

UNITED STATES GOVERNMENT

memorandum

DATE: 01 April 2010

IG-11144-10

REPLY TO
ATTN OF: Inspector General

SUBJECT: (U) Office of the Inspector General Semiannual Report to Congress-
INFORMATION MEMORANDUM

TO: DIR _____
THRU: D/DIR _____

1. (U) The NSA/CSS Office of the Inspector General (OIG) submitted to the Inspector General, DoD, the attached Semiannual Report to the Congress on Intelligence-Related Oversight Activities for the period 01 October 2009 -31 March 2010.

2. (U//~~FOUO~~) This Report also satisfies a DoD requirement that Defense Intelligence Community Inspectors General provide a narrative input on their activities relating to counterterrorism (CT). I summarized the OIG's CT efforts in the last two pages of the Report.

3. (U//~~FOUO~~) If you require additional information, please contact [redacted] [redacted], Deputy Inspector General, on 963-3544s.

(b) (3) - P.L. 86-36

File
George Ellard
Inspector General

cc: SID
IAD
CoS

Encl:
a/s

This Document May Be Declassified Upon
Removal of Enclosure and Marked
UNCLASSIFIED//FOR OFFICIAL USE ONLY.

Approved for Release by NSA on 07-01-2019, FOIA Case # 79825 (litigation)

~~SECRET//REL TO USA, FVEY~~

NATIONAL SECURITY AGENCY/CENTRAL SECURITY SERVICE



**INSPECTOR GENERAL REPORT
(U) SEMIANNUAL REPORT TO THE CONGRESS**

October 01, 2009 – March 31, 2010

DERIVED FROM: NSA/CSSM 1-52
DATED: 20070108
DECLASSIFY ON: ~~20320100~~

~~SECRET//REL TO USA, FVEY~~

(b) (3) - P.L. 86-36

(U) SEMIANNUAL REPORT TO THE CONGRESS

(U) *For the Period October 1, 2009 through March 31, 2010*

~~(C//REL)~~ **Intelligence Oversight of the [redacted] Program at NSA/CSS Georgia;**
NSA/CSS IG; [redacted]

~~(C//REL)~~ **Summary** During the investigation of alleged improprieties at NSA Georgia in 2004 and 2005 reported by a former assignee in 2008, the OIG identified some practices in [redacted] [redacted] that were inconsistent with established NSA/CSS policies and procedures. These practices included improper dissemination of raw SIGINT and noncompliance with quarterly reporting requirements. Our investigation also noted that [redacted] Intelligence Oversight training was not uniform for all personnel performing the [redacted] mission and did not adhere to the standards set in NSA/CSS policies.

~~(U//FOUO)~~ **Management Action** Management concurred with our recommendations and is taking corrective action.

(U) **Overall Report Classification** SECRET//REL TO USA, FVEY

(U) **Category** Information Security and Privacy

(U) **Report on Congressional Budget Requests for the President's Surveillance Program;**
NSA/CSS IG; ST-09-0018; 24 November 2009

~~(U//FOUO)~~ **Summary** This is a compartmented study of how NSA reported to Congress on the President's Surveillance Program (PSP) in budget requests and budget briefings. On 17 June 2009, Counsel to the Senate Select Committee on Intelligence requested that the OIG review how the PSP had been reported in budget requests and briefings, given that only a few members of Congress had initially been aware of the program. This review responds to that request.

(U) **Overall Report Classification** TOP SECRET//COMINT//NOFORN (Compartmented)

(U) **Category** Information Security and Privacy

(U) **Management of Agency Firewalls;** NSA/CSS IG; AU-09-0002; 25 November 2009

~~(C//REL)~~ **Summary** Firewalls are part of a defense-in-depth strategy used to protect Agency networks from cyber attack. The audit objective was to determine whether the Agency's firewalls are effective and efficient in securing the Agency's networks. The audit reviewed the Agency-wide policies and standards that govern the use of firewalls and how individual organizations manage and monitor them. Our audit found that the Agency [redacted]

[Large redacted area]

(U) **Management Action** The Technology Directorate concurred with our recommendations to improve the management of Agency firewalls.

