



NATIONAL RECONNAISSANCE OFFICE

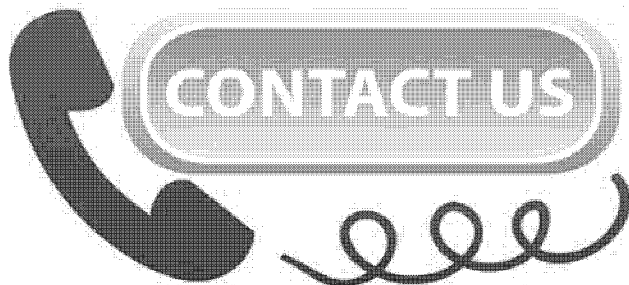
OFFICE OF INSPECTOR GENERAL

(U) SEMIANNUAL REPORT TO THE CONGRESS

1 April 2020 - 30 September 2020
28 October 2020

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National Reconnaissance Office
Office of Inspector General

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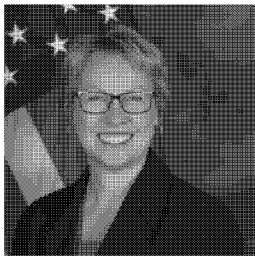
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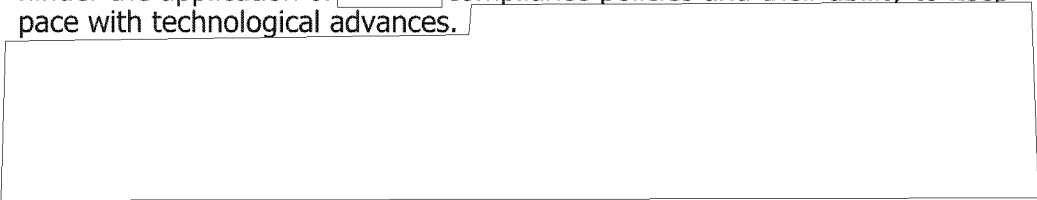
(U) Message from the Inspector General



28 October 2020

(U) On behalf of the National Reconnaissance Office (NRO) Office of Inspector General (OIG), I am pleased to submit this report highlighting the OIG's activities for the period 1 April 2020 – 30 September 2020. The activities described in this report exemplify our professional commitment to improving the efficiency and effectiveness of NRO programs and operations.

~~(S//NF)~~ The OIG issued 10 Reports of Investigations, 6 audit reports, 3 inspection reports, 1 special review, 1 outreach report, and continued its work on another 7 projects during this reporting period. The OIG's audits and inspections identified a myriad of shortcomings related to effective and efficient execution of the NRO mission. For example, our joint *NRO-National Security Agency (NSA) OIG Review of [redacted] at Aerospace Data Facility Colorado and NSA Colorado* identified hurdles that may hinder the application of [redacted] compliance policies and their ability to keep pace with technological advances.



(U) The inspections division began an evaluation of the NRO's COVID-19 [Coronavirus 2019] Pandemic Response to promptly identify best practices used or challenges encountered in responding to the pandemic prior to a potential second wave of COVID-19. In response to our workforce survey, we received over 3,400 completed responses and 41 percent of the surveys included comments. The team worked diligently to analyze the survey results and the input received during interviews with senior leaders, managers, and industry partners.

(U) In early April, I was appointed as the Pandemic Recovery Accountability Committee's (PRAC's) lead IG for coordination of oversight of intelligence funds dispersed under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In this capacity, I met several times with the Government Accountability Office lead for government acquisition and section 3610 of the CARES Act, the Department of Defense OIG section 3610 leads, Intelligence and National Security Alliance representatives, and the Director and Deputy Director of the Defense Contract Audit Agency – Field Detachment. The Office of the Director of National Intelligence invited me to speak at the Intelligence Community Procurement Executives' virtual meeting to explain the role of the PRAC and the need for robust controls and effective data collection regarding section 3610 payments. I also spoke at NRO's COTR [Contracting Officers Technical Representative] Day, which was a great opportunity to highlight our work on section 3610 and other matters affecting COTRs. Several personnel at the NRO OIG are supporting PRAC efforts. For example, my Chief of Analytics serves as the PRAC Liaison to the Intelligence Community (IC) Inspectors General (IGs) and one of our Special Agents processes PRAC hotline calls. The cooperation and coordination across the NRO, IC IGs, and federal government has been remarkable.

