//TK//REL) 64. Joint Inspection of the Quarter 2009)	(Planned 3rd
(S//TK//NF) 65. Inspection of the COMM Directorate.	
Quarter FY 2009)	(4th
(U) 66. Inspection of the IMINT Directorate, (Planned 4th Quarter FY 2009)	43
(U) 67. Inspection of the Chief Operating Officer (Planned	FY 2010) 43
(U) 68. Inspection of the COMM Directorate	
(FY 2010)	44
(U) 69. Inspection of the SIGINT Directorate (Planned 2010)	
(U) 70. Inspection of the IMINT Directorate, 2010)	Planned FY
(S//TK//REL) 71. Joint Inspection of the 2010)	(Planned FY46
(U) 72. Inspection of the NRO System Operations Directors	ate (Planned FY 2010)46
(U) 73. Inspection of the COMM Directorate. (FY 2010)	47
(U) NATIONAL RECONNAISSANCE OPERATO OPERATIONS	· · · · · · · · · · · · · · · · · · ·
(U) 74. Inspection of the National Reconnaissance Operatio	ns Center 48
(U) OVERSIGHT	49
(U) 75. Follow-Up Inspection of the Office of Equal Employ Diversity Management (2nd quarter, FY 2009)	yment Opportunity and
(U) PROPERTY MANAGEMENT	50
(S//TK//REL) 76. Audit of Management Controls for Account Aerospace Data Facility-Colorado (Planned 1st Quarter FY	
(U) 77. Inspection of Laptop Computers and Portable Electr 2009)	
(U) RECORDS MANAGEMENT	52
(U) SECURITY & COUNTERINTELLIGENCE	
(U/LEQUO) 78. Audit of NRO Personnel Security Reinvesti Employees (3rd Quarter FY 2009)	gations of Contractor
(U) 79. Inspection of the Office of Security and Counterinte	elligence, Program Security

(U) STRATEGIC COMMUNICATIONS	55
(U) SYSTEMS ENGINEERING	56
(U) 80. Inspection of the Ground Enterprise Directorate (Planned FY 2010)	56
(U//EOUO) 81. Audit of the Systems Engineering and Information Technology Engineering Functions (Planned FY 2010)	57
(U) USER ENGAGEMENT	58
(U) INTEGRITY	59

(U) INTRODUCTION

- (U) The National Reconnaissance Office (NRO), and in turn, its Office of Inspector General (OIG), must respond to an increasing level of oversight derived from statutory and regulatory requirements; congressionally directed actions; and Director of National Intelligence (DNI) data calls and taskings. The OIG Work Plan for Fiscal Years (FY) 2009/2010 is designed to respond to and complement these oversight activities while ensuring that OIG resources are used in a manner that maximizes our contribution to the NRO mission.
- (U) We initiated this year's planning process by consulting with the NRO leadership, senior managers, and key congressional staffers. These discussions informed our judgment as we identified the specific topics that could benefit from an OIG evaluation. This two-year work plan allows for increased staff and management participation in the planning process and for greater scheduling flexibility. The plan also gives the workforce an advanced understanding of our long-range oversight goals and enables them to better prepare for an OIG independent assessment in their areas of responsibility.
- (U) Our Work Plan is linked to the NRO Corporate Business Processes, which are as follows: Acquisition & Mission Assurance, Business Management, Contracting, Human Capital & Training, Information Technology & Information Assurance, Mission Operations, National Reconnaissance Operations Center (NROC) Operations, Oversight, Property Management, Records Management, Security & Counterintelligence, Strategic Communications, Systems Engineering, and User Engagement. The specific projects are explained through "Background" and "Objective" paragraphs, and are further identified as "Ongoing" or "Planned." Proactive investigative efforts are highlighted in the last section entitled *Integrity*. The ongoing projects were previously identified in the "Office of Inspector General Work Plan for Fiscal Years 2008/2009." The planned projects are identified through the OIG planning process described above, and will be conducted during FY 2009 and FY 2010.
- (U) The OIG is required by statute to conduct the following major projects each year: Audit of the National Reconnaissance Office Fiscal Year Financial Statements, which is undertaken to comply with the Chief Financial Officers Act, and Independent Evaluation of National Reconnaissance Office Compliance with the Federal Information Security Management Act, required under the E-Government Act of 2002.

(U) ACQUISITION & MISSION ASSURANCE



equities and responsibilities in this area.

This chart is UNCLASSIFIED

-(S//TK//NF) 1. Audit of the Acquisition Management of



(U) Background



(U) Objectives

(S//TK//NF) The overall objective of the audit is to perform a qualitative assessment to determine whether that has a sustainable acquisition strategy that includes effective oversight and management controls.

(U) 2. Audit of National Reconnaissance Office Award and Incentive Fee Process (Ongoing)

(U) Background

(S//NF) The NRO relies on award fee contracts to motivate contractors to achieve exceptional performance. In 2006, the Government Accountability Office (GAO) issued a report criticizing the Department of Defense (DoD) for paying billions of dollars in award and incentive fees to contractors who have failed to deliver projects on time and within budget. The report stated, "Although [the department] has paid billions in fees over time, the department has little evidence to support its contention that the use of award and incentive fees results in the intended effect on contractor performance."

(U/EOUO) In July 2001, the NRO OIG issued a report to NRO management, "Audit of Administration of Award Fees" (Project No. 2000.003). The report stated that the award fee plans used to establish the criteria and procedures by which to evaluate a contractor's performance were not always prepared in compliance with the Federal Acquisition Regulation and NRO Acquisition Manual. It also stated that the evaluation determinations of the contractor's performance were not always sufficiently documented in the contract files.

(U) Objective

(U) The overall objective of the audit is to assess whether award and incentive fees are effectively used to influence contractor performance and achieve desired results. In addition, we will review the NRO implementation of the recommendations from the 2001 OIG report referenced above.

(8) 3. Audit of the NRO Acquisition Requirements Verification and Validation Process (Planned 1st Quarter FY 2009)

(U) Background

(U//FOUO) The NRO develops acquisition program requirements based on the projected requirements of the Intelligence Community (IC), DoD, and NRO's mission partners. Before any acquisition is initiated, the NRO must compile and validate requirements that satisfy a specific intelligence need or desired capability. Once the acquisition has been initiated, the NRO should periodically verify and update the requirements throughout the course of the acquisition life cycle. These efforts are the responsibility of the NRO Chief Operating Officer/Systems Engineering Directorate in collaboration with the Directorates & Offices. The requirements verification and validation process, as part of the overall system development life cycle process, is intended to ensure that an NRO system provides the capability needed by its users.

(U//FOUO) In previous years, NRO and DoD leaders have stated that unclear requirements have been a problem plaguing some satellite system acquisitions. Additionally, the Senate Select Committee on Intelligence has expressed concern that frequent, and often unwarranted requirements changes cause major challenges in the execution of an acquisition contract. The Committee has requested that the NRO OIG review how shifting requirements affect contract execution and the adequacy of NRO processes to control requirements changes.

(U) Objective

(U) The overall objective of this audit is to evaluate the efficiency and effectiveness of the NRO requirements verification and validation process for major systems acquisition programs. Specifically, the audit will assess how well the NRO monitors and controls acquisition user requirements and capabilities throughout the system development life cycle process.

(U) 4. Audit of a Selected Program Closure (Planned 1st Quarter FY 2009)

(U) Background

(U#FOUO) The NRO recently announced the closure of a sensitive program. Upon the conclusion of a sensitive NRO program, many tasks to ensure proper closure of all program activity must occur. For example, program personnel must decide what mission and contractual documents to retain or destroy, and what property and equipment should be disposed of or retained.

(U) Objective

(U/IFOUC) The overall objective of this audit is to determine whether the closure of the NRO program is accomplished in accordance with proper procedures, to include property and document accountability.

(U//EOUO) 5. Audit of the NRO Improvements to the Acquisition Oversight Process (Planned 3rd Quarter FY 2009)

(U) Background

(UIFOUT) In the 2007 Audit of the NRO Acquisition Oversight Process, the audit team found that NRO Directorates and Offices employ internally developed acquisition oversight processes. When these processes overlay NRO staff-level policies and procedures, the Director, NRO's (DNRO) visibility into acquisition program performance is obscured. The lack of consistent, corporate governance over NRO acquisition programs has reduced the assurance of the DNRO that NRO acquisition oversight activities are properly controlling scope, costs, schedule, and quality. As part of the NRO Enterprise Transformation and Acquisition Improvement initiatives, the NRO has established a framework for improvement in the areas of governance; roles and responsibilities; knowledge and information management; and human resources. As part of an overall follow-up strategy designed to gauge the performance of the improvement initiatives, NRO senior management has requested that the NRO OIG revisit this area in the latter part of FY 2009.

(U) Objective

(U//FOUO) The overall objective of the audit is to determine whether the NRO acquisition improvement efforts have enhanced the efficiency and accountability of acquisition programs at the NRO. Specifically, the audit will focus on NRO improvements in corporate governance, policies and processes, knowledge and information management, and acquisition workforce requirements.

(U//FOUO) 6. Audit of the NRO Mission Success Program (Planned 3rd Quarter FY 2009)

(U) Background

-(S//NF) In response to a January 2008 Senate Select Committee on Intelligence (SSCI) request, the NRO OlG conducted an audit to determine whether an essential NRO acquisition program had implemented a quality management system of policy, procedures, quality planning, quality assurance, and quality control.

(U//EQUO) In the aftermath of our audit

To ensure the program is

meeting its monitoring objectives, the Principal Deputy Director, NRO suggested that the OIG

audit the implementation of the mission success function. We agree that such a review would be helpful at this juncture.

(U) Objective

(U//FOUT) The overall objective of the audit is to determine whether the NRO mission success program is established and effectively monitoring enterprise-wide mission success controls.

(U//FOUO) 7. Audit of the Acquisition Management of Selected NRO Acquisition Activities (Planned 3rd Quarter FY 2009)

(U) Background

-(S//TK//NF) The NRO exists to develop and operate unique and innovative space reconnaissance systems. As discovered in previous work, NRO Directorates and Offices employ internally developed acquisition oversight processes that can blur senior leadership's visibility into program acquisition accountability. Recently, the SSCI expressed concerns that the NRO has failed to adequately incorporate accountability mechanisms into its program management processes. The Committee specifically identified the which have seen

(U) Objective



(U//FOUO) 8. Audit of the NRO Ground Enterprise Acquisition Process (Planned 4th Quarter FY 2009)

(U) Background

- (U) As part of the NRO transformation and reorganization, the NRO seeks to transform the Ground Enterprise Directorate (GED) from a collection of separate, intelligence-specific stove pipes to a single, flexible, integrated architecture that provides improved timeliness, access, and content to users and reduces costs. To meet these goals, GED plans to ensure that all systems comply with common standards that facilitate tasking and data integration; leverage commonalities in existing and developing systems to maximize interoperability; and acquire ground systems as an enterprise using best available commercial technologies.
- (U) Recently, the DNRO identified the need to reassess and improve the effectiveness of internal processes, management procedures, and decision-making methodologies as part of the

NRO reorganization. In addition, the SSCI expressed interest in the efforts of the NRO to develop an integrated ground architecture between the NRO and its partners in the Intelligence Community.

(U) Objective

(U) The overall objective of this audit is to determine whether effective management control systems are in place to support oversight and accountability of acquisition processes within GED.

(U) 9. Audit of the NRO Research and Development Transition to Acquisition and Operations (Planned FY 2010)

(U) Background

(C//NF) Conducting aggressive customer focused research and development (R&D), and evolving space and ground systems to meet operational demands are two key elements of the NRO Strategic Framework. In recent years, NRO investment in R&D has varied between approximately percent of the NRO total budget. Strong R&D efforts are critical for ensuring the future success of the NRO. However, technological advances provide little value if they cannot be incorporated into daily operations. Therefore, it is also critical that the NRO has effective processes in place to ensure that R&D products transition to operational programs.

(U) Objective

(U//FOUO) The overall objective of the audit is to evaluate NRO management and transition of R&D efforts at the NRO. Specifically, we will determine

- Whether the NRO transition process of R&D activities to operations is effective, efficient, and timely,
- Whether the NRO divesture process of R&D efforts is appropriate and timely,
- Whether the NRO tracking process of intra- and inter- organizational agreements is comprehensive, timely, and accurate, and
- How the NRO evaluates the success of these processes.

(U) 10. Audit of the NRO Program Issue Review Processes (Planned FY 2010)

(U) Background

(U//FOUO) Senior NRO acquisition officials consider the NRO Program Issue Review (PIR) as the critical forum for program monitoring, oversight, and control. As a result of an audit recommendation from the 2007 Audit of the NRO Acquisition Oversight Process, the NRO adopted a framework to address the improvement of internal performance reporting requirements and acquisition activity data. One of the critical elements of the new NRO acquisition management framework is the implementation of formal PIRs.

(U) Objective

(U//FOUO) The overall objective of the audit will determine whether the PIR is meeting its purpose of ensuring project information is accurate, reliable, secure, and available to stakeholders to enable well-informed program decision-making based upon the DNRO new corporate policy and the executive level Acquisition Improvement Plan.

(U) 11. Audit of the NRO Program Control Function (Planned FY 2010)

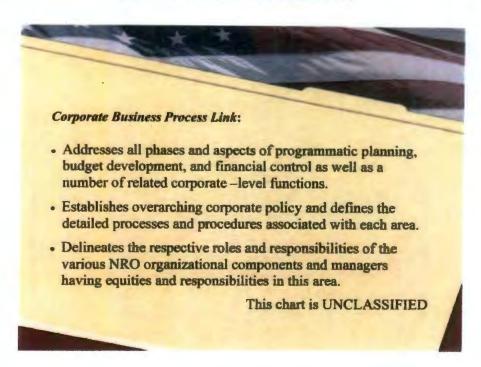
(U) Background

(U//FOUO) The DNRO established the Program Control function as part of the NRO Corporate Governance Plan. The 2007 OIG Audit of the NRO Acquisition Oversight Process found that the type of functions being assigned to program control, including independent analysis of cost, schedule, and technical performance, were not incorporated into the decision making process. The Principal Deputy Director, Resource Management, BPO is responsible for Program Control for the Chief Operating Officer and the Director BPO. The roles, responsibilities, and authorities of this position have yet to be published in Letters of Instructions as required by the new Corporate Governance Plan.

(U) Objective

(U//FOUO) The overall objective of this audit is to determine whether the NRO is functionally structuring Program Control to obtain the desired results of improved NRO acquisition program management and oversight. To accomplish this objective, the audit will examine the authorities, roles and responsibilities delegated to Program Control, and determine if NRO Program Management is effectively requesting and incorporating Program Control information and support in making well informed acquisition (milestone and other) decisions.

(U) BUSINESS MANAGEMENT



(U) 12. Audit of Budget Formulation (Ongoing)

(U) Background

(S//NF) The Office of the DNI directed the Intelligence Community (IC) components to realign the IC budgets for consistency of budget formulation. As a result, the NRO budget structure will undergo significant change. Concurrent to that effort, the NRO plans to eliminate redundancy and programs that add little or no value and re-direct savings to existing and emerging national security priorities. This is the first of a series of planned audits to focus on the effectiveness and efficiency of all aspects of the NRO budget process, from formulation through execution.

(U) Objective

(U) The objective of this audit is to determine whether the NRO uses sound and consistent formulation practices that result in a realistic and defensible budget. Specifically, the audit will (1) evaluate the processes for developing total program cost, schedule, and budget phasing at the corporate level; (2) examine the roles and responsibilities within the NRO for development of the annual budget; and (3) ensure the NRO budget formulation process is compliant with applicable laws and related guidance.

(U//FOUO) 13. Audit of NRO Management of Funds Transferred to External Organizations (Ongoing)

(U) Background



(U) Objective

(U) The overall objective of this audit is to determine whether the NRO has sufficient controls in place to ensure that funds transferred to external organizations are in line with the NRO mission, spent and tracked in accordance with applicable laws and regulations.

(U//FOUO) 14., 15., and 16. Audits of the NRO Fiscal Years 2008 (Ongoing), 2009, and 2010 (Planned) Financial Statements and Resolution (Statutory Requirement)

(U) Background

(U//FOUO) Under the Chief Financial Officer Act and the Office of Management and Budget (OMB) Bulletin 07-04, Audit Requirements for Federal Financial Statements, an audit of the NRO financial statements is required to be performed by the OIG or by an independent public accountant (IPA) as determined by the OIG. The NRO OIG has contracted with PricewaterhouseCoopers to conduct audits of the NRO financial statements for FY 2008 and 2009, with options through FY 2012. The contract will require the IPA to audit in accordance with Generally Accepted Government Auditing Standards and OMB Bulletin 07-04. The OIG will oversee the IPA audit to ensure that requirements are met at the quality level established by the President's Council on Integrity and Efficiency best practices. An audit was completed in FY 2006, resulting in a disclaimer of opinion. The NRO did not undergo an audit of the financial statements in FY 2007.

(U) Objective

(U) The audits will evaluate the reliability of the data supporting the financial statements; determine the accuracy of the statements produced; and examine the adequacy of footnote disclosures in accordance with guidance issued by the Federal Accounting Standards Advisory Board, OMB, and other authoritative guidance. The auditors will also review internal controls and compliance with laws and regulations related to the objectives and will follow up on the status of prior-year audit findings.

(U) 17. Impact of Independent Cost Estimates on Effective Program Planning and Execution (Planned 1st Quarter FY 2009)

(U) Background

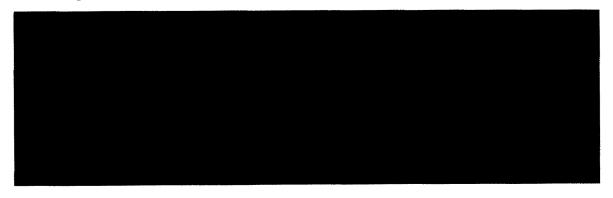
- (U) The NRO is required by the 2004 Intelligence Authorization Act (the Act) to complete an independent cost estimate (ICE) for any program projected to exceed \$500 million. The Act, as implemented, requires that the NRO budget 100 percent of program funds to an ICE endorsed by the Office of the Director of National Intelligence. Cost estimates play a critical role in budget formulation and set the baseline for the costs and schedules associated with major acquisition programs.
- (U) On 16 July 2008, the SSCI requested the NRO OIG to review the procedures in place to meet the requirement to budget major IC acquisitions to levels identified in independent cost estimates. Specifically, the committee was concerned about the unintended consequences of budgeting to an ICE.

(U) Objective

(U) The overall objective of this audit is to determine whether budgeting to an ICE has had unintended consequences on the funding of those programs for which an ICE is not required. We will also examine whether the estimating methodologies are consistent across the NRO and conducive to accounting for program costs in accordance with generally accepted accounting principles.

(S//TK//REL) 18. Audit of NRO Funding of Non-NRO Requirements within the System Operations Directorate (Planned 1st Quarter FY 2009)

(U) Background



(U) Objective

(S//TK//REL) The overall audit objective is to determine the extent and propriety of the funding of NSA mission requirements by the SO Directorate. Specifically, the audit

will evaluate whether SO possesses adequate knowledge and data regarding the funding support to those agencies. In addition, the audit will evaluate whether support agreements are adequately documented and in accordance with U.S. Code and other Appropriations Law. While the audit will focus on the support agreements are adequately and the support agreements are adequately documented and in accordance with U.S. Code and other Appropriations Law. While the audit will focus on the support agreements are adequately documented and in accordance with U.S. Code and other Appropriations Law. While the audit will focus on the support agreements are adequately documented and in accordance with U.S. Code and other Appropriations Law.

(U) 19. Audit of the Acquisition of the Eastern Processing Facility (Planned 1st Ouarter 2009)

(U) Background

(U/IFOUO) The Eastern Processing Facility (EPF) is an NRO Office of Space Launch facility under construction at the Cape Canaveral Air Force Station (CCAFS). When this facility is completed, it will function as a Spacecraft Processing and Integration Facility for NRO launches from CCAFS. The EPF will consist of four separate buildings and will contain 128,000 square feet of program support and 50,000 square feet of clean-room spaces. Currently the EPF is scheduled for initial operating capability in early 2010.

(U) Objective

(U#FOUO) The objective of this audit is to determine whether the procurement of the new Office of Space Launch facility is in accordance with NRO acquisition policies, and managed within the parameters of key program management elements and accepted practices defined by the Government Accountability Office and the Project Management Institute.

(U) 20. Audit of Overpayment Recovery (Planned 2nd Quarter FY 2009)

(U) Background

(U) The Defense Contract Audit Agency (DCAA), in coordination with the Defense Financial Accounting Service, performed an audit that identified a number of Government contract overpayments that were never recouped. These overpayments were mostly due to incorrect indirect billing rates for interim vouchers. Based on the DCAA methodology and findings, we will review closed NRO contracts for possible reimbursement.

(U) Objective

(U) The objective of this audit is to review contract closeout procedures and DCAA audit reports to determine the extent to which the NRO is owed reimbursement for overpayments to contractors.

(U) 21. Audit of Budget Execution Processes (Planned 3rd Quarter FY 2009)

(U) Background

(U) This is the second in a series of audits concentrating on the elements of the NRO budget process. The NRO budget execution processes include procedures for funds management as they relate to commitments, obligations, and disbursements. The audit will include a review of the use of expenditure rates, fund transfers and re-programming, and the tri-annual review of unliquidated obligations.

(U) Objective

(U) The objective of this audit is to determine whether the NRO uses sound and consistent budget execution practices, with an emphasis on funds management. We will also determine whether NRO policies and procedures adequately address generally accepted accounting standards with respect to obligations, expenditure tracking, and the capitalization or expensing of incurred costs.

(U) 22. Inspection of the Business Plans and Operations, Office of Policy and Analysis (3rd Quarter FY 2009)

(U) Background

(U) The Business Plans and Operations, Office of Policy and Analysis provides an NRO policy foundation and serves as the policy advisor to the DNRO and the NRO Program Managers on interagency and international issues. The Office of Policy and Analysis consists of

The Office of Policy and Analysis is also integral to the NRO Corporate Governance Plan framework, which controls the relationship between the governance processes, governance plans, and lines of authority.

(U) Objectives

—(S//NF) The overall objectives of this inspection are to evaluate the process used to ensure the development, coordination, and issuance of consistent internal policies and procedures across the Directorates, Offices, and Mission Ground Stations, as well as national and interagency policies. The inspection will also evaluate the Office of Policy and Analysis' support for the integrated governance framework.

(U) 23. Audit of United Launch Alliance Projected Cost Savings (Planned 4th Ouarter 2009)

(U) Background

(U//FOUO) In the 1990s, the Nation's primary launch services companies, Boeing and Lockheed Martin, invested heavily in their respective launch infrastructures in an effort to prepare for an anticipated boom in the commercial launch business. By the early 2000s, the anticipated boom in the commercial launch business did not materialize. Consequently, the heavy investment cost of the launch infrastructure for both companies was absorbed by federal agencies with assets in space. All parties recognized the need for a solution that would both limit the impact of the growth of launch costs, and provide reasonable assurance of government launch access. Therefore, in 2006, Boeing and Lockheed Martin merged their launch operations and formed the United Launch Alliance to support U.S. Government satellite launches.

(U) Objective

(U/FOUO) The overall objective of this audit is to determine whether the NRO is realizing cost savings from the consolidation of the Boeing and Lockheed Martin launch services.

(U) 24. Audit of NRO Facilities and Office Space Management (Planned 4th Ouarter FY 2009)

(U) Background

(S//TK//NF) The NRO is responsible for the contracts, maintenance, and construction of nearly buildings and facilities. This includes office buildings, testing labs, logistics warehouses, remote monitoring locations and mission ground stations. Also, the NRO is a contributing tenant to other government agencies; leases space for special programs and personnel; and provides facilities and office space for contractors and other government agency personnel supporting the NRO. Historically, the function for overseeing the acquisition and management of these facilities has been decentralized. In support of the recent Enterprise Transformation, the DNRO centralized responsibility to the Management Services and Operations for the development, implementation, and enforcement of policies, business practices, and standards for all NRO facility management.

(U) Objective

(U) The objective of this audit is to evaluate the centralized NRO Property Management Corporate Business Process to determine the effect on space allocation, leasing, infrastructure, construction, and recapitalization; the sufficiency of current authorities, roles and responsibilities; and the effectiveness of the process as a whole.

(U) 25. Audit of NRO Approach to Supporting Industrial Manufacturing Infrastructure (Planned FY 2010)

(U) Background

(S//NF) The 2008 Audit of the Mission Assurance Process of the discussed quality assurance and control monitoring issues with respect to changes in the space parts industry environment. A dynamic business environment is creating challenges for the NRO to maintain qualified suppliers and a sufficient workforce, which could result in the loss of NRO space level certified parts. Currently, the NRO is handling changes in the industrial base at the program level, and could realize more benefits if the changes were handled at the corporate level.

(U) Objective

(U//FOUO) The objective of the audit is to determine whether NRO policies and procedures for supporting a corporate manufacturing infrastructure are effective. We will evaluate the total amount of funds used to support industry from the program level to determine if there is potential cost savings in funding at the NRO corporate level or the space community level.

(U) 26. Audit of the NRO Electronic Invoice Management System (Planned FY 2010)

(U) Background

Management Application, which provides the NRO with the capability of electronic invoice receipt, approval, and payment. The vendor gateway for the electronic submission of invoices resides on the Consolidated Contractor Database Web, which can be accessed via the Contractor Wide Area Network or the Government Wide Area Network. The Electronic Invoice Management Application resides on the NRO Management Information System and interfaces with the NRO Contracting and Accounting Systems. After a contractor submits an invoice, an e-mail notification is sent to government contracting professionals. After reviewing the invoice, the contracting officer requests the Office of Finance to pay the invoice via e-mail notification. The Office of Finance may then either approve or reject the invoice for payment.

(U) Objective

(U#FOUO) The objective of this audit is to determine whether the invoice review and approval process is effective. In addition, we will assess the adequacy of general and application controls in accordance with applicable standards.

(U) 27. Audit of NRO Ground Mission Costs (Planned FY 2010)

(U) Background

(S//NF) Visibility into the cost of the ground mission has been a challenge to the NRO from a cost accumulation perspective, noting issues in budgeting, cost estimating, and setting/defining requirements. In FY 2008, the NRO stood-up the Ground Enterprise Directorate in an effort to better define the ground mission and transform the architecture to increase efficiency and tighten controls over operations. As the NRO continues to transform, our audit will focus on ways to strengthen the management of ground systems through a greater insight of ground costs incurred, and to substantiate the NRO rationale for ground cost accumulation under the new financial/accounting business model.

(U) Objective

(U//EOUO) The objective of the audit is to determine whether NRO policies and procedures for the planning and accounting of ground costs are effective. This will include the analysis of cost accumulation and tracking efforts essential to the success of the NRO ground stations in fulfilling the NRO mission.

(U) 28. Audit of the NRO Financial Information System Payment Allocation Algorithm (Planned FY 2010)

(U) Background

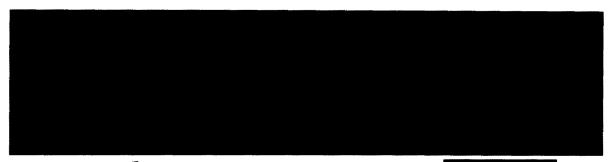
(S//TK//NF) The FY 2006 Audit of the NRO Financial Statements identified weaknesses in the property, plant, and equipment accounting model. The audit noted the process for the accumulation of actual costs as a weakness. Current contract invoicing practices cause the NRO to use an algorithm to allocate contract costs among Budget Line Item numbers within its financial information system. The algorithm first allocates costs based upon oldest budget year funds and then uses a ratio based on current obligations. This practice does not allow costs to be recognized in the period in which the service was performed and does not represent accurate expenditure rates. The use of the algorithm also presents challenges to monitor the execution of funds and requires additional monitoring controls through cost accumulation reviews.

(U) Objective

(U/EOUO) The objective of this audit is to determine the impact of using the algorithm on the accuracy of the NRO financial statements and on the program managers' ability to meet budget execution metrics.

(S//TK//REL) 29. Audit of Management Controls for Controls of Unfunded Requirements (Planned FY 2010)

(U) Background



(S//TK//NF) Because of the vast scope of the mission performed the site leaders developed an operating instruction to provide guidance for addressing problems with the site's mission systems and the supporting infrastructure. This instruction defines three mechanisms to prioritize identified and unforeseen problems: discrepancy reports, operational needs statements, and unfunded (operation & maintenance) requirements.

respectively.

(U) Objective

(S//TK//REL) The objective of this audit is to assess whether the methodology used by to identify, validate, prioritize, select, and approve unfunded requirements meets management's intent.

(U) 30. Audit of the Corporate Governance Plan (Planned FY 2010)

(U) Background

(U) The NRO Corporate Governance Plan (NRO-CG) was implemented to allow the NRO to horizontally integrate and align its policies within 14 established NRO enterprise critical processes. A critical process is defined as a set of continuing functions, performed by two or more Directorates and Offices (Ds and Os) that are considered essential to accomplishing the NRO mission. According to NRO management, NRO-CG will reduce the number of NRO Directives and Instructions, and create an environment of continual process improvement while providing effectiveness and efficiency in operations, reducing waste, and complying with federal laws and regulations as defined in OMB Circular A-123, Management's Responsibility for Internal Control.

(U/ÆOUO) The ongoing efforts of the NRO Enterprise Transformation have increased the complexity of the implementation of the NRO-CG by layering needed organizational

SECRET//TALENT-KEYHOLE//NOFORN

realignments and changes to the program. As the transformation moves forward, the need for the Governance Plan and its environment of process improvement becomes critical to the success of the NRO.

(U) Objective

(U) The objective of this audit is to evaluate the implementation and monitoring of the NRO-CG as a result of the Enterprise Transformation.

(U) 31. Inspection of the Environmental and Safety Program (FY 2010)

(U) Background

(U) The Management Services and Operations (MS&O) Environmental and Safety Program Office establishes NRO environmental, safety, fire protection, and system safety policy. The program staff provides NRO Headquarters and field sites with technical guidance and advice; conducts site assistance visits and compliance reviews; and identifies statutory environmental, safety, and fire protection training needs.

(U) Objectives

(U) The overall objective of this inspection is to evaluate the efficiency and effectiveness of this office and to ensure that policies, procedures, and practices are executed in a manner that adheres to applicable environmental and safety requirements, and provides a safe and healthy environment for all employees. The inspection will also focus on the effectiveness of the NRO Environmental and Safety Council, compliance reviews and follow-up process.

(U) 32. Inspection of the Business Plans and Operations, Center for the Study of National Reconnaissance (FY 2010)

(U) Background

(U) The BPO Center for the Study of National Reconnaissance (CSNR) provides an analytical framework and historical context to NRO leaders in order to facilitate effective policy and programmatic decisions. Its overall mission is to advance and shape the Intelligence Community's understanding of the discipline, practice, and history of national reconnaissance. The CSNR is organized into three business areas—the Research, Studies, and Analysis Section; the Recognition, Exhibits, and Outreach Section; and the History Section.

(U) Objectives

(U) The overall objective of this inspection is to evaluate the efficiency and effectiveness of the CSNR in providing an analytical and historical perspective in support of policy and programmatic decisions. Specifically, the inspection will examine the CSNR's effectiveness in identifying lessons learned and the distribution and application of these insights on current and

future activities. In addition, we will evaluate the process used to research and write NRO histories as well as the process employed for providing a historical perspective to NRO leaders.

(U) 33. Audit of Contractor Charging for Business Class Travel (Planned FY 2010)

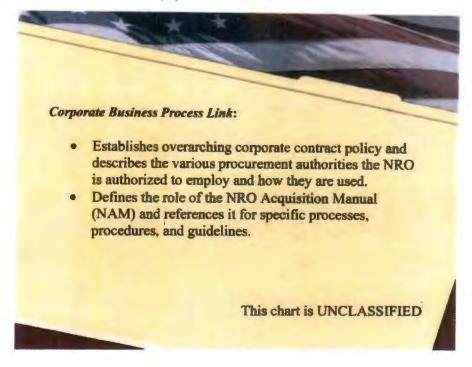
(U) Background

(S//TK//NF) The NRO allows contractors, on cost reimbursable contracts, to fly Business class when traveling overseas. NRO personnel authorize this activity based on interpretations of the Federal Acquisition Regulation (FAR), Joint Travel Regulations (JTR), Joint Federal Travel Regulations (JFTR), and the Central Intelligence Agency Act of 1949. For example, the FAR requires airfare costs to be reimbursed to contractors for "lowest customary standard coach or equivalent airfare offered during normal business hours..." There are six exceptions to this general rule, one of which is most commonly used as the basis for authorizing business class travel: "excessively prolong travel." This exception is meant to allow for business class travel if the wait time for the next available coach class flight is excessive. However, NRO personnel interpret this exception as excess travel time between origin and destination points (i.e. excess of 14 hours).

(U) Objective

(U//EOUO) The objective of this audit is to determine what policies and procedures are being used by the NRO for contractor airfare reimbursement and whether those policies and procedures are in accordance with laws and regulations.

(U) CONTRACTING



(U) 34. Audit of National Reconnaissance Office Contract Advisory and Assistance Services (Ongoing)

(U) Background

(U) Contract Advisory and Assistance Services (CAAS) and Systems Engineering and Technical Assistance (SETA) refer to services provided under contract by commercial sources to support or improve organizational policy development; decision-making; management and administration; program and/or project management and administration; and research and development activities. The NRO traditionally relies on CAAS due to the relatively small complement of government personnel and the many critical missions and technical and security requirements of the NRO. The Federal Acquisition Regulation (FAR), the NRO Acquisition Manual (NAM), and NRO Directives provide policy and direction to ensure that contracting officers and contracting officer technical representatives properly acquire, track, report, and manage CAAS. The FAR also prescribes policies and procedures to ensure that inherently governmental functions are not performed by contractors.

(U) Objective

(U) The overall objective of this audit is to determine whether the NRO is efficiently and effectively using CAAS and Systems Engineering and Technical Assistance resources to meet its

mission. Specifically, the audit will focus on the NRO structure of authorities, roles and responsibilities, requirements definition, and policies and procedures for monitoring and controlling CAAS/SETA.

(U) 35. Audit of the NRO Acquisition Strategies (Planned 2nd Quarter FY 2009)

(U) Background

(U//FOUO) The goal of a well-planned procurement is to acquire products and services that provide the best value for the Government while fully complying with applicable laws and regulations. Federal agencies can choose among numerous contract types to acquire products and services. In recent years, the DoD has moved toward hybrid contracts, including fixed price with incentives, to provide improved flexibility, control, and influence of contractor actions to gain the most favorable performance.

(S//FK//NF

the NRO needs to select acquisition strategies that improve its flexibility, control, and influence on contractor performance.

(U) Objective

(U//EOUO) The overall objective of the audit is to determine whether the NRO has developed and tailored corporate acquisition strategies to parallel the NRO transformation and current industry environment. Specifically, the audit will assess the current authorities, roles and responsibilities, and the effectiveness of acquisition strategies for planning and executing procurements through its lifecycle.

(U#FOUO) 36. Attestation of the NRO Contractor Organization Conflict of Interest and Personal Conflict of Interest Policy (Planned FY 2010)

(U) Background

(U//FOUO) Contractors may have an organizational conflict of interest (OCI) if, because of other activities or relationships, they have unequal access to information, are competing under biased ground rules, or have impaired objectivity in performing contract requirements. An individual support contractor may have a personal conflict of interest (PCI) when he/she is in a position to materially influence government recommendations and/or decisions.

(U/#FOUO) Proposed Congressional legislation, the NRO Enterprise Transformation, and changes in contractor business relationships have increased the NRO's vulnerability to OCI and

PCI situations. The NRO senior management has requested that the OIG examine proposed OCI and PCI controls and express an opinion based on conformity with legislation and policy.

(U) Objective

(U/FOUO) The overall objective of the attestation is to determine whether the NRO conducted a thorough analysis of NRO OCI and PCI controls, risks, and activities, and whether the proposed policy and procedures are consistent with current and proposed legislation. Additionally, the attestation will review the policies, procedures, and best practices from similar organizations and agencies to determine their relative application to the NRO.

(U) 37. Audit of Selected Contract Termination Procedures (Planned FY 2010)

(U) Background



(U) Objective

(U//FOUO) The objective of this audit is to determine whether the selected NRO contract termination activity is properly managed, meets management expectations, and results in the best value for the government.

(S//TK) 38. Audit of the System Operations Directorate

(U) Background



(U) Objectives

(S//TK//NF) The overall audit objective is to assess whether the SO contract is structured and managed to support the requirement. The audit will also assess whether management controls in support of contract changes were effective. We plan to perform the audit jointly with the NGA's Office of Inspector General.

(U//FOUO) 39. Audit of the NRO Consolidated Commercial Off-The-Self Support Contract (Planned FY 2010)

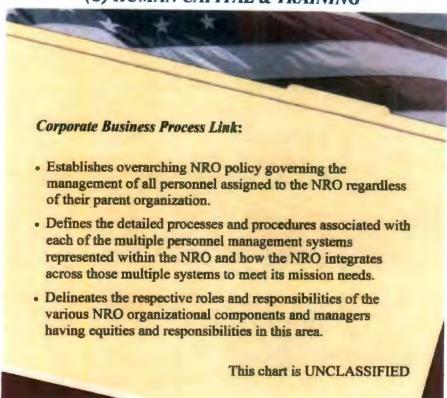
(U) Background

(S//TK//NF) The Consolidated Commercial Off-The-Shelf Support Contract is a group of four contracts that consolidate contractor IT support at Signals Intelligence Systems Acquisition Directorate (SIGINT) and IMINT The consolidation occurred in 2003 and was designed to effect contract efficiencies and cost savings. The contracts are centrally managed out of NRO Headquarters Therefore, it is critical that the NRO has effective management in place to ensure that these contracts are gaining the intended efficiencies and cost savings without affecting operational activities.

(U) Objective

(U//FOUO) The overall objective of the audit is to validate the efficiencies and cost savings achieved by the implementation of the Consolidated Commercial Off-The-Shelf Support contract.

(U) HUMAN CAPITAL & TRAINING



(U) 40. Inspection of Strategic Human Resources (Ongoing)

(U) Background

(U) The NRO was established as a joint enterprise between the Department of Defense (DoD) and the Central Intelligence Agency (CIA) and is staffed with individuals from the CIA, the military departments, and other government agencies and organizations. On 7 June 2006, the DNRO and the USAF Chief of Staff signed a Statement of Intent, which addressed personnel management, education/training, and disciplinary processes for Air Force personnel assigned to the NRO. On 6 September 2007, the DNRO and the Director, CIA signed a Memorandum of Agreement addressing the personnel support and relationship between the two organizations. The NRO relies on these "parent organizations" to provide technical, engineering, and corporate support talent to accomplish its mission. The reliance on "parent organizations" requires the NRO to engage with each parent organization to ensure each individual is properly recruited, trained, and developed for success. This reliance can also result in the loss of flexibility with respect to attracting, developing, and retaining a world-class workforce and can result in significant staffing challenges in areas such as Intelligence Community Joint Duty Assignments, military deployments, and Permanent Change of Station restrictions. To address the loss of workforce flexibility, the DNRO announced, in July 2008, that the NRO has requested consideration of expanded NRO personnel authorities involving a new NRO career service.

(U) Objectives

(U) The overall objective of this inspection is to examine current NRO staffing practices, including the identification of impediments to providing the highest quality personnel support to the NRO mission. The inspection will also examine the cost-benefit of various staffing options, including the establishment of an NRO civilian workforce. The inspection will incorporate benchmarking activities with the Director of National Intelligence (DNI) and NGA to identify best practices associated with establishing an agency career service.

(U) 41. Inspection of Government and Contractors Performing the Same Function or Performing Inherently Governmental Functions (4th Quarter 2009)

(U) Background

(U) Over the last several years, various inspections have noted certain government and contractor personnel performing identical duties. This practice does not comply with federal policy. In accordance with the OMB Circular Number A-76, Performance of Commercial Activities, and the Federal Activities Inventory Reform (FAIR) Act of 1998, inherently governmental functions must be performed by government personnel and commercial activities (or non-inherently governmental functions) should be competed to determine the best source to perform the function (government or private sector). Once an office determines that it is more efficient or cost-effective to outsource a commercial activity, the entire function must be outsourced. The office cannot use a combination of government and contractor personnel to perform the function.

(U//FOUO) Further, in accordance with OMB Circular A-76 and the FAIR Act, the NRO has an annual requirement to submit inventories that categorize their activities. For example, by 30 June of each year, an agency must submit the following lists to OMB: (a) an inventory of commercial activities performed by government personnel; (b) an inventory of inherently governmental activities performed by government personnel; and (c) an inventory summary report.

(U) Objectives

(U) The overall objective of this inspection is to determine the extent to which the NRO is using government personnel in conjunction with commercial outsourced functions. This examination will also include an evaluation of ongoing NRO measures to reduce the occurrence of government and contractor personnel performing identical duties. In addition, the inspection will determine if the NRO is using contractor personnel for inherently government activities. Finally, the inspection will evaluate whether the NRO is complying with OMB Circular A-76 and the FAIR Act's annual requirement to submit inventories pertaining to commercial activities performed by government personnel and inherently governmental activities performed by government personnel.

(U) 42. Inspection of the Management Services and Operations, Administrative Support Group, Wellness Center – Employee Assistance Program (FY 2010)

(U) Background

(U) The Wellness Center provides an Employee Assistance Program (EAP) which offers in-house, confidential counseling and referral services to military, government, and contractor personnel, and their families. The services address a wide variety of career, personal, and work problems. The EAP also provides consulting services to assist managers to deal with employee issues and concerns. Licensed Social Workers, Licensed Professional Counselors, Psychologists, and an Accredited Financial Counselor provide these services.

(U) Objectives

(U) The overall objective of this inspection is to evaluate the efficiency and effectiveness of EAP operations and services. We will also examine the marketing of counseling and referral services to ensure the military, government, and contractor personnel are aware of available guidance for career, personal, or work problems. Our inspection will also include benchmarking with similar organizations within the government and industry to identify potential best practices.

(U/LFOUO) 43. Audit of NRO Use of Federally Funded Research and Development Centers (Planned FY 2010)

(U) Background

(U) A Federally Funded Research and Development Center (FFRDC) is intended to meet special long-term research or development needs, which cannot be met as effectively by existing government or contractor resources. The Federal Acquisition Regulation (FAR), Part 35, enables agencies to use private sector resources to accomplish tasks that are integral to the mission and operation of the sponsoring agency. The NRO uses FFRDC systems engineering experts that are primarily sponsored by and available through the United States Air Force. In this role, the NRO applies these experts to achieve continuing advances in national security space and space-related systems. FFRDCs are sponsored under a broad charter by the NRO for the purpose of perforning, analyzing, integrating, supporting, and managing basic or applied research and development. Because the NRO funds FFRDCs and they are a Congressionally-limited resource, the NRO should carefully manage FFRDCs to receive the greatest possible benefit.

(U//FOUO) Senior NRO officials have expressed concerns that the government reliance on FFRDCs has eroded the government expertise to control and monitor the technical performance of major acquisition programs. In addition, the Senate Select Committee on Intelligence has questioned the NRO use of FFRDC experts to screen acquisition contract proposals or modifications. Specifically, the Committee asked whether The Aerospace

Corporation could maintain its independence and objectivity when it is so closely associated with the NRO. The Committee requested that the NRO OIG review the objectivity of the advice being provided by FFRDCs.

(U) Objective

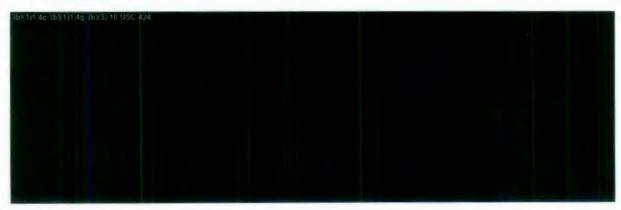
(U/FOUT) The objective of this audit is to assess whether the allocation and actual use of FFRDC resources at the NRO is in accordance with FAR requirements and provides the maximum benefit to the NRO mission.

(U) INFORMATION TECHNOLOGY & INFORMATION ASSURANCE



(U) 44. Audit of the Controls for Connecting to the NRO Contractor Wide Area Network (Ongoing)

(U) Background



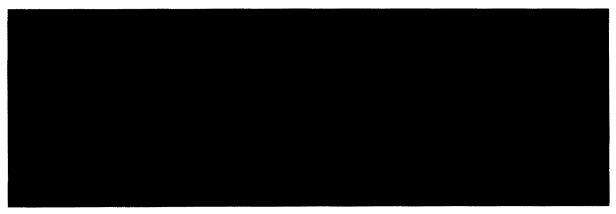
(U) Objective

(U) The objective of this information system audit is to evaluate the security environment, system controls, and operational risks affecting system confidentiality, integrity, and availability of IT systems at NRO contractor facilities.

(U) 45. Audit of the NRO Certification and Accreditation Process (Planned 1st Quarter FY 2009)

(U) Background

(U) Certification and accreditation (C&A) is a comprehensive process to ensure implementation of security measures that effectively counter relevant threats and vulnerabilities. Director of Central Intelligence Directive (DCID) 6/3, Protecting Sensitive Compartmented Information within Information Systems, has governed the Intelligence Community (IC) certification and accreditation (C&A) process since June 1999. The NRO C&A manual describes the process for ensuring that all NRO owned, operated, and sponsored information systems meet the C&A criteria established by DCID 6/3 prior to operation.



(U) A C&A Transformation effort is currently underway across the IC. This C&A Transformation was scheduled for completion by September 2008, but may run longer as several key policy documents are still being developed by the Office of the DNI and the Committee on National Security Systems. Each IC agency has been integrally involved in the C&A Transformation, which began in June 2006. Each IC agency has been required to appoint a C&A Transition Manager and have been asked to develop a transition strategy. In the near future, the IC will begin following new C&A requirements that are based largely upon the National Institute of Standards and Technology documents (system security plans, contingency plans, etc.) that the rest of the federal government follows.

