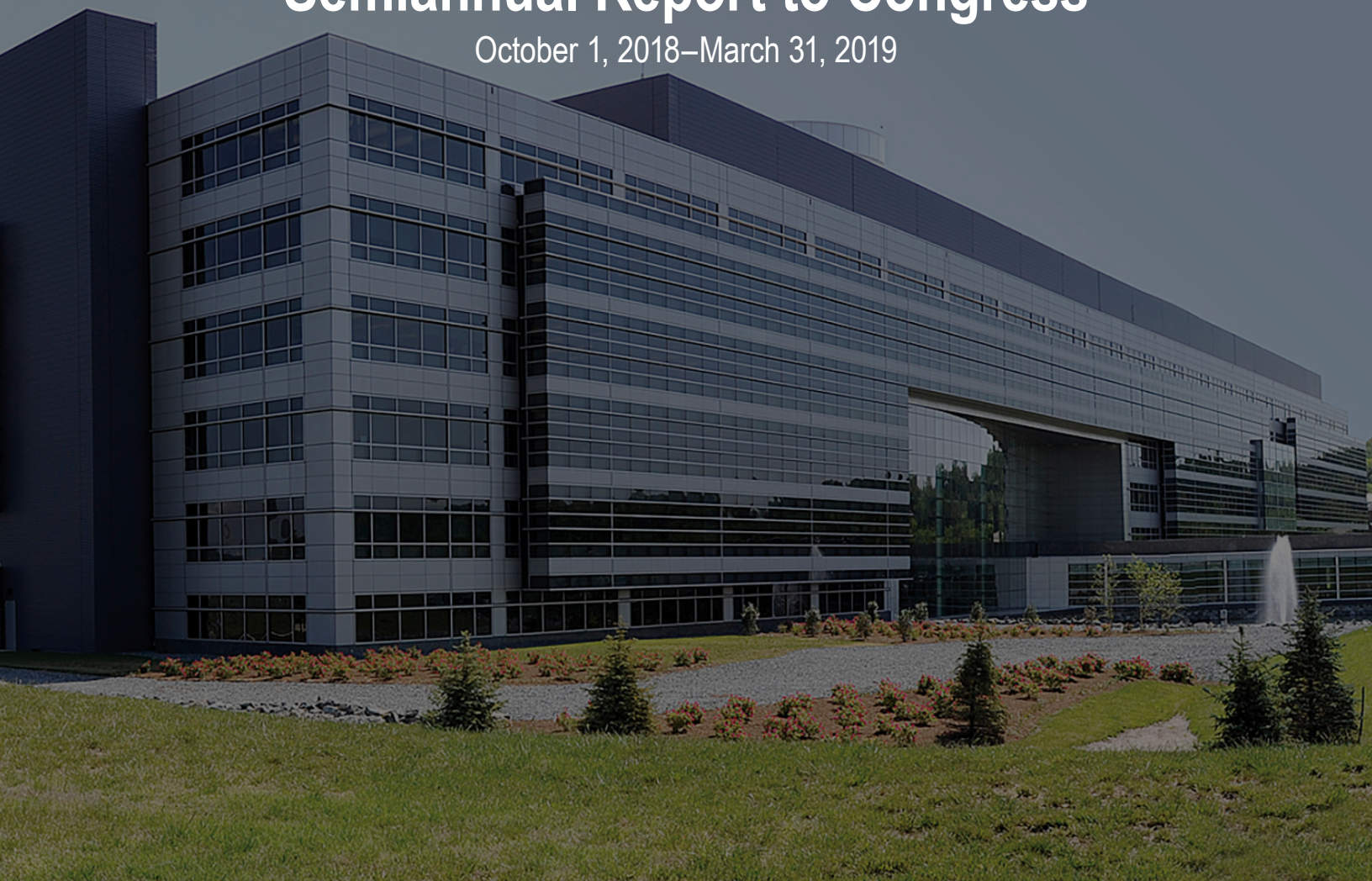


DEFENSE INTELLIGENCE AGENCY
Office of the Inspector General



Semiannual Report to Congress

October 1, 2018–March 31, 2019



**Defense Intelligence Agency
Office of the Inspector General**

Semiannual Report to Congress

1st and 2nd Quarters, FY 2019

Additional Information and Copies

To request additional copies of this report, contact the DIA Office of Inspector General at (202) 231-1010.

Send us Your Audit and Inspection Suggestions

Defense Intelligence Agency
ATTN: Office of the Inspector General 7400 Pentagon
Washington, DC 20301-7400

**Are you aware of fraud, waste, or abuse
in a DIA program?
If so, report it!**

DIA Inspector General Hotline

Via phone
(202) 231-1010

Via email
ig_hotline@dia.mil

Message from the Inspector General

It is my honor to present the Defense Intelligence Agency (DIA) Office of the Inspector General (OIG) semiannual report (SAR) to the U.S. Congress for the reporting period October 1, 2018, through March 31, 2019. This summary of accomplishments is reported in accordance with the Inspector General (IG) Act of 1978, as amended.



Our staff continues to provide relevant and timely oversight to detect and deter fraud, waste, and abuse and protect the integrity and effectiveness of DIA programs. Specifically, our Audits Division completed oversight of the Fiscal Year (FY) 2018 Financial Statement Audit with a “disclaimer of opinion”; they also audited DIA’s contract requirements that resulted in four recommendations. Likewise, our Inspections Division completed critical work including evaluations of DIA’s counterintelligence operations in the cyber domain, issuing two recommendations; an evaluation of workplace safety, citing three recommendations for the Agency’s Occupational Safety, Health, and Environmental Compliance Program; and an evaluation of personnel security, reviewing program interdependencies and adjudication policies that resulted in four recommendations. Furthermore, they evaluated the Agency’s offensive counterintelligence operations and issued an observation to management concerning travel vouchers. Lastly, our Investigations Division opened 32 cases and closed 29. Of the 71 ongoing investigations, several involve senior officials or significant fraud.

This reporting period, we continued to actively collaborate with Agency officials to close recommendations that remain open. We reported 36 open audit recommendations in our last report and closed 11. For inspections, we also had 36 open recommendations and closed 20 so far this fiscal year.

I would also highlight that we improved our annual planning effort by increasing our collaboration and transparency with the DIA workforce and IG community, adding emphasis on impact and independence. Lessons learned revealed the need for increased oversight capacity in certain areas. As such, we intend to increase proactive fraud investigative resources, IG data analytics tools, and awareness of emerging technologies. We are working to make information technology (IT) improvements to OIG-specific software, and are transitioning to our new investigation secure web application, the Case Management Tracking System. This application was built specifically for OIGs to meet their investigative needs and automate manual processes. Our priorities will not only enable IT improvements, but also manpower upgrades. We requested our Assistant IG and IG Counsel positions be elevated to the senior executive level, which is on par with our OIG counterparts. That request is currently under Agency review.



