

NATIONAL RECONNAISSANCE OFFICE

OFFICE OF INSPECTOR GENERAL

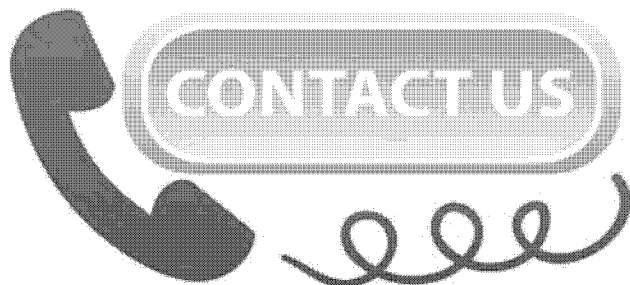
(U) SEMIANNUAL REPORT TO THE CONGRESS

1 April 2021 – 30 September 2021

27 October 2021

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National Reconnaissance Office
Office of Inspector General

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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

27 October 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 April through 30 September 2021. The OIG issued 11 Reports of Investigation, 3 audit reports, and 2 inspection reports and continued its work on another 8 projects during this reporting period.

(U//~~FOUO~~) My office has continued our commitment to improving the efficiency and effectiveness of NRO programs and operations. This period included our *Inspection of Mission Basing Preparedness*, which identified shortcomings hindering the NRO's efficiency and effectiveness of activities for allocating new mission capabilities across the various NRO facilities. Our *Inspection of the NRO Chief Information Officer* identified continuous monitoring (CM) challenges and a need for specialized training for Information System Owners and Contracting Officers Technical Representatives responsible for implementing CM activities. At the close of this reporting period, we are finalizing several significant projects, including the *Audit of the National Reconnaissance Office's Acceptance and Management of Funds from Other Government Agencies*, *Inspection of the Aerospace Data Facility East (ADF-E)*, [redacted] and *Quick Action Review of the ADF-E Guard Force*.

(U) In addition to producing quality audits, inspections, and investigations, we expended significant effort to our stand-up of the NRO OIG Independent Oversight Career Service in support of our growing NRO OIG Cadre workforce. This career service will include formal structures and systematic approaches for talent acquisition, development, and advancement and will complement the existing independent career service supporting our Central Intelligence Agency OIG professionals.

(U//~~FOUO~~) Our Analytics Division completed an extensive manual download, compilation, and data cleansing of supplemental worksheets related to Section 3610 of the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* in preparation for a detailed analysis of hours charged by contractor employees. The Division will also compare the Section 3610 CARES Act data with Paycheck Protection Program (PPP) loan, PPP loan forgiveness, and Economic Injury Disaster Loan data to identify potential fraud or double-dipping. [redacted]

~~(S//TK//REL TO USA, FVEY)~~ We look forward to the lifting of travel restrictions so we can conduct additional high-priority reviews, such as the *Inspection of the National Space Defense Center* and the *Joint Inspection of Aerospace Data Facility Colorado, National Security Agency (NSA) Colorado, and National Geospatial-Intelligence Agency Denver*. While complying with travel restrictions and COVID-19 protocols, we sent a small government and contractor team to the [redacted] to conduct *Federal Information Security Modernization Act (FISMA)* testing and limited outreach with the workforce. While the team members faced challenging COVID-19 safety and testing protocols, they were highly successful in meeting their FISMA and outreach requirements.

(U) We commemorated National Whistleblower Appreciation Day with events at NRO Headquarters on 30 July to underscore the importance of whistleblowers in improving the NRO's mission performance while protecting classified information. In addition, on 29 July, I visited ADF-E to discuss whistleblower protections with members of the workforce.

