

UNITED STATES GOVERNMENT
memorandum
IG-9511-00

DATE: 10 October 2000
REPLY TO ATTN OF: Inspector General
SUBJECT: Office of the Inspector General Semiannual Report to Congress - INFORMATION MEMORANDUM
TO: DIR thru D/DIR, E/DIR (Eyes Only)

1. (U//~~FOUO~~) This memorandum advises you that the NSA/CSS Office of the Inspector General submitted to the Department of Defense Inspector General the Semiannual Report to the Congress on Intelligence-Related Oversight Activities for the period 1 April 2000 - 30 September 2000. For your information, I am providing you with a copy of this report.

2. (U//~~FOUO~~) If you require additional information, please contact

[Redacted]

on 963-3544s.

[Redacted] (b) (6)

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

[Redacted]

ETHAN L. BAUMAN
Inspector General

Encl:
a/s

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OFFICE OF THE INSPECTOR GENERAL

**NATIONAL SECURITY AGENCY/
CENTRAL SECURITY SERVICE**



**SEMIANNUAL REPORT FOR THE PERIOD
1 APRIL 2000 - 30 SEPTEMBER 2000**

(U) SEMIANNUAL REPORT TO THE CONGRESS

FOR THE PERIOD APRIL 1, 2000 THROUGH SEPTEMBER 30, 2000

(S) [redacted] ST-00-0005, 3 May 2000

Summary. (S) [redacted] the NSA/CSS Office of the Inspector General advised the NSA/CSS Oversight Board that [redacted] field sites had collected—without Attorney General authorization—communications of a U.S. person [redacted] overseas [redacted]. This special study found that support requirements were not directed by local customers but were entered manually on site. Three factors may have contributed to the unauthorized collection: lack of resolution between the Target Office of Primary Interest and another organization as to where the Collection Management Authority (CMA) resided and how it should be carried out; lack of oversight to ensure that sites follow [redacted] and lack of intelligence oversight training.

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Management Action. (S) Management has now assumed CMA responsibility and, in accordance with its [redacted] is ensuring that USSID 18 compliance checks are performed and [redacted]. Management also agreed to establish controls to oversee procedures at field sites and to ensure that all personnel are trained in and aware of—prior to their tours—the procedures they must follow when they encounter information about U.S. persons. Finally, management initiated intelligence oversight training and USSID 18 awareness sessions for its managers and analysts.

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Overall Report Classification. (U) ~~TOP SECRET COMINT EXCEPTIONALLY CONTROLLED INFORMATION~~

(U) Joint Inspection of RAINFALL, JT-00-0002, 9 June 2000

Summary. (U//FOUO) The inspection, conducted jointly by the Inspectors General (IGs) of the Service Cryptologic Elements (SCEs) and NSA/CSS, found shortcomings in documentation in Operations training and position certification procedures, Operations Security, and Emergency Preparedness. Additionally, [redacted] for military members was found to be non-existent and poor communications between the site and the [redacted].

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DERIVED FROM: NSA/CSSM 123-2
DATED: 24 February 1998
DECLASSIFY ON: ~~X1~~

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On the other hand, the site has done an excellent job of handling the plus-up in military assignees and in building a sound Operations-Engineering relationship, both significant issues in the previous inspection in 1997.

Management Action. (U//FOUO) Site management has begun a formal program to rectify shortcomings in the area of positional documentation, operations security, [redacted] Site is working with higher headquarters to identify resources required to prepare and implement a consolidated Emergency Action Plan. Additionally this inspection coupled with a follow-on inspection (in progress) of the [redacted] should result in improved communications and effectiveness in the [redacted]

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Overall Report Classification. (U) "~~SECRET//COMINT//TALENT KEYHOLE.~~"

(U) Intelligence Oversight Inspection of [redacted] IN-00-0006, 12 June 2000

Summary. (S) This intelligence oversight inspection of the [redacted] found that the organization was in basic compliance with the requirements of E.O. 12333 and its derivative documents. It has placed some of the basic intelligence oversight documentation on its web-based training page for all to use and review; however, some basic documents need to be added. The Division has excellent risk management practices, including wide pre-publication review of all reports and on-line reference files that list problematic names. The Office of General Counsel (OGC) has not vetted the hundreds of intelligence oversight working aids and sites on WebWorld; this could result in inaccurate or misleading guidance.