This report and the annex are posted on the Joint Worldwide Intelligence Communications System and on the Secret Internet Protocol Router Network. A copy of this report can also be found on the Internet through <http://www.dia.mil/About/Office-of-the-Inspector-General/> and <http://www.oversight.gov>.

A handwritten signature in blue ink that reads "Kristi Waschull".

Kristi Waschull
Inspector General

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¹ The Annex contains caveated and classified information, and therefore provided under separate cover.

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The DIA Office of the Inspector General

Established by the Inspector General Act of 1978, as amended, the Office of the Inspector General (OIG) is an independent office of DIA. Our impartial oversight of DIA promotes the economy and efficiency of Agency programs and operations and compliance with statutory and regulatory guidance. Our activities are guided by our mission, vision, and values.

MISSION

Conduct independent, objective, and timely oversight across the DIA Enterprise to: promote economy and efficiency; detect and deter fraud, waste, abuse, and mismanagement; and inform DIA and Congress.

VISION

An inclusive and dynamic team of professionals that is a catalyst for accountability and positive change, compelling a more unified, adaptive, relevant, and agile DIA Enterprise.

VALUES



Teamwork

Collaboratively partner internally and across organizational boundaries to achieve common goals.

Integrity

Courageously adhere to the highest ethical principles and honor confidentiality, objectivity, and trustworthiness.

Excellence

Provide the highest quality products and customer service.

Accountability

Steadfastly commit to deliver solutions that meet the highest standards.

Initiative

Insightfully solve challenges and organize priorities.

OIG Organization

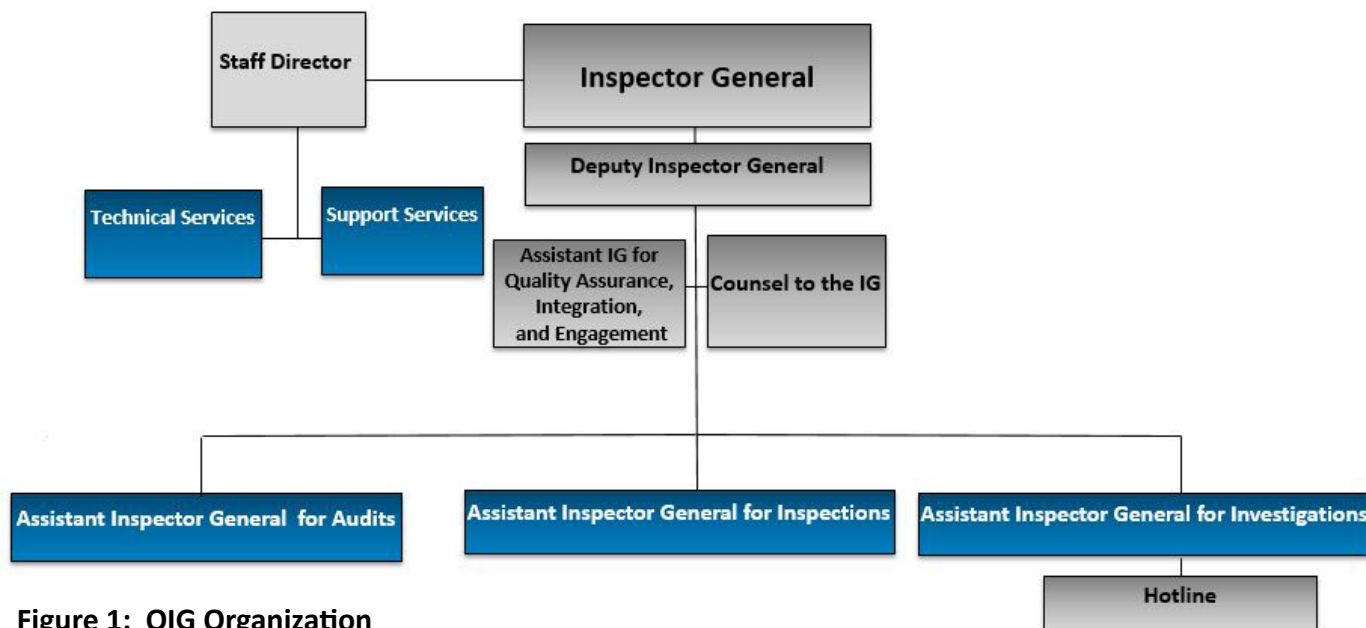


Figure 1: OIG Organization

Audits

The Audits Division is responsible for conducting audits and attestations on all aspects of DIA operations, resulting in recommendations that reduce costs, improve operational efficiency and effectiveness, strengthen internal controls, and achieve compliance with laws, regulations, and policy. It is also responsible for conducting the annual independent audit of the Agency’s financial statements. All audits and attestations are conducted in accordance with standards established by the Comptroller General of the United States.

Inspections

The Inspections Division is responsible for evaluating the efficiency and effectiveness of DIA organizations, programs, and functions by conducting in-depth reviews across the Agency that examine and assess processes, procedures, internal controls, performance measures, compliance with regulatory and policy guidance, interrelationships, and customer satisfaction. Evaluation methods may include comparative analysis and benchmarking against the Intelligence Community, public or private sector, and academia.

Investigations

The Investigations Division is responsible for conducting proactive and reactive administrative and criminal investigations. Its primary objectives are to detect, deter, and report fraud, waste, and abuse within DIA; inform prosecutorial authorities and management officials on the results of our investigations when allegations are substantiated; and identify and report internal control weaknesses that could render DIA programs and systems vulnerable to exploitation. The Investigations Division, in coordination with the DIA Office of the General Counsel (via the Counsel to the Inspector General) and the DIA Director of Oversight and Compliance, also investigates reports of questionable intelligence activity, as defined by Executive Order 12333, United States Intelligence Activities, as amended.

Additionally, the Investigations Division investigates allegations of reprisal against DIA employees. Reprisal occurs when a management official takes or threatens unfavorable action against an individual or withholds favorable action because of a protected communication, such as reporting suspected fraud, waste, and abuse.

Hotline Program

The OIG Hotline Program is a confidential and reliable means for DIA workforce and the public to report fraud, waste, mismanagement, and abuse of authority within DIA. The program's primary role is to receive and evaluate concerns and complaints and to determine the agency or responsible element best suited to take appropriate action.

Services

The Services Division is responsible for managing all administrative programs and services directly supporting OIG. The Services Division enables useful audit, inspection, and investigation activities and facilitates timely production of intelligence management and oversight products for DIA senior leaders and congressional overseers. The division is also responsible for quality assurance and empowers OIG compliance with applicable statutes, regulations, and professional standards. The division's functions include, but are not limited to, manpower, budget, records management, correspondence, Freedom of Information Act and Privacy Act responses, security, planning, training, and information systems.



