



NATIONAL RECONNAISSANCE OFFICE

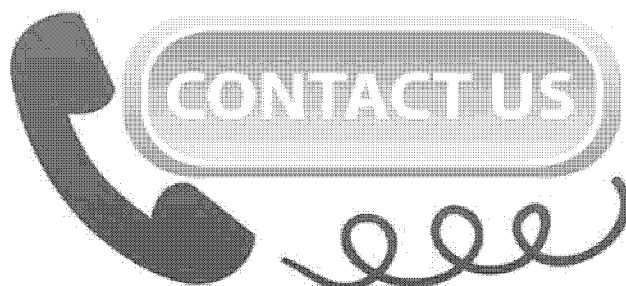
OFFICE OF INSPECTOR GENERAL

## (U) SEMIANNUAL REPORT TO THE CONGRESS

1 October 2020 - 31 March 2021

29 April 2021

(U) This document should not be further distributed or republished in whole or in part without the concurrence of the NRO Inspector General.



National Reconnaissance Office  
**Office of Inspector General**

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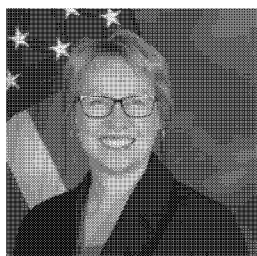
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Procurement Fraud • Counterfeit Parts • Unethical Behavior • Conflict of Interest  
Time and Attendance Fraud • Whistleblower Reprisal • Waste, Abuse, or Mismanagement

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

29 April 2021

(U) On behalf of the National Reconnaissance Office (NRO) Office of Inspector General (OIG), I am pleased to submit this report highlighting the OIG's activities from 1 October 2020 through 31 March 2021. Despite the measures implemented to protect the workforce from COVID, the OIG issued 7 Reports of Investigation, 3 audit reports, 1 inspection report, and 1 special review and continued its work on another 12 projects during this reporting period. It is also noteworthy that three of these reports were reviews of emerging issues, conducted on a compressed timeline. A fourth quick action review is ongoing.

(U) My office has continued our commitment to improving the efficiency and effectiveness of NRO programs and operations. This period included timely oversight of unprecedented COVID-19 pandemic-related issues. For example, our *Evaluation of the NRO's COVID-19 Pandemic Response* highlighted best practices implemented and challenges encountered by NRO Headquarters and selected field sites in response to the pandemic. Our *Evaluation of the NRO's Implementation of Section 3610 Authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act* found that the NRO used a multifaceted strategy consistent with Section 3610 and Office of Management and Budget guidance to ensure mission resilience while protecting the health and safety of the NRO contractor workforce. We also identified potential impacts to mission as it relates to the NRO's ability to make timely, consistent decisions at the enterprise level.

(U) As the Inspector General representative for the Intelligence Community (IC) on the Pandemic Response Accountability Committee (PRAC), I continue to provide oversight of the NRO's pandemic relief spending and COVID response and to share the latest PRAC information with other IC OIGs. Our Analytics Division employed innovative approaches to analyze NRO 3610 CARES Act expenditures and Paycheck Protection Program Loan data and has shared trend information and analytic approaches with other IC OIGs. Our office continues its coordination with the Government Accountability Office lead for government acquisition and Section 3610 and the Intelligence National Security Alliance (INSA) Pandemic Working Group. In addition, several of our high-risk employees are supporting the Small Business Administration (SBA) OIG's hotline from their homes. The SBA OIG has seen a 100-fold increase in hotline activity, and our high-risk employees are able to log approximately 100 complaints each day.

(U//~~FOUO~~) We are making good progress on our Fiscal Year (FY) 2021 Work Plan. For instance, we have begun our *Inspection of the NRO's Classification Compliance* as directed in the 2020 *National Defense Authorization Act*. In addition, we initiated the [redacted] to determine whether the NRO has implemented adequate controls for the authorization, monitoring, and accountability of [redacted] on NRO networks. While we kicked off our *Inspection of Aerospace Data Facility (ADF) East*, fieldwork was halted the week of 4 January 2021 because newly implemented COVID-19 restrictions complicated visits to Site. Since a portion of the fieldwork has been completed, the team is working to produce an abbreviated report. We look forward to the lifting of Site and travel restrictions so we can conduct high-priority reviews, such as the *Inspection of the National Space Defense Center* and the *Joint Inspection of ADF Colorado, National Security Agency Colorado, and National Geospatial-Intelligence Agency Denver*.

