OFFICE OF THE INSPECTOR GENERAL

NATIONAL SECURITY AGENCY/
CENTRAL SECURITY SERVICE

SEMIANNUAL REPORT FOR THE PERIOD
1 OCTOBER 1999 - 31 MARCH 2000

(U) SEMIANNUAL REPORT TO THE CONGRESS

FOR THE PERIOD OCTOBER 1, 1999 THROUGH MARCH 31, 2000

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(U) **NSA's Y2K Efforts Regarding Continuity of Operations,** AU-99-0005, 30 November 1999

Summary. (U//~~FOUO~~) Contingency planning provides insurance against Year 2000 (Y2K) disruptions by instituting procedures to restore any affected systems and to continue the Agency mission in the interim. The Office of Inspector General (OIG) audit [redacted] however, at the time of the audit, the Operations Directorate (DO) was reducing the risk through efforts associated with its Y2K SIGINT Operations Plan.

Management Action. (U) The Agency Chief Information Officer (CIO) acted to ensure that contingency plans were complete and executable, and the DO validated its Y2K SIGINT Operation Plan. In the event, no significant disruptions took place.

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

(U) **Information Technology Infrastructure Division (Q57),** IN-99-0001, 1 December 1999

Summary. (U) Q57's mission is to provide tools and techniques to automate information technology infrastructure (ITI) management and monitoring at the National Security Agency/Central Security Service (NSA/CSS). The inspection found Q57 facing a dilemma between its two assigned responsibilities: readiness and modernization. Lacking the resources to perform both jobs well, the division needs clearer strategic direction in prioritizing its projects and functions. The inspectors were concerned about the large gap between what it will take to modernize the ITI and what Q57 is able to deliver with limited resources. The division also needed a process to manage requirements from diverse sources and a methodology for evaluating new tools and products.

Management Action. (U) Management directed Q57 to maintain existing systems first and use any remaining resources to modernize. Subsequently, however, on 3 January 2000, the DIRNSA set a new course, giving modernization first priority. Q57 has agreed to develop an automated requirements management process and a standard approach to product evaluation.

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

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(U) **Foreign Intelligence Liaison Relationships,** AU-98-0011, 16 December 1999

Summary. (~~S~~) Conducted under the auspices of the Intelligence Community IG Forum, this joint review focused on processes established under Director of Central Intelligence Directives (DCIDs) to coordinate U.S. intelligence liaison activities with foreign governments.

Management Action. (~~C~~) The responsible parties agreed to establish a formal coordination process between the two agencies, and NSA has agreed to align Agency policy and practices

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

(U) **Intelligence Oversight Inspection of the Conventional Remote Operations Facility (G62),** IN-99-0003, 20 December 1999

Summary. (~~C~~) G62, the Conventional Remote Operations Facility, Its effectiveness in fostering intelligence oversight awareness and compliance is evidenced by the fact that G62 has not had a single violation in 5 years. The inspection identified some uncertainty as to the responsibility for giving intelligence oversight training to contract linguists who, for security reasons, are kept unaware of the fact that they work for NSA.

Management Action. (U//~~FOUO~~) G62 will meet with contractor representatives to devise a plan to give contract linguists the requisite intelligence oversight training. The Office of General Counsel (OGC) has offered to help develop an appropriate briefing.

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

(U) **NSA's Implementation of the Defense Acquisition Workforce Improvement Act (DAWIA),** AU-99-0001, 30 December 1999

Summary. (U//~~FOUO~~) To raise the professional knowledge, skills, and abilities of the government's acquisition workforce, the DAWIA sets mandatory education, training, and experience requirements. After benchmarking other Defense agencies, the auditors found

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Management Action. (U) On 28 February 2000, the Director, NSA (DIRNSA) named a DAWIA-certified senior technical director in the Directorate of Technology and Systems (DT) to be NSA's senior oversight authority for ensuring compliance with DAWIA. She has already developed an action plan to accomplish the remaining corrective actions.

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

(U) **Joint Inspection of Kunia Regional Security Operations Center (KRSOC)**, JT-00-0001, 8 January 2000

Summary. (U//~~FOUO~~) The inspection, conducted jointly by the Inspectors General (IGs) of the Service Cryptologic Elements and NSA/CSS, found a critical impediment to KRSOC effectiveness and efficiency: the higher Headquarters requirement that Kunia operate as a joint site.

Management Action. (U) On 8 March 2000, the DIRNSA asked the Deputy Chief, CSS, to lead the Commanders of the Service Cryptologic Elements in a review of military-civilian structures and premises in the field and at NSA Headquarters (HQ). The Deputy Chief, CSS will report the group's recommendations to optimize the development and use of military cryptologists by June 2000.

