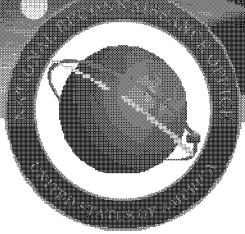


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NATIONAL RECONNAISSANCE OFFICE

OFFICE OF INSPECTOR GENERAL

(U) SEMIANNUAL REPORT TO THE CONGRESS

1 April 2016 - 30 September 2016

28 October 2016

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(U) This document cannot be released in whole or in part to persons or agencies outside the NRO, nor can it be republished in whole or in part within any document not containing this statement, without the express written approval of the NRO Inspector General.

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(U) MESSAGE FROM THE INSPECTOR GENERAL



28 October 2016

(U) On behalf of the National Reconnaissance Office (NRO) Office of Inspector General (OIG), I am pleased to submit this report on the OIG's activities. This report highlights significant findings and recommendations identified during the course of the OIG's work, as well as OIG accomplishments, including organizational and procedural changes, for the period 1 April 2016 through 30 September 2016. The activities described in this report exemplify our continuing commitment to improving the efficiency and effectiveness of NRO programs and operations.

(U) During this reporting period, it was my honor to be confirmed by the United States Senate and appointed by President Barak Obama to be the NRO Inspector General. I look forward to affecting positive changes at the NRO, for NRO's stakeholders, and for the American taxpayers during my tenure.

(U//~~FOUO~~) This reporting period saw numerous OIG achievements. Highlights include the development of a new OIG Strategic Plan that will focus on three goals intended to enhance the skills and expertise of the OIG and its staff; provide stakeholders with more timely, useful information and products; and improve NRO programs, processes, and cost efficiencies. Other highlights include the OIG's first [redacted] [redacted] which won the Intelligence Community Inspector General 2016 Collaboration Award, and the inclusion of a new section in this report that identifies those findings and recommendations determined as significant by the OIG during this reporting period.

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(U) As is always the case, we enjoyed a collaborative relationship with Director Sapp and with NRO's leadership and workforce. Director Sapp and her management team are actively engaged in addressing open recommendations and implementing corrective actions. The OIG did not experience any issues related to access to NRO records or personnel.

(U) I very much appreciate the cooperation and support of the Congress and its staff as we continue to affect positive change at the NRO. I would also like to thank the dedicated and professional NRO OIG staff for their continued hard work and commitment to providing effective oversight of NRO programs and operations.

A handwritten signature in black ink, appearing to read "Susan S. Gibson".

Susan S. Gibson
Inspector General

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(U) SEMIANNUAL REPORT HIGHLIGHTS

~~(U//FOUO)~~ During this reporting period, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) focused its oversight efforts and resources to address management challenges and issues of greatest risk within the NRO. Specifically, the OIG performed work on 19 projects, ten of which were completed and nine are ongoing. The projects derive from previous NRO OIG annual work plans; address mandated requirements; respond to alleged violations of law, regulation, or policy; or evaluate emerging issues. The OIG's efforts enhanced the economy, efficiency, and effectiveness of NRO programs; assisted in detecting and preventing fraud and abuse; safeguarded taxpayer investments; and supported the mission of the NRO.

~~(U//FOUO)~~ In addition, the OIG experienced organizational and operational changes. For the first time in its history, an NRO Inspector General nominee was confirmed by the United States Senate and appointed by President Barak Obama in late September. Also, the OIG has implemented several operational changes including updating its Strategic Plan [redacted] and identifying findings and recommendations determined as significant by the OIG during this reporting period.

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(U) APPOINTMENT OF A NEW INSPECTOR GENERAL

(U) On 22 September 2016, President Barack Obama appointed Ms. Susan S. Gibson as the first Senate confirmed, presidentially-appointed Inspector General (IG) at the NRO. Ms. Gibson brings a wealth of experience to the OIG. Prior to her appointment, she served as the Principal Deputy General Counsel for the Office of the Director of National Intelligence. Previously, Ms. Gibson spent more than 20 years in the Army Judge Advocate General's Corps, where she prosecuted and defended at courts-martial; taught at the U.S. Military Academy, West Point; served as the Staff Judge Advocate for the Army's Criminal Investigation Command; and provided legal advice on intelligence operations at the Defense Intelligence Agency. Her extensive Intelligence Community (IC) and military experience enhances the OIG's ability to carry out its mission to "Assure Effective Stewardship of Taxpayer Dollars by Promoting Economy, Efficiency, and Effectiveness; and Preventing and Detecting Fraud, Waste, Abuse, and Mismanagement in NRO Programs."

(U) DEVELOPMENT OF A NEW OIG STRATEGIC PLAN

(U) During this semiannual reporting period, the OIG initiated the development of a new Strategic Plan covering Fiscal Years (FY) 2017 – 2021. The Plan, to be published in early FY 2017, will update the prior Strategic Plan to reflect myriad changes to the OIG. Development

of the new OIG Strategic Plan is based on a comprehensive data collection effort that focused primarily on information provided by the OIG staff through a detailed questionnaire. The OIG analyzed the data, and combined it with the results of benchmarking strategic plans of other Inspectors General, climate survey results, and analysis of selected strategic intelligence documents.

(U) IMPLEMENTING A NEW OUTREACH INITIATIVE

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~~(U//FOUO)~~ As a result of its innovative outreach approach, the NRO OIG received the Intelligence Community Inspector General Collaboration Award. The award recognized the OIG's outstanding work and collaboration among its Audit, Inspection, and Investigation Divisions to promote the role of the OIG and bring critical concerns that impacted the workforce to the NRO leadership's attention.

(U) IDENTIFYING SIGNIFICANT FINDINGS AND RECOMMENDATIONS

(U) During this semiannual reporting period, the NRO OIG began reporting specific findings and recommendations determined in the course of its work to be significant. This addition was included to more effectively fulfill the requirements set forth in §5(a)(1-2) of the *Inspector General Act of 1978*, as amended.

