

DEFENSE INTELLIGENCE AGENCY  
**Office of the Inspector General**



**Semiannual Report to Congress**

April 1, 2019–September 30, 2019



**Defense Intelligence Agency  
Office of the Inspector General**

# **Semiannual Report to Congress**

**3rd and 4th Quarters, FY 2019**

## **Additional Information and Copies**

This report and the annex are posted on the Joint Worldwide Intelligence Communications System and on the Secret Internet Protocol Router Network. A copy of this report 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 Inspector General at (202) 231-1010.

## **Send us Your Audit and Inspection 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 email**

ig\_hotline@dia.mil

## Message from the Inspector General



In accordance with the Inspector General Act of 1978, as amended, it is my privilege to present the Defense Intelligence Agency (DIA) Office of the Inspector General (OIG) semiannual report to the U.S. Congress. This report summarizes our accomplishments for the reporting period April 1, 2019, through September 30, 2019.

Through audits, inspections, and investigations, our office provides timely and relevant oversight of the DIA Enterprise. Our goal is to protect the integrity and effectiveness of DIA programs and operations, as well as to detect and deter fraud, waste, abuse, and mismanagement. As such, our Audits Division completed an audit of Incoming Reimbursable Orders, identifying issues with \$130 million worth of orders and making two recommendations. In addition, the Audits Division determined the Agency complied with the Improper Payments Elimination and Reduction Act. Likewise, our Inspections Division completed a critical follow-up evaluation of DIA's Supply Chain Risk Management Program, issuing seven recommendations. The division also issued six recommendations in its evaluation of DIA's Unauthorized Disclosure Program.

Furthermore, our persistent collaboration with Agency officials to close recommendations continues to pay off. We closed 23 audit recommendations in fiscal year 2019, and 19 remain open. For inspections, we closed 36 recommendations, while 21 remain open. Lastly, our Investigations Division opened 40 cases and closed 27. Of the 84 ongoing investigations, several involve senior officials or allegations of significant fraud.

During this period, we completed five reprisal investigations, substantiating the allegation in one case. In another, we did not substantiate the claim of reprisal; however, we found that a separate senior official and two others had abused their authority. In accordance with our recommendations, the Agency has taken steps to correct adverse reprisal actions detailed in previous OIG investigations. For example, one whistleblower was reinstated after a wrongful termination and another was retroactively promoted.

Our office continues to rely on employees and others who report concerns of fraud, waste, abuse, and gross mismanagement. Overall, maintaining confidentiality is of the utmost importance. We do not disclose the identity of any whistleblower without their consent—unless disclosure is unavoidable, as required by law. In a recent bulletin to the workforce, I reaffirmed our commitment to protecting whistleblowers. Moreover, in an Agency ceremony, the DIA chief of staff signed and reissued the DIA Directive on whistleblower protections. We also launched a new unclassified website unaffiliated with DIA. This site provides additional assurances of confidentiality and protections for individuals who report wrongdoing, and it increases our independence while enhancing transparency with our nation's citizens.

I would also highlight our continued pursuit to modernize our information technology infrastructure. We have increased proactive fraud investigative resources and added new analytical tools. We also plan to deploy a new Case Management and Tracking System by early next calendar year. With these new investments, our goal is to significantly elevate our oversight processes and enhance management and security of our data.



I am proud of my staff's professionalism and enthusiasm. Their work continues to compel management actions to achieve a more unified, adaptive, and agile DIA Enterprise. I am equally appreciative of the continued trust and support of the Director, DIA senior leaders, and Congress.

A handwritten signature in black ink that reads "Kristi M. Waschull".

Kristi M. Waschull  
Inspector General

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

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# The DIA Office of the Inspector General

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The DIA Office of the Inspector General (OIG) is one of 73 Federal statutory Inspectors General (IGs) established by the IG Act of 1978, as amended. The IG Act contains provisions for OIG independence, the objectivity of OIG work, and safeguards against efforts to impair objectivity or hinder OIG operations.

## 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.



## 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.

## Values

### Teamwork

Collaboratively partner internally and across organizational boundaries to achieve common goals.

### Integrity

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

### Excellence

Provide the highest quality products and customer service.