(U) We are busy finalizing our Annual Management Challenges Report, which will accompany the Financial Statement Audit results. We will also release our fiscal year (FY) 2021 Annual Work Plan shortly with a different look. The plan will be a menu of OIG oversight project options that address NRO mission risks. The plan will include more projects than we can accomplish in FY 2021

but will include projects with and without travel to allow us to select projects based on the current COVID status.

(U) We enjoyed a collaborative relationship with Director Scolese as well as with NRO's leadership and workforce. We greatly appreciate their support for our annual planning efforts and Pandemic Response Evaluation. The OIG did not experience any issues related to accessing NRO records or personnel.

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

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

Susan S. Gibson
Inspector General

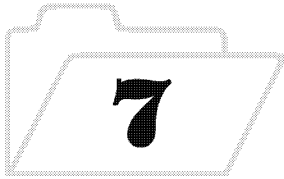


National Reconnaissance Office

OFFICE of INSPECTOR GENERAL

HIGHLIGHTS - 1 APRIL 2020 to 30 SEPTEMBER 2020

Audits & Inspections



Ongoing

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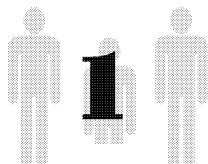
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Peer Reviews

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Joint Projects

HIGHLIGHTS

- (U) An external Peer Review of the NRO OIG Audit Division found a suitably designed system of quality controls and compliance with these controls.
- (U) An ongoing Pandemic Response Evaluation will provide NRO Leadership with timely insight on best practices and challenges.
- (U//~~FOUO~~) An audit of the NRO's management of Industry Partner Access found that the [redacted]
[redacted]
[redacted]
- (U) An investigative case found an NRO employee using an official title and email for personal gain.

Investigations

\$418,000

Recoveries to the NRO

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Allegations Received

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Whistleblower Retaliation Complaints

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Reports of Investigation

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(U) Semiannual Report Highlights and Accomplishments

(U) During this reporting period, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) dedicated its oversight efforts and resources to address management challenges and issues of greatest risk to the NRO. Specifically, the OIG conducted work on 18 audit, inspection, and special review projects, 11 of which were completed. The OIG derived these projects from mandated requirements and the OIG annual work plan or initiated projects because of identified significant risk areas. The OIG also completed numerous investigations and issued 10 Reports of Investigation. These investigations assessed potential violations of law or regulation. The OIG's efforts enhanced the economy, efficiency, and effectiveness of NRO programs; assisted in detecting and preventing fraud and abuse; and supported the NRO mission. The OIG's highlights and accomplishments for this reporting period include the following:

[Redacted]

➤ ~~(S//NF)~~ **National Reconnaissance Office – National Security Agency Office of Inspector General Joint Review of**

[Redacted] **at the Aerospace Data Facility Colorado and National Security Agency Colorado.** The National Security Agency (NSA) and the NRO OIGs conducted a joint review of [Redacted] [Redacted] at NRO's Aerospace Data Facility Colorado (ADF-C) and NSA Colorado (NSAC) in Denver, Colorado. Among other things, the OIGs identified hurdles that may hinder the application of [Redacted] compliance policies and their ability to keep pace with technological advances in the [Redacted]

[Redacted]

(U) Significant Findings and Recommendations

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

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

(U) The OIG reported one significant finding and made one significant recommendation during this reporting period. The significant finding and corresponding recommendation was associated with the [Redacted]

[Redacted]

**(U) Table 1: Significant Recommendations –
1 April – 30 September 2020**

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(U) Status of Prior Significant Recommendations

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(U) Summary of Completed and Ongoing Projects

(U) Completed Projects – Overview

(U) **Table 3** identifies the completed projects for this semiannual reporting period. Following the table are short descriptions of the conclusions and recommendations made for each project. The OIG ordered the projects according to their respective publication dates during the reporting period.