(b) (1)
(b) (3) - P.L. 86-36

~~SECRET//REL TO USA, FVEY~~

(U) Overall Report Classification TOP SECRET//COMINT//NOFORN

(U) Category Information Security and Privacy

(U) Annual Report to Congress on Foreign Intelligence Surveillance Act Amendments Act of 2008 (FAA); NSA/CSS IG; ST-10-0003; 30 November 2009

~~(S//REL TO USA, FVEY)~~ Summary The Foreign Intelligence Surveillance Act Amendments Act of 2008 (FAA) authorizes the NSA/CSS OIG to assess the Agency's compliance with procedures for targeting certain persons outside the United States, other than United States persons. The OIG reviews the collection, processing, and reporting of data at least quarterly. Incidents involving compliance with procedures for targeting certain persons outside the United States, other than United States persons, and incidents involving minimization of United States person information are reported to the OIG as they occur and quarterly. Each incident is evaluated against the targeting and minimization procedures set forth in the FAA and in NSA directives. The report concluded that the OIG has no reason to believe that any intelligence activities of NSA during the period 1 September 2008 through 31 August 2009 were unlawful. In compliance with the targeting and minimization procedures of §702 of the FAA, the report included statistics on the total number of intelligence reports disseminated between FAA implementation on 1 September 2008 and 31 August 2009, including the total of those containing a reference to a United States person identity. The OIG also found and reported the total of instances of §702 targeting or minimization mistakes to the President's Intelligence Oversight Board through the Assistant to the Secretary of Defense for Intelligence Oversight.

(U//~~FOUO~~) Management Action Action was taken to correct the mistakes and processes were reviewed and adjusted to reduce the risk of unauthorized acquisition and improper retention of U.S. person communications.

(U) Overall Report Classification TOP SECRET//COMINT//REL TO USA, FVEY

(U) Category Information Security and Privacy

(b) (3) - P.L. 86-36

(U) [redacted] NSA/CSS IG; [redacted]

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

[Large redacted area]

(U) Management Action The PMO is working to correct the deficiencies.

(U) Overall Report Classification TOP SECRET//COMINT//NOFORN

(U) Category Information Security and Privacy

(b) (1)
(b) (3) - 50 USC 3024 (i)
(b) (3) - P.L. 86-36

~~SECRET//REL TO USA, FVEY~~

(b) (3) - P.L. 86-36

(U) **Advisory Audit Report on Earned Value Management at NSA; NSA/CSS IG; AU-09-0013; 12 February 2010**

~~(U//FOUO)~~ **Summary** Earned Value Management (EVM) is an important evaluation tool that alerts program managers to potential problems early in the program and reduces the chance and magnitude of cost overruns and schedule delays. Overall, our advisory audit found that NSA is complying with EVM policy; however, the use of EVM at NSA is limited. Only [redacted] contracts [redacted] use EVM. The Office of the Director National Intelligence and the Under Secretary of Defense for Acquisition, Technology and Logistics observed that many NSA contracts are level-of-effort (LOE), which is not structured to use EVM. To increase the use of EVM, NSA must change its contracting strategy of issuing LOE contracts, apply EVM to smaller dollar value contracts, and continue to develop a tailored EVM for government and contractor efforts.

(U) **Overall Report Classification** UNCLASSIFIED//FOR OFFICIAL USE ONLY

(U) **Category** Acquisition Processes and Contract Management

(U) **Annual Report to the Intelligence Oversight Board on NSA Activities – Calendar Year 2009; NSA/CSS IG; ST-10-0008; 2 March 2010**

~~(S//REL TO USA, EWEY)~~ **Summary** Section 932 of the John Warner National Defense Authorization Act for FY 2007 (10USC 427) requires the Secretary of Defense to report to Congress annually on intelligence activities he has reason to believe may be unlawful or contrary to Executive Order or Presidential Directive. NSA's annual intelligence activities report, submitted to Congress via the Assistant to the Secretary of Defense for Intelligence Oversight, covered the 2009 activities that NSA reported to the Intelligence Oversight Board. Under the heading of Intelligence, Counterintelligence, and Intelligence-related activities that violate law, regulation, or policy substantiated during the year, as well as actions taken as a result of the violations, details were provided in the annual report for the following: 1) unintentional collection against U.S. persons or persons in the United States; 2) [redacted] and 3) an alleged unauthorized disclosure of classified information and misuse of [redacted] the U.S. SIGINT System.

