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IG 2007-0443

*Central Intelligence Agency  
Inspector General*



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

**JANUARY - JUNE 2007**

*John L. Helgerson  
Inspector General*

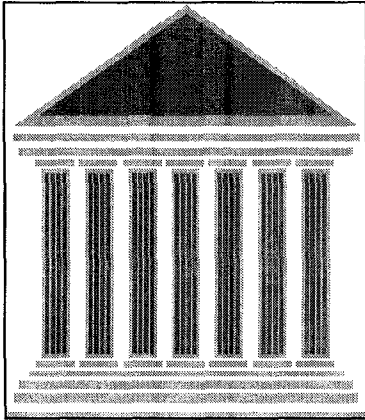
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# (U) A Message From the Inspector General

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~~(S//NF)~~ During this semiannual reporting period, the Office of Inspector General (OIG) completed an audit of the [redacted] Terrorist Watchlisting [redacted] Reviews of Agency performance in the pre-9/11 period had highlighted the failure to watchlist certain terrorists on a timely basis. This audit assessed the effectiveness of improvements to the watchlisting process in the intervening years.

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~~(S//NF)~~ 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.

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

~~(S//NF)~~ The Office also published audits of the Information Operations Network, unused airline tickets, and the Imprest Fund Credit Card program. Five audits of field activities were completed, [redacted] Audit reports during this

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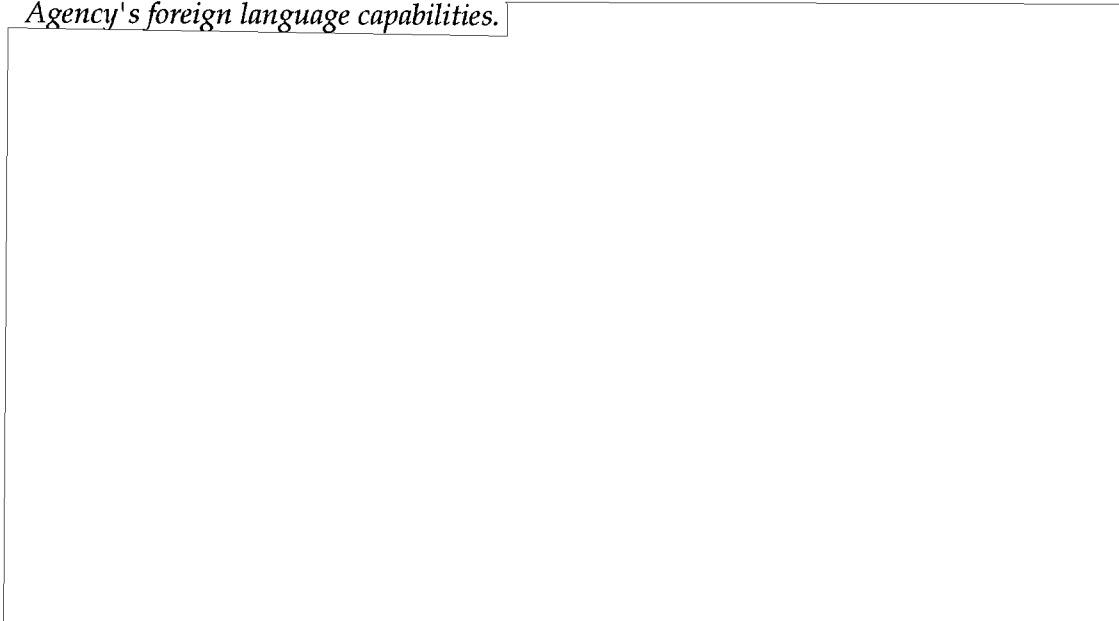
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~~(U//FOUO)~~ The Inspection Staff published a comprehensive report on the Agency's foreign language capabilities.



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~~(U//FOUO)~~ 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//FOUO)~~ 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.

