

DEFENSE INTELLIGENCE AGENCY



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Office of the Inspector General

Semiannual Report to Congress

October 1, 2017–March 31, 2018

**Defense Intelligence Agency
Office of the Inspector General
Semiannual Report to Congress
3rd and 4th Quarters, FY 2017**

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DEFENSE INTELLIGENCE AGENCY

WASHINGTON, D.C. 20340-5100



Message from the Inspector General

I am pleased to present the Defense Intelligence Agency (DIA) Office of the Inspector General (OIG) semiannual report (SAR) to the U.S. Congress for the reporting period October 1, 2017, through March 31, 2018. This summary of accomplishments is reported in accordance with the Inspector General Act of 1978, as amended.

Within this rating period, our auditors, inspectors, and investigators continued to detect and deter fraud, waste, and abuse and protect the integrity and effectiveness of DIA programs. Audit highlights include the completion of the Fiscal Year 2017 Financial Statement Audit with a “disclaimer of opinion”; an audit of the Managers’ Internal Control Program with seven recommendations to improve program oversight, reporting, and internal controls; and an audit of the Government Purchase Card (GPC) program that found an estimated \$5.3 million of GPC purchases that were not appropriate, authorized, or accounted for due to lack of oversight and controls, whereby nine recommendations were issued. Inspections highlights include an evaluation of the National Media Exploitation Center with two recommendations related to implementing guidance and business processes, and an evaluation of DIA Management of the Defense Human Intelligence Enterprise, which resulted in three recommendations to improve integration. Our Audits and Inspections teams worked with DIA management to close 19 recommendations and are actively working ten announced audits and inspections, one of which includes an out-of-cycle evaluation of the DIA Whistleblower program. Our Investigations Division opened 33 cases, closed 46 cases, and has 72 ongoing investigations.

This rating period we established a data analytics working group to take advantage of the various data sets used by DIA to be more targeted in our oversight efforts. Our initial work includes analytics based on one of the themes from our current annual plan and establishing governance practices to ensure reliability and sustainability of our efforts. The long-term goals of this initiative are to enhance our annual planning process, increase our ability to detect potential fraud, and augment our audits and inspections processes.

In closing, I thank our OIG team members for contributing to the work contained in this report, and continue to recognize the collaboration and support of DIA managers at all levels, without which we would not be able to perform our mission in a timely, independent, and objective manner. Finally, I thank Congress and the DIA Director for their enduring commitment to supporting the important work of our office.

This report and the annex are posted on the Joint Worldwide Intelligence Communications System at <https://www.dia.ic.gov/admin/IG/> and on the Secret Internet Protocol Router Network at <http://www.dia.smil.mil/admin/IG/>. A copy can also be found on the Internet through <http://www.dia.mil/About/Office-of-the-Inspector-General/> and <http://www.oversight.gov>.

Kristi M. Washull
Inspector General



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¹ The Annex contains caveated and classified information, and therefore provided under separate cover.

About the DIA Office of the Inspector General



The Office of the Inspector General (OIG), established by the Inspector General Act of 1978, as amended, is an independent office of DIA. Our impartial oversight of DIA promotes the economy and efficiency of Agency programs and operations and compliance with statutory and regulatory guidance. Our activities are guided by our mission, vision, and values.

Our Mission

Conduct independent, objective, and timely oversight across the DIA Enterprise to: promote economy and efficiency; detect and deter fraud, waste, abuse, and mismanagement; and inform DIA and Congress.

Our Vision

An inclusive and dynamic team of professionals that is a catalyst for accountability and positive change, compelling a more unified, adaptive, relevant, and agile DIA Enterprise.

Our Values

- *Teamwork:* Collaboratively partner internally and across organizational boundaries to achieve common goals.
- *Integrity:* Courageously adhere to the highest ethical principles and honor confidentiality, objectivity, and trustworthiness.
- *Excellence:* Provide the highest quality products and customer service.
- *Accountability:* Steadfastly commit to deliver solutions that meet the highest standards.
- *Initiative:* Insightfully solve challenges and organize priorities.

OIG Organization

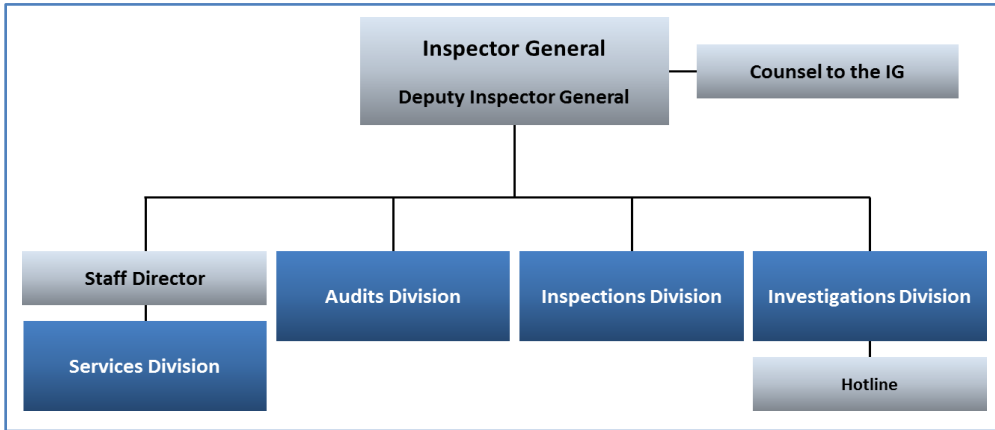


Figure 1: OIG Organization

Audits

The Audits Division is responsible for conducting audits and attestations on all aspects of DIA operations, resulting in recommendations that reduce costs, improve operational efficiency and effectiveness, strengthen internal controls, and achieve compliance with laws, regulations, and policy. It is also responsible for conducting the annual independent audit of the Agency’s financial statements. All audits and attestations are conducted in accordance with standards established by the Comptroller General of the United States.

Inspections

The Inspections Division is responsible for evaluating the efficiency and effectiveness of DIA organizations, programs, and functions by conducting in-depth reviews across the Agency that examine and assess processes, procedures, internal controls, performance measures, compliance with regulatory and policy guidance, interrelationships, and customer satisfaction. Evaluation methods may include comparative analysis and benchmarking against the Intelligence Community, public or private sector, and academia.