~~(S//TK//REL TO USA, FVEY)~~ In August, we released our *Fiscal Year (FY) 2022 Annual Work Plan*, which identified oversight projects that address NRO mission risks; support the OIG's responsibilities to promote economy, efficiency, and effectiveness; and prevent and detect fraud, waste, and mismanagement. Planned projects for FY 2022 include the [REDACTED]

(U//~~FOUO~~) In September, we released our FY 2021 *Management Challenges Report*, which highlights the most serious management and performance challenges facing the NRO. Several challenges are shared by many executive branch agencies, including mitigating supply chain risks, addressing aging information technology and facility infrastructures, and competing for human capital talent. Other challenges more unique to the NRO include [REDACTED]

(U) We continue to enjoy a collaborative relationship with Director Scolese and with the NRO's leadership and workforce. We greatly appreciate their support for our audits, inspections, special reviews, and investigations. 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 hard work, resourcefulness, and commitment to providing effective oversight of NRO programs and operations, particularly during this worldwide pandemic. We remain a trusted champion for accountability, transparency, and continuous improvement and join with others within the Inspector General community to navigate these unprecedented times.



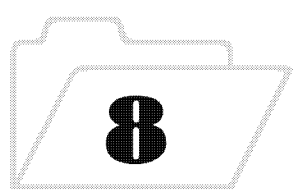
Susan S. Gibson
Inspector General



National Reconnaissance Office
OFFICE of INSPECTOR GENERAL

HIGHLIGHTS - 1 APRIL 2021 to 30 SEPTEMBER 2021

Audits & Inspections



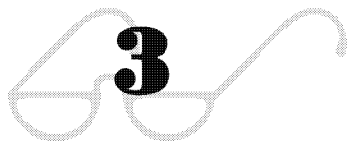
Ongoing

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Closed

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Peer Reviews

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HIGHLIGHTS

- (U) As a result of the NRO OIG's investigative efforts, another Department of Defense agency terminated its contract, and a company and its officers agreed to initially pay \$315,000, with additional installments through 2025 totaling no more than an additional \$450,000, to settle the government's claims.
- (U//~~FOUO~~) The NRO OIG is finalizing a quick action review to examine [redacted]
- (U//~~FOUO~~) An OIG inspection found shortcomings in the applicability and implementation guidance set forth in the NRO's mission basing policy, which hinders the overall efficiency and effectiveness of mission basing activities.
- (~~S//TK//REL TO USA, FVEY~~) As a follow-on to required *Federal Information Security Modernization Act* (FISMA) testing at [redacted] [redacted] FISMA evaluators provided guidance to site personnel regarding a potential solution to an [redacted]

Investigations

\$901,933

Funds Recovered or Identified

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Complaints Received

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Ongoing Whistleblower Reprisal Reviews

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Reports of Investigation

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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 13 audits and inspections, 5 of which were completed. The OIG derived these projects from the OIG Annual Work Plan or initiated projects in response to newly identified risk areas. The OIG also completed several investigations and issued 11 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) **Qui Tam Investigation.** The NRO OIG, the Defense Criminal Investigative Service, and the Air Force Office of Special Investigation completed an investigation in support of a request from the Department of Justice Civil Division based on information from a qui tam lawsuit filed under the *False Claims Act*, 31 U.S.C. §§ 3729-3733. The lawsuit alleged that a company, by and through two of its officers, misrepresented its previous technical accomplishments to another Department of Defense (DoD) agency to obtain a sole source contract with that agency. The company represented it had exclusive proprietary rights to advanced technology, which it claimed to have operationally deployed to multiple locations in support of NRO operations around the globe. Based on these misrepresentations, the company was awarded a five-year, indefinite delivery, indefinite quantity sole source contract with the other DoD agency. The NRO OIG identified that the company had not developed, deployed, or provided to the NRO or any other government agency an operational version of the technology as claimed prior to the contract award. Because of the NRO OIG's efforts, the other DoD agency terminated the contract, and the company and its officers agreed to initially pay \$315,000, with additional installments through 2025 totaling no more than an additional \$450,000 (for a total potential settlement up to \$765,000), to settle the government's claims. Per the agreement, all funds will be paid to the other DoD agency and the US Treasury. The company and its officers were also considered for suspension and debarment by the other DoD agency.
- (U//~~FOUO~~) **Inspection of the National Reconnaissance Office's Mission Basing Preparedness.** The NRO OIG's mission basing inspection identified shortcomings in the applicability and implementation guidance set forth in [REDACTED]. [REDACTED] These shortcomings hinder the overall efficiency and effectiveness of the NRO's mission basing activities, including but not limited to the fact that the NRO guidance lacks threshold criteria that

identify the types of missions, projects, and initiatives governed by the Directive. Given that mission basing assists in developing appropriately formulated recommendations and decisions, yielding well-informed acquisition commitments or decisions, and effectively managing the NRO's mission baseline, the OIG's findings and recommendations should promote more effective and efficient processes for enabling new NRO mission capabilities.