Statutory Reporting

Reports to the Director of Refusal to Provide Information

Section 5(a)(5) of the Inspector General (IG) Act of 1978 requires IGs to promptly report to the head of the establishment if information requested is unreasonably refused or not provided. No such reports were made during this reporting period.

Reports Previously Issued That Lacked Management Comment Within 60 Days

Section 5(a)(10)(B) of the IG Act of 1978, as amended by the IG Empowerment Act, requires IGs to provide a summary of each audit, inspection, and evaluation report issued prior to the current reporting period for which no establishment comment was returned within 60 days of delivery of the report. No such reports were made during this reporting period.

Significant Revised Management Decisions

Section 5(a)(11) of the IG Act of 1978 requires IGs to describe and explain the reasons for any significant revised management decisions made during the reporting period. We are not aware of revisions to any significant management decisions during this reporting period.

Significant Management Decisions With Which the IG Disagrees

Section 5(a)(12) of the IG Act of 1978 requires IGs to provide information concerning any significant management decisions with which they disagree. During this reporting period, there were no instances in which the IG disagreed with significant management decisions.

Federal Financial Management Improvement Act of 1996

Section 5(a)(13) of the IG Act of 1978 requires IGs to provide information described under section 804(b) of the Federal Financial Management Improvement Act of 1996. This information involves the instances and reasons when an agency has not met target dates within its remediation plan to bring financial management systems into compliance with the law. In FY 2018, DIA re-assessed its noncompliance with Federal financial management system requirements, and developed and implemented updated remediation plans to address areas of noncompliance. The Agency has not missed any of its remediation plan target dates.

Attempts to Interfere With the IG's Independence

Section 5(a)(21) of the IG Act of 1978, as amended by the IG Empowerment Act, requires IGs to provide detailed descriptions of any attempts by their establishments to interfere with

their independence. We did not experience any attempts to interfere with our office's independence during this reporting period.

Public Disclosure

Section 5(a)(22) of the IG Act of 1978, as amended by the IG Empowerment Act, requires IGs to provide detailed descriptions of inspections, evaluations, audits, and investigations involving senior Government employees that were closed during the reporting period without being publicly disclosed. Summaries of all such work are included in the appropriate sections of this report.

Peer Reviews

Sections 5(a)(14–16) of the IG Act require IGs to report information about peer reviews that their offices have been subject to, including any recommendations that have not been fully implemented and a justification as to why. We were not subject to any peer reviews this reporting period. However, on November 6, 2017, the National Geospatial-Intelligence Agency OIG completed a peer review of our Inspections and Evaluations covering the preceding 3 years. All recommendations were implemented. Furthermore, on April 30, 2017, the Central Intelligence Agency completed a peer review of our Audits covering the preceding 3 years. We implemented all recommendations.

DIA Conference Reporting

Section 3003 of the Consolidated and Further Appropriations Act of 2013 requires the heads of executive branch organizations to provide certain details to the IG regarding the organization's involvement in conferences. The table below represents reported conference costs with totals that exceed the reporting threshold of \$20,000. Most reported costs are estimates. We have not verified the accuracy or completeness of the data reported below; calculations are done by the appropriate Agency points of contact.

Conference Name	Type	Estimated Cost	Actual Cost
2018 ACES National Conference	Non-DoD hosted	\$26,796	Pending
California State University, Northridge Center on Disabilities' 34th CSUN Assistive Technology Conference	Non-DoD hosted	\$21,800	Pending
DIA Activity All Hands	DIA-hosted	\$81,250	Pending
2019 RIVEST, SHAMIR, and ADELMAN Conference	Non-DoD hosted	\$21,684	\$15,810
Association of Old Crows 2018 Modern Surface-to-Air Missile Systems Conference	DIA-hosted	\$144,100	Pending
2018 Amazon Web Services re:Invent	Non-DoD hosted	\$48,135	\$45,927
Women in Leadership Public Workshop	Non-DoD hosted	\$48,742	\$53,903
MASIE Learning 2018	Non-DoD hosted	\$20,318	Pending
Senior Synchronization Conference	DIA-hosted	\$33,172	Pending
DIA Activity Offsite	DIA-hosted	\$33,950	\$38,188
Oracle Open World 2018	Non-DoD hosted	\$43,428	\$30,539
Total Estimated Costs		\$523,375	

Summary of Legislative and Regulatory Review

Section 4(a) of the IG Act of 1978 requires IGs to review existing and proposed legislation and regulations relating to the programs and operations of their respective organizations. Our reviews include legislation, executive orders, memorandums, directives, and other issuances. The primary purpose of our reviews is to assess the impact of proposed legislation or regulations on the economy and efficiency of programs and operations administered or financed by DIA, or the potential for fraud and abuse in these programs. During the reporting period, we reviewed proposed changes to the following:

Description	Number Reviewed
Legislation	12
Department of Defense Issuances	13
Defense Intelligence Agency Issuances	7
Office of the Director of National Intelligence Issuances	1
Executive Orders	0

Summary of Audit Activity

Audit of DIA's Contract Requirements, Project 2017-1005

Our objective was to determine whether DIA's acquisition planning process resulted in complete and timely contract requirements. We found that DIA's acquisition planning efforts did not always start soon enough. Only 1 of the 14 contracts we reviewed met its planning milestone; the others missed the milestone by an average of 160 days, resulting in issues such as missed requirements, service gaps, and limited time for contracting personnel to negotiate the best deal and comply with regulations. For example, in the process of replacing an expiring software contract, DIA missed a \$4.1 million discount because mission requirements owners began planning too late. Preparation and review of Acquisition Planning Records (APRs) also needed improvement. Twenty of the 29 APRs we reviewed had missing or noncompliant documentation, which increased risk of untimely or incomplete requirements.

Acquisition planning for follow-on requirements could also be improved if records could be readily located. It took contracting personnel between 1.5 and 5 months to find nearly half of the contract files we requested. The Office of the Chief Financial Officer (CFO) did not have sufficient policies, procedures, and internal controls in place to maintain a robust contract records management system. Management agreed with all four of our recommendations. We issued our final report on December 6, 2018.

DIA's FY 2018 Financial Statement Audit, Project 2018-1001

We engaged an independent public accounting (IPA) firm to audit DIA's FY 2018 financial statements. The IPA firm issued a disclaimer of opinion for FY 2018 because DIA could not confirm the existence, completeness, or accuracy of the financial statements. Specifically, DIA was unable to provide sufficient, appropriate audit evidence for, or make representations to, the facts and circumstances that support account balances and disclosures.



The IPA firm identified four material weaknesses and two significant deficiencies related to the following areas: access and configuration of IT; financial reporting and oversight; property, plant, and equipment; accounting transaction documentation; controls over accounting data transfers; and oversight of third-party service providers. The IPA firm also found that DIA did not comply with Public Law 104-208, "Federal Financial Management Improvement Act of 1996." We oversaw the IPA firm's work based on standards and supported the DoD OIG department-wide audit. The final report was issued on November 15, 2018.