### Accountability

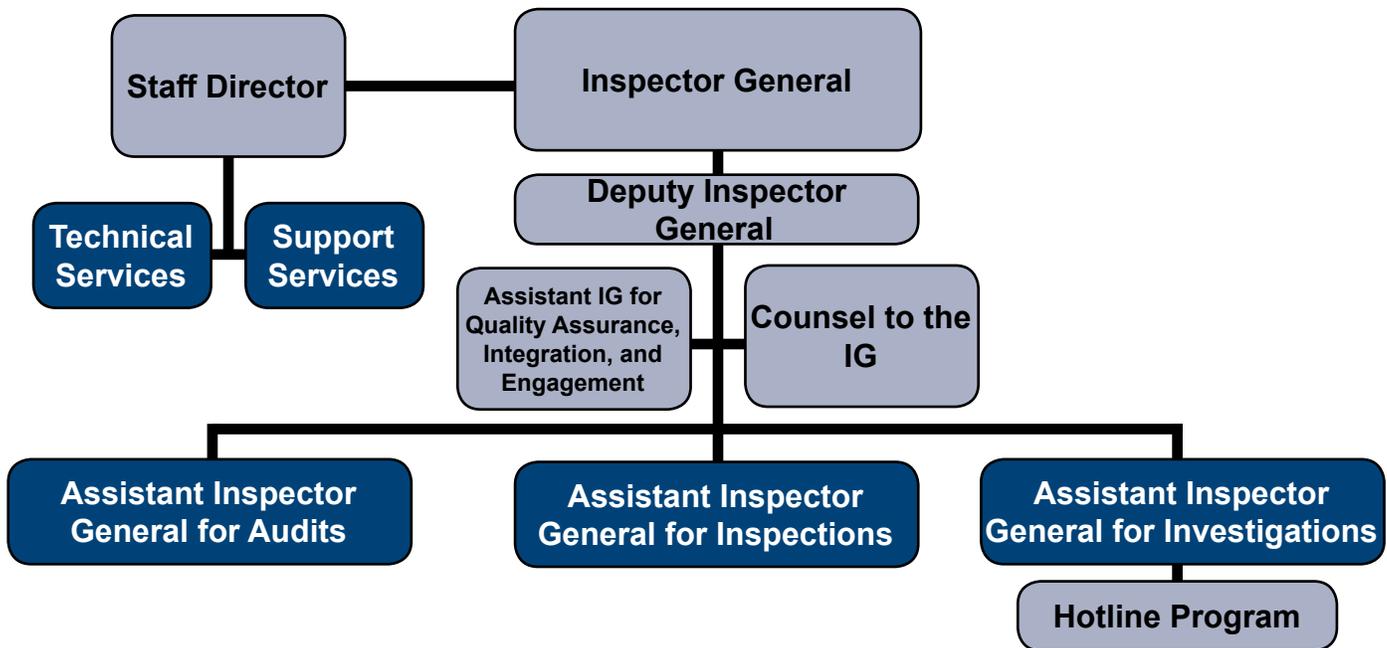
Steadfastly commit to deliver solutions that meet the highest standards.

### Initiative

Insightfully solve challenges and organize priorities.

# Office of the Inspector General Organization

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## 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

The Inspections Division 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, also reports and investigates questionable intelligence activities, as defined by Executive Order 12333, "United States Intelligence Activities," as amended.

## 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 primary role of the program is to receive and evaluate concerns and complaints and determine the agency or responsible element best suited to take appropriate action.

## Services

The Services Division manages all administrative programs and services directly supporting OIG. The Services 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. Mission services functions include, but are not limited to, general counsel, quality assurance, 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.



# Statutory Reporting

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## 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 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.

## Attempts to Interfere With the IG's Independence

Section 5(a)(21) of the IG Act of 1978, as amended by the IG Empowerment Act, requires IGs to provide detailed descriptions of any attempts by their establishments to interfere with their independence. We did

not experience any attempts to interfere with our office's independence during this reporting period.

## Public Disclosure

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

## Peer Reviews

Sections 5(a)(14–16) of the IG Act require IGs to report information about peer reviews that their offices have been subject to, including any recommendations that have not been fully implemented and a justification as to why. We were not subject to any peer reviews this reporting period. However, 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. Furthermore, on April 30, 2017, the Central Intelligence Agency completed a peer review of our Audits covering the preceding 3 years. We implemented all recommendations.

## 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. The table below represents reported conference costs with totals that exceed the reporting threshold of \$20,000. Most reported costs are estimates. We have not verified the accuracy or completeness of the data reported below; calculations are done by the appropriate Agency points of contact.

