OFFICE OF THE INSPECTOR GENERAL OF THE INTELLIGENCE COMMUNITY

OCTOBER 1, 2015 – MARCH 31, 2016

SEMIANNUAL REPORT
TO THE DIRECTOR OF
NATIONAL INTELLIGENCE

The Honorable I. Charles McCullough, III
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DURING THIS REPORTING PERIOD the Office of the Inspector General of the Intelligence Community (IC IG) conducted inspections and investigations in accordance with standards adopted by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). Audits were conducted in accordance with Generally Accepted Government Auditing Standards. The IC IG had full and direct access to all information relevant to performing its duties.

The Investigations Division issued one administrative subpoena involving fraudulent time and attendance reports and false claims for Medical Leave Bank benefits.

The IC IG tracked and provided technical drafting assistance to congressional efforts related to several key legislative initiatives impacting IG equities. The IG Empowerment Act has been a key legislative priority as it provides enhanced authorities for federal IGs, including testimonial subpoena authority. The IC IG discussed aspects of IG reporting requirements in the Intelligence Authorization Act of Fiscal Year (FY) 2016, the Cyber Security Act, and the DATA Act with congressional staff. The Administrative Leave Act was also reviewed as the proposed time limits for employees being placed on administrative leave may impact ongoing IG reviews. The IC IG also reviewed proposed legislation for IC contractor whistleblower protections akin to the protections for IC employees.

The status of open IC IG recommendations, including any that were closed during this reporting period, along with the Office of the Director of National Intelligence (ODNI) components responsible for the corresponding corrective action, is listed in the classified annex of this report.

ODNI held 25 conferences costing between $20,000-$100,000, which are detailed in the classified annex of this report.

Information on the status of whistleblower issues is in the IC IG Forum Activities section on page 11. In the first half of FY 2016, IC IG processed seven congressional disclosures and ten requests for Presidential Policy Directive 19 (PPD-19) and/or Intelligence Community Directive 120 (ICD-120) external review.

Descriptions of select closed investigations are on page 25.

Pictured above: I. Charles McCullough, III, Intelligence Community Inspector General (left), conducts a question and answer session with Director of National Intelligence James Clapper during the 2014 IC IG Annual Conference. Photo by Eric Brown, ODNI Public Affairs.
Our OVERSIGHT PROVIDES INSIGHT AND HELPS GUIDE DECISION MAKING
We value and exhibit:

Integrity
Independence
Professionalism
Integration
Objectivity
Accountability
Diversity
Discipline

Organization
The Intelligence Authorization Act for FY 2010 established the Inspector General of the Intelligence Community. IC IG has authority to initiate and conduct independent audits, inspections, investigations, and reviews of programs and activities within the Director of National Intelligence’s (DNI) responsibility and authority.

The organization’s senior management team includes the Inspector General, a Deputy IG, a General Counsel, four Assistant Inspectors General and two program Executive Directors. The principal operational divisions are Audit, Inspections & Evaluations, and Investigations. The Management & Administration Division and the General Counsel’s Office support the operational divisions and the IC IG Front Office. The Executive Director for Intelligence Community Whistleblowing & Source Protection and the Executive Director for the IC IG Forum support IC-wide Inspector General activities.

Outreach
The IC IG is committed to promoting transparency in the intelligence oversight mission. To best achieve this goal, the IC IG has two dedicated officers to work with key stakeholders and support the operational divisions.

- **Legislative Affairs:** Melissa Wright is the IC IG’s Legislative Counsel and Congressional Liaison.
- **Media Affairs:** Andrea Williams is the IC IG’s Public Affairs Officer.

Both can be reached at 571-204-8149 to assist with any outreach efforts.

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

Vision
Speak truth; enable excellence in management and accountability.

Core Values
**Integrity:** We are honest, trustworthy, accountable for our actions, and committed to fulfilling our mission.

**Professionalism:** We hold ourselves to the highest standards of technical proficiency and treat others with courtesy and respect.
WE ENABLE THE IC’S NATIONAL SECURITY MISSION BY PROVIDING ODNI’S LEADERS WITH OBJECTIVE INSIGHT INTO THEIR ORGANIZATION’S STRENGTHS AND WEAKNESSES.

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

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

Resources

Funding
The ODNI provided adequate funding to fulfill the IC IG’s mission during this reporting period. The budget covered personnel services and general support, including travel, training, equipment, supplies, IT support, and office automation requirements.