(b)(3) ~~(U//FOUO)~~ A number of investigations involve embezzlement of funds by Agency officers. In one case, the now-former employee pled guilty to theft of approximately [redacted] and awaits sentencing. A second case involves a lesser, yet substantial, amount and is nearing resolution. Three other cases are in the early stages of investigation.

(U) OIG also continues to devote investigative resources to reviewing the Agency's detention and interrogation activities associated with the conflicts in Iraq and Afghanistan and the international war on terrorism. 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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Most recently, OIG has been asked to review the facts and circumstances surrounding allegations of abuse by a number of high value detainees who are confined at Guantanamo Bay, Cuba.

~~(S//NF)~~ Developments continued related to three cases in which detainees died. In the case where a detainee died while being interrogated by Agency personnel at Abu Ghurayb prison in Iraq, the Associate Deputy Director accepted the recommendations of an Agency Accountability Board [redacted]

[redacted] In a second case, OIG completed an investigation of events relevant to the Agency surrounding the death of a former Iraqi Major General while in custody of the US military in Iraq. The investigation found that CIA personnel were not involved in the specific actions that directly caused the General's death, [redacted]

[redacted] In a third matter, a former Agency contractor was tried in the Eastern District of North Carolina and found guilty on four counts of assault of a detainee, who had died as a result of his injuries. In February 2007, the contractor was sentenced to 100 months imprisonment.

(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 relatively inexpensive automated tools to assist with the management of data, including a [redacted] 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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## (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/~~FOUO~~) 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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(U) AUDITS

(U) AUDIT STAFF OVERVIEW

(U//~~FOUO~~) 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 field station administration.

(S//NF) 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 the CIA's Special Activities Division (SAD). Other completed audits include the [redacted] Terrorist Watchlisting [redacted] the Information Operations Network (ION), and the Imprest Fund Credit Card Program. The Audit Staff completed five audits of field station activities, [redacted]

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(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

(S) **Imprest Fund Credit Card Program (2005-0031-AS, March 2007):** Imprest fund credit cards are CIA-sponsored credit and/or charge cards issued to individual employees to pay for goods and nonpersonal services in lieu of dispensing cash from imprest funds. Imprest fund credit cards enhance purchasers' efficiency by enabling them to acquire goods and nonpersonal services via the telephone or the Internet.

(U) In August 2005, the Office of Management and Budget (OMB) revised OMB Circular No. A-123, *Management's Responsibility for Internal Control*, to include Appendix B, *Improving the Management of Government Charge Card Programs*, which establishes standard requirements and practices for improving the management of government charge card programs. The provisions of this guidance apply to all Executive Branch departments and agencies.

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(U//~~FOUO~~) Imprest fund credit card purchases made by CIA personnel generally comply with procurement laws and regulations and cardholders generally comply with usage guidelines. The audit found no instances of cardholder fraud or misuse.

(U//~~FOUO~~) Nevertheless, the report identifies some weaknesses in the administration and program management of the CIA's Imprest Fund Credit Card program. Specifically, the CIA has not developed and implemented a credit card management plan as called for in OMB Circular No. A-123, Appendix B. In addition, many cardholders do not account for purchases in a timely manner; risk assessment tools are not obtained from participating banks and used; accountings for purchase transactions do not always contain sufficient documentation to comply with Agency regulations; and the [redacted] does not contain accurate cardholder information.

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[redacted] A recommendation that the Chief, Finance clarify in existing policy that imprest fund credit card cardholders are to use electronic vouchering to the maximum extent practicable and instruct approving and certifying officers to monitor compliance with this policy has been closed as a result of action taken to satisfy the recommendation. [redacted]

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~~(S)~~ The Agency's Process for Obtaining Refunds or Credits for Unused Airline Tickets (2005-0030-AS, April 2007): The CIA does not have processes in place to ensure that refunds are obtained for all unused airline tickets charged to the centrally billed accounts that are administered by the CIA's central travel office. In FY 2003 and FY 2004, the CIA may have paid as much as [redacted] for airline tickets that were not used and were not refunded.

