

Defense Intelligence Agency

Office of the Inspector General

SEMIANNUAL REPORT TO CONGRESS

October 1, 2020–March 31, 2021



Defense Intelligence Agency Office of the Inspector General

Semiannual Report to Congress 1st and 2nd Quarters, FY 2021

The Defense Intelligence Agency Office of the Inspector General has strived to make the unclassified Semiannual Report to Congress as transparent as possible while safeguarding sensitive and classified information. Where appropriate, we have redacted or rephrased information to avoid disclosing sensitive and classified material. Although we have worked to provide a comprehensive unclassified report, the classified version contains additional details that could not be released in the public report.

This report with its classified addendum is posted on the Joint Worldwide Intelligence Communications System and on the Secret Internet Protocol Router Network. A copy of this report, excluding its addendum, can also be found on the Internet at <https://oig.dia.mil/> and at <http://www.oversight.gov>.

To request physical copies of this report, contact the DIA Office of the Inspector General at (202) 231-1010.

Send us Your Audit, Inspection, and Evaluation Suggestions

Defense Intelligence Agency

ATTN: Office of the Inspector General

7400 Pentagon

Washington, DC 20301-7400

**Are you aware of fraud, waste,
or abuse in a DIA program? If so,
report it!**

DIA Inspector General Hotline:

Via phone: (202) 231-1000

Via NIPR email: ig_hotline@dia.mil

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The DIA Office of the Inspector General

The DIA Office of the Inspector General (OIG) is one of 75 Federal statutory Inspectors General (IGs) established by the IG Act of 1978, as amended. The IG Act contains OIG independence provisions, the objectivity of OIG work, and safeguards against efforts to impair objectivity or hinder OIG operations.

Our Mission

Conduct independent, objective, and timely oversight across the Defense Intelligence Agency (DIA) Enterprise to promote economy; detect and deter fraud, waste, abuse, and mismanagement; and inform DIA and Congress. We accomplish this through independent audits, inspections, evaluations, investigations, and the OIG Hotline program.

Our Vision

Foster 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.

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.

Integrity

Courageously adhere to the highest ethical principles and honor confidentiality, objectivity, and trustworthiness.

A Message from the IG

Kristi M. Waschull

I am honored to present the Defense Intelligence Agency (DIA) Office of the Inspector General (OIG) Semiannual Report to Congress (SAR). The following report highlights DIA OIG accomplishments from October 1, 2020, through March 31, 2021. This report encompasses my team's resiliency, dedication, and rigor throughout the reporting period.

Although my team faced significant challenges to detect fraud, waste, and abuse during the pandemic, I am pleased to say they prospered while doing so. They brought inspiring and refreshing ideas to the table, improved our reports, including our SAR, and worked to issue 25 recommendations and close 21 this reporting period. While you look through our SAR, you will notice a few alterations—most notably—our refreshed appearance, detailed summaries of our ongoing work, and the inclusion of our recommendations. We have always made it our mission to increase the transparency of our work. We hope our readers gain a greater understanding of our oversight work through these most recent adjustments to this report.

We issued meaningful and timely reports, one of which was the evaluation of the Agency's implementation of section 3610 of the Coronavirus Aid, Relief, and Economic Security Act, through which we found \$1.5 million in questioned costs. This allowed the Agency to address the issue immediately and prevent the Agency from providing additional inappropriate reimbursements to DIA contract companies. In addition, through our audit of DIA's unplanned price changes, we found that the Agency could have saved \$176,000 by properly analyzing and negotiating escalated contract prices. We were also sure to execute statutory projects through the evaluation of Federal Information Security Modernization—also known as FISMA—and the audit of DIA's financial statements. Lastly, we assessed whether the Agency was in compliance with Executive Order 13950, "Combating Race and Sex Stereotyping," and found that it was.

We completed inspection and evaluation work that was just as significant with our evaluations of DIA's classification authorities and procedures and the Agency's management of the Department of Defense All-Source Analysis Professional Certification Program. We also completed a study to determine the Agency's response to the Coronavirus 2019 (COVID-19) pandemic to improve DIA health and safety measures. Through this work, we made recommendations and suggestions to the Agency regarding the proper marking and sharing of classified information, the implementation of a well-rounded Department program for which it is responsible, and the enhancement of safety and health standards to keep the Agency's greatest asset—its workforce—free from COVID-19.

In addition, our investigative efforts showed no signs of slowing during the pandemic. As the first-line connection to complainants, it was critical to remain available and responsive to notifications of fraud, waste, abuse, and mismanagement. This period we opened 28 investigative cases, closed 10 cases, and reviewed over 6,000 incoming Hotline contacts. We substantiated allegations of reprisal for two cases—one of which also substantiated an abuse of authority allegation. Furthermore, we identified a nearly \$17,000 loss to the Government through substantiated allegations of time and labor fraud and cost mischarging.

I am constantly amazed and proud to lead this staff. Their professionalism and enthusiasm are a daily reminder of the work we are pleased to produce. My team's work, diligence, and attention to detail continue to compel management action, creating an effective and efficient Defense Intelligence Agency.



Kristi M. Waschull
Inspector General

Summary of Activities

Recommendations

Issued This Period



Audits: 13
Inspections & Evaluations: 11
Investigations: 3

Implemented By Agency



Audits: 10
Inspections & Evaluations: 0
Investigations: 11

Potential Cost Savings



\$1,500,000
Questioned Costs



\$176,000
Funds Put to Better Use

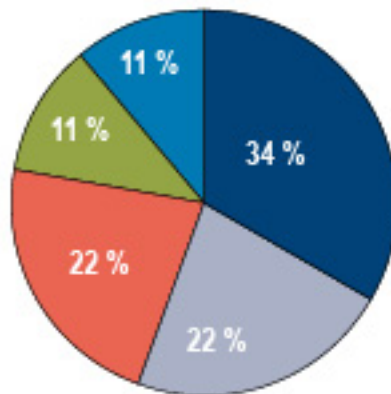


\$16,847.50
Expected Fraud Recoveries

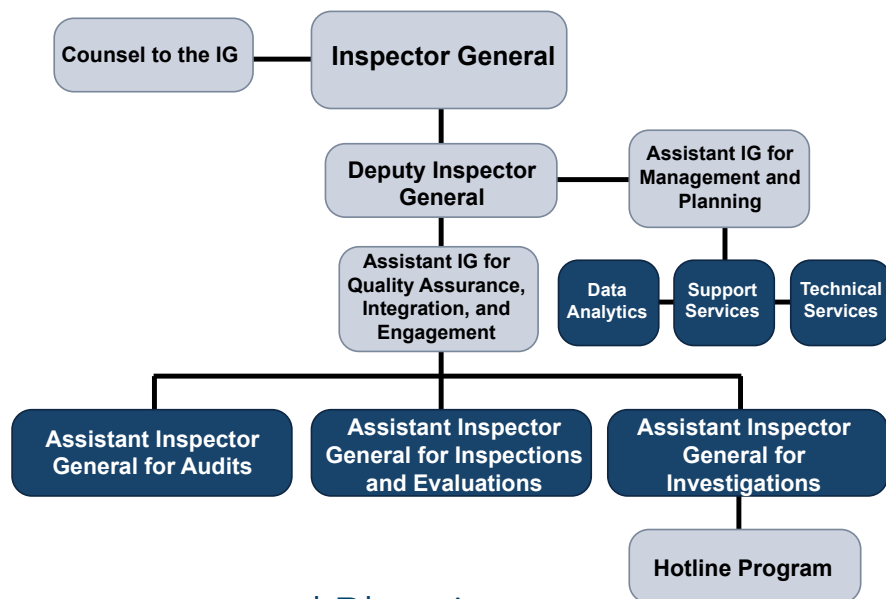
Allegations

9

Substantiated
Allegations



OIG Organizational Chart



Hotline Program

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

Management and Planning

The Management and Planning Division manages all administrative programs and services directly supporting OIG. The division enables useful audit, inspection, evaluation, and investigation activities and facilitates timely production of intelligence management and oversight products for DIA senior leadership and congressional overseers. Management and Planning Division functions include, but are not limited to, manpower, budget, records management, correspondence, Freedom of Information Act and Privacy Act, security, planning, training, information systems, and data analytics in support of the OIG mission.

Protecting Whistleblowers

The DIA OIG is firmly committed to protecting whistleblowers—those who in good faith report fraud, waste, abuse, and other wrongdoing to the OIG and other authorized entities. The office fairly and thoroughly investigates allegations of reprisal or retaliation against whistleblowers and issues reports with recommendations for corrective action when appropriate, to which management responds. OIG investigators and Hotline managers preserve the confidentiality of those that provide information to the office, in accordance with the IG Act, and ensure reports of investigation reflect that confidentiality—consistent with due process.

The OIG proactively participates in Whistleblower Ombudsman and Intelligence Community Center for Protected Disclosures forums. The OIG also issues bulletins, participates in Agency training seminars for supervisors and senior leadership, and provides an orientation for all incoming DIA personnel. The OIG will continue to train and educate personnel as appropriate, and continue to collaborate with the Agency to keep DIA management and the workforce informed. The OIG consistently explores opportunities to encourage the reporting of fraud, waste, and abuse while ensuring those reporting wrongdoing to the OIG feel safe and protected when doing so.

Audits

The Audits Division audits all aspects of DIA operations, providing recommendations that reduce costs; improve operational efficiency and effectiveness; strengthen internal controls; and achieve compliance with laws, regulations, and policy. It also conducts or oversees the annual independent audit of the Agency's financial statements.

Inspections and Evaluations

The Inspections and Evaluations Division inspects and evaluates 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.

