

July-Dec 2008
Semiannual Report

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(U) A MESSAGE FROM THE INSPECTOR GENERAL

(U) During this reporting period, the Investigations Staff completed a number of investigations, including criminal cases undertaken in collaboration with the Department of Justice (DoJ) and internal administrative investigations.

(U) The Staff's work in support of the DoJ prosecution of a former high-ranking Agency official on Conspiracy to Commit Unlawful Monetary Transactions, Wire Fraud, Mail Fraud, Conflicts of Interest, False Statements, Aiding and Abetting, and Criminal Forfeiture is coming to a close. The official pled guilty to one felony charge and will be sentenced in February 2009. [redacted]

(U// [redacted]) [redacted]

[redacted] The Staff also completed an investigation into alleged financial irregularities by a senior Agency official. The report of this investigation, which found that the official submitted false expense certifications, was also forwarded to the Director for action.

(U// [redacted]) The Staff continues to devote considerable resources to completing its investigations into allegations of abuse against individuals detained by the Agency as part of the global war on terrorism. [redacted]

(U// [redacted]) During the past six months, the Office of Inspector General (OIG) received, in response to a number of its crime referrals, DoJ declinations to prosecute in favor of administrative action by the Agency. These cases involved conflicts of interest, time and attendance abuse, labor mischarging, and false claims and false statements by Agency employees and contractors. The Investigations Staff has closed certain of these cases and referred them to appropriate Agency components for action. New allegations of wrongdoing have been brought to the attention of the Staff, to include contracting irregularities, theft, child pornography, and false statements.

(U// [redacted]) During the reporting period, the Inspection Staff continued to focus on major Agency components. These included East Asia Division [redacted] in the National Clandestine Service, and Finance in the Directorate of Support. [redacted]

APPROVED FOR RELEASE
DATE: 25-Feb-2010

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[Redacted]

(U// [Redacted]) The Audit Staff continues to be heavily involved in joint oversight of Intelligence Community programs. A joint audit, requested by the Senate Select Committee on Intelligence, [Redacted]

(U) As required by Title III of the Foreign Intelligence Surveillance Act (FISA) Amendments Act of 2008, which was signed into law on 10 July 2008, the Inspectors General (IGs) of the DoD, the Office of the Director of National Intelligence, the National Security Agency, DoJ, and CIA are conducting a comprehensive review of the President's Surveillance Program. The CIA OIG is coordinating the conduct of the review and the preparation of the interim and final reports. In accordance with the Act, the IGs submitted to the pertinent Congressional committees an interim report that described the planned scope of the review.

[Redacted] In keeping with the standing request of the Congress that the OIG audit each covert action program no less frequently than every three years, the Office completed an audit of a [Redacted] covert action program [Redacted]

(U// [Redacted]) The Audit Staff completed the annual independent audit of the CIA's financial statements (for FY 2008). [Redacted]

[Redacted] The Staff also completed its FY 2008 annual independent evaluation of the CIA's information security program and practices as required by the Federal Information Security Management Act.

[Redacted]

[Redacted] Audit reports published during this period made recommendations for strengthening internal controls over contracting, program management, covert actions, financial management, information technology, and [Redacted] Agency senior managers concurred with almost all of the recommendations.

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John L. Helgerson
15 January 2009

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TABLE OF CONTENTS

	PAGE
(U) STATUTORY REQUIREMENTS	7
(U) AUDITS.....	9
(U) Completed Audits.....	10
(U) Status of Significant Recommended Actions Outstanding From Previous Semiannual Reports.....	20
(U) Summaries of Selected Current Audits	27
(U) INSPECTIONS.....	31
(U) Completed Inspections.....	32
(U) Status of Significant Recommended Actions Outstanding From Previous Semiannual Reports.....	37
(U) Summaries of Current Inspections	41
(U) INVESTIGATIONS	43
(U) Completed Investigations	45
(U) Status of Significant Recommended Actions Outstanding From Previous Semiannual Reports.....	48
 (U) ANNEX A	
(U) Statistical Overview	
(U) Completed Audits	
(U) Current Audits	
(U) Completed Inspections	
(U) Current Inspections	
(U) Completed Investigations	
(U) Current Investigations	
 (U) ANNEX B	
(U) CIA Office of Inspector General FY10 Legislative Proposals	



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~~SECRET~~// []**(U) STATUTORY REQUIREMENTS**

(U) This report is submitted pursuant to Section 17 of the CIA Act of 1949, as amended, which requires the Inspector General (IG) to provide to the Director, Central Intelligence Agency, not later than 31 January and 31 July of each year, a semiannual report summarizing the activities of the Office of Inspector General (OIG) for the immediately preceding six-month periods, ending 31 December and 30 June, respectively.

(U) All audit activities of the OIG are carried out in accordance with generally accepted government auditing standards. All OIG inspection and investigation activities conform to standards promulgated by the President's Council on Integrity and Efficiency.

(U) The OIG has had full and direct access to all Agency information relevant to the performance of its duties.

(U) SUBPOENA AUTHORITY

(U) [] During this reporting period, the IG issued [] subpoenas relating to an investigation of potential fraud involving a government contract.

(U) LEGISLATIVE PROPOSALS

(U) In general, to ensure its independence and effectiveness, CIA's statutory Inspector General needs to possess all authorities provided other US Government statutory Inspectors General. Accordingly, the OIG has reviewed the provisions of the Inspector General Reform Act of 2008, which was enacted during this reporting period, and the provisions of the Inspector General Act of 1978 (IG Act), and has identified provisions of law contained therein that are not applicable to the CIA OIG, but are generally applicable to Inspectors General covered by the IG Act, as amended.

(U) In conjunction with the process, and in response to the CIA Office of Congressional Affairs (OCA) request for proposed legislation for consideration by the Director, CIA, the OIG submitted a legislative proposal to OCA that would more closely conform the CIA IG authorities, which are set forth in Section 17 of the CIA Act of 1949, to those in the IG Act. []

[] Contingent on the concurrence of the Director, CIA, OIG's legislative proposal will be included in the CIA's legislative submission to the Office of the Director of National Intelligence.

(U) The Inspector General strongly recommends that the Director, CIA and the intelligence oversight committees of Congress support amendments to the CIA Act, or other appropriate legislation, that would accomplish the goals of the language that is set forth at Annex B.

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(U) AUDITS

(U//) The Audit Staff conducts performance and financial audits of CIA programs and activities. During this reporting period, the Audit Staff issued 12 audit reports containing recommendations that addressed contracting, covert action, financial management, information technology, .

The Audit Staff also performed a review, at the request of the Director, CIA, and issued a report on CIA's personnel management practices in addressing security and suitability issues of employees; the report contained recommendations. The Audit Staff also completed the annual review of the security of the CIA's information systems as required by the Federal Information Security Management Act (FISMA).

(U//) The Staff completed work on the statutory annual audit of the CIA's financial statements and issued its report in November 2008.

As requested by the Congress, the Audit Staff continues to pursue its program to audit each covert action program (or an aspect of each program) at least every third year and to provide the results of each audit to the Congress. This reporting period, the Staff completed an audit of .

additional covert action audits are underway.

(U//) The Audit Staff participated in quarterly meetings attended by its Intelligence Community (IC) counterparts and Chief Financial Officers (CFOs) in an Office of the Director of National Intelligence (ODNI) initiative to achieve sustainable unqualified audit opinions on financial statements of all IC agencies. The Audit Staff has continued to pursue involvement in joint oversight of IC programs;

In addition, as required by Title III of the Foreign Intelligence Surveillance Act (FISA) Amendments Act of 2008, which was signed into law on 10 July 2008, the Inspectors General (IGs) of the DoD, ODNI, National Security Agency, Department of Justice, and CIA are conducting a comprehensive review of the President's Surveillance Program. The CIA OIG is coordinating the conduct of the review and the preparation of the interim and final reports. In accordance with the Act, the IGs submitted an interim report to pertinent Congressional committees that described the planned scope of the review.

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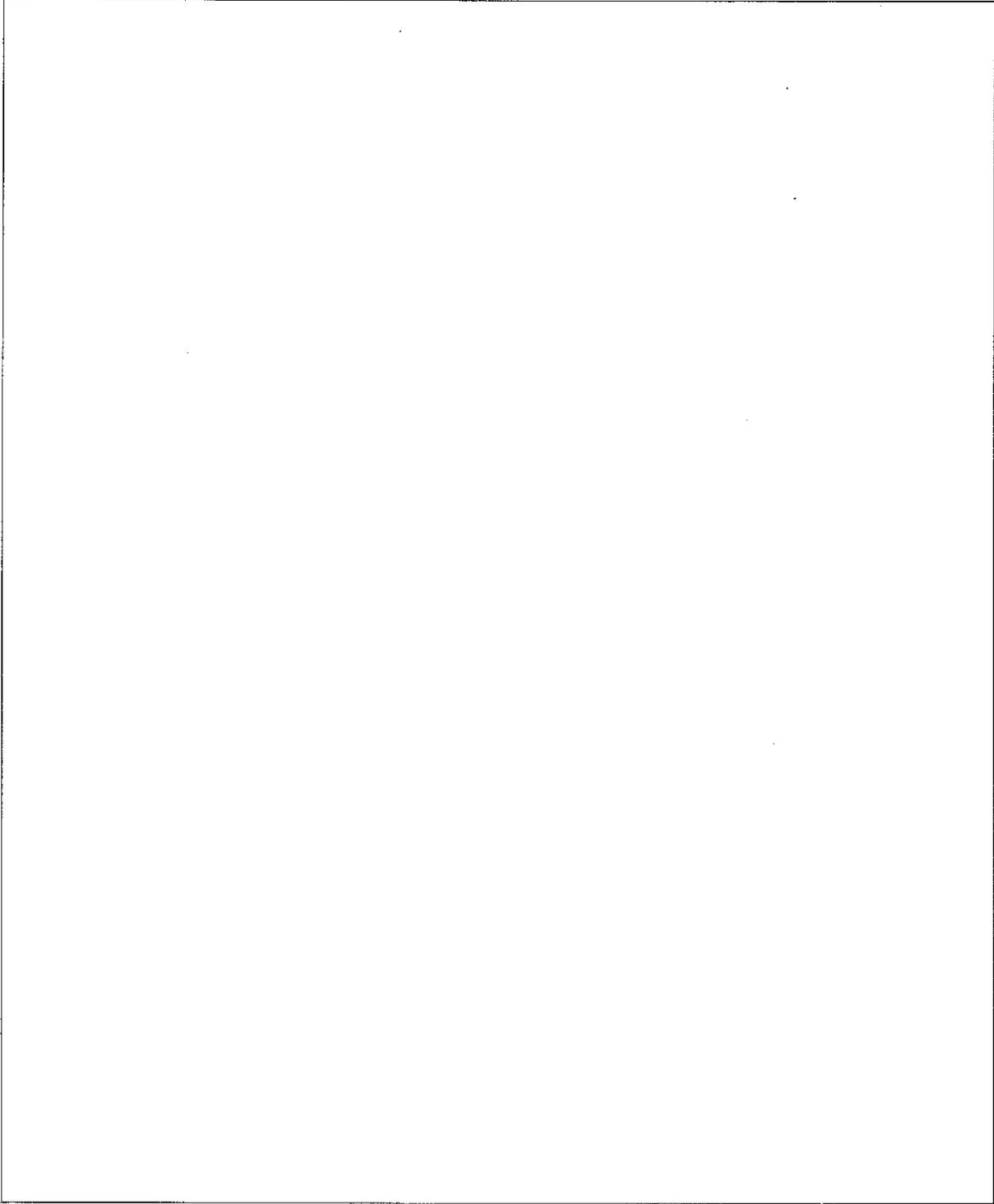
(U) COMPLETED AUDITS



