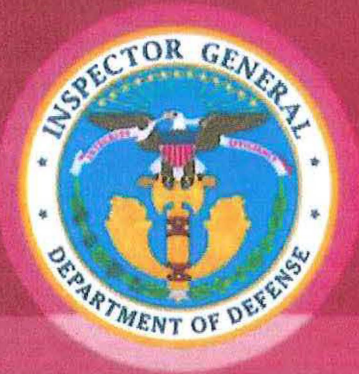


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# INSPECTOR GENERAL

*U.S. Department of Defense*

January 30, 2017

## (U) Evaluation of the Defense Cover Program's Oversight Process

Classified By: Anthony C. Thomas, Deputy Inspector General,  
ISPA, DoD-DIG

Derived From: DoD Manual 5-5105.63-M, May 13, 2011

Declassify On: 20420130

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INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

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## Results in Brief

*(U) Evaluation of the Defense Cover Program's Oversight Process*

January 30, 2017

### (U) Objective

(U//~~FOUO~~) Our objective was to determine whether the Human Intelligence and Sensitive Activities<sup>1</sup> (H&SA) Directorate's oversight review process fully addressed the five oversight steps required by Department of Defense (DoD) Instruction S-5105.63, "Implementation of DoD Cover and Cover Support Activities," June 20, 2013:

- (U) publication of pre-visit checklists and special interest items;
- (U) pre-visit audit of cover plans, cover mechanisms, and review of organizational cover program guidance;
- (U) site visits led by the Office of the Under Secretary of Defense for Intelligence (OUSD[I]) to assess the effectiveness of Component-level programs;
- (U) a post-visit report identifying findings and recommendations, as well as best practices; and

### (U) Objective (cont'd)

- (U) continuous follow-up to assist with the remediation of findings and to monitor the implementation of recommendations.

### (U) Background

(U) Cover is the concealment of true identity or organizational affiliation with assertions of false information as part of, or in support of, official duties to carry out authorized activities and lawful operations.

(U) The Defense Cover Program (DCP) is a DoD program designed to protect missions, operations, organizations, personnel, facilities, equipment, capabilities, administrative or management systems, financial activities, and programs that cannot otherwise be successfully accomplished through the application of other types of security measures.

(U) Oversight reviews of the DCP are led by the OUSD[I], H&SA Directorate staff and supported by subject-matter experts from the Defense Cover Office, Defense Intelligence Agency, and other DoD Components.

### (U) Finding

(U//~~FOUO~~) The H&SA Directorate conducted DCP oversight reviews to verify compliance with applicable laws, regulations, directives, and policies. We identified through data collection, interviews, and physical observations that the H&SA Directorate's oversight review process included the five oversight steps required by DoD Instruction S-5105.63. However, the oversight review process is not documented in H&SA Directorate policy or procedures.

(U//~~FOUO~~) As a result, the DCP oversight review process does not have assurance that the H&SA Directorate will properly and consistently carry out its recurring DCP oversight review responsibilities. Formal H&SA Directorate guidance, such as a Standard Operating Procedure, will ensure that roles and responsibilities for the H&SA staff and support personnel are established to more effectively plan, execute, and maintain continuity of the DCP oversight review process.

<sup>1</sup> (S//~~FOUO~~) OSD/JS (b)(1) 1.4(c)

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## Results in Brief

*(U) Evaluation of the Defense Cover Program's Oversight Process*

### (U) Recommendation

(U) We recommend that the Office of the Under Secretary of Defense for Intelligence's Human Intelligence and Sensitive Activities Directorate:

- (U) create written instructions in the form of a Standard Operating Procedure, or similar type guidance, to standardize the Defense Cover Program oversight review process; and
- (U) provide us the timeline and milestones for the development of the Standard Operating Procedure.

### (U) Management Comments and Our Response

(U//~~FOUO~~) The H&SA Director agreed with the recommendation to create a Standard Operating Procedure to standardize the DCP Oversight Review process and provided a projected completion date of May 1, 2017. The H&SA Director added that, upon completion, a copy will be provided to our office. The comments and planned corrective action are responsive and no additional comments are required.

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***(U) Recommendations Table***

Management	Recommendations Requiring Comment	No Additional Comments Required
Under Secretary of Defense for Intelligence		The recommendation.