- ~~(U//FOUO)~~ **Intelligence Community Inspector General National Intelligence Professional Awards.** The NRO OIG was awarded two of the seven Annual Intelligence Community (IC) Inspector General National Intelligence Professional Awards—the Leadership Award and the Collaboration Award. Our [REDACTED] [REDACTED] received the Leadership Award for serving as the NRO Pandemic Response Accountability Committee Liaison and Lead IC OIG General Liaison. She promoted greater transparency and effective oversight of the risks associated with the execution of Section 3610 of the *Coronavirus Aid, Relief, and Economic Security Act*. Our Audits Division won the Collaboration Award for [REDACTED] [REDACTED] [REDACTED]. The community team recommended greater economy and accountability within the IC research and development mission.

(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.

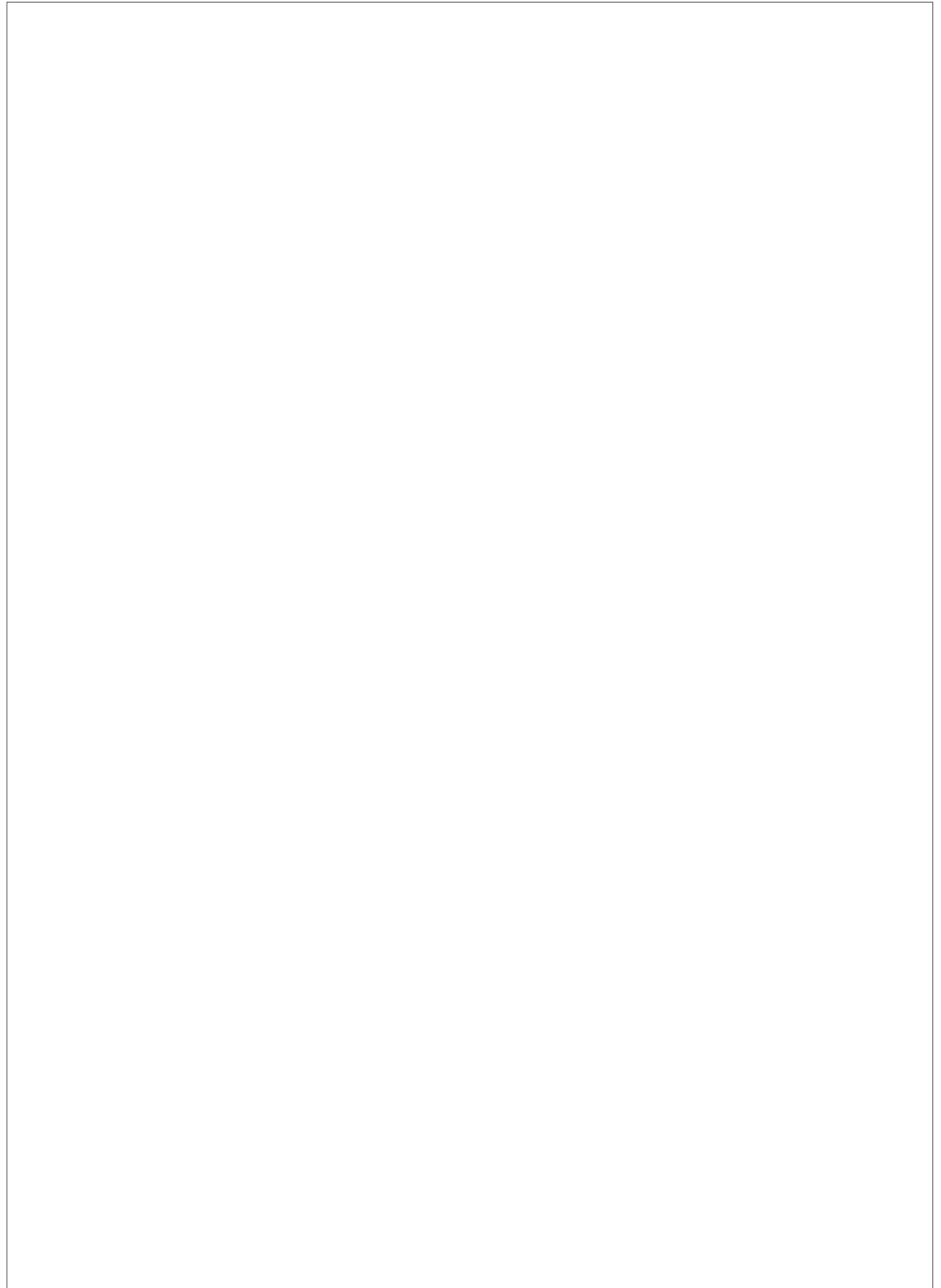
(U) Significant Findings and Recommendations for the Current Reporting Period