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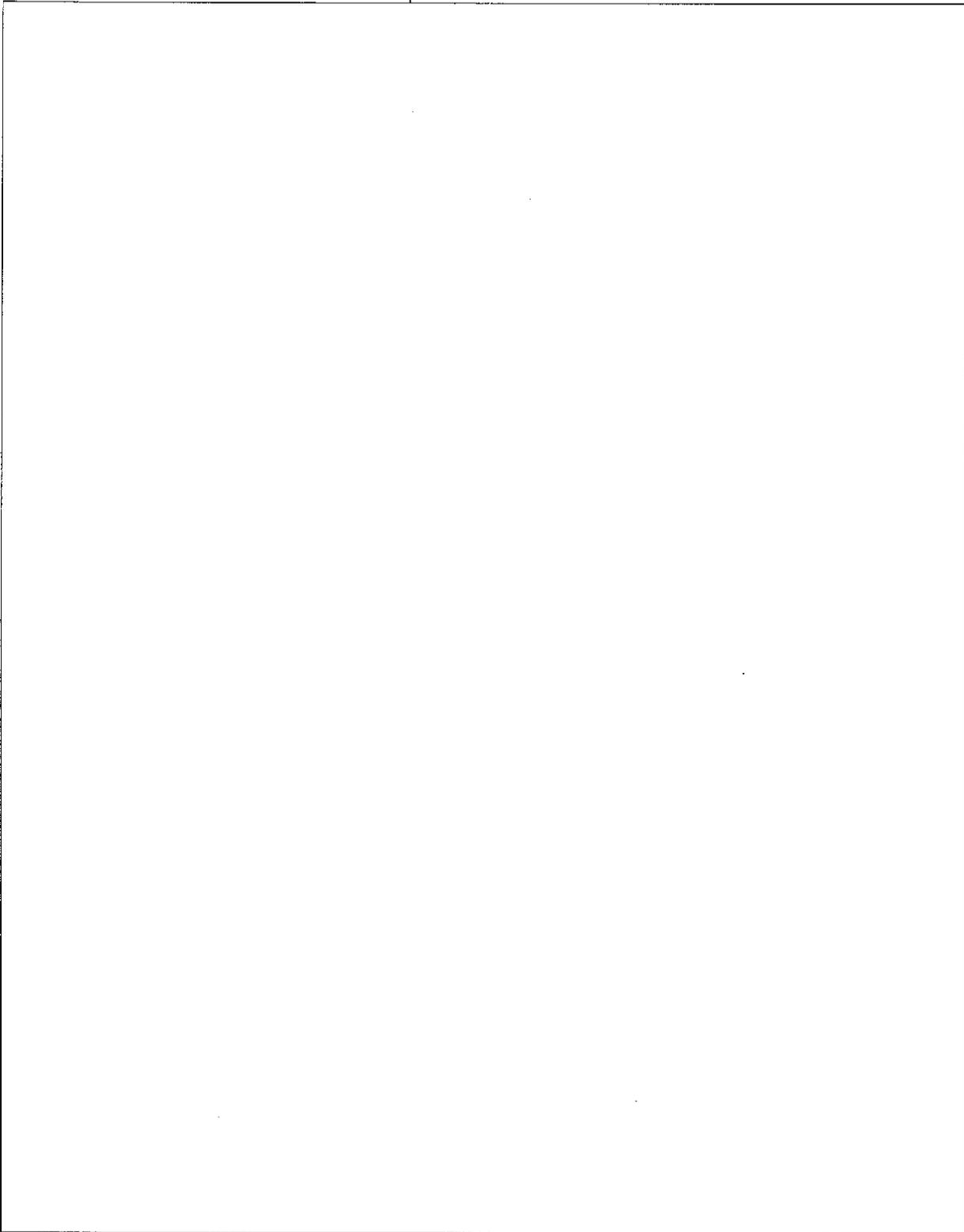
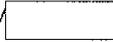


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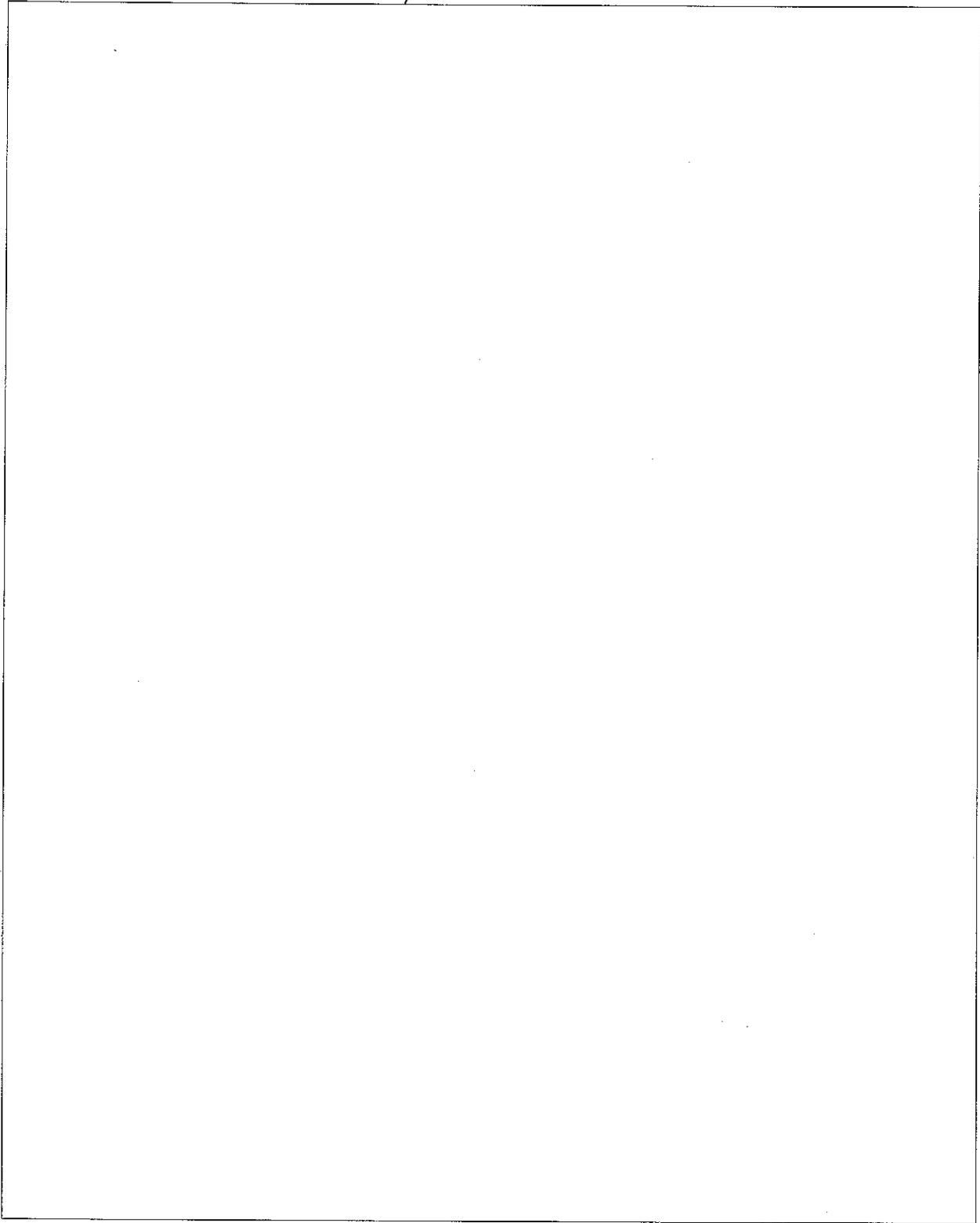
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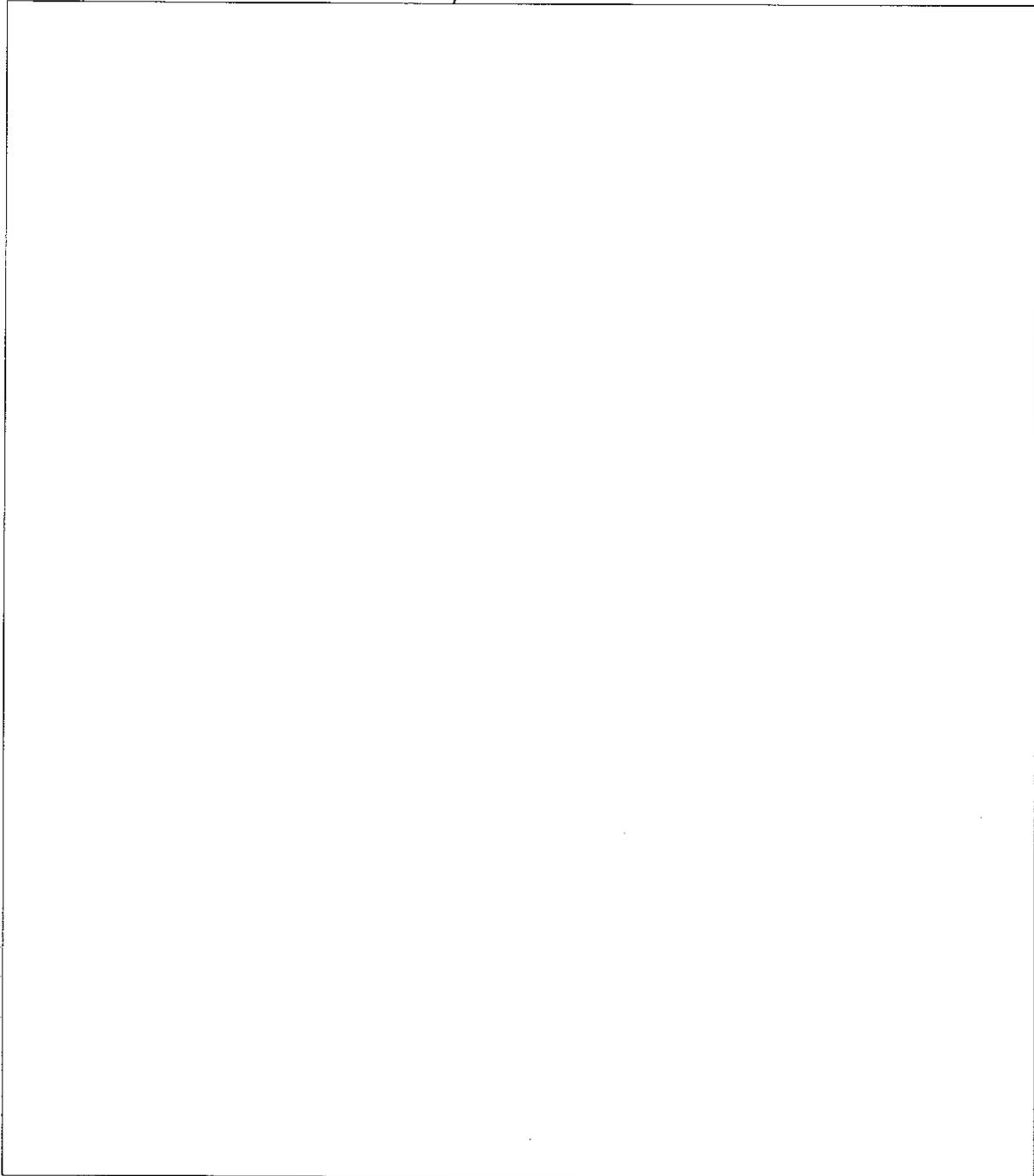
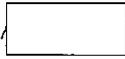