~~SECRET//NOFORN~~

INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

January 30, 2017

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR INTELLIGENCE

SUBJECT: (U) Final Report--Evaluation of the Defense Cover Program's Oversight Process  
(Project No. D2015-DISPA2-0044.000)

(S//NF) We are providing this final report for your information and use. The objective of this report was to determine whether the Office of the Under Secretary of Defense for Intelligence, Human Intelligence and Sensitive Activities Directorate's (H&SA) oversight review process used for the Defense Cover Program (DCP) fully addressed the five oversight steps required by DoD Instruction S-5105.63, "Implementation of DoD Cover and Cover Support Activities," June 20, 2013. We conducted this evaluation OSD/JS (b)(1) 1.4(c) in accordance with the "Quality Standards for Inspection and Evaluation," published in January 2012, by the Council of the Inspectors General on Integrity and Efficiency.

(U//FOUO) We determined that the DCP oversight review process does not have assurance that the H&SA Directorate will properly and consistently carry out its recurring DCP oversight responsibilities because it does not have internal guidance standardizing the DCP oversight review process. We recommended the H&SA Directorate create a Standard Operating Procedure (SOP) to ensure that roles and responsibilities for the H&SA staff and support personnel are established to more effectively plan, execute, and maintain continuity of the DCP oversight review process. The H&SA Director agreed with the recommendation to create an SOP to standardize the DCP oversight review process.

(U//FOUO) We considered management comments on a draft of this report when preparing this final report. Comments from the Director, H&SA, conformed to the requirements of DoD Instruction 7650.03, "Follow-up on Government Accountability Office (GAO), Inspector General of the Department of Defense (DoD), and Internal Audit Reports," December 18, 2014; therefore, we do not require additional comments.

(U) We appreciate the courtesies extended to the staff. Please direct questions to me at DoD OIG (b)(6) (DSN DoD OIG (b)(6)), or to the Project Manager at DoD OIG (b)(6) (DSN DoD OIG (b)(6)).

Anthony C. Thomas

Deputy Inspector General for  
Intelligence and Special  
Program Assessments

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## (U) Contents

(U) Introduction .....	1
(U) Objective.....	1
(U) Background .....	1
(U) Cover Oversight Role and Responsibilities.....	2
(U) Review of Internal Controls.....	3
(U) Finding.....	5
(U// <del>FOUO</del> ) The H&SA Directorate Needs to Create a Formalized Procedure That Identifies How to Conduct the DCP Oversight Review Process.....	5
(U) Human Intelligence and Sensitive Activities Directorate's Oversight Procedures.....	5
(U) Pre-Visit Checklists and Special Interest Items.....	5
(U) Pre-Visit Audit of Cover Plans, Cover Mechanisms, and a Review of Organizational Cover Program Guidance .....	6
(U) Site Visits Led by OUSD(I) to Assess the Effectiveness of Component-Level Programs.....	7
(U) Post-Visit Report Identifying Findings and Recommendations, as Well as Best Practices .....	9
(U) Continuous Follow-Up to Assist With Remediation of Findings and to Monitor the Implementation of Recommendations .....	10
(U) Conclusion.....	12
(U) Recommendations, Management Comments, and Our Response.....	12
(U) Office of the Under Secretary of Defense for Intelligence, Human Intelligence and Sensitive Activities Comments .....	12
(U) Our Response .....	13
(U) Observation 1 .....	14
(S//NF) OSD/JS (b)(1) 1.4(c) .....	14
(U) Observation 2 .....	16
(U) Human Intelligence and Sensitive Activities Directorate's Cover Staff.....	16
(U) Appendix .....	17
(U) Scope and Methodology .....	17
(U) Use of Computer-Processed Data .....	18
(U) Prior Coverage .....	18
(U) Management Comments .....	19
(S//NF) Under Secretary of Defense for Intelligence, Human Intelligence and Sensitive Activities.....	19
(U) Acronyms and Abbreviations.....	20



## (U) Introduction

### (U) Objective

(U//~~FOUO~~) Our objective was to determine whether the Human Intelligence and Sensitive Activities (H&SA) Directorate's oversight review process fully addressed the five oversight steps required by Department of Defense (DoD) Instruction S-5105.63, "Implementation of DoD Cover and Cover Support Activities," June 20, 2013.

### (U) Background

(U) DoD Instruction S-5105.63 states that cover<sup>2</sup> is a mission enabler, not a type of operation. DoD develops, employs, and manages cover and cover support activities<sup>3</sup> that are realistic, credible, supportable, verifiable, and compliant with U.S. laws, policies, procedures, and standards.