(U) **Overall Report Classification** TOP SECRET//COMINT//NOFORN

(U) **Category** Information Security and Privacy

(b) (1)
(b) (3) - 50 USC 3024 (i)
(b) (3) - P.L. 86-36

(U) **Yakima Research Station; NSA/CSS IG; AFISRA IG; INSCOM IG; NNWC IG; JT-10-00001; 16 March 2010**

~~(U//FOUO)~~ **Summary** The IG organizations of the Air Force Intelligence, Surveillance, and Reconnaissance Agency, Naval Network Warfare Command, and NSA inspected the site in October 2009. Site leadership has overcome the number one challenge identified in the 2004 Joint Inspection of the Yakima Research Station, defining the site's role and engaging Higher Headquarters (HHQ) in solving problems. The widely disparate missions and associated challenges identified in this report have led to some confusion among the workforce about the strategic direction and mission priorities. Some problems identified in the previous IG report still exist and continue to reduce site effectiveness. Supporting programs (Intelligence Oversight, Training, Human Resources, Safety and Security) varied in their effectiveness. The training program showed general improvement, but still

~~SECRET//REL TO USA, FVEY~~

requires additional attention for operations training and overall documentation of process and procedures. Intelligence Oversight at YRS is effective, but could be improved with additional direction and guidance from NSAW. The YRS HR programs provide a full range of services to the workforce. The lack of and inconsistent enforcement of some safety and security regulations have increased levels of risk in those areas.

(U) **Management Action** Management concurred with all recommendations and corrective actions are underway.

(U) **Overall Report Classification** SECRET//COMINT//REL TO USA, FVEY

(U) **Misuse of Government Resources;** NSA/CSS IG; IV-10-0008; CO-09-0806; 9 December 2009 and 29 January 2010.

(U//~~FOUO~~) **Summary** During routine monitoring of NSA/CSS unclassified computer systems, an NSA/CSS senior executive was detected accessing websites containing sexually-explicit images in violation of DoD regulation and Agency policy. During an OIG interview, the senior executive admitted to accessing the prohibited sites. The OIG referred a Report of Investigation (ROI) to the NSA/CSS Office of Employee Relations (ER). While ER was adjudicating the OIG's referral, the senior executive was once again detected accessing sexually-explicit websites, and once again admitted to accessing the websites during his OIG interview. The OIG referred a second ROI to ER for administrative discipline.

(U) **Management Action** The senior executive retired from the NSA/CSS prior to administration of discipline.

(U) **Overall Report Classification** UNCLASSIFIED//FOR OFFICIAL USE ONLY

(U) **Category** Other (Standards of Conduct)

(U) **Misuse of Government Resources;** NSA/CSS IG; CO-09-0806, CO-09-0813, CO-10-0092, CO-10-0097, CO-10-0098, CO-10-0099, CO-10-0115, CO-10-0116, CO-10-0117, CO-10-0119, CO-10-0120, CO-10-0136, CO-10-0167, CO-10-0168, CO-10-0169, CO-10-0170, CO-10-0171, CO-10-0172, CO-10-0189, CO-10-0190, CO-10-0190, CO-10-0199, CO-10-0200, CO-10-0223, CO-10-0224, CO-10-0225, CO-10-0226, CO-10-0227, CO-10-0228, CO-10-0229, CO-10-0229, CO-10-0230, CO-10,0231, CO-10-0233, CO-10-0265, CO-10-0287, CO-10-0289, CO-10-0290, CO-10-0310, CO-10-0315, CO-10-0316, CO-10-0321, CO-10-0322, CO-10-0331, CO-10-0345, CO-10-0360, CO-10-0363, CO-10-0364, CO-10-0365, CO-10-0388, CO-10-0391; 1 October 2009 to 26 March 2010

(U//~~FOUO~~) **Summary** During the October 2009 to March 2010 time period, the OIG substantiated 50 allegations of misuse of government resources (e.g., accessing sexually-explicit material through the Agency's unclassified Internet network).

(U) **Management Action** Subjects in these cases were civilian employees, military affiliates, and NSA contractor employees. Discipline ranged from a letter of warning to reduction in grade.

(U) **Overall Report Classification** UNCLASSIFIED//FOR OFFICIAL USE ONLY

(U) **Category** Other (Standards of Conduct)

~~SECRET//REL TO USA, FVEY~~

~~SECRET//REL TO USA, FVEY~~

(U) **Hostile Work Environment**; NSA/CSS IG; IV-10-0011; 25 February 2010.

