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Description of document: Office of the Director of National Intelligence (ODNI)  
Office of the Inspector General (OIG) Semi-Annual  
Reports, 2006-2009 and list of all closed OIG  
investigations, 2005-2010

Requested date: 16-January-2010

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Office of the Director of National Intelligence (ODNI)  
Washington, D.C. 20511  
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OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE  
WASHINGTON, DC 20511

DEC 11 2012

Reference: DF-2010-00039

This responds to your 16 January 2010 email addressed to the Office of the Director of National Intelligence, wherein you requested, under the Freedom of Information Act (FOIA) **"...1. a copy of each Semi-Annual Report that has been produced to date by the Office of the Inspector General 2. A list or printout of all closed investigations conducted by the Office of the Inspector General for ODNI, to include the subject or reason for each investigation and the case number and the start and closing date for the investigation 3. A list or printout of all management-initiated reviews conducted by the Office of the Inspector General for ODNI..."**

Your request was processed in accordance with the FOIA, 5 U.S.C. § 552, as amended. Eight documents were located in response to your request. Upon review, it is determined that one document may be released in full and seven documents may be released in segregable form with deletions made pursuant to FOIA Exemptions 1 and 3, 5 U.S.C § 552, as amended, (b)(1) and (b)(3).

FOIA Exemption 1 protects information which is currently and properly classified in accordance with Executive Order 13526. Exemption 3 protects information that is specifically covered by statute. In this case, the applicable statute is the National Security Act, which protects information pertaining to intelligence sources and methods.

The eight documents, as approved for release, are enclosed. Should you wish to appeal this determination, please do so in writing within 45 days of the date of this letter, to:

Office of the Director of National Intelligence  
Information Management Office  
Washington, DC 20511

If you have any questions, please call the Requester Service Center at (703) 874-8500.

Sincerely,



John F. Hackett  
Chief, Information and Data Management Group

Enclosure (8-Documents)

**(U) Office of the Director of  
National Intelligence  
Office of the Inspector General**



**(U) Semiannual Report  
1 January 2009 – 30 June 2009**

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(U) The Inspector General of the Office of the Director of National Intelligence (ODNI) provides policy direction for, and plans, conducts, supervises, and coordinates inspections, audits, investigations, and other inquiries relating to the programs and operations of the ODNI and the authorities and responsibilities of the Director of National Intelligence (DNI). The Inspector General is charged with detecting fraud, waste, and abuse; evaluating performance; and making recommendations to promote economy, efficiency, and effectiveness in the ODNI and the Intelligence Community.

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## (U) A Message From the Inspector General

Since the Office of the Inspector General (OIG) Office of the Inspector General (OIG) opened its doors four years ago, we have developed a diverse staff of highly qualified auditors, inspectors, and investigators from across the Intelligence Community (IC). These include intelligence professionals and have military and civilian analysis, collection, and investigative experience, as well as attorneys and other professionals who have performed oversight functions in other Inspector General offices in the IC.

Upon entering my duty as the OIG Inspector General on 29 April 2009, I evaluated the performance and activities of our office. Reflecting the vital oversight role of our office, we are committed to:

- Conducting timely, accurate, relevant, and objective audits, inspections, investigations, and reviews that advance the mission of the OIG and the IC.

- Establishing a disciplined and transparent process in collaboration with OIG management to ensure timely review of OIG reports, implementation of OIG recommendations, and release of OIG reports to congressional oversight committees.

- Engaging the Intelligence Community Inspectors General (IC IG) Forum to identify issues of common concern, ascertain trends in oversight, de-conflict project proposals, and conduct collaborative projects.

During the period from 1 January 2009 through 30 June 2009 covered by this report, we completed a variety of significant audits, inspections, investigations, and reviews. This report summarizes those accomplishments.

Among the most significant reports issued during this reporting period was the issuance of several reports prepared pursuant to the Foreign Intelligence Surveillance Act Amendments Act of 2008. That Act directed IGs of agencies who participated in the President's Surveillance Program to conduct a comprehensive review of the Program. IGs of the Department of Justice (DOJ), Department of Defense (DOD), National Security Agency (NSA), Central Intelligence Agency (CIA), and the OIG conducted reviews of their agency's participation in the Program. The five IGs prepared individual classified reports, and these reports were then summarized in a classified summary of "baseline" report. These IGs also issued an unclassified report that described how, following the terrorist attacks of September 11, 2001, the President directed that the NSA's signals intelligence collection capabilities be expanded without review by the Foreign Intelligence Surveillance Court. On 10 July 2009, the classified

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and unclassified reports were delivered to congressional oversight committees, and the unclassified report was released to the public.

(U) Since the last reporting period, ODNI management has taken significant steps to address previous OIG recommendations. Notably, at the outset of this reporting period, there were 60 open recommendations in nine reports. In the past six months, with the strong support of the Director of the Intelligence Staff, ODNI management closed 24 recommendations and has "resolved" 17 recommendations, which means that management has taken substantial steps toward closing the recommendations.

(U) During this reporting period the ODNI OIG continued to strengthen the collective role and effectiveness of IGs throughout the Intelligence Community. We hosted the 15<sup>th</sup> Annual Intelligence Community Inspectors General Conference on 29 May 2009, at the headquarters of the National Reconnaissance Office. More than 240 OIG personnel from all 17 IC agencies attended. The ODNI continued to co-chair the IC IG Forum, which meets quarterly to provide a venue for the IC IGs to share information and collaborate on matters of common concern. As an extension of the IC IG Forum, the ODNI OIG also chairs working groups for IC Deputy IGs and Assistant IGs for Audit, Inspections, and Investigations. These working groups meet quarterly to exchange ideas and work plans, identify IC systemic issues, reduce redundancy, share best practices, and identify future IC-wide collaborative projects.

(U) In the months ahead, we plan to address emerging areas of concern and to generate other capacity-building audits, inspections, and other reviews that align with IRTPA, the National Intelligence Strategy, and other important mission objectives of the ODNI. In performing our work, we are committed to maintaining the highest standards of professionalism, objectivity, and integrity in our interactions within the ODNI and with other elements of the IC.

(U) I am proud of the work performed by our dedicated and talented staff. We look forward to working closely with the ONI, ODNI management, and our IC IG colleagues in this endeavor.



Roslyn A. Mazer  
Inspector General  
30 JUN 2009

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## **I. (U) Overview**

(U) The mission of the Office of the Inspector General (OIG) is to improve Intelligence Community (IC) performance through: (1) conducting oversight of the Office of the Director of National Intelligence (ODNI) and IC programs and operations that fall within the authorities and responsibilities of the Director of National Intelligence (DNI), (2) exercising a unique cross-agency focus, and (3) drawing upon the collaborative efforts of IC Inspector General (IG) partners. The office conducts audits, investigations, inspections, and reviews of ODNI and IC performance to detect and deter waste, fraud, and abuse and to promote efficiency, effectiveness, and accountability. The OIG's completed and ongoing projects are described in the next two sections of this report.

(U) In addition, the OIG makes recommendations to the DNI for improving the performance of IC programs and activities. The OIG also focuses on identifying the critical challenges facing the ODNI and the IC. In December 2008, we reported to the DNI the top IC management challenges based on our review of the management and performance challenges from most of the IC agencies. The last section of this report includes an update on the implementation status of the recommendations made in our reports, including our management challenges report.

(U) The OIG's mission, roles, and responsibilities slightly overlap in certain areas with several other ODNI oversight components, such as the Civil Liberties and Privacy Office, Office of General Counsel, Office of Equal Employment and Diversity, Security, and Human Resources. The OIG works closely with each of these offices to provide effective oversight of the ODNI's and the IC's programs and activities.

### **(U) OIG Organization**

(U) The OIG consists of the following divisions:

(U) **Audit Division:** Executes independent program and financial audits and evaluations of ODNI and IC programs, information technology, procurement, internal controls, financial statements, and financial management.

(U) **Inspections Division:** Conducts independent and objective capacity-building inspections, reviews, and evaluations to improve IC-wide performance; examines information access, collaboration, intelligence collection and analysis, and compliance with laws and regulations.

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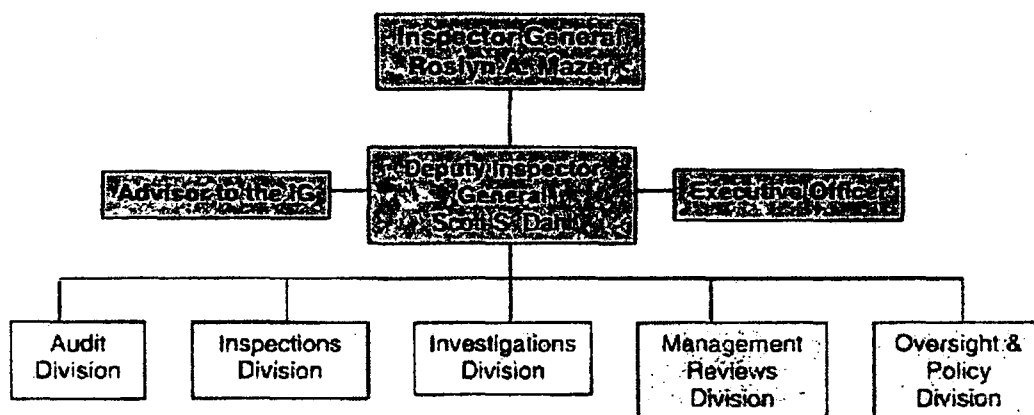
(U) **Investigations Division:** Investigates allegations of violations of criminal laws and administrative regulations arising from the conduct of ODNI and IC employees and contractors.

(U) **Management Reviews Division:** Conducts management and programmatic reviews of the ODNI, its centers, and the IC; evaluates management and processes to assist the IC in developing and implementing processes and procedures to improve both effectiveness and efficiency.

(U) **Oversight and Policy Division:** Monitors and analyzes trends and patterns concerning intelligence oversight activities across the IC, maintains liaison with the President's Intelligence Advisory Board's Intelligence Oversight Board (IOB) and congressional oversight committees, and conducts policy studies on behalf of the IG.

(U) An organization chart delineating the OIG's front office and division structure is below.

(U) Figure 1. OIG Organization Chart 2009



## (U) OIG Personnel and Resources

(U) To accomplish our IC-wide oversight roles and responsibilities, the OIG has developed a diverse, highly-experienced workforce from a variety of professional backgrounds and IC elements. Our staff includes professionals who worked formerly for other IC OIGs as auditors, investigators, attorneys, and inspectors, as well as people with hands-on experience in both military and civilian intelligence operations. They

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have served across the IC, including the Central Intelligence Agency (CIA), Department of Defense (DoD) agencies, the armed services, the Federal Bureau of Investigation (FBI), the Department of Treasury, and other components of the ODNI.

## **II. (U) IC Inspectors General Activities**

(U) The Inspector General is responsible for detecting fraud, waste, and abuse; evaluating performance; and making recommendations to promote economy, efficiency, and effectiveness in the ODNI and the IC. To achieve these objectives, the ODNI OIG facilitates collaboration, information sharing, and strategic thinking among the Intelligence Community Inspectors General. This section highlights some of the ways the OIG coordinates oversight across the IC.

### **(U) IC Inspectors General Forum**

(U) The ODNI Inspector General chairs the IC Inspectors General (IC IG) Forum, a quarterly meeting of all IC and IGs or their designees. The ODNI OIG also acts as the Executive Secretariat for the IC IG Forum, performing such functions as hosting the meetings, consulting on topics of interest, developing the agenda, distributing documents, and maintaining minutes.

(U) The IC IG Forum is designed to promote collaboration and coordination among the IC Inspectors General for strengthening the collective role and effectiveness of OIGs throughout the IC, enhancing the value of OIG activities in support of the National Intelligence Strategy (NIS), and increasing efficiency by avoiding duplication of effort among the IC OIGs. During this reporting period, the Forum provided a venue for the IGs to share information and collaborate on matters of common concern. We discussed issues such as the impact of proposed legislation on the IC OIGs, collaboration on issues like acquisition oversight and security clearance reform, coordination of IC OIGs' responses to congressional requests, IC OIG training programs, and an IC OIG awards program.

(U) As noted in the Completed Projects section of this report (below), five Intelligence Community Inspectors General completed a comprehensive review of the President's Surveillance Program (PSP). The ODNI OIG also completed its inspection on acquisition oversight, and several other IC IGs are conducting similar reviews in their agencies.

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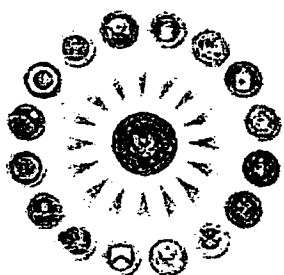
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(U) As part of the IC IG Forum activities, the ODNI OIG has established an IC-wide Deputy IG Working Group and Assistant Inspectors General Working Groups for Audit, Inspections, and Investigations. The purpose of these working groups is to expand the role of the IC IG Forum in integrating the IC IG community by exchanging ideas and work plans, identifying IC systemic issues, reducing redundancy, sharing best practices, and identifying future IC-wide collaborative projects. The working groups meet quarterly and are chaired by the ODNI OIG representative.

(U) During this reporting period, the Deputy IGs Working Group developed the panel topics for the Annual IC IG Conference (described below). The Assistant Inspectors General for Investigations Working Group collaborated to develop protocols and standards for peer reviews of investigative units within the IC. These peer reviews will be available to IC OIG investigative units on a voluntary basis. The Assistant Inspectors General for Audit Working Group established a template that lists all prior, current, and planned audits by agency. The Assistant Inspectors General for Inspections Working Group established and implemented a process to identify and prioritize intelligence issues for future inspections and reviews. The process involves developing criteria and metrics to evaluate and rank the intelligence issues.

(U) In addition, during this reporting period the ODNI OIG instituted a formal Inspectors General National Intelligence Awards Program pursuant to Intelligence Community Directive (ICD) 655. The purpose of the awards program is to recognize OIG personnel throughout the IC who have made extraordinary contributions to the mission and objectives set forth in the NIS and to the intelligence mission of their respective IC OIG offices.



### **(U) 15<sup>th</sup> Annual IC IGs Conference**

(U) The ODNI OIG convened the 15<sup>th</sup> Annual Intelligence Community Inspectors General Conference on 29 May 2009. The conference was held at the Jimmie D. Hill Conference Center at the National Reconnaissance Office (NRO) and was attended by more than 240 OIG personnel from all 17 IC agencies.

(U) The objectives of this conference were to discuss how the IC IG community could effectively address the IC's emerging challenges, such as cyber threats; to facilitate strategic thinking on ways to improve the efficiency and effectiveness of the IC, such as through financial accountability; and to strengthen the IC IG community through professional collaboration among IC elements.

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(U) Highlights of the conference included a keynote address by Michael E. Leiter, Director of the National Counterterrorism Center (NCTC), who described the value of OIG oversight in providing a fresh set of eyes and a neutral perspective on better ways to accomplish the ODNI's mission.

(U) The conference also featured four panel discussions: Patricia Lewis, CIA IG (Acting), moderated a panel describing the value of different approaches to conducting inspections. George Ellard, National Security Agency IG, led a panel on cyber challenges. ODNI IG Roslyn Mazer, who chaired the conference, moderated a robust discussion on oversight of the IC, in which Eric Greenwald, Chief Counsel to the House Permanent Select Committee on Intelligence (HPSCI); Susan Gibson, Senior Associate General Counsel, ODNI Office of General Counsel; Donald Stone, Director of the Audit Team, Senate Select Committee on Intelligence (SSCI); and Christopher White, Staff Member, House Committee on Appropriations, participated. Thomas Gimble, DoD Principal Deputy IG, chaired a panel on IC business transformation and financial auditability. Defense Intelligence Agency IG John Carey provided an update on the Intelligence Community Inspector General Joint Duty Exchange Program.

### **(U) Intelligence Oversight Activities**

(U) This year, 2009, is the first full year that the OIG intelligence oversight (IO) activities will be governed by the new Executive Order 13462, which elevated accountability for IO reporting to the heads of departments and agencies and incorporated a more timely method for reporting significant and highly sensitive IO matters from IC components to the President's Intelligence Oversight Board (IOB). Under the new Executive Order, the ODNI OIG and the Office of General Counsel (OGC) have joint responsibility to analyze IC component IO reporting submitted to the DNI and the IOB and engage in outreach efforts in the IC to improve timely and effective reporting.

## **III. (U) Completed Projects**

### **(U) Inspections, Reviews, and Audits**

#### **(U) Review of the President's Surveillance Program**

(U) Title III of the Foreign Intelligence Surveillance Act (FISA) Amendments Act of 2008 required the Inspectors General of the IC elements that participated in the President's Surveillance Program (PSP) to conduct a comprehensive review of the PSP, which is commonly referred to as the Terrorist Surveillance Program. The

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Inspectors General of the ODNI, Department of Justice (DoJ), CIA, National Security Agency (NSA), and the DoD conducted the review required under the Act. The participating Inspectors General summarized the findings of each individual IG report in a comprehensive classified report and produced an unclassified summary report, both of which were provided to Congress on 10 July 2009.

(U) The ODNI OIG found that the ODNI's primary role in the Program involved the preparation and approval of threat assessment memoranda supporting periodic renewal of the PSP. Each threat assessment was designed to set forth the DNI's view of the current threat of an al-Qa'ida attack against the U.S. and to provide the DNI's recommendation whether to renew the PSP. We found that the threat assessments underwent an established approval process in which senior ODNI personnel independently satisfied themselves that the assessments were accurate, properly prepared, and in the proper format. Overall, the OIG found that the ODNI process used to prepare and obtain approval for the threat assessments was straightforward, reasonable, and consistent with the preparation of other documents requiring DNI approval. Significantly, the OIG found that the opportunity for ODNI oversight components to participate in oversight of the Program was limited by the fact that ODNI oversight personnel were not granted timely access to the PSP and by a temporary lack of resources related to the stand-up of the ODNI.

(U) The unclassified report prepared by the participating Inspectors General provided details surrounding the inception and implementation of the Program, legal assessments of the Program, transition of certain Program activities to Foreign Intelligence Surveillance Court Orders, and the impact of the Program on Intelligence Community counterterrorism efforts. The Inspectors General concluded that the collection activities pursued under the PSP, and under the Foreign Intelligence Surveillance Act (FISA) following the PSP's transition to that authority, were unprecedented, and that the retention and use by IC organizations of information collected by the PSP and FISA should be carefully monitored.

**(U) Review of Acquisition Oversight Policies, Processes, and Strategies**

(U) In 2008, the OIG conducted an inspection to determine the degree to which the ODNI's execution of acquisition oversight policies, processes, and strategies reflects the DNI's Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) acquisition authorities and IC acquisition policies. In this inspection, the OIG assessed whether acquisition oversight decisions are applied uniformly across the IC and whether these decisions support other oversight mechanisms at the ODNI, with a focus on requirements validation. We issued the Inspection Report, *Acquisition Oversight Policies, Processes, and Strategies*, in May 2009.

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(U) The OIG found that the acquisition oversight strategies, policies, and processes executed by ODNI personnel across the Deputy Director of National Intelligence for Future Capabilities (DDNI/FC)—now the DDNI/Acquisition and Technology (DDNI/A&T)—the Chief Financial Officer (CFO), and the Chief Information Officer (CIO) to be successful in identifying challenges to the major programs selected for formal evaluation and oversight.

(U) The OIG also identified the following critical areas of concern in the ODNI's acquisition oversight policies, processes, and strategies:

- Critical policy gaps in the areas of governance and acquisition requirements;
- The DNI's milestone decision authority for major systems acquisitions is not sufficiently synchronized with the DNI's fiscal authorities;
- Process gaps created by areas of policy without attendant processes;
- Instances of poor process discipline; and
- Instances of IC agency noncompliance without correction, indicating that the ODNI senior leadership has not consistently empowered and supported acquisition oversight efforts.

(U) The OIG made several recommendations for corrective action, and the DNI endorsed all of the OIG's recommendations except one recommendation, which he deferred for a six-month period. The OIG is working with the Director of the Intelligence Staff (DIS) and relevant ODNI staff elements to ensure effective implementation of the recommendations, which will build on the acquisition oversight successes to date and position the DNI to be a more effective steward of major investments through comprehensive, total lifecycle oversight.

**(U) Audit of Special Access Program**

(U) The ODNI OIG completed its part of a congressionally-directed audit of a U.S. Government program, which was conducted by a team of OIG auditors from three IC elements. The joint audit report was submitted to congressional oversight committees in July 2009.

**(U) Audit of Special Access Program**

(U) The ODNI OIG completed a report as part of a joint audit with another IC element OIG involving a Special Access Program.

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## **(U) Investigations**

(U) The OIG conducted 29 investigations during this reporting period, including misuse of position, improper use of government resources, contract irregularities, time and attendance abuse, voucher fraud, adherence to policy and procedure, unreported contact with a foreign national, and ethics violations. Select cases representing the breadth of investigations conducted over this reporting period are highlighted below:

### **(U) RAILHEAD Conflict of Interest Allegations**

(U) On August 21, 2008, the OIG received a letter from the Subcommittee on Oversight and Investigations of the House Committee on Science and Technology asking the OIG to examine the National Counterterrorism Center's (NCTC) RAILHEAD Program, an information technology program for information sharing, and to answer specific questions about the program's execution and oversight. Through an arrangement with the Subcommittee and House Permanent Select Committee on Intelligence (HPSCI), the OIG has and will be responding to the HPSCI. One of the Subcommittee's questions related to allegations that the previous RAILHEAD Program Manager had a close, personal relationship with the contractor for the project. The OIG found no evidence of preferential treatment given during the awarding or management of the contract, or of a close, personal relationship between the RAILHEAD Project Manager and the contractor. An interim response was provided to HPSCI in March 2009 on the results of the investigation. The OIG Inspections Division is examining the remaining questions and preparing a response to HPSCI.

### **(U) Unreported Contact with a Foreign National**

(U) The OIG received an allegation that an ODNI senior official improperly engaged in communications with a woman purported to be a foreign national in an attempt to establish a romantic relationship with her. The OIG found that the official exhibited poor judgment and acted recklessly in pursuing this relationship, and a report was submitted to ODNI management for appropriate action.

### **(U) Post-Employment Ethics Violation**

(U) The OIG investigated a former ODNI official for a possible criminal violation of post-employment ethics laws. Within a period of one year of departing from the ODNI, this former official allegedly attempted to influence an ODNI employee on a matter that the former official reasonably should have known was pending under the former employee's official responsibility. The investigation found that the former official

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did not have an intent to influence required by the statute, and the United States Attorney's Office declined prosecution.

**(U) Conflict of Interest**

(U) The OIG investigated allegations that an ODNI management official had a conflict of interest based on his past employment status. This investigation determined that the ODNI official acted within the guidelines established by the agency ethics official.

**(U) Falsification of Contractor Billing Records**

(U) The ODNI OIG investigated alleged falsification of billing records by an employee of an ODNI contractor. The OIG found that the contractor had improperly billed the ODNI. The ODNI obtained full reimbursement for the U.S. Government from the contractor's employer.

**(U) Use of Subpoena Authority**

(U) During this reporting period, the OIG did not exercise subpoena authority under section 7(a)(4) of ODNI Instruction 2005-10.

## **IV. (U) Ongoing Projects and Activities**

(U) Included among our ongoing projects and activities are several joint projects that are being coordinated or conducted collaboratively with other IC IGs through the IC IG Forum. These include an audit of National Intelligence Program (NIP) funds at the Department of Homeland Security (DHS) and an inspection of acquisition oversight throughout the IC.

**(U) Inspections, Reviews, and Audits**

**(U) Inspection of Advanced Geospatial Intelligence (AGI) Capabilities**

(U) The OIG is evaluating key AGI programs and activities in the NRO, National Geospatial-Intelligence Agency (NGA), and CIA to assess the integration of AGI into IC analytic tradecraft. Following a briefing in May 2008, the Director of NGA accepted the OIG's recommendations and began to implement them, in part by publishing a new AGI Implementation Plan that embraces key OIG findings and recommendations. The OIG will update the DNI on NGA's implementation of the recommendations.

**(U) Review of Implementation of the IC Joint Duty Program**

(U) During the OIG's 2008 *IC-Wide Integration and Collaboration Diagnostic and Recommendations*, IC leaders and staff identified problems with the implementation of the IC Civilian Joint Duty (JD) Program. Specifically, the leaders and staff told us that senior leadership support for the program was limited and that guidance for obtaining credit for JD credit was unclear. Subsequently, the IC Chief Human Capital Officer (CHCO) asked the OIG to conduct an implementation status review to identify factors affecting JD Program participation.

(U) The OIG conducted interviews and focus groups of IC senior leaders, CHCO council members, JD Program Managers, and JD Program participants. Upon completing the interviews and focus groups, the OIG performed a thorough analysis of the information and data collected. The OIG report will provide our findings and recommendations for improving the JD Program and identify measures to boost JD Program participation throughout the IC.

**(U) Congressional Request for Information on NCTC's RAILHEAD Program**

(U) In response to a request from the Subcommittee on Oversight and Investigations of the House Committee on Science and Technology, the OIG is conducting an evaluation of the Program, with particular emphasis on the areas of concern identified in the committee's request. Specifically, the OIG is evaluating the degree to which alleged shortcomings in the areas of program planning, program management and oversight, and functionality of RAILHEAD deliverables have been mitigated by NCTC management. The OIG provided an interim response to the HPSCI in March 2009 based on an investigation conducted by the Investigations Division. Upon completion of the remaining portion of this evaluation, the OIG will provide a final response to HPSCI through an arrangement with the Subcommittee.

**(U) Review of Acquisition Oversight Policies, Processes, and Strategies: Phase II**

(U) Building on the ODNI OIG's 2009 Inspection Report, *Acquisition Oversight Policies, Processes, and Strategies*, the ODNI OIG is working with elements of the IC IG Forum in coordinating concurrent agency level reviews of acquisition oversight strategies, policies, processes. OIG personnel from CIA, NRO, NSA, NGA, and the FBI are evaluating their own internal policies, processes, and control measures used to manage variance in cost, schedule, and performance baselines for their acquisitions. Some will evaluate the acquisition oversight mechanisms of their agencies within the

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context of scheduled audits, while others will review previous reporting on acquisition programs to identify areas of concern for elevation to the DNI level.

(U) Once these OIGs have completed their reviews, the ODNI OIG will work collaboratively with them to identify issues for DNI consideration to build upon the recommendations made in the first phase of the project.

**(U) Counterintelligence Community Review**

(U) HPSCI asked the OIG to assess the counterintelligence community's ability to coordinate operational and investigative activities across the entire community. In responding to this request, the OIG's Oversight and Policy Division analyzed the status of and trends in interagency collaboration and coordination on counterintelligence matters. For this assessment, the OIG interviewed over 30 senior officers from nine separate counterintelligence components and examined their processes and strategies for handling and coordinating counterintelligence matters.

**(U) FY 2009 Federal Information Security Management Act (FISMA) Review**

(U) ODNI Instruction 2005-10, September 7, 2005, authorized the OIG to perform annual independent evaluations of the ODNI's information security programs and practices consistent with FISMA. The OIG's FY 2009 FISMA evaluation includes testing the effectiveness of information security policies, procedures, and practices of ODNI systems.

**(U) Joint Audit of NIP Funds at the DHS Office of Intelligence and Analysis**

(U) The OIG is examining the adequacy and effectiveness of the internal controls over the budgeting, accounting, and expending of NIP funds provided to the DHS Office of Intelligence and Analysis. This audit also will assess the roles and responsibilities of the ODNI as they relate to NIP funds. The audit is being performed jointly with the DHS OIG.

**(U) Audit of Internal Controls over ODNI's Fund Balance with Treasury**

(U) In the ODNI's Financial Statement Auditability Plan Report to the SSCI (April 15, 2007), reconciling Fund Balance with Treasury (FBWT) was cited as one of three key impediments to auditability of financial statements in the IC. The OIG is performing an audit of the adequacy and effectiveness of internal controls as they relate to ODNI's FBWT. The purpose of the audit is to ensure that policies and procedures



are in place to perform reconciliations of the ODNI FBWT on a periodic and recurring basis in accordance with federal guidelines.

#### **(U) IC IG Audit Activities**

(U) The OIG also participates in the following activities:

- Chief Financial Officer/Inspector General Council (CFO/IG Council) – the CFO/IG Council meets quarterly to discuss issues jointly and provide updates related to the IC's movement toward auditability of financial statements. Membership includes representatives from six IC agency CFOs and OIGs. The council is co-chaired by the ODNI CFO and the ODNI IG. The council is now resolving how the IC OIGs will support auditability through audits or oversight.
- Joint Audit Working Group (JAWG) – the JAWG meets quarterly with representatives from six IC agencies. Meetings are used to discuss planned and ongoing work, to identify opportunities for collaboration or to address IC systemic issues, and to bring in speakers or subject matter experts. The ODNI AIG for Audit chairs the council.
- Joint Intelligence Oversight Coordination Group (JIOC Group) – the JIOC Group is the DoD IG's equivalent of the JAWG and is headed by the DoD Deputy IG for Intelligence. This group includes representatives from the military branches, the DoD IC components, and ODNI OIG. ODNI OIG is a member and facilitated the expansion of JIOC Group's membership to include the DoD OIG's financial auditors to address IC financial management from both a programmatic and financial statement perspective.

## **V. (U) Congressional Testimony**

### **(U) Hearing on Critical IC Management Challenges**

(U) On 1 April 2009, ODNI Inspector General Edward Maguire testified before the House Permanent Select Committee on Intelligence Subcommittee on Intelligence Community Management. The OIG's *Critical IC Management Challenges* paper was submitted as a statement for the record. Included in this paper were those challenges common to other IC entities that fell within the DNI's responsibility under the IRTPA to lead and integrate the IC. As a result, this paper reflected not only those challenges facing the DNI in his role as leader of the ODNI, but also those challenges facing the DNI in his role as leader of the IC. In response to the report, the DNI committed to work

with the OIG to identify meaningful ways to address the Intelligence Community's most pressing management challenges.

(U) This was the first set of Management Challenges prepared by the ODNI OIG. In the future, the OIG will prepare Management Challenges annually at the end of each fiscal year.

## **VI. (U) Status of Recommendations for Completed Projects**

(U) The implementation status of OIG recommendations during this reporting period is noted in the chart below, listed by report in the order in which the reports were issued. This list does not include recommendations in these reports that were reported as closed in previous OIG annual reports. Recommendations are "closed" if they have been fully implemented (designated in green); "resolved" if the ODNI has taken significant steps to implement them so that the OIG believes they will be fully implemented, but they are not yet entirely closed (designated in yellow); and "open" if they have not been implemented and substantial steps have not yet been taken towards implementation (no color designation).

(U) The OIG and ODNI management have developed a system to ensure timely and effective implementation of OIG recommendations. As a result, a significant number of recommendations open during the past reporting period are now closed or resolved. At the start of the reporting period, the ODNI had 60 open recommendations. In the past six months, 24 recommendations have been closed, including implementing the recommendations we made to increase the quality, utility, and accessibility of NCTC products; appointing senior officials in the ODNI to improve IC-wide dissemination of sensitive reporting; making the DNI's Executive Committee (EXCOM) and Deputy Executive Committee (DEXCOM) permanent entities with codified roles and responsibilities; and issuing ICD 501, "Access to and Dissemination of Intelligence," to improve information sharing across the IC.

(U) In addition, the ODNI has made substantial progress in resolving 17 recommendations, such as implementing a consolidated IC approach to identify requirements, develop terms and conditions, and negotiate for Enterprise-wide software contracts that are more beneficial to the government than those currently in place; ensuring 10 IC elements have implemented the requirements of ICD 651 in performance appraisals (and six others are in the process of implementing them); and prioritizing the efforts of the FISA Working Group, which is meeting its milestones in its ongoing implementation of the FISA Panel's recommendations.

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(U) During this reporting period, the OIG made 11 additional recommendations in the Acquisition Oversight report. One of the recommendations was implemented immediately and has been closed. The suggested deadlines for implementation of the remaining 10 recommendations are beyond the end of this reporting period. ODNI management is now working on implementing these recommendations, and the OIG is monitoring their implementation.

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**(U) Figure 2. Status of Unclassified OIG Recommendations Pending Between  
1 January 2009 and 30 June 2009**

Recommendation	Date of Recommendation	Steps Taken Towards Implementation
<b>(U) AUDIT OF THE CONTRACT AWARD PROCESS FOR THE CASES PROGRAM (RESOLVED: 1)</b>		
(U) Issue a policy to implement performance-based acquisitions in the OONI.	November 2007	RESOLVED. An implementation plan for performance-based acquisitions will be completed soon.
<b>(U) REVIEW OF IC-WIDE DISSEMINATION OF SENSITIVE REPORTING (CLOSED: 3, RESOLVED: 1, OPEN: 1)</b>		
(U) Establish and promulgate IC standards and a process for the dissemination of sensitive intelligence reporting to ensure that customer requirements are better met.	November 2007	RESOLVED. The ONI issued ICD 501, ICPG 501.1, and 501.2, but these standards do not fully address the part of the recommendation relating to sensitive intelligence dissemination. CIA has created a sensitive review board staffed with CIA officials who oversee CIA sensitive reporting virtually on behalf of the IC analytic components, but the sensitive review boards in each IC agency should have representatives from other IC components.  No sooner than 3 years from the date of this report, the OIG plans to conduct a follow-up inspection of IC sensitive dissemination to determine what progress has been made.
<b>(U) INTELLIGENCE COMMUNITY (IC) WIDE REVIEW OF THE TERRORIST WATCHLIST NOMINATION PROCESS (OPEN: 1)</b>		
(U) Promulgate a comprehensive IC-wide policy clearly defining agency / departmental roles and responsibilities with regard to the watchlist nomination process.	February 2008	
<b>(U) REVIEW OF THE NCTC, PHASE II: EFFECTIVENESS OF THE NCTC'S COMMUNITY RELATIONS (CLOSED: 5)</b>		
(U) Expand the Domestic Outreach Program and document progress in its annual report to the ONI.	April 2008	CLOSED

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(U) All entry-level analyst education programs for CT intelligence analysts across the IC include a block of instruction on the NCTC and its statutory role in the CT community, and that the NCTC work with other intelligence agencies to have this training.	April 2008	CLOSED.
(U) Continue its program to broker access requests and document the progress of this program in their annual report to the DNI.	April 2008	CLOSED.
(U) Review the current CT analysis and production workload in the IC in order to identify overlap and reduce redundancy. We recommended the Analytical Framework for Counterterrorism be updated with specific analysis and production responsibilities based upon the results of this review.	April 2008	CLOSED. The NCTC issued a CT Analytic Production Strategy; they have reviewed the landscape and issued a strategy to reduce redundancy.
(U) Establish and implement a training and certification program for all new users of NCTC On-Line.	April 2008	CLOSED.
<b>(U) IC-WIDE INTEGRATION AND COLLABORATION DIAGNOSTIC AND RECOMMENDATIONS (CLOSED: 7, RESOLVED: 7, OPEN: 6)</b>		
(U) Appoint a senior officer to assist the DNI in ensuring the implementation of and compliance with recommendations contained in OIG reports and relevant recommendations from other reports.	August 2008	CLOSED. The Director of the Intelligence Staff has been given this responsibility.
(U) Make the EXCOM and DEXCOM permanent entities.	August 2008	CLOSED. Charters establishing the EXCOM and DEXCOM were disseminated on 12 June 2009.
(U) Clearly define and communicate the roles and responsibilities of the DEXCOM to the IC.	August 2008	CLOSED. Charters establishing the EXCOM and DEXCOM were disseminated on 12 June 2009.
(U) Direct IC leaders to instruct their respective elements to coordinate hardware acquisition requirements through the appropriate ODNI organization.	August 2008	CLOSED.
(U) Finalize and communicate an IC systems architecture plan that acknowledges stakeholder inputs and requirements as appropriate.	August 2008	CLOSED. Joint Architecture Reference Model V.1.0 baselined by Joint Systems Engineering forum 29 April 2009 and briefed to IC2PAC 16 June 2009.

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(U) Identify and develop an action plan to address the technological challenges that inhibit collaboration and information sharing – particularly, non-compatible IT networks deployed across the IC, and insufficient bandwidth for video teleconferencing.	August 2008	CLOSED. Information Integration Program (I2P) Roadmap Version 2.51 published June 2008 provides integrated plan to align over 38 initiatives to improve information integration across the IC.
(U) Require ODNI organizations to inform IC organizations of the purpose and outcomes of data calls as part of the tasking process.	August 2008	CLOSED. Memo from the DIS to all component heads directed them to provide this information in conjunction with ODNI tasking.
(U) Share the results of this Diagnostic with IC elements.	August 2008	RESOLVED. DIS to release Diagnostic to the IC with new NIS in mid-July.
(U) Brief the ICLC on the results of this baseline Diagnostic.	August 2008	RESOLVED. DIS to release Diagnostic to the IC with new NIS in mid-July.
(U) Require all DNI direct reports and Mission Managers to develop and articulate their respective roles and responsibilities.	August 2008	RESOLVED. The DNI is finalizing direct reports and Mission Managers' performance descriptions and objectives.
(U) Develop an audio-visual presentation introducing the DNI and the role of the ODNI in the IC to all new IC members.	August 2008	RESOLVED. This will be implemented after the vision and mission statements are finalized.
(U) Coordinate and consolidate hardware and software acquisition requirements.	August 2008	RESOLVED. The IC CIO has implemented a consolidated IC approach to identify requirements, develop terms and conditions, and negotiate for Enterprise-wide software contracts that are more beneficial to the government than those currently in place.
(U) Direct the DDNI for Analysis to develop and implement procedures to ensure the accuracy and quality of information in the Analytic Resources Catalog (ARC).	August 2008	RESOLVED. CHCO has launched Intelligence Capabilities Catalogue to replace the ARC. Planned database upgrades will include systems and measures that require validation of entries by supervisors.
(U) Ensure that all IC elements are incorporating the requirements of ICD 651 in employee performance appraisals.	August 2008	RESOLVED. CHCO has documented that 10 IC elements have implemented the requirements of ICD 651 in performance appraisals, 5 are in the process of implementing, and 1 is pending implementation.

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(U) Direct the ADN/CIO, in coordination with the DDNI/C and DDNI/PPR, to ensure through appropriate guidelines, policies, directions, standards and business practices that web-based tools and technology enable and enhance mission effectiveness.	August 2008	The CIO is working closely with DDNI/A and DDNI/PPR to ensure web-based tools introduced will include computer based training and a user manual.
(U) Identify, compile, maintain, and distribute to the IC a list of the expertise of all IC elements.	August 2008	
(U) Create a clear and succinct mission and vision statement for the ODNI. Publish and communicate the ODNI mission and vision to the ODNI and IC elements.	August 2008	The DNI's <i>Response to Congressional Request for a Strategic Plan for the Office of Director of National Intelligence</i> contained mission and vision statements for both the ODNI and the IC. This document is classified SECRET and has not been widely distributed within the ODNI or IC. The DNI is revising the NIS and as part of this process, plans to finalize the ODNI vision and mission statements and distribute it to the IC.
(U) Publish a definition of collaboration for the IC.	August 2008	
(U) Determine which recommendations made in the <i>Achieving a Robust Collaborative Environment</i> study should be implemented and appoint a senior officer to implement those recommendations.	August 2008	The ICDO, which commissioned the study, was dissolved Oct 31, 2008. Other than posting the study, none of the recommendations has been implemented.
(U) Establish an "Ask the Director" link on the DNI homepage to solicit questions and comments from the IC workforce.	August 2008	Public Affairs Office is developing a plan and coordinating internally to launch this function.
<b>(U) FY 2008 FEDERAL INFORMATION SECURITY MANAGEMENT ACT REVIEW (CLOSED: 2, OPEN: 8)</b>		
(U) D/DMS to establish milestones for completion of the information security program.	August 2008	CLOSED.
(U) D/DMS to designate a senior agency official responsible for security of ODNI information and information systems whether ODNI owned or operated by another agency or by a contractor on behalf of ODNI.	August 2008	CLOSED: The ODNI appointed a SNIS-level Deputy for IC Technology Governance to manage internal system security matters.