(U) The DCP was developed to protect missions, operations, organizations, personnel, facilities, equipment, capabilities, administrative or management systems, financial activities, and programs that cannot otherwise be successfully accomplished through the application of other types of security measures. The DCP is a DoD-wide program to facilitate the consistent and secure implementation of policies and procedures in the cover plan review, coordination, approval, deconfliction, registration, establishment, use, accountability, maintenance, termination, and oversight of cover and cover mechanisms used by or in support of the DoD Components. OSD/JS (b)(1) 1.7(e)

(U) The three Department of Defense issuances for cover are:

- (U) DoD Directive S-5205.61, "Defense Cover and Cover Support Activities," July 15, 2014, establishes policy and assigns responsibilities for all DoD cover and cover support activities that comprise the DCP.

<sup>2</sup> (U) Cover. The concealment of true identity or organizational affiliation with assertions of false information as part of, or in support of, official duties to carry out authorized activities and lawful operations.

<sup>3</sup> (U) Cover Support Activities. Actions, services, equipment, documents, procedures, advice, and assistance necessary to develop, sustain, and support cover requirements identified in a cover plan.



- (U) DoD Instruction S-5105.63, "Implementation of DoD Cover and Cover Support Activities," June 20, 2013, establishes policy and procedures and assigns responsibilities for the conduct of DoD cover and cover support activities as part of the DCP. This instruction also includes the guidance for USD(I)'s oversight of the DCP.
- (U) DoD Manual S-5105.63-M, "DoD Cover and Cover Support Security Classification Guide (SCG)," Incorporating Change 1, Effective October 16, 2013, implements policy, assigns responsibilities, and prescribes procedures for the classification of information concerning DoD cover and cover support activities, and the DCP.

## (U) Cover Oversight Role and Responsibilities

(S//NF) The Under Secretary of Defense for Intelligence (USD[I]) is responsible for overseeing the DCP and conducting oversight reviews with the assistance of DoD Component heads.<sup>4</sup> OSD/JS (b)(1) 1.4(c)

[REDACTED]

(S//NF) OSD/JS (b)(1) 1.4(c)

[REDACTED]

(S//NF) OSD/JS (b)(1) 1.4(c)

[REDACTED]

<sup>4</sup> (U) DoD Directive S-5205.61, July 15, 2014, Enclosure 2, paragraph 1.d.

OSD/JS (b)(1) 1.4(c)

(S//NF) In accordance with DoD Instruction S-5105.63, DCP oversight reviews are led by the OUSD(I)'s H&SA Directorate. In accordance with DoD Directive S-5205.61 and DoD Instruction S-5105.63, the H&SA Directorate is supported by OSD/JS (b)(1) 1.4(c)

OSD/JS (b)(1) 1.4(c)<sup>5</sup> Oversight is a continuous assessment of the effectiveness of the DoD Components' cover programs and their compliance with applicable law and policy.<sup>6</sup> OSD/JS (b)(1) 1.4(c)

(U) DoD Instruction S-5105.63 requires the DCP oversight reviews to include five controls:

- (U) publication of pre-visit checklists and special interest items;
- (U) pre-visit audit of cover plans, cover mechanisms, and a review of organizational cover program guidance;
- (U) site visits led by OUSD(I) to assess the effectiveness of Component-level programs;
- (U) a post-visit report identifying findings and recommendations, as well as best practices; and
- (U) continuous follow-up to assist with the remediation of findings and to monitor the implementation of recommendations.

## (U) Review of Internal Controls

(U) DoD Instruction S-5105.63 states that oversight reviews are led by H&SA Directorate staff and supported by subject-matter experts from OSD/JS (b)(1) 1.7(e)

OSD/JS (b)(1) 1.7(e) Oversight reviews are also

<sup>5</sup> (U) The term DoD Components within this report refers to those DoD Components participating in the DCP.

<sup>6</sup> (U) DoD Instruction S-5105.63, June 20, 2013, Enclosure 3, paragraph 3.

<sup>7</sup> (U) The Senior Review Forum is a twice-a-year gathering of DCP leaders to share trends and wider DCP subjects.



to include the five oversight steps required by DoD Instruction S-5105.63. However, some processes and procedures were not formalized or documented. We identified an internal weakness with the H&SA Directorate's oversight review process. Specifically, the H&SA Directorate does not have a formalized DCP oversight review process documented in a Standard Operating Procedure or similar type policy guidance.