(U//~~FOUO~~) **Summary** The OIG substantiated an allegation that a male Agency employee harassed and intimidated a female co-worker by using inappropriate language and engaging in unwanted physical contact with her.

(U) **Management Action** We referred our Report of Investigation to the NSA/CSS Office of Employee Relations for administrative discipline.

(U) **Overall Report Classification** UNCLASSIFIED//FOR OFFICIAL USE ONLY

(U) **Category** Other (Sexual Harassment)

(U) **Time and Attendance Fraud**; NSA/CSS IG; IV-09-0022; 13 January 2010

(U//~~FOUO~~) **Summary** The OIG substantiated an allegation that an NSA/CSS civilian employee, a GG-15 Office Chief, knowingly submitted false time sheets from May 2008 to May 2009, for a total shortfall to the Government of 204.75 hours (approximately \$12,600).

(U) **Management Action** We referred our Report of Investigation to the NSA/CSS Office of Employee Relations for administrative discipline.

(U) **Overall Report Classification** UNCLASSIFIED//FOR OFFICIAL USE ONLY

(U) **Category** Fraud

(U) **Time and Attendance Fraud** – NSA/CSS IG; IV-10-0007; 24 March 2010

(U//~~FOUO~~) **Summary** The OIG substantiated an allegation that an NSA/CSS civilian employee, a GG-7 Timekeeper, knowingly submitted false time sheets from June 2008 to October 2009, for a total shortfall to the Government of 291.75 hours (approximately \$8,000).

(U) **Management Action** We referred our Report of Investigation to the NSA/CSS Office of Employee Relations for administrative discipline.

(U) **Overall Report Classification** UNCLASSIFIED//FOR OFFICIAL USE ONLY

(U) **Category** Fraud

(U) **Outside Employment**; NSA/CSS IG; IV-10-0005; 16 December 2009

(U//~~FOUO~~) **Summary.** The OIG substantiated an allegation that an Agency senior executive violated applicable DoD regulations and Agency policy by advertising and selling jewelry at work.

(U) **Management Action** We referred our Report of Investigation to the NSA/CSS Office of Employee Relations for administrative discipline.

(U) **Overall Report Classification** UNCLASSIFIED//FOR OFFICIAL USE ONLY

(U) **Category** Other (Standards of Conduct)

(U) **NSA OIG Anti-Fraud Initiative** – NSA/CSS IG; Various Control Numbers; Program Update

~~SECRET//REL TO USA, FVEY~~

~~SECRET//REL TO USA, FVEY~~

(U//~~FOUO~~) **Summary** In October 2007, we launched an initiative to identify fraudulent billings by NSA contractors. This initiative involved data interrogation of contractor access records, coordination with contractor compliance officials, and investigation of facility access and billing anomalies.

(U//~~FOUO~~) To date, we have completed over 100 labor mischarging investigations with approximately \$2.2 million in recoveries. We are continuing to work in conjunction with the United States Attorney's Office in Baltimore and the Defense Criminal Investigative Service in regard to the criminal prosecution of the most egregious instances of fraud. Investigations completed over the past six months include the following:

(U//~~FOUO~~) **IV-09-0042** An NSA/CSS contractor affiliate billed the government 494 hours (approximately \$56,600) over an 18-month period for unauthorized work. The company has offered to make restitution for the overbilling.

(U//~~FOUO~~) **IV-09-0045** An NSA/CSS contractor affiliate billed the government 380.75 hours (approximately \$43,200) over a 12-month period for unauthorized work. The company has offered to make restitution for the overbilling.

(U//~~FOUO~~) **IV-09-0047** An NSA/CSS contractor affiliate billed the government 428.5 hours (approximately \$41,000) over a 16-month period for unauthorized work. The company has offered to make restitution for the overbilling.

(U//~~FOUO~~) **IV-19-0054** An NSA/CSS contractor affiliate fraudulently billed the government 654 hours (approximately \$34,000) over a 21-month period.

(U//~~FOUO~~) **IV-19-0055** An NSA/CSS contractor affiliate fraudulently over billed the government 121.5 hours (approximately \$6,500) over a 21-month period.

(U//~~FOUO~~) **IV-19-0056** An NSA/CSS contractor affiliate fraudulently over billed the government 164 hours (approximately \$15,900) over a 21-month period. The contractor affiliate also billed the government for 91.5 hours (approximately \$8,500) of unauthorized work.