Conference Name	Type	Estimated Cost	Actual Cost
2019 DoDIIS Worldwide Conference	DIA-hosted	\$816,840	\$755,561
June 2019 Annual National Security Analysis & Intelligence Summer Seminar	DIA-hosted	\$206,650	\$294,937
August 2019 Annual National Security Analysis & Intelligence Summer Seminar	DIA-hosted	\$205,250	\$224,469
FY 2019 DIA Activity Annual Conference	DIA-hosted	\$270,249	\$296,752
DIA Activity Chiefs Conference 2019	DIA jointly-hosted	\$350,498	\$336,704
DIA Activity Workshop 2019	DIA-hosted	\$93,951	\$83,015
2019 Annual American Association of Police Polygraphists Conference	Non-DoD-hosted	\$75,758	\$55,818
2019 Society for Technical Communication Summit	Non-DoD-hosted	\$27,540	Pending
2019 DIA Activity Conference	DIA-hosted	\$226,851	\$283,129
ICASS Capital Security Cost Sharing (CSCS) Annual Worldwide Conference 2019	DIA-hosted	\$86,150	\$86,150
DIA Activity Operations Review	DIA-hosted	\$37,557	\$40,830
DIA Activity Seminar	DIA-hosted	\$85,050	\$84,015
DIA Activity Seminar	DIA-hosted	\$61,640	\$57,640
KNOWLEDGE 19	Non-DoD-hosted	\$36,384	\$37,307
2019 DIA Activity Symposium	DIA-hosted	\$242,400	\$207,900
2019 DIA Activity Officers Conference	DIA-hosted	\$67,263	Pending
2019 Advanced Maui Optical Space Technologies Conference	Non-DoD-hosted	\$26,972	Pending
2019 Federally Employed Women National Training Program	Non-DoD-hosted	\$82,139	\$75,153
CISCO Live 2019	Non-DoD-hosted	\$21,414	\$26,126
DIA Activity Conference	DIA-hosted	\$99,335	\$100,737
2019 Blacks in Government National Training Institute	Non-DoD-hosted	\$77,700	\$76,000
SIGGRAPH 2019	Non-DoD-hosted	\$23,420	Pending
Society for Human Resources Management (SHRM) Annual Conference	Non-DoD-hosted	\$26,776	\$23,794
Examining Conflicts in Employment Laws	Non-DoD-hosted	\$47,326	\$37,210
34th Annual Federal Dispute Resolution Conference	Non-DoD-hosted	\$22,062	Pending
Administrative Professionals Conference	Non-DoD-hosted	\$47,917	\$46,630
Black Hat DEFCON	Non-DoD-hosted	\$49,554	\$42,721
DIA Activity Management Conference	DIA-hosted	\$78,000	\$79,005
DIA Activity Offsite	Non-DoD-hosted	\$20,000	Pending
<b>Total Estimated Costs</b>		<b>\$3,512,646</b>	–



U.S Army Specialist waits for next pre-flight check in Hohenfels, Germany.

## Summary of Legislative and Regulatory Review

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

Description	Number Reviewed
Legislation	8
Department of Defense Issuances	82
Defense Intelligence Agency Issuances	18
Office of the Director of National Intelligence Issuances	7
Executive Orders	0



Panels featuring DIA's creed at the main entrance of DIA Headquarters.

# Summary of Audit Activity

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## *Audit of Incoming Reimbursable Orders, Project 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 agreed with both our recommendations; however, they were only partially responsive. We issued our final report on September 30, 2019, and we requested additional comments from management to clarify their positions and planned actions.

## *Evaluation of DIA's Compliance with the Improper Payments Elimination and Recovery Act for Fiscal Year 2018, Project 2019-1005*

We reviewed DIA's Agency Financial Report and documentation used to support its risk assessment for FY 2018 and determined that DIA complied with the Improper Payments Elimination and Recovery Act for FY 2018. DIA previously received relief from the Office of Management and Budget for reporting improper payment estimates and associated information, which we did not review as part of this project. We issued our final report on May 8, 2019, with no findings or recommendations.

## *Additional Audit Efforts*

We closed 12 of the 29 open recommendations listed in our last report and continued to coordinate with Agency management to develop corrective action plans for open audit recommendations. We also added two recommendations related to incoming reimbursable orders. We are planning or conducting fieldwork for projects related to DIA's IT services contracts, facility and network access controls for out-processing personnel, and unplanned price changes. We are also continuing our oversight of the audit of DIA's FY 2019 financial statements. We expect to report the results of the audits of DIA's IT services contracts, network access controls for out-processing personnel, and DIA's FY 2019 financial statements in our next semiannual report.

# Summary of Inspection Activity

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## *Evaluation of DIA's Supply Chain Risk Management Program, Project 2019-2001*

We evaluated the efficiency and effectiveness of DIA's supply chain risk management program. We evaluated the program's adherence to established Intelligence Community directives, standards, and overarching guidance. We also evaluated DIA's effectiveness in identifying, assessing, and mitigating risks to mission critical acquisitions. We issued seven recommendations to improve the program's efficiency and effectiveness. Management agreed with all of our recommendations; we issued our final report on September 27, 2019.