## **(U) Finding**

### **(U//~~FOUO~~) The H&SA Directorate Needs to Create a Formalized Procedure That Identifies How to Conduct the DCP Oversight Review Process**

(U//~~FOUO~~) The H&SA Directorate conducted DCP oversight reviews to verify compliance with applicable laws, regulations, directives, and policies.<sup>8</sup> We identified through data collection, interviews, and physical observations that the H&SA Directorate's oversight review process included the five oversight steps required by DoD Instruction S-5105.63. However, the oversight review process is not documented in H&SA Directorate policy or procedures.

(U//~~FOUO~~) As a result, the DCP oversight review process does not have assurance that the H&SA Directorate will properly and consistently carry out its recurring DCP oversight review responsibilities. Formal H&SA Directorate guidance, such as a Standard Operating Procedure, will ensure that roles and responsibilities for H&SA staff and support personnel are established to more effectively plan, execute, and maintain continuity of the DCP oversight review process.

### **(U) Human Intelligence and Sensitive Activities Directorate's Oversight Procedures**

(U) We evaluated whether the oversight reviews conducted by the H&SA Directorate fully addressed the five oversight steps required by DoD Instruction S-5105.63.

#### ***(U) Pre-Visit Checklists and Special Interest Items***

(U//~~FOUO~~) DoD Instruction S-5105.63, Enclosure 3, requires that oversight reviews include a pre-visit checklist and special interest items. The H&SA Directorate has a pre-visit checklist and special interest items document that is sent to the DoD Components 30 days prior to an oversight review. The pre-visit checklist and special interest items

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<sup>8</sup> (U) DoD Instruction S-5105.63, June 20, 2013, Glossary, oversight definition.



are completed and returned to the H&SA Directorate prior to the oversight review as a read ahead. The pre-visit checklist and special interest items are reviewed during the oversight review.

~~(S//NF)~~ We confirmed the existence of the pre-visit checklist and special interest items document through our data collection request to the H&SA Directorate. The pre-visit checklist and special interest items are combined into one document that is commonly referred to as the checklist by the defense cover community. We corroborated the use of the checklist during our interviews with the 11 DoD Components' cover support personnel. We asked each of the 11 DoD Components' cover support personnel what the H&SA Directorate provided in advance of the oversight review. All of the Components' cover support personnel responded that they received the checklist.

~~(U//FOUO)~~ Additionally, the H&SA Directorate staff included us on all correspondence to ~~OSD/JS (b)(1) 1.7(e)~~ in preparation for ~~OSD/JS (b)(1) 1.7(e)~~ oversight review scheduled for ~~OSD/JS (b)(1) 1.7(e)~~. That correspondence included the checklist. Then, on ~~OSD/JS (b)(1) 1.7(e)~~, we witnessed the H&SA Directorate's use of the checklist during ~~OSD/JS (b)(1) 1.7(e)~~ oversight review. While we were able to confirm the pre-visit checklist and special interest item document existed and were used, we noted that the H&SA Directorate does not have the process on how to implement the use of the pre-visit checklist and special interest item document codified in an internal policy or procedure.

### ***(U) Pre-Visit Audit of Cover Plans, Cover Mechanisms, and a Review of Organizational Cover Program Guidance***

~~(U//FOUO)~~ DoD Instruction S-5105.63, Enclosure 3, states that oversight reviews include pre-visit audits of cover plans, cover mechanisms, and a review of organizational cover program guidance. The H&SA Directorate staff informed us that a data collection request is distributed to the DoD Components 30 days prior to the oversight review to allow the oversight body time to review the information prior to the actual oversight review. Anomalies are exploited during the oversight review.

~~(U//FOUO)~~ We confirmed that the H&SA Directorate conducted the pre-visit audits of cover plans, cover mechanisms, and reviewed organization cover program guidance through interviews with the 11 DoD Components' cover support personnel. For example:

- (U//~~FOUO~~) OSD/JS (b)(1) 1.7(e) informed us that the H&SA Directorate follows up with several phone calls weekly to sync up data call and documents prior to the oversight review.
- (S//~~NF~~) OSD/JS (b)(1) 1.4(c) said that he believed the H&SA staff probably knew the potential findings before their arrival due to the review of the data call and the focus area of the oversight review.
- (S//~~NF~~) OSD/JS (b)(1) 1.4(c) stated that the H&SA oversight body conducted a comparison of OSD/JS (b)(1) 1.4(c) cover plans and other documents in the read-ahead.

