

~~SECRET//X1~~

(U) SEMIANNUAL REPORT TO THE CONGRESS

FOR THE PERIOD October 1, 2002 THROUGH March 31, 2003

(U) **Competition in Contracting**; NSA/CSS IG, AU-02-0010, 18 October 2002

Summary. (U) The Competition in Contracting Act (CICA) requires full and open competition, to the maximum extent possible, for all federal procurements. To this end, the Senior Acquisition Executive set a goal of competing 80 percent of Agency contracts for FY2001. This audit found that controls over the award of sole-source contract actions were strong, but the categorization of competitive and non-competitive awards needed improvement. After reviewing all awards of \$1 million or more, we concluded that Agency metrics for FY2001 overstated the extent to which contracts were competed by about 7% of the number of contracts and about 14% of their dollar value. We attributed the overstatement to deficiencies in three areas: training, automated controls to prevent erroneous data entries, and quality assurance.

Management Action. (U) The [redacted] has initiated actions to improve the accuracy and reliability of data and metrics regarding procurement actions. Statistics regarding competition will be changed to reflect the most recent Defense Federal Acquisition Regulation Supplement guidance.

Overall Report Classification: (U) ~~CONFIDENTIAL~~

(U) **National SIGINT Collection Center**; NSA/CSS IG, INSCOM IG, AIA IG, NSG IG, JT-02-0004, 23 October 2002

Summary. (U) This joint inspection found the command climate in the National SIGINT Collection Center (NSCC) to be poor: [redacted]

[Large redacted block]

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

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

~~SECRET//X1~~

~~SECRET//X1~~

Management Action. (U) Management concurred with the findings and is taking appropriate corrective action.

Overall Report Classification: (U) ~~TOP SECRET//COMINT~~

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

(U) **Information Operations Technology Center;** NSA/CSS IG, IN-02-0004, 9 December 2002

Summary. (U//~~FOUO~~) The Information Operations Technology Center (IOTC) is a joint DoD and Intelligence Community organization. Our inspection found that, on the whole, Agency support to the IOTC is improving. [redacted]

[redacted] for this high-priority external customer. We also found that the Information Assurance Directorate (IAD) at NSA needs a more productive relationship with the IOTC. NSA is doing an adequate job of providing enabling and administrative support to the IOTC, [redacted]

Management Action. (U//~~FOUO~~) SID officials have agreed to establish policies and procedures to ensure appropriate collaboration between SID and IOTC managers, along with a plan to give authorized external customers better access to information. In addition, the IAD has assigned an account manager to the IOTC to strengthen the relationship, and acquisition officials are working to determine the necessary level of support.

Overall Report Classification: (U) ~~SECRET//COMINT//NOFORN~~

(U) **Acquisition Reform Initiatives;** NSA/CSS IG, AU-02-0006, 27 January 2003

Summary. (S) As part of the FY2002 planning process, NSA's then Senior Acquisition Executive (SAE) asked the OIG to review two acquisition reform initiatives: the appointment of acquisition program managers (APMs) and full implementation of the Defense Acquisition Workforce Improvement Act (DAWIA). A particular focus was the effectiveness of APMs in executing the [redacted] in supplemental counterterrorism (CT) funds that NSA received after 11 September. Our review found that APMs are doing a good job with supplemental funds but are impeded by resource shortfalls. [redacted]

Management Action. (U) We discussed these issues with the new SAE who is committed to acquisition process and workforce improvement. His organization is working with Agency leadership to identify the funds and staff necessary to carry [redacted]

~~SECRET//X1~~

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

~~SECRET//X1~~

out its mission. They also have drafted a revised DAWIA regulation that requires DAWIA position audits, a workforce plan, and performance metrics.

Overall Report Classification: (U) ~~TOP SECRET//COMINT~~

(U) **Advanced Research and Development Activity;** NSA/CSS IG, AU-02-0008, 13 February 2003

Summary. (U//~~FOUO~~) The Advanced Research and Development Activity (ARDA) was created in FY1999 and placed under NSA management to give the Intelligence Community a world-class research facility focused on operational problems involving information technology. With ARDA's budget slated to double in FY2003, the OIG conducted an audit to evaluate ARDA's stewardship of these funds. Our review found that ARDA has made admirable progress since its inception but must improve program management in order to achieve the results envisioned by the Director for Central Intelligence. Specifically, ARDA is not adequately staffed to direct and oversee its complex portfolio of programs; while interacting closely with the DCI, ARDA does not have a formal process to link its activities to the Defense Science and Technology Strategy; and ARDA does not have a written policy promoting use of a competitive, merit-based process for awarding funds.

Management Action. (U) Management agreed with the audit recommendations to determine appropriate program staffing through a study and establish an oversight board to review the direction and quality of ARDA's research program. The ARDA Director also plans to enhance measurements of program progress and effectiveness and has already developed a written policy promoting a competitive, merit-based process for awarding funds.