(U) We enjoyed a collaborative relationship with Director Scolese as well as with the NRO's leadership and workforce. We greatly appreciate their support

for our audits, inspections, special reviews, and investigations, as well as their support for our ongoing FY 2022 planning efforts. The OIG did not experience any issues related to accessing NRO records or personnel.

(U) We appreciate the continued support of members of Congress as we continue to effect positive change at the NRO. Thanks also to the dedicated and professional NRO OIG staff for their continued hard work and commitment to providing effective oversight of NRO programs and operations, particularly during this very challenging worldwide pandemic. We remain a trusted champion for accountability, transparency, and continuous improvement and join with others within the IG community to navigate these unprecedented times.

A handwritten signature in black ink, appearing to read 'S. Gibson', with a long horizontal line extending to the right.

Susan S. Gibson  
Inspector General



National Reconnaissance Office

## OFFICE of INSPECTOR GENERAL

HIGHLIGHTS – 1 OCTOBER 2020 to 31 MARCH 2021

## Audits &amp; Inspections

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## HIGHLIGHTS

- (U//~~FOUO~~) The NRO achieved a Clean Financial Statement for the 12<sup>th</sup> straight year.
- (U) An OIG evaluation revealed best practices for pandemic response and areas for improvement.
- (U//~~FOUO~~) The OIG initiated a quick action review to examine
- (U//~~FOUO~~) An ongoing   
 will determine whether the NRO has implemented adequate controls for the authorization, monitoring, and accountability of  on NRO

## Investigations

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## (U) Semiannual Report Highlights and Accomplishments

(U) During this reporting period, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) dedicated its oversight efforts and resources to address management challenges and issues of greatest risk to the NRO. Specifically, the OIG conducted work on 17 audit, inspection, and special review projects, 5 of which were completed. The OIG derived these projects from mandated requirements, the OIG Annual Work Plan, or initiated projects because of identified significant risk areas. The OIG also completed several investigations and issued 7 Reports of Investigation. These investigations assessed potential violations of law or regulation. The OIG's efforts enhanced the economy, efficiency, and effectiveness of NRO programs; assisted in detecting and preventing fraud and abuse; and supported the NRO mission. The OIG's highlights and accomplishments for this reporting period include the following:

- (U//~~FOUO~~) **Oversight of the Audit of the NRO FY 2020 Financial Statements.** The NRO achieved a Clean Financial Statement for the 12<sup>th</sup> straight year. This means the NRO's financial statements presented fairly, in all material respects, the financial position of the NRO as of 30 September 2020.
- (U) **Evaluation of the National Reconnaissance Office's COVID-19 Pandemic Response.** This quick action evaluation identified several best practices, as well as areas requiring improvement. Best practices included the establishment of "neighborhoods" at an operating location to reduce exposure between work units and the dissemination of the Office of Contracts' Notice to Industry Partners (NOTIP) announcements to communicate pertinent information to the contractor workforce. Areas for improvement included workforce concerns regarding a lack of adherence to established protective measures, the inconsistent application of human resource policies across the Intelligence Community, and the lack of sufficient and clear telework guidance for government civilian and military employees. Since the issuance of the report, the NRO has reported progress on all identified areas for improvement.
- (U//~~FOUO~~) **Evaluation of the National Reconnaissance Office's Implementation of Section 3610 Authorized by the Coronavirus Aid, Relief, and Economic Security Act.** The OIG determined that the NRO guidance issued via NOTIPs generally aligns with the authorities and limitations set forth in Section 3610. In addition, the OIG found that the NRO used a multifaceted strategy consistent with Section 3610 and Office of Management and Budget (OMB) guidance to ensure mission resilience while protecting the health and safety of the NRO contractor workforce. The OIG also identified potential impacts to

mission as it relates to the NRO's ability to make timely, consistent decisions at the enterprise level. Specifically, the OIG noted that the NRO has not yet mapped its mission essential functions and essential supporting activities, resulting in ad hoc decision making at the Directorate and Office level and potentially excess costs incurred; the pandemic response drove expanded use of what were historically limited-use contract clauses, which may have resulted in excess contracts deemed defense priority or mission essential; and the NRO lacks a mechanism to identify contracts approved for telework.

## **(U) Significant Findings and Recommendations**

(U) The *Inspector General Act of 1978*, as amended, requires OIGs to report on their respective agency's significant deficiencies found during the reporting period and on significant recommendations for corrective action to address those deficiencies. It also requires OIGs to report each significant recommendation described in previous semiannual reports for which corrective action is not complete.

### **(U) Significant Findings and Recommendations for the Current Reporting Period**

(U) There were no new significant findings or recommendations during this reporting period.