Investigations

The Investigations Division conducts proactive and reactive administrative and criminal investigations. Its primary objectives are to detect, deter, and report fraud, waste, and abuse within DIA; develop sufficient evidence to successfully resolve all allegations and facilitate successful criminal prosecution or management-directed disciplinary action; 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 and Office of Oversight and Compliance, also reports and investigates questionable intelligence activities, as defined by Executive Order 12333, "United States Intelligence Activities," as amended.



“It is through our diligent work and steadfast spirit that our organization continues to compel management action and keep Congress fully and currently informed.”

Kristi M. Waschull, Inspector General

Statutory Reporting

Reports to the Director of Refusal to Provide Information

Section 5(a)(5) of the 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 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. No such reports were made during this reporting period.

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.

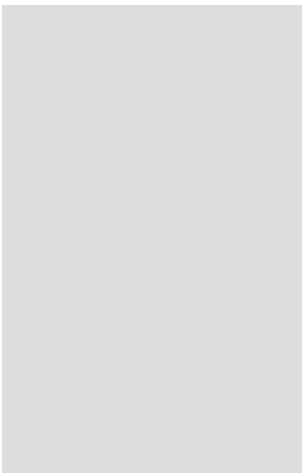
Federal Financial Management Improvement Act of 1996

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. In Fiscal Year (FY) 2018, DIA re-assessed its noncompliance with Federal financial management system requirements, and developed and implemented updated remediation plans to address areas of noncompliance. The Agency has not missed any of its remediation plan target dates.

Statutory Reporting Cont'd

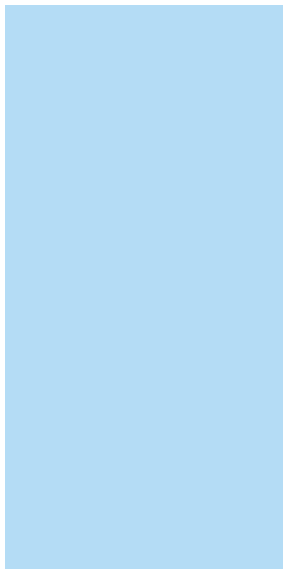
Attempts to Interfere With the IG's Independence

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. This period we investigated an allegation of interference with the IG's independence but determined there was insufficient evidence to conclude DIA management intended to obstruct, impede, or interfere with our office's independence (Case 2020-5037-OI).



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.

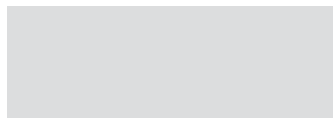


Peer Reviews

Sections 5(a)(14–16) of the IG Act require IGs to report information about peer reviews that their offices have been subject to, including any recommendations that have not been fully implemented and a justification as to why.

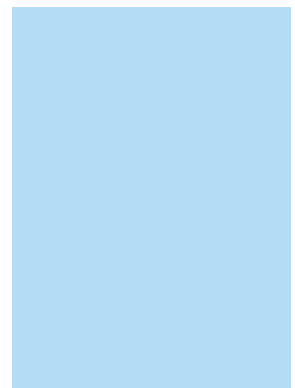
During this reporting period, on January 22, 2021, the National Geospatial-Intelligence Agency OIG completed a peer review of our Audits covering the preceding 3 years. They issued a pass rating and all recommendations will be implemented by the end of the fiscal year. Also, on November 6, 2017, the National Geospatial-Intelligence Agency OIG completed a peer review of our Inspections and Evaluations covering the preceding 3 years. All recommendations were implemented.

Also, the most recent peer review we conducted was of the National Reconnaissance Office OIG's system of quality control for audits, which covered the 3-year period ending September 30, 2019. We issued a rating of pass.



National Defense Authorization Act of FY 2020

Section 6718(b) of the National Defense Authorization Act of Fiscal Year 2020 requires IGs to report the number of investigations regarding unauthorized public disclosures of classified information to congressional intelligence committees, to include the number of reports opened, closed, and referred to the Attorney General for criminal investigation. We did not open, close, or refer any such investigations this reporting period.



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:

17	Legislation
40	Department of Defense Issuances
31	Defense Intelligence Agency Issuances
02	Office of the Director of National Intelligence Issuances
06	Executive Orders

DIA Conference Reporting

Section 738 of the Consolidated Appropriations Act of 2019 requires the heads of executive branch organizations to provide certain details to the IG regarding the organization's involvement in conferences. This period there were no reported conference costs with totals that exceeded the reporting threshold of \$20,000.





Summary of Audits Division Activity

Audit of DIA's Unplanned Price Changes, Project 2019-1006

Our objective for this audit was to determine whether DIA performed appropriate and timely analysis to support contract price changes. The audit focused on the analysis conducted for unplanned price changes on DIA contracts between FYs 2018 and 2020, including changes in response to the 2019 Coronavirus (COVID-19) pandemic.

We determined that DIA did not perform appropriate and timely analysis to confirm that 9 of 11 price increases we reviewed (or 82 percent) were fair and reasonable. Additionally, DIA's contracting system did not have the capability to identify and track unplanned contract price increases. These issues occurred because DIA policies, procedures, and reviews were not designed to assure proper proposal analyses for unplanned price increases.

As a result, DIA could not demonstrate that \$11.2 million of unplanned prices changes had a fair and reasonable price. Additionally, DIA could have saved \$176,000 for other mission priorities if it had analyzed and negotiated price escalation for option periods using data maintained by the Bureau of Labor Statistics. Management concurred with all three recommendations; however, we are requesting further comments on the corrective action plan for one of the recommendations.

Defense Intelligence Agency Financial Statement Audit for Fiscal Year 2020, Project 2020-1002

We engaged with an independent public accounting (IPA) firm to audit DIA's FY 2020 financial statements. The firm did not issue an opinion because the general property, plant, and equipment were not properly recorded in accordance with U.S. generally accepted accounting principles. In addition, unresolved accounting issues and material weaknesses limited DIA's ability to provide sufficient evidential support promptly. The IPA identified three material weaknesses and two significant deficiencies.

Material Weaknesses:

- Financial information technology controls—improvements needed in restricting and monitoring privileged user access, separating incompatible duties, and configuration
- Financial analysis and reporting
- Accounting for property, plant, and equipment

Significant Deficiencies:

- Oversight and monitoring, including third party service providers
- Controls over accounting data transfers

Evaluation of DIA's Compliance with the Federal Information Security Modernization Act (FISMA), Project 2020-1005

Our objective was to evaluate the effectiveness of DIA's overall information security program based on DIA's implementation of the Federal Information Security Modernization Act (FISMA). The purpose of FISMA is to strengthen information security by requiring agency leaders to reduce information security risks to an acceptable level and in a cost-effective manner. The Act requires each Federal agency to develop, document, and implement an agency-wide information security program to protect information and systems, including those provided or managed by another agency, contractor, or other source. We found that the DIA Chief Information Office made progress in addressing network risks and closed one previous FISMA recommendation; however, we reissued seven recommendations.¹

¹Annual evaluations for FISMA have transitioned from our Inspections and Evaluations Division to our Audits Division. All open recommendations from Inspections and Evaluations, Project No. 2019-2005-HQ, were reissued under this project.

Evaluation of DIA's Implementation of Coronavirus Aid, Relief, and Economic Security (CARES) Act—Section 3610, Project 2020-1006

Our objective was to determine whether DIA's contractor reimbursements under section 3610 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act were appropriate and governed by policies and procedures that met the Act's requirements. Section 3610, "Federal Contractor Authority," authorized Federal agencies to reimburse contractors for leave given to keep their employees and subcontractors ready to ensure a timely return to work.

We determined that DIA's contractor reimbursement under section 3610 of the CARES Act did not meet all the requirements of the Act, the U.S. Office of Management and Budget, and Department of Defense (DoD). For all 17 reimbursements we reviewed, DIA did not document how the pandemic affected a contractor's status, as required. Additionally, DIA did not modify the contracts to allow for the 17 reimbursements under section 3610. This occurred because the Agency's policies and procedures that implemented section 3610 did not address the requirements for documenting contractors' status as affected by the pandemic and modifying the contracts to authorize the reimbursements.

As a result, DIA could not show that the 17 reimbursements we reviewed, totaling \$1.5 million, were appropriate. As of January 31, 2021, DIA records show \$10.7 million in CARES Act, section 3610 contractor reimbursements; thus, additional reimbursements may not have been appropriate. Management concurred with all three recommendations we made.

Assessment of Agency's Compliance with Executive Order 13950 on Combating Race and Sex Stereotyping, Project 2021-1002

The objective of this assessment was to determine DIA's overall compliance with Executive Order (E.O.) 13950, "Combating Race and Sex Stereotyping," which required Federal agencies, Federal grantees, Federal contractors, and the Uniformed Services to review and not promote training that included divisive concepts, race or sex stereotyping, and race and sex scapegoating.

This assessment was not an audit or evaluation, and therefore we did not conduct it per the Government Auditing Standards or Quality Standards for Inspection and Evaluation. Rather, this project was conducted using DIA OIG Internal Policies and Procedures for Assessments, in consideration of the Agile Products Toolkit put forth by the Pandemic Response Accountability Committee and the Council of the Inspectors General on Integrity and Efficiency Guide, "Guidance for Compliance Reviews on the E.O. on Combating Race and Sex Stereotyping," October 19, 2020. Based on the assessment procedures, we determined that DIA took steps to comply with the appropriate sections of E.O. 13950.² We provided the results of our assessment to the DoD Office of Inspector General (DoD IG) and did not issue any recommendations. Instead, we issued a suggestion for DIA to improve further compliance with the E.O.

² DIA was awaiting guidance from DoD for section 7.c. Furthermore, DIA was not responsible for Section 6.c.iii, as this was a Department-level responsibility.