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

(U) Status of Prior Significant Recommendations

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(U) Table 1: 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 April 2021 to 30 September 2021

Title	Date Completed
Evaluation of National Reconnaissance Office Fiscal Year 2020 Payment Integrity Information Act of 2019 Compliance	28 Apr 2021
Fiscal Year 2020 Risk Assessment of the National Reconnaissance Office Charge Card Program	14 May 2021
Inspection of Mission Basing Preparedness	22 Jun 2021
Inspection of the National Reconnaissance Office Chief Information Officer	22 Jun 2021
NRO GEOINT-Financials Statement on Standards for Attestation Engagements No. 18 Examination SOC 1 Type 2 Report for the Period 1 July 2020 to 30 June 2021	13 Aug 2021

(U) Table is UNCLASSIFIED

(U) Completed Projects – Findings and Recommendations**(U) Evaluation of National Reconnaissance Office Fiscal Year 2020 Payment Integrity Information Act of 2019 Compliance**

(U) For Fiscal Year (FY) 2020, the NRO was in compliance with all applicable requirements outlined by the Office of Management and Budget (OMB) framework for payment integrity improvement. Since the results of the risk assessments identified that all of the programs were low risk and not susceptible to significant improper payments, the next five requirements for OIG review (publish improper payment rate estimates, establish a sampling and estimation plan, publish corrective action plans, publish executive agency action plans, and establish efforts to prevent and reduce improper payments) are not applicable.

(U) Fiscal Year 2020 Risk Assessment of the National Reconnaissance Office Charge Card Program

(U//~~FOUO~~) The OIG conducted this assessment in accordance with the *Government Charge Card Abuse Prevention Act of 2012*, Public Law 112-194, and OMB guidance. During the *FY 2019 Risk Assessment of the NRO Charge Card Program*, the OIG observed that the NRO's procedures did not reflect the transfer of responsibilities for the card programs to the Directorates and Offices. The OIG suggested that the NRO should consider updating [redacted] to reflect the change. This year's assessment noted that [redacted] has been updated to identify the transfer of responsibilities.

(U) The assessment did not reveal significant risks, and the OIG will not conduct an audit of the NRO's Charge Card Program at this time.

(U) Inspection of Mission Basing Preparedness

(U//~~FOUO~~) [redacted]

[redacted] Mission basing refers to the process of allocating new mission capabilities across the various NRO facilities. Mission basing assists in developing appropriately formulated recommendations and decisions, yielding well-informed acquisition commitments or decisions, and effectively managing the NRO's mission baseline. The objective of this inspection was to evaluate whether the collective activities across the NRO are effectively and efficiently implementing mission basing policies and processes for enabling new mission capabilities.

(U//~~FOUO~~) Inspectors observed shortcomings in the applicability and implementation guidance set forth in [redacted] which hinders the overall efficiency and effectiveness of mission basing activities. Specifically, the OIG identified four areas that require attention:

- (U//~~FOUO~~) [redacted] lacks threshold criteria that identify the types of missions, projects, and initiatives governed by the Directive.
- (U//~~FOUO~~) The NRO does not have a codified NRO Instruction that provides guidance detailing appropriate steps of the mission basing process.
- (U//~~FOUO~~) The [redacted] formed to collaborate with the [redacted] has not finalized or published a charter.
- (U//~~FOUO~~) Remote site management cannot rely solely on [redacted] instead, the NRO should publish a separate policy to complement the mission basing policy.

