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Investigations of Senior Officials

INSPECTOR GENERAL

U.S. Department of Defense

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Report of Investigation

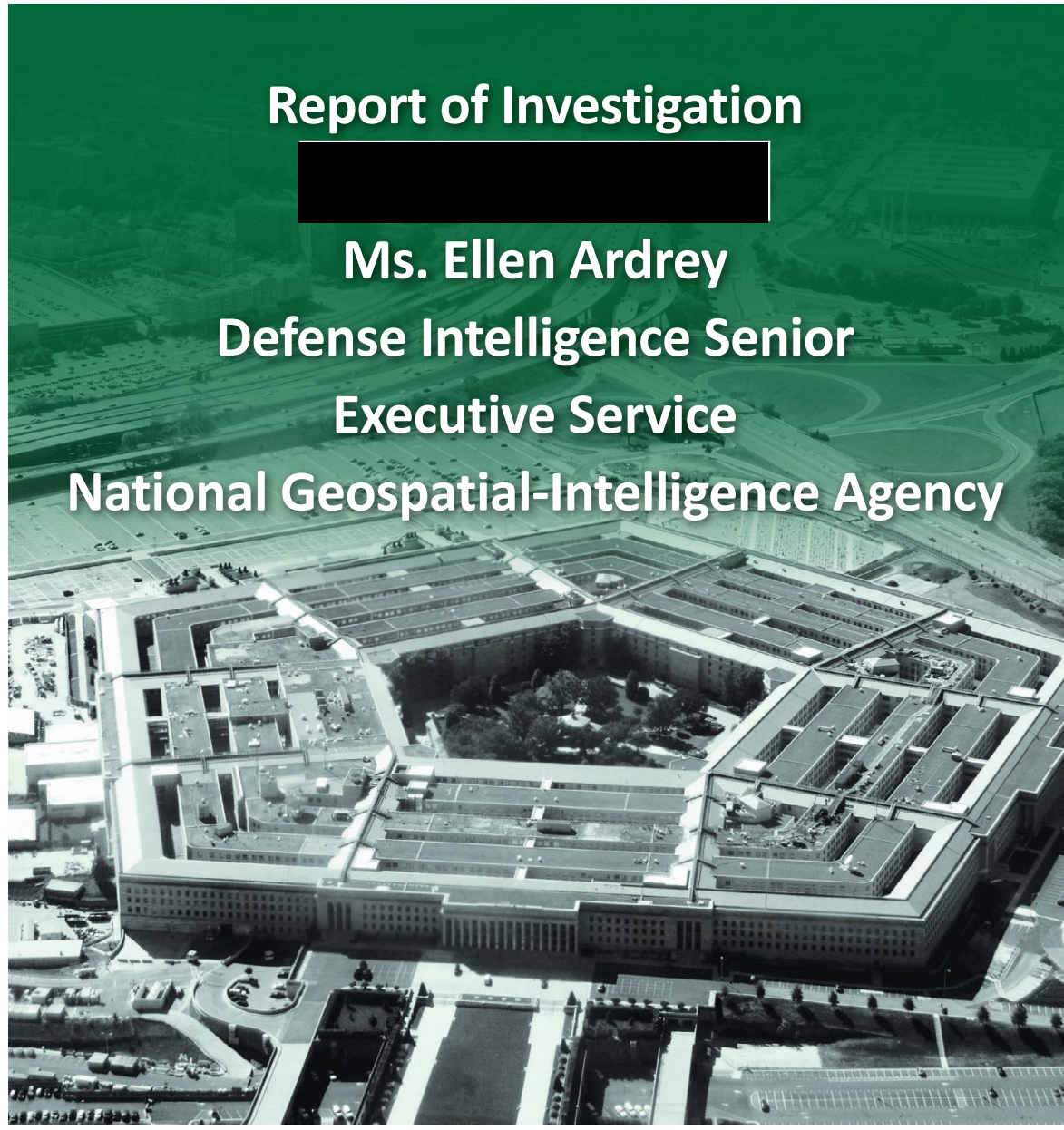


Ms. Ellen Ardrey

Defense Intelligence Senior

Executive Service

National Geospatial-Intelligence Agency



INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE

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REPORT OF INVESTIGATION:
[REDACTED] MS. ELLEN ARDREY
DEFENSE INTELLIGENCE SENIOR EXECUTIVE SERVICE
NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY

I. INTRODUCTION AND SUMMARY

Complaint Origin and Allegations

We initiated this investigation into a series of anonymous complaints alleging that Ms. Ellen Ardrey, Defense Intelligence Senior Executive Service (DISES), while serving as Director of the Human Development Directorate (HD), National Geospatial-Intelligence Agency (NGA), circumvented DoD policy and wasted government resources in her management of NGA's Voluntary Early Retirement Authority and Voluntary Separation Incentive Payments.¹ The complaints asserted that Ms. Ardrey improperly permitted NGA senior officials to downgrade to non-senior official positions within the agency for one pay period, and then paid them \$40,000 each as buyout incentives to leave the agency without obtaining required approval from the Undersecretary of Defense for Personnel and Readiness (OUSD(P&R)).

We added [REDACTED], as a subject of this investigation on April 18, 2018, based on e-mails indicating [REDACTED] was potentially aware of Ms. Ardrey's plan to circumvent DoD policy, and that he approved recommending the plan to the NGA Director.²

If substantiated, these actions would violate standards summarized throughout this report. We present the applicable standards in full and a summary of matters not investigated in the Appendix to this report.

Scope and Methodology of the Investigation

During our investigation, we interviewed 16 witnesses, and reviewed over 31,000 e-mails and documents. Documentary evidence showed that seven NGA senior officials in Fiscal Year (FY) 2017 downgraded from a senior official position to a non-senior official position for one pay period before each retired from NGA with a \$40,000 retirement buyout incentive. Witnesses interviewed included the subjects; the current NGA HD director; two other NGA component directors; seven subject matter experts (SMEs); and four NGA employees who implemented voluntary buyout incentive programs for NGA senior officials at Ms. Ardrey's direction.

¹ Ms. Ardrey is a member of Defense Intelligence Senior Executive Service. Under the Defense Civilian Intelligence Personnel System, Defense Intelligence Senior Executive Service and Defense Intelligence Senior Level employees are comparable to Senior Executive Service employees. Voluntary Early Retirement Authority and Voluntary Separation Incentive Pay are described in more detail in this Section and throughout this report.

² [REDACTED]

Documentary evidence we reviewed included official e-mails, documentation related to requests from seven NGA senior officials to downgrade to non-senior official positions, their applications to receive a retirement buyout incentive for leaving their new positions, NGA's FY 2016 and FY 2017 voluntary separation program documentation for senior and non-senior officials, and applicable standards.

On December 10, 2018, we provided Ms. Ardrey our Tentative Conclusions Letter (TCL) containing our preliminary conclusions for her review and comment before we finalized our report. On December 27, 2018, Ms. Ardrey provided us with her response to our preliminary conclusions. We carefully considered Ms. Ardrey's comments, re-examined our evidence, and include her comments, in part, throughout this report.³ We did not change our conclusions.

Conclusions

We substantiated the allegation that Ms. Ardrey circumvented DoD policy and wasted government resources. Ms. Ardrey's circumvention of policy resulted in a cost to the government of \$280,000.

We did not substantiate this allegation regarding [REDACTED].

We summarize our conclusion in this Introduction and Summary, and provide the facts and analysis underlying these findings in Section III of this report.

To explain what Ms. Ardrey did and why it violated applicable standards, we first provide a brief overview of DoD's voluntary separation and buyout incentive programs, and the authorized circumstances for using buyouts to incentivize senior official positions.

DoD's voluntary separation programs are management tools that can be used alone or together to incentivize employees to voluntarily leave their positions, in order to avoid or lessen the impact of involuntary reductions that are necessary due to known budgetary shortfalls, to address positions that are no longer needed due to mission changes, or to bring different employee skill requirements into an agency. Voluntary Early Retirement Authority, also referred to as "early out" retirement, temporarily lowers the age and service requirements in order to increase the number of employees who are eligible for retirement during periods of substantial restructuring, reshaping, downsizing, or reorganization. Voluntary Separation Incentive Payments (VSIP), also known as a "buyout incentive," allows agencies that are downsizing or restructuring to offer employees lump-sum payments as an incentive to voluntarily retire or resign. Positions that are vacated due to Voluntary Early Retirement Authority and VSIP must be abolished or restructured. We refer to VSIP throughout this report as "buyout incentive."

