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*Central Intelligence Agency  
Inspector General*



**SEMIANNUAL REPORT**  
**TO THE DIRECTOR, CENTRAL INTELLIGENCE AGENCY**

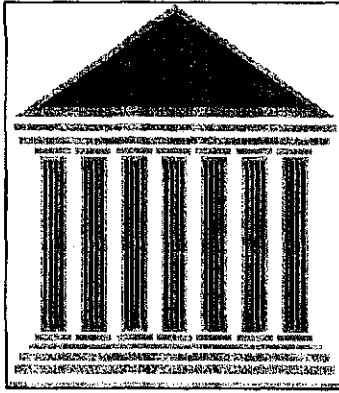
**JANUARY - JUNE 2007**

*John L. Helgerson  
Inspector General*

APPROVED FOR RELEASE  
DATE: 25-Feb-2010

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# (U) A Message From the Inspector General



[redacted] During this semiannual reporting period,  
the Office of Inspector General (OIG) completed an audit of

[redacted]

[redacted]

[redacted] The OIG completed one audit related to covert action activities in keeping with the standing request of the Congress that OIG audit each covert action program no less frequently than every three years. [redacted]

[redacted] managed by the National Clandestine Service (NCS) [redacted] undertaken at the request of the Senate Select Committee on Intelligence (SSCI).

[redacted] The Office also published audits of the Information Operations Network, unused airline tickets, and [redacted] audits of [redacted] [redacted] were completed, [redacted] Audit reports during this

[ ]

[ ]

(U) [ ] The Inspection Staff published a comprehensive report on the Agency's [ ]

[ ]

[ ]

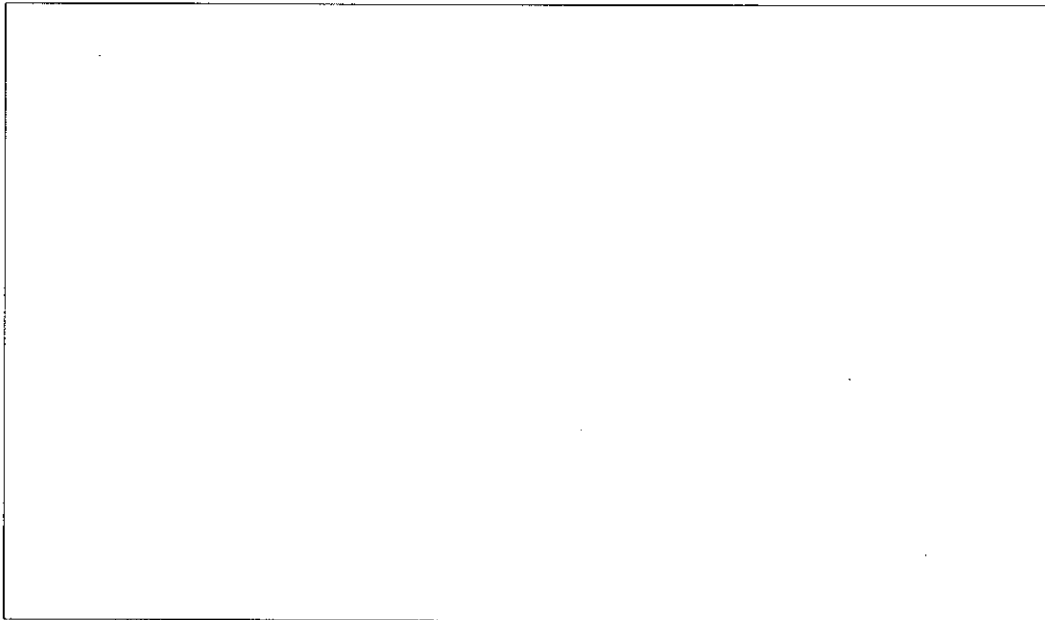
(U) [ ] During this reporting period, the Inspection Staff also completed reviews of two Agency-wide issues, two major Agency components, and a review of several sensitive programs in a third.

(U) [ ] Investigations undertaken by the Office continued, in large measure, to focus on fraud and corruption matters. Inquiries are underway involving cases of theft, contract fraud, conflicts of interest, acceptance of gratuities, and conspiracy. One of these investigations involves a former high-ranking official who, during the reporting period, was indicted on 30 counts related to his handling of Agency contracts.

(U) [ ] A number of investigations involve embezzlement of funds by Agency officers. In one case, the now-former employee pled guilty to theft of [ ] and awaits sentencing. A [ ] case involves a lesser [ ] amount and is nearing resolution. [ ] other cases are in the early stages of investigation.

(U) [ ] This work, in cooperation with the Departments of Justice and Defense, as appropriate, is examining the circumstances surrounding the movement, confinement, and, in some cases, alleged abuse of detainees.

[ ] This work, in cooperation with the Departments of Justice and Defense, as appropriate, is examining the circumstances surrounding the movement, confinement, and, in some cases, alleged abuse of detainees.

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*(U) In conducting its audits, inspections, and investigations, OIG collects very large amounts of data. The storage, retrieval, and analysis of that information is becoming increasingly difficult. The efficiency and effectiveness of the work force would be greatly enhanced by updated information technology systems. During the past year, OIG implemented several [ ] automated tools to assist with the management of data, including a [ ] and search tools. We will continue our efforts to identify and evaluate applications for future use and seek solutions for managing the volumes of data collected in our work. In its mark on the FY-08 Authorization Bill, the SSCI expressed support for this initiative and recommended additional resources that would greatly facilitate these efforts.*

*(U) OIG officers continued the Office's outreach efforts in a variety of forms. Audit Staff personnel played a significant role in planning and implementing the annual IC Inspectors General Conference in May, which this year was hosted by the DNI/IG. In February, seven inspectors from the Inspection Staffs of the OIGs of the National Security Agency, the National Geospatial-Intelligence Agency, the Defense Intelligence Agency, the ODNI, and the Department of State participated in OIG's New Inspector Training Course. The IG in June addressed the International Symposium on the Accountability of Intelligence and Security Agencies and Human Rights, held in The Hague and sponsored by the Dutch Review Committee on the Intelligence and Security Services.*

*John L. Helgerson  
13 July 2007*

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~~SECRET~~ / [ ] // 20320630**(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 to provide to the Director, Central Intelligence Agency (D/CIA), not later than 31 January and 31 July of each year, a semiannual report summarizing the activities of the 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 did not issue any subpoenas.

**(U) Legislative Proposals**

(U) OIG has no proposals for legislative changes.

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~~SECRET~~ / [ ] / 20320630**(U) AUDITS****(U) AUDIT STAFF OVERVIEW**

(U) [ ] The Audit Staff conducts performance and financial audits of CIA programs and activities. During this period, the Audit Staff completed 10 audits that addressed program management, covert action, financial management, information technology, and [ ]

[ ] The Audit Staff continues to pursue its program, as requested by the Congress, 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 a covert action audit involving [ ]

[ ]

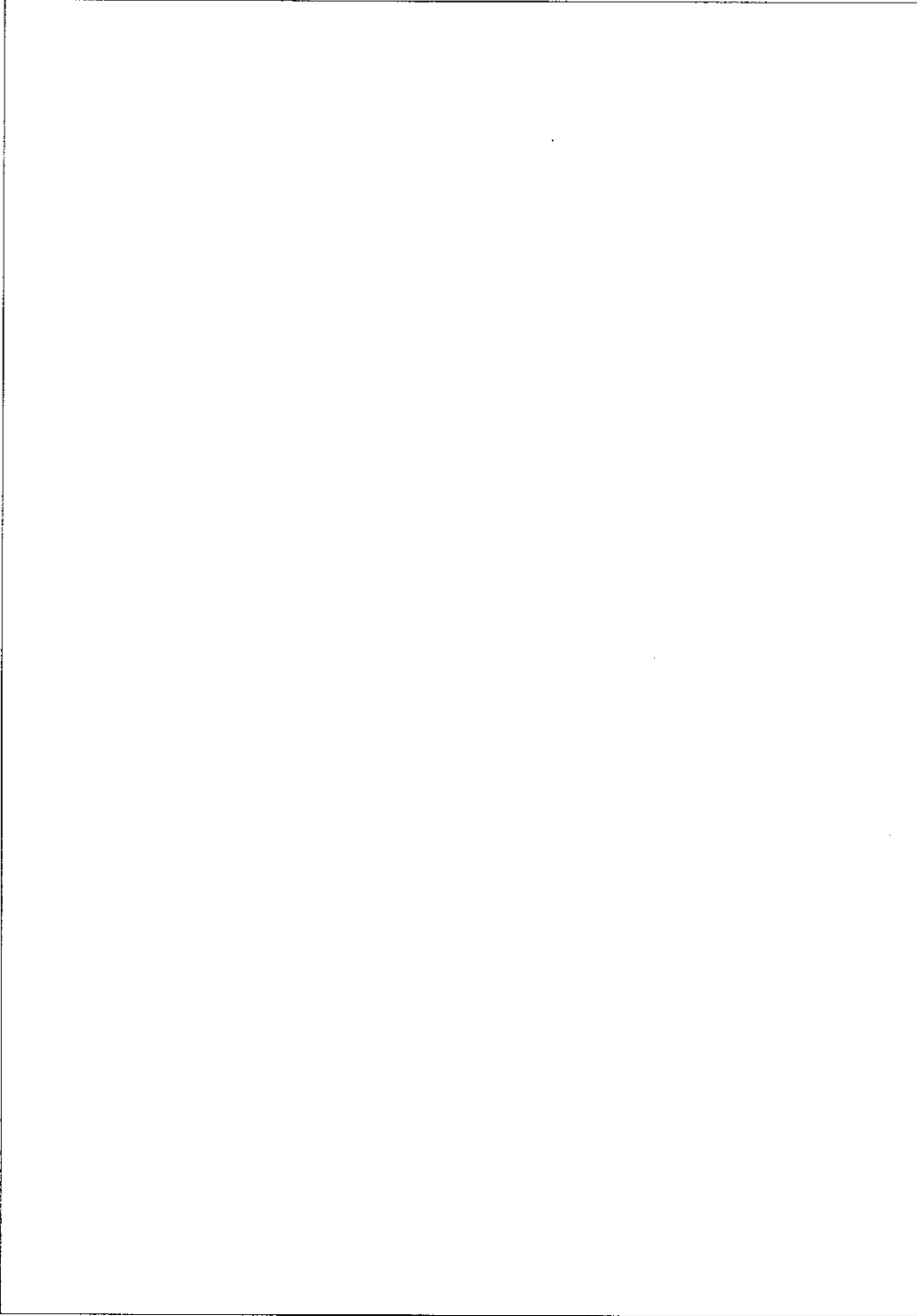
(U) This reporting period, Audit Staff members served on the committee responsible for arranging the Intelligence Community Inspectors General Conference. The conference, which traditionally has been hosted by the CIA Office of Inspector General, was held on 10 May 2007 and was hosted by the Office of the Director of National Intelligence (ODNI) OIG. CIA Audit Staff members were recognized by the ODNI IG for their significant contributions to the success of the conference.

**(U) COMPLETED AUDITS**

[ ]

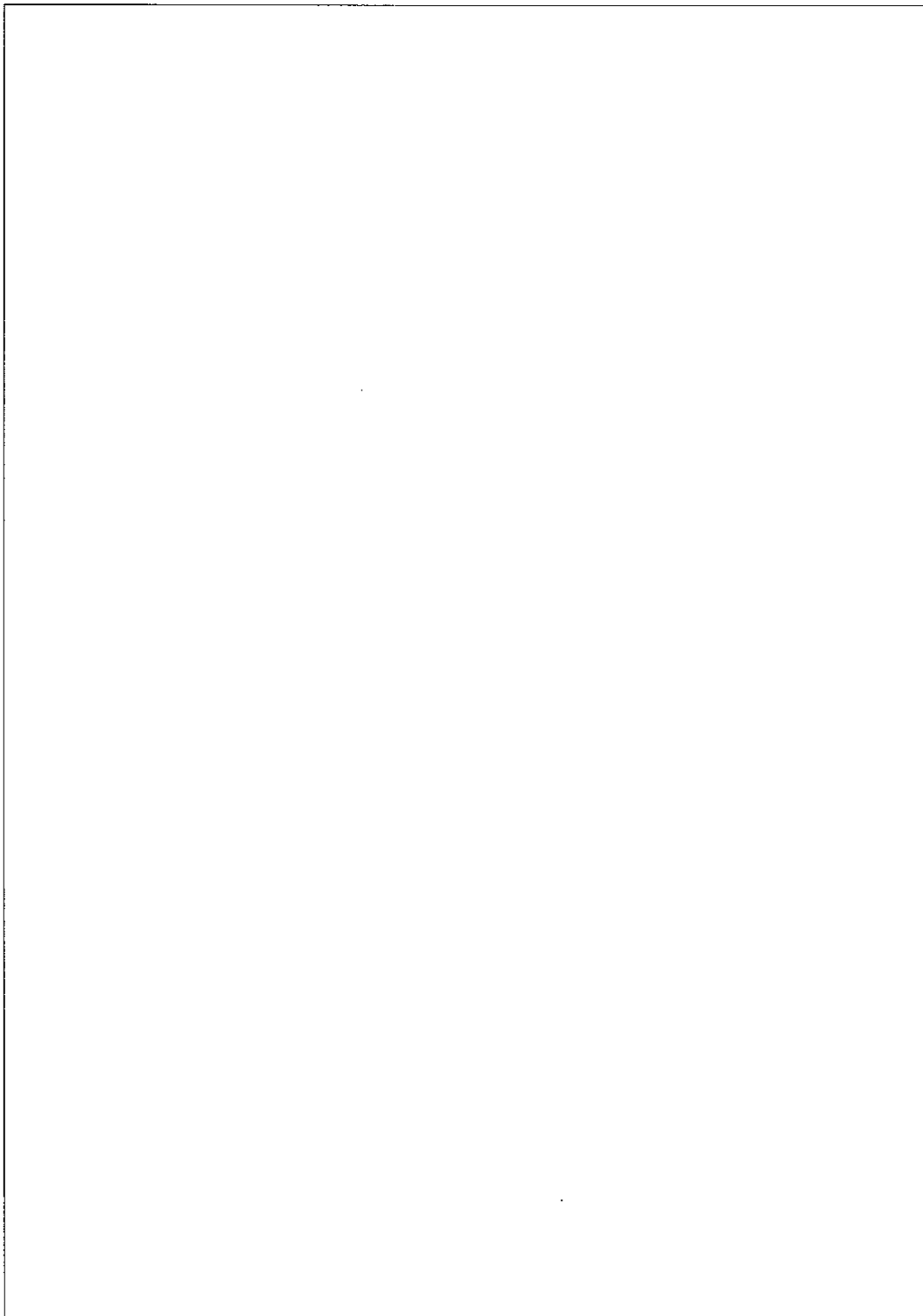
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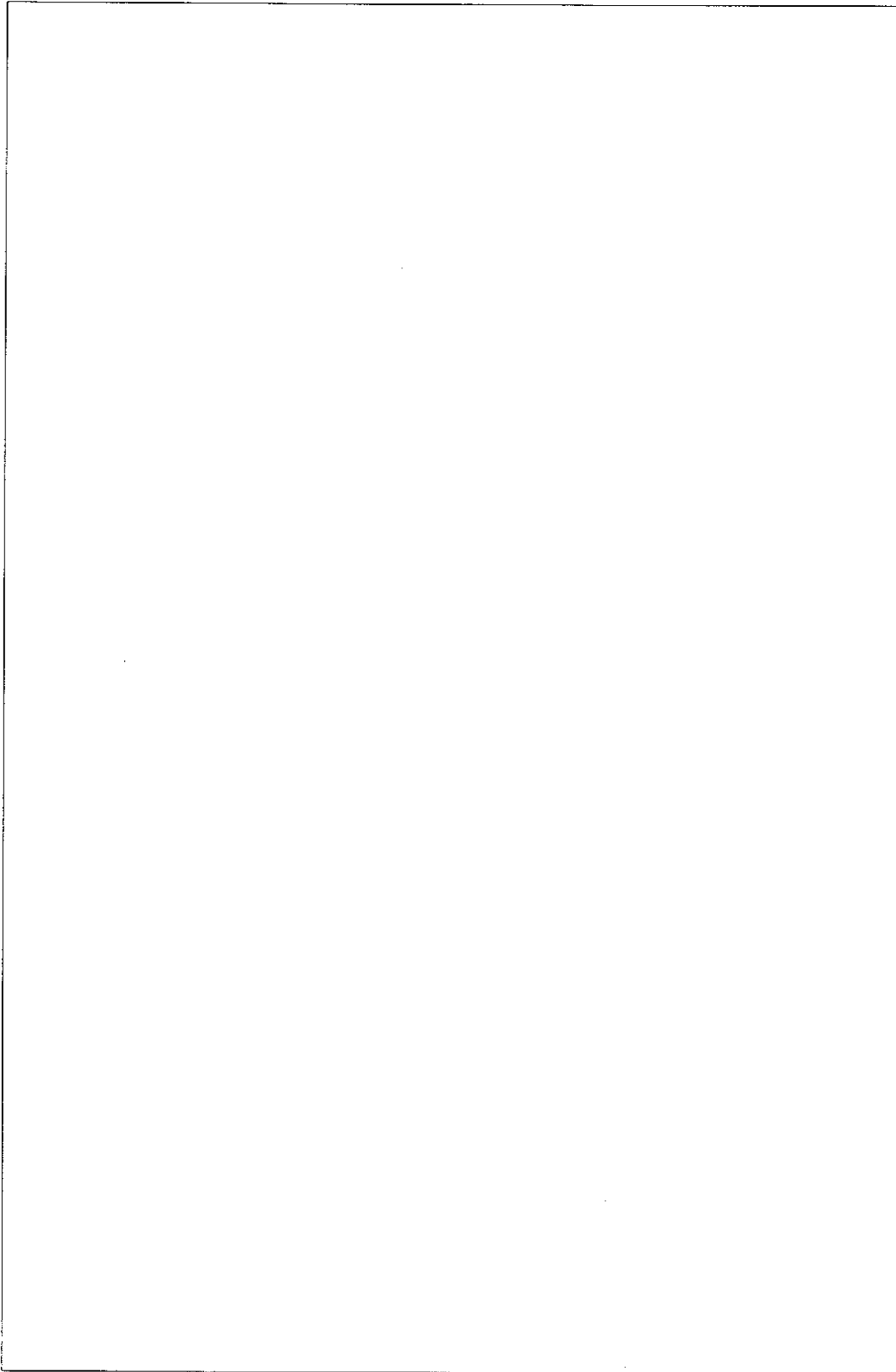
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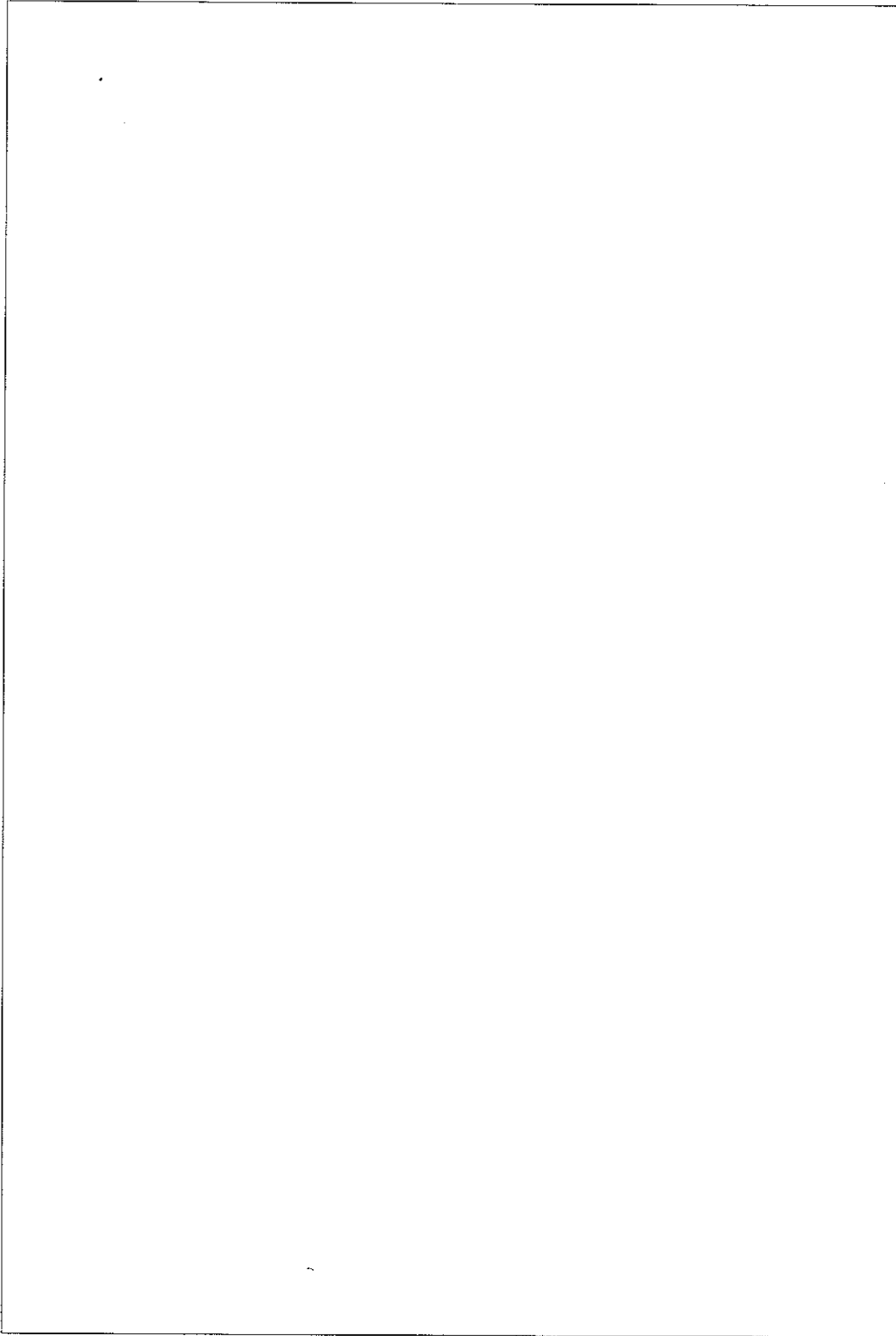