Additional Audit Efforts

We closed 11 of the 36 open recommendations listed in our last report and continued to coordinate with Agency management to develop corrective action plans for open audit recommendations. We are also conducting planning or fieldwork for projects related to DIA's IT services contracts, incoming reimbursable orders, facility and network access controls for out-processing personnel, and improper payments and recovery. We are also continuing our oversight efforts for the audit of DIA's FY 2019 financial statements. We expect to report the results of the incoming reimbursable audit and improper payment and recovery evaluation in our next semiannual report.

Summary of Inspection Activity

Evaluation of DIA’s Personnel Security Program, Project 2018-2002

We evaluated adjudication policies, processes, and practices for assessing, validating, and certifying applicant eligibility for access to national security information. We also evaluated Personnel Security Program interdependencies with other programs and offices that provided information for “whole person” consideration in adjudication decisions. Our evaluation did not address processes associated with periodic reinvestigations. We assessed that the Personnel Security Program would benefit from developing a standardized training program, procedural guidance, formal oversight mechanisms, and quality controls. Management agreed with all four of our recommendations. We issued our final report on November 6, 2018.

Evaluation of DIA’s Workplace Safety Program, Project 2018-2008

We evaluated the efficiency and effectiveness of DIA’s Occupational Safety, Health, and Environmental Compliance (OSHEC) Program and its adherence to established Federal standards, overarching guidance, and regulations. We also evaluated the roles, responsibilities, and overall effectiveness of the designated safety and health representative, or other designated personnel, at selected DIA-occupied sites. We assessed that DIA’s OSHEC Program complied with administrative Federal and DoD guidance. However, we found that the program could improve its effectiveness and efficiency by operating as a corporate program. The program was not managed consistently at all DIA-occupied sites. We assessed that the Agency lacked visibility of safety and health at all sites because the OSHEC Program was managed from a facilities perspective. Management agreed with all three of our recommendations and provided an action plan to implement them. We issued our final report on January 8, 2019.

Evaluation of Offensive Counterintelligence Operations, Project 2018-2009

We evaluated management, oversight, and controls for offensive counterintelligence operations (OFCO) to assess its compliance with statutory and regulatory requirements and effectiveness and efficiency. We assessed the Agency had effective and efficient business processes and appropriate authorities to execute its OFCO mission and was compliant with policies. We issued our final report on November 2, 2018, without findings or recommendations.

Evaluation of DIA’s Five Eyes Engagement in Cyberintelligence, Project 2019-2004



We attempted to evaluate DIA’s Five Eyes (FVEY) engagement in cyberintelligence; however, we determined the timing of our evaluation was not appropriate due to the current state of the Agency’s FVEY cyberintelligence analysis efforts. We concluded that DIA’s engagement with FVEY partners could be improved with cyberintelligence governance, engagement, and collaboration, and that an updated information sharing policy is needed to improve DIA’s engagement. We issued a closure memo on March 15, 2019.

Memo of Observations on Inaccurate Content in the Classification Management Tool

We analyzed inaccuracies in the DIA classification management tool (CMT), and determined they may be contributing to the misclassification of email correspondence and other Agency documents. We issued a memo of observation on February 5, 2019, for DIA management's consideration. We plan to initiate a classification review later this year to assess any actions management may have taken to address this memo.

Additional Inspection Efforts

We coordinated closely with Agency management to close 20 of the 36 open recommendations listed in our last report. We continue to work with Agency stakeholders and managers on progress and planned actions to satisfy open recommendations. In addition, our efforts to evaluate and inspect supply chain risk management, strategic analysis and production, and the annual Federal Information Security Modernization Act of 2014 are ongoing.

Summary of Investigations Activity

Investigative Activity Overview

Reprisal Investigations

This reporting period, we completed six investigations involving allegations of reprisal, which were made before October 1, 2018. We did not substantiate allegations of reprisal in any of the cases; however, in one case,² we determined that a DIA military senior official violated standards of ethical conduct. Specifically the military senior official³ violated title 5, Code of Federal Regulations, section 2635.101(b)(14) (5 C.F.R. § 2635.101[b][14]), “Basic obligation of public service,” July 1, 2011, by appearing to misuse Government funds and property. In another case,⁴ we identified an internal management control deficiency, which we referred to DIA management.

Since October 1, 2018, we received 18 reprisal complaints from DIA personnel. The status of these complaints are as follows:

- Two complaints are currently under preliminary review.
- Seven complaints are under active investigation by our office.
- Six complaints did not meet at least one of the three elements⁵ of reprisal.
- Two complaints were previously reported to and under active investigation with the DIA Equal Opportunity and Diversity Office.
- One complaint was withdrawn by the complainant prior to completion of our preliminary review.

Military Senior Official Misconduct Investigations

We investigated a DIA military senior official for multiple allegations of reprisal, misconduct, and misuse of Government property.⁶ We found insufficient evidence to conclude the military senior official committed retaliatory acts, security violations, or misused Government property. However, we substantiated other misconduct that violated five articles of the Uniform Code of Military Justice (UCMJ) and three sections of title 5, Code of Federal Regulations. We referred our findings to the Department of the Army for review and consideration, and disciplinary action is pending.

² A summary of this case (2018-5043-OI) is provided on page 17 of this report.

³ The term “senior official” is used here, and subsequent references to describe GG-15/O-6 and above personnel, as defined in the IG Empowerment Act of 2016.

⁴ A summary of this case (2018-5008-OI) is provided on page 15 of this report. We made one recommendation in this case; the status of the recommendation is provided on page 26 of the classified annex.

⁵ The three elements of reprisal are defined by Presidential Policy Directive (PPD) 19, “Protecting Whistleblowers with Access to Classified Information,” October 10, 2012, or by title 10, United States Code, section 1034 (10 U.S.C. § 1034), “Protected communication; prohibition of retaliatory personnel actions,” updated December 12, 2017, for civilian and military complainants, respectively.

⁶ A summary of this case (2019-5013-OI) is provided on page 18 of this report.

Time and Labor and Travel Claim Fraud Investigations

We investigated a case involving a combination of time and labor fraud and travel fraud by two DIA employees. Although the two employees retired from the Agency prior to the completion of our investigation, we successfully substantiated all allegations and identified a \$100,260.86 loss to the Government. As this represented a violation of Federal statute, this case was referred to the U.S. Attorney's office for the District of Columbia, who declined to prosecute. We are awaiting a response from the DIA CFO regarding efforts to recover these funds.

Contractor Cost Mischarging Investigations

We investigated two cases involving allegations of labor hour cost mischarging by DIA contractor employees, which we did not substantiate. In each case, we determined that the applicable contracts had been modified and approved by Agency contracting officials. As such, the contractor companies were permitted to claim additional work.