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(U) CIO complete a documented comprehensive information security program consistent with FISMA requirements that includes the following elements: 1) periodic risk assessments, 2) policies and procedures based on risk assessments, 3) plans for providing appropriate information security, 4) Periodic testing and evaluation of the information security policies and procedures, 5) A process for developing a plan of action, and 6) Plans and procedures for developing continuity of operations for information systems.	August 2008	The ADNI/CIO is in the process of implementing this recommendation. The ADNI/CIO presented an IC Certification & Accreditation (C&A) Transition plan to a Tiger Team for review and comments. The intent is to develop a C&A process/ information security program that will be aligned closely with NIST.
(U) CIO to establish milestones and complete strategic plans and programs and finalize system inventories.	August 2008	ADNI/CIO will have milestones by 1 August 2008.
(U) CIO develop information security strategic plans that define the following for its information security program: 1) Clear and comprehensive mission, vision, goals, and objectives and how they relate to agency mission, 2) High level plan for achieving information security goals and objectives, including short and mid-term objectives to be used throughout the life of this plan to manage progress toward successfully fulfilling the identified objectives, and 3) Performance measures to continuously monitor accomplishment of identified goals and objectives and their progress toward stated targets.	August 2008	ADNI/CIO issued an IC Information Security Strategy, but the strategy does not contain performance measures. CIO will have performance measures by 1 August 2009.
(U) CIO to establish milestones for completion of the information security strategic plans.	August 2008	The CIO will complete this 30 September 2009.
(U) CIO in coordination with D/DMS to establish a roadmap to identify the inventory of systems that are ODNI responsibility and those that are IC-wide responsibility and establish a timeframe for completion of roadmap.	August 2008	Systems roadmap for inventory is not yet complete. Responsibility for this recommendation belongs to a position for which a new Director of Information Technology is currently being hired. The D/ISC estimates that this recommendation will be completed by the end of September.
(U) D/DMS complete a documented comprehensive information security program consistent with FISMA requirements that includes the following elements: 1) periodic risk assessments, 2) policies and procedures based on risk assessments, 3) plans for providing appropriate information security, 4) Periodic testing and evaluation of the information security policies and procedures, 5) A process for developing a plan of action, and 6) Plans and procedures for developing continuity of operations for information systems.	August 2008	The D/ISC will have the strategy with performance measures by the end of September

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(U) D/DMS develop information security strategic plans that define the following for its information security program: 1) Clear and comprehensive mission, vision, goals, and objectives and how they relate to agency mission. 2) High level plan for achieving information security goals and objectives, including short and mid-term objectives to be used throughout the life of this plan to manage progress toward successfully fulfilling the identified objectives, and 3) Performance measures to continuously monitor accomplishment of identified goals and objectives and their progress toward stated targets.	August 2008	
(U) D/DMS to establish milestones for completion of the information security strategic plans.	August 2008	The D/DMS will complete this 30 September 2009.
<b>(U) CRITICAL IC MANAGEMENT CHALLENGES (CLOSED: 7, RESOLVED: 6, OPEN: 3)</b>		
(U) Define the relative internal authorities of the DNI, PODNI, and other ODNI senior staff.	November 2008	CLOSED.
(U) Publish ICD 501 and supporting directives providing IC-level policies that expand and improve information access for the analytic community.	November 2008	CLOSED.
(U) Develop and implement an IC plan for standardizing communication systems and streamlining the IC data sharing and storage architecture to reduce redundancy and simplify data access and retrieval.	November 2008	CLOSED.
(U) Require collaboration among the national agencies on programs, systems, and acquisitions in accordance with functional management authorities and responsibilities.	November 2008	CLOSED.
(U) Develop MOUs for IC elements that are accountable to both ODNI and another government agency to delineate financial-related roles and responsibilities.	November 2008	CLOSED.
(U) Engage the DoJ at its highest levels in order to communicate national intelligence interests to the DoJ and to implement appropriate legal and policy changes throughout the IC.	November 2008	CLOSED.
(U) Focus efforts on finalizing the ODNI's guidelines implementing EO 12333.	November 2008	CLOSED.

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(U) Finalize and publish critical ICDs, including ICD 101, ICD 303, ICD 306, and ICD 501 - "Access to and Dissemination of Intelligence."	November 2008	RESOLVED. ICD 303 and 306 have not been published yet.
(U) Publish a definition of collaboration for the IC.	November 2008	
(U) Lead the effort to define what constitutes a "system" for consistent IC application for both auditability and business transformation.	November 2008	The IC CIO has drafted IC Policy Guidance on FISMA Compliance and Reporting, which will define a system for FISMA purposes. The policy definitions identify an "information system," an "intelligence information system," and a "reportable system." The ADNI/CIO and PPR are coordinating approval.
<b>(U) INSPECTION OF IC ACQUISITION OVERSIGHT STRATEGIES, POLICIES, AND PROCESSES</b> (CLOSED: 1; OPEN: 10)		
(U) DDNI/FC immediately ensure that programs funded within the Community Management Account and executed by the ODNI are overseen in accordance with IC acquisition policy.	January 2009	CLOSED: DNI issued Executive Correspondence in January 2009, requiring programs funded in the Community Management Account to abide by IC Acquisition Policy and Oversight.
(U) Publish IC policy no later than 120 days after signature, identifying a governance model for the ODNI AO workforce relative to the IC acquisition community, including: A. Revising ICD 1 to account for current distributions of authorities and decision rights. B. Standardizing levels of official interface and protocol between ODNI officials and IC counterparts. C. Clarifying the role of the PDDNI relative to the codified authorities of the DNI's Milestone Decision Authority (MDA) (DDNI/FC), the DDNIs, the ADNIs, and DNI Policy for the IC.	May 2009	Deadline for implementation has not been reached.
(U) Document the existing processes that link DDNI/FC acquisition decisions with CFO funding decisions no later than 210 days after signature. Provide the widest possible dissemination of the documented processes to ensure members of the AO staff are aware of all options available to utilize funding authorities as a management instrument.	May 2009	Deadline for implementation has not been reached.
(U) DDNI/FC enforces accountability for IC agencies to have validated requirements documents as a prerequisite for MDA delegation, and permanently add such language to DDNI/FC performance objectives no later than 360 days after signature. Additionally, when the DDNI/FC delegates MDA for a program without a validated requirements document, formal justification to the DNI shall be identified in an Acquisition Decision	May 2009	Deadline for implementation has not been reached.

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Memorandum.		
(U) Publish IC policy no later than 210 days after signature, prescribing processes, authorities, and responsibilities for developing formal user requirements for Programming Committee approval and validation. The 2007 ODNI Requirements Study should be the point of reference for developing the new requirements policy.	May 2009	Deadline for implementation has not been reached.
(U) DDNI/FC, the CIO, and the Office of General Counsel to collaborate and codify statutorily compliant areas of oversight jurisdiction no later than 120 days after signature. We also recommend that the DNI and the CIO codify processes for oversight of IT programs under CIO jurisdiction no later than 120 days after signature, and maintain sufficient numbers of experienced IT professionals to execute the processes.	May 2009	Deadline for implementation has not been reached.
(U) Establish and codify a repeatable process for Major Systems Acquisition (MSA) designation no later than 90 days after signature that accounts for statutory funding thresholds.	May 2009	Deadline for implementation has not been reached.
(U) Establish a plan to provide oversight to programs before Milestone A and after Milestone C to complement current monitoring of Phase B activities no later than 120 days after signature. Additionally, the OIG recommends that the DDNI/FC coordinate with the DDNI/C, the DDNI/A, the CFO, and the CIO to codify a process no later than 120 days after signature, that includes performance data for all operational MSAs in an appendix to the annual IC Program Management Plan (PMP) report.	May 2009	Deadline for implementation has not been reached.
(U) DDNI/FC and DDNI/PPR to revise the ACCEA no later than 150 days after signature, with the following objectives: A. Align goals with stated strategy elements: Policy Guidance, Monitoring, and Corrective Action. B. Update ACCEA Immediate Actions to address corrective action as a priority. C. Elevate workforce qualification and certification goals	May 2009	Deadline for implementation has not been reached.
(U) Establish a process to track and address instances of IC agency noncompliance with IC acquisition policy and process discipline breakdowns no later than 120 days after signature. An option the DNI may wish to consider is to establish ODNI staff liaison positions at the IC agencies to act as the forward-deployed focal points for all actions and information requests transmitted from the ODNI staff to an agency.	May 2009	Deadline for implementation has not been reached.

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(U) DDNI develop a feedback mechanism within the ODNI staff and with the IC agencies no later than 90 days after signature. This feedback should inform the IC agencies what is being done with requested information, and it should provide details of value-added contributions by the ODNI staff.	May 2008	Deadline for implementation has not been reached.
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## **(U) Report Waste, Fraud, Abuse, or Misconduct**

(U) To report allegations of waste, fraud, abuse, or misconduct in the ODNI or IC agencies, contact:

Office of the Inspector General  
Office of the Director of National Intelligence  
Investigations Division  
Washington, DC 20511

[Redacted]

or

[Redacted]

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[Redacted]

[Redacted]

(U) Some ODNI OIG reports are also posted on our classified website:

[Redacted]

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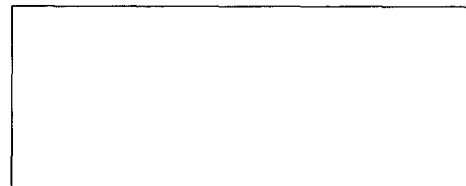


**(U) Office of the Director of  
National Intelligence  
Office of the Inspector General**



**(U) Semiannual Report  
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(b)(3)

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(U) The Inspector General of the Office of the Director of National Intelligence (ODNI) provides policy direction for, and plans, conducts, supervises, and coordinates inspections, audits, investigations, and other inquiries relating to the programs and operations of the ODNI and the authorities and responsibilities of the Director of National Intelligence (DNI). The Inspector General is charged with detecting fraud, waste, and abuse; evaluating performance; and making recommendations to promote economy, efficiency, and effectiveness in the ODNI and the Intelligence Community.



## **(U) A Message From the Inspector General**

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(U) Since the Office of the Director of National Intelligence (ODNI) Office of the Inspector General (OIG) opened its doors four years ago, we have developed a diverse staff of highly qualified auditors, inspectors, and investigators from across the Intelligence Community (IC). These include intelligence professionals who have military and civilian analysis, collection, and investigative experience, as well as attorneys and other professionals who have performed oversight functions in other Inspector General offices in the IC.

(U) Upon entering on duty as the ODNI Inspector General on 29 April 2009, I evaluated the performance and activities of our office. Reflecting the vital oversight role of our office, we are committed to:

- Conducting timely, accurate, relevant, and objective audits, inspections, investigations, and reviews that advance the mission of the ODNI and the IC.
- Establishing a disciplined and transparent process in collaboration with ODNI management to ensure timely review of OIG reports, implementation of OIG recommendations, and release of OIG reports to congressional oversight committees.
- Engaging the Intelligence Community Inspectors General (IC IG) Forum to identify issues of common concern, ascertain trends in oversight, de-conflict project proposals, and conduct collaborative projects.

(U) During the period from 1 January 2009, through 30 June 2009 covered by this report, we completed a variety of significant audits, inspections, investigations, and reviews. This report summarizes those accomplishments.

(U) Among the most significant reports issued during this reporting period was the issuance of several reports prepared pursuant to the Foreign Intelligence Surveillance Act Amendments Act of 2008. That Act directed IGs of agencies who participated in the President's Surveillance Program to conduct a comprehensive review of the Program. IGs of the Department of Justice (DOJ), Department of Defense, National Security Agency (NSA), Central Intelligence Agency (CIA), and the ODNI conducted reviews of their agency's participation in the Program. The five IGs prepared individual classified reports, and these reports were then summarized in a classified summary or "capstone" report. These IGs also issued an unclassified report that described how, following the terrorist attacks of September 11, 2001, the President directed that the NSA's signals intelligence collection capabilities be expanded without review by the Foreign Intelligence Surveillance Court. On 10 July 2009, the classified

and unclassified reports were delivered to congressional oversight committees, and the unclassified report was released to the public.

(U//FOUO) During this reporting period we also issued the report [redacted] This report examined the effectiveness and efficiency of [redacted] policies, processes, and strategies to determine the degree to which their execution reflects the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) acquisition authorities of the DNI. (b)(3)

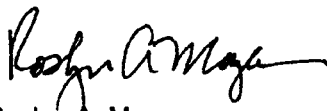
(U) Since the last reporting period, ODNI management has taken significant steps to address previous OIG recommendations. Notably, at the outset of this reporting period, there were 60 open recommendations in nine reports. In the past six months, with the strong support of the Director of the Intelligence Staff, ODNI management closed 24 recommendations and has "resolved" 17 recommendations, which means that management has taken substantial steps toward closing the recommendations.

(U//FOUO) The OIG has several significant, ongoing projects that are described in this report, including a review of the implementation of the [redacted] an inspection of the execution and oversight of a [redacted] (b)(3)  
(b)(3)

(U) During this reporting period the ODNI OIG continued to strengthen the collective role and effectiveness of IGs throughout the Intelligence Community. We hosted the 15<sup>th</sup> Annual Intelligence Community Inspectors General Conference on 29 May 2009, at the headquarters of the National Reconnaissance Office. More than 240 OIG personnel from all 17 IC agencies attended. The ODNI continued to co-chair the IC IG Forum, which meets quarterly to provide a venue for the IC IGs to share information and collaborate on matters of common concern. As an extension of the IC IG Forum, the ODNI OIG also chairs working groups for IC Deputy IGs and Assistant IGs for Audit, Inspections, and Investigations. These working groups meet quarterly to exchange ideas and work plans, identify IC systemic issues, reduce redundancy, share best practices, and identify future IC-wide collaborative projects.

(U) In the months ahead, we plan to address emerging areas of concern and to generate other capacity-building audits, inspections, and other reviews that align with IRTPA, the National Intelligence Strategy, and other important mission objectives of the ODNI. In performing our work, we are committed to maintaining the highest standards of professionalism, objectivity, and integrity in our interactions within the ODNI and with other elements of the IC.

(U) I am proud of the work performed by our dedicated and talented staff. We look forward to working closely with the DNI, ODNI management, and our IC IG colleagues in this endeavor.

  
Roslyn A. Mazer  
Inspector General  
30 July 2009

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## **I. (U) Overview**

(U) The mission of the Office of the Inspector General (OIG) is to improve Intelligence Community (IC) performance through: (1) conducting oversight of the Office of the Director of National Intelligence (ODNI) and IC programs and operations that fall within the authorities and responsibilities of the Director of National Intelligence (DNI), (2) exercising a unique cross-agency focus, and (3) drawing upon the collaborative efforts of IC Inspector General (IG) partners. The office conducts audits, investigations, inspections, and reviews of ODNI and IC performance to detect and deter waste, fraud, and abuse and to promote efficiency, effectiveness, and accountability. The OIG's completed and ongoing projects are described in the next two sections of this report.

(U) In addition, the OIG makes recommendations to the DNI for improving the performance of IC programs and activities. The OIG also focuses on identifying the critical challenges facing the ODNI and the IC. In December 2008, we reported to the DNI the top IC management challenges based on our review of the management and performance challenges from most of the IC agencies. The last section of this report includes an update on the implementation status of the recommendations made in our reports, including our management challenges report.

(U) The OIG's mission, roles, and responsibilities slightly overlap in certain areas with several other ODNI oversight components, such as the Civil Liberties and Privacy Office, Office of General Counsel, Office of Equal Employment and Diversity, Security, and Human Resources. The OIG works closely with each of these offices to provide effective oversight of the ODNI's and the IC's programs and activities.

### **(U) OIG Organization**

(U) The OIG consists of the following divisions:

**(U) Audit Division:** Executes independent program and financial audits and evaluations of ODNI and IC programs, information technology, procurement, internal controls, financial statements, and financial management.

**(U) Inspections Division:** Conducts independent and objective capacity-building inspections, reviews, and evaluations to improve IC-wide performance; examines information access, collaboration, intelligence collection and analysis, and compliance with laws and regulations.

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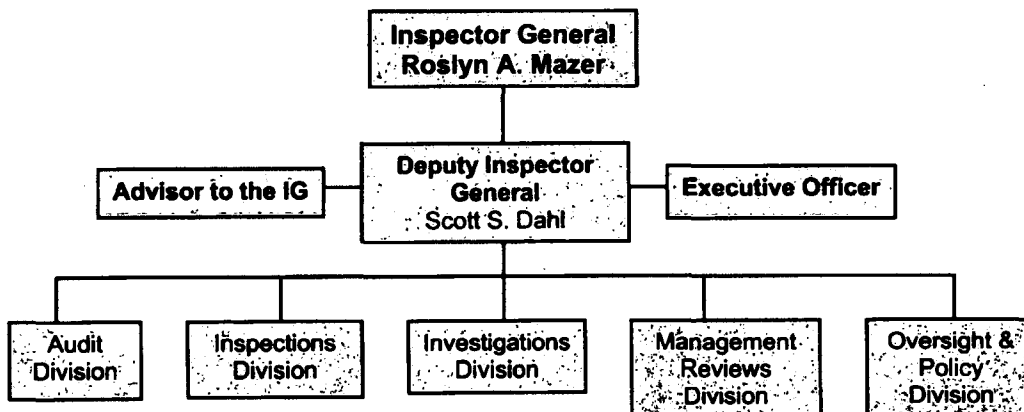
**(U) Investigations Division:** Investigates allegations of violations of criminal laws and administrative regulations arising from the conduct of ODNI and IC employees and contractors.

**(U) Management Reviews Division:** Conducts management and programmatic reviews of the ODNI, its centers, and the IC; evaluates management and processes to assist the IC in developing and implementing processes and procedures to improve both effectiveness and efficiency.

**(U) Oversight and Policy Division:** Monitors and analyzes trends and patterns concerning intelligence oversight activities across the IC, maintains liaison with the President's Intelligence Advisory Board's Intelligence Oversight Board (IOB) and congressional oversight committees, and conducts policy studies on behalf of the IG.

(U) An organization chart delineating the OIG's front office and division structure is below.

**(U) Figure 1. OIG Organization Chart 2009**



## **(U) OIG Personnel and Resources**

(U//FOUO) To accomplish our IC-wide oversight roles and responsibilities, the OIG has developed a diverse, highly-experienced workforce from a variety of professional backgrounds and IC elements. Our staff includes professionals who worked formerly for other IC OIGs as auditors, investigators, attorneys, and inspectors, as well as people with hands-on experience in both military and civilian intelligence



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operations. They have served across the IC, including the Central Intelligence Agency (CIA), Department of Defense (DoD) agencies, the armed services, the Federal Bureau of Investigation (FBI), the Department of Treasury, and other components of the ODNI.

(b)(1)  
(b)(3)

## **II. (U) IC Inspectors General Activities**

(U) The Inspector General is responsible for detecting fraud, waste, and abuse; evaluating performance; and making recommendations to promote economy, efficiency, and effectiveness in the ODNI and the IC. To achieve these objectives, the ODNI OIG facilitates collaboration, information sharing, and strategic thinking among the Intelligence Community Inspectors General. This section highlights some of the ways the OIG coordinates oversight across the IC.

### **(U) IC Inspectors General Forum**

(U) The ODNI Inspector General chairs the IC Inspectors General (IC IG) Forum, a quarterly meeting of all IC and IGs or their designees. The ODNI OIG also acts as the Executive Secretariat for the IC IG Forum, performing such functions as hosting the meetings, consulting on topics of interest, developing the agenda, distributing documents, and maintaining minutes.

(U) The IC IG Forum is designed to promote collaboration and coordination among the IC Inspectors General for strengthening the collective role and effectiveness of OIGs throughout the IC, enhancing the value of OIG activities in support of the National Intelligence Strategy (NIS), and increasing efficiency by avoiding duplication of effort among the IC OIGs. During this reporting period, the Forum provided a venue for the IGs to share information and collaborate on matters of common concern. We discussed issues such as the impact of proposed legislation on the IC OIGs, collaboration on issues like acquisition oversight and security clearance reform, coordination of IC OIGs' responses to congressional requests, IC OIG training programs, and an IC OIG awards program.

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(U) As noted in the Completed Projects section of this report (below), five Intelligence Community Inspectors General completed a comprehensive review of the President's Surveillance Program (PSP). The ODNI OIG also completed its inspection on acquisition oversight, and several other IC IGs are conducting similar reviews in their agencies.

(U) As part of the IC IG Forum activities, the ODNI OIG has established an IC-wide Deputy IG Working Group and Assistant Inspectors General Working Groups for Audit, Inspections, and Investigations. The purpose of these working groups is to expand the role of the IC IG Forum in integrating the IC IG community by exchanging ideas and work plans, identifying IC systemic issues, reducing redundancy, sharing best practices, and identifying future IC-wide collaborative projects. The working groups meet quarterly and are chaired by the ODNI OIG representative.

(U) During this reporting period, the Deputy IGs Working Group developed the panel topics for the Annual IC IG Conference (described below). The Assistant Inspectors General for Investigations Working Group collaborated to develop protocols and standards for peer reviews of investigative units within the IC. These peer reviews will be available to IC OIG investigative units on a voluntary basis. The Assistant Inspectors General for Audit Working Group established a template that lists all prior, current, and planned audits by agency. The Assistant Inspectors General for Inspections Working Group established and implemented a process to identify and prioritize intelligence issues for future inspections and reviews. The process involves developing criteria and metrics to evaluate and rank the intelligence issues.

(U) In addition, during this reporting period the ODNI OIG instituted a formal Inspectors General National Intelligence Awards Program pursuant to Intelligence Community Directive (ICD) 655. The purpose of the awards program is to recognize OIG personnel throughout the IC who have made extraordinary contributions to the mission and objectives set forth in the NIS and to the intelligence mission of their respective IC OIG offices.



### **(U) 15<sup>th</sup> Annual IC IGs Conference**

(U) The ODNI OIG convened the 15<sup>th</sup> Annual Intelligence Community Inspectors General Conference on 29 May 2009. The conference was held at the Jimmie D. Hill Conference Center at the National Reconnaissance Office (NRO) and was attended by more than 240 OIG personnel from all 17 IC agencies.

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(U) The objectives of this conference were to discuss how the IC IG community could effectively address the IC's emerging challenges, such as cyber threats; to facilitate strategic thinking on ways to improve the efficiency and effectiveness of the IC, such as through financial accountability; and to strengthen the IC IG community through professional collaboration among IC elements.

(U) Highlights of the conference included a keynote address by Michael E. Leiter, Director of the National Counterterrorism Center (NCTC), who described the value of OIG oversight in providing a fresh set of eyes and a neutral perspective on better ways to accomplish the ODNI's mission.

(U) The conference also featured four panel discussions: Patricia Lewis, CIA IG (Acting), moderated a panel describing the value of different approaches to conducting inspections. George Ellard, National Security Agency IG, led a panel on cyber challenges. ODNI IG Roslyn Mazer, who chaired the conference, moderated a robust discussion on oversight of the IC, in which Eric Greenwald, Chief Counsel to the House Permanent Select Committee on Intelligence (HPSCI); Susan Gibson, Senior Associate General Counsel, ODNI Office of General Counsel; Donald Stone, Director of the Audit Team, Senate Select Committee on Intelligence (SSCI); and Christopher White, Staff Member, House Committee on Appropriations, participated. Thomas Gimble, DoD Principal Deputy IG, chaired a panel on IC business transformation and financial auditability. Defense Intelligence Agency IG John Carey provided an update on the Intelligence Community Inspector General Joint Duty Exchange Program.

### **(U) Intelligence Oversight Activities**

(U) This year, 2009, is the first full year that the OIG intelligence oversight (IO) activities will be governed by the new Executive Order 13462, which elevated accountability for IO reporting to the heads of departments and agencies and incorporated a more timely method for reporting significant and highly sensitive IO matters from IC components to the President's Intelligence Oversight Board (IOB). Under the new Executive Order, the ODNI OIG and the Office of General Counsel (OGC) have joint responsibility to analyze IC component IO reporting submitted to the DNI and the IOB and engage in outreach efforts in the IC to improve timely and effective reporting.

### **III. (U) Completed Projects**

#### **(U) Inspections, Reviews, and Audits**

##### **(U) Review of the President's Surveillance Program**

(U) Title III of the Foreign Intelligence Surveillance Act (FISA) Amendments Act of 2008 required the Inspectors General of the IC elements that participated in the President's Surveillance Program (PSP) to conduct a comprehensive review of the PSP, which is commonly referred to as the Terrorist Surveillance Program. The Inspectors General of the ODNI, Department of Justice (DoJ), CIA, National Security Agency (NSA), and the DoD conducted the review required under the Act. The participating Inspectors General summarized the findings of each individual IG report in a comprehensive classified report and produced an unclassified summary report, both of which were provided to Congress on 10 July 2009.

(U) The ODNI OIG found that the ODNI's primary role in the Program involved the preparation and approval of threat assessment memoranda supporting periodic renewal of the PSP. Each threat assessment was designed to set forth the DNI's view of the current threat of an al-Qa'ida attack against the U.S. and to provide the DNI's recommendation whether to renew the PSP. We found that the threat assessments underwent an established approval process in which senior ODNI personnel independently satisfied themselves that the assessments were accurate, properly prepared, and in the proper format. Overall, the OIG found that the ODNI process used to prepare and obtain approval for the threat assessments was straightforward, reasonable, and consistent with the preparation of other documents requiring DNI approval. Significantly, the OIG found that the opportunity for ODNI oversight components to participate in oversight of the Program was limited by the fact that ODNI oversight personnel were not granted timely access to the PSP and by a temporary lack of resources related to the stand-up of the ODNI.

(U) The unclassified report prepared by the participating Inspectors General provided details surrounding the inception and implementation of the Program, legal assessments of the Program, transition of certain Program activities to Foreign Intelligence Surveillance Court Orders, and the impact of the Program on Intelligence Community counterterrorism efforts. The Inspectors General concluded that the collection activities pursued under the PSP, and under the Foreign Intelligence Surveillance Act (FISA) following the PSP's transition to that authority, were unprecedented, and that the retention and use by IC organizations of information collected by the PSP and FISA should be carefully monitored.

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**(U) Review of Acquisition Oversight Policies, Processes, and Strategies**

(U) In 2008, the OIG conducted an inspection to determine the degree to which the ODNI's execution of acquisition oversight policies, processes, and strategies reflects the DNI's Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) acquisition authorities and IC acquisition policies. In this inspection, the OIG assessed whether acquisition oversight decisions are applied uniformly across the IC and whether these decisions support other oversight mechanisms at the ODNI, with a focus on requirements validation. We issued the Inspection Report, *Acquisition Oversight Policies, Processes, and Strategies*, in May 2009.

(U//FOUO) The OIG found that the acquisition oversight strategies, policies, and processes executed by ODNI personnel across the Deputy Director of National Intelligence for Future Capabilities (DDNI/FC)—now the DDNI/Acquisition and Technology (DDNI/A&T)—the Chief Financial Officer (CFO), and the Chief Information Officer (CIO) to be successful in identifying challenges to the major programs selected for formal evaluation and oversight.

(U//FOUO) The OIG also identified the following critical areas of concern in the ODNI's acquisition oversight policies, processes, and strategies:

- Critical policy gaps in the areas of governance and acquisition requirements;
- The DNI's milestone decision authority for major systems acquisitions is not sufficiently synchronized with the DNI's fiscal authorities;
- Process gaps created by areas of policy without attendant processes;
- Instances of poor process discipline; and
- Instances of IC agency noncompliance without correction, indicating that the ODNI senior leadership has not consistently empowered and supported acquisition oversight efforts.

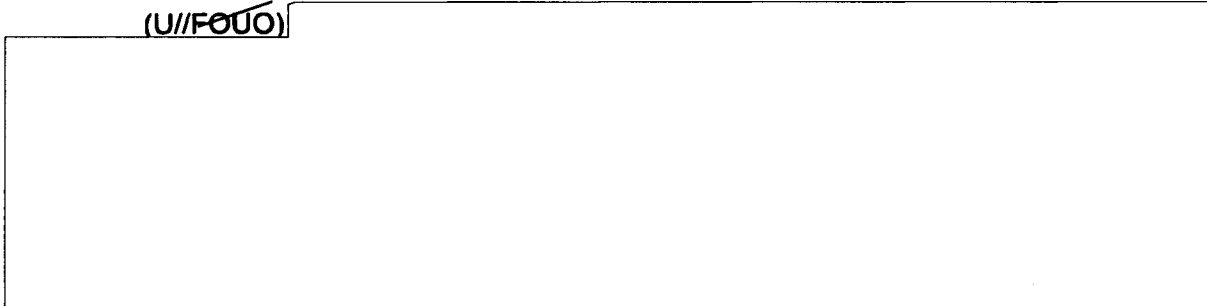
(U//FOUO)

(b)(3)

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instances of IC agency noncompliance with IC acquisition policy and process discipline breakdowns.

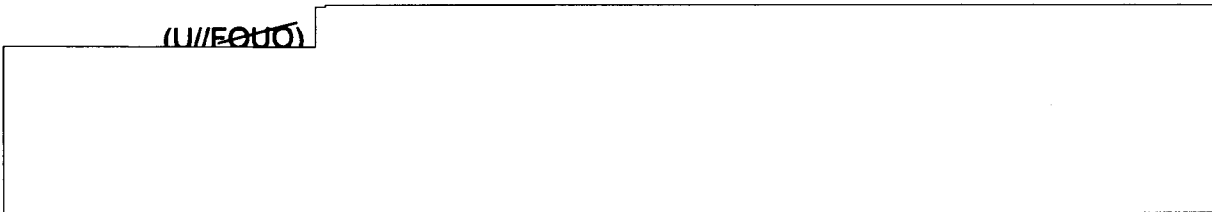
(U//FOUO)



(b)(3)

**(U//FOUO) Management Review of the Office of the National Counterintelligence Executive (ONCIX)**

(U//FOUO)



(b)(3)

**(U) Audit of Special Access Program**

(U//FOUO) The ODNI OIG completed its part of a congressionally-directed audit of a U.S. Government program, [redacted]

[redacted] The joint audit report was submitted to congressional oversight committees in July 2009.

(b)(3)

**(U) Audit of Special Access Program**

(U//FOUO) The ODNI OIG completed a report as part of a joint audit with the [redacted] involving a [redacted] Special Access Program.

(b)(3)

**(U) Investigations**

(U//FOUO) The OIG conducted 29 investigations during this reporting period, including misuse of position, improper use of government resources, contract irregularities, time and attendance abuse, voucher fraud, adherence to policy and procedure, unreported contact with a foreign national, and ethics violations. Select

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cases representing the breadth of investigations conducted over this reporting period are highlighted below:

**(U//~~FOUO~~) RAILHEAD Conflict of Interest Allegations**

(U//~~FOUO~~) On August 21, 2008, the OIG received a letter from the Subcommittee on Oversight and Investigations of the House Committee on Science and Technology asking the OIG to examine the National Counterterrorism Center's (NCTC) RAILHEAD Program, an information technology program for information sharing, and to answer specific questions about the program's execution and oversight. Through an arrangement with the Subcommittee and House Permanent Select Committee on Intelligence (HPSCI), the OIG has and will be responding to the HPSCI. One of the Subcommittee's questions related to allegations that the previous RAILHEAD Program Manager had a close, personal relationship with the contractor for the project. The OIG found no evidence of preferential treatment given during the awarding or management of the contract, or of a close, personal relationship between the RAILHEAD Project Manager and the contractor. An interim response was provided to HPSCI in March 2009 on the results of the investigation. The OIG Inspections Division is examining the remaining questions and preparing a response to HPSCI.

**(U//~~FOUO~~) Unreported Contact with a Foreign National**

(U//~~FOUO~~) An article on a foreign website alleged that an ODNI senior official improperly engaged in communications with a woman purported to be a foreign national in an attempt to establish a romantic relationship with her. The OIG found that the official exhibited poor judgment and acted recklessly in pursuing this relationship, and a report was submitted to ODNI management for appropriate action.

**(U//~~FOUO~~) Post-Employment Ethics Violation**

(U//~~FOUO~~) The OIG investigated a former ODNI official for a possible criminal violation of post-employment ethics laws. Within a period of one year of departing from the ODNI, this former official allegedly attempted to influence an ODNI employee on a matter that the former official reasonably should have known was pending under the former employee's official responsibility. The investigation found that the former official did not have an intent to influence required by the statute, and the United States Attorney's Office declined prosecution.

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**(U//FOUO) Conflict of Interest**

(U//FOUO) The OIG investigated allegations that an ODNI management official had a conflict of interest based on his past employment status. This investigation determined that the ODNI official acted within the guidelines established by the agency ethics official.

**(U//FOUO) Falsification of Contractor Billing Records**

(U//FOUO) [redacted] the ODNI OIG investigated alleged falsification of billing records by an employee of an ODNI contractor. The OIG found that the contractor had improperly billed the ODNI. The ODNI obtained full reimbursement for the U.S. Government from the contractor's employer. (b)(3)

**(U//FOUO) Destruction of CIA Detainee Videotapes**

(U//FOUO) The OIG continues to assist the FBI and the Department of Justice with a federal grand jury investigation into the [redacted] (b)(3)

**(U//FOUO) Use of Subpoena Authority**

(U//FOUO) During this reporting period, the OIG did not exercise subpoena authority under section 7(a)(4) of ODNI Instruction 2005-10.

## **IV. (U) Ongoing Projects and Activities**

(U) Included among our ongoing projects and activities are several joint projects that are being coordinated or conducted collaboratively with other IC IGs through the IC IG Forum. These include an audit of National Intelligence Program (NIP) funds at the Department of Homeland Security (DHS) and an inspection of acquisition oversight throughout the IC.

### **(U) Inspections, Reviews, and Audits**

#### **(U) Inspection of Advanced Geospatial Intelligence (AGI) Capabilities**

(U//FOUO) The OIG is evaluating key AGI programs and activities in the NRO, National Geospatial-Intelligence Agency (NGA), and CIA to assess the integration of AGI into IC analytic tradecraft. Following a briefing in May 2008, the Director of NGA accepted the OIG's recommendations and began to implement them, in part by



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publishing a new AGI Implementation Plan that embraces key OIG findings and recommendations. The OIG will update the DNI on NGA's implementation of the recommendations.

**(U) Review of Implementation of the IC Joint Duty Program**

(U//~~FOUO~~) During the OIG's 2008 *IC-Wide Integration and Collaboration Diagnostic and Recommendations*, IC leaders and staff identified problems with the implementation of the IC Civilian Joint Duty (JD) Program. Specifically, the leaders and staff told us that senior leadership support for the program was limited and that guidance for obtaining credit for JD credit was unclear. Subsequently, the IC Chief Human Capital Officer (CHCO) asked the OIG to conduct an implementation status review to identify factors affecting JD Program participation.

(U//~~FOUO~~) The OIG conducted interviews and focus groups of IC senior leaders, CHCO council members, JD Program Managers, and JD Program participants. Upon completing the interviews and focus groups, the OIG performed a thorough analysis of the information and data collected. The OIG report will provide our findings and recommendations for improving the JD Program and identify measures to boost JD Program participation throughout the IC.

**(U) Congressional Request for Information on NCTC's RAILHEAD Program**

(U) In response to a request from the Subcommittee on Oversight and Investigations of the House Committee on Science and Technology, the OIG is conducting an evaluation of the Program, with particular emphasis on the areas of concern identified in the committee's request. Specifically, the OIG is evaluating the degree to which alleged shortcomings in the areas of program planning, program management and oversight, and functionality of RAILHEAD deliverables have been mitigated by NCTC management. The OIG provided an interim response to the HPSCI in March 2009 based on an investigation conducted by the Investigations Division. Upon completion of the remaining portion of this evaluation, the OIG will provide a final response to HPSCI through an arrangement with the Subcommittee.

**(U) Review of Acquisition Oversight Policies, Processes, and Strategies: Phase II**

(U) Building on the ODNI OIG's 2009 Inspection Report, *Acquisition Oversight Policies, Processes, and Strategies*, the ODNI OIG is working with elements of the IC IG Forum in coordinating concurrent agency level reviews of acquisition oversight strategies, policies, processes. OIG personnel from CIA, NRO, NSA, NGA, and the FBI are evaluating their own internal policies, processes, and control measures used to

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manage variance in cost, schedule, and performance baselines for their acquisitions. Some will evaluate the acquisition oversight mechanisms of their agencies within the context of scheduled audits, while others will review previous reporting on acquisition programs to identify areas of concern for elevation to the DNI level.

(U) Once these OIGs have completed their reviews, the ODNI OIG will work collaboratively with them to identify issues for DNI consideration to build upon the recommendations made in the first phase of the project.

**(U) Counterintelligence Community Review**

(U) HPSCI asked the OIG to assess the counterintelligence community's ability to coordinate operational and investigative activities across the entire community. In responding to this request, the OIG's Oversight and Policy Division analyzed the status of and trends in interagency collaboration and coordination on counterintelligence matters. For this assessment, the OIG interviewed over 30 senior officers from nine separate counterintelligence components and examined their processes and strategies for handling and coordinating counterintelligence matters.

**(U) FY 2009 Federal Information Security Management Act (FISMA) Review**

(U) ODNI Instruction 2005-10, September 7, 2005, authorized the OIG to perform annual independent evaluations of the ODNI's information security programs and practices consistent with FISMA. The OIG's FY 2009 FISMA evaluation includes testing the effectiveness of information security policies, procedures, and practices of ODNI systems.

**(U) Joint Audit of NIP Funds at the DHS Office of Intelligence and Analysis**

(U//FOUO) The OIG is examining the adequacy and effectiveness of the internal controls over the budgeting, accounting, and expending of NIP funds provided to the DHS Office of Intelligence and Analysis. This audit also will assess the roles and responsibilities of the ODNI as they relate to NIP funds. The audit is being performed jointly with the DHS OIG.

**(U) Audit of Internal Controls over ODNI's Fund Balance with Treasury**

(U) In the ODNI's Financial Statement Auditability Plan Report to the SSCI (April 15, 2007), reconciling Fund Balance with Treasury (FBWT) was cited as one of three key impediments to auditability of financial statements in the IC. The OIG is performing an audit of the adequacy and effectiveness of internal controls as they relate

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to ODNI's FBWT. The purpose of the audit is to ensure that policies and procedures are in place to perform reconciliations of the ODNI FBWT on a periodic and recurring basis in accordance with federal guidelines.

#### **(U) IC IG Audit Activities**

(U) The OIG also participates in the following activities:

- Chief Financial Officer/Inspector General Council (CFO/IG Council) – the CFO/IG Council meets quarterly to discuss issues jointly and provide updates related to the IC's movement toward auditability of financial statements. Membership includes representatives from six IC agency CFOs and OIGs. The council is co-chaired by the ODNI CFO and the ODNI IG. The council is now resolving how the IC OIGs will support auditability through audits or oversight.
- Joint Audit Working Group (JAWG) – the JAWG meets quarterly with representatives from six IC agencies. Meetings are used to discuss planned and ongoing work, to identify opportunities for collaboration or to address IC systemic issues, and to bring in speakers or subject matter experts. The ODNI AIG for Audit chairs the council.
- Joint Intelligence Oversight Coordination Group (JIOC Group) – the JIOC Group is the DoD IG's equivalent of the JAWG and is headed by the DoD Deputy IG for Intelligence. This group includes representatives from the military branches, the DoD IC components, and ODNI OIG. ODNI OIG is a member and facilitated the expansion of JIOC Group's membership to include the DoD OIG's financial auditors to address IC financial management from both a programmatic and financial statement perspective.

## **V. (U) Congressional Testimony**

### **(U) Hearing on Critical IC Management Challenges**

(U) On 1 April 2009, ODNI Inspector General Edward Maguire testified before the House Permanent Select Committee on Intelligence Subcommittee on Intelligence Community Management. The OIG's *Critical IC Management Challenges* paper was submitted as a statement for the record. Included in this paper were those challenges common to other IC entities that fell within the DNI's responsibility under the IRTPA to lead and integrate the IC. As a result, this paper reflected not only those challenges facing the DNI in his role as leader of the ODNI, but also those challenges facing the

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DNI in his role as leader of the IC. In response to the report, the DNI committed to work with the OIG to identify meaningful ways to address the Intelligence Community's most pressing management challenges.

(U) This was the first set of Management Challenges prepared by the ODNI OIG. In the future, the OIG will prepare Management Challenges annually at the end of each fiscal year.

## **VI. (U) Status of Recommendations for Completed Projects**

(U) The implementation status of OIG recommendations during this reporting period is noted in the chart below, listed by report in the order in which the reports were issued. This list does not include recommendations in these reports that were reported as closed in previous OIG annual reports. Recommendations are "closed" if they have been fully implemented (designated in green); "resolved" if the ODNI has taken significant steps to implement them so that the OIG believes they will be fully implemented, but they are not yet entirely closed (designated in yellow); and "open" if they have not been implemented and substantial steps have not yet been taken towards implementation (no color designation).

(U) The OIG and ODNI management have developed a system to ensure timely and effective implementation of OIG recommendations. As a result, a significant number of recommendations open during the past reporting period are now closed or resolved. At the start of the reporting period, the ODNI had 60 open recommendations. In the past six months, 24 recommendations have been closed, including implementing the recommendations we made to increase the quality, utility, and accessibility of NCTC products; appointing senior officials in the ODNI to improve IC-wide dissemination of sensitive reporting; making the DNI's Executive Committee (EXCOM) and Deputy Executive Committee (DEXCOM) permanent entities with codified roles and responsibilities; and issuing ICD 501, "Access to and Dissemination of Intelligence," to improve information sharing across the IC.

(U) In addition, the ODNI has made substantial progress in resolving 17 recommendations, such as implementing a consolidated IC approach to identify requirements, develop terms and conditions, and negotiate for Enterprise-wide software contracts that are more beneficial to the government than those currently in place; ensuring 10 IC elements have implemented the requirements of ICD 651 in performance appraisals (and six others are in the process of implementing them); and

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prioritizing the efforts of the FISA Working Group, which is meeting its milestones in its ongoing implementation of the FISA Panel's recommendations.

(U) During this reporting period, the OIG made 11 additional recommendations in the Acquisition Oversight report. One of the recommendations was implemented immediately and has been closed. The suggested deadlines for implementation of the remaining 10 recommendations are beyond the end of this reporting period. ODNI management is now working on implementing these recommendations, and the OIG is monitoring their implementation.

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**(U) Figure 2. Status of OIG Recommendations Pending Between  
1 January 2009 and 30 June 2009**

Recommendation	Date of Recommendation	Steps Taken Towards Implementation
<b>(U) AUDIT OF THE CONTRACT AWARD PROCESS FOR THE CASES PROGRAM (RESOLVED: 1)</b>		
(U) Issue a policy to implement performance-based acquisitions in the ODNi.	November 2007	RESOLVED. An implementation plan for performance-based acquisitions will be completed soon.
<b>(U) REVIEW OF IC-WIDE DISSEMINATION OF SENSITIVE REPORTING (CLOSED: 3, RESOLVED: 1, OPEN: 1)</b>		
(U//FOUO) [REDACTED]	November 2007	CLOSED (b)(3)
(U//FOUO) [REDACTED]	November 2007	CLOSED (b)(3)
(U//FOUO) [REDACTED]	November 2007	CLOSED (b)(3)
(U) Establish and promulgate IC standards and a process for the dissemination of sensitive intelligence reporting to ensure that customer requirements are better met.	November 2007	RESOLVED. The DNI issued ICD 501, ICPG 501.1, and 501.2, but these standards do not fully address the part of the recommendation relating to sensitive intelligence dissemination. CIA has created a sensitive review board staffed with CIA officials who oversee CIA sensitive reporting virtually on behalf of the IC analytic components, but the sensitive review boards in each IC agency should have representatives from other IC components.  No sooner than 3 years from the date of this report, the OIG plans to conduct a follow-up inspection of IC sensitive dissemination to determine what progress has been made.