Investigations

The Investigations Division is responsible for conducting proactive and reactive administrative and criminal investigations. Its primary objectives are to detect, deter, and report fraud, waste, and abuse within DIA; facilitate criminal prosecution or management-directed disciplinary action against employees when allegations are substantiated; and identify and report internal control weaknesses that could render DIA programs and systems vulnerable to exploitation. The Investigations Division, in coordination with the DIA Office of the General Counsel (via the Counsel to the Inspector General) and the DIA Director of Oversight and Compliance, also investigates reports of questionable intelligence activity, as defined by Executive Order 12333, United States Intelligence Activities, as amended.

Hotline Program

The OIG Hotline Program is a confidential and reliable means for DIA employees and the public to report fraud, waste, mismanagement, and abuse of authority within DIA. The program's primary role is to receive and evaluate concerns and complaints and to determine the agency or responsible element best suited to take appropriate action.

Services

The Services Division is responsible for managing all administrative programs and services directly supporting OIG. The Services Division enables useful audit, inspection, and investigation activities and facilitates timely production of intelligence management and oversight products for DIA senior leaders and congressional overseers. The division is also responsible for quality assurance and empowers OIG compliance with applicable statutes, regulations, and professional standards. The division's functions include, but are not limited to, manpower, budget, records management, correspondence, Freedom of Information Act and Privacy Act responses, security, planning, training, and information systems.

Statutory Reporting

Reports to the Director of Refusal to Provide Information

Section 5(a)(5) of the Inspector General (IG) Act of 1978 requires IGs to promptly report to the head of the establishment if information requested is unreasonably refused or not provided. No such reports were needed or made during this reporting period.

Reports Previously Issued That Lacked Management Comment Within 60 Days

Section 5(a)(10)(B) of the IG Act of 1978, as amended by the IG Empowerment Act, requires IGs to provide a summary of each audit, inspection, and evaluation report issued prior to the current reporting period for which no establishment comment was returned within 60 days of delivery of the report. In May 2017, we issued our draft audit report on DIA's Indefinite-Delivery/Indefinite-Quantity Contracts and received comments 65 days after delivery. This report identified issues with monitoring the timeliness of contract awards, and disclosed \$4.77 million in potential monetary benefits. We published the final report in August 2017. At the time, this commenting timeframe was not significantly longer than that of other reports sent to the Chief Financial Officer. All other issued reports generated establishment comment within 60 days of delivery.

Significant Revised Management Decisions

Section 5(a)(11) of the IG Act of 1978 requires IGs to describe and explain the reasons for any significant revised management decisions made during the reporting period. We are not aware of revisions to any significant management decisions during this reporting period.

Significant Management Decisions With Which the IG Disagrees

Section 5(a)(12) of the IG Act of 1978 requires IGs to provide information concerning any significant management decisions with which they disagree. During this reporting period, there were no instances in which the IG disagreed with significant management decisions.

Federal Financial Management Improvement Act of 1996

Section 5(a)(13) of the IG Act of 1978 requires IGs to provide information described under section 804(b) of the Federal Financial Management Improvement Act of 1996. This information involves the instances and reasons when an agency has not met target dates within its remediation plan to bring financial management systems into compliance with the law. DIA has developed and implemented remediation plans to address areas of noncompliance for financial management systems and has not missed any of its remediation plan target dates.

Attempts to Interfere With the IG's Independence

Section 5(a)(21) of the IG Act of 1978, as amended by the IG Empowerment Act, requires IGs to provide detailed descriptions of any attempts by their establishments to interfere with their independence. We did not experience any attempts to interfere with our office's independence during this reporting period.

Public Disclosure

Section 5(a)(22) of the IG Act of 1978, as amended by the IG Empowerment Act, requires IGs to provide detailed descriptions of inspections, evaluations, audits, and investigations involving senior Government employees that were closed during the reporting period without being publicly disclosed. Summaries of all such work are included in the appropriate sections of this report.

Peer Reviews

Sections 5(a)(14–16) of the IG Act require IGs to report information about peer reviews that their offices have conducted or been subject to. The National Geospatial-Intelligence Agency (NGA) OIG conducted a peer-review of our Inspections Division covering the period of February 2016–September 2017. The NGA OIG peer review team found that DIA OIG Inspections Division's procedures and implementation were consistent with Council of the Inspectors General on Integrity and Efficiency standards, and made no recommendations.

DIA Conference Reporting

(U) Section 3003 of the Consolidated and Further Appropriations Act of 2013 requires the heads of executive branch organizations to provide certain details to the IG regarding the organization's involvement in conferences. The table below represents DIA's reported conference costs with totals that exceed the reporting threshold of \$20,000. Most reported costs are estimates. DIA continues to refine governance procedures to more reliably report actual costs within required timeframes. We have not verified the accuracy or completeness of the data reported below.

Table is Unclassified

Conference Name	Type	Estimated Cost	Actual Cost
DIA Activity Enterprise Working Group	DIA jointly-hosted	\$ 175,992	Pending
IC Center for Academic Excellence Annual Meeting and Professional Development Workshop	DIA-hosted	\$ 54,828	Pending
DIA Activity Management Workshop	DIA-hosted	\$ 41,078	Pending
CIO Managers Retreat at Warrenton	DIA-hosted	\$ 30,665	\$ 27,025
DIA Activity Ambition	DIA-hosted	\$ 29,717	Pending
2017 Amazon Web Services (AWS) re:Invent Symposium	Non-DoD-hosted	\$ 24,536	\$ 27,053
MASIE—Learning 2017	Non-DoD-hosted	\$ 22,542	Pending
Total Estimated Costs		\$ 379,358	

Summary of Legislative and Regulatory Review

Section 4(a) of the IG Act of 1978 requires IGs to review existing and proposed legislation and regulations relating to the programs and operations of their respective organizations. Our reviews include legislation, executive orders, memorandums, directives, and other issuances. The primary purpose of our reviews is to assess the impact of proposed legislation or regulations on the economy and efficiency of programs and operations administered or financed by DIA, or the potential for fraud and abuse in these programs. During the reporting period, we reviewed proposed changes to the following:

Description	Number Reviewed
Legislation	12
Department of Defense Issuances	39
Defense Intelligence Agency Issuances	14
Office of the Director of National Intelligence Issuances	6
Executive Orders	1

Summary of Audit Activity



Audit of DIA's Government Purchase Card Program, Project 2016-1006

Our objective was to determine whether DIA's Government Purchase Card (GPC) transactions were appropriate, authorized, and accounted for. We reviewed a statistical sample of FY 2016 GPC transactions and estimated the results, when possible, to a population of approximately \$15.0 million, which was about 89 percent of DIA's GPC spending during FY 2016.