(U) Objective

(U) The overall objective of this audit is to identify opportunities to improve the NRO C&A process during implementation of the IC-wide C&A Transformation.

(U) 46. and 47. Fiscal Year 2009 and 2010 Independent Evaluations of the NRO Compliance with the Federal Information Security Management Act (Planned 2nd Quarter FY 2009 and FY 2010 – Statutory Requirement)

(U) Background

(U) The Federal Information Security Management Act (FISMA) was enacted to provide a comprehensive framework for ensuring the effectiveness of information security controls over information resources that support federal operations and assets. FISMA requires that federal agencies develop and maintain an agency-wide information security program and report annually to the Director, Office of Management and Budget (OMB), and to the appropriate Congressional Oversight Committees on the adequacy and effectiveness of their information security policies, procedures, and practices. The Act also requires an annual independent evaluation of each federal agency's information security program and practices. OMB provides annual FISMA reporting instructions for agency CIOs and IGs to use while performing these assessments. Within the Intelligence Community (IC), each OIG is responsible for conducting the independent evaluation required by the FISMA statute and providing its evaluation to the Associate Director of National Intelligence and the Chief Information Officer for consolidated reporting to OMB. The NRO OIG FISMA evaluation is a year-round effort that incorporates the monitoring of NRO information technology initiatives, and audits of related information technology functional areas and systems that contribute to the overall annual evaluation. The independent public accounting firm of Pricewaterhouse Coopers will assist the OIG in conducting these evaluations beginning in FY 2009.

(U) Objective

(U) The objective of these legislatively mandated annual evaluations is to provide an independent assessment of the NRO compliance with the requirements set forth under FISMA and the OMB guidance that implements it.

(U) 48. Audit of the Management of Information System Privileged Users (Planned 3rd Ouarter FY 2009)

(U) Background

(U) Privileged users are information system (IS) users, such as network and system administrators, who have IS permissions and authorities to access restricted data and system functions to manage, operate, maintain, and secure NRO information systems. Privileged users are government and contractor personnel who can control or change system information and functionality, including access controls, security features, system logs, and audit policies. Privileged users present an inherent risk to information assurance because of the IS permissions and authorities granted them to perform their work.

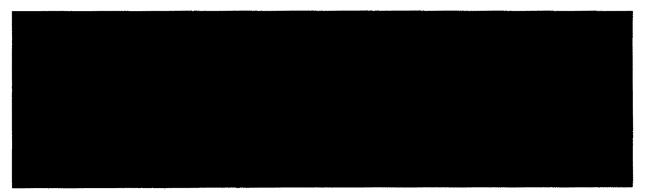
(U) Objective

(U) The overall objective is to determine and evaluate the procedures and controls implemented to manage privileged user functions, actions, and access to information systems and data.

(U) 49. Audit of Incident Response and Detection (Planned 3rd Quarter FY 2009)

(U) Background

(U/FOUO) Federal Information Security Management Act (FISMA) of 2002, was enacted to provide a comprehensive framework for ensuring the effectiveness of information security controls over information resources that support Federal operations and assets. FISMA requires that agencies develop "procedures for detecting, reporting, and responding to security incidents, consistent with standards and guidelines issued pursuant to section 3546(b), including (A) mitigating risks associated with such incidents before substantial damage is done; (B) notifying and consulting with the Federal information security incident center referred to in section 3546; and (C) notifying and consulting with, as appropriate, law enforcement agencies and relevant Offices of Inspectors General. National Reconnaissance Office (NRO) Directive 61-8 establishes the NRO Information Assurance (IA) Program (IAP) and the associated IA roles and responsibilities. The NRO IAP contains the overall IA guidelines, practices and procedures, implementation, enforcement, and accountability to control and ensure IA. NRO Instruction 61-8-4, which implements NROD 61-8, establishes uniform procedures to investigate, track, and report cyber incidents.



(U) Objective

(U//EOUO) The overall objective of this audit is to assess the effectiveness of the NRO Incident Detection and Response process, and determine how the agency provides for the restoration of information and information systems by incorporating protection, detection, and reaction capabilities. Specifically, we will assess the effectiveness of incident detection and response capabilities within the NRO, to include an evaluation of the policies and procedures, tools, training and resources.

(U) 50. Audit of the NRO Cyber Initiative (Planned 4th Quarter FY 2009)

(U) Background

(U//FOUO) National Security Presidential Directive-54/Homeland Security Presidential Directive-23 (NSPD-54/HSPD-23) establishes the United States policy, strategy, guidelines, and implementation actions required to secure cyberspace. These directives include a "Comprehensive National Cybersecurity Initiative" (CNCI) that presents the 12 key cybersecurity initiatives for the Federal Government. The initiative directs the Director of National Intelligence (DNI), in coordination with the Secretaries of Defense and Homeland Security and the Attorney General, to develop a detailed plan. The plan includes standard operating and notification procedures that connect a specified set of Federal Cyber Centers to enhance situational awareness. Collectively, these Cyber Centers perform or facilitate aspects of Computer Network Defense; Computer Network Attack; Computer Network Exploitation; and Cyber Threat (i.e., counterterrorism, counterintelligence and criminality) Investigations and Operations (CTIO).

(U//FOUO) Pursuant to the mission objectives of the CNCI, these Cyber Centers must work together sharing situational awareness information to enable a collaborative operational response to cyber-security events across Federal Government systems, including the National Security Systems (NSS). Additionally, to address increasingly sophisticated cyber threats, the Federal Government must establish a common cyber information environment to enable the development and promulgation of a national cyber common operating picture (COP).

(U) Objective



(U) 51. Special Review of the Role and Function of the CIO (Planned FY 2010)

(U) Background

(U//FOUO) The OIG performed an audit of the Office of the CIO (OCIO) in FY 2000 to determine compliance with the Clinger-Cohen Act (CCA). The CCA (originally issued as the Information Technology Management Reform Act of 1996) required 23 Executive Level agency heads, including the DoD, to establish enterprise-wide processes for IT capital planning and investment control, IT acquisitions and IT architectures, and to appoint a CIO that would assist the agency head with the Act's implementation. Executive Order 13011, dated 17 July 1996 extended this requirement to five additional agencies, including the CIA. Although the DDNRO/DNRO had assigned an NRO CIO as early as 18 December 1996, it was not until

6 January 1998 that the CIO Charter was issued as NRO Directive 61-4 thus providing the NRO CIO position with the authority and accountability to manage NRO information resources consistent with the CCA. This charter also provided the CIO with an IA role by appointing the CIO as the Designated Accreditation Authority (DAA) for all NRO information systems. The DAA is tasked with authorizing use of agency information systems and mitigating or accepting risks associated with such use. The recent Information Assurance audit and FISMA evaluations continue to identify weaknesses in the structure, policies, and overall effectiveness of the CIO's office. The CIO has not been organizationally placed where the office can be the most effective and provide the DNRO the most impact on securing NRO networks.

(U//FOUO) Beginning in early 2008, the NRO Office of the CIO was restructured as part of the ongoing NRO-wide transformation. A DNRO memorandum of instruction was issued to empower the CIO, the office was re-staffed with senior-level officials, and the office was deemed a mission enabling organization reporting directly to the DNRO. The DNRO has stated that the establishment of an expanded enterprise-level Office of the CIO is "crucial to the success of this transformation."

(U/FCOO) The FY 2000 audit found that the CIO is responsible for managing NRO information resources by developing capital planning and investment strategies and by overseeing the acquisition activities for IT, but it has not done so. For example, the CIO did not review the NRO planned IT investments prior to their incorporation in the Congressional Budget Justification Book. Also, the NRO Deputy Director, Business Plans and Operations, has not implemented a system of accounts that track IT expenditures designed to assist the CIO in performing capital planning and investment control. Therefore, the NRO did not know what it spent on IT, and the CIO could not advise the DNRO on the most efficient and effective use of IT investments. The CIO agreed that it has little influence on budget or acquisition decisions. Without adequate resources and senior management support and commitment to the mission, the CIO cannot provide the NRO with IT strategic direction and oversight.

(U//FOUO) Despite follow-up actions by the OIG, CIO, and NRO management, the NRO has been unable to close the recommendations made in the FY 2000 audit as they relate to compliance with the Clinger-Cohen Act. The ongoing transformation and realignment of the OCIO offers the opportunity to address these matters, with our follow-up of the role and function of the OCIO.

(U) Objective

(U//FOUO) The objectives of this review are to (1) determine whether the office of the CIO has the authorities, responsibilities, and resources necessary to carry out its mission; (2) evaluate adherence to applicable regulations, statutes, standards, polices and procedures; and (3) to determine if corrective actions have been implemented for the weaknesses identified during FY 2000 audit.

(U) 52. Audit of Super 2 (Privacy, Protection in IT Systems) (Planned FY 2010)

(U) Background

adjudication, and tracking of personnel clearances, accesses, and other security-related information.	

(U) Objective

(U/FOUO) The overall objective of this audit is to review the information technology (IT) acquisition process for upgrading Super2. Specifically, we will determine whether security requirements were defined and considered during the selection of the delivery method.

(U) 53. Audit of NRO Portfolio Management and IT Investment Oversight (Planned FY 2010)

(U) Background

- (U) The Clinger-Cohen Act (CCA) requires federal agencies to establish enterprise-wide processes for IT capital planning and investment control (CPIC). This process is designed to provide a structured, integrated, and disciplined approach to planning and managing IT investments. Currently, the Directorates and Offices (Ds and Os) have their own IT capital planning and investment budgets, of which the CIO has no oversight. This violates the Clinger-Cohen Act and prevents the CIO from leveraging resources and acquiring IT products at the best possible price.
- (U) The CPIC process is used to leverage governance processes and boards to facilitate IT investment decisions prior to program budget submission. CPIC allows the NRO to develop a comprehensive, prioritized funding strategy for IT investments that support the NRO IT strategy and the NRO IT enterprise architecture. CPIC also provides oversight over the selection, acquisition, and operation of IT investments. Full implementation of the NRO CPIC process depends on future funding of portfolio management tools and completion of NRO Instruction 61-

7-1 to formalize the NRO IT governance board reviews of major IT acquisitions and business cases. Despite these efforts, it remains uncertain whether the NRO CPIC efforts will ultimately provide the NRO CIO with the authority and accountability for managing NRO information resources consistent with the CCA.

(U) Objective

- (U) The overall objective of this audit is to determine whether the NRO CPIC process provides an effective, efficient, corporate means for the acquisition and procurement of IT. The audit will assess whether the CPIC process has effective controls in place to ensure that IT acquisitions and procurements
 - support NRO mission and business needs;
 - · do not duplicate existing functionality:
 - · provide new technology that has corporate utility;
 - support the corporate IT architecture and is interoperable with other NRO systems and equipment;
 - effectively replace existing NRO legacy systems and equipment;
 - · meet functionality, schedule, and funding requirements; and
 - include adequate funding and resources to cover life-cycle operations and maintenance costs.

(U) 54. Audit of NRO Enterprise Software Acquisition and License Management (Planned FY 2010)

(U) Background

(U) The NRO can procure and obtain information technology (IT) hardware and software through several contracting mechanisms, such as the government purchase card, and NRO directorate specialty contracts. The benefit of having a variety of mechanisms is the convenience it provides to the purchaser. However, this purchasing model may result in potential loss of accountability and inventory control, redundant or unnecessary software licensing, and a failure to realize savings from large-scale purchases.

(U) Objective

- (U) The overall objectives of the audit are to determine whether NRO IT software procurement practices are effective and efficient. Specifically, the audit will assess whether the existing procurement methods have controls to address
 - · cost savings for volume purchases;
 - · service and licensing agreements; and
 - · inventory management and accountability for IT software purchases.

(U) 55. Audit of the NRO Information Enterprise Architecture (Planned FY 2010)

(U) Background

(U//EQUO) The enterprise architecture establishes an organization-wide roadmap for achieving mission success through optimizing the interdependencies and interrelationships among its core business operations. Enterprise architectures are "blueprints" for systematically and comprehensively defining an organization's current (baseline) or desired (target) IT environment. Enterprise architectures are essential for evolving information systems and developing new systems that optimize their mission value. From a strategic framework perspective, an enterprise architecture facilitates the NRO development, operation, and management of its systems as a single, integrated architecture. For an enterprise architecture to be useful and provide business value, its development, maintenance, and implementation should be managed effectively and supported by software management tools. Without a complete and enforced enterprise architecture, business units within the enterprise run the risk of buying and building systems that are duplicative, incompatible, and unnecessarily costly to secure, interface, and maintain.

(U) Objective

(U//FOUO) The objective of this audit is to evaluate and determine the effectiveness of NRO-wide efforts to develop, implement, and maintain enterprise information systems architecture, including hardware and software development and engineering.

(U) 56. Audit of NRO Configuration Management and Control (Planned FY 2010)

(U) Background

(U) Configuration management (CM) involves the identification and management of security features for all hardware, software, and firmware components of an information system at a given point, and systematically controls changes to that configuration during the system's life cycle. Configuration control involves activities that request, evaluate, approve, disapprove, or implement changes to baselined configuration items. Through CM, the composition of a system is formally defined and tracked to ensure that unauthorized changes are not introduced. An effective configuration management and control policy and associated procedures are essential to ensuring adequate consideration of the potential security impact of specific changes to an information system.

(U) Objective

(U) The overall audit objective is to determine whether the NRO has configuration management and control processes in place to ensure that changes to information system

resources are authorized, and that systems are configured and operated securely and as intended. Specifically, we will asses whether the NRO has

- effective configuration management policies, plans, and procedures;
- current configuration identification information;
- · proper authorization, testing, approval, and tracking of all configuration changes; and,
- routine monitoring of the configuration.

(U) 57. Audit of Information Technology Change Management and Recapitalization (Planned FY 2010)

(U) Background

(U) Information Technology (IT) recapitalization is essential to ensuring that an agency's IT systems keep pace with current technology, are supported by vendors, and are interoperable with other NRO and IC systems. Change management is the set of processes executed within an organization's IT architecture to manage enhancements, updates, incremental fixes, and patches to production systems. These processes include application code revisions, system upgrades (applications, operating systems, databases), and infrastructure changes (servers, cabling, routers, firewalls, etc.). Without adequate control and visibility over IT recapitalization efforts, an organization can spend money and effort on unneeded or low-priority changes, while neglecting initiatives that are more important. IT changes to one system can disrupt the operations of other systems. While such disruptions cost time and money, they can be avoided or mitigated by good IT change management practices and IT recapitalization planning.

(U) Objective

(U) The objective of this audit is to determine the effectiveness of the NRO change management and IT recapitalization policies, procedures, and control practices for updates and enhancements to IT hardware and software infrastructure. Specifically, the audit will evaluate management procedures that assess the operational baseline; to plan, acquire, test, and deploy new equipment and software applications; dispose of obsolete equipment and software; and review life-cycle practices for process improvement.

(U) 58. Inspection of the COMM Directorate, (FY 2010)

(U) Background

(SHNF)

also manages

the NRO communication network through network management and information assurance activities.

(U) Objective

(S//NF) The overall objectives of this inspection are to evaluate the efficiency and effectiveness of the second in (1) supporting network operations and the NRO

In addition, the inspection will assess the general organizational climate, customer satisfaction, and compliance with regulations, policies, procedures, and standards.

(UMFOUO) 59. Audit of the NRO Critical Infrastructure Protection (Planned FY 2010)

(U) Background

(U/FOUO) The purpose of a critical infrastructure protection strategy is to assure that the assets on which an agency relies are available to mobilize, deploy, to command and control, and to sustain operations. Personnel must have real-time situational awareness of critical infrastructure assets, and have the means to accurately predict changes in the unfolding operational environment in time to change operations in anticipation of adverse action and/or adverse events. Agencies should identify information assurance and budget requirements in anticipation of adverse infrastructure events.



(U) Objective

(U//FOUO) The overall objective of the audit is to determine whether the NRO has established protection measures and situational awareness procedures to eliminate or reduce critical infrastructure single points of failure, adjust operations, and identify information assurance and budget requirements in anticipation of adverse infrastructure events.

(U) MISSION OPERATIONS

Corporate Business Process Link:

- Addresses overarching corporate policy governing mission ground station operations and defines detailed processes, procedures, and reporting requirements intended to ensure integrated operations across all systems.
- Delineates the respective roles and responsibilities of the various NRO organizational components having equities and responsibilities in this area.

This chart is UNCLASSIFIED

(S//TK//REL) 60. Joint Inspection of the (Planned 1st Quarter FY 2009)

(U) Background



(U) Objectives

mission accomplishment, policy and guidance, and command climate. Specific topic areas for review include: command topics, intelligence oversight, mission operations, mission systems, communications and computer systems, training, resource programs, infrastructure, and financial and contracts management. In addition, the senior members of the Joint Inspection Team will conduct sensing sessions (group interviews) with various segments of the workforce, and conduct separate individual interviews with the site's management team.

(U) 61. Inspection of the COMM Directorate, (Planned 1st Quarter FY 2009)

(U) Background .

(U) The mission of the sto develop, acquire, and deliver the communication satellite constellation to support the NRO's current and future mission architecture.

(U) Objectives

(U) The objectives of this unit inspection are to (1) assess the general organizational climate; (2) determine compliance with laws, regulations, directives, instructions, policies, and procedures; (3) determine the efficiency and effectiveness of the laws in performing its assigned mission to include a specific review of acquisition and program management as it applies to recent changes in hands-on government involvement and accountability: (4) evaluate various support functions; and (5) evaluate customer satisfaction.

(U) 62. Inspection of the Office of Space Launch, National Reconnaissance Office (Planned 2nd Quarter FY 2009)

(U) Background



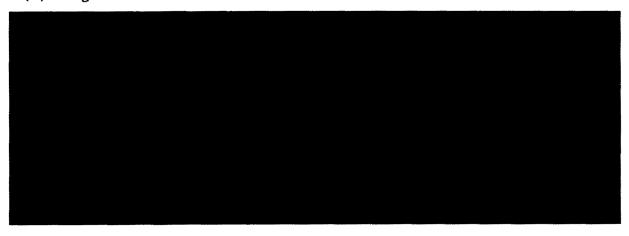


(U) Objectives

(U) The objectives of inspection include our standard unit inspection protocols: to assess organizational climate; evaluate customer satisfaction; determine compliance with applicable procedures, and efficiency and effectiveness in performing the mission. In addition, various support functions will be evaluated to include contract management and oversight.

(S//TK//REL) 63. Audit of the Agreements (Planned 3rd Quarter FY 2009)

(U) Background

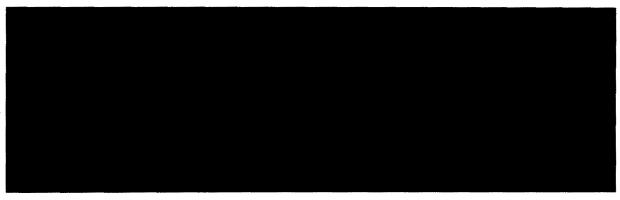


(U) Objective

(S//TK//REL) The audit objective is to determine whether agreements put in place subsequent to the Joint OIG Special Review have been implemented and are achieving the desired results. As part of the objective, the audit will reconcile corrective actions taken by management with the agreed-to recommendations from the 2005 report. The audit will be coordinated with the Office of Inspectors General from the NSA and the NGA.

(S//TK//REL) 64. Joint Inspection of the (Planned 3rd Quarter 09)

(U) Background



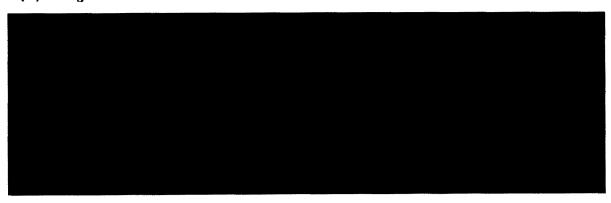
(U) Objective

—(S//TK//REL) The overall objectives of the joint inspection are to evaluate policy and guidance, mission accomplishment, and command climate. Functional areas for review include intelligence oversight, mission operations, training, communications and information technology systems, mission systems, resource programs, financial management and contracts. The senior OIG members of the inspection team will conduct sensing sessions (group interviews) with various segments of the workforce and conduct separate individual interviews with the site management team. This inspection will also include a separate review of the NRO Communications

(S//TK//NF) 65. Inspection of the COMM Directorate,

(4th Quarter FY 2009)

(U) Background



(U) The overall objective of this inspection is to determine whether expecting efficiently and effectively accomplishing its mission and adhering to applicable COMM network standards and instructions. This will include an examination of network drawings and documentation as well as a review of floor plans and rack layouts. The inspection will also review circuit outage records, security and Continuity of Operations (COOP) plans, as well as service call and service request records. Further, the inspection will assess organizational climate, customer satisfaction, and support functions such as property accountability, records management, government card purchases and contract management.

(U) 66. Inspection of the IMINT Directorate (Planned 4th Quarter FY 2009)

(U) Background

(U) Objective

(S//TK//REL) The overall objectives are to assess efficiency and effectiveness in performing its mission; determine compliance with applicable procedures, and evaluate various support functions such as, contracts, financial management, and security. We will also assess collaboration and customer satisfaction with NGA and partnership with the

and the

(U) 67. Inspection of the Chief Operating Officer (Planned FY 2010)

(U) Background

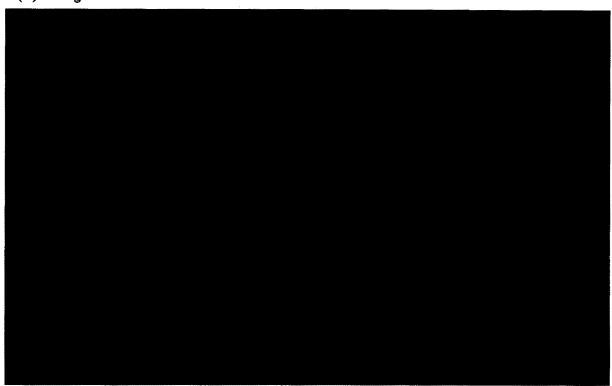
(U) The NRO Enterprise Transformation effort led the DNRO to designate a Chief Operating Officer (COO) responsible for the end-to-end integration, management, control and mission success of the NRO mission-related acquisition and operational activities. The COO also represents the NRO Acquisition Executive to outside oversight organizations, reporting status of acquisition and operational activities, and represents the DNRO to NRO mission partner organizations.



(U) This inspection will primarily focus on how well the COO is performing its stated purpose. The inspection will also include a review of the lines of authority, process, and communication flow between the COO and the NRO components under the COO as well as the COO and its customers/partners.

(U) 68. Inspection of the COMM Directorate, (FY 2010)

(U) Background

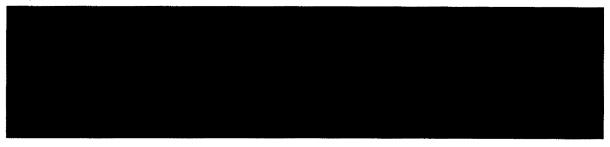


(U) Objectives

(U) This inspection will examine each of the test and evaluation centers. The overall objective is to evaluate (1) the effectiveness of mission operations and integration; (2) customer satisfaction; (3) the adherence to applicable policies and guidance, as well as the level of government oversight; (4) support functions such as contract administration, financial management, and training; and (5) the organizational climate, focusing on the workload and teamwork, among the three centers.

(U) 69. Inspection of the SIGINT Directorate, (Planned 2010)

(U) Background



(U) Objective

(U) The objective for this inspection is to determine if the SIGINT is performing its assigned mission and functions efficiently and effectively, and in accordance with applicable directives, policies, and procedures. This inspection may focus on

Specific inspection objectives will be defined at the end of the pre-inspection phase; however, a general focus will include an examination of the organizational climate, customer satisfaction, and support functions such as security, contract administration, and financial management.

(U) 70. Inspection of the IMINT Directorate, (Planned FY 2010)

(U) Background

(S//TK//REL) The IMINT, stated mission is to

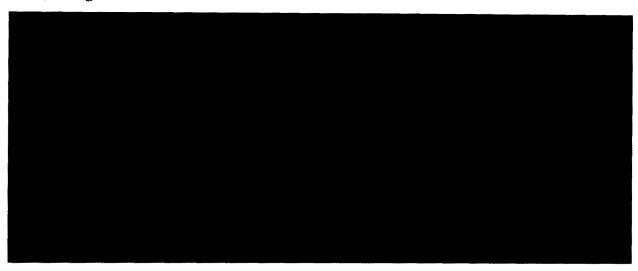
intelligence to the Intelligence Community, Combatant Commands, and allied partners to support national and operational decisions.

(U) Objective

(U) The objective of this inspection is to determine whether the series is efficiently and effectively performing its assigned mission and functions, and in accordance with applicable directives, policies, and procedures. Specific inspection objectives will be defined at the end of the pre-inspection phase; however, a general focus will include an examination of the organizational climate, customer satisfaction, and support functions such as security, contract administration, and financial management.

(S//TK//REL) 71. Joint Inspection of the (Planned FY 2010)

(U) Background



(U) Objective

4S#TK#NF) The overall objectives are to evaluate policy and guidance, mission accomplishment, and command climate. Specific topic areas for review include command topics, mission systems and operations, resource management, financial management and communications/computers. In addition, the senior members of the Joint Inspection Team will examine the organizational climate, conduct sensing sessions (group interviews) with various segments of the workforce, and also conduct separate individual interviews with the site's managers and employees.

(U) 72. Inspection of the NRO System Operations Directorate (Planned FY 2010)

(U) Background

(S#PK/NF) The System Operations (SO) Directorate was established in November 2007, as part of the NRO Transformation, by combining the

The SO is responsible for the integrated operations of the NRO mission ground stations. This represents a major shift in the organizational makeup of the NRO and emphasizes the importance the NRO places on the future integration of IMINT, SIGINT, and measurement and signature intelligence (MASINT) data into products that meet the needs of the U.S. intelligence community. The context of this framework provides the backdrop for initiatives, designed to enhance the content of the data and information the NRO provides to its mission partners and consumers; expands their access to that data; and does so in a manner, which meets the customer time requirements.

(U) The objective for this inspection is to determine if SO is performing its assigned mission and functions efficiently and effectively and in accordance with applicable directives, policies, and procedures. Specific inspection objectives will be defined at the end of the pre-inspection phase. However, a general focus will include the SO progress toward

(U) 73. Inspection of the COMM Directorate, (FY 2010)

(U) Background

(S/NP) under the COMM

Directorate

also manages

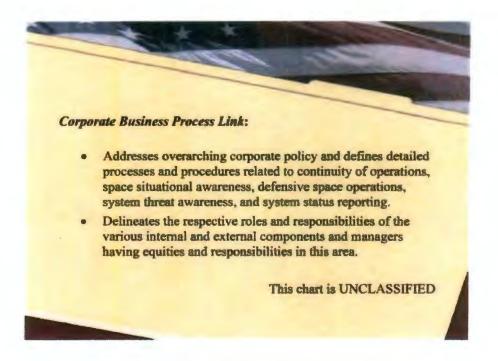
the NRO communication network through network management and information assurance activities.

(U) Objectives

(S//NF) The overall objectives of this inspection are to evaluate the efficiency and effectiveness of in (1) supporting network operations and the NRO

In addition, the inspection will assess the general organizational climate, customer satisfaction, and compliance with regulations, policies, procedures, and standards.

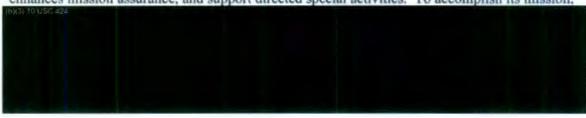
(U) NATIONAL RECONNAISSANCE OPERATONS CENTER (NROC) OPERATIONS



(U) 74. Inspection of the National Reconnaissance Operations Center

(U) Background

(U) The NROC provides the NRO with a centralized operations support capability enhances mission assurance, and support directed special activities. To accomplish its mission, positives are

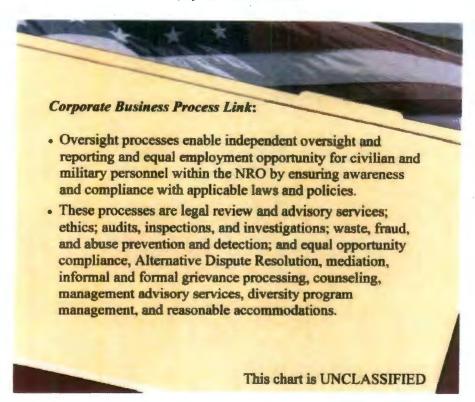


(U) Objective

(U) The overall inspection objectives are to evaluate the NROC compliance with laws and procedures, the efficiency and effectiveness of its

We will also assess both the organizational climate and customer satisfaction. Additionally, the inspection team will evaluate the overall management of the Continuity of Operations Program, and various other support functions such as security, resource management, and contract management.

(U) OVERSIGHT



(U) 75. Follow-Up Inspection of the Office of Equal Employment Opportunity and Diversity Management (2nd Quarter, FY 2009)

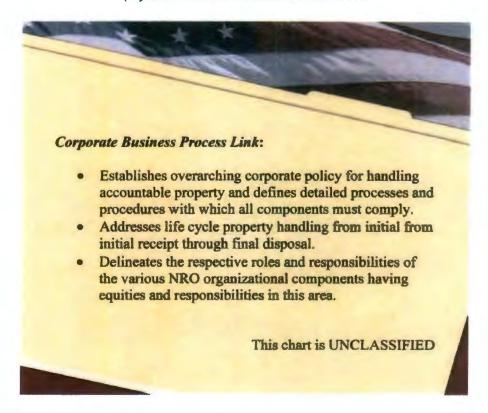
(U) Background

(U) In January 2008, the OIG completed an inspection of the Office of Equal Employment Opportunity and Diversity Management (OEEO&DM). The inspection found significant deficiencies within the OEEO&DM organization and concluded that a formal OIG follow-up inspection should be performed to evaluate whether the OEEO&DM has established an executable plan and is making significant progress on the corrective actions agreed-upon.

(U) Objectives

(U) This follow-up inspection will assess the corrective actions taken by OEEO&DM to remedy the deficiencies identified in the January 2008 inspection, and determine whether a work environment with fair and equitable treatment of employees has been established.

(U) PROPERTY MANAGEMENT



(S//TK//REL) 76. Audit of Management Controls for Accountable Property at the Aerospace Data Facility-Colorado (Planned 1st Quarter FY 2009)

(U) Background

(S//TK//REL) The property of the NRO represents a mission essential capital asset that must be maintained, protected, controlled, and used and disposed of in the most efficient and effective manner. Mission essential property must be readily available to meet mission objectives. All NRO personnel are responsible for the physical protection of government-owned property.

(U) Objective

(S//TK//REL) The objective of the audit is be to evaluate whether the NRO system of internal property accountability at ADF-Colorado provides reasonable assurance that internal

controls are in place and performing as intended. This audit will also assess site property accountability and valuation complicity with the System Operations Directorate strategic direction and the NRO corporate control processes.

(U) 77. Inspection of Laptop Computers and Portable Electronic Devices (3rd Ouarter FY 2009)

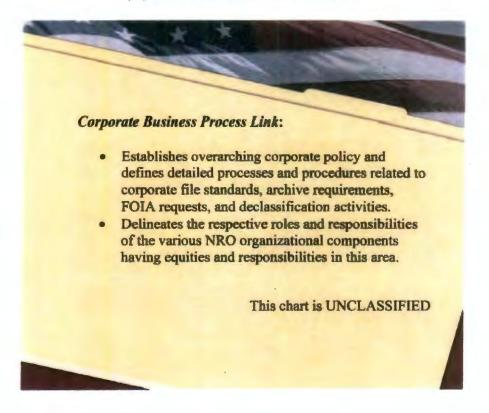
(U) Background

(U) Over the last several years, audit, inspection, and investigation results have highlighted the need for stronger controls over laptop computers. Specific deficiencies included missing laptops, the absence of Reports of Survey supporting proper disposal or investigative action, a lack of hand receipts documenting possession, and inaccurate or omitted data in the SAP Asset Management Module or SAP Portable Electronic Devices (PED) Registration Database Module. There are also increased security risks associated with the technological advancements in the capabilities of other PED products. These include Personal Digital Assistants, pocket personal computers, palmtops, Media Players, cellular telephones, PEDs with cellular phone capability, and pagers.

(U) Objectives

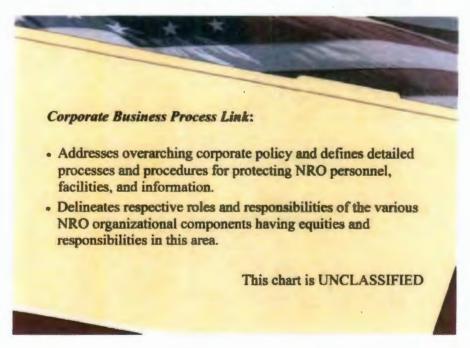
(U) The overall objective of this inspection is to perform an enterprise wide review of the controls on laptop and other PED products to ensure proper accountability and adherence to NROD 50-10a, Portable Electronic Devices. With respect to laptops, the specific inspection objectives include a review of procedures to safeguard laptops from loss, theft, damage or misuse; system controls to ensure complete and accurate output consistent with the SAP Asset Management Module or SAP PED Registration Database Module objectives; and inventory management controls to ensure that recorded laptop inventory accurately matches the actual physical inventory. With respect to other PED products, our inspection will include an evaluation of conformance with mitigation measures and compliance with various security requirements to include proper registration with the resident Information Systems Security Officer.

(U) RECORDS MANAGEMENT



(U) There are no separate OIG projects scheduled in the area of Records Management. Rather, since our 2003 Inspection of the Records and Information Management Centers (Project Number 2003-009N), we have incorporated a records/information management review as part of our standard methodology for conducting all unit inspections.

(U) SECURITY & COUNTERINTELLIGENCE



(U//FOUO) 78. Audit of NRO Personnel Security Reinvestigations of Contractor Employees (3rd Ouarter FY 2009)

(U) Background

(U) The Office of Security and Counterintelligence (OS&CI) Personnel Security Division (PSD) manages the overall NRO personnel security program for both government and contractor employees. This includes performing background investigations, administering the NRO polygraph program and performing investigative and adjudicative requirements for both initial and periodic reinvestigations of government and contractor employees. OS&CI PSD also has several contract psychiatrists and psychologists available in locations throughout the United States to assist with evaluations and assessments of personnel security issues.

(U//FOUO) Recent OIG notifications, as well as data gathered from PSD indicate a developing trend for NRO contractors to maintain the active security clearances of employees who are no longer supporting NRO projects. Active security clearances make employees more valuable because they can be bid on other contracts as fully cleared personnel. This raised concerns that the NRO clearance process is being misused, and that the NRO may be expending valuable time and money on re-processing contractor employees who no longer require NRO sponsorship.

(U/ÆOUO) Although this information is limited, it has raised the concern that it is becoming a common practice for NRO contractors to keep employees in a briefed status long after their work on NRO contracts has ceased. If true, this would constitute an abuse of NRO-sponsored security clearances and an unnecessary expenditure of NRO funds performing reinvestigations on contractor employees who no longer require access to classified NRO information.

(U) Objective

(U/FOUO) The overall objective of the audit is to determine whether (1) NRO contractors are maintaining a cadre of cleared employees and processing them for reinvestigation when they no longer require access to NRO classified data; and (2) the amount of funds expended by the NRO to support the reinvestigations.

(U) 79. Inspection of the Office of Security and Counterintelligence, Program Security Officers (FY 2010)

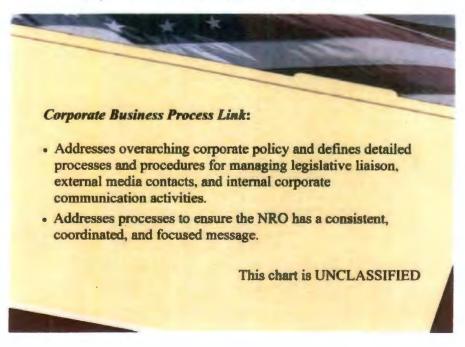
(U) Background

(U) The Office of Security and Counterintelligence (OS&CI) places program security officers (PSOs) in the various Directorates and Offices to manage security for their respective programs and operations. PSOs provide contract, program, and personnel security support as well as liaison with the centralized services at the OS&CI. Currently, PSOs reside in

(U) Objectives

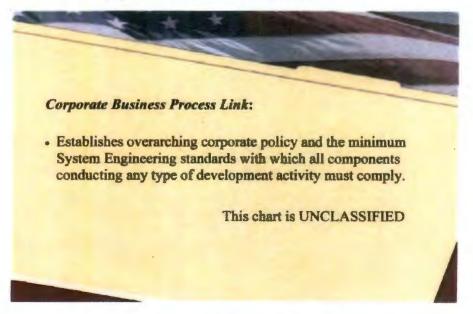
(U) The overall objective of this inspection is to determine whether the PSOs are consistently complying with contract security regulations, PSO manual requirements, and special program guidance. The inspection will also include an examination of incident reporting, support to competitive source selection, and/or program protection plan preparation and coordination. Further, we will examine customer support and the application of consistent security policy across the NRO.

(U) STRATEGIC COMMUNICATIONS



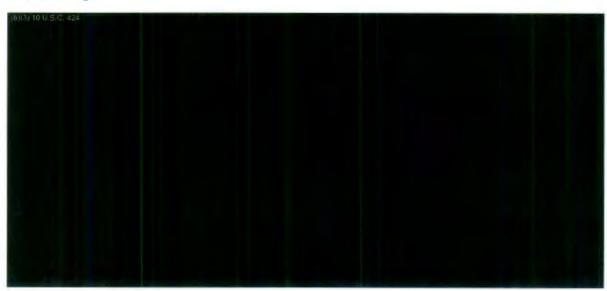
(U) There are no separate OIG projects scheduled in the area of Strategic Communications.

(U) SYSTEMS ENGINEERING



(U) 80. Inspection of the Ground Enterprise Directorate, (Planned FY 2010)

(U) Background



(U) Objectives

(U//EOUO) The inspection team will determine the specific scope and objectives after the pre-inspection. The overall objectives are to verify the progress and direction of the since the

NRO APPROVED FOR RELEASE 9/29/2017 SECRET//TALENT-KEYHOLE//NOFORN

F12-0103 Doc#3

NRO Enterprise Transformation, assess the process and procedural documentation, and the coordination and relationship between with the ground stations.

(U//FOUT) 81. Audit of the Systems Engineering and Information Technology Engineering Functions (Planned FY 2010)

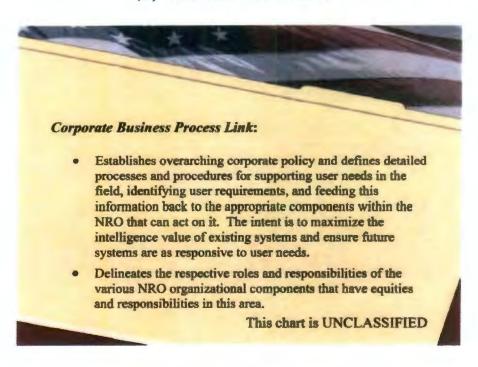
(U) Background

- (U) Systems and information technology engineering functions are critical to the success of National Reconnaissance Organization (NRO) acquisitions and operations. Systems Engineering (SE), in coordination with the Chief Information Officer (CIO), is responsible for ensuring end-to-end mission success from an enterprise lifecycle perspective by providing systems engineering support to NRO directorates and overseeing, guiding, and directing the professional development and certification of NRO systems engineers. To accomplish these tasks, systems engineering resources are centrally managed within SE and embedded throughout the NRO system program officers where they take daily direction from the managers they support. Monitoring and controlling activities that identify roles and responsibilities have been established for systems engineers. However, policies and procedures that allow for the assignment and development of engineers with individual and group competencies to enhance project performance are still developing. The development of policies and procedures has been done to a lesser extent for information technology engineers within the NRO.
- (U) The DNRO recently acknowledged that acquisition reforms of the 1990s devalued the skills of an experienced cadre of space acquisition specialists and that the NRO needs to enhance its training programs and establish new certification standards as part of efforts to develop its workforce, including the systems engineering function.

(U) Objective

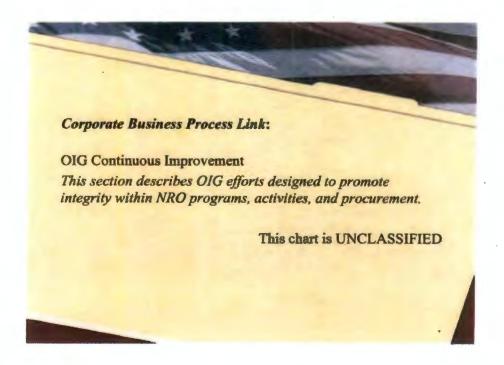
(U) The overall objective of the audit will be to determine whether the systems and information technology engineering functions are structured and managed to support the end-to-end acquisition process. The audit will also assess the extent to which controls exist to monitor the development of systems and information technology engineers in their positions to ensure they can effectively coordinate, integrate, and implement decisions to enhance project performance.

(U) USER ENGAGEMENT



(U) There are no separate projects for User Engagement in the FY 2009/2010 plan. A report on the Inspection of NRO's User Engagement Activity was issued in October 2009.

(U) INTEGRITY



(U) Introduction

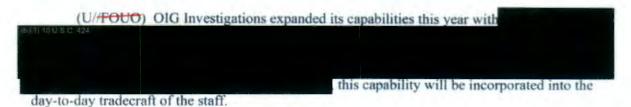
(U//FOUO) The NRO's strategic framework requires the highest personal integrity of both government and contractor employees. Accordingly, integrity needs to be reflected in all of our actions, whether within the organization or with our intelligence community partners. It is the responsibility of every employee to adhere to the NRO standards of integrity and ethical behavior, and to its policies and procedures. A commitment to the highest standards of ethical conduct is fundamental to the success of the NRO.

(U) OIG Investigations (Ongoing)

(U//FOUO) The OIG efforts for ensuring individual accountability for serious breaches of integrity is the primary responsibility of the investigation staff. These efforts investigate allegations of crime and other serious misconduct, by both the NRO workforce and by employees of companies under contract to the NRO. These OIG investigations ensure individual accountability and that the NRO is reimbursed on those occasions when it has been harmed by the malicious actions of an employee or company. Further, investigations provide senior managers with actionable information on critical administrative issues identified during the investigation that can further protect the NRO from future harm.

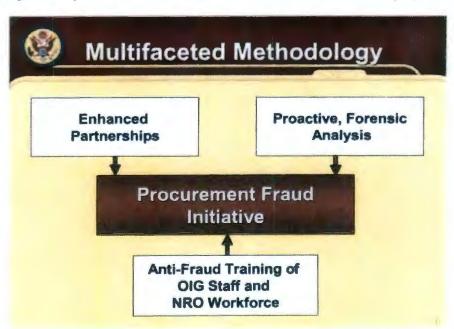
(U//FOUO) Regular communications to the NRO population, such as Messages from the IG and educational videos, ensure employee awareness of schemes and incidents that adversely

effect NRO programs. These communications have a strong deterrent and prevention effect. Additionally, investigators continue to perform monthly liaison visits with strategic mission partners who are in positions to best observe indicators of frauds affecting NRO contracts. This focused liaison effort allows investigators to develop better sources of information from both government and contractor employees who can provide the information confidentially.



(U) Office of Inspector General Procurement Fraud Initiative (Ongoing)

(U) The NRO OIG's Procurement Fraud Initiative (PFI) Program continues to be touted as a "best practice" throughout the IG community. We constantly strive to identify innovative ways to protect the NRO's procurement process against fraud and promote an organizational culture that encourages ethical conduct and compliance with the law. The PFI program relies on its multifaceted approach (chart below), which provides the OIG staff, as well as the entire NRO enterprise, with educational and awareness training, conducts research and analysis of existing databases, and establishes new or reinforces existing partnerships with external government agencies and private industry. Recently, however, the PFI Program proposed multiple initiatives which will significantly contribute to the depth and breadth of the anti-fraud program.

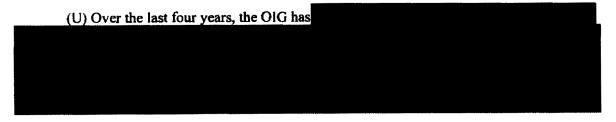


(U) Anti-Fraud Training of OIG Staff and the NRO Workforce

- (U) In addition to providing fraud detection and prevention training to OIG members via new employee PFI Introduction Sessions, weekly Senior Staff Meetings, monthly PFI awareness briefings, and All Hands anti-fraud presentations, OIG management ensures that formal procurement fraud training is included in each staff member's individual development plan. We also enthusiastically encourage staff members to obtain professional certification with the Association of Certified Fraud Examiners.
- (U) A recent development, which has already paid dividends, is the designation of PFI Coordinators in each of the OIG staffs (Audit, Inspections, Investigations, and OIG Management Services). As augmentees to the PFI Program Manager, the coordinators are tasked on a part-time basis with specific roles and responsibilities which strengthen the anti-fraud education of the NRO workforce to detect and report potential indicators of fraud.
- (U) The recommendations of our first 2007 OIG Ethics Survey, conducted NRO-wide, are now being implemented. The OIG has become a co-instructor with the Office of General Counsel, in the 2008 Annual Ethics training. Based on an OIG recommendation, this training is now required for all NRO government employees and includes a new OIG fraud awareness segment designed to heighten attention of the workforce to prevent fraud, waste and abuse, and ensure the proper use of taxpayer resources.
- (U) The OIG continues to focus attention on improving the ability of the NRO workforce to identify the "Red Flags" of procurement fraud through a variety of enterprise-wide training venues. Our office continues to sponsor an NRO Case Studies Course, addressing common procurement fraud indicators. This course is offered quarterly through the Acquisition Center of Excellence. We also provide tailored briefings to offices that are most likely to observe indicators of fraud; publish articles in the NRO RECON newsletter and monthly "Messages from the IG"; and have initiated a 12-month electronic digital signage campaign designed to elevate procurement fraud awareness in the workforce.