(U//~~FOUO~~) The OIG recommended updates to the ND to clarify the threshold criteria and the issuance of an NRO Instruction detailing the mission basing process. In addition, the OIG recommended the issuance of an [redacted] charter and a [redacted] policy.

(U) Inspection of the National Reconnaissance Office Chief Information Officer

(U//~~FOUO~~) This inspection had two primary objectives. First, the inspection evaluated the efficiency and effectiveness of the NRO's continuous monitoring (CM) activities in accordance with Intelligence Community Directive 503, *Intelligence Community Information Technology Systems Security Risk Management*. Second, the OIG assessed compliance with training and certification requirements for NRO information technology (IT) acquisition and cybersecurity professionals, as well as the adequacy of current fill rates to meet IT acquisition and cybersecurity mission needs.

(U//~~FOUO~~) In brief, the OIG concluded that the NRO has several challenges in efficiently managing the Risk Management Framework (RMF) workflow, specifically the CM step. Not properly addressing CM within the RMF may result in unmitigated risks to NRO systems. The challenges identified are due in large part to the decentralization of the overall policy structure, the Information Assurance-coded workforce, and the organizational management structure. To address this concern, the OIG recommended the implementation of the goals, objectives, and tenets of the 2019 Cybersecurity Strategy. Regarding fill rates for NRO cybersecurity positions, the OIG found fill rates to be adequate; however, the NRO lacks training requirements for Information System Owners (ISOs) and Contracting Officers Technical Representatives (COTRs) who have functional roles and responsibilities for implementing CM activities within the RMF workflow. To address this concern, the OIG recommended the establishment of a formal training program that includes mandatory RMF training and IT training requirements for ISOs and COTRs and a process to track training completion.

(U) NRO [redacted] **Statement on Standards for Attestation Engagements No. 18 Examination SOC 1 Type 2 Report for the Period 1 July 2020 to 30 June 2021**

(U) The NRO has partnered with the National Geospatial-Intelligence Agency to be the service provider for the [redacted] application. The NRO OIG has contracted with the independent public accounting firm Kearney & Company (Kearney) to report on the fairness of the presentation of management's description of the [redacted] application and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives included in the description.

(U//~~FOUO~~) Kearney issued an unqualified opinion on the controls surrounding the [redacted] application and its hosting environment. An unqualified opinion means that the NRO management description fairly presents the [redacted] application and that the control objectives tested were designed and operating effectively.

(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 April 2021 to 30 September 2021

Title	Date Initiated
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
<input type="text"/>	28 Jan 2021
Inspection of the National Reconnaissance Office's Classification Compliance	24 Feb 2021
Audit of the National Reconnaissance Office Fiscal Year 2021 Financial Statements	11 Mar 2021
National Reconnaissance Office Fiscal Year 2021 Independent Federal Information Security Modernization Act of 2014 Evaluation	29 Mar 2021
<input type="text"/>	5 Jul 2021
Inspection of the NRO's Recruitment and Hiring of the NRO Cadre	13 Aug 2021

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(U) Ongoing Projects – Objectives

(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.

(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 (which includes Contracts, Facilities and Infrastructure, and Security).

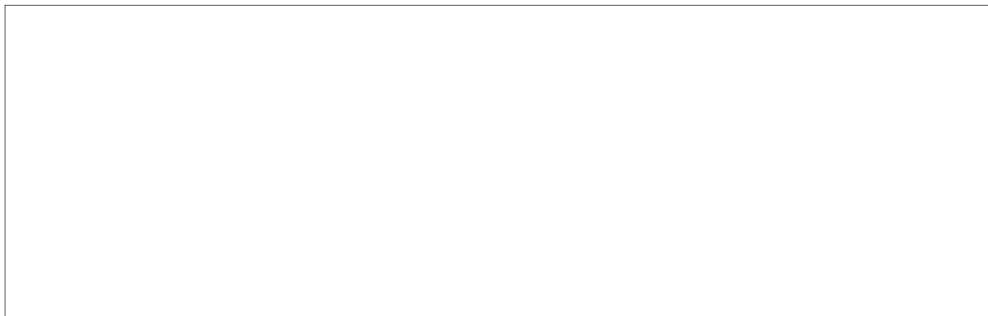


(U) Inspection of the National Reconnaissance Office's Classification Compliance. Objective: The FY 2020 *National Defense Authorization Act* directs that the NRO OIG shall submit a report that includes analyses of the following with respect to the prior fiscal year (FY 2020):

- 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.
- Effectiveness of processes for identifying topics of public or historical importance that merit prioritization for a declassification review.