We found that an estimated \$5.3 million of DIA's GPC purchases were not appropriate, authorized, or accounted for. The issues included transactions without approved purchase requests, split purchases, purchases of restricted items without waivers, and sensitive items not recorded in inventory records. Cardholders and approving officials also circumvented contracting requirements for \$0.4 million of \$1.6 million in purchases that required price competition.

By improving program oversight and accountability, DIA could better prevent and detect fraud, waste, abuse, and other violations that may result from improper GPC purchases. Additionally, DIA could save money on GPC purchases by pursuing price competition when required by contracting regulations.

The Chief Financial Officer agreed with all nine of our recommendations. Our final report was issued on December 18, 2017.

Audit of DIA's Managers' Internal Control Program, Project 2017-1001

Our objective was to determine whether DIA designed and implemented a Managers' Internal Control Program (MICP) process that produced complete and reliable reporting on the effectiveness of internal controls. We found that in FY 2016, DIA did not support the levels of assurance in its Statement of Assurance with complete and reliable information. For example, DIA reported unmodified assurance for nonfinancial operations, but 35 percent of its nonfinancial operations were not covered by supporting documentation. Also, DIA reported

modified assurance for financial reporting and financial systems despite not reviewing several key financial processes and without reviewing any internal financial systems. As a result, DIA did not report four out of five material weaknesses in internal controls over key processes and systems until external auditors identified the issues. Further, DIA accepted unknown risks because the processes and functions it relies on to accomplish its mission are not consistently monitored or evaluated.

Improvements in corporate governance and execution of the MICP process could:

- shorten DIA’s timeline toward obtaining a “clean” financial statement audit opinion and decrease the Agency’s workload supporting the audit, and
- increase DIA’s ability to identify and timely resolve gaps in operations, further enabling its mission.

The DIA Chief of Staff and Chief Financial Officer agreed with all seven of our recommendations. We transmitted the final report on December 18, 2017.

DIA’s FY 2017 Financial Statement Audit, Project 2017-1004

We engaged an independent public accounting (IPA) firm to audit DIA’s fiscal year (FY) 2017 financial statements. The IPA firm issued a disclaimer of opinion for FY 2017 because DIA could not confirm the existence, completeness, or accuracy of the financial statements. Specifically, DIA was unable to provide sufficient, appropriate audit evidence for, or make representations to, the facts and circumstances that support account balances and disclosures.

The IPA firm identified four material weaknesses and two significant deficiencies related to the following areas: access and configuration of information technology; financial reporting and oversight; property, plant, and equipment; accounting transaction documentation; controls over accounting data transfers; and oversight of third-party service providers. The IPA firm also found that DIA did not comply with Public Law 104-208, “Federal Financial Management Improvement Act of 1996.” We issued our final report on November 15, 2017.

DIA made progress in FY 2017. The IPA determined that one material weakness from prior years—controls over accounting data transfers—was a significant deficiency. DIA also remediated several FY 2016 findings and prepared corrective action plans to resolve modified issues and new issues identified by the IPA firm.

Additional Audit Efforts

We closed 11 of the 22 open recommendations listed in our last report and continue our close coordination with Agency management to develop corrective action plans for open audit recommendations. We engaged an IPA firm to audit DIA’s FY 2018 financial statements, and we continue our oversight efforts on that audit. In addition, we are conducting fieldwork for projects related to contract requirements, unliquidated obligations, and improper payments. We expect that the results of two of these efforts will appear in our next report.

Summary of Inspection Activity



Evaluation of the National Media Exploitation Center, Project 2017-2004

We evaluated the policies, processes, procedures, controls, and allocated resources of the National Media Exploitation Center (NMEC) to assess efficiency and effectiveness in prioritizing, processing, managing, and responding to requirements. We assessed that NMEC needed additional guidance from the Office of the Director of National Intelligence (ODNI) to enhance integration, improve its level of effort, prioritize requirements, and identify the roles of “partner organizations” specified by Intelligence Community Directive 302, “Document and Media Exploitation”, July 6, 2007. We also determined that the absence of ODNI implementing guidance through a Services of Common Concern (SoCC) Memorandum of Understanding (MOU), or equivalent, impacted the Center's efficiency and effectiveness. Management agreed with both recommendations. We issued our final report on December 21, 2017.

Evaluation of DIA Management of the Defense Human Intelligence Enterprise, Project 2017-2006

We evaluated DIA management of the Defense Human Intelligence (HUMINT) Enterprise. We assessed three areas for improvement, including increased emphasis on enterprise integration, the establishment and implementation of a common operating picture capability, and the need to update a key policy document. Management agreed with all three of our recommendations. We issued our final report on January 29, 2018.

Inspection of Personnel Accountability in Conjunction with Natural or Manmade Disasters, Project 2018-2001

We inspected the effectiveness of personnel accountability plans, procedures, reporting, and oversight of personnel accountability systems, including controls to monitor program compliance with Department of Defense (DoD) governance. We assessed that DIA personnel accountability policies and practices were effective for accounting for Agency civilian employees, assigned military members, and DoD-affiliated contractors in the event of a manmade or natural disaster. Additionally, we observed that the Agency successfully accounted for its personnel in affected

locations during 44 real-world personnel accountability events and two exercises in 2017. Management agreed with all three of our recommendations. Our final report was issued on February 28, 2018.

Additional Inspection Efforts

We coordinated closely with Agency management to close eight recommendations from prior inspections and evaluations. We continue to work with Agency managers on planned actions to satisfy other open recommendations. Also, our efforts to evaluate the Human Capital Services, Personnel Security, the Defense Intelligence Analysis Program, HUMINT Collection Operations Management, and Talent Management System, are ongoing. We also are conducting an out-of-cycle evaluation of the DIA Whistleblower Program. We expect the results of these evaluations to appear in our next report.