Other Audits Division Activity

We issued 13 recommendations this reporting period. We also closed 9 of the 25 recommendations that remained open at the end of the previous reporting period and closed one of the 13 recommendations we issued this reporting period. We continued to coordinate with Agency management on the status of its corrective action plans for the remaining open recommendations.

Summary of Ongoing Audits Division Activity

Audit of Emergency and Extraordinary Expenses, Project 2020-1001

The objective of this audit is to determine whether DIA's Emergency and Extraordinary Expenses were properly authorized and that reimbursements were properly supported. At the end of this reporting period, we were in the planning phase for this audit.

Evaluation of DIA's Information Security Continuous Monitoring Program, Project 2021-1001

The objective of the evaluation is to determine the reasons why DIA's information security continuous monitoring program did not reach the "Consistently Implemented" maturity level under the FISMA evaluation metrics. By the end of the reporting period, we were in the report writing phase for this evaluation.

Audit of DIA's Fiscal Year 2021 Financial Statements, Project 2021-1004

The objective of this audit is to evaluate the reliability of data supporting the financial statements, determine the reasonableness of the statements produced, and examine disclosures in accordance with applicable guidance. We engaged with an independent public accounting firm to audit DIA's FY 2021 financial statements. At the end of this reporting period, we were in the planning phase for this audit.

Evaluation of DIA's Compliance with the Improper Payments Elimination and Recovery Act for Fiscal Year 2020, Project 2021-1005

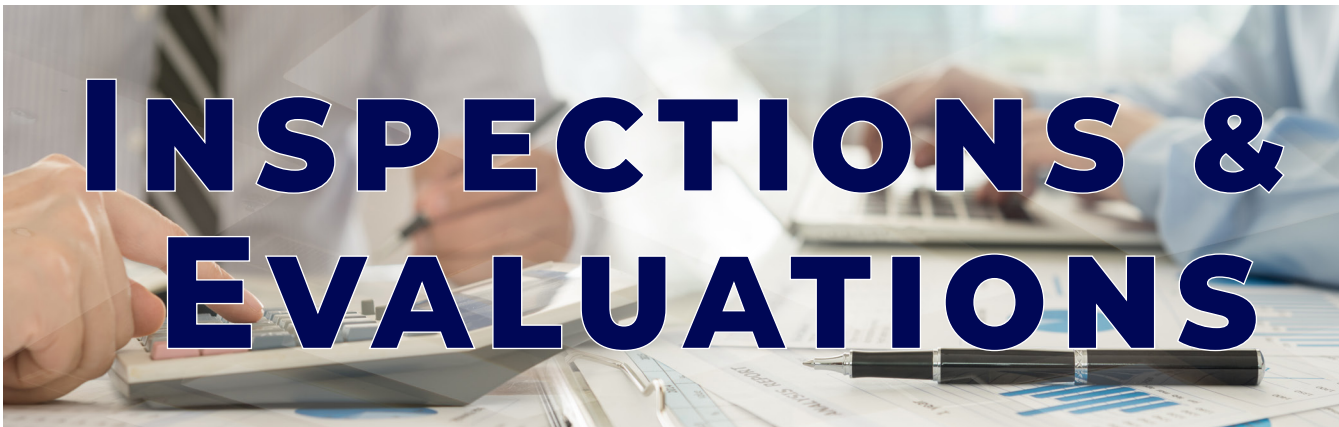
The objective of this evaluation is to determine whether DIA complied with the Improper Payments Elimination and Recovery Act for FY 2020. We were conducting fieldwork at the end of the reporting period.

Audit of DIA's Machine-assisted Analytical Rapid-repository System Program, Project 2021-1006

The objective of this audit is to determine whether Machine-assisted Analytical Rapid-repository System, also known as MARS, data will be maintained and structured to enable mission needs and security requirements. At the report period ending, we were in the planning phase for this audit.

Evaluation of DIA's Government Travel Charge Card, Project 2021-1007

The objective of this evaluation is to determine whether DIA's Government Travel Charge Card reimbursements were appropriate and timely. We were finalizing the planning phase for this evaluation at the report period ending.



Summary of Inspections and Evaluations Division Activity

Evaluation of DIA's Classification Authorities and Procedures, Project 2020-2002

We evaluated DIA's effectiveness in managing its security classification guides and how that management impacted DIA's application of the Classification Management Tool (CMT). Classification guides are critical in determining the correct classification of information, thereby ensuring it is properly protected and shared with partners. We determined that DIA had not fully integrated key requirements into its security classification guides. Additionally, we identified policy, content, and training gaps in DIA's application of the CMT. Management agreed with all six of our recommendations and provided an action plan to implement them.

Evaluation of DIA's Management of the DoD All-Source Analysis Professional Certification Program, Project 2020-2004

We assessed DIA's effectiveness in serving as the DoD All-Source Analysis Professional Certification Program Manager across the DoD All-Source Analytic Enterprise. We also assessed the DIA Directorate for Analysis' effectiveness in administering, implementing, and overseeing the program within DIA, in accordance with DoD, IC, Agency policies, and national accreditation standards. We determined that DIA made some progress in developing and implementing the program; however, DIA's approach lacked key aspects that would position it for successful implementation across the Defense All-Source Analytic Enterprise. Specifically, we determined that the program lacked defined goals and objectives, a scalable resourcing strategy, and effective internal controls. Management agreed with all five of our recommendations and provided an action plan to implement them.

Pandemic Response Study On-Site Observations

As part of our Study of DIA's Response to the COVID-19 Pandemic, Project 2021-2001, we conducted inspections at DIA facilities to assess the Agency's compliance with health and safety measures to combat the COVID-19 pandemic. Specifically, we assessed compliance with social distancing, mask wearing, and limits on gatherings. We did not conduct the inspections in accordance with Quality Standards for Inspection and Evaluation. In our memorandum to DIA management, we did not make formal recommendations; however, we provided suggestions on improving DIA's health and safety measures. Management implemented many of these suggestions within a month.

Other Inspections and Evaluations Division Activity

This reporting period, we issued 11 recommendations and engaged with DIA management on their progress to implement 22 open recommendations issued in prior reporting periods. We did not close any recommendations this reporting period.

Summary of Ongoing Inspections and Evaluations Division Activity

Evaluation of DIA's Foreign Disclosure Program, Project 2019-2008

Our objectives for this evaluation are to evaluate the Agency's implementation of DoD and IC policies for disclosing classified military intelligence, and to evaluate the Agency's foreign disclosure processes and practices for disclosing and releasing classified military intelligence. By the end of the reporting period, we were in the report writing phase for this evaluation.

Evaluation of DIA's Management of Reserve Military Intelligence Capabilities, 2020-2005

Our objectives for this evaluation are to assess DIA's effectiveness in managing Reserve Military Intelligence capabilities to meet validated intelligence requirements across the Defense Intelligence Enterprise and assess the effectiveness of the Directorate for Analysis and Directorate for Operations in administering, managing, and using reserve capabilities to meet operational requirements and provide strategic depth. By the end of the reporting period, this evaluation was in the fieldwork phase.

Study of DIA's Response to the COVID-19 Pandemic, 2021-2001

Our objective for this study is to analyze data regarding the impact of the Agency's response to the COVID-19 pandemic and the resulting impacts to critical mission functions and strategic priorities identified by the Agency and stakeholders. The project was in the fieldwork phase at the end of the reporting period.

Fiscal Year 2021 Report on Classification, 2021-2002

In response to the mandated reporting requirement in the FY 2020 National Defense Authorization Act, we have three objectives for this evaluation:

- Assess the accuracy of the application of classification and handling markers on a representative sample of finished reports, including reports that are compartmented;
- Assess compliance with declassification procedures; and
- Determine the effectiveness of processes for identifying topics of public or historical importance that merit prioritization for a declassification review.

We announced this project on January 21, 2021, and we were in the planning phase by the end of the reporting period.



Summary of Investigations Division Activity

Investigative Activity Oversight

Reprisal and Abuse of Authority Investigations

We completed two investigations involving allegations of reprisal that were made during the previous reporting period—one of which also involved abuse of authority.³ We substantiated reprisal in one case and substantiated reprisal and abuse of authority in the other case.

During this reporting period, we received ten reprisal complaints from DIA personnel:

- Five of the complaints are under active investigation by our office,
- One complaint was withdrawn by the complainant,
- One complaint did not meet the *prima facie* elements of reprisal,⁴ and
- The remaining three complaints are presently under review.

When we determined that the aforementioned reprisal complaint did not meet the *prima facie* elements of reprisal, we notified the employee in writing of our determination. We also provided copies of the notification to the DoD IG and IC IG for their awareness in case the employee sought external review of our determination.

³ Summaries of these cases (Case 2019-5043-01 and Case 2020-5015-01) can be found in the “Summaries of Published Investigative Reports” section in this report.

⁴ See Presidential Policy Directive 19 (PPD-19), “Protecting Whistleblowers with Access to Classified Information,” title 50, United States Code, section 3234 (50 U.S.C. § 3234), “Prohibited personnel practices in the Intelligence Community,” or title 10, United States Code, section 1034 (10 U.S.C. § 1034), “Protected communication; prohibited of retaliatory personnel actions,” updated December 12, 2017, for civilian and military complainants.

Time and Labor Fraud and Misuse of Government Resources Investigations

We investigated two cases involving time and labor fraud committed by two DIA employees.⁵ We substantiated the allegations in both cases and identified a total loss to the U.S. Government of \$12,880.07. As these cases represented a violation of Federal statute, we referred them to the appropriate Assistant U.S. Attorney (AUSA), who declined to prosecute either. However, the DIA Office of the Chief Financial Officer (CFO) is presently working to issue letters of indebtedness to the employees to recover the loss.