(U) Audit of the National Reconnaissance Office Fiscal Year 2021 Financial Statements. Objective: 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 are also reviewing internal controls and compliance with laws and regulations and are following up on the status of audit findings from previous years.

(U) National Reconnaissance Office Fiscal Year 2021 Independent Federal Information Security Modernization Act (FISMA) of 2014 Evaluation. Objective: Provide an independent assessment of the effectiveness of the NRO's information security program and practices. The evaluation team is also following up on findings and recommendations from the prior year's FISMA report.



(U) Inspection of the NRO's Recruitment and Hiring of the NRO Cadre. Objective: Evaluate whether the NRO's processes for recruiting

and hiring Cadre personnel are effectively meeting mission needs. Within this objective, the inspection will also examine the effectiveness of the NRO's intern program and the advancement of diversity practices in the recruitment and hiring process.

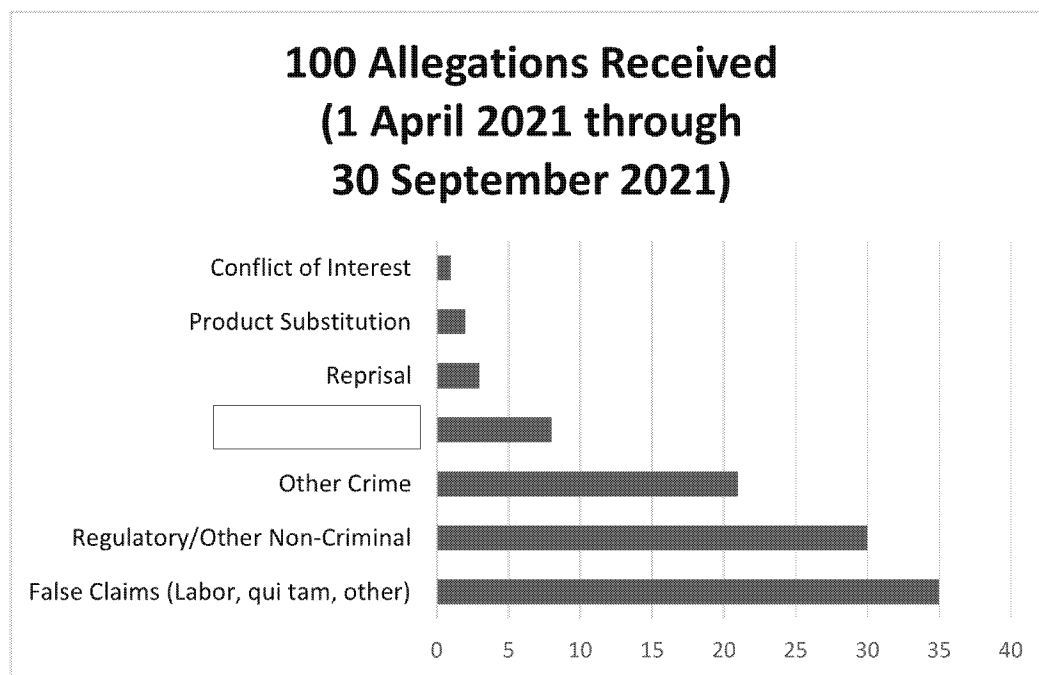
(U) Investigations

(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 authorities.

(U) The Division maintains all investigative records and information, starting with complaint intake through the final report, along with the full disposition of each referred case, using the Investigations Division's [redacted]. The OIG derived the data in this section from all relevant records in [redacted] covering the reporting period of 1 April 2021 through 30 September 2021.