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(FOUO)		November 2007	NGA and DDNI/A have taken some action in implementing this recommendation, but it has not yet been fully implemented. CIO believes assessment has occurred and that it now is working towards resolution.	(b)(3)
(S) DIPLOMATIC TELECOMMUNICATIONS SERVICE PROGRAM OFFICE (DTS-PO) (RESOLVED 2)				
		November 2007		(b)(1) (b)(3)
		November 2007		(b)(1) (b)(3)
(U) INTELLIGENCE COMMUNITY (IC)-WIDE REVIEW OF THE TERRORIST WATCHLIST NOMINATION PROCESS (OPEN: 1)				
(U) Promulgate a comprehensive IC-wide policy clearly defining agency / departmental roles and responsibilities with regard to the watchlist nomination process.		February 2008		
(U) REVIEW OF THE NCTC, PHASE II EFFECTIVENESS OF THE NCTC'S COMMUNITY RELATIONS (CLOSED 5)				
(U) Expand the Domestic Outreach Program and document progress in its annual report to the DNI		April 2008	CLOSED	

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(U) All entry-level analyst education programs for CT intelligence analysts across the IC include a block of instruction on the NCTC and its statutory role in the CT community; and that the NCTC work with other intelligence agencies to have this training.	April 2008	CLOSED
(U) Continue its program to broker access requests and document the progress of this program in their annual report to the DNI.	April 2008	CLOSED
(U) Review the current CT analysis and production workload in the IC in order to identify overlap and reduce redundancy. We recommended the Analytical Framework for Counterterrorism be updated with specific analysis and production responsibilities based upon the results of this review.	April 2008	CLOSED: The NCTC issued a CT Analytic Production Strategy; they have reviewed the landscape and issued a strategy to reduce redundancy.
(U) Establish and implement a training and certification program for all new users of NCTC On-Line.	April 2008	CLOSED
(U) IC-WIDE INTEGRATION AND COLLABORATION DIAGNOSTIC AND RECOMMENDATIONS (CLOSED: 7, RESOLVED: 7, OPEN: 6)		
(U) Appoint a senior officer to assist the DNI in ensuring the implementation of and compliance with recommendations contained in OIG reports and relevant recommendations from other reports.	August 2008	CLOSED: The Director of the Intelligence Staff has been given this responsibility.
(U) Make the EXCOM and DEXCOM permanent entities.	August 2008	CLOSED: Charters establishing the EXCOM and DEXCOM were disseminated on 12 June 2009.
(U) Clearly define and communicate the roles and responsibilities of the DEXCOM to the IC.	August 2008	CLOSED: Charters establishing the EXCOM and DEXCOM were disseminated on 12 June 2009.
(U) Direct IC leaders to instruct their respective elements to coordinate hardware acquisition requirements through the appropriate ODNI organization.	August 2008	CLOSED
(U) Finalize and communicate an IC systems architecture plan that acknowledges stakeholder inputs and requirements as appropriate.	August 2008	CLOSED: Joint Architecture Reference Model V.1.0 baselined by Joint Systems Engineering forum 29 April 2009 and briefed to IC2PAC 16 June 2009.



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(U) Identify and develop an action plan to address the technological challenges that inhibit collaboration and information sharing, particularly, non-compatible IT networks deployed across the IC, and insufficient bandwidth for video teleconferencing.	August 2008	CLOSED. Information Integration Program (I2P) Roadmap Version 2.51 published June 2009 provides integrated plan to align over 38 initiatives to improve information integration across the IC.
(U) Require ODNI organizations to inform IC organizations of the purpose and outcomes of data calls as part of the tasking process.	August 2008	CLOSED. Memo from the DIS to all component heads directed them to provide this information in conjunction with ODNI tasking.
(U) Share the results of this Diagnostic with IC elements.	August 2008	RESOLVED. DIS to release Diagnostic to the IC with new NIS in mid-July.
(U) Brief the ICLC on the results of this baseline Diagnostic.	August 2008	RESOLVED. DIS to release Diagnostic to the IC with new NIS in mid-July.
(U) Require all DNI direct reports and Mission Managers to develop and articulate their respective roles and responsibilities.	August 2008	RESOLVED. The DNI is finalizing direct reports and Mission Managers' performance descriptions and objectives.
(U) Develop an audio-visual presentation introducing the DNI and the role of the ODNI in the IC to all new IC members.	August 2008	RESOLVED. This will be implemented after the vision and mission statements are finalized.
(U) Coordinate and consolidate hardware and software acquisition requirements.	August 2008	RESOLVED. The IC CIO has implemented a consolidated IC approach to identify requirements, develop terms and conditions, and negotiate for Enterprise-wide software contracts that are more beneficial to the government than those currently in place.
(U) Direct the DDNI for Analysis to develop and implement procedures to ensure the accuracy and quality of information in the Analytic Resources Catalog (ARC).	August 2008	RESOLVED. CHCO has launched Intelligence Capabilities Catalogue to replace the ARC. Planned database upgrades will include systems and measures that require validation of entries by supervisors.
(U) Ensure that all IC elements are incorporating the requirements of ICD 651 in employee performance appraisals.	August 2008	RESOLVED. CHCO has documented that 10 IC elements have implemented the requirements of ICD 651 in performance appraisals, 5 are in the process of implementing, and 1 is pending implementation.

## Semiannual Report 1 January 2009 – 30 June 2009

(U) Direct the ADNI/CIO, in coordination with the DDNI/C and DDNI/PPR, to ensure through appropriate guidelines, policies, directions, standards and business practices that web-based tools and technology enable and enhance mission effectiveness.	August 2008	The CIO is working closely with DDNI/A and DDNI/PPR to ensure web-based tools introduced will include computer based training and a user manual.
(U) Identify, compile, maintain, and distribute to the IC a list of the expertise of all IC elements.	August 2008	
(U) Create a clear and succinct mission and vision statement for the ODNI. Publish and communicate the ODNI mission and vision to the ODNI and IC elements.	August 2008	The DNI's <i>Response to Congressional Request for a Strategic Plan for the Office of Director of National Intelligence</i> contained mission and vision statements for both the ODNI and the IC. This document is classified SECRET and has not been widely distributed within the ODNI or IC. The DNI is revising the NIS and as part of this process, plans to finalize the ODNI vision and mission statements and distribute it to the IC.
(U) Publish a definition of collaboration for the IC.	August 2008	
(U) Determine which recommendations made in the <i>Achieving a Robust Collaborative Environment</i> study should be implemented and appoint a senior officer to implement those recommendations	August 2008	The ICDO, which commissioned the study, was dissolved Oct 31, 2008. Other than posting the study, none of the recommendations has been implemented.
(U) Establish an "Ask the Director" link on the DNI homepage to solicit questions and comments from the IC workforce.	August 2008	Public Affairs Office is developing a plan and coordinating internally to launch this function:
(U) FY 2008 FEDERAL INFORMATION SECURITY MANAGEMENT ACT REVIEW (CLOSED: 2, OPEN: 8)		
(U) D/DMS to establish milestones for completion of the information security program	August 2008	CLOSED
(U) D/DMS to designate a senior agency official responsible for security of ODNI information and information systems whether ODNI owned or operated by another agency or by a contractor on behalf of ODNI	August 2008	CLOSED: The ODNI appointed a SNIS-level Deputy for IC Technology Governance to manage internal system security matters

## Semiannual Report 1 January 2009 – 30 June 2009

(U) CIO complete a documented comprehensive information security program consistent with FISMA requirements that includes the following elements: 1) periodic risk assessments, 2) policies and procedures based on risk assessments, 3) plans for providing appropriate information security, 4) Periodic testing and evaluation of the information security policies and procedures, 5) A process for developing a plan of action, and 6) Plans and procedures for developing continuity of operations for information systems.	August 2008	The ADNI/CIO is in the process of implementing this recommendation. The ADNI/CIO presented an IC Certification & Accreditation (C&A) Transition plan to a Tiger Team for review and comments. The intent is to develop a C&A process/ Information security program that will be aligned closely with NIST.
(U) CIO to establish milestones and complete strategic plans and programs and finalize system inventories.	August 2008	ADNI/CIO will have milestones by 1 August 2009.
(U) CIO develop information security strategic plans that define the following for its information security program: 1) Clear and comprehensive mission, vision, goals, and objectives and how they relate to agency mission, 2) High level plan for achieving information security goals and objectives, including short and mid-term objectives to be used throughout the life of this plan to manage progress toward successfully fulfilling the identified objectives, and 3) Performance measures to continuously monitor accomplishment of identified goals and objectives and their progress toward stated targets.	August 2008	ADNI/CIO issued an IC Information Security Strategy, but the strategy does not contain performance measures. CIO will have performance measures by 1 August 2009.
(U) CIO to establish milestones for completion of the information security strategic plans.	August 2008	The CIO will complete this 30 September 2009.
(U) CIO in coordination with D/DMS to establish a roadmap to identify the inventory of systems that are ODNI responsibility and those that are IC-wide responsibility and establish a timeframe for completion of roadmap.	August 2008	Systems roadmap for inventory is not yet complete. Responsibility for this recommendation belongs to a position for which a new Director of Information Technology is currently being hired. The D/MS estimates that this recommendation will be completed by the end of September.
(U) D/DMS complete a documented comprehensive information security program consistent with FISMA requirements that includes the following elements: 1) periodic risk assessments, 2) policies and procedures based on risk assessments, 3) plans for providing appropriate information security, 4) Periodic testing and evaluation of the information security policies and procedures, 5) A process for developing a plan of action, and 6) Plans and procedures for developing continuity of operations for information systems.	August 2008	The D/MS will have the strategy with performance measures by the end of September

## Semiannual Report 1 January 2009 – 30 June 2009

(U) D/DMS develop information security strategic plans that define the following for its information security program: 1) Clear and comprehensive mission, vision, goals, and objectives and how they relate to agency mission, 2) High level plan for achieving information security goals and objectives, including short and mid-term objectives to be used throughout the life of this plan to manage progress toward successfully fulfilling the identified objectives, and 3) Performance measures to continuously monitor accomplishment of identified goals and objectives and their progress toward stated targets.	August 2008	
(U) D/DMS to establish milestones for completion of the information security strategic plans.	August 2008	The D/DMS will complete this 30 September 2009.
(U) CRITICAL IC MANAGEMENT CHALLENGES (CLOSED: 7, RESOLVED: 6, OPEN: 3)		
(U) Define the relative internal authorities of the DNI, PDDNI, and other ODNI senior staff.	November 2008	CLOSED
(U) Publish ICD 501 and supporting directives providing IC-level policies that expand and improve information access for the analytic community.	November 2008	CLOSED
(U) Develop and implement an IC plan for standardizing communication systems and streamlining the IC data sharing and storage architecture to reduce redundancy and simplify data access and retrieval.	November 2008	CLOSED
(U) Require collaboration among the national agencies on programs, systems, and acquisitions in accordance with functional management authorities and responsibilities.	November 2008	CLOSED
(U) Develop MOUs for IC elements that are accountable to both ODNI and another government agency to delineate financial-related roles and responsibilities.	November 2008	CLOSED
(U) Engage the DoJ at its highest levels in order to communicate national intelligence interests to the DoJ and to implement appropriate legal and policy changes throughout the IC.	November 2008	CLOSED
(U) Focus efforts on finalizing the ODNI's guidelines implementing EO 12333.	November 2008	CLOSED
(U) Finalize and publish critical ICDs, including ICD 101, ICD 303, ICD 306, and ICD 501 - "Access to and Dissemination of Intelligence."	November 2008	RESOLVED. ICD 303 and 306 have not been published yet.

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(U// <del>FOUO</del> ) Develop a formal ODNI process for timely responding to OIG recommendations and for tracking implementation of recommendations that are accepted by management.	November 2008	RESOLVED. A process currently is being developed between the DIS and the OIG. The OIG has submitted a proposal to formalize the process for signature.
(U// <del>FOUO</del> ) Appoint a senior ODNI official responsible for improving collaboration and integration between and among 'traditional' intelligence agencies (those focused exclusively on intelligence gathering and analysis, such as CIA, NSA, DIA and NSA and IC entities with dual law enforcement and intelligence missions (such as the FBI and DHS).	November 2008	RESOLVED. Memo from DIS will task ODNI-PPR with the responsibility for the info sharing between traditional IC element and DHS/FBI. Memo directs that this task be made explicit in the next update to the PPR roles and responsibilities.
(U// <del>FOUO</del> ) Revise the auditability strategy with target dates for achieving auditability based on standard financial systems and ICBT initiatives and monitor progress towards auditability.	November 2008	RESOLVED. The FIG plans to provide an updated auditability strategy to the SSCI within 4 months following the BTO's identification of an IC system(s). In the interim, the FIG continues to monitor agencies' progress in management controls and key areas (FBWT, IGT, and PP&E).
(U// <del>FOUO</del> ) Complete and submit to Congress the remaining financial plans and architectures that were due to the SSCI in 2005.	November 2008	RESOLVED. Per a letter from the SSCI to the DNI on 13 March 2009, the ODNI is to brief the Committee on a Business Enterprise Architecture framework by 31 July 2009, and present an initial Business Enterprise Architecture by 31 December 2009, to include an implementation plan with time-phased milestones, performance metrics, and a statement of resource needs.
(U// <del>FOUO</del> ) Expedite the finalization and issuance of common U.S. persons rules, principles, or presumptions.	November 2008	RESOLVED. OGC has been working extensively with DoJ NSD to make IC agencies' Attorney General guidelines consistent across the IC. This effort is underway, but is not yet completed. The OIG is working with OGC to rephrase the recommendation.
(U) Publish a definition of collaboration for the IC.	November 2008	
(U) Lead the effort to define what constitutes a "system" for consistent IC application for both auditability and business transformation.	November 2008	The IC CIO has drafted IC Policy Guidance on FISMA Compliance and Reporting, which will define a system for FISMA purposes. The policy definitions identify an "information system," an "intelligence information system," and a "reportable system." The ADNI/CIO and PPR are coordinating approval.

## Semiannual Report 1 January 2009 – 30 June 2009

(U//FOUO) Ensure prompt and complete implementation of the recommendations of the FISA Panel.	November 2008	The FISA Working Group is meeting its milestones in its ongoing implementation of the FISA Panel's recommendations. Its efforts are vital to resolving critical FISA issues, and we believe the ODNI should continue to prioritize the efforts of this initiative.
(U) INSPECTION OF IC ACQUISITION OVERSIGHT STRATEGIES, POLICIES, AND PROCESSES (CLOSED: 1; OPEN: 10)		
(U//FOUO) DDNI/FC immediately ensure that programs funded within the Community Management Account and executed by the ODNI are overseen in accordance with IC acquisition policy.	January 2009	CLOSED: DNI issued Executive Correspondence in January 2009 requiring programs funded in the Community Management Account to abide by IC Acquisition Policy and Oversight.
(U//FOUO) Publish IC policy no later than 120 days after signature, identifying a governance model for the ODNI AO workforce relative to the IC acquisition community, including: A. Revising ICD 1 to account for current distributions of authorities and decision rights. B. Standardizing levels of official interface and protocol between ODNI officials and IC counterparts. C. Clarifying the role of the PDDNI relative to the codified authorities of the DNI's Milestone Decision Authority (MDA) (DDNI/FC), the DDNIs, the ADNIs, and DNI Policy for the IC.	May 2009	Deadline for implementation has not been reached.
(U//FOUO) Document the existing processes that link DDNI/FC acquisition decisions with CFO funding decisions no later than 210 days after signature. Provide the widest possible dissemination of the documented processes to ensure members of the AO staff are aware of all options available to utilize funding authorities as a management instrument.	May 2009	Deadline for implementation has not been reached.
(U//FOUO) DDNI/FC enforces accountability for IC agencies to have validated requirements documents as a prerequisite for MDA delegation, and permanently add such language to DDNI/FC performance objectives no later than 360 days after signature. Additionally, when the DDNI/FC delegates MDA for a program without a validated requirements document, formal justification to the DNI shall be identified in an Acquisition Decision Memorandum.	May 2009	Deadline for implementation has not been reached.

## Semiannual Report 1 January 2009 – 30 June 2009

(U// <del>FOUO</del> ) Publish IC policy no later than 210 days after signature, prescribing processes, authorities, and responsibilities for developing formal user requirements for Programming Committee approval and validation. The 2007 ODNI Requirements Study should be the point of reference for developing the new requirements policy.	May 2009	Deadline for implementation has not been reached.
(U// <del>FOUO</del> ) DDNI/FC, the CIO, and the Office of General Counsel to collaborate and codify statutorily compliant areas of oversight jurisdiction no later than 120 days after signature. We also recommend that the DNI and the CIO codify processes for oversight of IT programs under CIO jurisdiction no later than 120 days after signature, and maintain sufficient numbers of experienced IT professionals to execute the processes.	May 2009	Deadline for implementation has not been reached.
(U// <del>FOUO</del> ) Establish and codify a repeatable process for Major Systems Acquisition (MSA) designation no later than 90 days after signature that accounts for statutory funding thresholds.	May 2009	Deadline for implementation has not been reached.
(U// <del>FOUO</del> ) Establish a plan to provide oversight to programs before Milestone A and after Milestone C to complement current monitoring of Phase B activities no later than 120 days after signature. Additionally, the OIG recommends that the DDNI/FC coordinate with the DDNI/C, the DDNI/A, the CFO, and the CIO to codify a process no later than 120 days after signature, that includes performance data for all operational MSAs in an appendix to the annual IC Program Management Plan (PMP) report.	May 2009	Deadline for implementation has not been reached.
(U// <del>FOUO</del> ) DDNI/FC and DDNI/PPR to revise the ACCEA no later than 150 days after signature, with the following objectives: A. Align goals with stated strategy elements: Policy Guidance, Monitoring, and Corrective Action. B. Update ACCEA Immediate Actions to address corrective action as a priority. C. Elevate workforce qualification and certification goals	May 2009	Deadline for implementation has not been reached.
(U// <del>FOUO</del> ) Establish a process to track and address instances of IC agency noncompliance with IC acquisition policy and process discipline breakdowns no later than 120 days after signature. An option the DNI may wish to consider is to establish ODNI staff liaison positions at the IC agencies to act as the forward-deployed focal points for all actions and information requests transmitted from the ODNI staff to an agency.	May 2009	Deadline for implementation has not been reached.

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*Semiannual Report 1 January 2009 – 30 June 2009*

<p>(U//FOUO) DDNI develop a feedback mechanism within the ODNI staff and with the IC agencies no later than 90 days after signature. This feedback should inform the IC agencies what is being done with requested information, and it should provide details of value-added contributions by the ODNI staff.</p>	<p>May 2009</p>	<p>Deadline for implementation has not been reached.</p>
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## **(U) Report Waste, Fraud, Abuse, or Misconduct**

(U) To report allegations of waste, fraud, abuse, or misconduct in the ODNI or IC agencies, contact:

Office of the Inspector General  
Office of the Director of National Intelligence  
Investigations Division  
Washington, DC 20511

or

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(U) Some ODNI OIG reports are also posted on our classified website:

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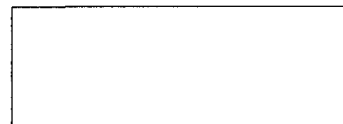


***Office of the Director of National Intelligence***

***Office of the Inspector General***



***Annual Report***  
***January 31, 2006***



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## Message from the Inspector General

This Report summarizes the work of the Office of the Inspector General (OIG) of the Office of the Director of National Intelligence (ODNI) from its inception on July 5, 2005 through December 31, 2005. The inspections, investigations, and other activities highlighted in this report are guided by our commitment to promote accountability, efficiency, and effectiveness in the programs and operations of the ODNI and of the Intelligence Community as a whole.

On July 5, 2005, I was appointed by the Director of National Intelligence (DNI) to serve as the Inspector General (IG) for the ODNI.

The Intelligence Reform and Terrorism Prevention Act of 2004, section 1078, amended the Inspector General Act of 1978 to grant the DNI the authority to establish an OIG with "any of the powers and responsibilities" set forth in the Inspector General Act of 1978.

DNI Instruction 2005-10, dated September 7, 2005, set up the OIG and empowered my office to exercise the normal functions of an OIG, with additional responsibility over community-wide and cross-agency matters that are within the DNI's purview. The Instruction specifically grants my office the authority to access documents, issue subpoenas, and take testimony under oath. The Instruction also provides that the ODNI IG will chair the Intelligence Community Inspectors General Forum ("IC IG Forum"), which is made up of the Inspectors General of the 15 federal intelligence-gathering entities.

I have organized the OIG to perform audits, investigations, inspections, and consulting. The resources of my office will be dedicated primarily to projects designed to assist in the fulfillment of the DNI's primary tasks of integrating the U.S. Intelligence Community and coordinating the financial resources and operations of the 15 agencies. The ODNI OIG will also provide assistance and project leadership to the OIGs of the constituent intelligence agencies, on an as-needed basis, in the execution of cross-agency audits and inspections and will lead the development of community-wide missions. The ODNI OIG intends to leverage and not duplicate the work of the agency Inspectors General.

The ODNI OIG will investigate individual misconduct and reported problems, abuses, and deficiencies relating to the administration of programs and operations of the ODNI and throughout the Intelligence Community.

As part of our start-up effort, my team and I have met with senior officials throughout the Intelligence Community and gathered information on the key Intelligence Community policies, practices, programs and organizations. We have had meetings with all of the Intelligence Community Inspectors General, as well as staff of the Senate Select Committee on Intelligence (SSCI), and Chairman Hoekstra and staff of the House Permanent Select Committee on Intelligence (HPSCI).

I have devoted considerable time and effort to recruiting and hiring our team, securing office space, establishing office operating procedures, and preparing our budget. We currently have

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eleven staff members on board and one scheduled to arrive shortly. These men and women all bring a high level of personal commitment, practical experience and technical expertise.

As described in greater detail in this Report, we have completed reviews of the three Intelligence Community entities criticized in the WMD Commission Report (NGIC, WINPAC, DIA HUMINT), two investigations, a Congressionally directed Intelligence Community data call and a consulting exercise.

We also have launched two major inspection and consulting projects in the areas of information sharing and personnel rotation.

We deeply value the strong support we have received from the DNI, other ODNI leaders, and Intelligence Community officials.

We look forward to continuing to assist the ODNI in increasing the efficiency and effectiveness of its operations and those of the entire Intelligence Community.

---

Edward F. Maguire  
Inspector General  
January 31, 2006

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# Stand-Up of the Office of Inspector General

The OIG was established by the DNI to provide policy direction for, and plan, conduct, supervise, and coordinate inspections, audits, investigations, and other inquiries relating to the programs and operations of the ODNI and the authorities and responsibilities of the DNI. The OIG's mission is to detect and deter waste, fraud, abuse, and misconduct involving the ODNI and Intelligence Community programs and personnel and to promote economy, efficiency, and effectiveness in the ODNI and Intelligence Community operations.

The OIG inspects and audits programs and assists management in promoting integrity, economy, efficiency, and effectiveness. The OIG has jurisdiction to review the programs and personnel of the ODNI and all other elements of the Intelligence Community that are related to the authorities and responsibilities of the DNI. The OIG also investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of ODNI and Intelligence Community employees in their numerous and diverse activities.

The OIG consists of:

## **Executive Office of the Inspector General**

**Inspections Division.** Conducts program and management reviews that involve on-site inspection, statistical analysis, and other techniques to review ODNI and Intelligence Community programs and activities and make recommendations for improvement.

**Audit Division.** Conducts independent performance and financial audits of programs, computer systems and financial statements of the ODNI and the Intelligence Community.

**Investigations Division.** Responsible for investigating allegations of, fraud, abuse, civil rights violations, and violations of other criminal laws and administrative procedures arising from the conduct of ODNI employees and contractors and Intelligence Community employees and contractors whose conduct is related to the authorities and responsibilities of the DNI.

**Consulting and Advisory Services Division (CAS).** Conducts process improvement and management consulting for the ODNI, its centers and the Intelligence Community. CAS disciplines include process analysis, business process reengineering, implementation planning and support. The CAS Division will assist the Intelligence Community in developing, documenting, and implementing new and revised processes, procedures, performance measures and metrics, and process interfaces to improve both effectiveness and efficiency.

## **Staffing**

The OIG has an authorized workforce level for Fiscal Year 2006 of 15, to be made up of inspectors, auditors, consultants, investigators, and support staff. The individuals hired to date bring a wide range of professional skills and intelligence experience to the office. Staff members have served previously in the Central Intelligence Agency (CIA), Department of Defense OIG, Department of Justice OIG, Marine Corps OIG, the Federal Bureau of Investigation (FBI), the



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Los Angeles School District OIG, the United States Office of Special Counsel, and private law, accounting, and consulting firms.

This core cadre of talented and highly motivated staff brings to the OIG a solid understanding of federal, state, county, and local law enforcement, intelligence, security, management, and fiscal and budgetary matters that will enable the OIG to move forward effectively and rapidly in the fulfillment of its mission.

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## Completed Projects and Activities

The OIG initiated and completed the following reviews, activities, and investigations during its initial reporting period (July 5, 2005 – December 31, 2005).

### Reviews

The OIG conducted three organizational reviews in response to a recommendation made to the DNI by the WMD Commission that the DNI “give serious consideration” to whether the Weapons Intelligence, Nonproliferation and Arms Control Center (WINPAC), the National Ground Intelligence Center (NGIC), and Defense Human Intelligence (DIA DH) should be “reconstituted, substantially reorganized, or made subject to detailed oversight.”

#### Report on the National Ground Intelligence Center (NGIC)

In September 2005, the OIG issued its report on NGIC. During the OIG’s inspection, NGIC acknowledged the weaknesses in the quality of its Iraq WMD analysis and assured the OIG that it is totally committed to implementing corrective action. The OIG found that NGIC has instituted new systems and rules relating to work flow processes and senior staff oversight, has instituted a formalized quality assurance program, and has developed and launched new training programs to achieve higher analytic standards within its organization.

The OIG recommended that no administrative action be taken by the DNI regarding NGIC but that its progress in maintaining and implementing new procedures and programs be reviewed by the OIG in August 2006, in coordination with the OIG of the Army.

#### Report on the Weapons Intelligence, Nonproliferation and Arms Control Center (WINPAC)

In October 2005, the OIG issued its report on WINPAC. During the OIG’s inspection, WINPAC also acknowledged the weaknesses in the quality of its Iraq WMD analysis. The OIG found that WINPAC had already formulated a plan for sustained improvement in the execution of its mission. The OIG did not find any existing cultural or tradecraft weaknesses at the organizational level that would warrant any direct intervention by the DNI.

The OIG recommended that it examine and report to the DNI in the near term on WINPAC’s progress in community-wide leadership, information sharing, and collaboration, and that the ODNI Inspector General, in consultation with the Assistant Deputy Director of National Intelligence for Analytic Integrity, participate in the CIA Inspector General’s next regular inspection of WINPAC.

## **Report on the Defense Intelligence Agency (DIA) Directorate for Human Intelligence (DH)**

In December 2005, the OIG completed its report on DIA DH. The OIG inspection involved a thorough review of a previous joint inquiry conducted by the DIA Office of General Counsel (OGC) and DIA OIG to determine the facts concerning the DIA's role from 2000 to 2005 involving "Curveball," an Iraqi intelligence fabricator who provided the United States with false information regarding Iraq's weapons of mass destruction. The DIA inquiry reviewed the evidence to determine the facts and to compare them to the findings and conclusions reported by the WMD Commission. While the DIA OGC/OIG inquiry refutes several of the WMD Commission Report's findings and conclusions regarding the DIA DH, the inquiry identified several remedial actions the DIA has taken based upon lessons learned from its involvement with Curveball.

The ODNI OIG's review verified that these remedial actions had been taken and that other actions are underway at DIA DH to improve its operational effectiveness. The ODNI OIG did not find any existing cultural or tradecraft weaknesses at the organizational level that would warrant intervention by the DNI.

The OIG recommended that the ODNI take no administrative action regarding the DIA. The OIG further recommended that the OIG inquire into assertions that information barriers exist between the CIA and the DIA DH.

## **Congressionally Directed Activities**

### **Intelligence Community Data Call: DOCEX**

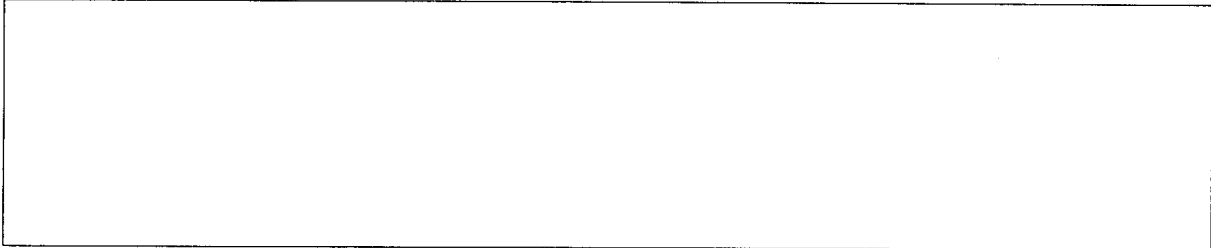
In December 2005, the OIG assisted the Office of Legislative Affairs and the Executive Secretariat in executing the first ODNI-directed data call to the entire Intelligence Community. This data call was issued pursuant to a request from the Senate Select Committee on Intelligence (SSCI) that the ODNI collect and organize information about document and media exploitation programs and technologies from each Intelligence Community component for a comprehensive audit the SSCI is planning for 2006.

In the process of conducting the inter-agency effort, the OIG identified key inefficiencies and redundancies in the data call process and assisted in filling several coverage gaps related to DOCEX management. For example, the OIG worked to de-conflict duplicative efforts of the Department of Defense Office of the Undersecretary of Defense for Intelligence (USD(I)), which serves as a coordinating body for Intelligence Community components within the Department of Defense. The OIG contacted the USD(I) and made arrangements to ensure the Department of Defense submitted complete responses from all of its relevant intelligence components.

Upon completion of the DOCEX effort, the OIG provided a written after-action report, including recommendations to help improve ODNI data call efforts. The OIG will continue to help

facilitate the involvement of appropriate ODNI offices in developing standard operating procedures for future data calls that have an OIG nexus.

## **Coordination of Response to Congress**



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## **Consulting Activities**

### **Iran Mission Manager**

During this reporting period, the Iran Mission Manager was appointed to coordinate the Intelligence Community's strategies and efforts on Iran. At the request of the Iran Mission Manager, the OIG analyzed her business plan, goals, and strategies, and provided feedback to increase the efficiency and effectiveness of the operations and programs of the Iran Mission Manager. The OIG also introduced the Iran Mission Manager to the ODNI Chief Information Officer to assist in establishing and obtaining communication requirements necessary for the Iran Mission Manager to carry out her responsibilities. The OIG will continue to assist the Iran Mission Manager as needed.

## **Investigations**

**Contractor Falsifies Document and Forges Signature.** The ODNI OIG took over the lead on a CIA OIG investigation of allegations that an ODNI contractor intentionally produced a false document listing a civilian on a terrorism watch-list and forged the document with a senior ODNI official's signature. The CIA OIG developed evidence that substantiated the allegations. The ODNI OIG has referred the investigation to the U.S. Attorney for the Eastern District of Virginia for possible criminal prosecution and will assist further as needed.

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**Use of Subpoena Authority.** During this reporting period, the ODNI Inspector General did not exercise subpoena authority under section 7(a)(4) of ODNI Instruction 2005-10.

## Ongoing Projects and Activities

This section of our Report describes ongoing OIG reviews, projects, and activities involving important issues throughout the ODNI and Intelligence Community.

### Reviews



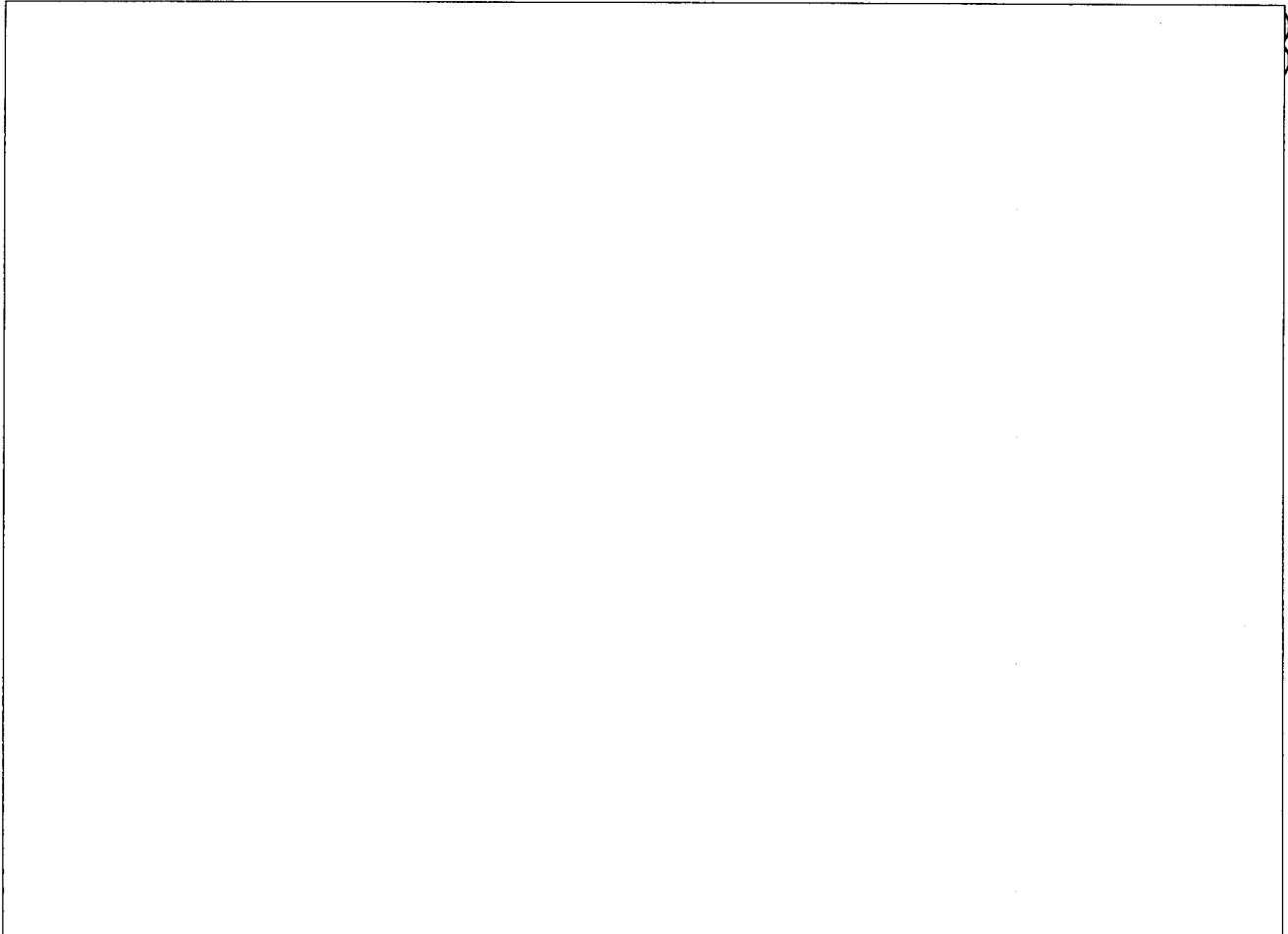
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### Survey of the Interpretation and Application of "U.S. Persons" Rules in the Intelligence Community

The OIG has initiated a survey project of the interpretation and application of "U.S. Persons" rules throughout the Intelligence Community. This survey was undertaken at the request of the ODNI's 9.4 Working Group, which was formed in response to the WMD Commission's Recommendation 9.4 to analyze existing procedures for handling "U.S. Persons" information and to establish clear and consistent U.S. Persons rules across the Intelligence Community. The OIG plans to identify, through survey responses, how Intelligence Community analysts handle U.S. Persons information in particular situations, the processes used by analysts to obtain

minimized information necessary for analysis, and other impediments analysts experience in the collection and dissemination of U.S. Persons information.

## **Counterterrorism Detailee Arrangements in the Intelligence Community**



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## **Consulting Activities**

### **Terrorist Screening Center**

The OIG is assisting the Terrorist Screening Center (TSC) in developing metrics to measure TSC's performance, developing ways to perform strategic analysis TSC data, and building relationships with professionals in other intelligence organizations.

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## **Inspector General Community**

### **Intelligence Community Inspector General Forum**

The ODNI Inspector General assumed the chairmanship of the Intelligence Community Inspectors General Forum, a quarterly meeting of all Intelligence Community agency Inspectors General or their designees. The Intelligence Community Inspectors General Forum is designed to promote and further collaboration, cooperation, and coordination among the Inspectors General of the Intelligence Community with the purpose of strengthening the collective role and effectiveness of Inspectors General throughout the Intelligence Community, enhancing the value of Inspector General activities in support of the National Intelligence Strategy, and increasing efficiency by avoiding duplication of effort among the Inspectors General of the Intelligence Community.

On December 8, 2005, the ODNI OIG hosted the Intelligence Community Inspectors General Forum at CIA Headquarters. The OIG discussed several of its ongoing initiatives and presented a briefing on the Ana Montes espionage case and the need for Intelligence Community collaboration on counterespionage issues.

The OIG plans to develop and enhance Inspector General intelligence training opportunities within the community.

## **Investigations and Inquiries**

### **Civil Rights and Civil Liberties Complaints**

In December 2005, the OIG and the Civil Liberties Protection Officer established protocols concerning the referral of complaints and other information regarding civil liberties and privacy abuses from the Civil Liberties Protection Officer to the OIG. Through these protocols, the Civil Liberties Protection Officer will refer cases of alleged individual misconduct regarding a possible civil liberties or privacy abuse in the administration of the programs and operations of

the ODNI to the OIG, and the OIG will make a determination of whether the alleged abuse warrants investigation and how such investigation should proceed.

**Allegation of Improper Use of Position.** The OIG received a complaint that an Intelligence Community employee allegedly claimed affiliation with the ODNI in order to influence the official handling of a criminal investigation. The OIG coordinated with other appropriate OIGs to ascertain and verify the facts of the incident and any appropriate follow-up action. The OIGs involved in this ongoing inquiry will keep the ODNI OIG informed of any developments in this case.

**Improper Hiring Practices.** The OIG is overseeing a CIA OIG investigation into allegations that an office under the ODNI's authority engaged in improper hiring practices. The investigation is nearing completion.

**Disparate Hiring Practices within the ODNI.** The OIG received a complaint alleging that the ODNI hiring process disadvantages non-CIA government employees, benefits former private sector employees, and does not apply uniformly to government employees. This inquiry is in the preliminary stages.

**Improper Procedures Related to Contract Administration.** The OIG has received allegations of improper procedures related to contract administration. This inquiry is in the preliminary stages.

**Contractor Engages in Improper Business Practices.** The OIG is overseeing a CIA investigation of a contractor who allegedly has engaged in improper business practices.



## Projects Planned for 2006

The OIG plans to initiate the following reviews, consulting activities, investigations, and audits in 2006.

### Reviews

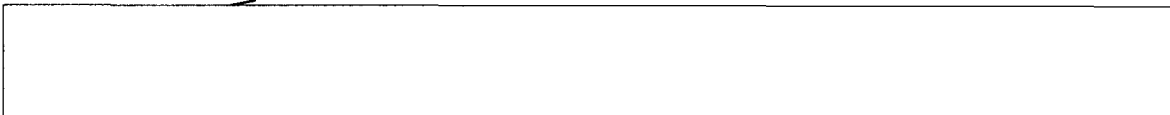
#### WINPAC

The OIG will examine and report to the DNI on WINPAC's progress in community-wide leadership, information sharing, and collaboration. The OIG will produce and disseminate a survey to WINPAC customers and Intelligence Community colleagues in order to assess WINPAC's progress in information sharing and collaboration. In addition, the OIG will participate in the CIA Inspector General's next regular inspection of WINPAC.

#### NGIC

In coordination with the OIG of the Army, the ODNI OIG plans to inspect NGIC's progress in maintaining and implementing its new procedures and programs.

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### Financial and Performance Audits

The OIG will conduct financial and performance audits of ODNI headquarters elements and Centers, including NCIX, the National Counterterrorism Center (NCTC), and the National Counterproliferation Center (NCPC). These projects will be planned in detail after the arrival of the OIG's senior auditor in February 2006.

## Consulting Activities

### The National Counterproliferation Center's Processes and Information Flow

In 2006, the OIG will initiate a project to assist the NCPC in analyzing and developing the processes and information flows for the office. This will include detailed process flows and

descriptions with interfaces both internal and external to the NCPC. The project is the first of several OIG projects that will map out the processes and information flows across the ODNI and the Intelligence Community.

### **Intelligence Community Acquisitions**

Later in 2006, the OIG will develop a plan to examine acquisitions across the Intelligence Community, with the goal of more effectively utilizing Intelligence Community resources through increased attention to good contracting practices by both government and private parties.

# **Legislation and Regulations**

## **Pending Legislation**

### **Intelligence Community IG Provision**

The Senate version of the Intelligence Authorization Act for 2006 (S.1803) contains language that would create an ODNI/Intelligence Community IG to be nominated by the President and confirmed by the Senate, with direct reporting responsibilities to Congress. It is unclear at this point whether this provision will be enacted into law.