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Management Action. (U) Management agreed to add documents to the WebWorld training page to make a complete package. Operations Directorate organizations have begun a cooperative effort with OGC to standardize and ensure the accuracy of all intelligence oversight information posted on WebWorld.

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Overall Report Classification. (U) "~~SECRET//COMINT.~~"

(U) FIREBIRD Contract Oversight, ST-00-0006, 14 June 2000

Summary. (U) This special study focused on allegations brought to the attention of the OIG which questioned procurement practices used to buy personal computers (PCs) that were temporarily stored at the Agency's [redacted] warehouse. The audit found that NSA purchased the PCs from [redacted] which had bought them under a subcontract with [redacted] rather than purchasing them directly. There was a lack of detail on the [redacted] invoices as well as a lack of documentary evidence regarding Contracting Officer Representative (COR) review and approval of contractor invoices for payment.

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Management Action. (U) Regarding the lack of details on the [redacted] invoices, management provided a memorandum detailing corrective actions taken, including the requirement that [redacted] include a material invoice detail sheet with each invoice. To address the lack of documentary evidence regarding COR review and approval of contractor invoices for payment, management developed a COR checklist for each invoice; it lists the documents reviewed and includes COR comments.

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Overall Report Classification. (U) "~~UNCLASSIFIED//FOR OFFICIAL USE ONLY~~."

(U) **Oversight Review of the Non-appropriated Fund Instrumentality Audit of the Civilian Welfare Fund,** AU-00-0016, 29 August 2000

Summary. (U) The OIG Office of Audits reviewed the contract audit of the Civilian Welfare Fund performed by the Certified Public Accounting firm, [redacted]. The contract audit was found to be in accordance with Government Auditing Standards.

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Overall Report Classification. (U) "~~UNCLASSIFIED//FOR OFFICIAL USE ONLY~~."

(U) **Joint Inspection of** [redacted] JT-00-0003, 6 September 2000

Summary. (U//~~FOUO~~) The inspection, conducted jointly by the IGs of the SCE and NSA/CSS, found a command climate where a certain amount of discord exists between senior leadership at the site resulting in poor definition of the roles and responsibilities of the Vice Director and the Chief of Staff. Additionally, little progress has been made on several findings from the last (1997) inspection in the area of electronics maintenance and safety, particularly the fire alarm and fire suppression systems. There has been tremendous improvement, however, in the conduct of mission. The Joint IG team found Operations Directorate personnel to be fully engaged and dedicated to the mission.

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Management Action. (U//~~FOUO~~) Senior SCE management has directly engaged the [redacted] Commander and Vice Commander regarding the command climate. Site management is working to rectify issues in the electronics maintenance area and is dealing with host base and higher headquarters management and technical personnel to address fire alarm and fire suppression system shortcomings.

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Overall Report Classification. (U) "~~SECRET//COMINT~~."

(U) **Followup Audit on Certification and Accreditation of Information Systems,** AU-00-0015, 7 September 2000

Summary. (U//~~FOUO~~) This followup audit assessed progress to date in imple-

menting the six recommendations in our March 2000 (AU-99-0006) audit, which

[Redacted]

[Redacted] While progress has been made on some of the recommendations, the audit followup found that the Agency's Chief Information Officer (CIO) and the Deputy Director for Information Systems Security (DDI) are at an impasse as to who should assume responsibility as NSA's Certifying Authority (CA).