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~~(S)~~ Centrally billed credit card accounts used by CTS to pay for airline tickets were not properly reconciled, resulting in a discrepancy of over [redacted] between the credit card vendor and CTS records. In addition, CTS did not have procedures in place to dispute unrecognized charges on the centrally billed credit card accounts.

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~~(U//FOUO)~~ The CIA did not adhere to the provisions of the Prompt Pay Act in paying credit card bills associated with the purchase of airline tickets. Because the invoices for the centrally billed credit cards were not properly processed in the CIA's accounting system, which incorporates Prompt Pay procedures, the CIA did not pay Prompt Pay interest, even though monthly payments were sometimes late.

[redacted]

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~~(U//FOUO)~~ Obligations established for airline tickets for which refunds are received were not being deobligated in a timely manner.

[redacted]

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(2005-0032-AS, April 2007):

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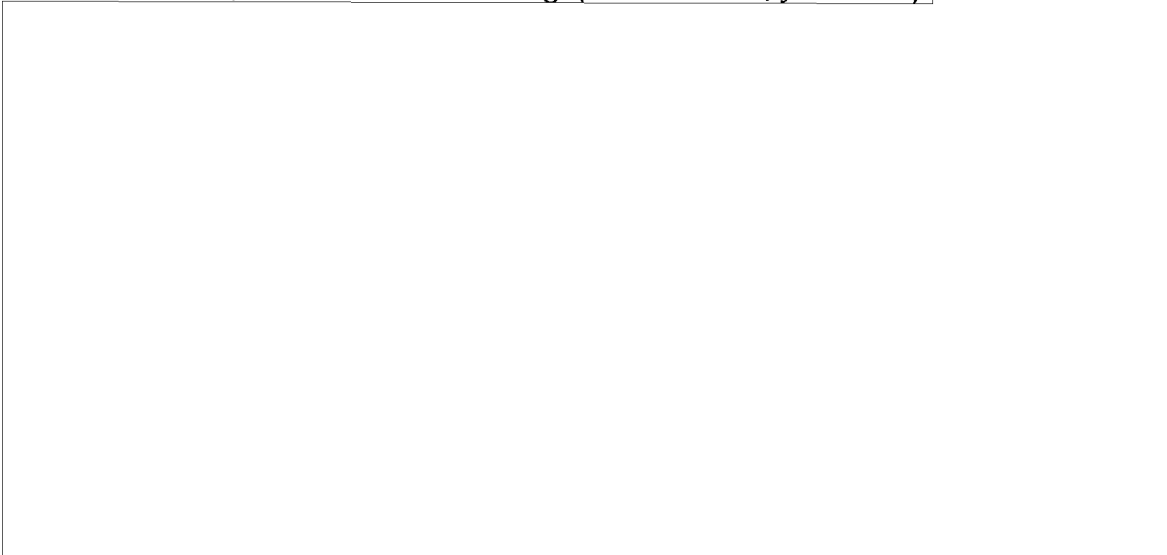
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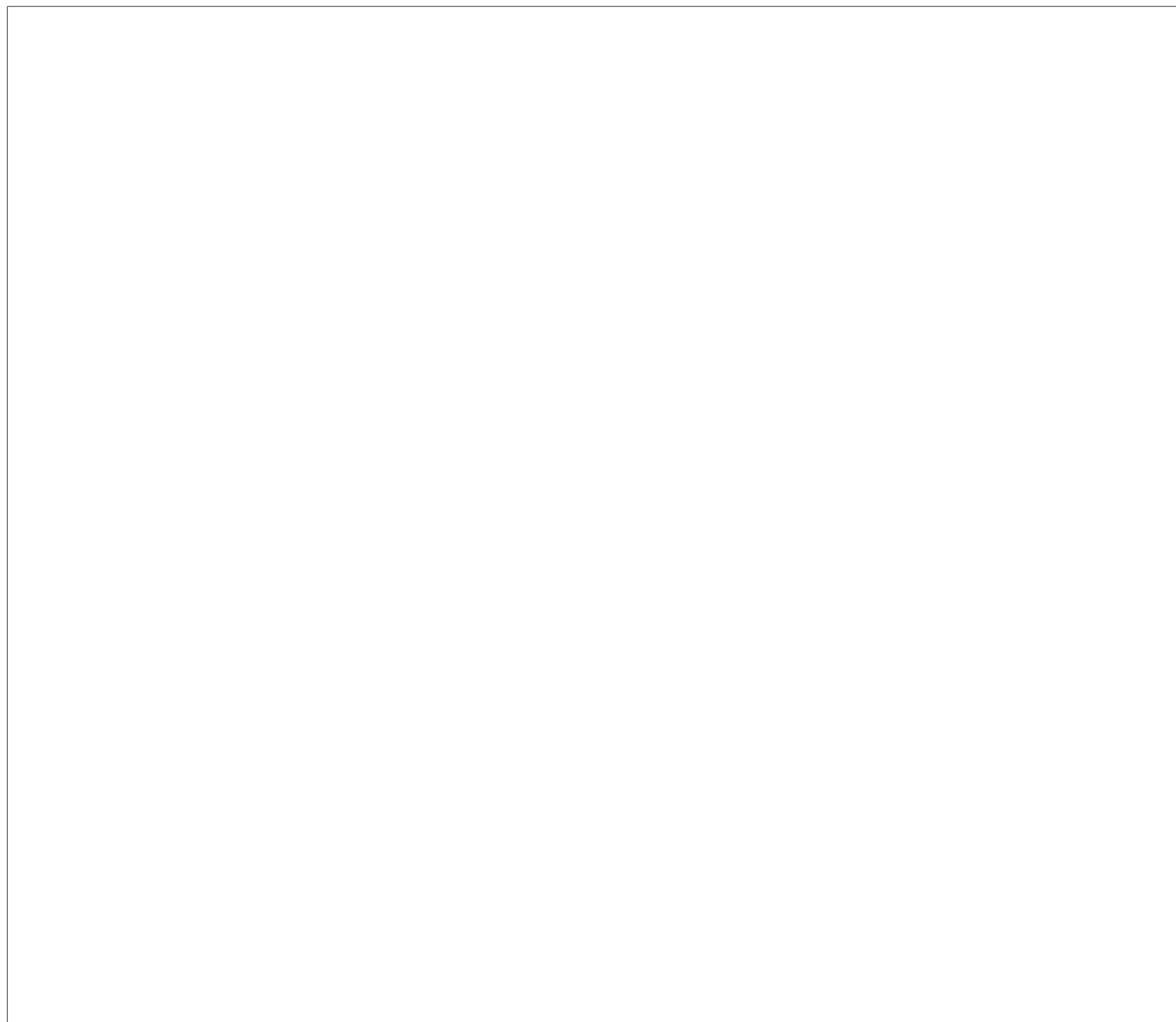
~~(S//NF)~~ Terrorist Watchlisting (2005-0016-AS, June 2007)