Furthermore, we substantiated additional allegations of cost mischarging against one of the employees who was also working part-time as a DIA contractor employee. As a result, we found an additional \$3,967.43 loss to the U.S. Government. DIA CFO is presently working to recover these funds from the contract company.

Summaries of Published Investigative Reports

Reprisal and Abuse of Authority Investigation, Case 2019-5043-OI

We substantiated allegations of reprisal and abuse of authority made by a DIA employee against three supervisory DIA employees, one of which was a DIA senior official. Specifically, we determined that one supervisory DIA employee and the DIA senior official violated PPD-19, "Protecting Whistleblowers with Access to Classified Information," October 10, 2012, and 50 U.S.C. § 3234, "Prohibited personnel practices in the Intelligence Community." The supervisors retaliated against the employee by reducing the employee's duties and involuntarily reassigning them to another office. We found that the supervisory DIA employees' actions were in retaliation for the employee filing a 2017 complaint against the senior official for nepotism and inappropriate conduct, wherein we substantiated allegations of abuse of authority against the DIA senior official.⁶

Furthermore, we found there was sufficient evidence to conclude that two of the DIA supervisory employees (excluding the senior official) abused their authority when they reassigned the DIA employee involuntarily. Their actions were done at the request of the DIA senior official and were not in accordance with DIA policy.

In addition, our investigation cited two management deficiencies that, if addressed, could have precluded the involuntary reassignment of the DIA employee. We did not substantiate any violation of Federal criminal law; therefore, this case was not referred to the appropriate AUSA for consideration of criminal prosecution. All recommendations and disciplinary actions are pending further action by the Agency.

⁵ Summaries of these cases (Case 2019-5060-OI and Case 2020-5009-OI) can be found in the "Summaries of Published Investigative Reports" section in this report.

⁶ A summary of Case 2017-5053-OI can be found in DIA OIG Semiannual Report to Congress (October 1, 2017–March 31, 2018) Main Report.

Time and Labor Fraud and Contractor Cost Mischarging Investigation, Case 2019-5060-OI

We substantiated allegations of time and labor fraud, false official statements, false claims, and theft of public funds by a DIA employee, who was also working during non-duty hours as a part-time DIA contractor employee. The DIA employee fraudulently prepared, signed, and submitted Government timesheets from September 17, 2018, to September 16, 2019, totaling 28.78 regular work hours that they did not work. We estimated an \$821.56 loss to the Government. We also determined that during the same period, the employee prepared and submitted fraudulent company timesheets, claiming to have worked 95.44 hours that they did not work. As a result, the contracted company billed DIA for those hours, representing an additional estimated \$3,967.43 loss to the Government. As this represented a violation of criminal law, we referred this case to the appropriate AUSA, who declined criminal prosecution. Disciplinary action and recoupment of funds are pending by the Agency.

Time and Labor Fraud Investigation, Case 2020-5009-OI

We substantiated allegations of time and labor fraud, false official statements, false claims, and theft of public funds by a DIA employee. The employee fraudulently prepared, signed, and submitted timesheets from March 3, 2019, to October 26, 2019, totaling 245.56 regular work hours that they did not work. We estimated a \$12,058.51 loss to the Government. Since this represented a violation of law, we referred this case to the appropriate AUSA, who declined criminal prosecution. Disciplinary action and recoupment of funds are pending by the Agency.

Conflict of Interest and Misuse of IT Systems Investigation, Case 2020-5010-OI

We determined that a DIA employee did not commit a conflict of interest by serving as a contract program manager (PM) while their spouse was a contract employee on that same contract. Prior to the DIA employee's assignment, they sought counsel from the DIA Office of General Counsel and obtained supervisory approval to be the contract PM. The perception of conflicting financial interests and partiality were considered in the decision. Although the DIA employee's spouse participated on at least two task orders, it was in a limited capacity with no evidence that the spouse billed DIA for work hours related to the task orders. However, we did find evidence that the DIA employee violated DoD Instruction 8550.01, "DoD Internet Services and Internet-Based Capabilities," September 11, 2012, when the DIA employee used their personal email account, which they shared with their spouse, for official Government business related to the contract. The DIA employee was counseled by their management and completed remedial training.

Reprisal Investigation, Case 2020-5015-OI

We substantiated allegations of reprisal made by a DIA employee against a DIA supervisory employee for reporting the supervisor's disruptive, in-office relationship with a junior DIA employee to a DIA supervisory employee, who was a senior official. The DIA employee said after they reported the relationship to the senior official, they received a low score on their annual closeout performance evaluation and was reassigned to a junior position. We determined there was insufficient evidence to conclude the senior official's comments on the employee's annual evaluation and reassignment occurred out of retaliation. However, we determined the supervisory DIA employee (non-senior official) violated PPD-19, "Protecting Whistleblowers with Access to Classified Information," October 10, 2012, and 50 U.S.C. § 3234, "Prohibited Personnel Practices in the Intelligence Community," by downgrading the employee's annual performance score from the previous year. This case was not referred to the appropriate AUSA for prosecution because we did not substantiate any violation of Federal criminal law. Disciplinary action is pending by the Agency.

Potential Impeding of a DIA OIG Evaluation Investigation, Case 2020-5037-OI

We investigated an allegation made by a DIA employee that DIA management officials attempted to impede an OIG evaluation. While conducting an independent OIG evaluation of the Certified Defense All-Source Analyst program, DIA management officials, including a DIA senior official, compiled a document containing questions and answers representing a compilation of information from previous OIG interviews. OIG representatives noted this appeared to influence the information they collected. We ultimately determined that although DIA management officials prepared and shared this document, there was insufficient evidence to conclude DIA management intended to obstruct or impede the evaluation.

Significant Management Referrals

Larceny of Government Property, Case 2020-5026-OI

We received a complaint that a U.S. Air Force (USAF) civilian employee on a joint duty assignment to a DIA field office routinely stole various IT items from Agency workspaces for their personal use. The complainant further alleged that the USAF employee failed to properly itemize acquisitioned property and obtain appropriate receipts for items they provided to Government and contractor employees. We could not determine there was a theft of Government property because there were no associated Government property inventory documents. Furthermore, the employee was not a DIA employee. As such, we referred this matter to Agency management for further inquiry. Action by Agency management is pending.

Security Matter, Case 2020-5032-WA

We received an anonymous complaint that a DIA employee intentionally mishandled classified information, which led to an improper release of information. Since the allegation involved the mishandling of classified information, we referred the matter to Agency management for further inquiry and action it deemed appropriate. Action by Agency management is pending.

Review of Agency Vetting Processes, Case 2020-5038-OI

We received two separate complaints regarding Agency plans to host a business executive as a speaker for a professional development program for the DIA workforce. Both complaints claimed that the speaker's political activist background and alleged partisan stance were inconsistent with the nature of professional presentations the Agency previously hosted. Further, both complainants alleged that scheduling the speaker at a Government agency, as well as paying them with Federal funds, could imply support to the individual or their political position—potentially violating the Hatch Act.

Following initial coordination with DIA management, we learned the event had been postponed because DIA management did not properly vet the proposed speaker and was not aware of their potentially partisan political stance. Additionally, we determined that there was insufficient evidence to support that DIA was in violation of the Hatch Act. We referred this matter to Agency management to review standard operating procedures for vetting organizations and guest speakers for DIA-hosted events and to ensure that appropriate controls are in place to avoid the appearance of Agency bias. Agency management reviewed the complaints and is revising DIA guidance to address the issue.

Unfair Hiring Practices, Case 2020-005030-OI

We received a complaint alleging a DIA office executed improper hiring practices when it selected a retiring senior DIA military member for a DIA senior civilian position. We initiated an investigation to establish if the selection was improper. During our initial assessment, we found that the DIA office did not adhere to Agency policy when executing the hiring action; therefore, the Agency rescinded its employment offer. Since the hiring was not completed, we recommended DIA management review the office's hiring practices. We also recommended that DIA management coordinate refresher training for its human resources personnel. Action by Agency management is pending.

Misuse of Government Resources, Case 2021-000001-OI

We received a complaint that a DIA contractor employee misused Government resources by accessing several sexually explicit internet message boards using a Government IT system, in violation of Agency policy. As a result, we referred the matter to Agency management for further inquiry and action it deemed appropriate. As a result, the contractor employee's company removed them from the contract with DIA.

Coronavirus-Related Complaints and Management Referrals

Due to the critical importance of workforce safety and mission, we have kept management aware of coronavirus related complaints. During this reporting period, we received 33 COVID-19 related complaints. Of the 33 complaints, 26 were allegations of non-compliance, 2 were allegations related to workforce reconstitution concerns, and 1 allegation was a combination of non-compliance and workforce reconstitution concerns. The remaining four complaints did not involve the aforementioned allegations but did reflect COVID-19 concerns. Overall, we closed 20 complaints, opened an investigation into 1, and referred another to DIA management. We are currently reviewing the remaining 11 complaints.

Investigative Activity Support

Personnel Vetting

This reporting period, we completed 634 checks for derogatory information within OIG records in response to 137 requests, which originated within DIA. These requests involved DIA military and civilians who are seeking job placement or advancement or are under consideration for awards.

Appendix A. Statistical Tables

Table A-1: Audit, Inspection, and Evaluation Reports and Recommendations With Questioned and Unsupported Costs

Description	Number of Reports	Questioned Costs	Unsupported Costs
No management decision was made by September 30, 2020 ⁷	1	\$532,428	\$532,428
Issued during this reporting period ⁸	1	\$1,500,000	\$1,500,000
Costs disallowed by management	-	-	-
Costs allowed by management ⁹	1	\$532,428	\$532,428
No management decision was made by March 31, 2021 ¹⁰	1	\$1,500,000	\$1,500,000

⁷ Audit of DIA's Contract Surveillance, Project 2013-100010-OA, was published in the DIA OIG Semiannual Report to Congress (April 1, 2015–September 30, 2015). We found \$532,428 in unsupported costs for travel, tuition, and housing claimed under the other direct costs in the invoices we reviewed.