(U) Proactive Forensic Analysis

(U) In addition to incorporating NRO-specific procurement fraud vulnerability assessment questions and detection steps in our audits and inspections, we will be initiating a formal forensic program for FY 2009. This program, which enhances our current detection and investigative procurement fraud capabilities, includes identifying procurement fraud indicators through acquisition risk analysis and financial system digital analysis queries using software tools such as ACL and Benford's Law Theorem.



(U) Enhanced Partnerships

- (U) We maintain an effective NRO procurement fraud referral program with regular interaction with the IG community, government agencies, and law enforcement through government-wide procurement fraud working groups and the Department of Justice (DOJ) National Procurement Fraud Task Force (NPFTF). In each of the last three calendar years, we have hosted an annual OIG Ethics and Compliance Officers Conference, which has continued to grow interest because of its agenda of relevant topics and subject matter experts. We will take a different approach next year by hosting a biennial workshop between OIG members and key representatives of NRO mission partners (ethics and compliance officers). This event should provide a venue for open discussion of fraud-related trends and encourage the sharing of best practices and collaborative efforts.
- (U) As the co-chair of both the Task Force Private Sector Outreach Committee and the Contractor Integrity Reporting Committee, the NRO IG, along with other OIG managers, will continue to provide resolute leadership to support the Task Force's objectives. On 30 June 2008, the President signed the 2008 Defense Supplemental Appropriations Bill. which contained the "Close the Contractor Fraud Loophole Act." This legislation was inspired by NRO contract clause N52.203-001, the NRO Inspector General and the NRO Hotline. It directs that the Federal Acquisition Regulation be amended to require contractors to notify the government whenever they become aware of a material contract overpayment or fraud in connection with the award or performance of federal contracts or subcontracts over \$5 million. There are no exemptions for oversees or commercial-type contracts.
- (U) The Task Force Contractor Integrity Reporting Committee is working on guidance to the federal IG community on the protocols for collecting mandatory disclosures from contractors, as well as reporting those disclosures to the DOJ. Each agency IG will be asked to serve as the focal point for implementing this important program, and to work with their respective acquisition and legal staffs to ensure that they support the IGs as they execute these new responsibilities.
- (U) The IG continues to be actively involved in both the national and local chapters of the Association of Inspectors General (AIG), which provides comprehensive training and professional certification opportunities in OIG core disciplines. The newly established California Chapter of the AIG, lead by the NRO IG as its first President, will be hosting the National Association Conference in the Los Angeles area in November 2008. Key speakers include the United States Ambassador to the United Nations, the Senior Vice President and General Counsel, Lockheed Martin Corporation, and the United States Attorney for the Central District of California.



NATIONAL RECONNAISSANCE OFFICE

Office of Inspector General 14675 Lee Road Chantilly, VA 20151-1715



20 October 2009

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: (U) Office of Inspector General Annual Work Plan

- (U) The National Reconnaissance Office (NRO), Office of Inspector General (OIG) Annual Work Plan for Fiscal Years (FY) 2010/2011 is attached. It provides descriptions and schedules of planned and ongoing audits and inspections for the upcoming two-year period, including those audits required by law. The plan also updates the actions anticipated as part of our proactive procurement fraud prevention and detection efforts.
- (U) We employed last year's work planning process to select those topics that would ensure comprehensive oversight of NRO programs and operations. In exercising our discretionary authority to select topics for our reviews, we reflected concerns and/or challenges identified by NRO senior managers and the Congress. We also included topics that could benefit from further oversight that came to our attention during the course of our FY 2009 audits, inspections, and investigations.
- (U) The attached work plan is the OIG roadmap for addressing critical issues and challenges the NRO is facing today. Because of the dynamic environment in which the NRO operates, we may add to, or delete from, or modify the plan to ensure that we remain focused on topics that are most relevant to the mission of the NRO.

(U) If you have any questions about this work plan, please feel free to contact me on the Deputy Inspector General, (secure)/(bi(3) 10 U SC 424 (unsecure), or (secure)/(bi(3) 10 U SC 424 (unsecure)).

Lanie D'Alessandro Inspector General

Attachment:

(U) NRO OIG Annual Work Plan (S//TK//NF)

DECL ON: 20341020 DRV FROM: NCG 6.0

21 May 2005

Cover memo is UNCLASSIFIED when removed from attachment

SECRET//TALENT RETHOLE//NOFORN

SUBJECT: (U) Office of Inspector General Annual Work Plan

INTERNAL DISTRIBUTION:

Director, National Reconnaissance Office Principal Deputy Director, National Reconnaissance Office Deputy Director, National Reconnaissance Office Senior Enlisted Advisor/AF Command Chief Director, Advanced Systems and Technology Directorate Director, Business Plans and Operations Director, Communications Systems Acquisition Directorate Director, Ground Enterprise Directorate Director, Imagery Intelligence Systems Acquisition Directorate Director, Management Services and Operations Director, Mission Operations Directorate Director, Mission Support Directorate Director, Signals Intelligence Systems Acquisition Directorate Director, Systems Engineering Directorate Director, Office of Space Launch Director, Special Communications Office Chief Information Officer Director, Office of Equal Employment Opportunity and Diversity Management General Counsel Director, Office of Human Resources Director, Office of Security and Counterintelligence

EXTERNAL DISTRIBUTION:

OIG Library OIG Chron

Assistant to the Secretary of Defense (Intelligence Oversight)
Inspector General, Department of Defense
Inspector General, Office of the Director of National Intelligence
Director, Field Detachment, Defense Contract Audit Agency
Chairman and Ranking Member, Senate Select Committee on Intelligence
Chairman and Ranking Member, House Permanent Select Committee on
Intelligence
Chairman and Ranking Member, Senate Appropriations Committee,
Subcommittee on Defense
Chairman and Ranking Member, House Appropriations Committee,
Subcommittee on Defense
Chairman and Ranking Member, Committee on Armed Services, United
States Senate
Chairman and Ranking Member, Committee on Armed Services, United
States House of Representatives

Table of Contents

U) INTRODUCTION	1
U) ACQUISITION MANAGEMENT & MISSION ASSURANCE	3
(U) 1. Audit of the NRO Requirements Management Process (Ongoing)	3
(U//EOUO) 2. Audit of the NRO Source Selection Process (Planned 2nd Quarter FY 2010)	
(U) 3. Case Study of a Compartmented Acquisition (Planned 2nd Quarter FY 2010)	4
48/FK) 4. Audit of the Acquisition (Planned 2nd Quarter FY 2010)	5
(U) 5. Audit of NRO Oversight and Awareness of Contractor Operations (Planned 3rd Quarter 2010)	5
(U) 6. Audit of Acquisition Strategies (Planned 4th Quarter FY 2010)	6
(U) 7. Audit of the Ground Enterprise Acquisition Process (Planned 4th Quarter FY 2010)	
(U) 8. Joint Audit of the KEYSTONE Program (Planned FY 2011)	7
U) BUSINESS MANAGEMENT	8
(U) 9. and 10. Audits of NRO Fiscal Years 2010 (Ongoing) and 2011 Financial Statements and Resolution (Planned) – Statutory Requirement	8
(U) 11. Audit of Contract Overpayment Recovery (Ongoing)	9
(U) 12. Inspection of the Business Plans and Operations, Office of Policy and Analysis (Ongoing)	g
(U) 13. Audit of Impact of Independent Cost Estimates (ICE) on Effective Program Planning and Execution (Ongoing)	10
(S/TK/REL) 14. Audit of NRO Support to Other Agencies at the Aerospace Data Facility – Colorado (ongoing)	10
(U) 15. Audit of Budget Execution Processes (Planned 3rd Quarter FY 2010)	11
(U) 16. Audit of United Launch Alliance Projected Cost Savings (Planned 3rd Quarter FY 2010)	11
(U) 17. Audit of Aerospace Data Facility-Colorado Unfunded Requirements Management (Planned 4th Quarter 2010)	12
(U) 18. Audit of National Reconnaissance Office Business Application Systems (Planned 4th Quarter FY 2010)	12
(U) 19. Audit of Research and Development Transition to Acquisitions (Planned FY 2011)	13
(U) 20. Followup Audit of the NRO Budget Formulation Process (Planned FY 2011)	13
(U) 21. Inspection of the Environmental and Safety Program (Planned for FY 2011)	14

(U) 22. Inspection of the Business Plans and Operations, Center for the Study of National Reconnaissance (Planned for FY 2011)	14
(U) 23. Audit of the Use of the NRO Financial Information System Payment Allocation Algorithm (Planned for FY 2011)	15
(U) CONTRACTING	16
(U) 24. Audit of National Reconnaissance Office Contract Advisory and Assistance Services (Ongoing)	16
(U) 25. Audit of Selected Contract Termination Procedures (Planned FY 2011)	17
(U) 26. Audit of the NRO Program Closeout Process (Planned FY 2011)	17
(U) HUMAN CAPITAL AND TRAINING	18
(U) 27. Inspection of the Management Services and Operations, Administrative Support Group, Wellness Center – Employee Assistance Program (Planned 1st Quarter FY 2010)	18
(U) 28. Joint Central Intelligence Agency Inspection of the Directorate of Science and Technology, Office of Development and Engineering (Planned 3rd Quarter FY 2010)	19
(U) 29. Inspection of Government and Contractors Performing the Same Function or Performing Inherently Governmental Functions (Planned 4th Quarter FY 2010)	19
(U) INFORMATION TECHNOLOGY, INFORMATION ASSURANCE, AND INFORMATION MANAGEMENT	21
(U) 30. Audit of Contractor Wide Area Network (Ongoing)	21
(U) 31. and 32. Fiscal Year 2010 and 2011 Independent Evaluations of the NRO Compliance with the Federal Information Security Management Act (Planned 2nd Quarter FY 2010 and FY 2011 – Statutory Requirement)	22
(U) 33. Audit of Management of Information System Privileged Users (Planned 2nd Quarter FY 2010)	22
(U) 34. Audit of NRO Certification and Accreditation Process (Planned 4th Quarter FY 2010)	23
(U) 35. Audit of Continuity of Operations for NRO Information Systems (Planned 4th Quarter 2010)	24
(U) 36. Special Review of the Role and Function of the CIO (Planned FY 2011)	24
(U) 37. Audit of Incident Response and Detection (Planned FY 2011)	25
(U) 38. Audit of NRO Portfolio Management and IT Investment Oversight (Planned FY 2011)	25
(U) 39. Audit of NRO Configuration Management and Control (Planned FY 2011)	26
(U) MISSION OPERATIONS	27

	(U) 40. Inspection of the SIGINT Directorate, (Planned 1st Quarter FY 2010)	27
	(U) 41. Inspection of the Mission Operations Directorate.	
	(Planned 1st Quarter FY 2010)	28
	(U) 42. Inspection of the Quarter 2010)(Planned 3rd	
	(S//TK//REL) 43. Joint Inspection of the (Planned 4th Quarter FY 2010)	29
	(U) 44. Inspection of the Mission Operations Directorate, [Planned 4th Quarter FY 2010]	3.0
	(U) 45. Inspection of the IMINT Directorate, (Planned FY 2011)	
	(U) 46. Inspection of the Office of Space Launch, Cape Canaveral Air Force Station (Planned FY 2011)	31
	(U) 47. Inspection of the Aerospace Data Facility-East (Planned FY 2011)	31
	(U) 48. Joint Inspection of the Aerospace Data Facility-Colorado (Planned FY 2011)	32
	(U) 49. Inspection of the Mission Operations Directorate. (Planned FY 2011)	32
	(U) 50. Inspection of the Mission Operations Directorate, [Planned FY 2011]	33
(U) NATIONAL RECONNAISSANCE OPERATONS SUPPORT	34
	(U) 51. Inspection of the National Reconnaissance Operations Center (Planned FY 2011)	34
	(U) 52. Inspection of NRO Emergency Management/Continuity of Operations (Planned FY 2011)	35
(U) OVERSIGHT	36
	(U) 53. Follow-up Inspection of NRO Anti-harassment Program (Planned 2nd Quarter FY10)	
(U) RECORDS MANAGEMENT	37
(U) SECURITY & COUNTERINTELLIGENCE	38
	(U) 54. Inspection of the Office of Security and Counterintelligence, Program Security Officers (FY 2011)	38
(U) STRATEGIC COMMUNICATIONS	39
a i	SUPPLY CHAIN MANAGEMENT	40

(S/FK//REL) 55. Audit of Management Controls for Accountable Property at Aerospace Data Facility-Colorado (Ongoing)	
(U) 56. Inspection of Laptop Computers and Portable Electronic Devices (Ong	going) 41
(U) SYSTEMS ENGINEERING MANAGEMENT	42
(U) 57. Inspection of the Ground Enterprise Directorate, (Planned 1st Quarter FY 2010)	 42
(U//EOUO) 58. Audit of the Systems Engineering and Information Technolog Engineering Functions (Planned 3rd Quarter FY 2010)	
(U) USER ENGAGEMENT	44
(U) INTEGRITY	45
(U) APPENDIX A	50
(U) APPENDIX B	53

(U) INTRODUCTION

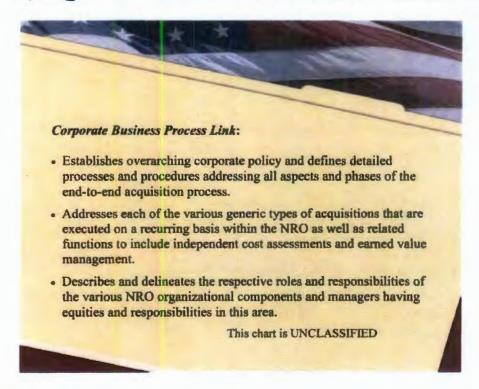
- (U) The National Reconnaissance Office (NRO), and in turn, its Office of Inspector General (OIG), must respond to an increasing level of oversight derived from statutory and regulatory requirements; congressional requests; and Director of National Intelligence (DNI) data calls and taskings. We designed the OIG work plan for fiscal years (FY) 2010/2011 to respond to and complement these external influences while ensuring that the use of OIG resources maximizes our contribution to the NRO mission.
- (U) Our work plan is linked to the NRO Corporate Business Processes, which are as follows: Acquisition Management & Mission Assurance, Business Management, Contracting, Human Capital & Training, Information Technology, Information Assurance, Information Management, Mission Operations. National Reconnaissance Operations Support, Oversight, Records Management, Security and Counterintelligence, Strategic Communications, Supply Chain Management, Systems Engineering Management, and User Engagement. Each project is explained through "Background" and "Objective" paragraphs, and further identified as "Ongoing" or "Planned." Proactive investigative efforts are highlighted in the last section entitled Integrity. The projects identified as "ongoing" were previously included in the "Office of Inspector General Work Plan for Fiscal Years 2009/2010." The planned projects were developed through the OIG planning process described above, and will be conducted during FY 2010 and FY 2011.
- (U) The OlG is required by statute to conduct the following major projects each year: Audit of the National Reconnaissance Office Fiscal Year Financial Statements, which is undertaken to comply with the Chief Financial Officers Act, and Independent Evaluation of National Reconnaissance Office Compliance with the Federal Information Security Management Act.
- (U) We initiated this year's planning by consulting with NRO leaders, senior managers, and key congressional staff. These discussions helped identify specific topics that could benefit from an OIG evaluation. This two-year work plan allows for greater scheduling flexibility and gives the workforce an advance view of our long-range oversight goals. The latter enables NRO officers to better prepare for an OIG independent assessment in their areas of responsibility.

(U) Working with the IG

- (U) In the course of conducting our audits and inspections, we are frequently asked to explain the difference between our audits and inspections. OIG audits focus on an NRO-wide process or specific aspects of a program or issue, whereas OIG inspections are broader in scope but focus on a particular NRO unit or topic. Both audits and inspections are conducted in accordance with specific governing criteria. We have provided additional information related to our audit and inspection process in Appendices A and B.
- (U) To the greatest extent possible, the OIG will conduct its work with minimal interruptions to the workforce. The OIG promotes constructive collaboration with the auditee/inspectee and makes every effort to keep responsible parties informed throughout the audit and inspection process. Knowing that a certain amount of time will be diverted from the

unit's operations, the OIG strives to perform their inspections in an efficient and effective manner in order to minimize the disruption to the organizations daily activities. Nonetheless, cooperation of NRO officials is necessary throughout all phases of the audit or inspection by providing honest, complete, and timely information to OIG staff. This may include responding to questions posed by the OIG staff; providing access to original records, documents and files; preparing information requested by auditors; as well as, facilitating meetings with contract personnel who provide support. Sometimes those being audited or inspected remark that the auditors or inspectors have a steep learning curve because we ask many questions. It is important to note that the audit and inspection process requires that we ask numerous questions to confirm our understanding of how the business area or process functions and to test any governing controls.

(U) ACQUISITION MANAGEMENT & MISSION ASSURANCE



(U) 1. Audit of the NRO Requirements Management Process (Ongoing)

(U) Background

(U#FOUO) The NRO develops acquisition program requirements based on the projected requirements of the Intelligence Community (IC), Department of Defense (DoD), and the NRO mission partners. Before any acquisition is initiated, the NRO must compile and validate requirements that satisfy a specific intelligence need or desired capability. Once the acquisition is initiated, the NRO should periodically verify and update the requirements throughout the course of the acquisition life cycle. These efforts are the responsibility of the Director, Systems Engineering in collaboration with the other Directorates & Offices (Ds & Os). The requirements verification and validation process, as part of the overall system development life cycle process is intended to ensure that an NRO system provides the capability needed by its users.

(U//FOUO) In previous years, NRO and DoD leaders have stated that unclear requirements have been a problem plaguing some satellite system acquisitions. Furthermore, the Senate Select Committee on Intelligence (SSCI) has expressed concern that frequent, and often unwarranted, requirement changes cause major challenges in the execution of an acquisition contract. The Committee requested that the NRO OIG review how shifting requirements affect contract execution and the adequacy of NRO processes to control requirements changes.

(U) The overall objective of this audit is to evaluate the efficiency and effectiveness of the NRO requirements verification and validation process for major systems acquisition programs. Specifically, the audit will assess how well the NRO monitors and controls acquisition user requirements and capabilities throughout the system development life cycle process.

(U//FOUO)-2. Audit of the NRO Source Selection Process (Planned 2nd Quarter FY 2010)

(U) Background

(U//FOUO) The NRO attempts to apply the federal acquisition process to NRO's specific needs in the most effective, economical, and timely manner. Federal policy promotes maximizing the use of commercial products and services in meeting government requirements through a full and open competitive source selection process. According to the Federal Acquisition Regulation (FAR), when the government selects a contractor to provide products or perform services, the government will use contractors who possess a successful past performance record or who demonstrate a current superior ability to perform.

(U#POUO) Previous NRO OIG work has found issues with post-award contractor performance on several NRO programs that may point to the source selection process. These issues raise questions about the source selection decisions, the weighting of past performance and relevant experience, discrepancies between should cost and actual costs, schedule variances, implementation of new acquisition methodologies, oversight, and congressional constraints. These issues indicate that the NRO source selection process may not be achieving its overall objective in contractor selection.

(U) Objective

(U#FOUG) The objective of the audit is to assess whether the source selection process, to include the competitive and sole source selection strategies, is achieving its intended purpose to select contractors who can best meet mission requirements.

(U) 3. Case Study of a Compartmented Acquisition (Planned 2nd Quarter FY 2010)

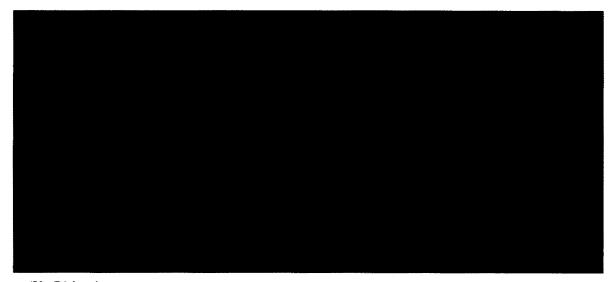
(U) Background

(U/ÆOUO) This case study will review the program management of a compartmented Advanced Systems and Technology Directorate (AS&T) program. The successfully managed program followed established time honored acquisition management principles. Given previous and current acquisition challenges, the NRO may benefit from learning how this strategy was applied.

(U/LFOUTO) The objective of the case study is to identify and document the acquisition management practices that contributed to completing the program under budget and ahead of schedule, and determining if these strategies can be applied to ongoing and future NRO program builds.

(S//TK) 4. Audit of the Acquisition (Planned 2nd Quarter FY 2010)

(U) Background



(U) Objective

(S#TK) The objective of the audit is to assess the management of the acquisitions, to include whether the continued

(U) 5. Audit of NRO Oversight and Awareness of Contractor Operations (Planned 3rd Quarter 2010)

(U) Background

(U) The NRO obtains input from a variety of sources pertaining to the business processes and practices of contractors supporting NRO programs and operations. Maintaining a high level of insight and awareness of contractor performance assists in upholding program integrity. NRO contracting officers, contracting officer's technical representative, program managers and NRO In-Plant Representatives (NIPRs) are positioned to provide valuable insight into contractor operations and performance. Additionally, the Defense Contracts Audit Agency (DCAA), and Defense Contract Management Agency (DCMA) can be a source to augment Office of Contracts staff contract administration with input in areas such as contractor regulatory compliance and internal control reliability.

(U) The objective of this audit is to determine the adequacy of NRO oversight to support program objectives and effectively administer NRO contracts.

(U) 6. Audit of Acquisition Strategies (Planned 4th Quarter FY 2010)

(U) Background

(U/FOUO) The goal of a well-planned procurement is to acquire products and services that provide the best value for the government while fully complying with applicable laws and regulations. Federal agencies can choose among numerous contract types to acquire products and services. In recent years, the DoD has moved toward hybrid contracts, including fixed price with incentives, to provide improved flexibility, control, and influence of contractor actions to gain the most favorable performance.



one contract, the NRO has explored, on a limited scale, the feasibility of alternative acquisition strategies to improve its flexibility, control, and influence on contractor performance throughout the acquisition life cycle.

(U) Objective

(U/FOUO) The objective of this audit is to determine whether the NRO has developed and tailored corporate acquisition strategies for the current environment. Specifically, the audit will assess the effectiveness of acquisition strategies for planning and executing procurements through the lifecycle process.

(U) 7. Audit of the Ground Enterprise Acquisition Process (Planned 4th Quarter FY 2010)

(U) Background

- (U) The DNRO established the Ground Enterprise Directorate (GED) to support the development of an integrated NRO ground architecture that provides improved timeliness, access, and content to users while reducing costs. To meet these goals, GED plans to ensure that all systems comply with common standards that facilitate tasking and data integration; leverage commonalities in existing and developing systems to maximize interoperability; and acquire ground systems as an enterprise using best available commercial technologies.
- (U) In addition, the SSCI expressed interest in the efforts of the NRO to develop integrated ground architecture between the NRO and its partners in the IC.

(U) The objective of the audit is to determine whether effective management control systems are in place to support acquisition oversight and accountability processes within GED.

(U) 8. Joint Audit of the KEYSTONE Program (Planned FY 2011)

(U) Background

a world-class collaborative facility for the IC.. The initiative is intended to re-locate a significant portion of the National Security Agency (NSA) and the from the Aerospace Data Facility-Colorado (ADF-C) to a soon-to-be built commercially leased facility. The DNI directed the NRO to serve as the acquisition executive for this intelligence center. As of October 2009, the NRO had not finalized a facility baseline, in part due to information technology and network architecture challenges inherent with combining efforts from multiple agencies. In addition, the DNI had not provided out-year facility lease and Operation & Maintenance (O&M) funds for the continued support of the facility after FY 2015.

(U) KEYSTONE is a Director of National Intelligence (DNI) level initiative to construct

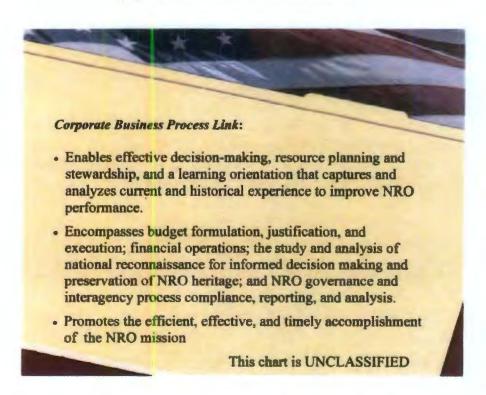
facility.

(U) Objectives

(U//FOLO) The planned objectives of the audit are to assess KEYSTONE project compliance with governing regulations and to determine whether the project can be completed and sustained. In addition, the audit will assess the extent of the resources available to support this initiative.

Also, there is no written guidance indicating DNI intended NRO to operate and maintain the

(U) BUSINESS MANAGEMENT



(U) 9. and 10. Audits of NRO Fiscal Years 2010 (Ongoing) and 2011 Financial Statements and Resolution (Planned) – Statutory Requirement

(U) Background

(U//FOUO) Under the Chief Financial Officer Act and the Office of Management and Budget (OMB) Bulletin 07-04, Audit Requirements for Federal Financial Statements, an audit of the NRO financial statements is required to be performed by the OIG or by an independent public accountant (IPA) as determined by the OIG. The NRO OIG contracted with PricewaterhouseCoopers (PwC), an IPA firm, to conduct audits of the NRO financial statements for FY 2008 and FY 2009, with option years through FY 2012. The contract will require the IPA to audit in accordance with Generally Accepted Government Auditing Standards and OMB Bulletin 07-04. The OIG will oversee the IPA audit and ensure that it complies with applicable quality standards. An audit was completed in FY 2008, resulting in a disclaimer of opinion. In FY 2009, the NRO implemented new cost accounting procedures and was reasserting balances on the financial statements.

(U) Objectives

(U) These audits evaluate the reliability of the data supporting the financial statements; determine the accuracy of the statements produced; and examine the adequacy of footnote disclosures in accordance with guidance issued by the Federal Accounting Standards Advisory Board, OMB, and other authoritative guidance. The auditors will also review internal controls

and compliance with laws and regulations related to the objectives and will follow up on the status of prior-year audit findings. The OIG will continue working with NRO management to resolve outstanding issues identified during prior financial statement audits.

(U) 11. Audit of Contract Overpayment Recovery (Ongoing)

(U) Background

(U) The DCAA, in coordination with the Defense Financial Accounting Service, performed an audit that identified a number of government contract overpayments not recouped. These overpayments were mostly due to incorrect indirect billing rates for interim vouchers. Based on the DCAA methodology and findings, we will review NRO contracts to determine the recovery of contract overpayments.

(U) Objective

(U) The overall objective of the audit is to determine the efficiency and effectiveness of the NRO process for identifying and recovering overpayments from contractors over the life of the contract. To meet the objective, the auditors will sample active contracts and contracts that are currently in the settlement process. The identification and reconciliation of contract overpayments will be reviewed for each of the contracts selected.

(U) 12. Inspection of the Business Plans and Operations, Office of Policy and Analysis (Ongoing)

(U) Background

(U) The Business Plans and Operations, Office of Policy and Analysis provides an NRO policy foundation and serves as the policy advisor to the DNRO and the NRO Program Managers on interagency and international issues. The Office of Policy and Analysis consists of

The Office of Policy and Analysis is also integral to the NRO Corporate Governance Plan framework, which controls the relationship between the governance processes, governance plans, and lines of authority. The timing and scope of this inspection is designed to provide management officials with appropriate corrective actions in order to facilitate the potential reorganization of this component.

(U) Objectives

(U) The overall objectives of this inspection are to evaluate the process used to ensure the development, coordination, and issuance of consistent internal policies and procedures across the Directorates, Offices, and Missions Ground Stations. This objective also applies to how the Office of Policy and Analysis interacts with and engages on national and interagency policies. The Inspection will also evaluate the Office of Policy and Analysis' support for the integrated governance framework. The inspection team will benchmark with other government agencies regarding their policy function, roles, responsibilities and authorities as well as placement of that function within their organizations.

(U) 13. Audit of Impact of Independent Cost Estimates (ICE) on Effective Program Planning and Execution (Ongoing)

(U) Background

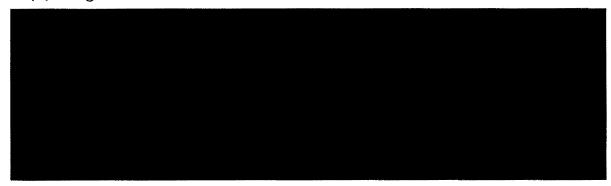
(U//FOUO) The SSCI requested a review of the procedures in place to meet the requirements of Section 506A of the National Security Act of 1947, as amended. Specifically, the SSCI requested the NRO OIG to assess whether (1) Section 506A has exacerbated any tendency to under-fund smaller programs to pay for over-budget and behind-schedule major acquisitions; and (2) programs not meeting the threshold of a major system are having their funding eroded so that major programs can be fully funded to an Independent Cost Estimate (ICE).

(U) Objective

(U) The overall objective of this audit is to determine whether the NRO's efforts to meet legislative requirements to budget at the level supported by an ICE have affected the ability of the NRO to fund important programs, including the ground enterprise, and any other critical programs not required by law to conduct an ICE.

(S//TK//REL) 14. Audit of NRO Support to Other Agencies at the Aerospace Data Facility – Colorado (ongoing)

(U) Background



(U) Objective

-(S//TK//REL)-The overall objective of the audit is to assess whether support provided by the NRO to other Agencies at the ADF-C is in accordance with Federal Law, applicable regulations and agreements, and approved NRO practices and procedures. In addition, the audit will evaluate whether support agreements are adequately documented and in accordance with U.S. Code and other Appropriations Law.

(U) 15. Audit of Budget Execution Processes (Planned 3rd Quarter FY 2010)

(U) Background

(U) This is the second in a series of planned audits focusing on the efficiency and effectiveness of the NRO budget process. The budget execution processes include procedures for funds management as they relate to commitments, obligations, and disbursements.

(U) Objectives

(U) The overall objective of this audit is to determine whether the NRO uses sound and consistent budget execution practices, with an emphasis on funds management. We will also determine whether NRO policies and procedures follow generally accepted accounting standards with respect to obligations, expenditure tracking, and the capitalization or expensing of incurred costs.

(U) 16. Audit of United Launch Alliance Projected Cost Savings (Planned 3rd Quarter FY 2010)

(U) Background

(U//FOUO) In the 1990s, the Nation's primary launch services companies, Boeing and Lockheed Martin, invested heavily in their respective launch infrastructures in an effort to prepare for an anticipated boom in the commercial launch business. By the early 2000s, both companies recognized the anticipated boom in business would not materialize. Consequently, there was a heavy investment cost in launch infrastructure absorbed by federal agencies with assets in space. Both the government and these two companies realized the need for a solution that would both limit the impact of the growth of launch costs and provide a reasonable assurance of access to space.

(U) In 2006, Boeing and Lockheed Martin merged their launch operations and formed a new company called the United Launch Alliance to support U.S. government launches. By combining their operations, Boeing and Lockheed Martin claimed they could provide the government with assured access to space by providing both Boeing's Delta and Lockheed Martin's Atlas family of rockets as alternatives on individual launch missions. In addition, they asserted that launch services would be provided at the lowest possible cost while ensuring enhanced reliability by eliminating duplicate infrastructure and bringing experts from both companies to focus on mission assurance.

(U) Objective

(U//FOUO) The overall objective of this audit is to determine whether space access has increased and cost savings are being realized for launches as a result of the establishment of the United Launch Alliance by Boeing and Lockheed Martin.

(U) 17. Audit of Aerospace Data Facility-Colorado Unfunded Requirements Management (Planned 4th Quarter 2010)

(U) Background

(U) The ADF-C

administers the unfunded requirement (UFR) process in accordance with ADF Operation Instruction (OI) ADF-OI-3021. The SO developed the Prioritization Decision Aid tool to assist in prioritizing UFRs across the SO Enterprise. The decision aid tool uses a common set of evaluation criteria and relative emphasis established by the SO leadership.

(U) Objective

(U) The audit objective is to assess whether the controls for the ADF-C unfunded requirements process are adequate. Specifically, we will assess whether the unfunded requirements data captured is consistent with corporate guidance; prioritization of requirements supports NRO critical needs; and whether the basis for approving a requirement adequately considers future obligations.

(U) 18. Audit of National Reconnaissance Office Business Application Systems (Planned 4th Quarter FY 2010)

(U) Background

(U/FOTO) In 2005, a Gartner study found the NRO used a multitude of systems to support core and administrative business processes. In FY 2007, an IG report on the use of financial information showed that NRO managers use numerous financial information sources and tools that are not part of the NRO accounting system to meet programmatic and financial reporting requirements. The use of multiple systems results in the expenditure of additional resources and can prohibit the sharing of information across the IC. In addition, the DNI and Congress are requiring IC agencies to move to consolidate financial systems both within an agency and across the IC.

(U) Objective

(U) The objective of the audit will be to determine the operational effectiveness and efficiency of the NRO business application systems to manage NRO business activities. Furthermore, the audit will determine the level of progress made by the NRO to address the DNI's goal of consolidating information systems both enterprise-wide and within the IC.

(U) 19. Audit of Research and Development Transition to Acquisitions (Planned FY 2011)

(U) Background

Conducting aggressive customer focused research and development (R&D), and evolving space and ground systems to meet operational demands are two key elements of the NRO Strategic Framework. In recent years, NRO investment in R&D has varied between approximately percent of the NRO total budget. Strong R&D efforts are critical for ensuring the future success of the NRO. However, technological advances provide little value if they cannot be incorporated into ongoing operations. Therefore, it is also critical that the NRO has effective processes in place to ensure that successful R&D efforts transition into operational programs.

(U) Objective

(U//FOUO) The objective of this audit is to determine how effectively the NRO is transitioning its research and development efforts into NRO acquisition programs.

(U) 20. Followup Audit of the NRO Budget Formulation Process (Planned FY 2011)

(U) Background

(U) A previous audit of the NRO budget formulation process found that the NRO needed to establish a corporate business model for budget formulation. Subsequently, the NRO transformation created the Chief Operating Officer (COO) who was given the responsibility for the leadership, decision-making authority, and coordination for the formulation of budgets of the acquisition and operations directorates. Now that the NRO is undergoing another organizational change, it is unclear where these budgetary authorities will be vested.

(U) Objective

(U) The objective of this audit is to determine whether sound and consistent formulation practices are used that will result in a realistic and defensible budget. Specifically, the audit will (1) evaluate the processes for developing total program cost, schedule, and budget phasing at the corporate level; (2) examine the roles and responsibilities within the NRO for development of the annual budget; and (3) ensure the NRO budget formulation process complies with applicable laws and related guidance.

(U) 21. Inspection of the Environmental and Safety Program (Planned for FY 2011)

(U) Background

(U) The Management Services and Operations (MS&O) Environmental and Safety Program Office (ESO) establishes NRO environmental, safety, fire protection, and system safety policy. The ESO staff provides NRO Headquarters and field sites with technical guidance and advice on environmental and safety issues; conducts site assistance visits and compliance reviews; and identifies statutory environmental, safety, and fire protection training needs.

(U) Objective

(U) The overall objective of this inspection is to evaluate the efficiency and effectiveness of the ESO function, and determine if the Office is meeting its stated mission objectives of providing a safe and healthy environment for all NRO employees. Specifically, this unit inspection will assess the ESO's organizational climate; examine compliance with applicable internal policies, as well as external environmental and safety requirements; and, measure overall customer satisfaction with the office.

(U) 22. Inspection of the Business Plans and Operations, Center for the Study of National Reconnaissance (Planned for FY 2011)

(U) Background

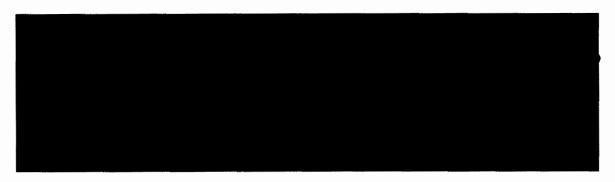
(U) The Business Plans and Operations Center for the Study of National Reconnaissance (CSNR) provides an analytical framework and historical context to NRO leaders to facilitate effective policy and programmatic decisions. Its overall mission is to advance and shape the IC's understanding of the discipline, practice, and history of national reconnaissance. The CSNR is organized into three business areas—the Research, Studies, and Analysis Section; the Recognition, Exhibits, and Outreach Section; and the History Section.

(U) Objective

(U) The overall objective of this inspection is to evaluate the efficiency and effectiveness of the CSNR in providing an analytical and historical perspective in support of policy and programmatic decisions. Specifically, the inspection will examine the CSNR's effectiveness in identifying lessons learned and the distribution and application of these insights on current and future activities. In addition, we will evaluate the process used to research and write NRO histories as well as the processes employed for providing a historical perspective to NRO leaders and identifying and preserving precious NRO artifacts.

(U) 23. Audit of the Use of the NRO Financial Information System Payment Allocation Algorithm (Planned for FY 2011)

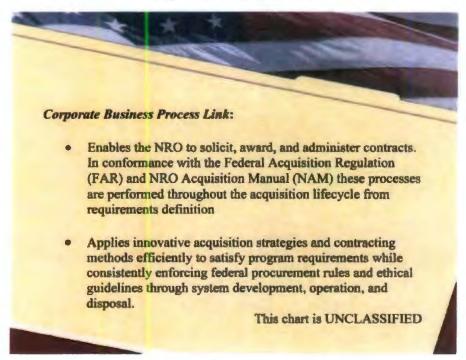
(U) Background



(U) Objective

(U//EOUO) The objective of this audit is to determine the impact of using the algorithm on the accuracy of the NRO financial statements and on the program managers' ability to meet budget execution metrics.

(U) CONTRACTING



(U) 24. Audit of National Reconnaissance Office Contract Advisory and Assistance Services (Ongoing)

(U) Background

(U) Contract Advisory and Assistance Services (CAAS) and Systems Engineering and Technical Assistance (SETA) refer to services provided under contract by commercial sources to support or improve organizational policy development; decision-making; management and administration; program and/or project management and administration; and research and development activities. The NRO traditionally relies on CAAS due to the relatively small complement of government personnel and the many critical missions and technical and security requirements of the NRO. The FAR, the NRO Acquisition Manual (NAM), and NRO Directives provide policy and direction to ensure that contracting officers and contracting officer technical representatives properly acquire, track, report, and manage CAAS. The FAR also prescribes policies and procedures to ensure that contractors do not perform inherently governmental functions.

(U) Objective

(U) The overall objective of this audit is to determine whether the NRO is efficiently and effectively using CAAS and Systems Engineering and Technical Assistance resources to meet its

NRO APPROVED FOR RELEASE 9/29/2017

SECRET//TALENT-KEYHOLE//NOFORN

F12-0103 Doc#4

mission. Specifically, the audit will focus on the NRO structure of authorities, roles and responsibilities, requirements definition, and policies and procedures for monitoring and controlling CAAS/SETA.

(U) 25. Audit of Selected Contract Termination Procedures (Planned FY 2011)

(U) Background

(U/IFOUO) Contract terminations are very complex undertakings, involving issues such as timing of costs; termination of subcontracts; ownership and disposition of property; and determination of fees earned, costs paid, and monies owed. The NRO has different obligations under FAR depending upon whether the termination is for convenience of the government or for default on the part of the prime contractor. In addition, the prime contractor has the option of choosing between two different bases to propose settlement of a terminated contract. In recent years, the NRO has incurred terminating programs, or major portions of programs.

(U) Objective

(U//FOUO) The objective of this audit is to determine whether the NRO has effective controls in place to conduct contract terminations in compliance with applicable laws and regulations and that they are properly managed, meet management expectations, and result in the best value for the government.

(U) 26. Audit of the NRO Program Closeout Process (Planned FY 2011)

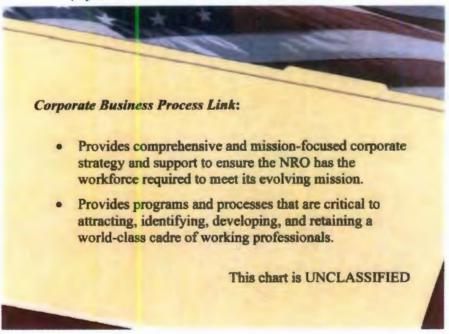
(U) Background

(U/FOUO) Many issues arise when the NRO ends work on a program. Sometimes there is follow-on effort and the program transitions to new work. Such is the case for some Other times there is no follow-on effort and an activity simply ceases. Many actions must be completed upon conclusion of an NRO program to ensure proper closure of all program activity. For example, the NRO must decide which mission and contractual documents to retain and which to destroy, as well as determining what property and equipment should be retained and what should be discarded. In addition, the NRO must decide where to store any documentation and program materials it decides to keep. Finally, the NRO must select personnel to be debriefed if compartmented information is involved. Failure to perform such functions in an organized and methodical fashion increases the risk of exposing sensitive NRO intelligence collection activities.

(U) Objective

(U#FOUO) The objective of this audit is to determine whether the NRO program closeout process provides reasonable assurance that program closeouts are: properly managed; meet management expectations; ensure property and document accountability; and, adequately protect the government's interests.

(U) HUMAN CAPITAL AND TRAINING



(U) 27. Inspection of the Management Services and Operations, Administrative Support Group, Wellness Center — Employee Assistance Program (Planned 1st Ouarter FY 2010)

(U) Background

(U) The Wellness Center provides an Employee Assistance Program (EAP) that offers inhouse, confidential counseling and referral services to military, government, and contractor personnel, and their families. The services address a wide variety of career, personal, and work problems. The EAP also provides consulting services to assist managers to deal with employee issues and concerns. Licensed Social Workers, Licensed Professional Counselors, Psychologists, and an Accredited Financial Counselor provide these services.

(U) Objective

(U) The overall objective of this inspection is to evaluate the efficiency and effectiveness of EAP operations and services. We will also examine the marketing of counseling and referral services to ensure the military, government, and contractor personnel are aware of available guidance for career, personal, or work problems. Our inspection will also include benchmarking with similar organizations within the government and industry to identify potential best practices.

(U) 28. Joint Central Intelligence Agency Inspection of the Directorate of Science and Technology, Office of Development and Engineering (Planned 3rd Quarter FY 2010)

(U) Background

(U#FOUO) There were numerous staffing concerns identified during the 2009 Inspection of NRO Strategic Human Capital (SHC) including the fact that the CIA is not meeting the staffing requirements specified in the CIA/NRO Personnel Support Memorandum of Agreement. The SHC inspection found that the Directorate of Science and Technology, Office of Development and Engineering (DS&T/OD&E) was staffing NRO OD&E billets at a 75 percent fill rate as opposed to a rate commensurate with CIA, which was called for in the Memorandum of Agreement. Furthermore, the inspection noted that DS&T has placed an emphasis on hiring junior personnel in an effort to provide long-term staffing for both the CIA and NRO. However, the focus on exclusively hiring junior personnel does not benefit the NRO since a mix of junior and senior staff members is necessary to ensure mission success.

(U//FOUT) Based on the NRO OIG SHC Inspection, concerns received by the CIA OIG, and because they have never inspected the DS&T/OD&E, the CIA OIG has decided to inspect DS&T/OD&E and has requested NRO OIG participation. While the CIA OIG has not outlined all of the objectives for its inspection, the NRO OIG Inspection staff has agreed to support the execution of this inspection by sharing NRO inspection insight, experience, and expertise.

(U) 29. Inspection of Government and Contractors Performing the Same Function or Performing Inherently Governmental Functions (Planned 4th Quarter FY 2010)

(U) Background

(U) Over the last several years, various NRO inspections have noted certain government and contractor personnel performing identical duties, a practice that does not comply with federal legal requirements and policy. In accordance with the OMB Circular Number A-76, Performance of Commercial Activities, and the Federal Activities Inventory Reform (FAIR) Act of 1998, government personnel must perform inherently governmental functions and commercial activities (non-inherently governmental functions) should be competed to determine the best source to perform the function (government or private sector). Once an office determines that it is more efficient or cost-effective to outsource a commercial activity, the entire function must be outsourced. The office cannot use a combination of government and contractor personnel to perform the function.

(U//EOUO) In 2010, the Office of the Director of National Intelligence (ODNI) Inspector General Staff is evaluating the use of contractors for the execution and support of IC missions. The inspection will examine the legal, financial, management and oversight, and mission performance aspects associated with contractor use across the IC.

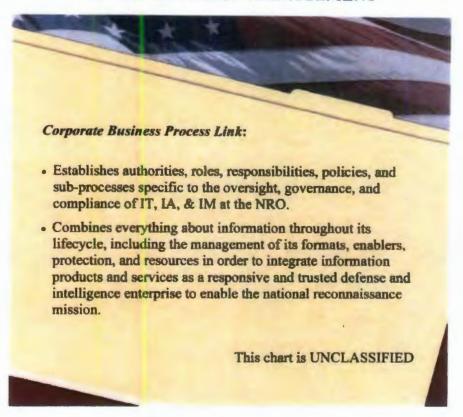
F12-0103 Doc#4

Also, the inspection will explore the risks associated with placing contractors in roles that are inherently governmental. The NRO OIG work in this area will support the ODNI effort.

(U) Objectives

(U) The overall objective of the inspection is to determine whether NRO government personnel and contractors are performing the same functions. In addition, the inspection will assess whether the NRO is using contractor personnel to perform inherently governmental functions. This examination will also include an evaluation of ongoing NRO measures to reduce the occurrence of government and contractor personnel performing identical duties. The inspection results will be included in the larger ODNI review of contractor use across the IC.

(U) INFORMATION TECHNOLOGY, INFORMATION ASSURANCE, AND INFORMATION MANAGEMENT



(U) 30. Audit of Contractor Wide Area Network (Ongoing)

(U) Background



(U) Objectives

(U) The objectives of this audit are to assess the original purpose of the CWAN and how it is being used today; evaluate CWAN management, operational, and security controls; and assess
and availability of NRO systems.