Personnel
The IC IG has a diverse group of talented and highly-skilled employees who provide subject matter expertise; and include cadre (permanent employees), joint duty detailees (employees from other IC organizations), and contractors.

Additional personnel details are listed in the classified annex.
THE IC IG FORUM is composed of IGs who have oversight responsibilities for Intelligence Community elements.

The FY 2010 Intelligence Authorization Act established the IC IG Forum. The Intelligence Community Inspector General chairs the forum, which includes CIA, DoD, DIA, Energy, FBI, DHS, DOJ, NGA, NRO, NSA, Treasury, and State IGs.

The IC IG uses the Forum to identify and prioritize IC-wide projects; to seek key IG stakeholder project buy-in; and to develop strategies on how to best leverage the limited IG resources across the community. The IC IG’s Deputy IG, General Counsel, and Assistant Inspectors General each chair Forum committees.

IC IG Annual Awards

The IC IG hosted the 2015 awards ceremony on Oct. 28, 2015 to honor members of the IC Inspectors General Community. The awards review board, made up of Deputy IGs, selected the following individuals and teams for their extraordinary contributions to the missions and objectives set forth in the U.S. National Intelligence Strategy, and in their respective IG offices.

**Lifetime Achievement Award:** Thomas Caulfield, Council of the Inspectors General on Integrity and Efficiency, and formerly with the National Reconnaissance Office’s Office of Inspector General (OIG). Recognized for his service to America as a Marine and federal civilian employee, including 20 years of service to the Intelligence Community as a dedicated professional to prevent, detect, and deter fraud, waste, and abuse in federal programs.

**Leadership Award:** Robert H., Central Intelligence Agency. Recognized for his exceptional contributions to evaluating national security programs and activities, and outstanding leadership on two special reviews requested by the CIA Director in a mission-critical area.

**Audit Award:** National Reconnaissance Office OIG Audit Team. Received the award for superior performance in the Audit of the Use of Federally Funded Research and Development Centers within the Select Directorate. The team displayed outstanding professionalism, collaboration, and management expertise, which resulted in new management controls and Congressional actions.

**Inspections Award:** Central Intelligence Agency OIG Inspections Team. Awarded for a high-quality report that identified five significant recommendations aimed at improving the CIA’s guidance and training on human rights. Senior agency managers immediately took steps to address the recommendations.

Thomas Caulfield (center) received the Lifetime Achievement Award during the IC IG Annual Awards Ceremony Oct. 28, 2015. He’s pictured with IC IG I. Charles McCullough, Ill (left) and Principal Deputy DNI Stephanie O’Sullivan. Photo by Eric Brown, ODNI.
Investigations Award: “USD(I) Evaluations” and “Evaluations of Alternative Compensatory Control Measures” Team, Department of Defense. Recognized for their three-year comprehensive look at a highly classified, extremely complicated, and intricately woven multi-million dollar program, and for alerting DoD and Congressional decision makers of findings and recommending changes to enhance OSD oversight and improve national security.

Collaboration Award: Force Protection Detachment Team, Department of Defense and Defense Intelligence Agency. Honored for ensuring that a geographically dispersed program, with multiple stakeholders, policies, and Memoranda of Understanding, is more streamlined and standardized. The team’s recommendations directly impacted the authority, direction, and control of the programs, management, training requirements, and standardization for force protection operations.

IC IG Annual Conference

IC IG hosted the Annual IC Inspectors General Conference on March 31, 2016. This was IC IG’s largest conference to date with more than 500 registered attendees from 13 IC agencies and 20 non-intel federal agencies. Retired U.S. Air Force General Michael Hayden, former CIA and NSA director, provided the keynote address.

Plenary sessions included an IG panel with participants from CIA, DIA, DoD, NGA, State, and Treasury; and a congressional panel with staff from the intelligence oversight committees. Other sessions covered whistleblowing, fraud, cybersecurity, investigations, and the Hatch Act.

Committee Updates

The IC IG Forum established an Information Technology Committee this reporting period. Its purpose is to identify commonly used Inspectors General analytical and managerial programs, and migrate them to the IC cloud infrastructure.

The committee is pursuing two major goals. The first is to identify analytical tools for cloud migration, and the second is to execute a pathfinder project migrating an investigative case management system to the cloud.