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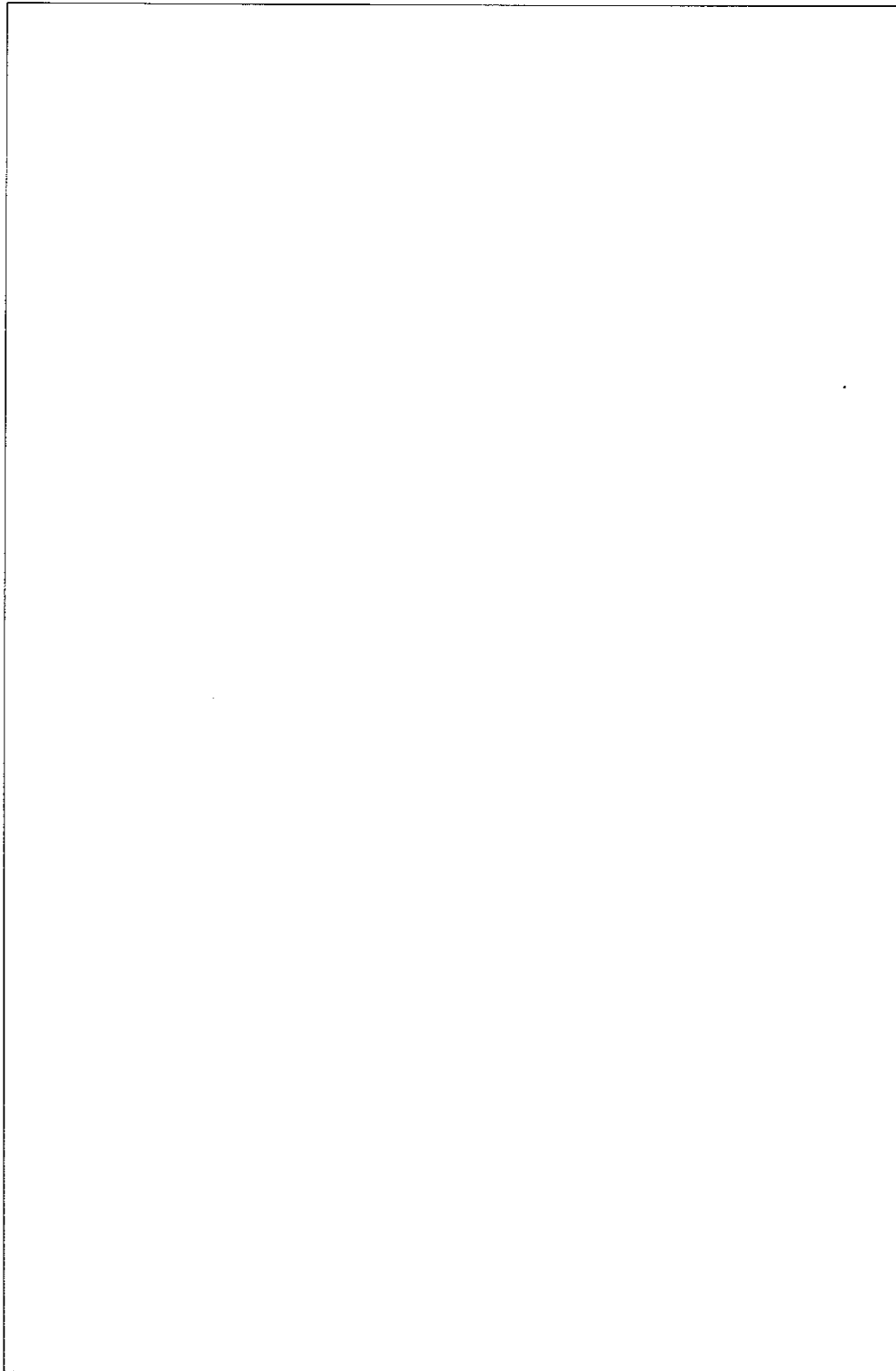
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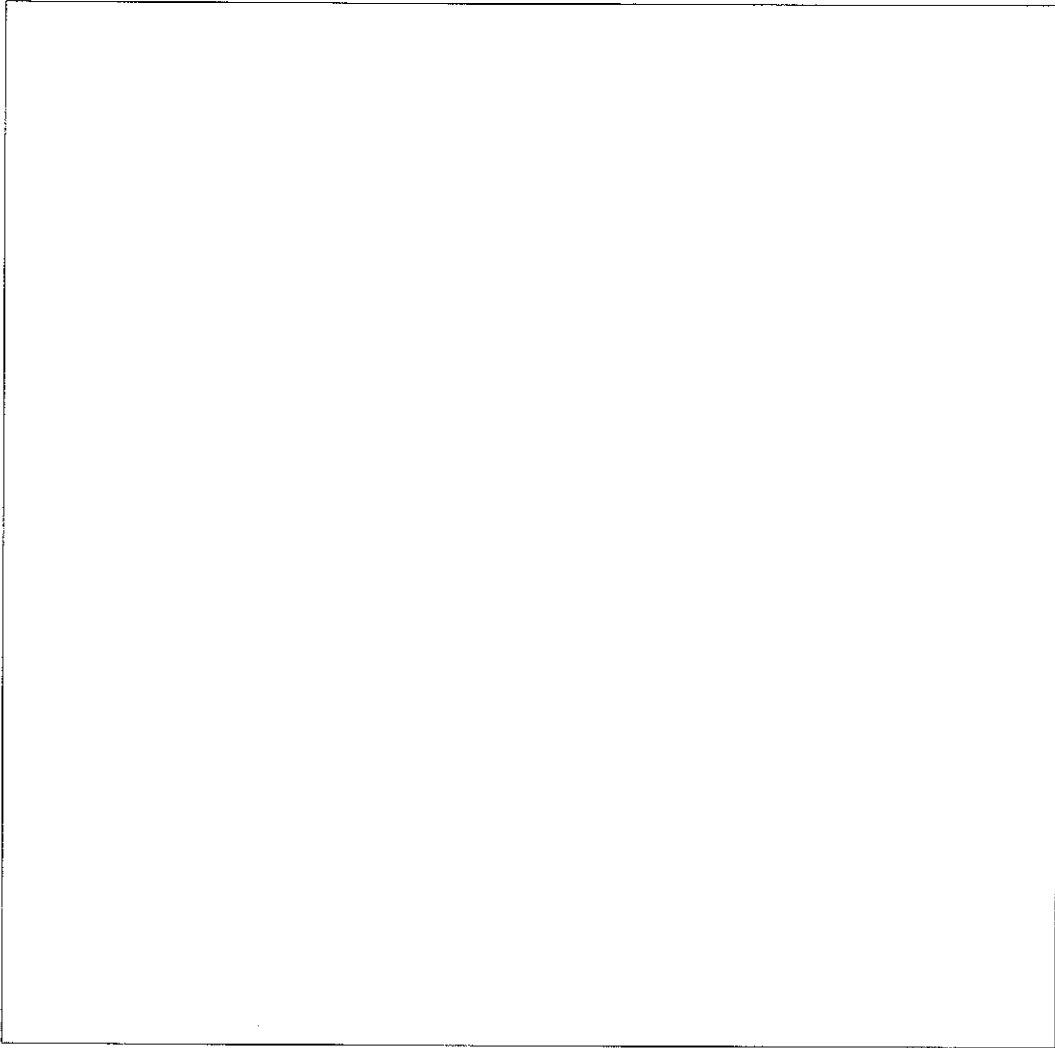


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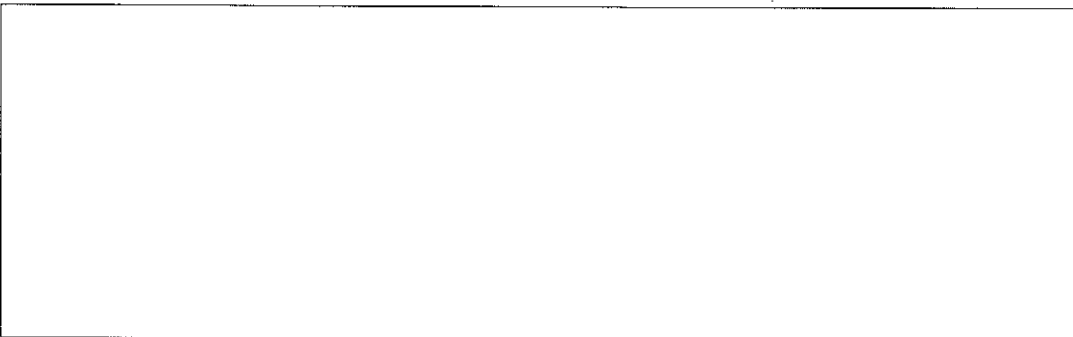
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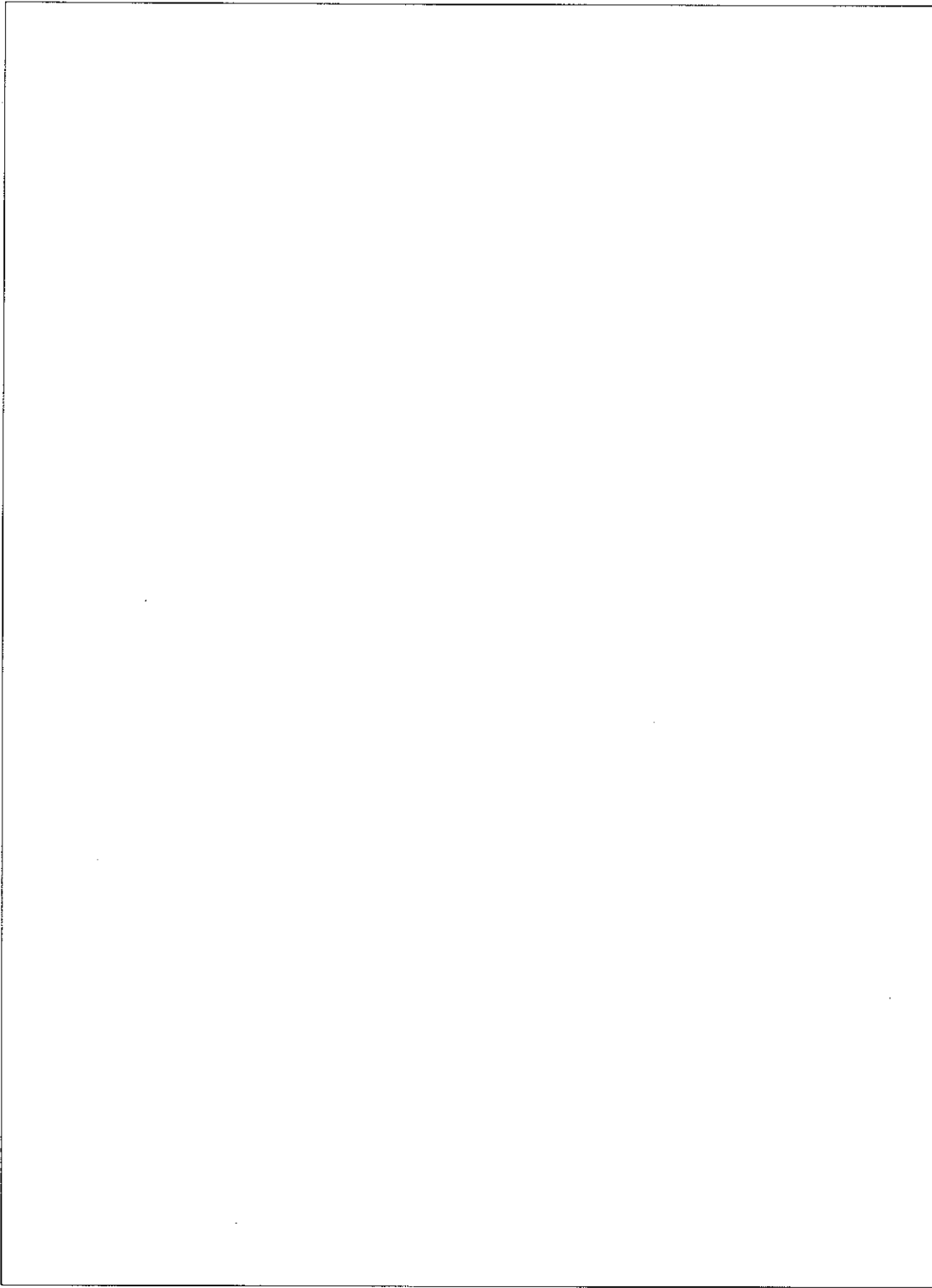
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**(U) STATUS OF SIGNIFICANT RECOMMENDED ACTIONS OUTSTANDING FROM  
PREVIOUS SEMIANNUAL REPORTS**