⁸ Evaluation of DIA's Implementation of CARES Act—Section 3610, Project 2020-1006, was published during this period. We found that for all 17 CARES Act-related reimbursements we reviewed, totaling \$1.5 million, DIA could not show that the reimbursements were appropriate. Management agreed with the corresponding recommendations.

⁹ DIA's Contract Surveillance, Project 2013-100010-OA, was published in DIA OIG Semiannual Report to Congress (April 1, 2015–September 30, 2015). The statute of limitation expired on recovering the unsupported costs identified as part of the audit. Therefore, management revised its position on the recommendation, requesting closure without additional follow-up. We agreed with this revised management decision.

¹⁰ Zero dollars of the \$1.5 million for which no management decision was made by March 31, 2021, were overdue by 6 months or more.

Table A-2: Audit, Inspection, and Evaluation Reports With Recommendations That Funds Be Put to Better Use

Description	Number of Reports	Funds to be Put to Better Use
No management decision was made by September 30, 2020 ^{11 12 13}	3	\$255,208,000
Issued during this reporting period ¹⁴	1	\$176,000
Dollar value of recommendations agreed to by management ¹⁵	1	\$4,770,000
Dollar value of recommendations not agreed to by management	-	-
No management decision was made by March 31, 2021 ¹⁶	1	\$250,614,000

Table A-3: Investigations Dollar Recoveries in Reporting Period

Investigation	Report Number	Effective Recovery Date	Dollars Recovered
Time and Labor Fraud	2019-5034-OI	06 November 2020	\$ 7,569.60
Time and Labor Fraud	2020-5004-OI	10 February 2021	\$ 10,480.01
Time and Labor Fraud	2019-5032-OI	17 February 2021	\$ 78,657.25
Time and Labor Fraud	2020-5009-OI	15 March 2021	\$ 12,079.02
Total			\$108,785.88

¹¹ Audit of Indefinite Delivery/Indefinite Quantity (IDIQ) Contracts, Project 2016-1004, was published in the DIA OIG Semiannual Report to Congress (April 1, 2017–September 30, 2017). We found that DIA awarded six IDIQ contracts 3 to 5 months later than planned and the delay for one contract increased the ceiling by \$4.77 million.

¹² Audit of DIA's Unliquidated Obligations, Project 2017-1006, was published in DIA OIG Semiannual Report to Congress (April 1, 2018–September 30, 2018). We found that DIA was unlikely to spend about \$250 million of its FY 2017 appropriations, despite obligating nearly all funds. Management has closed six of the recommendations and is working on the last open recommendation.

¹³ Audit of Information Technology Services Contracts, Project 2018-1006, was published in DIA OIG Semiannual Report to Congress (April 1, 2020–September 30, 2020). We found that more than \$438,000 in award fee payments could have been used for other mission requirements. Management has not closed the recommendation.

¹⁴ Audit of Unplanned Price Changes, Project 2019-1006, was published during this period. We found that DIA could have saved \$176,000 for other mission priorities if it had analyzed and negotiated price escalation for option periods using data maintained by the Bureau of Labor Statistics. Management agreed with the recommendation.

¹⁵ During this period, DIA management closed the last recommendation for the Audit of IDIQ Contracts, Project 2016-1004.

¹⁶ \$250,438,000 of the \$250,614,000 for which no management decision was made by March 31, 2021, were overdue by 6 months or more.

Table A-4: Investigative Activities¹⁷

Description	Quantity
Cases Opened in Reporting Period	28
Cases Closed in Reporting Period	10
Cases Still Open at End of Reporting Period	61
Investigation Reports Issued in Reporting Period ¹⁸	6
Referrals in Reporting Period (Number of Cases)	11
Referred to Management (Number of Cases)	11
• Referrals resulting from Reports of Investigation in Reporting Period ¹⁹	6
• Referrals resulting from direct referral of evaluated complaints	5
Referred to Prosecutorial Authority (Number of Cases)	2
Number of Persons Referred to Department of Justice for Criminal Prosecution	2
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

¹⁷ 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, and cases remaining open at the end of the previous reporting period (April 1, 2020–September 30, 2020).

¹⁸ A summary of these cases can be found in the “Summaries of Published Investigative Reports” section of this report.

¹⁹ See previous footnote.

Table A-5: (U) Other Investigative Matters

Description	Quantity
Hotline Program	
DIA OIG Hotline Contacts Received in Reporting Period ²⁰	6,501
DIA OIG Hotline Contacts Closed in Reporting Period ²¹	6,234
DIA OIG Hotline Inquiries Opened in Reporting Period ²²	267
DIA OIG Hotline Inquiries Closed in Reporting Period	181
Intelligence Oversight	
Cases Opened in Reporting Period	0
Cases Closed in Reporting Period	2
Cases Still Open at End of Reporting Period	0
Reports of Investigation Issued in Reporting Period	0
Referred to Management	0
Management Referrals	
Referrals in Reporting Period (external)	0
Referrals in Reporting Period (DIA management)	10
Referrals resulting from published Reports of Investigation ²³	5
Referrals resulting from direct referral of evaluated complaints (i.e., DIA OIG Hotline Inquiries/not COVID-19 related) to DIA management	4
Referrals resulting from direct referral of evaluated complaints (i.e., DIA OIG Hotline Inquiries/COVID-19 related) to DIA management	1

²⁰ The term “contact” means an unevaluated complaint or request for information or assistance.

²¹ A “contact” is closed when the DIA OIG Hotline evaluates it and determines it did not merit further action.

²² When the DIA OIG Hotline evaluates a “contact” and determines it merits further action, an “inquiry” is opened so Hotline representatives can take additional action (e.g., directly address the matter itself, refer the matter to DIA management for information or action, or refer the matter to DIA OIG Investigations for further inquiry or investigation).

²³ A summary of one of these cases can be found in the “Significant Management Referral” section of this report.

Table A-6: Summary of Recommendations as of March 31, 2021²⁴

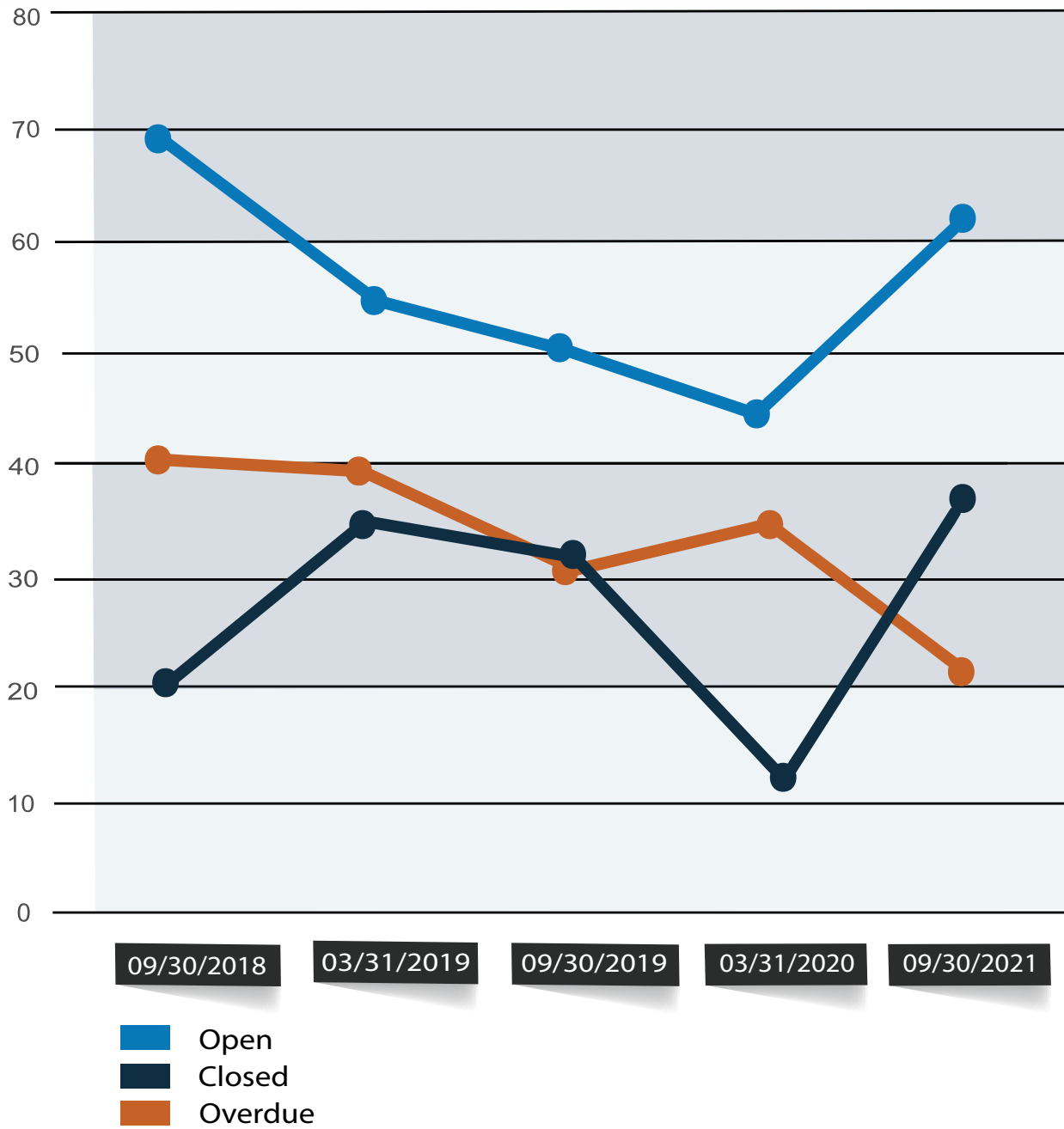
	Audits	Inspections and Evaluations	Investigations	Total
Open Recommendations	28	33	1	62
Closed Recommendations	10	0	11	21
Overdue Recommendations	15	21	0	36
Percentage Overdue of Open Recommendations	54%	64%	0%	58%

Table A-7: Overdue Recommendations Breakdown as of March 31, 2021

Days Overdue	Audits	Inspections and Evaluations	Investigations	Total
Less than 180 days	6	4	–	10
181-365 days	4	3	–	7
Greater than 365 days	5	14	–	19
Total	15	21	0	36

²⁴ “Overdue recommendations” refers to those recommendations that DIA management has not addressed within established timelines.