Summary of Investigations Activity



Investigative Activity Overview

Time and Attendance Fraud Investigations

During this reporting period, we completed 11 investigations regarding allegations of time and attendance fraud by DIA employees. We successfully substantiated ten of the cases, identifying \$78,951.83 in Government funds lost through fraudulent activities. The DIA Office of the Chief Financial Officer has recovered approximately \$44,112.58 of the above-identified funds, and recovery of the remaining identified funds is pending. We are also awaiting responses from responsible DIA management officials regarding disciplinary action.

Misuse of Government Resources Investigations

Through routine monitoring of Internet usage and network traffic, DIA's Chief Information Office identifies instances of users viewing inappropriate content of a sexual nature and notifies our office that they have occurred. During this reporting period, in two separate investigations, we substantiated that DIA civilian employees misused their Government computer systems to view such inappropriate content. We also referred four other reports of suspected misuse of Government computer systems to DIA management for action. We are presently awaiting responses regarding actions taken.

Reprisal Investigations

During this reporting period, we completed nine investigations involving allegations of reprisal made against 12 DIA personnel. We did not substantiate allegations in eight of the cases. However, in one case, we substantiated allegations of reprisal made by a former DIA Government employee against two supervisory DIA Government employees, one of which is a senior official.² Following our investigation, we recommended that DIA take the necessary actions to reinstate the former employee's DIA employment. A summary of this case is provided on page 18 of this report.

² The term "senior official" is used here, and subsequent references, to describe GG-15 and above personnel, as laid out in the IG Empowerment Act of 2016.

We also received a separate, non-whistleblower reprisal complaint from a DIA Government employee assigned to the DIA Academy for Defense Intelligence, who alleged that he had been the victim of retaliatory action made by both a non-DIA military general officer (U.S. Army O-8) and a DIA military officer (U.S. Army O-6) after he made an alleged protected communication to his supervisor regarding the inadequacies of training provided under the authority of the two senior military officers. Since one of the alleged subjects of the complaint was not assigned to DIA, we determined that this matter fell within the purview of the DoD OIG and referred the complaint to their Directorate for Investigation of Senior Officials.

Contractor Employee Misconduct

During this period, we investigated two allegations of contractor employee misconduct by DIA contractor employees. We substantiated both allegations, and in each case, the contractor was removed from the DIA contract and no longer employed with the Agency.

Abuse of Authority

During this period, we investigated three cases involving allegations of abuse of authority made against four DIA Government employees, three of whom are DIA senior officials. We substantiated an abuse of authority by a DIA senior official in two (of the three) investigations. In one of the two substantiated cases, we are presently awaiting DIA management response regarding actions taken against the DIA senior official. In the other substantiated case, the DIA senior official retired shortly after publication of our report, resulting in no action being taken.

Other Investigative Activities

During this period, we conducted four investigations related to the following allegations: ethics violation, procurement integrity, unauthorized personnel action, and conflict of interest. We substantiated allegations in the two cases involving ethics violation and unauthorized personnel action. Summaries of these cases are provided on pages 16–23 of this report.

Table: Investigations Case Summaries

DESCRIPTION	QUANTITY
Investigations ³	
Cases Opened in Reporting Period ⁴	33
Cases Closed in Reporting Period	46
Cases Still Open at End of Reporting Period	72
Investigation Reports Issued in Reporting Period	30
Referrals in Reporting Period (Number of Cases)	30
Referred to Management (Number of Cases)	30
Referred to Prosecutorial Authority (Number of Cases) ⁵	7
Number of Persons Referred to Department of Justice for Criminal Prosecution	7
Number of Persons Referred to State or Local Prosecuting Authorities for Criminal Prosecution (includes military authorities)	0
Total Number of Indictments and Criminal Informations Resulting from Prior Referral to Prosecuting Authorities	0

³ Description of Metrics: All metrics provided were developed as a result of reviewing all relevant individual cases (including those opened and closed during this reporting period), as well as cases remaining open at the end of the previous reporting period (April 1, 2017–September 30, 2017).

⁴ The total number of cases opened or closed in the reporting period and cases remaining open at the end of the reporting period include administrative and criminal cases.

⁵ This number reflects the number of cases that resulted in referrals to prosecutorial authorities. The information that follows addresses the number of individuals involved in those referrals.

Summaries of Published Investigative Reports

Abuse of Authority Investigation, Case 2016-5075-OI

We substantiated an allegation that a DIA civilian senior official abused his authority when he advised a DIA civilian employee against disclosing relevant information during a litigation proceeding. We concluded that the senior official had a duty to disclose recent policy changes, which were motivated by his advice, to the civilian employee's office prior to the litigation hearing. We did not substantiate any violation of Federal statute or regulation; therefore, this case was not referred to the Office of the Assistant U.S. Attorney (AUSA) for consideration of criminal prosecution. We suggested that DIA leadership review the senior official's actions in this matter and determine whether he failed to meet any ethical or professional standards of conduct and, if appropriate, take action. However, the senior official retired the day after our report of investigation was issued, resulting in no action being taken.

Time and Attendance Fraud and False Claims Investigation, Case 2016-5081-OI

We received an administrative report of investigation from the U.S. European Command (USEUCOM) OIG, regarding allegations against a DIA civilian employee of time and attendance fraud, improper receipt of living quarters allowance, and unauthorized claim of home leave. We determined that the DIA civilian employee made false statements and engaged in fraudulent and false claims to secure pay and allowances to which she was not entitled. We determined that the employee fraudulently prepared, signed, and submitted timesheets from December 28, 2014, to October 17, 2015, claiming a total of 250.39 regular work hours that she did not work, and between August 2014, and November 2015, falsely claimed 544 hours of home leave. The loss to the Government is estimated at \$12,501.47. We also determined that the employee was overpaid by \$11,361.15 in living quarters allowance, which she subsequently reimbursed the Government. Recoupment of funds and disciplinary action are pending.