(U) The Investigations Division responded to 100 complaints this reporting period. The range of allegations included, but was not limited to, aspects of fraud and other allegations of wrongdoing within NRO programs. **Figure 1** illustrates the types and numbers of these cases opened during this reporting period. The Division referred nine 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 Complaints Received by the NRO OIG Investigations Division



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(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) Reports of Investigation

(U) During this reporting period, the Investigations Division produced 11 Reports of Investigation in response to allegations of fraud and/or other wrongdoing at the NRO. As a result of investigations completed during this reporting period, approximately \$901,933 was identified for return 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 consideration relevant to suspension and debarment. This reporting period includes no final reports related to whistleblower retaliation. **Table 4** illustrates the additional details of these reports.

(U) Table 4: Summary of Referrals and Indictments

Item	Number
Total Reports	11
Referrals to Federal Prosecutor	10
Referrals to State Prosecutor	0
Indictments	0

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(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) **False Claims Act:** The NRO OIG, the Defense Criminal Investigative Service, and the Air Force Office of Special Investigation completed an investigation in support of a request from the Department of Justice based on information from a qui tam lawsuit filed under the *False Claims Act*, 31 U.S.C. §§ 3729-3733. The lawsuit alleged that a company, by and through two of its officers, made false representations to another government agency regarding the company's previous technical accomplishments to obtain a sole source contract with the other agency, against which the NRO had placed and funded a task order.

(U) The joint investigative team obtained records and information showing that the company's officers had misrepresented the company's technical accomplishments when they related to the other agency that the company had exclusive proprietary rights to technology that it

claimed to have operationally deployed to multiple locations in support of NRO operations. Because of these misrepresentations, the company was awarded a five-year, indefinite delivery, indefinite quantity sole source contract with the other agency. The investigation did not identify any records or information showing the company had ever developed, deployed, or provided to the government an operational version of the technology as claimed at the time of the contract award in September 2016.

(U) As a result of the investigation, the other agency terminated the contract, and the company and its officers agreed to initially pay \$315,000, with additional installments through 2025 totaling no more than an additional \$450,000 (for a total potential settlement up to \$765,000), to settle the government's claims. The company and its officers were also considered for suspension and debarment by the other agency.

(U) **Destruction of Government Records:** The OIG completed an investigation regarding allegations that a contractor employee responsible for maintaining architectural plans for NRO facilities destroyed computer files linking together multiple Computer Assisted Design (CAD) drawings on a secure NRO network. The OIG investigation revealed that the contractor destroyed the links between the files when he acted to reorganize the CAD records on the network, which was contrary to the direction provided to him by his manager. Based on the investigation, the contractor employee received a reprimand, and the company repaired the links to the data. The company provided the NRO a \$3,039 credit on the contract to offset the cost of the repairs.

(U) **Misuse of Position:** A GG-15 NRO officer misused her position to expedite the hiring of a favored candidate into a GG-15 position at the NRO. The OIG found that the officer engaged in conduct inconsistent with instructions provided to her by a senior manager and departed from standard operating instructions then in effect while she pursued actions toward directly hiring her preferred candidate. The officer omitted relevant NRO officials from the direct hire information routing process and provided potentially misleading information to senior NRO officials in furtherance of her actions. The officer was given a verbal reprimand, and the NRO has since added additional policies and controls to its hiring processes.

(U) **False Claims for Labor:** The Investigations Division completed eight investigations of false claims based on mischarged labor. All eight cases involved NRO contractor employees mischarging their time in potential violation of 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*. In total, these investigations identified approximately \$133,894 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 April 2021	0	N/A
That were issued between 1 April 2021 and 30 September 2021	0	N/A
Disallowed costs for which a management decision was made between 1 April 2021 and 30 September 2021	0	N/A
Costs not disallowed for which a management decision was made between 1 April 2021 and 30 September 2021	0	N/A
For which no management decision was made by 30 September 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.

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(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 April 2021	0	N/A
That were issued between 1 April 2021 and 30 September 2021	0	N/A
For which a management decision was made—and the dollar value of recommendations was agreed to by management—between 1 April 2021 and 30 September 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 April 2021 and 30 September 2021	0	N/A
For which no management decision was made by 30 September 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.