Abuse of Authority Investigations

We investigated allegations of abuse of authority made against two DIA military senior officials. We did not substantiate either allegation; however in one of the investigations, we determined that a DIA military senior official violated standards of ethical conduct (see details above in the "Reprisals Investigation" section).⁷

Uniformed Services Employment and Reemployment Rights Act (USERRA) Investigations

During this reporting period, on two separate occasions a DIA civilian employee submitted complaints that their leadership violated their USERRA rights. In one case, the complaint was made against a DIA civilian senior official. In the other case, the complaint was made against two DIA supervisory military members. Our investigation did not substantiate the allegations in either case.

Privacy Act of 1974 and Health Insurance Portability and Accountability Act (HIPAA) Investigations

We investigated allegations that the Privacy Act of 1974 and HIPAA rights of two DIA civilian employees were violated. We did not substantiate the allegation in one case. However, in the other case, we substantiated a violation of the Privacy Act when we determined that faulty systemic, procedural processes led to the inadvertent disclosure of a DIA civilian employee's health information. As a result, we notified DIA management of two internal management control deficiencies that could have prevented this incident. We are awaiting a response from DIA management officials that addresses these findings.



⁷ A summary of this case (2018-5043-OI) is provided on page 17 of this report.

Other Investigative Activities

During this period, we conducted five investigations related to the allegations listed below. We substantiated allegations in all of these cases.

- Misuse of Government vehicles⁸
- Improper promotion practices⁹
- Violation of property accountability regulations and processes¹⁰
- Questionable intelligence activity¹¹

Table: Investigations Case Summaries

DESCRIPTION	QUANTITY
Investigations ¹²	
Cases Opened in Reporting Period	32
Cases Closed in Reporting Period	29
Cases Still Open at End of Reporting Period	71
Investigation Reports Issued in Reporting Period	19
Referrals in Reporting Period (Number of Cases)	19
Referred to Management (Number of Cases)	19
Referred to Prosecutorial Authority (Number of Cases) ¹³	3
Number of Persons Referred to Department of Justice for Criminal Prosecution	3
Number of Persons Referred to State or Local Prosecuting Authorities for Criminal Prosecution (includes military authorities)	1
Total Number of Indictments and Criminal Informations Resulting from Prior Referral to Prosecuting Authorities	0

⁸ Summaries of these cases (2018-5034-OI and 2018-5062-OI) are provided on pages 16 and 17 of this report, respectively.

⁹ A summary of this case (2019-5005-OI) is provided on page 18 of this report.

¹⁰ A summary of this case (2017-5057-OI) is provided on page 14 of this report.

¹¹ A summary of this case (2017-5084-OI) is provided on page 2 of the classified annex to this report.

¹² Description of Metrics: all metrics provided were developed as a result of reviewing all relevant individual cases including those opened and closed during this reporting period, and cases remaining open at the end of the previous reporting period (April 1, 2018–September 30, 2018).

¹³ This number reflects the number of cases (2017-5089-OI, 2019-5005-OI, and 2019-5013-OI) that resulted in referrals to prosecutorial authorities. The summaries that follow address the individuals involved in those referrals.

Summaries of Published Investigative Reports

Property Accountability Investigation, Case 2017-5057-OI

We did not substantiate allegations of an unauthorized purchase of a weapons part by a former DIA civilian employee. We determined that the employee violated property management policies by purchasing items with Government contract funds and routinely having those items mailed to the employee's residence. As a result, DIA was unable to maintain proper accountability over Agency property. We also determined that ten parts were unaccounted for, which represents a \$762.50 loss to the Government. Further, we identified four internal management control deficiencies that could have prevented this failure to follow proper accountability procedures. We are awaiting a response from DIA management that addresses these deficiencies.

Contractor Cost Mischarging Investigation, Case 2017-5075-OI

We did not substantiate allegations that three DIA contractor employees committed cost mischarging by billing hours that were not authorized. We determined that the contractor company claimed a fluctuating amount of excess work hours for a 2-year period due to varying mission tempos. However, we confirmed that the contracting officer's representative had approved the overtime. As a result, the contractor company was authorized to bill DIA for the excess hours.

Travel Fraud and Abuse of Authority Investigation, Case 2017-5089-OI

We substantiated allegations of false official statements, false claims, and theft of Government funds by two former DIA civilian employees. We determined that between January 19, 2015, and September 2, 2017, the employees fraudulently submitted timesheets while on recurring temporary duty to DIA Headquarters from their permanent overseas duty station. During that same period, they also received unauthorized per diem entitlements and overseas cost-of-living allowance. We estimated a \$100,260.86 loss to the Government, and we referred this case to the U.S. Attorney's Office for the District of Columbia since it represented a violation of Federal law. However, they declined to pursue criminal or civil prosecution.

We also substantiated allegations of abuse of authority and violation of the Joint Travel Regulation (JTR) by their supervisory DIA civilian employee. We determined the supervisory civilian employee grossly mismanaged Government funds by failing to prevent the travel fraud. Furthermore, we determined that two of the three employees failed to comply with the basic obligation of public service, including the duty to protect and conserve Government resources as defined by 5 C.F.R. § 2635.101(b)(9), "Basic Obligation of Public Service." Disciplinary action and recoupment of funds is pending.

In addition to the above, we also identified three internal management control deficiencies that could have prevented this failure to follow proper time and labor and travel procedures. We are awaiting a response from DIA management that addresses these deficiencies.

Uniformed Services Employment and Reemployment Rights Act (USERRA) Investigation, Case 2018-5007-OI

We did not substantiate allegations that two DIA supervisory military members violated the USERRA rights of a subordinate DIA civilian employee by downgrading the subordinate employee's FY 2014 annual performance appraisal, and not recommending the subordinate employee for promotion during the FY 2015 promotion cycle because of the employee's military reserve service. We also did not substantiate allegations that the two supervisory military members prevented the subordinate employee from advancing to the next civilian grade for three annual promotion cycles (FY 2015–2017) because of the employee's military reserve service.

Reprisal Investigation, Case 2018-5008-OI

We did not substantiate allegations of reprisal made by a DIA civilian employee against two supervisory DIA civilian employees and one senior official. The complainant alleged the supervisory employees and senior official retaliated in response to a protected communication the complainant made to another DIA senior official outside the chain-of-command. Specifically, the complainant alleged that the senior official coerced the supervisory civilian employees into giving the complainant an unfair performance appraisal because of the protected communication. We did not substantiate the allegation because we determined there was clear and convincing evidence to support the complainant would have received the unfavorable rating regardless of the protected communication. We also identified an internal management control deficiency, which DIA management corrected.