Reprisal Investigation, Case 2017-5001-OI

We did not substantiate allegations of reprisal made by a DIA military enlisted member against two DIA military senior officials and a DIA military chief warrant officer. The enlisted member alleged that the three military senior officials retaliated against her after she filed a sexual harassment and gender discrimination complaint against the military chief warrant officer with the DIA Equal Opportunity and Diversity Office (EO). She stated that the three military senior officials were responsible for her receipt of a downgraded end-of-tour award and a lowered non-commissioned officer evaluation report (NCOER). We determined that the alleged downgraded award and NCOER were based on the enlisted member's conduct and were within management's authorities and discretion. The allegations of sexual harassment and gender discrimination were addressed separately by EO.

Conflict of Interest, Case 2017-5003-OI

We determined that no conflict of interest occurred for a DIA contractor employee who prepared price quotes and revised statements of work for individual task orders. Such tasks were considered required duties for the contractor employee, as a subject matter expert, and were specified within the Blanket Purchase Agreement State of Work. In a related matter, we also determined there was no conflict of interest involving a DIA civilian employee when the DIA contractor employee mistakenly identified the DIA civilian employee in the publicly available “U.S. Government System for Award Management” website as a “managing director” of a DIA contract company, instead of as the former DIA contracting officer’s representative.

Reprisal Investigation, Case 2017-5007-OI

We did not substantiate an allegation of reprisal made by a DIA civilian employee against a DIA civilian senior official. The employee alleged that the senior official improperly removed him from his supervisory duties after he sent an e-mail to the senior official requesting a meeting to express his concerns on a number of security-related matters. We determined that the e-mail allegedly containing a “protected communication” did not, in fact, report any violation of law or regulation, gross mismanagement, or threat to public safety that would actually constitute a protected communication. We also determined that no reprisal or prohibited personnel practices occurred, since Agency divisions can restructure based on the mission needs of the organization and in advancement of a legitimate Agency interest.

Reprisal Investigation, Case 2017-5014-OI

We did not substantiate allegations of reprisal made by a DIA civilian employee against DIA office leadership. The employee alleged that false allegations were made against him as a form of reprisal for reporting wrongdoings within security protocol processes, and that his overseas deployment was curtailed by his overseas chain-of-command. We determined that despite making a protected communication, there was insufficient evidence to conclude that the subsequent personnel action taken was a reprisal for the protected communication. We determined that the action would have occurred nonetheless as the employee was considered to be ill suited for the overseas work and was regarded as lacking the skills necessary to serve effectively. As a result, we determined that the actions were within management’s authorities and discretion.

Ethics Violation Investigation, Case 2017-5017-OI

We did not substantiate allegations of contract-related improprieties by a DIA contractor employee. We determined that, while serving earlier as a (former) DIA government employee, he violated title 5, Code of Federal Regulations, Part 2635 (5 C.F.R. § 2635), “The Standards of Ethical Conduct for Employees of the Executive Branch” when he used his (former) government office for private gain and participated in a contract action from which he should have been recused, creating the appearance that he was responsible for the contract action in which he later had a personal financial interest. Following review of our results, DIA Office of the Chief Financial Officer determined that they would take no further action in this case.

Time and Attendance Fraud Investigation, Case 2017-5021-OI

We substantiated allegations of false official statements, false claims, and theft of public funds by a DIA civilian employee. We determined that the employee fraudulently prepared, signed, and submitted timesheets from January 10, 2016, to January 10, 2017, claiming a total of 290.02 regular work hours that he did not work. The loss to the Government is estimated at \$10,910.00. As this represented a violation of Federal statute, this case was referred to the Office of the Assistant U.S. Attorney, who subsequently declined criminal prosecution. Recoupment of funds and disciplinary action are pending.

Reprisal Investigation, Case 2017-5023-OI

We substantiated allegations of reprisal made by a former DIA civilian employee who was assigned to the DIA Integrated Intelligence Center (IIC) against a DIA civilian employee, who was his immediate supervisor, and a DIA civilian senior official, who was his immediate supervisor's supervisor. Specifically, we determined that the two supervisory employees collected adverse information against the former employee in order to support their recommendations for termination. This was because of an earlier protected communication the former employee made to his division senior leadership regarding his immediate supervisor not routinely working a full 8-hour workday and criticizing both supervisors leadership.

As a result, we recommended that DIA take action to reinstate the former civilian employee with back pay and other related benefits as appropriate, review the appropriateness of the former employee's final rating of record, and determine if further administrative action is appropriate for the two DIA civilian supervisory employees. In addition, our investigation cited a management deficiency that, if addressed, could preclude the inadvertent inclusion of supervisory personnel, who are already associated with a complaint, as a part of an official grievance process. We did not substantiate any violation of Federal statute or regulation, therefore this case was not referred to the Office of the Assistant U.S Attorney for consideration of criminal prosecution. All recommendations and disciplinary action(s) are pending.

Reprisal Investigation, Case 2017-5024-OI

We did not substantiate allegations of reprisal made by a DIA civilian employee against another DIA civilian employee. The complainant alleged that, while deployed to Kuwait, the other DIA civilian employee, who was serving as a supervisory officer, retaliated against him by curtailing the complainant's deployment. We determined that the DIA civilian supervisory employee had the complainant's deployment curtailed shortly after being threatened by the complainant during a verbal altercation. As a result, we determined that the actions were within management's authorities and discretion.

Reprisal Investigation, Case 2017-5025-OI

We did not substantiate allegations of reprisal made by a DIA civilian employee against her former supervisor, another DIA civilian employee. The complainant alleged that her former supervisor had retaliated against her on several occasions after she complained to the DIA Office

of Security that a fellow DIA employee had committed a security violation. We determined that all actions claimed to have been taken in reprisal either did not qualify as an adverse personnel action or were within management's authorities and discretion.

Contractor and Government Employee Misconduct, Case 2017-5029-OI

We determined that a former DIA contractor employee violated the Joint Travel Regulations when he, without DIA employee travelers' knowledge or consent, signed their signatures on their respective travel vouchers—and did not allow them an opportunity to read and acknowledge their travel claim form(s) and Privacy Act statements. Further, the former contractor employee violated departmental and Agency guidance when he improperly used a DIA civilian employee's DoD Common Access Card (CAC) to access the DIA unclassified network and the DoD Defense Travel System in order to process DIA employee travel vouchers. We also determined that the DIA civilian employee violated similar guidance when he failed to remove his CAC from his computer workstation, which allowed the former contractor employee to access the workstation while logged in under the DIA civilian employee's identity without authorization. The contractor employee is no longer employed with DIA, and disciplinary action for the DIA civilian employee is pending.