(U) Table 3: Completed Projects – 1 April - 30 September 2020

(U) Title	(U) Date Completed
(U) Fiscal Year 2019 Risk Assessment of the National Reconnaissance Office Charge Card Program	2 June 2020
(U) Joint Inspection of the Office of Space Reconnaissance	10 June 2020
[Redacted]	12 June 2020
[Redacted]	16 July 2020
(U) Evaluation of NRO Fiscal Year 2019 Improper Payment Compliance	17 July 2020
[Redacted]	17 July 2020
(U) NRO GEOINT-Financials Statement on Standards for Attestation Engagements No. 18 Examination	11 August 2020
(U) Audit of the Management of Industry Partner Access	28 August 2020
[Redacted]	17 September 2020
(U) Special Review of the Organizational Conflict of Interest	17 September 2020
(U) National Reconnaissance Office – National Security Agency Office of Inspector General Joint Review of [Redacted] at the Aerospace Data Facility Colorado and National Security Agency Colorado.	30 September 2020

(U) Completed Projects – Findings and Recommendations

(U) Fiscal Year 2019 Risk Assessment of the National Reconnaissance Office's Charge Card Program

(U) The NRO OIG conducted its fiscal year (FY) 2019 risk assessment of the NRO's Charge Card Program from January through February of 2020. The assessment did not reveal significant risks, and the OIG will not conduct an audit of the NRO's Charge Card Programs.



~~(S//TK//REL TO USA, FVEY)~~ [redacted]

~~(S//TK//REL TO USA, FVEY)~~ The NRO OIG conducted outreach activities at the [redacted] to promote an improved understanding of the NRO OIG mission and increase the frequency of OIG interactions with the workforce. Due to the [redacted] members of the Inspector General of Intelligence and Security for the [redacted] accompanied the NRO OIG for portions of this outreach. Since this was not an inspection, audit, or investigation, no findings or recommendations are associated with this effort, nor did the OIG conduct a formal assessment of the information provided. However, because of the nature of the information provided, the OIG performed

additional analysis in certain areas to add context for NRO management's consideration.

~~(S//TK//REL TO USA, FVEY)~~ Overall, the OIG found that the [redacted]
[redacted]

[redacted] In addition, site personnel specifically noted and appreciated site leadership's focused efforts to improve collaboration, engagement, and communications with the workforce, and to improve site morale. However, site personnel provided numerous concerns, and the OIG independently identified and assessed other issues, which may influence site leadership's overall effectiveness in executing mission, and ability to recruit and retain an effective workforce and engender high morale at site. These concerns and issues pertain to communication, engagement, and collaboration; mission; health and safety; financial; and training.

~~(S//TK//REL TO USA, FVEY)~~ [redacted]
[redacted]

~~(S//TK//REL TO USA, FVEY)~~ [redacted]
[redacted]

➤ ~~(S//TK//REL TO USA, FVEY)~~ [redacted]
[redacted]

(U) Evaluation of the National Reconnaissance Office Fiscal Year 2019 Improper Payment Compliance

(U) The NRO OIG conducted an evaluation to determine NRO compliance with the *Improper Payments Elimination and Recovery Act of 2010*. The OIG found that the NRO complied with all applicable requirements outlined by the Office of Management and Budget framework for payment integrity improvement.

~~(S//NF)~~ [Redacted]
[Redacted]

~~(S//NF)~~ [Redacted]
[Redacted]

~~(S//NF)~~ [Redacted]
[Redacted]

~~(S//NF)~~ [Redacted]
[Redacted]

**(U) National Reconnaissance Office [Redacted]
Statement on Standards for Attestation Engagements No. 18
Examination**

(U//~~FOUO~~) The NRO partnered with the National Geospatial-Intelligence Agency to be the service provider for the [Redacted] application. The OIG oversaw the Office of Management and Budget-required Statement on Standards for Attestation on Engagements (SSAE) No. 18 Service Organization Controls Examination, which was completed by the Independent Public Accounting firm Kearney and Company (Kearney). The SSAE objective was to report on the fairness of the presentation of NRO management's description of the [Redacted] application and the suitability of the design and operating effectiveness of the internal controls to achieve the related control objectives included in the description.

(U//~~FOUO~~) Kearney issued an unqualified opinion (meaning the control objectives tested were designed and operating effectively, as described by NRO management) on the controls surrounding the [redacted] application and its hosting environment.

(U) Audit of the Management of Industry Partner Access

(U) The OIG assessed whether the NRO has implemented appropriate controls for granting, reviewing, and removing Industry Partner Access (IPA) connections to NRO networks.

(U//~~FOUO~~) The OIG found that

- (U//~~FOUO~~) the NRO granted IPA connections to contractor sites

[redacted]

- (U//~~FOUO~~) companies were able to [redacted]

[redacted]

-

(U) The OIG provided seven recommendations to the NRO including the following:

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

[redacted]

- (U//~~FOUO~~) Perform a revalidation of all existing IPA connections to ensure the site location is the listed place for performance.
- (U//~~FOUO~~) Update the IPA request process.