Contractor Cost Mischarging Investigation, Case 2018-5009-OI

We did not substantiate an allegation that a contractor company overbilled DIA for linguistic and translation support services. A former DIA contractor employee alleged that the company overbilled DIA for the number of hours its employees worked and for work outside the scope of the contract. The complainant also alleged that the company failed to reimburse its workers for travel expenses. We reviewed the associated contract documents and determined that the contract was appropriately modified to allow additional work beyond what was originally required. Consequently, the billing was authorized.

Uniformed Services Employment and Reemployment Rights Act Investigation, Case 2018-5012-OI

We did not substantiate allegations that a DIA senior official violated the USERRA rights of a subordinate DIA civilian employee. The complainant alleged the DIA senior official attempted to have the complainant's active duty reserve orders rescinded. We determined that the senior official did not terminate, curtail, or prevent the complainant from serving in the military reserves.

Privacy Act of 1974 and Health Insurance Portability and Accountability Act Investigation, Case 2018-5022-OI

We did not substantiate allegations of violations of DIA deployment policy nor violations of the Privacy Act of 1974 and HIPAA rights. A DIA civilian employee alleged that Privacy Act and HIPAA rights were violated when the employee was repeatedly listed by his workcenter leadership as deployment eligible despite having an Agency approved medical deferment. The employee also alleged that the workcenter organization violated Privacy Act and HIPAA rights by requesting his medical records to support a potential deferment. The employee also alleged to have been victim to retaliatory harassment, which was referred to the DIA Equal Opportunity and Diversity Office for consideration.

Reprisal Investigation, Case 2018-5031-OI

We investigated allegations of reprisal referred to us by the DoD Inspector General. A DIA military reserve member alleged that two DIA supervisory employees—a DIA military member and a DIA senior official retaliated against the reserve member after making a protected communication to the DIA Equal Opportunity and Diversity Office. Specifically, the complainant alleged that the supervisory employees wrongfully accused the complainant of falsifying information on the previous year’s military evaluation report, and issued the complainant an unjust rating on the current year’s military evaluation report. We did not substantiate the allegations because we determined the supervisory employees’ actions did not represent an unfavorable action in accordance with title 10, United States Code, section 1034 (10 U.S.C. § 1034), “Protected Communications, Prohibition of Retaliatory Personnel Action.” We also determined the rating the complainant received was within management’s authority.

Reprisal Investigation, Case 2018-5032-OI

We did not substantiate allegations of reprisal made by a DIA civilian employee against two DIA supervisory employees—a DIA military member and a DIA senior official. The complainant alleged that the senior official issued a letter of counseling to the complainant, which threatened termination, after the complainant made protected communications (discrimination complaint) to the DIA Equal Opportunity and Diversity Office. The complainant also alleged that the DIA supervisory employees downgraded the complainant’s performance appraisal rating from the previous year’s rating. Finally, the complainant alleged that the DIA supervisory employees issued a letter of reprimand to the complainant in retaliation for filing a grievance to the DIA Office of Human Resources. We determined that evidence was insufficient to prove the DIA supervisory employees engaged in retaliatory acts because no adverse personnel action occurred and the letter of counseling and performance appraisal rating was within management’s authority.

Misuse of Government Vehicle Investigation, Case 2018-5034-OI

We substantiated allegations of misuse of Government resources and abuse of authority by three DIA civilian employees—a senior official and two supervisory DIA civilian employees. Specifically, the DIA civilian employees instructed subordinate DIA civilian employees to transport unauthorized personnel in Government vehicles to and from destinations unrelated to their official duties. We determined that the DIA civilian employees violated 5 C.F.R. § 2635.705(b), “Use of a subordinate’s time,” and other Agency guidance. Disciplinary action by DIA management is pending.

Reprisal and Hostile Work Environment Investigation, Case 2018-5037-OI

We did not substantiate allegations of reprisal made by a DIA civilian employee against a DIA senior official. The complainant alleged to have received a letter of reprimand and been subject to a hostile work environment in retaliation for reporting misconduct to several DIA management employees and to the DIA Office of Human Resources. We determined the allegations did not meet one of the three elements of reprisal as defined by PPD-19, “Protecting Whistleblowers with Access to Classified Information,” October 10, 2012. Although the complainant made protected communications to several DIA management officials, there was insufficient evidence to conclude the senior official was aware of those communications. We also determined there was insufficient evidence to prove the senior official created a hostile work environment. The complainant had a record of unsatisfactory behavior for the previous 4 years, and the personnel actions the senior official took were within management’s authority.

Reprisal and Abuse of Authority Investigation, Case 2018-5043-OI

We investigated allegations that a DIA military senior official created a hostile work environment, misused Government funds and vehicles, abused his authority, mismanaged office operations, and retaliated against subordinate DIA military members. First, we reviewed the allegation of retaliation and determined it did not meet two of the elements of reprisal as defined by 10 U.S.C. § 1034, "Protected communications; prohibition of retaliatory personnel actions," as implemented by DoD Directive 7050.06, "Military Whistleblower Protection." Specifically, there was insufficient evidence to determine that the complainant made a protected communication or was subject to an adverse personnel action. Further, we found insufficient evidence to conclude the military senior official created a hostile work environment, abused authority, or mismanaged office operations.

However, we did determine that the military senior official violated "Standards of Ethical Conduct for Employees of the Executive Branch," 5 C.F.R. § 2635.101(b)(14), specifically, "Basic obligation of public service," July 1, 2011, by appearing to misuse Government funds and vehicles. Because the subject was an active duty officer, we referred our findings to the Commanding General, U.S. Army Military District of Washington (MDW) for review and consideration and not the U.S. Attorney. Disciplinary action by MDW leadership is pending.

Abuse of Authority Investigation, Case 2018-5047-OI

We did not substantiate allegations of abuse of authority made by a DIA contractor employee, formerly assigned to DIA as a military reserve member. The complainant alleged that a DIA military senior official wrongfully contacted the complainant's reserve commander about a seemingly inappropriate email the complainant sent to a DIA senior official. We determined that the military senior official's action was not an abuse of authority.

Mishandling of Personally Identifiable Information Investigation, Case 2018-5057-OI

We substantiated a violation of the Privacy Act of 1974 when we determined that faulty systemic, procedural processes led to the inadvertent disclosure of a DIA civilian employee's health information to persons without an official need-to-know, in violation of DoD Directive 5400.11, "Department of Defense Privacy Program," Change 1, September 1, 2011. However, we determined that there were no indications of malicious intent by the personnel handling and disseminating the employee's health information. In addition, we identified two internal management control deficiencies that could have prevented this disclosure. We are awaiting a response from DIA management to address these deficiencies.

Misuse of Government Vehicle Investigation, Case 2018-5062-OI

We substantiated an allegation that a DIA civilian employee misused a Government vehicle, in violation of an Agency regulation. The employee used the vehicle to transport a family member for personal convenience. Disciplinary action by DIA management is pending.