(U) To ensure consistency across the OIG, the OIG established standard criteria to identify significant findings and recommendations. A significant finding or recommendation is one that addresses a problem, abuse, or deficiency that meets one or more of the following criteria:

[Redacted]

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- Involves substantial risk or vulnerabilities to the NRO's mission or programs;
- Involves inadequate stewardship of NRO resources, such as improper use of funds or lost opportunities for savings, which significantly impact an NRO program or activity or present a risk of a significant loss of resources;
- Involves the integrity of the oversight process or the NRO's relationship with Congress;
- Involves noncompliance with law, Executive Order, or Presidential Directive, or significant violation of Agency regulation or policy;
- Involves an area that has been previously identified as a management challenge, significant deficiency, or material weakness, or for which there has been a series of deficiencies;
- Involves life-threatening conditions or risk of substantial bodily injury or environmental contamination; or
- Involves correcting an issue that permeates/cascades through a program or activity, and is the direct cause for a number of deficiencies identified throughout the review.

(U) The IG makes the final determination whether a finding or recommendation is significant.

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(U) SUMMARY OF COMPLETED AND ONGOING PROJECTS

(U) COMPLETED PROJECTS - OVERVIEW

(U) **Table 2** identifies the completed projects for this semiannual reporting period. Following the table are short descriptions of the conclusions and recommendations made for each project.

(U) TABLE 2: COMPLETED PROJECTS – APRIL-SEPTEMBER 2016

Title	Date Completed
(U) Follow-up Audit of the Effectiveness of Management Oversight of Federally Funded Research and Development Centers in the Systems Engineering Directorate	21 April 2016
(U) Fiscal Year 2015 Assessment of the National Reconnaissance Office Purchase Card Program and Review Results	19 May 2016
[Redacted]	25 May 2016
(U) Follow-up Evaluation of NRO Classification Management Public Law 111-258, the Reducing Over-Classification Act	13 June 2016
(U) Audit of the National Reconnaissance Office Aerospace Data Facility Colorado Facilities Infrastructure	15 August 2016
(U) National Reconnaissance Office GEOINT-Financials Statement on Standards for Attestation Engagements No. 16 Examination Management Letter for the Period 01 July 2015 to 30 June 2016	22 August 2016
(U) Inquiry of Extended Paid Administrative Leave for Department of Defense Cadre Personnel	23 August 2016
(b)(1) (b)(3) [Redacted]	2 September 2016
(U) Office of Inspector General Fiscal Year 2016 Independent Evaluation of National Reconnaissance Office Compliance with Federal Information Security Modernization Act	13 September 2016
(b)(1) (b)(3) [Redacted]	30 September 2016

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(U) COMPLETED PROJECTS - RECOMMENDATIONS

(U) Follow-up Audit of the Effectiveness of Management Oversight of Federally Funded Research and Development Centers in the Systems Engineering Directorate. In its FY 2016 Congressional Marks, the House Permanent Select Committee on Intelligence requested that the "NRO IG conduct a follow-up review to assess the effectiveness of the management changes taking place within the Systems Engineering Directorate [SED]...." The OIG follow-up review noted that in response to previous audit recommendations, the SED management implemented corrective actions to facilitate using and

overseeing Federally Funded Research and Development Centers (FFRDC) personnel/resources more effectively. Specifically, SED management established an FFRDC training program for the SED staff, and initiated FFRDC program management reviews (PMR).

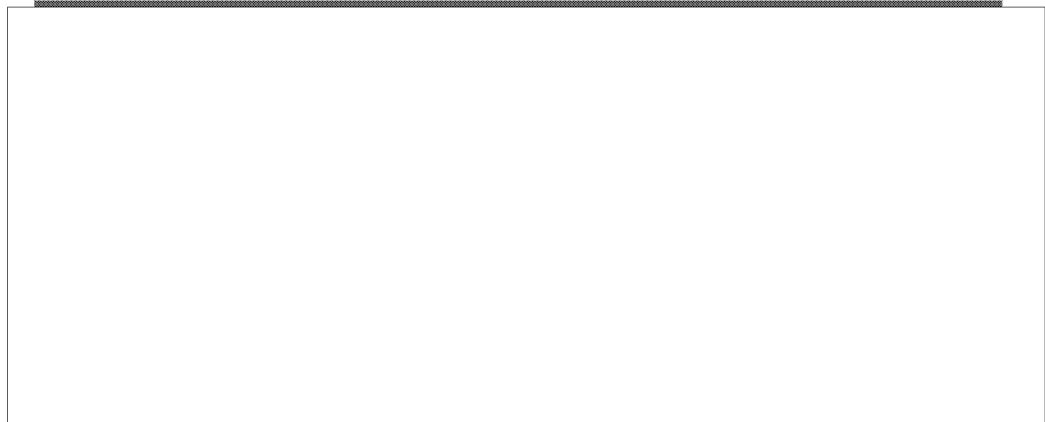
~~(U//FOUO)~~ Overall, the OIG found that the newly implemented training and PMRs appear to strengthen SED's ability to monitor its FFRDCs more effectively and assist in the reprioritization of FFRDC tasks to mission needs. Further, these changes allow for improved management of the distribution of resources across the SED.

~~(U//FOUO)~~ The OIG made no recommendations. However, it views sustainability as a key aspect of an effective control environment. Therefore, the OIG will continue to monitor SED's implementation of corrective actions and may review SED's management of FFRDCs at a future date.

**(U) Fiscal Year 2015 Assessment of the National
Reconnaissance Office Purchase Card Program and Review
Results.**

The OIG concluded that the risk of illegal, improper, or erroneous procurements made with the NRO Government-wide Commercial Purchase Card was low. However, the OIG found that although the NRO has various charge card controls in place, it still lacks an all-encompassing policy needed to manage multiple types of cards used at the NRO.

~~(U//FOUO)~~ The OIG recommended that the NRO develop and submit to the Office of Management and Budget (OMB) a comprehensive Charge Card Management Plan that encompasses the NRO purchase, travel, and fleet card programs.



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~~(U//FOUO)~~ The OIG made no recommendations as a result of this assessment. Instead, it provided a draft memorandum and briefing slides to the Communications Systems Directorate (COMM) and requested that COMM consider appropriate measures to address identified issues. COMM concurred with the information contained in the briefing slides.