Overall Report Classification: (U) ~~TOP SECRET//COMINT~~

(U) **Threat Analysis Division of the National Security Incident Response Center;** NSA/CSS IG, JT-03-0001, 24 March 2003

Summary. (U//~~FOUO~~) The Threat Analysis Division of the National Security Incident Response Center produces all-source intelligence analyses of adversarial threats to vital U.S. information networks. Its primary customers are tactical military users. Our organizational inspection found that this is a well-managed organization with high morale and an enviable record of customer satisfaction. At the time of our inspection, the contractor for an analysis effort

~~SECRET//X1~~

[redacted] In addition, customer satisfaction levels—already very high—could be optimized by systematically collecting and analyzing customer feedback.

Management Action. (U//~~FOUO~~) Since the publication of the draft inspection report, [redacted] The Information Assurance Directorate recently contracted for a strategic reassessment of the division's approach to threat analysis in light of emerging threats to information systems.

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

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

(U//~~FOUO~~) RAINFALL; NSA/CSS IG, INSCOM IG, AIA IG, NSG IG, JT-03-0001, 25 March 2003

Summary. (U) This joint inspection found a site that was successfully executing its mission; [redacted]

[redacted] the Application of Dislocation Allowance was not consistent among the U.S. military services at the site - a repeat finding from our 2000 joint inspection.

Management Action. (U) Management concurred with the findings and is taking appropriate corrective action.

Overall Report Classification: (U) ~~TOP SECRET//COMINT//TALENT KEYHOLE~~

(U) Morale, Welfare, and Recreation Fund at Menwith Hill Station; NSA/CSS IG, AU-02-0013, 31 March 2003

Summary. (U) Morale, welfare, and recreation (MWR) programs help maintain mission readiness and productivity and build a strong sense of military community. However, the March 2002 Joint Inspectors General report on Menwith Hill Station (MHS) found that the site's underfunded MWR programs were a major source of dissatisfaction, contributing to serious morale problems. Our audit of MWR operations found that the lack of a central accounting system makes it impossible to determine if the level of appropriated fund (APF) support complied with DoD standards, but we estimate that it fell well short of the standard, particularly for Category C (revenue-generating) activities. Better internal controls

~~SECRET//X1~~

~~SECRET//X1~~

are needed in three areas, along with regular audit coverage of the MWR fund and a formal long-range plan for renovations and repairs to MWR facilities.

Management Action. (U) We recommended that the Chief Financial Manager and the MHS Commander find ways to ensure that APF support to MWR activities at the site meets DoD standards. Additionally, we recommended a central accounting system that tracks all APF support to MWR activities, along with better internal controls.

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

(U//~~FOUO~~) **NSA Travel Card Investigation;** IV-02-0043, 31 October 2002

Summary. (U//~~FOUO~~) An OIG investigation found that an NSA civilian failed to follow Code of Federal Regulations and Agency guidance by using his Government Travel Card (GTC) for personal purposes. From July 2001 through July 2002, the employee misused his GTC to obtain 98 cash advances totaling \$30,230 for personal purposes unrelated to official travel-related expenses. The investigation also found that the employee was delinquent on payment of the GTC balance. The balance has since been satisfied and administrative actions are pending.

Overall Report Classification: (U) ~~SECRET//X1~~

(U//~~FOUO~~) **NSA Travel Card Investigation;** IV-02-0035, 01 November 2002

Summary. (U//~~FOUO~~) An OIG investigation found that an NSA civilian employee was unable to pay her Government Travel Card (GTC) bill because she used her TDY advances for family dining and entertainment expenses while she was between PCS assignments. In an attempt to keep a zero balance on her GTC, replace shortages in her checking account, and hide her financial irresponsibility from her husband, she obtained a pre-PCS advance and began taking unauthorized cash advances with her Government Travel Card. When confronted with a 60-day delinquency on her GTC, she secured a loan from her Thrift Savings Plan account and paid her GTC balance in full. Her GTC has been suspended. The employee was also suspended from duty for three days and has agreed to undergo financial and other counseling for a period of one year.

Overall Report Classification: (U) ~~TOP SECRET//COMINT~~

~~SECRET//X1~~

~~SECRET//X1~~

(U//FOUO) **NSA Contractor Labor Hour Investigation; IV-02-0021, 8 November 2002**

Summary. (U//FOUO) An OIG investigation into a complaint that an Agency contractor employee was claiming hours in excess of what he was actually working revealed that over the course of three years, NSA was improperly charged for 857 labor hours, amounting to [REDACTED]. There was insufficient evidence to prove that the company knowingly presented a false claim to the government in this case. The company has agreed to repay the agency for the hours and the employee in question was terminated. The case was referred to the Defense Criminal Investigative Service (DCIS) for consideration of criminal charges against the former contractor employee.

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

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

~~SECRET//X1~~