Under DoD Instruction (DoDI) 1400.25 Volume 1702, an agency director can approve buyout incentive requests from non-senior officials, but the OUSD(P&R) must approve buyout incentive requests from senior officials. We concluded that Ms. Ardrey violated applicable standards because she

³ We recognized that summarizing Ms. Ardrey's response risked oversimplification and omission. Accordingly, we included Ms. Ardrey's comments throughout this report and provided her supervisor with Ms. Ardrey's full response to our TCL.

structured a plan for NGA to avoid submitting its senior official buyout incentive requests to OUSD(P&R) for approval as required.

We found that Ms. Ardrey told NGA leadership that in FY 16 she had submitted a number of senior official buyout incentive requests for OUSD(P&R) approval, but the process was “onerous” and “slow,” and after 10 months of waiting, OUSD(P&R) had approved only one of her requests. She also told NGA leadership, “The juice ain't worth the squeeze on this [submitting and waiting for OUSD(P&R) approval]” Ms. Ardrey wrote to NGA leadership, “My recommendation is that we NOT participate in the DoD process” that requires OUSD (P&R) approval for senior official buyout incentives. She advised NGA leadership that her proposed plan to downgrade the senior officials into non-senior official positions that were already vacant due to restructuring for one pay period before they retired would allow NGA, rather than OUSD(P&R), to be the approving authority to award buyout incentives to the departing senior officials.

Ms. Ardrey’s recommendation to award a buyout incentive for Employee 1 was an abuse of DoD’s VERA and VSIP authorities.⁴ Employee 1 told Ms. Ardrey that she was leaving NGA and relocating for family reasons, with or without a buyout incentive, but wanted to know if there was any kind of financial benefit she could receive on her way out of the agency. Additionally, Employee 1’s position was not targeted for restructuring or elimination. Therefore, there was no need for NGA to incentivize Employee 1 at a cost of \$40,000 to the government to leave her position, which is the primary purpose for buyout incentives. Ms. Ardrey wrote in an e-mail to NGA leadership that she recommended giving Employee 1 a buyout incentive anyway, for the purpose of “help[ing] defray out-of-pocket expenses” for Employee 1’s move to [REDACTED]. Covering relocation costs is not an approved reason for awarding a buyout incentive under DoD policy, and Ms. Ardrey’s e-mail established that her reason for recommending a buyout incentive was out of sympathy for Employee 1’s personal hardship, and not related to NGA’s mission transformation or organizational restructuring, which did not include Employee 1’s position.⁵

DoD policy also requires that buyout incentive requests be voluntarily initiated by the employee. While implementing her plan during FY 17, Ms. Ardrey assured Employees 2 through 7, before they had requested a buyout incentive, that if they voluntarily downgraded into non-senior official positions that NGA had already targeted for elimination and were vacant, NGA would pay them a \$40,000 buyout incentive to occupy the vacated positions temporarily and leave the agency. We found no evidence that these six senior officials performed duties associated with the positions after they downgraded into these already vacated non-senior official positions for one 2-week pay period. NGA paid each of them a \$40,000 buyout incentive to retire from the agency. Two of these senior officials noted on their downgrade request documents a prior awareness that they were doing it specifically with the expectation NGA would pay them a \$40,000 buyout incentive.

Ms. Ardrey told us that she believed there was no law or policy that prohibited her buyout incentive plan for these seven NGA senior officials. Ms. Ardrey stated that she previously used this plan successfully when she worked at another DoD intelligence agency, and that employees within her NGA HD directorate told her that the process she proposed was not prohibited. Ms. Ardrey told us that she recommended that NGA leadership use her senior official buyout incentive process as a method to

⁴ We refer to the seven NGA employees who received a buyout incentive as Employees 1 through 7.

⁵ We discuss Employee 1’s buyout incentive in detail in Section III of this report.

accelerate NGA's mission transformation. Ms. Ardrey also told us that the voluntary downgrade and the buyout incentive were two distinct processes. She said it was permissible for: (1) a senior official to downgrade, and (2) NGA to approve a buyout incentive request from a non-senior official employee.

However, DoD buyout incentive subject matter experts that we interviewed told us that Ms. Ardrey's downgrade and buyout incentive plan for senior officials was "gross mismanagement," "improper use of government resources," "looks like a shell game just to get them the opportunity to get an incentive," and would only make sense "if somebody wanted to get around the onerous approval process [through OUSD(P&R)] for getting a [buyout incentive] for senior officials." We agree. We concluded that Ms. Ardrey circumvented a required approval process that she believed was inconvenient and slow, and convinced NGA leadership to adopt her plan based on her human resources experience in multiple agencies. Although Ms. Ardrey asserted to us that the downgrade and the subsequent buyout incentives were two separate processes, we determined that Ms. Ardrey improperly promised buyout incentives in advance to seven senior officials before they applied for voluntary downgrade to non-senior official positions. Documents confirmed that six of the seven senior officials would not have downgraded to non-senior official positions without an advance promise that they would qualify for and receive a buyout incentive if they downgraded.⁶ Ms. Ardrey presented her plan to these senior officials and promised government funds for their buyout incentive before an approving official or agency legal counsel had reviewed the circumstances of these buyout incentive requests.

DoD requirements for authorized use of buyout incentives are clear. Buyout incentives are to be used in times of budget shortfalls or significant restructuring to meet mission needs, to help offset the adverse financial affect on personnel whose positions were being eliminated. None of these circumstances were occurring when Ms. Ardrey proposed her plan. Ms. Ardrey told us that NGA had no FY 17 plans to restructure any of its senior official positions to meet mission needs. Thus, there was no restructuring or budget shortfall reason for NGA to offer buyout incentives to the seven senior officials who followed Ms. Ardrey's plan to downgrade from their positions. None of those positions were being restructured or eliminated, therefore none of the senior officials in those positions were in need of a buyout to offset adverse financial impact from NGA actions.

Additionally, the non-senior official positions Ms. Ardrey downgraded them into were already targeted for elimination through restructuring and were vacant. One of the buyout incentive SMEs we interviewed said that "Vacant positions that are already targeted for elimination or restructuring should not be filled but they should be eliminated or restructured." He further stated, "[NGA] had no need to put them [the downgraded senior officials] into those positions and then spend the money to get them out of them again a pay period later. . . . I have never seen this before in my life." Ms. Ardrey's plan re-encumbered these already vacant positions temporarily and caused NGA to award each of the senior officials a \$40,000 buyout incentive to vacate those positions as they departed the agency.

Although NGA leadership directed her to do so, Ms. Ardrey never provided the details of her plan to NGA's Office of General Counsel (OGC). She merely asked NGA OGC to confirm that the document NGA HD developed to record the downgrade was appropriate. Consequently, neither NGA OGC nor DoD OGC performed a legal sufficiency review of the buyout incentive plan. Although Ms. Ardrey told us that ". . . no concerns were raised by any of the policy experts" about her proposed

⁶ Due to personal reasons, Employee 1 was already planning to relocate, and would have separated from NGA with or without the buyout incentive.

plan, Ms. Ardrey could not provide us with any evidence that she presented her plan to NGA OGC, or to any approving officials or SMEs outside of NGA, such as OUSD(P&R), the Office of the Under Secretary of Defense, Intelligence (OUSD(I)), or the Office of Personnel Management (OPM), before she recommended it to NGA leadership. The NGA Director, unaware that Ms. Ardrey had not vetted her plan with appropriate officials as directed, relied on Ms. Ardrey as his senior advisor on human resource matters when he followed her advice. She assured him that her plan was permissible and that he had authority to approve the senior official voluntary downgrade requests and the \$40,000 buyout incentive for each of the seven employees. Accordingly, we substantiated the allegation that Ms. Ardrey circumvented DoD policy. Her plan wasted \$280,000 in government resources to pay unnecessary and improperly authorized buyout incentives.