## **Recommended Legislation, Regulations, or Directives**

### **Ownership of Intelligence Information**

The OIG believes that in order for information sharing reform to be achieved in the Intelligence Community, the DNI will have to explicitly assert his authority over, and "ownership" of, intelligence information. This authority would include setting policy and determining how information is marked, handled, and disseminated.



Report No.: Task-2007-0006

*Office of the Director of National Intelligence*

*Office of the Inspector General*



*Annual Report*  
*January 31, 2007*



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## **Message from the Inspector General**

The Office of the Inspector General (OIG) for the Office of the Director of National Intelligence (ODNI) commenced operations on July 5, 2005.

The Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) granted the Director of National Intelligence (DNI) the authority to establish an OIG. The IRTPA provided further that the DNI could confer on his Inspector General (IG) "any of the duties, responsibilities, and authorities" which are set out in the Inspector General Act of 1978. The DNI promulgated Instruction 2005-10, establishing the ODNI OIG and prescribing its authorities.

The mission of the ODNI OIG is threefold:

- To perform, on behalf of the DNI, audits, investigations, and inspections of the ODNI and component elements.
- To support the DNI's responsibilities under the IRTPA to improve, reform, and integrate the activities of the U.S. Intelligence Community as a whole, with particular emphasis on the sharing and dissemination of intelligence information, quality of analysis, joint duty, and effective execution of the budget.
- To identify, develop, and lead collaborative projects involving the Inspectors General of the sixteen Intelligence Community agencies.

Since beginning operations in July of 2005, I have built a team of nineteen professionals and support staff, all but two of whom are permanent hires, to carry out our mission. We have recruited experienced individuals from other IG offices, law enforcement, the armed services, intelligence agencies, and the private sector. After serving with me for a year, my first Deputy Inspector General was selected as Inspector General of the Defense Intelligence Agency.

The ODNI OIG is composed of three functional divisions: Investigations, Inspections, and Audit. In addition, in view of the DNI's statutory responsibility to reform and improve intelligence processes, I have established a Consulting and Advisory Services Division to provide experienced management and business process consulting services to ODNI managers. I hired two professionals from a major private sector consulting firm to stand up this division.

The guiding principles of the ODNI OIG are the following:

- We are leaders in the IG community. Our primary role is to focus on multi-agency matters in the interests of the overall Intelligence Community mission.
- We focus our efforts on matters with the highest impact on the successful accomplishment of the DNI's mission as set forth in IRTPA.

- We intend to deliver the results of our inspections, investigations, audits, and consultations expeditiously. We share the general sense of urgency to push forward on the Intelligence Community's mission.

My office completed and initiated several major projects in 2006, including a review to improve the dissemination of sensitive reporting throughout the Intelligence Community, a survey of the interpretation and application of "U.S. Persons" rules in the Intelligence Community, an examination of training across the Intelligence Community on U.S. Persons rules, a consulting project addressing processes used by analysts to communicate collection requirements throughout the Intelligence Community, and an inspection of the National Counterterrorism Center. Many of these projects are ongoing and will be expanded or completed in 2007. We also performed several investigations.

In addition, in cooperation with the other Intelligence Community Inspectors General, we have initiated a review of contracting practices throughout the Intelligence Community and we have taken a leadership role in the new National Procurement Fraud Task Force initiated by the Department of Justice.

Finally, we have several significant projects planned for 2007, which are summarized in this report. In these projects we will continue to emphasize IC-wide structural and process improvements.

I anticipate that our volume of investigations and inquiries will increase in 2007, and I intend to keep the DNI and Congress informed of our work.

For myself and the staff of the OIG, we are honored to serve and are committed to accomplishing our goals.

Edward Maguire  
Inspector General  
Office of the Director of National Intelligence

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# Office Profile

The Director of National Intelligence (DNI) established the Office of the Inspector General (OIG) to detect and deter waste, fraud, abuse, and misconduct involving the Office of the Director of National Intelligence (ODNI) and Intelligence Community programs and personnel, and to promote economy, efficiency, and effectiveness in the ODNI and Intelligence Community operations. The OIG has responsibility for programs and operations internal to the ODNI, as well as responsibility over community-wide and cross-agency matters that are within the DNI's authorities.

The OIG staff inspects and audits programs; assists management in promoting integrity, economy, efficiency, and effectiveness; and investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of ODNI and Intelligence Community employees in their numerous and diverse activities.

## Divisions

The OIG consists of the following divisions:

**Inspections Division.** Conducts program and management reviews that involve on-site inspection, statistical analysis, and use of other techniques to review ODNI and Intelligence Community programs and activities, and makes recommendations for improvement.

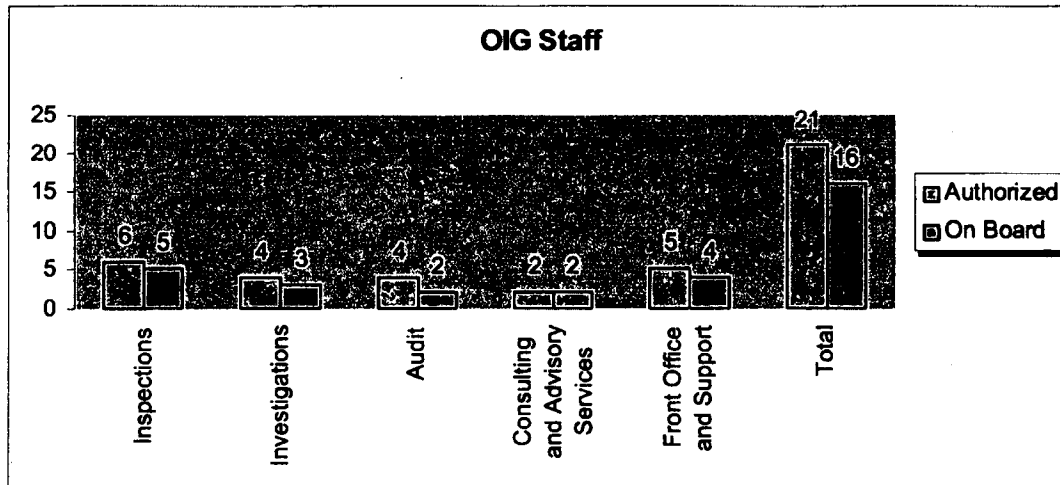
**Audit Division.** Performs independent program and financial audits of ODNI programs, computer systems, and financial statements, as well as performance and financial audits of Intelligence Community programs and operations falling within the authorities and responsibilities of the DNI.

**Investigations Division.** Investigates allegations of violations of criminal laws and administrative regulations arising from the conduct of ODNI employees and contractors, as well as Intelligence Community employees and contractors whose duties fall under the authorities and responsibilities of the DNI.

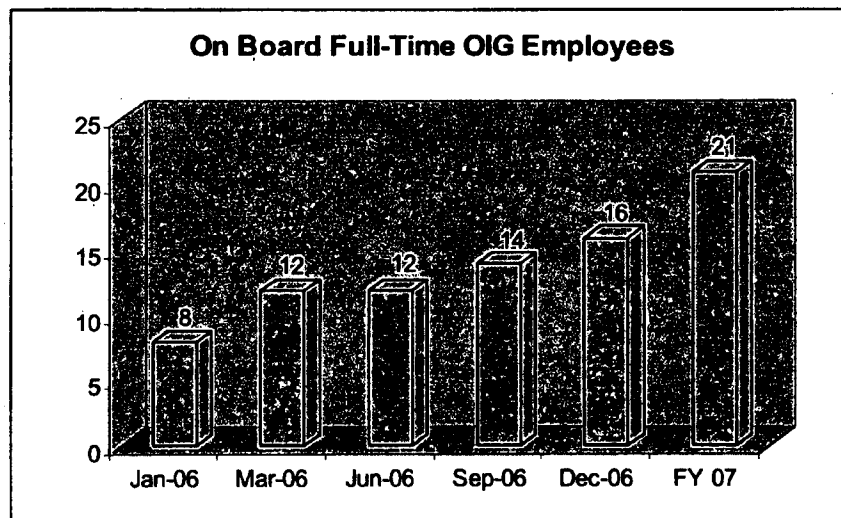
**Consulting and Advisory Services Division.** Conducts process improvement and management consulting for the ODNI, its centers, and the Intelligence Community. Assists the Intelligence Community in developing, documenting, and implementing processes, procedures, performance measures and metrics, and process interfaces to improve both effectiveness and efficiency.

## Staffing

The OIG has an authorized workforce level for Fiscal Year (FY) 2007 of 21, to be composed of inspectors, investigators, auditors, consultants, and support staff:



During this reporting period, the OIG's on board full-time employees increased from 8 to 16. The graph below illustrates the OIG's staffing progression during 2006 and into FY 2007:



# Completed Projects

## Inspections and Reviews

### Review of Dissemination of Sensitive Reporting

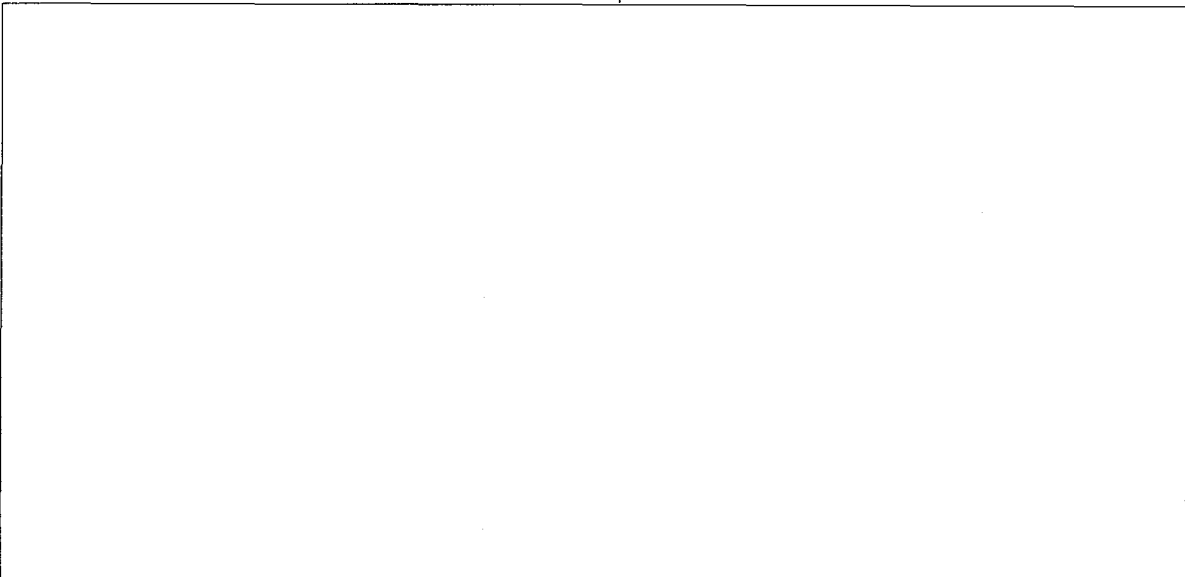
The Intelligence Reform and Terrorism Prevention Act (IRTPA), amending the National Security Act of 1947, established several important intelligence-sharing responsibilities for the DNI:

The DNI “shall have principal authority to ensure maximum availability of and access to intelligence information . . .” Section 102A(g)(1).

“[I]n order to maximize the dissemination of intelligence, the [DNI] shall establish and implement guidelines for . . . [a]ccess to and dissemination of intelligence, both in final form and in the form when initially gathered.” Section 102A(i)(2)(B).

“The [DNI] shall . . . establish policies and procedures to resolve conflicts between the need to share intelligence information and the need to protect intelligence sources and methods.” Section 102A(g)(1)(D).

In furtherance of these responsibilities, the DNI tasked the OIG, in collaboration with the ODNI Chief Information Officer and the Program Manager for the Information Sharing Environment (PM/ISE), to study current practices throughout the Intelligence Community relating to the dissemination of compartmented intelligence and to make recommendations for improvement.



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## **Survey of the Interpretation and Application of U.S. Persons Rules in the Intelligence Community**

At the request of the ODNI's 9.4 Working Group, which was formed in response to the WMD Commission's Recommendation 9.4, the OIG surveyed the interpretation and application of "U.S. Persons" (USP) rules throughout the Intelligence Community.

The OIG interviewed 65 Intelligence Community officials and employees from eight Intelligence Community offices and agencies: CIA, Department of Homeland Security Office of Intelligence and Analysis, DIA, FBI, National Counterterrorism Center (NCTC), NSA, Office of the Deputy Director of National Intelligence for Analysis, and the Office of the PM/ISE. Interviewees included collectors, analysts, supervisors, decision-makers, and other employees.

The OIG identified a number of impediments to the analysis and dissemination of USP information:

- Limited Ability to Conduct USP Analysis
- Inability to Retain and Search USP Information
- Difficulty Obtaining Unmasked USP Information
- Inadequate Training
- Turf Battles and a Resistance to Sharing USP Information
- Reliance on Detailees for the Dissemination of USP Information
- Varying and Inconsistent Interpretations of USP Rules

The OIG issued a written report of interviewees' responses and delivered it to the 9.4 Working Group and various ODNI officials. The OIG briefed its findings on the FBI to the managers of the FBI's National Security Branch, and provided several recommendations for how the FBI could improve its analysis and dissemination of USP information.

As a result of one of the findings, the OIG initiated a review of USP training programs across the Intelligence Community. More detail on this review is provided on page 12. In 2007, the OIG will continue its efforts to identify ways to improve analysis and dissemination of USP information across the Intelligence Community.

## **Inspection of the National Counterterrorism Center (NCTC)**

(FOUO) Commencing in August 2006, the OIG conducted the first of a two-phase inspection of the NCTC. The purpose of this inspection was to evaluate the NCTC's mission performance, operations, information sharing, and roles relative to other federal counterterrorism entities and operations. The inspection focused on the overall performance of the NCTC compared to its mission.

Specifically, the inspection:

- Examined the NCTC's transition from the Terrorist Threat Integration Center to the NCTC, and into its current role as Counterterrorism Mission Manager for the Intelligence Community;
- Evaluated the NCTC's operations with respect to its statutory mission and DNI direction;
- Evaluated the effectiveness of the NCTC's information sharing, [REDACTED] (b)(3)

[REDACTED]

- [REDACTED] (b)(3)

- [REDACTED] (b)(3)

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### **Review of Contracting Practices Across the Intelligence Community**

During this reporting period, the OIG led a review of contracting practices across the Intelligence Community. A working group comprised of eight Intelligence Community OIGs examined reports on contracting practices that had been completed by Intelligence Community OIGs between 2001 and 2006. This review found that contracting practices in the Intelligence Community suffer from a number of common and recurring weaknesses, which lead to waste and have negative impacts on fulfillment of the Intelligence Community's mission.

In July 2006, the working group briefed its findings to the Deputy Director of National Intelligence for Management (DDNI/M), the ODNI Senior Acquisition Executive, and the ODNI Senior Procurement Executive. The ODNI subsequently issued Intelligence Community Directive 105, Intelligence Community Policy Memorandum 105.1, and the Acquisition Emphasis Area Document, an annex to the National Intelligence Strategy, all designed to improve acquisition execution in the Intelligence Community.

In 2007, the OIG, in partnership with other Intelligence Community OIGs, will continue to focus on fraud, waste, and mismanagement in Intelligence Community contracting.

## Consulting and Advisory Services

### Review of Processes Used by the Analytical Community to Communicate Collection Requirements

At the request of the Assistant Deputy DNI (ADDNI) for Analytic Mission Management, we examined the processes whereby analysts across the Intelligence Community communicate collection requirements. We interviewed over 70 analysts throughout the Intelligence Community; identified and documented the processes used by analysts to communicate requirements to collectors, both within their respective agencies and across the Intelligence Community; and evaluated the transparency the analytical community has over their requirements.

As a result of this review, we identified best practices in the Intelligence Community for communicating collection requirements, and highlighted existing shortcomings in the communications processes. We reported our findings to the ADDNI for Analytic Mission Management.

## Investigations

(U//~~FOUO~~) The OIG conducted or oversaw fourteen investigations during this reporting period, including allegations of misconduct, improper use of position, improper use of government resources, disparate hiring practices, contract irregularities, time and attendance abuse, and regulation violations. Select investigations are highlighted below:

### (U//~~FOUO~~) Improper Use of Restricted Database by an Intelligence Community Agency

[REDACTED] The investigation determined that there was a lack of clarity in the guidelines for conducting the searches. However, there was no serious breach of authorities. The OIG made several recommendations to the agencies involved, including establishing a more comprehensive set of guidelines and a process to mitigate any future issues.

### (U//~~FOUO~~) Misconduct of an ODNI Official

The OIG conducted an investigation into the activities of a senior ODNI official [REDACTED]

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[REDACTED] officials. The investigation found that the official violated the standards of conduct regulations, exercised poor judgment and a lack of discretion, and failed to obtain approval for engaging in outside activities, as required by Agency Regulation 10-15.

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**(U//FOUO) Improper Hiring Practices**

The OIG referred an investigation to the CIA OIG regarding allegations that an employee in an office under the ODNI's authority engaged in improper hiring practices. The CIA OIG completed its investigation and found no evidence that the employee had engaged in improper hiring practices.

**Use of Subpoena Authority**

During this reporting period, the ODNI Inspector General did not exercise subpoena authority under section 7(a)(4) of ODNI Instruction 2005-10.

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# Ongoing Projects

## Inspections and Reviews

### National Ground Intelligence Center (NGIC) Follow-Up

In 2005, the OIG inspected the operations of the NGIC, criticized by the WMD Commission and by the Senate Select Committee on Intelligence in its Report on the U.S. Intelligence Community's Prewar Intelligence Assessments on Iraq. The OIG found that the NGIC had instituted new systems and rules relating to work flow processes and senior staff reviews, instituted a formalized quality assurance program, and developed and launched new training programs to achieve higher analytic standards within its organization.

During this reporting period, the OIG conducted a follow-up inspection of the NGIC to assess its progress in maintaining and implementing new procedures and programs. The OIG currently is drafting a report of its follow-up inspection.

## Audits

### Audit of the Contract Award Process for the CASES Program

The OIG is working jointly with the CIA OIG to evaluate the process used to award the Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts under the Contract Advisory and Assistance Services/Systems Engineering and Technical Assistance and External Analysis and Conferencing Support (CASES) Program. Specifically, the OIG will review the actions and decisions made from requirements definition through award of the ID/IQ contracts and determine if the acquisitions for the CASES Program were performed in accordance with ODNI and CIA policies and procedures.

## Consulting and Advisory Services

### Review of USP Rules Training Programs

The OIG is reviewing USP training programs across the Intelligence Community. The objectives of this review are to identify training inconsistencies that occur across the community, to determine if these inconsistencies perpetuate the inconsistent interpretation of USP rules, and to identify any model training programs that can be adopted by other Intelligence Community agencies.

To date, the OIG has collected training material from each Intelligence Community agency; reviewed, compiled, and summarized training information; identified agencies requiring further review; and conducted interviews at select Intelligence Community agencies.



As this project continues, the OIG will conduct interviews in each of the remaining Intelligence Community agencies and attend some key training events to observe the content of the respective curricula. Based upon the findings, the OIG will recommend changes to agencies' training programs in order to achieve an up-to-date, consistent interpretation of USP rules across the Intelligence Community.

### **Lessons Learned**

The OIG is working in conjunction with the ODNI Lessons Learned Office to determine and develop Lessons Learned standards for the Intelligence Community. The objectives for this review are to identify existing best practices in the Intelligence Community for Lessons Learned programs, and to develop Lessons Learned standards across the Intelligence Community.

## **Intelligence Community Inspector General Activities**

### **Intelligence Community Inspectors General Forum**

The ODNI Inspector General chairs the Intelligence Community Inspectors General (IC IG) Forum, a quarterly meeting of all Intelligence Community Inspectors General, or their designees. The ODNI OIG also fulfills the Executive Secretariat function for the forum.

The IC IG Forum is designed to promote and further collaboration, cooperation, and coordination among the IGs of the Intelligence Community, with the purpose of strengthening the collective role and effectiveness of IGs throughout the Intelligence Community, enhancing the value of OIG activities in support of the National Intelligence Strategy, and increasing efficiency by avoiding duplication of effort among the IGs of the Intelligence Community.

The ODNI IG hosted the IC IG Forum at CIA Headquarters in March and December of 2006. The Department of State IG hosted the forum in June, and the Department of Defense IG hosted the forum in September. Throughout 2006, the IC IG Forum provided the IGs a venue in which to share information, educate one another, and discuss and collaborate on matters of common concern.

As a result of interest expressed at the IC IG Forum on contracting in the Intelligence Community, the IC IG Forum reviewed contracting practices across the Intelligence Community. In addition, the IC IG Forum plans to focus increased attention on procurement fraud in the coming months and to become more proactive in the prevention, detection, and prosecution of procurement fraud cases in partnership with the Department of Justice, which recently created the National Procurement Fraud Task Force (see below).

## **National Procurement Fraud Task Force (NPFTF)**

The OIG Investigations Division has undertaken a leadership role on behalf of the IC in the newly formed Department of Justice National Procurement Fraud Task Force (NPFTF). This partnership between the Department of Justice and Federal IGs is aimed at the prevention, detection, and prosecution of procurement fraud associated with the increase in federal contracting expenditures, particularly in the areas of intelligence and national security support activities since September 11, 2001.

The NPFTF has established several working committees focusing on areas such as intelligence procurement, grant fraud, legislation, private sector relations, international procurement, information sharing, and training. The committees are in the process of developing strategic plans designed to integrate and leverage the unique capabilities of each OIG.

The ODNI IG chairs the NPFTF Intelligence Committee, which addresses the unique aspects of detecting, investigating, and prosecuting procurement fraud in a classified environment. This committee has identified several key areas where efforts are needed to improve procurement fraud prosecutions:

- Documenting and reporting impediments to the detection, investigation, and prosecution of procurement fraud in a classified environment.
- Establishing procedures for facilitating Intelligence Community procurement fraud information sharing.
- Developing and implementing procedures to ensure that investigators, auditors, and prosecutors obtain necessary clearances to investigate Intelligence Community procurement fraud cases.

## **Investigations and Inquiries**

### **Iraqi Media Release Project (IMRP)**

The OIG is reviewing the policy guidance and direction provided by the ODNI to the National Media Exploitation Center regarding initiation and management of the IMRP. The OIG is evaluating the policy, processes, and procedures developed to implement and manage the IMRP, whether those policies and procedures were sufficient, and whether established policies and procedures were followed in the case of the apparent posting of three Iraqi nuclear-related documents generally believed classified by Intelligence Community elements.

### **Allegation of Possible Fraudulent Reimbursements**

The OIG received an allegation of irregularities regarding the voucher submissions of an employee detailed to the ODNI by another Intelligence Community agency. The OIG is investigating this matter in conjunction with the employee's home agency.

**Civil Rights and Civil Liberties Complaints**

According to protocols established between the OIG and the Civil Liberties Protection Officer, the Civil Liberties Protection Officer will refer cases of alleged individual misconduct regarding possible civil liberties or privacy abuse in the administration of the programs and operations of the ODNI to the OIG, and the OIG will make a determination of whether the alleged abuse warrants investigation and how such investigation should proceed. During this reporting period, the OIG did not receive any allegations from the Civil Liberties Protection Officer.

## Projects Planned for 2007

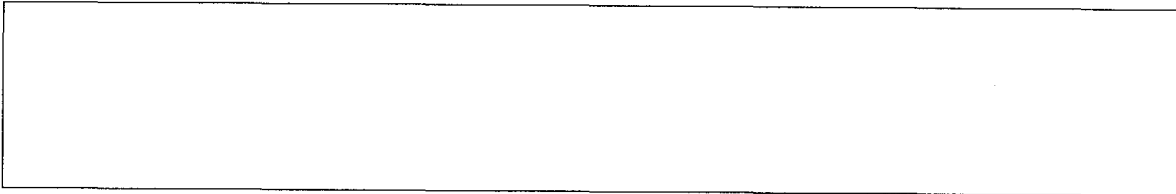
### Inspections and Reviews

#### NCTC Inspection: Phase Two

The OIG will initiate Phase Two of its NCTC Inspection. While Phase One of this inspection focused on the NCTC's internal operations, Phase Two will focus on other federal counterterrorism operations and their relationships with the NCTC. The focus of each phase is highlighted in the table below:

NCTC INSPECTION	
Phase One	Phase Two
<ul style="list-style-type: none"><li>• The NCTC's transition from the Terrorist Threat Integration Center to the NCTC, and into its current state</li></ul>	<ul style="list-style-type: none"><li>• Areas that are complementary, mutually supporting, overlapping, competing, or counterproductive among the federal counterterrorism organizations</li></ul>
<ul style="list-style-type: none"><li>• The NCTC's operations with respect to its Intelligence Community mission and DNI direction</li></ul>	<ul style="list-style-type: none"><li>• Information sharing among federal counterterrorism organizations</li></ul>
Phase One	Phase Two
<ul style="list-style-type: none"><li>• Effectiveness of the NCTC's information sharing, both within the NCTC and across the Intelligence Community</li></ul>	<ul style="list-style-type: none"><li>• Counterterrorism organizations' perspectives on the future role of the NCTC</li></ul>
<ul style="list-style-type: none"><li>• Adequacy of the NCTC's manpower and financial resources</li></ul>	<ul style="list-style-type: none"><li>• Counterterrorism organizations' perspectives on their respective future roles</li></ul>
<ul style="list-style-type: none"><li>• Other federal counterterrorism organizations' relationships with the NCTC</li></ul>	
<ul style="list-style-type: none"><li>• Areas needing improvement in the NCTC's analytical directorate</li></ul>	

## **Terrorist Watchlisting**



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## **Review of Implementation of the Joint Duty Directive**

The OIG plans to initiate a review of the Intelligence Community's implementation of the ODNI's Joint Duty Directive. The overall purpose of the review is to evaluate nine Intelligence Community agencies': 1) policies and criteria for identifying and selecting candidates for assignment to a joint duty position, 2) methods used to encourage employees to apply for joint duty positions, and 3) quality of the positions that provide joint Intelligence Community duty experience. The OIG will consider suggestions from management on additional or revised objectives.

## **Review of Collection Capabilities**

The U.S. commits enormous resources to develop, deploy, and apply critical National Technical Means (NTM) collection capabilities in the IMINT, SIGINT, and MASINT domains to acquire information to defeat threats such as terrorism and the proliferation of weapons of mass destruction. The OIG will evaluate the extent to which current and planned NTM programs, such as the Future Imagery Architecture, feature capabilities designed to effectively address the top priority threats defined in the National Intelligence Priorities Framework. The OIG also will evaluate NTM programs to assess capabilities directed against current and emerging threats, and identify collection performance gaps requiring additional Intelligence Community attention and resources.

## **Oversight of Service Contracts**

The OIG plans to evaluate whether ODNI Contracting Officers Technical Representatives (COTRs) provide sufficient oversight for service contracts to ensure that contractors perform in accordance with the contract or task orders. Specifically, the OIG will examine whether personnel were appointed to monitor contractors' performance, appointed personnel were adequately trained as COTRs, contractors' work was adequately monitored, contractors performed in accordance with contractual obligations, and contractor performance was documented for future use.

## **Audits**

### **Federal Information Security Management Act (FISMA) Audits**

The OIG will conduct an annual FISMA audit to ensure the ODNI's compliance with FISMA and the annual reporting to the Office of Management and Budget. The objective of this audit will be to evaluate the efficiency and effectiveness of the ODNI information assurance program, which may include planned actions and milestones, automated information systems security, training, certification and accreditation, computer network defense, risk management, capital planning and investment control, performance measures, strategic planning, and continuity planning. The OIG plans to initiate its first FISMA audit in 2007, after it hires a Deputy Assistant Inspector General for Information Technology Audits.

### **Chief Financial Officers (CFO) Act Audits**

The OIG will conduct annual audits to ensure ODNI compliance with the CFO Act. In FY 2007, the OIG's efforts will consist of coordinating with the ODNI Chief Financial Officer on the Intelligence Community's efforts to improve financial management and financial reporting in order to comply with the CFO Act. Specifically, the OIG plans to review and comment on such areas as financial management plans, policies, procedures, financial management systems, and various financial management initiatives within the Intelligence Community.

## **Consulting and Advisory Services**

### **Dissemination of Analytical Products**

During the OIG's review of the processes by which analysts across the Intelligence Community communicate collection requirements, the OIG identified another area needing examination: the dissemination of analytical products. In 2007, the OIG plans to review the process for disseminating analytical products, including to whom analysts disseminate their products and why.

### **Acquisition Workforce Study**

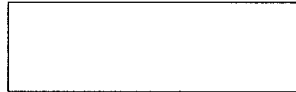
The OIG plans to initiate a study of the Intelligence Community's acquisition workforce. The objectives of this study will be to:

- Identify issues affecting workforce retention, including possible reasons why mid-level acquisition employees move to other fields; and
- Develop recommendations for incentives to retain a larger percentage of the mid-level acquisition workforce.

# Report Waste, Fraud, Abuse, or Misconduct

To report allegations of waste, fraud, abuse, or misconduct in the ODNI or  
Intelligence Community agencies, send complaints to:

Office of the Inspector General  
Office of the Director of National Intelligence  
Investigations Division  
Washington, DC 20511



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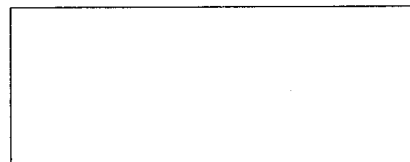


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***Office of the Inspector General***



***(U) Annual Report  
January 30, 2009***



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## (U) Overview

(U) The mission of the Office of the Inspector General (OIG) is to strengthen national security and improve Intelligence Community (IC) performance through: (1) conducting oversight of Office of the Director of National Intelligence (ODNI) and IC programs and operations that fall within the authorities and responsibilities of the Director of National Intelligence (DNI), (2) exercising a unique cross-agency focus and leadership, and (3) marshalling the capabilities of IC Inspector General (IG) partners. The office conducts audits, investigations, inspections, and reviews of ODNI and IC performance to detect and deter waste, fraud, and abuse; and to promote efficiency, effectiveness, and accountability. The completed and ongoing projects of the office are described in the next two sections of this report.

(U) In addition, the OIG makes recommendations to the DNI for improving the performance of IC programs and activities. The last section of this report includes an update of the status of the recommendations from our reports.

(U) The OIG also focuses on identifying the critical challenges facing the ODNI and the IC. We reviewed the management and performance challenges from most of the IC agencies, and together with the results of our reviews, we reported to the DNI the top IC management challenges. A summary of those challenges is provided on page 4 of this report.

(U) During this reporting period, the Inspector General Reform Act of 2008 (IG Reform Act) was passed and expressly named the ODNI IG as a member of the newly constituted Council of the Inspectors General on Integrity and Efficiency (CIGIE). The CIGIE: (1) addresses integrity, economy, and effectiveness issues that transcend individual Government agencies, and (2) increases the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the OIGs. As members of the CIGIE, the OIG shall adhere to professional standards developed by and participate in the plans, programs, and projects of the CIGIE, which may include peer reviews. The OIG also must refer any allegation of wrongdoing against an OIG staff member to the CIGIE Integrity Committee, which has the authority to investigate such allegations. In addition, as a member of the CIGIE, we will be preparing this report of our activities semiannually, beginning in June 2009.

## (U) OIG Organization

(U) The OIG consists of the following divisions:

**(U) Audit Division.** Executes independent program and financial audits of ODNI and IC programs, information technology, internal controls, financial statements, and financial management.

**(U) Inspections Division.** Conducts independent and objective capacity-building inspections, reviews, and evaluations to improve IC-wide performance. Examines information access, collaboration, intelligence collection and analysis, and compliance with laws and regulations.

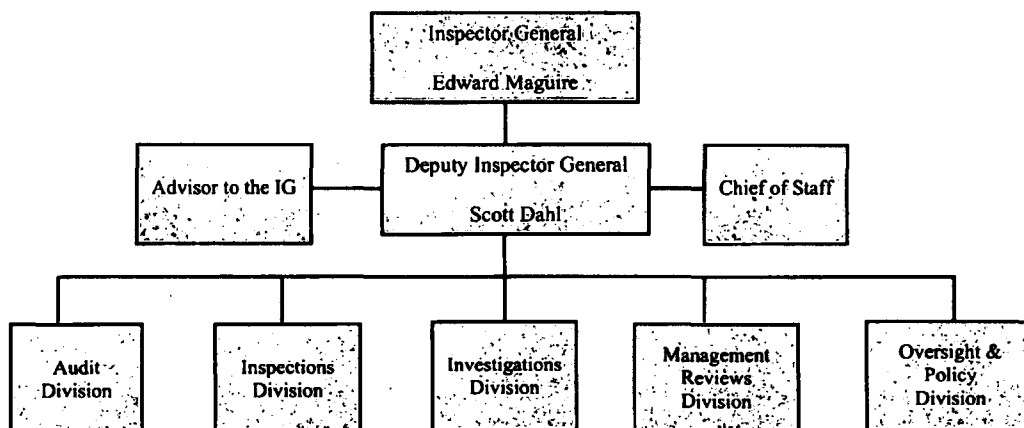
(U) **Investigations Division.** Investigates allegations of violations of criminal laws and administrative regulations arising from the conduct of ODNI and IC employees and contractors.

(U) **Management Reviews Division.** Conducts management and programmatic reviews of the ODNI, its centers, and the IC. Evaluates management and processes to assist the IC in developing and implementing processes and procedures to improve both effectiveness and efficiency.

(U) **Oversight and Policy Division (O&P).** Monitors and analyzes trends and patterns concerning intelligence oversight activities across the IC, maintains liaison with the President's Intelligence Advisory Board's Intelligence Oversight Board (IOB) and congressional oversight committees, and conducts policy studies on behalf of the IG.

(U) An organization chart delineating the OIG's front office and division structure is below.

(U) **Figure 1. OIG Organization Chart 2008**



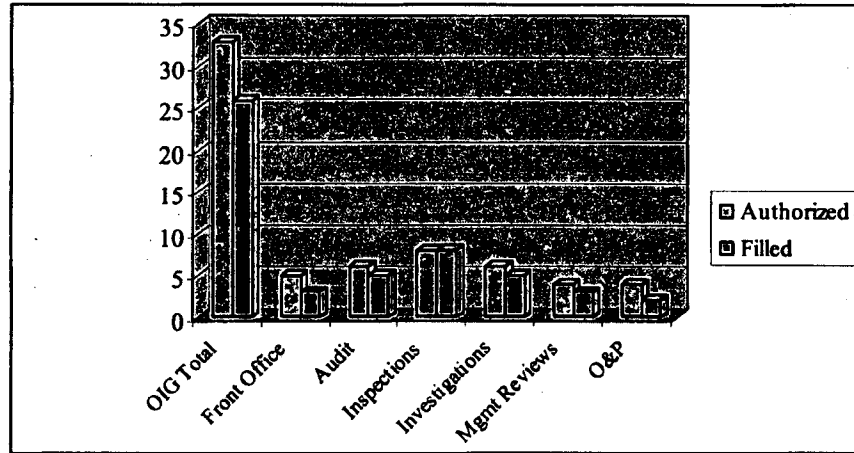
## (U) OIG Personnel

(U) The OIG authorized workforce level for fiscal year (FY) 2008 was 33. In FY 2007, the OIG had an authorized workforce level of 21. However, in the 2008 Defense Appropriation Act that was passed in November 2007, \$2 million (M) was appropriated specifically for the OIG to hire 12 additional staff. In April 2008, the ODNI front office lifted a hiring freeze that existed at that time and authorized the OIG to hire against those appropriated positions.

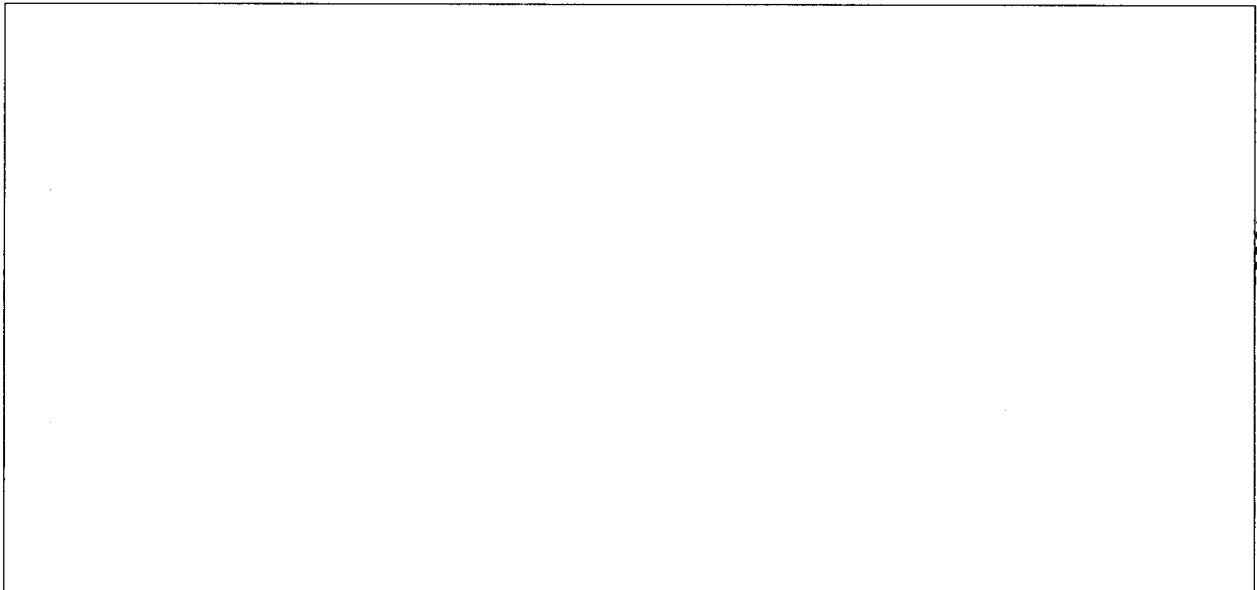
(U) As of January 30, 2009, the OIG had 26 staff on board (78% capacity). Due to a second hiring freeze that was implemented across the ODNI in September 2008, the OIG has been unable to fill the remaining 7 positions. As a result, the OIG has been unable to provide the level of oversight intended by Congress when it appropriated 12 additional staff to the OIG.

(U) Below is a chart depicting OIG staff positions – authorized and filled – by division.

(U) Figure 2. OIG Staffing Levels 2008

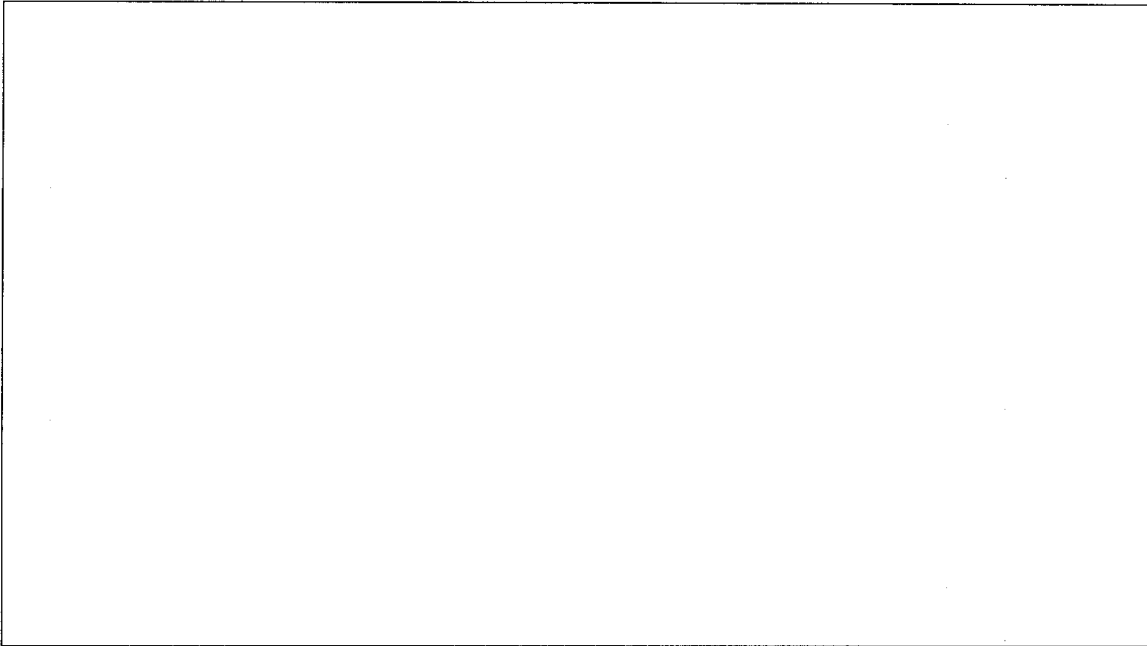


## (U) OIG Resources



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## (U) Completed Projects

### (U) Critical IC Management Challenges

[REDACTED] As part of this effort, we reviewed the current Management Challenges reports of the OIGs of most IC entities. While each IC entity has its own particular management challenges, many are common to and connected with challenges encountered throughout the IC. [REDACTED]

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1. Strengthening leadership and governance.
2. Accelerating progress in driving IC information sharing.
3. Removing impediments to IC collaboration and integration.
4. Improving financial management and acquisition oversight.
5. Resolving major legal issues.

(U//~~FOUO~~) The OIG provided ODNI management with a copy of the Management Challenges report on November 12, 2008. On January 15, 2009, ODNI management provided preliminary responses from many of the ODNI components and provided the Management Challenges report and preliminary responses to the congressional oversight committees.