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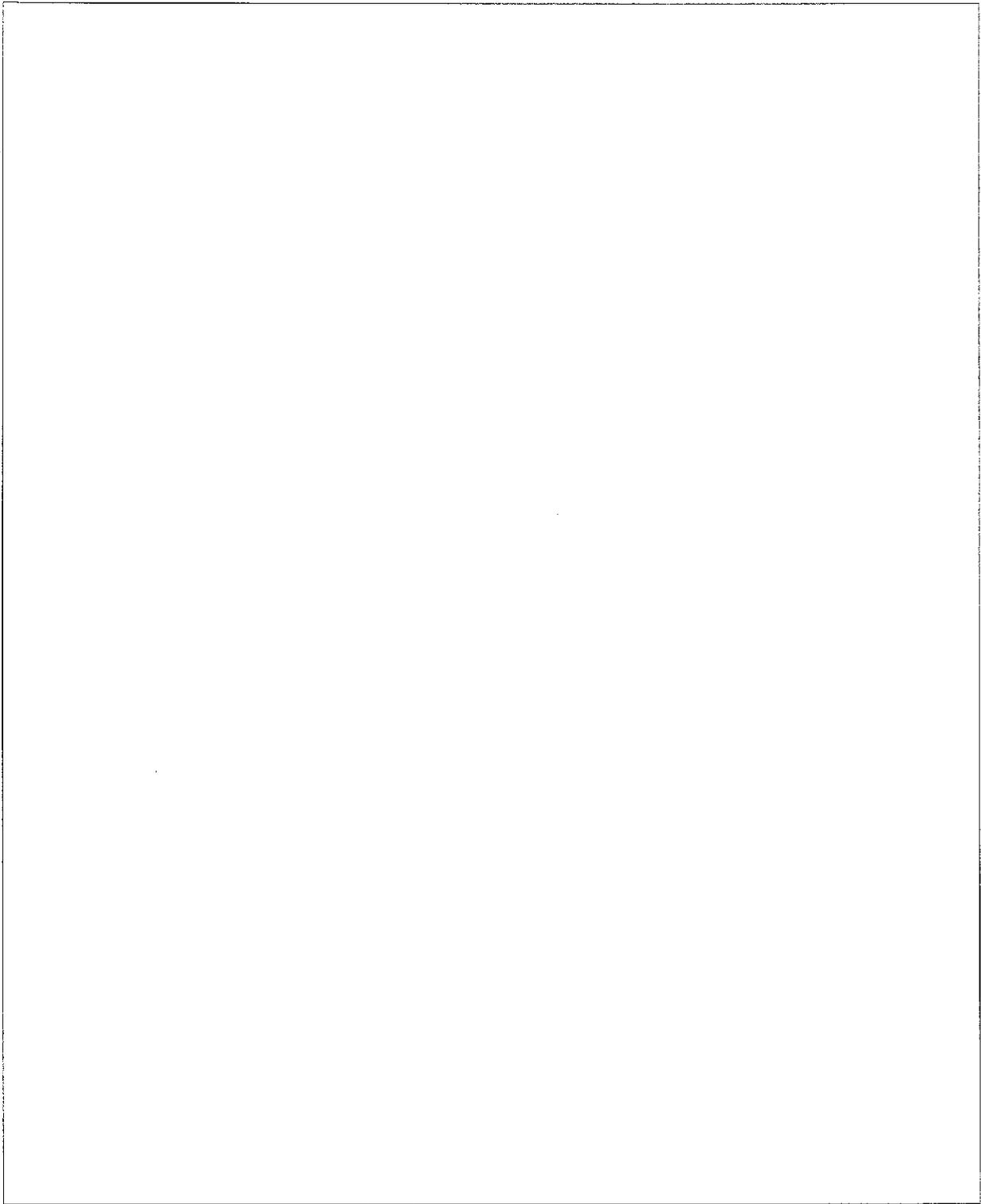
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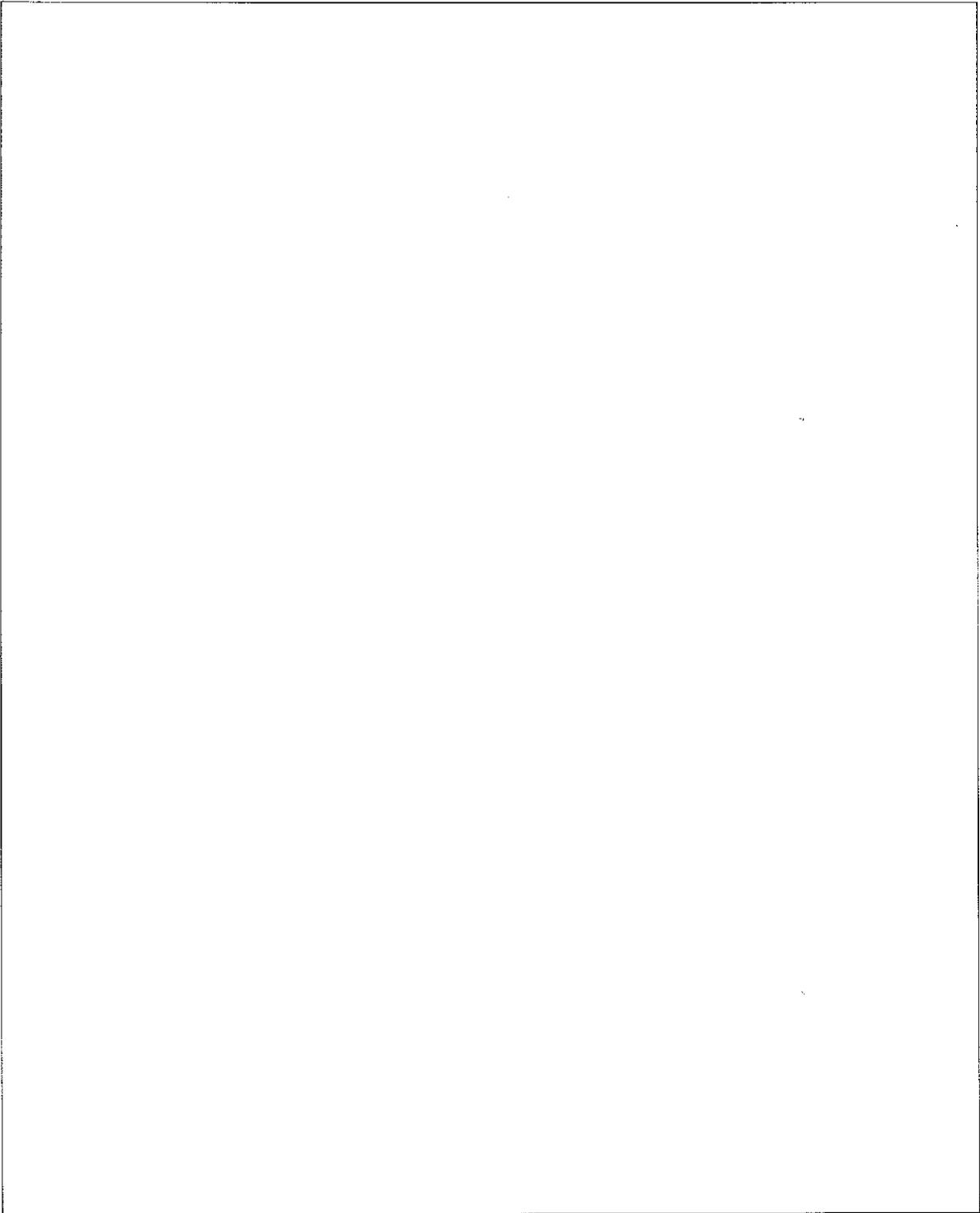


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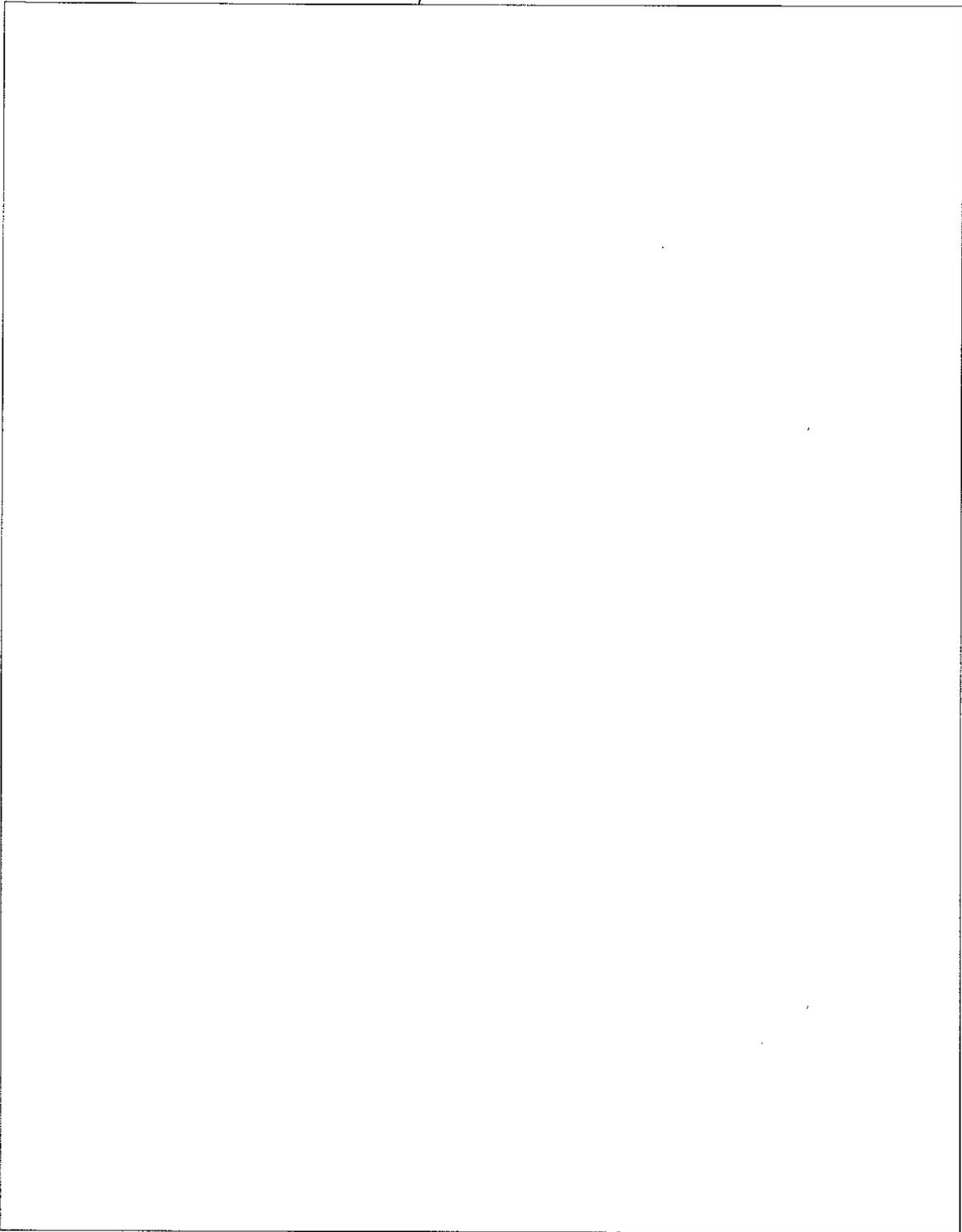
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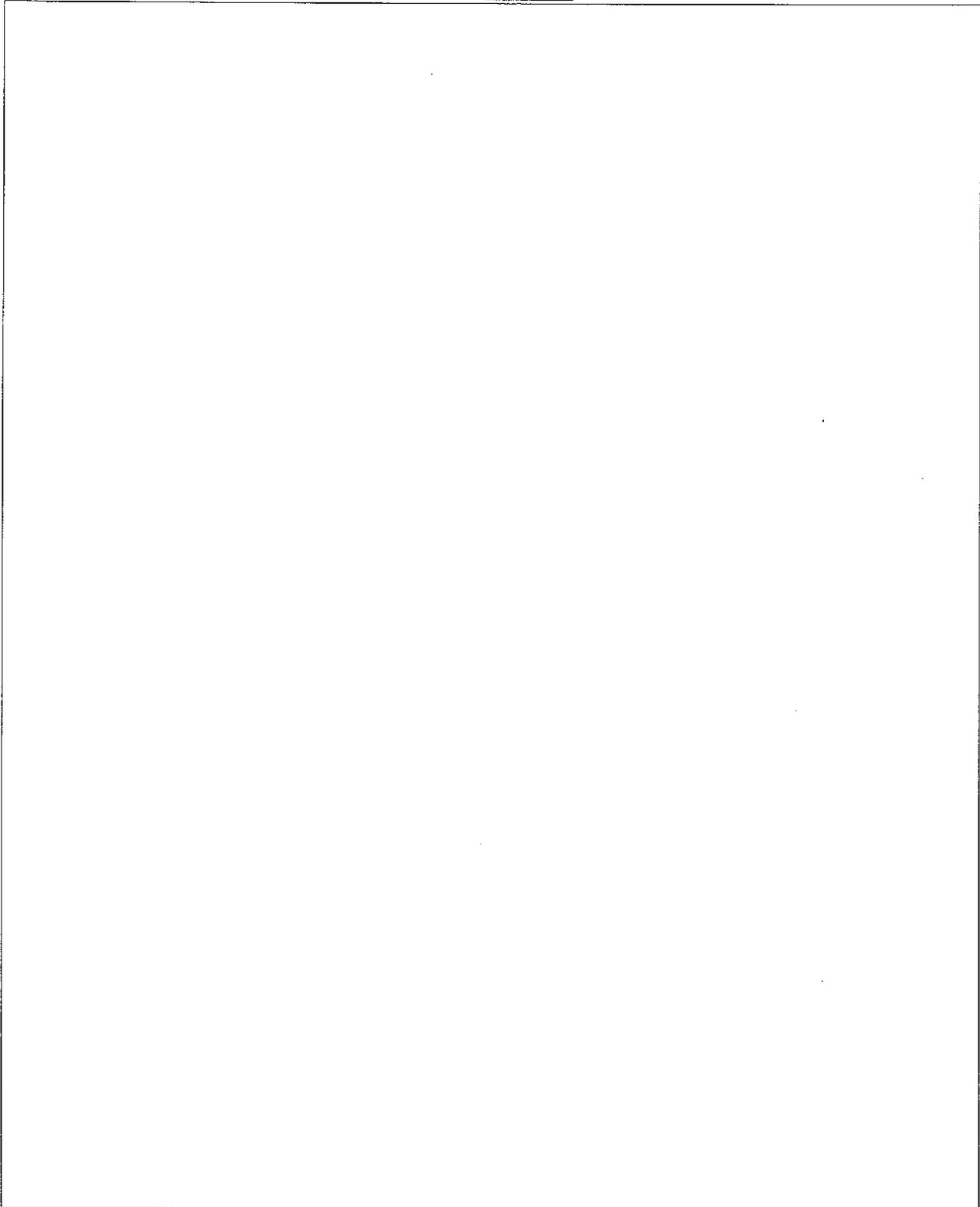
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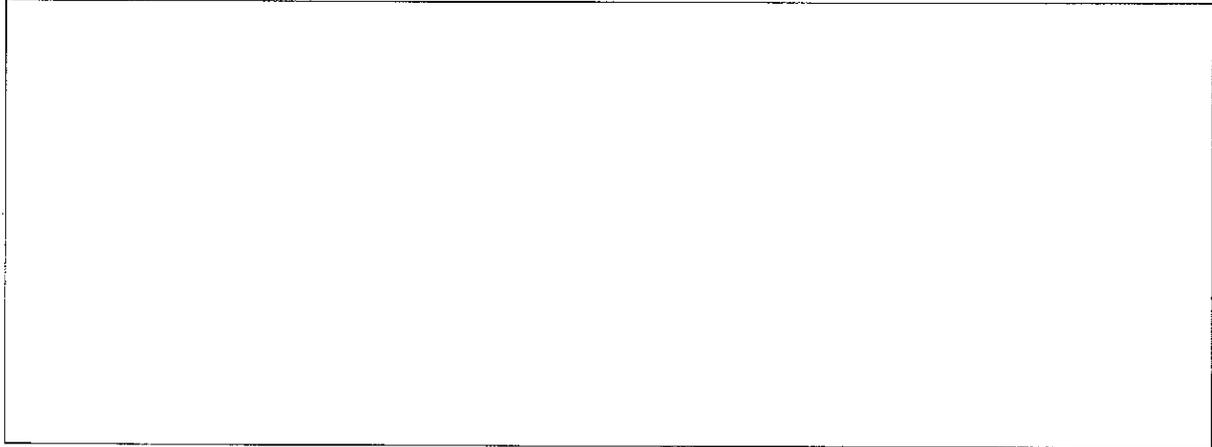