We did not substantiate this allegation against [REDACTED]. We found evidence that [REDACTED] specifically directed Ms. Ardrey to submit her plan to NGA OGC for review and to “stay on the right side of the law.” He further directed that all NGA personnel involved in designing and implementing NGA’s buyout incentive plan understand the rules and correctly apply them. He designated Ms. Ardrey to “have the pen to write the specific implementation [of the buyout incentive plan]”. However, Ms. Ardrey did not follow [REDACTED] direction to present her plan to NGA OGC. We determined that [REDACTED] reasonably relied on Ms. Ardrey’s experience as a senior official and NGA HD Director, and her assurance to NGA leadership that the plan complied with applicable standards and she had used this plan successfully at a different DoD intelligence agency. Accordingly, we concluded that [REDACTED] did not circumvent DoD policy or waste government resources when he relied on Ms. Ardrey’s advice and recommended to the NGA Director that NGA implement Ms. Ardrey’s plan.⁷

Ms. Ardrey’s Response to our Tentative Conclusions Letter

In her response to our Tentative Conclusion Letter (TCL), Ms. Ardrey wrote:

The investigation’s preliminary conclusion is based on inference and opinion, with insufficient evidence to substantiate intentional circumvention of DoD policy. The recommendations I developed for the NGA Director’s consideration were consistent with policy and followed established authorities.

We gave Ms. Ardrey’s TCL response the broadest consideration and re-examined the facts of her buyout incentive plan. Her TCL response re-stated the explanations for her actions that she gave us during her interview. She did not provide any new facts that we had not considered and addressed in our preliminary conclusion. The requirements laid out in DoDI 1400.25 Volume 1702 for authorized use of buyout incentives were not met for any of the senior officials that Ms. Ardrey offered downgrade and buyout incentive to in FY17.

⁷ We also evaluated whether Mr. Cardillo, the NGA Director, committed misconduct. We found no evidence that led us to suspect Mr. Cardillo of possible misconduct. We found e-mails that demonstrated that Mr. Cardillo reasonably relied on Ms. Ardrey and other senior NGA leaders to implement and manage NGA’s buyout incentive program in compliance with rules and regulations. We found no evidence to indicate that Mr. Cardillo knew of or should have known the technical applications of buyout incentive human resources rules.

Although Ms. Ardrey asserted in her interview and TCL response that her plan targeted personnel in pay band (non-senior official) positions and therefore NGA could approve offering buyout incentives rather than OUSD(P&R), we found that NGA's offer to downgrade and receive buyout incentives were approved at the agency level and offered to senior officials while they were still in their senior official positions. NGA's documentation for the downgrades shows they were effective in September 2017. However, NGA's e-mail titled "Senior Opportunity: Moving Forward" advised these senior officials that their future downgrade and VSIP were approved in July 2017, while they were still senior officials. Ultimately, the only positions affected and vacated by the downgrade and VSIP offer were NGA senior official positions. The pay band (non-senior official) positions that Ms. Ardrey moved the six senior officials into for one pay period before retirement were already vacant, and she did not offer them VSIP after they were in their new positions. There was no reason to pay \$40,000 in buyout incentives to make the pay band positions vacant for a second time. Ms. Ardrey's plan was not intended to vacate pay band (non-senior official) positions – these were already vacant. Her plan was to vacate six senior official positions without seeking or obtaining approval from OUSD(P&R) to offer these senior officials buyout incentives, which the applicable standard requires.

We stand by our conclusion that Ms. Ardrey circumvented DoD policy, wasted government resources, and that her circumvention of policy resulted in a cost to the government of \$280,000. The following sections of this report present our findings and conclusions in more detail, and the evidence on which they are based.⁸

II. BACKGROUND

[REDACTED]

[REDACTED]

Ms. Ellen Ardrey

Ms. Ardrey served as NGA's HD Director from February 2015 until September 2017. She collaborated with NGA leadership to create and sustain a human resource system aligned with the NGA organizational culture and business strategy. Ms. Ardrey designed and implemented policies and programs to attract support, develop, and "keep a diverse and highly capable workforce." In September 2017, Ms. Ardrey assumed her current duties as NGA's Associate Director for Support.

⁸ We based our conclusions on a preponderance of the evidence, consistent with our normal process in administrative investigations.

National Geospatial-Intelligence Agency

The National Geospatial-Intelligence Agency is the nation's primary source of geospatial intelligence for the DoD and the U.S. Intelligence Community. Geospatial intelligence is the exploitation and analysis of imagery and geospatial information that describes, assesses, and visually depicts physical features and geographically referenced activities on Earth. As a DoD Combat Support Agency and a member of the U.S. Intelligence Community, NGA provides geospatial intelligence in support of U.S. national security, defense, and disaster relief. Mr. Robert Cardillo, the current NGA Director, assumed his duties on October 3, 2014.

Buyout Incentives

Buyout incentives are management tools used during periods of substantial restructuring, reshaping, downsizing, or reorganization due to budget shortfalls, to address positions that are no longer needed due to mission changes, or to bring different employee skill requirements into an agency. Buyout incentives allow agencies that are downsizing or restructuring to offer employees financial incentives to voluntarily retire or resign.

OPM and DoD policy have the same buyout incentive eligibility requirements; however, there are different approval authorities within DoD for senior officials and non-senior officials. DoD policy states that the OUSD (P&R) is the approval authority for senior official buyout incentive requests. DoD policy allows a "local installation commander or activity [agency] head" to approve non-senior official buyout incentive requests. As an agency head, Mr. Cardillo can approve buyout incentive requests from non-senior officials. He cannot approve such requests from senior officials.

III. ANALYSIS OF ALLEGATIONS

Chronology of Significant Events

Table 1 lists the significant events related to this investigation.

Table 1. Chronology of Significant Events

Date	Event
Oct. 5, 2015	NGA announces FY 16 buyout incentive offering for senior officials.
Nov. 19, 2015	NGA submits five senior official buyout incentive requests to OUSD(P&R).
Sep. 14, 2016	OUSD (P&R) approves one NGA senior official buyout incentive request. The other four NGA senior officials withdrew their request at various stages in the process.
Nov. 2016	Ms. Ardrey and HD staff explore "creative and flexible uses" of buyout incentive.
Feb. 13, 2017	Ms. Ardrey recommends that NGA use her buyout incentive process for senior officials in FY 17 rather than the process that requires OUSD (P&R) approval for senior official buyout incentive requests used in FY 16. In reference to the OUSD (P&R) process, Ms. Ardrey tells NGA

	leadership, “The juice ain’t worth the squeeze on this”
April 3, 2017	Ms. Ardrey recommends first use of her buyout incentive process to approve a request from one NGA senior official.
June 6, 2017	Ms. Ardrey recommends offering her buyout incentive downgrade process to all senior officials.
June 30, 2017	██████████ notifies all NGA senior officials of “unique opportunity.”
July 25, 2017	Ms. Ardrey notifies six senior officials that their downgrade and buyout incentive requests are approved.
July 27 – Sep. 7, 2017	DoD Hotline receives four anonymous complaints against Ms. Ardrey.
Sep. 11, 2017	DoD OIG initiates this investigation with Ms. Ardrey as a subject.
Sep. 17, 2017	NGA downgrades six more NGA senior officials to non-senior official positions.
Sep. 30, 2017	NGA retires six NGA senior officials from non-senior official positions.
April 18, 2018	DoD OIG adds ██████████ as a subject of this investigation.

NGA’s HD employees told us that the events described in this report took place in the context of an aggressive effort to “transform” NGA’s workforce using various available human resources management tools, including buyout incentives. In the following section, we first provide the general NGA “transformation” context, and then present which management tools NGA HD used and how Ms. Ardrey recommended that NGA should apply them to seven NGA senior officials.

NGA Transformation

On November 15, 2015, the Secretary of Defense issued a memorandum that announced, as one of his top priorities, the importance of maintaining DoD’s “competitive edge in human capital.” The Secretary of Defense directed that DoD should “update and adapt the Department’s . . . civilian personnel systems to account for new conditions affecting workforce markets, generational change, and innovative new practices in people and talent management”

NGA leadership recognized that because of advancing technologies, commercial industry was close to offering comparable or better geospatial intelligence to NGA’s customers than NGA could offer. NGA leaders were concerned that advances in commercial industry could diminish NGA’s relevancy. In an effort to address this threat from commercial industry, NGA’s transformation efforts were a constant theme during the timeframe discussed in this report.

As part of the transformation effort, NGA leadership decided that the agency needed to recruit a more “technically savvy workforce.” NGA leadership viewed buyouts as a “first step in helping to shape the workforce of the future.” On February 14, 2017, NGA finalized a plan to use buyouts to help with the NGA mission transformation. The plan made 145 work roles eligible for buyout incentives and excluded 22 work roles.⁹

⁹ NGA, as part of its transformation process managed their work force, and addressed VSIP implementation in terms of work roles, which is an equivalent term for job series in most government civilian agencies.