### **(U) Status of Prior Significant Recommendations**

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**(U) Summary of Completed and Ongoing Projects**

**(U) Completed Projects – Overview**

(U) **Table 2** identifies the completed projects for this semiannual reporting period. Following the table are short descriptions of the conclusions and recommendations made for each project. The OIG ordered the projects according to their respective publication dates during the reporting period.

**(U) Table 2: Completed Projects – 1 October 2020 - 31 March 2021**

Title	Date Completed
Evaluation of the National Reconnaissance Office’s COVID-19 Pandemic Response	13 Oct 2020
Audit of the National Reconnaissance Office Fiscal Year 2020 Financial Statements	12 Nov 2020
Review of the National Reconnaissance Office’s Implementation of Executive Order 13950, Combating Race and Sex Stereotyping	15 Dec 2020
Evaluation of the National Reconnaissance Office’s Implementation of Section 3610 Authorized by the Coronavirus Aid, Relief, and Economic Security Act	4 Jan 2021
National Reconnaissance Office Federal Information Security Modernization Act Evaluation Final Report Fiscal Year 2020	28 Jan 2021

(U) Table is UNCLASSIFIED

## (U) Completed Projects – Findings and Recommendations

### (U) **Evaluation of the National Reconnaissance Office's COVID-19 Pandemic Response**

(U) The OIG conducted this quick action evaluation to identify any best practices implemented or challenges encountered by NRO Headquarters and selected field sites in responding to the pandemic. Areas of evaluation included mission sustainment, policy, leadership, facilities and logistics, health and safety, communications, and human resources. The evaluation was directed by the NRO Inspector General (IG) and was not part of the OIG Fiscal Year (FY) 2020 Annual Work Plan.

(U) In addition to identifying several effective response strategies and best practices, the NRO encountered several challenges throughout its pandemic response. During the early stages of the pandemic, the NRO faced challenges such as aligning a reduced workforce to the organization's most important mission functions. As the pandemic evolved, several additional challenges emerged, including workforce concerns regarding a lack of adherence to established protective measures, the inconsistent application of human resource policies across the (IC), and the lack of sufficient and clear telework guidance for government civilian and military employees.

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### (U) **Audit of the National Reconnaissance Office Fiscal Year 2020 Financial Statements**

(U) The NRO contracted with the independent public accounting firm Kearney & Company, P.C. (Kearney) to audit the financial statements of the NRO as of 30 September 2020. In its audit, Kearney found that the financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and provided no reportable noncompliance with laws and regulations tested.

(U//~~FOUO~~) Kearney did, however, find a significant deficiency with the monitoring of service providers' internal controls and documentation to support NRO expenditures. This is a modified repeat condition.

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### (U) **Review of the National Reconnaissance Office's Implementation of Executive Order 13950, Combating Race and Sex Stereotyping**

(U) The OIG conducted this review to assess the NRO's compliance with Executive Order (E.O.) 13950 during the period 23 September 2020 through 23 November 2020. The OIG conducted this review using the compliance review guide developed by the IC Inspector General Audit and Inspection and Evaluation Leadership.

(U) As of 23 November 2020, the OIG determined that the NRO is compliant with E.O. 13950 Sections 3, 6, and 7 and accompanying guidance. NRO actions to address E.O. 13950 Section 4, "Requirements

for Government Contractors," were in process until the 20 January 2021 revocation of the E.O.

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**(U) Evaluation of the National Reconnaissance Office's Implementation of Section 3610 Authorized by the Coronavirus Aid, Relief, and Economic Security Act**

(U) In this quick action review, the OIG determined that the NRO guidance issued via NOTIP announcements generally aligns with the authorities and limitations set forth in Section 3610. In addition, the NRO used a multifaceted strategy consistent with Section 3610 and OMB guidance to ensure mission resilience while protecting the health and safety of the NRO contractor workforce.

(U) The OIG, however, did identify potential impacts to mission that could influence the NRO's ability to make timely, consistent decisions at the enterprise level. Specifically, the OIG noted the following:

1. (U//~~FOUO~~) The NRO has not yet mapped its mission essential functions and essential supporting activities.
  2. (U) The pandemic response drove expanded use of what were historically limited-use contract clauses.
  3. (U) The NRO lacks a mechanism to identify contracts approved for telework.
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**(U) National Reconnaissance Office Federal Information Security Modernization Act Evaluation Final Report Fiscal Year 2020**

(U) The *Federal Information Security Modernization Act of 2014* (FISMA) requires annual independent evaluations of federal agencies' information security programs and practices. The NRO OIG engaged the independent public accounting firm Guidehouse LLP to conduct this evaluation. To ensure the quality of the work performed, the OIG government oversight team monitored Guidehouse's evaluation activities.