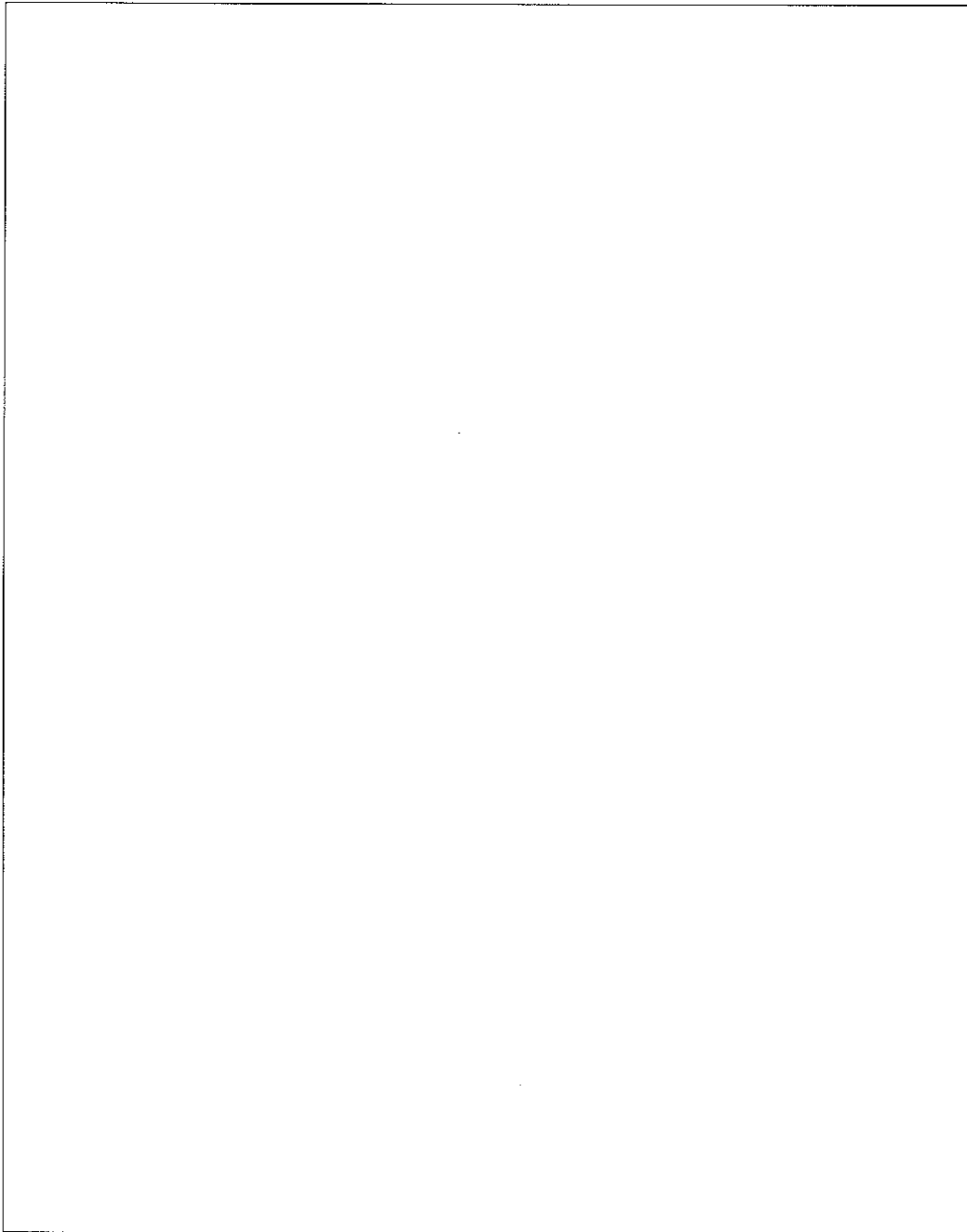


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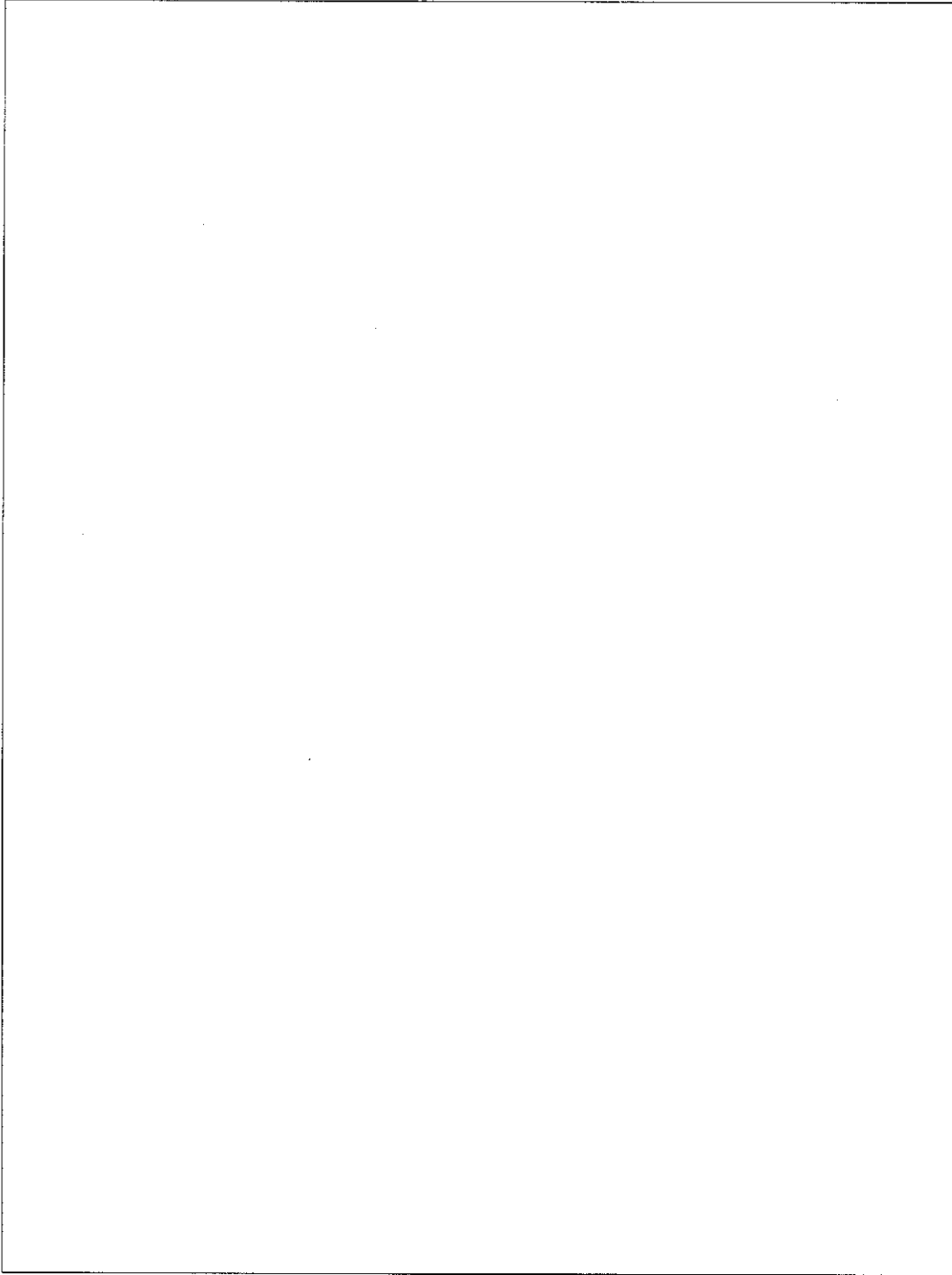


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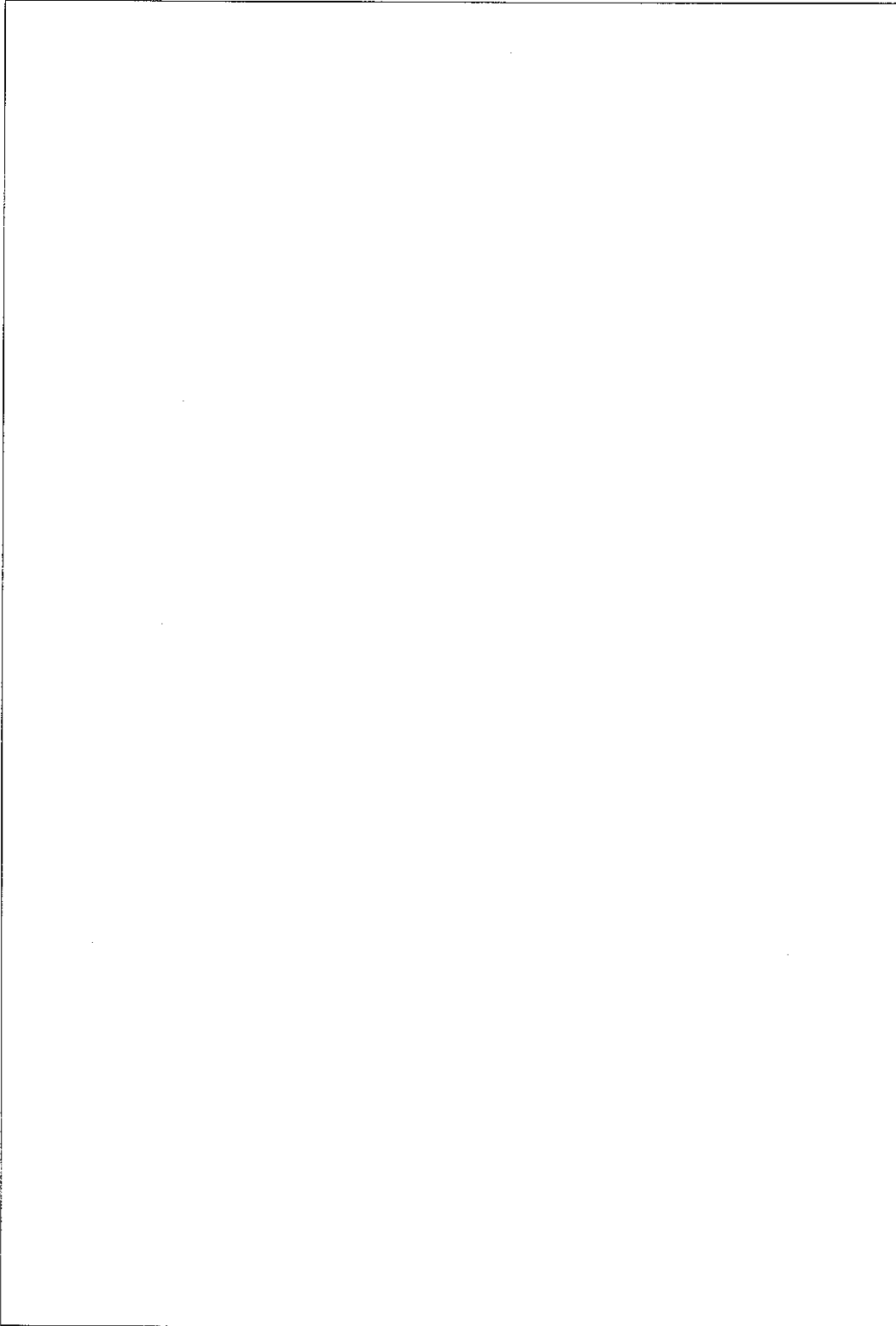
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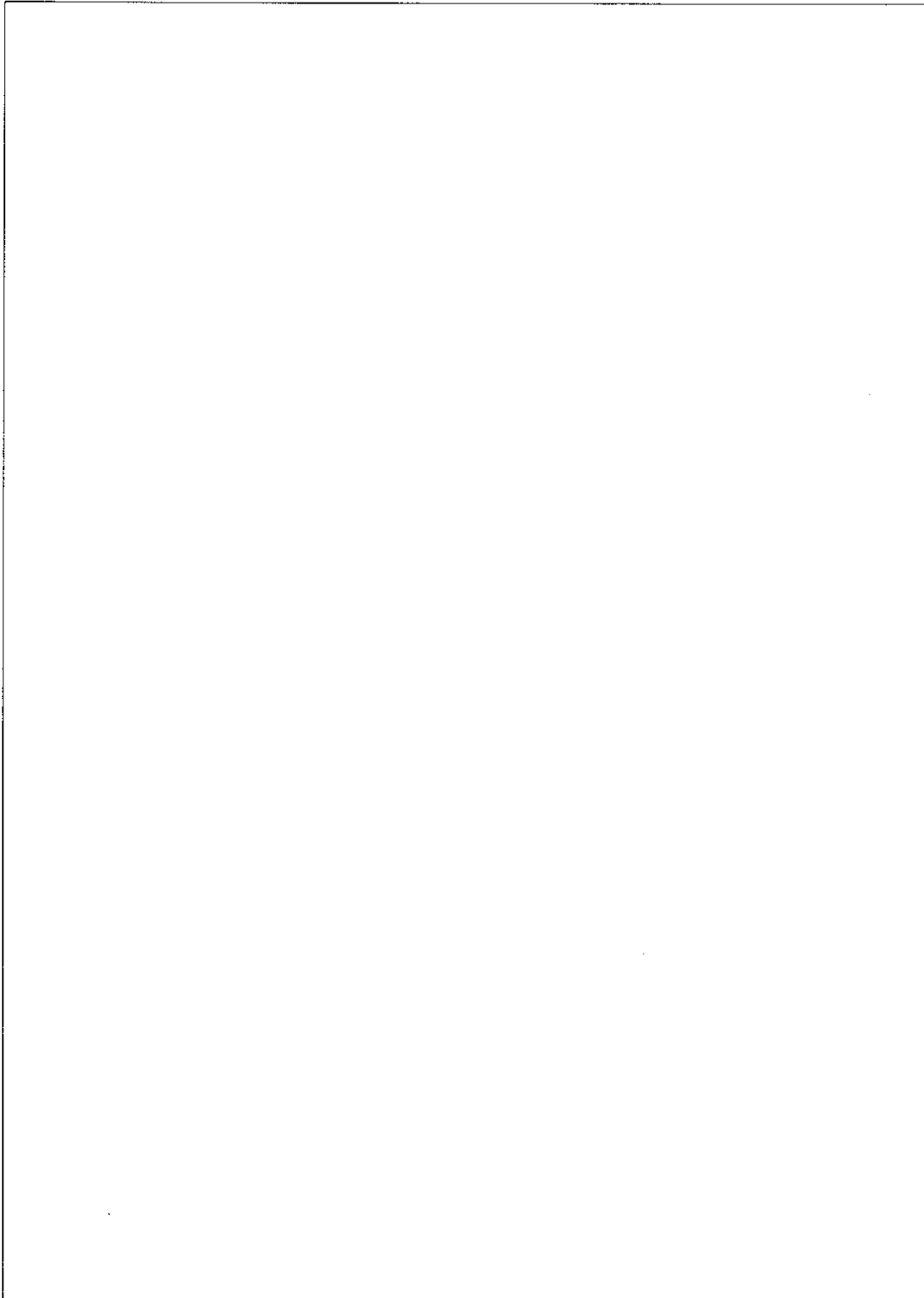
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*(U) SUMMARIES OF SELECTED CURRENT AUDITS*



(U) INSPECTIONS

(U) INSPECTION STAFF OVERVIEW

(U/[ ]) The Inspection Staff is responsible for conducting inspections of CIA programs and operations to evaluate their efficiency and effectiveness and their compliance with law, Executive orders, and regulations.