[redacted]



(U) Special Review of Organizational Conflict of Interest

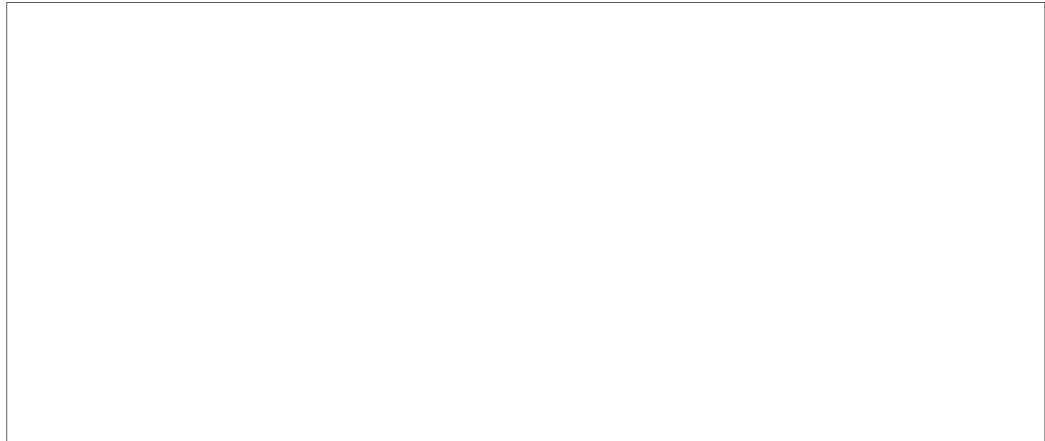
(U) The OIG noted organizational conflict of interest concerns related to a specific contractor's portfolio of authorities and duties. The OIG made three recommendations to mitigate or resolve these concerns. These recommendations will not be included in this report due to their sensitive content. The OIG provided its report to the U.S. House Permanent Select Committee on Intelligence and the U.S. Senate Select Committee on Intelligence.

**(U) National Reconnaissance Office – National Security Agency
Office of Inspector General Joint Review of [REDACTED]
[REDACTED] at the Aerospace Data Facility Colorado
and National Security Agency Colorado**

(U//~~FOUO~~) The NSA and the NRO OIGs conducted a joint review of [REDACTED] at NRO's Aerospace Data Facility Colorado (ADF-C) and NSA Colorado (NSAC), in Denver, Colorado. The objectives were to

- identify any hurdles that may hinder [REDACTED] compliance policies from keeping pace with technological advances in the [REDACTED]
[REDACTED]
- identify processes or mechanisms, if any, used to raise questions and resolve disagreements between the NSA and NRO regarding programs or operations as they relate to [REDACTED] compliance, and

- review the application of [redacted]
[redacted]
[redacted] at ADF-C.



(U) The OIGs made 18 recommendations and one observation to assist NSA and NRO in addressing the findings outlined in this report, including the following:

- (U) Develop joint governance that defines fundamental [redacted] terminologies and describes the unique U.S. person protections that apply to specific categories of [redacted] at the most granular level; revise existing agreements to reflect this joint governance.
- (U) Identify the respective roles for NSA and NRO given the complexities of the current [redacted] and emerging technologies.
- (U) Separate from the current NSA/NRO Quarterly Meetings, implement a formal escalation process to resolve [redacted] [redacted] and/or research and development mission challenges in a timely manner through notification to management, including up to the Director, NSA and Director, NRO, as necessary.
- (U) Develop jointly accepted operating instructions for the [redacted] and other NSA or NRO labs that may be jointly manned at mission ground stations and cryptologic centers; include guidelines for compliant access to NSA [redacted] repositories.
- (U) Integrate NSAC [redacted]
[redacted]
[redacted] and compliant data handling procedures.

(U) Ongoing Projects – Overview

(U) **Table 4** identifies the ongoing projects for this semiannual reporting period. Following the table are short descriptions of the objectives for each project.