Audit

The Audit Committee met to discuss FY 2016 project plans and ongoing work. The group focused on updates to the Federal Information Security Modernization Act; as well as approaches to responding to both the Digital Accountability and Transparency Act of 2014 and Cybersecurity Act of 2015 reporting requirements.

The committee hosted guest speakers from Intelligence Community Information Technology Enterprise’s (IC ITE) Applications Mall and Security Coordination Center to provide an overview of the services and progress made delivering these capabilities to the IC. This was relevant to the group because of the IC-wide audit that the IC IG is leading on the transition to the IC cloud.

The committee also invited representatives from the Intelligence Learning Network and the CIGIE Training Institute to discuss training opportunities for audit staff.

Counsels

The Counsels Committee met several times during the reporting period to discuss matters raised by the IC IG Forum members.

Among these, the committee is reviewing proposals to update procedures for IC whistleblowers to request a three-IG External Review Panel (ERP) review pursuant to Presidential Policy Directive 19 (PPD-19), Section C. The IC IG requested the Counsels Committee review these procedures in light of statutory amendments and IC policy changes to the PPD-19 review structure. The committee will continue to collaborate so these procedures can be incorporated into the PPD-19 review policies of departments and agencies outside the IC. These efforts will ensure that the ERP procedures are current and comply with statutory and policy requirements.
Inspections

Members shared plans to participate in peer reviews during fiscal years 2016-2018. Such reviews will soon be mandated by CIGIE on a three-year-cycle. The IC IG Forum Peer Review Program was established in FY 2014 involving CIA, DIA, IC IG, NGA, NRO, and NSA, and has provided the IC OIG inspection community with a head start in learning how to get the maximum benefit from partner reviews.

The committee was also involved in establishing the aforementioned new IT committee. IC IG Inspectors are chairing the committee and are currently working on an IC-wide survey for an IT baseline.

The committee also hosted a Senior Associate General Counsel from ODNI to discuss a proposed common framework for Executive Order 12333 procedures for the collection, retention, and dissemination of information concerning U.S. persons—a topic germane to members conducting oversight of both intelligence and counterintelligence-related activities.

In addition, subject matter experts from the National Counterintelligence and Security Center discussed oversight considerations with the committee regarding insider threat, continuous evaluation, and personnel security programs. It is important to keep up with those topics as many members conduct oversight of such programs for their effectiveness and compliance with applicable laws, policies, directives, and Executive Orders.

Investigations

The Investigations Committee put an emphasis on community integration this reporting period. The AIGs for Investigation improved community-wide investigations and security coordination, resulting in consistent IC-wide actions on security suspensions and revocations; enhancing protections afforded to IC personnel; programs; and resources. This process improvement will be reinforced in the coming year to help institutionalize best practices.

Committee members also came together for a community-centric session at the IC IG Annual Conference in March. Department of Justice Public Integrity Prosecutors led an interactive session updating investigators on revised DOJ policies. Contemporary Legal Issues for IG Investigations previewed key changes in legal guidance to investigators, permitting the IC to be well-postured to make adjustments necessary to ensure successful investigative or prosecutorial outcomes.

Management & Administration

The Management & Administration Committee focused on three cross-IC areas during this reporting period: whistleblowing training, the IC IG Forum IT Committee, and conferences.

The Executive Director for IC Whistleblowing and Source Protection briefed the group on statutory requirements to train employees on their whistleblowing rights and responsibilities. He also discussed how this legislation impacts those in OIG management and administration roles, and offered recommendations for delivering this training using established resources.

The group also received an update on the standup of the IC IG Forum IT Committee, which should provide opportunities to increase efficiencies in IG applications, operations, and maintenance.

Finally, the committee focused on preparations for and execution of the 2016 IC IG Annual Conference, which was held March 31, 2016 at the NGA headquarters in Virginia. They also discussed the upcoming International Review Agencies Conference that is scheduled for Sept. 25-28, 2016 at the Ronald Reagan Building and International Trade Center in Washington, D.C.
IC Whistleblowing and Source Protection

The IC Whistleblowing & Source Protection (ICW&SP) Program is in its third operating year and finished its stand-up period. This was marked by close out of the first requests for external review under the President and the DNI’s 2012 IC whistleblowing initiative.

The program increased outreach, training and operations activity, meeting ICW&SP’s goal to reach 50 percent of FY 2015’s metrics.