Time and Attendance Fraud Investigation, Case 2017-5038-OI

We substantiated allegations of false official statements, false claims, and theft of public funds by a DIA civilian employee. We determined that the employee fraudulently prepared, signed, and submitted timesheets from December 11, 2016, to February 4, 2017, claiming a total of 522.25 overtime and premium work hours that he did not work. The loss to the Government is estimated at \$20,734.10. As this represented a violation of Federal statute, this case was referred to the Office of the Assistant U.S. Attorney, who subsequently declined criminal prosecution. Recoupment of funds and disciplinary action are pending.

Reprisal Investigation, Case 2017-5042-OI

We did not substantiate allegations of reprisal made by a DIA civilian employee against two supervisory DIA civilian employees, one of whom is a DIA senior official. The complainant alleged that she was the victim of reprisal for having made protected communications to the DIA Ombudsman and DIA Equal Opportunity Office regarding her leadership not permitting her to be paid for hours she worked during an earlier deployment. The complainant alleged that in retaliation her leadership submitted a time and attendance complaint against her, issued a letter of counseling to her, provided her with an inaccurate performance review, removed her from work projects, and denied her requests for training and deployment. We determined that evidence was insufficient to conclude that acts of reprisal occurred, and that all actions taken were within management's authorities and discretion.

Time and Attendance Fraud Investigation, Case 2017-5043-OI

We substantiated allegations of false official statements, false claims, and theft of public funds by a DIA civilian employee. We determined that the employee fraudulently prepared, signed,

and submitted timesheets from March 6, 2016, to April 1, 2017, claiming a total of 130.63 regular work hours that he did not work. The loss to the Government is estimated at \$6,404.30. As this represented a violation of Federal statute, this case was referred to the Office of the Assistant U.S. Attorney, who subsequently declined criminal prosecution. In an effort to recoup the funds, the employee was issued a letter of indebtedness by the DIA Office of the Chief Financial Officer, Finance and Accounting Office on March 14, 2018, for the above sum. Disciplinary action is pending.

Time and Attendance Fraud Investigation, Case 2017-5044-OI

We did not substantiate allegations of false official statements, false claims, and theft of public funds by a DIA civilian employee. Although originally alleged to have falsified her timesheets by fraudulently signing her supervisor's name as the certifying official, we determined the allegation to be unfounded. The employee was directed to write her supervisor's name on the timesheet as part of the submission process, without any further specific guidance. As a result, we determined that the fault lay with the organization, which should have established proper, correct procedures and provided guidance to the employee that is more specific. As well, we did not find any evidence indicating that she defrauded the Government.

Time and Attendance Fraud Investigation, Case 2017-5045-OI

We substantiated allegations of false official statements, false claims, and theft of public funds by a DIA civilian employee. We determined that the employee fraudulently prepared, signed, and submitted timesheets from January 4, 2016, to March 31, 2017, claiming a total of 316.11 regular work hours that he did not work. The loss to the Government is estimated at \$12,013.09. As this represented a violation of Federal statute, this case was referred to the Office of the Assistant U.S. Attorney, who subsequently declined criminal prosecution. Recoupment of funds and disciplinary action are pending.

Time and Attendance Fraud Investigation, Case 2017-5048-OI

We substantiated allegations of false official statements, false claims, and theft of public funds by a DIA civilian employee. We determined that the employee fraudulently prepared, signed, and submitted timesheets from December 27, 2015, to March 18, 2017, claiming a total of 38.92 regular work hours that she did not work. The loss to the Government is estimated at \$1,240.51. As this represented a violation of Federal statute, this case was referred to the Office of the Assistant U.S. Attorney, who subsequently declined criminal prosecution. Recoupment of funds and disciplinary action are pending.

Time and Attendance Fraud Investigation, Case 2017-5049-OI

We substantiated allegations of false official statements, false claims, and theft of public funds by a DIA civilian senior official. We determined that the senior official fraudulently prepared, signed, and submitted timesheets from December 27, 2015, to December 24, 2016, claiming a total of 169.69 regular work hours that she did not work. The loss to the Government is estimated at \$11,801.34. As a result, this case was referred to the U.S. Attorney's Office for the

District of Columbia (USAO-DC) on July 7, 2017, for consideration of potential criminal prosecution. The USAO-DC declined to pursue criminal investigation into this matter, and accordingly, referred this matter back to our office for any further administrative action deemed appropriate. Recoupment of funds and disciplinary action are pending.

Misuse of Government Resources and Time and Attendance Fraud Investigation, Case 2017-5052-OI

We substantiated an allegation that a DIA civilian employee misused his Government computer system between August 24, 2016, to March 15, 2017, for an estimated total of 106 hours during which he accessed pornographic websites and viewed inappropriate images. We also substantiated that the employee committed time and attendance fraud when he prepared, signed, and submitted fraudulent timesheets from August 24, 2016, to March 15, 2017, claiming the time spent viewing inappropriate images as regular work hours that he did not work. The loss to the Government is estimated at \$5,980.95. As this represented a violation of Federal statute, this case was referred to the Office of the Assistant U.S. Attorney, who subsequently declined criminal prosecution. Recoupment of funds and disciplinary action are pending.

Abuse of Authority and Conflict of Interest Investigation, Case 2017-5053-OI

We substantiated an allegation that a DIA senior official abused her authority when she advocated for the lateral transfer of two other senior officials into the respective organization—one of whom was her spouse. During our investigation, we also identified additional conflicts of interest involving the DIA senior official having committed acts pertaining to her spouse and within her sphere of influence—i.e., duty appointments, approvals for compensatory time, airline seat upgrades for official travel, editing performance appraisals, and drafting a letter of input for performance appraisal. As a result, we determined that she violated not only Agency guidance, but also the following Federal statutes and regulations: title 5, United States Code, section 3110 (5 U.S.C. § 3110), “Employment of relatives, restrictions;” title 5, Code of Federal Regulations, part 2635.101(b)(8 and 14) (5 C.F.R. § 2635.101(b)(8 and 14)), “Basic obligation of public service;” and 5 C.F.R. § 2635.502, “Personal and business relationships.” This case was referred to the U.S. Attorney’s Office for the District of Columbia (USAO-DC) on December 13, 2017 for consideration of criminal prosecution. The USAO-DC replied on the same day that it declined to pursue criminal investigation into this matter, and, accordingly, referred this matter back to our office for any further administrative action deemed appropriate. Disciplinary action is pending.