Table A-8: Recommendation Trends



Appendix B. Status Recommendation Tables²⁵

Audits Division Recommendations

Table B-1: Audit of DIA's Contract Surveillance (2013-100010-OA)

Our 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 contractors performed according to contract specifications.

We identified internal control deficiencies related to the nomination and designation of contracting officer's representatives (CORs) development and use of quality assurance surveillance plans, review and validation of invoices, documentation and maintenance of COR files, and execution of assigned duties. As a result, DIA had limited assurance that \$373.8 million in services and supplies met contract requirements. In the invoices we reviewed, we also identified \$532,428 in unsupported costs for travel, tuition, and housing claimed under other direct costs. Additionally, DIA did not comply with DoD policies prescribed by the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics to maintain contractors' past performance reports in a system that complied with search and retrieval requirements. As a result, DIA may have awarded contracts to vendors with a history of substandard performance. The final report contained nine recommendations; we closed eight in prior reporting periods. We closed the remaining recommendation during this reporting period based on a management request, endorsed by the Chief of Staff because the statute of limitations for recovering the remaining portion of the unsupported costs had expired.

Rec. No.	Summary of Recommendation	Action Planned/ Status
A.4	Within 30 days, the Office of the Chief Financial Officer should direct contracting officers to obtain receipts from contractors to support invoiced travel, tuition, and housing amounts under other direct costs for two contracts and obtain reimbursement from the contractor if unable to obtain adequate support to validate these costs.	Management sent us a memorandum endorsed by the Chief of Staff requesting closure since the statute of limitations for recovering the funds had expired. Status: Closed

²⁵Classified and sensitive recommendations appear in the classified version of this report.

Table B-2: Audit of Indefinite-Delivery/Indefinite-Quantity Contracts (2016-1004)

Our objective was to determine whether DIA timely awarded Indefinite Delivery/Indefinite Quantity (IDIQ) contracts and task orders and whether it had effective controls over approval and pricing for these awards. We found that the Office of the Chief Financial Officer 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. Management’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. For five of these contracts, the contract management system inaccurately indicated that it took less than 1 month to award the contract. For one contract, the delay increased the ceiling price by \$4.77 million. We made eight recommendations, seven of which we closed in prior periods. We closed the final recommendation during this reporting period.

Rec. No.	Summary of Recommendation	Action Planned/ Status
03	The Office of the Chief Financial Officer, within 180 days, design and implement monitoring activities and tools for CFO-4 management to measure timeliness, assess the efficiency of contract awards, and ensure accountability in meeting planned contract award dates.	Management action addressed the intent of the recommendation Status: Closed

Table B-3: Audit of DIA’s Contract Requirements (2017-1005)

Our objective was to determine whether DIA’s acquisition planning process resulted in complete and timely contract requirements. We found that DIA’s acquisition planning efforts did not always start soon enough. Only 1 of the 14 contracts we reviewed met its planning milestone; the others missed the milestone by an average of 160 days, resulting in issues such as missed requirements, service gaps, and limited time for contracting personnel to negotiate the best deal and comply with regulations. For example, in the process of replacing an expiring software contract, DIA missed a \$4.1 million discount because mission requirements owners began planning too late. Acquisition Planning Records (APRs) preparation and review also needed improvement. Twenty of the 29 APRs we reviewed had missing or non-compliant documentation, which increased the risk of untimely or incomplete requirements.

Table B-3: Audit of DIA’s Contract Requirements (2017-1005) Cont’d

Acquisition planning for follow-on requirements could also be improved with better records management. Contracting personnel took between 1.5 and 5 months to find nearly half of the contract files we requested. This occurred because the Office of the Chief Financial Officer did not have sufficient policies, procedures, and internal controls in place to maintain a robust contract records management system. We made four recommendations, two of which we closed in prior reporting periods. Management closed one this period and is in the process of taking corrective action for the other remaining open recommendation.

Rec. No.	Summary of Recommendation	Action Planned/ Status
03	<p>The Office of the Chief Financial Officer, account for contract files by taking the following actions:</p> <p>a) Within 120 days of the final report, perform a risk assessment based on criteria including Federal Acquisition Regulation section 4.805, “Storage, handling, and contract files,” to determine the appropriate scope for conducting an inventory of contract files.</p> <p>b) Within 1 year of the final report, perform the contract file inventory to determine what contract files are missing and take action to locate and account for them.</p>	<p>Management has completed part A of the recommendation, and is in the process of addressing part B.</p> <p>Status: Open</p>
04	<p>Within 1 year of the final report, update and implement policy, procedures, and internal controls for maintaining contract files in accordance with Federal and DoD laws and regulations, including mechanisms for recovering records from out-processing personnel.</p>	<p>Management action addressed the intent of the recommendation.</p> <p>Status: Closed</p>

Table B-4: Audit of DIA's Unliquidated Obligations (2017-1006)

Our objective was to determine whether DIA accurately records and processes obligation amounts, timely deobligates unliquidated obligations (ULOs), and maintains valid and complete information to report ULO balances. We found that DIA is unlikely to spend \$250 million of its FY 2017 appropriations, despite obligating nearly all funds each year. We also found that fund holders did not timely deobligate an estimated \$377 million of the ULOs as of FY 2017 year-end, and we questioned \$4.8 million in payments due to improperly authorized vouchers. Management across DIA, including the Chief Financial Officer and the Chief Information Officer, agreed with all 19 of our recommendations. We closed 12 recommendations in previous period and 5 recommendations this reporting periods. Two recommendations remain open.

Rec. No.	Summary of Recommendation	Action Planned/ Status
03	The Directorate for Science and Technology (ST), within 120 days, develop and implement strategies for obligating funds to compensate for the effects of external factors and account for prior results in order to increase the use of appropriations. This may include, but is not limited to, shifting timelines to obligate funds earlier in the year, and considering external factors and prior results in cost estimates and spending plans.	Management has implemented corrective actions and submitted to OIG for review. Status: Open
04	The Directorate for Mission Services (MS), within 120 days, develop and implement strategies for obligating funds to compensate for the effects of external factors and account for prior results in order to increase the use of appropriations. This may include, but is not limited to, shifting timelines to obligate funds earlier in the year, and considering external factors and prior results in cost estimates and spending plans.	Management's actions meet the intent of the recommendation. Status: Closed

Table B-4: Audit of DIA's Unliquidated Obligations (2017-1006) Cont'd

Rec. No.	Summary of Recommendation	Action Planned/ Status
05	<p>The Chief Information Office (CIO), within 120 days, develop and implement strategies for obligating funds to compensate for the effects of external factors and account for prior results in order to increase the use of appropriations. This may include, but is not limited to, shifting timelines to obligate funds earlier in the year, and considering external factors and prior results in cost estimates and spending plans.</p>	<p>Management's actions meet the intent of the recommendation.</p> <p>Status: Closed</p>
10	<p>ST, within 180 days, develop and implement processes for fund holders to review purchase order lines and obligation status throughout the fiscal year outside of the triannual review process.</p>	<p>Management is currently implementing its corrective action plan and evaluating its effectiveness.</p> <p>Status: Open</p>
11	<p>MS, within 180 days, develop and implement processes for fund holders to review purchase order lines and obligation status throughout the fiscal year outside of the triannual review process.</p>	<p>Management's actions meet the intent of the recommendation.</p> <p>Status: Closed</p>
12	<p>CIO, within 180 days, develop and implement processes for fund holders to review purchase order lines and obligation status throughout the fiscal year outside of the triannual review process.</p>	<p>Management's actions meet the intent of the recommendation.</p> <p>Status: Closed</p>
16	<p>MS, within 1 year, design and implement a process to monitor approving officials' completion of the required annual training, which includes requirements for approving travel vouchers in compliance with Agency policies and procedures.</p>	<p>Management's actions meet the intent of the recommendation.</p> <p>Status: Closed</p>

Table B-5: Audit of DIA’s Incoming Reimbursable Orders (2018-1004)

Our objective was to determine whether DIA’s incoming reimbursable orders were valid, aligned with Agency roles and missions, completed per agreement terms, and activity was recorded accurately and in a timely manner. We determined that DIA processed valid incoming orders and senior leaders approved role and mission alignment. However, while Agency records agreed to the approved funding documents, we found some issues with cost estimates and defining requirements. Specifically, 42 orders, totaling approximately \$99 million, had no cost estimate or the estimate was inaccurate by an average of 99 percent of the order value. In addition, 25 orders, totaling almost \$31 million, did not specify DIA and customer requirements for fulfilling the agreement terms, including 13 orders where work began before receiving funding documents. This occurred because DIA policies and procedures did not adequately define standards for order requirements and costs.