(U) Table 4: Ongoing Projects – 1 April - 30 September 2020

(U) Title	(U) Date Initiated
(U) Inspection of the Chief Information Officer	7 February 2019
(U) Inspection of the National Reconnaissance Office’s Mission Basing Preparedness	29 August 2019
(U) Office of Inspector General Audit of the National Reconnaissance Office Fiscal Year 2020 Financial Statements	19 February 2020
(U) National Reconnaissance Office Fiscal Year 2020 Independent Federal Information Security Modernization Act of 2014 Evaluation	11 March 2020
(U) Evaluation of the National Reconnaissance Office COVID-19 Pandemic Response	25 June 2020
(U) Evaluation of the National Reconnaissance Office’s Implementation of Section 3610 Authorized by the Coronavirus Aid, Relief, and Economic Security Act	5 August 2020
(U) Audit of the National Reconnaissance Office’s Funds From Other Government Agencies	14 September 2020

(U) Ongoing Projects – Objectives

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

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

(U) **Office of Inspector General Audit of the National Reconnaissance Office Fiscal Year 2020 Financial Statements.** Objective: Determine whether the financial statements and related notes are presented fairly in all material respects, in accordance with guidance issued by the Federal Accounting Standards Advisory Board, Office of Management and Budget, and other authoritative guidance. The auditors will also review internal controls and compliance with laws and regulations, and follow-up on the status of prior-year audit findings.

(U) **National Reconnaissance Office Fiscal Year 2020 Independent Federal Information Security Modernization Act of 2014 Evaluation.** Objective: Provide an independent assessment of the effectiveness of the NRO information security program and practices. The evaluation team will also follow up on the findings and recommendations from the prior-year *Federal Information Security Modernization Act of 2014* report.

(U) **Evaluation of the National Reconnaissance Office COVID-19 Pandemic Response.** Objective: Identify any best practices implemented or challenges encountered by NRO Headquarters, and selected field sites, in responding to the COVID-19 pandemic. Areas of evaluation may include, but are not limited to, Mission Sustainment, Policy, Leadership, Facilities and Logistics, Health and Safety, Communications, and Human Resources.

(U) **Evaluation of the National Reconnaissance Office's Implementation of Section 3610 Authorized by the Coronavirus Aid, Relief, and Economic Security Act.** Objective: Evaluate the NRO's implementation of section 3610 authorized by the Coronavirus Aid,

Relief, and Economic Security Act and to identify preliminary impacts to NRO mission.

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

(U) Investigations

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

(U) All investigative records and information, starting with complaint intake through the final report, along with the full disposition of each referred case, are maintained using the Investigations Division's [redacted]

[redacted] The data in this section is derived from all relevant records in [redacted] covering the reporting period of 1 April 2020 – 30 September 2020.

(U) The Investigations Division responded to 72 allegations this reporting period. The range of allegations included, but was not limited to, aspects of fraud and other allegations of wrongdoing within NRO programs.

Figure 1 illustrates the types and percentages of these cases opened during this reporting period. The Division referred nine of the allegations to other NRO offices upon determining that the information did not merit investigative action. Referred allegations generally involved claims of minor employee misconduct, security infractions, and administrative issues. The OIG referred these matters to the Office of Security and Counterintelligence (OS&CI), the Office of Contracts, or other NRO offices for actions as appropriate.