(U//~~FOUO~~) We were also able to corroborate H&SA's pre-visit audit of the cover plans, cover mechanisms, and review of organizational cover program guidance at OSD/JS (b)(1) 1.7(e) pre-oversight meetings when the H&SA Directorate would meet with the oversight body to discuss the data call information. Furthermore, we witnessed the H&SA's oversight body's level of knowledge of OSD/JS (b)(1) 1.7(e) during our physical observation of OSD/JS (b)(1) 1.7(e) oversight review OSD/JS (b)(1) 1.7(e). Although the H&SA Directorate's staff conducts a pre-visit audit of cover plans, cover mechanisms, and a review of organizational cover program guidance, we identified that the H&SA Directorate does not have the process of the pre-visit audit documented in an internal policy or procedure.

### ***(U) Site Visits Led by OUSD(I) to Assess the Effectiveness of Component-Level Programs***

(S//~~NF~~) DoD Instruction S-5105.63 states that oversight reviews are led by H&SA Directorate staff and supported by subject-matter experts from OSD/JS (b)(1) 1.4(c). During our fieldwork, we notified the H&SA Director that we wanted to physically observe the oversight review process at regularly scheduled oversight reviews. The H&SA Directorate staff informed us that OSD/JS (b)(1) 1.4(c) would receive an oversight review OSD/JS (b)(1) 1.4(c). OSD/JS (b)(1) 1.4(c) receive a staff assistance visit on



~~(S//NF)~~ OSD/JS (b)(1) 1.4(c). We accompanied the H&SA Directorate on these visits to confirm the H&SA Directorate's oversight processes.

~~(S//NF)~~ We corroborated the H&SA Directorate's oversight process through multiple methods: interviews of 11 DoD Components' cover support personnel, review of 12 findings and recommendations reports generated by the H&SA Directorate to the DoD Components from oversight reviews, and through observing the oversight review of the OSD/JS (b)(1) 1.4(c)

- ~~(S//NF)~~ Through our interview process, the 11 DoD Components identified that they had received at least one oversight review. OSD/JS (b)(1) 1.4(c)
- (U//FOUO) We received a total of 12 findings and recommendations reports from the H&SA Directorate staff or the DoD Components' cover support personnel which confirmed the H&SA Directorate staff's testimonial evidence pertaining to the oversight reviews. The 12 findings and recommendations reports span from 2011 to 2016.
- (U//FOUO) We were included in the planning and execution of OSD/JS (b)(1) 1.7(e) oversight review. The findings and recommendations report for OSD/JS (b)(1) 1.7(e) oversight review is still ongoing. We received all electronic correspondence between the H&SA Directorate staff and OSD/JS (b)(1) 1.7(e) throughout the duration of the oversight review. OSD/JS (b)(1) 1.7(e)  
The H&SA Director was head of the oversight body for the review at OSD/JS (b)(1) 1.7(e). The H&SA Directorate's Cover Office's senior contractor led the oversight review discussion.

~~(S//NF)~~ OSD/JS (b)(1) 1.4(c)

~~(S//NF)~~ OSD/JS (b)(1) 1.4(c) The H&SA Directorate's staff visited the Components to conduct an in-call with the commanders, reviewed the checklists, and answered questions.

~~(S//NF)~~ Based on our analysis derived from the interviews with the H&SA Directorate staff, interviews with the 11 DoD Components' cover support personnel pertaining to previous oversight reviews, our reviews of the 12 findings and recommendations reports, and through the physical observations, we concluded that the H&SA Directorate performed oversight reviews and staff assistance visits in accordance with DoD Instruction S-5105.63. However, we noted that the H&SA Directorate's oversight review and staff assistance visit processes are not formally documented in internal policy or procedures.

***(U) Post-Visit Report Identifying Findings and Recommendations, as Well as Best Practices***

~~(U//FOUO)~~ DoD Instruction S-5105.63, Enclosure 3, states that oversight reviews include a post-visit report identifying findings and recommendations as well as best practices. The H&SA Directorate staff generates a findings and recommendations report approximately 60 to 90 days after the oversight review. The post-visit report identifies issues discovered during the review and provides recommendations along with a timeframe to fix the noted issue(s). The report also identifies any best practices discovered during the oversight review.

~~(S//NF)~~ OSD/JS (b)(1) 1.4(c)  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

~~(S//NF)~~ During our evaluation, OSD/JS (b)(1) 1.4(c)  
[REDACTED]



OSD/JS (b)(1) 1.4(c)

The H&SA Director continued to relate that <sup>OSD/JS (b)(1) 1.4(c)</sup> did not previously have a staff assistance visit to assist in standing up its cover program. Therefore, the oversight review was deemed more to be a staff assistance visit. Other than the verbal discussion between <sup>OSD/JS (b)(1) 1.4(c)</sup> pertaining to the findings and recommendations report, no formal documentation exists regarding this issue.