Improper Promotion Practices Investigation, Case 2019-5005-OI

We substantiated allegations that two DIA senior officials and one DIA civilian employee violated Agency guidance and policy when they participated in improper promotion practices during the 2018 DIA promotion cycle. Specifically, the senior officials were unauthorized to rate and review the employee's performance because they were not part of the employee's permanent rating chain. Further, we determined the DIA civilian employee violated Agency guidance by knowingly bypassing the standardized business process to avoid being rated and reviewed by the appropriate Agency leadership. Lastly, we concluded that the DIA civilian employee violated 18 U.S.C. § 1001, "Statements or entries generally," by submitting false information in connection with the promotion form. We referred this case to the U.S. Attorney's Office for the District of Columbia since this represented a violation of Federal statute. The office declined to pursue criminal or civil prosecution. Disciplinary action by DIA management is pending.

Reprisal and Misconduct Investigation, Case 2019-5013-OI

We investigated multiple allegations of misconduct, including reprisal, against a DIA military senior official. We determined the military senior official violated:

- Article 86, UCMJ, "Absent without leave"
- Article 93, UCMJ, "Cruelty and maltreatment"
- Article 112, UCMJ, "Drunk on duty"
- Article 133, UCMJ, "Conduct unbecoming an officer and gentleman"
- Article 134, UCMJ, "Disorderly conduct, drunkenness"
- 5 C.F.R. § 2635.705(b), "Use of official time"
- 5 C.F.R. § 2635.702), "Use of public office for private gain"; and
- 5 C.F.R. § 2635.101(b)(14), "Basic obligation of public service."

However, we did not find sufficient evidence to conclude the military senior official committed retaliatory acts against a subordinate DIA military member, security violations, or misused Government property. Because the subject was an active duty officer, we referred our findings to the Commanding General, Military District of Washington (MDW) for review and potential prosecution and not the U.S. Attorney. Disciplinary action by MDW leadership is pending.

Investigative Activity Support

Personnel Vetting

This reporting period, we completed 4,111 checks for derogatory information within OIG records in response to 222 requests, which originated within DIA and from external Federal agencies. These requests involved present and former DIA military, civilian, and contractor personnel who are seeking job placement or advancement, are under consideration for awards, or are undergoing screenings or background investigations to obtain security clearances.

Appendix A. Statistical Tables

Table A-1: Reports (Audits and Inspections) With Questioned and Unsupported Costs

DESCRIPTION	NUMBER OF REPORTS	QUESTIONED COSTS	UNSUPPORTED COSTS
Reports for which no management decision was made by beginning of reporting period	3	\$8,458,936	\$5,182,720
Reports issued during reporting period		–	–
Reports for which a management decision was made during reporting period			
1. Dollar value of disallowed costs		–	–
2. Dollar value of allowed costs		–	–
Reports for which no management decision was made by the end of the reporting period ^{14 15 16}	3	\$8,458,936	\$5,182,720
Reports for which no management decision was made within 6 months	3	\$8,458,936	\$5,182,720

14 Audit of Other Direct Costs (ODC) on DIA Contracts, Project 2015-100003-OA: Published in DIA OIG Semiannual Report to Congress April 1, 2016–September 30, 2016. We found that DIA contracting officer’s representatives approved payments without ensuring that billed charges were accurate and allowable. As a result, DIA had no assurance that \$26.3 million of ODC were paid in accordance with regulations and contract terms. We identified \$1 million in unsupported costs and about \$2.2 million in questioned costs. Management analyzed most of the questioned and unsupported costs but have not completed review of all questioned costs.

15 Audit of DIA’s Contract Surveillance, Project 2013-100010-OA: Published in DIA OIG Semiannual Report to Congress April 1, 2015–September 30, 2015. We found that DIA contracting officials and requiring activity personnel did not provide sufficient technical oversight to ensure that contractors performed in accordance with contract specifications. As a result, DIA had limited assurance that \$373.8 million in services and supplies met contract requirements. We also identified \$532,428 in unsupported costs for travel, tuition, and housing claimed under ODC in the invoices that were reviewed. Management analyzed most of the unsupported costs but have not completed their review.

16 Audit of DIA’s Unliquidated Obligations, Project 2017-1006: Published in DIA OIG Semiannual Report to Congress April 1, 2018–September 30, 2018. We questioned \$4,753,508 in payments made by DIA due to improper authorization and approval of vouchers and identified \$3,650,292 of these payments as unsupported costs. Management concurred with the recommendation to analyze the questioned costs and initiate collections for any payments determined to be improper. Management is working on addressing this issue.

Table A-2: Reports (Audits and Inspections) With Recommendations That Funds Be Put to Better Use

DESCRIPTION	NUMBER OF REPORTS	FUNDS PUT TO BETTER USE
Reports for which no management decision was made by the beginning of reporting period	2	\$254,770,000
Reports issued during reporting period	1	\$4,100,000
Reports for which a management decision was made during reporting period		
1. Dollar value of recommendations agreed to by management	–	–
2. Dollar value of recommendations not agreed to by management	–	–
Reports for which no management decision was made by the end of the reporting period ^{17 18 19}	3	\$258,870,000
Reports for which no management decision was made within 6 months	2	\$254,770,000

17 Audit of Indefinite-Delivery/Indefinite-Quantity (IDIQ) Contracts, Project 2016-1004: Published in DIA OIG Semiannual Report to Congress April 1, 2017–September 30, 2017. We found that the CFO, Contracting Operations Division (CFO-4), could not determine the timeliness of IDIQ contract awards because it did not consistently establish contract milestones or record completion dates. As a result, DIA awarded six IDIQ contracts 3 to 5 months later than planned, and the delay for one contract increased the ceiling price by \$4.77 million. Management agreed with the corresponding recommendations.

18 Audit of DIA’s Unliquidated Obligations, Project 2017-1006: Published in DIA OIG Semiannual Report to Congress April 1, 2018–September 30, 2018. We found that DIA was unlikely to spend about \$250 million of its FY 2017 appropriations, in spite of obligating nearly all funds. Management agreed with the corresponding recommendations.

19 Audit of DIA’s Contract Requirements, Project 2017-1005: A summary is on page 7 of this report. We found that the CFO, Contracting Operations Division (CFO-4), awarded complete requirements but missed acquisition planning milestones, which led to a loss of a \$4.1 million discount.