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~~(S//NF)~~ Information Operations Network (2006-0001-AS, June 2007):



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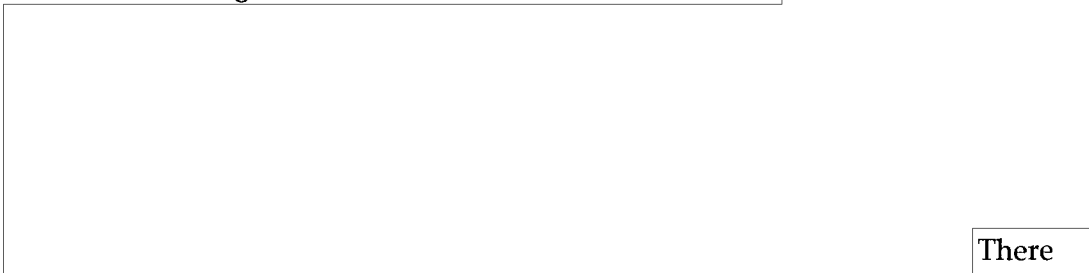
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~~(S//NF)~~ **Field Station Audits (January - June 2007):** The Audit Staff issued final reports for five field station audits: [redacted]

[redacted] The results of the audits and areas that needed improvement were discussed with Chiefs of Stations, who took steps to address the OIG's findings. Issues that were addressed included: [redacted]



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were no significant recommendations.