~~(S//NF)~~ Based on our reviews of 12 findings and recommendations reports spanning from 2011 to 2016, generated by the H&SA Directorate staff to the DoD Components' cover support staff from oversight reviews and our interviews with the H&SA Directorate staff and DoD Components' cover support staff, we confirmed that post-visit reports are generated and distributed after an oversight review is conducted. While most of the post-visit reports were distributed within 90 days of the oversight review, we identified four DoD Components that received post-visit reporting 120 days after the oversight review. <sup>OSD/JS (b)(1) 1.4(c)</sup>

We also noted that while the H&SA Directorate has a post-visit report process, it is not formally documented within an internal policy or procedure.

### ***(U) Continuous Follow-Up to Assist With Remediation of Findings and to Monitor the Implementation of Recommendations***

~~(U//FOUO)~~ DoD Instruction S-5105.63, Enclosure 3, states that oversight reviews include continuous follow-up to assist with remediation of findings and to monitor the implementation of recommendations. The H&SA Directorate staff reported that follow-up is conducted by assigning an H&SA Directorate cover staff representative to the reviewed DoD Component to assist as needed with the recommendations. <sup>OSD/JS (b)(1) 1.7(e)</sup>

the H&SA Directorate identified who on

its staff was assigned to which of the DoD Components and that the H&SA Directorate cover staff were responsible for maintaining communication with their assigned DoD Components. The H&SA Directorate cover staff's assistance is conducted via telephone and email.

(U//~~FOUO~~) DoD Directive S-5205.61 states that the USD(I) directs DoD Components to stop any covered activity that may compromise the security or integrity of the DCP or undermine U.S. national interests. OSD/JS (b)(1) 1.7(e)

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED] Additionally, we discovered that some of the DoD Components' cover staff asked for extensions to their findings and recommendations when suspense times approached, or suspense timeframes were thought to be unrealistic. Extensions were readily given by the H&SA Directorate staff.

(U//~~FOUO~~) The Government Accountability Office (GAO) Guidance GAO-14-704G, "Standards for Internal Control in the Federal Government," September 2014 (the Green Book), states "The oversight body is responsible for overseeing the remediation of deficiencies as appropriate and for providing direction to management on appropriate time frames for correcting these deficiencies." During the evaluation, we confirmed that follow-up to findings and recommendations are conducted telephonically, by email, or during the next oversight review of a DoD Component, OSD/JS (b)(1) 1.7(e)

[REDACTED] However, while the H&SA Directorate assigns personnel to monitor and assist the DoD Components with follow-up to recommendations, the H&SA Directorate does not have this process formally documented in an internal policy or procedure.

(S//~~NF~~) Furthermore, in accordance with DoD Instruction S-5105.63, oversight is a continuous assessment of the effectiveness of the DoD Components' cover programs and their compliance with applicable law and policy. To assist in the continuous oversight role, the H&SA Directorate OSD/JS (b)(1) 1.4(c)

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED] However, in a follow-up



discussion with the H&SA Directorate cover staff, we verified that neither [REDACTED] <sup>OSD/JS (b)(1) 1.4(c)</sup> is formally documented in an internal policy or procedure.

## (U) Conclusion

~~(S//NF)~~ Based on our review of DoD Directive S-5205-61 and DoD Instruction S-5105.63, the 12 findings and recommendations reports generated by H&SA Directorate staff substantiating the oversight review process, interviews with the H&SA Directorate staff regarding the DCP oversight review process, and interviews with the 11 DoD Components' cover support staffs to corroborate the H&SA Directorate's oversight review process, we concluded that H&SA Directorate adequately performed DCP oversight reviews implementing the five oversight steps required by DoD Instruction S-5105.63. However, we also concluded that the H&SA Directorate lacks an internal policy or procedures standardizing the Directorate's DCP oversight process. An H&SA Directorate policy or procedures would serve as a permanent record of reference for quality control providing reasonable assurance that the Directorate and its personnel comply with professional standards, applicable legal and regulatory requirements, and consistently carry out its cover oversight responsibilities.

## (U) Recommendations, Management Comments, and Our Response

(U) We recommend that the Office of the Under Secretary of Defense for Intelligence's Human Intelligence and Sensitive Activities Directorate:

- (U) create written instructions in the form of a Standard Operating Procedure, or similar type guidance, to standardize the Defense Cover Program oversight process; and
- (U) provide us the timeline and milestones for the development of the Standard Operating Procedure.