~~(U//FOUO)~~ **Follow-up Evaluation of NRO Classification Management Public Law 111-258, the Reducing Over-Classification Act.**

The Reducing Over-Classification Act requires that each Federal OIG conduct at least two evaluations of its department or agency's Classified National Security Information (CNSI) program by 30 September 2016. The NRO OIG published its first evaluation on 30 September 2013, and found that the NRO had not fully adopted, followed, or effectively administered federally required classification policies, procedures, rules and regulations. The 2013 report included two overarching recommendations to address the identified shortfalls.

~~(U//FOUO)~~ The 2016 evaluation found that the NRO has made significant progress against the shortfalls identified in 2013. For example, the NRO has developed a derivative classification training module that includes all aspects of federal requirements. However, the NRO has yet to finalize and approve the release of the training to all personnel performing derivative classification duties. Further, the NRO has not yet developed a tracking mechanism to adequately monitor training completion by contractors. In addition original and derivative classifiers continue to make classification marking errors, the majority occurring in the classification authority block.

~~(U//FOUO)~~ The OIG recommended the NRO:

- (U) formally designate in writing, a Senior Agency Official to direct and administer the NRO CNSI Program;
- (U) obtain written approval to implement changes and execute the self-inspection program;
- (U) complete and execute the web-based derivative classification training (CLOSED);
- (U) develop a documented process, including tracking procedures, that ensures contractors without NMIS access receive derivative classification training; and.
- (U) develop and execute a strategy to ensure compliance with federal classification requirements as well as NRO established policies.

~~(U//FOUO)~~ **Audit of the National Reconnaissance Office**

Aerospace Data Facility Colorado Facilities Infrastructure. The NRO's recent organizational transformation activities address many of the challenges the OIG identified regarding facilities infrastructure, to include a lack of clarity in facility management responsibilities. However, the OIG found that several challenges remain

[Redacted]

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The OIG recommended that the NRO

- (U) review and modify guidance to ensure the distinction between MOD, the Management Services and Operations Directorate, and

ADF-C Commander roles and responsibilities for facility oversight and maintenance is identified and uniformly documented; and



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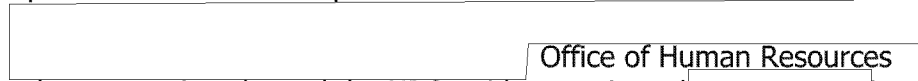
(U) National Reconnaissance Office GEOINT-Financials Statement on Standards for Attestation Engagements No. 16 Examination Management Letter for the Period 01 July 2015 to 30 June 2016.

The NRO OIG reported that the NRO met the requirements established by OMB and Congress related to improper payments, but noted the NRO should

- (U) improve the supporting documentation for the Improper Payment Information Act of 2002 risk assessment;
- (U) improve the supporting documentation for duplicate payment testing;
- (U) develop actionable alternatives to address the FY 2013 findings; and
- (U) ensure compliance with NRO Acquisition Manual requirements for improper payment returns to the NRO.

~~(S//NF)~~ Inquiry of Extended Paid Administrative Leave for Department of Defense Cadre Personnel.

The OIG identified four (b)(1) personnel on extended paid administrative leave as of 25 June 2016, (b)(3)

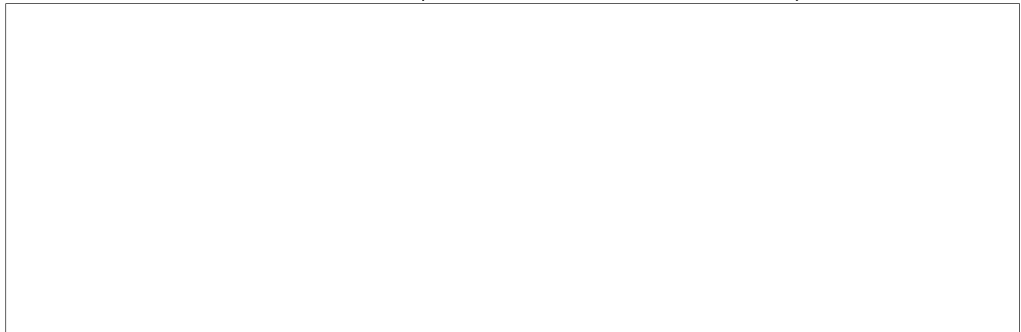


Office of Human Resources documentation showed the NRO paid approximately [redacted] in salary and benefits to these four individuals while they were in this leave status. The OIG identified shortcomings in Cadre governance documentation.

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(U) The OIG recommended that the NRO

- (U) finalize all appropriate governing documents for the NRO DoD Cadre, and the Personnel Evaluation Board (PEB);
- (U) clarify responsibilities and procedures for the PEB and document in *NRO Instruction 70-7-2, Personnel Evaluation Board*;



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(U) Office of Inspector General Fiscal Year 2016 Independent Evaluation of National Reconnaissance Office Compliance with Federal Information Security Modernization Act.

The OIG contracted the independent public accounting firm of [Redacted] to conduct this evaluation. [Redacted] is responsible for the evaluation's conclusions.

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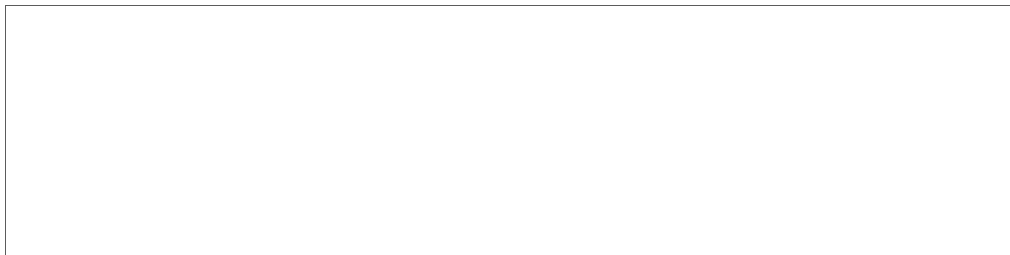
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⁴ ~~(U//FOUO)~~ The Council for Inspector Generals on Integrity and Efficiency (CIGIE), in coordination with the Department of Homeland Security, established a maturity model rating on a scale of "1" (Ad hoc) to "5" (Optimized) for the Information Security Continuous Monitoring Program.