Outreach

The outreach function is distinct from the training component because it is directed not at those executing the IC whistleblowing mission, but those who use the program. These good governance and civil society stakeholders are typically potential whistleblowers and appellants; the leadership of IC elements relying on disclosures of wrongdoing; and the opinion leaders and enablers who either inform or assist potential whistleblowers and appellants.

ICW&SP provided subject-matter expertise to ODNI to create their IC Whistleblowing web-based training. This training has been available for ODNI and CIA management’s use to train IC personnel since January 2015, and has been available for the Defense Intelligence Components since the summer of 2015. The first annual completion date for ODNI personnel was Dec. 31, 2015.

Site Visits

To aid local agencies in meeting their Section D PPD-19 requirement, ICW&SP continued its quarterly visits to IC offices outside the Washington Metropolitan “beltway” area. These visits typically included briefings with senior leadership, enabling local offices, and contracting officials.

By reaching one of these facilities each quarter of the fiscal year, IC IG coaches local agencies to move forward with PPD-19 and ICD-120 execution. Selected sites for the first half of FY 2016 were the IC elements and some Joint Reserve Intelligence Centers at Buckley Air Force Base, Colorado; San Diego, California; Los Alamitos, California; and Rome, New York.

Training

The training component of ICW&SP comprises forms of instruction that do not offend an inspector general’s obligation to remain independent of agency management. While IGs may provide subject-matter expertise for a variety of training topics, they can not execute training plans that they may, in the future, inspect.

ICW&SP’s training component is focused on those IC and Executive Branch personnel responsible for implementing PPD-19 and ICD-120.
ICW&SP provided training to the IC IG Forum and DIA senior leaders on their regulatory obligations under PPD-19, ICD 120, and the President’s National Action Plan 3.0.

ICW&SP also conducted a training session at the IC IG Annual Conference, as well as the CIGIE refresher course for special agents.

ICW&SP continues to serve as the IC liaison to CIGIE’s Whistleblower Protection Ombuds working group, which helps reach executive branch agencies falling under Part B of PPD-19.

This reporting period also included briefings to the Intelligence Community Training Council and the Department of Health and Human Services security leadership. ICW&SP continued to support the White House’s transparency National Action Plan 3.0 process, and provided subject matter expertise for the National Intelligence University’s Leadership & Management Course about the IG’s role in Executive-Legislative branch affairs.

Congressional Disclosures
ICW&SP processed seven disclosures this reporting period and some were considered of “urgent concern.” The IC IG typically forwards the disclosures to the committees of jurisdiction according to the statute and refers allegations, when able, to federal entities in a position to address the alleged wrongdoing.

PPD-19 Reviews
FY 2016 has seen a decided increase with respect to processing requests for external review. The adjacent illustration details the total requests for external review from FY 2014 to date.

Operations
ICW&SP’s operations fall into two categories:

1. Promoting and facilitating lawful disclosures to the Congress through the Intelligence Community Whistleblower Protection Act (ICWPA), and
2. Processing requests for external review of PPD-19 whistleblower reprisal investigations conducted by the local agency inspectors general of the Executive Branch.
## Recommendations Summary

<table>
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<th>Report Name</th>
<th>Issued</th>
<th>Total Recs</th>
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<th>Closed This Period</th>
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*The list of open recommendations and ones closed this period is in the classified annex.*
THE AUDIT DIVISION conducts performance and financial audits and IC-wide projects related to information technology, procurement, acquisitions, internal controls, financial statements, and financial management.

Completed Audits


FISMA requires an annual independent evaluation of federal agencies’ information security program and practices, and the IC IG performed this evaluation for ODNI. Audit assessed the information security program’s effectiveness and status for ODNI’s internal operations, using the Department of Homeland Security’s FY 2015 IG FISMA metrics. Audit also followed up on open recommendations from the fiscal years 2012 and 2014 FISMA reports.

Audit found that ODNI established six of the ten information security program areas:

1. Continuous Monitoring
2. Configuration Management
3. Incident Response and Reporting
4. Risk Management
5. Plan of Action and Milestones
6. Contractor Systems

For the remaining program areas:

- ODNI leveraged another element’s established information security program area for Identity and Access Management and Security Training.
- Remote access is not allowed and therefore the ODNI is not required to have an established Remote Access program.
- ODNI continued to develop a Contingency Planning program.

ODNI took action to close one recommendation from the FY 2014 FISMA report, which sought to raise awareness and improve the authorization process for ODNI systems.