*(U) Office of the Under Secretary of Defense for Intelligence, Human Intelligence and Sensitive Activities Comments*

(U) The Director, Human Intelligence and Sensitive Activities agreed with the recommendation, providing the following comments:

- (U//~~FOUO~~) I agree with your recommendation for development of written instructions in the form of a Standard Operating Procedure (SOP) to standardize the DCP oversight process.
- (U//~~FOUO~~) My office is currently drafting formal internal procedures addressing conduct of DCP Oversight Reviews based upon your report's recommendations. These procedures will be captured in the form of a SOP with a projected completion date of May 1, 2017. Upon completion, we will provide your office a copy of the SOP.

*(U) Our Response*

(U) Comments from the Director, Human Intelligence and Sensitive Activities, addressed all specifics of the recommendation and no further comments are required.



## (U) Observation 1

~~(S//NF)~~

OSD/JS (b)(1) 1.4(c)

~~(S//NF)~~

Throughout this evaluation, OSD/JS (b)(1) 1.4(c)

For example, two of the DoD Components' cover staff stated that:

- (U//~~FOUO~~)

OSD/JS (b)(1) 1.7(e)

- (U) OSD/JS (b)(1) 1.7(e)

~~(U//FOUO)~~

OSD/JS (b)(1) 1.7(e)

~~(U//FOUO)~~

OSD/JS (b)(1) 1.7(e)

~~(U//FOUO)~~

OSD/JS (b)(1) 1.7(e)

~~(U//FOUO)~~

OSD/JS (b)(1) 1.7(e)

<sup>9</sup> ~~(S//NF)~~

OSD/JS (b)(1) 1.4(c)

Observation

OSD/JS (b)(1) 1.7(e)

[REDACTED]

(S//NF) OSD/JS (b)(1) 1.4(c)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



## (U) Observation 2

### (U) Human Intelligence and Sensitive Activities Directorate's Cover Staff

(U//~~FOUO~~) DoD Directive S-5205.61 requires that the USD(I) conducts the DCP oversight reviews with the assistance of the DoD Component heads. We verified through data collection, interviews of the H&SA Directorate staff and the DoD Components' cover staffs, and through physical observations that the H&SA Directorate uses the DoD Components for support to oversight reviews. During the evaluation, we discovered that the H&SA Directorate was comprised OSD/JS (b)(1) 1.7(e)

(U//~~FOUO~~) During our evaluation, DoD Components' cover staffs expressed concern regarding the level of experience of the H&SA Directorate's cover staff. OSD/JS (b)(1) 1.7(e) of the DoD Components' cover staff stated that they do not believe that the H&SA Directorate's cover staff have the appropriate cover experience to conduct oversight of the DCP. The following comments were captured during our fieldwork:

- (U//~~FOUO~~) "The OUSD(I) personnel [H&SA Directorate cover staff] are OSD/JS (b)(1) 1.7(e)
- (U//~~FOUO~~) "The OUSD(I) [H&SA Directorate] would be better off to have more OSD/JS (b)(1) 1.7(e)
- (U//~~FOUO~~) OSD/JS (b)(1) 1.7(e)

(U//~~FOUO~~) The cover and cover support experience of the contractors in the H&SA Directorate ranges from OSD/JS (b)(1) 1.7(e)

## (U) Appendix

### (U) Scope and Methodology

(U) We conducted the evaluation ~~OSD/JS (b)(1) 1.7(e)~~, in accordance with "Quality Standards for Inspection and Evaluation" issued by the Council of the Inspector General on Integrity and Efficiency. Those standards require that we plan and perform the evaluation to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our evaluation objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our evaluation objectives.

~~(S//NF)~~ ~~OSD/JS (b)(1) 1.4(c)~~

We also interviewed the H&SA Director and cover staff.

~~(S//NF)~~ ~~OSD/JS (b)(1) 1.4(c)~~

~~(S//NF)~~ We confirmed that the H&SA Directorate used the five oversight steps during oversight reviews of the DoD Components through analysis of our data collection requests that included the pre-visit checklist and special interest items document, 12 findings and recommendations reports ranging from 2011 through 2016, interviews of the 11 DoD Components' cover support personnel, as well as observing the H&SA Directorate's oversight review of ~~OSD/JS (b)(1) 1.4(c)~~.