(U) The report noted 45 open recommendations, dating back to 2018, classified as either new, updated, or repeat. Pursuant to NRO policy, Guidehouse assigned the majority of these to the NRO Chief Information Officer and the Director, Communications Systems Directorate as the offices of primary responsibility, in coordination with NRO Directorates and Offices.

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**(U) Ongoing Projects – Overview**

(U) **Table 3** identifies the ongoing projects for this semiannual reporting period. Following the table are short descriptions of the objectives for each project.

**(U) Table 3: Ongoing Projects – 1 October 2020 - 31 March 2021**

Title	Date Initiated
Inspection of the Chief Information Officer	7 Feb 2019
Inspection of the National Reconnaissance Office's Mission Basing Preparedness	29 Aug 2019
Audit of the National Reconnaissance Office's Funds From Other Government Agencies	14 Sep 2020
Inspection of the Aerospace Data Facility East	4 Nov 2020
<div style="border: 1px solid black; width: 150px; height: 1.2em; display: inline-block;"></div>	28 Jan 2021
Inspection of National Reconnaissance Office's Classification Compliance	24 Feb 2021
Evaluation of National Reconnaissance Office Fiscal Year 2020 Payment Integrity Information Act of 2019 Compliance	24 Feb 2021
National Reconnaissance Office <div style="border: 1px solid black; width: 100px; height: 1.2em; display: inline-block;"></div> Service Organization Controls Examination	25 Feb 2021
Fiscal Year 2020 Risk Assessment of the National Reconnaissance Office's Charge Card Program	9 Mar 2021
Audit of the National Reconnaissance Office Fiscal Year 2021 Financial Statements	11 Mar 2021
Quick Action Review of the Aerospace Data Facility East Guard Force	25 Mar 2021
Fiscal Year 2021 Independent Federal Information Security Modernization Act of 2014 Evaluation	29 Mar 2021

(U) Table is UNCLASSIFIED//~~FOR OFFICIAL USE ONLY~~

**(U) Ongoing Projects – Objectives**

(U) **Inspection of the Chief Information Officer.** Objective: Evaluate the efficiency and effectiveness of the NRO's Continuous Monitoring activities in accordance with the Intelligence Community Directive 503, *Intelligence Community Information Technology Systems Security Risk Management* workflow. In addition, the inspection will evaluate compliance with training and certification requirements for NRO Information Technology (IT) acquisition and cybersecurity professionals

as well as evaluate the adequacy of current fill rates in meeting IT acquisition and cybersecurity mission needs.

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**(U) Inspection of the National Reconnaissance Office's Mission Basing Preparedness.** Objective: Evaluate whether the collective activities across the NRO are effectively and efficiently implementing mission basing policies and processes for enabling new mission capabilities.

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**(U) Audit of the National Reconnaissance Office's Funds From Other Government Agencies.** Objective: Determine whether the NRO's acceptance and management of Other Government Agency funds has effective and efficient controls to ensure proper stewardship and work alignment with NRO missions.

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**(U) Inspection of the Aerospace Data Facility East.** Objective: Evaluate the effectiveness and efficiency of the Aerospace Data Facility East (ADF-E) in performing its mission. Focus areas include the following: command topics, mission systems engineering and integration, small satellite operations, information technology and systems, and mission support.

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**(U) Inspection of National Reconnaissance Office's Classification Compliance.** Objective: The 2020 *National Defense Authorization Act* directs that the NRO OIG shall submit a report that includes analyses of the following with respect to the prior fiscal year (FY 2020):

- Accuracy of the application of classification and handling markers from a representative sample of finished reports, including such reports that are compartmented;
  - Compliance with declassification procedures; and
  - Effectiveness of processes for identifying topics of public or historical importance that merit prioritization for a declassification review.
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**(U) Evaluation of National Reconnaissance Office Fiscal Year 2020 Payment Integrity Information Act of 2019 Compliance.** Objectives: (1) Review the payment integrity section of the FY 2020 Agency Financial Report to determine whether the NRO is in compliance with the *Payment Integrity Information Act of 2019* and (2) evaluate the agency's (a) risk assessment methodology, (b) improper payment rate estimates, (c) sampling and estimation plan, (d) corrective action plans, (e) executive agency action plans, and (f) efforts to prevent and reduce improper payments.