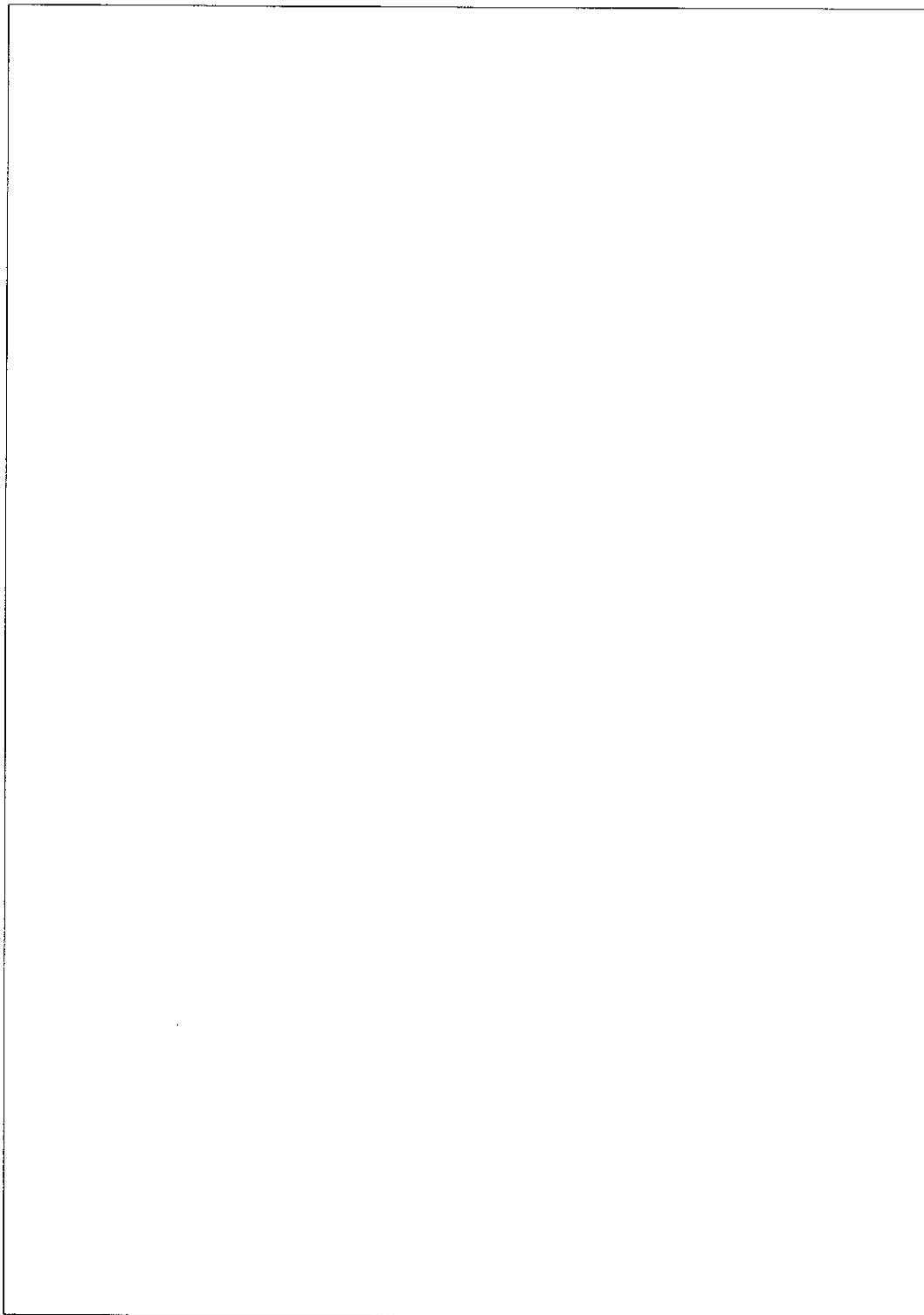
(U/[ ]) During the current reporting period, the Staff completed inspections of the Counterintelligence Center (CIC) in the National Clandestine Service (NCS), [ ] the Office of the Associate Director for Military Affairs (ADMA) in the Director's Area, [ ] and Human Resources (HR). In addition, the Staff commenced inspections of the Near East and South Asia Division in the NCS, the Office of Russian and European Analysis in the Directorate of Intelligence (DI), Applications Services in the Office of the Chief Information Officer (CIO), the Agency's Performance on [ ] and Training of New DI and NCS Officers, as well as a follow-up inspection on Agency Targeting.

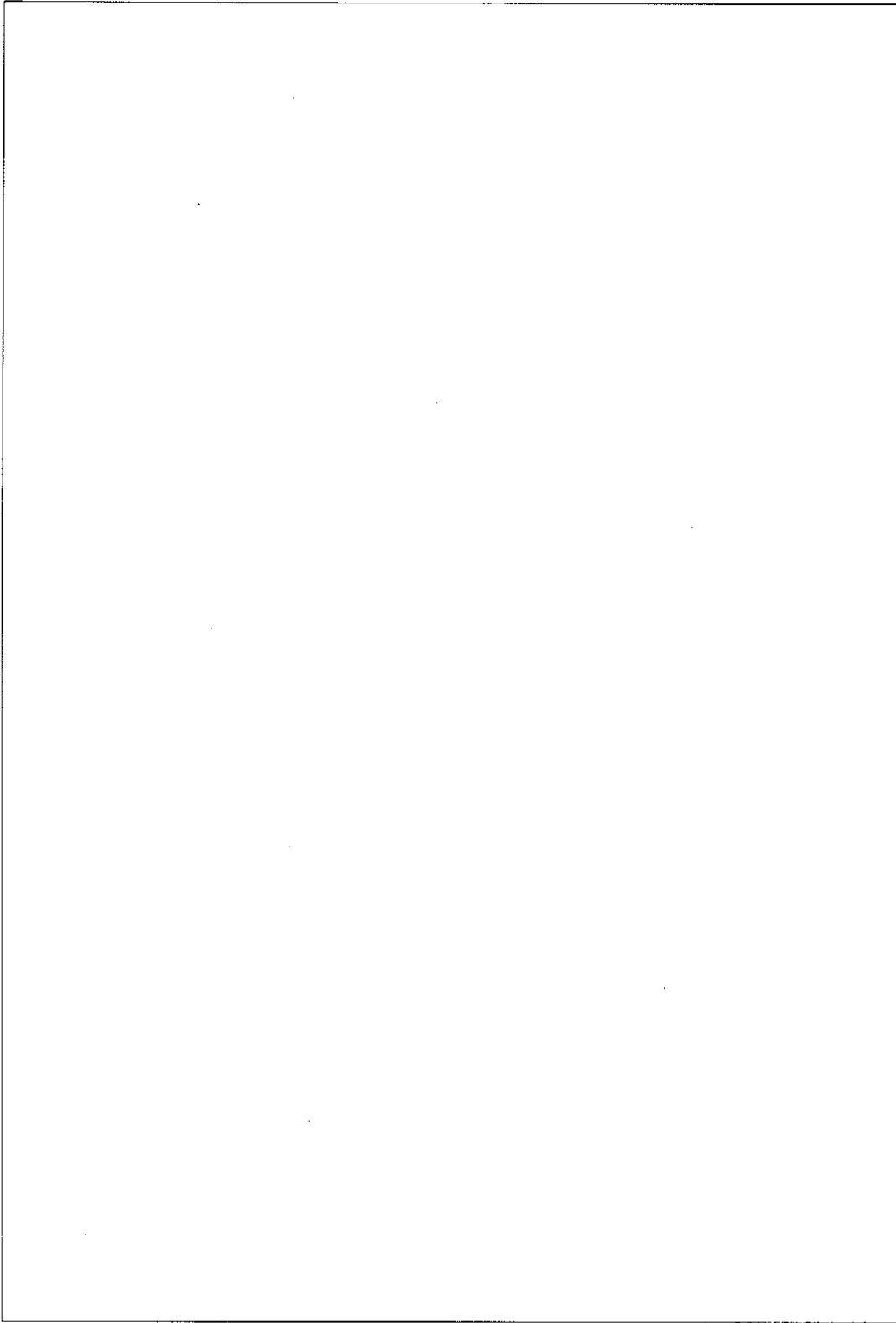
(U/[ ]) The Inspection Staff continues to conduct a two-week course for new inspectors and a seminar for team leaders before the start of each inspection cycle. The Staff also provides instructional seminars for OIG inspectors and research assistants during the course of each cycle.

(U/[ ]) In addition, the Staff closed five inspections—the Agency's Performance [ ] the Leadership Analysis Follow-Up, [ ] Retention in the Agency, and the Directorate of Science and Technology's (DS&T's) [ ]. In the case of [ ] the relevant stakeholders have satisfied the remaining recommendations. [ ]

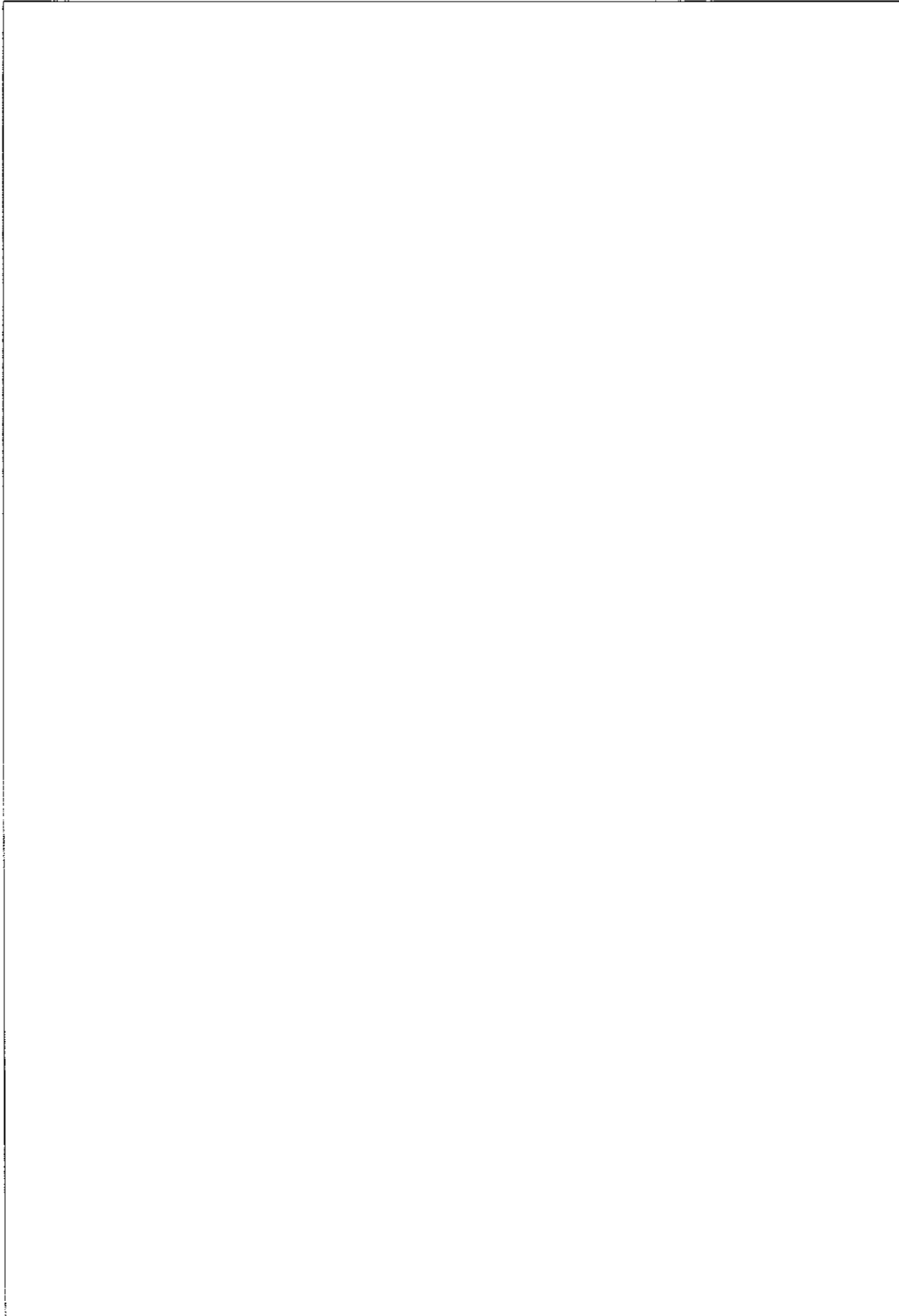
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**(U) COMPLETED INSPECTIONS**