(U//~~FOUO~~) Below is a summary of the challenges we identified, as well as our recommendations for corrective action:

#### 1. (U//~~FOUO~~) Strengthening Leadership and Governance

(U//~~FOUO~~) Since inception of the ODNI in April 2005, the DNI has devoted much of his time to providing intelligence support to the President and senior policymakers. IG reports have identified the need for the DNI to place stronger emphasis on management – defining and executing DNI authorities; imposing accountability for compliance with DNI directives; and communicating a clear statement of the respective roles, responsibilities, and authorities of ODNI staff and the IC agencies. IG findings regarding governance and communication challenges have been previously provided to ODNI senior leadership. Full engagement by the DNI in the management of the ODNI and the IC is a fundamental precondition to fulfilling the DNI's mission.

#### (U) Recommendations

(U//~~FOUO~~) The DNI should proceed without delay to:



- Create a clear and succinct mission statement for the ODNI and disseminate it throughout the IC.
- Communicate a transparent governance model to the IC identifying the roles, responsibilities, and authorities of the ODNI staff relative to the IC agencies.
- Define the relative internal authorities of the DNI, the Principal Deputy Director for National Intelligence (PDDNI), and other ODNI senior staff.
- Finalize and publish critical Intelligence Community Directives (ICDs), including:
  - ICD 101 – “Policy System”
  - ICD 303 – “MASINT”
  - ICD 306 – “GEOINT,” and
- Develop a formal process for timely responding to OIG recommendations and for tracking implementation of recommendations that are accepted by management.

## **2. (U//~~FOUO~~) Accelerating Progress in Driving IC Information Sharing**

(U//~~FOUO~~) Inadequate information sharing is a major impediment to effective IC performance. IG inspections, audits, and reviews from across the IC indicate that the ODNI has not fully implemented the policies and procedures needed to achieve the level of information sharing contemplated by IRTPA and Executive Order (EO) 12333. While the ODNI has made some improvements in this area, the IC’s information sharing problems will persist as long as the ODNI fails to implement and enforce critical IC-level policies and processes for information sharing.

### **(U) Recommendations**

(U//~~FOUO~~) Driving IC information sharing will require the DNI to:

- Publish additional directives providing IC-level policies that expand and improve information access for the analytic community.
- Implement recommendations in the OIG’s Review of IC-Wide Dissemination of Sensitive Reporting (November 2007) and FY 2007 Federal Information Security Management Act (FISMA) audit.
- Create sensitive reporting review boards.
- Develop and implement an IC plan for standardizing communication systems and streamlining the IC data sharing and storage architecture to reduce redundancy and simplify data access and retrieval.

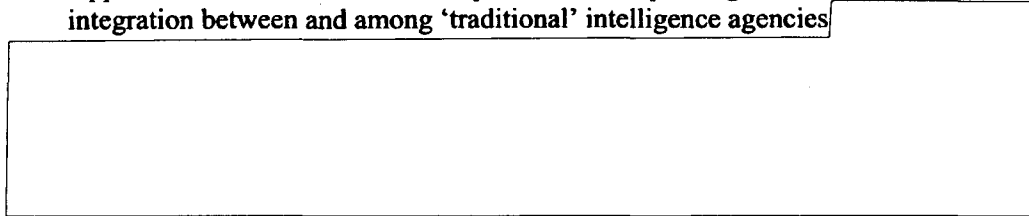
## **3. (U//~~FOUO~~) Removing Impediments to IC Collaboration and Integration**

(U//~~FOUO~~) IG audits from across the IC, inspections, and reviews have found that IC elements do not consistently and effectively collaborate and integrate their program efforts, resources, and talents. This impairs the IC’s ability to develop intelligence collection and analysis capabilities and deliver actionable intelligence to consumers.

(U) Recommendations

(U//~~FOUO~~) We recommended that the DNI:

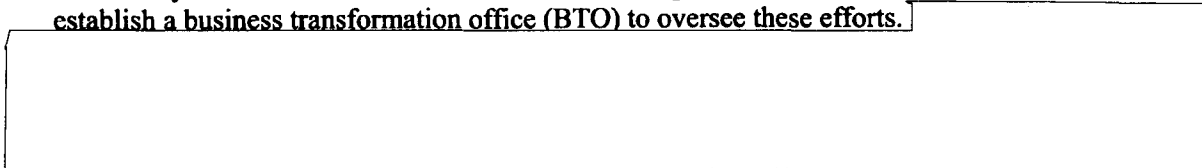
- Require collaboration among the national agencies on programs, systems, and acquisitions in accordance with functional management authorities and responsibilities.
- Define "collaboration" for the IC to include agency compliance with DNI decisions.
- Appoint a senior ODNI official responsible for improving collaboration and integration between and among 'traditional' intelligence agencies



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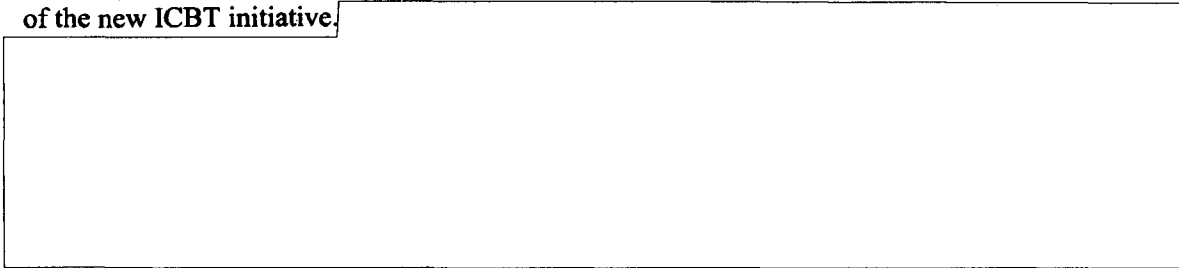
4. (U//~~FOUO~~) Improving Financial Management and Acquisition Oversight

(U//~~FOUO~~) In October 2008, the IC agreed on a phased approach to transform IC business systems around the two core financial management system environments and to establish a business transformation office (BTO) to oversee these efforts.



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(U//~~FOUO~~) Neither the ODNI IG nor the other IC IGs have conducted a review or audit of the new ICBT initiative.



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(U) Recommendations

(U//~~FOUO~~) In order for the business transformation, financial management, and auditability initiatives to succeed, we recommended that the DNI:

- Revise the auditability strategy with target dates for achieving auditability based on standard financial systems and ICBT initiatives and monitor progress towards auditability.

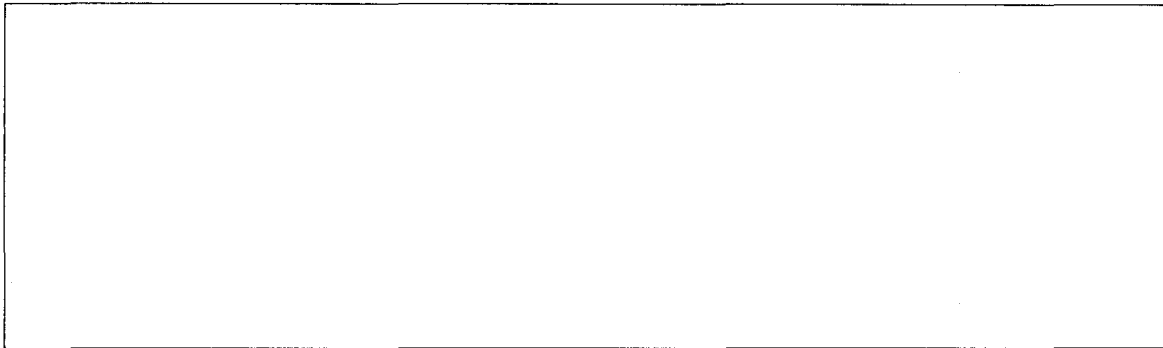
- Complete and submit to Congress the remaining financial plans and architectures that were due to the Senate Select Committee on Intelligence (SSCI) in 2005.
- Lead the effort to define what constitutes a “system” for consistent IC application for both auditability and business transformation.
- Develop Memoranda of Understanding for IC elements that are accountable to both ODNI and another government agency to delineate financial-related roles and responsibilities.

(U//~~FOUO~~) In addition to the challenges the ODNI faces with financial management, the IC OIGs also have identified a widespread need for improved management oversight in the



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(U) Recommendations



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**5. (U//~~FOUO~~) Resolving Major Legal Issues**

(U//~~FOUO~~) Legal issues and confusion about what the law actually requires can pose some of the greatest impediments to the IC’s national security mission. While the ODNI has made progress with respect to addressing legal issues that impede the IC (e.g., Foreign Intelligence Surveillance Act (FISA) Amendments Act of 2008 (FISA Amendments Act) and revised EO 12333), it must increase its efforts in this area.

(U) Recommendations

(U//~~FOUO~~) We urged the DNI to move forward to:

- Expedite the finalization and issuance of common U.S. persons (USP) rules, principles, or presumptions.
- Ensure prompt and complete implementation of the recommendations of the FISA Panel.
- Engage the Department of Justice (DoJ) at its highest levels in order to communicate national intelligence interests to the DoJ and to implement appropriate legal and policy changes throughout the IC.

- Continue to focus efforts on finalizing the ODNI's guidelines implementing EO 12333.

## **(U) Inspections and Reviews**

### **(U) Intelligence Integration and Collaboration Diagnostic (Diagnostic)**

(U) In early 2008, the OIG conducted a Diagnostic to assess the IC's progress in the six focus areas identified in the 100 and 500-Day Plans: (1) create a culture of collaboration; (2) accelerate information sharing; (3) foster collection and analytic transformation; (4) build acquisition excellence and technology leadership; (5) modernize business practices; and (6) clarify and align the DNI's authorities. The Diagnostic was designed to establish a baseline against which to assess future IC integration and collaboration progress.

(U) In conducting the study, the OIG interviewed over 80 senior leaders from across the entire IC, conducted focus groups and a survey, and interviewed a sampling of senior IC customers. The OIG provided the Diagnostic report to the DNI in September 2008 and subsequently briefed the findings to the Transition Team for President-elect Obama.

(U//FOUO) [REDACTED]

[REDACTED] The results of the Diagnostic also revealed that the IC is largely supportive of the establishment of the ODNI and acknowledges favorable progress in some areas such as Mission Management and Community badges. Members of the IC. [REDACTED]

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(U//FOUO) The OIG made 29 separate recommendations in 10 major categories, many of which were similar to recommendations previously made to ODNI leadership in the 2007 Organizational and Cultural Diagnostic and Design Study. The OIG requested that the DNI report to the OIG whether he accepted the recommendations within 45 days of report receipt. To date, the DNI has not advised the OIG whether he has accepted any of the recommendations. While the OIG is aware that a few of the recommendations have been implemented (or that some ODNI measures have been taken to address concerns raised in the Diagnostic), and that ODNI efforts are underway to implement others, the majority of the recommendations in the Diagnostic have not been implemented. The major categories are:

1. Unclear ODNI mission, vision, roles, and responsibilities
2. Perceived invisibility of smaller IC elements
3. Inadequate leveraging of IC technology buying power
4. Lack of a definition for collaboration
5. Impediments to Joint Duty implementation
6. Insufficient use of web-based tools
7. Lack of implementation of recommendations from previous studies on collaboration
8. Disconnected and incompatible IC information technology (IT) systems
9. Inconsistent application of IC security standard and process integration
10. Uneven flow of information from the ODNI to the IC

## **(U) IC-wide Review of the Terrorist Watchlist Nomination Process: Findings and Recommendations for Action**

(U//FOUO) The OIGs of the [redacted] worked together to conduct a review of the processes across the IC for nominating individuals to the consolidated terrorism Watchlist. (b)(3)

(U//FOUO) The ODNI OIG based its findings on the findings of the respective IC OIGs and on its own examination of the watchlisting nomination process within the National Counterterrorism Center (NCTC). [redacted] (b)(3)

(U//FOUO) The OIG made several recommendations for corrective action. By the end of this reporting period, every recommendation had been implemented, except for one: [redacted] (b)(3)

[redacted] The ODNI is still developing this process.

### **(U) Review of the NCTC, Phase II: Effectiveness of Community Relations**

(U//FOUO) In 2006, the OIG conducted the first of a two-phase inspection of the NCTC, which focused on the overall performance of the NCTC and its mission. In March 2007, the OIG began Phase II of the inspection of the NCTC. Phase Two examined the state of relations between the NCTC and its federal and non-federal partners, including activities that are complementary, overlapping, competing, or counterproductive among the counterterrorism (CT) organizations; the effectiveness of the NCTC's external collaboration; and the quality, utility, and accessibility of NCTC products.

(U//FOUO) The OIG found that generally, the NCTC has been responsive to the needs of its [redacted] In addition, NCTC customers are satisfied with the quality, utility, and accessibility of the NCTC's products, and NCTC external collaboration has been effective. The OIG also found, however, that a gap exists between the perceived and actual authorities of the Director of the NCTC, and duplication of analytic effort still exists in the CT community. Finally [redacted] (b)(3)

(U//FOUO) The OIG made five recommendations to address the above findings:

- The NCTC expand its Domestic Outreach Program and document progress in its annual report to the DNI.
- All entry-level analyst education programs for CT intelligence analysts across the IC include a block of instruction on the NCTC and its statutory role in the CT community,

and that the NCTC work with other intelligence agencies to have this training in place by January 1, 2009.

- The NCTC continue its program to broker access requests and document the progress of this program in their annual report to the DNI.
- The NCTC Directorate of Mission Management review the current CT analysis and production workload in the IC in order to identify overlap and reduce redundancy. We recommended the Analytical Framework for Counterterrorism be updated by October 1, 2009 with specific analysis and production responsibilities based upon the results of this review.
- The NCTC establish and implement a training and certification program for all new users of NCTC On-Line to be in place by January 1, 2009.

(U//~~FOUO~~) The NCTC concurred with the recommendations, and the OIG is monitoring recommendation implementation.

### **(U) Review of Overtime and Spot Awards**

(U) The OIG conducted a review of procedures and policies concerning the use of overtime and spot awards within the ODNI. The OIG made recommendations to improve internal controls and management reporting in the use of overtime and spot awards.

### **(U) Pay for Performance**

(U) In 2008, the Director of the Intelligence Staff (DIS) requested that the OIG conduct a best practices study on Pay for Performance (PFP) because the ODNI is scheduled to transition to PFP in October 2009. To complete this project, the OIG researched and reviewed PFP documentation and lessons learned from both the private sector and other non-IC government agencies, researched articles relating to PFP, and identified best practices and areas of potential concern when implementing PFP programs. The OIG provided its findings to the DIS.

## **(U) Investigations**

(U//~~FOUO~~) The OIG conducted 23 investigations during this reporting period, including misuse of position, improper use of government resources, disparate hiring practices, contract irregularities, time and attendance abuse, voucher fraud, policy and procedure adherence, and ethics violations. Select cases representing the breadth of investigations conducted over this reporting period are highlighted below:

### **(U//~~FOUO~~) Destruction of CIA Detainee Tapes**

The OIG assisted the FBI and the DoJ with a federal Grand Jury investigation into the CIA destruction of video tapes of detainee interrogations. This investigation is ongoing and the OIG continues to assist the FBI and DoJ.

**(U//~~FOUO~~) Falsification of Contractor Billing Records**

The OIG investigated falsification of billing records by a BAH contract employee. The ODNI is working with BAH to obtain full reimbursement.

**(U//~~FOUO~~) Improper Use of Government Databases**

The OIG worked with the State OIG on a criminal investigation involving State employees improperly accessing sensitive government databases. Although the subjects had access to NCTC's Terrorist Identities Datamart Environment (TIDE) database, no improper accessing of TIDE was found.

**(U//~~FOUO~~) Improper Release of Information**

The OIG investigated the improper declassification and release of information by the NCTC concerning a report that was critical of a U.S. ally. The OIG made several recommendations to NCTC for better internal controls, which should improve procedures for the proper release of information.

**(U//~~FOUO~~) Post-employment Ethics Violation**

The OIG investigated a former ODNI official for a possible criminal violation of post-employment ethics laws. Within a period of 1 year of ODNI termination, this former official allegedly attempted to influence an active ODNI employee on a matter which the former official reasonably should have known was pending under the employee's official responsibility. The United States Attorney's Office declined prosecution in this matter.

**(U//~~FOUO~~) Improper Use of an Independent Contractor**

The OIG conducted a review of activities leading to the renewal of contract for an ODNI independent contractor. The OIG found no irregularities in the awarding or renewal of the contract.

**(U) Whistleblower Allegation**

The OIG conducted an investigation into an allegation by an ODNI employee that his employment was terminated as the result of supervisory retaliation in violation of the Intelligence Community Whistleblower Protection Act. The allegation was not substantiated.

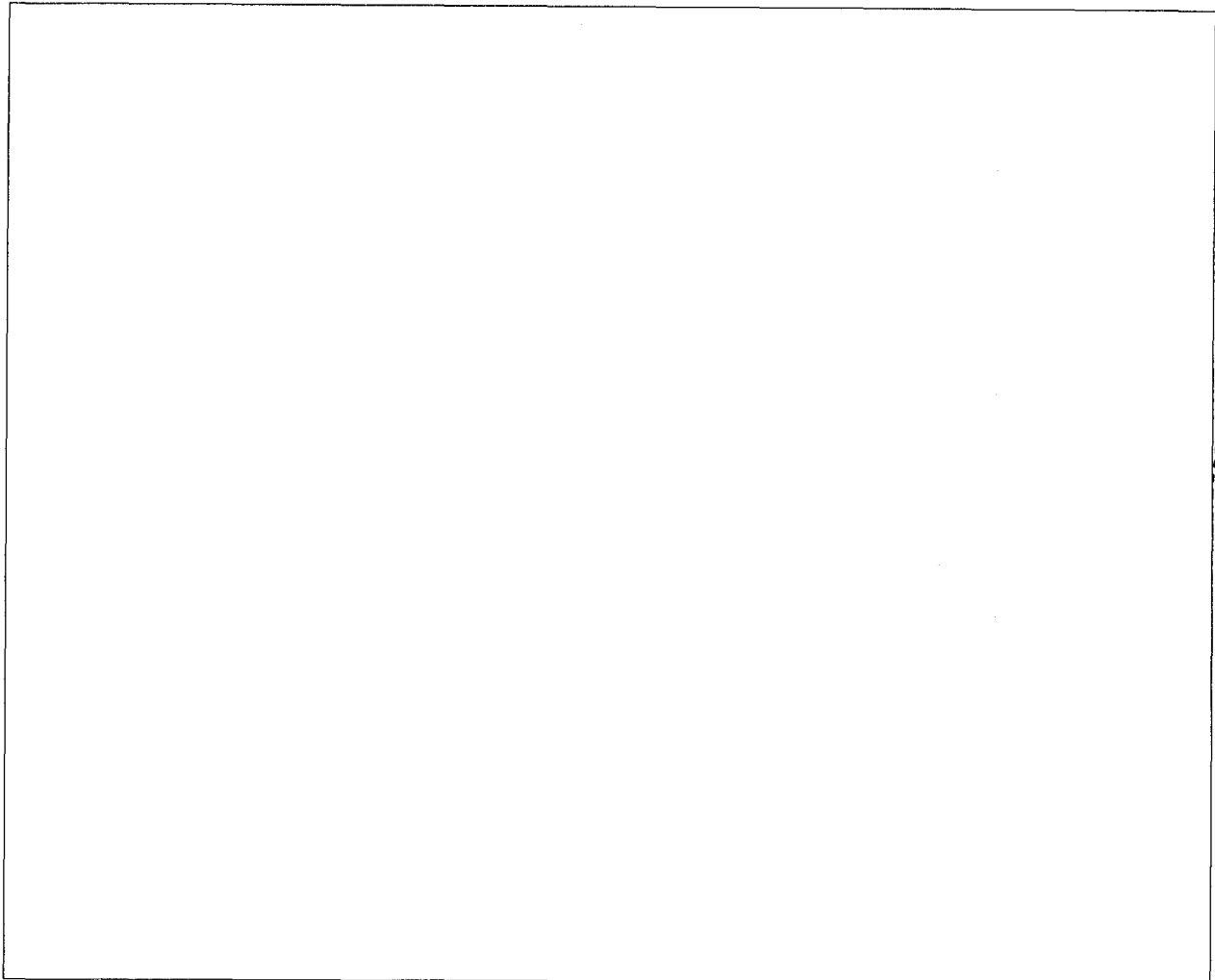
**(U//~~FOUO~~) Use of Subpoena Authority**

During this reporting period, the OIG did not exercise subpoena authority under section 7(a)(4) of ODNI Instruction 2005-10.

**(U//~~FOUO~~) Civil Rights and Civil Liberties Complaints**

During this reporting period, the OIG did not receive any allegations from the ODNI Civil Liberties and Privacy Office (CLPO) of individual misconduct regarding possible civil liberties or privacy abuse in the administration of the programs and operations of the ODNI.

## **(U) Audits**



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### **(U) FY 2008 Federal Information Security Management Act (FISMA) Review**

(U) The FISMA requires the IG for each agency to conduct an annual independent evaluation of the agency's information security programs and practices. The evaluation includes testing the effectiveness of information security policies, procedures, and practices of a subset of agency systems.

(U) This review followed up on our FY 2007 FISMA review, which determined that while the ODNI has elements of an information security program and is making efforts to put a comprehensive plan in place, it has not yet implemented a comprehensive information security program for either internal ODNI operations or for the IC's information systems. We recommended that the CIO and ODNI Security continue to work on establishing a



comprehensive and effective information security program and developing information security strategic plans.

(U) During this review, we found that the Associate Director of National Intelligence and Chief Information Officer (ADNI/CIO) has begun to establish a comprehensive information security program at the IC-wide level, and the ODNI has initiated plans to divest ownership of internal use IT systems. However, we also found that the ODNI has not fully implemented our FY 2007 FISMA recommendations that the ODNI establish a comprehensive information security program for internal ODNI operations and for the IC's systems, designate a senior official with systems security responsibility, and complete the inventory of ODNI systems.

(U) We recommended that the ADNI/CIO establish milestones and complete the security plans. We recommended that the Director of Mission Support establish milestones and complete plans and programs, designate a senior official with systems security responsibility, and finalize system inventories. Management concurred with the recommendations and, to date, has designated an ODNI senior official with systems security responsibility.

## **(U) Intelligence Community Inspectors General Activities**

### **(U) Intelligence Community Inspectors General Forum**

(U) The ODNI IG chairs the Intelligence Community Inspectors General (IC IG) Forum, a quarterly meeting of all IC IGs, or their designees. The ODNI OIG also fulfills the Executive Secretariat function for the IC IG Forum by performing functions such as hosting the meetings, consulting on topics of interest in developing the agenda, distributing documents, and sending out minutes.

(U) The IC IG Forum is designed to promote and further collaboration, cooperation, and coordination among the IGs of the IC, with the purpose of strengthening the collective role and effectiveness of IGs throughout the IC, enhancing the value of OIG activities in support of the National Intelligence Strategy, and increasing efficiency by avoiding duplication of effort among the IGs of the IC. Throughout 2008, the IC IG Forum provided the IGs a venue in which to share information, educate one another, and discuss and collaborate on matters of common concern. We brought in speakers to address important issues, such as the Director of NCTC, who presented an overview of NCTC's operations and challenges; the Director of the ODNI BTO, to discuss the business transformation efforts; and the Assistant Director of the FBI Inspection Division, to discuss the impact of the FBI's inspections on OIG work.

(U) One of the reviews coordinated through the IC IG Forum this reporting period was the IC-wide review of the Terrorist Watchlist Screening Process, discussed previously at page 8.

## **(U) 14<sup>th</sup> Annual IC IGs Conference**

(U) The ODNI OIG hosted the 14<sup>th</sup> Annual IC IGs Conference, "Successes and Challenges in Intelligence Community Collaboration." The conference featured panels and sessions on issues such as IG and DoJ collaboration, IG Joint Duty Exchange Program, IC collaborative projects, intelligence oversight, auditability, and civil liberties. Over 250 IGs and staff from 15 OIGs attended the conference, as did the Honorable Donald Kerr, the Principal Deputy Director of National Intelligence, who delivered the keynote address in the place of the DNI.

## **(U) Assessment of Agency Heads' Authority Over IGs**

(U) By letter dated December 18, 2007, the Oversight and Investigations Subcommittee of the House Permanent Select Committee on Intelligence requested that the OIG review, assess, and evaluate the rules and procedures governing each of the IC heads with respect to their authority to investigate the activities of their respective IGs.

(U) With respect to statutory IGs, the IG found that an IG is an employee of an executive branch agency, over which the agency head has administrative and management responsibility and authority. However, that responsibility and authority must be exercised in a way that preserves the objective of the IG Act of 1978 that IGs shall be independent. Moreover, the IG Reform Act of 2008 provides a statutory mechanism for investigating an IG through the CIGIE Integrity Committee. The Integrity Committee previously existed under EO 12993; by making it statutory, Congress established the Integrity Committee as the appropriate mechanism for investigating the activities of IGs.

(U) With respect to the administrative IGs, on the other hand, the IG found that agency heads would appear to have the legal and administrative authority to investigate their respective IG's activities.

## **(U) Intelligence Oversight Activities**

(U) The OIG participated in the drafting and review of the new EO 13462 and the revised EO 12333, which set forth the DNI's role in conducting intelligence oversight. In close coordination, the OIG, Office of General Counsel, and the IOB developed policy guidance to implement the reporting of intelligence oversight matters by the IC pursuant to the requirements established by EO 13462. The OIG analyzed intelligence oversight reporting submitted to the DNI and IOB by the IC IGs.

(U) In addition, the OIG conducted periodic liaison meetings with IC IG intelligence oversight offices, engaged in outreach efforts to communicate the intelligence oversight reporting standards to the community members, and assisted the CLPO with on-site reviews relating to electronic surveillance conducted pursuant to the Protect America Act and the FISA Amendments Act.

(U) The OIG will continue to monitor and assess the intelligence oversight reporting submitted to the DNI and the IOB. The OIG holds regular meetings with the IOB staff to discuss and

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evaluate oversight reporting. In response to oversight reporting changes resulting from the recent issuance of EO 13462, the OIG will undertake an enhanced outreach and education program to ensure IC awareness of the current oversight reporting requirements.

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## **(U) Ongoing Projects**

### **(U) Inspections and Reviews**

#### **(U) Review of the President's Surveillance Program (PSP)**

(U) Title III of the FISA Amendments Act requires the IGs of the IC elements that participated in the PSP to conduct a comprehensive review of the PSP. The IGs of the ODNI, DoJ, and the other IC components that participated in the PSP are conducting the review required under the Act. The participating IGs have discussed their individual and collective responsibilities in conducting the review, relevant ongoing and completed reviews, and the scope of additional work that needs to be accomplished to fully meet Title III requirements.

(U) The ODNI OIG is examining the involvement of ODNI senior leadership in the PSP and ODNI communication with private sector entities concerning the PSP. The ODNI IG also is examining the role of the NCTC in drafting and coordinating the threat assessments and legal certifications supporting periodic reauthorization of the PSP; NCTC's role in identifying targets and tasking PSP collection; and NCTC's use of the product to support counterterrorism analysis.

(U) Representatives from each of the participating IGs meet regularly to discuss the status of our work, avoid unnecessary duplication of effort, and ensure that the full scope of the review prescribed in the Act is being addressed. Each of the IG teams will be alert to other matters not specifically identified in the Act that should be examined as part of a comprehensive review of the PSP. The findings of each respective IG review will be compiled into a comprehensive final report that will be submitted to Congress by July 2009.

#### **(U) Inspection of Advanced Geospatial Intelligence (AGI) Capabilities**

(U//~~FOUO~~) AGI is technically sophisticated geospatial intelligence (GEOINT) that has been useful in answering critical intelligence questions related to CT, counter-proliferation, and special and conventional military operations.

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(U//~~FOUO~~) During this reporting period, the OIG completed its draft report and briefed its findings and recommendations to IC senior leadership. Following a briefing in May 2008, the Director of NGA accepted the OIG's recommendations and began to implement them, in part by publishing a new AGI Implementation Plan that embraces key findings and recommendations included in the OIG report. The draft report was disseminated for comment to the relevant IC organizations in August, and on 15 January 2009, the OIG briefed the findings and

recommendations to the DNI and senior IC leaders. The OIG is awaiting formal response from the DNI and will issue its final report.

### **(U) Review of Acquisition Oversight Policies, Processes, and Strategies**

(U) In 2008, the OIG initiated an inspection to determine the degree to which the execution of acquisition oversight policies, processes, and strategies reflects the DNI's IRTPA acquisition authorities. This inspection will also assess whether acquisition oversight decisions are applied uniformly across the IC, and whether these decisions support other oversight mechanisms at the ODNI, with a focus on requirements validation.

(U) The OIG briefed preliminary findings and recommendations to the DNI on January 7, 2009, and the DNI immediately implemented our recommendation to have the Deputy Director of National Intelligence (DDNI) for Acquisition, now Future Capabilities (FC), ensure programs executed within the Community Management Account are subjected to IC acquisition policy and oversight. The DNI also requested the OIG brief the next DNI within 30 days of taking office to consider the remaining recommendations.

### **(U) Review of Implementation of the Joint Duty Program (JDP)**

(U) During the IG's Diagnostic (discussed above at page 7), IC leaders and staff indicated that there were issues and concerns with the JDP. The ODNI Chief Human Capital Officer (CHCO) subsequently requested that the OIG conduct an interim implementation review to explore the factors affecting JDP participation.

(U) The OIG conducted interviews and focus groups of IC senior leaders, CHCO council members, and JDP managers, and is presently analyzing the information and data collected. The OIG will provide recommendations to the ODNI CHCO to improve JDP implementation and identify JDP best practices which can be replicated and implemented to increase JDP participation throughout the IC. The OIG intends to issue its final report by the end of March 2009.

### **(U) Congressional Request for Information on NCTC's Information Sharing Initiative ("RAILHEAD")**

(U) On August 21, 2008, the OIG received a request from the House Committee on Science and Technology to evaluate aspects of the NCTC's RAILHEAD program and answer specific questions about the program's execution and oversight. The OIG is conducting an evaluation of the program to explore the allegations and concerns identified in the committee's request, and will provide a report to the House Permanent Select Committee on Intelligence (HPSCI).

### **(U) Collection, Analysis, and Mission Manager Diagnostic**

(U) In April 2008, the OIG initiated a review of the relationship between and the roles and responsibilities of the office of the DDNI for Collection, the office of the DDNI for Analysis, and the Mission Managers. The OIG has interviewed numerous leaders and employees in these

offices, as well as some of the customers of the products generated by Analysis and the regional Mission Managers.

(U) The OIG currently is drafting a report for the DNI that details the results of our review. The report will be presented in two phases. The first phase will focus specifically on the relationship between the National Intelligence Council (NIC) within the office of the DDNI for Analysis and the regional Mission Managers to evaluate the positive and negative aspects of a proposed merger of the two. The second phase will address broader concerns, identified by interviewees, that impact the organizational effectiveness of the office of the DDNI for Collection, the office of the DDNI for Analysis, and the Mission Managers.

### **(U) Counterintelligence Community Review**

(U) At the request of the HPSCI, the OIG is reviewing the counterintelligence community's ability to adequately coordinate operational and investigative activities across the entire community. The OIG has conducted interviews of counterintelligence officials throughout the IC and is in the process of drafting its response.

## **(U) Audits**

### **(U//~~FOUO~~) National Intelligence Program Funds at the DHS Office of Intelligence and Analysis (I&A)**

(U//~~FOUO~~) The objective of the audit is to examine the adequacy and effectiveness of the internal controls over the budgeting, accounting, and expending of National Intelligence Program (NIP) funds provided to the DHS I&A. In addition, the audit will assess the roles and responsibilities of the ODNI as they relate to the NIP. The audit is being performed in

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(U//~~FOUO~~) Upon completion of the audit, the OIG will provide specific recommendations to improve internal controls and oversight of DHS I&A fiscal management by both the DHS I&A and the ODNI.

### **(U) Audits of Special Access Programs**

(U//~~FOUO~~) The OIG is currently participating in two joint audits involving Special Access Programs.

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### **(U) Intelligence Community Auditable Financial Statements**

(U) The DNI established the goal of achieving sustainable unqualified audit opinions for all IC agencies and elements. In April 2008, the ODNI issued the *Intelligence Community Financial*

*Management Systems Report*, outlining the ICs plan to standardize and consolidate its financial management systems and accounting practices as well as increase overall financial integrity, auditability, and accountability. In October 2008, with congressional support, the ODNI established a formal comprehensive business transformation initiative that will eliminate redundant and non-interoperable systems and infrastructures, poor access to data, and obstacles to achieving complete and accurate financial reports for management. Several IC IGs in their management challenges expressed concern that the shift in focus to business transformation may further delay financial accountability in the IC.

(U) The ODNI OIG is collaborating with the ODNI CFO to monitor and assist IC CFOs and IGs in their efforts to reach the auditability goals. Specifically, the ODNI OIG is participating in joint CFO/IG councils and working groups that address critical accounting issues and is serving as the liaison between the IC and the Federal Accounting Standards Advisory Board. In addition, the ODNI OIG established a Joint Audit Working Group that is collaborating to identify audit opportunities related to auditable financial statements. The ODNI OIG also is collaborating with the ODNI Business Transformation Office, as well as monitoring impacts on auditability.

(U) The ODNI CFO and OIG continue to work together with agency staff to monitor progress and provide support in the auditability initiatives.

## **(U) Intelligence Community Inspectors General Activities**

### **(U) IC IG Forum**

(U) The ODNI IG continues to co-chair the quarterly IC IG Forum meetings. This year, the IC IG Forum anticipates addressing issues such as business transformation and auditability, joint duty, and collaboration across the IG and IC communities.

### **(U) 15<sup>th</sup> Annual IC IGs Conference**

(U) The OIG will be co-hosting the 15<sup>th</sup> Annual IC IGs Conference on May 29, 2009 at the NRO. This year, topics and panels will be determined by the recently established IC IG Working Groups (see below).

### **(U) IC IG Working Groups**

(U) This reporting period, the OIG initiated an IC-wide Deputy Inspector General Working Group and IC-wide AIG Working Groups for Audit, Inspections, and Investigations. The purpose of these working groups is to further expand the role of the IC IG Forum in integrating the IC IG community by exchanging ideas, reducing redundancy, identifying IC systemic issues, sharing best practices, and identifying future IC-wide joint projects. The Working Groups will meet quarterly.

### **(U) National Procurement Fraud Task Force (NPFTF)**

(U) The OIG Investigations Division has partnered with the DoJ NPFTF and other federal IGs to assist in the prevention, detection, and prosecution of procurement fraud associated with the increase in federal contracting expenditures, particularly in the areas of intelligence and national security support activities since September 11, 2001.

(U) In addition, the ODNI IG chairs the NPFTF Intelligence Committee, which addresses the unique aspects of detecting, investigating, and prosecuting procurement fraud in a classified environment.

### **(U) IC IG Joint Duty Exchange Program**

(U) In 2007, the DIA and ODNI OIGs led efforts to implement a joint duty exchange program for the IC IGs. Through this program, personnel in the offices of the IC IGs may acquire joint duty certification by serving on other IC IG staffs in accordance with ICD 601, "Human Capital Joint Intelligence Community Duty Assignments."

(U) The IC IG joint duty program is designed to enhance IG staff's joint IG experience, foster communication and professional relations, and share best practices. The IG joint duty program operates like an exchange program: when an OIG details a staff member for an IG joint duty rotation, that OIG also will gain a staff member from another IC OIG for the duration of the rotation. The IG joint duty program is intended to complement, and not compete with, other joint duty programs, such as the Leadership Exchange and Assignment Pilot. IC IG members may participate in any or all of these joint duty programs.

(U) This year, the IC IGs successfully exchanged a DIA OIG employee with an NGA OIG employee. This exchange will provide valuable lessons for the IC IGs in accomplishing future joint duty exchanges.



# **(U) Status of Recommendations for Previously Completed Projects**

## **(U) Organizational and Cultural Diagnostic and Design Study (Organizational Study)**

(U) At the request of the DNI, the OIG conducted an Organizational Study of the ODNI, which was completed in 2007. The OIG made 17 recommendations to the DNI for corrective action regarding the issues identified in this study. Implementation status for each recommendation is noted below:

- Clearly and succinctly articulate the ODNI's mission and vision.
  - The ODNI has published Vision 2015, but the OIG does not believe it sufficiently addresses the issues underlying this recommendation.
- Determine and articulate what role the ODNI should play.
  - Not implemented.
- Clarify the roles and responsibilities within the ODNI.
  - Intelligence Community Directives (ICDs) such as ICD 207 defining the role of the National Intelligence Council demonstrate that the ODNI has made some progress in this area. However, the OIG report identified that all areas within the ODNI need clarification and thus the ODNI should continue to clarify organizational roles and responsibilities through additional ICDs.
- Limit the ODNI's priorities.
  - Not implemented.
- Review communication processes and consider establishing a data call office.
  - The ODNI Office of Executive Secretariat is reviewing the issuance of ODNI data calls to the CIA.
- Identify barriers to information flow, emphasize the importance of clear communication, and evaluate senior managers on information flow.
  - The "Movers and Shakers" luncheon series has been initiated, but the issues underlying this recommendation have not been sufficiently addressed.
- Increase ODNI staffs' awareness and participation in EXCOM meetings.
  - Minutes from the EXCOM meetings were disseminated for several months, but then inexplicably stopped.
- Increase visibility and accessibility to leadership (clarify roles and responsibilities of the front office, meet monthly with direct reports, address concerns with the "vault").
  - Not implemented.
- Clarify and delegate decision making authority.
  - Not implemented.
- Determine which ODNI processes are inefficient.
  - Not implemented.
- Frequently reward high performers and address poor performance regularly.
  - Not implemented.

- Revise ODNI performance review process to ensure consistency in evaluations.
  - Efforts have been made to standardize the performance review process across the ODNI. It is unclear whether those efforts have been successful, and the current performance review process soon will be revised again when Pay For Performance is implemented.
- Manage senior staffs' expectations and give junior level employees leadership opportunities.
  - Not implemented.
- Develop independent information systems and policies, and increase frequency of communication with staff.
  - Some improvement has been made. However, the internal communication of the ODNI continues to need improvement.
- Regularly communicate with the workforce about location related issues.
  - Implemented through regular updates regarding LX-2 facilities.
- Hold social events, implement awards ceremonies, operate a gift shop, and display organizational photos.
  - The recent ODNI Holiday Party, ODNI Ice Cream Social, and Galileo Awards, to name a few, are examples where the ODNI has successfully hosted social events and awards ceremonies. Further, since the move to the LX-2 building, ODNI merchandise is available for purchase and ODNI organizational photos are displayed throughout the building. These actions indicate progress on this recommendation. We encourage the ODNI to continue to sponsor and promote these types of activities to enhance morale within the ODNI.
- Designate an implementing officer to implement OIG recommendations.
  - Not implemented.

## **(U) Review of Dissemination of Sensitive Reporting**

(U) The OIG conducted and previously reported on a review of the dissemination of sensitive reporting across the IC. The OIG found that in a number of cases, intelligence consumers do not receive, or do not receive in a timely manner, relevant sensitive reporting, and that current processes for resolving requests for dissemination do not adequately address the needs of analysts.

(U//~~FOUO~~) The OIG recommended that the DNI:

1. Establish an office to promulgate and monitor implementation of policies and procedures for dissemination and access.
2. Establish an objective process for arbitrating disputes regarding the dissemination of sensitive intelligence.
3. Establish and promulgate IC standards for the dissemination of sensitive reporting to ensure that customer requirements are met.
4. Assess the current compartmentation policies constraining the use and release of Analysis Integration Center (now the Integrated Operations Center for Special Projects) reporting.

(U//~~FOUO~~) The DNI concurred with the recommendations and steps have been taken to implement them. For example, the DNI has created the position of Associate Deputy DNI for Information Integration to bring together not just technology, but also the policies, processes, people and risk management and security aspects necessary to achieve true information sharing across the IC. While the DNI has established the office we recommended, the roles and responsibilities of this office and the office of the DDNI/PPR overlap and need to be clarified so it is clear who is responsible for promulgating and monitoring the implementation of policies and procedures for dissemination and access.

(U//~~FOUO~~) In addition, the DNI recently implemented a policy (ICD 501) that will address recommendations 2 and 3. The OIG plans to assess how effectively ICD 501 addresses the issues underlying these recommendations.

(U//~~FOUO~~) Finally, our fourth recommendation has not yet been implemented, but the ODNI Senior Review Group has been focusing on it.

#### **(U) Organizational and Cultural Diagnostic of the office of the DDNI for FC**

(U) The OIG conducted a study of the office of the DDNI for FC to determine whether some of the conditions identified in the Organizational Study existed in FC. The OIG provided its recommendations to the DDNI for FC, and they have been implemented.