Procurement Integrity Act Investigation, Case 2017-5055-OI

This investigation was a follow-up to a previous case (Procurement Integrity Act Investigation, Case 2016-5084-OI⁶) to determine the extent of U.S. Government information was stolen by four former DIA contractor employees (i.e., title 18 United States Code section 641, “Theft of

⁶ Defense Intelligence Agency (DIA) Office of the Inspector General (OIG) semiannual report (SAR) to the U.S. Congress for the reporting period April 1, 2017, through September 30, 2017, pp. 18–19.

Government Property”). There was insufficient evidence to substantiate any further theft of U.S. Government information beyond what was reported in the earlier investigation.

Reprisal Investigation, Case 2017-5062-OI

We did not substantiate allegations of reprisal made by a DIA military employee against a supervisory DIA civilian employee. The military employee alleged that the supervisory civilian employee issued him a letter of counseling and substandard performance information memorandum after the complainant made a protected communication to a more senior supervisory DIA senior official. We determined that evidence was insufficient to conclude that the supervisory civilian employee engaged in reprisal against the complainant as both the counseling statement and the performance information memorandum were not made a part of the complainant’s official military records and were also considered to be a part of the normal performance management process.

Abuse of Authority Investigation, Case 2017-5064-OI

We did not substantiate allegations of abuse of authority made by a DIA civilian against two supervisory DIA civilian employees, one of whom is a DIA senior official. The complainant alleged that the two supervisory civilian employees downgraded his evaluation during the 2017 promotion cycle based on negative personal feelings towards him. We determined that the two supervisory civilian employees adhered to appropriate Agency guidelines and directives when evaluating the complainant and that all actions taken were within management’s authorities and discretion.

Unauthorized Personnel Action, Case 2017-5071-OI

We substantiated allegations that a former DIA civilian employee was the victim of an improper hiring practice when he was selected for a specific position located at the Directorate for Intelligence (J2), U.S. Special Operations Command (USSOCOM), Fort Meade, MD. Specifically, although selected for a designated position, upon arrival he was assigned duties, objectives, and responsibilities inconsistent with the earlier-advertised position. We determined that the DIA civilian employee was a victim of an improper hiring practice (i.e., a “bait and switch” position advertisement); however, there was insufficient evidence to prove the intent of office management (led by a DIA senior official) when engaging in those unfair practices. We consequently identified a management deficiency that, if previously identified, could have prevented the unfair hiring practice within the office. As a result, our report provided one recommendation to USSOCOM J2 and DIA Office of Human Resources (OHR), which management accepted; however, they could not successfully implement the recommendation as the employee had already voluntarily resigned from DIA.

Time and Attendance Fraud Investigation, Case 2017-5073-OI

We substantiated allegations of false official statements, false claims, and theft of public funds by a DIA civilian employee. We determined that the employee fraudulently prepared, signed, and submitted timesheets from June 12, 2016, to June 24, 2017, claiming a total of 151.87

regular work hours that she did not work. Additionally, during the same period, she claimed—and later used—24 credit hours that could not be accounted for. The total loss to the Government is estimated at \$5,008.99. As this represented a violation of Federal statute, this case was referred to the Office of the Assistant U.S. Attorney (AUSA), who subsequently declined to conduct criminal prosecution. Recoupment of funds and disciplinary action are pending.

Contractor Employee Misconduct, Case 2017-5074-OI

In response to an earlier self-admission, we substantiated that a former DIA contractor employee violated title 18, United States Code, section 2071 (18 USC § 2071), “Concealment, removal, or mutilation generally” when he deleted electronic files associated with a SharePoint tool related to the DIA Rank-in-Person personnel management program. We also determined that, prior to the former contractor’s actions, a separate copy of the files had been provided to DIA. As a result, there was no known loss to the Government. Disciplinary action is pending.

Misuse of Government Resources, Case 2018-5010-OI

We substantiated an allegation that a DIA civilian employee misused his Government computer system on November 15, 2017, when the employee accessed a website and printed a document containing obscene and explicit images. Disciplinary action is pending.

Time and Attendance Fraud Investigation, Case 2018-5015-OI

We substantiated allegations of false official statements, false claims, and theft of public funds by a DIA civilian employee. We determined that the employee fraudulently prepared, signed, and submitted timesheets from July 9, 2017, to November 30, 2017, claiming a total of 99.46 regular work hours that he did not work. The total loss to the Government is estimated at \$4,969.02. As this represented a violation of Federal statute, this case was referred to the Office of the Assistant U.S. Attorney, who subsequently declined criminal prosecution. In an effort to recoup the funds, the employee was issued a letter of indebtedness by the DIA Office of the Chief Financial Officer, Finance and Accounting Office on March 15, 2018, for the above sum.

Investigative Activity Support

Personnel Vetting

During this reporting period, we completed 4,239 individual checks for derogatory information within OIG records in response to 4,239 total requests. These requests originated within DIA, as well as from external Federal agencies. These requests involve present and former DIA military, civilian, and contractor personnel who are seeking job placement or advancement, are under consideration for awards, or are undergoing screenings or background investigations to obtain security clearances.

Appendix A. Statistical Tables

Table A-1: Reports (Audits and Inspections) With Questioned and Unsupported Costs

DESCRIPTION	NUMBER OF REPORTS	QUESTIONED COSTS	UNSUPPORTED COSTS
Reports for which no management decision was made by beginning of reporting period	2	\$3,732,428	\$1,532,428
Reports issued during reporting period	—	—	—
Reports for which a management decision was made during reporting period			
1. Dollar value of disallowed costs	—	—	—
2. Dollar value of allowed costs	—	—	—
Reports for which no management decision was made by the end of the reporting period ⁷⁸	2	\$3,732,428	\$1,532,428
Reports for which no management decision was made within 6 months	2	\$3,732,428	\$1,532,428

⁷ Audit of Other Direct Costs (ODC) on DIA Contracts, Project 2015-100003-OA: The objective was to determine whether ODC on contractor invoices were accurate and allowable in accordance with regulations and contract terms. We found that DIA contracting officer's representatives approved payments without ensuring that billed charges were accurate and allowable. As a result, DIA had no assurance that \$26.3 million of ODC were paid in accordance with regulations and contract terms. We identified \$1 million in unsupported costs and about \$2.2 million in questioned costs. We are evaluating corrective actions taken by management, including a policy to help prevent these types of questioned costs from reoccurring in the future. However, they have taken no action to recover questioned and unsupported costs.