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(U) **National Reconnaissance Office [redacted] Service Organization Controls Examination.** Objective: Report on the fairness of the presentation of management's description of the [redacted] application and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives included in the description.

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(U) **Fiscal Year 2020 Risk Assessment of the National Reconnaissance Office's Charge Card Program.** Objective: The *Government Charge Card Abuse Prevention Act of 2012*, Public Law 112-194, requires agency OIGs to conduct periodic analysis or audits, as necessary, of its agency's purchase card program to identify potentially illegal, improper, or erroneous uses. Should the OIG's assessment reveal a significant risk, the OIG will conduct an audit or review.

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(U) **Audit of the National Reconnaissance Office Fiscal Year 2021 Financial Statements.** Objective: The *Chief Financial Officers Act of 1990*, as amended by the *Government Management Reform Act of 1994*, and OMB Bulletin 19-03, "Audit Requirements for Federal Financial Statements," require an agency's OIG or an independent public accountant, as determined by the OIG, to audit the agency's financial statements annually. To meet these requirements, the NRO OIG engaged the independent public accounting firm Kearney & Company, P.C. to audit the NRO FY 2021 Financial Statements. The audit objective is to determine whether the financial statements and related notes are presented fairly in all material respects, in accordance with guidance issued by the Federal Accounting Standards Advisory Board, OMB, and other authoritative guidance. The auditors will also review internal controls and compliance with laws and regulations and will follow up on the status of audit findings from previous years.

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(U//~~FOUO~~) **Quick Action Review of the Aerospace Data Facility East Guard Force.** [redacted]

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(U) **Fiscal Year 2021 Independent Federal Information Security Modernization Act of 2014 Evaluation.** Objective: In accordance with FISMA, each agency must develop, document, and implement an agency-wide information security program. FISMA also requires each agency's OIG to perform an annual independent evaluation of the

effectiveness of the information security program and practices. The NRO OIG has retained the independent firm Guidehouse LLP to perform the evaluation. The evaluation objective is to provide an independent assessment of the effectiveness of the NRO's information security program and practices. The evaluation team will also follow up on findings and recommendations from the prior-year FISMA report.

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**(U) Investigations**

(U) The OIG Investigations Division conducts criminal, civil, and administrative investigations into alleged violations of federal laws, regulations, and policies involving NRO funds, operations, and programs. It also investigates allegations of whistleblower reprisal in accordance with appropriate statutes and Presidential Policy Directive 19 (PPD-19).

(U) The OIG maintains all investigative records and information in its Investigations Division's [redacted]. The OIG derived the data in this section from all relevant records in [redacted] covering the reporting period of 1 October 2020 through 31 March 2021.

(U) The Investigations Division responded to 82 allegations this reporting period. The range of allegations included, but was not limited to, false claims, conflicts of interest, procurement integrity violations, and other allegations of potential wrongdoing within NRO programs. **Figure 1** illustrates the types and percentages of these cases opened during this reporting period. The Division referred 18 of the allegations to other NRO offices upon determining that the information did not merit investigative action. Referred allegations generally involved claims of minor employee misconduct, security infractions, and administrative issues. The OIG referred these matters to the Office of Security and Counterintelligence (OS&CI), the Office of Contracts, or other NRO offices for situational awareness or actions as appropriate.

**(U) Figure 1: Summary of Allegations Received by the NRO OIG Investigations Division**



(U) Figure is UNCLASSIFIED

(U) For this reporting period, the OIG did not initiate, complete, or refer to the Attorney General for criminal investigation any matters alleging unauthorized public disclosures of classified information.

(U) The OIG continues to investigate three complaints of whistleblower reprisal reported by NRO personnel. One complaint was reported under provisions of PPD-19, and the other two were reported under 10 U.S.C. § 1034, *Protected Communications, prohibition of retaliatory personnel actions*.

#### (U) Reports Of Investigation

(U) During this reporting period, the Investigations Division produced seven Reports of Investigation. As a result of investigations completed during this reporting period, \$160,629 was returned to the NRO or the United States Treasury. The OIG provided all Reports of Investigation to OS&CI for security consideration and action as appropriate. The OIG provided Reports of Investigation involving contractors to the Office of Contracts for considerations relevant to suspension and debarment. This reporting period includes one report related to whistleblower reprisal alleged to have been taken by an NRO senior official against a government employee. **Table 4** illustrates the additional details of these reports.

**(U) Table 4: Summary of Referrals and Indictments**

Item	Number
Total Reports	7
Referrals to Federal Prosecutor	6
Referrals to State Prosecutor	0
Indictments	0

(U) Table is UNCLASSIFIED

#### (U) Selected Investigation Summaries

(U) The summaries below highlight a selected number of closed investigations and other matters from previous years completed during this reporting period.