(U) 31. and 32. Fiscal Year 2010 and 2011 Independent Evaluations of the NRO Compliance with the Federal Information Security Management Act (Planned 2nd Quarter FY 2010 and FY 2011 – Statutory Requirement)

(U) Background

(U) The Federal Information Security Management Act (FISMA) was enacted to provide a comprehensive framework for ensuring the effectiveness of information security controls over information resources that support federal operations and assets. FISMA requires that federal agencies develop and maintain an agency-wide information security program and report annually to the Director, Office of Management and Budget (OMB), and to the appropriate Congressional Oversight Committees on the adequacy and effectiveness of their information security policies. procedures, and practices. The Act also requires an annual independent evaluation of each federal agency's information security program and practices. OMB provides annual FISMA reporting instructions for agency Chief Information Officers (CIOs) and IGs to use while performing these assessments. Within the IC, each OIG is responsible for conducting the independent evaluation required by FISMA and providing its evaluation to the Associate Director of National Intelligence and the CIO for consolidated reporting to OMB. The NRO OIG FISMA evaluation is a year-round effort that incorporates the monitoring of NRO information technology initiatives, and audits of related information technology functional areas and systems that contribute to the overall annual evaluation. The independent public accounting firm of PricewaterhouseCoopers assists the OIG in conducting these evaluations.

(U) Objective

(U) The objective of these legislatively mandated annual evaluations is to provide an independent assessment of the NRO compliance with the requirements set forth under FISMA and the OMB guidance that implements it.

(U) 33. Audit of Management of Information System Privileged Users (Planned 2nd Quarter FY 2010)

(U) Background

(U) Privileged users are information system (IS) users, such as network and system administrators, who have IS permissions and authorities to access restricted data and system functions to manage, operate, maintain, and secure NRO information systems. Privileged users are government and contractor personnel who can control or change system information and functionality, including access controls, security features, system logs, and audit policies. Privileged users present an inherent risk to information assurance because of the IS permissions and authorities granted them to perform their work.

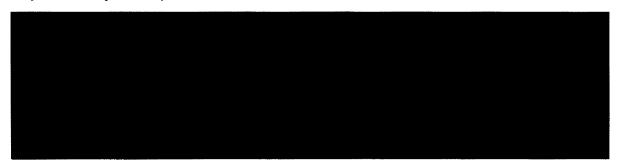
(U) Objective

(U) The overall objective of this audit is to determine and evaluate the procedures and controls implemented to manage privileged user functions, actions, and access to information systems and data.

(U) 34. Audit of NRO Certification and Accreditation Process (Planned 4th Quarter FY 2010)

(U) Background

(U) Certification and accreditation (C&A) is a comprehensive process to ensure implementation of security measures that effectively counter relevant threats and vulnerabilities. Director of Central Intelligence Directive (DCID) 6/3, "Protecting Sensitive Compartmented Information within Information Systems," has governed the IC certification and accreditation C&A process since June 1999. The NRO C&A manual describes the process for ensuring that all NRO owned, operated, and sponsored information systems meet the C&A criteria established by DCID 6/3 prior to operation.



(U) A C&A Transformation effort is currently underway across the IC. This C&A Transformation was scheduled for completion during 2008, but has run longer because several key policy documents are still being developed by the Office of the DNI and the Committee on National Security Systems. Each IC agency has been integrally involved in the C&A Transformation, which began in June 2006. Each IC agency has been required to appoint a C&A Transition Manager and asked to develop a transition strategy. In the near future, the IC will begin following new C&A requirements that are based largely upon the National Institute of Standards and Technology documents (system security plans, contingency plans, etc.) that the rest of the federal government follows.

(U) Objective

(U) The overall objective of this audit is to identify opportunities to improve the NRO C&A process during implementation of the IC-wide C&A Transformation effort.

(U) 35. Audit of Continuity of Operations for NRO Information Systems (Planned 4th Quarter 2010)

(U) Background

(U//FOUO) According to FISMA, plans and procedures are necessary to ensure continuity of operations for all information systems that support the operations and assets of the agency. Director of Central Intelligence Directive (DCID) 6/3 only requires a documented Disaster Recovery/Contingency Plan for a system operating at a Medium Level-of-Concern for Availability. However, more extensive Contingency Planning, including regular Contingency Plan exercises and assessments, is required for a "High Level-of-Concern for Availability" system.



(U) Objective

(U#FOUO) The objectives of the audit are to determine whether 1) NRO systems continuity of operations are properly identified and tested; and 2) system owners are using a valid methodology for assessing the risk associated with assignment of risk levels to NRO systems.

(U) 36. Special Review of the Role and Function of the CIO (Planned FY 2011)

(U) Background

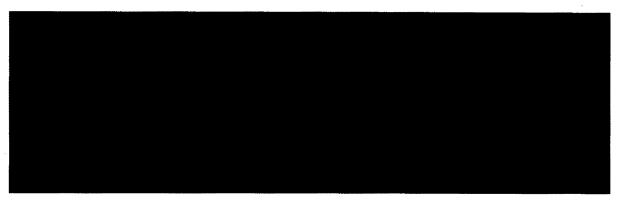
(U//FOUO) In early 2008, the NRO Office of the CIO was restructured as part of an ongoing NRO-wide transformation. A DNRO memorandum of instruction was issued to empower the CIO to complete its mission. As a result, the office was re-staffed with senior-level officials and deemed a mission enabling organization, which reports directly to the DNRO. A FY 2001 OIG audit, Audit of the Mission and CIO, dated 26 January 2001, made recommendations to ensure that the CIO carried out its responsibilities of managing NRO information resources by developing capital planning and investment strategies, as well as overseeing the acquisition activities for IT. This transformation of the CIO offers the opportunity to examine the new role and function of the NRO CIO, as well as follow-up on recommendations from the FY 2001 OIG report.

(U) Objectives

(U//FOUO) The objectives of this review are to (1) determine whether the office of the CIO has the authorities, responsibilities, and resources necessary to carry out its mission; (2) evaluate adherence to applicable regulations, statutes, standards, polices and procedures; and (3) determine if corrective actions have been implemented for the weaknesses identified during the FY 2001 audit. A cadre of OIG auditors and inspectors will conduct the review.

(U) 37. Audit of Incident Response and Detection (Planned FY 2011)

(U) Background



(U) Objective

(U//FOUO) The overall objective of this audit is to assess the effectiveness of the NRO Incident Detection and Response process, and determine how the agency provides for the restoration of information and information systems by incorporating protection, detection, and reaction capabilities. Specifically, we will assess the effectiveness of incident detection and response capabilities within the NRO, to include an evaluation of the policies and procedures, tools, training and resources.

(U) 38. Audit of NRO Portfolio Management and IT Investment Oversight (Planned FY 2011)

(U) Background

(U) The Clinger-Cohen Act (CCA) requires federal agencies to establish enterprise-wide processes for Information Technology (IT) capital planning and investment control (CPIC). This process is designed to provide a structured, integrated, and disciplined approach to planning and managing IT investments. Currently, the Directorates and Offices have their own IT capital planning and investment budgets, of which the CIO has no oversight. This violates the Clinger-Cohen Act and prevents the CIO from leveraging resources and acquiring IT products at the best possible price.

(U) The CPIC is used to leverage governance processes and boards to facilitate IT investment decisions prior to program budget submission. CPIC allows the NRO to develop a comprehensive, prioritized funding strategy for IT investments that supports the NRO IT strategy and the NRO IT enterprise architecture. CPIC also provides oversight over the selection, acquisition, and operation of IT investments. Full implementation of the NRO CPIC process depends on future funding of portfolio management tools and completion of NRO Instruction 61-7-1 to formalize the NRO IT governance board reviews of major IT acquisitions and business cases. Despite these efforts, it remains uncertain whether the NRO CPIC efforts will ultimately provide the NRO CIO with the authority and accountability for managing NRO information resources consistent with the CCA.

(U) Objective

(U) The overall objective of this audit is to determine whether the NRO CPIC process provides an effective, efficient, corporate means for the acquisition and procurement of IT. The audit will assess whether the CPIC process has effective controls in place to ensure, among other things that IT acquisitions and procurements support the corporate IT architecture and is interoperable with other NRO systems and equipment.

(U) 39. Audit of NRO Configuration Management and Control (Planned FY 2011)

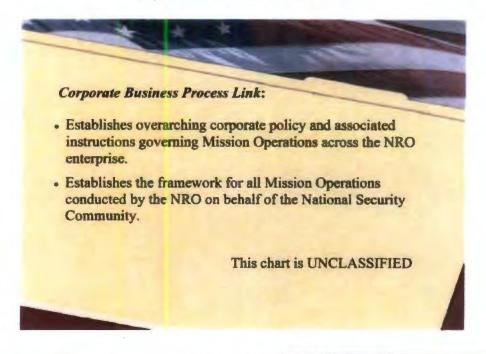
(U) Background

(U) Configuration management (CM) involves the identification and management of security features for all hardware, software, and firmware components of an information system at a given point, and systematically controls changes to that configuration during the system's life cycle. Configuration control involves activities that request, evaluate, approve, disapprove, or implement changes to baselined configuration items. Through CM, the composition of a system is formally defined and tracked to ensure that unauthorized changes are not introduced. An effective configuration management and control policy and associated procedures are essential to ensuring adequate consideration of the potential security impact of specific changes to an information system. Properly configured networks ensure greater integrity, reliability, and responsiveness.

(U) Objective

(U) The overall audit objective is to determine whether the NRO has configuration management and control processes in place sufficient to ensure that changes to information system resources are authorized, and that systems are configured and operated securely and as intended. Specifically, we will assess whether the NRO has properly configured networks to ensure integrity, reliability, and responsiveness through: effective configuration management policies, plans, and procedures; current configuration identification information; proper authorization, testing, approval, and tracking of all configuration changes; and, routine monitoring of the configuration.

(U) MISSION OPERATIONS



(U) 40. Inspection of the SIGINT Directorate, (Planned 1st Quarter FY 2010)

(U) Background

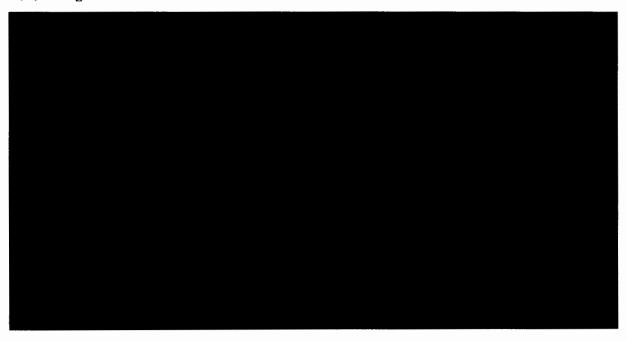


(U) Objective

(U) The overall objective of this inspection is to determine if the SIGINT is performing its assigned mission and functions efficiently and effectively, and in accordance with applicable directives, policies, and procedures. Based on our risk assessment, this inspection may focus on one or more divisions within

(U) 41. Inspection of the Mission Operations Directorate. (Planned 1st Quarter FY 2010)

(U) Background



(U) Objective

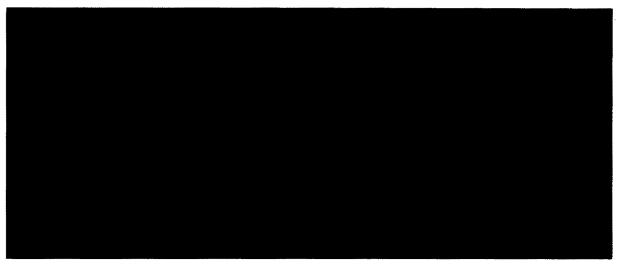
- (U) We will inspect each of the test and evaluation centers. The overall objectives are to evaluate (1) the effectiveness of mission operations and integration; (2) customer satisfaction; (3) the adherence to applicable policies and guidance, as well as the level of government oversight; (4) support functions such as contract administration, financial management, and training; and
- (5) the organizational climate, focusing on the workload and teamwork between the two centers.
- (U) 42. Inspection of the Quarter 2010)

(Planned 3rd

(U) Background



(U) Objective
(U) The overall inspection objective is to determine whether the assigned is performing its assigned mission and functions efficiently and effectively, and in accordance with applicable directives, policy, and guidance. We will also examine the reporting and coordination procedures from the NRO Directorates and Offices to the
(S//TK//REL) 43. Joint Inspection of the (Planned 4th Quarter FY 2010)
(U) Background

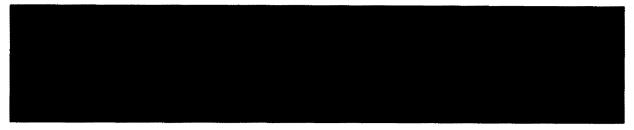


(U) Objectives

(S//TK) The overall objectives are to evaluate policy and guidance, mission accomplishment, and command climate. Specific topic areas for review include mission systems and operations, resource management, financial management and communications/computers. In addition, the senior members of the Joint Inspection Team will examine the organizational climate, conduct focus group interviews with various segments of the workforce, and also conduct individual interviews with the site's managers and employees.

(U) 44. Inspection of the Mission Operations Directorate Quarter FY 2010)	(Planned 4th
(U) Background	
(U) Objectives	
(U) The overall objective of this inspection is to determine whether efficiently and effectively accomplishing its mission and adhering to applie standards and instructions. This will include an examination of network dedocumentation as well as a review of floor plans and rack layouts. The inspection circuit outage records, security and COOP plans, as well as service request records. Further, the inspection will assess organization satisfaction, and support functions such as property accountability, records government card purchases and contract management. Finally, the inspect analyses of the detachment's support to contractor locations.	cable COMM network rawings and spection will also call and service al climate, customer smanagement,
(U//FOUO) In addition to inspecting inspection team m concurrently examine aspects of activities related to systems.	
(U) 45. Inspection of the IMINT Directorate, (Planned FY 2011)	
(U) Background	

(U) Objectives



(U) 46. Inspection of the Office of Space Launch, Cape Canaveral Air Force Station (Planned FY 2011)

(U) Background

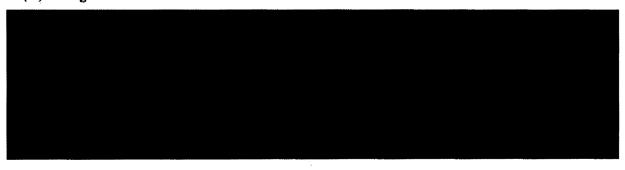
(U) The Cape Canaveral Air Force Station (CCAFS) is one of two NRO satellite launch facilities operating under the Office of Space Launch. The CCAFS processes satellites for launch on a variety of space boosters and manages funding provided to the 45th Space Wing to support NRO launches. The CCAFS was last inspected in Fall 2003 and the inspectors found that overall the CCAFS was outstanding in conducting a vital mission for the NRO. The inspection team also identified areas that needed attention to include property, plant, and equipment records and the Continuity of Operations plan.

(U) Objectives

(U) The inspection will evaluate compliance with laws, regulations, and standards; determine the effectiveness and efficiency in performing the CCAFS mission and functions; and examine various support functions, and customer and mission partner satisfaction.

(U) 47. Inspection of the Aerospace Data Facility-East (Planned FY 2011)

(U) Background



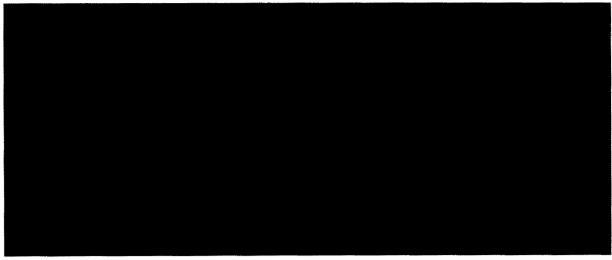
(U) Objectives

(S//TK//REL) The overall objectives will largely focus on the follow-up actions taken by the ADF-E on the findings from the last inspection. Some of the previous areas of concern were the shortage of government personnel, especially in the support areas of facility, security, and

contracting, resulting in insufficient government oversight of the contractor workforce; the planning and executing of a preventive maintenance program; compliance with applicable safety codes; a viable environmental, health and safety program; and a comprehensive configuration management program.

(U) 48. Joint Inspection of the Aerospace Data Facility-Colorado (Planned FY 2011)

(U) Background



(U) Objectives

(S//TK//REL) The overall objectives of the inspection are to evaluate ADF-C mission accomplishment, policy and guidance, and command climate. Specific topic areas for review include intelligence oversight, mission operations, mission systems, communications and computer systems, training, resource programs, and financial management. In addition, the senior members of the Joint Inspection Team will conduct focus groups with various segments of the workforce, and conduct individual interviews with the site's management team.

(U) 49. Inspection of the Mission Operations Directorate (Planned FY 2011)

(U) Background



(U) Objective

(U) The objectives of large Inspection will primarily focus on the relationships between the MGS in the areas of communication, oversight, defined processes and procedures, and support. In addition, we will evaluate the satisfaction level partnerships

(U) 50. Inspection of the Mission Operations Directorate,
(Planned FY 2011)

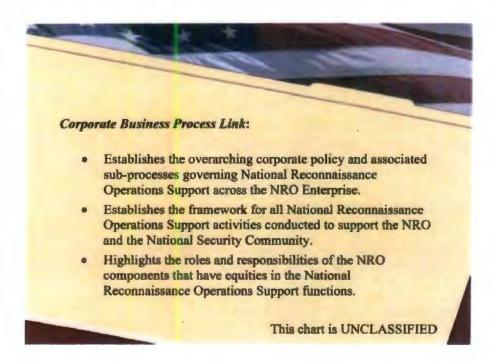
(U) Background



(U) Objectives

(U) The overall objective of this inspection is to determine whether services of efficiently and effectively accomplishing its mission and adhering to applicable COMM network standards and instructions. This will include an examination of network drawings and documentation as well as a review of floor plans and rack layouts. The inspection will also review circuit outage records, security and Continuity of Operations Program (COOP) plans, as well as service call and service request records. Further, the inspection will assess organizational climate, customer satisfaction, and support functions such as property accountability, records management, government card purchases and contract management. Finally, the inspection will include cost analyses of the detachment's support to contractor locations.

(U) NATIONAL RECONNAISSANCE OPERATONS SUPPORT



(U) 51. Inspection of the National Reconnaissance Operations Center (Planned FY 2011)

(U) Background

(U) The National Reconnaissance Operations Center (NROC) provides the NRO with a centralized operations support capability, enhances mission assurance, and supports directed special activities.

[b](3) 10 USG 312

(U) Objectives

(U) The overall objectives of this inspection are to evaluate NROC compliance with governing laws and procedures, and the efficiency and effectiveness of its We will also assess organizational climate and customer satisfaction. In addition, the inspection team will evaluate the overall management of the COOP, and various other support functions such as security, and resource and contract management.

(U) 52. Inspection of NRO Emergency Management/Continuity of Operations (Planned FY 2011)

(U) Background

(U) By direction of Presidential Decision Directive/National Security Council-67, all Federal agencies are required to establish and maintain a viable COOP program to ensure its essential functions are continued across a spectrum of contingencies from localized acts of nature to the use of weapons of mass destruction affecting a geographical area.



(U) Objectives

(U//FOUO) The objectives of this inspection are to assess the overall status of NRO EM/COOP. Specifically, we will evaluate the risks regarding current gaps in COOP coverage (especially at remote locations); assess NRO's compliance with Federal requirements for COOP; and follow-up on the FY 2005 OIG findings and observations regarding NRO EM.

Corporate Business Process Link: Oversight processes enable independent oversight and reporting and equal employment opportunity for civilian and military personnel within the NRO by ensuring awareness and compliance with applicable laws and policies. These processes are legal review and advisory services; ethics; audits, inspections, and investigations; waste, fraud, and abuse prevention and detection; and equal opportunity compliance, Alternative Dispute Resolution, mediation, informal and formal grievance processing, counseling, management advisory services, diversity program management, and reasonable accommodations.

This chart is UNCLASSIFIED

(U) 53. Follow-up Inspection of NRO Anti-harassment Program (Planned 2nd Quarter FY10)

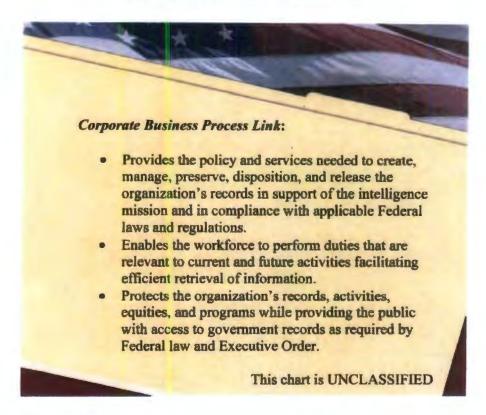
(U) Background

(U) The Inspection of the Office of Equal Employment Opportunity and Diversity Management found that the NRO lacked an anti-harassment policy and capability to investigate workplace harassment. On 13 February 2009, the DNRO signed the NRO Anti-Harassment Policy (Note No. 2009-02). This policy assigned investigative responsibility for harassment complaints based on protected categories (race, color, religion, sex, national origin, age, disability, and retaliation) to the OEEO&DM. Investigative responsibility for all other workplace harassment complaints, such as intimidation, was placed under the cognizance of the NRO Grievance Officer Anti-harassment Program. While OIG conducted a follow-up inspection of the OEEO&DM Anti-harassment program in FY 2009, the anti-harassment responsibilities of the Grievance Officer program were not included.

(U) Objective

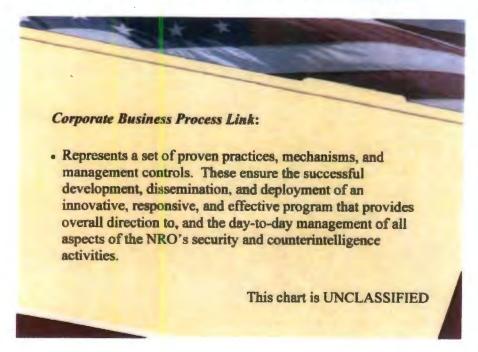
(U) The objective of this follow-up inspection is to evaluate whether the NRO Grievance Officer has implemented an effective anti-harassment program and complaint process, consistent with the DNRO Anti-harassment Policy Note and the FY 2009 EEO inspection report recommendation.

(U) RECORDS MANAGEMENT



(U) There are no separate OIG projects scheduled in the area of Records Management. Rather, since our 2003 Inspection of the Records and Information Management Centers (Project Number 2003-009N), we have incorporated a records/information management review as part of our standard methodology for conducting all unit inspections.

(U) SECURITY & COUNTERINTELLIGENCE



(U) 54. Inspection of the Office of Security and Counterintelligence, Program Security Officers (FY 2011)

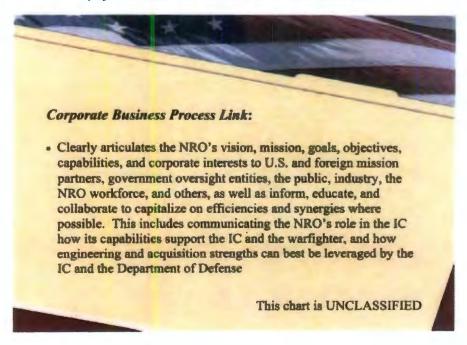
(U) Background

(U) The Office of Security and Counterintelligence (OS&CI) places program security officers (PSOs) in the various Directorates and Offices to manage security for their respective programs and operations. PSOs provide contract, program, and personnel security support as well as liaison with the centralized services at the OS&CI. Currently, PSOs reside in

(U) Objectives

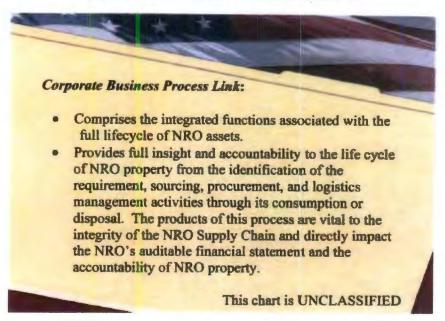
(U) The overall objective of this inspection is to determine whether the PSOs are consistently complying with contract security regulations, PSO manual requirements, and special program guidance. The inspection will also include an examination of incident reporting, support to competitive source selection, and/or program protection plan preparation and coordination. Further, we will examine customer support and the application of consistent security policy across the NRO.

(U) STRATEGIC COMMUNICATIONS



(U) There are no separate OIG projects scheduled in the area of Strategic Communications.

(U) SUPPLY CHAIN MANAGEMENT



(S//TK//REL) 55. Audit of Management Controls for Accountable Property at the Aerospace Data Facility-Colorado (Ongoing)

(U) Background

(S//TK//REL) The property of the NRO represents a mission essential capital asset that must be maintained, protected, controlled, and used and disposed of in the most efficient and effective manner. Mission essential property must be readily available to meet mission objectives. All NRO personnel are responsible for the physical protection of government-owned property.

(U) Objective

(S/TK//REL) The objective of the audit is to evaluate whether the NRO system of internal property accountability at ADF-C provides reasonable assurance that adequate controls are in place and performing as intended. This audit will also assess site property accountability and valuation complicity with the SO strategic direction and the NRO corporate control processes.

NRO APPROVED FOR RELEASE 9/29/2017 SECRET//TALENT-KEYHOLE//NOFORN

F12-0103 Doc#4

(U) 56. Inspection of Laptop Computers and Portable Electronic Devices (Ongoing)

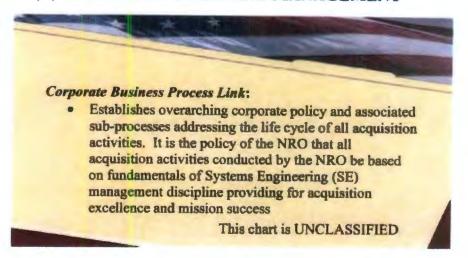
(U) Background

(U) Over the last several years, audit, inspection, and investigation results have highlighted the need for stronger controls over laptop computers. Specific deficiencies included missing laptops, the absence of Reports of Survey supporting proper disposal or investigative action, a lack of hand receipts documenting possession, and inaccurate or omitted data in the SAP Asset Management Module or SAP Portable Electronic Devices (PED) Registration Database Module. There are also increased security risks associated with the technological advancements in the capabilities of other PED products. These include Personal Digital Assistants, pocket personal computers, palmtops, Media Players, cellular telephones, PEDs with cellular phone capability, and pagers.

(U) Objectives

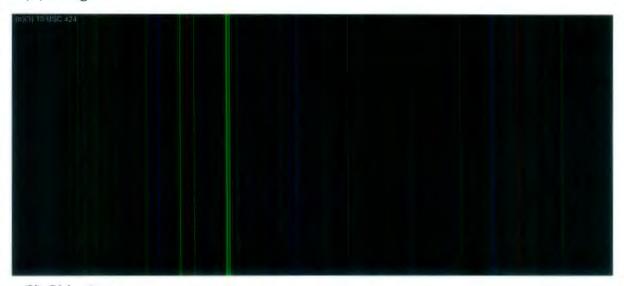
(U) The overall objective of this inspection is to perform an enterprise-wide review of the controls on laptop and other PED products to ensure proper accountability and adherence to NROD 50-10a, Portable Electronic Devices. With respect to laptops, the specific inspection objectives include a review of procedures to safeguard laptops from loss, theft, damage or misuse; system controls to ensure complete and accurate output consistent with the SAP Asset Management Module or SAP PED Registration Database Module objectives; and inventory management controls to ensure that recorded laptop inventory accurately matches the actual physical inventory. With respect to other PED products, our inspection will include an evaluation of conformance with mitigation measures and compliance with various security requirements to include proper registration with the resident Information Systems Security Officer. The inspection is also examining the procedures for the introduction into the management of contractor provided and personal PEDs in NRO controlled facilities.

(U) SYSTEMS ENGINEERING MANAGEMENT



(U) 57. Inspection of the Ground Enterprise Directorate, (Planned 1st Quarter FY 2010)

(U) Background



(U) Objectives

(U/4POUO) The overall objectives of this inspection are to verify the progress and direction since the NRO Enterprise Transformation, assess the process and procedural documentation, and the coordination and relationship between with the ground stations.

(U//FOUO) 58. Audit of the Systems Engineering and Information Technology Engineering Functions (Planned 3rd Quarter FY 2010)

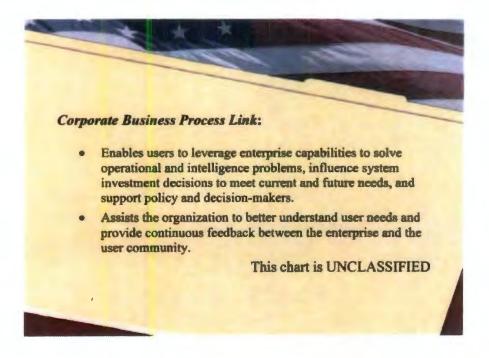
(U) Background

(U) Systems and IT engineering functions are critical to the success of NRO acquisitions and operations. Systems Engineering (SE), in coordination with the CIO, is responsible for ensuring end-to-end mission success from an enterprise lifecycle perspective by providing systems and IT engineering support to NRO directorates and overseeing, guiding, and directing the professional development and certification of NRO systems and IT engineers.

(U) Objective

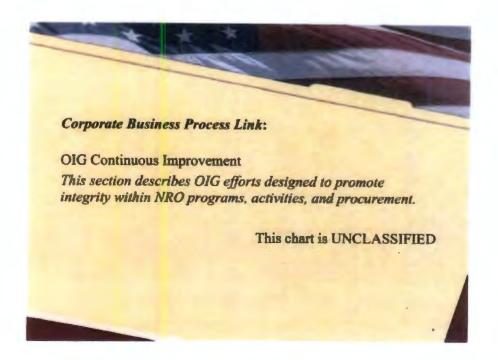
(U) The overall objective of the audit is to determine whether the systems and information technology engineering functions are structured and managed to support the end-to-end acquisition process. The audit will also assess the extent to which controls exist to monitor the development of systems and information technology engineers in their positions to ensure they can effectively coordinate, integrate, and implement decisions to enhance project performance.

(U) USER ENGAGEMENT



(U) There are no separate projects for User Engagement in the FY 2010/2011 plan. A report on the Inspection of NRO User Engagement Activity was issued in October 2008.

(U) INTEGRITY



(U) Introduction

(U//FOUO) The NRO leadership requires the highest personal integrity of both government and contractor employees. Accordingly, integrity needs to be reflected in all of our actions, whether within the organization or with our IC partners. It is the responsibility of every employee to adhere to the NRO standards of integrity and ethical behavior, and to its policies and procedures. A commitment to the highest standards of ethical conduct is fundamental to the success of the NRO.

(U) OIG Investigations (Ongoing)

(U//EOUO) The OIG efforts for ensuring individual accountability for serious breaches of integrity are the primary responsibility of the investigation staff. OIG investigates allegations of crime and other serious misconduct, by both the NRO workforce and by employees of companies under contract to the NRO. These OIG investigations ensure individual accountability and that the NRO is reimbursed on those occasions when it has been harmed by the malicious actions of an employee or company. Further, investigations provide senior managers with actionable information on critical administrative issues identified during the investigation that can further protect the NRO from future harm.

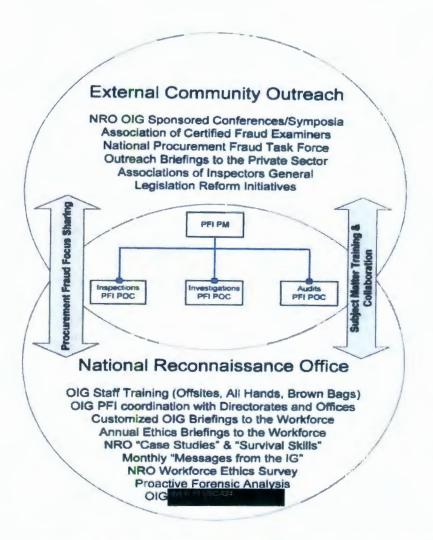
(U//FOUO) Regular communication with the NRO population, such as Messages from the IG and educational videos, ensure employee awareness of schemes and incidents that

adversely affect NRO programs. These communications have a strong deterrent and prevention effect. In addition, investigators continue to perform monthly liaison visits with strategic mission partners who are in positions to best observe indicators of frauds affecting NRO contracts. This focused liaison effort allows investigators to develop better sources of information from both government and contractor employees who can provide the information confidentially.

(U//FOUO) OIG Investigations expanded its capabilities this year with the acquisition of specialized hardware and software to recover and analyze digital evidence. The Digital Evidence Recovery Team is specially outfitted with portable gear in order to support field activities as necessary. Given that computers, digital media, and other types of information technology are increasingly involved in OIG cases, this capability will be incorporated into the day-to-day tradecraft of the staff.

(U) Office of Inspector General Procurement Fraud Initiative (Ongoing)

- (U) The NRO OIG Procurement Fraud Initiative (PFI) Program, a "best practice" throughout the IG community, constantly strives to implement new, innovative ways to protect the NRO against fraud, collaborate with mission and industry partners, and promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.
- (U) The following chart describes the resources and initiatives that support the continued development and success of the Program. As depicted below, the OIG has continued to commit personnel who facilitate a wide variety of activities within the NRO and throughout industry and the IC. Furthermore, the PFI team implemented multiple initiatives to mature the anti-fraud program. This chart lists many of the program activities and accomplishments, highlighting the educational activities, data analyses, and collaborative partnerships that will continue and/or begin in FY 2010.



(U) Anti-Fraud Training Initiatives. Although we have utilized, and will continue to explore, a variety of anti-fraud initiatives, education of the OIG Staff and the NRO workforce remains the cornerstone of our program.

(U) OIG Staff Anti-Fraud Education

(U) OIG members receive fraud detection and prevention awareness training from a variety of sources throughout the fiscal year. Internal training events include weekly Senior Staff Meetings, Bi-Monthly PFI Status Meetings, Brown Bag PFI Discussions, new employee PFI Program Manager "Meet & Greet" sessions, and All Hands anti-fraud presentations. OIG managers also ensure that formal procurement fraud training is included in each staff member's individual development plan and encourages staff members to obtain professional certification and refresher training with the Association of Certified Fraud Examiners and the Association of the Inspectors General.

(U) 2009 NRO Ethics Survey

(U) Ethics surveys are widely used by private and public organizations to provide their leaders with an understanding of whether employees recognize expected standards of conduct, and the actions their employees would take in the face of ethical violations or questions. To better understand the moral and ethical climate of our workforce, the OIG, in cooperation with the Office of General Counsel, conducted its second NRO Ethics Survey. The survey results from 2009 will be compared to the 2007 NRO benchmark survey, and presented to OIG and NRO Senior management in November 2009. The results will provide feedback to management on the ethical climate of the NRO and tailor the focus of the PFI program for FY 2010.

(U) NRO Annual Ethics Training

(U) In FY 2010, the OIG will begin its second year of collaboration with the Office of General Council (OGC) on annual ethics training. Instead of offering a series of presentations to the NRO workforce, this year's annual requirement will be satisfied by watching an OGC/OIG sponsored computer based training video. In addition to the ethics overview, the video includes an OIG fraud awareness segment designed to heighten attention of the workforce to prevent fraud, waste, and abuse and ensure the proper use of taxpayer resources.

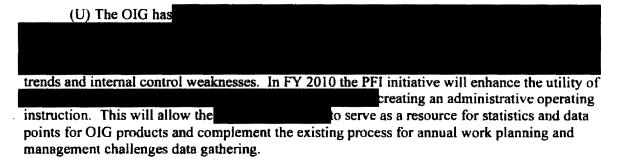
(U) OIG Coordinators, Course Offerings, Articles and Newsletters

- (U) In late FY 2008, PFI Coordinators from the Audit, Inspections, Investigations, and Management Services staff were assigned as augmentees to the PFI Program Manager. Tasked on a part-time basis with specific roles and responsibilities, the Coordinators and other OIG members continue to market available courses and PFI briefings. For example, some of the recent PFI PowerPoint presentations were marketed on the internal NRO website as "May I please steal your money?" and "Help stop the bad guys!"
- (U) The NRO Acquisition Center of Excellence NRO Case Studies Course and The Survivors Skills Course, as well as the customized PFI briefings, all of which are presented by OIG members, focus attention on improving the ability of the NRO workforce to identify the "red flag" indicators of procurement fraud. The investigators are now exploring interactive techniques for presenting the course and updating the course content.
- (U) We continue to publish articles in the NRO *RECON* newsletter and monthly "Messages from the IG"; and run a 12-month electronic digital signage campaign completely designed to elevate procurement fraud awareness in the workforce. The OIG plans to consistently update PFI brochures, *NRO Today* articles, handouts, posters, and work with NRO Media Services Center on new themes and scripts for Fraud-Awareness Videos and *NROnline* Interviews.

¹(U) The second NRO Ethics Survey, conducted for four weeks in late FY 2009, included 46 questions regarding ethics, misconduct, and reporting practices. NRO government employees and contractors completed the survey. Analysis is expected to be concluded by mid-November 2009.

(U) Proactive Forensic Data Analyses and Trend Development

(U) In addition to incorporating NRO-specific procurement fraud vulnerability assessment questions and detection steps in our audits and inspections, we will be implementing a formal forensic program in FY 2010. This program will enhance our current detection and investigative procurement fraud capabilities through acquisition risk and financial system digital analyses using software tools such as ACL and Benford's Law Theorem.



(U) External Community Outreach and Collaborative Partnerships

(U) We proactively maintain awareness of anti-fraud "best practices" and re-affirm our collaborative partnerships with industry and mission partners through regular interactions within the IG community, government and law enforcement agencies, government-wide procurement fraud working groups, the Department of Justice (DOJ) National Procurement Fraud Task Force (NPFTF), and especially our OIG Ethics and Compliance Officer annual events.

(U) OIG Ethics and Compliance Officers Conferences/Symposium

(U) Prior to 2009, we hosted annual OIG Ethics and Compliance Officers Conferences, which generated interest because of their relevant topics and subject matter experts. In March 2009, we hosted an Ethics Symposium between OIG members and selected representatives of NRO industry partners (ethics and compliance officers). This event provided an excellent venue for open discussions of fraud-related trends and encouraged the sharing of best practices and collaborative efforts. We plan to sponsor another Ethics and Compliance Officers Conference/Symposium in March 2010, in order to continue to reinforce our communication with mission and industry partners.

(U) NRO Corporate Disclosure Instruction - Industry Reports of Violation to the IG

(U) Since the DOJ NPFTF was established in 2006, the IG, along with other OIG managers, has continued to provide resolute leadership to support the Task Force's objectives, which now include implementation of the new FAR Clause 52.203-13. To ensure contractor compliance with both the FAR and the the NRO NAM Clause N52.203-001, Contractor Code of Business Ethics and Conduct, the IG and the Director, Office of Contracts, will distribute a Notice to Industry Partners which provides NRO contractors with specific guidance and contact information.

(U) APPENDIX A

(U) What to Expect When You Are Audited

(U) The OIG conducts its audits in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. All audits follow a well-defined process that includes the announcement of the audit work, entrance conference, fieldwork, exit conference, and audit follow-up of the implementation of recommendations. Each step is discussed below.

(U) Announcement Letter

(U) Prior to the start an audit, the OIG forwards an announcement letter to the NRO leadership and the organization or activity being audited. The letter describes the origin of the audit (i.e. OIG annual work plan, NRO leadership or congressional request) and includes the audit objectives and scope. The letter also identifies an OIG Auditor-In-Charge, responsible for conducting the audit, and offers a link to the OIG Hot Link site to provide an anonymous communication or information pertaining to the audit.

(U) Entrance Conference

(U) After the issuance of the announcement letter, the OIG audit team holds a formal meeting, referred to as the *entrance conference*, with the responsible officials for the audited operations or functions. At the meeting, the auditors introduce the audit team and explain the origin of the audit, audit objectives, scope and methodology, audit processes, and the audit schedule. NRO Officials should identify key personnel with whom the audit team should meet and provide initial information to help the auditors further define the audit's scope and approach. NRO Officials may also discuss and agree to arrangements for providing auditor access to information and documents responsive to the audit objectives and scope. The entrance conference is the forum for addressing concerns or introducing additional areas that management may want the OIG to include in the audit.

(U) Fieldwork

- (U) Audit fieldwork may be in two stages: survey phase and/or execution phase.
- (U) <u>Survey phase</u>: Initial audit fieldwork may include a defined survey phase in order to refine the audit objectives or determine if there is sufficient benefit to conducting the audit. In this phase, the audit team would obtain preliminary information and documentation on the program, activity, or function. The audit team may perform initial tests to verify and validate the audit objectives, scope, and methodology, and to identify focus areas for the auditors' efforts. At the conclusion of the survey phase, the audit team will determine whether sufficient benefits exist to continue audit work. If sufficient

benefit does not exist, the OIG would inform the responsible officials, in writing, that audit work is completed and the reasons for concluding audit work. The OIG may issue a survey report to inform NRO leadership of any findings or observations that may be helpful. Should more in-depth audit work be needed, the audit team would recommend to the IG and notify the responsible officials that the audit is transitioning to the audit execution phase.

(U) Execution phase: The detailed audit work would occur during this phase. The auditors conduct extensive interviews, review documents and records, analyze and test the implementation and the effectiveness and efficiency of policies, processes, internal controls, information systems controls, and financial controls to determine whether programs and systems are functioning as intended. Throughout this phase, the auditors begin to develop findings and recommendations, and communicate the ongoing audit status with the responsible officials.

(U) Communicating audit status and findings

- (U) The OIG periodically updates NRO leadership and key program officials on the status of the audit and potential findings. If time sensitive issues are identified during the audit, we will immediately inform the responsible officials so they may take appropriate action. Official methods for communicating findings to NRO leadership and officials involved in the audit include the following methods as well as periodic briefings.
 - (U) Exit Conference: When work is completed, the IG holds a formal exit conference with the responsible officials who participated in the audit. The purpose of the conference is to verify and validate that the critical facts and key information used to formulate findings are current, correct, and complete. The audit team will also discuss findings, conclusions, and recommendations. The auditors' recommendations should flow logically from the findings and conclusions and should be directed at resolving the cause of the problem. The conference provides officials the opportunity to discuss actions needed to address the audit results and to provide additional information.

 Management should also offer alternative recommendations should they feel that they more appropriately address the audit findings. If the responsible officials were able to address the audit results before the exit conference, the OIG may include those actions in the draft report.
 - (U) <u>Draft audit report and management comments</u>: After considering any comments and concerns raised at the exit conference, the audit team prepares a draft report. Concurrently, the audit staff provides an independent quality assurance review and cross-reference check to ensure that all information in the draft report is accurate and complete. The audit team forwards the document to the IG who issues the draft report to the responsible officials for review and comment. The responsible officials have 15 business days to provide their official comments addressing their concurrence or non-concurrence with the findings and recommendations. Any concerns over the facts presented in the draft report should be brought to the attention of the auditor before providing any formal comments so that the concerns can be addressed.

Should management non-concur with a recommendation, the responsible officials are expected to include the reason and propose an alternative solution. The responsible official's comments should be properly classified as they are included in their entirety in the final audit report.

(U) Final report: After reviewing the official response to the draft report, the OIG incorporates the comments into the executive summary and body of the report as appropriate. The responsible official's comments will appear in their entirety in the report appendix. Should the responsible official non-concur with a finding or recommendation, the OIG makes every reasonable effort to resolve the non-concurrence prior to issuing the final report. Any disagreements that cannot be resolved must be elevated to the DNRO for resolution. Upon release, the OIG forwards the report to NRO leadership, and in most instances, makes it available to the NRO workforce via the NRO OIG website.

(U) Audit Follow-Up

(U) NRO officials are accountable and responsible for implementing the corrective actions they have agreed to undertake in the timeframe they agreed to in response to the audit report. For the OIG to close a recommendation, we rely on NRO officials providing documentation demonstrating the implementation of the recommendations. Management is requested to submit an implementation plan and anticipated completion date 30 business days after the final report is issued. The OIG Follow-Up Administrator generally queries the responsible office every 90 days for a status update. The implementation plan remains open until it has been determined that management's actions have satisfied the intent of the OIG recommendations.

(U) APPENDIX B

(U) What to Expect When You Are Inspected

(U) OIG inspections are conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency and the Executive Council on Integrity and Efficiency Quality Standards. Although every unit or topic inspection is unique, the process is similar and typically consists of the Announcement Letter; Pre-Inspection Phase; Inspection In-Brief; Inspection Phase (Fieldwork); Technical Accuracy Review; Inspection Out-Brief and Issuance of Draft Report; Formal Comments Meeting; Final Inspection Report; and Inspection Follow-Up. A brief description of each step follows.

(U) Announcement Letter

(U) The OIG announces the commencement of the inspection through the issuance of the announcement letter. The letter includes the title of the inspection effort and project number and describes the overall inspection objectives and the planned start date. The letter is issued to NRO senior leadership and management officials responsible for the specific unit or topic area. The announcement letter is also issued to the NRO population in order to solicit input and to provide an anonymous communication mechanism through the use of the OIG Hot Link.

(U) Pre-Inspection Phase

(U) During the pre-inspection phase, the inspection team obtains background information and conducts research on the program, activity, or function. In addition, the team performs initial testing procedures to identify potential vulnerability areas or best practices on which they may focus their inspection efforts. Further, the team coordinates with other inspection, audit, and investigative entities, as well as those organizations that could be affected by our activity or that could provide additional insight into the effectiveness and efficiency of the specific unit or topic area process. If management has requested the inspection, during this phase, the inspection team will discuss management's concerns and consider their issues in the design of the inspection. At the completion of the pre-inspection phase, the inspection team performs a risk assessment analysis and finalizes the specific inspection objectives, scope, and methodology.

Inspection In-Brief

(U) This briefing serves as the official start of the inspection phase and provides information on the specific objectives, scope, methodology, and tentative schedule for the inspection. The briefing is presented to those management officials responsible for the specific unit or topic area by the designated lead inspector.

Inspection Phase

(U) The inspection phase, or fieldwork phase, is the collection of information and data focused on the organization, program, activity, or function being inspected. The inspection

phase requires the cooperation of responsible personnel to answer questions; provide access to original records, documentation, and files; and prepare information requested by the inspection team. Effective communication throughout the process allows management officials the opportunity to address issues and problems when identified. At the completion of the inspection phase, the team finalizes their findings and recommendations, observations and considerations, and commendable practices and crafts the draft inspection report.