FISMA recommendations are detailed in the classified annex of this report.


The Federal Information Security Modernization Act of 2002, as amended, requires federal agencies to establish security measures for information systems that support their operations and to report annually on those measures. FISMA also requires that the agency OIG or independent external auditor perform an annual independent evaluation of the information security programs.

Audit consolidated and summarized the results of 11 IC OIG reports from the FY 2015 evaluations. For six of ten information system program areas, Audit found that more than half of IC elements’ established programs complied with FISMA requirements and relevant authoritative guidance. However, IC OIGs also reported deficiencies in many of the program areas.
and identified 58 accompanying recommendations. OIGs collectively reported 132 open FISMA recommendations, which included those issued in prior years that were not closed.

**Ongoing Audits**

**AUD-2015-005: Audit of the FBI’s Compliance with the ODNI National Intelligence Program (NIP) Guidelines for Reprogramming and Transfer Actions of Funds for FY 14**

In FY 2013, the congressional intelligence committees directed the IC IG to conduct a review of the FBI's National Intelligence Program budget reprogramming authorities and execution processes.

This audit was limited to a review of FBI NIP reprogramming and transfer actions for FY 2014 to determine compliance with new ODNI NIP reprogramming guidelines.

*This report will be issued during FY 2016.*

**AUD-2015-006: Transition to the Intelligence Community Cloud Audit**

The DNI, along with Intelligence Community leadership, determined that establishing common information technology architecture across the IC could advance intelligence integration, information sharing, and enhance security while creating efficiencies. This common information technology architecture is known as the Intelligence Community Information Technology Enterprise (IC ITE).

One key component of IC ITE establishes sharing data, systems, and applications across the IC through a cloud-based architecture known as the IC Cloud. Transitioning to IC ITE’s cloud environment is fundamental to achieving the initiative’s overarching goals; however, systems working together in a cloud environment create potential security concerns. In particular, information system security risks or vulnerabilities to one IC element operating within IC ITE may put all IC elements at risk.

A joint IG survey of ten IC elements suggested there may be differing interpretations of policies and requirements, or the IC elements are not fully aware of their responsibilities for transitioning to the IC Cloud. These observations prompted the IC IG to initiate an audit that:

- Assesses how the IC elements are planning to transition to the IC ITE Cloud environment;
- Determines IC elements’ progress in implementing cloud transition plans; and,
- Compares how IC elements are applying the risk management framework to obtain authorizations to operate on the IC Cloud.

The audit team has held initial meetings with the 17 IC elements and completed the necessary audit planning work.

*The report will be issued in FY 2017.*
AUD-2016-001: Assessment of the ODNI FY 15 Charge Card Program

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) requires the IGs of each executive agency to conduct periodic risk assessments of agency purchase card or convenience check programs to identify and analyze the risks of illegal, improper, or erroneous purchases and payments. IGs are to use the results of the risk assessments to determine the scope, frequency, and number of periodic audits of these programs.

Audit completed fieldwork for the assessment of the ODNI FY 2015 Charge Card Program in 2nd Quarter, FY 2016. Its audit recommendation status report to Office of Management and Budget was issued Jan. 7, 2016 stating there were no outstanding audit recommendations pertaining to the ODNI purchase and travel card program.

The report with assessment results will be issued in FY 2016.

AUD-2016-002: ODNI’s FY 15 Compliance with the Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012

IPERIA requires each executive agency undergo an annual IG compliance review. In accordance with the Office of Management and Budget’s three-year risk assessment cycle for low-risk programs, the ODNI was not required to and did not conduct a risk assessment for the low-risk programs it identified in FY 2013. Therefore, the evaluation and basis for compliance was limited to the IPERIA related information published in ODNI’s FY 2015 Agency Financial Report.

During fieldwork, Audit reviewed the corporate functions controls testing that ODNI leveraged to assess improper payment controls, as well as the contract invoice audit process ODNI used to determine the cost-benefit decision for a Recapture Audit in FY 2015.

The compliance memo will be issued by the May 2016 due date.
INspeCTIONS & eVALUATIONS
Completed Reviews

**INS-2015-006: Inspection: Office of the Program Manager-Information Sharing Environment (PM-ISE)**

PM-ISE’s mission is to advance responsible information sharing to further counterterrorism, homeland security, and cybersecurity missions; improve nationwide decision making by transforming from information ownership to stewardship; and promote partnerships across federal, state, local, and tribal governments, the private sector, and internationally. This inspection focused on resource management as well as management effectiveness, mission performance, and enterprise oversight. IC IG last inspected the PM-ISE office in 2013. Additional details of this report are in the classified annex.