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(U) ONGOING PROJECTS - OVERVIEW

~~(U//FOUO)~~ **Table 3** identifies the ongoing projects for this semiannual reporting period. Following the table are short descriptions of the objectives for each project.

(U) TABLE 3: ONGOING PROJECTS – APRIL-SEPTEMBER 2016

Title	Date Initiated
(U) Audit of Project Management within the Ground Enterprise Directorate	10 July 2015
(U) Joint Inspection of the Aerospace Data Facility Colorado, National Security Agency/Central Security Service–Colorado, and National Geospatial-Intelligence Agency-Denver	7 December 2015
(U) Inspection of NRO Supervisory Control and Data Acquisition Systems (SCADA)	2 February 2016
(U) Inspection of NRO [redacted]	8 February 2016
(U) Inspection of the NRO Defense Civilian Intelligence Personnel System (DCIPS) Performance Management Process	18 February 2016
(U) Audit of the NRO’s Transition to an Enterprise IT Audit Capability	25 February 2016
(U) Office of Inspector General Audit of the National Reconnaissance Office Fiscal Year 2016 Financial Statements	1 March 2016
(U) Consolidated Facilities Operation and Maintenance Performance Audit	22 April 2016
(U) Audit of the Transition of the MOUNTAINVIEW Facility to the National Reconnaissance Office	29 June 2016

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(U) ONGOING PROJECTS - OBJECTIVES

(U) Audit of Project Management within the Ground Enterprise Directorate. Objective: Determine whether the Ground Enterprise Directorate (GED) has implemented a system of processes and procedures to effectively manage its projects. Specifically, the audit will determine whether GED has defined and implemented system engineering and acquisition processes and procedures through its System Program Offices to the project/contract level.

~~(U//FOUO)~~ **Joint Inspection of the Aerospace Data Facility Colorado, National Security Agency/Central Security Service–Colorado, and National Geospatial-Intelligence Agency-Denver.** Objective: The NRO OIG and the OIGs from the National Security Agency (NSA), the National Geospatial-Intelligence Agency (NGA), and Office of the Inspector General of the Intelligence Community are evaluating the effectiveness and efficiency of the ADF-C, NSA-Colorado, and NGA-Denver in performing their missions. The joint inspection also includes an evaluation of mission systems and engineering; facilities and

safety; security; information technology (IT) and systems; and intelligence oversight.

(U//~~FOUO~~) Inspection of NRO Supervisory Control and Data Acquisition Systems (SCADA). Objective: Assess NRO's SCADA program and related NRO industrial control systems.

(U) Inspection of NRO [redacted] Objective: Assess the efficiency and effectiveness of the NRO [redacted] and its compliance with internal and external policies.

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(U) Inspection of the NRO Defense Civilian Intelligence Personnel System (DCIPS) Performance Management Process. Objective: Assess the NRO's compliance with *Department of Defense (DoD) Instruction 1400.25, Volume 2011, DoD Civilian Personnel Management System* and other regulatory guidance.

(U) Audit of the NRO's Transition to an Enterprise IT Audit Capability. Objective: Determine whether the NRO is effective in its efforts to transition to a uniform IT audit capability. Specifically, the OIG is assessing whether the NRO is developing and implementing an enterprise approach to collect and share IT audit information.

(U) Office of Inspector General Audit of the National Reconnaissance Office Fiscal Year 2016 Financial Statements. Objective: Determine whether the financial statements and related notes are presented fairly in all material respects, in accordance with all applicable guidance to include guidance issued by the Federal Accounting Standards Advisory Board and OMB. The OIG is also reviewing internal controls and compliance with laws and regulations, and follow up on the status of prior-year audit findings.

(U) Consolidated Facilities Operation and Maintenance Performance Audit. Objective: Evaluate NRO's oversight on the Consolidated Facilities Operation and Maintenance contractor performance. Specifically, the OIG is reviewing how the NRO verifies the contractor's costs, staffing and performance in accordance with contract requirements.

(U) Audit of the Transition of the MOUNTAINVIEW Facility to the National Reconnaissance Office. Objective: Assess the transition of the MOUNTAINVIEW [redacted] to the NRO. Specifically, the OIG is reviewing the planned MOUNTAINVIEW operations and maintenance strategy as well as the facility acceptance process in support of the transfer of assets to the NRO.

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~~(U//FOUO)~~ During the preliminary planning phase, the OIG became aware of several matters

[Redacted]

[Redacted]

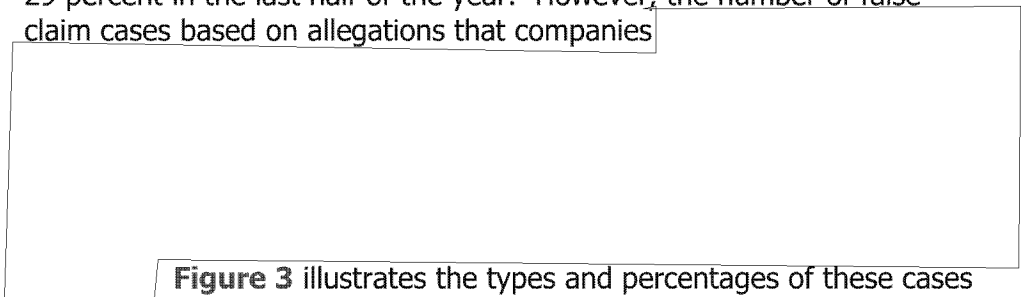
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(U) INVESTIGATIONS

~~(U//FOUO)~~ The OIG Investigations Division conducts criminal, civil, and administrative investigations into alleged violations of federal law, regulation, and policies involving NRO funds, operations, and programs. During this reporting period, the Investigations Division produced 20 Reports of Investigation and identified almost \$3.1 million due back to the NRO or the United States Treasury. The OIG reported 16 of these 20 cases involving contractors to the Office of Contracts (OC) for suspension and debarment consideration. The OIG provides all Reports of Investigation to OS&CI for security consideration and action as appropriate.