Use of Buyout Incentive Authority for Senior Officials

FY 2016

Buyout Incentive for Senior Officials

On October 5, 2015, Mr. Cardillo e-mailed NGA senior officials and informed them:

To support workforce restructuring and focus on evolving NGA's mission, I have directed HD to initiate the process and take the steps necessary to extend [buyout incentive to senior officials] . . . who are currently eligible for full retirement.

Mr. Cardillo told his senior officials that NGA planned for the approval of all NGA senior official buyout incentive submissions by "mid-January 2016." By November 2, 2015, five NGA senior officials submitted buyout incentive requests to NGA HD.

On November 19, 2015, Ms. Ardrey submitted the five NGA senior official buyout incentive requests for approval by OUSD(P&R) through OUSD(I) and Washington Headquarters Services (WHS). On December 21, 2015, OUSD(I) favorably endorsed the buyout incentive request. On April 15, 2016, WHS favorably endorsed the buyout incentive request.¹⁰ On September 14, 2016, OUSD(P&R) approved the buyout incentive request for one NGA senior official.¹¹ Ten months had elapsed between NGA's request and OUSD(P&R) approval.¹²

NGA leadership was concerned with the length of time it took to get final approval from OUSD(P&R) for the FY 2016 NGA senior official buyouts.¹³ Ms. Ardrey told us, ". . . we were on a fast track for transformation, and this was not moving as fast as our Director would have liked." She stated that Mr. Cardillo was "channeling . . . the frustration from the executives that were in this process . . . he had an expectation and led them to believe . . . that this wasn't going to be a 10-month process."

FY 2017

In November 2016, Ms. Ardrey and her HD staff explored "creative and flexible uses" of buyout incentives. She told us that the Secretary of Defense's November 2015 memorandum entitled "Force of the Future: Maintaining our Competitive Edge in Human Capital" directed DoD to "look for innovative new practices and people in talent management." Ms. Ardrey told us that she was leading NGA's efforts

¹⁰ The forwarding endorsement was for three senior officials. The senior officials associated with the other two requests withdrew from the original request for personal reasons.

¹¹ Two NGA senior officials retired after WHS' April 15, 2016, favorable endorsement and before final approval by OUSD(P&R).

¹² NGA restructured the position associated with the senior officials whose request was approved to "rebalance" NGA's senior level workforce and to "redistribute allocations internally to ensure more effective mission management."

¹³ NGA's FY 2016 senior official buyout incentive offering followed DoD policy for members of the senior executive service as set out in DoDI 1400.25, Volume 1702, "DoD Civilian Personnel Management System: Voluntary Separation Programs."

to “completely re-think human capital, soup to nuts.” Ms. Ardrey stated:

our traditional way, historic way of doing business wasn't getting us what the director wanted as fast as he wanted, wasn't resulting in the kind of a workforce that he believed we needed to be competitive . . . we needed to start doing things differently. . . . And so we really were -- internal to NGA, we were moving some cheese, and it was not popular. But it was driven by mission and the need. So I was looking for all kinds of creativity. . . . In all areas.

On December 18, 2016, [REDACTED] e-mailed Ms. Ardrey and other NGA leaders and told them to start planning NGA's FY 2017 buyout incentives. [REDACTED] wrote, “. . . we [will] consider our options for [buyout incentives], which is one of our few force shaping tools.” [REDACTED] also wrote that it was “imperative to re-tool and re-vamp our team to be ready for the future and our ability to lead and leverage the [geospatial intelligence] revolution.” [REDACTED] asked Ms. Ardrey:

I see the base piece of this, and the first information that we need to come from HD – what are the rules? What can we do to achieve the strategic effect that we desire? What can we do to free ourselves from the past practices that may not be what we need going forward? I believe that this needs to be an agency-wide approach.

On February 5, 2017, [REDACTED] e-mailed Ms. Ardrey and other NGA leaders:

We owe the Director, this week, a proposal on [buyout incentives]. . . . The work that we have done about skill sets is very helpful. We need to convert that into our specific implementation plan that is executable, legal, and explainable. [Ms. Ardrey], you will be the lead on the implementation plan. *We need to be very careful that we stay on the right side of the law on this. It is imperative that we do this correctly and apply the rules that limit how we make decisions and actually make offers* (Emphasis added). All who are involved in designing our implementation need to understand the rules. [Ms. Ardrey], this is why you must have the pen to write the specific implementation. GC [General Counsel] help will be important. . . . We want to create the greatest amount of flexibility to reshape our team for our future, consistent with the arcane rules that come with [buyout incentives].

FY 2017 Buyout Incentive for Senior Officials

On February 13, 2017, Ms. Ardrey e-mailed [REDACTED] in reference to a senior official buyout incentive. Ms. Ardrey wrote:

In conjunction with [non-senior official buyout incentives], we should also consider whether or not we want to offer a [senior official buyout incentive]. *My recommendation is that we NOT participate in the DoD process – this is informed by last year's 10 month, 1/6th success rate. The juice ain't worth the squeeze on this . . .* (Emphasis added.). Should they consider voluntary downgrade to [a non-senior position] in a work role identified for [buyout incentives], they would be eligible for the incentive and would depart on 30 April.

When we asked an NGA HD senior official if Ms. Ardrey's buyout incentive plan was consistent with policy, she told us:

I would say it's okay because they are subject to the agency's decision. If the agency does not guarantee something right? I don't know what is going to happen tomorrow. I could take a voluntary downgrade and you could cancel the [buyout incentives]. I'm still a [non-senior official]. . . . I mean there's no guarantee in anything that we do. If being there makes me potentially eligible to do something that I might be interested in doing, there's no guarantee. So I don't see a problem with that. Unless the policy says, you can't do it. But I don't see anywhere in the policy that it prohibits me from applying if I'm in a band five position, if I moved there recently, which is effectively two different things.

An NGA HD employee told us that she researched the possibility of a senior official requesting [a buyout incentive] after a voluntary downgrade. The NGA HD employee told us she "could not find any particular guidance that prohibited" a senior official employee from requesting [a buyout incentive] after a voluntary downgrade. The NGA HD employee told us she knew that Ms. Ardrey had worked in the personnel office at another DoD intelligence agency and that Ms. Ardrey told her, "this may be an opportunity, or this may be innovative for us" and that another DoD intelligence agency "has done this and they do this quite frequently."

Ms. Ardrey told us:

I was looking for flexibilities anywhere, and my mantra I would characterize as don't tell me what the policy says; tell me what it doesn't say, because that gives us flexibility.

Ms. Ardrey stated, "Given both processes [voluntary downgrade and buyout incentive] were consistent with current policies and procedures, no concerns were raised by any of the policy experts."

Ms. Ardrey also told us that when she recommended that NGA offer her downgrade and buyout incentive plan to all NGA senior officials, she knew that another DoD intelligence agency had implemented the downgrade process as early as 2008. Ms. Ardrey also stated that she considered the voluntary downgrade to a non-senior official and subsequent buyout incentive request as two separate processes. She told us:

There is a process and policy and practice that an individual at any grade, to include executive, can voluntarily downgrade -- request a voluntary downgrade. And it has been our practice to always permit that and execute it. . . . Two separate processes, and by participating in the voluntary downgrade, it is permissible as a [non-senior official] to participate in the same processes as any other similarly situated [non-senior official] is permitted to participate.

Ms. Ardrey added, "it was the idea [that] there were two processes, and you may wish to engage in one or both."

When we asked if Ms. Ardrey's downgrade and buyout incentive plan was two separate actions or two linked actions, [REDACTED] told us:

I think very clearly all the way back to February [2017] since we first started -- these two were linked. This was downgrade in order to [receive a buyout incentive]. And yes, is there some possibility that once you downgraded that something could go wrong? Sure, that could have happened. *But this was intended to have people go from senior to [a non-senior official position] to [receive a buyout incentive]. I mean I'm -- it was combined, it was linked.* (Emphasis added.)