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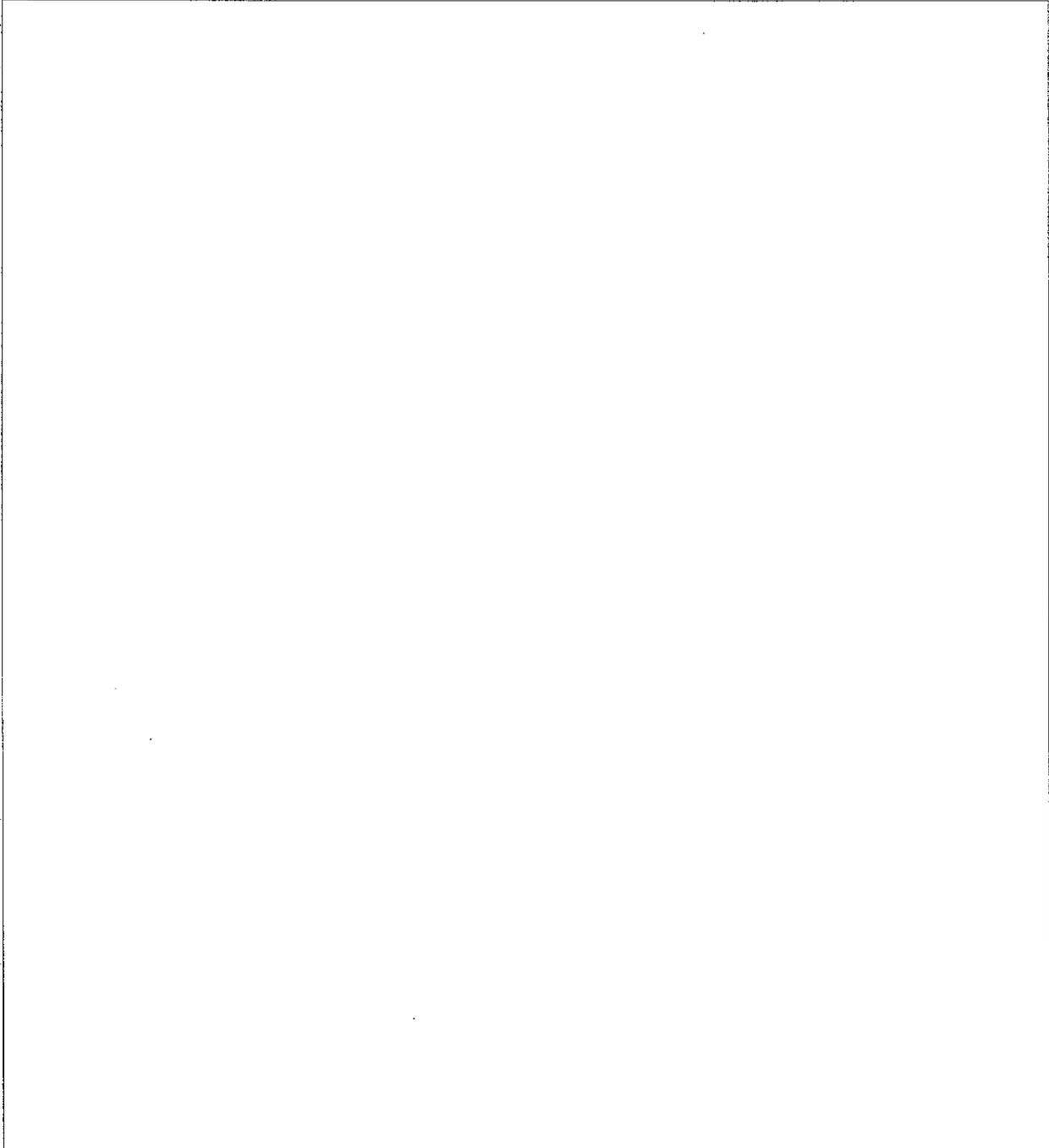
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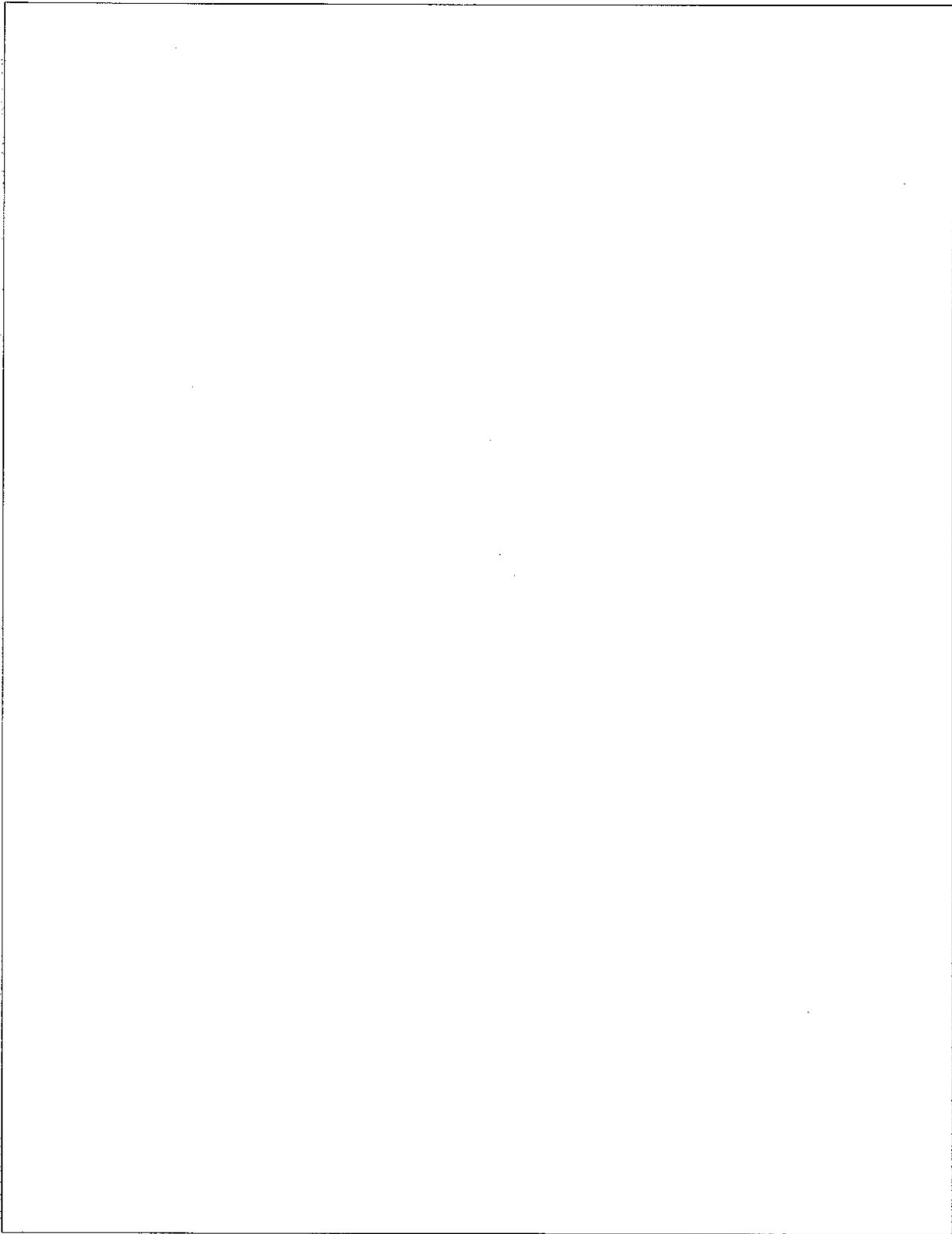
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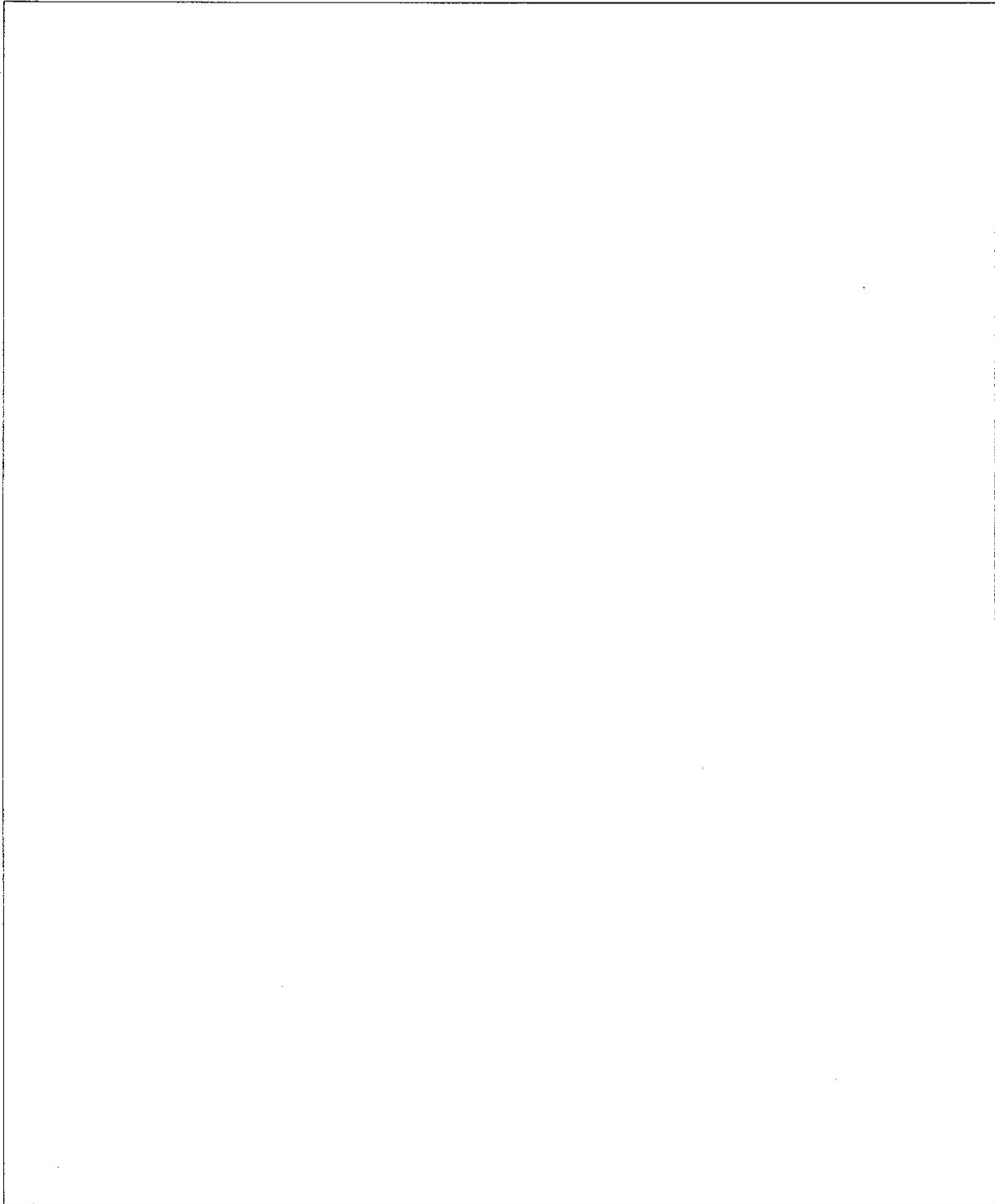
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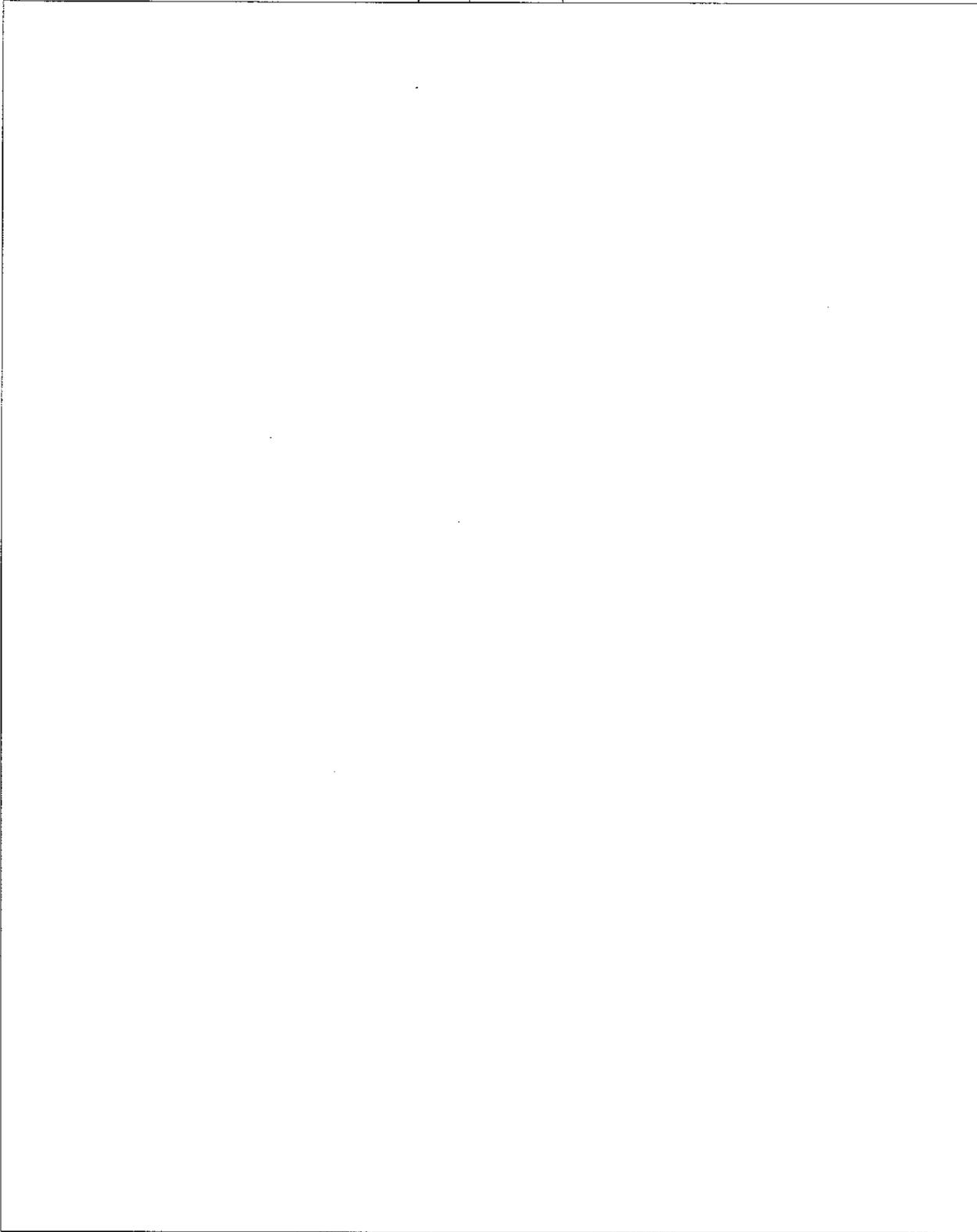
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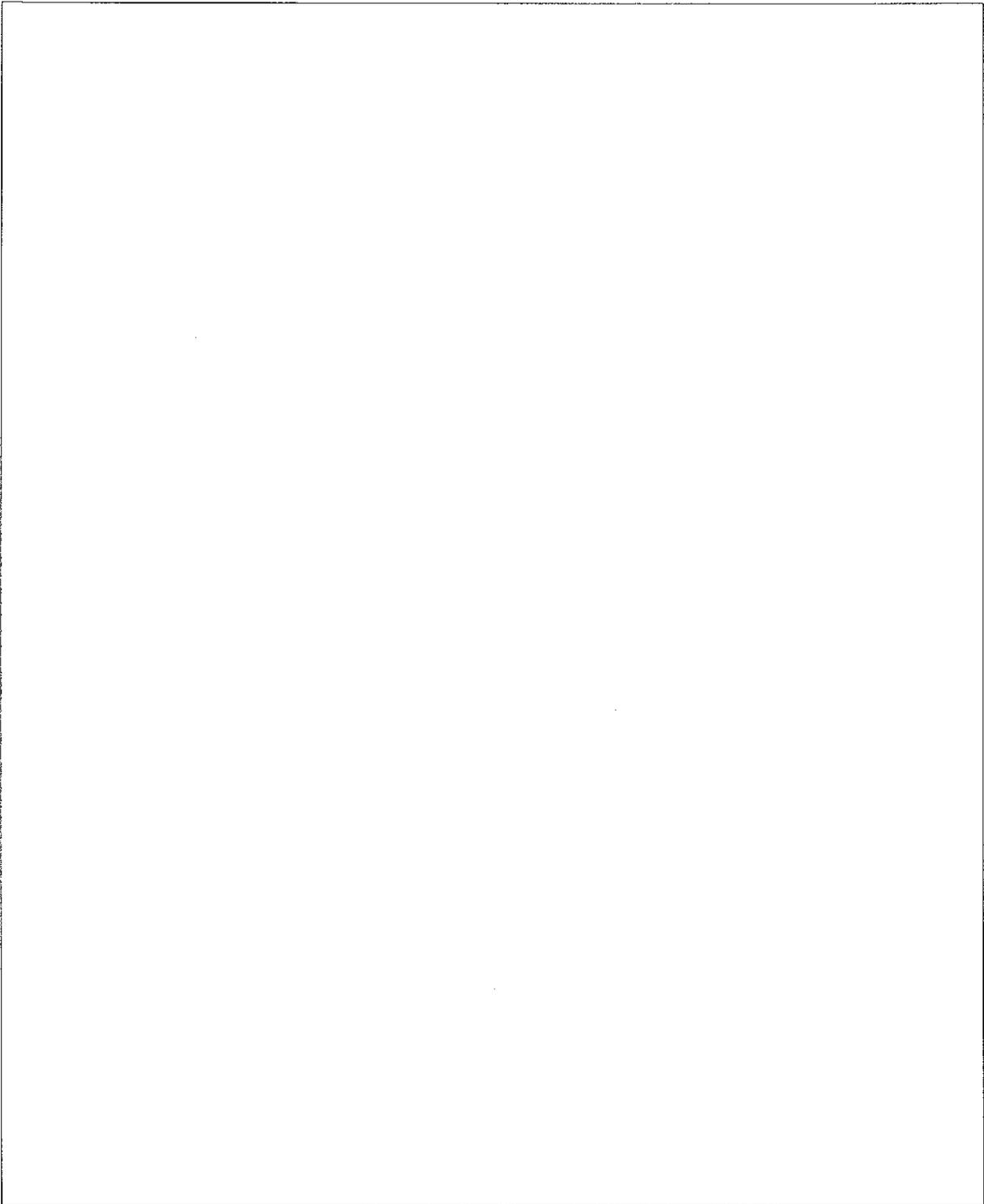
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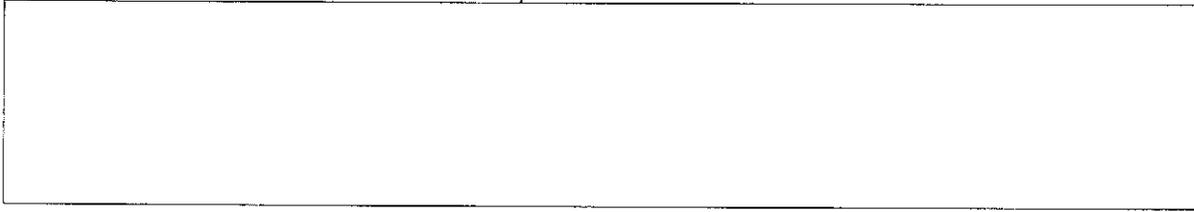
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(U) SUMMARIES OF SELECTED CURRENT AUDITS