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

(U) **SIGINT Processing and Dissemination** **(M14)**, ST-99-0008, 3 January 2000

Summary. (U//~~FOUO~~) This was one in a series of OIG testable policy base reviews of high-risk Agency operations requested by the NSA Oversight Board. The study found that the policy that governs reporting analysts to report possible

Management Action. (U//~~FOUO~~) Management agreed to change the policy to require immediate reporting to analysts understand what to do when they encounter an

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

(U) **Signals Processing and Cryptologic Telecommunications Division,** IN-99-0002, 2 February 2000

Summary. (U//~~FOUO~~) J64 runs two critical round-the-clock operations: the Cryptologic Telecommunications Operations Center (CTOC) and the National Signals Processing Center. The inspection found that J64 was suffering from reductions in experienced technical support staff; expected manpower savings from new software tools had not materialized. Nevertheless, J64 had not gathered the data needed to make a business case that maps resource deficiencies against

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requirements and assesses the resultant risk to the Agency mission. In addition, the Agencywide [redacted] installation was not being corporately managed.

Management Action. (U) J64 is developing a business case, including a risk assessment. The Agency's CIO has accepted corporate responsibility for resolving the [redacted] issue Agencywide. It is being addressed as part of the Agency's response to the January 2000 [redacted]

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

(U) **Followup on Emergency Action Planning,** AU-99-0010, 14 February 2000

Summary. (U) In a 1997 audit report on Emergency Action Plans (EAPs), the OIG found that field sites had not submitted EAPs and annual recertifications to HQ. Our followup review found that the NSA EAP regulation was appropriately revised, but it took field elements over a year to comply.

Management Action. (U) As a result of this followup work, management has taken aggressive action to ensure completion of EAPs by the delinquent sites. As of January, 2000, all field elements had either submitted their EAPs or otherwise complied with the NSA regulation. To ensure future compliance, it is critical that delinquent sites be reported to the DIRNSA for corrective action.

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

(U) **Defense Special Missile and Astronautic Center (DEFSMAC),** IN-00-0009,18 February 2000

Summary. ~~(S)~~ Located at NSA Headquarters, DEFSMAC is a joint NSA and Defense Intelligence Agency (DIA) activity. The inspection identified major issues, [redacted] In addition, senior DIA managers viewed the partnership as strained; the leadership style of the [redacted] was demoralizing DEFSMAC managers; and the Director, DEFSMAC position had been vacant for 6 months.

Management Action. ~~(S)~~ Agency management is working with the National SIGINT Committee to clarify [redacted] collection priorities. A new [redacted] has been appointed and will be dual-hatted as Chief, DEFSMAC.

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

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(U) **NSA's Support Services Budget,** AU-00-0001, 1 March 2000

Summary. (U) In response to concerns of the Senate Select Committee on Intelligence, the OIG conducted an audit of Directorate of Support Services (DS) budgets for FY 1997-99. Our review found that NSA has traditionally underfunded the DS budget and relied on fallout funds to cover expenditure shortfalls. Although some mission funds were shifted to pay for support-type expenses, the auditors were not able to determine the true amount of mission funds used for support purposes for two reasons: deficiencies in the guidance (and implementation thereof) on paying for support costs and inadequacies in the Agency's finance and budget systems.

Recommendations. (U) The Agency has undertaken initiatives to improve its business and program build processes along with its financial management systems. In addition, the DIRNSA endorsed recommendations to address all the issues identified in the audit and to ensure that managers have the information needed to make sound business decisions.

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

(U) **Oversight Review of the Restaurant Fund,** AU-00-0011, 7 March 2000

Summary. (U) The OIG Office of Audits reviewed the contract audit of the Restaurant Fund performed by the Certified Public Accounting firm, Rager, Lehman, and Houck. The contract audit was found to be in accordance with Government Auditing Standards.

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

(U) **Certification and Accreditation (C&A) of Agency Systems and Networks,** AU-99-0006, 8 March 2000

Summary. (U~~//FOUO)~~ Accreditation is the official decision to permit an information system to operate in a specified environment. The decision must be based on a certification that the system's security features and other safeguards meet security requirements. Our audit

[redacted]

with DoD Instruction 5010.40, Management Control (MC) Program Procedures, Enclosure 3 - Guidance in Applying the Definition of Material Weakness. [redacted]

[redacted]

Management Action. (U~~//FOUO~~) Management agreed to reengineer the C&A process; develop a formal risk management program; and assess and evaluate the material weakness created by the C&A deficiencies identified in the audit.

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

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(U) **Intelligence Oversight Inspection** [redacted] 23 March 2000

Summary. (U~~//FOUO~~) Z03 managers and employees demonstrated keen awareness of their responsibilities with respect to Executive Order 12333 and United States Signals Intelligence Directive 18. However, the division lacks a formal intelligence oversight training program for new employees.

Management Action. (U) Management is developing an intelligence oversight training module and, beginning this year, will conduct annual refresher training for all division employees.

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

(U) **Unified Cryptologic Architecture (UCA) Implementation,** AU-00-0004, 31 March 2000

Summary. (U~~//FOUO~~) This audit focused on the UCA, a fundamental redesign of the cryptologic system. The key ingredient of the redesign was a common information infrastructure that will give Intelligence Community partners and customers [redacted] The audit identified major issues that could adversely affect the successful transition to and implementation of the UCA. Management action is pending.

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

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