[REDACTED] told us Ms. Ardrey's buyout incentive plan was not "formally staffed to my knowledge, and I'm very certain about this. There wasn't a staffed package with, you know, a chop chain on it and coordination." We asked [REDACTED] why the senior official downgrade process was not staffed and he told us, "I'd say it's consistent with the way that we do things. Small -- a decision that didn't, you know, greatly impact hundreds or thousands of people, relatively small dollars associated with it, some desire to do it as expeditiously as we could." We asked [REDACTED] if he viewed Ms. Ardrey as the subject matter expert for the downgrade and buyout incentive process and he told us "absolutely," and that Ms. Ardrey had a "significant amount" of HD experience in DoD. [REDACTED] told us that Ms. Ardrey:

assured me that it was allowable, and she said that she had exercised this method in the past. . . . which, one, if she said it's allowable, I'm pretty confident in that, again, because I put a lot of stock in her expertise, she's got good people and [the] human development directorate who advise her, and she's got good skills herself; and then, when she said there was precedent, she had done this successfully before, that was reinforcing to me.

[REDACTED] told us, "I don't know if the General Counsel was involved." He added, "I don't specifically remember if we did it in this case."

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By e-mail dated April 6, 2017, an NGA OGC attorney evaluated a request from HD to review the voluntary downgrade form that HD subsequently used for all seven NGA senior officials when they downgraded to a non-senior official position.¹⁴ The attorney had "no legal objections" against using the form to document the downgrade from a senior official to non-senior official position. The sole purpose of the form was to document the voluntary downgrade process. The form did not discuss the subsequent separation from NGA or the intended \$40,000 VSIP payment. The NGA OGC legal review of the downgrade form did not evaluate Ms. Ardrey's complete buyout incentive plan.

¹⁴ The voluntary downgrade form was an NGA-produced document. In the forms, the employees acknowledged their voluntary requests to downgrade to non-senior positions. The forms also included the non-senior official positions the senior officials would move to and a statement that their new rates of pay could not exceed the maximum pay rate for their new pay-banded positions.

When we asked whether his office reviewed Ms. Ardrey's plan, the NGA General Counsel told us, "I have not had any personal involvement in this matter." He added:

NGA OGC's involvement was limited to opining about the potential application of certain ethics rules regarding post-government employment to these employees, and not a legal review of these [buyout incentive] award decisions or [evaluation of] the propriety of (1) allowing an employee in a [senior official] position to downgrade to a [non-senior official position] and (2) giving the employee a [buyout incentive] award after serving in the [non-senior] position for 1-pay period.

Ms. Ardrey told us, "... the first one that we did, [Employee 1], was staffed with OGC in every -- every step of the way." Ms. Ardrey also told us that, "once it was approved by OGC the first time that we did it [the downgrade and buyout incentive plan], then there was no need to subsequently use the same [legal review] process. Right, they approved the process and had looked at it and said, 'yep, this is good to go,' and then we just implement the same process." When asked how NGA OGC communicated their approval of her plan, she told us "in a package, a staff package." When we asked Ms. Ardrey who she talked to in NGA OGC she told us that, "I didn't talk to them directly." Ms. Ardrey told us that she relied upon her staff to coordinate with NGA OGC.

After our interview with Ms. Ardrey, we sent her three follow-up e-mails. In the first e-mail, we asked Ms. Ardrey for any NGA OGC staffing package and comments relating to her downgrade and buyout incentive plan. In her response, she referred us to the April 6, 2017, e-mail from the NGA OGC attorney that discussed the voluntary downgrade form. She also told us "all other advice and counsel was verbal." In our second followup e-mail, we asked Ms. Ardrey if she recalled the NGA OGC attorney who gave the verbal advice and to whom the NGA OGC attorney provided the advice. She told us, "in addition to the formal OGC coordination on the package previously forwarded [the voluntary downgrade form package], verbal advice, and counsel was primarily from policy experts." In our third followup e-mail, we asked Ms. Ardrey if she had the names of the attorneys she spoke with as well as the timeframe and context of the conversations. She told us, "My subsequent document review/inquiries to our legal staff did not result in any additional attorney names [that HD consulted]."

No witnesses, including Ms. Ardrey, provided us information showing that Ms. Ardrey or other NGA HD personnel vetted Ms. Ardrey's downgrade and buyout incentive plan with NGA's OGC or with buyout incentive experts outside of NGA, such as USD(P&R), USD(I), or the Office of Personnel Management (OPM).

First Use of Ms. Ardrey's Downgrade and Buyout Incentive Process

Table 3 shows the details of the first NGA senior official to downgrade to a non-senior position and then retire with a \$40,000 buyout incentive.

Table 3. Chronology of First Senior Official to Use Ms. Ardrey's Buyout Incentive Plan

Date	Event
Jan. 22, 2017	NGA reassigns Employee 1 from [REDACTED], to [REDACTED].
Feb. 2017	Ms. Ardrey learns that Employee 1 is interested in reassignment back to [REDACTED] for personal reasons.

March 2017	Employee 1 learns there are no available senior positions in [REDACTED].
March 2017	Employee 1 learns she can voluntarily downgrade to non-senior position and return to [REDACTED].
April 3, 2017	Employee 1 asks Ms. Ardrey if she would qualify for a VSIP.
April 3, 2017	Ms. Ardrey recommends to [REDACTED] that Employee 1 receive a buyout incentive to "help defray out-of-pocket expenses" for Employee 1's move to NGA's [REDACTED] location.
April 4, 2017	Mr. Cardillo approves Employee 1's buyout incentive request on Ms. Ardrey's advice.
April 12, 2017	Employee 1 signs voluntary downgrade form.
April 16, 2017	Employee 1 downgrades to a non-senior official.
April 30, 2017	Employee 1 retires.
April 30, 2017	NGA approves Employee 1's \$40,000 buyout incentive.

On January 22, 2017, NGA reassigned Employee 1 from the NGA office in [REDACTED], to the NGA office in [REDACTED]. Ms. Ardrey told us that during February 2017 she first learned that Employee 1 wanted to return to [REDACTED], for personal reasons. Ms. Ardrey told us that by March 2017, she knew that Employee 1 remained interested in returning to [REDACTED]. Ms. Ardrey told us that HD told Employee 1 that there were "no senior positions in [REDACTED]." Employee 1 asked HD what positions were open in [REDACTED] and HD told her that she could voluntarily downgrade to a non-senior official position and return to [REDACTED]. Ms. Ardrey told us that by April 2017, Employee 1 decided to retire from NGA. On April 3, 2017, Employee 1 asked Ms. Ardrey if she would qualify for a buyout incentive. On the same day, Ms. Ardrey e-mailed [REDACTED] and recommended that NGA offer Employee 1 a buyout incentive to "help defray out-of-pocket expenses" for Employee 1's move to NGA's [REDACTED] location. On April 4, 2017, upon recommendation from Ms. Ardrey through [REDACTED], Mr. Cardillo approved Employee 1's buyout incentive request.

On April 12, 2017, Employee 1 signed the form requesting voluntary downgrade to a non-senior official position. On April 12, 2017, HD Executive Resources e-mailed Employee 1 and told Employee 1 about the details of the buyout incentive. On April 13, 2017, NGA HD e-mailed Employee 1 and told Employee 1, "This is to inform you that your [buyout incentive] application has been approved by NGA leadership and your retirement will be effective 30 April 2017 [after one pay period in the position]."

On April 16, 2017, Employee 1 voluntarily downgraded to a non-senior official position that was eligible for a buyout incentive under NGA's FY 2017 buyout incentive program. Employee 1 was the first NGA employee to voluntarily downgrade from a senior official position and subsequently take advantage of Ms. Ardrey's downgrade and buyout incentive plan. No one at NGA consulted with OUSD(P&R) or OUSD(I) about this process.

Ms. Ardrey told us that Employee 1 was "personal friends with 180 of the 220 [NGA senior officials]" and that "every level" of NGA discussed Employee 1's voluntary downgrade and buyout incentive. Ms. Ardrey told us, "word spread like wildfire." Ms. Ardrey added that NGA senior officials were "clamoring" to the NGA Director, asking, "Robert [Cardillo], we had asked if you were offering a senior [buyout incentive]. You said no. [Employee 1] just retired. You lied to us. Why aren't you making this available to us? How does this all happen?"

Ms. Ardrey told us that the FY 2016 NGA senior official VSIP offering sent to OUSD(P&R) for approval “frustrated a lot of people and [had] been a . . . lot of work.” Ms. Ardrey stated that the FY 2016 senior official buyout incentive plan “tied up one of my employee’s time for 10 months. It was a lot of back and forth. And ultimately, . . . we only received permission for one position to be transformed [a buyout incentive].” Ms. Ardrey told us that NGA had no plan to re-structure senior official positions during FY 2017. Ms. Ardrey told us that NGA used her downgrade and buyout incentive plan because everyone knew how Employee 1 used it and that, “for transparency and fairness, we made everybody aware that there was an opportunity.”