(U) **Reprisal:** The OIG completed an investigation of a [ ] NRO manager alleged to have engaged in several instances of reprisal against an employee after becoming aware that the employee had reported the manager to the OIG for potential misconduct. The employee complained of personnel actions that included, but were not limited to, the manager not nominating the employee for an Innovation and Achievement Award and the manager delaying completion of the employee's annual performance evaluation.

(U) The OIG investigation did not substantiate the employee's reprisal allegation. The OIG determined that, while the complainant's allegation to the OIG regarding the manager's potential misconduct constituted a protected disclosure, there was insufficient evidence to conclude that the manager took or threatened to take any unfavorable personnel actions as defined by PPD-19. Therefore, the OIG concluded that there was insufficient evidence to establish each of the elements required to find a *prima facie* case of reprisal. The employee chose not to seek a review of the OIG's conclusions to the Office of the Inspector General of the Intelligence Community (IC IG).

(U) The manager's alleged misconduct was referred to her senior management for consideration without further investigation by the OIG.

(U) **False Claims for Labor:** The Investigations Division completed six investigations of false claims based on mischarged labor. All six cases involved NRO contractor employees mischarging their time in violation of 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*. In total, these investigations identified \$160,629 in funds recoverable to the NRO or the United States Treasury. The United States Attorney's Office declined prosecution for each of these cases in favor of an administrative settlement. The OIG referred each case involving a contractor employee to the NRO Office of Contracts for administrative action within the terms of any affected contracts, including financial restitution and/or suspension and debarment. The Office of Contracts addressed the recovery of funds and removal of contractor personnel as appropriate in each case.

**(U) Potential Monetary Benefits**

(U) The following tables identify potential monetary benefits resulting from the NRO OIG's audits, inspections, and special reviews, as required by the *Inspector General Act of 1978*, as amended (IG Act).

**(U) Table 5: Summary of Questioned Costs**

Reports with Recommendations that Include Questioned Costs*	Number of Reports	Dollar Value
For which no management decision was made by 1 October 2020	0	N/A
That were issued between 1 October 2020 and 31 March 2021	0	N/A
Disallowed costs for which a management decision was made between 1 October 2020 and 31 March 2021	0	N/A
Costs not disallowed for which a management decision was made between 1 October 2020 and 31 March 2021	0	N/A
For which no management decision was made by 31 March 2021	0	N/A

\*According to the IG Act, the term "questioned cost" means a cost that is questioned by the OIG because of (a) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (b) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (c) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

(U) Table is UNCLASSIFIED

**(U) Table 6: Summary of Better Use of Funds**

Reports with Recommendations that Funds Be Put to Better Use*	Number of Reports	Dollar Value
For which no management decision was made by 1 October 2020	0	N/A
That were issued between 1 October 2020 and 31 March 2021	0	N/A
For which a management decision was made—and the dollar value of recommendations was agreed to by management—between 1 October 2020 and 31 March 2021	0	N/A
For which a management decision was made—and the dollar value of recommendations was not agreed to by management—between 1 October 2020 and 31 March 2021	0	N/A
For which no management decision was made by 31 March 2021	0	N/A

\*According to the IG Act, the term "recommendations that funds be put to better use" means a recommendation by the OIG that funds could be used more efficiently if management took actions to implement and complete the recommendation, including (a) reductions in outlays; (b) de-obligation of funds from programs or operations; (c) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (d) costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor, or grantee; (e) avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or (f) any other savings that are specifically identified.

(U) Table is UNCLASSIFIED

## (U) Review of Legislation and Regulations

(U) The *Inspector General Act of 1978*, as amended, requires federal agency OIGs to review existing and proposed legislation and regulations related to their agencies' programs and operations. Based on these reviews, the OIGs are required to make recommendations in their semiannual reports concerning the effect of the legislation and regulations on (1) the economy and efficiency of programs and operations of their agencies and (2) the prevention and detection of fraud and abuse in programs and operations of their agencies.

(U) The NRO OIG conducts reviews and provides comments and recommendations to Congress, when warranted, through a variety of means, including reports and coordination with the Council of the Inspectors General on Integrity and Efficiency (CIGIE), the Council of IC Counsels chaired by the IC IG, and other channels.