Table A-3: Investigations Dollar Recoveries in Reporting Period

INVESTIGATION	CASE NUMBER	EFFECTIVE RECOVERY DATE	DOLLARS RECOVERED
Time and Labor Fraud	2018-5025-OI	1 October 2018	\$5,513.82
Contractor Cost Mischarging	2018-5018-OI	15 October 2018	\$22,456.27
Time and Labor Fraud and False Claims	2016-5081-OI	1 November 2018	\$25,831.69
Time and Labor Fraud	2018-5019-OI	4 December 2018	\$4,471.03
		TOTAL	\$58,272.81

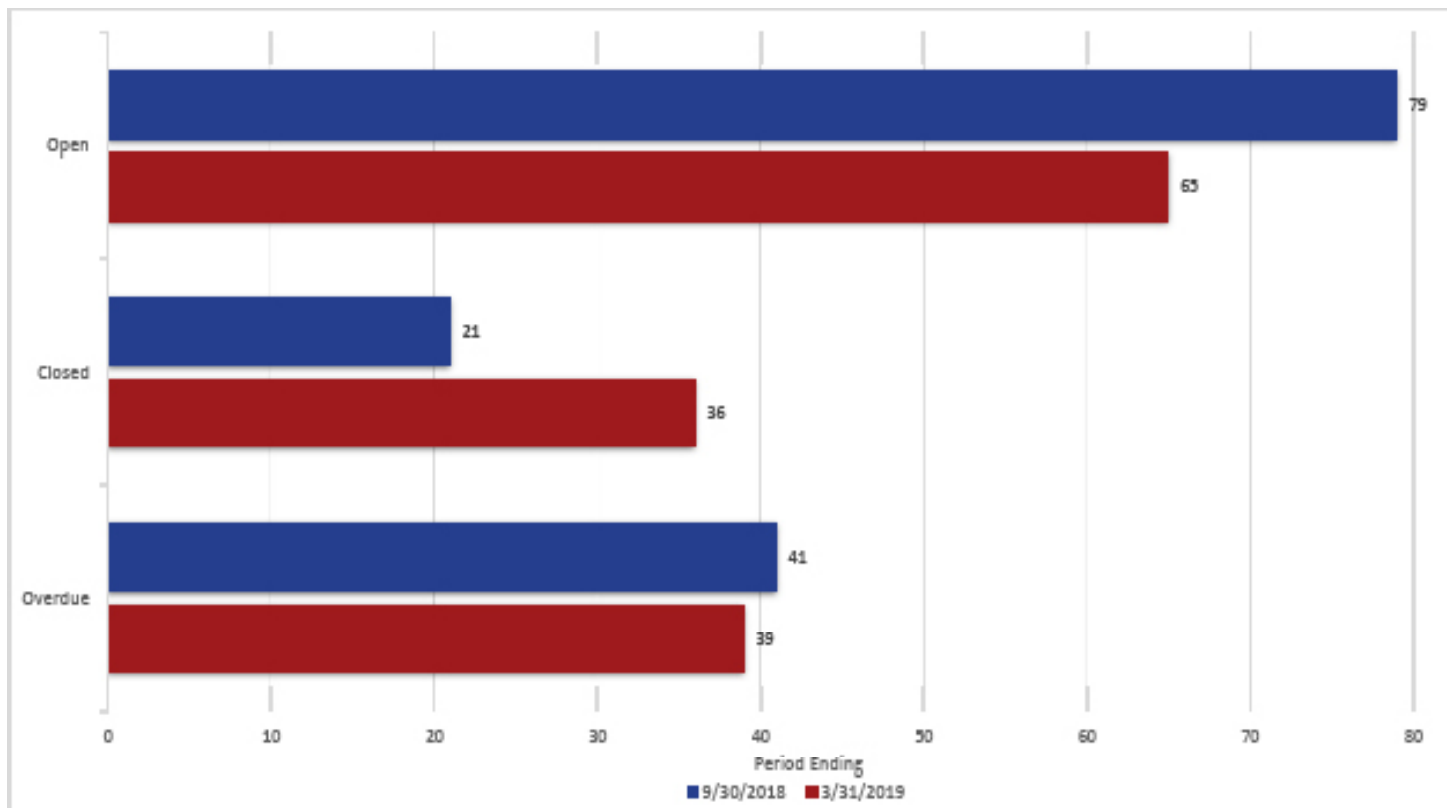
Table A-4: Summaries of Other Investigative Matters

DESCRIPTION	QUANTITY
Hotline Program	
DIA OIG Hotline Inquiries Received in Reporting Period	172
DIA OIG Hotline Inquiries Closed in Reporting Period	170
Intelligence Oversight	
Cases Opened in Reporting Period	0
Cases Closed in Reporting Period	2
Cases Still Open at End of Reporting Period	1
Reports of Investigation Issued in Reporting Period	1
Referred to Management	0
Management Referrals	
Referrals in Reporting Period	7
Referrals in Reporting Period (external agencies)	1

Table A-5: Summary of Recommendations as of March 31, 2019²⁰

DESCRIPTION	QUANTITY
Audits	
Open Recommendations	29
Closed Recommendations	11
Overdue Recommendations	25
Inspections	
Open Recommendations	24
Closed Recommendations	20
Overdue Recommendations	12
Investigations	
Open Recommendations	12
Closed Recommendations	5
Overdue Recommendations	2

Table A-6: Recommendation Trends



²⁰ "Overdue recommendations" refers to those recommendations that DIA management has not addressed within established timelines.

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Appendix B. Index of Reporting Requirements

The Inspector General Act of 1978, as amended, requires Inspectors General to report certain information to Congress twice each year. The table below identifies the semiannual reporting requirements and the location of the corresponding information in this report.

Semiannual Reporting Requirement		Page
4(a)(2)	Legislative and regulatory reviews	6
5(a)(1)	Significant problems, abuses, and deficiencies	7–18
5(a)(2–3)	Recommendations to correct significant problems, abuses, and deficiencies	Annex
5(a)(4)	Matters referred to prosecutive authorities and resulting prosecutions and convictions	13–18
5(a)(5)	Reports to the Director, DIA of refusals to provide information	4
5(a)(6)	List of reports issued during the reporting period	7–18
5(a)(7)	Summaries of significant reports	7–18
5(a)(8)	Statistical table showing questioned and unsupported costs	19
5(a)(9)	Statistical tables showing recommendations that funds be put to better use	20
5(a)(10)(A)	Summaries of reports previously issued that still lack management decision	19–20
5(a)(10)(B)	Summaries of reports previously issued that lacked management comment within 60 days	4
5(a)(10)(C)	Summaries of reports previously issued that have remaining unimplemented recommendations	Annex
5(a)(11)	Significant revised management decisions	4
5(a)(12)	Significant management decisions with which the IG disagrees	4
5(a)(13)	Federal Financial Management Improvement Act of 1996	4
5(a)(14–16)	Peer reviews	4
5(a)(17–18)	Investigations statistics and metrics	13
5(a)(19)	Investigations involving substantiated allegations against senior officials	11–18
5(a)(20)(A)	Descriptions of whistleblower retaliation	11–18
5(a)(20)(B)	Establishment imposed consequences of whistleblower retaliation	11–18
5(a)(20)(C)	Whistleblower retaliation settlement agreements	11–18
5(a)(21)	Attempts to interfere with IG independence	4
5(a)(22)	Public disclosure	4