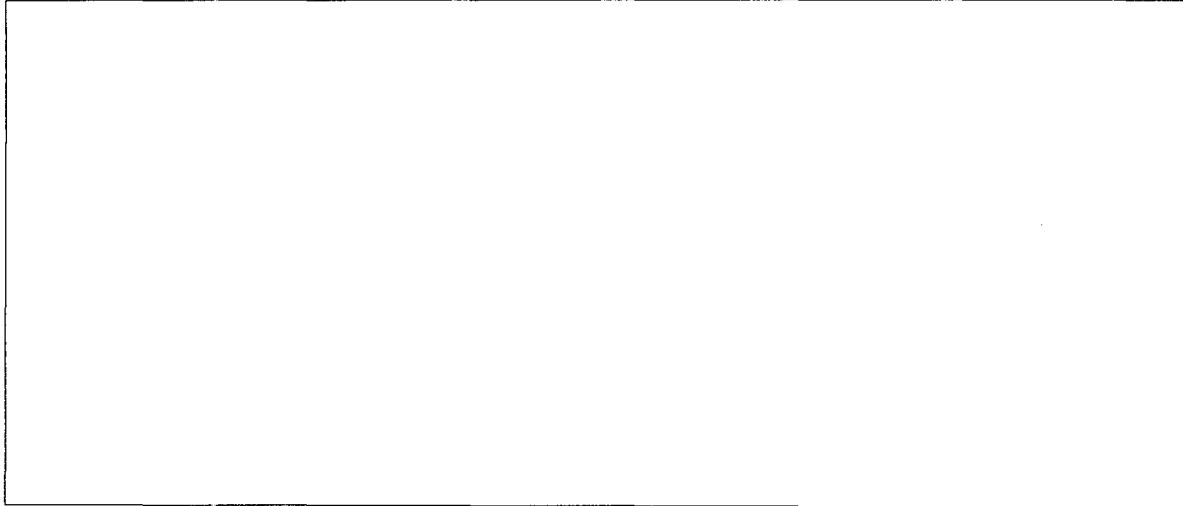
#### **(U) Emphasis on Law Enforcement in the ODNI**

(U) After noting the absence of any high-level law enforcement or domestic intelligence official in the ODNI, the OIG recommended that the DNI add a law enforcement official to the senior staff to advise the DNI on domestic intelligence issues. This recommendation was accepted and immediately implemented with the addition of a senior FBI official designated as the Associate Director of National Intelligence, which is an ODNI front office position.

#### **(U) Audit of the Contract Award Process for the CASES Program**

(U) The OIG, in conjunction with the CIA OIG as the lead auditor, evaluated the process used to award the Indefinite Delivery/Indefinite Quantity contracts under the Contract Advisory and Assistance Services/Systems Engineering and Technical Assistance and External Analysis and Conferencing Support (CASES) Program. The audit found that the acquisition planning did not address performance-based acquisitions as required by the Federal Acquisition Regulation (FAR). As a result, we recommended that the Chief, ODNI Contracts, amend the CASES acquisition plan to address the FAR requirements for performance-based acquisitions, provide training to the contracting officers and contracting officer technical representatives on performance-based acquisitions, and issue a policy to implement performance-based acquisitions in the ODNI.

(U) The Chief, ODNI Contracts, concurred with the recommendations. The acquisition plan has been modified, a training plan has been developed, and an implementation plan for performance-based acquisitions will be completed soon.



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## **(U) Report Waste, Fraud, Abuse, or Misconduct**

(U) To report allegations of waste, fraud, abuse, or misconduct in the ODNI or  
IC agencies, contact:

Office of the Inspector General  
Office of the Director of National Intelligence  
Investigations Division  
Washington, DC 20511

(703) 482-4955

or

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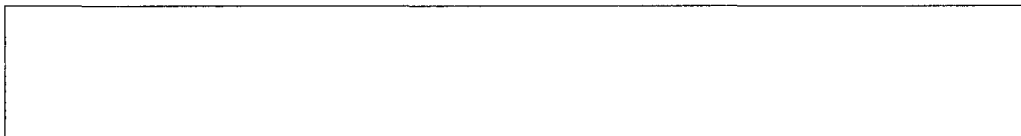


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**(U) Office of the Director of  
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Office of the Inspector General**



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1 July 2009 – 31 December 2009**



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**(U) The Inspector General of the Office of the Director of National Intelligence (ODNI) provides policy direction for, and plans, conducts, supervises, and coordinates inspections, audits, investigations, and other inquiries relating to the programs and operations of the ODNI and the authorities and responsibilities of the Director of National Intelligence (DNI). The Inspector General is charged with detecting fraud, waste, and abuse; evaluating performance; and making recommendations to promote economy, efficiency, and effectiveness in the ODNI and the Intelligence Community.**



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## **(U) A Message From the Inspector General**

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(U) During the period from 1 July 2009 through 31 December 2009, the Office of the Director of National Intelligence (ODNI) Office of the Inspector General (OIG) completed a variety of significant audits, inspections, investigations, and reviews. We also facilitated collaboration and integration throughout the Intelligence Community (IC) Inspectors General (IG) community. This report summarizes those accomplishments.

(U) One significant accomplishment during this reporting period was the 2009 IC Management Challenges report. In this report, we identified the most critical challenges facing the Director of National Intelligence (DNI) in his role as leader of the ODNI and the IC. We did so by drawing upon the inspections, audits, and reviews performed by our office as well as the 2009 Management Challenges reports and other reports from the OIGs of most IC elements. Our assessment identified seven management challenges common to other IC elements that fall within the DNI's responsibility under the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) to lead and integrate the IC. As noted in our report, none of these important challenges lend themselves to one-time solutions; rather, they will require sustained focus, efforts, and leadership over time.

(U//~~FOUO~~) We also issued several significant reports this reporting period, including a review of the implementation of the IC Joint Duty program; the fiscal year 2009 Federal Information Security Management Act (FISMA) Review, which identified information security deficiencies in the ODNI and across the IC; an audit of the adequacy and effectiveness of the internal controls over the budgeting, accounting, and expending of National Intelligence Program funds provided to the Department of Homeland Security Office of Intelligence and Analysis; and our findings regarding allegations received from Congress that the National Counterterrorism Center's Railhead Program suffered from poor planning and poor government management that resulted in the potential delivery of insufficient functionality to end users.

(U) Another significant accomplishment during this reporting period was the first annual Intelligence Community Inspectors General Awards Program and Ceremony. We developed this program in concert with other IC OIGs to recognize personnel from IC OIGs who made extraordinary contributions to the mission and objectives of the OIGs and the National Intelligence Strategy. We hosted the first annual IC IG Awards Ceremony in December 2009, at which Principal Deputy Director of National Intelligence David C. Gompert served as the keynote speaker. Six awards were given

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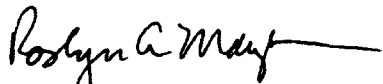
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at this ceremony: Leadership Award, Lifetime Achievement Award, Award of Honor, Audit Award, Inspections Award, and Investigations Award.

(U) ODNI management continues to take significant steps to address OIG recommendations. As a result of a system developed by the OIG and ODNI management to ensure timely and effective implementation of OIG recommendations, 63% of the OIGs' recommendations made in 2007 – 2009 are closed, 26% are resolved, and 11% remain open. During this reporting period alone, ODNI management has taken action to close 23 recommendations and to resolve 16 additional recommendations. The table appearing on page 22 of the report illustrates the implementation status of OIG recommendations.

(U) In the months ahead, we will continue to focus on emerging areas of concern and to produce high-quality, timely, capacity-building audits, inspections, and other reviews that align with IRTPA, the *National Intelligence Strategy*, and other important mission objectives of the ODNI. In performing our work, we are committed to maintaining the highest standards of professionalism, objectivity, and integrity in our interactions within the ODNI and with other elements of the IC.



Roslyn A. Mazer  
Inspector General  
27 January 2010

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## **I. (U) Overview**

(U) The mission of the Office of the Inspector General (OIG) is to improve Intelligence Community (IC) performance by (1) conducting oversight of the Office of the Director of National Intelligence (ODNI) and IC programs and operations that fall within the authorities and responsibilities of the Director of National Intelligence (DNI); (2) exercising a unique cross-agency focus; and (3) drawing upon the collaborative efforts of IC Inspector General (IG) partners. The office conducts audits, investigations, inspections, and reviews of ODNI and IC performance to detect and deter waste, fraud, and abuse and to promote efficiency, effectiveness, and accountability. The OIG's completed and ongoing projects are described in sections four and five of this report.

(U) In addition, the OIG makes recommendations to the DNI for improving the performance of IC programs and activities. The last section of this report includes an update on the implementation status of recommendations made in our previous reports.

(U) The OIG also focuses on identifying the critical challenges facing the ODNI and the IC. In November 2009, we reported to the DNI the top IC management challenges based on our review of IC OIG reports and the management and performance challenges from most of the IC agencies. These management challenges are described in section three of this report.

### **(U) OIG Organization**

(U) The OIG consists of the following divisions:

**(U) Audit Division:** Executes program and financial audits and evaluations of ODNI and IC programs, information technology, procurement, internal controls, financial statements, and financial management.

**(U) Inspections Division:** Conducts inspections, reviews, and evaluations to improve IC-wide performance; examines information access, collaboration, intelligence collection and analysis, and compliance with laws and regulations.

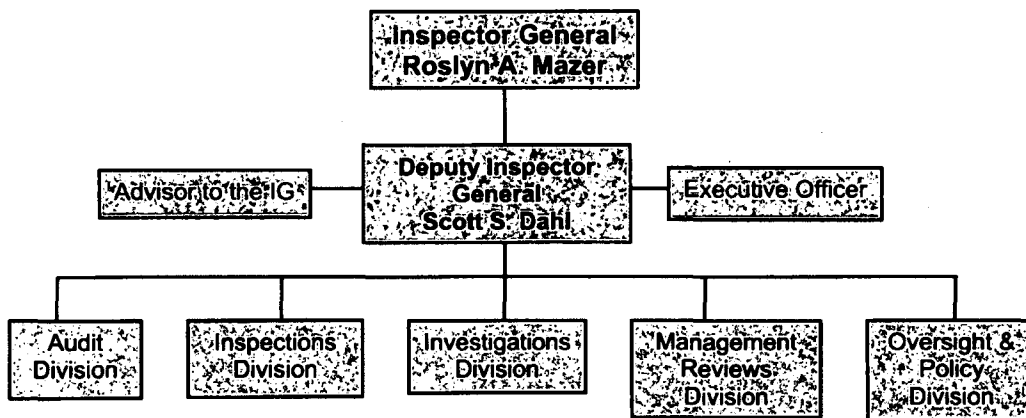
**(U) Investigations Division:** Investigates allegations of violations of criminal laws and administrative regulations arising from the conduct of ODNI and IC employees and contractors.

**(U) Management Reviews Division:** Conducts management and programmatic reviews of the ODNI, its centers, and the IC; evaluates management and processes to assist the IC in developing and implementing processes and procedures to improve both effectiveness and efficiency.

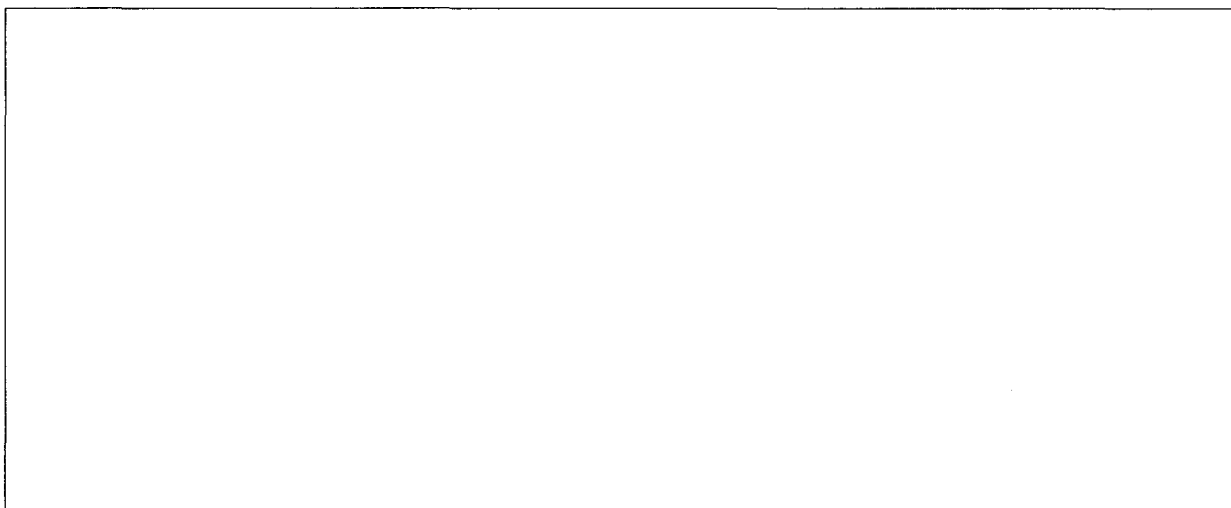
**(U) Oversight and Policy Division:** Performs reviews of programs and activities to assess whether oversight and compliance are effective, monitors and analyzes in concert with the ODNI Office of General Counsel (OGC) and the ODNI Office of the Chief Civil Liberties and Privacy Officer (CLPO) the trends and patterns concerning intelligence oversight activities across the IC, and prepares reports on intelligence oversight issues in coordination with OGC for the President's Intelligence Advisory Board's Intelligence Oversight Board (IOB).

(U) An organization chart delineating the OIG's front office and division structure is below.

**(U) Figure 1. OIG Organization Chart 2009**



**(U) OIG Personnel and Resources**

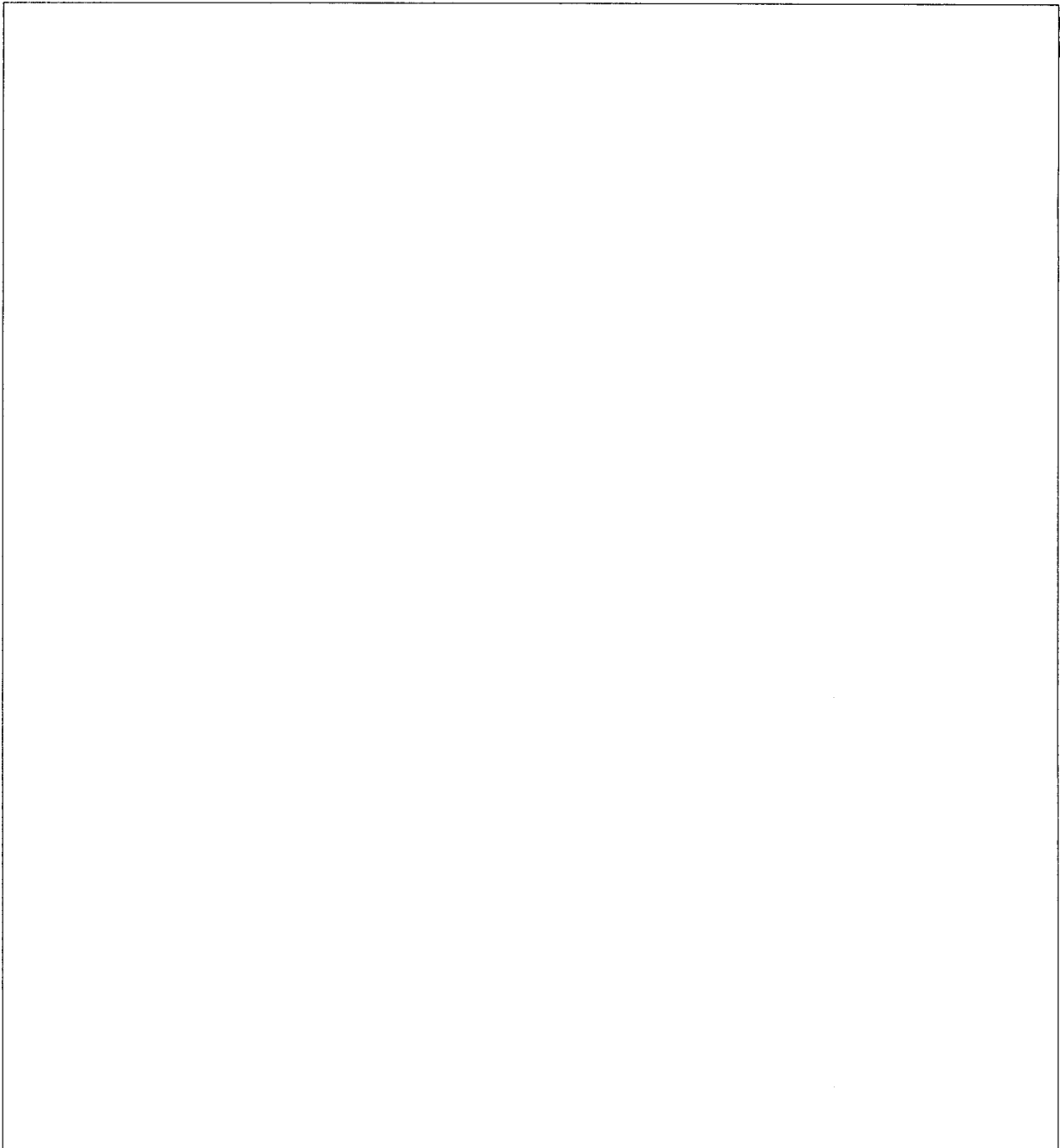


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## II. (U) IC Inspectors General Activities

(U) To achieve its oversight objectives, the ODNI OIG facilitates collaboration, information sharing, and strategic planning among the IC Inspectors General. This section highlights some of the ways the OIG coordinates oversight across the IC.

### (U) IC Inspectors General Forum

(U) The ODNI IG chairs the IC Inspectors General (IC IG) Forum, a quarterly meeting of all IC IGs or their designees. The ODNI OIG also acts as the Executive Secretariat for the IC IG Forum, performing such functions as hosting the meetings, consulting on topics of interest, facilitating the development of collaborative projects for discussion at the meetings, developing the agenda, distributing documents, and maintaining minutes.

(U) The IC IG Forum promotes collaboration and coordination among the IC IGs to strengthen the collective role and effectiveness of OIGs throughout the IC, enhance the value of OIG activities in support of the *National Intelligence Strategy*, and increase efficiency by promoting information sharing and avoiding duplication of effort among the IC OIGs. In addition, during this reporting period, the Forum sponsored the First Annual IC IG Awards Program and Ceremony (discussed in detail on p. 6).

(U) The DNI addressed the IC IGs at their quarterly meeting in September 2009. He stated that he finds IG reports to be particularly useful and recognized the President's Surveillance Program Review as an excellent example of cooperation between IC OIGs. He also emphasized the role of the IC IGs in ensuring that the community stays focused on the enterprise objectives of the *National Intelligence Strategy* because IGs can step back and take a broader, independent view of how agencies are implementing their goals.

(U) As part of the IC IG Forum activities, the IC-wide Deputy IG Working Group and Assistant Inspectors General (AIG) Working Groups for Audit, Inspections, and Investigations leverage the role of the IC IG Forum by further integrating the IC OIG community, exchanging ideas and work plans, identifying IC systemic issues, reducing

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redundancy, sharing best practices, and identifying collaborative projects affecting two or more IC OIGs. The working groups meet quarterly and are chaired by the ODNI OIG representative to the group.

(U) During this reporting period, the Deputy IGs Working Group served as the IC IG Awards Review Board to select award recipients and make recommended revisions to the IC IG Awards Program. The Deputy IG Working Group also developed a draft agenda and speakers for the IC IG Annual Conference in May 2010. The AIG for Investigations Working Group collaborated on new legislation affecting investigations and exchanged best practices regarding proactive efforts to detect waste, fraud, and mismanagement. It also shared the names of working targets to ensure all agencies are aware of any fraudulent schemes or efforts. Within the past 6 months, the AIG for Investigations Working Group developed an OIG IC Peer Review process, encouraged and participated in the Joint Duty Program, collaborated on several joint investigations, shared best practices, and facilitated joint training within the IC.

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The AIG for Audit Working Group also presented briefs on fraud auditing and the use of forensics in auditing and developed an IC IG position on OIGs' responsibilities for financial statement validation and audit work. The AIG for Inspections Working Group identified and initiated planning for a possible FY 2011 joint evaluation of intelligence readiness during national emergencies.

### **(U) IC Inspectors General First Annual Awards Program and Ceremony**

(U) On 1 December 2009, at ODNI Headquarters, the ODNI IG hosted the First Annual IC IG Awards Ceremony. The ceremony recognized personnel from OIGs throughout the IC who made extraordinary contributions in 2008 to the mission and objectives of the OIGs and the *National Intelligence Strategy*. The awards are part of the National Intelligence Professional Awards Program established by the ODNI in 2007.

(U) As one of his first duties as Principal Deputy Director of National Intelligence (PDDNI), the Honorable David C. Gompert served as the keynote speaker. Mr. Gompert emphasized that IGs play an indispensable part in earning and keeping the public's trust in the IC. He noted that as independent, informed, and objective elements embedded within IC organizations, IGs ensure the quality of United States intelligence by identifying problems and proposing improvements to their home elements.



(U) The six categories for the 2008 awards were Leadership Award, Lifetime Achievement Award, Award of Honor, Audit Award, Inspections Award, and Investigations Award. John Helgerson received the Leadership Award in recognition of the outstanding service and leadership he provided as CIA IG from 2002 to 2009, when he retired. Peter Garry, National Reconnaissance Office (NRO), received the Lifetime Achievement Award in recognition of more than 40 years of dedicated service with distinction in internal oversight of both intelligence and defense programs.

### **(U) Intelligence Oversight Activities**

(U) This report marks the first full year that OIG intelligence oversight activities have been governed by Executive Order 13462, which elevated accountability for intelligence oversight reporting to the heads of departments and agencies and incorporated a more timely method for reporting significant and highly sensitive intelligence oversight matters from IC components to the President's IOB. Under the new Executive Order, the ODNI OIG and the ODNI OGC have joint responsibility to analyze IC component intelligence oversight reporting submitted to the DNI and the IOB and engage in outreach efforts in the IC to improve timely and effective reporting. In furtherance of this oversight responsibility, the OIG and OGC recently initiated a review of IC agencies' internal policies governing reporting to the IOB to assess their compliance with guidance issued pursuant to Executive Order 13462.

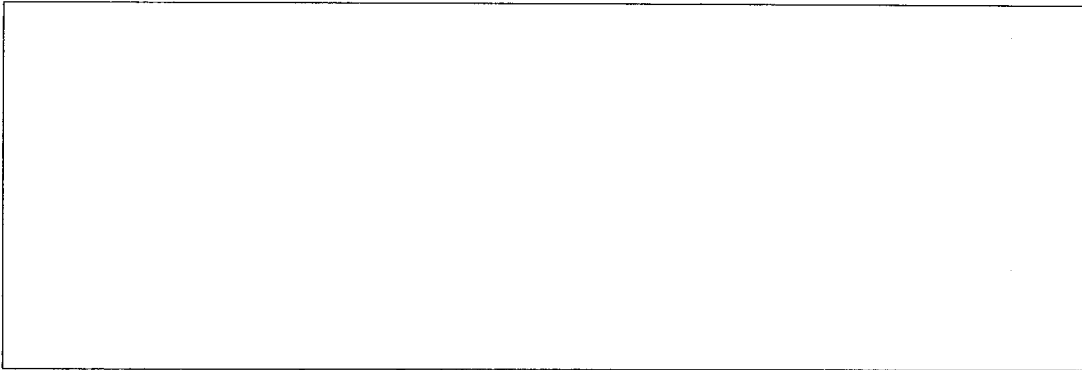
## **III. (U) Management Challenges**

(U) The Reports Consolidation Act of 2000 requires federal agency IGs to identify and report the serious management and performance challenges facing their agencies. In 2008, the ODNI OIG issued its first IC Management Challenges report, which included challenges identified from its own reporting and synthesized challenges identified in reports published by other IC OIGs.

(U) To identify the challenges for our 2009 report, the ODNI OIG drew upon inspections, audits, and reviews performed by its office. The ODNI OIG also reviewed the 2009 Management Challenges reports and other reports from the OIGs of most IC elements, including the CIA, DHS, Defense Intelligence Agency (DIA), Department of Energy, Department of Justice (DoJ), Department of State, Department of Treasury, NGA, NRO, and National Security Agency (NSA). While each IC element has identified its own management challenges, some of these challenges are common to and interconnected with challenges encountered throughout the IC. Accordingly, this assessment identifies the management challenges common to other IC elements. OIGs have identified significant progress in tackling these difficult challenges, but, as noted in our 2009 IC Management Challenges report, these challenges do not lend themselves to one-time solutions, but will require sustained focus, efforts, and leadership over time.

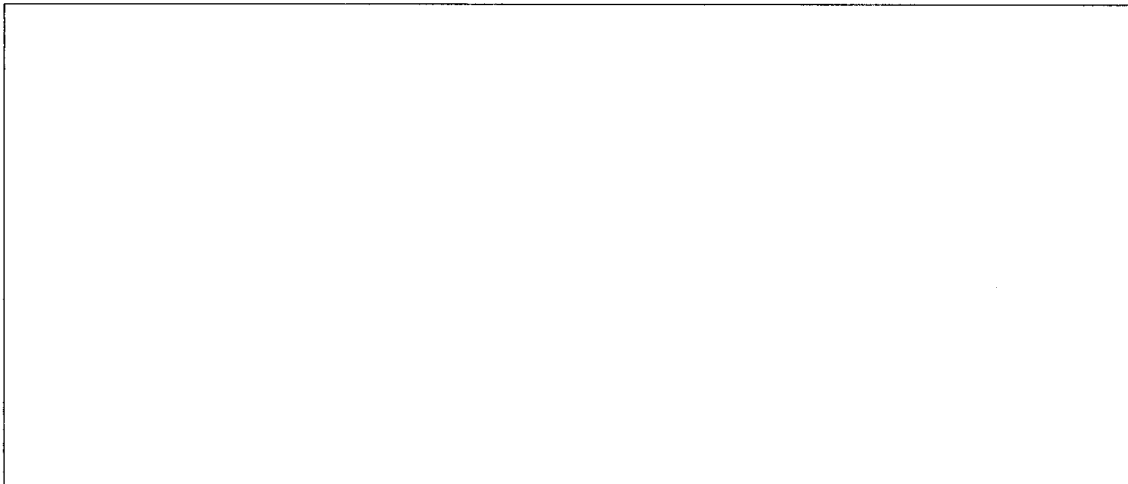
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### 1. (U) Information Security



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### 2. (U) Information Sharing

(U//~~FOUO~~) Inadequate information sharing has been a major impediment to optimal IC performance. IC OIGs continue to report challenges in this area, including the need to balance the responsibility to share information, while protecting sources and methods; overcoming barriers to inter-agency collaboration; and establishing and strengthening partnerships with foreign, domestic, public, and private entities to improve access to sources of information and intelligence and ensure appropriate dissemination of IC products and services.

(U) The ODNI has taken steps to address these challenges. In January 2009, the DNI issued IC Directive (ICD) 501: *Discovery and Dissemination or Retrieval of Information within the Intelligence Community*. ICD 501 establishes policies for discovery and for dissemination or retrieval of intelligence and intelligence-related

information collected or analysis produced by the IC. The ODNI issued an Implementation Plan for ICD 501 and implementing guidance.

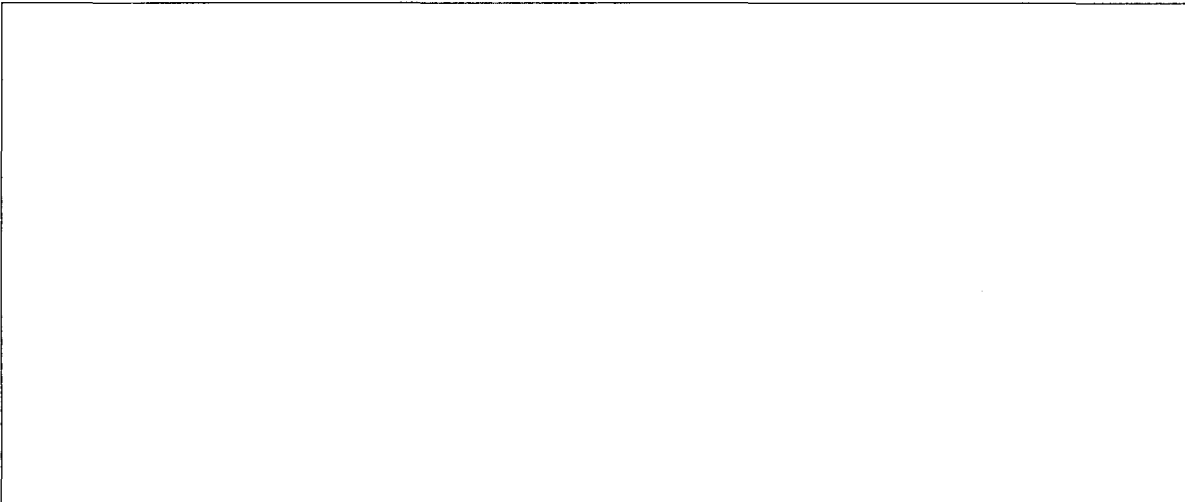
(U//~~FOUO~~) However, the ODNI has not fully implemented all of the ODNI OIG's recommendations relating to sensitive dissemination or fully addressed all of the challenges involved in compartmentation of intelligence information. The ICD 501 Implementation Plan targets 2010 and 2011 to address many of these recommendations.

### 3. (U) Acquisition, Procurement, and Contract Administration

(U) Another critical management challenges for IC agencies is effectively overseeing acquisitions, procurements, and contracting by establishing and maintaining robust and repeatable oversight strategies, policies, and processes; ensuring efficient and legally compliant procurement of information technology resources; and strengthening the acquisition workforce to provide satisfactory contract administration.

(U//~~FOUO~~) The ODNI OIG inspected the ODNI acquisition oversight strategies, policies, and processes. The OIG made recommendations to provide for more effective stewardship of major investments through total acquisition lifecycle knowledge management. ODNI management endorsed the OIG's recommendations, and ODNI staff elements are making significant progress towards implementation of the recommendations. To leverage the findings and methodologies of this report, the ODNI OIG is working with members of the IC IG Forum in coordinating concurrent agency-level reviews of acquisition oversight strategies, policies, processes.

### 4. (U) Financial Management



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(U//~~FOUO~~) In 2009 the ODNI and DHS OIGs performed a joint audit to examine the adequacy and effectiveness of internal controls over budgeting, accounting, and expending of NIP funds provided to the DHS Office of Intelligence and Analysis (I&A). This was the first ODNI audit of NIP funds expended by another IC element. The audit identified internal control weaknesses within both ODNI and DHS I&A regarding the management of NIP funds allocated to DHS I&A. Both ODNI management and DHS I&A endorsed all of the OIG's recommendations and already have implemented some corrective actions, including the development and promulgation across the IC of mid-year and end-of-year execution review standard operating procedures.

#### **5. (U) Human Capital**

(U) The *National Intelligence Strategy* states that the IC must build a diverse and balanced workforce, enhance professional development, cultivate relevant expertise, support an entrepreneurial ethos, deploy integrated and agile teams, and build a culture of leadership excellence.

(U) The 2008 IC Employee Climate Survey released in April 2009 reflected ODNI progress in this area. According to the survey, IC employees rated their agencies more favorably than other federal workers in the areas of overall job satisfaction, the general quality of managers and senior leaders, and the development of top talent. The ODNI has implemented several initiatives to deal with problems identified in the IC Climate Survey, such as the Joint Duty Program to facilitate integration and collaboration across the IC. The ODNI OIG conducted a review of the implementation of the Joint Duty Program and made recommendations to improve implementation of the program, all of which were endorsed by the ODNI Chief Human Capital Officer (CHCO) (discussed further at p. 14).

#### **6. (U) Oversight of Intelligence Activities and Programs**

(U) OIG reports continue to identify challenges in ensuring that intelligence activities and programs are being conducted in accordance with laws and policies and in a manner that protects individual civil liberties and privacy. The IC's need to ensure effective oversight of intelligence activities and programs is a critical management challenge.

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## **7. (U) Community Management and Integration**

(U//~~FOUO~~) In 2008, the ODNI OIG identified "Strengthening Leadership and Governance" as one of the DNI's top management challenges. While the ODNI has made substantial progress in issuing policies, improving communication and coordination internally and with the IC, and implementing most of the ODNI OIG recommendations on improving management, the ODNI continues to face challenges in community management and integration that require the DNI's continuing focus, leadership, and attention.

(U//~~FOUO~~) One significant improvement this year is ODNI management's new process for facilitating and overseeing implementation of open OIG recommendations. ODNI management now meets periodically with ODNI elements that have been directed to implement OIG recommendations to determine if they have implemented the recommendations to the satisfaction of senior management and the OIG and, if not, to assess plans or alternatives for implementation. As a result of these efforts, ODNI management, under the leadership of the Director of the Intelligence Staff, has closed or resolved approximately 70% of ODNI OIG recommendations that were open at the beginning of calendar year 2009.

### **(U) IC OIGs' 2009 Management Challenges Table**

(U) The table below illustrates how the 2009 IC Management Challenges as reported by IC OIGs align with the *National Intelligence Strategy* (August 2009).

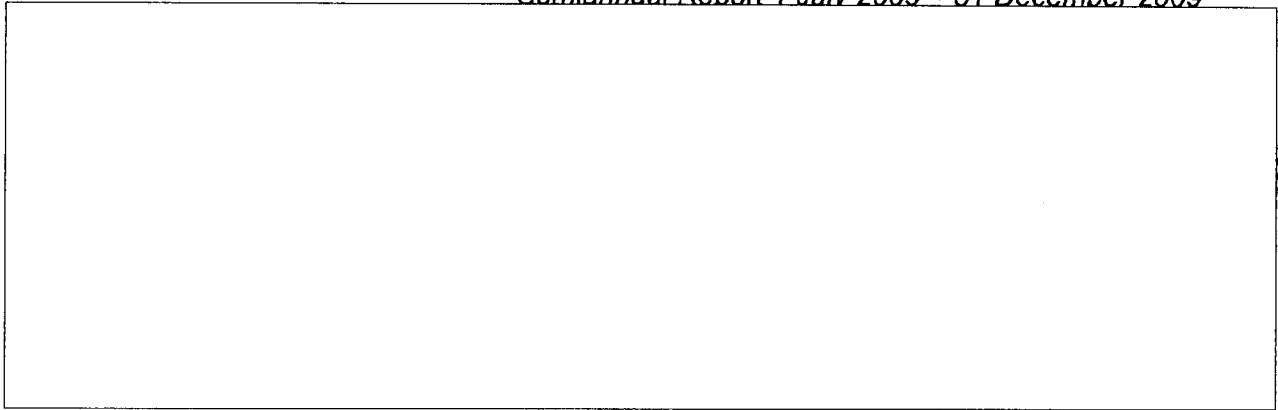
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#### **IV. (U) Completed Projects**

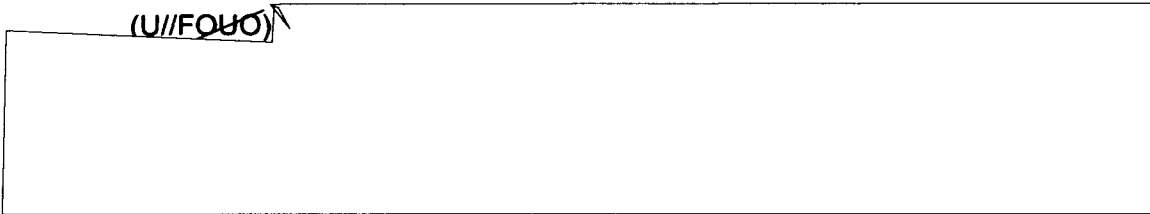
##### **(U) Inspections, Reviews, and Audits**

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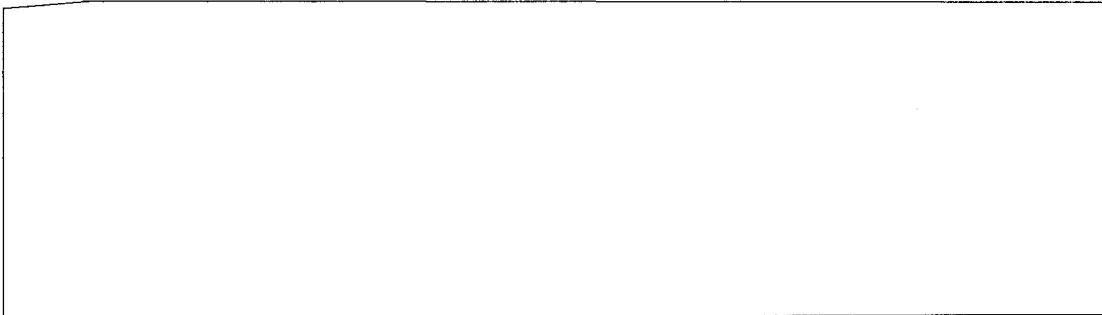


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(U) Implementation of all the recommendations cited in the audit report will further improve the adequacy and effectiveness of the internal controls over NIP funds at the DHS I&A.

**(U) Implementation Status Review of the IC Joint Duty Program**

(U) During the OIG's 2008 *IC-Wide Integration and Collaboration Diagnostic and Recommendations*, IC leaders and employees identified problems with the implementation of the Joint Duty Program. Specifically, the OIG found that senior leadership support for the program was limited and that guidance concerning joint duty was unclear. Subsequently, the IC CHCO requested that the OIG conduct an implementation status review to identify factors affecting Joint Duty Program implementation and participation.

(U) The objectives of the OIG review were to analyze factors affecting Joint Duty Program implementation and participation, provide recommendations to improve Joint Duty implementation, and identify best practices that can be replicated to increase Joint Duty participation throughout the IC. Since the Joint Duty Program is relatively new, the OIG did not evaluate the overall effectiveness of the Joint Duty Program or the implementation deficiencies of individual IC elements.

(U) The OIG found that the IC Joint Duty Program is viewed positively in the IC and that significant progress has been made in implementing the program in parts of the IC. In addition, many in the IC see the benefits of Joint Duty assignments to other IC elements. However, the OIG found that the Joint Duty program is encountering start-up challenges, including the following:

- Leadership advocacy for the Joint Duty Program varies across the IC;
- IC senior leaders and employees are confused about the purpose of the Joint Duty Program;
- The ODNI corporate communication strategy has been inadequate to educate the IC workforce about the Joint Duty Program;
- Processes and tools for efficient Joint Duty Program management are inadequate;
- Gaining elements are often unprepared for Joint Duty participants;
- IC elements have not ensured that reintegration into home elements is properly planned and supported; and



- Departmental and Service IC elements face additional hurdles in Joint Duty Program implementation, such as, limited resources, infrastructure incompatibility, and detrimental impact on mission.

(U) The OIG made 20 recommendations to improve Joint Duty Program implementation and increase participation throughout the IC. The OIG recommended that the DNI and senior IC leadership increase Joint Duty Program visibility, support, and accountability. Furthermore, the OIG made 16 recommendations to the IC CHCO to improve implementation and management of the Joint Duty Program. These include:

- Clarifying the purpose of Joint Duty in policy, guidance, and messages to include both leadership development and broader collaboration;
- Establishing a corporate communications policy;
- Automating and streamlining processes and reporting requirements;
- Adopting policies that ensure smooth integration and reintegration for Joint Duty participants accepting assignments; and
- Identifying and incorporating appropriate incentives for Joint Duty participants.

The DNI and the IC CHCO accepted and endorsed all of the OIG recommendations.

(U) The OIG also identified initiatives in several IC elements that could mature into best practices over time. Some prominent initiatives identified are the NGA Human Capital Management Board, the Navy Intelligence Joint Duty Strategy, the DIA Career Roadmap for Intelligence Professionals, and the DHS I&A Learning Roadmaps for Intelligence Professionals.

#### **(U) Congressional Request for Information on NCTC's Railhead Program**

(U//~~FOUO~~) The House Committee on Science & Technology, Subcommittee for Oversight and Investigations asked the ODNI OIG investigate allegations regarding the information technology program at the National Counterterrorism Center (NCTC) known as the Railhead Program. Specifically, the committee alleged the Railhead Program suffered from poor planning and poor government management, with the net result being the potential delivery of insufficient functionality to end users. Per agreement with the House Permanent Select Committee on Intelligence (HPSCI) staff, the IG's response was provided to the HPSCI.

(U) On 24 March 2009, the OIG provided an interim response to the HPSCI that addressed the allegations of misconduct. On 7 August 2009, the OIG issued its final response, which addressed the remaining allegations and evaluated NCTC's management of the program.

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(U//FOUO) Specifically, the OIG evaluated the degree to which alleged shortcomings in the areas of program planning, program management and oversight, and functionality of Railhead deliverables had been mitigated by NCTC management. The OIG found the Railhead Program had experienced weak program oversight, suboptimal management of users' expectations, insufficient communication between the program staff and other elements of NCTC, an inadequate requirements definition process, and poor scope discipline. However, the OIG also found that the NCTC Director proactively took steps to revise the structure and staffing of the Railhead Program prior to the letter received from the House Committee on Science & Technology, Subcommittee for Oversight and Investigations. The OIG found that as part of the restructure, the NCTC Mission Systems Office put a modified program plan in-place to address all of the identified issues and is actively mitigating program risks as it executes its revised acquisition strategy.

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#### **(U) FY 2009 Federal Information Security Management Act (FISMA) Review**

(U) FISMA was enacted to provide a comprehensive framework for ensuring the effectiveness of information security controls over information resources. Federal agencies and their heads are responsible for providing security protection measures commensurate with the risk exposure of the agencies' assets from misuse, harm, or destruction. FISMA requires an annual independent evaluation of the federal agencies' information security programs and practices to determine their effectiveness.

(U) This purpose of this review was to determine the adequacy of the ODNI's information security program for its internal operations as well as the information security strategy for the IC systems. The 2009 review also followed up on steps taken to address recommendations made in the OIG's FY 2008 FISMA report.

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(U) The OIG made eight recommendations to address deficiencies noted in the FY 2009 FISMA report and a ninth recommendation to address areas where inadequacies remained from the FY 2008 FISMA report. ODNI management concurred with all of the recommendations.

**(U) Review of the Use of the IC Whistleblower Protection Act (ICWPA) in the IC**

(U) In July 2009, HPSCI asked the ODNI OIG to provide information on the use of the ICWPA within the IC. In response to this request, the OIG issued a questionnaire to the IC OIGs seeking information on the ICWPA complaints the OIGs had received between 1 January 1999 (the effective date of the ICWPA) and 14 September 2009.