(U) Technical Accuracy Review

(U) Prior to finalization, an "advanced copy" of the draft inspection report, is provided to the responsible management officials for a technical accuracy review. A technical accuracy review entails a review of terms, references, dates, figures, etc. for the purpose of ensuring that the inspection team accurately captured and correctly stated the business unit's terminology and information utilized throughout the report. The responsible management officials are typically provided three business days to complete the technical accuracy review. The review does not entail obtaining management's concurrence or non-concurrence with the findings and recommendations which are obtained later in the inspection process.

(U) Inspection Out-brief and Issuance of Draft Inspection Report

(U) At the inspection out-brief, the lead inspector presents a formal briefing to the management officials responsible for the specific unit or topic area. The out-brief officially ends the inspection phase by presenting the inspection conclusions in the form of findings and recommendations, observations and considerations, and commendable practices.

Also, management officials are provided information on the upcoming formal comments meeting, the timeline for written management comments (normally due within 15 business days) as well as the formal OIG follow-up process. After the out-brief, a copy of the draft report is electronically forwarded to the appropriate management officials or their designated point(s) of contact. The draft inspection report includes the background, objectives, scope, methodology, and inspection results. Substantiated corrective actions already taken by management are also included. The OIG Follow-Up Administrator enters the report data into the NRO Tracking Information and Enterprise Response (TIER) database, along with the 15 business day response due date.

(U) Formal Comments Meeting

(U) Prior to receiving the written management comments, the OIG meets with the management of the inspected entity to discuss their planned response to the draft report. This allows for an open forum to discuss the reasons for any non-concurrences and to explore alternative solutions.

(U) Final Inspection Report

(U) After carefully analyzing management's response to the draft inspection report, the inspection team incorporates management's response into the body of the report and includes the

full text of the reply in an appendix of the report. The final inspection report is subsequently released to NRO senior leadership and to the management of the entity inspected. Generally, inspection reports are available to the NRO workforce via the NRO OIG website.

(U) Inspection Follow-Up

(U) Follow-up is performed by the OIG to ensure that inspection recommendations, agreed to by management, are implemented. Management is requested to submit an implementation plan and anticipated completion date 30 business days after the final report is issued. The OIG Follow-Up Administrator generally queries the responsible office every 90 days for a status update. The implementation plan remains open until it has been determined that management's actions have satisfied the intent of the OIG recommendations.



NATIONAL RECONNAISSANCE OFFICE

Office of Inspector General 14675 Lee Road Chantilly, VA 20151-1715



12 November 2010

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: (U) Office of Inspector General Annual Work Plan

- (U) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) Annual Work Plan for Fiscal Years (FY) 2011/2012 is attached. It provides descriptions and schedules of ongoing and planned audits and inspections for the upcoming two-year period, including those audits required by law. The plan also updates the actions anticipated as part of our proactive procurement fraud prevention and detection efforts.
- (U) We employed a work planning process to select those topics that would ensure comprehensive oversight of NRO programs and operations. In exercising our discretionary authority to select topics for our reviews, we reflected concerns and/or challenges identified by NRO leadership and the Congress. We also included topics, which came to our attention during the course of our FY 2010 audits, inspections, and investigations, in areas that the NRO could benefit from with further oversight.
- (U) The attached work plan is the OIG roadmap for addressing critical issues and challenges the NRO is facing today. Because of the dynamic environment in which the NRO operates, we may add to, delete from, or modify the plan to ensure that we remain focused on topics that are most relevant to the mission of the NRO.
- free to contact me on the Deputy Inspector General, (unsecure). (unsecure).

Lanie D'Alessandro Inspector General

Attachment:

(U) NRO OIG Annual Work Plan (S//TK//NF)

SUBJECT: (U) Office of Inspector General Annual Work Plan

INTERNAL DISTRIBUTION:

Director, National Reconnaissance Office

Principal Deputy Director, National Reconnaissance Office

Deputy Director, National Reconnaissance Office

Senior Enlisted Advisor/AF Command Chief

Director, Advanced Systems and Technology Directorate

Director, Business Plans and Operations

Director, Communications Systems Directorate

Director, Ground Enterprise Directorate

Director, Imagery Intelligence Systems Acquisition Directorate

Director, Management Services and Operations

Director, Mission Operations Directorate

Director, Mission Support Directorate

Director, Signals Intelligence Systems Acquisition Directorate

Director, Systems Engineering Directorate

Director, Office of Space Launch

Director, Special Communications Office

Chief Information Officer

Director, Office of Contracts

Director, Office of Equal Employment Opportunity and Diversity Management

General Counsel

Director, Office of Policy and Strategy

Director, Office of Security and Counterintelligence

Director, Office of Strategic Communications

Director, Office of Strategic Human Capital

OIG Library

OIG Chron

EXTERNAL DISTRIBUTION:

Assistant to the Secretary of Defense (Intelligence Oversight)

Inspector General, Department of Defense

Inspector General, Office of the Director of National Intelligence

Office of Management and Budget; National Security Division;

Chief of Command, Control, Communication, Computers and Intelligence

Director, Field Detachment, Defense Contract Audit Agency

Chairman and Ranking Member, Senate Select Committee on Intelligence

Chairman and Ranking Member, House Permanent Select Committee on Intelligence

Chairman and Ranking Member, Senate Appropriations Committee, Subcommittee on Defense

Chairman and Ranking Member, House Appropriations Committee, Subcommittee on Defense

Chairman and Ranking Member, Committee on Armed Services, United States Senate

Chairman and Ranking Member, Committee on Armed Services, United States House of Representatives

TABLE OF CONTENTS

(U) INTRODUCTION
(U) NRO OIG ROADMAP OF FY 2011 AUDITS AND INSPECTIONS II
Anticipated FY 2012 Audit and Inspection Projectsii
(U) AUDITS
(U//EOUO) Audit of the NRO Source Selection Process (Ongoing)
(U) Audit of Science and Technology Portfolio (Planned for 1st Quarter FY 2011) 2
(U) Audit of NRO Enterprise Contracting Strategy (Planned for 2nd Quarter FY 2011). 3
(U) Audit of NRO Field Representatives Oversight and Support (Planned for FY 2012). 4
(U) Audit of the NRO Contracting Office Invoice Approval Process (Planned for FY 2012)
(U) Financial Management Audits6
(U) Audits of NRO Fiscal Years 2010 (Ongoing) and 2011 (Planned for FY 2012) Financial Statements and Resolution – Statutory Requirement
(U) Audit of the NRO Government Purchase Card Program (Ongoing)6
(U) Audit of NRO Academic Outreach (Planned for 1st Quarter FY 2011)
(U) Audit of NRO Contract Modification Process (Planned for FY 2012)
(U) Audit of the NRO Oversight of Information Technology Basic Order of Agreements (Planned for FY 2012)
(U) Information Technology Audits10
(U) Fiscal Year 2011 and 2012 Independent Evaluations of the NRO Compliance with the Federal Information Security Management Act (Planned for 2nd Quarter FY 2011 and FY 2012 – Statutory Requirement)
(U) Audit of Incident Detection and Response (Planned for 3rd Quarter FY 2011) 10
(U) Review of the Role and Function of the Chief Information Office (Planned for FY 2012)
(U// FOUO) Audit of NRO Alternate Data Processing and Business System Capabilities (Planned for 2012)
(U) Audit Peer Reviews13
(U) Peer Review of USSOCOM OIG Audit Staff (Planned for 1st Quarter FY 2011) 13
(U) Peer Review of CIA OlG Audit Staff (Planned for 1st Quarter FY 2011)
(U) Field Office Audits15
(U) Audit of the Disposition and Transfer of NRO Property (Planned for 1st Quarter FY

NRO APPROVED FOR RELEASE 9/29/2017

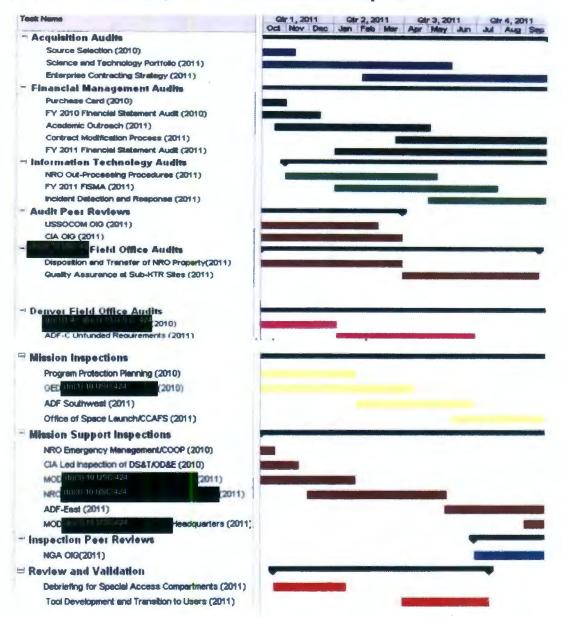
(U) Audit of the Effectiveness of Quality Assurance Monitoring of Subcontractors (Planned for 3rd Quarter FY 2011)
(U) Audit of the NRO Management and Use of FFRDCs (Planned for FY 2012) 16
(U) Audit of the Termination of a Compartmented Program (Planned for FY 2012) 17
(U) Denver Field Office Audits18
(U) Audit of ADF-C Ground Systems Life-Cycle Management (Planned for 3rd Quarter FY 2011)
(U) Audit of the NRO Out-Processing Procedures at Mission Ground Stations (Planned for 1st Quarter FY 2011)
(U) Audit of NRO Resources Management for the NSA Mountain View Project (Planned for FY 2012)
(U) Audit of ADF-C Training Management (Planned for FY 2012)
(U) INSPECTIONS21
(U) Mission Inspections22
(U) Inspection of NRO Program Protection Planning (Ongoing)
(U) Inspection of Ground Enterprise Directorate, 22
(Ongoing)
(U) Inspection of the Office of Space Launch, NRO Cape Canaveral Operating Location (Planned for 3rd Quarter FY 2011)
(U) Inspection of the Systems Engineering Directorate, (Planned for FY 2012)
(U) Inspection of the Special Communications Office (Planned for FY 2012)24
(U) Inspection of the IMINT Directorate, (Planned for FY 2012)
(U) Mission Support Inspections26
(U/#POUO) Central Intelligence Agency Inspection of the Directorate of Science and Technology, Office of Development and Engineering (Ongoing)
(U) Inspection of NRO Emergency Management/Continuity of Operations (Ongoing) 26
(U#FOUO) Inspection of the Mission Operations Directorate, (Planned for 1st Quarter FY 2011) 27
(U) Inspection of the NRO (Planned for 1st Quarter FY 2011)
(U) Inspection of Mission Operations Directorate, Headquarters (Planned for 4th Quarter FY 2011)
(U) Inspection of Communications Systems Directorate. (Planned for FY 2012)

	(U) Inspection of the NRO Environmental and Safety Office (Planned for FY 2012) 30
	(U) Inspection of the Office of Security and Counterintelligence, Program Security Officers (Planned for FY 2012)
	(U) Special Review of NRO Facilities and Office Space Management (Planned for FY 2012)
(U)) Joint Inspections
	(U) Joint Inspection of the Aerospace Data Facility - Southwest (Planned for 4th Quarter FY 2011)
	(U) Joint Inspection of the Aerospace Data Facility-East (Planned for 3rd Quarter FY 2011)
	(U) Joint Inspection of the Aerospace Data Facility-Colorado, NSA-Colorado and NGA IOC-Colorado (Planned for FY 2012)
	(U) Joint Inspection of the (Planned for FY 2012) 34
(U)	Inspection Peer Review36
	(U//FOUO) Joint Peer Review of the NGA Office of Inspector General. Inspection Staff (Planned for 3rd Quarter FY 2011)
(U) R	REVIEW AND VALIDATION PROGRAM REVIEWS37
	(U) Follow-up Review of NRO Debriefing Process for Compartmented Programs (Planned for 1st Quarter FY 2011)
	(U) Follow-up Review of the Tool Development and Transition to NRO Users (Planned for 3rd Quarter FY 2011)
	(U) Follow-up Review of NRO Capabilities (Planned for FY 2012)
	(U) Follow-up Review of NRO Portable Electronic Device Inspection (Planned for FY 2012)
	(U) Follow-up Review of NRO Oversight of Subcontractors (Planned for FY 2012) 40
(U) II	NTEGRITY42
	ENDIX A: AUDIT PROCESS45
APPI	ENDIX B: INSPECTION PROCESS48

(U) INTRODUCTION

- (U) The National Reconnaissance Office (NRO), and in turn, its Office of Inspector General (OIG), must respond to an increasing level of oversight derived from statutory and regulatory requirements; congressional requests; and Director of National Intelligence (DNI) data calls and taskings. We designed the OIG work plan for fiscal years (FY) 2011/2012 to respond to and complement these external influences while ensuring that the use of OIG resources maximizes our contribution to the NRO mission. Statute requires the OIG to conduct the following major projects each year: Audit of the National Reconnaissance Office Fiscal Year Financial Statements, which is undertaken to comply with the Chief Financial Officers Act, and Independent Evaluation of National Reconnaissance Office Compliance with the Federal Information Security Management Act.
- (U) We initiated this year's planning by consulting with NRO leaders, senior managers, and key congressional staff. These discussions helped identify specific topics that could benefit from an OIG evaluation. This two-year work plan allows for greater scheduling flexibility and gives the workforce an advance view of our long-range oversight goals. The advance view of our projects also enables NRO officers to better prepare for an OIG independent assessment in their areas of responsibility.
- (U) To the greatest extent possible, the OIG will conduct its work with minimal interruptions to the workforce. The OIG promotes constructive collaboration with the auditee/inspectee and makes every effort to keep responsible parties informed throughout the audit and inspection process. Knowing that a certain amount of time will be diverted from operations, the OIG strives to perform its work in an efficient and effective manner in order to minimize the disruption to the organization's daily activities. Nevertheless, cooperation of NRO officials is necessary throughout all phases of the audit or inspection by providing honest. complete, and timely information to the OIG staff. This may include responding to questions posed by the OIG staff; providing access to original records, documents, and files; preparing information requested by auditors, as well as facilitating meetings with contract personnel who provide support. Sometimes those being audited or inspected remark that the auditors or inspectors have a steep learning curve because we ask many questions. Our audit and inspection process requires that we ask numerous questions to confirm our understanding of how the business area or process functions and to test governing controls. Also, in the course of conducting our work, we are frequently asked to explain the difference between an audit and inspection. OIG audits are narrow in scope and focus on an NRO-wide process or specific aspects of a program or issue, whereas OIG inspections are broader in scope, but focus on a particular NRO unit or topic. Both audits and inspections are conducted in accordance with specific governing criteria. We have provided additional information related to our audit and inspection process in Appendix A and B.
- (U) In the following sections, we detail our planned audit and inspection projects for FYs 2011 and 2012. Each project is explained with "Background," "Reason for Audit/Inspection," and "Objective" paragraphs, and further identifies the project as "Ongoing" or "Planned." We also highlight our Proactive Investigative efforts and our Procurement Fraud Initiative (PFI) in the last section entitled *Integrity*:

(U) NRO OIG Roadmap of FY 2011 Audits and Inspections



Anticipated FY 2012 Audit and Inspection Projects

- (U) Audit of NRO Field Representatives Oversight and Support
- (U) Audit of the NRO Contracting Office Invoice Approval Process
- (U) Audit of NRO Contract Modification Process
- (U) Audit of the NRO Oversight of Information Technology Basic Order of Agreements
- (U) Review of the Role and Function of the Chief Information Office
- (U//FOUO) Audit of NRO Alternate Data Processing and Business System Capabilities
- (U) Audit of the NRO Management and Use of FFRDCs
- (U) Audit of the Termination of a Compartmented Program
- (U) Audit of NRO Resources Management for the NSA Mountain View Project
- (U) Audit of ADF-C Training Management
- (U) Inspection of the Systems Engineering Directorate,
- (U) Inspection of the
- (U) Inspection of the IMINT Directorate,
- (U) Inspection of Communications Systems Directorate.
- (U) Inspection of the NRO Environmental and Safety Office
- (U) Inspection of the Office of Security and Counterintelligence. Program Security Officers
- (U) Special Review of NRO Facilities and Office Space Management
- (U) Joint Inspection of the Aerospace Data Facility-Colorado, NSA-Colorado and NGA IOC-Colorado
- (U) Joint Inspection of the
- (U) Follow-up Review of NRC Capabilities
- (U) Follow-up Review of NRO Portable Electronic Device Inspection
- (U) Follow-up Review of NRO Oversight of Subcontractors

(U) AUDITS

(U) Introduction

(U) THE AUDIT STAFF conducts financial and performance audits of NRO programs in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the U.S., and provides actionable recommendations to improve NRO programs and activities. Audits focus on detecting fraud, waste, and mismanagement; improving economy, efficiency, and effectiveness; ensuring that laws and regulations are followed; and promoting effective management controls. To better meet the strategic objectives of the NRO, the Audit Staff is subdivided into three distinct areas—Acquisition, Financial Management, and Information Technology. A complete listing of our planned Audits for FY 2011/2012 is presented with accompanying information in the following audit section.

(U) Acquisition Audits

(U//FOUO) Audit of the NRO Source Selection Process (Ongoing)

(U) Background

(U//FOUO) Federal policy promotes maximizing the use of commercial products and services in meeting government requirements through a full and open competitive source selection process. According to the Federal Acquisition Regulation (FAR), when the government selects a contractor to provide products or perform services, the government will use contractors who possess a successful past performance record or who demonstrate a current superior ability to perform. Ongoing federal concerns with improving the effectiveness of acquisition practices and the results achieved from government contracts, in addition to postaward contractor performance on several NRO programs, have made the source selection process an area that would benefit from an OIG review.

(U) Reason for Audit

(U/#POUT) Previous OIG work found issues with post-award contractor performance on several NRO programs that raised questions about the source selection decisions, the weighting of past performance and relevant experience, discrepancies between should cost and actual costs, schedule variances, implementation of new acquisition methodologies, oversight, and congressional constraints. These issues indicated that the NRO source selection process may not be achieving its overall objective in contractor selection.

(U) Objective

(U#FOUO) The objective of the audit is to assess whether the source selection process, to include the competitive and sole source selection strategies, is achieving its intended purpose to select contractors who can best meet mission requirements.

(U) Audit of Science and Technology Portfolio (Planned for 1st Quarter FY 2011)

(U) Background

(U) The Advanced Systems and Technology Directorate (AS&T) "conducts research and development on behalf of the NRO for the purpose of denying adversaries sanctuary in time and space through the development of technology for intelligence dominance." The Director, National Reconnaissance Office (DNRO) has stated that one of his goals for keeping the NRO a relevant contributor to the U.S. intelligence mission is to improve the NRO development and investment in science and technology. In his speech to the National Space Symposium (April 2010), the DNRO noted that the NRO science and technology investment, through a number of reductions and taxes, has slackened. He further noted that the NRO cannot allow continued erosion in our science and technology base.

(U) Reason for Audit

(U//EOUO) Science and technology is a central component to the development and insertion of innovations and new technology into future NRO acquisitions and operations to remain ahead of the nation's adversaries. According to feedback from our previous work on science and technology programs, we have noted that the NRO does not have policy or procedures for managing capability-based programs. These capabilities are constrained by a requirements-based acquisition policy that slows the delivery of innovations to the user. Therefore, we intend to assess the planning and process for identifying and transitioning science and technology projects to operational needs. Since the science and technology portfolio has been an area that has had an eroding budget, we also intend to provide an objective assessment of the impact of the budget on the fiscal health of science and technology.

(U) Objective

(U) The objective of this audit is to determine whether the NRO science and technology portfolio strategy is effectively planned and prioritized for the transition of technology. In addition, the audit will examine the impact of budget on the health of the S&T portfolio.

(U) Audit of NRO Enterprise Contracting Strategy (Planned for 2nd Quarter FY 2011)

(U) Background

(S//TK//NF) The NRO has consolidated service requirements into enterprise-wide acquisition contracts. This strategy is intended to reduce costs by taking advantage of the economies of a multiple procurement of common services. Examples of this type of strategy are the NRO Consolidated Facilities Operations and Maintenance Program (CFOAM), COMM Patriot Program, which will become the Silver Eagle Program, and

(U) Reason for Audit

(U//FOUO) While providing the benefit of streamlining delivery of services and products, consolidating contractors have the inherent risk of growth and changes to the range of activities from the original contract. By consolidating smaller services and procurement contracts into enterprise contracts, the NRO increases the scope and risk and ultimately the need for greater oversight. Because of these risks, we believe that the NRO would benefit from an OIG assessment of the business cases for these contracts, level of planning and oversight, risks, and execution of these contracts.

(U) Objective

(U/EOUO) The objective of the audit is to determine whether the NRO has effectively planned and developed acquisition strategies for enterprise contracts to meet program risks and achieve intended benefits.

(U) Audit of NRO Field Representatives Oversight and Support (Planned for FY 2012)

(U) Background

(U) NRO Field Representatives are NRO's representatives to commands, agencies, and other DoD and non-DoD customers. They provide a detailed understanding of the NRO-supported National Systems missions, capabilities, limitations, products, and tasking procedures. Field Representatives comprise government and contractor employees who are assigned to the Mission Support Directorate (MSD). The OIG previously inspected NRO Field Representatives as part of user engagement. We found that the representatives program required a more comprehensive procedure and training portfolio.

(U) Reason for Audit

(U#FOUO) Because of the previously identified need for improved procedures and training and the Field Representatives' importance to the NRO mission, we are conducting this audit to provide feedback on the effectiveness of the program's oversight and support to the NRO.

(U) Objective

(U) The objective of this audit is to determine the effectiveness of the NRO Field Representatives in completing their support mission. Specifically, we will assess their knowledge of the NRO, technical competency, and resources to support NRO operations.

(U) Audit of the NRO Contracting Office Invoice Approval Process (Planned for FY 2012)

(U) Background

(U#FOUO) The number of invoices requiring Defense Contract Audit Agency (DCAA) and NRO Contracting Officer approval increased with the rescission of approximately 198 NRO contracts from direct billing eligibility as of March 2010. DCAA rescinded these contractors from direct billing eligibility to reduce the risk of overpayment that could result from issues found with the contractor's billing system or because the billing system required an update review, which had not occurred. As a result, the NRO Office of Contracts (OC) and DCAA have implemented a process that allows DCAA up to five days to review all interim non-direct billing, cost type invoices before a Contracting Officer approves the invoice for payment.

(U) Reason for Audit

(U/#OUO) Because of contractor billing system issues and the reliance on DCAA rigor to review the increased number of non-direct billing invoices, our audit will focus on the need to implement an invoice review and approval process.

(U) Objective

(U//FOUO) The objective of the audit is to determine whether NRO review and approval of contractor invoices ensures accurate payment. Specifically, we will review NRO contracting officer activities to verify work performed prior to invoice approval.

(U) Financial Management Audits

(U) Audits of NRO Fiscal Years 2010 (Ongoing) and 2011 (Planned for FY 2012) Financial Statements and Resolution – Statutory Requirement

(U) Background

(U//FOUO) Under the Chief Financial Officer Act and the Office of Management and Budget (OMB) Bulletin 07-04, Audit Requirements for Federal Financial Statements, an audit of the NRO financial statements is required to be performed by the OIG or by an independent public accountant (IPA) as determined by the OIG. The NRO OIG contracted with PricewaterhouseCoopers (PwC), an IPA firm, to conduct audits of the NRO financial statements for FY 2008 and FY 2009, with option years through FY 2012. The contract requires the IPA to audit in accordance with Generally Accepted Government Auditing Standards and OMB Bulletin 07-04. The OIG will oversee the IPA audit and ensure that it complies with applicable quality standards. An audit was completed in FY 2008, resulting in a disclaimer of opinion. In FY 2009, the NRO implemented new cost accounting procedures and was reasserting balances on the financial statements. In FY 2010, the NRO continues to move towards a sustainable unqualified opinion, along with a goal of having a control based audit, by designing and implementing new internal controls around key financial processes.

(U) Reason for Audit

(U) The accomplishment of this audit is required by statute.

(U) Objectives

(U) These audits evaluate the reliability of the data supporting the financial statements: determine the accuracy of the statements produced; and examine the adequacy of footnote disclosures in accordance with guidance issued by the Federal Accounting Standards Advisory Board, OMB, and other authoritative guidance. The auditors will also review internal controls and compliance with laws and regulations related to the objectives and will follow up on the status of prior-year audit findings. The OlG will continue working with NRO management to resolve outstanding issues identified during prior financial statement audits.

(U) Audit of the NRO Government Purchase Card Program (Ongoing)

(U) Background

(U) The U.S. Government purchase card is an internationally accepted credit card issued by individual contractors and available to personnel in all federal agencies under a single General Services Administration (GSA) contract. The purpose of the government purchase card (GPC) program is to minimize the paperwork needed to make, with proper authorization, purchases of up to \$25,000. Although purchase cards provide efficiency and savings to the government, purchase card programs are high-risk because they allow the same individual to order, pay for.

and receive goods and services. This presents the potential for fraudulant and/or abusive transactions if not carefully monitored. Effective purchase card programs depend on the users having been properly trained to manage their card use.

(U) Reason for Audit

(U) This audit was initiated based on concerns expressed by NRO senior management during FY 2010. Therefore, it was not initially identified in our FY 2010/2011 OIG Work Plan. The last audit of the NRO Purchase Card Program was conducted by the OIG in FY 2003.

(U) Objectives

-(S//TK//NF) The objectives of the audit are to determine whether the NRO purchase card program (1) complies with applicable laws and regulations, (2) utilizes government resources efficiently and effectively, and (3) has adequate internal controls to deter improper activity.

The focus will be on records controlled by cardholders and billing officials.

.....

(U) Audit of NRO Academic Outreach (Planned for 1st Quarter FY 2011)

(U) Background

(STThe NRO Office of Strategic Human Capital (OSHC) is tasked with consolidating and improving the NRO Academic Outreach and Recruitment Program. This program supports several academic outreach efforts aimed at developing and attracting new talent in support of the NRO mission, as well as building the future workforce of the Intelligence Community (IC). Outreach programs provide funding for internships, scholarships, security clearances and curriculum that educates students about career opportunities at the NRO and within the IC.

(U) Reason for Audit

(U) This audit is being conducted based on OSHC management concerns and interest of the DNRO. Specifically, OSHC has concerns regarding NRO contracting methods for the academic outreach program, and the lack of government oversight of the contracts where students are included.

(U) Objective

(U) The objective of the audit is to assess the funding, planning, execution and resultant workforce recruitment benefits of the NRO outreach efforts with academic institutions.

(U) Audit of NRO Contract Modification Process (Planned for FY 2012)

(U) Background

(U) The contract modification process allows the NRO to change contract requirements, schedule, and/or funding and administrative items. During the past two audits of the NRO Financial Statements, we noted that many of the contracts sampled had a large number of contract modifications despite only being a year or two old. In some cases, contract modifications were occurring at almost a weekly or bi-weekly rate. As a result, we sampled a few contracts and noted that the modifications were frequently initiated for funding with several modifications being made within a given month. Based on these findings we are focusing our audit on this portion of the contract process.

(U) Reason for Audit

(U) The NRO is facing a shortage of contracting officers which can negatively impact contract management. Given the increased volume in contract modifications, the audit will review the modification process to identify potential efficiencies. If improvements can be made to reduce the administrative burden on contracting officers, the contracting officers could have a more manageable workload and provide greater contractor oversight.

(U) Objective

(U) The objective of the audit is to determine if the NRO can reduce the number of contract modifications through improved contract administration practices to more effectively manage funding, resources, and requirements.

(U) Audit of the NRO Oversight of Information Technology Basic Order of Agreements (Planned for FY 2012)

(U) Background

(U//FOUO) A Basic Order Agreement (BOA) is a written understanding that describes the methodology for the future procurement of goods and services, for which the specific time, price, and quantity are unknown. For example, these agreements can be used to purchase commodities, such as office supplies, as needed. The NRO OIG received an allegation that Information Technology (IT) BOA Contracts are paying operation and maintenance costs on items that have been turned in, are in "cold" storage, or can not be located. In addition, the NRO may be paying for these costs on items, such as printers, that are beyond their useful life.

(U) Reason for Audit

(U) We are conducting this audit based on an OIG Hotlink submission and concerns expressed about property management by NRO senior leaders.

(U) Objectives

- (U) The objectives of this audit are to determine if the NRO is
- (U) accurately tracking IT property purchased through BOAs, and
- (U) properly allocating operation and maintenance funds on the contract.

(U) Information Technology Audits

(U) Fiscal Year 2011 and 2012 Independent Evaluations of the NRO Compliance with the Federal Information Security Management Act (Planned for 2nd Quarter FY 2011 and FY 2012 – Statutory Requirement)

(U) Background

(U) The Federal Information Security Management Act (FISMA) was enacted to provide a comprehensive framework for ensuring the effectiveness of information security controls over information resources that support federal operations and assets. FISMA requires that federal agencies develop and maintain an agency-wide information security program and report annually to the Director, Office of Management and Budget (OMB), and to the appropriate Congressional Oversight Committees on the adequacy and effectiveness of their information security policies, procedures, and practices. The Act also requires an annual independent evaluation of each federal agency's information security program and practices. OMB provides annual FISMA reporting instructions for agency Chief Information Officers (CIOs) and IGs to use while performing these assessments. Within the IC, each OIG is responsible for conducting the independent evaluation required by FISMA and providing its evaluation to the Associate Director of National Intelligence and the CIO for consolidated reporting to OMB. The NRO OIG FISMA evaluation is a year-round effort that incorporates the monitoring of NRO information technology initiatives, and audits of related information technology functional areas and systems that contribute to the overall annual evaluation. The independent public accounting firm of PricewaterhouseCoopers assists the OIG in performing these evaluations.

(U) Reason for Audit

(U) The accomplishment of this audit is required by federal statute.

(U) Objective

- (U) The objective of these legislatively mandated annual evaluations is to provide an independent assessment of the NRO compliance with the requirements set forth under FISMA and the OMB guidance that implements it.
- (U) Audit of Incident Detection and Response (Planned for 3rd Quarter FY 2011)

(U) Background

(U//EQUO) The FISMA requires agencies to develop procedures for detecting, reporting, and responding to security incidents to mitigate associated risks before substantial damage is sustained. FISMA also requires agencies to notify and consult with the Federal Information Security Incident Center and, as appropriate, law enforcement agencies and relevant OIGs.

The NRO

The analysis showed that the NRO



(U) Reason for Audit

(U//FOUO) During the FY 2009 and FY 2010 FISMA evaluations, we found that the

(U) Objective

(U) The objective of this audit is to determine what actions have been taken to enhance the incident detection and response processes across the NRO. Specifically, we will determine

(U) Review of the Role and Function of the Chief Information Office (Planned for FY 2012)

(U) Background

(U#FOUO) In accordance with the Clinger-Cohen Act, the CIO is responsible for managing information resources by developing capital planning and investment strategies and by overseeing the acquisition activities for IT. The OIG Audit of the Mission and Office of the Chief Information Office conducted in fiscal year 2000 found that the NRO CIO was not in compliance with the Act's requirements. In particular, the CIO did not review the NRO planned IT investments prior to their incorporation in the Congressional Budget Justification Book. Also, the NRO had not implemented a system of accounts that track IT expenditures designed to assist the CIO in performing capital planning and investment control. Therefore, the NRO did not know what amount it spent on IT, and the CIO could not advise the DNRO on the most efficient and effective use of IT investments.

(U///FOUO) In 2008, the CIO was restructured as part of the ongoing NRO-wide transformation. The DNRO issued a memorandum of instruction to empower the CIO and stated that the establishment of an expanded enterprise-level OCIO was "crucial" to success. Also, the office was staffed with senior-level officials and deemed a mission enabling organization, reporting directly to the DNRO. In 2010, the DNRO established the Information Technology Executive Committee (ITEC) to provide leadership, direction, and guidance for all NRO IT, information assurance, and information management programs and activities to ensure their success.

(U/FOUO) Reason for Audit

(U) The CIO is actively pursuing improvements to the integrity and reliability of NRO IT overall. As a result, the CIO requested that we evaluate its successes and any remaining vulnerabilities.

(U) Objectives

- (U) The objectives of this review are to
- determine whether the CIO has the authorities, responsibilities, and resources necessary to carry out its mission;
- evaluate adherence to applicable regulations, statutes, standards, polices, and procedures; and
- determine if corrective actions have been implemented to address the weaknesses identified during the fiscal year 2000 audit.

(U//FOUO) Audit of NRO Alternate Data Processing and Business System Capabilities (Planned for 2012)

(U) Background

(U//FOO) According to FISMA, plans and procedures are necessary to ensure the continuity of operations for all information systems (IS) that support the operations and assets of an agency. Given the significant funds spent for major system acquisitions; it is critical to ensure the continued operations of data processing and supporting business systems in the event of a catastrophe. Depending on the degree of service continuity needed, choices for alternative facilities can range from an equipped site ready for immediate backup service to an unequipped site that will require additional time to establish operations. Further, various types of services can be prearranged with vendors, to include suppliers of computer hardware and telecommunications services.

(U//FOUO) Reason for Audit

(U//FOUO) Continuity of operations goes beyond maintenance of ground station operations. In the event of a catastrophe, continuity of operations must encompass how effectively IT is integrated enterprise-wide to allow recovery and continuation of NRO data processing and business systems relied upon for basic financial and contractual requirements that support NRO major system acquisitions. Ensuring the NRO is positioned to maintain continuity of operations for its IS is critical to the continued availability of data to support the intelligence community and the warfighter.

(U) Objective

(U) The objective of this survey is to determine whether the NRO has mechanisms in place and is positioned to ensure the continued availability of its data processing and business systems in the event of a catastrophe.

(U) Audit Peer Reviews

(U) Introduction

- (U) Government auditing standards require that audit organizations undergo an external peer review every three years. This review is designed to evaluate the audit organizations system of quality control and ensure that professional standards and qualifications are maintained. The review is conducted by an independent and qualified audit organization. During FY 2010, the NRO OlG under went an Audit Peer Review that was performed by the audit staffs of the National Security Agency (NSA) and Central Intelligence Agency (ClA).
- (U) In performing the review, the NSA/CIA external review team obtained an understanding of the system of quality control for the NRO's audit organization and tested compliance with the quality control policies and procedures. Federal audit organizations can receive a rating of pass, pass with deficiencies, or fail. In their report, issued on 12 August 2010, the NSA/CIA review team found that the NRO OIG audit quality control system was designed in accordance with GAS and was generally operating effectively to provide assurance that audit personnel were following established policies, procedures, and applicable auditing standards, resulting in a rating of "pass." the highest possible rating.
- (U) As part of a small community of IG staffs conducting audits of Intelligence Community activities, the NRO OIG participates in periodic peer reviews of audit organizations performing audits at NSA. National Geo-spatial Agency (NGA). Defense Intelligence Agency (DIA), US Southern Command (USSOCOM), and the CIA OIGs. In FY 2011, the NRO audit staff will conduct external peer reviews at the USSOCOM OIG and the CIA OIG.

(U) Peer Review of USSOCOM OIG Audit Staff (Planned for 1st Quarter FY 2011)

(U) Background

- (U) The Government Accountability Office (GAO) requires that each audit organization performing audits or attestation engagements establish a system of quality control, and have an external peer review at least once every three years. The Council of Inspectors General for Integrity and Efficiency (CIGIE) sets the scope, methodology, and schedule for the conduct of these reviews.
- (U) As part of a small community of IG staffs conducting audits of Intelligence Community activities, the NRO OIG participates in periodic peer reviews of audit organizations performing audits at NSA.NGA, DIA, USSOCOM, and CIA.

(U) Reason for Audit

(U) Besides the GAO and CIGIE requirements, the conduct of external peer reviews provides an opportunity for community collaboration and lessons learned to enhance the level and quality of IG support to the IC mission.

(U) Objectives

(U) The objectives of the external quality control review of the USSOCOM Audit Staff are to determine whether (1) the Audit Staff's internal quality control system is adequate, in place, and operating effectively: and (2) applicable policies, procedures, and auditing standards are being followed in its audit work. Specifically, we will evaluate the independence of the audit organization, established policies and procedures, the development of annual audit plans, the internal quality control program, compliance with auditing standards during audits, and compliance with established training requirements. Also, we will follow up on the last external quality control review.

(U) Peer Review of CIA OIG Audit Staff (Planned for 1st Quarter FY 2011)

(U) Background

- (U) The GAO requires that each audit organization performing audits or attestation engagements establish a system of quality control and have an external peer review at least once every three years. The CIGIE sets the scope, methodology, and schedule for the conduct of external peer reviews.
- (U) As part of a small community of IG staffs conducting audits of Intelligence Community activities, the NRO OIG participates in periodic peer reviews of audit organizations performing audits at NSA, NGA, DIA, USSOCOM, and CIA.

(U) Reason for Audit

(U) Besides the GAO and CIGIE requirements, the conduct of external peer reviews provides an opportunity for community collaboration and lessons learned to enhance the level and quality of IG support to the IC mission.

(U) Objectives

(U) The objectives of the external quality control review of the CIA OIG Audit Staff are to determine whether (1) the Audit Staff's internal quality control system is adequate. in place, and operating effectively; and (2) applicable policies, procedures, and auditing standards are being followed in its audit work. Specifically, we will evaluate the independence of the audit organization, established policies and procedures, the development of annual audit plans, the internal quality control program, compliance with auditing standards during audits, and compliance with established training requirements. Also, we will follow up on the last external quality control review.

(U) Field Office Audits

(U) Audit of the Disposition and Transfer of NRO Property (Planned for 1st Quarter FY 2011)

(U) Background

(SHTK) Business Plans and Operations (BPO)/Finance spends a great amount of time trying to account for property transferred to alternate locations or to other NRO contracts. BPO property management audits in 2008 and 2009 disclosed property being transferred to alternate locations without a documented audit trail, i.e., DD Forms 1149. There were also issues with the recent where where of program property was transferred to other NRO contracts as well as non-NRO contracts without proper documentation. Without proper tracking of property transfer and disposition the NRO is unable to ensure that it has properly accounted for its equipment and the associated value on NRO financial statements.

(U) Reason for Audit

(U) This audit will be performed to ensure that NRO program property is properly transferred, disposed of, accounted for, and represented on the NRO financial statements.

(U) Objective

(3) Property located in accordance with established procedures. The audit will be completed in three separate phases and will focus on property located in facilities. In particular, we will review (1) property property located in Program; (2) property from a terminated compartmented program; and (3) property located at Vandenburg Air Force Base.

(U) Audit of the Effectiveness of Quality Assurance Monitoring of Subcontractors (Planned for 3rd Quarter FY 2011)

(U) Background

(S//PK) Quality Assurance for parts to conform to contract requirements is an issue that has arisen in previous audits and through our walk-in reporting process. NRO in-plant representatives (NIPRs) are tasked with providing quality assurance through applicable tools, audits, analysis, and other techniques, and communicating any issues identified to the program manager in order to resolve them in a timely manner.

(U) Reason for Audit

(S//TK) In addition to schedule slips. NRO programs are at high risk.

The end result could be partial or total failure of a component or subsystem. We will look into the cause of these quality assurance issues to help prevent a costly failure that could result in an

(U) Objective

(U) The overall objective of this audit is to determine the effectiveness and efficiency of the NRO in monitoring quality assurance at major subcontractors. This includes a look at the NIPRs to determine their effectiveness and efficiency in providing timely feedback to the program managers. The focus of this audit will be on contractor locations.

(U) Audit of the NRO Management and Use of FFRDCs (Planned for FY 2012)

(U) Background

(U//FOUO) Federally funded research and development centers are unique independent nonprofit entities sponsored and funded by the U.S. government to meet specific long-term technical needs that cannot be met by any other single organization. FFRDCs work in the public interest and operate as strategic partners with their sponsoring government agencies to ensure the highest levels of objectivity and technical excellence. First established during World War II, there are currently more than 40 different FFRDCs funded by the government. The two largest FFRDCs supporting the NRO are Aerospace with 728 staff years of technical effort (STE) and MITRE with 78 STE.

(U) Reason for Audit

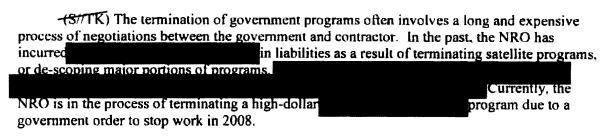
(U) The NRO has its most aggressive launch schedule in 25 years and relies heavily on the expertise of its FFRDCs to ensure success. In addition, both the DNRO and Congress have raised questions regarding the management, appropriate use, and value of FFRDCs at the NRO and across the Federal Government.

(U) Objective

(U//FOUO) The overall objective of this audit is to determine whether the FFRDC roles and responsibilities are aligned with the NRO's intent and stated objectives. Specifically, the audit will focus on the two largest FFRDCs supporting the NRO (Aerospace and MITRE) and determine whether they are (1) working within the realms of their statements of work; (2) performing tasks consistent with the FFRDC's stated purpose, mission, capabilities, and core competencies; (3) performing inherently governmental functions that should be performed by Government officials; and (4) performing work that commercial contractors could perform as effectively and less expensive under commercial contracts.

(U) Audit of the Termination of a Compartmented Program (Planned for FY 2012)

Background



(U) Reason for Audit

(3) The compartmented program was plagued by schedule slippages that resulted in program costs exponentially higher than those in the original proposal. Considering a previous Congressional inquiry into the condition of the program, the NRO could expect similar scrutiny of this program termination. Even though this program will have been terminated prior to this audit, there is the potential for recourse if any significant issues are discovered. There is also the potential for lessons learned for any future program terminations or reductions.

(U) Objective

(U) The overall objective of this audit is to determine whether the contract termination activity was properly managed, met management expectations, and resulted in the best value for the Government.

(U) Denver Field Office Audits

(U) Audit of ADF-C Ground Systems Life-Cycle Management (Planned for 3rd Quarter FY 2011)

(U) Background

(U) ADF-C manages ground systems integration processes for installations, modifications and upgrades, and the decommissioning of systems. The audit will initially focus on ADF-C involvement during development activities in accordance with the SIGINT Joint Site Integration Standards. The audit will review ADF-C participation in ground systems Life-cycle phases and readiness reviews and will assess the extent of standards compliance. The audit will select a sample of ground system deliveries/installations to the ADF-C and will determine the effectiveness of readiness reviews, engineering audits, and formal records of non-conformance.

(U) Reason for Audit

(U) Joint NRO-NSA inspections of NRO mission ground stations have periodically identified challenges regarding deliveries and installations of ground systems. At ADF-C, the the NRO must address the competing interests of power, floor space, and cooling requirements against the mission system needs for the NRO, the NSA, the NGA, and more recently, the DNI.

(U) Objective

(U) The objective of the audit is to determine whether ADF-C can effectively manage the ground systems development and integration processes for installations, modifications and upgrades, and decommissioning of systems.

(U) Audit of the NRO Out-Processing Procedures at Mission Ground Stations (Planned for 1st Quarter FY 2011)

(U) Background

(U//FOUO) Federal standards and policies for assessing and protecting federal information systems require that, upon termination of individual employment, organizations terminate information system access, conduct exit interviews, and retrieve all organizational information system-related property. Indications are that the NRO procedures for outprocessing differ between headquarters and ground station personnel.

(U) Reason for Audit

(U//FOUO) This audit is being performed in conjunction with the Audit of the NRO Outprocessing Procedures. This segement will focus on the outprocessing policies and procedures followed at NRO mission groundstations. We have divided this audit into two

distinct segements due to the differences in outprocessing of personnel assigned to headquarters and those assigned to the mission ground stations.

(U) Objective

(U) The objective of this audit is to determine the extent to which NRO out-processing procedures ensure that access to NRO facilities and information systems are rescinded after employee departure or transfer. Specifically, we will assess the (1) NRO process for communicating out-processing procedures to employees; (2) implementation and enforcement of out-processing procedures at the ground stations; and (3) potential risk of access to NRO facilities and information systems.

(U) Audit of NRO Resources Management for the NSA Mountain View Project (Planned for FY 2012)

(U) Background



(S) A final cost analysis was developed in 2008. This resulted in the best value/lowest cost decision to acquire land rights, hire an A&E firm, and contract with a developer for a "Build to Suit" and Leaseback arrangement. However, the arrangement fell apart due to requirements growth by NSA and the lack of flexibility on the part of the NRO to accommodate the changes. It was also impacted by the DNI Decision Document which left out O&M funding.

Les In 2009, the DNI agreed with the NRO position to terminate the NRO role as Executive Agent, in part due to significant requirements definition challenges and no Operations and Maintenance programmed for facility out-years. NRO was permitted to reprogram remaining unspent funds for contract termination, and the Eastern Processing Facility resolution. The DNI provided NSA a MILCON budget for development by Army Corps of Engineers of a facility that MUST be connected to ADF-C, on Buckley AFB. However, again, the DNI did not address facilities O&M, nor did NSA plan for it. Currently, the NSA plans to house about 750 personnel in the new facility including

(U) Reason for Audit

(STDMS&O is supporting O&M for the new facility (no further information). Currently. NRO lacks documentation of who is responsible for overseeing and protecting the NRO interest for such an endeavor.

(U) Objective

(U) The objective of this audit is to determine whether costs planned and programmed to support the NSA Mountain View Military Construction Project are consistent with appropriations law, NRO responsibilities, and the host tenant agreement.

(U) Audit of ADF-C Training Management (Planned for FY 2012)

(U) Background

(U) During the course of our FY 2010 Audit of Support to Others at ADF-C, the-ADF-C Director for Mission Support performed parallel assessments of ADF-C support for infrastructure, facilities, training, Human Resource, and other support costs. To avoid a duplication of effort, we eliminated those areas from our audit and focused solely on mission costs. The study conducted by the ADF-C found that training initiatives were not aligned with organizational equities and the benefits derived therefrom.

(U) Reason for Audit

(U) During our planning process, training management was presented as an issue of high concern by ADF-C management. ADF-C expends about an annually for contractor training support. Management believes that efficiencies exist that could result in significant savings or funds put to better use and requested that the IG assess ADF-C training programs.

(U) Objective

(U) The objective of this audit is to determine whether NRO training activities at ADF-C are appropriately managed to support ADF-C mission.