⁸ Audit of DIA's Contract Surveillance, Project 2013-100010-OA: The objective was to determine whether DIA's contract surveillance processes and procedures were adequate to ensure supplies and services were received and accepted in accordance with contract requirements and regulations. We found that DIA contracting officials and requiring activity personnel did not provide sufficient technical oversight to ensure that contractors performed in accordance with contract specifications. As a result, DIA had limited assurance that \$373.8 million in services and supplies met contract requirements. We also identified \$532,428 in unsupported costs for travel tuition and housing claimed under ODC in the invoices we reviewed. We are evaluating corrective actions taken by management, including enhanced controls and a policy to help prevent these types of questioned costs from occurring in the future. However, they have taken no action to recover questioned and unsupported costs.

Table A-2: Reports (Audits and Inspections) With Recommendations That Funds Be Put to Better Use

DESCRIPTION	NUMBER OF REPORTS	FUNDS PUT TO BETTER USE
Reports for which no management decision was made by the beginning of reporting period	1	\$4,770,000
Reports issued during reporting period	—	—
Reports for which a management decision was made during reporting period		
1. Dollar value of recommendations agreed to by management	—	—
2. Dollar value of recommendations not agreed to by management	—	—
Reports for which no management decision was made by the end of the reporting period ⁹	1	\$4,770,000
Reports for which no management decision was made within 6 months	1	\$4,770,000

⁹ Audit of Indefinite-Delivery/Indefinite-Quantity Contracts, Project 2016-1004: The objective was to determine whether DIA timely awarded indefinite-delivery/indefinite-quantity (IDIQ) contracts and task orders and had effective controls over approval and pricing for these awards. We found that the Office of the Chief Financial Officer (CFO), Contracting Operations Division (CFO-4), could not determine the timeliness of IDIQ contract awards because it did not consistently establish contract milestones or record completion dates. CFO-4's tools for aggregating data and monitoring timeliness were also ineffective. As a result, DIA awarded six IDIQ contracts 3 to 5 months later than planned, and the delay for one contract increased the ceiling price by \$4.77 million. Management disagreed with our conclusion on the significance of the price increase related to this contract, stating that it did not represent actual costs. Despite this disagreement, management agreed with the corresponding recommendations to improve tracking and monitoring of contract award timeliness. Management is working on corrective actions to address the recommendations.

Table A-3: Investigations Dollar Recoveries in Reporting Period

INVESTIGATION	CASE NUMBER	EFFECTIVE RECOVERY DATE	DOLLARS RECOVERED
Time and Attendance Fraud	2016-5059-OI	18 October 2017	\$7,024.88
Contractor Cost Mischarging	2016-500032-OI	14 December 2017	\$15,096.61
Time and Attendance Fraud	2017-5038-OI	16 February 2018	\$20,726.16
Time and Attendance Fraud	2017-5043-OI	14 March 2018	\$6,404.30
Time and Attendance Fraud	2018-5015-OI	15 March 2018	\$4,969.03
Time and Attendance Fraud	2017-5045-OI	15 March 2018	\$12,013.09
Time and Attendance Fraud	2016-500028-OI	19 March 2018	\$22,675.70
TOTAL			\$88,909.77



Table A-4: Summaries of Other Investigative Matters

DESCRIPTION	QUANTITY
Hotline Program	
DIA OIG Hotline Inquiries Received in Reporting Period	131
DIA OIG Hotline Inquiries Closed in Reporting Period	136
Intelligence Oversight	
Cases Opened in Reporting Period	0
Cases Closed in Reporting Period	0
Cases Still Open at End of Reporting Period	3
ROIs Issued in Reporting Period	0
Referred to Management	0
Management Referrals	
Referrals in Reporting Period	13
Referrals in Reporting Period (external agencies)	2

Appendix B. Index of Reporting Requirements

The Inspector General Act of 1978, as amended, requires Inspectors General to report certain information to Congress twice each year. This information highlights activities and significant issues that arise during the reporting period that Congress may be interested in. The table below identifies the semiannual reporting requirements and the location of the corresponding information in this report.

Semiannual Reporting Requirement	Page
4(a)(2) Legislative and regulatory reviews	7
5(a)(1) Significant problems, abuses, and deficiencies	8–19
5(a)(2–3) Recommendations to correct significant problems, abuses, and deficiencies	Annex
5(a)(4) Matters referred to prosecutive authorities and resulting prosecutions and convictions	15–23
5(a)(5) Reports to the Director, DIA of refusals to provide information	4
5(a)(6) List of reports issued during the reporting period	8–23
5(a)(7) Summaries of significant reports	8–23
5(a)(8) Statistical table showing questioned and unsupported costs	24
5(a)(9) Statistical tables showing recommendations that funds be put to better use	25
5(a)(10)(A) Summaries of reports previously issued that still lack management decision	24
5(a)(10)(B) Summaries of reports previously issued that lacked management comment within 60 days	4
5(a)(10)(C) Summaries of reports previously issued that have remaining unimplemented recommendations	Annex
5(a)(11) Significant revised management decisions	4
5(a)(12) Significant management decisions with which the IG disagrees	4
5(a)(13) Federal Financial Management Improvement Act of 1996	4
5(a)(14–16) Peer reviews	5
5(a)(17–18) Investigations statistics and metrics	15
5(a)(19) Investigations involving substantiated allegations against senior officials	16–23
5(a)(20) Descriptions of whistleblower retaliation	13
5(a)(21) Attempts to interfere with IG independence	5
5(a)(22) Public disclosure	5



REPORT FRAUD, WASTE, and ABUSE

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