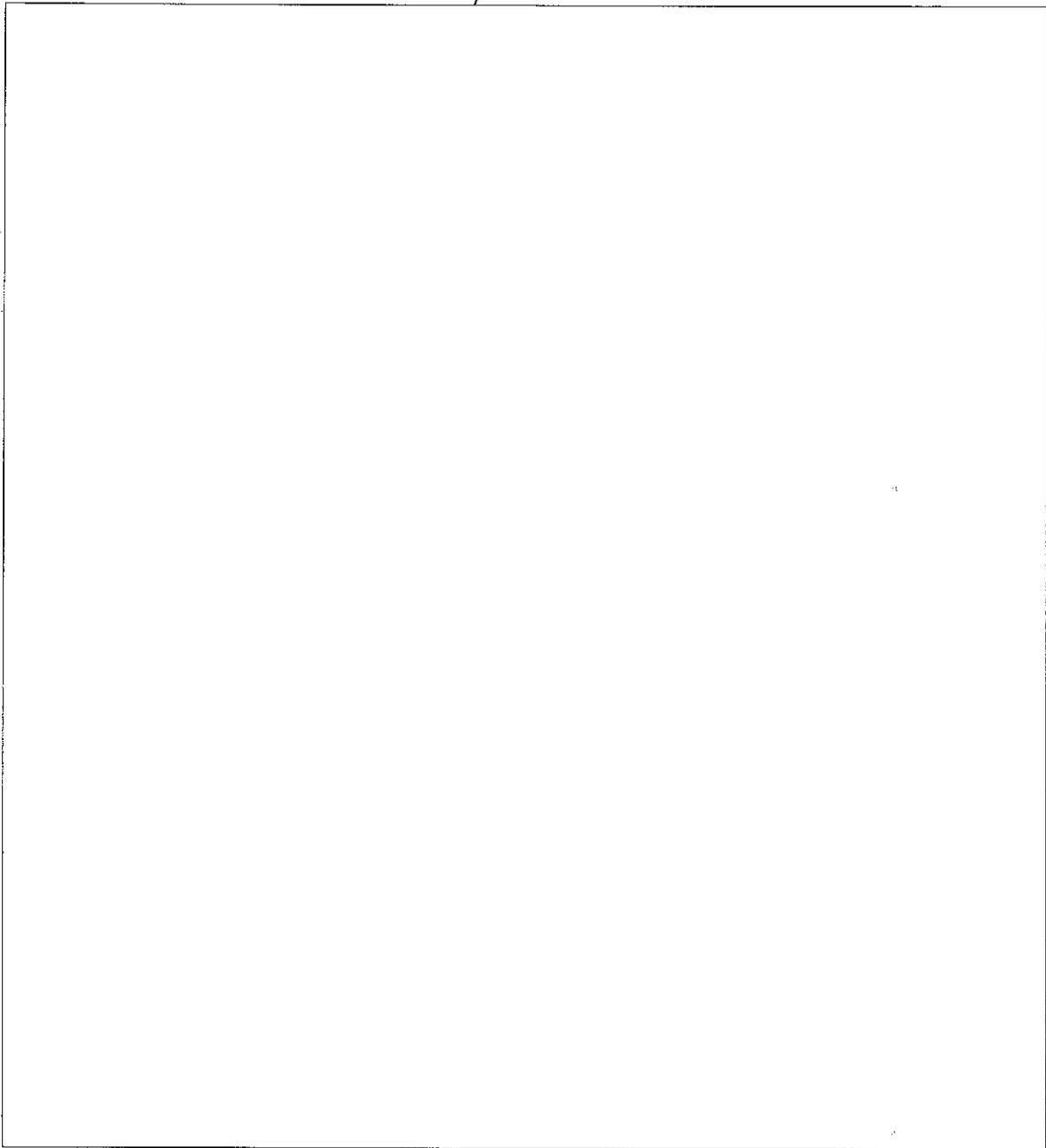
(U//) REVIEW OF CIA PARTICIPATION IN THE PRESIDENT'S SURVEILLANCE PROGRAM

(U//) Title III of the FISA Amendments Act of 2008 requires the inspectors general of all of the Intelligence Community elements that participated in the President's Surveillance Program to conduct a comprehensive review of:

- All of the facts necessary to describe the establishment, implementation, product, and use of the product of the Program.
- Access to legal reviews of the program and to information about the Program.
- Communications with, and participation of, individuals and entities in the private sector related to the Program.
- Interaction with the Foreign Intelligence Surveillance Court and transition to court orders related to the Program.
- Any other matters that would enable the inspector general to complete a review of the Program.