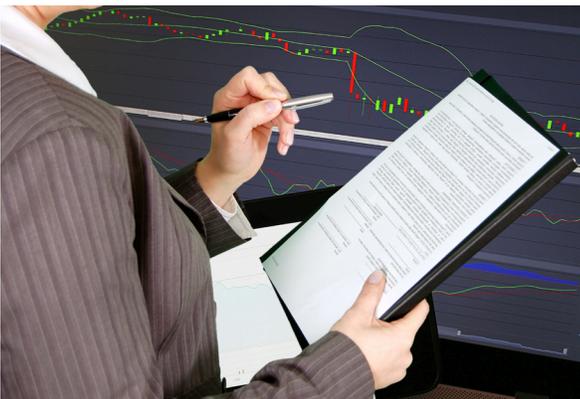
## *Evaluation of DIA's Unauthorized Disclosure Program, Project 2019-2006*

We evaluated DIA's policies and processes for unauthorized disclosures of U.S. classified information to determine the Agency's effectiveness at deterring, detecting, investigating, and reporting suspected unauthorized disclosures. We also assessed OIG special interest items, including response to unauthorized disclosures of U.S. classified information by foreign partners. We assessed that DIA was effectively investigating unauthorized disclosures; however, there were opportunities to improve deterrence, detection, and reporting requirements. Management agreed with all six of our recommendations and provided an action plan to implement them. We issued our final report on September 27, 2019.



## *Additional Inspection Efforts*

We coordinated closely with Agency management to close 15 of the 24 open recommendations listed in our last report. We remain engaged with Agency stakeholders and managers on progress and planned actions to satisfy open recommendations. In addition, our efforts to evaluate the Special Access Program Management Office, compliance with the Federal Information Security Modernization Act of 2014, DIA's Strategic Analysis and Production, the Foreign Disclosure Office, and Classification Review are ongoing. We expect to report results in in our next semiannual report.



# Summary of Investigation Activity

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## Investigative Activity Overview

### *Reprisal Investigations*

We completed five investigations involving allegations of reprisal made before April 1, 2019, and substantiated that reprisal occurred in one case.<sup>2</sup> Specifically, we determined that a DIA senior official reprised against a DIA employee after they made a protected communication. We also determined that the senior official circumvented Agency counterintelligence and security threat reporting processes. Additionally, we identified a management control deficiency, which we referred to DIA management.

This reporting period, we received eight reprisal complaints from DIA personnel. The status of these complaints are as follows:

- One complaint is currently under preliminary review.
- Four complaints are under active investigation by our office.
- One complaint did not meet at least one of the three elements of reprisal.<sup>3</sup>
- One complaint was reported to, and is under investigation by, the DIA Equal Opportunity and Diversity Office.
- One complaint was withdrawn by the complainant before we completed our preliminary review.

### *Time and Labor Investigations*

We investigated two cases involving time and labor fraud by two DIA employees. We substantiated all allegations and identified a \$35,960.71 loss to the Government. As both represented a violation of Federal statute, the cases were referred to the Office of the Assistant U.S. Attorney for the Western District of Virginia and for the District of Columbia; both declined to prosecute. However, the DIA Office of the Chief Financial Officer (CFO) successfully recovered these funds.



### *Abuse of Authority Investigations*

We investigated two abuse of authority cases involving three DIA employees and two DIA senior officials. In the first case, while investigating a separate allegation, we determined that two DIA employees and one senior official abused their authority when they prevented the complainant from obtaining a position with a DIA contract company.<sup>4</sup> In the second case, we investigated multiple allegations against two DIA senior officials and determined that one senior official abused their authority.<sup>5</sup> However, the official voluntarily retired from Federal service prior to publication of our report of investigation.

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2. A summary of this case (2018-5064-OI) is provided on page 12 of this report.

3. The three elements of reprisal are defined by Presidential Policy Directive 19 (PPD-19), "Protecting Whistleblowers with Access to Classified Information," or by title 10, United States Code, section 1034 (10 U.S.C. § 1034), "Protected communication; prohibition of retaliatory personnel actions," updated December 12, 2017, for civilian and military complainants, respectively.

4. A summary of this case (2018-5052-OI) is provided on page 11 of this report.

5. A summary of this case (2018-5059-OI) is provided on page 11–12 of this report.

## ***Uniformed Services Employment and Reemployment Rights Act (USERRA) Investigations***

We investigated an allegation that a DIA supervisory employee violated the USERRA rights of a DIA employee, who was also a reservist. We did not substantiate the allegation.

## ***Other Investigative Activities***

During this period, we completed two investigations related to the allegations of misuse of position and violations of the Privacy Act of 1974. We substantiated the allegations in both cases.

## ***Investigation Case Summaries<sup>6</sup>***

<b>DESCRIPTION</b>	<b>QUANTITY</b>
Cases Opened in Reporting Period	40
Cases Closed in Reporting Period	27
Cases Still Open at End of Reporting Period	84
Investigation Reports Issued in Reporting Period	12
Referrals in Reporting Period (Number of Cases)	12
Referred to Management (Number of Cases)	12
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

## **Summaries of Published Investigative Reports**

### ***Reprisal and Abuse of Authority Investigation, Case 2018-5052-OI***

We did not substantiate allegations of reprisal made by a DIA employee against two supervisory DIA senior officials. However, we did substantiate allegations of abuse of authority against three separate DIA employees, one of which was a supervisory senior official. Specifically, we determined that all three abused their authority when they prevented the complainant from obtaining a part-time position with a DIA contract company. DIA management documented the violations in the Agency personnel security database, and disciplinary action by DIA management is pending.