(U) INSPECTIONS

(U) Introduction

- (U) THE INSPECTIONS STAFF conducts inspections to assess how well a program or activity is working. The inspection process analyzes and evaluates programs and activities for the purpose of providing timely information to managers for decision-making; monitoring compliance; measuring performance; assessing efficiency and effectiveness; making value-added recommendations for improvements to programs, policies, or procedures; and sharing best practices. Our goal is to positively influence systemic changes and promote improved NRO mission success. NRO OIG inspections are performed by an experienced staff with diverse backgrounds including engineering, launch, mission operations, finance, program management, information technology, security, contracting, and human resources. A full explanation of the Inspection process is detailed in Appendix B.
- (U) Our planned FY 2011/2012 Inspections are divided into the areas of Mission Inspections, Mission Support Inspections, and Joint Inspections, which are conducted in conjunction with other members of the Intelligence Community. In addition, we will lead a Inspection Peer Review of the National Geospatial Intelligence Agency (NGA) OIG Inspections Staff. Our planned inspections are presented in their respective sections with accompanying information. If the pre-inspection phase is complete, the specific inspection objectives are also presented.

(U) Mission Inspections

(U) Inspection of NRO Program Protection Planning (Ongoing)

(U) Background

(U#FOUO) Program Protection Planning (PPP) is an acquisition and logistics managed process that identifies critical program elements, threats, and vulnerabilities throughout the systems life-cycle. An effective Program Protection Plan includes Critical Program Information (CPI), which represents elements critical to program success; a Counterintelligence Support Plan (CISP), which is developed to prevent the loss of CPI to foreign entities; and an Operations Security Plan (OPSEC), which educates the program population on potential threats.

(U) Reason for Inspection

(U//FOUO) The layering and integration of the selected protection requirements documented in a PPP provide for the integration and synchronization of protection activities. If there is a compromise of critical program elements, the results could include a significant degradation of mission effectiveness; a shortened expected combat-effective system life; reduced technological advantage; significantly altered program direction; or a strengthened adversary's ability to defeat, counter, copy, or reverse engineer the technology or capability.

(U) Objective

(U/FOUO) The overall objective of this inspection is to evaluate the NRO policies, procedures, and training mechanisms that support the management, accountability, and control of Program Protection Plans, Critical Program Information, Counterintelligence Support Plans, and tailored Operations Security Plans.

(U) Inspection of Ground Enterprise Directorate, (Ongoing)

(U) Background

(U#FOUO) The Ground Enterprise Directorate (GED), ensures the technical performance and quality of the ground enterprise baseline, from requirements definition to verification of requirements satisfaction and transition to operations.



(U) Inspection of the Office of Space Launch, NRO Cape Canaveral Operating Location (Planned for 3rd Quarter FY 2011)

(U) Background

(NRO Cape) is one of two sites responsible for supporting the launch base processing of all NRO space missions and other selected government-sponsored space programs. The OSL provides programs with a single point of contact to interface with the various support agencies at the launch base. During the process of NRO sponsored spacecraft missions, numerous facilities, support systems, and Aerospace Ground Equipment are used to support pre-launch and launch operations. The Cape is responsible for launch planning; manifesting NRO assets; and, is the focal point for NRO space launch systems planning, acquisition, integration, and operations. The Director, OSL serves as the NRO focal point to represent the integrated IC launch priorities.

(U) Reason for Inspection

(U#FOUO) As one of two launch facilities, the NRO Cape is critical to the NRO launch capability. The inspection will assess launch site facilities and services for the support of Atlas V and Delta IV launch vehicles.

(U) Inspection of the Systems Engineering Directorate, (Planned for FY 2012)

(U) Background

(U//FOUO) The Systems Engineering Directorate (SED) establishes overarching corporate policy and the minimum System Engineering standards with which all components conducting development activity must comply.

as well as publishing the NRO Enterprise Plan.

(U#FOUO) The SED has transformed many times in the last several years. In FY 2006, the OIG issued an observations memorandum instead of a full inspections report—largely because of a DNRO-directed re-organization in April 2006. At that time, we observed that the designated roles, responsibilities, and authorities for SED were vague and not clearly understood. Since that time, the organization has continued to undergo change. The OCA was specifically selected for inspection because of its key role it plays in accomplishing the SED mission.

(U) Inspection of the Special Communications Office (Planned for FY 2012)

(U) Background

(U/LFOUO) The DNRO established the Special Communications Office (SCO) on 1 October 2009 in order to champion effective, efficient, acquisition management and operations of the NRO Special Communications Program. Special Communications is defined as the relay

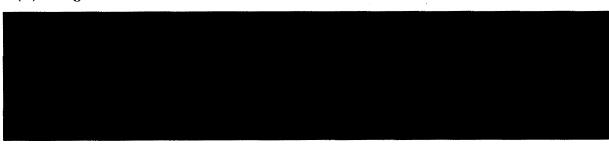
The SCO is tasked to ensure reliable and secure collection, processing, and dissemination of Special Communications essential for operational and US national security.

(U) Reason for Inspection

(U//FOUO) This is a newly centralized function that is extremely important to the NRO in its support especially in war-time. This new office has a key role in championing NRO Special Communications activities with its customers and the Director, SCO is the Chair of the National Special Communications Board. An inspection of the SCO will provide the NRO some level of confidence that the NRO's support to the warfighter and the IC is appropriate and effective.

(U) Inspection of the IMINT Directorate, (Planned for FY 2012)

(U) Background





(U) Mission Support Inspections

(U/FOUO) Central Intelligence Agency Inspection of the Directorate of Science and Technology, Office of Development and Engineering (Ongoing)

(U) Background

(U#FOUO) There were numerous staffing concerns identified during the 2009 Inspection of NRO Strategic Human Capital (SHC) including the fact that the CIA is not meeting the staffing requirements specified in the CIA/NRO Personnel Support Memorandum of Agreement. The SHC inspection found that the Directorate of Science and Technology, Office of Development and Engineering (DS&T/OD&E) was staffing NRO OD&E billets at a 75 percent fill rate as opposed to a rate commensurate with CIA, which was called for in the Memorandum of Agreement. Furthermore, the inspection noted that DS&T has placed an emphasis on hiring junior personnel in an effort to provide long-term staffing for both the CIA and NRO. However, the focus on exclusively hiring junior personnel does not benefit the NRO since a mix of junior and senior staff members is necessary to ensure mission success.

(U) Reason for Inspection

(U//FOUO) Based on the NRO OIG SHC Inspection results and the fact CIA OIG has never inspected the DS&T/OD&E, the CIA OIG (with support from the NRO OIG) is conducting an inspection of DS&T/OD&E. Inspection fieldwork (to include interviews, survey, and research) has been completed. A final report is anticipated in early FY 2011.

(U) Objectives

(U//FOUO) The overall objectives of the inspection are to assess OD&E's performance against its mission objectives, interaction with partners and customers, and determine effectiveness of its leadership and management. Inspection fieldwork (to include interviews, survey, and research) is completed. A final report is anticipated in early FY 2011.

(U) Inspection of NRO Emergency Management/Continuity of Operations (Ongoing)

(U) Background

(U) By direction of the Federal Continuity Directive 1 (FCD), in concert with the National Security Presidential Directive /NSPD 51, Homeland Security Presidential Directive/HSPD-20, all Federal agencies are required to establish and maintain a viable Continuity of Operations Program (COOP) to ensure its essential functions are continued across a spectrum of contingencies from localized acts of nature to the use of weapons of mass destruction affecting a geographical area.

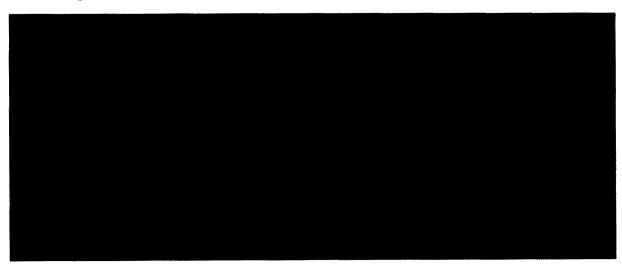


(U) Objectives

(U//POUO) The objectives of this inspection are to assess the overall status of NRO EM/COOP efforts. The IC-wide inspection focus is primarily on COOP, with specific objectives applied consistently by IC OIGs as they examine COOP within their respective organizations. IC-wide agreed upon objectives include (1) define COOP for their agency, (2) assess the sufficiency of agency-level COOP plans and compliance with external guidance, (3) determine if COOP training and exercises are sufficient, and (4) determine if COOP is a priority for their organization. The NRO OIG is also examining EM, through a limited scope follow-up review of the OIG Inspection of NRO's EM Process, as well as an examination of NRO Lessons Learned from the 2010 snow storms.

(U//FOUO) Inspection of the Mission Operations Directorate, (Planned for 1st Quarter FY 2011)

(U) Background



(U) Reason for Inspection			
communications in the critical mission of fulfilling all requirements for NRO communications in the communications and the surrounding vicinity. Counters are spread over more than locations throughout the state and include three commands (USAF Space Command, US Army Space Command, and US Northern Command). Compartment operations and all compartmented NRO, DoD, and commercial program communications requirements.			
(U) Due to physical proximity to the inspection team plans to also review communications-related activities while on-site at the one of the OlG conducted an Inspection of the old in 2009. The properties of the OlG annual risk assessment. However, because of limited resources, i.e., subject matter expert personnel assigned to other projects, the team was unable to evaluate communications-related activities at that time.			
(U) Inspection of the NRO (Planned for 1st Quarter FY 2011)			
(U) Background			
(U) Reason for Inspection			
(U) Reason for Inspection			
(U) Reason for Inspection			
(U) Reason for Inspection			

(U) Inspection of Mission Operations Directorate, Headquarters (Planned for 4th Quarter FY 2011)

(U) Background

pperational elements within MOD and was established as a result of the NRO realignment in Fiscal Year 2009. The NOG's mission statement is "one team delivering world-class information technology (IT) services around the globe around the clock." The primary responsibility is to provide secure, reliable communications and IT services to the IC and Department of Defense (DoD). The primary responsible for defending the NRO enterprise-wide networks.

annual budget of approximately while supporting a metwork that is critical to national and international mission partners. Specifically, NOG is comprised of approximately employees, supporting in excess of sites and mission partners on

(U) Reason for Inspection

(8) Since MOD

In addition, it is a relatively new organization—standing up in 2009. This inspection will aim to assist the organization in resolving any lingering issues from that reorganization. For instance, the 2009 re-alignment of field functions out of the Communications Directorate into MOL presents a potential risk. The COMM Directorate still houses the architecture and engineering efforts that support much of the activities were located in a single Directorate prior to the 2009 bifurcation. One area the inspection will examine is what (if any) positive or negative impacts re-alignments such as this have had on the organization.

(U) Inspection of Communications Systems Directorate, (Planned for FY 2012)

(U) Background

(S//FK) The Communications Systems (COMM) Directorate. Within divisions focused on managing the acquisition and engineering aspects of the NRO's Local Area Network (LAN)/Wide Area Network (LAN/WAN) architecture for the NRO. As a result of the 2009 NRO realignment, the operational segment of this function (i.e., the forward deployed COMM were moved to the Mission Operations Directorate (MOD)

LAN/WAN architecture across the NRO, functioning of these systems and the proper identification and migration to future systems is critical to both the mission essential functioning of the NRO and our support to mission partners. Additionally, the 2009 separation of the LAN/WAN development function (within COMM) and the operational function (within MOD

This inspection will be a natural follow-on to the OIG's inspection of MOD

in FY 2011.

(U) Inspection of the NRO Environmental and Safety Office (Planned for FY 2012)

(U) Background

(U) The Management Services and Operations (MS&O).

Environmental and Safety Office (ESO), like many offices within the NRO recently transformed itself. The adjustment of business lines was done to more effectively utilize staffing resources to accomplish its mandate to provide environmental, safety and fire protection expertise in support of the NRO mission. ESO expanded their traditional business lines of occupational safety and environmental compliance to include fire protection, life safety, environmental sustainability and energy efficiency. Key policy developments were established in a team effort with the NRO Environmental Safety Council (ESC). The ESC is composed of representatives from selected NRO Directorates and Offices and each major field Site. The ESC provides overall leadership for the NRO Environmental and Safety Program.

(U) Reason for Inspection

(U) Before the transformation of this office and function, the Inspection staff had consistently noted environmental and safety issues at many of the NRO Sites. A significant concern to the NRO management is the health and safety of NRO employees, as well as NRO facility environmental and fire protection compliance. Appropriate oversight and management attention to this critical function is paramount.

(U) Inspection of the Office of Security and Counterintelligence, Program Security Officers (Planned for FY 2012)

(U) Background

(U//EOUO) The Office of Security and Counterintelligence (OS&CI) matrixes program security officers (PSOs) to the various NRO Directorates and Offices to manage security for their respective programs and operations, and to serve as security professionals in support of the overall security posture for the NRO. PSOs provide contract, program, and personnel security support as well as liaison with the centralized services at the OS&CI.

(U) PSOs are the first line of protection within each program office. It is incumbent that PSOs perform consistently to support the overall security posture established for the entire NRO. A former Director, OS&CI had raised a concern that PSOs embedded in the Directorates and Offices were losing core competencies as security officers. Additional concerns centered on inconsistencies in the manner in which standards were applied in the performance of their duties. Some of the areas in which the inconsistencies may be occurring include incident reporting and support to competitive source selection.

(U) Special Review of NRO Facilities and Office Space Management (Planned for FY 2012)

(U) Background

-(S//TK//NF) On June 10, 2010, a Presidential Memorandum discussed the subject of disposing of unneeded Federal real estate. The memo stated that the Federal Government is the largest property owner and energy user in the U.S. Taxpayer dollars and energy resources are being wasted to maintain excess assets. To eliminate wasteful spending, save energy and water, and reduce greenhouse gas pollution, the President directed executive departments and agencies to accelerated efforts to identify and eliminate excess properties. Agencies shall also take immediate steps to make better use of remaining real property assets as measured by utilization and occupancy rates, annual operating cost, energy efficiency, and sustainability. Efforts should include the elimination of lease arrangements that are not cost effective and pursue consolidation opportunities.

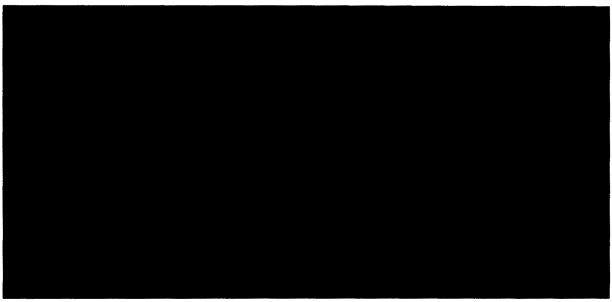
(U) Reason for Review

(U) The NRO is responsible for the contracts, maintenance, construction and operation of nearly buildings and facilities. This includes office buildings, testing labs, logistics warehouses, remote monitoring locations and mission ground stations. Also, the NRO is a contributing tenant to other government agencies; leases space for special programs and personnel; and provides facilities and office space for contractors and other government agency personnel supporting the NRO. Given the amount of locations, the NRO has significant costs to maintain the infrastructure. With the current state of the budget, the NRO should look for opportunities to consolidate resources.

(U) Joint Inspections

(U) Joint Inspection of the Aerospace Data Facility - Southwest (Planned for 4th Quarter FY 2011)

(U) Background

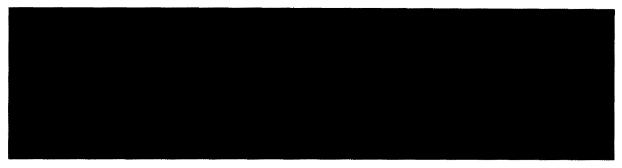


(U) Reason for Inspection

(U//FOUO) This inspection is a joint inspection with the NGA OIG. All inspections of NRO Ground Station are planned on a three-year inspection cycle, a policy adopted from the NSA and military Cryptological Services. As an operational component of the NRO, the ground stations are integrated with IC organizations, and provide an opportunity for our offices to collaboratively inspect the mission and operations of this critical national asset. We plan to revisit several areas of concern identified during our first inspection in FY2008. These areas include a lack of a cohesive training or continuity program in the the absence of a comprehensive out-year plan tied to future budget expectations, the lack of a comprehensive configuration management process for both information technology (IT) and facility requirements, and limited government oversight of contractor activities. Some of the general functional areas the Joint Inspection team will likely focus include Information Technology Systems, Facilities Management, Contracts, Budget, Security, Mission Operations, Labs, and Mission Systems.

(U) Joint Inspection of the Aerospace Data Facility-East (Planned for 3rd Quarter FY 2011)

(U) Background

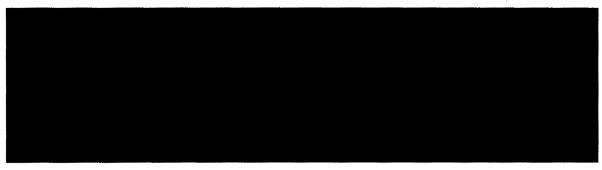


(U) Reason for Inspection

(S//TK//REL) As the operational component of the NRO, the ground stations are integrated with IC organization, providing an opportunity for the OlGs to collaboratively inspect the mission and operations of this critical national asset. The facility was previously inspected in July-August 2008. In that inspection, we identified several areas of concern that we will revisit as part of this joint NRO-NGA inspection. These include a shortage of government personnel, especially in the support areas of facility, security, and contracting. Consequently, there are concerns as to the sufficiency of government oversight of the contractor workforce; the lack of effective planning and executing of a preventive maintenance program; non-compliance with applicable safety codes; an ineffective environmental, health and safety program; and the lack of a comprehensive configuration management program. Some of the general functional areas the Joint Inspection team will potentially focus on include Information Technology Systems, Facilities Management, Contracts, Budget, Security, Mission Operations, Labs, and Mission Systems.

(U) Joint Inspection of the Aerospace Data Facility-Colorado, NSA-Colorado and NGA IOC-Colorado (Planned for FY 2012)

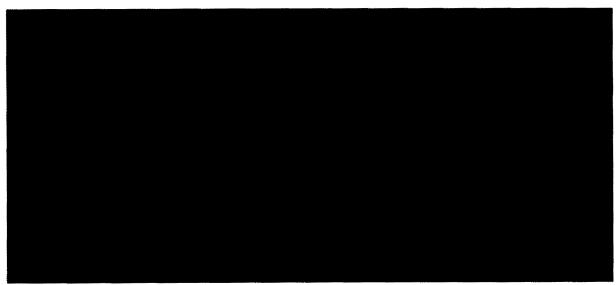
(U) Background



CS/FK/REL) The inspection will be conducted under the Joint Cryptological Inspection Program. The Joint Inspection Team will consist of representatives from the NRO, NSA, NGA, Central Intelligence Agency, US Air Force Intelligence Surveillance Reconnaissance Agency, US Army Intelligence and Security Command, and the US Naval Network Warfare Command. As an operational component of the NRO, the ground stations are integrated with IC organizations and foreign partners, providing an opportunity for the Offices of Inspectors General to collaboratively inspect the mission and operations of this critical national asset. This inspection is on a three-year inspection cycle and ADF-C was last inspected in Fiscal Year 2009. Some of the general functional areas that the inspection team is likely to examine include Information Technology Systems, Facilities Management, Contracts, Budget/Finance, Security, Mission Operations, Labs and Mission Systems.

(U) Joint Inspection of the Property 2012) (Planned for

(U) Background



(U) Reason for Inspection

(U//FOUO) The NRO OIG will lead the inspection in support of the Joint Cryptologic Inspection Program. The OIG inspection team will consist of representatives from the NRO, NSA, CIA, AF Intelligence Surveillance Reconnaissance Agency, US Army Intelligence and Security Command, and the US Naval Security Group Command. As an operational component of the NRO, the ground stations are integrated with IC organizations and foreign partners, providing an opportunity for the Offices of Inspectors General to collaboratively inspect the mission and operations of this critical national asset. The last Joint Inspection occurred in June 2009. Some of the general functional areas the joint inspection team is likely to examine include

NRO APPROVED FOR RELEASE 9/29/2017

F12-0103 Doc#5

Mission Operations and Mission Systems, Information Technology Systems, Facilities Management, Contracts, Budget, Labs, Property Management, and Security.

(U) Inspection Peer Review

(U//FOUO) Joint Peer Review of the NGA Office of Inspector General, Inspection Staff (Planned for 3rd Quarter FY 2011)

(U) Background

(U/LEOUT) The NRO OIG Inspection Staff will lead the Peer Review of the NGA OIG Inspection Staff. The Peer Review will evaluate the NGA internal inspection quality control system to determine whether policies and procedures related to the CIGIE professional standards are suitably designed and effectively applied. The Peer Review will include an examination of NGA IG inspection reports. inspection working papers and other necessary documentation such as Certified Professional Education records.

(U) Reason for Review

(U/FOUT) The Assistant Inspector General for the NGA OIG, Inspection Staff, requested that the NRO OIG lead a community-wide peer review of his mission and functions to determine compliance with professional inspection standards. This will enable the NGA OIG to receive feedback on its work products and obtain validation of its work processes. The review itself can help NGA withstand challenges to its independence, objectivity, and credibility. The NRO OIG Inspection Peer Review members, along with other IC IG participants, will benefit from being exposed to varying approaches for conducting inspection work. They, in turn, can share this information within their own units, potentially leading to more robust inspection approaches across the Inspector General community.

(U) REVIEW AND VALIDATION PROGRAM REVIEWS

(U) The OIG Review and Validation (R&V) Program was established for the purpose of reviewing the status and effectiveness of the actions taken by NRO Directorates & Offices to implement OIG report recommendations. The R&V Program provides increased attention on longstanding open recommendations by evaluating progress to date and assessing continued relevance. This program will also include follow-up reviews to determine what corrective actions were taken to close prior OIG recommendations, how this benefited the NRO, and whether the corrective actions are sustained and remain effective over time. These follow-up reviews will be conducted by the R&V Program Manager along with members of the audit and inspection staffs as needed on a project by project basis.

(U) The follow-up reviews planned for FY 2011/2012 are presented below with accompanying background information.

(U) Follow-up Review of NRO Debriefing Process for Compartmented Programs (Planned for 1st Quarter FY 2011)

(C) In the March 2003 Audit of NRO Special Access Compartments, the OIG reported that employees are not always debriefed from compartmented programs prior to departing the NRO. The purpose of the debriefing is to remind individuals of their life-long responsibility to protect Compartmented classified information and hold the employee legally accountable for the inappropriate disclosure of such information.

(U//FOUO) The OIG report recommended that the Director/Office of Security and Counterintelligence (OS&CI):

- (U//FOUO) develop and implement an automated check-out process that will
 electronically disseminate information regarding the change in employee status to all
 applicable offices, including the Program Security Officer (PSO); and
- (U//EQUO) publish guidance that establishes responsibilities and assigns accountability for completing the process.

(U) Corrective Actions Taken

(U) This recommendation was closed in December 2003 with the deployment of the

(U) Objective

(U#FOUO) The objective of this review is to assess the progress and effectiveness of actions taken by the NRO to address previously reported concerns related to Compartmented Program debriefings.

(U) Follow-up Review of the Tool Development and Transition to NRO Users (Planned for 3rd Quarter FY 2011)

- (U) In October 2008, the OIG issued an inspection report entitled NRO User Engagement. This report defined "user engagement" as any interaction with a user in support of such activities as requirements and capability needs gathering, capability solutions, briefings, tactical engineering, site visits, exercise support, education and training, and conferences. The NRO user engagement strategy is critical to the NRO providing timely and effective responses to operators, analysts and decision-makers in the intelligence, defense, homeland security, law enforcement and civil communities.
- (U) According to the inspection report, the Deputy Director for Mission Support (DDMS), now the Director of Mission Support Directorate (MSD), was not fully endorsed or equipped as the enterprise integrator for NRO user engagement. The report also included concerns with the development and transition of user engagement tools stating that:
 - the NRO lacks a comprehensive process and system to prioritize tool capability needs.
 - capability needs originate from multiple and diverse sources and are not corporately
 prioritized to preclude duplication of effort and unnecessary expenditures, and
 - tool transitioning to the user is hampered by a lack of budget for installation, training, maintenance, and product performance feedback.
- (U) The report recommended that the DDMS (now the Director of MSD), in conjunction with Chief Operating Officer (COO) and Director of Systems Engineering, design a plan to address tool prioritization, development, and transition.

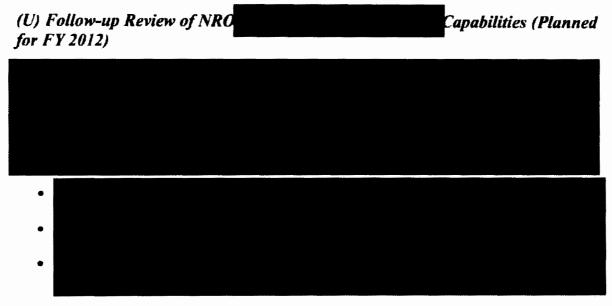
(U) Corrective Actions Taken

- (U)Although this recommendation remains open, status updates provided to our office indicate that much progress has been made. For example:
 - the NRO has developed and provided select NRO Field Reps with a "beta" version of a searchable database of NRO capabilities that are currently available or in development and plans to provide online access to this NRO Capabilities Catalog in the future via JWICS.

 - NGA and NSA senior mission partner representatives have been assigned as MSD deputy directors, and
 - the has successfully transitioned NRO products and technology to users.

(U) Objective

(U//FOUO) This follow-up review will assess the progress and effectiveness of actions taken by MSD to address the tool development and transition concerns identified in the UE inspection.



(U) Since the issuance of the report, the CIO has taken ownership of all three of the open recommendations.

(U) Objective

(U//FOUO) The objective of the review is to assess the NRO progress to implement corrective actions to address previously reported concerns with the NRO capabilities.

(U) Follow-up Review of NRO Portable Electronic Device Inspection (Planned for FY 2012)

(8#/NF) In July 2010, the OIG issued an inspection report, Portable Electronic Devices (PEDs), which cited gaps and deficiencies with NRO PED related policies, confusion regarding roles and responsibilities, and gaps in NRO workforce knowledge and execution of the policies. These problems existed primarily because no single entity was in charge of the activities necessary to protect the NRO from potential vulnerabilities associated with the introduction of PEDs into NRO facilities.

(U) The report recommended that the DNRO first take action to establish an enterprisewide PED program. The report included additional recommendations and considerations to be addressed by the office designated by the DNRO to manage the PED program.

(U) Corrective Actions Taken

(U/ÆOUO) The DNRO established a PEDs Integrated Project Team (IPT) to address recommendations contained in the report and to establish a way ahead for both personal and government-owned PEDs at the NRO. This IPT briefs the DNRO regularly on their progress and has updated the NRO's policy for PEDs.

(U) Objective

(U//FOUO) This review will assess the NRO progress in implementing corrective actions to address reported concerns with the management of PEDs at NRO facilities.

(U) Follow-up Review of NRO Oversight of Subcontractors (Planned for FY 2012)

(U/#FOUO) Overall, the audit of the NRO Oversight of Subcontractors, issued in July 2008, found that the NRO had not established effective oversight to ensure that its prime contractors are properly managing subcontractor performance, cost, and schedule. The report included the following five recommendations to improve subcontractor oversight and meet performance objectives.

- (U//FOUO) Chief Operating Officer (COO) in coordination with the Director, Business Plans and Operations (BPO) Office of Contracts (OC). In accordance with the new NRO acquisition framework, develop, implement, and communicate acquisition subcontract oversight authorities, responsibilities, internal controls, and monitoring and reporting requirements.
- (U//FOUO) COO in coordination with the Director, BPO/OC and Office of General Counsel. In accordance with the new NRO acquisition framework, increase NRO program awareness and accountability for subcontract oversight, particularly privity of contract.
- (U/#FOUO) Director, BPO/OC in coordination with the COO. In accordance with the new NRO acquisition framework, develop and implement instructions for program offices to communicate and document program specific NIPR roles and responsibilities.
- 4. (U//FOUO) Director, BPO/OC. Develop and implement internal control procedures for contracting officers to evaluate pertinent FAR 44.2 considerations as part of the subcontract consent decision. Include periodic monitoring procedures to ensure proper documentation of subcontract consent threshold, analysis, and decisions.
- 5. (U//FOUO) Director, BPO/OC in coordination with the COO. Develop and implement responsibilities for review and assessment of the prime contractor and subcontractor's Contractor Purchasing System Reviews. Consider performing a cost-benefit analysis of an incrementally increasing DCMA role in NRO programs.

NRO APPROVED FOR RELEASE 9/29/2017

(U) Corrective Actions Taken

(U//FOUO) Since the issuance of this report, the NRO Chief Operating Officer (COO) position has been eliminated and the Office of Contacts is an independent Corporate Office. However, both recommendations for the COO as well as the fourth recommendation shown above have been closed based upon the issuance of CBP-10 in April 2009, the Subcontracts Guide in September 2009, and modifications to the OC Compliance Review Checklist.

(U) Objective

(U//FOUO) The objective of this follow-up review is to assess the progress and effectiveness of actions taken to implement the recommendations contained in the OIG report.

(U) INTEGRITY

(U) Introduction

(U#FOUO) The NRO leadership requires the highest personal integrity of both government and contractor employees. Accordingly, integrity needs to be reflected in all of our actions, whether within the organization or with our IC partners. It is the responsibility of every employee to adhere to the NRO standards of integrity and ethical behavior, and to its policies and procedures. A commitment to the highest standards of ethical conduct is fundamental to the success of the NRO.

(U) OIG Investigations (Ongoing)

(U//FOUO) The OIG efforts for ensuring individual accountability for serious breaches of integrity are the primary responsibility of the investigation staff. OIG investigates allegations of crime and other serious misconduct, by both the NRO workforce and by employees of companies under contract to the NRO. These OIG investigations ensure individual accountability and that the NRO is reimbursed on those occasions when it has been harmed by the malicious actions of an employee or company. Further, investigations provide senior managers with actionable information on critical administrative issues identified during the investigation that can further protect the NRO from future harm.

(U//FOUT) Regular communication with the NRO population, such as Messages from the IG and educational videos, ensure employee awareness of schemes and incidents that adversely affect NRO programs. These communications have a strong deterrent and prevention effect. In addition, investigators continue to perform monthly liaison visits with strategic mission partners who are in positions to best observe indicators of frauds affecting NRO contracts. This focused liaison effort allows investigators to develop better sources of information from both government and contractor employees who can provide the information confidentially.

(U) Office of Inspector General Procurement Fraud Initiative (Ongoing)

- (U) The NRO OIG's Procurement Fraud Initiative (PFI) Program continues to be touted as a "best practice" throughout the IG community. We constantly strive to identify innovative ways to protect the NRO's procurement process against fraud and promote an organizational culture that encourages ethical conduct and compliance with the law. The PFI program uses a multifaceted approach focused on the following areas:
 - NRO workforce educational and awareness training
 - proactive forensic analyses
 - procurement fraud red flags database
 - · partnerships with external organizations
 - soliciting procurement fraud vulnerabilities during OIG projects

(U) Within the next year, in order to continuously improve the PFI, we will mature certain aspects identified above and refocus some of our activities in order to further refine our procurement fraud detection efforts. In addition, we plan to perform a procurement fraud risk assessment focused on the specific procurement fraud schemes to which the NRO is most vulnerable. We plan to use this assessment within the OIG to better target our testing of internal controls to help prevent and detect procurement fraud. In addition, other NRO personnel will be able to use this assessment to help them develop acquisitions that are less vulnerable to fraudulent acts.

(U) NRO Workforce Educational and Awareness Fraud Training

(U) The OIG continues to focus attention on improving the ability of the NRO workforce to identify the "Red Flags" of procurement fraud through a variety of enterprise-wide training venues. Our office continues to sponsor a course entitled *Procurement Fraud in the NRO Case Studies*, which provides insight into various types of procurement fraud schemes that have occurred within the NRO. This course is offered quarterly through the Acquisition Center of Excellence. We also provide tailored briefings to offices that are most likely to observe indicators of fraud, publish "Messages from the IG," and have initiated a 12-month electronic digital signage campaign designed to elevate procurement fraud awareness in the workforce.

(U) Proactive Forensic Analysis

(U) In addition to incorporating NRO-specific procurement fraud vulnerability assessment questions and detection steps in our audits and inspections, we will continue to enhance our formal data forensic program that began in FY 2009. This program, which augments our current detection and investigative procurement fraud capabilities, will work to identify procurement fraud indicators through analysis of NRO acquisition and financial data. To accomplish this, we will analyze this data using software tools such as *Audit Control Lunguage* (ACL) and fraud detection methodologies such as *Benford's Law Theorem*.

(U) Procurement Fraud

(U) Over the last five years, the OIG has
this information in their planned and ongoing work. This year, we will work to refine this
so that our office can more effectively utilize this information. For

(U) Our Partnerships with External Organizations

- (U) We maintain an effective procurement fraud referral program with other federal government organizations. We regularly interact with the IG community, government agencies, and law enforcement through government-wide procurement fraud working groups and the Department of Justice (DOJ) National Procurement Fraud Task Force (NPFTF).
- (U) We also work with NRO corporate partners to in order to detect and prevent procurement fraud in NRO acquisitions and operations. We have forged constructive working relationships with our major contractor ethics and compliance officers in support of their self-reporting requirements under the "Close the Contractor Fraud Loophole Act¹." In addition, for the past five years we have hosted an annual OIG Ethics and Compliance Officers Conference, gathering together ethics officials from our corporate partners. This event provides a venue for open discussion of fraud-related trends and encourages the sharing of best practices and collaborative efforts.
- (U) The IG and OIG management and staff continue to be actively involved in both the national and local chapters of the Association of Inspectors General (AIG) and the Association of Certified Fraud Examiners (ACFE). These organizations provide comprehensive training and professional certification opportunities in OIG core disciplines.

(U) NRO Procurement Fraud Risk Assessment

(U) Procurement is one of the primary functions performed by the NRO. In addition, the acquisition environment within which the NRO operates places it at risk of certain types of procurement fraud schemes. We will perform a vulnerability/risk assessment of the NRO's contracting and acquisition profile to assess the most likely procurement fraud schemes to which we are susceptible. Our intent is to craft this assessment so that it will be useful both inside the OlG and throughout the NRO. This assessment will be used by all OlG staffs to assist them in testing internal controls for the purposes of preventing and detecting procurement fraud in the NRO. In addition, other NRO personnel, including Program Managers. COTRs, Budget Officers, and Contracting Officers will be able to use this assessment to help them develop NRO acquisitions that are less vulnerable to fraudulent acts. As part of this analysis, we will consider our investigative case trends, audit and inspection reports, information from DCAA, and the NRO contract makeup and acquisition environment.

¹ (U) The "Close the Contractor Fraud Loophole Act" legislation was inspired by NRO contract clause N52.203-001, the NRO Inspector General and the NRO Hotline. It directs that the Federal Acquisition Regulation be amended to require contractors to notify the government whenever they become aware of a material contract overpayment or fraud in connection with the award or performance of federal contracts or subcontracts over \$5 million. There are no exemptions for oversees or commercial-type contracts.



APPENDIX A: AUDIT PROCESS

(U) What to Expect When Audited

(U) All audits follow a well-defined process that includes the announcement of the audit work, entrance conference, fieldwork, exit conference, and audit follow-up of the implementation of recommendations. Each step is discussed below.

(U) Announcement Letter

(U) Prior to the start an audit, the OIG forwards an announcement letter to the NRO leadership and the organization or activity being audited. The letter describes the origin of the audit (i.e., OIG annual work plan, NRO leadership or congressional request) and includes the audit objectives and scope. The letter also identifies an OIG Auditor-In-Charge, who is responsible for conducting the audit, and offers a link to the OIG Hot Link site to provide an anonymous communication or information pertaining to the audit.

(U) Entrance Conference

(U) After the issuance of the announcement letter, the OIG audit team holds a formal meeting, referred to as the *entrance conference*, with the responsible officials for the audited operations or functions. At the meeting, the auditors introduce the audit team and explain the origin of the audit, audit objectives, scope and methodology, audit processes, and the audit schedule. NRO Officials should identify key personnel with whom the audit team should meet and provide initial information to help the auditors further define the audit's scope and approach. NRO Officials may also discuss and agree to arrangements for providing auditor access to information and documents responsive to the audit objectives and scope. The entrance conference is the forum for addressing concerns or introducing additional areas that management may want the OIG to include in the audit.

(U) Fieldwork

- (U) Audit fieldwork may be in two stages: survey phase and/or execution phase.
- (U) Survey Phase: Initial audit fieldwork may include a defined survey phase in order to refine the audit objectives or determine if there is sufficient benefit to conducting the audit. In this phase, the audit team would obtain preliminary information and documentation on the program, activity, or function. The audit team may perform initial tests to verify and validate the audit objectives, scope, and methodology, and to identify focus areas for the auditors' efforts. At the conclusion of the survey phase, the audit team will determine whether sufficient benefits exist to continue audit work. If sufficient benefit does not exist, the OIG would inform the responsible officials, in writing, that audit work is completed and the reasons for concluding audit work. The OIG may issue a survey report to inform NRO leadership of any findings or observations that may be helpful. Should more in-depth audit work be needed, the audit team would recommend



to the IG and notify the responsible officials that the audit is transitioning to the *audit* execution phase.

(U) Execution Phase: The detailed audit work would occur during this phase. The auditors conduct extensive interviews, review documents and records, analyze and test the implementation and the effectiveness and efficiency of policies, processes, internal controls, information systems controls, and financial controls to determine whether programs and systems are functioning as intended. Throughout this phase, the auditors begin to develop findings and recommendations, and communicate the ongoing audit status with the responsible officials.

(U) Communicating Audit Status and Findings

- (U) The OIG periodically updates NRO leadership and key program officials on the status of the audit and potential findings. If time sensitive issues are identified during the audit, we will immediately inform the responsible officials so they may take appropriate action. Official methods for communicating findings to NRO leadership and officials involved in the audit include the following methods as well as periodic briefings.
 - (U) Exit Conference: When work is completed, the IG holds a formal exit conference with the responsible officials who participated in the audit. The purpose of the conference is to verify and validate that the critical facts and key information used to formulate findings are current, correct, and complete. The audit team will also discuss findings, conclusions, and recommendations. The auditors' recommendations should flow logically from the findings and conclusions and should be directed at resolving the cause of the problem. The conference provides officials the opportunity to discuss actions needed to address the audit results and to provide additional information.

 Management should also offer alternative recommendations should they feel that they more appropriately address the audit findings. If the responsible officials were able to address the audit results before the exit conference, the OIG may include those actions in the draft report.
 - (U) Draft Audit Report and Management Comments: After considering any comments and concerns raised at the exit conference, the audit team prepares a draft report. Concurrently, the audit staff provides an independent quality assurance review and cross-reference check to ensure that all information in the draft report is accurate and complete. The audit team forwards the document to the IG who issues the draft report to the responsible officials for review and comment. The responsible officials have 15 business days to provide their official comments addressing their concurrence or non-concurrence with the findings and recommendations. Any concerns over the facts presented in the draft report should be brought to the attention of the auditor before providing any formal comments so that the concerns can be addressed. Should management non-concur with a recommendation, the responsible officials are expected to include the reason and propose an alternative solution. The responsible official's comments should be properly classified as they are included in their entirety in the final audit report.

(U) Final Report: After reviewing the official response to the draft report, the OIG incorporates the comments into the executive summary and body of the report as appropriate. The responsible official's comments will appear in their entirety in the report appendix. Should the responsible official non-concur with a finding or recommendation, the OIG makes every reasonable effort to resolve the non-concurrence prior to issuing the final report. Any disagreements that cannot be resolved must be elevated to the DNRO for resolution. Upon release, the OIG forwards the report to NRO leadership, and in most instances, makes it available to the NRO workforce via the NRO OIG website.

(U) Audit Follow-Up

(U) NRO officials are accountable and responsible for implementing the corrective actions they have agreed to undertake in the timeframe they agreed to in response to the audit report. For the OIG to close a recommendation, we rely on NRO officials providing documentation demonstrating the implementation of the recommendations. Management is requested to submit an implementation plan and anticipated completion date 30 business days after the final report is issued. The OIG Follow-Up Administrator generally queries the responsible office every 90 days for a status update. The implementation plan remains open until it has been determined that management's actions have satisfied the intent of the OIG recommendations.

APPENDIX B: INSPECTION PROCESS

(U) What to Expect When Inspected

(U) OIG inspections are conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency and the Executive Council on Integrity and Efficiency Quality Standards. Although every unit or topic inspection is unique, the process is similar and typically consists of the Announcement Letter; Pre-Inspection Phase: Inspection In-Brief; Inspection Phase (Fieldwork); Technical Accuracy Review; Inspection Out-Brief and Issuance of Draft Report; Formal Comments Meeting; Final Inspection Report; and Inspection Follow-Up. A brief description of each step follows.

(U) Announcement Letter

(U) The OIG announces the commencement of the inspection through the issuance of the announcement letter. The letter includes the title of the inspection effort and project number and describes the overall inspection objectives and the planned start date. The letter is issued to NRO senior leadership and management officials responsible for the specific unit or topic area. The announcement letter is also issued to the NRO population in order to solicit input and to provide an anonymous communication mechanism through the use of the OIG Hot Link.

(U) Pre-Inspection Phase

(U) During the pre-inspection phase, the inspection team obtains background information and conducts research on the program, activity, or function. In addition, the team performs initial testing procedures to identify potential vulnerability areas or best practices on which they may focus their inspection efforts. Further, the team coordinates with other inspection, audit, and investigative entities, as well as those organizations that could be affected by our activity or that could provide additional insight into the efficiency and effectiveness of the specific unit or topic area process. If management has requested the inspection, during this phase, the inspection team will discuss management's concerns and consider their issues in the design of the inspection. At the completion of the pre-inspection phase, the inspection team performs a risk assessment analysis focused on producing a detailed inspection plan with specific, focused inspection objectives.

Inspection In-Brief

(U) This briefing serves as the official start of the inspection phase and provides information on the specific objectives, scope, methodology, and tentative schedule for the inspection. The briefing is presented to those management officials responsible for the specific unit or topic area by the designated lead inspector.

Inspection Phase

(U) The inspection phase, or fieldwork phase, is the collection of information and data focused on the organization, program, activity, or function being inspected. The inspection

phase requires the cooperation of responsible personnel to answer questions; provide access to original records, documentation, and files; and prepare information requested by the inspection team. Effective communication throughout the process allows management officials the opportunity to address issues and problems when identified. At the completion of the inspection phase, the team finalizes their findings and recommendations, observations and considerations, and commendable practices and crafts the draft inspection report.

(U) Technical Accuracy Review

(U) Prior to finalization, an "advanced copy" of the draft inspection report, is provided to the responsible management officials for a technical accuracy review. A technical accuracy review entails a review of terms, references, dates, figures, etc. for the purpose of ensuring that the inspection team accurately captured and correctly stated the business unit's terminology and information utilized throughout the report. The responsible management officials are typically provided three business days to complete the technical accuracy review. The review does not entail obtaining management's concurrence or non-concurrence with the findings and recommendations which are obtained later in the inspection process.

(U) Inspection Out-brief and Issuance of the Draft Report

(U) At the inspection out-brief, the lead inspector presents a formal briefing to the management officials responsible for the specific unit or topic area. The out-brief officially ends the inspection phase by presenting the inspection conclusions in the form of findings and recommendations, observations and considerations, and commendable practices.

Also, management officials are provided information on the upcoming formal comments meeting, the timeline for written management comments (normally due within 15 business days) as well as the formal OIG follow-up process. After the out-brief, a copy of the draft report is electronically forwarded to the appropriate management officials or their designated point(s) of contact. The draft inspection report includes the background, objectives, scope, methodology, and inspection results. Substantiated corrective actions already taken by management are also included. The OIG Follow-Up Administrator enters the report data into the NRO Tracking Information and Enterprise Response (TIER) database, along with the 15 business-day response due date.

(U) Formal Comments Meeting

(U) Prior to receiving the written management comments, the OIG meets with the management of the inspected entity to discuss their planned response to the draft report. This allows for an open forum to discuss the reasons for any non-concurrences and to explore alternative solutions.

(U) Final Inspection Report

(U) After carefully analyzing management's response to the draft inspection report, the inspection team incorporates management's response into the body of the report and includes the

full text of the reply in an appendix of the report. The final inspection report is subsequently released to NRO senior leadership and to the management of the entity inspected. Generally, inspection reports are available to the NRO workforce via the NRO OIG website.

(U) Inspection Follow-Up

(U) Follow-up is performed by the OIG to ensure that inspection recommendations, agreed to by management, are implemented. Management is requested to submit an implementation plan and anticipated completion date 30 business days after the final report is issued. The OIG Follow-Up Administrator generally queries the responsible office every 90 days for a status update. The implementation plan remains open until it has been determined that management's actions have satisfied the intent of the OIG recommendations.