Offering Ms. Ardrey’s Buyout Incentive Plan to All Senior Officials

On April 22, 2017, the Deputy Director, NGA, e-mailed Ms. Ardrey in reference to buyout incentives and told her, “would like to talk next about similar offering for seniors. Don’t quite know how that could work, but maybe another pilot?” On April 24, 2017, Mr. Cardillo asked the Deputy Director whether HD was tasked “to craft” a senior official VSIP option. The Deputy Director replied, “Yes on task to HD.”

Ms. Ardrey told us:

We felt that the only way to do this fairly would be to let everybody know there was this opportunity. Because the place was on fire about it, actually. I mean, everybody had heard and [said] “you said there was no senior [buyout incentive]. You lied to me. How did you let this person do it?” You know, “When is ours?”

On June 6, 2017, Ms. Ardrey prepared an e-mail for [REDACTED] to send to Mr. Cardillo. The draft e-mail contained three possible voluntary options for NGA “to accelerate our mission transformation.” The first option was the OUSD(P&R) approval process for senior official buyout incentives that NGA used in FY 2016. Ms. Ardrey wrote the following about the OUSD(P&R) process:

The application package is onerous and slow. Last year we submitted 9 packages . . . it took 11 months . . . and only 1 officer retired under this authority (everyone else got tired of waiting and just retired without the money).¹⁵

Ms. Ardrey recommended that NGA not repeat the OUSD(P&R) approval process. Ms. Ardrey also recommended against a second option that involved eliminating certain senior official positions.

Ms. Ardrey proposed the following (third) option in her e-mail.

Voluntary Downgrade: Senior requests to voluntarily downgrade to a [a non-senior position]. We place them into a position for which they are qualified and that is on our list to drawdown or modernize. They may then request to be considered for [a buyout incentive]. They would need to be off the rolls by 30 Sept, and could be offered the \$40K. RECOMMENDATION: this is entirely doable on a small scale.

¹⁵ The OUSD(P&R) approval process took almost 11 months.

On June 24, 2017, [REDACTED] forwarded Ms. Ardrey's three proposed options to Mr. Cardillo and recommended approval of the third option. Based on Ms. Ardrey's advice, [REDACTED] adopted all of Ms. Ardrey's proposed comments and added, "Of these 3, the last one (voluntary downgrade) is the most doable, most efficient, and will potentially yield the outcome that we are seeking. If we choose to pursue that option, it will require a communication effort, and a degree of sophistication."

On June 26, 2017, Mr. Cardillo replied and wrote, "[REDACTED], I do agree that option 3 is the only one worth considering. I would like to see the communication plan – or at least the language we would use to announce."¹⁶ In response to Mr. Cardillo's comments, Ms. Ardrey e-mailed [REDACTED] and wrote:

The whole point of this is that we DON'T announce . . . this is a voluntary downgrade requested by an officer, and oh by the way, now that you've downgraded, it's into a work role we're reshaping, so [a VSIP] is an option for you, should you wish to retire."

On June 30, 2017, [REDACTED] e-mailed all NGA senior officials and wrote, "Many of you are currently eligible for retirement or within 5 years of eligibility. If you are among this group, you may be able to take advantage of a unique opportunity. . . . Please contact . . . Ellen Ardrey by 15 July if you'd like to learn more about possible voluntary retirement options available in the near future." Six senior officials accepted the offer advertised in [REDACTED] June 30, 2017, e-mail.

On July 13, 2017, NGA's Executive Services, by e-mail, notified the six senior officials who had accepted the offer and told them about the status of their post-downgrade non-senior official position. On July 25, 2017, Ms. Ardrey sent an e-mail to the six NGA senior officials with the subject title, "Senior Opportunity: Moving Forward." Ms. Ardrey stated that "Robert [Cardillo] has approved your request to voluntarily downgrade, and subsequently depart on [a buyout incentive]." Ms. Ardrey told the six NGA senior officials their voluntary downgrade would be effective on September 17, 2017, and their retirement would be effective on September 30, 2017. Ms. Ardrey also told them, "NGA must also consider mission continuity and cannot wait until 30 Sept to backfill your position. You should expect an SON [senior opportunity notice] to be released in the coming weeks, while you are still in the position, in hopes of having a replacement named by 17 Sept."

On August 14, 2017, an NGA HD employee e-mailed the six employees and asked them to sign and return the voluntary downgrade form no later than August 22, 2017. This August 14, 2017, e-mail also stated that the six employees would downgrade to non-senior official positions on September 17, 2017, and retire on September 30, 2017. One employee wrote on the form that she was voluntarily downgrading "for the purpose of taking [a buyout incentive]" and another employee wrote on the voluntary downgrade form that he was voluntarily downgrading "to effect early out."

On September 17, 2017, the six employees downgraded to non-senior official positions. On September 30, 2017, the six employees retired. Each of the six employees served in a non-senior official position for one 2-week pay period. Also, on September 30, 2017, NGA HD documented that each of the six employees would receive a \$40,000 buyout incentive.

¹⁶ Ms. Ardrey was copied on [REDACTED] June 24, 2017, e-mail and received Mr. Cardillo's response.

Table 4 shows how NGA implemented Ms. Ardrey's plan for these six NGA employees.

Table 4. Timeline of Ms. Ardrey's Downgrade and Buyout Incentive Process

Employee	Downgrade Form	Downgrade Date	Retirement Date	\$40,000 VSIP approved
Employee 2	Aug. 29, 2017	Sept. 17, 2017	Sept. 30, 2017	Sept. 30, 2017
Employee 3	Aug. 31, 2017	Sept. 17, 2017	Sept. 30, 2017	Sept. 30, 2017
Employee 4	Aug. 30, 2017	Sept. 17, 2017	Sept. 30, 2017	Sept. 30, 2017
Employee 5	Aug. 31, 2017	Sept. 17, 2017	Sept. 30, 2017	Sept. 30, 2017
Employee 6	Aug. 28, 2017	Sept. 17, 2017	Sept. 30, 2017	Sept. 30, 2017
Employee 7	Aug. 29, 2017	Sept. 17, 2017	Sept. 30, 2017	Sept. 30, 2017

We asked NGA officials for information that showed that any of these six employees conducted work associated with their downgraded non-senior official positions during the single pay period before retirement. NGA officials could not produce the requested information or documents.

Buyout Incentive Subject Matter Experts Comment on Ms. Ardrey's Plan

We obtained the following opinions from buyout incentive experts when we asked them to comment on Ms. Ardrey's senior official downgrade and buyout incentive plan.

The [REDACTED], Defense Civilian Personnel Advisory Service, told us:

The intent of the program is not to remove people, it's to restructure your positions so that it's more effective for your organization. . . . you don't need to offer those . . . individuals any [buyout incentive] payment because they're already vacant. And so you would get rid of the positions and now you restructure them to something else. That's the point of the program. And so there's no reason – I mean, you wouldn't put a person into a position – if you've already identified that position as being a restructure position, you wouldn't move a person into it, because you know it's going away.

The [REDACTED], Defense Civilian Personnel Advisory Service, told us, "If they're going and moving people to positions that . . . they've already identified to be restructured and then turn around and giving [a buyout incentive] to them, that's a big red flag." We asked the witness if she was aware of any authorities that would prohibit NGA's action and she told us:

Not expressly written. But again, we go back to my earlier statement where the spirit and intent of [buyout incentive] authority that we have in DoD is to vacate positions so that they can be restructured or be used to avoid involuntary separation. If you have vacant positions that are encumbered for one pay period before a [buyout incentive] is awarded, that sounds like some gross mismanagement.

The [REDACTED], Human Resources Directorate, WHS, told us that Ms. Ardrey's buyout incentive plan:

is circumventing the whole point of a [buyout incentive] and the idea of DoD restructuring and saving money, because that's what this is all about in my opinion is some sort of efficiency. If you're going to pay somebody \$40,000, you're getting an efficiency somewhere else. It's not just an incentive.

The witness also told us:

The purpose [of a buyout incentive] is to allow maximum flexibility of management to restructure their positions and downsize . . . to allow management to offer the incentive to people to leave their roles voluntarily versus having to involuntarily separate people as we're restructuring and downsizing.