(U) During this reporting period, the NRO OIG continued to address OIG-related requirements identified in the FY 2020 *National Defense Authorization Act* and in the *Intelligence Authorization Acts* (IAAs) for FYs 2018, 2019, and 2020, which relate to OIG authorities and responsibilities. For example, the NRO OIG provided assistance to the IC IG working group in support of two Congressionally Directed Actions within the IAAs for FYs 2018, 2019, and 2020—specifically, Sections 5333 and 6713, which required that the IC IG, in coordination with the IC IG Forum, conduct reviews of IC whistleblower matters and develop recommendations regarding the harmonization of procedures for whistleblower reprisal matters. The OIG also assisted the IC IG in its implementation of revised External Review Procedures, its Analysis and Recommendations for External Review Processes for Allegations against IC IGs, and its work related to whistleblower access to cleared attorneys in the IC. The OIG also engaged with the Government Accountability Office (GAO) in follow-up activities toward closure of recommendations contained within the GAO's assessment of IC whistleblower programs (GAO-20-201SU).

**(U) Financial Systems Compliance**

(U) As required by the *Inspector General Act of 1978*, as amended, this Semiannual Report provides information regarding the NRO's compliance with the requirements of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Specifically, the FFMIA requires organizations to implement and maintain financial management systems that are substantially in compliance with federal accounting standards and with federal financial management system requirements.

(U) For FY 2020, the NRO OIG engaged the independent public accounting firm Kearney & Company, P.C. (Kearney) to test the NRO's financial systems for compliance with applicable laws and standards as part of its *Audit of the National Reconnaissance Office Fiscal Year 2020 Financial Statements*. Kearney's assessment will determine whether the NRO's financial management systems comply with the federal financial management system requirements, applicable federal accounting standards, or application of the United States Standard General Ledger at the transaction level. The OIG received Kearney's assessment in November 2020. It noted no material weaknesses and one significant deficiency.

## (U) Peer Reviews

(U) The *Inspector General Act of 1978*, as amended, requires that OIGs report on peer reviews conducted during this semiannual reporting period. The purpose of a peer review is to determine whether an organization's system of quality control is designed suitably and whether its staff is effectively implementing those quality controls and conforming to applicable professional standards. Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States require audit organizations performing audits, attestation engagements, or both to undergo a peer review at least once every three years by reviewers independent of the audit organization to determine whether an appropriate internal quality control system is in place. Similarly, the *CIGIE Guide for Conducting Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspector General* (January 2017) provides standards for conducting peer reviews of inspections divisions within the IG community.

### (U) Peer Reviews of the NRO Office of Inspector General

(U) There were no peer reviews of the NRO OIG during this semiannual reporting period.

### (U) Peer Review of Other Agencies' Inspectors General

(U) During this reporting period, the NRO OIG completed a peer review of the IC IG Audits Division. The peer review was conducted in accordance with the CIGIE guidelines and Government Auditing Standards issued by the Comptroller General. The objective of this peer review was to determine whether, for the period 1 April 2017 through 31 March 2020, the IC IG audit organization's system of quality control was suitably designed and whether the audit organization has been complying with its quality control system to provide the audit organization with reasonable assurance of conforming to applicable professional standards. The delays imposed by the COVID-19 pandemic postponed the start of the review until September 2020.

(U) The NRO OIG's review found that the system of quality controls was suitably designed, and that the Audits Division complied with those controls to provide the OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. As a result, the IC IG Audits Division received an external peer review rating of pass.<sup>1</sup> As is customary, the NRO OIG issued a Letter of Comment with findings that were not considered to be of sufficient significance to affect the peer review rating and noted minor matters and improvements related to elements of a finding, sampling scope and methodology, and referencing of report information and statement of fact.

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<sup>1</sup> (U) An audit organization can receive a rating of pass, pass with deficiencies, or fail.

**(U) Independence**

(U) The *Inspector General Act of 1978*, as amended, established OIGs to create organizationally independent and objective units to support agency oversight, effectiveness, and accountability. To assist the OIGs in maintaining independence, the CIGIE developed *Quality Standards for Federal Offices of Inspector General*, and the GAO established guidance for evaluating and ensuring the statutory independence for each OIG organization as well as the independence of individual staff members. In accordance with the CIGIE and GAO guidance on maintaining independence, the OIG has established significant controls to ensure that its staff members are "free both in fact and appearance from personal, external, and organizational impairments to independence."

(U//~~FOUO~~) The NRO OIG encountered no threats to its independence during this semiannual reporting period. The OIG continues to maintain its independence while working cooperatively with NRO senior leadership, staff, and contractor personnel to execute its oversight responsibilities.