(U//~~FOUO~~) **IV-19-0057** An NSA/CSS contractor affiliate fraudulently over billed the government 98 hours (approximately \$10,800) over a 21-month period.

(U//~~FOUO~~) **IV-19-0058** An NSA/CSS contractor affiliate fraudulently over billed the government 363.75 hours (approximately \$20,000) over a 21-month period.

(U//~~FOUO~~) **IV-19-0059** An NSA/CSS contractor affiliate fraudulently over billed the government 190 hours (approximately \$22,200) over a 21-month period. The contractor affiliate also billed the government for 37 hours (approximately \$4,300) of unauthorized work.

(U//~~FOUO~~) **IV-19-0060** An NSA/CSS contractor affiliate fraudulently over billed the government 40.75 hours (approximately \$3,800) over a 21-month period.

(U//~~FOUO~~) **IV-19-0061** An NSA/CSS contractor affiliate fraudulently over billed the government 678.75 hours (approximately \$37,000) over a 21-month period.

(U//~~FOUO~~) **IV-19-0062** An NSA/CSS contractor affiliate fraudulently over billed the government 273.75 hours (approximately \$26,000) over a 21-month period.

(U//~~FOUO~~) **IV-10-0010** An NSA/CSS contractor affiliate fraudulently over billed the government 366.75 hours (approximately \$41,000) over an 11-month period.

~~SECRET//REL TO USA, FVEY~~

~~SECRET//REL TO USA, FVEY~~

(U//~~FOUO~~) **IV-10-0024** An NSA/CSS contractor affiliate fraudulently over billed the government 298.75 hours (approximately \$38,700) over a 9-month period.

(U) **Overall Report Classification** UNCLASSIFIED//FOR OFFICIAL USE ONLY

(U) **Category** Other (Procurement and Contract Administration)

(U) **Conflict of Interest**; NSA/CSS IG; IV-09-0041; 13 November 2009

(b) (6)

(U//~~FOUO~~) **Summary** An Agency employee provided official comments that were used by the Government during contract award fee determinations for a company that employed [REDACTED]. Although the employee's [REDACTED] did not work on the contract in question, we found that the employee had a financial interest in the company by virtue of her [REDACTED].

[REDACTED] As a result, we concluded that the employee's actions amounted to a violation of 5 C.F.R. § 2635.402(a), since she personally and substantially participated in a particular matter having a direct and predictable effect on her [REDACTED] financial interest. The United States Attorney's Office in Baltimore declined prosecution in regard to 18 U.S.C. § 208.

(U) **Management Action** Our Report of Investigation has been forwarded to the NSA/CSS Office of Employee Relations for adjudication and to the Office of General Counsel for information.

(U) **Overall Report Classification** SECRET//TALENT KEYHOLE//REL TO USA, AUS,
GBR

(U) **Category** Other (Standards of Conduct)

~~SECRET//REL TO USA, FVEY~~

(b) (1)
(b) (3) -50 USC 3024(i)
(b) (3) -P.L. 86-36

(U) NSA/CSS OIG ACTIVITIES RELATED TO COUNTERTERRORISM

~~(U//FOUO)~~ **Advisory Report on Second Follow-up Research on Expeditionary SIGINT Deployments to Hostile Areas; NSA/CSS IG; ST-09-0008; 22 February 2010**

~~(C//REL)~~ **Summary** This is the second follow-up review of Hostile Area Deployment processes. Prior studies were completed in 2005 and 2007. Like the prior studies, this advisory review focused on [redacted]. We evaluated data culled from interviews and a web survey with NSA/CSS personnel who [redacted]. [redacted] In addition, we interviewed representatives of organizations involved in the deployment process. We found, since the last review in 2007, improvements in deployment processes continue, particularly in administrative processing, training, and medical and security processing, and [redacted]. [redacted] While progress has been noted, there is room for improvement in areas such as occupational health and environmental support services, and [redacted] processes. Periodic reviews of hostile area deployments are vital to ensure that NSA personnel are prepared to execute critical missions in support of Combatant Commands.

(U) Overall Report Classification: CONFIDENTIAL//REL TO USA, FVEY

(U) Category: Joint Warfighting and Readiness

[redacted]
(b) (3) -P.L. 86-36