The [REDACTED], Human Capital Management Office, USD(I), was responsible for the policy and oversight of senior executive programs within the Defense Civilian Intelligence Personnel System, including NGA senior officials during the events presented in this report. When we asked [REDACTED] about NGA's use of Ms. Ardrey's buyout incentive plan, [REDACTED] told us:

That's kind of unbelievable. Vacant positions that are already targeted for elimination or restructuring should not be filled but they should be eliminated or restructured. What they've done . . . that these individuals were voluntarily moved from their [senior official] positions into one of the [non-senior official] positions that was already pre-identified for elimination or restructuring it looks like a shell game just to get them the opportunity to get an incentive, and it looks like improper use of government resources to me. Because again you only use separation incentives to incentivize somebody to leave their existing position so that you can then restructure or eliminate that position.

[REDACTED] added:

The important thing to remember about [a buyout incentive], it is an extraordinary authority. You're giving a lump-sum, cash payment to incentivize somebody to leave federal government service . . . And so you're paying government funds out in a lump-sum that is above and beyond normal compensation, and there has to be good justification for that. . . . It's something that is a management tool to achieve the goal of restructuring or downsizing and minimizing the impact, adverse impact on individuals.

We also asked the witness if [REDACTED] had ever seen a process like Ms. Ardrey's buyout incentive, and [REDACTED] told us, "I have not. And of course what you're telling me makes sense if somebody wanted to get around the onerous approval process" for getting a VSIP for a senior official. When we asked if Ms. Ardrey's buyout incentive plan was inappropriate, [REDACTED] told us:

Absolutely. Because the [non-senior official] positions themselves were vacant already before you put those [downgraded] bodies into them. You had no need to put them into those positions and then spend the money to get them out of them again a pay period later. . . . I have never seen this before in my life.

Conclusions on Circumventing DoD Policy and Waste of Resources

We substantiated the allegation that Ms. Ardrey circumvented DoD policy and wasted government resources. Ms. Ardrey's circumvention of policy cost the government \$280,000.

We did not substantiate this allegation against [REDACTED]

Under DoD policy, an agency director can approve buyout incentive requests from non-senior officials, but the OUSD(P&R) must approve buyout incentive requests from senior officials. We concluded that Ms. Ardrey violated applicable standards because she structured a plan for NGA to avoid submitting its senior official buyout incentive requests to OUSD(P&R) for approval as required. Ms. Ardrey told NGA leadership that in FY 16 she submitted a number of senior official buyout incentive requests for OUSD(P&R) approval, but the process was "onerous" and "slow," and after 10 months of waiting, OUSD(P&R) approved only one of her requests. She also told NGA leadership, "The juice ain't worth the squeeze on this [submitting and waiting for OUSD(P&R) approval]" Ms. Ardrey wrote to NGA leadership, "My recommendation is that we NOT participate in the DoD process" that requires OUSD (P&R) approval for senior official buyout incentives. She advised NGA leadership that her proposed plan to downgrade the senior officials into non-senior official positions that were already vacant due to restructuring for one pay period before they retired would allow NGA, rather than OUSD(P&R), to be the approving authority to award buyout incentives to the departing senior officials.

Ms. Ardrey's recommendation to award a buyout incentive for Employee 1 was an abuse of DoD's VERA and VSIP authorities. Employee 1 told Ms. Ardrey that she was leaving NGA and relocating for family reasons, with or without a buyout incentive, but wanted to know if there was any kind of financial benefit she could receive on her way out of the agency. Additionally, Employee 1's position was not targeted for restructuring or elimination. Thus, there was no need for NGA to incentivize Employee 1 at a cost of \$40,000 to the government to leave her position, which is the primary purpose for buyout incentives. Ms. Ardrey wrote in an e-mail to NGA leadership that she recommended giving Employee 1 a buyout incentive anyway, for the purpose of "help[ing] defray out-of-pocket expenses" for Employee 1's move to [REDACTED]. Covering relocation costs was not an approved reason for awarding a buyout incentive under DoD policy, and Ms. Ardrey's e-mail made it clear that her reason for recommending a buyout incentive was out of sympathy for Employee 1's personal hardship, and not related to NGA's mission transformation or organizational restructuring, which did not include Employee 1's position.

DoD policy also requires that buyout incentive requests be voluntarily initiated by the employee. While implementing her plan during FY 17, Ms. Ardrey assured Employees 2 through 7, before they had requested a buyout incentive, that if they voluntarily downgraded into non-senior official positions that NGA had already targeted for elimination and were vacant, NGA would pay them a \$40,000 buyout incentive to occupy the vacated positions temporarily and leave the agency. We found no evidence that these six senior officials performed duties associated with the positions after they downgraded into these already vacated non-senior official positions for one 2-week pay period. NGA paid each of them a \$40,000 buyout incentive to retire from the agency. Two of these senior officials noted on their downgrade request documents a prior awareness that they were doing it specifically with the expectation NGA would pay them a \$40,000 buyout incentive.

Ms. Ardrey told us that she believed there was no law or policy that prohibited her buyout incentive plan for these seven NGA senior officials. Ms. Ardrey stated that she previously used this plan successfully when she worked at another DoD intelligence agency, and that employees within her NGA HD directorate told her that the process she proposed was not prohibited. Ms. Ardrey told us that she recommended that NGA leadership use her senior official buyout incentive process as a method to accelerate NGA's mission transformation. Ms. Ardrey also told us that the voluntary downgrade and the buyout incentive were two distinct processes. She said it was permissible for: (1) a senior official to downgrade, and (2) NGA to approve a buyout incentive request from a non-senior official employee.

However, DoD buyout incentive subject matter experts that we interviewed told us that Ms. Ardrey's downgrade and buyout incentive plan for senior officials was "gross mismanagement," "improper use of government resources," "looks like a shell game just to get them the opportunity to get an incentive," and would only make sense "if somebody wanted to get around the onerous approval process [through OUSD(P&R)] for getting a [buyout incentive] for senior officials." We agree. We concluded that Ms. Ardrey circumvented a required approval process that she believed was inconvenient and slow, and convinced NGA leadership to adopt her plan based on her human resources experience in multiple agencies. Although Ms. Ardrey asserted to us that the downgrade and the subsequent buyout incentives were two separate processes, we determined that Ms. Ardrey improperly promised buyout incentives in advance to seven senior officials before they applied for voluntary downgrade to non-senior official positions. Documents confirmed that six of the seven senior officials would not have downgraded to non-senior official positions without an advance promise that they would qualify for and receive a buyout incentive if they downgraded. Ms. Ardrey presented her plan to these senior officials and promised government funds for their buyout incentive before an approving official or agency legal counsel had reviewed the circumstances of these buyout incentive requests.

DoD requirements for authorized use of buyout incentives are clear. Buyout incentives are to be used in times of budget shortfalls or significant restructuring to meet mission needs, to help offset the adverse financial affect on personnel whose positions were being eliminated. None of these circumstances were occurring when Ms. Ardrey proposed her plan. Ms. Ardrey told us that NGA had no FY 17 plans to restructure any of its senior official positions to meet mission needs. Thus, there was no restructuring or budget shortfall reason for NGA to offer buyout incentives to the seven senior officials who followed Ms. Ardrey's plan to downgrade from their positions. None of those positions were being restructured or eliminated, therefore none of the senior officials in those positions were in need of a buyout to offset adverse financial impact from NGA actions.

Additionally, the non-senior official positions Ms. Ardrey downgraded them into were already targeted for elimination through restructuring and were vacant. One of the buyout incentive SMEs we interviewed said that "Vacant positions that are already targeted for elimination or restructuring should not be filled but they should be eliminated or restructured." He further stated, "[NGA] had no need to put them [the downgraded senior officials] into those positions and then spend the money to get them out of them again a pay period later. . . . I have never seen this before in my life." Ms. Ardrey's plan re-encumbered these already vacant positions temporarily and caused NGA to award each of the senior officials a \$40,000 buyout incentive to vacate those positions as they departed the agency.

Although NGA leadership directed her to do so, Ms. Ardrey never provided the details of her plan to NGA's Office of General Counsel (OGC). She merely asked NGA OGC to confirm that the

document NGA HD developed to record the downgrade was appropriate. Consequently, neither NGA OGC nor DoD OGC performed a legal sufficiency review of the buyout incentive plan. Although Ms. Ardrey told us that “. . . no concerns were raised by any of the policy experts” about her proposed plan, Ms. Ardrey could not provide us with any evidence that she presented her plan to NGA OGC, or to any approving officials or SMEs outside of NGA, such as OUSD(P&R), the Office of the Under Secretary of Defense, Intelligence (OUSD(I)), or the Office of Personnel Management (OPM), before she recommended it to NGA leadership. The NGA Director, unaware that Ms. Ardrey had not vetted her plan with appropriate officials as directed, relied on Ms. Ardrey as his senior advisor on human resource matters when he followed her advice. She assured him that her plan was permissible and that he had authority to approve the senior official voluntary downgrade requests and the \$40,000 buyout incentive for each of the seven employees. Accordingly, we substantiated the allegation that Ms. Ardrey circumvented DoD policy. Her plan wasted \$280,000 in government resources to pay unnecessary and improperly authorized buyout incentives.