(U) According to the questionnaire responses, since 1 January 1999, 4 IC OIGs received a total of 10 ICWPA complaints. Of those complaints, the IC OIGs notified Congress of every allegation of a credible "urgent concern," as defined by the statute.

**(U) Figure 5. Summary of IC OIG Responses to ODNI OIG ICWPA Questionnaire**

AGENCY	NUMBER OF COMPLAINTS	NUMBER OF CREDIBLE "URGENT CONCERNS"	CONGRESS NOTIFIED of CREDIBLE URGENT CONCERNS
CIA	4	1	Yes
DEA	0	0	No
DIA	1	0	No
DOE	0	0	No
DHS	0	0	No
DOS	0	0	No
Treasury	0	0	No
FBI	1	0	No
NGA	0	0	No
NRO	2	1	Yes
NSA	1	1	Yes
ODNI	1	0	Yes (by complainant)
TOTAL	10	3	4

**(U) Investigations**

(U) The OIG conducted 28 investigations during this reporting period, including allegations involving misuse of position, improper use of government resources, contract irregularities, time and attendance (T&A) abuse, voucher fraud, and inappropriate conduct. Select cases representing the breadth of investigations conducted over this reporting period are highlighted below:

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**(U) Alleged T&A Fraud by ODNI Contractors**

(U) The OIG investigated allegations that one current and two former employees of a government contractor billed the government more than \$100,000 for work they did not perform. The investigation and analysis of estimated loss to the government have been conducted, and financial resolution is being pursued. The government contractor has expressed interest in reaching a settlement for any overbilling.

**(U) Alleged Time & Attendance (T&A) and Voucher Fraud by an ODNI Employee**

(U) The OIG investigated allegations that an ODNI employee engaged in T&A fraud and voucher fraud. The investigation found that the employee had submitted fraudulent vouchers, falsely claimed to work overtime on several days, and provided false statements to OIG investigators. The employee resigned while under OIG investigation.

**(U) Alleged Conflict of Interest and Travel Fraud**

(U) The OIG investigated a senior official of the ODNI for allegations that the official improperly influenced contractor source selection and inappropriately used government travel for personal benefit. The OIG investigation did not substantiate the allegations.

**(U) Use of Subpoena Authority**

(U//~~FOUO~~) During this reporting period, the OIG did not exercise subpoena authority under section 7(a)(4) of ODNI Instruction 2005-10.

**V. (U) Ongoing Projects and Activities**

(U) Included among our ongoing projects and activities are an evaluation of the President's Daily Briefing (PDB), a review of the integration of the IC's Departmental and Service Elements, and an audit of internal controls over ODNI's Fund Balance with Treasury.

**(U) Inspections, Reviews, and Audits**

**(U) Evaluation of the PDB: Sources, Resources, Processes, and Outcomes**

(U//~~FOUO~~) The DNI relies on the PDB to provide the President and his senior advisors with a baseline of intelligence to inform their perspective on world events, potential threats, and the capabilities and intentions of our adversaries. The OIG is

evaluating the sources, resources, and processes used to develop the PDB, as well as the incentives and disincentives for agency participation in generating the PDB. The OIG also will contact PDB principals to assess the overall utility and effectiveness of PDB products and services.

**(U) Review of the Integration of the IC's Departmental and Service Elements**

(U) Recent OIG reviews indicate that many senior representatives from the IC's Departmental and Service elements believe their elements' missions and capabilities are not known, not understood, or not fully leveraged by the ODNI and other IC elements. The OIG is conducting a review to identify the unique roles, capabilities, expertise, and functions of the Departmental and Service elements; identify any barriers to their integration; and determine how these elements can be more effectively leveraged and integrated in the IC.

**(U) Audit of Internal Controls over ODNI's Fund Balance with Treasury (FBWT)**

(U) In the ODNI's Financial Statement Auditability Plan Report to the SSCI (15 April 2007), reconciling FBWT was cited as one of three key impediments to auditability of financial statements in the IC.

(U) The OIG is performing an audit of the adequacy and effectiveness of internal controls as they relate to ODNI's FBWT. The purpose of the audit is to ensure that policies and procedures are in place to perform reconciliations of the ODNI FBWT on a periodic and recurring basis in accordance with federal guidelines. The OIG will issue the final report in early 2010.

**(U) Evaluation of Issues Related to the FISMA**

(U) During the FY 2009 FISMA evaluation, the OIG noted several issues that were germane to information security; however, these issues were not appropriate for inclusion in the annual FISMA report. Accordingly, the OIG is conducting a follow-up audit on those issues, some of which apply across the IC. The ADNI/CIO already has begun taking actions to address some of the findings of this audit, including initiating coordination with the Office of Management and Budget on an FY 2010 means to report FISMA results. In addition, the ADNI/CIO is working closely with other ODNI components to define a "system" for FISMA reporting purposes.

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**(U) Evaluation of the Administration and Management of ODNI Advisory and Service Contracts Supporting Critical Missions**

(U//~~FOUO~~) As a result of interest expressed by both the DNI and Congress, the ODNI OIG is conducting an evaluation of ODNI administration and management of contractors supporting critical missions. The objectives are to evaluate the risks associated with the administration and management of advisory and support contracts supporting ODNI critical missions; to assess ODNI initiatives to improve the administration and management of contracts; and to consolidate and synthesize similar agency-level evaluations of contractor resource strategies and applications and identify systemic or recurring problems, trends, and best practices, such as risk mitigation measures.

**(U) IC-Wide Acquisition Oversight: Strategies, Policies, and Processes**

(U) The OIG requested through the IC IG Forum that other IC OIGs conduct organizational reviews similar to the inspection of ODNI acquisition oversight that the ODNI OIG completed. The OIG is coordinating with the OIGs of the DoJ, CIA, DIA, NSA, and NGA to review the acquisition practices of their respective agencies. The OIG will integrate the collective findings and recommendations from the IC IGs to provide a comprehensive report of inspection for the DNI.

**(U) Counterintelligence Community Review**

(U) The HPSCI asked the OIG to assess the IC's ability to coordinate counterintelligence operational and investigative activities. Thus far, the OIG analyzed the status of and trends in interagency collaboration and coordination on counterintelligence matters, interviewed senior officers in nine separate counterintelligence components, and examined their processes and strategies for handling and coordinating counterintelligence matters.

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(U) In light of these significant organizational and personnel changes, the OIG will complete its review later this year to allow the newly appointed National Counterintelligence Executive to implement changes within the IC's counterintelligence program.

#### **(U) IC IG Audit Activities**

(U) The OIG also participates in the following activities:

- CFO/IG Council – the CFO/IG Council meets quarterly to discuss issues jointly and provide updates related to the IC's movement toward auditability of financial statements. Membership includes representatives from six IC agency CFOs and OIGs. The council is co-chaired by the ODNI CFO and the ODNI IG. The council is now resolving how the IC OIGs will support auditability through audits and continuing oversight.
- Joint Audit Working Group (JAWG) – The JAWG coordinated requirements for FISMA reviews, provided briefings to the IC on the status of the Business Transformation Office and auditability initiatives as well as the use of forensic auditing techniques. In addition, the JAWG established a subgroup to focus on coordinating future cybersecurity audit issues.
- Joint Intelligence Oversight Coordination Group (JIOC Group) – the JIOC Group is the DoD IG's equivalent of the JAWG and is headed by the DoD Deputy IG for Intelligence. This group includes representatives from the military branches, the DoD IC components, and the ODNI OIG. The ODNI OIG is a member and facilitated the expansion of JIOC Group's membership to include the DoD OIG's financial auditors to address IC financial management from both a programmatic and financial statement perspective.

#### **(U) OIG On-Line Complaint Intake System**

(U//~~FOUO~~) The ODNI OIG manages a complaint intake channel that allows IC personnel to file complaints on topics ranging from ethics violations to "urgent concerns" handled under the ICWPA. During this reporting period, the OIG intake channel received nine complaints. Of those complaints, two alleged the misuse of government funds, two alleged unfair hiring practices, two alleged a conflict of interest, and two alleged harassment and/or reprisals involving contractors. The final complaint alleged the misleading of Congress regarding an intelligence capability. Each of these cases has been investigated by ODNI OIG or referred to the appropriate IC investigative component for follow-up.

## **VI. (U) Status of Recommendations for Completed Projects**

(U) The implementation status of OIG recommendations during this reporting period is noted in the table below, listed by report in the order in which the reports were issued. Recommendations are "closed" if they have been fully implemented (designated in green); "resolved" if the ODNI has taken significant steps to implement them so that the OIG believes they will be fully implemented, but they are not yet entirely closed (designated in yellow); and "open" if they have not been implemented and substantial steps have not yet been taken towards implementation (no color designation). This list does not include reports for which all recommendations were closed before the start of this reporting period.

(U) The OIG and ODNI management have developed a system to ensure timely and effective implementation of OIG recommendations. As a result, a significant number of recommendations have been closed or resolved. Specifically, 63% of the recommendations in the reports listed below are closed, 26% are resolved, and 11% remain open. In the past 6 months, 23 recommendations have been closed, and the ODNI has made substantial progress in resolving 16 other recommendations.



**(U) Figure 6. Status of OIG Recommendations Made Between 2007 and 2009**

Recommendation	Due Date/ Recipient	Steps Taken Towards Implementation
<b>(U) REVIEW OF IC-WIDE DISSEMINATION OF SENSITIVE REPORTING (CLOSED: 4, RESOLVED: 1)</b>		
(U//FOUO)	November 2007	CLOSED
(U//FOUO)	November 2007	CLOSED
(U//FOUO)	November 2007	CLOSED
(U) Establish and promulgate IC standards and a process for the dissemination of sensitive intelligence reporting to ensure that customer requirements are better met.	(issued: November 2007) DDNI/PPR lead; ADNI/CIO	RESOLVED. The DNI issued ICD 501, ICPG 501.1, and 501.2, but these standards do not fully address the part of the recommendation relating to sensitive intelligence dissemination and Sensitive [Reporting] Review Boards. Specifically the SRBs are not jointly staffed nor are SRB members given unfettered access to all CAPs, severely hindering the execution of their envisioned role.  No sooner than 3 years from the date of this report, the OIG plans to conduct a follow-up inspection of IC sensitive dissemination to determine what progress has been made.
(FOUO)	(issued: November 2007) PPR/SSC lead	CLOSED

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(U) INTELLIGENCE COMMUNITY (IC)-WIDE REVIEW OF THE TERRORIST WATCHLIST NOMINATION PROCESS  
(CLOSED: 8, OPEN: 1)

(U) Promulgate a comprehensive IC-wide policy clearly defining agency / departmental roles and responsibilities with regard to the watchlist nomination process.

(issued: February 2008)  
NCTC lead; DDNI/PPR/  
Policy

NCTC and PPR have agreed that the best way to address this recommendation is through a DNI memo that covers the holes in current IC policy. The DNI memo will have the effect of formal policy.

(U) Publish interim IC-wide guidance that states the DNI's vision for the IC watchlist mission and requires each agency/department to assign responsibility for watchlist functions, collaborate with NCTC to align responsibilities for IC watchlist

(issued: February 2008)  
NCTC; DDNI/PPR/  
Policy

CLOSED

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functions, and identify watchlist activities/program funding requirements and/or shortfalls.		
(U) Develop a formal plan (with timelines) for agencies/departments to assume responsibility from CIA for reviewing their own real-time cable traffic for the purpose of terrorist watchlist nominations to NCTC.	(issued: February 2008) NCTC	CLOSED
(U) Develop a standardized format for agency/department nominations to NCTC and formalize the business process for IC watchlist nominations to NCTC.	(issued: February 2008) NCTC	CLOSED
(U) Develop and maintain a central repository for watchlist governing documents for the IC.	(issued: February 2008) NCTC	CLOSED
(U) In coordination with DOJ/FBI, build on the Terrorist Screening Center (TSC) protocols and provide additional guidance to the watchlist community.	(issued: February 2008) NCTC	CLOSED
(U) Update the TSC Memorandum of Understanding (MOU) on the Integration and Use of Screening Information and Addendum B to the MOU to ensure all participating IC agencies/departments are signatories.	(issued: February 2008) NCTC	CLOSED
(U) Consider options for incorporating the resources that fund the IC's support for the watchlisting effort into the NIP budget rather than relying primarily on CT supplemental funding.	(issued: February 2008) NCTC, CIO	CLOSED
(U) Work with Congress to change the provisions of Title 50, United States Code, Section 404n-2 to reflect the establishment of NCTC's Terrorist Identities Datamart Environment (TIDE) as the USG's central and shared knowledge bank of international terrorist information, replacing the Terrorist Identification Classification System (TICS) requirements specified under this section.	(issued: February 2008) NCTC, OGC, OLA	CLOSED
<b>(U) IC-WIDE INTEGRATION AND COLLABORATION DIAGNOSTIC AND RECOMMENDATIONS (CLOSED: 22, RESOLVED: 3, OPEN: 4)</b>		
(U) Appoint a senior officer to assist the ONI in ensuring the implementation of and compliance with recommendations contained in OIG reports and relevant recommendations from other reports.	August 2008	CLOSED The Director of the Intelligence Staff has been given this responsibility.
(U) Make the EXCOM and DEXCOM permanent entities.	August 2008	CLOSED Charters establishing the EXCOM and DEXCOM were disseminated on 12 June 2009.
(U) Clearly define and communicate the roles and responsibilities of the DEXCOM to the IC.	August 2008	CLOSED Charters establishing the EXCOM and DEXCOM were disseminated on 12 June 2009.

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(U) Direct IC leaders to instruct their respective elements to coordinate hardware acquisition requirements through the appropriate ODNI organization.	August 2008	CLOSED
(U) Finalize and communicate an IC systems architecture plan that acknowledges stakeholder inputs and requirements as appropriate.	August 2008	CLOSED. Joint Architecture Reference Model V 1.0 baselined by Joint Systems Engineering forum 29 April 2009 and briefed to IC2PAC 16 June 2009.
(U) Identify and develop an action plan to address the technological challenges that inhibit collaboration and information sharing, particularly non-compatible IT networks deployed across the IC, and insufficient bandwidth for video teleconferencing.	August 2008	CLOSED. Information Integration Program (I2P) Roadmap Version 2.511 published June 2009 provides integrated plan to align over 38 initiatives to improve information integration across the IC.
(U) Require ODNI organizations to inform IC organizations of the purpose and outcomes of data calls as part of the tasking process.	August 2008	CLOSED. Memo from the DIS to all component heads directed them to provide this information in conjunction with ODNI tasking.
(U) Share the results of this Diagnostic with IC elements.	(issued: August 2008) DIS	CLOSED
(U) Brief the ICLC on the results of this baseline Diagnostic.	(issued: August 2008) OIG/DIS	CLOSED
(U) Require all DNI direct reports and Mission Managers to develop and articulate their respective roles and responsibilities.	(issued: August 2008) DIS	CLOSED
(U) Develop an audio-visual presentation introducing the DNI and the role of the ODNI in the IC to all new IC members.	(issued: August 2008) PAO	RESOLVED. The DNI video currently is being used in all ODNI courses. ODNI is currently in the process of distributing the video to all IC elements for use in orientation sessions.
(U) Coordinate and consolidate hardware and software acquisition requirements.	(issued: August 2008) CIO	CLOSED
(U) Direct the DDNI for Analysis to develop and implement procedures to ensure the accuracy and quality of information in the Analytic Resources Catalog (ARC).	(issued: August 2008) DDNI/A/CHCO	CLOSED
(U) Ensure that all IC elements are incorporating the requirements of ICD 651 in employee performance appraisals.	(issued: August 2008) ADNI/CHCO	RESOLVED. CHCO has documented that most IC elements have implemented the requirements of ICD 651 in performance appraisals.

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(U) Direct the ADNI/CIO, in coordination with the DDNI/C and DDNI/PPR, to ensure through appropriate guidelines, policies, directions, standards and business practices that web-based tools and technology enable and enhance mission effectiveness.	(issued: August 2008) ADNI/CIO lead; DDNI/A, DDNI/C, DDNI/PPR	
(U) Identify, compile, maintain, and distribute to the IC a list of the expertise of all IC elements.	(issued: August 2008)	
(U) Create a clear and succinct mission and vision statement for the ODN. Publish and communicate the ODN mission and vision to the ODN and IC elements.	(issued: August 2008) DIS; PAO	
(U) Publish a definition of collaboration for the IC.	(issued: August 2008) PAO	CLOSED
(U) Determine which recommendations made in the <i>Achieving a Robust Collaborative Environment</i> study should be implemented and appoint a senior officer to implement those recommendations	(issued: August 2008) DIS	
(U) Establish an "Ask the Director" link on the DNI homepage to solicit questions and comments from the IC workforce.	(issued: August 2008) PAO	RESOLVED. "Ask the DNI" procedures have been completed and communication/launch plans are being finalized. "Ask the DNI" test pilot will launch in 1-2 months.
(U) Communicate immediately to the IC all appropriate EXCOM agendas and minutes.	(issued: August 2008) DIS	CLOSED
(U) Incentivize individual and organizational collaboration	(issued: August 2008) CHCO	CLOSED
(U) Make Joint Duty assignments reimbursable or institute exchange arrangements in order to address the issue of mission impact.	(issued: August 2008) CHCO	CLOSED. Some exchange arrangements have been implemented. This recommendation – and other related recommendations – was captured in our Joint Duty Report (Nov. 09).
(U) Make Joint Duty opportunities available for more IC professional categories.	(issued: August 2008) CHCO	CLOSED
(U) Communicate Joint Duty successes and rewards to the IC as a way to encourage participation	(issued: August 2008) CHCO	CLOSED
(U) Regularly disseminate leadership messages, including various report findings and IC developments to the IC.	(issued: August 2008) OPA	CLOSED
(U) Provide the IC with periodic reports on progress being made in addressing the findings outlined in the November 19, 2007 ODN IG Dissemination Report	(issued: August 2008) PPR	CLOSED

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(U) Communicate and implement ODNI meta-data tagging standards and processes across the IC included in the 500 Day Plan	(issued: August 2008) PPR	CLOSED
(U) Direct all IC elements to recognize the Community badge for facility access and begin acquiring devices that recognize Community badges.	(issued: August 2008) ODNI	CLOSED
<b>(U) FY 2008 FEDERAL INFORMATION SECURITY MANAGEMENT ACT REVIEW</b> (CLOSED: 6, RESOLVED: 2, OPEN: 2)		
(U) D/DMS to establish milestones for completion of the information security program.	(issued: August 2008) MSC	CLOSED
(U) D/DMS to designate a senior agency official responsible for security of ODNI information and information systems whether ODNI owned or operated by another agency or by a contractor on behalf of ODNI.	(issued: August 2008) IMSC	CLOSED! The ODNI appointed a SNIS level Deputy for IC Technology Governance to manage internal system security matters.
(U) CIO complete a documented comprehensive information security program consistent with FISMA requirements that includes the following elements: 1) periodic risk assessments, 2) policies and procedures based on risk assessments, 3) plans for providing appropriate information security, 4) Periodic testing and evaluation of the information security policies and procedures, 5) A process for developing a plan of action, and 6) Plans and procedures for developing continuity of operations for information systems.	(issued: August 2008) CIO	The ADNI/CIO is in the process of implementing this recommendation.
(U) CIO to establish milestones and complete strategic plans and programs and finalize system inventories.	(issued: August 2008) CIO	RESOLVED. IC information security strategy completed 6 Feb 09. Milestones to be completed by 1 April 2010. System inventories are finalized.
(U) CIO develop information security strategic plans that define the following for its information security program: 1) Clear and comprehensive mission, vision, goals, and objectives and how they relate to agency mission; 2) High level plan for achieving information security goals and objectives, including short and mid-term objectives to be used throughout the life of this plan to manage progress toward successfully fulfilling the identified objectives, and 3) Performance measures to continuously monitor accomplishment of identified goals and objectives and their progress toward stated targets.	(issued: August 2008) CIO	CLOSED
(U) CIO to establish milestones for completion of the information security strategic plans.	(issued: August 2008) CIO	The CIO will complete this in July/August 2010.



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(U) CIO in coordination with D/DMS to establish a roadmap to identify the inventory of systems that are ODNI responsibility and those that are IC-wide responsibility and establish a timeframe for completion of roadmap.	(issued: August 2008) CIO	RESOLVED: Resolved until the next FISMA review determines that the inventory listing is correct.
(U) D/DMS complete a documented comprehensive information security program consistent with FISMA requirements that includes the following elements: 1) periodic risk assessments; 2) policies and procedures based on risk assessments; 3) plans for providing appropriate information security; 4) Periodic testing and evaluation of the information security policies and procedures; 5) A process for developing a plan of action; and 6) Plans and procedures for developing continuity of operations for information systems.	(issued: August 2008) MSC	CLOSED
(U) D/DMS develop information security strategic plans that define the following for its information security program: 1) Clear and comprehensive mission, vision, goals, and objectives and how they relate to agency mission; 2) High level plan for achieving information security goals and objectives, including short and mid-term objectives to be used throughout the life of this plan to manage progress toward successfully fulfilling the identified objectives; and 3) Performance measures to continuously monitor accomplishment of identified goals and objectives and their progress toward stated targets.	August 2008 MSC	CLOSED
(U) D/DMS to establish milestones for completion of the information security strategic plans.	August 2008 MSC	CLOSED
<b>(U) CRITICAL IC MANAGEMENT CHALLENGES</b> (CLOSED: 11, RESOLVED: 4, OPEN: 1)		
(U) Define the relative internal authorities of the DNI, PDDNI, and other ODNI senior staff.	November 2008	CLOSED
(U) Publish ICD 501 and supporting directives providing IC-level policies that expand and improve information access for the analytic community.	November 2008	CLOSED
(U) Develop and implement an IC plan for standardizing communication systems and streamlining the IC data sharing and storage architecture to reduce redundancy and simplify data access and retrieval.	November 2008	CLOSED
(U) Require collaboration among the national agencies on programs, systems, and acquisitions in accordance with functional management authorities and responsibilities.	November 2008	CLOSED
(U) Develop MOUs for IC elements that are accountable to both ODNI and another government agency to delineate financial-related roles and responsibilities.	November 2008	CLOSED

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(U) Engage the DoJ at its highest levels in order to communicate national intelligence interests to the DoJ and to implement appropriate legal and policy changes throughout the IC.	November 2008	CLOSED
(U) Focus efforts on finalizing the ODNI's guidelines implementing EO 12333.	November 2008	CLOSED
(U) Finalize and publish critical ICDs, including ICD 101, ICD 303, ICD 306, and ICD 501. Access to and Dissemination of Intelligence.	(issued: November 2008) DDNI/PPR	CLOSED
(U//FOUO) Develop a formal ODNI process for timely responding to OIG recommendations and for tracking implementation of recommendations that are accepted by management.	(issued: November 2008) DIS	RESOLVED.
(U//FOUO) Appoint a senior ODNI official responsible for improving collaboration and integration between and among traditional intelligence agencies (those focused exclusively on intelligence gathering and analysis, such as CIA, NSA, DIA and NGA and IC entities with dual law enforcement and intelligence missions (such as the FBI and DHS).	November 2008	CLOSED. 7/16/09 memo from DIS tasked DDNI/PPR with the responsibility for the info sharing between traditional IC element and DHS/FBI.
(U//FOUO) Revise the auditability strategy with target dates for achieving auditability based on standard financial systems and ICBT initiatives and monitor progress towards auditability.	(issued: November 2008) CIO	RESOLVED. The FIG plans to provide an updated auditability strategy to the SSCI by May 2010. In the interim, the FIG continues to monitor agencies' progress in management controls and key areas (FBWT, IGT, and PP&E).
(U//FOUO) Complete and submit to Congress the remaining financial plans and architectures that were due to the SSCI in 2005.	(issued: November 2008) CIO (BTO)	RESOLVED. BTO delivered the IC Business Enterprise Architecture to the SSCI on 31 December 2009.
(U//FOUO) Expedite the finalization and issuance of common U.S. persons rules, principles, or presumptions.	(issued: November 2008) OGC	RESOLVED. OGC has been working extensively with DoJ NSD to make IC agencies' Attorney General guidelines consistent across the IC. This effort is underway, but is not yet completed.
(U) Publish a definition of collaboration for the IC.	August 2008 PAO	CLOSED NIS defined collaboration.

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(U) Lead the effort to define what constitutes a "system" for consistent IC application for both auditability and business transformation.	(issued: November 2008) ADNI/CIO; CFO; coord with PPR	
(U//FOUO) Ensure prompt and complete implementation of the recommendations of the FISA Panel.	(issued: November 2008) DDNI/C	CLOSED. ODNI has established a process for ensuring implementation of the FISA Panel recommendations.
(U) INSPECTION OF IC ACQUISITION OVERSIGHT STRATEGIES, POLICIES, AND PROCESSES (CLOSED: 3; RESOLVED: 6; OPEN: 2)		
(U//FOUO) DDNI/FC immediately ensure that programs funded within the Community Management Account and executed by the ODNI are overseen in accordance with IC acquisition policy.	January 2009	CLOSED. DNI issued Executive Correspondence in January 2009 requiring programs funded in the Community Management Account to abide by IC Acquisition Policy and Oversight.
(U//FOUO) Publish IC policy no later than 120 days after signature, identifying a governance model for the ODNI AO workforce relative to the IC acquisition community, including: A. Revising ICD 1 to account for current distributions of authorities and decision rights. B. Standardizing levels of official interface and protocol between ODNI officials and IC counterparts. C. Clarifying the role of the PDDNI relative to the codified authorities of the DNI's Milestone Decision Authority (MDA) (DDNI/FC), the DDNIs, the ADNIs, and DNI Policy for the IC.	October 2009 DIS; DDNI/PPR; PDDNI Executive Staff	Awaiting PPR completion of ICD 1 revision and DNI Front Office completion of a revised Milestone Decision Authority delegation memorandum for the DDNI/A&T.
(U//FOUO) Document the existing processes that link DDNI/FC acquisition decisions with CFO funding decisions no later than 210 days after signature. Provide the widest possible dissemination of the documented processes to ensure members of the AO staff are aware of all options available to utilize funding authorities as a management instrument.	January 2010 DDNI/AT, ADNI/CFO, ADNI/SRA	RESOLVED. The ADNI/CFO, SAE, and ADNI/SRA have provided the OIG a plan to enable the use of DNI fiscal authorities in response to poor performance and compliance in IC agencies. The ODNI will monitor the use of Apportionment Footnotes in response to performance and compliance issues identified in the 2009 PMP report before making a determination of CLOSED.
(U//FOUO) DDNI/FC enforces accountability for IC agencies to have validated requirements documents as a prerequisite for MDA delegation, and permanently add such language to DDNI/FC performance objectives no later than 360 days after signature. Additionally, when the DDNI/FC delegates MDA for a program without a validated requirements document, formal justification to the DNI shall be identified in an Acquisition Decision Memorandum.	May 2010 DDNI/AT	RESOLVED. (Deadline for implementation has not been reached.) OIG will evaluate progress in 2010 to make a determination of closed.

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(U//FOUO) Publish IC policy no later than 210 days after signature, prescribing processes, authorities, and responsibilities for developing formal user requirements for Programming Committee approval and validation. The 2007 ODNIR Requirements Study should be the point of reference for developing the new requirements policy.	January 2010 ADNI/SRA DDNI/AT	CLOSED. The DNI issued a Capabilities/Requirements Policy for the IC on 12/4/09.
(U//FOUO) DDNI/FC, the CIO, and the Office of General Counsel to collaborate and codify statutorily compliant areas of oversight jurisdiction no later than 120 days after signature. We also recommend that the DNI and the CIO codify processes for oversight of IT programs under CIO jurisdiction no later than 120 days after signature, and maintain sufficient numbers of experienced IT professionals to execute the processes.	October 2009 CIO	RESOLVED. The ADNI / CIO codified the IC IT Program Assessment Process on 4 NOV 09. However, the OIG is aware of ongoing challenges within the OCIO to hire and retain sufficiently trained personnel to effectively execute their oversight mission, and that CIO execution of Milestone Decision Authority for Railhead is a maturing process.
(U//FOUO) Establish and codify a repeatable process for Major Systems Acquisition (MSA) designation no later than 90 days after signature that accounts for statutory funding thresholds.	September 2009 DDNI/AT	RESOLVED. Procedure approved on 11 Aug 09 by DDNI/AT (Acting). OIG will assess execution of the 2010 MSA designation process and verify its codification before rendering a determination of CLOSED.
(U//FOUO) Establish a plan to provide oversight to programs before Milestone A and after Milestone C to complement current monitoring of Phase B activities no later than 120 days after signature. Additionally, the OIG recommends that the DDNI/FC coordinate with the DDNI/C, the DDNI/A, the CFO, and the CIO to codify a process no later than 120 days after signature, that includes performance data for all operational MSAs in an appendix to the annual IC Program Management Plan (PMP) report.	October 2009 DDNI/AT	SAE and SRA efforts are expanding ODNi oversight into pre-Milestone A activities.  The SAE is including high-level achieved performance data for active MSAs in the 2009 PMP Report. The OIG will monitor SAEs reporting efforts, along with efforts of SRA to document required capabilities for IC MSAs, to ensure the reporting becomes sufficiently detailed for the 2010 PMP report before making a determination of CLOSED.
(U//FOUO) DDNI/FC and DDNI/PPR to revise the ACCEA no later than 150 days after signature, with the following objectives: A. Align goals with stated strategy elements: Policy Guidance, Monitoring, and Corrective Action. B. Update ACCEA immediate Actions to address corrective action as a priority. C. Elevate workforce qualification and certification goals	November 2009 DDNI/PPR, OGC	RESOLVED. The new National Intelligence Strategy was signed 18 Aug 09 and included Enterprise Objective 7: Improve Acquisition, negating the need to revise the ACCEA. ICPG 801.3 staffing has recommenced. PPR will check on the timing for 801.3.
(U//FOUO) Establish a process to track and address instances of IC agency noncompliance with IC acquisition policy and process discipline breakdowns no later than 120 days after signature. An option the DNI may wish to consider is to establish ODNi staff liaison positions at the IC agencies to act as the forward-deployed focal points for all actions and information requests transmitted from the ODNi staff to an agency.	October 2009 DDNI/AT	RESOLVED. SAE Staff includes IC agency compliance information in the Annual PMP report. OIG will verify inclusion of such information in the PMP report and ensure a mechanism is in place for the DDNI/A&T to inform the DNI and the IG of ODNi staff noncompliance with IC Acquisition Policies before making a determination of CLOSED.

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(U//FOUO) DDNI develop a feedback mechanism within the ODNI staff and with the IC agencies no later than 90 days after signature. This feedback should inform the IC agencies what is being done with requested information, and it should provide details of value-added contributions by the ODNI staff.	September 2009	CLOSED. The DIS Memo to the ODNI staff (E/S 00770), dated 16 Jul 09, reinforced this recommendation.
(U) FY 2009 INDEPENDENT EVALUATION OF ODNI COMPLIANCE WITH FISMA (CLOSED: 4, RESOLVED: 7, OPEN: 1)		
(U//FOUO) The ADNI/CIO and the Director of MSC, within 180 days of this report, should: a) Develop and maintain an accurate inventory of systems; and b) Determine the ownership of the 7 unidentified systems. Make system additions, deletions, or adjustments to the Intelligence Community's (IC) Registry in a timely manner.	March 2010 ADNI/CIO D/MS	RESOLVED. Resolved for both ICES and MSC until the 2010 FISMA review.
(U//FOUO) The ADNI/CIO and the Director of MSC should reconcile the ADNI/CIO and MSC inventories with the IC Registry, at a minimum, on a quarterly basis.	2 September 2009 ADNI/CIO D/MS	RESOLVED. Resolved for both ICES and MSC until the 2010 FISMA review.
(U//FOUO) The ADNI/CIO and the Director of MSC, within 180 days of this report, ADNI/CIO will develop a certification and accreditation strategy including a schedule (plan of action and milestones) for reaccrediting the cited systems and update this information in the IC Registry and the Director of the Mission Support Center will establish current certifications and accreditations for all systems identified under their ownership and update this information in the IC Registry.	March 2010 ADNI/CIO D/MS	RESOLVED.
(U//FOUO) The ADNI/CIO and the Director of MSC, within 180 days of this report, should: a) Perform security tests on the systems that currently have security tests that are greater than a year old; and b) Perform annual security tests on systems with a protection level greater than protection level 1.	March 2010 ADNI/CIO D/MS	CLOSED.
(U//FOUO) The ADNI/CIO and the Director of MSC, within 120 days of this report, should: a) Establish a plan for performing contingency plan tests on systems whose contingency plan tests are greater than a year old and establish a designated period for future contingency plan tests; b) Perform contingency plan tests on all systems with an availability rating of high; c) Assign availability ratings to all ODNI systems on the IC Registry.	January 2010 ADNI/CIO	RESOLVED.
The ADNI/CIO and the Director of MSC, within 120 days of this report, should: a) Develop a uniform written plan of action and milestone process for the ODNI; b) Revise their plan of action and milestone lists to include dates when items are placed on the lists, projected milestone dates, and actual completion dates so that progress on the actions can be monitored; c) Review existing plan of action and milestone lists and determine which items	January 2010 ADNI/CIO D/MS	RESOLVED. Resolved until the 2010 FISMA review.

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can be easily remedied so they can be closed.		
(U//FOUO) The ADNI/CIO and the Director of MSC, within 120 days of this report, should jointly develop an ODNI configuration management policy.	January 2010 ADNI/CIO D/MS	CLOSED
(U//FOUO) The ADNI/CIO, within 120 days of this report, should: a) Require the Intelligence Community Enterprise Solutions to adopt and implement Federal Desktop Core Configuration standard configurations and document deviations and security control deficiencies on desktops directly controlled by ODNI; b) Require the Intelligence Community Enterprise Solutions to implement Federal Desktop Core Configuration security settings into all Windows XP™ and Vista™ desktops directly controlled by the ODNI.	January 2010 ADNI/CIO	CLOSED
(U//FOUO) The ADNI/CIO and the Director of MSC, within 90 days of this report, should develop an incident reporting policy.	December 2009 ADNI/CIO D/MS	RESOLVED.
(U//FOUO) The ADNI/CIO and the Director of MSC, within 60 days of this report, should: a) Designate personnel who have significant responsibilities for information security; b) Develop an ODNI pilot training program and plan strategy to provide the designated personnel with training commensurate with their roles.	November 2009 ADNI/CIO D/MS	RESOLVED.
(U//FOUO) While accommodating ongoing operations and allowing time for contract modifications, ensure that contracts specify that personnel who have significant responsibilities for information security promptly receive training commensurate with their roles.	(issued: September 2009) ADNI/CIO D/MS	CLOSED
(U//FOUO) The ADNI/CIO and the Director of MSC, within 60 days of this report, should fully implement all recommendations in the FY 2008 OIG FISMA report.	November 2009 ADNI/CIO D/MS	

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(U) DEPARTMENT OF HOMELAND SECURITY OFFICE OF INTELLIGENCE AND ANALYSIS AUDIT  
(CLOSED: 2)

The ADNI/CFO, within 90 days of this report, should develop and implement standard operating procedures (SOPs) to comply with ICD 104 requirements. The ADNI/CFO should develop written instructions documenting their applicable internal routines and repetitive activities.	December 2009 ADNI/CFO	CLOSED: CFO implemented SOP BE "Monitoring the Execution of Funds" on 1 Oct 09.
The ADNI/CFO, within 30 days of this report, should establish formal guidance to ensure that when variances from target execution rates are greater than agreed upon benchmarks, the CFO examines program options and, as necessary, reprograms NIP funds prior to a Congressional recession of those funds.	October 2009 ADNI/CFO	CLOSED: CFO implemented SOP BE "Review and Analysis of the Intelligence Program Budget Submissions" on 1 Oct 09.

(U) THE INTELLIGENCE COMMUNITY CIVILIAN JOINT DUTY PROGRAM:  
IMPLEMENTATION STATUS REPORT  
(CLOSED: 0, RESOLVED: 0, OPEN: 20)

1: We recommend that the Director of National Intelligence (DNI) issue a written statement to the Intelligence Community (IC) pronouncing strong support for the goals of the Joint Duty Program, its continued implementation, and requirements as identified in ICPG 601.01.	DNI	
2: We recommend that the DNI direct IC element heads to strongly promote the IC Joint Duty Program in their organizations.	DNI	
3: We recommend that the DNI hold IC element heads accountable for Joint Duty implementation by including Joint Duty rating factors in their annual performance appraisals and Personal Performance Agreements.	DNI	DNI will implement if a particular agency is not complying.
4: We recommend that the DNI direct IC elements heads to establish policies requiring that proposed Joint Duty assignments be reviewed and approved by employees' first-level supervisor and second-level manager.	DNI; DIS; CHCO	
5: We recommend that the ADNI/CHCO clarify the purpose of the Joint Duty Program to include both leadership development and broader collaboration throughout the IC.	ADNI/CHCO	

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6: We recommend that the ADNI/CHCO, in coordination with the ODNI Director of Communications, establish and implement a comprehensive Joint Duty Program corporate communication strategy to include: <ul style="list-style-type: none"><li>• Periodic communications to the IC, including success stories, personal experiences, or special opportunities.</li><li>• Templates for brochures, email messages, and articles.</li><li>• Periodic town hall meetings and brown bag seminars across the IC.</li><li>• Marketing tools developed by the Joint Duty Community of Practice (COP).</li><li>• IC CHCO Council meeting minutes prepared and distributed to all IC CHCO Council members and alternates.</li></ul>	ADNI/CHCO, coordinating with Director of Communications	
7: We recommend that the ADNI/CHCO develop and distribute to all IC elements a list of commonly understood terms, with definitions, for use in Joint Duty Program vacancy announcements.	ADNI/CHCO	
8: We recommend that the ADNI/CHCO develop and deploy a software application that automatically moves vacancy announcements posted on the unclassified Joint Duty website to the JWICS Joint Duty website.	ADNI/CHCO	
9: We recommend that the ADNI/CHCO develop an IC-wide, automated, online application for Joint Duty vacancies that ensures routing through the applicant's Joint Duty Program manager and supervisory chain.	ADNI/CHCO	
10: We recommend that the ADNI/CHCO use the phrase "Memorandum of Understanding" in all Joint Duty Program documents to conform to ICD 601 and ICS 601-1.	ADNI/CHCO	
11: We recommend that the ADNI/CHCO finalize and distribute the Joint Duty Memorandum of Understanding (MOU) template for use by IC elements.	ADNI/CHCO	

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12: We recommend that the ADNI/CHCO institute a policy to ensure a smooth transition for Joint Duty participants into the gaining element, to include pre-assignment meetings with the gaining element. Participants should meet with: <ul style="list-style-type: none"> <li>• Their direct supervisors to discuss the assignment and expectations, which will form the basis for the Memorandum of Understanding.</li> <li>• Human Resources to facilitate administrative aspects of the assignment (such as computer and telephone accounts and facilities access).</li> </ul>	ADNI/CHCO	
13: We recommend that the ADNI/CHCO work with the Joint Duty Community of Practice (COP) to develop and promulgate IC reintegration best practices and timelines.	ADNI/CHCO	
14: We recommend that the ADNI/CHCO request that IC CHCO Council members designate a senior Human Resources officer in their IC elements to be responsible for the creation and implementation of a reintegration program, to include the identification of suitable follow-on assignments.	ADNI/CHCO	
15: We recommend that the ADNI/CHCO discontinue the requirement for an IC element to report quarterly promotion data no later than 60 days after the IC Personnel Data Repository (PDR) has reached full operational capability and the IC element has fully complied with standards and data submission requirements for PDR – or by 1 October 2010, whichever occurs sooner.	1 October 2010 ADNI/CHCO	
16: We recommend that the ADNI/CHCO develop and implement a training module to familiarize Joint Duty Program Managers with the planned PDR.	ADNI/CHCO	
17: We recommend that the ADNI/CHCO collect data from each IC element annually to track bonus data, comparing Joint Duty Program participants with their non-participant peers.	ADNI/CHCO	
18: We recommend that the ADNI/CHCO study the feasibility of reimbursement to Joint Duty participants for mileage to assignment locations that exceeds the normal distance driven to and from their home elements. If the ADNI/CHCO determines that reimbursement for mileage, or other incentives, will enhance participation in the Joint Duty Program, the ADNI/CHCO, in conjunction with the OGC, will explore administrative and regulatory options for implementing such incentives, or, if necessary, will explore a possible legislative remedy to allow for mileage reimbursement.	ADNI/CHCO	Comment from DNI: "Set a threshold so we are relieving real hardship."

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19: We recommend that the ADNI/CHCO promote use of the 50 ODNI-funded Joint Duty positions available for the Departmental and Service IC elements through the Deputy Executive Committee, IC CHCO Council, and the Joint Duty COP to enable the Departmental and Service IC elements to backfill for those employees who are approved to take a Joint Duty assignment.	ADNI/CHCO	
20: We recommend that the ADNI/CHCO: <ul style="list-style-type: none"> <li>On a semi-annual or annual basis, use the IC CHCO Council to highlight and discuss initiatives used in implementing Joint Duty.</li> <li>Develop opportunities, including virtual opportunities using the Joint Duty website, to broadcast these and other innovations and initiatives.</li> </ul>	ADNI/CHCO	

(U) The table below illustrates the status of recommendations made in ODNI OIG reports between 2007 and 2009.