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

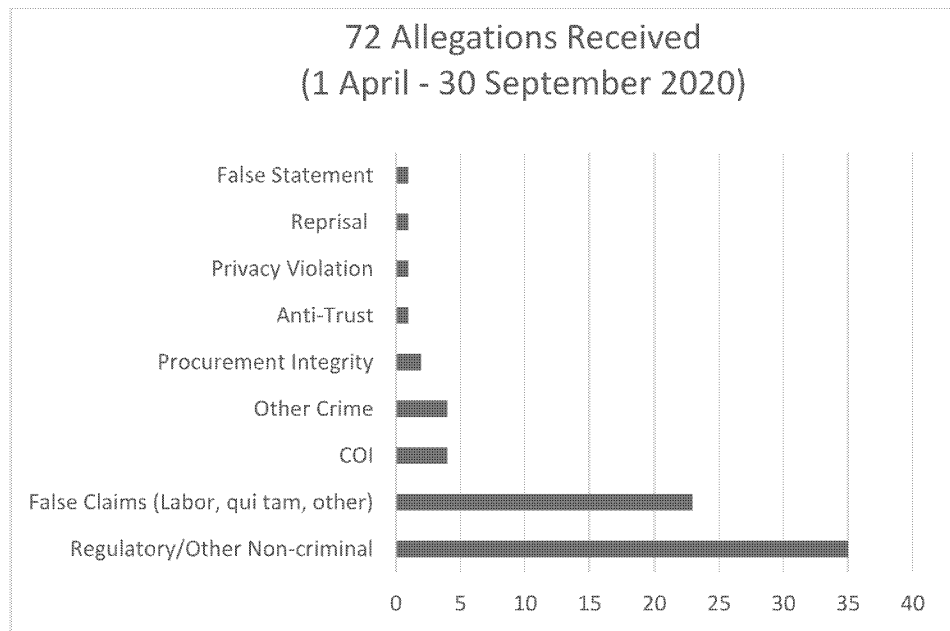


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(U) For this reporting period, the OIG did not initiate, complete, or refer to the Attorney General for criminal investigation any matters alleging unauthorized public disclosures of classified information.

(U) Reports Of Investigation

(U) During this reporting period, the Investigations Division produced 10 Reports of Investigation in response to allegations of fraud and other wrongdoing at the NRO. The total amount returned to the NRO or the United States Treasury during this reporting period as a result of investigations equates to more than \$418,000. The OIG provided all Reports of Investigation to OS&CI for security consideration and action as appropriate. The OIG provided Reports of Investigations involving contractors to the Office of Contracts for consideration relevant to suspension and debarment. This reporting period includes one report related to whistleblower retaliation allegedly taken by an NRO Senior Official against a government employee. **Table 5** illustrates the additional details of these cases.

(U) Table 5: Summary of Referrals and Indictments

(U) Item	(U) Number
(U) Total Reports	10
(U) Referrals to Federal Prosecutor	8
(U) Referrals to State Prosecutor	0
(U) Indictments	0

(U) Selected Investigation Summaries

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

(U) **Misuse of Property:** The OIG completed an investigation of two contractors who performed personal services for an NRO senior official. The services included instances where the contractor conducted personal errands for the senior official including obtaining the official's lunch, withdrawing funds from the official's personal bank account via an automated teller machine for money supporting office celebrations, and obtaining refreshments for office events. The contractors occasionally volunteered to perform these activities, but there were also occasions when the senior official tasked the contractors to perform these services. The senior official received verbal counseling from NRO senior management and took responsibility for their actions.

(U) **False Claims and False Statement:** The OIG completed an investigation of a company and its chief executive officer (CEO) for allegedly misrepresenting its capabilities when responding to a request

for proposal. The request for proposal was issued in connection with another agency's solicitation for a contract task order that was funded in part by the NRO. As parts of its proposal, the company claimed it was free from any organizational conflict of interest and that certain proposed personnel possessed the appropriate security clearances and technical expertise required for the task. The OIG concluded that the company had an existing organizational conflict of interest because its CEO had previously provided technical language regarding information technology requirements to another Federal agency, which that agency subsequently incorporated into its request for proposal for the solicitation to meet NRO requirements. The OIG also obtained evidence showing the company knew that several proposed personnel did not have the necessary clearance, and were not technically qualified as claimed. The company initially billed the government for labor work performed by the unqualified personnel before the government halted the work.

(U) The company entered into a Civil Settlement with the Department of Justice and agreed to pay \$65,000 to settle the false statements regarding its conflict and \$45,000 to settle the false claims billed on the contract to the United States Treasury to resolve the allegations concerning 31 U.S.C. § 3729, "False Claims" and 31 U.S.C. § 3802, "False Claims and Statements."

(U) Ethical Conduct Violation: The OIG completed an investigation of a government officer for alleged violations of 5 CFR § 2635, *Standards of Ethical Conduct for Employees of the Executive Branch*. The OIG concluded that the employee used his official title and email to arrange for a guided tour of a company's facility for himself and family members. At the end of the tour, the employee and his family accepted headphones and t-shirts as gifts from the company. The gifts exceeded the value allowed by 5 CFR § 2635. The OIG also concluded the government officer used his official title and email to inquire about that status of his son's internship with the same company.

(U) The NRO Office of General Counsel determined the employee violated the Standards as reported by the OIG. A determination of disciplinary action by NRO management is pending.

(U) False Claims for Labor: The Investigations Division completed seven investigations of false claims due to mischarged labor. All seven cases involved NRO contractor employees mischarging their time pursuant to 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*. In total, these investigations identified approximately \$318,000 in funds recoverable to the NRO or the United States Treasury. The United States Attorney's Office declined prosecution for each of these cases in favor of an administrative settlement. The OIG referred each case involving a contractor employee to the NRO Office of Contracts for administrative action within the terms of any affected contracts, including financial restitution and suspension and debarment. The Office of Contracts addressed the recovery of funds and removal of contractor personnel as appropriate in each case.