~~(U//FOUO)~~ In the second half of FY 2016, the Investigations Division responded to 163 allegations. The percentage of regulatory and other, non-criminal allegations remained relatively consistent compared to the first half of the fiscal year.¹ The overall percentage of false claims allegations decreased from 41 percent in the first half of FY 2016 to 29 percent in the last half of the year. However, the number of false claim cases based on allegations that companies

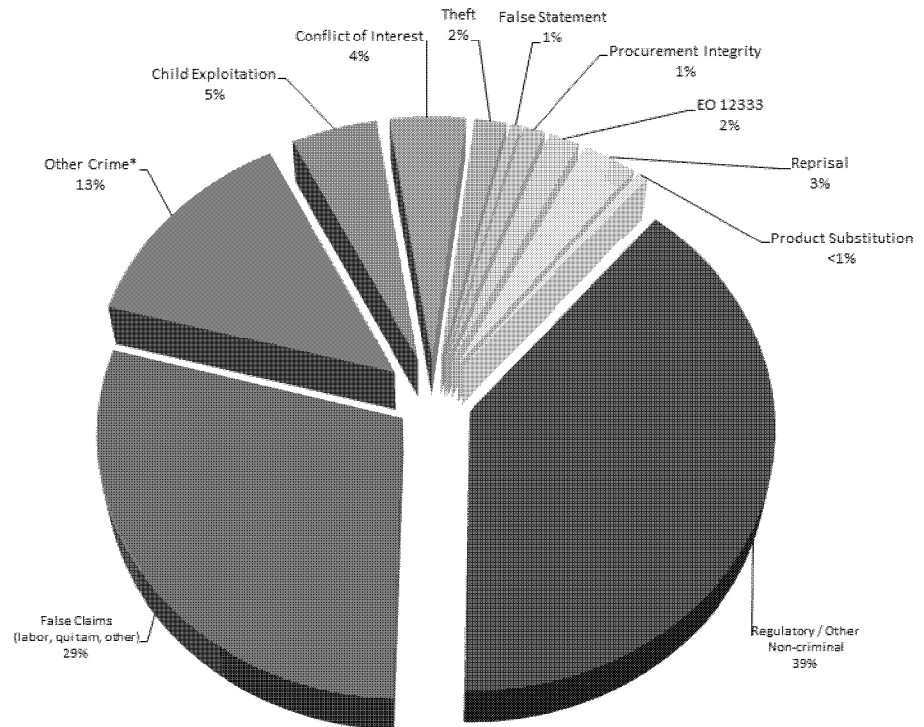


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Figure 3 illustrates the types and percentages of these cases opened during this reporting period.

¹ ~~(U//FOUO)~~ These commonly involve violations of the Code of Federal Regulations, to include conflicts of interest, misuse of position, and other potential wrongdoing related to the ethical obligations inherent in government service.

(U) FIGURE 3: SUMMARY OF ALLEGATIONS RECEIVED BY THE NRO OIG INVESTIGATIONS DIVISION



~~(U//FOUO)~~ "Other Crime" includes a broad category of alleged criminal wrongdoing reported to the OIG. Allegations that do not fall into the category of fraud, waste, and abuse affecting NRO programs are referred to the appropriate investigative agency. Other crimes subject to investigation by the OIG may include, but are not limited to, wire fraud, counterfeit and forgery of official documents, private conversion of NRO resources, or deliberate damage to NRO property.

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(U) SELECTED INVESTIGATION SUMMARIES

~~(U//FOUO)~~ The Investigations Division completed 14 investigations of False Claims by NRO contractor personnel during this reporting period. In total, these investigations identified approximately \$853,000 in funds recoverable to the NRO or the United States Treasury. The United States Attorney's Office (USAO) declined prosecution for each of these cases in favor of an administrative settlement. The OIG referred each case to the OC for administrative action within the terms of any affected contracts, to include financial restitution, and/or the removal of the offender's security clearance where applicable. Particularly significant investigations of False Claims and other crimes include the following:

- ~~(U//FOUO)~~ The most significant False Claims case was a labor mischarging case involving one employee who mischarged over [redacted] to the NRO program over a period of 10 years.

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- ~~(U//FOUO)~~ The OIG investigated a former government employee who violated the terms of his post-employment restrictions when he involved himself as a contractor on a program he previously managed as a senior government officer. The OIG linked his actions to a previous OIG case from an earlier reporting period involving a firm with an organizational conflict of interest. While the USAO declined prosecution, the OIG provided the facts of this case to the OC for suspension and debarment consideration.
- ~~(U//FOUO)~~ The OIG investigated a contractor employee who falsified the results of tests he conducted on parts intended for use in an NRO system. After subjecting the part to inappropriate thermal testing that may have caused it harm, the employee concealed his conduct by submitting false test results that, instead, showed he tested the part properly. Upon discovery, the program quarantined the part in question and removed the employee from access to NRO programs. His company subsequently terminated his employment and provided the NRO with a credit for the improperly tested parts.
- ~~(U//FOUO)~~ The OIG investigated a government employee at a mission ground station who misused a government vehicle to conduct a personal errand. While inappropriately using the vehicle, the employee was involved in a traffic collision resulting in a total loss of the vehicle valued at approximately [redacted]. The government subsequently suspended the employee for 30 days without pay.

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(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 agency's programs and operations. Based on these reviews, the OIGs are required to make recommendations in their semiannual reports concerning the impact of the legislation and regulations on (1) the economy and efficiency of programs and operations of their agency and (2) the prevention and detection of fraud and abuse in programs and operations of their agency.