### ***Unfair Hiring Practices and Abuse of Authority Investigation, Case 2018-5059-OI***

We investigated allegations of unfair hiring practices, abuse of authority, and violations of merit system principles made against two supervisory DIA senior officials and a DIA employee assigned to U.S. combatant command staffs. We determined that one of the supervisory senior officials abused their authority when they failed to follow established hiring processes. We determined that the official also made material false statements to the OIG investigating officer. However, we did not substantiate similar allegations against the other senior official or the employee. Consequently, DIA was unable to take action because the senior official

6. 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 (October 1, 2018–March 31, 2019).

who committed the violations voluntarily retired from Federal service prior to publication of our report. However, DIA management documented the violations in the Agency personnel security database.

#### ***Reprisal Investigation, Case 2018-5061-OI***

We did not substantiate an allegation of reprisal made by a DIA senior official against a supervisory DIA senior official. Specifically, the complainant alleged that after making a protected communication, the official removed the complainant from their supervisory position. We determined there was insufficient evidence to conclude the supervisory senior official engaged in reprisal, abuse of authority, or gross mismanagement.

#### ***Reprisal Investigation, Case 2018-5064-OI***

We substantiated an allegation of reprisal against a supervisory DIA senior official. The supervisory senior official violated Presidential Policy Directive 19 (PPD-19), "Protecting Whistleblowers with Access to Classified Information," October 10, 2012, when they retaliated against a former DIA employee after they made a protected communication. Specifically, the supervisory senior official directed office staff members to move the employee's seating away from coworkers due to "trust issues". The move ostracized the employee and induced a perceived atmosphere of hostility.

Additionally, we determined the senior official violated DIA Instructions by allowing a counterintelligence and security issue to be handled outside of official channels. This circumvented normal procedures to have the Agency complete its own review and afforded preferential treatment for the subject of the issue. DIA management documented the violation in the Agency personnel security database, and disciplinary action is pending. Furthermore, we identified an internal management control deficiency, and we are awaiting a response from DIA management.

#### ***Reprisal Investigation, Case 2018-5066-OI***

We did not substantiate allegations of reprisal made by a DIA employee against three DIA supervisory senior officials. The complainant alleged that after making two protected communications, the senior officials rated them poorly on their annual appraisal. Additionally, the complainant alleged the senior officials assigned the complainant to a new position not aligned with their grade, training, or experience. We determined the complainant's appraisal was consistent with their performance during the rating period. Further, we determined that the complainant's assignment was in response to a priority requirement and reflective of the complainant's grade, training, and experience.

#### ***Reprisal Investigation, Case 2018-5070-OI***

We did not substantiate allegations of reprisal made against three DIA supervisory senior officials. The complainant alleged that their overseas deployment was curtailed after reporting DIA employees and affiliates were in possession of illicit drugs and alcohol in a deployed environment. Believing the complainant was involved in the matter, the senior officials curtailed their deployment. However, an investigation cleared the complainant of wrongdoing. We requested that DIA management consider the complainant's request for approximately \$17,000 in salary and benefits that they would have earned had they completed their deployment. Action by DIA management is pending.

### ***Misuse of Position Investigation, Case 2019-5007-OI***

We determined three DIA employees violated title 5, Code of Federal Regulations (5 C.F.R.) § 2625.502, “Personal and Business Relationships,” when they failed to advise their supervisors that their relatives were employed on contracts that supported their respective duty sections. In addition, one employee again violated 5 C.F.R. § 2625.502 when they served as chairperson on a Source Selection Election Board—despite knowing their relative was previously employed by, and planned to seek future employment with, a company the board would evaluate.

In addition, another of the three employees violated 5 C.F.R. § 2635.702, “Use of public office for private gain,” on two separate occasions when they used their position to improperly influence contract companies. Lastly, we determined that a fourth DIA employee violated 5 C.F.R. § 2635.101(b)(11), “Basic obligation of public service,” when they allowed the aforementioned employment activities to continue without reporting the improprieties to contracting officers or to general counsel. Disciplinary action and documentation of the violations in Agency personnel security database are pending.

### ***Uniformed Services Employment and Reemployment Rights Act (USERRA) Investigation, Case 2019-5011-OI***

We did not substantiate allegations that a DIA senior official violated the USERRA rights of a DIA employee. The complainant alleged that the senior official denied them a promotion due to their military reserve status. We discovered that the senior official, the complainant’s supervisor, remarked in the complainant’s Promotion Assessment Form that their reserve duties limited their contributions to the division. We determined that the senior official’s comments about reserve duty were inappropriate. However, it did not affect the complainant’s opportunity for promotion.