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(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 comment 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 (Council), which is chaired by the Office of the Inspector General of the Intelligence Community (IC IG); and other channels.

(U) During this reporting period, the NRO OIG engaged in activities in response to ongoing legislative requirements, including but not limited to those set forth in the FY 2020 *National Defense Authorization Act* and the *Intelligence Authorization Acts* for FYs 2018, 2019, and 2020. Examples of these activities include working with the Council to develop a report on cleared whistleblower attorneys in the IC, preparing a report on protections for confidentiality of whistleblower-related communications, and implementing a new semiannual reporting requirement pertaining to unauthorized disclosure investigations. In addition, the OIG provided comment and technical drafting assistance on numerous legislative initiatives, including the *IG Independence and Empowerment Act*, the *Intelligence Authorization Act*, the *Integrity Committee Transparency Act*, the *Whistleblower Protection Improvement Act*, and the *Protecting Our Democracy Act*, each of which addresses aspects of OIG independence and/or OIG authorities in conducting objective, comprehensive investigations, audits, inspections, and evaluations. The OIG appreciates Congress's ongoing efforts to strengthen the independence of IGs and provide additional tools to improve oversight of the federal government.

(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 2021, the NRO OIG engaged the Independent Public Accounting firm Kearney and Company (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 2021 Financial Statements*. Kearney's assessment will determine whether the NRO's financial management systems comply with the federal financial management system's requirements, applicable federal accounting standards, or application of the United States Standard General Ledger at the transaction level. The assessment is ongoing, and the results will be reported in the NRO FY 2021 Annual Financial Report and the OIG's next Semiannual Report.

(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 current *CIGIE Guide for Conducting Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspector General* (December 2020) 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) The NRO OIG continues to support colleagues across the IC by participating in peer reviews. The methodology for these peer reviews is directed by CIGIE and is designed to ensure IG colleagues throughout the IC adhere to the professional standards required by the *Inspector General Reform Act of 2008*.

(U) The NRO OIG participated in the IC IG-led external peer review of the National Security Agency (NSA) OIG Audits Division. The NSA OIG audit systems of quality control were functioning as designed, and NSA received a rating of "pass."¹ The NRO OIG also participated in the Defense Intelligence Agency OIG-led external peer review of the National Geospatial-Intelligence Agency OIG Inspections Division, as well as the NSA OIG-led external peer review of the Central Intelligence Agency OIG Inspections Division.

¹ (U) Audit organizations 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, CIGIE developed the *Quality Standards for Federal Offices of Inspector General*, and the Government Accountability Office (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>	17
SEC 5(a)(1-2) Significant problems, abuses, and deficiencies; recommendations for corrective action	None
SEC 5(a)(3) <u>Prior significant recommendations not yet implemented</u>	4
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>	5
SEC 5(a)(8-9) <u>Tables showing questioned costs and funds that should be put to better use</u>	16
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>	18
SEC 5(a)(14-16) <u>Peer review reporting</u>	19
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>	13
SEC 5(a)(20) <u>Descriptions of whistleblower retaliation</u>	13
SEC 5(a)(21) <u>OIG Independence</u>	20
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-B18**.

(U) Table B1: Recommendations Older Than Six Months

(U) Report Title	(U) Report Date	(U) Total	(U) Open
[REDACTED]	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	1
<u>(U) Audit of the NRO Aerospace Data Facility Colorado Facilities Infrastructure</u>	15 August 2016	2	1
[REDACTED]	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	3
<u>(U) Inspection of the Continuity and Critical Infrastructure Program Office</u>	31 March 2017	15	5
[REDACTED]	26 January 2018	107	4
<u>(U) Inspection of NRO Mission Resiliency</u>	2 March 2018	5	2
<u>(U) Inspection of the Aerospace Data Facility East</u>	16 May 2018	33	2
<u>(U) Inspection of the Aerospace Data Facility Southwest</u>	11 June 2019	58	3
<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
[REDACTED]	16 July 2020	31	6
<u>(U) Audit of the Management of Industry Partner Access</u>	28 August 2020	7	7
[REDACTED]	17 September 2020	10	10
[REDACTED]	30 September 2020	18	11

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