(U) The NRO OIG conducts such reviews and provides comments 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). For example, during this reporting period the NRO OIG reviewed all pertinent draft legislation to include the *Inspector General Empowerment Act of 2015* and the *Intelligence Authorization Act for Fiscal Year 2017*. The NRO OIG provided comments to the CIGIE for inclusion in its comments to the respective Act's authors. The OIG also assessed the merits of requesting the repeal of that portion of §8H(g)(1) of the *Inspector General Act of 1978*, as amended, which currently mandates annual reporting by the NRO OIG.

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(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 systems requirements.

(U//~~FOUO~~) For FY 2016, the NRO OIG contracted with [redacted] to assess the NRO's financial systems for compliance with applicable laws and standards as part of its *Audit of the National Reconnaissance Office Fiscal Year 2016 Financial Statements*. [redacted] is currently performing the FY 2016 Financial Statements audit for the NRO, which should provide updated information on the extent to which NRO financial systems comply with applicable standards and requirements. The OIG expects [redacted] to publish the FY 2016 Financial Statement Audit Report in November 2016.

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(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 that audit organizations performing audits, attestation engagements, or both, undergo a peer review at least once every three years by reviewers independent of the audit organization to determine if an appropriate internal quality control system is in place. Similarly, CIGIE established *Quality Standards for Inspection and Evaluation* (CIGIE Standards) for maintaining quality assurance that include having external quality assurance reviews of audits, investigations, inspections, evaluations, and other OIG activities.

(U) PEER REVIEW OF THE NRO OFFICE OF INSPECTOR GENERAL

(U) The NSA OIG led a peer review of the NRO OIG Inspections Division from 23 May 2016 to 28 June 2016. The objective of the review was to determine whether the NRO OIG Inspections Division's internal policies and procedures addressed CIGIE Standards and whether the resulting reports complied with the CIGIE Standards.

~~(U//FOUO)~~ The Peer Review Team found that the NRO OIG Inspections Division complied with the CIGIE Standards and associated requirements. While some minor instances of noncompliance on individual inspection reports were noted, these instances did not appear to be systemic and did not impact the NRO OIG Inspections Division's compliance with the CIGIE Standards.

(U) In addition to the review of the Inspections Division, the Peer Review Team also conducted a limited modified review of the sole report issued by the Special Projects Division, which was established in 2015. The NSA found that the Special Projects Division report substantially complied with the CIGIE standards and associated requirements.

(U) PEER REVIEW OF OTHER AGENCIES' INSPECTORS GENERAL

(U) The NRO OIG did not conduct any peer reviews of other agencies' OIGs during this reporting period.

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(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>	21
SEC 5(a)(1-2)	<u>Significant problems, abuses, and deficiencies; recommendations for corrective action</u>	5
SEC 5(a)(3)	Prior significant recommendations not yet implemented	N/A
SEC 5(a)(4)	Matters referred to authorities resulting in prosecutions and convictions	N/A
SEC 5(a)(5)	Summary of refusals to provide information	N/A
SEC 5(a)(6-7)	<u>List and summary of reports issued during the reporting period</u>	7
SEC 5(a)(8-9)	Tables showing questioned costs and funds that should be put to better use	N/A
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	N/A
SEC 5(a)(13)	<u>Financial systems compliance with federal requirements</u>	23
SEC 5(a)(14-16)	<u>Peer review reporting</u>	25

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(U) APPENDIX B: RECOMMENDATIONS OLDER THAN ONE YEAR

(U) **Table B1** summarizes all open recommendations described in previous National Reconnaissance Office (NRO) Office of Inspector General (OIG) semiannual reports for which corrective action has not yet been completed within a year of issuance. Details on each open recommendation are included in **Tables B2-B12**.

(U) TABLE B1: RECOMMENDATIONS OLDER THAN ONE YEAR

Report Title	Report Date	Total	Open
(U//FOUO) Audit of the National Reconnaissance Office Contractor Wide Area Network	2 September 2010	3	1
(U) Audit of the Management of Information Systems Privileged Users	19 November 2010	2	1
(U) Audit of Chief Information Officer Management of National Reconnaissance Office Information Technology	20 December 2013	7	3
(U) Inspection of the Special Communications Office	8 February 2014	12	1
(U) Joint Inspection of Aerospace Data Facility East and National Geospatial-Intelligence Agency-Franconia	11 February 2014	55	3
(U) Inspection of the Survivability Assurance Office (SAO)	3 November 2014	6	2
(U) Audit of NRO Cyber Incident Detection and Response	17 December 2014	10	8
	25 March 2015	59	26
(U) Flash Report: Mission Operations Directorate Communications Systems Directorate Transition	22 July 2015	4	1
(U) Final Report Audit of the National Reconnaissance Office Management of the Silver Eagle Contract	29 September 2015	8	1
(U) Joint Inspection of Aerospace Data Facility Southwest and National Geospatial-Intelligence Agency Southwest	30 September 2015	16	9

(b)(1)
(b)(3)

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~~(U//FOUO)~~ **Table B2: Audit of the National Reconnaissance Office Contractor Wide Area Network**

Recommendation	Office	Status
<p>(U//FOUO) Recommendation #2 for the Chief Information Officer (CIO) in coordination with the Director, Office of Security and Counterintelligence (OS&CI): Develop and implement a strategy for the management and operation of the Contractor Wide Area Network (CWAN). The strategy should consider</p> <div data-bbox="203 499 747 609" style="border: 1px solid black; height: 50px; width: 100%;"></div>	<p>COMM/CIO</p>	<p>(U) The Communications Systems Directorate (COMM) has developed a plan for tracking CWAN general and privileged users and is ensuring that they have taken the appropriate training using a tracking tool. As of July 2016, several NRO contractor companies have submitted data. The tracking tool notifies users that are out of compliance with training.</p> <div data-bbox="917 483 1521 636" style="border: 1px solid black; height: 70px; width: 100%;"></div>

(b)(3)
(b)(5)

(b)(3)

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~~(U//FOUO)~~ **Table B3: Audit of the Management of Information Systems Privileged Users**