### ***Time and Labor Fraud Investigation, Case 2019-5015-OI***

We substantiated allegations of time and labor fraud, false official statements, false claims, and theft of Government funds by a DIA employee. We determined that between August 1, 2015, and August 31, 2018, the employee knowingly prepared, signed, and submitted fraudulent time and labor records. We estimated a \$25,637.26 loss to the Government. We referred this case to the U.S. Attorney’s Office for the Western District of Virginia, since it represented a violation of Federal law. However, the office declined to pursue criminal or civil prosecution. The DIA CFO successfully recovered the loss, and DIA management documented the violation in the Agency personnel security database. Disciplinary action is pending.

### ***Time and Labor Fraud Investigation, Case 2019-5018-OI***

We substantiated allegations of time and labor fraud, false official statements, false claims, and theft of Government funds by a DIA employee. We determined that between December 24, 2017, and December 18, 2018, the employee knowingly prepared, signed, and submitted fraudulent time and labor records. We estimated a \$10,323.45 loss to the Government, and we referred this case to the U.S. Attorney’s Office for the District of Columbia since it represented a violation of Federal law. However, the office declined to pursue criminal or civil prosecution. The DIA CFO successfully recovered the loss. Furthermore, DIA management documented the violation in the Agency personnel security database and terminated the employee from Federal service on May 6, 2019.

## ***Misuse of Government Systems Investigation, Case 2019-5020-OI***

We did not substantiate an allegation that a DIA contractor employee, who accessed a DIA OIG investigative report from an OIG database, violated DIA directives. However, we identified an internal management control deficiency that demonstrated the DIA Chief Information Office (CIO) failed to follow DIAD 8500.400, "Privileged User System," May 22, 2014. A response from DIA management that addresses this deficiency is pending.

## ***Privacy Act Violation Investigation, Case 2019-5039-OI***

We substantiated an alleged violation of DIA Instruction 5400.001, "Privacy and Civil Liberties Program," May 19, 2014, made against a DIA supervisory military member. Specifically, the military member violated Agency policy when they transmitted a document, which contained the names and Social Security numbers of more than 300 military members assigned to DIA, to their personal email account. DIA management determined there was no reported damage or consequence from the breach. Because the subject was a military member, we referred our findings to the Commanding General, U.S. Army Military District of Washington and to DIA management for review and action. Disciplinary action and documentation of the violation in the Agency's personnel security database are pending.

## **Investigative Activity Support**

### ***Personnel Vetting***

This reporting period, we completed 2,919 checks for derogatory information within OIG records in response to 252 requests, which originated within DIA and from external Federal agencies. These requests involved present and former DIA military, civilian, and contractor personnel who are seeking job placement or advancement, are under consideration for awards, or are undergoing screenings or background investigations to obtain security clearances.



The Patriots Memorial honoring DIA employees who died in service of the United States.

## Appendix A. Statistical Tables

**Table A-1: Audit and Inspection Reports With Questioned and Unsupported Costs**

DESCRIPTION	NUMBER OF REPORTS	QUESTIONED COSTS	UNSUPPORTED COSTS
Reports for which no management decision was made by beginning of reporting period	3	\$8,458,936	\$5,182,720
Reports issued during reporting period	–	–	–
Reports for which a management decision was made during reporting period	–	–	–
1. Dollar value of disallowed costs	–	–	–
2. Dollar value of allowed costs	–	–	–
Reports for which no management decision was made by the end of the reporting period <sup>6, 7, 8</sup>	3	\$8,458,936	\$5,182,720
Reports for which no management decision was made within 6 months	3	\$8,458,936	\$5,182,720

7. Audit of Other Direct Costs (ODC) on DIA Contracts, Project 2015-100003-OA: Published in DIA OIG Semiannual Report to Congress April 1, 2016–September 30, 2016. We found that DIA contracting officer’s representatives approved payments without ensuring that billed charges were accurate and allowable. As a result, DIA had no assurance that \$26.3 million of ODC were paid in accordance with regulations and contract terms. We identified \$1 million in unsupported costs and about \$2.2 million in questioned costs. Management analyzed most of the questioned and unsupported costs but have not completed review of all questioned costs.

8. Audit of DIA’s Contract Surveillance, Project 2013-100010-OA: Published in DIA OIG Semiannual Report to Congress April 1, 2015–September 30, 2015. We found that DIA contracting officials and requiring activity personnel did not provide sufficient technical oversight to ensure that contractors performed in accordance with contract specifications. As a result, DIA had limited assurance that \$373.8 million in services and supplies met contract requirements. We also identified \$532,428 in unsupported costs for travel, tuition, and housing claimed under ODC in the invoices that were reviewed. Management analyzed most of the unsupported costs but have not completed their review.