Without cost estimates and clear requirements, DIA risks expending its own resources to fulfill the requirements or tying up other organizations’ funds. Additionally, insufficient policies and procedures led to inconsistent practices and varied approval timelines. For example, 24 percent of the sampled orders took more than 60 days to process. Management was partially responsive to both our recommendations. We did not close any recommendations during this reporting period, and management is in the process of taking action on the two open recommendations.

Rec. No.	Summary of Recommendation	Action Planned/ Status
01	The Office of the Chief Financial Officer, within 180 days of the final report, revise and implement Agency policy and procedures for accepting orders, to include standards for developing, approving, and documenting cost estimates and customer requirements.	Management is currently implementing its corrective action plan and evaluating its effectiveness. Status: Open
02	The Office of the Chief Information Officer, in coordination with the Chief Financial Officer, within 90-days of the final report, determine whether the practice of beginning DoDIIS support services without an approved funding document is appropriate and take necessary corrective action based on that determination. Corrective action may include pursuing a policy exception for these situations (in coordination with DoD), holding personnel accountable for circumventing existing policy, or other actions.	Management is currently implementing its corrective action plan and evaluating its effectiveness. Status: Open

Table B-6: Audit of DIA’s Information Technology Services Contracts (2018-1006)

Our objective was to determine whether information technology services acquired by DIA, as a service provider of IC Enterprise Management (EMT), were cost effective, properly funded, and administered in accordance with the IC IT Enterprise strategy. We determined that the Office of the Chief Financial Officer (CFO) awarded four task orders, totaling \$224 million that were not within the scope of the IC EMT contract, as required by regulation. This occurred because contracting officers made incorrect scope determinations, and none of CFO’s contract review processes were designed to detect or prevent out-of-scope work. Additionally, DIA did not properly administer the award fee. DIA awarded payment of \$550,187, or 86 percent of the total award fee, even though the contractor did not meet requirements for the amount it received. DIA also did not collect and analyze award and incentive fee data, as required by regulation.

Due to these internal control issues, DIA limited competition, reduced its leverage in negotiating contract prices, and did not meet the intended objective of the award fee, which is to enhance contractor performance. We made three recommendations: one recommendation was closed in the previous period, and we closed one recommendation during this reporting period. Management is in the process of taking action on the remaining open recommendation.

Rec. No.	Summary of Recommendation	Action Planned/ Status
02	The CFO within 90 days of the final report, revise and implement policies and procedures to include scope reviews for task and delivery orders issued under indefinite-delivery/indefinite-quantity contracts.	Management’s actions meet the intent of the recommendation. Status: Closed
03	The CFO within 180 days of the final report, design and implement a process to collect and analyze relevant data on award and incentive fees paid to contractors. This should include, at a minimum, using the results of such analysis to evaluate the extent, use, and effectiveness of award and incentive fees in improving contractors’ performance and achieving desired program outcomes in accordance with Federal Acquisition Regulation 16.401(f).	Management is currently implementing its corrective action plan and evaluating its effectiveness. Status: Open

Table B-7: Audit of DIA's Unplanned Price Changes (2019-1006)

A summary of this report appears in the "Summary of Unclassified Audits Division Activity" section. Management concurred with all three recommendations; however, we requested further comments for clarity on the corrective actions for Recommendation 3.

Rec. No.	Summary of Recommendation	Action Planned/ Status
01	Update and implement policies and procedures to consolidate regulatory and other requirements for contract modifications that result in unplanned price changes. At a minimum, the policy and procedures should address appropriate and timely completion and documentation of required proposal analysis, preparation of Government estimates that are independent, and requirements and guidance for analyzing and negotiating escalation rates. Examples of implementation may include training, formal communication of updated policy and procedures, alerts, or other methods.	Management agreed with the recommendation and is in the process of implementing its corrective action plan. Status: Open
02	Design and implement controls to monitor the appropriateness and timeliness of proposal analysis and associated supporting documentation for modifications that result in unplanned price changes. Actions could include additional procedures for independent contracting officer reviews for contract modifications, or other methods.	Management agreed with the recommendation and is in the process of implementing its corrective action plan. Status: Open
03	Develop and implement a capability to identify and track unplanned modifications that result in unplanned price changes. This capability could assist CFO with monitoring unplanned price changes as part of their Manager's Internal Control Program, in accordance with Government Accountability Office publication, GAO 14 704G, "Standards for Internal Control in the Federal Government," September 2014.	Management agreed with the recommendation; however, we are requesting further comments for clarity on the corrective actions Status: Open

Table B-8: Evaluation of DIA’s Implementation of CARES Act—Section 3610 (2020-1006)

A summary of this report appears in the “Summary of Unclassified Audits Division Activity” section. Management concurred with all three recommendations.

Rec. No.	Summary of Recommendation	Action Planned/ Status
01	The Office of the Chief Financial Officer, within 90 days of the final report, determine whether all contractors reimbursed under section 3610 of the CARES Act were affected and document the contractors’ affected status in the contract. This may include consideration of the Office of the Under Secretary of Defense “Memorandum for Record Template for CARES Act, Section 3610 Reimbursements” to document the affected status. For any contractor determined not to be affected. Take appropriate corrective action with respect to any reimbursement already paid.	Management is currently implementing its corrective action plan and evaluating its effectiveness. Status: Open
02	For contractors determined to be affected in Recommendation 1, modify the contract to allow for the reimbursement.	Management is currently implementing its corrective action plan and evaluating its effectiveness. Status: Open
03	Update policies and procedures to require contracting officers to document contractors’ affected status in the contract file, and to modify the contract when implementing section 3610 of the CARES Act.	Management is currently implementing its corrective action plan and evaluating its effectiveness. Status: Open

Inspections and Evaluations Division Recommendations

Table B-9: Evaluation of DIA’s Human Capital Services (2017-2008-HQ)

We evaluated the integrity of systems related to DIA’s human capital services, including processes, controls, and business rules, to assess their efficiency and effectiveness in managing human capital. We assessed that the Office of Human Resources (OHR) needs to develop and communicate a comprehensive human capital strategy to show customers and stakeholders how OHR enables the DIA mission and provides employee services. We closed this evaluation on October 1, 2018; however, we have since reopened this evaluation because the Agency has not developed a human capital strategy. We reissued and reassigned one recommendation, which remains open.

Rec. No.	Summary of Recommendation	Action Planned/ Status
01	The Chief of Staff (CS) should establish, document, and implement a human capital strategy that aligns with DIA missions, readiness needs, and strategic objectives. Additionally, CS should establish an implementation and management plan that facilitates increased effectiveness, understanding, and accountability of human capital services delivery and processes.	Management is in the process of implementing its corrective action plan. Status: Open

Table B-10: Inspection of Personnel Accountability in Conjunction With Natural and Manmade Disasters (2018-2001-HQ)

We inspected the effectiveness of personnel accountability plans, procedures, reporting, and oversight of personnel accountability systems, including controls to monitor program compliance with DoD governance. We assessed that DIA personnel accountability policies and practices effectively accounted for DIA 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 2 exercises in 2017. We issued three recommendations, two were closed in previous reporting periods and one remains open.

Rec. No.	Summary of Recommendation	Action Planned/ Status
01	The Directorate for Mission Services develop and codify business systems and processes to provide continuous, accurate personnel accountability for all required DoD-affiliated personnel.	Management is in the process of implementing its corrective action plan. Status: Open

Table B-11: Evaluation of DIA’s Personnel Security Program (2018-2002-HQ)

We evaluated adjudication policies, processes, and practices for assessing, validating, and certifying applicant eligibility for access to national security information. We also evaluated Personnel Security Program interdependencies with other programs and offices that provided information for “whole person” consideration in adjudication decisions. Our evaluation did not address processes associated with periodic reinvestigations. We identified opportunities to enhance the Agency’s program and improve the effectiveness and efficiency of determinations on eligibility for access to sensitive compartmented information and other controlled access program information. We issued four recommendations and closed two in previous reporting periods. Two recommendations remain open.

Rec. No.	Summary of Recommendation	Action Planned/ Status
01	The Directorate for Mission Services (MS) implement standardized initial and continuing training for adjudicators and case managers.	Management is in the process of implementing its corrective action plan. Status: Open
04	MS develop an end-to-end Personnel Security Program process that integrates all stakeholder elements and clearly outlines roles and responsibilities, performance expectations, and milestones across all stakeholders. ²⁶	Management is in the process of implementing its corrective action plan. Status: Open

²⁶ This recommendation was originally issued in the 2016 Personnel Accountability inspection report.

Investigations Division Recommendations

Table B-12: Property Accountability Investigation (2017-5057-OI)

We investigated and did not substantiate allegations of an unauthorized purchase of a weapon part by a former DIA civilian employee. However, we determined that the employee violated Agency property management policies by purchasing items with Government contract funds and routinely having those items mailed to their residence. As a result, DIA was unable to maintain proper accountability over Agency property. During our investigation, we identified four management deficiencies that could have prevented this failure to follow proper accountability procedures Agency guidance for processing Joint Duty Assignment requests. Consequently, we issued four recommendations, all of which were closed during this period.