Recommendation	Office	Status
<p>(U//FOUO) Recommendation #2 for the Director, COMM:</p> <div data-bbox="181 877 755 1018" style="border: 1px solid black; height: 65px; width: 100%;"></div>	<p>COMM</p>	<p>(U//FOUO) COMM revised the <i>NRO Directive 52-20, Privileged User Management</i>, which is currently in coordination, to clarify privileged user requirements.</p> <div data-bbox="925 903 1521 1092" style="border: 1px solid black; height: 90px; width: 100%;"></div> <p>NRO privileged users.</p> <p>Initial ECD: September 2013 Current ECD: August 2016</p>

(b)(3)

(b)(3)

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(U) Table B6: Joint Inspection of Aerospace Data Facility East and National Geospatial-Intelligence Agency-Franconia

Recommendation	Office	Status
<p>(U//FOUO) Recommendation ADF-E/NGA-F-12-131: Establish or update a written process for timely reporting and reimbursement for supplies and services in [redacted]</p>	<p>Mission Operations Directorate (MOD) (b)(3)</p>	<p>(U//FOUO) Aerospace Data Facility East (ADF-E) completed and coordinated with NGA-F management [redacted] (b)(3) [redacted] does not contain any major policy changes. Initial ECD: July 2014 Updated ECD: October 2015 Current ECD: TBD (Closure actions impacted by the NRO Operations Transformation transition.)</p>
[redacted]	<p>MOD (b)(3)</p>	<p>(U) MOD Security and NRO Office of Security and Counterintelligence (OS&CI) are jointly working on the issue as it is an enterprise-wide issue not unique to ADF-E. OIG anticipates a status from MOD in October. Initial ECD: January 2016 Current ECD: TBD (Closure actions impacted by the NRO Operations Transformation transition.)</p>
<p>(U//FOUO) Recommendation ADF-E/NGA-F-12-205: Finalize and publish <i>NRO Directive (ND) 10-2, Facilities Acquisition Planning and Execution</i> and associated NRO Instructions.</p>	OS&CI	<p>(U//FOUO) NRO Directive 10-2 is currently under NRO Directorates and Offices (Ds and Os) annual review. The associated NRO Instructions (NI) (<i>NI 10-2-1, Real Estate Acquisition and disposal</i>, and <i>NI 10-2-2, Maintenance, Repair, Improvement, and Construction Acquisition</i>) are with MS&O and are due to BPO by 31 Dec 2016. OIG expects formal approval process with Ds and Os to be completed by the summer of 2017. Initial ECD: July 2014 Current ECD: August 2017</p>

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(U//FOUO) Table B7: Inspection of the Survivability Assurance Office (SAO)

Recommendation	Office	Status
<p>(U//FOUO) Recommendation #3A for the DNRO: Task SAO and SED jointly with the responsibility to coordinate with the Director of National Intelligence (DNI) and Department of Defense (DoD) for the development, definition, and documentation of enterprise space protection and resiliency.</p>	DNRO	<p>(U//FOUO) The draft Enterprise Capabilities Document is being coordinated with the Intelligence Community. SAO and SED will provide a copy to the OIG once the DNI approves the document, subject to Intelligence Community Capabilities Requirements Council review and signature process anticipated in December 2016. Initial ECD: September 2015 Current ECD: December 2016</p>
<p>(U//FOUO) Recommendation #3B for the DNRO: Task SED with the responsibility to ensure that protection and resiliency are addressed as a part of requirements/design reviews for each major system acquisition.</p>	DNRO	<p>(U) The 30 March 2016 signed <i>NI 130-1-6, NRO Life Cycle Readiness, Addendum 1, User Guide</i>, includes protection and resiliency entrance/exit criteria checklists and artifacts for life cycle readiness events to ensure resiliency is addressed within the requirements and design reviews for each Major System Acquisition. SED completed the initial revision of the NRO Directive 82-7a, to define architecture roles and responsibilities and ensure agreement with the NRO's current policy structure. Comments are being adjudicated. Initial ECD: March 2015 Current ECD: June 2017</p>

Table is UNCLASSIFIED//FOUO

(U) Table B8: Audit of NRO Cyber Incident Detection and Response

Recommendation	Office	Status	(b)(3)
<p>(U//FOUO) Recommendation #2 for the Director, COMM: Ensure [redacted] in accordance with Intelligence Community Standard (ICS) 502-01 and Intelligence Community Directive (ICD) 502.</p>	<p>COMM (b)(3)</p>	<p>[redacted]</p>	(b)(3)
<p>(U//FOUO) Recommendation #3 for the Director, COMM: [redacted]</p>	<p>COMM (b)(3)</p>	<p>Current ECD: TBD (U//FOUO) COMM/NRO Infrastructure Service Provider (NISIP) [redacted]</p>	(b)(3)
<p>(U//FOUO) Recommendation #4 for the Director, COMM: [redacted]</p>	<p>COMM (b)(3) (b)(3)</p>	<p>Initial ECD: December 2016 [redacted]</p>	(b)(3)
<p>(U//FOUO) Recommendation #6 for the Director, COMM: [redacted]</p>	<p>COMM</p>	<p>Initial ECD: June 2015 Current ECD: TBD (U) COMM published the NRO Cyber Defense Strategy in February 2011 [redacted]</p>	(b)(3)
		<p>Initial ECD: December 2015 Current ECD: TBD</p>	

Recommendation	Office	Status	(b)(3)
<p>(U//FOUO) Recommendation #7 for the Director, COMM:</p> <p>[Redacted]</p> <p>ICD 502.</p> <p>(b)(3)</p>	<p>COMM</p>	<p>(U//FOUO) COMM is</p> <p>[Redacted]</p> <p>Initial ECD: April 2015 Current ECD: April 2017</p>	(b)(3)
<p>(U//FOUO) Recommendation #8 for the Director, COMM:</p> <p>[Redacted]</p>	<p>COMM</p> <p>(b)(3)</p>	<p>(U//FOUO) COMM requested closure.</p> <p>[Redacted]</p> <p>Initial ECD: June 2015 Current ECD: TBD</p>	(b)(3)
<p>(U//FOUO) Recommendation #9 for the Director, COMM:</p> <p>[Redacted]</p> <p>(b)(3)</p>	<p>COMM</p>	<p>(U) COMM</p> <p>[Redacted]</p> <p>Initial ECD: June 2016 Current ECD: October 2016</p>	(b)(3)
<p>(U//FOUO) Recommendation #10 for the Director, COMM:</p> <p>[Redacted]</p> <p>(b)(3)</p>	<p>COMM</p>	<p>[Redacted]</p> <p>Initial ECD: April 2015 Current ECD: TBD</p>	(b)(3)