(U) Potential Monetary Benefits

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

(U) Table 6: Summary of Questioned Costs

Reports with Recommendations that Include Questioned Costs*	Number of Reports	Dollar Value
For which no management decision was made by 1 April 2020	0	N/A
That were issued between 1 April 2020 and 30 September 2020	0	N/A
Disallowed costs for which a management decision was made between 1 April 2020 and 30 September 2020	0	N/A
Costs not disallowed for which a management decision was made between 1 April 2020 and 30 September 2020	0	N/A
For which no management decision was made by 30 September 2020	0	N/A

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

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(U) Table 7: Summary of Better Use of Funds

Reports with Recommendations that Funds Be Put to Better Use*	Number of Reports	Dollar Value
For which no management decision was made by 1 April 2020	0	N/A
That were issued between 1 April 2020 and 30 September 2020	0	N/A
For which a management decision was made—and the dollar value of recommendations was agreed to by management—between 1 April 2020 and 30 September 2020	0	N/A
For which a management decision was made—and the dollar value of recommendations was not agreed to by management—between 1 April 2020 and 30 September 2020	0	N/A
For which no management decision was made by 30 September 2020	0	N/A

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

Table is UNCLASSIFIED

(U) Review Of Legislation And Regulations

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

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

(U) During this reporting period, the NRO OIG continued to address OIG-related requirements identified in the FY 2020 National Defense Authorization Act and in the Intelligence Authorization Acts (IAAs) for FYs 2018, 2019, and 2020, which relate to OIG authorities and responsibilities. For example, in June 2020, the OIG provided the Senate Select Committee (SSCI) on Intelligence and House Permanent Select Committee on Intelligence (HPSCI) its first reporting regarding investigations of unauthorized public disclosures of classified information. In addition, as part of IC IG Forum working groups, the OIG continued to work extensively with the IC IG toward addressing and complying with other requirements. Further, the OIG reviewed and provided comments to SSCI and HPSCI staffers pertaining to draft FY 2021 IAA language, which addresses OIG equities. In addition, the NRO OIG continued its work assessing elements of the *Coronavirus Aid, Relief, and Economic Security Act*, and coordinating its oversight efforts with other IC element OIGs through the IC IG Forum and the Pandemic Response Accountability Committee. The OIG also worked closely with the Government Accountability Office (GAO) in completing its IC Whistleblower engagement (GAO-20-201SU).

(U) The OIG also worked on matters of mutual interest between OIGs in the Intelligence Community. Examples include assessing inconsistencies related to legislation and CIGIE guidance pertaining to complaints of reprisal against Inspectors General, and assisting IC IG's efforts toward publishing External Review Panel procedures in furtherance of 50 U.S.C. § 3236, *Inspector General External Review Panel*.

(U) Financial Systems Compliance

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

(U) For FY 2020, the NRO OIG engaged the Independent Public Accounting firm, Kearney and Company, to test the NRO's financial systems for compliance with applicable laws and standards as part of its *Audit of the National Reconnaissance Office Fiscal Year 2020 Financial Statements*. Kearney's assessment will determine whether the NRO's financial management systems comply with the federal financial management system's requirements, applicable federal accounting standards, or application of the United States Standard General Ledger at the transaction level. Kearney's assessment is due to the OIG in November 2020.

(U) Peer Reviews

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

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

(U) **NRO OIG Audits Division:** During this semiannual reporting period, the Defense Intelligence Agency (DIA) led a review of the NRO OIG Audits Division's system of quality control and internal policies. The final report was issued on 29 September 2020. The review included six of the 22 reports issued during the period 1 October 2016 to 30 September 2019, which represented a cross-section of NRO OIG's audit organization, with an emphasis on higher risk audits. The DIA team comprised staff members from the DIA OIG (Team Lead), Central Intelligence Agency (CIA) OIG, National Geospatial-Intelligence Agency OIG, and the IC IG, focused its review on the design of the Audits Division's system of quality controls and whether it was sufficient to assess risks implicit in its audit function. The CIA also tested compliance with the Audits Division's quality control policies and procedures.