9. Audit of DIA’s Unliquidated Obligations, Project 2017-1006: Published in DIA OIG Semiannual Report to Congress April 1, 2018–September 30, 2018. We questioned \$4,753,508 in payments made by DIA due to improper authorization and approval of vouchers and identified \$3,650,292 of these payments as unsupported costs. Management concurred with the recommendation to analyze the questioned costs and initiate collections for any payments determined to be improper. Management is working on addressing this issue.

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

DESCRIPTION	NUMBER OF REPORTS	FUNDS PUT TO BETTER USE
Reports for which no management decision was made by the beginning of reporting period	3	\$258,870,000
Reports issued during reporting period	–	–
Reports for which a management decision was made during reporting period	–	–
1. Dollar value of recommendations agreed to by management <sup>9</sup>	1	\$4,100,000
2. Dollar value of recommendations not agreed to by management	–	–
Reports for which no management decision was made by the end of the reporting period <sup>13, 14</sup>	2	\$254,770,000
Reports for which no management decision was made within 6 months	2	\$254,770,000

**Table A-3: Investigations Dollar Recoveries in Reporting Period**

INVESTIGATION	CASE NUMBER	EFFECTIVE RECOVERY DATE	DOLLARS RECOVERED
Contractor Cost Mischarging	2017-5083-OI	10 April 2019	\$37,336.62
Time and Labor Fraud and False Claims	2017-5089-OI	22 April 2019	\$37,471.25
Time and Labor Fraud	2019-5018-OI	2 May 2019	\$10,323.45
Time and Labor Fraud	2019-5038-OI	11 June 2019	\$5,544.23
Time and Labor Fraud	2019-5037-OI	2 July 2019	\$1,856.27
Time and Labor Fraud	2019-5015-OI	19 September 2019	\$25,606.52
		<b>TOTAL</b>	<b>118,138.34</b>

10. Audit of DIA's Contract Requirements, Project 2017-1005: Published in DIA OIG Semiannual Report to Congress October 1, 2018–March 31, 2019. We found that the CFO, Contracting Operations Division, awarded complete requirements but missed acquisition planning milestones, which led to a loss of a \$4.1 million discount. Management addressed our recommendations.

11. Audit of Indefinite-Delivery/Indefinite-Quantity (IDIQ) Contracts, Project 2016-1004: Published in DIA OIG Semiannual Report to Congress April 1, 2017–September 30, 2017. We found that the CFO, Contracting Operations Division, could not determine the timeliness of IDIQ contract awards because it did not consistently establish contract milestones or record completion dates. As a result, DIA awarded six IDIQ contracts 3 to 5 months later than planned, and the delay for one contract increased the ceiling price by \$4.77 million. Management agreed with the corresponding recommendations.

12. Audit of DIA's Unliquidated Obligations, Project 2017-1006: 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, in spite of obligating nearly all funds. Management has closed three of the corresponding recommendations and is working on the remaining four open recommendations.