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(U) Table B10: Flash Report: Mission Operations Directorate Communications Systems Directorate Transition

Recommendation	Office	Status
(U//FOUO) Recommendation #1 (for D/COMM and D/MOD, in coordination with D/SED): Review the status of the TSA and develop a milestone schedule or roadmap for resolving issues that were identified to be worked at unspecified dates.	MOD/COMM	(U) Some COMM/MOD transitioning items are being addressed by [redacted] (b)(3) [redacted] OIG expects supporting documentation listing items remaining open in the TSA not covered by the [redacted] in October. Initial ECD: December 2015 Current ECD: September 2016

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(U) Table B11: Final Report Audit of the National Reconnaissance Office Management of the Silver Eagle Contract

Recommendation	Office	Status
(U//FOUO) Recommendation #10 for the Director, COMM in coordination with the Director, OS&CI: Develop and implement a risk mitigation plan to comply with NRO and contract requirement to A. monitor Silver Eagle [redacted] activities; and [redacted] (b)(3)	COMM	[redacted] (b)(3) Initial ECD: June 2016 Current ECD: TBD

Table is UNCLASSIFIED//FOUO

(U) Table B12: Joint Inspection of Aerospace Data Facility Southwest and National Geospatial-Intelligence Agency Southwest

Recommendation	Office	Status
<p>(S//TK//NF) ADFSW-15-1001 for Aerospace Data Facility Southwest (ADF-SW) Operations Squadron (OS)</p> <p>[Redacted]</p>	<p>Site Level</p> <p>(b)(1) (b)(3)</p>	<p>(U) The Site Commander signed an affidavit attesting to the completion of this recommendation and the final MOD memo requesting closure for this recommendation is in process. OIG anticipates closure when we receive final documentation and supporting closure evidence.</p> <p>Initial ECD: TBD (Closure actions impacted by the NRO Operations Transformation transition.)</p>
<p>(U//FOUO) Recommendation ADFSW-15-1025 for ADF-SW NRO/COMM/NISP</p> <p>[Redacted]</p>	<p>COMM</p> <p>(b)(3)</p>	<p>(U) [Redacted] (b)(3)</p> <p>The site assigned a Systems Engineering and Integration lead to accomplish these tasks. COMM is on schedule to complete the initiative by 31 December 2016.</p> <p>Initial ECD: December 2016</p>
<p>(U//FOUO) Recommendation ADFSW-15-1027 for ADF/SW/MSD: Monitor the sufficiency of ADF-SW's EAP remote services schedule for a period of 12 months; based on data collected, document analysis and determine if adjustments are warranted.</p>	<p>MOD/MS&O</p>	<p>(U) MS&O has monitored the sufficiency of ADF-SW's EAP remote services for a period of 12 months and is now analyzing the data to determine if adjustments are warranted. OIG anticipates a coordinated MOD/MS&O status memo in October.</p> <p>Initial ECD: TBD (Closure actions impacted by the NRO Operations Transformation transition.)</p>
<p>[Redacted]</p>	<p>MOD/MS&O</p> <p>(b)(1) (b)(3)</p>	<p>(U) OIG anticipates a coordinated MOD/MS&O status memo in October.</p> <p>Initial ECD: TBD (Closure actions impacted by the NRO Operations Transformation transition.)</p>
<p>(U//FOUO) Recommendation ADFSW-15-2002 for D/MOD: Develop and publish directorate-level guidance and/or policy for all of the NRO Innovation Centers for inclusion in the NBF 60 and/or ND 60-1.</p>	<p>MOD/MS&O</p>	<p>(U) OIG anticipates a coordinated MOD/MS&O status memo in October.</p> <p>Initial ECD: TBD (Closure actions impacted by the NRO Operations Transformation transition.)</p> <p>Current ECD: December 2017</p>
<p>(U//FOUO) Recommendation ADFSW-15-2003 for D/MOD: Develop and publish directorate-level guidance and/or policy for [Redacted]</p>	<p>MOD/MS&O</p> <p>(b)(3)</p>	<p>(U) NROC published the NRO MOD Enterprise Operations [Redacted] (b)(3)</p> <p>OIG anticipates a coordinated MOD/MS&O status memo in October.</p> <p>Initial ECD: TBD (Closure actions impacted by the NRO Operations Transformation transition.)</p> <p>Current ECD: December 2017</p>
<p>(U//FOUO) Recommendation ADFSW-15-2004 for D/MOD: Develop and publish directorate-level guidance and/or policy for [Redacted] for inclusion in the NBF 60 and/or ND 60-1.</p>	<p>MOD/MS&O</p> <p>(b)(3)</p>	<p>(U) OIG anticipates a coordinated MOD/MS&O status memo in October.</p> <p>Initial ECD: TBD (Closure actions impacted by the NRO Operations Transformation transition.)</p> <p>Current ECD: December 2017</p>
<p>(U//FOUO) Recommendation ADFSW-15-2005 for D/MOD: In NI 60-1-1, clarify the definition and intent of the term "event awareness" in association with submitting written SITREPs.</p>	<p>MOD/MS&O</p>	<p>(U) OIG anticipates a coordinated MOD/MS&O status memo in October.</p> <p>Initial ECD: TBD (Closure actions impacted by the NRO Operations Transformation transition.)</p>
<p>(U//FOUO) Recommendation ADFSW-15-2006 for D/MOD: In NI 60-1-1, define a long-term system outage, the frequency of required updates, and to whom the updates will be reported.</p>	<p>MOD/MS&O</p>	<p>(U) OIG anticipates a coordinated MOD/MS&O status memo in October.</p> <p>Initial ECD: TBD (Closure actions impacted by the NRO Operations Transformation transition.)</p>

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