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Management Action. (U) The OIG elevated the followup findings to the DIRNSA to: 1) designate an Agency CA and; 2) determine whether to report,

[Redacted] to the OSD, [Redacted]

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Overall Report Classification. (U) "~~CONFIDENTIAL~~."

(U) **Special Study of COMSEC Monitoring**, ST-99-0002, 29 September 2000

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Summary. (U//FOUO) This special study of the Joint COMSEC Monitoring Activity (JCMA) found Agency directives and regulations regarding COMSEC monitoring are outdated; the Memorandum of Agreement (MOA) establishing the JCMA is also outdated; the JCMA lacks detailed written procedures for obtaining approval to conduct COMSEC monitoring; and the JCMA has not standardized procedures for conducting and documenting periodic Intelligence Oversight training at Headquarters and its Regional COMSEC Monitoring Centers.

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Management Action. (U) The Defensive Information Operations Organization and JCMA, in consultation with the Associate General Counsel for Information Systems Security, agreed to update Agency directives and regulations in regard to COMSEC monitoring, along with the JCMA. JCMA further agreed to institute procedures to ensure monitoring personnel are aware of the legal protocols related to COMSEC monitoring.

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Overall Report Classification. (U) "~~SECRET~~."

(U) **Followup on Official Representation and Confidential Military Funds**, AU-00-0009, 29 September 2000

Summary. (U) This followup review of the 1998 audit report (AU-97-0016) found that in 1998 the Comptroller issued a policy change to the Resources Management Manual which states that cash accounts are subject to independent review every two years (biennially) or when the position of Chief, Special Operations changes hands. An independent review team performed a review in the January/February 2000 timeframe but did not issue its final report until September 2000.

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Management Action. (U) Action taken by management fulfilled the requirement for a change in policy regarding the independent review; however, implementation was not timely based on the date of the independent review team's final report. ✓
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Overall Report Classification. (U) "~~UNCLASSIFIED//FOR OFFICIAL USE ONLY~~."

(U) **Favoritism and Preferential Treatment**, IV-99-0040, 4 February 2000

Summary. (U) An OIG investigation found that an Agency senior official engaged in a personal intimate relationship with a direct subordinate and that he showed favoritism and preferential treatment toward her. Additionally, the investigation found that the senior official and the subordinate misused government resources, including computer systems, cell phones, and credit cards, in furtherance of the relationship. They made false statements under oath to OIG investigators and failed to cooperate with an official investigation by their repeated obfuscation, denials, false statements and refusal to answer questions. The senior official also used threatening conduct and statements towards OIG investigators, and the subordinate destroyed and/or withheld records requested by the OIG. Both employees retired while Agency administrative actions were pending. ✓
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Overall Report Classification. (U) "~~UNCLASSIFIED//FOR OFFICIAL USE ONLY~~."

(U) **Inappropriate Conduct in the Work Place**, IV-00-0007/15, 5 July 2000

Summary. (U) An OIG investigation found that an Agency senior official yelled at a subordinate while administering a verbal reprimand in a manner which was personally degrading and belittling. The investigation also found that, on a separate occasion, the senior official grabbed another junior employee's arm, pulled a folder from the employee's hand, and admonished the individual with a raised voice in front of co-workers. During the course of the investigation, the OIG was informed of other alleged incidents involving the senior official's uncontrolled outbursts with subordinates over a period of approximately ten years. The report has been provided to management for appropriate action. ✓
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Overall Report Classification. (U) "~~SECRET//COMINT~~"

(U) **Misappropriation of Funds**, IV-00-0030, 24 July 2000

Summary. (U) This investigation was conducted based on a complaint to the OIG Hotline that an Agency senior official had misappropriated Congressional plus-up funds intended for training and had used the funds to finance an unrelated project of low priority. An OIG investigation found that the Agency Senior Official ✓
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did not misappropriate Congressional plus-up funds and that the funds were used for their intended purpose, not to finance an unrelated project, as alleged.

Overall Report Classification. (U) ~~"TOP SECRET."~~

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