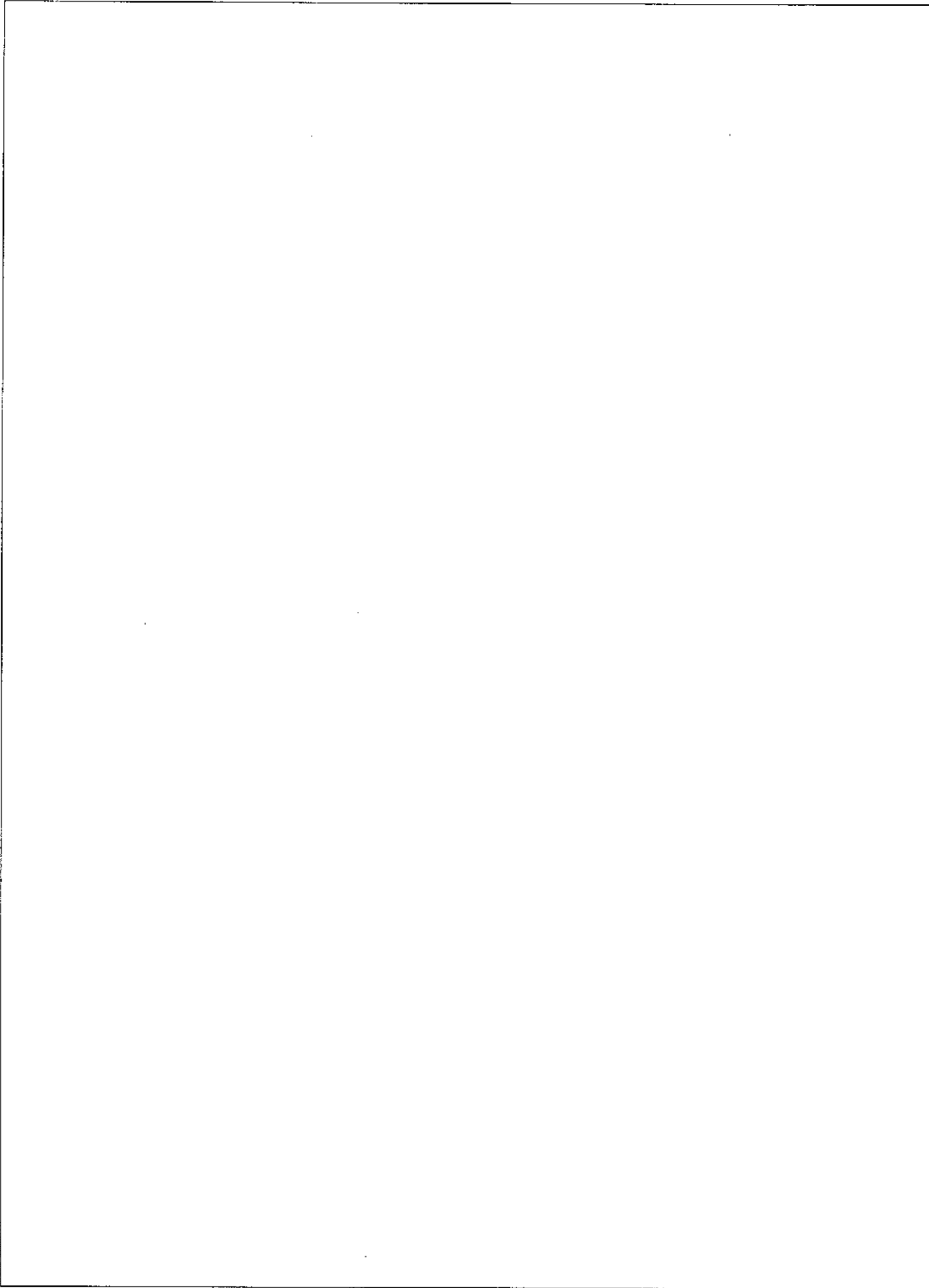


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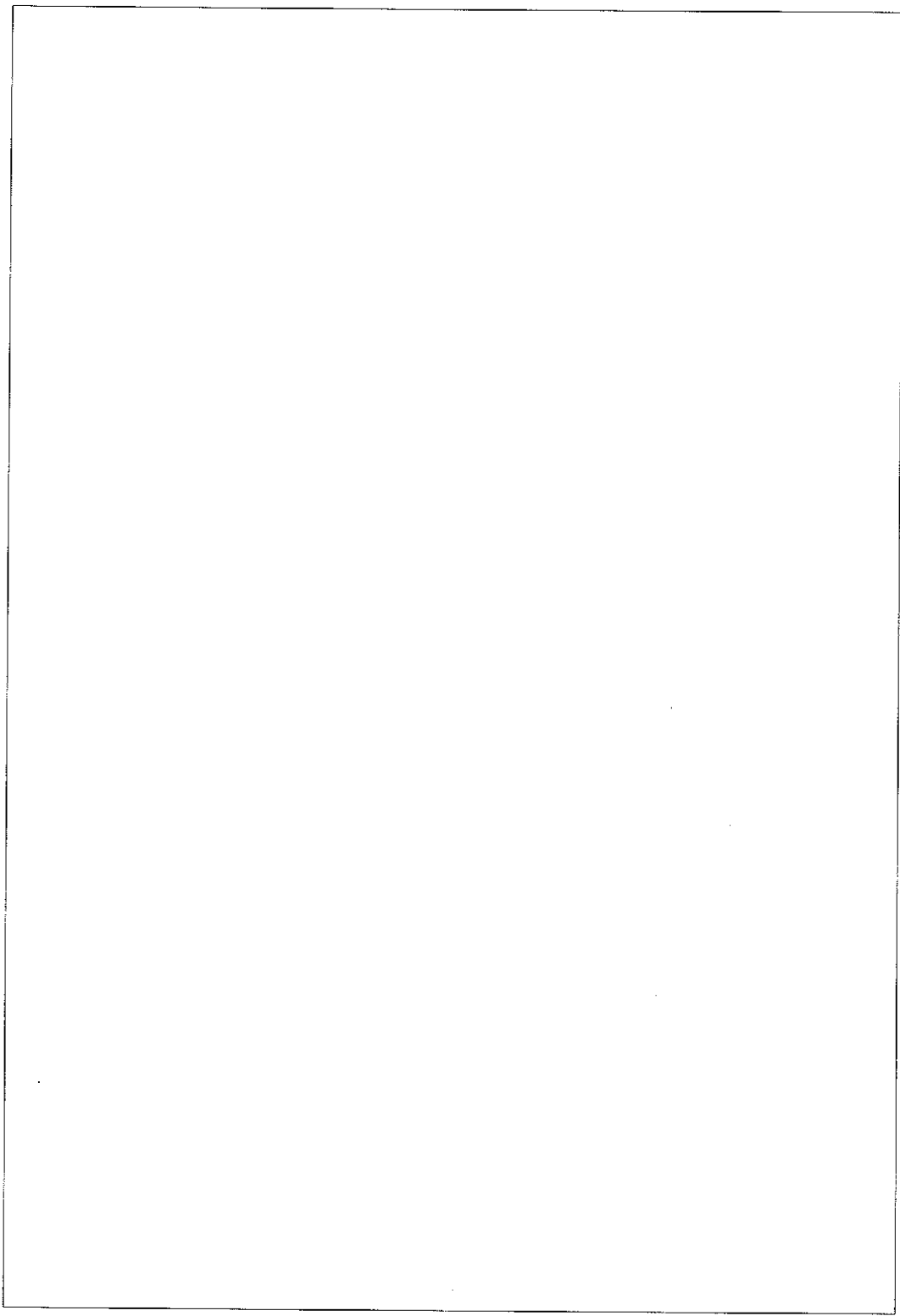


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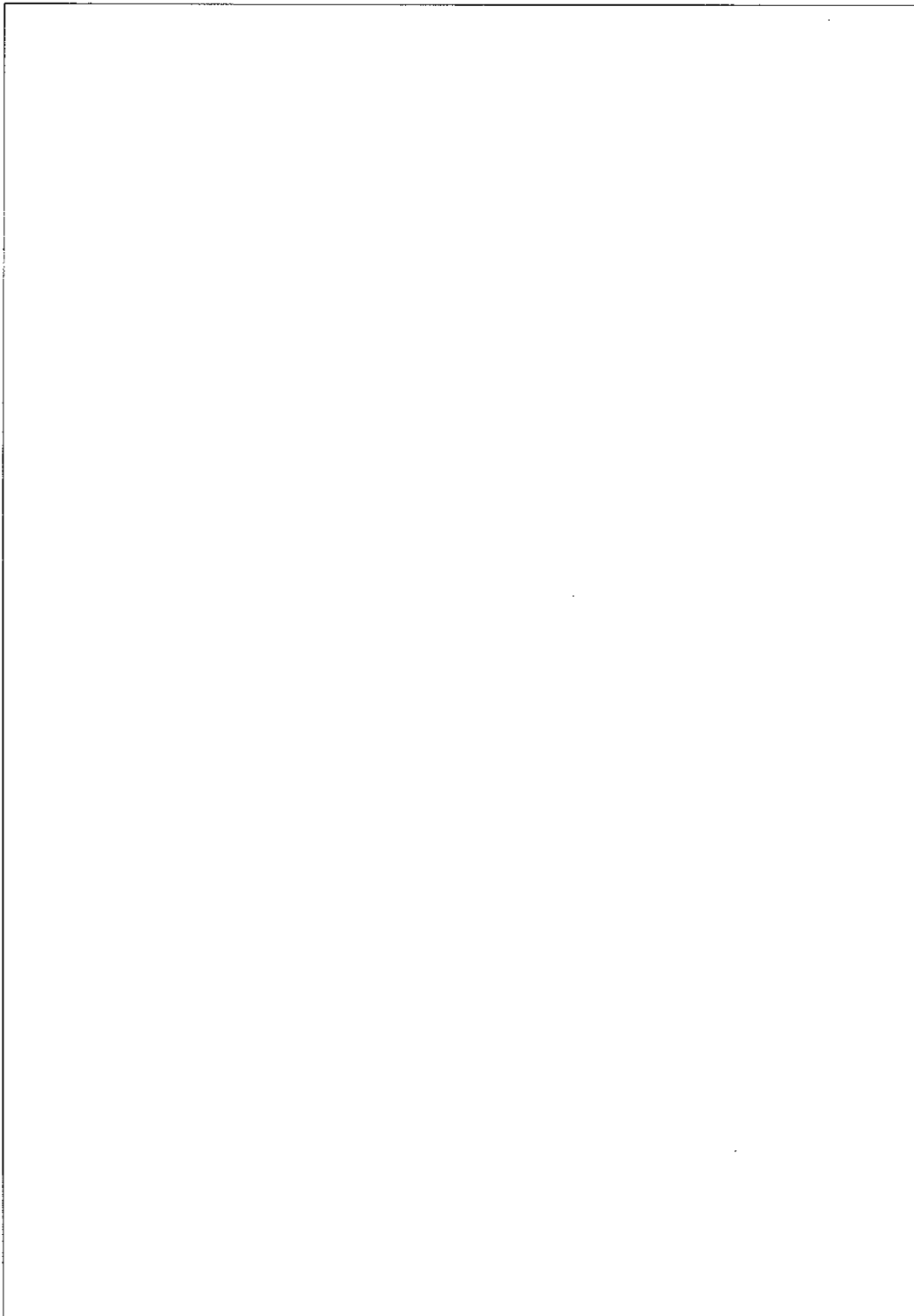
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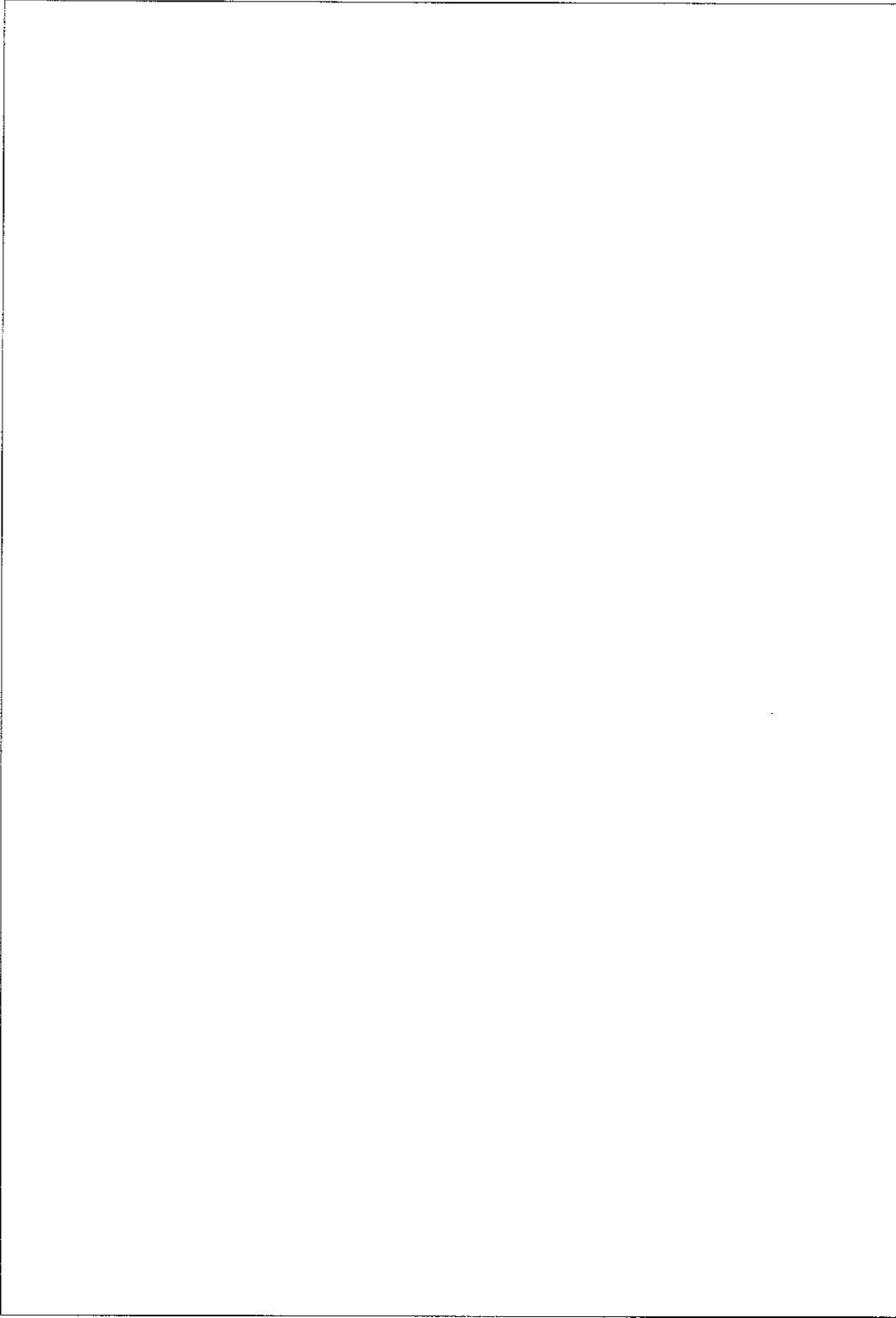