(U) The CIA's review found that the system of quality controls was suitably designed, and that the Audits Division complied with those controls to provide the OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. As a result, the OIG Audits Division received an external peer review rating of pass.³ As is customary, the DIA issued a Letter of Comment with findings that were not considered to be of sufficient significance to affect the peer review rating and noted minor matters and improvements related to audit evidence, audit documentation, audit planning, audit supervision, and Independent Public Accountant oversight.

³ (U) Audit organization can receive a rating of *pass*, *pass with deficiencies*, or *fail*.

(U) Other Oversight Reviews of the NRO Office of Inspector General

(U) In June 2020, GAO published its report on *Whistleblower Protection, Actions Needed to Strengthen Selected Intelligence Community Offices of Inspector General Programs*. The NRO OIG was one of five IC-element OIGs reviewed, along with the IC IG, and the review included an examination of established timeliness objectives for whistleblower protection programs, implementation of quality standards and processes, establishment of training requirements for investigators, and adherence to notification and reporting requirements for investigative activities. GAO recommended enhancements to the NRO OIG's quality assurance program and training plans as well as steps to ensure that notifications to complainants in reprisal cases occur. The Investigations Division is working to address the GAO recommendations and strengthen the whistleblower protection program.

(U) Peer Review of Other Agencies' Inspectors General

(U) During this reporting period, the NRO OIG began planning for the upcoming peer review of the Inspector General of the Intelligence Community (IC IG's) Audits Division. The Peer Review will be conducted in accordance with the Council of Inspectors General on Integrity and Efficiency guidelines and Government Auditing Standards issued by the Comptroller General.

(U) The objective of this peer review is to determine whether, for the period 1 April 2017 to 31 March 2020, the IC IG audit organization's system of quality control was suitably designed and whether the audit organization has been complying with its quality control system to provide the audit organization with reasonable assurance of conforming to applicable professional standards.

(U) Independence

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

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

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

(U) Appendix A: Semiannual Reporting Requirements

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

(U) Table A1: SEMIANNUAL REPORTING REQUIREMENTS

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

Table is UNCLASSIFIED

(U) Appendix B: Recommendations Older Than Six Months

(U) **Table B1** summarizes all open recommendations described in previous National Reconnaissance Office (NRO) Office of Inspector General (OIG) semiannual reports for which corrective actions are not yet completed. Open recommendation details are in **Tables B2–B19**.

(U) Table B1: Recommendations Older Than Six Months

(U) Report Title	(U) Report Date	(U) Total	(U) Open
<u>(U) Audit of NRO Cyber Incident Detection and Response</u>	17 December 2014	10	1
[Redacted]	25 March 2015	59	6
<u>(U) Joint Inspection of Aerospace Data Facility Southwest and National Geospatial-Intelligence Agency Southwest</u>	30 September 2015	16	3
<u>(U) Audit of the NRO Aerospace Data Facility Colorado Facilities Infrastructure</u>	15 August 2016	2	1
[Redacted]	30 September 2016	34	7
<u>(U) Audit of the NRO’s Transition to an Enterprise Information Technology Audit Capability</u>	6 December 2016	5	2
<u>(U) Inspection of NRO Supervisory Control and Data Acquisition Systems (SCADA)</u>	28 December 2016	5	1
<u>(U) Joint Inspectors General Inspection Report Aerospace Data Facility Colorado, National Geospatial-Intelligence Agency Denver</u>	8 February 2017	91	12
<u>(U) Inspection of the Continuity and Critical Infrastructure Program Office</u>	31 March 2017	15	5
<u>(U) Special Review of the Enterprise Procurement Contract</u>	28 August 2017	2	1
[Redacted]	26 January 2018	107	8
<u>(U) Audit of Fleet Management</u>	14 February 2018	5	1
<u>(U) Inspection of NRO Mission Resiliency</u>	2 March 2018	5	3
<u>(U) Inspection of the Aerospace Data Facility East (ADF-E)</u>	16 May 2018	33	5
<u>(U) Inspection of the NRO’s TEMPEST Program</u>	27 August 2018	9	4
<u>(U) Inspection of the Aerospace Data Facility Southwest</u>	11 June 2019	58	18
<u>(U) Inspection of NRO’s Joint Operations Transformation</u>	5 September 2019	8	5
<u>(U) Audit of NRO Management of Industrial Control Systems Security Controls</u>	30 September 2019	1	1

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