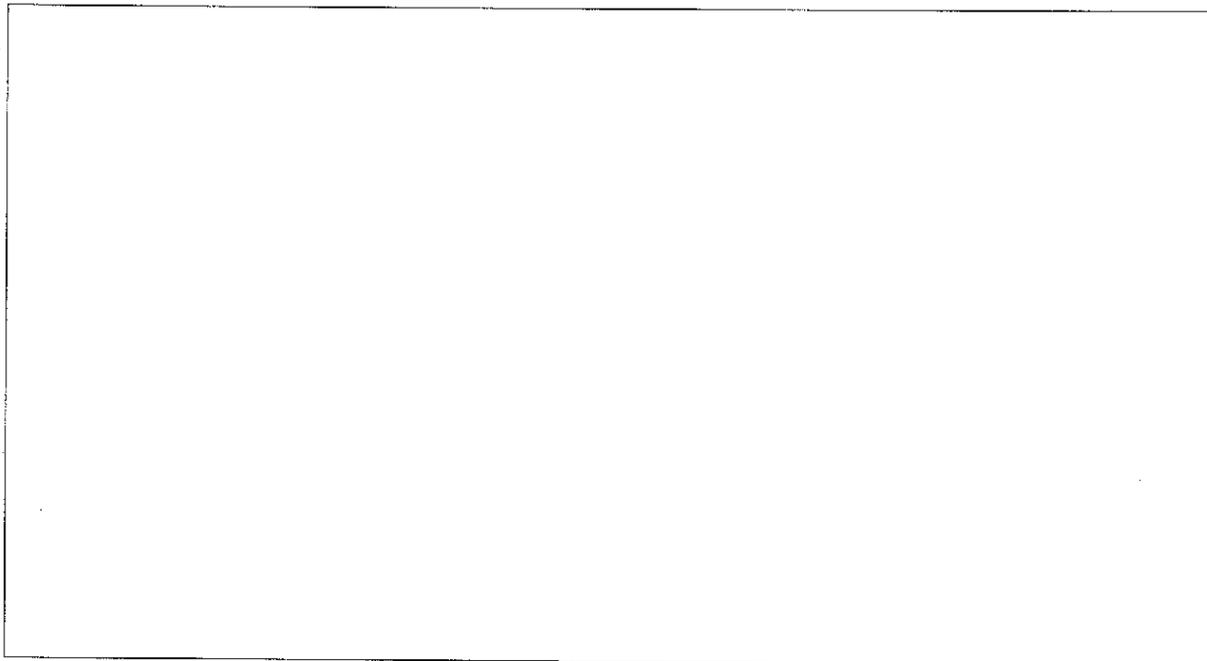
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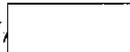


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~~SECRET/~~ []**(U) INSPECTIONS**

(U// []) The Inspection Staff is responsible for conducting inspections of CIA components to evaluate their mission performance, leadership and management effectiveness, and customer and partner relationships. The Staff also assesses major, crosscutting Agency issues to identify their efficiency and effectiveness and their compliance with law, Executive Orders, and regulations.

(U// []) During the current reporting period, the Staff completed inspections of [] Finance in the Directorate of Support (DS), and East Asia (EA) Division [] (IOD) in the National Clandestine Service (NCS). In addition, the Staff commenced inspections of [] Leadership Training, [] the Office of Congressional Affairs, Africa Division in the NCS, the Publications Review Board, [] Directorate of Science and Technology (DS&T).

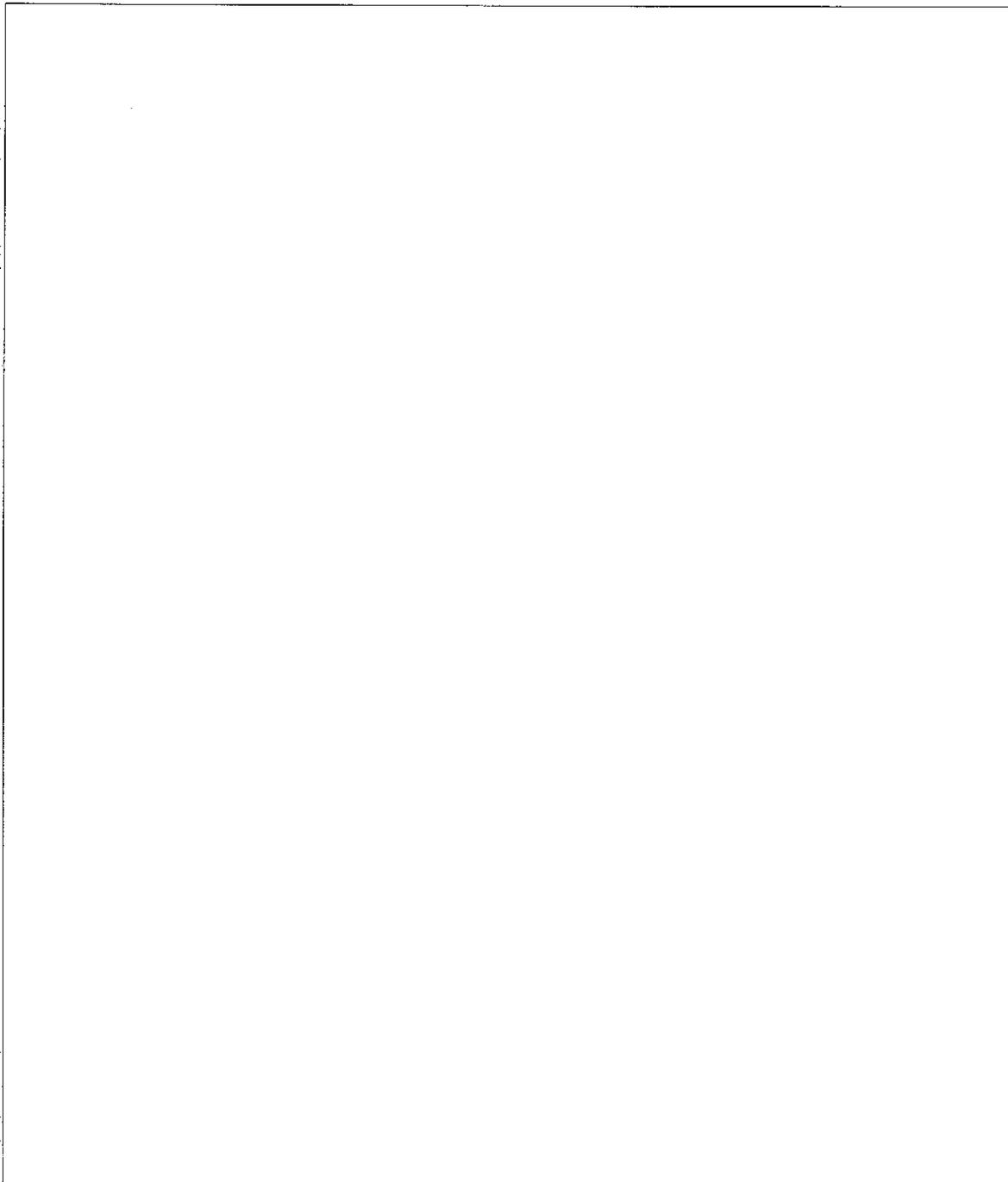
(U// []) The Staff closed nine inspections that were open at the beginning of this reporting period: the Office of the Associate Director for Military Affairs; the CIA CounterTerrorism Center, NCS; Near East and South Asia Division, NCS; the Office of Russian and European Analysis, Directorate of Intelligence (DI); the Office of Technical Collection, DS&T; Agency-Wide Performance [] the [] Training for New NCS Officers; and the Agency's Reliance on Contractors.

(U// []) The Inspection Staff continues to conduct a two-week course for new inspectors; members of other government agency inspection and evaluation staffs are invited to attend on a space-available basis. The Staff also provides an instructional seminar for team leaders before the start of each inspection cycle and seminars for Office of Inspector General (OIG) inspectors and research assistants during the course of each cycle.

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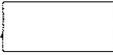
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(U) COMPLETED INSPECTIONS



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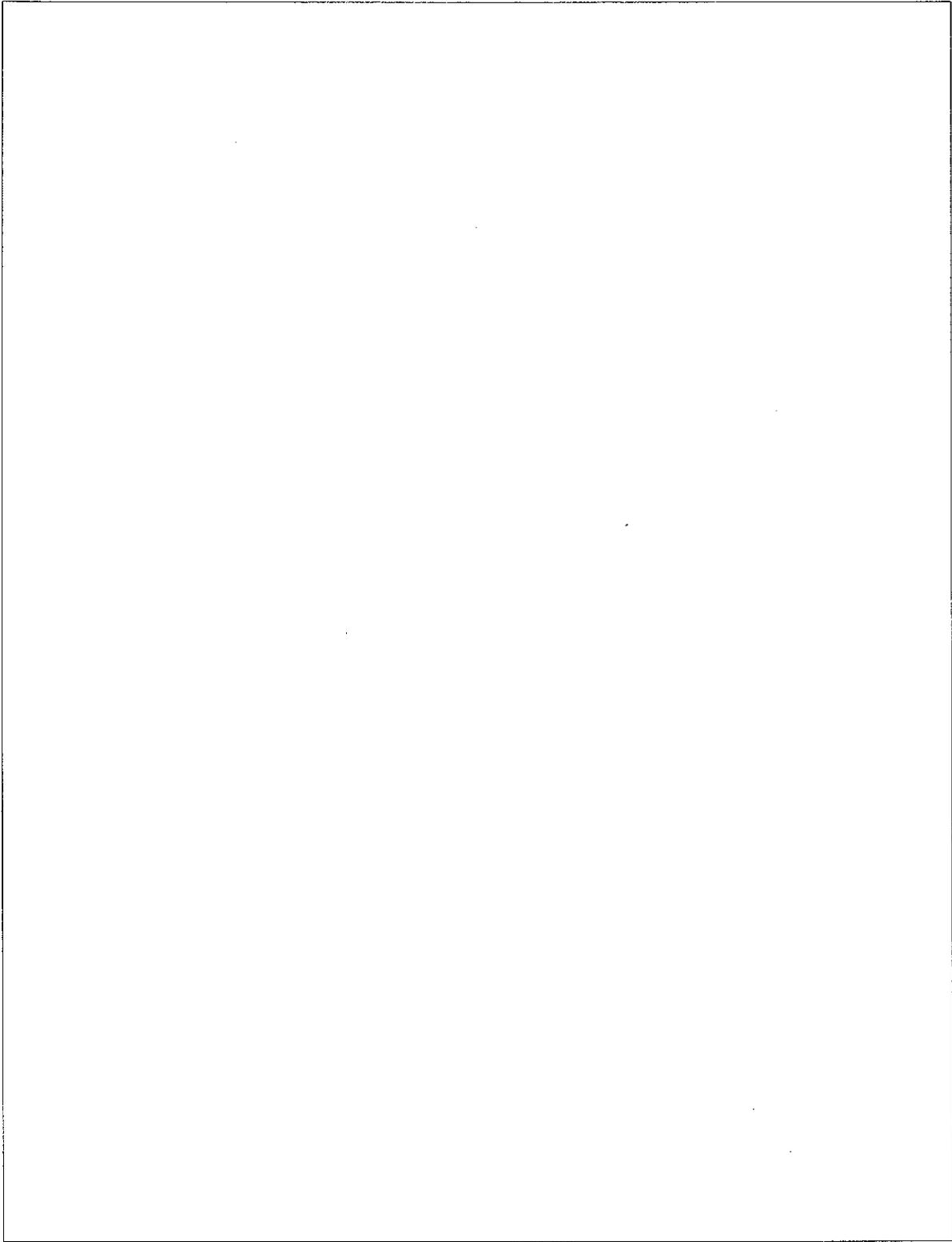
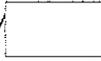
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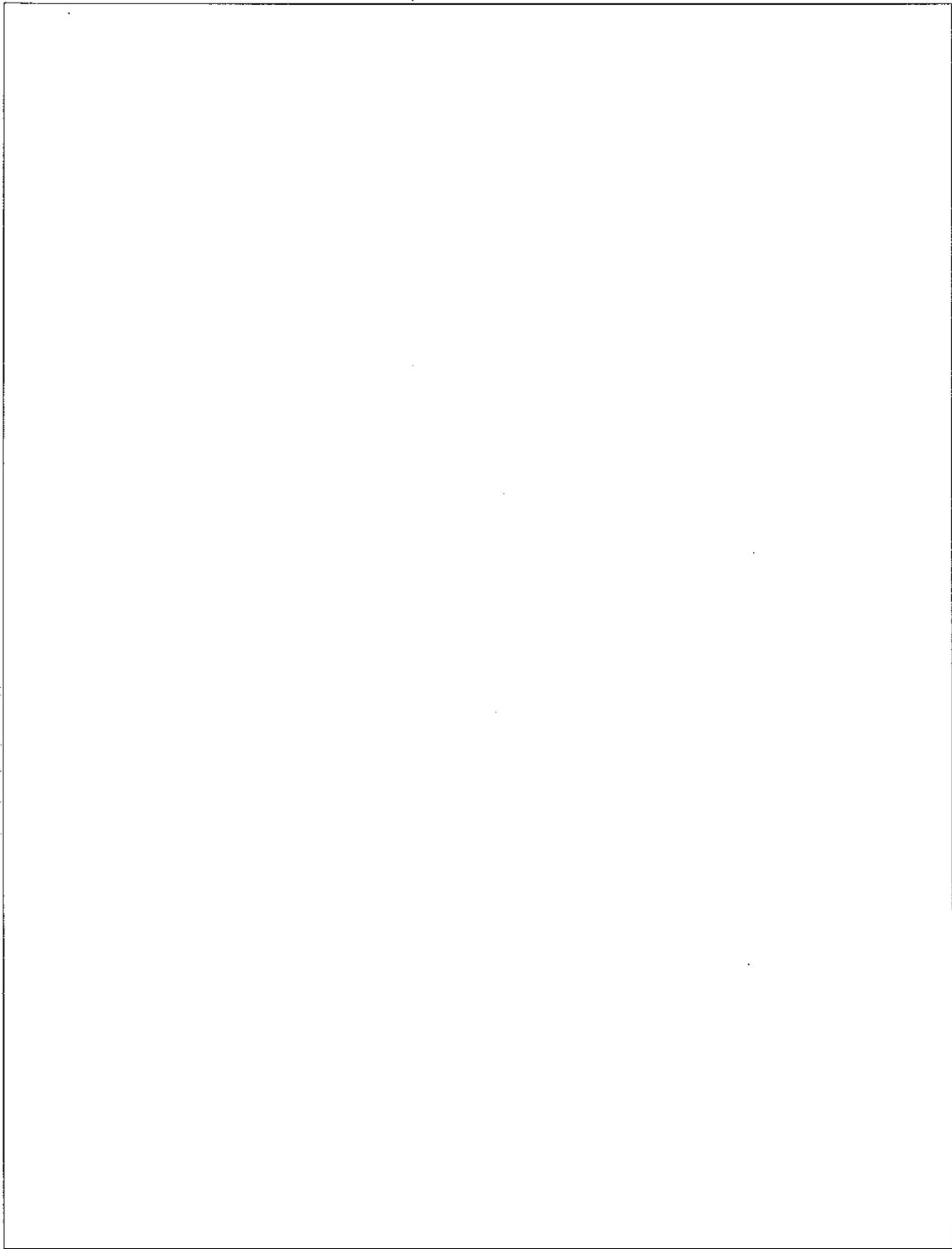
**(U) STATUS OF SIGNIFICANT RECOMMENDED ACTIONS
OUTSTANDING FROM PREVIOUS SEMIANNUAL REPORTS**