**INS-2016-002: Inspection: Public Affairs Office (PAO)**

PAO serves as ODNI’s lead organization for all internal and external strategic communications. It develops communications strategies to help disseminate key messages to four principal target audiences - the internal workforce, members of the media, the public, and other interested external stakeholders. PAO acts as the “front door” for individual, public, and media requests; maintains and operates content for the ODNI websites; and facilitates all public responses and appearances of the ODNI leadership. This inspection addressed four primary areas within PAO: management effectiveness, mission performance, resource management, and enterprise oversight. Additional details of this report are in the classified annex.

Ongoing Reviews

**INS-2015-005: Joint Evaluation of Field-Based Information Sharing Entities**

Together with OIG partners at the Departments of Homeland Security and Justice, IC IG is evaluating federally supported entities engaged in field-based domestic counterterrorism; homeland security; and information sharing activities in conjunction with state, tribal, and local law enforcement agencies. The review is in response to a request from Senate committees on Judiciary, Homeland Security and Governmental Affairs, and Intelligence. This report will be issued during FY 2016.
**INS-2016-001: Evaluation of IC Compliance with Foreign Employment Reporting Requirement**

I&E is evaluating seven Intelligence Community agencies’ compliance with a relatively new reporting requirement regarding post IC employment for IC government staff. The National Security Act of 1947, as amended, requires the heads of each IC element to issue regulations that require employees in certain positions to report employment by foreign countries and entities.

*This report will be issued during FY 2016.*

**INS-2016-003: Assessment of Foreign Intelligence Surveillance Act Title V Information**

I&E is evaluating the manner in which foreign intelligence information was acquired under Title V of the Foreign Intelligence Surveillance Act of 1978 (FISA) during the period January 2012 through December 2014. This review will assess how the IC collected, retained, analyzed, and disseminated FISA information, as required by section 106A of the USA PATRIOT Improvement and Reauthorization Act of 2005, as amended by section 108 of the USA Freedom Act of 2015.

*This report will be issued during FY 2017.*

**INS-2016-004: Inspection: ODNI Mission Support Division**

I&E recently launched an inspection of the Mission Support Division, which is the division responsible for ODNI's support functions including human resources, information technology, security, counterintelligence, facilities, and emergency management activity.

*This report will be issued during FY 2016.*

**INS-2016-005: Evaluation of ODNI’s Progress Under the Reducing Over-Classification Act**

As follow up to the IC IG’s Evaluation of ODNI Under the Reducing Over-Classification Act published on Dec. 31, 2014, the I&E Division is assessing ODNI’s progress to address policies, procedures, rules, regulations, or management practices that may contribute to persistent misclassification of material. This was directed under the Reducing Over-Classification Act, Public Law 111-258 (Oct. 7, 2010).

*This report will be issued during FY 2016.*
INVESTIGATIONS
The Investigations Division (INV) focused its efforts on cross-IC fraud matters, working jointly with the FBI, IC Offices of Inspectors General, Defense Criminal Investigative Service, Air Force Office of Special Investigations, and other federal investigative agencies, as well as the DOJ Public Integrity Section and the Eastern District of Virginia. This collaboration strengthens INV’s working relationships with these agencies, and serves to advance the mission to detect, deter, and prosecute fraud and public corruption within the IC.

INV began dedicated outreach to the community by developing and delivering a series of briefings designed to educate contracting officers and their technical representatives on how to identify and report fraud indicators. The next phase of outreach will be a series of workforce briefs about reporting public corruption and fraud to the IC IG.

**Recovery**

**INV-2011-0021: Labor Mischarging**

A labor mischarging investigation substantiated that a contract employee billed the U.S. government for services not performed under the contract. The matter was declined for prosecution and INV referred the matter to ODNI senior management resulting in a $206,000 recovery.

**Select Completed Investigations**

- **INV-2014-0013: Reprisal**
- **INV-2015-0002: Misconduct**
- **INV-2015-0003: Labor Mischarging**

Additional details are in the classified annex.