NATIONAL RECONNAISSANCE OFFICE

Office of Inspector General 14675 Lee Road Chantilly, VA 20151-1715



31 October 2011

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: (U) Office of Inspector General Annual Work Plan

- (U) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) Annual Work Plan for Fiscal Years (FY) 2012/2013 is attached. It provides descriptions and schedules of ongoing and planned audits and inspections for the upcoming two-year period, including those audits required by law. The plan also introduces our new Ethics and Integrity Program, which emphasizes values-based acquisition decision-making as we continue to achieve and sustain mission excellence.
- (U) We employed a work planning process to select those topics that would ensure comprehensive oversight of NRO programs and operations. In exercising our discretionary authority to select topics for our reviews, we reflected concerns and/or challenges identified by NRO leadership and the Congress. We also included topics that came to our attention during the course of our FY 2011 audits, inspections, and investigations.
- (U) The attached work plan is the OIG roadmap for addressing critical issues and challenges the NRO is facing today. Because of the dynamic environment in which the NRO operates, we may add to, delete from, or modify the plan to ensure that we remain focused on topics that are most relevant to the mission of the NRO.
- free to contact me on my Deputy, (secure) on (secure) (se

Lanie D'Alessandro Inspector General

Attachment:

(U) NRO OIG Annual Work Plan (TS//SI/TK//NF)

SUBJECT: (U) Office of Inspector General Annual Work Plan

INTERNAL DISTRIBUTION:

Director, National Reconnaissance Office

Principal Deputy Director, National Reconnaissance Office

Deputy Director, National Reconnaissance Office

Senior Enlisted Advisor/AF Command Chief

Director, Advanced Systems and Technology Directorate

Director, Business Plans and Operations

Director, Communications Systems Directorate

Director, Ground Enterprise Directorate

Director, Imagery Intelligence Systems Acquisition Directorate

Director, Management Services and Operations

Director, Mission Operations Directorate

Director, Mission Support Directorate

Director, Signals Intelligence Systems Acquisition Directorate

Director, Systems Engineering Directorate

Director, Office of Space Launch

Director, Special Communications Office

Chief Information Officer

Director, Office of Contracts

Director, Office of Equal Employment Opportunity and Diversity Management

General Counsel

Director, Office of Policy and Strategy

Director, Office of Security and Counterintelligence

Director, Office of Strategic Communications

Director, Office of Strategic Human Capital

OIG Library

OIG Chron

EXTERNAL DISTRIBUTION:

Assistant to the Secretary of Defense (Intelligence Oversight)

Inspector General, Department of Defense

Inspector General, Office of the Director of National Intelligence

Inspector General, Central Intelligence Agency

Inspector General, Defense Intelligence Agency

Inspector General, National Security Agency

Inspector General, National Geospatial-Intelligence Agency

Office of Management and Budget; National Security Division;

Chief of Command, Control, Communication, Computers and Intelligence

Director, Field Detachment, Defense Contract Audit Agency

Chairman and Ranking Member, Senate Select Committee on Intelligence

Chairman and Ranking Member, House Permanent Select Committee on Intelligence

Chairman and Ranking Member, Senate Appropriations Committee, Subcommittee on Defense

Chairman and Ranking Member, House Appropriations Committee, Subcommittee on Defense

Chairman and Ranking Member, Committee on Armed Services, United States Senate

Chairman and Ranking Member, Committee on Armed Services, United States House of Representatives

TABLE OF CONTENTS

(L	J) INTRODUCTION	1
(L	J) NRO OIG ROADMAP OF FY 2012 AUDITS AND INSPECTIONS	2
(L	J) ANTICIPATED FY 2013 AUDITS AND INSPECTIONS	3
(L	J) AUDITS	4
(L	J) ACQUISITION AUDITS	5
	(U) Audit of Science and Technology Portfolio (Ongoing)	5
	(U) Audit of NRO Enterprise Contracting Strategy (Ongoing)	5
	(U) Audit of the NRO Mission Assurance Program (Planned for 1 st Quarter FY 2012)	6
	(U) Audit of the Ground Enterprise Directorate Acquisition Oversight Process (Planned for 2 nd Quarter FY 2012)	7
	(U) Audit of the NRO Contracting Officer Invoice Approval Process (Planned for 4 th Quarter FY 2012)	8
	(U) Audit of NRO Field Representatives Oversight and Support (Planned for FY 2013)	9
	(U) Audit of NRO Use of Letter Contracts (Planned for FY 2013)	10
	(U) Audit of NRO Use of Modeling and Simulation in Major Systems Acquisitions (Planned for FY 2013)	11
(U) FINANCIAL MANAGEMENT AUDITS	12
	(U) Audits of NRO Fiscal Years 2011 (Ongoing) and 2012 (Planned for FY 2012) Financial Statements and Resolution – Statutory Requirement	12
	(U) Audit of NRO Contract Modification Process (Ongoing)	13
	(U) Annex Testing (Planned for 1st Quarter FY 2012)	13
	(U) Audit of the NRO Accounts Payable Accrual (Planned for 3 rd Quarter FY 2012)	14
	(U) Audit of the NRO Congressional Budget Justification Book (CBJB) Metrics and Support (Planned for 4 th Quarter FY 2012)	15
	(U) Audit of the NRO Oversight of Information Technology Basic Order of Agreements (Planned for FY 2013)	15
	(U) Audit of NRO's Process for Determining and Validating Unliquidated Obligations (Planned for FY 2013)	16
Œ) INFORMATION TECHNOLOGY AUDITS	17

(U) Audits of NRO Cyber Incidents (Ongoing/Planned for 3 rd and 4 th Quarters FY 2012)	17
(U) Audit of Information System Security Requirements in NRO Contracts	18
(Planned for 2 nd Quarter FY 2012)	18
(U) Fiscal Year 2012 and 2013 Independent Evaluations of the NRO Compliance with the Federal Information Security Management Act (Planned for 2 nd Quarter FY 2012 and FY 2013 – Statutory Requirement)	19
(U) Audit of the NRO IT Strategy and Efficiencies at Mission Ground Stations	19
(Planned for FY 2013)	19
(U) Audit of NRO Information Technology (IT) Investment Reporting (Planned for FY 2013)	20
(U) FIGURE FIELD OFFICE AUDITS	22
(U) Audit of the Disposition and Transfer of NRO Property (Ongoing)	22
(U) DENVER FIELD OFFICE AUDITS	23
(S//TK/NF) Audit of the NRO Acquisition of Payloads (Ongoing)	23
Contract (Planned for 1 st Quarter FY 2012)	23
(U) Audit of NRO Resources Management for the NSA Mountain View Project (Planned for FY 2013)	24
(U) Audit of ADF-C Ground Systems Deliveries (Planned for FY 2013)	25
(U) INSPECTIONS	27
(U) MISSION INSPECTIONS	28
(U) Inspection of the NRO Office of Space Launch, Cape Canaveral Operating Location (Ongoing)	28
(U) Inspection of the Systems Engineering Directorate's (Ongoing)	28
(U) Inspection of the Relationship/Structure between the	į
Directorates. (Planned for 2 ^{nu} Quarter FY 2012)	29
(U) Follow-up Inspection of the ADF-SW Security Findings (Planned for 3 rd Quarter FY 2012)	
(U) Inspection of the IMINT Directorate, (Planned for 3 rd Quarter FY 2012)	30

	(U) Inspection of the Special Communications Office (Planned for FY 2013)	31
	(U) Inspection of the NRO Office of Space Launch (OSL), Vandenberg Operating Location (Planned for FY 2013)	32
	(U) Inspection of the Advanced Systems and Technology Directorate, (Planned for FY	
	2013)	32
(I	U) MISSION SUPPORT INSPECTIONS	34
	(U) Special Review of the Business Plans and Operations, Center for the Study of National Reconnaissance (Ongoing)	34
	(U) Inspection of the NRO Environmental and Safety Office (Ongoing)	34
	(U) Inspection of the Office of Security and Counterintelligence, Program Security Officers (Planned for 1st Quarter FY 2012)	35
	(U) Special Review of NRO Facilities and Office Space Management (Planned for 3 nd Quarter FY 2012)	36
	(U) Inspection of Mission Operations Directorate, - Headquarters (Planned for FY 2013)	36
	(U) Inspection of Communications Systems Directorate, (Planned for FY 2013)	37
	(U) Inspection of the NRO Insider Threat Program (Planned FY 2013)	38
	(U//FOUO) Inspection of a Mission Operations Directorate, (Planned for FY 2013)	38
	(U) Inspection of Intelligence Community Contractor Security Forces Contracts (Planned for FY 2013)	39
J)	J) JOINT INSPECTIONS	40
	(U) Joint Inspection of the Aerospace Data Facility-Colorado, NSA-Colorado and NGA IOC-Colorado (Planned for 1st Quarter FY 2012)	40
	(U) Joint Inspection of the Aerospace Data Facility-East, NGA-Franconia (Planned for 3rd Quarter FY 2012)	40
	(U) Joint Inspection of the Quarter FY 2012)(Planned for 4 th	41
(L	J) PEER REVIEW	43
	(U//FOUO) Peer Review of the NGA Office of Inspector General, Inspection Staff (Planned for 4 th Quarter FY 2012)	
(L	J) REVIEW AND VALIDATION PROGRAM REVIEWS	44
	(U) Follow-up Review of NRO User Engagement (Ongoing)	44

(U) Follow-up Review of NRO Oversight of Subcontractors (Planned for 1 Quarter FY 2012)	
(U) Follow-up Review of NRO Portable Electronic Device Inspection (Planned for 4 th Quarter, FY 2012)	46
(U) Follow-up Review of CIA Staffing of the NRO (Planned for FY 2013)	46
(U) Follow-up Review of Privileged Users Audit (Planned for FY 2013)	48
(U) INTEGRITY	49
(U) OIG Investigations (Ongoing)	49
(U) ETHICS AND INTEGRITY PROGRAM	49
(U) APPENDIX A: AUDIT PROCESS	51
(U) APPENDIX B: INSPECTION PROCESS	54

(U) INTRODUCTION

- (U) The National Reconnaissance Office (NRO), and in turn, its Office of Inspector General (OIG), must respond to an increasing level of oversight derived from statutory and regulatory requirements, congressional requests, and Director of National Intelligence (DNI) data calls and taskings. We designed the OIG work plan for fiscal years (FY) 2012/2013 to respond to and complement these external influences while ensuring that the use of OIG resources maximizes our contribution to the NRO mission. Statutes require the OIG to conduct the following major projects each year: Audit of the National Reconnaissance Office Fiscal Year Financial Statements, which is undertaken to comply with the Chief Financial Officers Act, and Independent Evaluation of National Reconnaissance Office Compliance with the Federal Information Security Management Act (FISMA).
- (U) We initiated this year's planning by consulting with NRO leaders, senior managers, and key congressional staff. These discussions helped identify specific topics that could benefit from an OIG evaluation. This two-year work plan allows for greater scheduling flexibility and gives the workforce an advance view of our long-range oversight goals. The advance view of our projects for FY 2013 also enables NRO offices to better prepare for an OIG independent assessment in their areas of responsibility.
- (U) The OIG promotes constructive collaboration with the auditee/inspectee and makes every effort to keep responsible parties informed throughout the audit and inspection process. Knowing that a certain amount of time will be diverted from operations, the OIG strives to perform its work in an efficient and effective manner in order to minimize the disruption to the organization's daily activities. Nevertheless, cooperation of NRO officials is necessary throughout all phases of the audit or inspection by providing honest, complete, and timely information to the OIG staff. This may include responding to questions posed by the OIG staff; providing access to original records, documents, and files; preparing information requested by auditors, as well as facilitating meetings with contract personnel who provide support. Sometimes those being audited or inspected remark that the auditors or inspectors ask many questions. Our audit and inspection process requires that we ask numerous questions to confirm our understanding of how the business area or process functions, and to test governing controls. Often in the course of conducting our work, we are asked to explain the difference between an audit and inspection. OIG audits are narrow in scope and focus on an NRO-wide process or specific aspects of a program or issue, whereas OIG inspections are broader in scope, but focus on a particular NRO unit or topic. Both audits and inspections are conducted in accordance with specific governing criteria. We have provided additional information related to our audit and inspection process in Appendix A and B.
- (U) In the following sections, we detail our planned audit and inspection projects for FYs 2012 and 2013. Each project is explained with "Background," "Reason for Audit/Inspection," and "Objective" paragraphs, and further identifies the project as "Ongoing" or "Planned." We also highlight our Proactive Investigative efforts and our Ethics and Integrity Program in the last section entitled *Integrity*.

(U) NRO OIG ROADMAP OF FY 2012 AUDITS AND INSPECTIONS



(U) ANTICIPATED FY 2013 AUDITS AND INSPECTIONS

- (U) Audit of NRO Field Representatives Oversight and Support
- (U) Audit of NRO Use of Letter Contracts
- (U) Audit of NRO Use of Modeling and Simulation in Major Systems Acquisitions
- (U) Audit of NRO's Oversight of IT Basic Order Of Agreements
- (U) Audit of NRO's Process for Determining and Validating Unliquidated Obligations
- (U) Audit of the NRO IT Strategy and Efficiencies at Mission Ground Stations
- (U) Audit of NRO Information Technology Investment Reporting
- (U) Audit of the NRO Resources Management for the NSA Mountain View Project
- (U) Audit of ADF-C Ground System Deliveries
- (U) Inspection of the Special Communications Office
- (U) Inspection of the Office of Space Launch (OSL), NRO Vandenberg (NROV)
 Operating Location
- (U) Inspection of the Advanced Systems and Technology Directorate,
- (U) Inspection of Mission Operations Directorate, Headquarters
- (U) Inspection of Communications Systems Directorate,
- (U) Inspection of the NRO Insider Threat Program
- (U//FOUO) Inspection of Mission Operations Directorate,
- (U) Inspection of Intelligence Community Contractor Security Forces Contracts
- (U) Follow-up Review of CIA Staffing of the NRO
- (U) Follow-up Review of Privileged Users Audit

(U) AUDITS

(U) Introduction

(U) THE AUDIT STAFF conducts financial and performance audits of NRO programs in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the U.S., and provides actionable recommendations to improve efficiencies in NRO programs and activities. Audits focus on detecting fraud, waste, and mismanagement; improving economy, efficiency, and effectiveness; ensuring that laws and regulations are followed; and promoting effective management controls. To better meet the strategic objectives of the NRO, the Audit Staff is subdivided into three distinct areas—Acquisition, Financial Management, and Information Technology. A complete listing of our planned Audits for FY 2012/2013 is presented with accompanying information in the following audits section.

(U) ACQUISITION AUDITS

(U) Audit of Science and Technology Portfolio (Ongoing)

(U) Background

(U) The Advanced Systems and Technology Directorate (AS&T) "conducts research and development on behalf of the NRO for the purpose of denying adversaries sanctuary in time and space through the development of technology for intelligence dominance." The Director, National Reconnaissance Office (DNRO) has stated that one of his goals for keeping the NRO a relevant contributor to the U.S. intelligence mission is to improve the NRO development and investment in science and technology. In his speech to the National Space Symposium (April 2010), the DNRO noted that the NRO science and technology (S&T) investment has diminished through a number of budget and spending reductions. He further noted that the NRO cannot allow continued decreases to our science and technology base.

(U) Reason for Audit

(U//FOUO) Science and technology is a central component to the development and insertion of innovations and new technology into future NRO acquisitions and operations to remain ahead of the nation's adversaries. We have noted, in our previous work on science and technology programs, that the NRO does not have policy or procedures for managing capability-based programs. Therefore, these program capabilities are constrained by a requirements-based acquisition policy that slows the delivery of innovations to the user. Therefore, we intend to assess the planning and process for identifying and transitioning science and technology projects to operational needs. Since the science and technology portfolio has been an area that has had an eroding budget, we also intend to provide an objective assessment of the impact of the budget on the fiscal health of science and technology.

(U) Objective

(U) The objective of this audit is to determine whether the NRO science and technology portfolio strategy is effectively planned and prioritized for the transition of technology. In addition, the audit will examine the impact of budget on the health of the S&T portfolio.

(U) Audit of NRO Enterprise Contracting Strategy (Ongoing)

(U) Background

—(S//TK//NF) The NRO has consolidated service requirements into enterprise-wide acquisition contracts. This strategy is intended to reduce costs by taking advantage of the economies of scale. Examples of this type of strategy are the NRO Consolidated Facilities Operations and Maintenance Program (CFOAM), the Communication Systems Directorate (COMM) Patriot Program, which will become the Silver Eagle Program

(U) Reason for Audit

(U/EOUO) While providing the benefit of streamlining delivery of services and products, consolidating contractors has the inherent risk of growth and changes to the range of activities from the original contract. By consolidating smaller services and procurement contracts into enterprise contracts, the NRO increases the scope and risk and ultimately the need for greater oversight. Because of these risks, we believe that the NRO would benefit from an OIG assessment of the business cases for these contracts, level of planning and oversight, risks, and execution of these contracts.

(U) Objective

(U//FOUO) The objective of this audit is to determine whether the NRO has effectively planned and developed acquisition strategies for enterprise contracts to meet program risks and achieve intended benefits.

(U) Audit of the NRO Mission Assurance Program (Planned for 1st Quarter FY 2012)

(U) Background

(U) The National Security Space (NSS) acquisition community has made mission success its highest priority. At the NRO, the Director, Systems Engineering Directorate (SED), has the mission assurance responsibility. Within SED, the NRO focal point for "effective Mission Assurance, Independent Technical Assessment, and Industrial Base programs." These programs are intended to oversee a system of policies, processes, standards, and tools in conjunction with checks and balances to ensure that NRO programs are protected from inferior parts due to (1) inconsistent execution of mission assurance oversight, (2) lack of consistent vigilance through the prime to the subcontractor levels, and (3) challenges within the parts industry.

(S//TK) Quality assurance for parts to conform to contract requirements is an issue that has arisen in previous audits and through OIG investigative cases on poor quality and counterfeit parts. The impact that non-qualified, non-standard parts can have on major systems acquisitions could range from unsatisfactory performance in terms of cost and schedule to complete and catastrophic mission failure.

(U) Reason for Audit



(U) Objective

(U/FOUO) The overall objective of this audit is to determine the current profile of the NRO mission assurance program and controls. Specifically, the audit will determine how mission assurance is managed at the NRO-level, and whether a quality management system of policy, procedures, quality planning, quality assurance, and quality control have been implemented through the prime contractor to the subcontractor levels.

(U) Audit of the Ground Enterprise Directorate Acquisition Oversight Process (Planned for 2nd Quarter FY 2012)

(U) Background

(U) The Ground Enterprise Directorate (GED) is responsible for leading the transformation of mission processing, mission management, and geospatial-intelligence command and control functions into a fully integrated ground enterprise that maximizes benefit from new and existing operational NRO systems.

(TS//SI//TK//NF) GED is responsible for the end-to-end execution of Major System Acquisitions (MSAs) totaling for FY 2009-2013. The MSAs are

The success of these acquisitions will rely on the governance, policies, procedures, and decision-making used to ensure communication and integration of key stakeholders, selection of contractors and procurement strategy, and transition to operations.

(U) Reason for Audit

(U) With impending budget and fiscal constraints, GED will need to apply effective program governance and procedures to meet its integration challenges. Ensuring that the GED acquisition function is organized and structured to operate strategically is a critical success factor in sustaining current and core NRO capabilities, providing new capabilities, and maintaining the NRO infrastructure.

(U) Objective

(U//FOUO) The overall objective of this audit is to determine whether effective program management systems are in place to support decision-making to achieve the integrated ground architecture. Specifically, the audit will focus on the effectiveness of GED governance; implementation of clear, transparent policies and consistent program management; and the dissemination of accurate, consistent, reliable, and timely information for decision-making.

(U) Audit of the NRO Contracting Officer Invoice Approval Process (Planned for 4th Quarter FY 2012)

(U) Background

(U//FOUO) The President, OMB, DNI, and Department of Defense (DoD) have directed actions to improve the efficiency in acquisition programs and procurement contracts. Acquisition and procurement managers have been directed to scrutinize every element of program cost. One of the critical internal controls over program costs is the Contracting Officer invoice approval process.

(U//FOUO) The number of invoices requiring Defense Contract Audit Agency (DCAA) and NRO Contracting Officer approval increased with the rescinding of certain NRO contractors from direct billing eligibility in March 2010. DCAA rescinded these contractors from direct billing eligibility to reduce the risk of overpayment that could result from issues found with the contractor's billing system or because the billing system had not received the required updated review. As a result, the NRO Office of Contracts (OC) and DCAA have implemented a process that allows DCAA up to five days to review all interim non-direct billing, cost-type invoices before a Contracting Officer approves the invoice for payment.

(U) Reason for Audit

(U//FOUG) In the past, the NRO has incurred and paid for improper and invalid claims such as labor mischarging and estimated subcontractor costs. Over time, these claims have exceeded hundreds of millions of dollars and added to the taxpayer burden for the additional expense to investigate and litigate recovery.

(U) Objective

(U//FOUO) The objective of this audit is to assess the effectiveness of the internal management controls to ensure that only valid and verified claims are paid. Specifically, the audit will focus on the objectives and goals of the NRO invoice approval process, compliance with law, policies, procedures, and internal controls.

(U) Audit of NRO Field Representatives Oversight and Support (Planned for FY 2013)

(U) Background

(MSD) whose primary mission is to engage NRO users proactively, understand their urgent intelligence needs, and provide rapid, innovative solutions. NRO Field Representatives are the NRO representatives to commands, agencies, and other DoD and non-DoD customers. They provide a detailed understanding of the NRO-supported National Systems missions, capabilities, limitations, products, and tasking procedures. In short, they present the NRO to the customer, and represent customer requirements to the NRO. This mission contributes directly to developing and refining the flow of NRO systems data supporting operational and exercise architectures, while identifying customer requirements for analytic support related to NRO systems data. MSD accomplishes the Field Representative mission through multiple contracts. There are approximately NRO Field Reps assigned to coations.

(U//FOUO) The OIG previously reviewed the NRO Field Representatives as part of the User Engagement Inspection in 2008, where we found that the Field Representative program required a more comprehensive procedure and training portfolio.

(U) Reason for Audit

(U//FOUO) One of the DNRO performance goals is to strengthen user engagement and improve actionable intelligence products. The NRO Field Representative capability and integration are key components in meeting this goal in support of national security. Continually evolving Intelligence Community (IC) and DoD missions, coupled with diminishing budgets, make an independent, objective, and fact-based assessment of the contractor NRO Field Representatives an opportunity to improve program performance and operations. Because of previously identified needs to improve procedures and training and the importance to the NRO mission, we are conducting this audit to provide feedback on the NRO Field Representatives' integration and oversight of contractor performance in support of the NRO customers.

(U) Objective

(U) The objective of this audit is to determine the effectiveness of the NRO Field Representatives' integration and performance in completing their mission. Specifically, the audit will assess the overall program objectives and the contract performance in meeting those objectives.

(U) Audit of NRO Use of Letter Contracts (Planned for FY 2013)

(U) Background

(U) A letter contract is an undefinitized contract action (UCA) that benefits the NRO when the Government's interests demand that the contractor be given a binding commitment so that work can start immediately. Letter contracts provide the Government a tool to meet critical mission needs when there is n urgency beyond the timelines required for negotiating a definitive contract.

(U/FOUO) In a previous audit, the OIG reported letter contracts that exceeded the 180-day limitation for definitization of a letter contract as directed by the Federal Acquisition Regulation and NRO Acquisition Manual. While the contract documents justified the letter contracts and included the proper authorizations, we found that the actual time periods before these contracts were definitized ranged from 270 days to a year, or even after the work was completed.

(U) To address the timeliness and monitoring of letter contracts, the Office of Contracts (OC) developed and implemented the NRO

(U) Reason for Audit

(U//FOUO) In the past, the NRO has allowed letter contracts to exceed the practicable timeframes up to the point when contractors have completed their work. The audit will assess the effectiveness of the new controls implemented by the D/OC.

(U) Objective

(U) The objective of this audit is to evaluate the effectiveness of controls on and procedures governing the use of Letter Contracts. Specifically, the audit will assess compliance with law, regulations, policies and procedures, adequacy of tracking and reporting of Letter Contract data, and oversight and management of the Letter Contract process.

(U) Audit of NRO Use of Modeling and Simulation in Major Systems Acquisitions (Planned for FY 2013)

(U) Background

(U) In reviewing the DNI 2010 Annual Report to Congress, Intelligence Community Program Management Plans, a Senate Select Committee on Intelligence Audit and Oversight Group staffer noted that the Director, National Intelligence scores for cost, schedule, and performance were based on IC elements or prime vendors modeling and simulation (M&S) on their own systems. The staffer asked the NRO OIG whether NRO M&S is accredited under the DoD construct since there is no intelligence community guidance in this area. We advised the staffer that the NRO Standards Document contains guidance for NRO Modeling and Simulation (M&S) and provides program managers with systems engineering methods to assess program performance. The guidance cites DoD policy (DoD 5000.59 and DODI 5000.61), as well as a DoD M&S Office within the Under Secretary of Defense for Acquisition. Technology, and Logistics that coordinates validation, verification, and accreditation for M&S in both front-end systems engineering and back-end test and evaluation. In addition, the NRO Cost Analysis Improvement Group (CAIG) uses a variety of assessment methodologies (historical data, etc.) to estimate M&S program costs, schedule, and performance.

(U) Reason for Audit

(U) M&S is a key enabler for NRO activities. M&S tools, data, and services should be visible and accessible within and across the NRO acquisition and procurement entities. The effective use of M&S can lead to efficiencies and savings in acquisition and procurement investments, collaboration in research and development, and maximizing commonality, reuse, and interoperability. This audit would provide insight into the level of compliance and management processes in applying M&S to NRO MSAs.

(U) Objective

(U//FOUO) The objective of this audit will be to determine whether NRO validation, verification, and accreditation process for modeling and simulation complies with policies and guidance.

(U) FINANCIAL MANAGEMENT AUDITS

(U) Audits of NRO Fiscal Years 2011 (Ongoing) and 2012 (Planned for FY 2012) Financial Statements and Resolution – Statutory Requirement

(U) Background

(U/EOUO) Under the Chief Financial Officer Act and the Office of Management and Budget (OMB) Bulletin 07-04, Audit Requirements for Federal Financial Statements, an annual audit of the NRO financial statements is required to be performed by the OIG or by an independent public accountant (IPA) as determined by the OIG. The NRO OIG contracted with PwC, an IPA firm, to conduct audits of the NRO financial statements for FY 2008 and FY 2009, with option years through FY 2012. The contract requires the IPA to audit in accordance with Generally Accepted Government Auditing Standards and OMB Bulletin 07-04. The OIG will oversee the IPA audit and ensure that it complies with applicable quality standards. In FY 2009 and 2010, the IPA conducted substantive-based audits that resulted in consecutive unqualified opinions. In FY 2011, the NRO attempted to move to a controls-based audit; however, initial testing by the NRO determined that additional improvements to the control environment are needed. As a result, the IPA is conducting a substantive-based audit in FY 2011. During the year, the NRO has worked to strengthen the control environment by designing and implementing new internal controls around key financial processes in order to sustain an unqualified opinion in future years, along with a goal of having a control-based audit.

(U) Reason for Audit

(U) The accomplishment of this audit is required by statute, and ensures the integrity and reliability of the financial reporting systems of the NRO.

(U) Objectives

(U) The overall audit objective is to evaluate the reliability of the data supporting the FY 2011 financial statements; determine the accuracy of the statements produced; and examine the adequacy of footnote disclosures in accordance with guidance issued by the Federal Accounting Standards Advisory Board, OMB, and other authoritative guidance. The auditors will also review internal controls and compliance with laws and regulations related to the objectives and will follow up on the status of prior-year audit findings.

(U) Audit of NRO Contract Modification Process (Ongoing)

(U) Background

(U) The contract modification process allows the NRO to change contract requirements, schedule, and/or funding and administrative items. During the past two audits of the NRO Financial Statements, we noted that many of the contracts sampled had a large number of contract modifications despite only being a year or two old. In some cases, contract modifications were occurring at almost a weekly or bi-weekly rate. As a result, we sampled several contracts and noted that the NRO frequently initiated modifications for funding with several modifications being made within a given month. Based on these findings we are focusing our audit on this portion of the contract process.

(U) Reason for Audit

(U) The NRO is facing a shortage of contracting officers, which can negatively impact contract management. Given the increased volume in contract modifications, the audit will review the modification process to identify potential efficiencies. If improvements can be made to reduce the administrative burden on contracting officers, the contracting officers could have a more manageable workload and provide greater contractor oversight.

(U) Objective

(U) The objective of this audit is to determine if the NRO can reduce the number of contract modifications through improved contract administration practices to more effectively manage funding, resources, and requirements.

(U) Annex Testing (Planned for 1st Quarter FY 2012)

(U) Background

(U/FOUO) The NRO prepares its financial statements in accordance with generally accepted accounting principles. Because of the sensitive nature of annex programs, the NRO presents costs associated with those programs in the budgetary financial statements, but not in the proprietary statements (for example the Balance Sheet). After careful consideration, NRO management determined that it was no longer necessary to exclude annex transactions from the proprietary statements and would present those transactions in the FY 2012 financial statements. To do so, the NRO must reassert the balances of those transactions on the financial statements. Because of the sensitive nature of the annex programs, the OIG will validate the NRO reassertion totals on behalf of the independent public accountant who is responsible for the financial audit overall.

(U) Reason for Audit

(U) The accomplishment of this project is necessary to support the overall financial statement audit required by statute.

(U) Objective

(U) The objective of this audit is to evaluate the reliability of the data supporting the financial statements and assist in determining the accuracy of the statements produced related to the annex programs. The OIG findings and determinations will be included in the report of the overall assessment of the NRO financial statements.

(U) Audit of the NRO Accounts Payable Accrual (Planned for 3rd Quarter FY 2012)

(U) Background

(S//TK) Generally accepted accounting principles require the NRO to capture the full amount of accounts payable on the NRO Balance Sheet. To accomplish this, the NRO estimates the accrued amount of accounts payable at a point in time and adds that amount to the known accounts payable total. Accruals recorded for payment by the NRO were as of 30 September 2010 and 2009 respectively. Neither the NRO, nor PWC performs an estimate to actual reconciliation of the accrued amount due to resource and score issues. After

estimate to actual reconciliation of the accrued amount due to resource and scope issues. After reviewing the NRO accrual methodology, PWC believed that the estimation process used might not be a reasonable reflection of the NRO accrual costs.

(U) Reason for Audit

(U) The NRO accounts payable accrual process is identified in the management letter on the Audit of the NRO FY 2010 Financial Statements as a process that can produce an accrual, which may be materially different from actual accrued expenditures. Given the large dollar amount, any major estimation error could affect the NRO financial statement opinion.

(U) Objective

(U) The objective of this audit is to determine whether the NRO estimation methodology for accounts payable accruals is accurate and supportable.

TOP SECRET//SI//TALENT KEYHOLE//NOFORN

(U) Audit of the NRO Congressional Budget Justification Book (CBJB) Metrics and Support (Planned for 4th Quarter FY 2012)

(U) Background

(U) Each year, the NRO reports on program specific performance measures as support for funding requests in the Congressional Budget Justification Book. The performance measures are subsequently reviewed by the Congress when making the final budget determinations. This audit will review the NRO performance measures for compliance and accuracy. Specifically, the audit will review the performance measures by program to determine whether the information provided complies with OMB Circular A-11, "Preparing, Submitting, and Executing the Budget."

Reason for Audit

(U) Because of the anticipated budget cuts across the Federal Government, it is critical that the NRO provide valuable and supportable information to Congress to justify its fund requests. This audit will foster greater integrity of the budget process.

(U) Objective

(U) The objective of this audit is to determine whether the NRO developed performance measures that comply with the intent of the Government Performance and Results Act (GPRA) and OMB Circular A-11. In addition, the audit will determine whether the NRO can adequately support the performance measure results presented in the Congressional Budget Justification Book.

(U) Audit of the NRO Oversight of Information Technology Basic Order of Agreements (Planned for FY 2013)

(U) Background

(U/LFOUO) A Basic Order Agreement (BOA) is a written understanding that describes the methodology for the future procurement of goods and services, for which the specific time, price, and quantity are unknown. For example, these agreements can be used to purchase commodities, such as office supplies, as needed. The NRO OIG received an allegation that Information Technology (IT) BOA Contracts are paying operation and maintenance costs on items that have been turned in, are in "cold" storage, or cannot be located. In addition, the NRO may be paying for these costs on items, such as printers, that are beyond their useful life.

(U) Reason for Audit

(U) We are conducting this audit based on an OIG Hotlink submission and concerns expressed about property management by NRO senior leaders.

TOP SECRET//SI//TALENT KEYHOLE//NOFORN

(U) Objectives

(U) The objectives of this audit are to determine if the NRO is accurately tracking IT property purchased through BOAs, and properly allocating operation and maintenance funds on the contract.

(U) Audit of NRO's Process for Determining and Validating Unliquidated Obligations (Planned for FY 2013)

(U) Background

(U) The BPO directorate performs tri-annual monitoring reviews of dormant Unliquidated obligations (ULOs). Dormant obligations are defined as any obligation with no activity for 120 days. The monitoring reviews are conducted based on total contract activity. However, we found that by following the established ULO review guidelines and simply extracting data at the CLIN and subCLIN level, instead of the overall contract level, the total ULO amount is actually significantly greater. In addition, PwC commented that during the fiscal year, several hundred ULO's appear in consecutive reviews without a follow-up mechanism to determine the validity of open ULOs.

(U) Reason for Audit

(U) Based on both the Financial Statement Audit and the Contractor Overpayment Audit, we continue to have concerns regarding the NRO management of ULOs. During the Contractor Overpayment Audit, we identified an additional funds that could be ULOs. This audit will further evaluate the ULO process and possibly identify additional funds that could either be used by the NRO or returned to the U.S. Treasury.

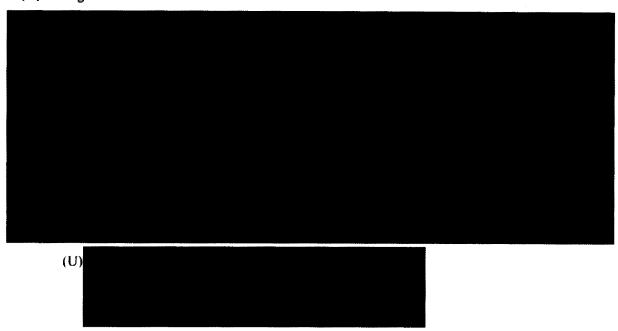
(U) Objective

(U) The objective of this audit is to determine whether the NRO process for ULOs is providing an accurate identification of dormant obligations and validity of open ULOs.

(U) INFORMATION TECHNOLOGY AUDITS

(U) Audits of NRO Cyber Incidents (Ongoing/Planned for 3rd and 4th Quarters FY 2012)

(U) Background



(U) Reason for Audits



(U) Objectives

(U//EQUO) The objective of **Phase 1** is to determine whether the NRO has implemented an effective incident detection and response (ID&R) enterprise-wide policy framework that outlines comprehensive and specific ID&R procedures and responsibilities. The objective of **Phase 2** is to determine the adherence to and the efficiency and effectiveness of the enterprise-wide policy framework for ID&R at NRO locations. The objectives of **Phase 3** is to determine the adherence to and the efficiency and effectiveness of the enterprise-wide policy framework for ID&R at NRO contractor locations.

(U) Audit of Information System Security Requirements in NRO Contracts (Planned for 2nd Quarter FY 2012)

(U) Background

(U) The DNI has emphasized evolving information assurance security practices toward common standards and improving reciprocity throughout the IC. Therefore, all current and future IC systems, policies, procedures, processes, and training will migrate toward common standards, making them more efficient, and stressing continuous monitoring and perpetual accreditation.

(U//FOUO) In December 2010, the NRO Chief Information Officer (CIO) ordered all NRO systems to implement Intelligence Community Directive (ICD) 503 by 1 June 2011, as the criterion governing security practices. This is a marked change for the NRO since historically Director of Central Intelligence Directive (DCID) 6/3 has been the standard for protecting NRO information systems. As the CIO begins to enforce ICD 503, there have been concerns expressed to the CIO and OIG that NRO contractors are resisting this change on the grounds that their contract requires compliance with DCID 6/3. Therefore, they seek additional funding in order to comply with the requirements levied by ICD 503.

(U//FOUO) In addition, NRO networks are required to be in compliance with Information Operations Condition (INFOCON) Level 3. On 23 November 2008, the Defense Intelligence Agency. CIO, as the Joint Worldwide Intelligence Communications System (JWICS) Designated Approving Authority and the Executive Agent for the IC Incident Response Center, on behalf of the DNI, declared the JWICS and all other IC networks at INFOCON Level 3. INFOCON is the threat level that is based on the status of information systems and the methods used to defend a computer network attack.

(U) Reason for Audit

(U) With a more holistic and strategic approach for the risk management of information systems being implemented, the NRO should be protecting existing information systems in accordance with appropriate security controls. In addition, the results of this audit will provide NRO management with insight as to whether existing NRO contracts contain the proper language to enforce compliance with current security requirements for NRO information systems or whether the NRO needs to plan for an increase in cost to comply with ICD 503.

(U) Objective

(U) The objective of this audit is to determine whether NRO contractors are meeting the security requirements identified in their contracts and can be required to comply with ICD 503, INFOCON Level 3, and other relevant security requirements for NRO information systems without additional cost to the contract.

(U) Fiscal Year 2012 and 2013 Independent Evaluations of the NRO Compliance with the Federal Information Security Management Act (Planned for 2nd Quarter FY 2012 and FY 2013 – Statutory Requirement)

(U) Background

- (U) The Federal Information Security Management Act (FISMA) was enacted to provide a comprehensive framework for ensuring the effectiveness of information security controls over information resources that support federal operations and assets. FISMA requires that federal agencies develop and maintain an agency-wide information security program and report annually to OMB and to the appropriate Congressional Oversight Committees on the adequacy and effectiveness of their information security policies, procedures, and practices. FISMA also requires an annual independent evaluation of each federal agency's information security program and practices.
- (U) OMB provides annual FISMA reporting instructions for agency CIOs and IGs to use while performing these assessments. Within the IC, each OIG is responsible for conducting the independent evaluation required by the FISMA statute and providing its evaluation to the Associate DNI and the CIO for consolidated reporting to OMB. The NRO OIG FISMA evaluation is a year-round effort that incorporates the monitoring of NRO information technology initiatives, and audits of related information technology functional areas and systems that contribute to the overall annual evaluation. The independent public accounting firm of PricewaterhouseCoopers (PwC) will assist the OIG in conducting this evaluation.

(U) Reason for Audit

(U) The accomplishment of this audit is required by federal statute, and provides management with insight as to the adequacy and effectiveness of their information security policies, procedures, and practices.

(U) Objective

(U) The objective of these legislatively mandated evaluations is to provide an independent assessment of the NRO compliance with the requirements set forth under FISMA and the OMB guidance that implements it.

(U) Audit of the NRO IT Strategy and Efficiencies at Mission Ground Stations (Planned for FY 2013)

(U) Background

(U) On 2 August 2011, the DNRO issued Office of the Director Note Number 2011-03, Optimizing Information Technology, to establish a plan to move forward to optimize information technology (IT) by driving efficiencies, improving integration in support of intelligence community initiatives, implementing new technologies, and safeguarding IT capabilities. One of

the key foundations of this plan is to standardize IT implementations using streamlined IT project management practices and simplified interfaces to accelerate deployment of new capabilities for mission, business, and enterprise infrastructure needs.

(U) Reason for Audit



(U) Objective

(U) The objective of this audit is to evaluate the strategy for integrating new requirements and capabilities into the existing network architecture and determine whether mission ground stations are proactively evaluating their network architecture and portfolio of network connectivity.

(U) Audit of NRO Information Technology (IT) Investment Reporting (Planned for FY 2013)

(U) Background

- (U) OMB Circular A-11 details the process of preparation, submission, and execution of the federal government budget. OMB Circular A-11, Exhibits 53 and 300 document compliance reporting mandated by Congress and recognize the requirement to better manage information technology within Federal Executive Agencies.
 - (U) Exhibit 53 details the agency's information technology investment portfolio and
 provides OMB with an investment portfolio spreadsheet addressing specific financial and
 program data on an agency's IT investments. This allows the NRO, Office of Director
 National Intelligence, and OMB to review and evaluate the agency's IT spending.
 - (U) Exhibit 300 is designed to coordinate OMB's collection of agency information for its
 reports to Congress. It documents all of the planning and management activities
 associated with a particular capital investment or project throughout the investment
 lifecycle (initial concept to end of system steady state/termination/replacement). It also
 ensures that the agency makes the business case for investments and ties it to agency
 mission statements, long-term goals and objectives, and annual performance plans.

F12-0103 Doc#6

(U) Reason for Audit

(U) Compliance with IT investment reporting requirements allows the NRO to efficiently manage its IT investments. However, the misreporting and circumventing of CIO and OMB oversight can allow the NRO to potentially invest in redundant and/or wasteful IT projects; invest in IT projects that are not priorities of the intelligence community or users of NRO systems; and hide the mismanagement of IT projects.

(U) Objective

(U) The objective of this audit is to determine the accuracy of the NRO classification of its IT investments on OMB Circular A-11, Exhibits 53 and 300 submissions. In addition, we will determine whether the IC CIO definition of IT is applicable to the NRO.

(U) FIELD OFFICE AUDITS

(U) Audit of the Disposition and Transfer of NRO Property (Ongoing)

(U) Background

(S#TK) BPO)/Finance is responsible for accounting for property transferred to alternate locations or to other NRO contracts. BPO property management audits in 2008 and 2009 disclosed property being transferred to alternate locations without a documented audit trail, e.g., DD Forms 1149. There were also issues with the where of program property was transferred to other NRO contracts, as well as non-NRO contracts, without proper documentation.

(U) Reason for Audit

(S#RELT) Without proper tracking of property transfer and disposition, the NRO is unable to ensure that it has properly accounted for its equipment and the associated value on NRO financial statements. In addition, there is great potential for fraud when millions of dollars of property are involved.

(U) Objective

(S//TK) The overall objective of this audit is to determine whether NRO property is being controlled in accordance with required procedures. The audit will be completed in three separate phases and will focus on property located in facilities. In particular, we will review (1) property from the Program; (2) property from a terminated compartmented program; and (3) property located at Vandenberg Air Force Base.

(U) DENVER FIELD OFFICE AUDITS

(S//TK//NF) Audit of the NRO Acquisition of (Ongoing)	Payloads
(U) Background	
(U) Reason for Audit	
(U) Objective	
The objective of this audit is to determine whether the procurement methodology was an appropriate approach to procure pay acquisitions.	loads for major systems
(U) Audit of Contract (Planned for 1st Quarter FY 2012)	
(U) Background	
contract is a classified providing NRO enterprise of including all options for up to rears. In accordance work, every six months provides a contract re-baseline to update se	enterprise contract hroughout the for a total value with the statement of ervice charges for

(U) Reason for Audit

throughout the NRO
also provides a software. The contract is fixed price, but the cost baseline is adjusted every six months. Effective government oversight by the Contracting Officer's Technical Representative (COTR) is a necessity and the COTR relies on semi-annual contract re-baselines for the re-baseline value. NRO officials have expressed concerns regarding the cost structure, the accuracy of the re-baseline activity, and misalignment between asset/inventory management and contract charges for the contract will assist management in determining whether NRO financial resources are being efficiently applied to meet NRO requirements.

(U) Objective

(U//FOUO) The overall objective of this audit will be to determine whether the contract is effectively and efficiently providing to the NRO. Specifically, we will evaluate controls in support of requirements management, IT asset management, contract cost savings, resource allocation.

(U) Audit of NRO Resources Management for the NSA Mountain View Project (Planned for FY 2013)

(U) Background

(S//TK) The National Security Agency (NSA) Mountain View Project is a military construction MILCON project. The building is to be constructed on the Aerospace Data Facility—Colorado(ADF-C) compound with passageways connecting it to the existing ADF-C facility. The NSA expects to receive funding in the amount of \$141 million in FY 2012, with construction starting by Spring. Full occupancy by NSA is expected around October 2015. The completion of Mountain View is essential for NSA to relocate its personnel from the ADF-C.

-(S//TK) Currently, there is no signed Memorandum of Agreement among NRO, NSA, and National Geo-spatial Agency (NGA), concerning any aspect of this project. From a security perspective, it is important to note that the release currently in place to manage the ADF-C Sensitive Compartmented Facilities. From an O&M perspective, ADF-C believes its host responsibilities at the site require NRO to be responsible for resourcing and funding facility O&M because Mountain View will become part of the ADF-C complex.

(U) Reason for Audit

(8#TK) The audit will provide NRO leaders with information to determine whether budget and execution plans are efficiently serving the NRO mission at the ADF-C, since the requirements for this new facility only exist for NSA accommodations. The expected final design will accommodate occupancy of 810 NSA personnel and include operations areas, a

cafeteria, an auditorium, and modern conveniences not currently existing at ADF-C. NGA has identified a need for about 50 seats in the new facility. The NRO has no requirements for facility space, but NRO management has expressed a responsibility to continue to fund and resource significant amounts of O&M for the new NSA facility.

(U) Objective

(U//FQUO) The objective of this audit will be to determine whether NRO planned and/or programmed costs to support the NSA Mountain View Military Construction Project and the facilities O&M are in accordance with appropriations laws.

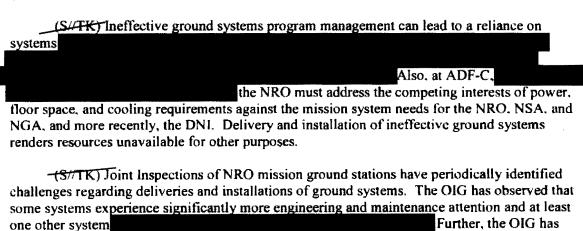
(U) Audit of ADF-C Ground Systems Deliveries (Planned for FY 2013)

(U) Background

(S//TK) This is intended to be a series of audits during FYs 2013-2014 focusing on engineering and development processes for ground system deliveries to ADF-C. Ground systems are developed by NRO and Other Agency Acquisition Offices (AOs). All AOs are required to follow NRO Site Integration Standards.

systems, which process and disseminate data collected by NRO satellites. The ground systems exist and were developed in direct support of the various satellite missions; some ground systems exist because of NRO desire to improve collection results or to disseminate intelligence data with increased speed to intelligence consumers.

(U) Reason for Audit



received detailed hotlinks claiming waste, mismanagement, and undue influence by senior

managers regarding ground systems deliveries to ADF-C.

(U) Objective

(U) The objective of these audits is to determine whether ADF-C is effectively managing the engineering processes for ground system installation, modification upgrade and decommissioning systems.

(U) INSPECTIONS

(U) Introduction

- (U) THE INSPECTIONS STAFF conducts inspections to assess how well a program or activity is working. The inspection process analyzes and evaluates programs and activities for the purpose of providing timely information to managers for decision-making; monitoring compliance; measuring performance; assessing efficiency and effectiveness; making value-added recommendations for improvements to programs, policies, or procedures; and sharing best practices. Our goal is to positively influence systemic changes and promote improved NRO mission success. NRO OIG inspections are performed by an experienced staff with diverse backgrounds including engineering, launch, mission operations, finance, program management, information technology, security, contracting, and human resources. A full explanation of the Inspection process is detailed in Appendix B.
- (U) Our planned FY 2012/2013 Inspections are divided into the areas of Mission Inspections, Mission Support Inspections, and Joint Inspections (which are conducted in conjunction with other members of the Intelligence Community). In addition, we will lead an Inspection Peer Review of the NGA OIG Inspections Staff. Our planned inspections are presented in their respective sections with accompanying information. If the pre-inspection phase for a given project is complete, the specific inspection objectives are also presented.