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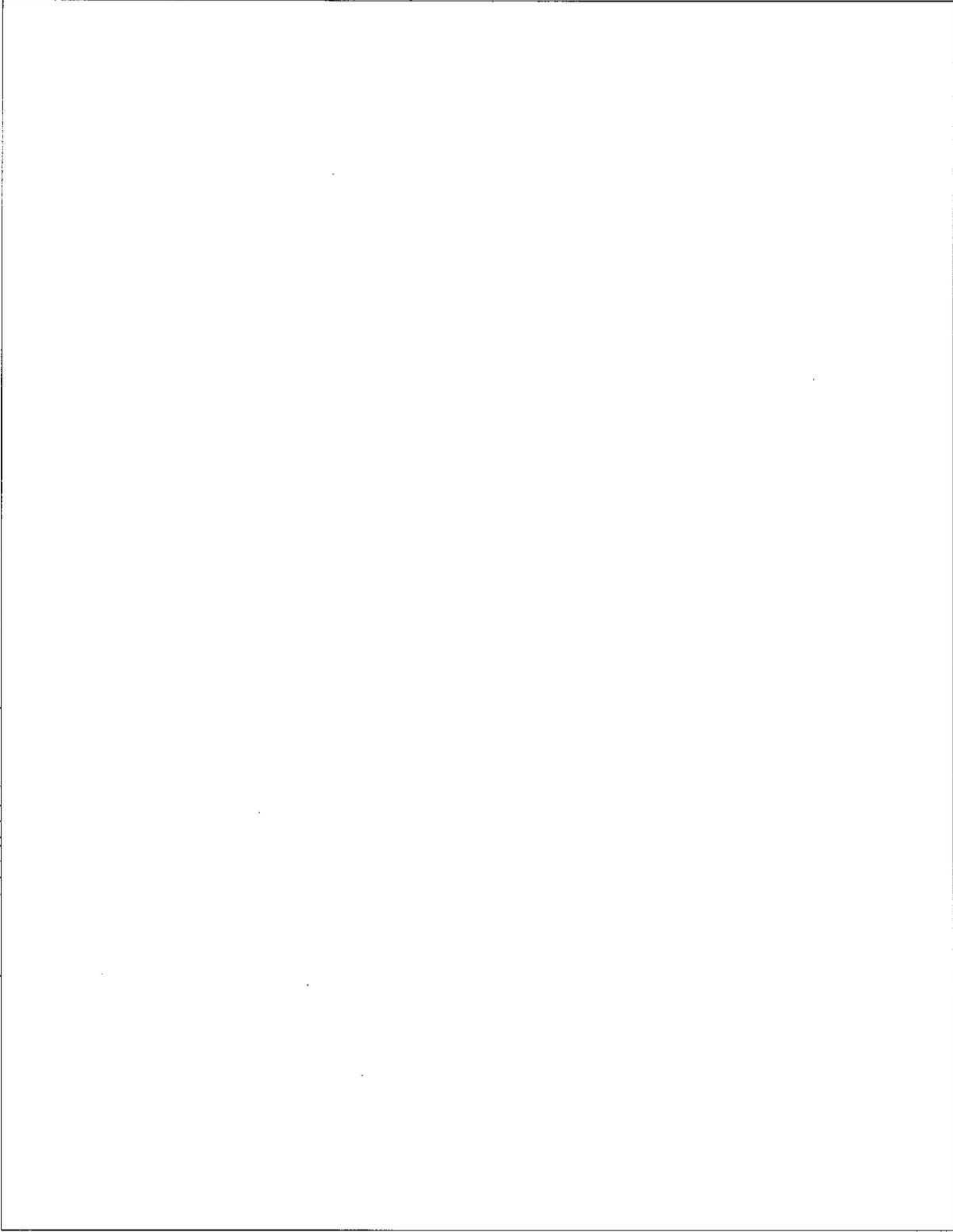


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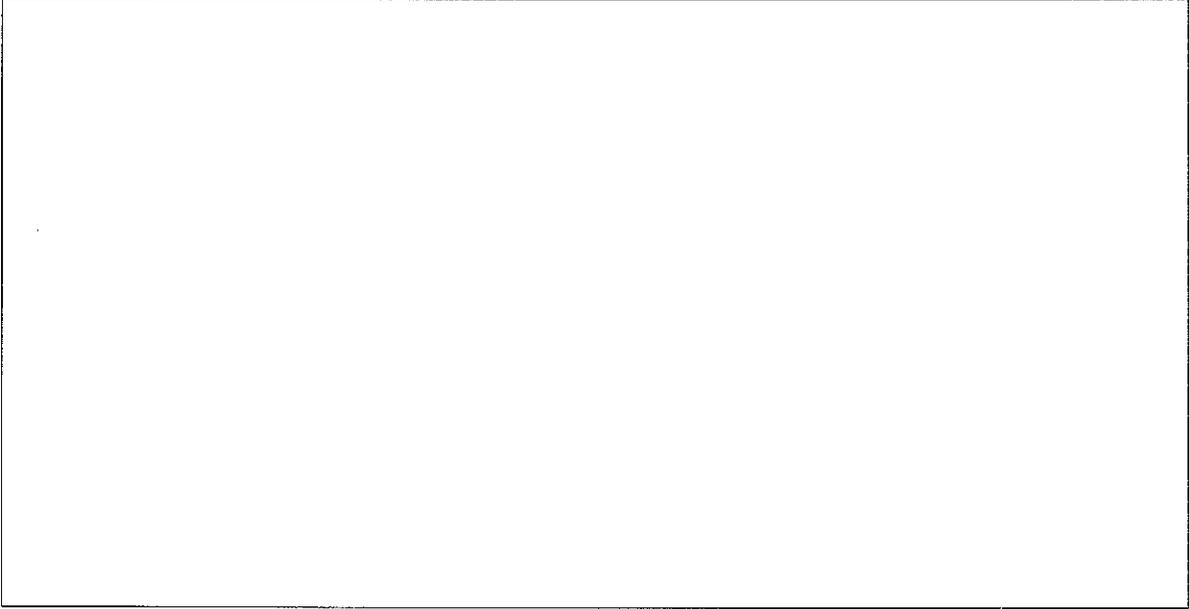
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(U) SUMMARIES OF CURRENT INSPECTIONS

(U) AFRICA DIVISION

(U// []) The inspection focuses on mission fulfillment, customer and partner relationship management, and personnel and resource management effectiveness.

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(U) LEADERSHIP TRAINING

(U// []) The inspection evaluates the impact of leadership training offered by the Agency and the roles that the CIA University's Leadership Academy, the Leadership Development Program, and Agency directorate training efforts play in leadership training.

(U) OFFICE OF CONGRESSIONAL AFFAIRS

(U// []) The inspection focuses on mission fulfillment, customer and partner relationship management, and personnel and resource management effectiveness.

(U) PUBLICATIONS REVIEW BOARD

(U// []) Initiated at the SSCI's request, the inspection evaluates the effectiveness and efficiency of selected Publications Review Board processes.

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(U) INVESTIGATIONS

(U/ [redacted]) The Investigations Staff is statutorily authorized to receive and investigate complaints from any person concerning possible violations of laws, regulations, policies, and procedures, as well as allegations of waste, fraud, mismanagement, abuse of authority, and substantial dangers to public health and safety related to Agency programs and operations. Investigations are normally conducted unilaterally by Office of Inspector General (OIG) Special Agents, but other federal investigative components, such as the FBI, can be called upon when law enforcement authorities are necessary. The Staff also oversees the Agency's grievance system and conducts proactive initiatives aimed at detecting and preventing fraud, waste, and abuse.

(U/ [redacted]) During the past six months, the Staff has completed a number of investigations that have resulted in successful prosecutions by the Department of Justice (DoJ) or have been referred to the Director, CIA or Agency components for administrative action. The scope of the Staff's completed investigations has ranged from simple conflicts of interest to a complicated matter [redacted]

[redacted] The most noteworthy resolution to an investigation in support of the DoJ was the guilty plea on 29 September 2008 by a former Agency executive to a one count felony of Honest Services Fraud and False Statements. On the administrative side, the Staff completed an [redacted]

[redacted] investigation into the Agency's role in [redacted] The Staff continues to use employee bulletins to acquaint Agency employees with the serious consequences of violations of laws, regulations, and policies. [redacted] the Staff issued an Employee Bulletin on labor mischarging by a contractor that emphasized that the contractor's employer summarily terminated the individual's employment.

(U/ [redacted]) The Staff has continued to receive new allegations of wrongdoing from a variety of sources and has taken proactive efforts to identify violations of laws, rules, and regulations. [redacted]

[redacted]

[redacted]

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(U/[redacted]) Improvements in the information technology available to the Staff have begun to be implemented, enabling the Staff to more efficiently handle its expanding workload. Hardware and software have enabled better management of the voluminous records received in investigations. Deployment of a new [redacted] system in 2009 is on schedule; the new system will use [redacted] product to replace the current outdated and inefficient system. [redacted]