**Table A-4: Summaries of Other Investigative Matters**

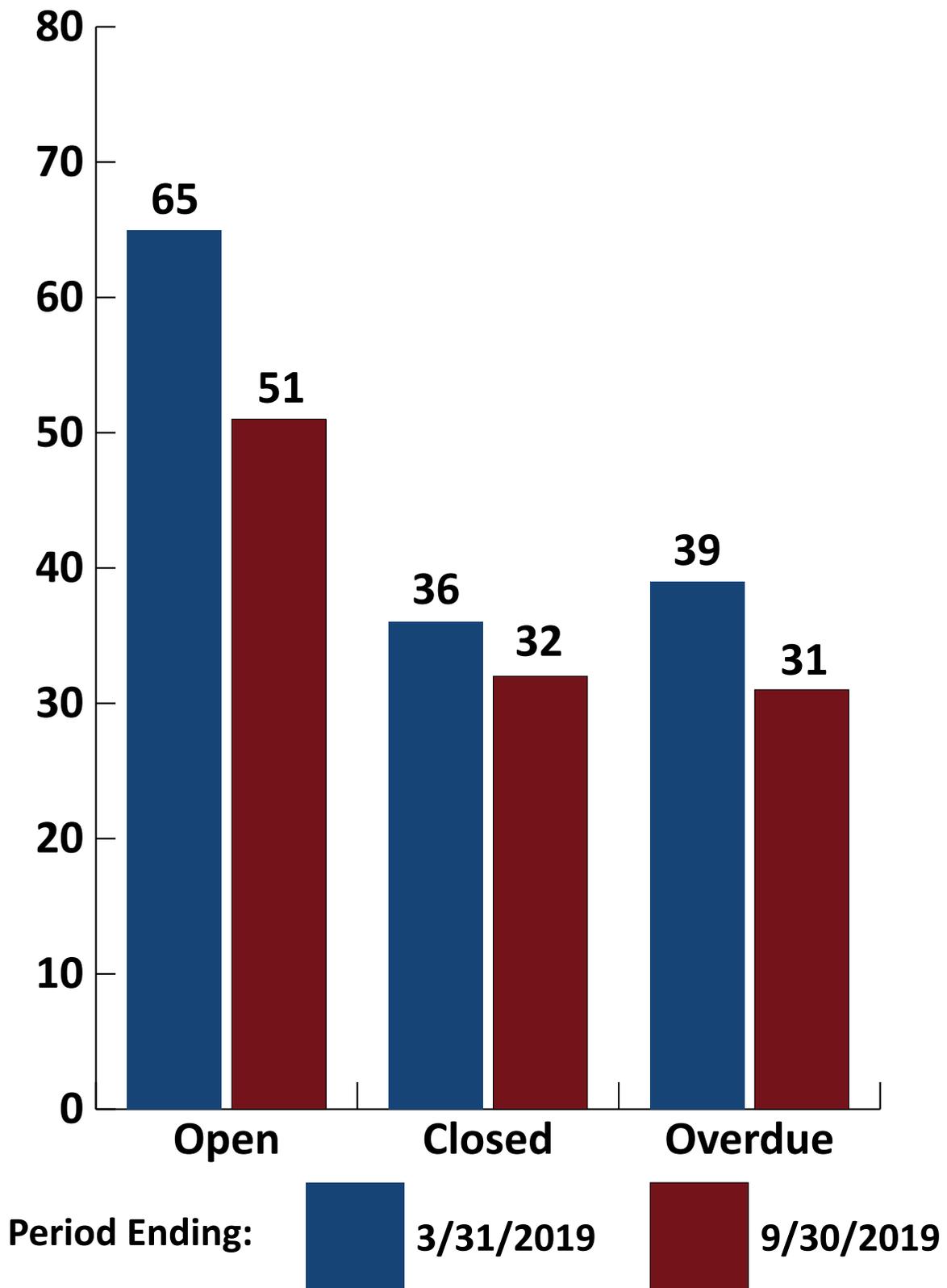
DESCRIPTION	QUANTITY
<b>Hotline Program</b>	
DIA OIG Hotline Inquiries Received in Reporting Period	180
DIA OIG Hotline Inquiries Closed in Reporting Period	149
<b>Intelligence Oversight</b>	
Cases Opened in Reporting Period	0
Cases Closed in Reporting Period	0
Cases Still Open at End of Reporting Period	1
Reports of Investigation Issued in Reporting Period	0
Referred to Management	0
<b>Management Referrals</b>	
Referrals in Reporting Period	10
Referrals in Reporting Period (external agencies)	0

**Table A-5: Summary of Recommendations as of September 30, 2019<sup>13</sup>**

DESCRIPTION	QUANTITY
<b>Audits</b>	
Open Recommendations	19
Closed Recommendations	12
Overdue Recommendations	16
<b>Inspections</b>	
Open Recommendations	21
Closed Recommendations	16
Overdue Recommendations	7
<b>Investigations</b>	
Open Recommendations	11
Closed Recommendations	4
Overdue Recommendations	8

13. "Overdue recommendations" refers to those recommendations that DIA management has not addressed within established timelines.

**Table A-6: Recommendation Trends**



## Appendix B. Index of Reporting Requirements

Semiannual Reporting Requirement		Page
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5(a)(4)	<a href="#">Matters referred to prosecutive authorities and resulting prosecutions and convictions</a>	11–14
5(a)(5)	<a href="#">Reports to the Director, DIA of refusals to provide information</a>	4
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5(a)(7)	<a href="#">Summaries of significant reports</a>	8–14
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5(a)(9)	<a href="#">Statistical tables showing recommendations that funds be put to better use</a>	16
5(a)(10)(A)	<a href="#">Summaries of reports previously issued that still lack management decision</a>	15–16
5(a)(10)(B)	<a href="#">Summaries of reports previously issued that lacked management comment within 60 days</a>	4
5(a)(10)(C)	Summaries of reports previously issued that have remaining unimplemented recommendations	Annex
5(a)(11)	<a href="#">Significant revised management decisions</a>	4
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5(a)(13)	<a href="#">Federal Financial Management Improvement Act of 1996</a>	4
5(a)(14–16)	<a href="#">Peer reviews</a>	4
5(a)(17–18)	<a href="#">Investigations statistics and metrics</a>	11
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5(a)(20)(A)	<a href="#">Descriptions of whistleblower retaliation</a>	10–14
5(a)(20)(B)	<a href="#">Establishment imposed consequences of whistleblower retaliation</a>	10–14
5(a)(20)(C)	<a href="#">Whistleblower retaliation settlement agreements</a>	10–14
5(a)(21)	<a href="#">Attempts to interfere with IG independence</a>	4
5(a)(22)	<a href="#">Public disclosure</a>	4

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