Rec. No.	Summary of Recommendation	Action Planned/ Status
01	The DIA Directorate for Mission Services (MS) survey and record into the Agency Property Accountability Support System (PASS) all property currently under the physical control of the staff of the DIA Deployment Qualification Course (DDQC) that was purchased using Government contract funds under subject DIA contract.	Management action addressed the intent of this recommendation. Status: Closed
02	MS review all relevant company invoices for subject DIA contact to identify the location of all property purchased with Government funds.	Management action addressed the intent of this recommendation. Status: Closed
03	MS, specifically the DIA DDQC organization, conduct a survey of all replica weapons and update the PASS, accordingly.	Management action addressed the intent of this recommendation. Status: Closed
04	MS conduct an assessment of the DIA DDQC to determine if the use of replica weapons and their accompanying ammunitions pose a threat or safety concern to DIA civilian employees or its affiliates. Additionally, determine whether real weapon parts should be used in conjunction with replica weapons.	Management action addressed the intent of this recommendation. Status: Closed

Table B-13: Questionable Intelligence Activity Investigation (2017-5084-OI)

We investigated and substantiated allegations that a DIA senior official violated the Federal Acquisition Regulation by extending a contractor employee’s contract for an additional two weeks beyond an allowable 6-month period of performance. We also determined that, in an effort to award another contract to follow this extended contract, the senior official’s office used the contracting services of another Federal agency, resulting in a waste of additional funds that could have been put to better use. During our investigation, we identified four management deficiencies that could have prevented both an associated questionable intelligence activity and, possibly, the waste of Government funds. Consequently, we issued four recommendations, three of which were closed in previous reporting periods. The fourth recommendation was closed during this period.

Rec. No.	Summary of Recommendation	Action Planned/ Status
04	The Office of the Chief Financial Officer provide justification for outsourcing specified intelligence training support contract to the Department of the Interior, which resulted in additional Agency funds being spent.	Management action addressed the intent of this recommendation. Status: Closed

Table B-14: Reprisal and Abuse of Authority Investigation (2018-5072-OI)

We investigated and did not substantiate an allegation of reprisal made by a DIA employee against two supervisory DIA employees. However, during our investigation, we identified a management deficiency that DIA management failed to follow Agency guidance for processing Joint Duty Assignment requests. As a result, we made one recommendation to DIA management, which was closed during this period.

Rec. No.	Summary of Recommendation	Action Planned/ Status
01	The DIA Directorate of Operations comply with DIA instruction 1404.010, “Civilian Career Assignment Programs,” November 23, 2015, and ensure appropriate management officials are informed of pertinent management control requirements (e.g., with regard to review and staffing of official requests for Joint Duty Assignment).	Management action addressed the intent of this recommendation. Status: Closed

Table B-15: Time and Labor Fraud Investigation (2019-5015-01)

We investigated and substantiated allegations of time and labor fraud, false official statements, false claims, and theft of Government funds by a DIA employee. During our investigation, we identified a management deficiency that DIA management failed to follow Agency guidance. As a result, we made one recommendation to DIA management, which was closed during this period.

Rec. No.	Summary of Recommendation	Action Planned/ Status
01	The DIA Middle East/Africa Regional Center ensure personnel adhere to the requirements identified in DIA instruction 1400.002, "Civilian Compensation and Work Schedules," April 24, 2015, to include paragraphs 1.10.9. and 2.6.6. Also, ensure personnel understand that rounding an employee's time up or down is not in accordance with DIAI 1400.002.	Management action addressed the intent of this recommendation. Status: Closed

Table B-16: Reprisal and Abuse of Authority Investigation (2019-5043-01)

A summary of this report appears in the "Summary of Investigations Division Activity" section of this report. We issued one recommendation, which remains open.

Rec. No.	Summary of Recommendation	Action Planned/ Status
01	The DIA Directorate for Mission Services ensure that the DIA Office of Security personnel reassignments and Personnel Management Panel follow DIA instruction (DIAI) 1400.008, "Employment and Placement," April 24, 2015, and DIAI 1404.010, "Civilian Career Assignment Programs," November 23, 2015.	With management for consideration. Status: Open

Table B-17: Unauthorized Personnel Action Investigation (2019-5064-OI)

We investigated and did not substantiate an allegation that a DIA military enlisted member committed fraud when they moved from Washington, DC, to Miami, FL without official orders. However, during our investigation, we discovered an inconsistency in the accrual of their basic allowance for housing. We made three recommendations to DIA management, which we closed during this period.

Rec. No.	Summary of Recommendation	Action Planned/ Status
01	The DIA Directorate for Mission Services (MS) determine if the Subject's DIA employee telework agreement, as executed, was in accordance with DIA instruction (DIAI) 1350.001, "Military Personnel Administration," November 20, 2015; DIAI 1500.002, "Telework Program," June 15, 2017; and the Joint Travel Regulations (JTR).	Management action addressed the intent of this recommendation. Status: Closed
02	MS correct all administrative records, to include personnel action requests, pay, and allowance to reflect activities documented as part of this investigation and Subject's physical location of Miami, FL. A finance officer should also review the Subject's finance records and determine whether the Subject owes the U.S. Government additional allowances (e.g., Basic Allowance for Housing) that should not have been received, or if the U.S. Government owes the Subject additional allowance funds. (Note: Allowances are paid based upon where the Subject was directed to work and not based on the location as assigned in their orders.)	Management action addressed the intent of this recommendation. Status: Closed
03	MS comply with DIAI 1350.001, DIAI 1500.002, and the JTR, by having the DIA Office of Human Resources (OHR), DIA Office of Logistics and Global Resources, and the U.S. Army Element with DIA OHR, accurately track the physical locations of U.S. Army members assigned to DIA. As well, report the same to the U.S. Army Human Resources Command.	Management action addressed the intent of this recommendation. Status: Closed

Table B-18: Abuse of Authority and Prohibited Personnel Practices Investigation (2019-5069-01)

We investigated and substantiated allegations of prohibited personnel practices and abuse of authority against a DIA senior official. During our investigation, we discovered a management deficiency that could have prevented execution of the prohibited personnel practices. We issued one recommendation, which we closed during this period.

Rec. No.	Summary of Recommendation	Action Planned/ Status
01	<p>The DIA Directorate for Mission Services (MS) comply with title 5 Code of Federal Regulations and DIA Instruction (DIAI) 1400.008, "Employment and Placement," April 24, 2015. Educate all DIA employees and senior officials on nepotism, Federal laws, and DIA policy that prohibits officials from referring, promoting, appointing, or advocating for family members' employment with DIA.</p>	<p>Management action addressed the intent of this recommendation.</p> <p>Status: Closed</p>

Appendix C. Audits, Inspections, Evaluations, and Investigations Closed Since October 1, 2020

Table C-1: Audits Closed Since October 1, 2020

Report Number	Date Closed	Summary
2013-1000010-OA	03/05/2021	Audit of DIA's Contract Surveillance. A summary of this report can be found in the "Status of Recommendations" section of this Semiannual Report. We issued nine recommendations, all of which are closed.
2016-1004	02/22/2021	Audit of Indefinite-Delivery/Indefinite-Quantity Contracts. A summary of this report can be found in the "Status of Recommendations" section of this Semiannual Report. We issued eight recommendations, all of which are closed.

Table C-2: Inspections and Evaluations Closed Since October 1, 2020

No inspections or evaluations were closed this period.

Table C-3: Investigations Closed Since October 1, 2020

Report Number	Date Closed	Summary
2019-5079-OI	09/24/2020	Unfair Hiring Practices. We received a referral from the Office of the Inspector General, U.S. Africa Command (USAFRICOM), Stuttgart, Germany, of multiple anonymous complaints alleging hostile work environment at USAFRICOM. Due to an administrative error, the case was improperly assigned an investigation case number, instead of a Hotline case number. We corrected the administrative error and the complaints were captured under DIA OIG Hotline Case 2020-7179-HL. This investigation case was administratively closed with no further action required.
2019-5076-OI	09/30/2020	False Claims Investigation. We participated in a joint investigation at the request of the Defense Criminal Investigative Service (DCIS). Specifically, a Qui Tam complaint was levied through the Assistant U.S. Attorney (AUSA) alleging that a commercial contractor firm made false claims to the U.S. Government by systematically invoicing contractor employee travel hours as direct labor hours. Through investigative analysis of contractor employee badge reader records, we did not substantiate the complainant's allegations. The AUSA agreed with the analysis and argued to the presiding judge that the allegations were without merit. We closed this investigation since no further action was requested by DCIS.

Table C-3: Investigations Closed Since October 1, 2020 Cont'd

Report Number	Date Closed	Summary
2020-5034-OI	01/19/2021	<p>Improper Relationship Inquiry. We received a complaint alleging two DIA employees, one of which was a DIA senior official, were engaged in an improper relationship. We conducted an inquiry into the allegations and interviewed several personnel from the office in which the alleged subjects worked. The personnel we interviewed were aware there was a perception of an inappropriate relationship, but none could provide any evidence to support the allegation. As such, we closed this inquiry.</p>
2017-5051-OI	01/19/2021	<p>Contract Fraud and Waste of Government Funds Investigation. A summary of this report appears in DIA OIG Semiannual Report to Congress (April 1, 2018—September 30, 2018). We made one recommendation to the DIA Office of the Chief Financial Officer (CFO), which was accepted and implemented. Regarding the \$13 million loss to the Government that we identified, CFO determined that there was an insufficient basis to take additional action during contract administration (beyond modifying the Statement of Work and requiring its strict compliance). CFO also determined there was no contractual remedy that would allow recoupment of the loss.</p>
2017-5057-OI	01/20/2021	<p>Property Accountability Investigation. A summary of this report appears in the DIA OIG Semiannual Report to Congress (October 1, 2018–March 31, 2019). MS accepted and implemented corrective action to address the deficiencies we found. Also, since the DIA employee resigned from the Agency prior to publication of our report of investigation, DIA management was unable to consider disciplinary action.</p>
2020-5025-OI	02/25/2021	<p>Security Matters Referral. We received a complaint that a DIA employee improperly scheduled a meeting with foreign counterparts and engaged in various unauthorized activities with foreign diplomatic representatives. After reviewing, we determined the allegations were under DIA Office of Security's investigative purview and notified the office of our determination.</p>

Appendix D. Index of Reporting Requirements

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