TOP SECRET//SI//TALENT KEYHOLE//NOFORN

(U) MISSION INSPECTIONS

(U) Inspection of the NRO Office of Space Launch, Cape Canaveral Operating Location (Ongoing)

(U) Background

(U//FOUO) Cape Canaveral Air Force Station (NRO Cape) is one of two Office of Space Launch sites responsible for supporting the launch base processing of all NRO space missions and other selected government-sponsored space programs. During the process of NRO sponsored spacecraft missions, numerous facilities, support systems, and aerospace ground equipment are used to support pre-launch and launch operations. The NRO Cape is responsible for launch planning; manifesting NRO assets; and is the focal point for NRO space launch systems planning, acquisition, integration, and operations.

(U) Reason for Inspection

(U//FOUO) As one of two launch facilities, the NRO Cape is critical to the NRO launch capability. In the current economic climate

it is an opportune time to assess the readiness of the NRO Cape to address these situational effects, and to devise its strategic posture and future direction.

(U) Objectives

(U//FOUO) The objectives of this inspection are to evaluate operational, information technology and security processes; assess NRO Cape Range and Ground Safety Plan implementation, strategic partnerships, and various contractual provisions; review external agreements; and evaluate government roles and responsibilities.

(U) Inspection of the Systems Engineering Directorate's (Ongoing)

(U) Background

(U#FOUO) The sist of is responsible for identifying NRO mission needs and gaps; recognizing cost, schedule, and risk constraints; defining and allocating NRO enterprise requirements; and publishing the NRO Enterprise Plan. As such, the sist a key contributor to the mission of the Systems Engineering Directorate, which is to engage systems engineering excellence to integrate NRO systems across the enterprise. The consists of

(U) Reason for Inspection

(U//FOUO) The SED has transformed many times in the last several years. In FY 2006, the OIG reviewed the SED's predecessor organization and issued an observations memorandum. At that time, our review was abbreviated largely because of a DNRO-directed re-organization in April 2006. In our memorandum report, we noted that the designated roles, responsibilities, and authorities for SED were vague and not clearly understood. Since that time, SED has continued to undergo change. The was specifically selected as an area to inspect within SED because of its key role in integrating the SED mission. The OIG will examine whether or not SED has realized efficiencies for the NRO

(U) Objectives

(U) The pre-inspection will occur in the September-October 2011 timeframe. Specific objectives will be defined after the pre-inspection has been completed.

(U) Inspection of the Relationship/Structure between the and NRO Directorates. (Planned for 2^m Quarter FY 2012)

(U) Background

(U) Reason for Inspection

(S//TK//REL) The NRO constitute a key functional area reviewed as part of the Joint Mission Ground Station inspection process. Previous Joint Inspections found the need for the Labs to improve in the areas of process documentation and tool prioritization, and also noted the potential for duplication of effort across the Mission Ground Stations. In 2007, the NRO IG Inspection of User Engagement cited the lack of a comprehensive NRO process to prioritize tool requirements and determine existing capability solutions. In 2010, our Joint Inspections found the same conditions at the

(S#TK#REL) An inspection of the relationships and structure of the and NRO Directorates will address previously identified issues, help identify any inefficiency.

and determine adherence to Executive Order 12333, DoD 5240.1-R, and the NRO/NSA Memorandum of Understanding regarding SIGINT data access and sharing.

(U) Follow-up Inspection of the ADF-SW Security Findings (Planned for 3rd Quarter FY 2012)

(U) Background

(S) During our 2011 Joint Inspection of the ADF-SW, we found that recommendations to resolve security deficiencies that the security deficiencies that not been implemented. Moreover, we identified additional security issues, including the failure to follow Sensitive Compartmented Information Facility requirements.

(U) Reason for Inspection

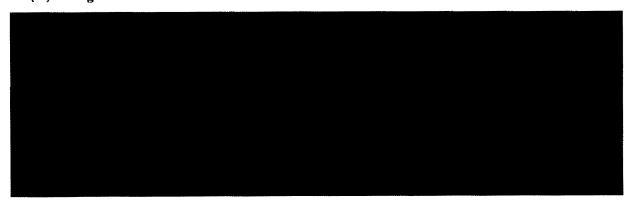
(U//EOUO) Because of the significant nature and number of findings and recommendations within the Security and Counterintelligence arena, NRO senior management requested the OIG conduct a follow-up inspection in FY 2012.

(U) Objectives

(U) The objectives of the follow-up inspection are to verify whether agreed-to corrective actions were fully and properly implemented and sustained, address any open recommendations from the FY 2011 Joint Inspection, and determine whether the ADF-SW has reasonable corrective action plans to appropriately resolve the cited deficiencies and is making progress towards final issue resolution.

(II) Inspection of the IMINT Directorate, (Planned for 3rd Quarter FY 2012)

(U) Background



(U) Reason for Inspection



(U) Objectives

(U) The objectives of the inspection are to assess the general climate; evaluate compliance with standards; determine effectiveness and efficiency in the performance of mission and functions, and evaluate supporting functions such as security, contracts, and budget.

(U) Inspection of the Special Communications Office (Planned for FY 2013)

(U) Background

(U//FOUO) The DNRO established the Special Communications Office (SCO) on 1 October 2009 in order to champion effective, efficient acquisition management and operations of the NRO Special Communications Program. Special Communications is defined as the relay

The SCO is tasked to ensure reliable and secure collection, processing, and dissemination of Special Communications essential for operational and US national security.

(U) Reason for Inspection

(U//EQUO) This is a newly centralized function that is extremely important to the NRO in its support especially in war-time. The SCO Letter of Instruction, among other things, emphasizes the need to develop and institutionalize processes; establish an architectural baseline; and develop standard technical and operational approaches to consolidate and integrate special communications requirements and solutions into current and future systems. An inspection focused on the special communications strategy, acquisition management, and customer satisfaction will serve to provide valuable insight to the Director SCO on how effective and efficient this newly formed office is performing its critical mission.

(U) Inspection of the NRO Office of Space Launch (OSL), Vandenberg Operating Location (Planned for FY 2013)

(U) Background

(U) The Office of Space Launch (OSL) is responsible for the successful delivery of every NRO satellite on orbit and on time. NRO Vandenberg (NROV), a division of OSL is one of two launch sites responsible for transporting, integrating, and processing NRO satellites for launch. NROV specifically provides security, operations, safety, communications, and integration support for NRO payloads launched from Vandenberg Air Force Base (AFB), California. As the maintainer and operator of the Space Cargo Transportation System (SCTS), NROV is responsible for transporting NRO and other spacecraft from factory to factory, and from factories to Vandenberg AFB.

(U) Reason for Inspection

(U) NROV was last inspected in 2004. As one of only two launch facilities, the NROV is critical to ensuring continuity in NRO's launch capability. With the conclusion of the NRO Cape Inspection to occur in FY 2012, it presents an opportune time for the inspection team to revisit NROV and identify efficiencies that could be leveraged between the two OSL launch locations, as well as compare and contrast issues that may affect both sites.

(U) Inspection of the Advanced Systems and Technology Directorate, (Planned for FY 2013)

(U) Background

serves as the AS&T focal point and advocate for ground technologies research and development (R&D).

The responsibilities include efforts on all phases of ground technologies, including hardware and software development; maintenance of the AS&T integrated ground technologies roadmap; and development efforts to emphasize basic and advanced ground technologies R&D. collaborates with the Intelligence Community and DoD partners on future threats, strategies, technologies, and identifies current and future capability gaps.

also collaborates internally with GED and MSD on demonstration opportunities for new technologies.

(U) Reason for Inspection

(U/#FOUO) Overhead collection is heavily reliant on ground systems. Therefore, it is essential for the NRO to stay on the cutting edge of ground technology. This inspection is a natural follow-on to our FY 2011 inspection of the Ground Enterprise Directorate, Systems Analysis Staff. Our 2012 planned Inspection of the Relationship/Structure between the and NRO Directorates

should identify efficiencies that may influence this inspection's objectives.

(U) MISSION SUPPORT INSPECTIONS

(U) Special Review of the Business Plans and Operations, Center for the Study of National Reconnaissance (Ongoing)

(U) Background

(U) BPO, Center for the Study of National Reconnaissance (CSNR) provides an analytical framework and historical context to NRO leaders to facilitate effective policy and programmatic decisions. Its overall mission is to advance and shape the IC's understanding of the discipline, practice, and history of national reconnaissance. The CSNR is organized into three business areas—the Research, Studies, and Analysis Section; the Recognition, Exhibits, and Outreach Section; and the History Section.

(U) Reason for Inspection

(U) Understanding the past and lessons learned is key to improving current and future programs and operations. The CSNR plays a key role in this process for the NRO. We conducted this review because of concerns raised with the OIG, the Director of the National Reconnaissance Office (DNRO), and the Department of Defense (DOD) OIG regarding the management of the CSNR.

(U) Objective

- (U) We established the following objectives for our review:
 - 1. (U#FOUO) Evaluate CSNR's progress on planning and executing the NRO 50th Anniversary activities; and
 - 2. (U//FOUO) Assess CSNR's effectiveness in accomplishing its objectives of advancing and shaping the IC's understanding of national reconnaissance and providing NRO leaders with historical context to inform decision-making.

(U) Inspection of the NRO Environmental and Safety Office (Ongoing)

(U) Background

(U) The Management Services and Operations (MS&O), Environmental and Safety Office (ESO), recently reorganized to more effectively utilize staffing resources to better provide environmental, safety, and fire protection expertise in support of the NRO mission. ESO expanded its traditional business lines of occupational safety and environmental compliance to include fire protection, life safety, environmental sustainability, and energy efficiency. Key policy developments were established in collaboration with the NRO Environmental Safety Council (ESC). The ESC is composed of representatives from selected

NRO Directorates and Offices and each major field site. The ESC provides overall leadership for the NRO Environmental and Safety Program.

(U) Reason for Inspection

(U) The health and safety of NRO employees, as well as NRO facility environmental and fire protection compliance, is a significant responsibility of NRO management. A robust environmental safety program can help reduce lost productivity from absences related to safety incidents. Sound safety practices can also aid in reducing costs that may be incurred to repair or replace damaged buildings, equipment, or other infrastructure. Before the transformation and expanded function of the ESO, the Inspection staff consistently noted environmental and safety issues at many of the NRO ground stations. Our inspection will assess the success of the reorganization of the ESO to better provide the critical functions of environmental, safety, and fire protection expertise to the ground stations.

(U) Objectives

(U//EOUO) The overall objective of this inspection is to evaluate the efficiency and effectiveness of the ESO in performing its mission. Specifically, we will assess whether ESO policies and procedures are executed in a manner that adheres to applicable environmental, safety and fire protection requirements, and provides a safe and healthy environment for all employees. The inspection will also examine the effectiveness of ESO compliance reviews as well as the NRO ESC process.

(U) Inspection of the Office of Security and Counterintelligence, Program Security Officers (Planned for 1st Quarter FY 2012)

(U) Background

(U#FOUO) The Office of Security and Counterintelligence (OS&CI) program security officers (PSOs) work within the various NRO Directorates and Offices to manage security for their respective programs and operations, and to serve as security professionals in support of the overall security posture for the NRO. PSOs provide contract, program, and personnel security support as well as liaison with the centralized services at the OS&CI.

(U) Reason for Inspection

(U) PSOs are the first line of protection within each satellite system program office. It is imperative that PSOs perform consistently to support the overall security posture established for the entire NRO. A former OS&CI Director had raised a concern that PSOs embedded in the Directorates and Offices were losing core competencies as security officers. Additional concerns centered on inconsistencies in the manner in which standards were applied in the performance of their duties. Some of the areas in which the inconsistencies may be occurring include incident reporting, classification reviews, and support to competitive source selection. In addition, the Inspection of Program Protection Planning raised some concerns regarding the role.

responsibility, and training of the PSOs. Opportunities may exist for both ensuring consistency and enhancing efficiencies related to PSO standards, responsibilities, and training.

(U) Special Review of NRO Facilities and Office Space Management (Planned for 3nd Quarter FY 2012)

(U) Background

(S#TK#NF) The NRO is responsible for the contracts, maintenance, construction, and operation of buildings and facilities worldwide. This includes office buildings, testing labs, logistics warehouses, remote monitoring locations, and mission ground stations. Also, the NRO is a contributing tenant to other government agencies by leasing space for special programs and personnel; and provides facilities for contractors and government personnel supporting the NRO. Our primary focus for this inspection will be on the NRO Westfields complex and the surrounding area. However, additional locations may be examined based on results of initial data collection and analysis.

(U) Reason for Review

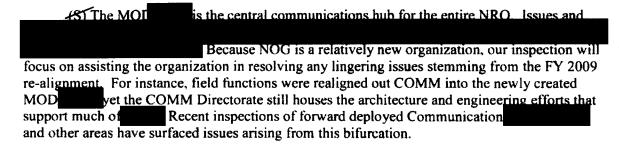
(U) A 2010 Presidential Memorandum addressed the subject of disposing of unneeded Federal real estate. The memorandum stated that the Federal Government is the largest property owner and energy user, and that taxpayer dollars and energy resources are being wasted to maintain excess assets. To eliminate wasteful spending, save energy and water, and reduce greenhouse gas pollution, the President directed executive departments and agencies to accelerate efforts to identify and eliminate excess properties. Agencies shall also take immediate steps to make better use of remaining real property assets, as measured by utilization and occupancy rates, annual operating cost, energy efficiency, and sustainability. Efforts should include the elimination of lease arrangements that are not cost effective and pursue consolidation opportunities to create efficiencies. Given the number of its locations, the NRO incurs significant costs to maintain this infrastructure. Especially with the current state of the budget, the NRO should look for opportunities to consolidate sites to reduce costs and increase efficiencies.

(U) Inspection of Mission Operations Directorate, Headquarters (Planned for FY 2013)

(U) Background

The was established as a result of the FY 2009 NRO re-alignment. It consists of divisions and has approximately employees with the responsibility to provide secure, reliable communications and IT services to more than a C and Department of Defense sites or

(U) Reason for Inspection



(U) Inspection of Communications Systems Directorate (Planned for FY 2013)

(U) Background

Within divisions focused on managing the acquisition and engineering aspects of the NRO Local Area Network (LAN)/Wide Area Network (LAN/WAN) architecture. As a result of the 2009 NRO realignment, the operational segment of this function (i.e., the forward deployed COMM were moved to the MOD while the acquisition and engineering aspects were retained by COMM.

(U) Reason for Inspection

LAN/WAN architecture across the NRO, the functioning of these systems and the proper identification and migration to future systems is critical to the mission of the NRO and to the support to our mission partners. Additionally, we found that the NRO 2009 realignment of the LAN/WAN development function (within COMM) and the operational function (within MOD at the headquarters level and in the field. As part of our unit inspection, we will examine whether inefficiencies across the two organizations do indeed exist and any associated impact. The inspection will be a natural follow-on to the OIG's review of MOD and the first inspection conducted within COMM since 2009.

(U) Inspection of the NRO Insider Threat Program (Planned FY 2013)

(U) Background

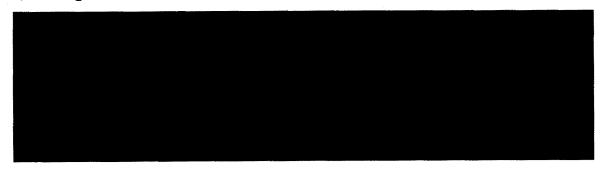
and the more recent unauthorized disclosures by Wikileaks, the federal government has increasingly focused on countering the insider threat. In addition to, OS&CI, a number of other NRO Directorates and Offices, including the Communications System Directorate, Chief Information Office, and the Mission Operations Directorate, play key roles in providing policy, network services, and awareness training designed to detect and mitigate the insider threat. There are also ongoing interagency processes examining how the Intelligence Community (IC)—and US Government overall—are positioned to address this threat. This inspection will examine how the NRO is postured to address the insider risk and assess NRO compliance with ongoing interagency efforts targeting the insider threat.

(U) Reason for Inspection

(U//FOUO) Insiders willing to sell classified information to adversaries can compromise human sources and technical information, and ultimately have a tremendous impact on national security. The DNI has informed the members of the IC that insider threat detection, monitoring of network activity, and auditing reform for IC classified systems are his top priorities. Similarly, the National Security Staff has established an Interagency Policy Committee (IPC) for Wikileaks and has directed the Office of the Director of National Intelligence to lead a working group to develop a plan to mitigate the risk of future incidents. Interest in this topic has been expressed both at the Congressional and Department of Defense levels, and additional steering groups and executive committees have been established with membership from across the government. Tapping into these ongoing efforts and collaborating across the IC can create efficiencies for the NRO by leveraging established best-practices that address the insider threat concern.

(U//EOUO) Inspection of a Mission Operations Directorate, (Planned for FY 2013)

(U) Background



(U) Reason for Inspection

(S//TK) The NRO CSEs are critical in supporting MOD's function of providing secure reliable communications and IT services to the IC and DoD. The NRO OIG has reviewed CSEs over the last several years. Because of the critical role these CSEs have in supporting and maintaining secure communications for the Nation, the OIG typically inspects one of these operating locations every

(U) Inspection of Intelligence Community Contractor Security Forces Contracts (Planned for FY 2013)

(U) Background

(U//FOUO) NRO recently conducted a review of its services contracts and is consolidating many of them to improve efficiency. Within the NRO Security arena alone there were 37 separate contracts identified as performing similar functions. Contract security services are part of almost every IC work force. Each of the 17 IC organizations currently works independently in establishing these services for their own respective infrastructures, spending millions of dollars on contract security across the globe. For example, each agency has developed its own criteria and requirements for their guard forces, yet many are similar and all are required to follow DNI standards. The potential exists to integrate and streamline the IC requirements into one large overarching contract effort. Given the scope of this project, we envision it being a joint IC OIG initiative.

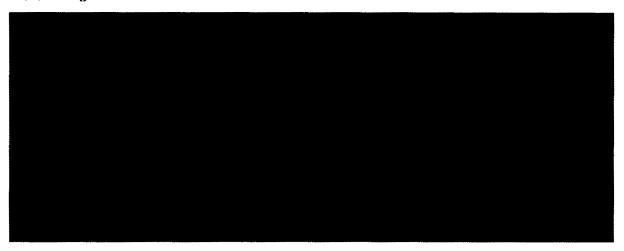
(U) Reason for Inspection

(U//FOUO) The President, Congress, and the DNI have levied actions on the IC to find efficiencies within their organizations. For instance, the DNI has established the personnel security baseline requirements within IC Directive (ICD) 704, Personnel Security Standards and Procedures Governing Eligibility for Access to Sensitive Compartmented Information and Other Controlled Access Program Information. Additionally, while the IC has established reciprocity for access and clearance determination, each agency establishes contractor security force requirements in isolation, not allowing for reciprocity or collaboration among IC partners, potentially missing opportunities for increased partnering and efficiencies.

(U) JOINT INSPECTIONS

(U) Joint Inspection of the Aerospace Data Facility-Colorado, NSA-Colorado and NGA IOC-Colorado (Planned for 1st Quarter FY 2012)

(U) Background



(U) Reason for Inspection

(S//TK//REL) As operational components of the NRO, the ground stations are integrated with IC organizations and foreign partners, providing an opportunity for the OIGs to collaboratively inspect the mission and operations of this critical national asset. This inspection is on a support of the NSA and military Cryptological Services.

Some of the general functional areas that the inspection team is likely to examine include Information Technology Systems, Intelligence Oversight, Human Capital, Facilities Management, Contracts, Budget/Finance. Security, Mission Operations, and Mission Systems.

(U) Joint Inspection of the Aerospace Data Facility-East, NGA-Franconia (Planned for 3rd Quarter FY 2012)

(U) Background



(U) Reason for Inspection

(S//TK//REL) As the operational components of the NRO, the ground stations are integrated with IC organization, providing an opportunity for the OIGs to collaboratively inspect the mission and operations of this critical national asset. This inspection was originally scheduled to occur in the third quarter of FY 2011, but was changed due to mission partner availability. The facility was previously inspected in the inspection, we identified several areas of concern that we will revisit as part of this joint NRO-NGA inspection. These include a shortage of government personnel, especially in the support areas of facility, security, and contracting. Some of the general functional areas the Joint Inspection team will potentially focus on include Information Technology Systems, Intelligence Oversight, Facilities Management, Contracts, Budget, Security, Mission Operations, and Mission Systems.

(U) Joint Inspection of the Ouarter FY 2012)

(Planned for 4th

(U) Background



(U//FOUO) The NRO OIG will lead the inspection in support of the Joint Cryptologic Inspection Program. The OIG inspection team will consist of representatives from the NRO, NSA, CIA, AF Intelligence Surveillance Reconnaissance Agency, US Army Intelligence and Security Command, and the US Naval Security Group Command.

(U) Reason for Inspection

(U//FOUO) As an operational component of the NRO, this ground station is integrated with other IC organizations and foreign partners. Therefore, it is most efficient for the OIGs to collaboratively inspect the mission and operations of this critical national asset. The last Joint Inspection occurred in June 2009. Pre-inspection activities for this review are scheduled to occur in the last quarter of FY 2012, with on-site fieldwork occurring the first quarter of FY 2013. Some of the general functional areas the joint inspection team is likely to examine include

Mission Operations and Mission Systems, Information Technology Systems, Facilities Management, Contracts, Budget, and Security.

(U) PEER REVIEW

(U) The Association of Inspectors General recommends that OIGs periodically invite external reviewers to assess OIG adherence to professional standards. While not a mandatory requirement today, the NRO and DNI OIGs have proactively led the IC OIGs in the design of a comprehensive inspection peer review process. The NGA OIG has requested that the NRO OIG conduct the first IC inspection peer review on its organization. This evaluation will include an assessment of its newly established Inspections Handbook and supporting processes to ensure that the NGA OIG Inspections Division is planning and conducting inspections in strict compliance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Quality Standards for Inspection and Evaluation.

(U//FOUO) Peer Review of the NGA Office of Inspector General, Inspection Staff (Planned for 4th Quarter FY 2012)

(U) Background

(U//FOUO) The NRO OIG Inspection Staff will lead the Peer Review of the NGA OIG Inspection Staff. The Peer Review will evaluate the NGA internal inspection quality control system to determine whether policies and procedures related to the CIGIE professional standards are suitably designed and effectively applied. The Peer Review will include an examination of NGA IG inspection reports, inspection working papers and other documentation such as Certified Professional Education records.

(U) Reason for Review

(U/FOUO) The Assistant IG for the NGA OIG, Inspection Staff, requested that the NRO OIG lead a community-wide peer review of his mission and functions to determine compliance with professional inspection standards. This will enable the NGA OIG to receive feedback on its work products and obtain validation of its work processes. The review itself can help NGA withstand challenges to its independence, objectivity, and credibility. The NRO OIG Inspection Peer Review members, along with other IC IG participants, will benefit from being exposed to varying approaches for conducting inspection work. They, in turn, can share this information within their own units, potentially leading to more robust inspection approaches across the Inspector General community.

(U) REVIEW AND VALIDATION PROGRAM REVIEWS

(U) The OIG established its Review and Validation (R&V) Program for the purpose of reviewing the status and effectiveness of the actions taken by NRO Directorates and Offices to implement OIG report recommendations. The R&V Program provides increased attention to longstanding open recommendations by evaluating progress to date and assessing continued relevance. This program will also include follow-up reviews to determine what corrective actions were taken to close prior OIG recommendations, how this benefited the NRO, and whether the corrective actions are sustained and remain effective over time. These follow-up reviews will be conducted by the R&V Program Manager along with members of the audit and inspection staffs as needed on a project by project basis. The follow-up reviews planned for FY 2012/2013 are presented below with accompanying background information.

(U) Follow-up Review of NRO User Engagement (Ongoing)

(U) Background

- (U) Quick reaction support enables users and customers to quickly leverage NRO collection, processing, engineering, and acquisition capabilities to support their most urgent intelligence and operational requirements. This includes providing technical assistance and developing new tools and quick reaction capabilities to enable IC, DoD, and Homeland Security users to more effectively access and integrate NRO data and capabilities into their operational systems to address their highest priority needs.
- (U) In October 2008, the OIG issued a report titled *Inspection of NRO User Engagement*. The inspection found that the NRO had myriad components that engaged in tool development and that the Deputy Director for Mission Support (DDMS) was not effectively serving as the centralized office for gathering and responding to user engagement tool requests and requirements. The report also noted that the NRO process for transitioning tools to the user could be improved with more emphasis on training, maintenance, and product performance feedback. The OIG recommended that DDMS (now the Mission Support Directorate (MSD)), in conjunction with the Chief Operating Officer and Director, Systems Engineering, design a plan to address tool prioritization, development, and transition. Although this recommendation remains open, MSD provide periodic status updates highlighting the changes and improvements that are occurring in this critical area.

(U) Reason for Review

(U) Effective user engagement tool development and transition processes are necessary to meet the needs of the warfighters and the IC. Effective user engagement tools must provide timely and effective responses to operators, analysts and decision-makers in the intelligence, defense, homeland security, law enforcement and civil communities and are a reflection of the value and capabilities provided by NRO satellites.

(U) Objective

(U) This follow-up review will assess the progress and effectiveness of actions taken by MSD to address the tool development and transition concerns identified in the User Engagement inspection.

(U) Follow-up Review of NRO Oversight of Subcontractors (Planned for 1st Quarter FY 2012)

(U) Background

(U/FOUO) In July 2008, the OIG issued an audit report titled NRO Oversight of Subcontractors. The audit found that the NRO had not established effective oversight to ensure that its prime contractors are properly managing subcontractor performance, cost, and schedule. More specifically, we found that

- the NRO lacked corporate or program-specific governance plans to ensure the prime contractors were managing their subcontractors;
- acquisition officials misunderstood their subcontractor oversight authorities and responsibilities;
- subcontractor oversight roles and responsibilities for NRO In-Plant Representatives (NIPRs) were not clearly defined and applied;
- subcontractor consent was provided without documenting the assessment or rationale for the decision; and
- NRO does not verify that prime contractors have a current Contractor Purchasing System Review prior to contract award.

(U//FOUO) In response to the OIG audit report, the NRO Office of Contracts (OC) has issued CBP-10, Acquisition Management; NRO Acquisition Manual (NAM) 82, Subcontracts; and modified the Office of Contracts Compliance Review Checklist. As a result, three of the five report recommendations have been closed. The remaining two recommendations are open pending issuance of an NRO Acquisition Circular.

(U) Reason for Review

(U//FOUO) NRO acquisition programs are at risk when subcontractor performance, quality, and accounting are not effectively managed by the prime contractor. Without a clear view of subcontractor performance, the NRO is vulnerable to inefficiencies in subcontractor work, which could impact NRO acquisition program cost, schedule, and performance objectives.

(U) Objective

(U//FOUO) The review objective is to assess the progress and effectiveness of actions taken to address the concerns identified in the audit, NRO Oversight of Subcontractors.

(U) Follow-up Review of NRO Portable Electronic Device Inspection (Planned for 4th Ouarter, FY 2012)

(U//FOUO) Background

(8//NF) In July 2010, the OIG issued an inspection report on Portable Electronic Devices (PEDs), which cited gaps and deficiencies with NRO PED related policies, confusion regarding roles and responsibilities, and gaps in NRO workforce knowledge and execution of the policies. These problems existed primarily because no single entity was in charge of the activities necessary to protect the NRO from potential vulnerabilities associated with the introduction of PEDs into NRO-sponsored facilities.

(U/ÆOUO) In response to the OIG audit report, the NRO CIO, MOD, and OS&CI formed a PED working group; the DNRO issued a policy note on PED Authorization and Use; and a draft PEDS Corporate Business Process Instruction has been written. Three of the 15 recommendations from this report have been closed as of September 2011; the remaining 12 open recommendations are expected to be closed in the near future.

(U) Reason for Review

(U//FOUO) PEDs are particularly susceptible to both intentional and accidental misuse, theft, or improper disposal, which could result in the compromise of classified data to unintended users. Before the PEDs Inspection, the OIG routinely reported on improper accountability and classification marking of NRO laptop computers. By implementing effective internal controls and improving accountability and usage monitoring for NRO PEDs, this risk can be greatly reduced and cost savings can be achieved through a reduction of monthly service charges.

(U) Objective

(U//FOUO) The objective of this review is to assess the progress and effectiveness of actions taken to address the concerns identified in the PEDs inspection.

(U) Follow-up Review of CIA Staffing of the NRO (Planned for FY 2013)

(U) Background

(U//FOUO) The NRO workforce is primarily composed of military and civilian members from the United States Air Force (USAF) and Central Intelligence Agency (CIA). In August 2009, the OIG issued a report entitled *Inspection of NRO Strategic Human Capital*, which focused heavily on CIA staffing at the NRO.

¹ (U) The workforce also includes Navy, Army, and Marine Corps active duty personnel, Department of Defense civilians, as well as officers from the National Security Agency, National Geospatial-Intelligence Agency, and other government agencies.

(U) The inspection revealed that unique human capital challenges face the NRO because parent organizations had significantly reduced the fill rates for staffing NRO positions; were not filling NRO vacancies in a timely manner; were not allowing employees to work at the NRO for extended periods of time; and were sending less experienced, junior officers for assignments at the NRO. Two of the nine recommendations from this inspection remain open.

(U//FOUO) In January 2011, the CIA realigned the former Office of Development and Engineering (OD&E) workforce throughout the Directorate of Science and Technology (DS&T). This reorganization was done, in part, to help improve DS&T staffing of the NRO. When this realignment occurred, we were conducting the Inspection of Ground Enterprise Directorate (GED In September 2011, we issued the GED inspection report. This inspection raised concerns that the promised improvements in DS&T staffing were not being realized and identified workforce challenges that, taken over time, would put the NRO GED mission at risk.

(U//FOUO) Reason for Review

(U//FOUO) The GED workforce challenges ranged from senior management filling multiple management roles, low position fill rates, CIA civilians filling positions two or more grades above their personal grade, and the downgrading of CIA positions without proper coordination and approval. Such challenges led to, among other things, insufficient supervision and performance management, reduced skill and experience levels, personnel working extended hours, government oversight deficiencies, and customer dissatisfaction.

(U//FOUO) Based on findings in GED we expanded our scope and analyzed SAP² data for all the DS&T positions at the NRO. In essence, we found that 10 percent of all filled DS&T positions were filled by employees more than two grades below the position grade—suggesting a consequential gap in the required skills necessary to achieve organizational goals. Furthermore, we learned from senior management that other NRO staffs had also experienced challenges with regard to managing CIA positions.

(U) Objective

(U//FOUO) This follow-up review will assess the progress and effectiveness of actions taken to address the concerns identified in both the Strategic Human Capital and GED inspections. An emphasis will be placed on CIA/DS&T's commitment and ability to staff the NRO.

² (U//FOUO)Systems, Applications, and Products in Data Processing

(U) Follow-up Review of Privileged Users Audit (Planned for FY 2013)

(U//FOUO) Background

(U//FOUO) In November 2010, the OIG issued an audit report titled Management of Information Systems Privileged Users, which found that the NRO does not have processes and procedures to adequately monitor. track, and train users with privileged access to NRO IT assets. The NRO had not established

- clear roles and responsibilities for identifying, managing, and training privileged users;
- · standard training requirements for privileged users; and
- enterprise-wide processes to identify and track privileged users, including those at mission ground stations and contractor facilities.

(U/IFOUO) The report recommended that the NRO CIO, in coordination with the D/OS&CI, revise NRO guidance to clarify roles and responsibilities, establish standardized periodic training for privileged users, and implement a standard process to track and report privileged user compliance with training requirements. The report also recommended that the D/OS&CI establish and communicate an enterprise-wide process to maintain a current, accurate, centralized list of NRO privileged users that can be relied upon to meet various reporting requirements for identifying privileged users and specialized training. The CIO and OS&CI concurred with both recommendations and have submitted action plans that are scheduled to be completed by the 4th quarter of FY 2013.

(U) Reason for Review

(U/ÆOUO) Privileged users are granted special access to perform functions to safeguard and technically manage the organizations' information systems. They have access to system control, monitoring, or administration functions and can create or modify system configuration parameters or user account parameters without the owner's knowledge or permission. An accurate and complete list of NRO privileged users is not only required, but is also necessary in order to ensure that employees occupying these positions have the necessary experience and training to administer and protect NRO information systems.

(U) Objective

(U) The objective of this review is to assess the progress and effectiveness of actions taken to address the concerns identified in the privileged user audit.

(U) INTEGRITY

(U) Introduction

(U//FOUO) The NRO requires the highest personal integrity of both government and contractor employees. Accordingly, integrity needs to be reflected in all of our actions, whether within the organization or with our IC partners. Every employee is responsible for adhering to the NRO standards of integrity and ethical behavior, and to its policies and procedures. A commitment to the highest standards of ethical conduct is fundamental to the success of the NRO.

(U) OIG Investigations (Ongoing)

(U//FOUO) The OIG efforts for ensuring individual accountability for serious breaches of integrity are the primary responsibility of the investigation staff. OIG investigates allegations of crime and other serious misconduct, by both the NRO workforce and by employees of companies under contract to the NRO. These OIG investigations ensure individual accountability and that the NRO is reimbursed on those occasions when it has been harmed by the wrongful actions of an employee or company. Further, investigations provide senior managers with actionable information on critical administrative issues identified during the investigation that can further protect the NRO from future harm.

(U/FOUO) Regular communication with the NRO population, such as Messages from the IG and educational videos, ensure employee awareness of schemes and incidents that adversely affect NRO programs. These communications have a strong deterrent and prevention effect. In addition, investigators continue to perform monthly liaison visits with strategic mission partners who are in positions to best observe indicators of frauds affecting NRO contracts. This focused liaison effort allows investigators to develop better sources of information from both government and contractor employees who can provide the information confidentially.

(U) ETHICS AND INTEGRITY PROGRAM

- (U) Throughout the last decade, the OIG's Procurement Fraud Initiative (PFI) focused the NRO workforce on fraud awareness through educational and awareness training. The PFI includes fraud awareness courses, custom-tailored presentations, and public awareness campaigns, all of which are now part of our organizational fabric. The program is recognized throughout the IC as the appropriate way to empower the workforce with awareness, knowledge, and anonymous reporting mechanisms to minimize the potential impact of fraudulent activities on critical mission accomplishment.
- (U) While we will continue to present fraud related courses to the workforce, we are focusing on something even more fundamental: organizational ethics and integrity. Traditionally, government ethics programs have been limited to reviewing annual confidential financial disclosure statements, presenting annual ethics briefings, and counseling individuals on conflicts of interest issues. Based on an analysis of NRO inspections, audits, and investigations;

discussions with the Office of General Counsel (OGC); a 2010 NRO Corporate Business Ethics and Compliance Activities report; and an awareness of current societal trends and economic stresses, we are initiating an ethics and integrity program at the NRO. This program is focused on values-based ethics, which we believe will improve our organization's culture and minimize unethical behavior.

- (U) The objective of our program is to enhance the NRO organizational environment by encouraging the workforce to make decisions in compliance with our core values, which are Integrity, Accountability, Mission Excellence, and Teamwork built on Respect and Diversity. Additionally, we expect the program will continue to build a culture of trust, where ethics violations or violations of law, regulations, policies or procedures can be reported without fear of retaliation.
- (U) The program is divided into two phases. Phase I focuses on identifying and testing various best practices that promote and sustain organizational values. Phase 2 implements a variety of initiatives and requests feedback from both the government and the contractor workforce. In addition to initiatives focused on raising the awareness of NRO core values, developing an NRO Code of Ethics that outlines expectations and ramifications, and ethical decision-making, this phase will include the initiation of a biennial, "10-Minute Biennial Ethics Survey" to periodically assess the NRO ethics culture.
- (U) We believe that a structured approach to values-based acquisition decision making will continue to promote innovation, mission sustainability and the NRO's role as a government-wide leader in acquisition integrity.

(U) APPENDIX A: AUDIT PROCESS

(U) What to Expect When Audited

(U) All audits follow a well-defined process that includes the announcement of the audit work, entrance conference, fieldwork, exit conference, and audit follow-up of the implementation of recommendations. Each step is discussed below.

(U) Announcement Letter

(U) Prior to the start an audit, the OIG forwards an announcement letter to the NRO leadership and the organization or activity being audited. The letter describes the origin of the audit (i.e., OIG annual work plan, NRO leadership or congressional request) and includes the audit objectives and scope. The letter also identifies an OIG Auditor-In-Charge, who is responsible for conducting the audit, and offers a link to the OIG Hot Link site to provide an anonymous communication or information pertaining to the audit.

(U) Entrance Conference

(U) After the issuance of the announcement letter, the OIG audit team holds a formal meeting, referred to as the *entrance conference*, with the responsible officials for the audited operations or functions. At the meeting, the auditors introduce the audit team and explain the origin of the audit, audit objectives, scope and methodology, audit processes, and the audit schedule. NRO Officials should identify key personnel with whom the audit team should meet and provide initial information to help the auditors further define the audit's scope and approach. NRO Officials may also discuss and agree to arrangements for providing auditor access to information and documents responsive to the audit objectives and scope. The entrance conference is the forum for addressing concerns or introducing additional areas that management may want the OIG to include in the audit.

(U) Fieldwork

- (U) Audit fieldwork may be in two stages: survey phase and/or execution phase.
- (U) Survey Phase: Initial audit fieldwork may include a defined survey phase in order to refine the audit objectives or determine if there is sufficient benefit to conducting the audit. In this phase, the audit team would obtain preliminary information and documentation on the program, activity, or function. The audit team may perform initial tests to verify and validate the audit objectives, scope, and methodology, and to identify focus areas for the auditors' efforts. At the conclusion of the survey phase, the audit team will determine whether sufficient benefits exist to continue audit work. If sufficient benefit does not exist, the OIG would inform the responsible officials, in writing, that audit work is completed and the reasons for concluding audit work. The OIG may issue a survey report to inform NRO leadership of any findings or observations that may be helpful. Should more in-depth audit work be needed, the audit team would recommend

to the IG and notify the responsible officials that the audit is transitioning to the audit execution phase.

(U) Execution Phase: The detailed audit work would occur during this phase. The auditors conduct extensive interviews, review documents and records, analyze and test the implementation and the effectiveness and efficiency of policies, processes, internal controls, information systems controls, and financial controls to determine whether programs and systems are functioning as intended. Throughout this phase, the auditors begin to develop findings and recommendations, and communicate the ongoing audit status with the responsible officials.

(U) Communicating Audit Status and Findings

- (U) The OIG periodically updates NRO leadership and key program officials on the status of the audit and potential findings. If time sensitive issues are identified during the audit, we will immediately inform the responsible officials so they may take appropriate action. Official methods for communicating findings to NRO leadership and officials involved in the audit include the following methods as well as periodic briefings.
 - (U) Exit Conference: When work is completed, the IG holds a formal exit conference with the responsible officials who participated in the audit. The purpose of the conference is to verify and validate that the critical facts and key information used to formulate findings are current, correct, and complete. The audit team will also discuss findings, conclusions, and recommendations. The auditors' recommendations should flow logically from the findings and conclusions and should be directed at resolving the cause of the problem. The conference provides officials the opportunity to discuss actions needed to address the audit results and to provide additional information.

 Management should also offer alternative recommendations should they feel that they more appropriately address the audit findings. If the responsible officials were able to address the audit results before the exit conference, the OIG may include those actions in the draft report.
 - (U) Draft Audit Report and Management Comments: After considering any comments and concerns raised at the exit conference, the audit team prepares a draft report. Concurrently, the audit staff provides an independent quality assurance review and cross-reference check to ensure that all information in the draft report is accurate and complete. The audit team forwards the document to the IG who issues the draft report to the responsible officials for review and comment. The responsible officials have 15 business days to provide their official comments addressing their concurrence or non-concurrence with the findings and recommendations. Any concerns over the facts presented in the draft report should be brought to the attention of the auditor before providing any formal comments so that the concerns can be addressed. Should management non-concur with a recommendation, the responsible officials are expected to include the reason and propose an alternative solution. The responsible official's comments should be properly classified as they are included in their entirety in the final audit report.

(U) Final Report: After reviewing the official response to the draft report, the OIG incorporates the comments into the executive summary and body of the report as appropriate. The responsible official's comments will appear in their entirety in the report appendix. Should the responsible official non-concur with a finding or recommendation, the OIG makes every reasonable effort to resolve the non-concurrence prior to issuing the final report. Any disagreements that cannot be resolved must be elevated to the DNRO for resolution. Upon release, the OIG forwards the report to NRO leadership, and in most instances, makes it available to the NRO workforce via the NRO OIG website.

(U) Audit Follow-Up

(U) NRO officials are accountable and responsible for implementing the corrective actions they have agreed to undertake in the timeframe they agreed to in response to the audit report. For the OIG to close a recommendation, we rely on NRO officials providing documentation demonstrating the implementation of the recommendations. Management is requested to submit an implementation plan and anticipated completion date 30 business days after the final report is issued. The OIG Follow-Up Administrator generally queries the responsible office every 90 days for a status update. The implementation plan remains open until it has been determined that management's actions have satisfied the intent of the OIG recommendations.

(U) APPENDIX B: INSPECTION PROCESS

(U) What to Expect When Inspected

(U) OIG inspections are conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency and the Executive Council on Integrity and Efficiency Quality Standards. Although every unit or topic inspection is unique, the process is similar and typically consists of the Announcement Letter; Pre-Inspection Phase; Inspection In-Brief; Inspection Phase (Fieldwork); Technical Accuracy Review; Inspection Out-Brief and Issuance of Draft Report; Formal Comments Meeting; Final Inspection Report; and Inspection Follow-Up. A brief description of each step follows.

(U) Announcement Letter

(U) The OIG announces the commencement of the inspection through the issuance of the announcement letter. The letter includes the title of the inspection effort and project number and describes the overall inspection objectives and the planned start date. The letter is issued to NRO senior leadership and management officials responsible for the specific unit or topic area. The announcement letter is also issued to the NRO population in order to solicit input and to provide an anonymous communication mechanism through the use of the OIG Hot Link.

(U) Pre-Inspection Phase

(U) During the pre-inspection phase, the inspection team obtains background information and conducts research on the program, activity, or function. In addition, the team performs initial testing procedures to identify potential vulnerability areas or best practices on which they may focus their inspection efforts. Further, the team coordinates with other inspection, audit, and investigative entities, as well as those organizations that could be affected by our activity or that could provide additional insight into the efficiency and effectiveness of the specific unit or topic area process. If management has requested the inspection, during this phase, the inspection team will discuss management's concerns and consider their issues in the design of the inspection. At the completion of the pre-inspection phase, the inspection team performs a risk assessment analysis focused on producing a detailed inspection plan with specific, focused inspection objectives.

Inspection In-Brief

(U) This briefing serves as the official start of the inspection phase and provides information on the specific objectives, scope, methodology, and tentative schedule for the inspection. The briefing is presented to those management officials responsible for the specific unit or topic area by the designated lead inspector.

Inspection Phase

(U) The inspection phase, or fieldwork phase, is the collection of information and data focused on the organization, program, activity, or function being inspected. The inspection

phase requires the cooperation of responsible personnel to answer questions; provide access to original records, documentation, and files; and prepare information requested by the inspection team. Effective communication throughout the process allows management officials the opportunity to address issues and problems when identified. At the completion of the inspection phase, the team finalizes their findings and recommendations, observations and considerations, and commendable practices and crafts the draft inspection report.

(U) Technical Accuracy Review

(U) Prior to finalization, an "advanced copy" of the draft inspection report, is provided to the responsible management officials for a technical accuracy review. A technical accuracy review entails a review of terms, references, dates, figures, etc. for the purpose of ensuring that the inspection team accurately captured and correctly stated the business unit's terminology and information utilized throughout the report. The responsible management officials are typically provided three business days to complete the technical accuracy review. The review does not entail obtaining management's concurrence or non-concurrence with the findings and recommendations which are obtained later in the inspection process.

(U) Inspection Out-brief and Issuance of the Draft Report

(U) At the inspection out-brief, the lead inspector presents a formal briefing to the management officials responsible for the specific unit or topic area. The out-brief officially ends the inspection phase by presenting the inspection conclusions in the form of findings and recommendations, observations and considerations, and commendable practices.

Also, management officials are provided information on the upcoming formal comments meeting, the timeline for written management comments (normally due within 15 business days) as well as the formal OIG follow-up process. After the out-brief, a copy of the draft report is electronically forwarded to the appropriate management officials or their designated point(s) of contact. The draft inspection report includes the background, objectives, scope, methodology, and inspection results. Substantiated corrective actions already taken by management are also included. The OIG Follow-Up Administrator enters the report data into the NRO Tracking Information and Enterprise Response (TIER) database, along with the 15 business-day response due date.

(U) Formal Comments Meeting

(U) Prior to receiving the written management comments, the OIG meets with the management of the inspected entity to discuss their planned response to the draft report. This allows for an open forum to discuss the reasons for any non-concurrences and to explore alternative solutions.

(U) Final Inspection Report

(U) After carefully analyzing management's response to the draft inspection report, the inspection team incorporates management's response into the body of the report and includes the

full text of the reply in an appendix of the report. The final inspection report is subsequently released to NRO senior leadership and to the management of the entity inspected. Generally, inspection reports are available to the NRO workforce via the NRO OIG website.

(U) Inspection Follow-Up

(U) Follow-up is performed by the OIG to ensure that inspection recommendations, agreed to by management, are implemented. Management is requested to submit an implementation plan and anticipated completion date 30 business days after the final report is issued. The OIG Follow-Up Administrator generally queries the responsible office every 90 days for a status update. The implementation plan remains open until it has been determined that management's actions have satisfied the intent of the OIG recommendations.