(U) One key to the OIG's effectiveness is the cooperation and collaborative working relationship it holds with the NRO leadership and staff. The DNRO, the NRO leadership team, and staff continue to be forthcoming with information and access to records and other documentation the OIG needs to carry out its mission. In addition, the NRO leadership is actively engaged in addressing open recommendations and implementing corrective actions.



**(U) Appendix A: Semiannual Reporting Requirements**

(U) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) conducts audits, inspections, investigations, and special reviews in accordance with the requirements of the *Inspector General Act of 1978*, as amended (IG Act). Those requirements include promoting economy, efficiency, and effectiveness; detecting and preventing fraud and abuse; and supporting the mission of the NRO. The IG Act also establishes semiannual reporting requirements that highlight activities and significant issues that arise during the reporting period that may be of interest to Congress. **Table A1** identifies the semiannual reporting requirements and the location of the corresponding information in this report.

**(U) Table A1: SEMIANNUAL REPORTING REQUIREMENTS**

Reporting Requirement	Page
SEC 4(a)(2) <u>Legislation and regulation review</u>	15
SEC 5(a)(1-2) <u>Significant problems, abuses, and deficiencies; recommendations for corrective action</u>	2
SEC 5(a)(3) <u>Prior significant recommendations not yet implemented</u>	2
SEC 5(a)(4) Matters referred to authorities resulting in prosecutions and convictions	None
SEC 5(a)(5) Summary of refusals to provide information	None
SEC 5(a)(6-7) <u>List and summary of reports issued during the reporting period</u>	4
SEC 5(a)(8-9) <u>Tables showing questioned costs and funds that should be put to better use</u>	None
SEC 5(a)(10-12) Summary of reports with no management decision; description and explanation of revised management decisions; management decisions with which Inspector General disagrees	None
SEC 5(a)(13) <u>Financial systems' compliance with federal requirements</u>	16
SEC 5(a)(14-16) <u>Peer review reporting</u>	17
SEC 5(a)(17-18) <u>Tables showing numbers of investigative reports and a description of the supporting metrics</u>	12
SEC 5(a)(19) <u>Investigations of senior government employee misconduct</u>	12
SEC 5(a)(20) <u>Descriptions of whistleblower reprisal</u>	12
SEC 5(a)(21) <u>OIG independence</u>	18
SEC 5(a)(22) Descriptions of audits, inspections, evaluations, and investigations not disclosed to the public	N/A

(U) Table is UNCLASSIFIED

**(U) Appendix B: Recommendations Older Than Six Months**

(U) **Table B1** summarizes all open recommendations described in previous National Reconnaissance Office (NRO) Office of Inspector General (OIG) semiannual reports for which corrective actions are not yet completed. Open recommendation details are in **Tables B2–B21**.

**(U) Table B1: Recommendations Older Than Six Months**

(U) Report Title	(U) Report Date	(U) Total	(U) Open
<u>(U) Audit of NRO Cyber Incident Detection and Response</u>	17 December 2014	10	1
	25 March 2015	59	5
<u>(U) Joint Inspection of Aerospace Data Facility Southwest and National Geospatial-Intelligence Agency Southwest</u>	30 September 2015	16	2
<u>(U) Audit of the NRO Aerospace Data Facility Colorado Facilities Infrastructure</u>	15 August 2016	2	1
	30 September 2016	34	6
<u>(U) Audit of the NRO's Transition to an Enterprise Information Technology Audit Capability</u>	6 December 2016	5	2
<u>(U) Joint Inspectors General Inspection Report Aerospace Data Facility Colorado, National Geospatial-Intelligence Agency Denver</u>	8 February 2017	91	6
<u>(U) Inspection of the Continuity and Critical Infrastructure Program Office</u>	31 March 2017	15	5
	26 January 2018	107	6
<u>(U) Audit of Fleet Management</u>	14 February 2018	5	1
<u>(U) Inspection of NRO Mission Resiliency</u>	2 March 2018	5	3
<u>(U) Inspection of the Aerospace Data Facility East</u>	16 May 2018	33	2
<u>(U) Inspection of the NRO's TEMPEST Program</u>	27 August 2018	9	1
<u>(U) Inspection of the Aerospace Data Facility Southwest</u>	11 June 2019	58	11
<u>(U) Inspection of NRO's Joint Operations Transformation</u>	5 September 2019	8	4
<u>(U) Audit of NRO Management of Industrial Control Systems Security Controls</u>	30 September 2019	1	1
	16 July 2020	31	8
<u>(U) Audit of the Management of Industry Partner Access</u>	28 August 2020	7	7



17 September 2020	10	10
30 September 2020	18	13

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