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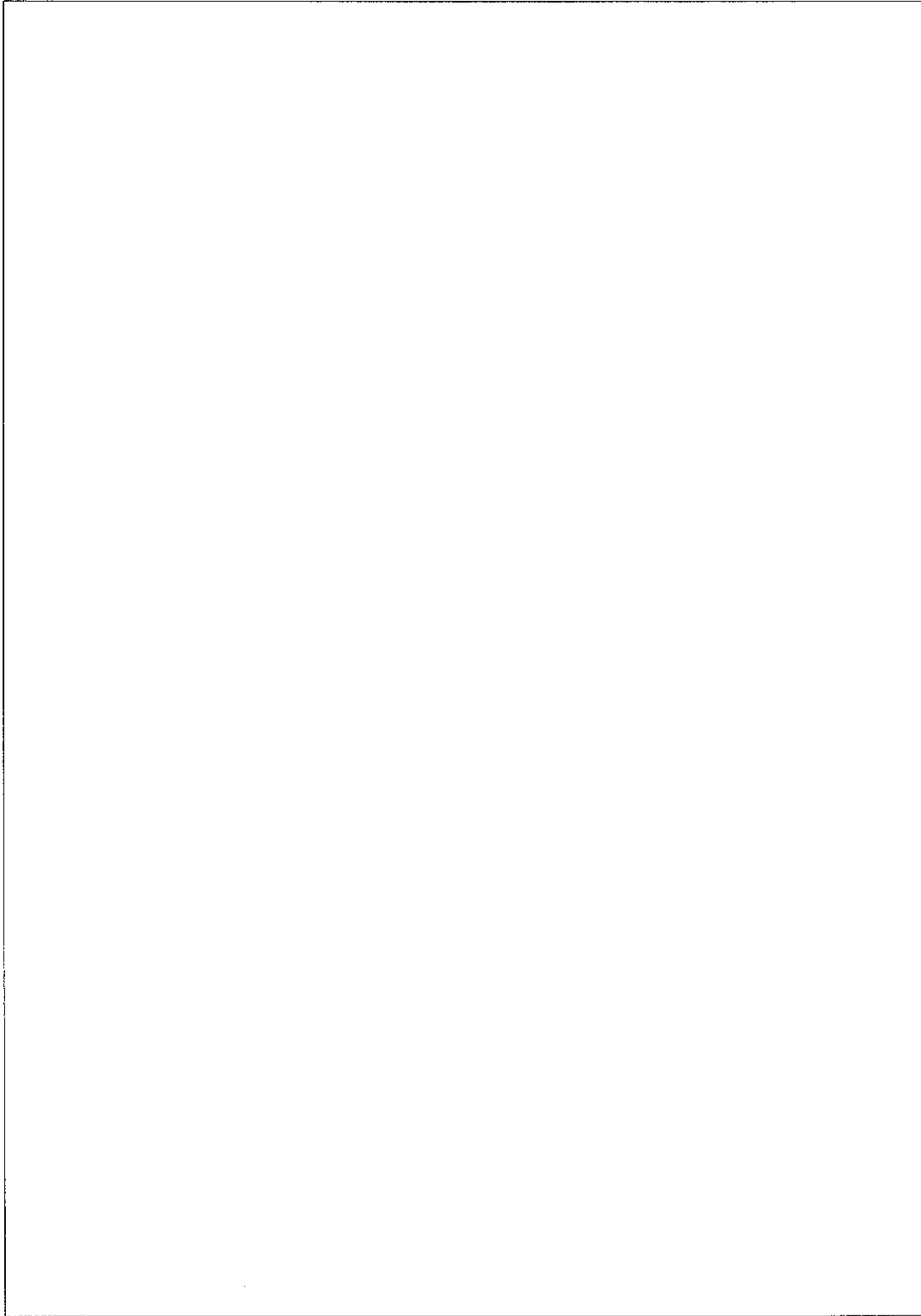
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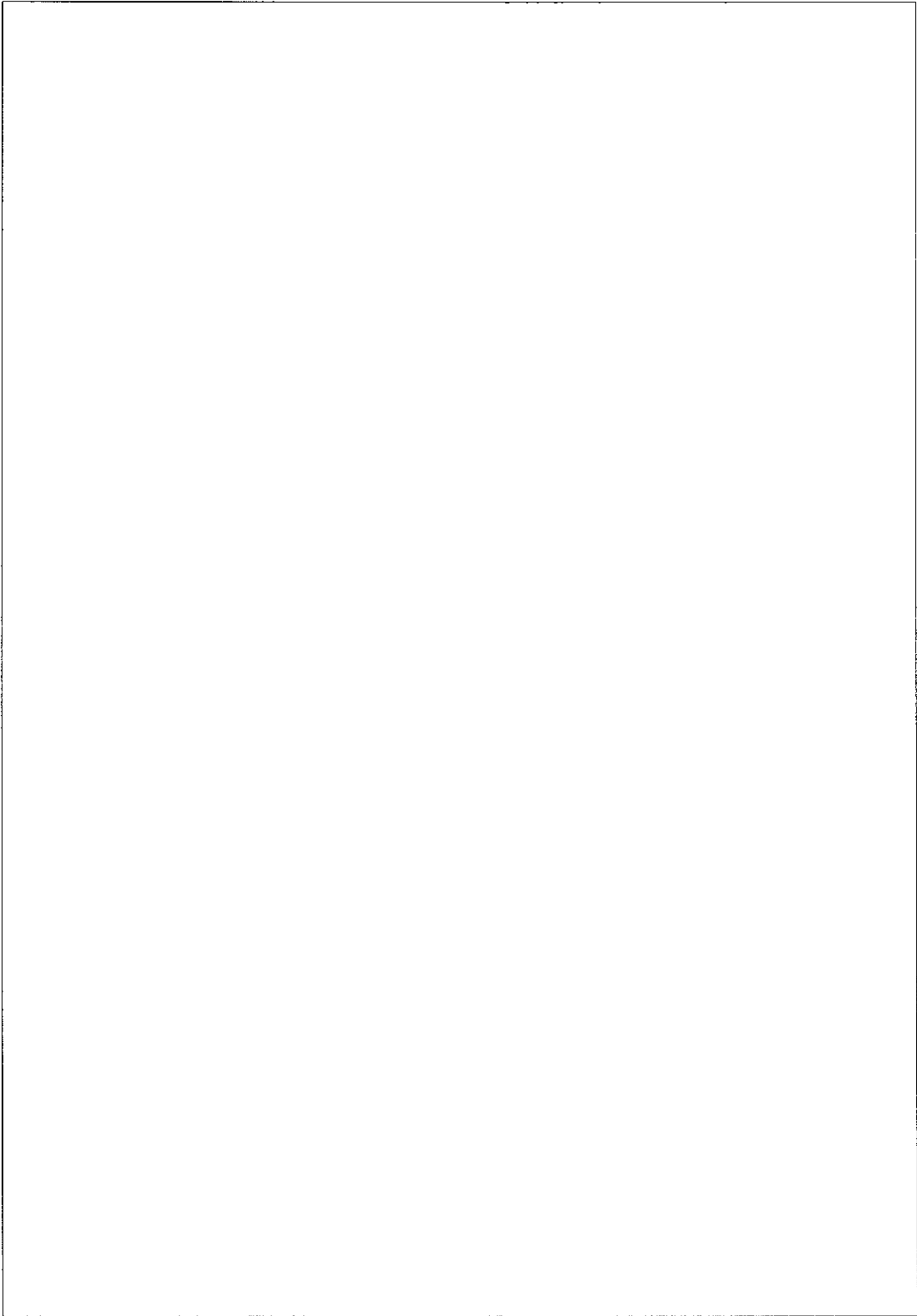
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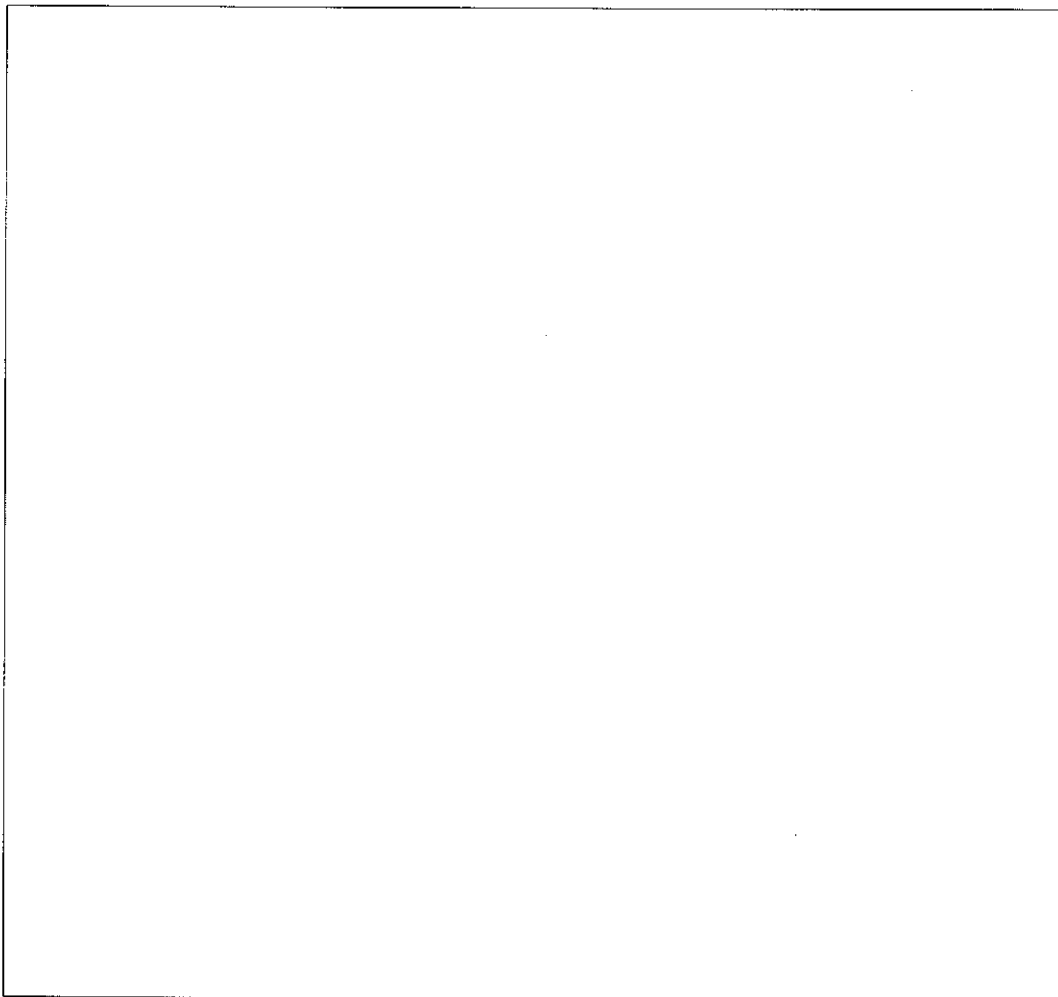
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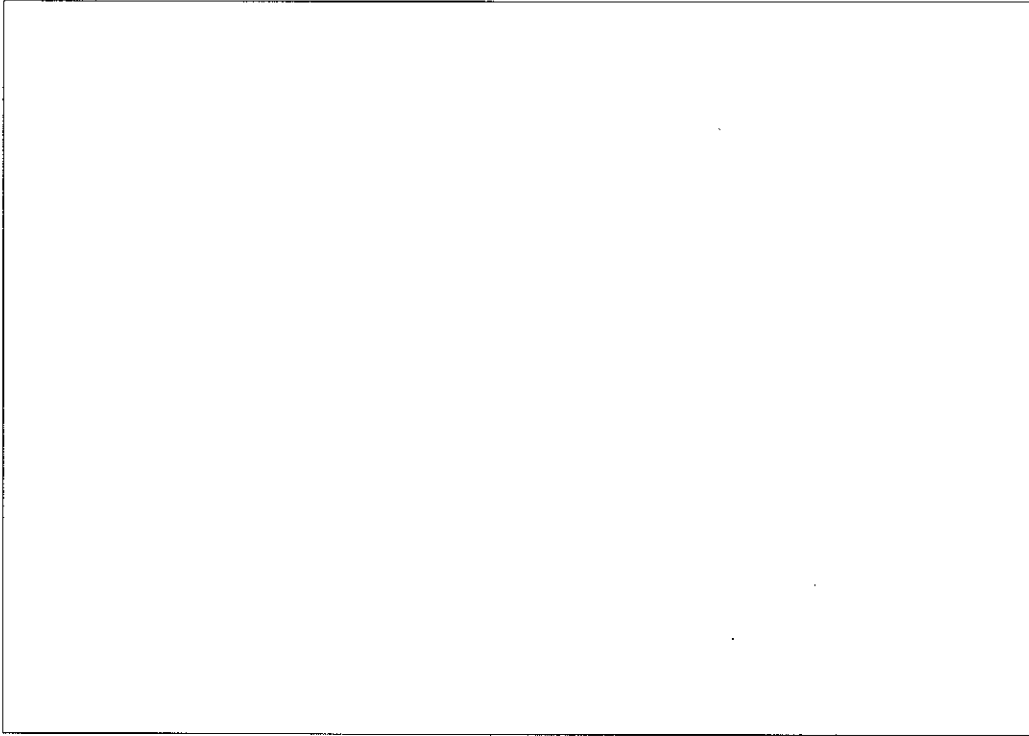
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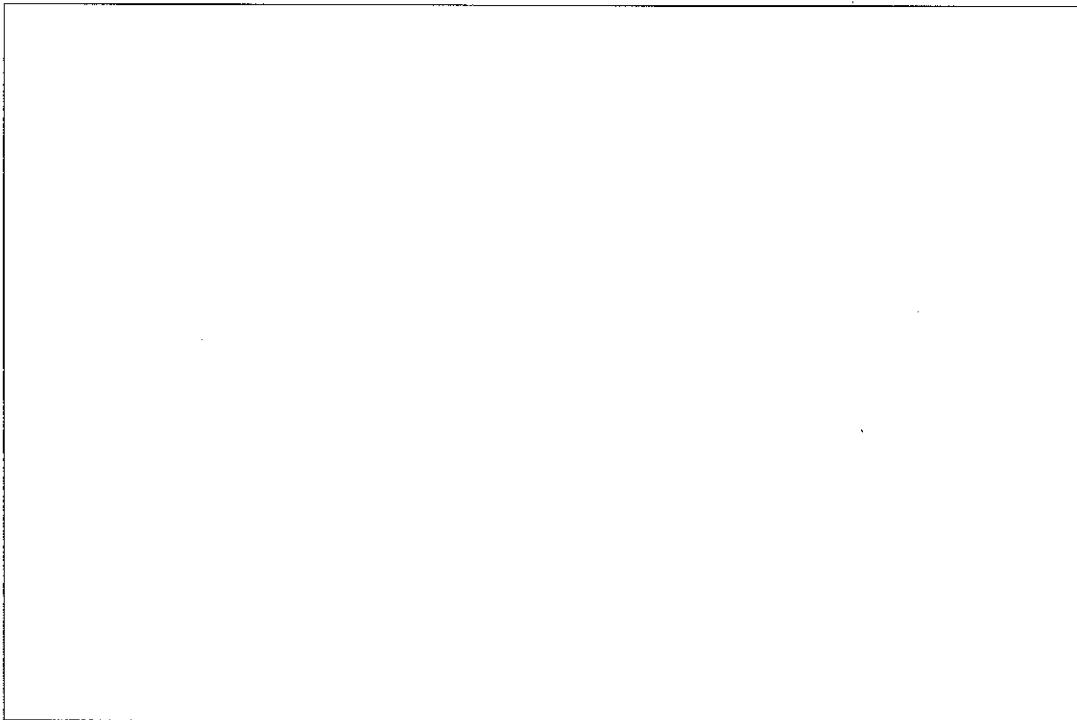
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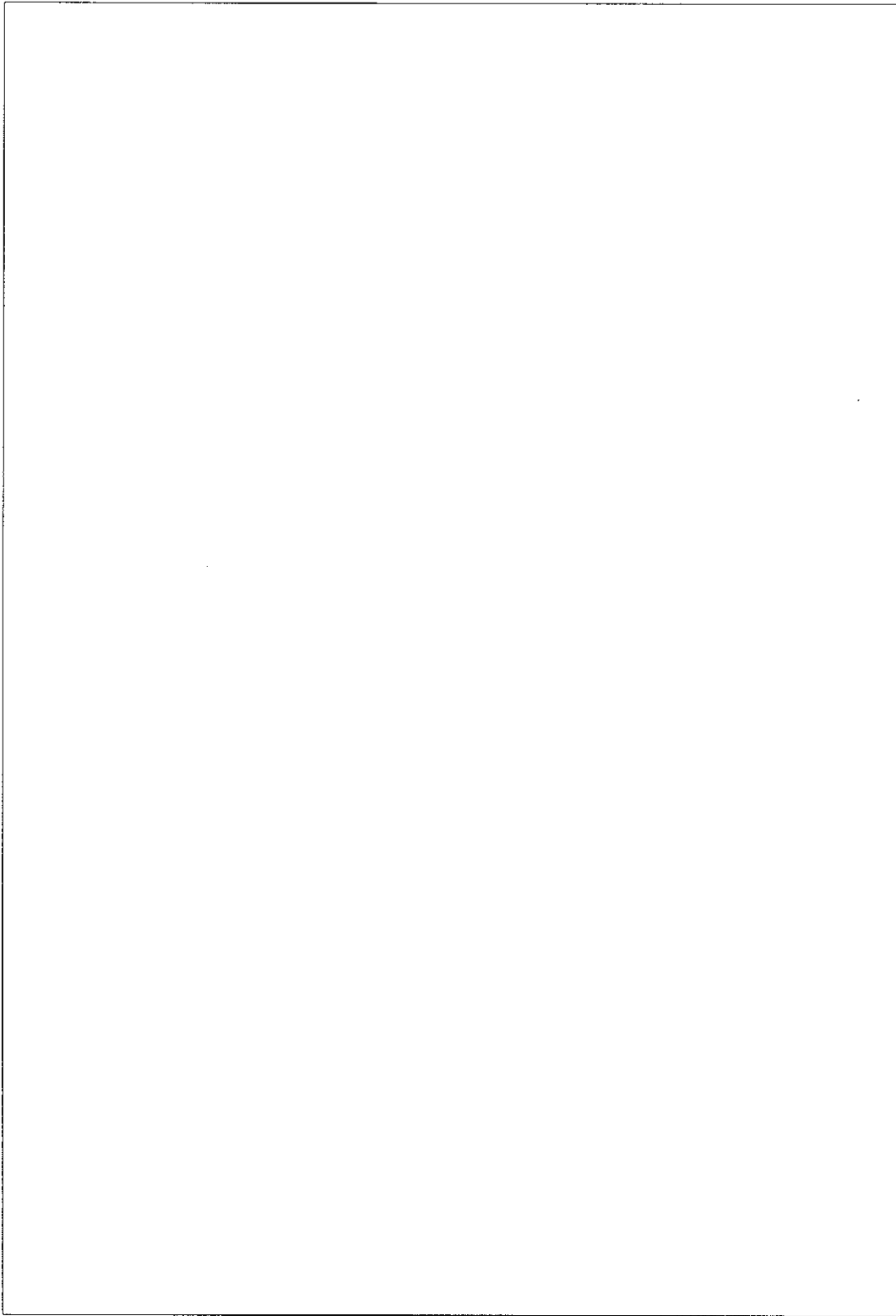