**(U) Figure 7. Status of OIG Recommendations Made Between 2007 and 2009: Totals and Percentages**

<b>(U) OIG REPORTS (2007-2009) STATUS OF RECOMMENDATIONS</b>			
<b>Total Recommendations*</b>	<b>Closed (% of Total)</b>	<b>Resolved (% of Total)</b>	<b>Open* (% of Total)</b>
<b>96</b>	<b>60 (63%)</b>	<b>25 (26%)</b>	<b>11 (11%)</b>

\*Does not include recommendations from the Nov 2009 Joint Duty Report (20), for which the implementation deadline has not yet passed.



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## **(U) Report Waste, Fraud, Abuse, or Misconduct**

(U) To report allegations of waste, fraud, abuse, or misconduct in the ODNI or IC agencies, contact:

Office of the Inspector General  
Office of the Director of National Intelligence  
Investigations Division  
Washington, DC 20511

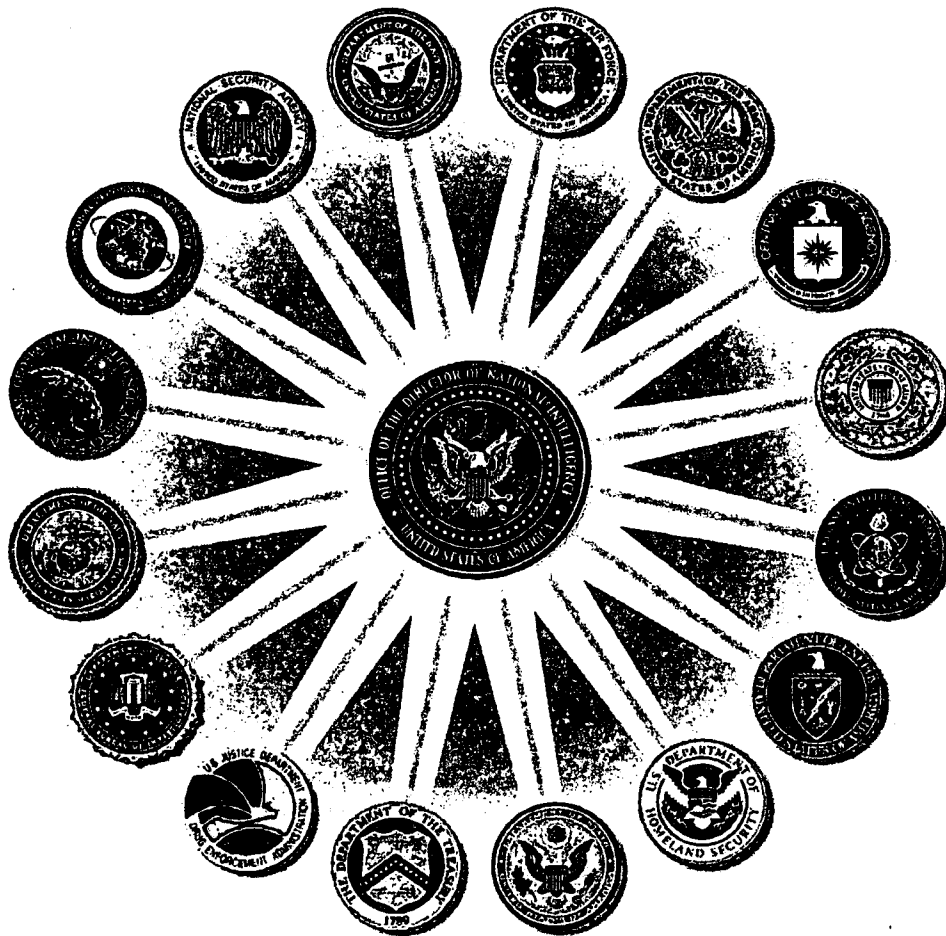
Commercial: (703) 482-4955

or

(U) Some ODNI OIG reports are also posted on our classified website:

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***(U) Office of the Director of National  
Intelligence***

***Office of the Inspector General***



***(U) Annual Report  
January 31, 2008***

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## **(U) Message from the Inspector General**

(U) This reporting period marked the second full year of operations for the Office of the Inspector General (OIG) for the Office of the Director of National Intelligence (ODNI). In accordance with the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA), the Director of National Intelligence (DNI) established the ODNI OIG in July 2005.

(U) This past year, the primary impetus of the OIG's efforts was to execute on the Intelligence Community (IC) reform mission by recommending improvements in the following four general focus areas:

- Increased information sharing in the IC,
- Enhanced financial management in the ODNI and IC,
- Efficient and effective management of the ODNI, and
- Effective integration of law enforcement into the IC.

(U) The ODNI OIG completed or initiated several significant projects in 2007 to address these focus areas, including a review of domestic intelligence integration, an organizational and cultural Diagnostic of the ODNI, a follow-up review of the National Counterterrorism Center (NCTC), an inspection of Advanced Geospatial Intelligence (AGI) capabilities, and an initiative to promote auditable financial statements. Many of these projects are ongoing and will be expanded or completed in 2008. We also conducted several investigations.

(U) In addition, in cooperation with the other IC Inspectors General, we have conducted an IC-wide review of the terrorist watchlist nomination process.

(U) I anticipate that our volume of investigations and inquiries will increase in 2008, and I intend to keep the DNI and Congress informed of our work.

(U) For myself and the staff of the OIG, we are honored to serve and are committed to accomplishing our goals.

Edward Maguire  
Inspector General  
Office of the Director of National Intelligence

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## (U) Office Profile

(U) The Director of National Intelligence (DNI) established the Office of the Inspector General (OIG) to detect and deter waste, fraud, abuse, and misconduct involving the Office of the Director of National Intelligence (ODNI) and IC programs and personnel, and to promote economy, efficiency, and effectiveness in the ODNI and IC operations. The OIG has responsibility for programs and operations internal to the ODNI, as well as responsibility over community-wide and cross-agency matters that are within the DNI's authorities.

(U) The OIG staff inspects and audits programs; assists management in promoting integrity, economy, efficiency, and effectiveness; and investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of ODNI and IC employees in their numerous and diverse activities.

### (U) OIG Organization

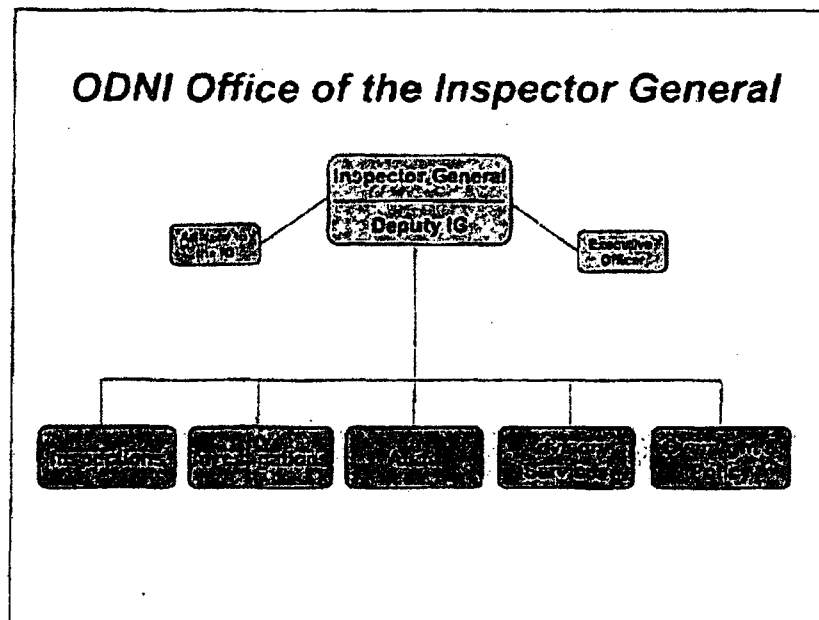


Figure 1 - UNCLASSIFIED

(U) The OIG consists of the following divisions:

(U) **Inspections Division.** Conducts program and management reviews that include on-site inspection, statistical and substantive analysis, and the evaluation of documentary evidence to review ODNI and IC programs and activities, and makes recommendations for improvement.

(U) **Audit Division.** Executes independent program and financial audits of ODNI programs, computer systems, and financial statements, as well as performance and financial audits of IC programs and operations falling within the authorities and responsibilities of the DNI.

(U) **Investigations Division.** Investigates allegations of violations of criminal laws and administrative regulations arising from the conduct of ODNI employees and contractors, as well as IC employees and contractors whose duties fall under the authorities and responsibilities of the DNI.

(U) **Advisory Services Division.** Conducts process improvement and management consulting for the ODNI, its centers, and the IC. Assists the IC in developing, documenting, and implementing processes, procedures, performance measures and metrics, and process interfaces to improve both effectiveness and efficiency.

(U) **Oversight and Policy Division.** Monitors and analyzes trends and patterns concerning intelligence oversight activities across the IC, liaises with the President's Foreign Intelligence Advisory Board's Intelligence Oversight Board (IOB), liaises with congressional oversight committees, and conducts policy studies on behalf of the Inspector General (IG).

### (U) **OIG Personnel**

(U) The OIG authorized workforce level for FY 2007 was 21. As of January 15, 2008, the OIG had 19 staff on board, with vacancy announcements pending for 2 staff positions that would bring the OIG to full capacity. In the 2008 Defense Appropriation Act, \$2 million was appropriated specifically for the OIG to hire 12 additional staff. However, the OIG has not hired against those appropriated positions pending authorization from the ODNI front office, and the additional 12 positions are not reflected in the staffing table below.

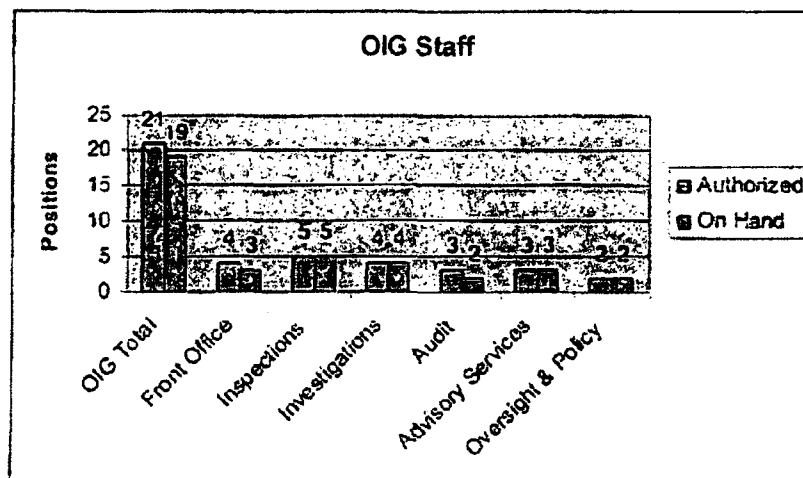


Figure 2 - UNCLASSIFIED



**(U) OIG Resources**



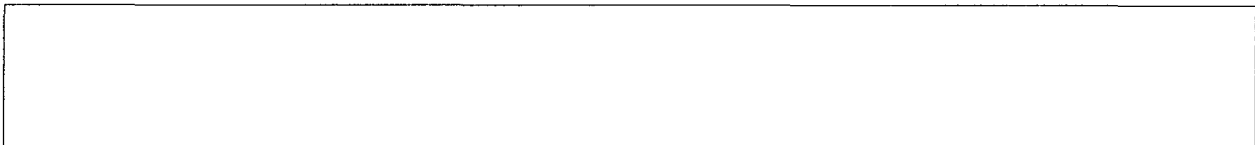
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**(U) Completed Projects**

**(U) Inspections and Reviews**

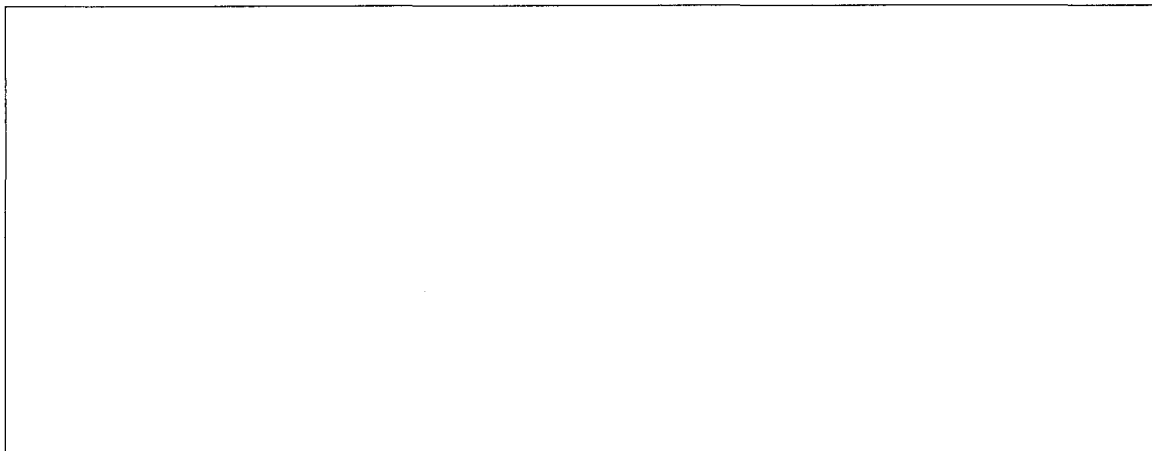
**(U) Review of Dissemination of Sensitive Reporting**

(U) The DNI tasked the OIG to study current practices throughout the IC relating to the dissemination of compartmented intelligence and to make recommendations for improvement.



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(U//FOUO) To address these findings, the OIG recommended that the DNI: 1) establish an office to promulgate policies and procedures for dissemination and access, and 2) establish an objective process for arbitration of dissemination disputes for the IC's most sensitive intelligence. The DNI concurred with the recommendations, and many IC agencies began implementing them.



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(U//FOUO) The Federal Bureau of Investigation (FBI) appointed a Working Group to establish formal dissemination policy and procedures [redacted]

[redacted] The Working Group has not yet published the formal policy and procedures for the FBI, but anticipates doing so in 2008.

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(U//FOUO) While the National Security Agency (NSA) [redacted], it has improved the efficiency of its dissemination efforts by automating the distribution of its sensitive series reporting. The OIG believes that the NSA has sufficiently addressed the recommendations, [redacted]

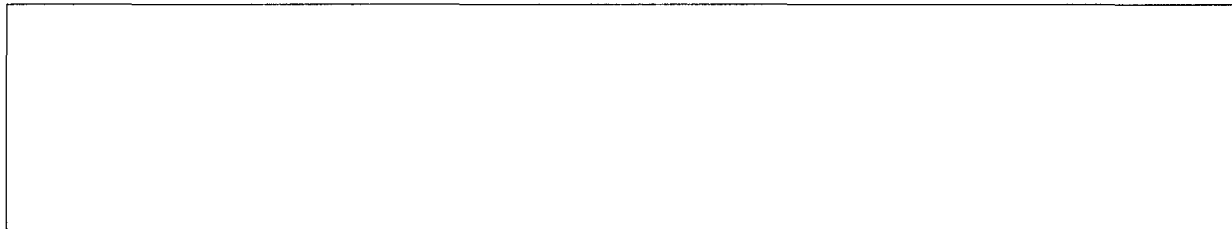
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#### (U) National Ground Intelligence Center (NGIC) Follow-Up

(U) In 2005, the OIG inspected the operations of the NGIC, which was criticized by the WMD Commission and by the Senate Select Committee on Intelligence in its Report on the IC's Pre-war Intelligence Assessments on Iraq. The OIG found that the NGIC had instituted new systems and rules relating to work flow processes and senior staff reviews, instituted a formalized quality assurance program, and developed and launched new training programs to achieve higher analytic standards within its organization.

(U//~~FOUO~~) During this reporting period, the OIG issued a report of a follow-up inspection it conducted to assess the NGIC's progress in maintaining and implementing new procedures and programs to [REDACTED] The OIG found that NGIC had made progress in the overall implementation of their programs and processes, but that some training initiatives remained in development or were awaiting approval.

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## **(U) Audits**

### **(U) Audit of the Contract Award Process for the CASES Program**

(U) The Contract Advisory and Assistance Services/Systems Engineering and Technical Assistance and External Analysis and Conferencing Support (CASES) Program is one of the largest corporate contract programs for the ODNI, with a total estimated value of \$406 million. The CASES program provides contractors for support and technical assistance to the ODNI. The OIG, in conjunction with the CIA OIG, audited the process used to award the Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts under CASES. Specifically, the OIG reviewed the actions and decisions made from requirements definition through award of the ID/IQ contracts to determine whether they were executed in accordance with ODNI and CIA policies and procedures.

(U) The audit determined that the ODNI and the CIA generally complied with the Federal Acquisition Regulation (FAR) and the CIA Contracting Manual in conducting the acquisition planning, contract solicitation, and the source selection procedures. However, the acquisition planning did not address performance-based acquisitions as required by the FAR. As a result, we recommended that the Chief, ODNI Contracts, amend the CASES acquisition plan to address the FAR requirements for performance-based acquisitions, issue a policy to implement performance-based acquisitions in the ODNI, and provide training to the contracting officers and contracting officer technical representatives on performance-based acquisitions. The Chief, ODNI Contracts, concurred with the recommendations.

### **(U) Federal Information Security Management Act (FISMA) Review**

(U) The FISMA requires the Inspector General for each agency to conduct an annual independent evaluation of the agency's information security programs and practices. The evaluation includes testing the effectiveness of information security policies, procedures, and practices of a subset of agency systems. To oversee the implementation of policies and practices relating to information security, the Office of Management and Budget (OMB) has issued guidance to agencies for their FISMA requirements.

(U) In fiscal year (FY) 2007, the OIG evaluated whether the ODNI has implemented a comprehensive information security program for internal ODNI operations and for the IC's information systems. The review determined that while the ODNI has elements of an information security program and is making efforts to put a comprehensive plan in place, it has

not yet implemented a comprehensive information security program for either internal ODNI operations or for the IC's information systems. We recommended that the Chief Information Officer (CIO) and Security continue to work on establishing a comprehensive and effective information security program and to develop information security strategic plans.

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## **(U) Advisory Services**

### **(U) Diagnostic of the ODNI**

(U) The DNI requested that the OIG conduct an Organizational and Cultural Diagnostic and Design Study (Organizational Study) of the ODNI. The OIG interviewed a total of 146 ODNI employees from every ODNI office and across all grade levels. During the interviews, ODNI employees identified several mostly cultural conditions in the ODNI that could be improved.

(U) The OIG briefed the senior leadership of the ODNI regarding the OIG's findings and recommendations and delivered to the DNI a final report containing our findings, statistical evidence supporting our findings, and recommendations for improvements and future actions. ODNI management concurred with many of the recommendations, and the OIG will continue to monitor implementation of these recommendations.

### **(U) Organizational and Cultural Diagnostic of DDNI/Acquisition**

(U) The Deputy Director of National Intelligence (DDNI)/Acquisition requested that the OIG conduct a follow-up study of Acquisition based on the Organizational Study to determine whether some of the conditions identified during the ODNI Diagnostic as needed improvement, exist in Acquisition. The OIG interviewed approximately 50% of the employees of Acquisition to address the issues raised in the Organizational Study and identified 3 challenges facing the DDNI/Acquisition: vertical and horizontal information flow, lack of respect for

DDNI/Acquisition's authorities, and confusion regarding internal structural changes. The OIG provided its recommendations to the DDNI/Acquisition and he concurred with them.

### **(U) Assessment of ODNI Human Resource Management Functions**

(U) The Director of the Intelligence Staff and the Executive Review Board requested the Advisory Services Division conduct a comprehensive review of the Human Resource Management (HRM) function of the ODNI. The purpose of the review was to determine the efficiency and effectiveness of the HRM function, document HRM processes, and make recommendations for improvement.

(U) Through the review process, the OIG identified several key conditions that must be addressed in order to improve the efficiency and effectiveness of the ODNI HRM function, including: 1) policies, processes, and procedures; 2) authorities and responsibilities; 3) organization and staffing; 4) system support; and 5) management responsiveness. The ODNI concurred with many of the OIG's recommendations, has successfully implemented some of them, and is in the process of implementing others.

### **(U) Investigations**

(U//~~FOUO~~) The OIG conducted 19 investigations during this reporting period, including improper use of position, improper use of government resources, disparate hiring practices, contract irregularities, time and attendance abuse, voucher fraud, policy and procedure adherence, and ethics violations. Select investigations are highlighted below:

#### **(U//~~FOUO~~) Misuse of a government vehicle:**

The OIG conducted an investigation into the activities of a senior ODNI official to determine whether the official committed contract fraud, abused official travel, and misused a government vehicle. The investigation found that the official did not commit contract fraud or abuse official travel; however the official misused a government vehicle on four occasions.

#### **(U//~~FOUO~~) Iraqi Media Release Project (IMRP):**

The OIG reviewed and evaluated the policies, processes, and procedures developed to implement and manage the IMRP and whether the established policies and procedures were followed in the posting of three Iraqi nuclear-related documents, generally believed to be classified by IC elements. The study determined that policies and procedures were followed; however, the procedures for document review lacked sufficient guidance, which caused the inappropriate release of classified documents to a public website.

#### **(U//~~FOUO~~) Counterfeit of an Official Insignia:**

A joint investigation by the ODNI OIG and the CIA OIG developed evidence that a contract employee of the ODNI forged the signature of the former Principal Deputy DNI on a fraudulent document. During this reporting period, the contractor pled guilty to one misdemeanor count of counterfeit of an official insignia and was sentenced to 60 days of home detention, 18 months probation, and a fine of \$2500.

**(U//~~FOUO~~) Allegation of Possible Fraudulent Reimbursements:**

The OIG received an allegation of irregularities regarding the travel voucher submissions of an ODNI employee during his previous employment by another IC agency. The investigation determined that although the subject was improperly reimbursed for several days of per diem while he was on leave, his vouchers were prepared by his office manager and the errors were unintentional.

**(U//~~FOUO~~) Allegation of Abuse of Position:**

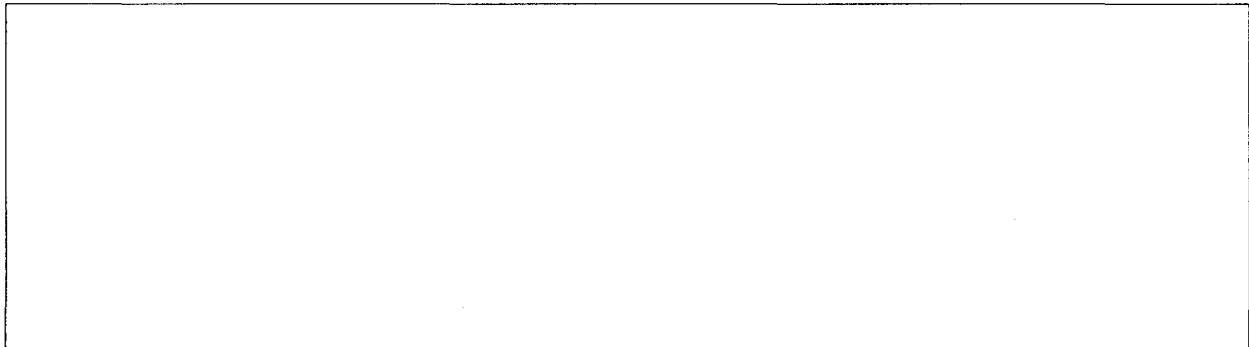
The OIG investigated an ODNI official for allegations that he had threatened reprisals against several ODNI employees. These allegations were not substantiated.

**(U//~~FOUO~~) Use of Subpoena Authority:**

During this reporting period, the ODNI Inspector General did not exercise subpoena authority under section 7(a)(4) of ODNI Instruction 2005-10.

## **(U) Oversight and Policy Division**

### **(U) Cyber Operations Study**



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cyber operations.

### **(U) Intelligence Oversight**

(U) The OIG analyzed reporting to the Intelligence Oversight Board (IOB) by the IC IG community. In addition, other intelligence oversight activities included conducting site visits to several IC IG intelligence oversight offices, communicating IOB reporting standards, assisting the Civil Liberties Privacy Office with the Protect America Act Compliance Assurance Program, and serving as an IC IG focal point for questions regarding intelligence oversight efforts.

### **(U) Intake Program**

(U) The OIG implemented an integrated on-line complaint intake program so members of the IC can alert the OIG to incidents of fraud, waste, abuse, or substantial and specific danger to public health and safety. The program is located on the ODNI OIG JWICS web page.

## **(U) Intelligence Community Inspector General Activities**

### **(U) Intelligence Community Inspectors General Forum**

(U) The ODNI Inspector General chairs the Intelligence Community Inspectors General (IC IG) Forum, a quarterly meeting of all Intelligence Community Inspectors General, or their designees. The ODNI OIG also fulfills the Executive Secretariat function for the forum.

(U) The IC IG Forum is designed to promote and further collaboration, cooperation, and coordination among the IGs of the IC, with the purpose of strengthening the collective role and effectiveness of IGs throughout the IC, enhancing the value of OIG activities in support of the National Intelligence Strategy, and increasing efficiency by avoiding duplication of effort among the IGs of the IC. Throughout 2007, the IC IG Forum provided the IGs a venue in which to share information, educate one another, and discuss and collaborate on matters of common concern.

### **(U) 13<sup>th</sup> Annual Intelligence Community Inspectors General Conference**

(U) The ODNI OIG hosted the 13<sup>th</sup> annual Intelligence Community Inspectors General Conference. The topic for the conference was "Procurement Fraud," and it featured panels and sessions on issues like the Joint Department of Justice (DOJ) / IG Task Force on Procurement Fraud (see the discussion of the NPPTF in Ongoing Projects), IG perspectives on procurement fraud, fraud issues in a war zone, intelligence oversight by Congress, and forensic investigations. Over 300 Inspectors General and staff from 15 OIGs attended the conference, as did the Honorable Paul McNulty, Deputy Attorney General, whose keynote address focused on the prevention and detection of procurement fraud, and the important partnership between DOJ and OIGs.

## **(U) Ongoing Projects**

### **(U) Inspections and Reviews**

#### **(U) Review of the NCTC, Phase II: Effectiveness of Community Relations**

(U//FOUO) In 2006, the OIG conducted the first of a two-phase inspection of the NCTC, which focused on the overall performance of the NCTC and its mission. In March 2007, the OIG began Phase II of the inspection of the NCTC. Phase Two examines the state of relations between the NCTC and its federal and non-federal partners, including:

- Activities that are complementary, overlapping, competing, or counterproductive among the counterterrorism (CT) organizations;
- Information sharing among CT organizations;
- IC and Law Enforcement community perspectives on the present and future role of the NCTC and the rationale for those perspectives;
- The effectiveness of the NCTC's external collaboration; and
- The quality, utility, and accessibility of NCTC products.

#### **(U) Review of the Terrorist Watchlist Nomination Process: Findings and Recommendations for Action**

(U//FOUO) [redacted] are working together to review the processes for nominating individuals to the consolidated terrorism Watchlist. The respective agencies' OIGs have examined the watchlisting process within their own agencies, and the ODNI is analyzing their findings as part of its review of the watchlisting process across the IC.

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#### **(U) Inspection of Advanced Geospatial Intelligence (AGI) Capabilities**

(U//FOUO) In response to concerns raised by the Senate Select Committee on Intelligence

[redacted] with a focus on the most critical activities and capabilities required to

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[redacted] To date, the OIG has gathered over 6,000 pages of documents, interviewed over 300 officers across the IC, and examined the following AGI program activities:

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- Functional management as executed by NGA and other IC organizations;
- Inter-agency collaboration. [redacted]
- The effects of program compartmentation and data access – for AGI collection, exploitation, and analysis;
- Collection, processing, and exploitation systems development;

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- Exploitation and analysis planning and strategies; and
- AGI applications as reflected in intelligence analysis and reporting.

(FOUO) Upon completion of this inspection, the OIG will provide specific recommendations to execute key aspects of AGI program objectives for the IC and the National System for Geospatial Intelligence.

### **(U) Review of Implementation of the Joint Duty Directive**

(U) As stated in the previous Annual Report, the OIG had planned to initiate a review of the IC's implementation of the ODNI's Joint Duty Directive in 2007. However, because the Intelligence Community Civilian Joint Duty Implementing Instructions were issued in June 2007, the OIG decided to defer this review until the program has been operational for a sufficient period of time.

### **(U) Oversight of Service Contracts**

(U) The OIG announced in last year's annual report that it planned to evaluate whether ODNI Contracting Officers Technical Representatives (COTRs) provide sufficient oversight for service contracts to ensure that contractors perform in accordance with the contract or task orders. This issue was incorporated into the National Procurement Fraud Task Force.

## **(U) Audits**

### **(U) Audits of Special Access Programs**



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### **(U) Intelligence Community Auditable Financial Statements**

(U) The DNI is committed to improving financial management in the IC and has established the goal of achieving sustainable unqualified audit opinions for all IC agencies and elements. The ODNI CFO prepared a financial management and auditability improvement plan dated April 15, 2007.

(U) The ODNI IG is working in collaboration with the ODNI CFO to monitor and assist IC agency CFOs and IGs in their efforts to reach the auditability goals and milestones set out in the improvement plan.

(U) On September 21, 2007, the ODNI CFO and IG co-hosted a meeting of agency CFOs and IGs to discuss the auditability challenges and unresolved issues. Subsequent meetings were held between the ODNI CFO and IG and the CFOs and IGs of CIA and NRO.

(U) A meeting was held with Daniel Werfel, Deputy Controller of OMB, on October 15, 2007 with CFO and IG representatives from CIA, NRO and ODNI to discuss ways of resolving accounting and auditing issues.

(U) The ODNI CFO and IG continue to work together with agency staff to monitor progress and provide support in the auditability initiative.

### **(U) Chief Financial Officers Act Audit**

(U) The OIG announced in last year's annual report that it intended to conduct annual audits to ensure ODNI compliance with the CFO Act. Specifically, the OIG planned to review and comment on such areas as financial management plans, policies, procedures, financial management systems, and various financial management initiatives within the IC. However, due to resource constraints in the Audit Division, this planned audit was not initiated in 2007.

## **(U) Advisory Services**

### **(U) Intelligence Reform Diagnostic**

(U) In both the 100 and 500 Day Plans, the DNI established initiatives to support six key integration and transformation focus areas:

- Create a culture of collaboration
- Accelerate information sharing
- Foster collection and analytic transformation
- Build acquisition excellence and technology leadership
- Modernize business practices
- Clarify and align the DNI's authorities

(U) The OIG has been tasked with assessing the IC's progress in achieving transformational outcomes in the aforementioned six focus areas. To accomplish this, the Advisory Services Division is working with the ODNI Strategy, Plans and Policy office to develop a diagnostic based on a Capabilities Maturity Model construct. The OIG will establish an initial baseline and conduct subsequent periodic evaluations to measure progress in the IC as a whole.

### **(U) Review and Analysis of ODNI Responsibilities and Authorities**

(U) One of the OIG's findings in the Organizational Study was that the respective responsibilities and authorities of ODNI offices are unclear. As a result, the OIG is reviewing

authorities and responsibilities that pertain to the ODNI to determine gaps and overlapping activities within the organization.

### **(U) Review of U.S. Persons (USP) Rules Training Programs**

(U) The objectives of this review are to identify training inconsistencies that occur across the IC, determine if these inconsistencies perpetuate the inconsistent interpretation of USP rules, identify any model training programs that can be adopted by other IC agencies, and make recommendations for how agencies' training programs can be improved.

(U) To date, the OIG has collected training material from each IC agency; reviewed, compiled, and summarized training information; identified agencies requiring further review; and conducted interviews at select IC agencies.

### **(U) Lessons Learned**

(U) The OIG is working in conjunction with the ODNI Lessons Learned Office to determine how agencies within the IC manage Lessons Learned programs. The objectives for this review are to identify existing best practices in the IC for Lessons Learned programs, and to assist the Director of the Lessons Learned Center in gaining a more complete understanding of the varying practices within the IC.

### **(U) Dissemination of Analytical Products**

(U) In 2007, the OIG had planned to review the process for disseminating analytical products, including to whom analysts disseminate their products and why. However, other priorities for the OIG and the ODNI Analysis intervened, and this project has been deferred.

### **(U) Acquisition Workforce Study**

(U) Last year's annual report referenced the OIG's plan to study the IC's acquisition workforce to identify retention issues and make recommendations on how to improve retention. Intervening priorities for the OIG and ODNI Acquisitions resulted in this study being deferred.

## **(U) Investigations and Inquiries**

### **(U//FOUO) Ethics violation by an ODNI Official**

The OIG is conducting an investigation into the activities of a senior ODNI official to determine whether the official violated federal ethics laws or regulations.

### **(U//FOUO) Time and Attendance Fraud**

The OIG is investigating three ODNI employees for possible time and attendance fraud.

**(U//~~FOUO~~) Inappropriate Possession of Classified Documents**

The OIG is conducting an investigation into a former ODNI employee's unauthorized possession of classified documents belonging to another agency. The employee allegedly took the classified documents when he transferred to the ODNI. The OIG is investigating this matter in conjunction with the employee's former agency.

**(U//~~FOUO~~) Civil Rights and Civil Liberties Complaints**

According to protocols established between the OIG and the Civil Liberties Protection Officer, the Civil Liberties Protection Officer will refer cases of alleged individual misconduct regarding possible civil liberties or privacy abuse in the administration of the programs and operations of the ODNI to the OIG, and the OIG will make a determination of whether the alleged abuse warrants investigation and how such investigation should proceed. During this reporting period, the OIG did not receive any allegations from the Civil Liberties Protection Officer.

## **(U) Oversight and Policy Division**

### **(U) Integration of Law Enforcement and Intelligence**

(U) The OIG is reviewing whether law enforcement organizations are effectively integrated into the overall strategic activities of the IC. Initial observations led the OIG to recommend the DNI add to his senior ODNI staff a high-level FBI official to advise the DNI on domestic intelligence issues. As part of this integration review, the OIG is evaluating the implementation and practical effect of the FBI's Attorney General Guidelines for National Security Investigations at the operational level.

### **(U) Congressionally Directed Actions**

(U) The OIG has worked to ensure timely and thorough response to communications from Congressional members and their staff. During 2007, the OIG provided Reports of Investigation to intelligence oversight committees, and responded to Congressional queries from committee members and their staffs.

## **(U) Intelligence Community Inspector General Activities**

### **(U) National Procurement Fraud Task Force (NPFTF)**

(U) The OIG Investigations Division has partnered with the DOJ National Procurement Fraud Task Force (NPFTF) and other Federal IGs to assist in the prevention, detection, and prosecution of procurement fraud associated with the increase in federal contracting expenditures, particularly in the areas of intelligence and national security support activities since September 11, 2001.

(U) The ODNI IG chairs the NPFTF Intelligence Committee, which addresses the unique aspects of detecting, investigating, and prosecuting procurement fraud in a classified environment. This committee has identified several key areas where efforts are needed to improve procurement fraud prosecutions:

- Documenting and reporting impediments to the detection, investigation, and prosecution of procurement fraud in a classified environment.
- Establishing procedures for facilitating IC procurement fraud information sharing.
- Developing and implementing procedures to ensure that investigators, auditors, and prosecutors obtain necessary clearances to investigate IC procurement fraud cases.

### **(U) Intelligence Community Inspectors General Joint Duty Program**

(U) The IG for DIA and the ODNI OIG led efforts to implement a joint duty program for the Intelligence Community Inspectors General. Through this program, personnel in the offices of the IC IGs may acquire joint duty certification by serving on other IC IG staffs in accordance with Intelligence Community Directive (ICD) 601, "Human Capital Joint Intelligence Community Duty Assignments."

(U) The IC IG joint duty program is designed to enhance IG staff's joint IG experience; foster communication and professional relations; and share best practices. The IG joint duty program operates like an exchange program: when an OIG details a staff member for an IG joint duty rotation, that OIG also will gain a staff member from another IC OIG for the duration of the rotation. The IG joint duty program is intended to complement, and not compete with, other joint duty programs, such as the Leadership Exchange and Assignment Pilot. IC IG members may participate in any or all of these joint duty programs.

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## **(U) Report Waste, Fraud, Abuse, or Misconduct**

(U) To report allegations of waste, fraud, abuse, or misconduct in the ODNI or Intelligence Community agencies, send complaints to:

Office of the Inspector General  
Office of the Director of National Intelligence  
Investigations Division  
Washington, DC 20511



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## Closed Investigations

<u>File Number</u>	<u>Type of Investigation</u>	<u>Status</u>	<u>Opened</u>	<u>Closed</u>
Inv-2006-0002	OIG Investigations Manual	Closed	8/21/2006	2/28/2007
Inv-2006-0003	Classified	Closed	10/31/2006	3/20/2007
Inv-2006-0004	Forgery	Closed	11/14/2005	12/11/2007
Inv-2006-0005	Allegations re Hiring/Security	Closed	10/31/2006	3/20/2007
Inv-2006-0006	Contract Fraud	Closed	10/31/2006	3/20/2007
Inv-2006-0007	Unauthorized Disclosure	Closed	10/17/2005	9/17/2007
Inv-2006-0008	Allegations of Contract Mismanagement	Closed	11/29/2005	9/14/2007
Inv-2006-0009	Allegations of Disparate Hiring Practices	Closed	2/7/2007	3/20/2007
Inv-2006-0010	Inappropriate Release of Information	Closed	10/31/2006	3/21/2007
Inv-2006-0011	Contract Fraud	Closed	10/31/2006	3/20/2007
Inv-2006-0012	Time and Attendance Fraud	Closed	4/28/2006	9/14/2007
Inv-2006-0013	Voucher Fraud	Closed	10/19/2006	3/30/2007
Inv-2006-0014	Inappropriate Release of Information	Closed	12/7/2006	9/14/2007
Inv-2007-0015	Personnel Grievance	Closed	1/8/2007	2/5/2008
Inv-2007-0016	Time and Attendance Fraud	Closed	1/8/2007	12/12/2007
Inv-2007-0017	Allegations re Hiring	Closed	1/8/2007	1/23/2007
Inv-2007-0018	Voucher Fraud	Closed	1/17/2007	3/3/2008
Inv-2007-0019	Misuse of Government Property	Closed	2/7/2007	3/5/2007
Inv-2007-0020	Time and Attendance Fraud	Closed	2/22/2007	2/7/2008
Inv-2007-0022	Misuse of Government Funds	Closed	3/19/2007	12/7/2007
Inv-2007-0023	Contract Fraud; Travel Fraud; Misuse of Gov't Vehicle	Closed	4/20/2007	12/7/2007
Inv-2007-0024	Contract Fraud; Misuse of Gov't Vehicle	Closed	5/24/2007	3/19/2008
Inv-2007-0025	Personnel Grievance	Closed	5/24/2007	2/1/2008
Inv-2007-0026	Personnel Grievance; Reprisal	Closed	7/30/2007	11/8/2007
Inv-2007-0027	Misuse of Position	Closed	9/25/2007	1/29/2008
Inv-2007-0028	Conflict of Interest	Closed	10/5/2007	2/29/2008
Inv-2007-0029	Time and Attendance Fraud	Closed	10/31/2007	6/23/2009
Inv-2007-0030	Theft of Government Property	Closed	11/9/2007	4/30/2009
Inv-2008-0002	Special Project	Closed	3/19/2008	5/15/2008
Inv-2008-0003	Time and Attendance Fraud	Closed	4/8/2008	6/10/2009
Inv-2008-0004	Contract Fraud	Closed	5/29/2008	4/30/2009
Inv-2008-0005	Unauthorized Disclosure	Closed	6/11/2008	5/5/2009
Inv-2008-0006	Unauthorized Disclosure	Closed	7/7/2008	9/5/2008
Inv-2008-0007	Contract Fraud	Closed	7/30/2008	9/29/2008
Inv-2008-0008	Post-employment Ethics Violation	Closed	9/29/2008	1/8/2009
Inv-2008-0010	Management Review	Closed	11/25/2008	3/2/2009
Inv-2008-0011	Management Review	Closed	11/18/2008	12/15/2009
Inv-2008-0012	Misuse of computer; Gambling	Closed	12/10/2008	8/28/2009
Inv-2008-0013	Conflict of Interest	Closed	12/19/2008	8/12/2009
Inv-2009-0001	Time and Attendance Fraud	Closed	1/15/2009	8/28/2009
Inv-2009-0003	Misuse of Position	Closed	2/26/2009	8/27/2009
Inv-2009-0004	Contract Fraud	Closed	2/26/2009	7/16/2009
Inv-2009-0005	Special Project	Closed	1/26/2009	8/6/2009
Inv-2009-0006	Special Project	Closed	3/2/2009	6/24/2009
Inv-2009-0007	Conflict of Interest	Closed	3/5/2009	3/11/2009
Inv-2009-0008	Contract Fraud	Closed	3/9/2009	3/25/2009
Inv-2009-0009	Special Project	Closed	3/9/2009	12/7/2009
Inv-2009-0010	Unreported Contact with a Foreign National	Closed	3/11/2009	5/4/2009
Inv-2009-0011	Inappropriate Conduct	Closed	3/19/2009	12/3/2009
Inv-2009-0012	Special Project	Closed	3/26/2009	4/6/2009
Inv-2009-0015	Assistance Provided to DIA-OIG	Closed	5/22/2009	12/7/2009



**Closed Investigations**

<u>File Number</u>	<u>Type of Investigation</u>	<u>Status</u>	<u>Opened</u>	<u>Closed</u>
Inv-2009-0018	Special Project	Closed	6/17/2009	7/9/2009
Inv-2009-0019	Special Project	Closed	7/9/2009	10/30/2009
Inv-2009-0020	Theft	Closed	7/14/2009	12/9/2009
Inv-2009-0021	Abuse of Position	Closed	7/7/2009	1/15/2010
Inv-2009-0025	Security/Fitness for Duty	Closed	8/11/2009	1/25/2010
Inv-2009-0030	Time and Attendance Fraud	Closed	12/18/2009	2/17/2010