We did not substantiate this allegation against [REDACTED]. We found evidence that [REDACTED] specifically directed Ms. Ardrey to submit her plan to NGA OGC for review and to “stay on the right side of the law.” He further directed that all NGA personnel involved in designing and implementing NGA’s buyout incentive plan understand the rules and correctly apply them. He designated Ms. Ardrey to “have the pen to write the specific implementation [of the buyout incentive plan]”. However, Ms. Ardrey did not follow [REDACTED] direction to present her plan to NGA OGC. We determined that [REDACTED] reasonably relied on Ms. Ardrey’s experience as a senior official and NGA HD Director, and her assurance to NGA leadership that the plan complied with applicable standards and she had used this plan successfully at a different DoD intelligence agency. Accordingly, we concluded that [REDACTED] did not circumvent DoD policy or waste government resources when he relied on Ms. Ardrey’s advice and recommended to the NGA Director that NGA implement Ms. Ardrey’s plan.

Ms. Ardrey’s Response to our Tentative Conclusions Letter

In her response to our Tentative Conclusion Letter (TCL), Ms. Ardrey wrote:

The investigation’s preliminary conclusion is based on inference and opinion, with insufficient evidence to substantiate intentional circumvention of DoD policy. The recommendations I developed for the NGA Director’s consideration were consistent with policy and followed established authorities.

We gave Ms. Ardrey’s TCL response the broadest consideration and re-examined the facts of her buyout incentive plan. Her TCL response re-stated the explanations for her actions that she gave us during her interview. She did not provide any new facts that we had not considered and addressed in our preliminary conclusion. The requirements laid out in DoDI 1400.25 Volume 1702 for authorized use of buyout incentives were not met for any of the senior officials that Ms. Ardrey offered downgrade and buyout incentive to in FY17.

Although Ms. Ardrey asserted in her interview and TCL response that her plan targeted personnel in pay band (non-senior official) positions and thus, NGA could approve offering buyout incentives rather than OUSD(P&R), we found that NGA’s offer to downgrade and receive buyout incentives were approved at the agency level and offered to senior officials while they were still in their

senior official positions. NGA's documentation for the downgrades shows they were effective in September 2017. However, NGA's e-mail titled "Senior Opportunity: Moving Forward" advised these senior officials that their future downgrade and VSIP were approved in July 2017, while they were still senior officials. Ultimately, the only positions affected and vacated by the downgrade and VSIP offer were NGA senior official positions. The pay band (non-senior official) positions Ms. Ardrey moved the six senior officials into for one pay period before retirement were already vacant, and she did not offer them VSIP after they were in their new positions. There was no reason to pay \$40,000 in buyout incentives to make the pay band positions vacant for a second time. Ms. Ardrey's plan was not intended to vacate pay band (non-senior official) positions – these were already vacant. Her plan was to vacate six senior official positions without seeking or obtaining approval from OUSD(P&R) to offer these senior officials buyout incentives, which the applicable standard requires.

We stand by our conclusion that Ms. Ardrey circumvented DoD policy, wasted government resources, and that her circumvention of policy resulted in a cost to the government of \$280,000.

IV. OVERALL CONCLUSIONS

Ms. Ardrey circumvented DoD policy and wasted \$280,000 in government resources.

██████████ did not circumvent DoD Policy or waste government resources.

V. RECOMMENDATIONS

We make no recommendation regarding ██████████.

We recommend that the NGA Director take appropriate action regarding Ms. Ardrey.

We recommend that USD(P&R) and USD(I) review senior official and non-senior official buyout incentive (Voluntary Separation Incentive Payments – (VSIP)) approval processes and provide training to HD personnel in all DoD agencies, including DoD Intelligence Community agencies.

APPENDIX

Standards

Title 5, United States Code (U.S.C.), Section 9902 (f)

Title 5 U.S.C. 9902(f) states the Secretary may establish a program within the Department of Defense under which employees may be eligible for early retirement, offered separation incentive pay to separate from service voluntarily, or both. This authority may be used to reduce the number of personnel employed by the Department of Defense or to restructure the workforce to meet mission objectives without reducing the overall number of personnel.

Department of Defense Instruction 1400.25 Volume 1702, DoD Civilian Personnel Management System: Voluntary Separation Programs, June 13, 2008, administratively reissued April 1, 2009.

DoDI 1400.25 Volume 1702 establishes and implements policy, provide guidelines and model programs, delegates authority, and assigns responsibilities on civilian personnel management within the Department of Defense including VERA and VSIP.

Title 5 United States Code section 9902(f) authorized the Secretary of Defense to establish a voluntary early retirement program to downsize or restructure the civilian workforce. This process is commonly referred to as Voluntary Early Retirement Authority (VERA).

Title 5 United States Code section 9902(f) authorized the Secretary of Defense to use voluntary separation pay to downsize or restructure the civilian workforce.¹⁷ Section 1107 of the National Defense Authorization Act for FY 2017 amended section 9902(f) and authorized the Secretary of Defense to increase the separation incentive to an amount not to exceed \$40,000.00.¹⁸ This process is commonly referred to as Voluntary Separation Incentive Pay (VSIP) or “buyout.”

On February 3, 2017, OUSD(P&R) issued a memorandum authorizing DoD to implement the \$40,000.00 VSIP increase for FY 2017. On July 5, 2016, the Office of the Assistant Secretary of Defense, Manpower and Reserve Affairs issued a memorandum that set the number of DoD’s VSIP allocations for FY 2017. On July 22, 2016 WHS issued implementing guidance for the Fourth Estate that limited VSIP allocations to 3% of their “full-time permanent appropriated fund strength” for FY 2017. The Under Secretary of Defense, Intelligence (USD(I)), provided guidance for the DoD Intelligence Community, that included NGA. USD(I)’s FY 2017 allocation memorandum said that “The bar remains very high for approval of separation incentives for DISES and DISL employees.”

Department of Defense Instruction 1400.25, Volume 1702, “DoD Civilian Personnel Management System: Voluntary Separation Programs, implements all VSIP authority as well as VERA authority. As directed by Volume 1702, the Principal Deputy Under Secretary of Defense for Personnel

¹⁷ A downsizing action reduces the number of personnel employed by the DoD. A re-structuring action allows the DoD to reshape the workforce to meet mission objectives without reducing the overall number of personnel.

¹⁸ Section 1107 authorized the \$40,000.00 separation incentive through September 30, 2018.

and Readiness must approve SES VERA and VSIP requests. The Director of Washington Headquarters Services is authorized to approve VERA and VSIP packages for PB 5 employees and below. The Director of Washington Headquarters Services may redelegate this approval authority down to the activity head. The NGA director, in his role as the activity head, is the decision authority for NGA PB 5 VERA and VSIP requests.¹⁹

Matters Not Investigated

Forced Retirement

The anonymous complaints included an allegation that NGA senior officials, who received \$40,000 buyout incentives, were forced to retire because of misconduct. We identified seven NGA senior officials who received a \$40,000 buyout incentive, as presented in this report. The seven retired NGA senior officials retired voluntarily. Accordingly, we determined the matter did not warrant further investigation.

Senior Officials Returning as Contractors

The anonymous complaints included an allegation that the same NGA senior officials who were allegedly forced to retire would return to NGA as contractors and work on the same programs. The seven NGA senior officials retired voluntarily. Additionally, the VSIP Standard Form 50 (SF 50) of the seven senior officials stated that they would have to repay the \$40,000 separation incentive if re-employed.²⁰ As of the issuance of this report we have not found any information that the senior officials returned to work in or with NGA in any capacity as federal employees or as contractors. Accordingly, we determined the matter did not warrant further investigation.

¹⁹ We determined that the WHS fiscal year allocation memorandums constituted written delegation of pay band buyout incentive approval authority to the NGA Director.

²⁰ The SF 50 is the Notification of Personnel Action.

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