***(U) STATUS OF SIGNIFICANT RECOMMENDED ACTIONS OUTSTANDING FROM  
PREVIOUS SEMIANNUAL REPORTS***

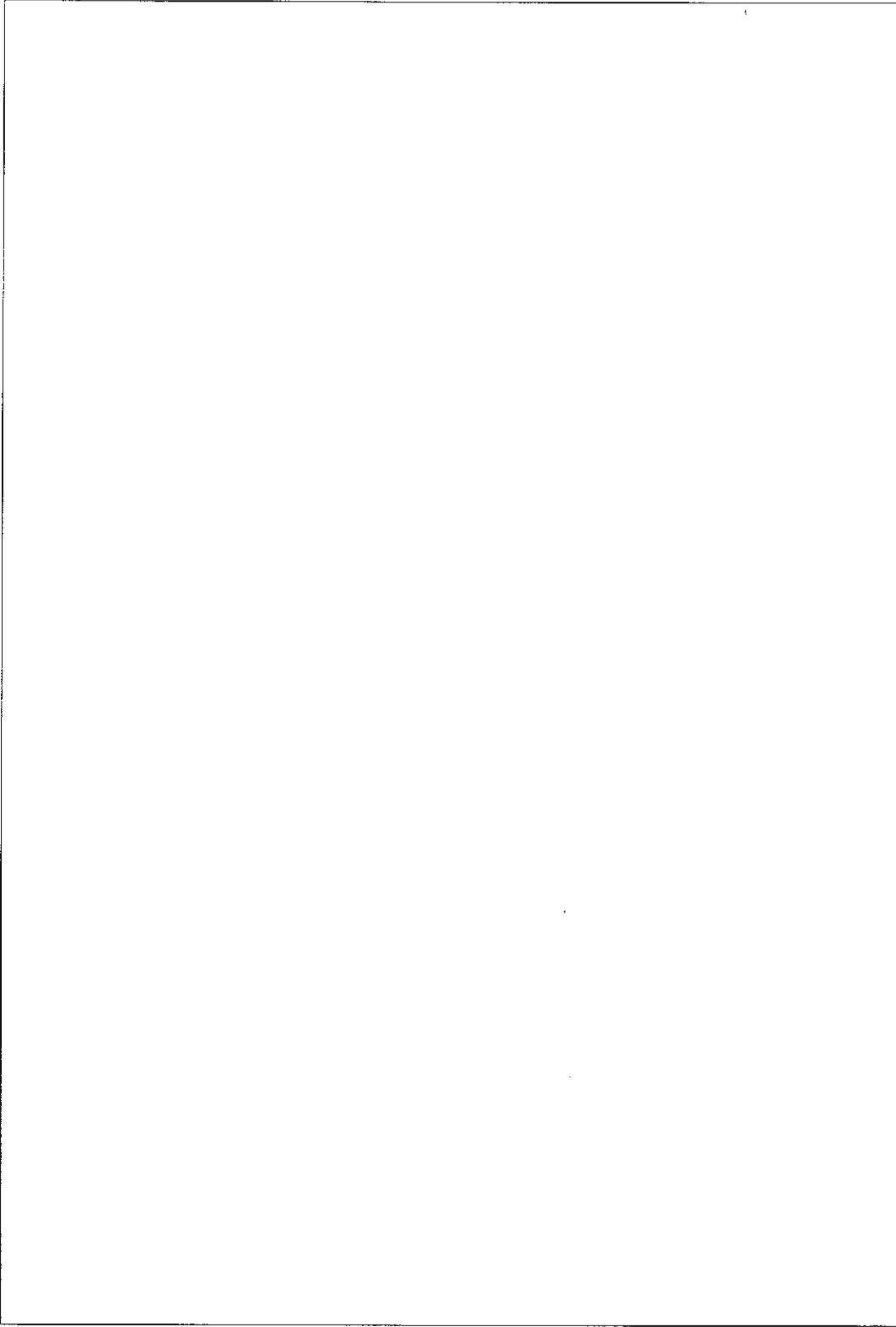


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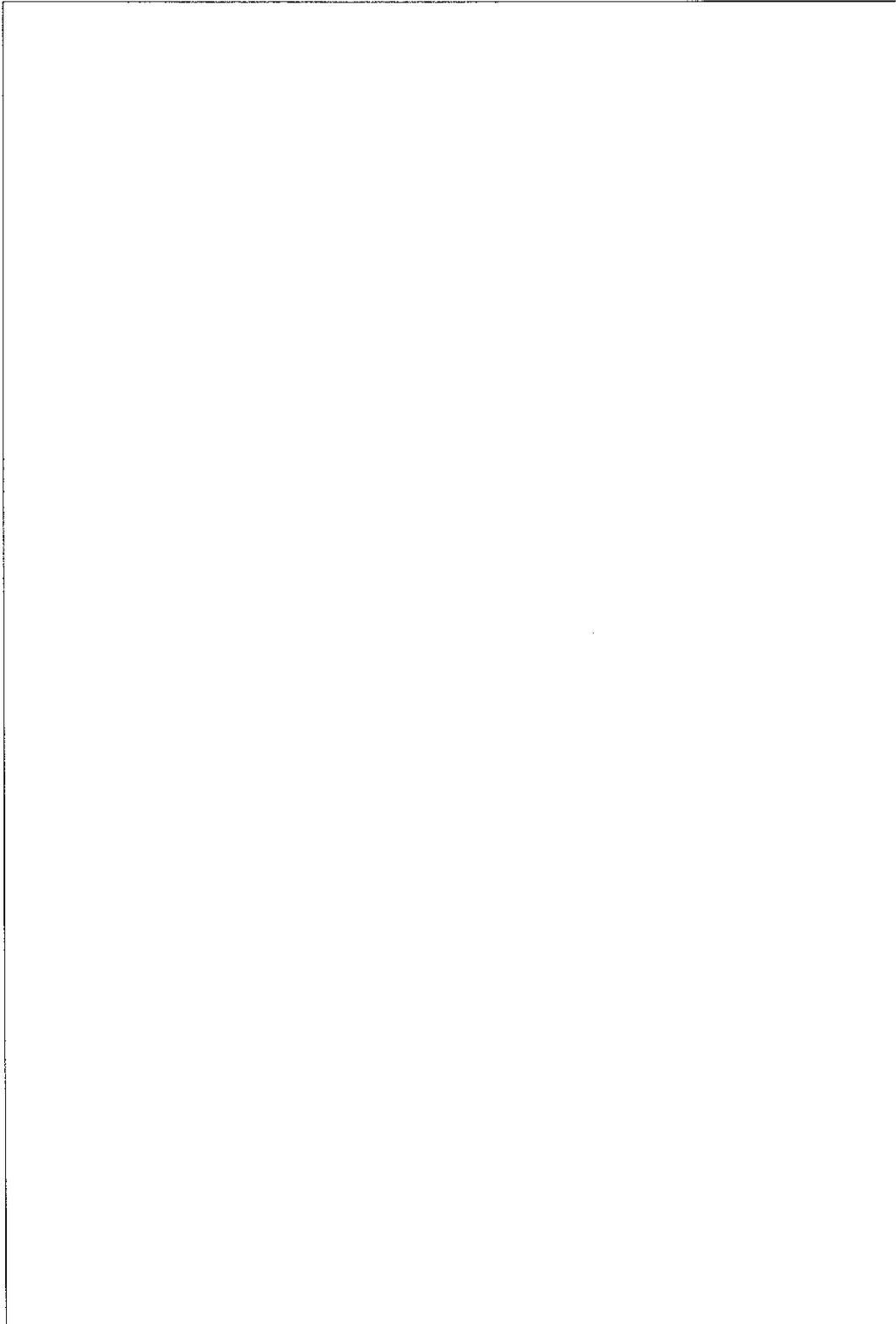
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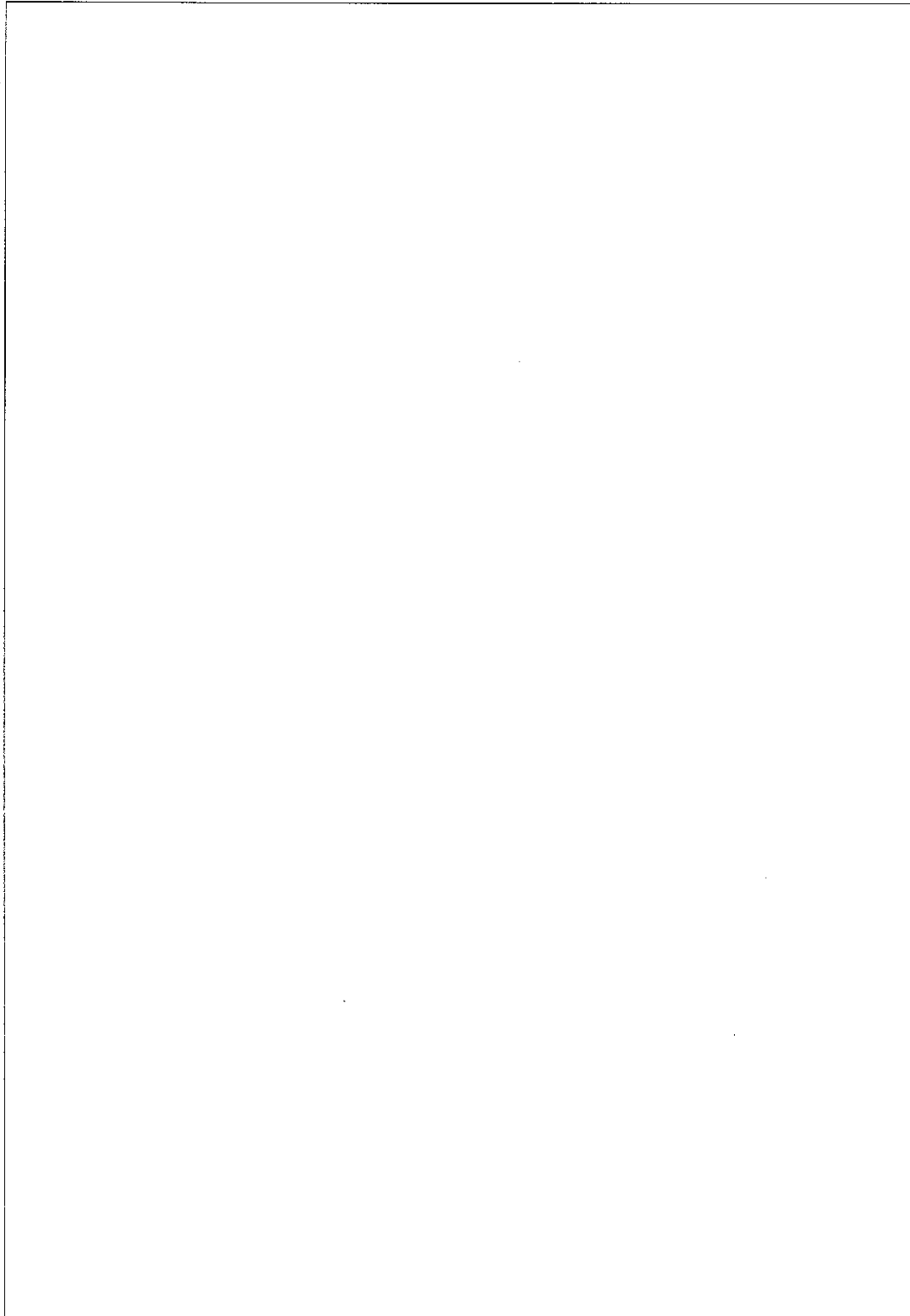


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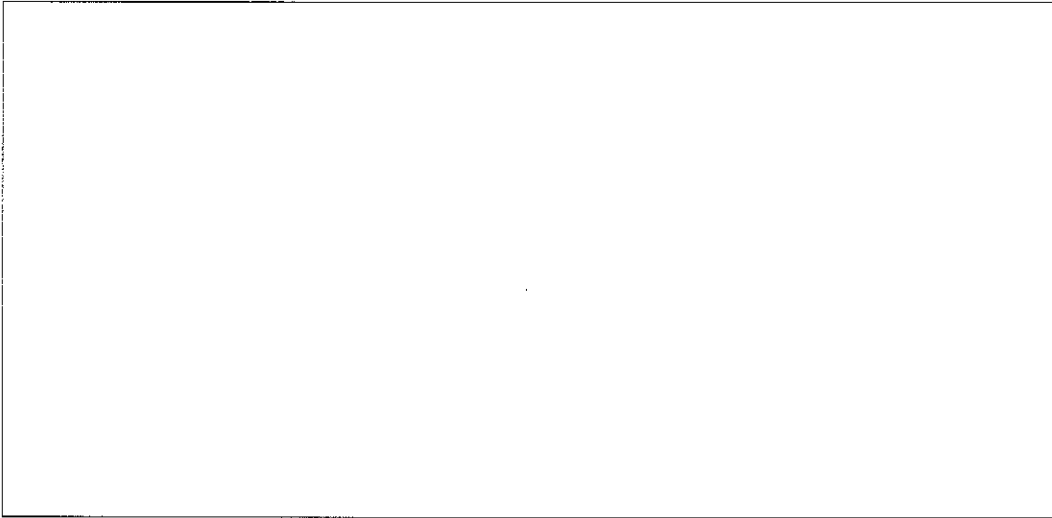


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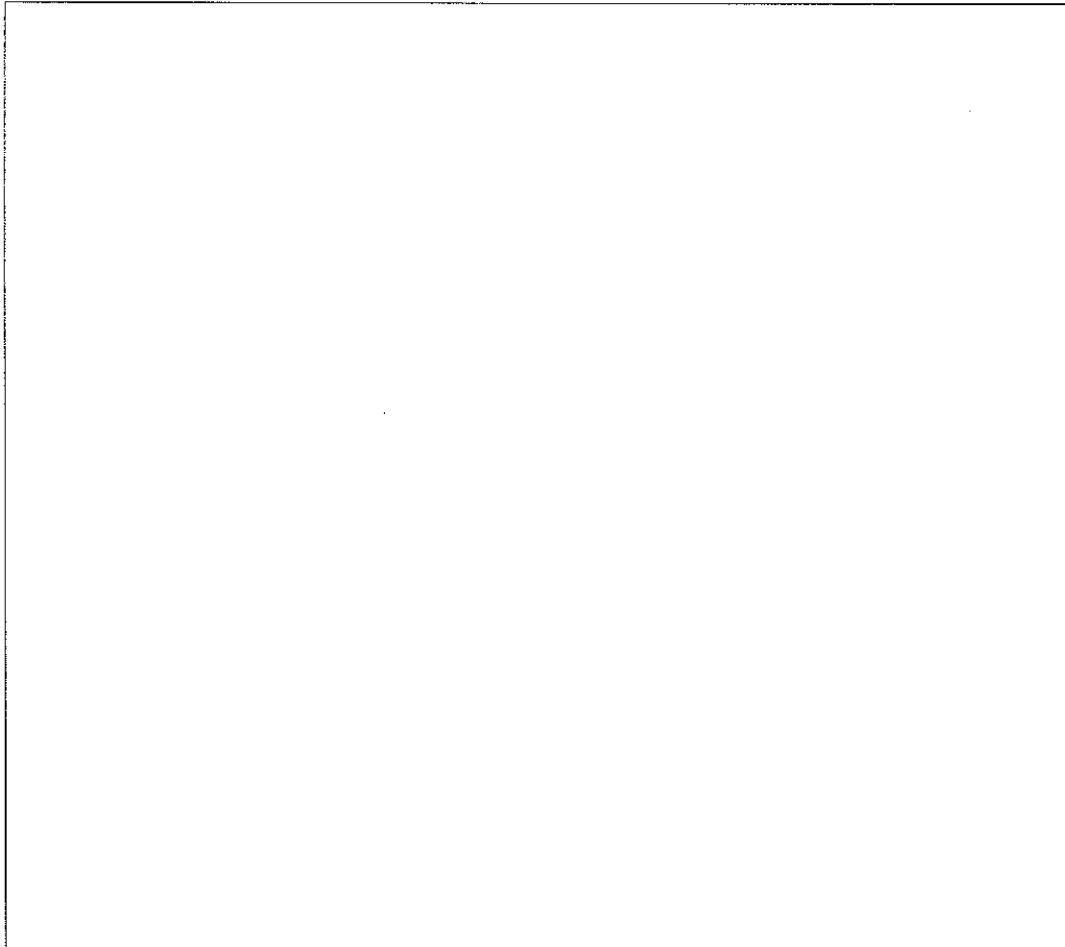
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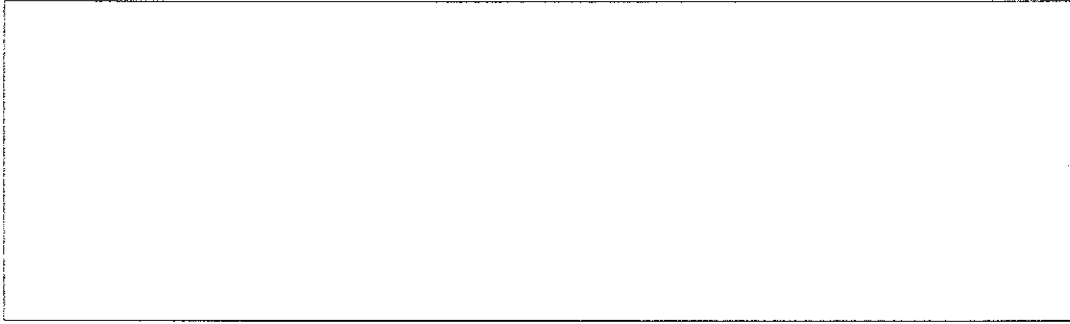
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**(U) SUMMARIES OF CURRENT INSPECTIONS**



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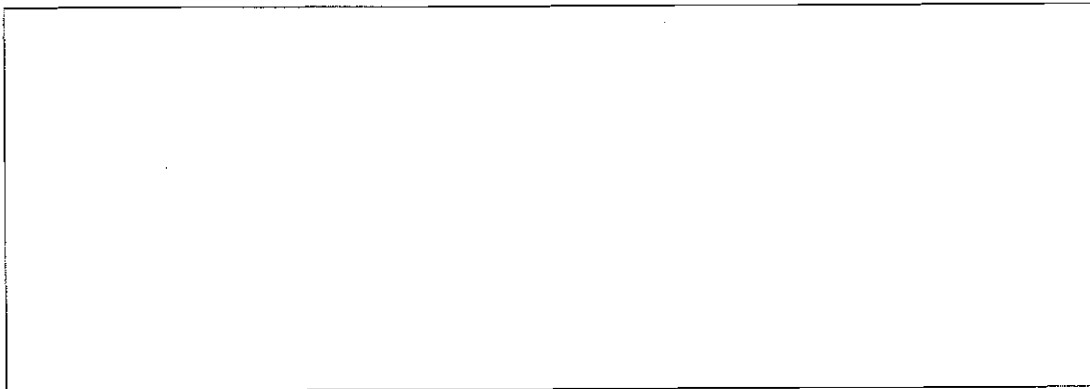
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~~SECRET~~/ [ ] /20320630**(U) INVESTIGATIONS****(U) INVESTIGATIONS STAFF OVERVIEW**

(U/[ ]) 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 OIG Special Agents, but other Federal investigative elements 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/[ ]) The Staff conducted a range of other investigations, including allegations of fraud by employees and contractors, possession of child pornography, theft of US Government property, misappropriation of funds, and false statements and claims.

(U/[ ]) As a result of Staff investigations, [ ] matters previously referred to the Department of Justice (DoJ) for potential prosecution have been resolved. In one matter, OIG Special Agents developed information that a now-former employee may have embezzled [ ] in cash from the Agency. The former employee has entered a guilty plea in US District Court in the Eastern District of Virginia and awaits sentencing. In another matter, OIG Special Agents developed information regarding theft of government property [ ] by an Agency contractor. The now-former contractor has entered a guilty plea in the Northern District of Florida and awaits sentencing. Finally, a former independent contractor entered a guilty plea in the Northern District of California for falsifying background investigation reports on potential employees. He also awaits sentencing.