**IC IG Hotline**

The hotline and intake processes provide confidential means for IC employees, contractors, and the public to report fraud, waste, and abuse. This process includes secure and commercial phone numbers, U.S. mail, anonymous secure web application submissions, and walk-ins. IC IG logged 142 hotline contacts - 54 internal and 88 external - this reporting period.

**Conference Reporting**

ODNI is required to report all conferences it funds with $20,000-$100,000 within 15 days of the date of the conference to IC IG. Between Oct. 1, 2015 and March 31, 2016, ODNI reported 25 conferences meeting this criteria.

Additional details are in the classified annex.
COUNSEL
IC IG COUNSEL provides independent, objective, and confidential legal advice on a variety of legal and policy issues that affect the IC IG mission. Counsel manages four main portfolios: legal and policy reviews, legislative reviews, ethics reviews, and Congressional engagements.

Legal and Policy Reviews

During this reporting period, the General Counsel (GC) continued outreach to IC IG staff, ODNI components, and fellow IC IG Counsels to ensure IG equities and statutory requirements were fully incorporated into policy guidance. The GC also worked closely with the IC IG Executive Director for Whistleblowing and Source Protection to ensure whistleblower education and outreach was appropriate and consistent with the latest legal and policy developments.

The GC also worked with the IC IG Management and Administration Division to develop guidance for IC IG records management, Freedom of Information Act (FOIA) best practices, and safeguarding information protected by the Privacy Act. These efforts will improve the IC IG’s streamlined oversight structure, as well as build in transparency, which is especially difficult given the classified nature of the IC IG’s oversight mission.

Legislative Reviews

The IC IG has statutory obligations to recommend legislation promoting economy, efficiency, and effectiveness in the administration and implementation of programs and activities within the responsibility and authority of the DNI. During this reporting period, the GC’s office closely tracked and reviewed the Intelligence Authorization Act for FY 2016, the Inspector General Empowerment Act of 2015, the Cybersecurity Information Sharing Act of 2015, and several bills designed to enhance and extend whistleblower protections within the IC. The GC continues to engage with appropriate committees and other IG Counsels as these and other relevant bills progress through the 114th Congress.

Ethics

During this reporting period, the GC, as the Deputy Designated Agency Ethics Official, ensured that designated IC IG employees were compliant with required financial disclosure reporting. The GC worked with employees to ensure that they understood reporting obligations; obtained answers to pertinent questions; and coordinated with the ODNI Ethics Officials on reporting deadlines and ethics training opportunities. Because of this coordination, all designated IC IG employees met the deadline for filing the calendar year 2015 confidential financial disclosure report.

In addition to financial reporting, the GC received several inquiries about identifying partisan political activities in the workplace, which if substantiated, would violate the Hatch Act. Given the heightened political season, the GC invited the Office of Special Counsel (OSC) to brief the Hatch Act rules at the Annual IC IG Conference on March 31, 2016.

The OSC briefing was well received as it provided the IG community with insights on potential Hatch Act violations. The Hatch Act authorizes the OSC to investigate partisan political activities by federal...
employees. The Chief of the Hatch Act Unit at OSC provided detailed overviews of what political activities are or are not permissible at a federal work place; additional rules for further restricted federal employees; limitations for presidentially-appointed and Senate-confirmed officials; and best practices for federal employees using social media as an outlet for political awareness.

### Congressional Engagements

The IC IG has a statutory obligation to ensure the congressional intelligence oversight committees are informed of significant problems and deficiencies within the programs and activities of the DNI, pursuant to section 103H of the National Security Act of 1947, as amended.

During this reporting period the IC IG briefed the intelligence oversight committees on several matters to include a recently completed investigation related to whistleblower allegations made by an IC employee, a recently completed audit survey related to IC ITE, and IC agency rotational policies that impact IG personnel.

In addition, IC IG continues to follow-up with State OIG on the previous recommendations made to improve the FOIA review process.

#### IC Whistleblower Protection Act

IC IG submitted seven disclosures to the Senate and House Intelligence Oversight Committees. In addition, the IC IG Counsels worked with the committees to educate them on the Intelligence Community Whistleblower Protection Act procedures and the IG process for reviewing employee complaints of urgent concern.

The GC’s office supported the Executive Director for Whistleblowing and Source Protection by coordinating several congressional staff briefings on specific ICWPA disclosures, to include briefings with whistleblowers.

*Numbers reflect this reporting period only.*
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