### **(U) Use of Computer-Processed Data**

(U) We did not use computer-processed data to perform this evaluation.

### **(U) Prior Coverage**

(U) No prior coverage has been conducted on the objective stated within this report during the last 5 years.

~~SECRET//NOFORN~~

Message Control Indicator (MCI)

## (U) Management Comments

~~(S//NF)~~ Under Secretary of Defense for Intelligence,  
Human Intelligence and Sensitive Activities

~~SECRET//NOFORN~~



INTELLIGENCE

OFFICE OF THE UNDER SECRETARY OF DEFENSE  
5000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-5000

JAN 26 2017

MEMORANDUM FOR INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE

SUBJECT: (U) Draft Report: Evaluation of the Defense Cover Program Oversight Process

(U) ~~(S//NF)~~ I received the draft report you submitted to my office on December 16, 2016 which highlights specific findings and recommendations to improve the Oversight Review process of the Defense Cover Program (DCP). I agree with your overall observation noting the Human Intelligence & Sensitive Activities (H&SA) Directorate lack internal policies and procedures to enable standardization of the DCP Oversight Review process. Furthermore, I agree with your recommendation for development of written instructions in the form of a Standard Operating Procedure (SOP) to standardize the DCP Oversight Review process.

(U) ~~(S//NF)~~ My office is currently drafting formal internal procedures addressing conduct of DCP Oversight Reviews based upon your report's recommendations. These procedures will be captured in the form of a SOP with a projected completion date of May 1, 2017. Upon completion, we will provide your office a copy of this SOP.

~~(S//NF)~~ In response to your second observation, H&SA has since dedicated a ~~(S//NF)~~ <sup>OSD/JS (b)(1) 1.4(c)</sup> H&SA Cover is coordinating appropriate formal cover training for the staff in calendar year 2017. My point of contact for this issue is ~~(S//NF)~~.

William J. Vienna  
Director, HUMINT & Sensitive Activities

Classified By: Yash A. Qureshi, MUSD01  
Derived From: DoD Manual S-5 05-03M  
Declassify On: October 20, 2011

~~SECRET//NOFORN~~



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Message Control Indicator (MCI)



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## (U) Acronyms and Abbreviations

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**DCP** Defense Cover Program

**DCSO** Designated Cover Support Office

**H&SA** Human Intelligence & Sensitive Activities

OSD/JS (b)(1) 1.7(e)

OSD/JS (b)(1) 1.7(e)

**OUUSD(I)** Office of the Under Secretary of Defense for Intelligence

OSD/JS (b)(1) 1.7(e)

**USD(I)** Under Secretary of Defense for Intelligence

OSD/JS (b)(1) 1.7(e)

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## **Whistleblower Protection**

### **U.S. DEPARTMENT OF DEFENSE**

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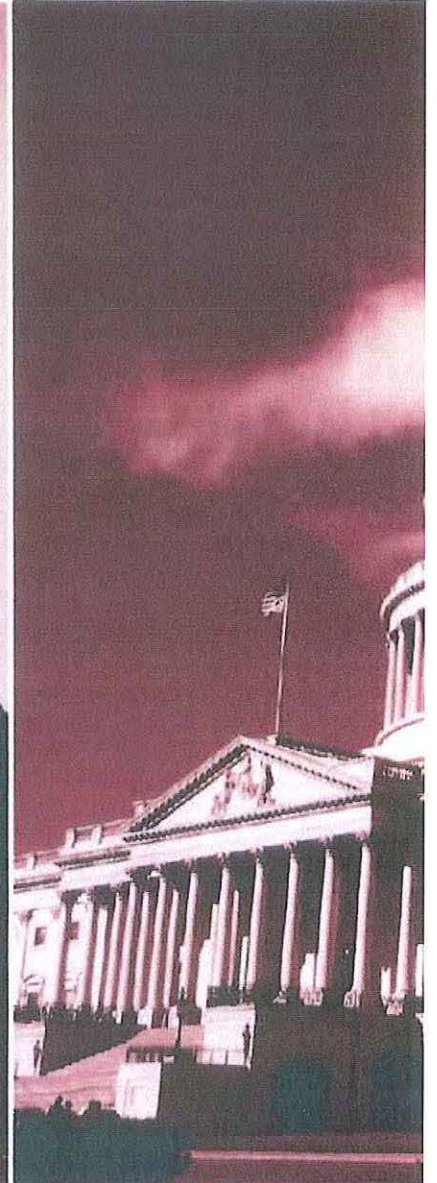
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