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[ ]

[ ] Finally, a former Agency contractor was sentenced to over eight years in prison following his conviction [ ] Congressional oversight committees are regularly informed of progress in these investigations.

(U) [ ] The Staff's workload continues to grow. The Staff's remaining investigative vacancies will be filled in the coming months with the addition of three individuals who have substantial Federal law enforcement experience.

(U) [ ] The nature of investigations faced by the Investigations Staff has broadened dramatically in the past several years. The Staff has conducted investigations of deaths, child pornography, significant thefts of money and property, and numerous firearms-related matters. At the same time, the Staff has had to become less reliant on assistance from the FBI and other traditional law enforcement agencies. [ ]

[ ]

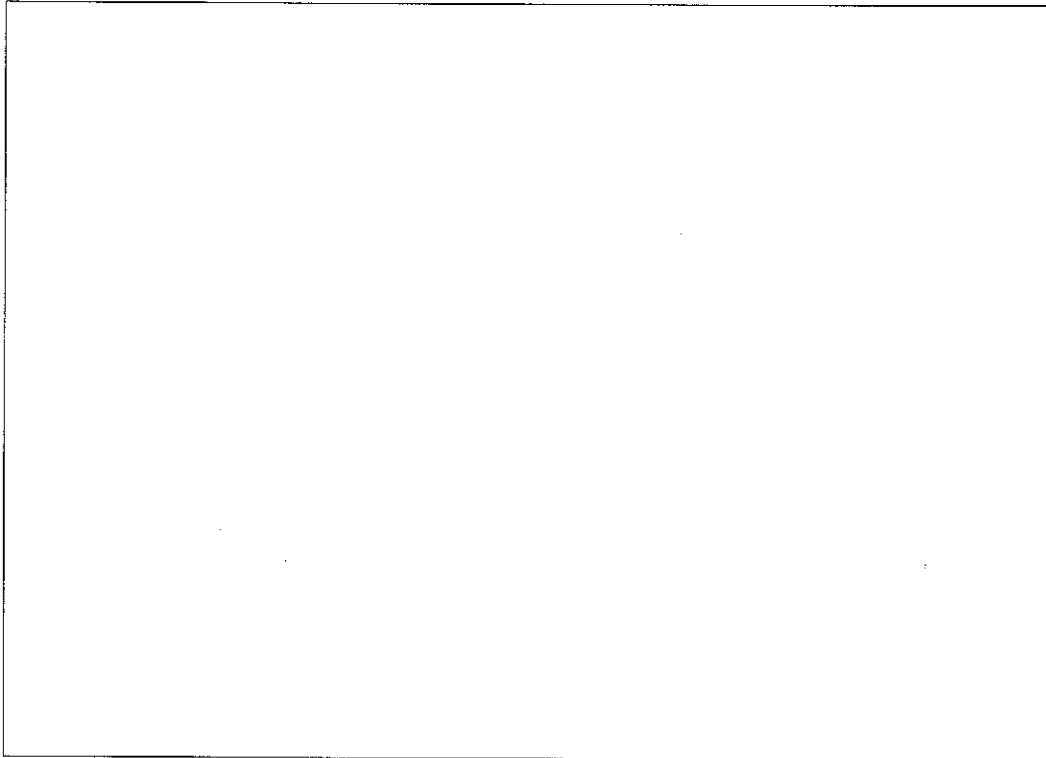
[ ]

(U) [ ] The Staff continues to oversee the Agency-wide grievance system, which seeks to resolve grievances at the lowest possible level in the organization. In addition to sponsoring a yearly grievance counselor workshop for component and directorate grievance officers, the Staff hosts regular meetings of grievance officers to share issues of common interest, and it conducts mandatory training for all new grievance officers. This training, together with the emphasis on resolution at the lowest possible level, continues to contribute to effective and timely grievance resolution.

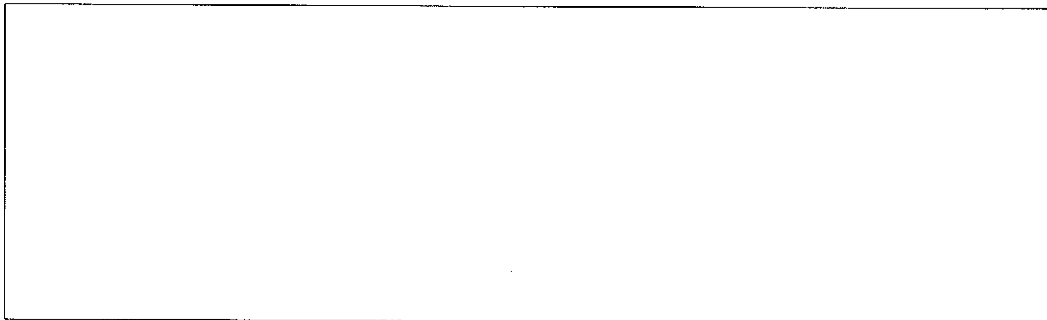
**(U) COMPLETED INVESTIGATIONS**

[ ]

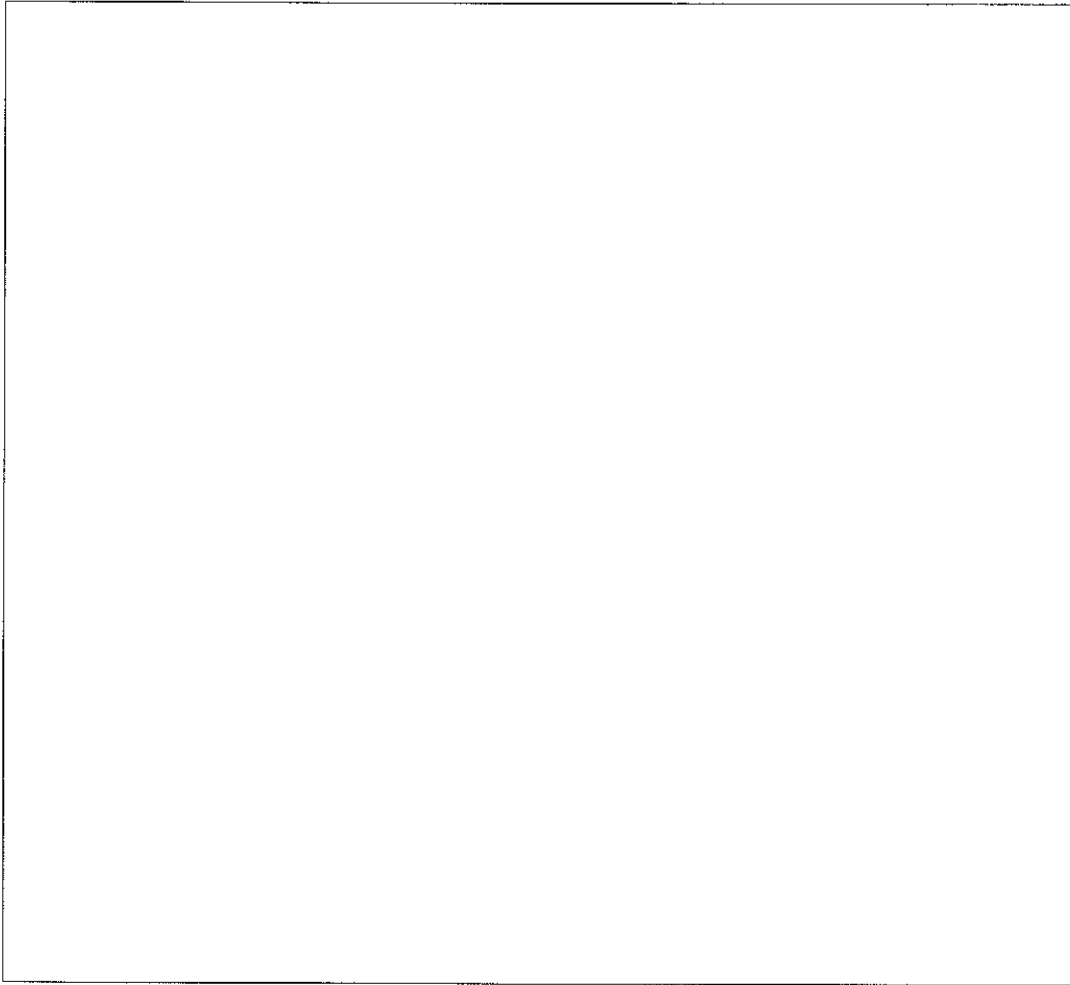
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***(U) STATUS OF SIGNIFICANT RECOMMENDED ACTIONS OUTSTANDING FROM  
PREVIOUS SEMIANNUAL REPORTS***



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~~SECRET~~/ [ ] /20320630**(U) STATISTICAL OVERVIEW****(U) Audit Staff**

(U/[ ]) During the period 1 January to 30 June 2007 the Audit Staff issued 10 reports and made 36 recommendations to strengthen internal controls over program management, covert actions, financial management, information technology, and field station administration.

(U/[ ]) The Audit Staff had 31 audits ongoing at the end of the reporting period.

**(U) Inspection Staff**

(U/[ ]) During the first six months of 2007, the Inspection Staff completed seven inspections. At the end of the reporting period, the Staff also had six ongoing inspections. In addition, the Staff closed five inspections.

**(U) Investigations Staff**

(U/[ ]) The Investigations Staff completed work on 100 matters of various types during this reporting period. Of this number, [ ] cases were of sufficient significance to be the subject of a final report.

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

(U/[ ]) As of 30 June 2007, 153 matters were in various stages of review by the Investigations Staff.

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**(U) COMPLETED AUDITS**  
1 January - 30 June 2007

**(U) Financial Management**

[redacted]

**(U) Information Technology**

(U) Information Operations Network [redacted]

**(U) Operations**

[redacted]

[redacted]

**(U) Procurement**

[redacted]

**(U) [redacted] Activities**

[redacted]

**(U) CURRENT AUDITS**  
30 June 2007

**(U) Financial Management**

**(U) Independent Audit of the Central Intelligence Agency Fiscal Year 2007  
Financial Statements** [ ]

**(U) Information Technology**

[ ]

[ ]

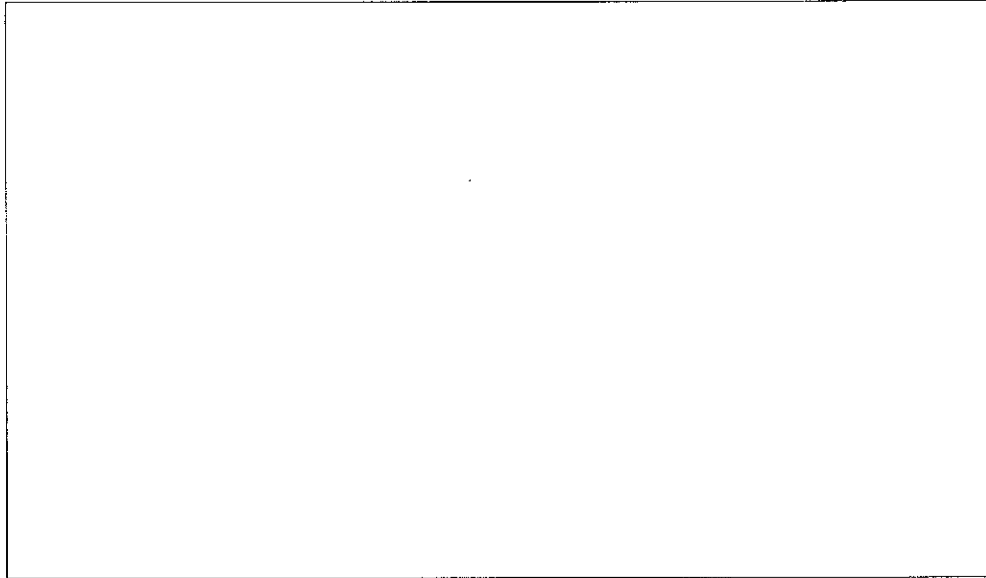
**(U) [ ] 2007 Independent Evaluation of the CIA's Information Security  
Program and Practices Required by the Federal Information Security  
Management Act (FISMA)** [ ]

[ ]

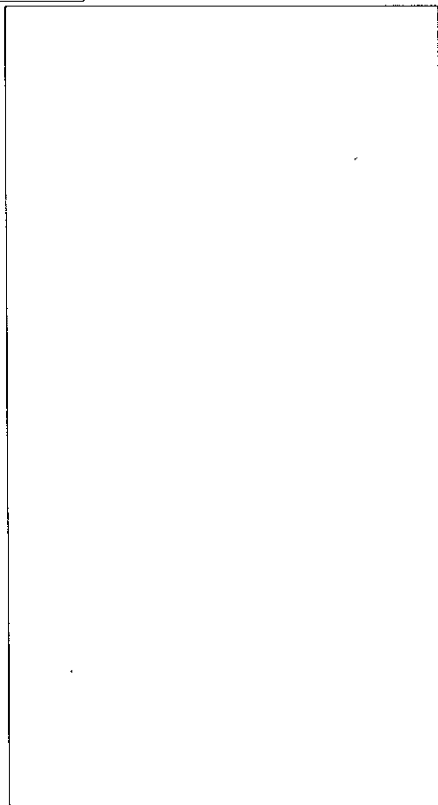
**(U) Operations**

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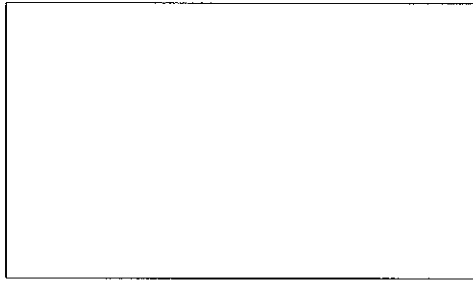
**(U) Procurement**



**(U) [ ] Activities**



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**(U) COMPLETED INSPECTIONS**  
1 January - 30 June 2007

[ ]

(U/[ ]) CIA Counterintelligence Center [ ]

(U/[ ]) Office of the Associate Director for Military Affairs [ ]  
[ ]

[ ]

[ ]

(U/[ ]) Human Resources [ ]

**(U) CURRENT INSPECTIONS**  
30 June 2007

(U/[ ]) Near East and South Asia Division [ ]

(U/[ ]) Office of Russian and European Analysis [ ]

(U/[ ]) Application Services [ ]

[ ]

(U//FOUO) Training of New DI and NCS Officers [ ]

[ ]

**(U) COMPLETED INVESTIGATIONS**  
1 January - 30 June 2007

(U/[ ] Allegation of Misconduct by Senior Official  
[ ] )

(U/[ ] Allegation of Waste  
[ ] \*)

[ ]

(U) Alleged Conflict of Interest  
[ ] \*)

(U/[ ] Alleged Disclosure of Confidential Information  
[ ] \*)

(U/[ ] Alleged Medical Leave Bank Abuse  
[ ] \*)

(U/[ ] Alleged Misuse of Authority [ ]  
[ ] \*)

[ ]

(U/[ ] Conflict of Interest and Inappropriate Assignment [ ]  
[ ]

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

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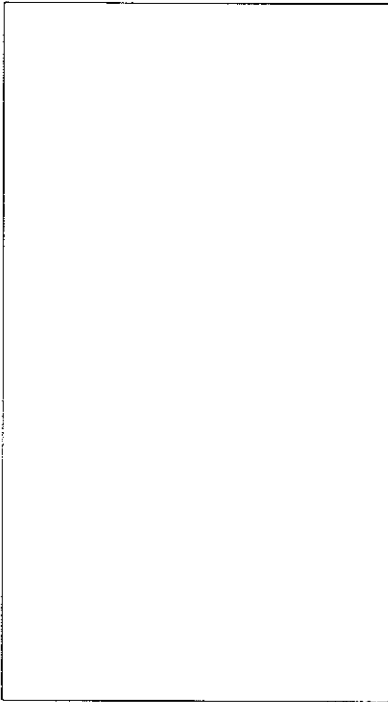
**(U) CURRENT INVESTIGATIONS**  
As of 30 June 2007

<b>(U) Category</b>	<b>Number of cases</b>
<b>(U) [ ] Grievances</b>	
Management and Supervision - Grievance	2
Other - Grievance	2
<b>(U) [ ] General Investigations</b>	
<b>Criminal and Prohibited Acts</b>	
Conflicts of Interest	13
Embezzlement	3
False Claims - Other	8
False Claims/Statements/Vouchers	6
False Claims - Time & Attendance	24
False Claims - TBD	2
Firearms	4
Management and Supervision - Administrative	1
Megaprojects	3
Misconduct - Employee	4
Misconduct - Management	5
Procurement Fraud	19
Regulatory Violations	1
Retaliation	1
Theft/Misuse of Government Property	5
Other - Administrative/Criminal	35
Unauthorized Operation	1
Unsubstantiated Allegations	14
<b>(U) [ ] Total Ongoing Cases</b>	<b>153</b>

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