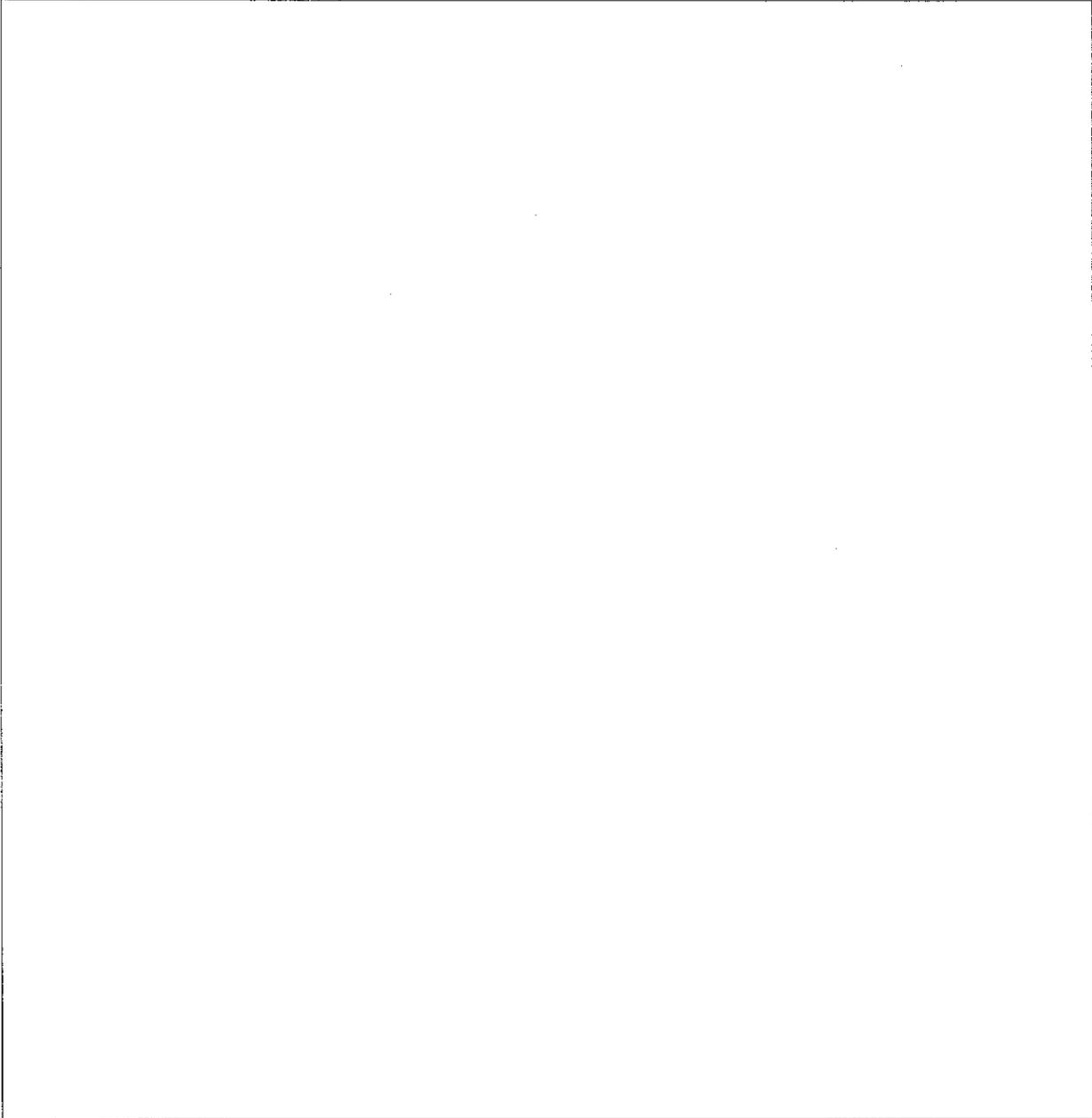
(U/[redacted]) Staff training and career development remain high priorities. The Staff is at full strength with investigators having a broadly diverse set of skills and investigative and Agency experiences. In-service training occurs at least monthly and serves to keep investigators current with fast-moving substantive and technical developments.

(U/[redacted]) The Staff continues to oversee the Agency-wide grievance system. In addition to addressing grievance appeals, the Staff hosts regular meetings of Agency grievance officers to share issues of common interest. These sessions, together with the emphasis on resolution at the lowest possible level, continue to contribute to effective and timely grievance resolution.

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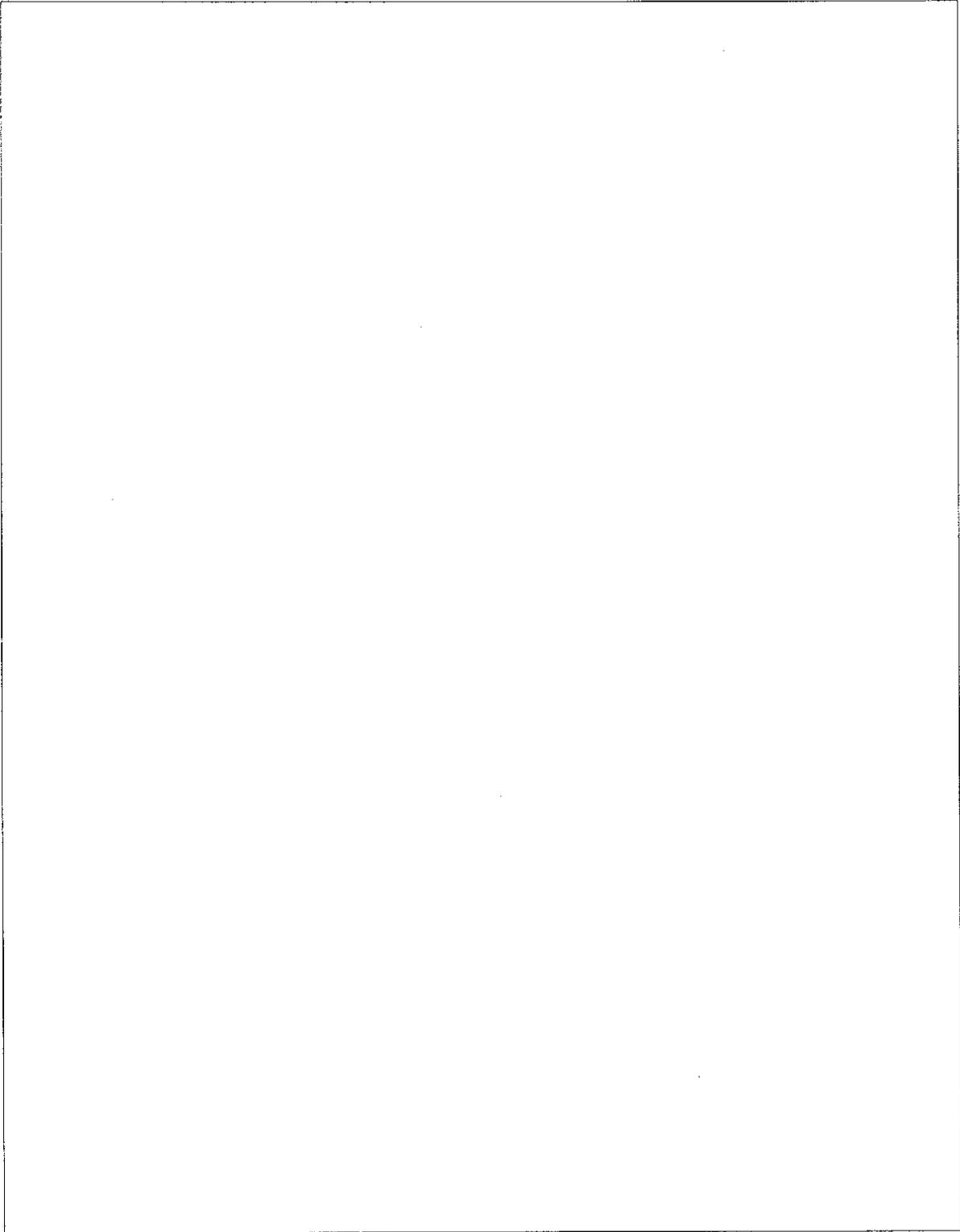
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(U) COMPLETED INVESTIGATIONS



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**(U) STATUS OF SIGNIFICANT RECOMMENDED ACTIONS
OUTSTANDING FROM PREVIOUS SEMIANNUAL REPORTS**

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(U) STATISTICAL OVERVIEW

(U) Audit Staff

(U/[] During the period 1 July to 31 December 2008, the Audit Staff performed 12 audits and issued reports containing 57 recommendations to strengthen internal controls over contracting, program management, covert action, financial management, information technology, []

[] The Audit Staff also performed two reviews and issued reports containing six additional recommendations.

(U) The Audit Staff had 19 audits and one review ongoing at the end of the reporting period.

(U) Inspection Staff

(U/[] During the last six months of 2008, the Inspection Staff completed five inspections. At the end of the reporting period, the Staff also had seven ongoing inspections. In addition, the Staff closed nine inspections.

(U) Investigations Staff

(U/[] The Investigations Staff completed work on 139 matters of various types during this reporting period. Of this number, 24 cases were of sufficient significance to be the subject of a final report: nine Reports of Investigation and 15 Disposition Memoranda.

(U/[] During this period, the IG formally referred seven matters to the DoJ based upon a reasonable belief that violations of federal criminal law may have been committed.

(U/[] Recoveries on behalf of the US Government during this reporting period, as a result of the Investigations Staff's efforts []

(U/[] As of 31 December 2008, 164 matters were in various stages of review by the Investigations Staff.

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**(U) COMPLETED AUDITS
1 JULY - 31 DECEMBER 2008**

(U) Information Technology

(U) [redacted] Review of CIA's Personnel Management Practices Addressing Security or Suitability
Issues of Employees [redacted]

(U) [redacted] 2008 Independent Evaluation of the Central Intelligence Agency Information Security
Program and Practices Required by the Federal Information Security Management Act
[redacted]

(U) Operations

[redacted]
[redacted]

(U) Procurement

[redacted]
[redacted]
[redacted]
[redacted]

(U) Financial Management

(U) Independent Auditor's Report on the Central Intelligence Agency Fiscal Year 2008 Financial
Statements [redacted]

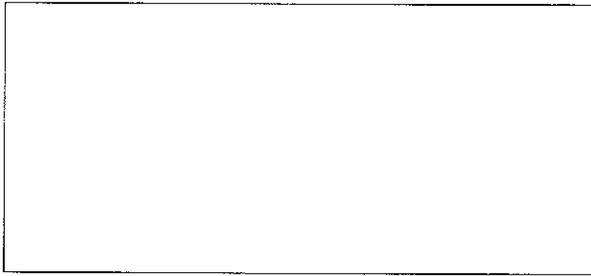
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(U) [redacted] Activities

[redacted]

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~~SECRET~~// [redacted]

**(U) CURRENT AUDITS
31 DECEMBER 2008**

(U) Financial Management

(U) Working Capital Fund Cost and Pricing Models [redacted]

[redacted]

(U// [redacted]) General Controls Over the CIA's Payroll System

(U) Information Technology

[redacted]

[redacted]

[redacted]

(U) Operations

[redacted]

(U) Procurement

(U// [redacted]) Services Obtained Under Memoranda of Oral Commitment (MOC), Memoranda of Formal Agreement (MOFA), Memoranda of Understanding (MOU), and Letters of Agreement (LOA)

(U// [redacted]) Independent Quality Control Review of Financial Audit Services

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[redacted]

(U) [redacted] Activities

[redacted]

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**(U) COMPLETED INSPECTIONS
1 JULY - 31 DECEMBER 2008**

[redacted]
[redacted]

(U) Finance [redacted]

[redacted]

(U) East Asia Division [redacted]

[redacted]

**(U) CURRENT INSPECTIONS
31 DECEMBER 2008**

(U) Africa Division

[redacted]

(U) Leadership Training

(U) Office of Congressional Affairs

[redacted]

(U) Publications Review Board

[redacted]

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**(U) COMPLETED INVESTIGATIONS
1 JULY - 31 DECEMBER 2008**

[redacted]

[redacted] *

[redacted]

(U) Alleged Contractor Misuse of Agency Systems [redacted] *

(U) Publications Review Board Complaint [redacted]

[redacted] *

(U) Inquiry Into Issues Surrounding Investigation [redacted] *

(U) Time and Attendance Fraud [redacted]

(U) Travel-Related Fraud and Waste [redacted]

(U) Alleged Embezzlement [redacted]

(U) Allegation of Undue Influence in Award of a Contract [redacted] *

(U) Time and Attendance Fraud: [redacted]

(U) Conflict of Interest: [redacted]

(U) Acceptance of Gratuities [redacted] *

(U) Allegation of Contract Improprieties [redacted] *

(U) Conflict of Interest [redacted] *

(U) Conflict of Interest: [redacted]

(U) Alleged Violation of Restrictions on Former Employees [redacted] *

(U) Time and Attendance Fraud [redacted] *

(U) Allegation of Improprieties Regarding [redacted] *

* (U) These investigations resulted in a Disposition Memorandum rather than a Report of Investigation.

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(U) Alleged Criminal Misconduct [redacted] *

(U) Allegation of Travel Voucher Fraud [redacted] *

(U) Contractor Abuse of Privileges [redacted] *

(U) Allegation of Fraud - Cost Mischarging [redacted] *

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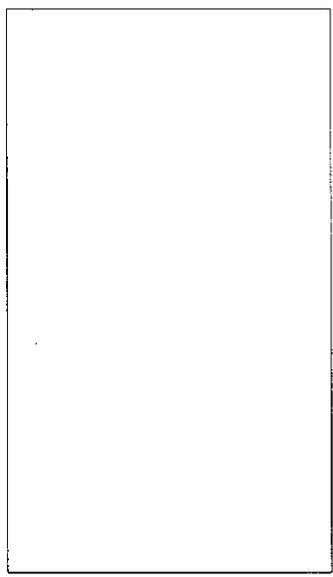
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**(U) CURRENT INVESTIGATIONS
31 DECEMBER 2008**

(U) Category	Number of cases
(U//<input type="checkbox"/>) Grievances	
Management and Supervision - Grievance	1
Other - Grievance	2
(U//<input type="checkbox"/>) General Investigations	
Criminal and Prohibited Acts	
Conflicts of Interest	13
Embezzlement	6
False Claims - Other	4
False Claims/Statements/Vouchers	8
False Claims - Time & Attendance	22
False Claims - TBD	1
Firearms	1
Management and Supervision - Administrative	3
Megaprojects	2
Misconduct - Employee	9
Misconduct - Management	4
Procurement Fraud	14
Regulatory Violations	2
Retaliation	1
Theft/Misuse of Government Property	14
Other - Administrative/Criminal	38
Unauthorized Operation	1
Unsubstantiated Allegations	18
(U//<input type="checkbox"/>) Total Ongoing Cases	164

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Remaining 21 Pages Denied in Full