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

~~(S//NF)~~ **Personal Defense Firearms Training (2004-0009-AS, April 2005):** [redacted]

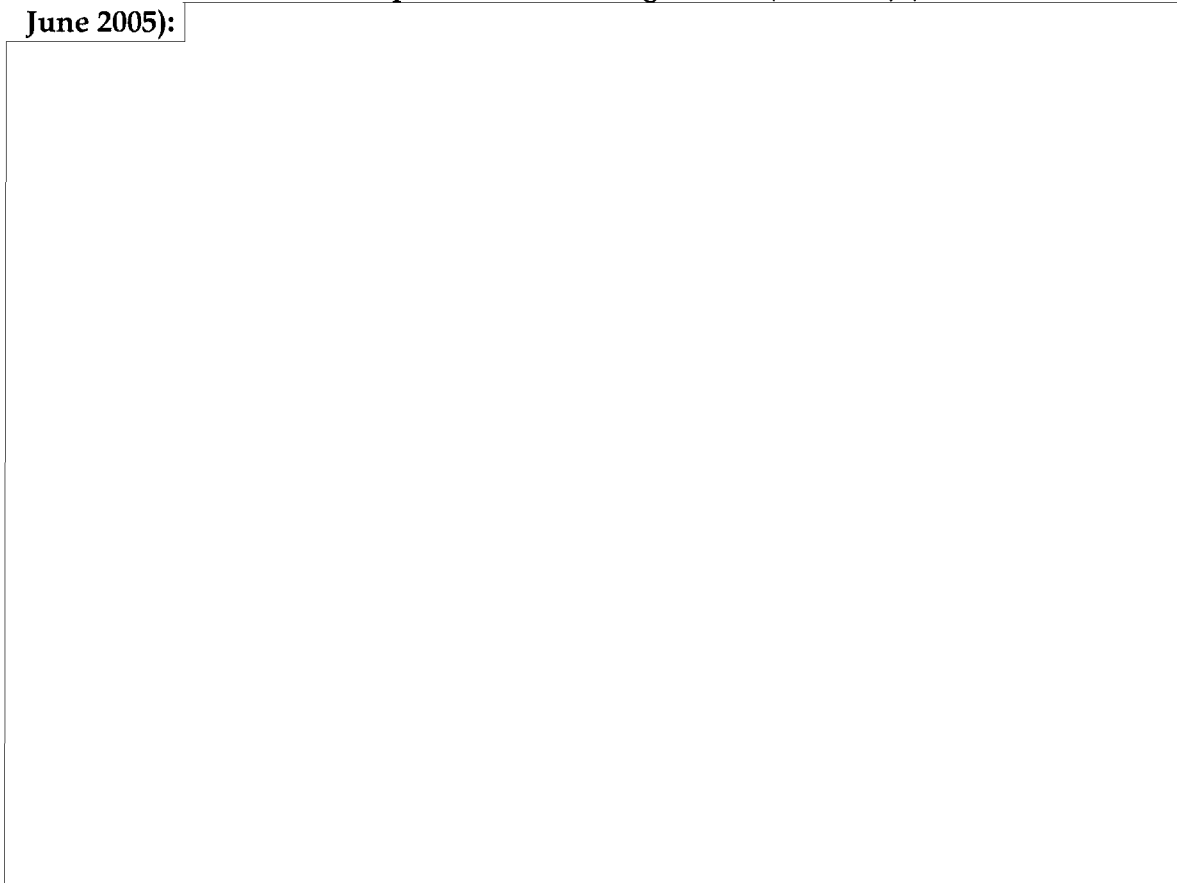


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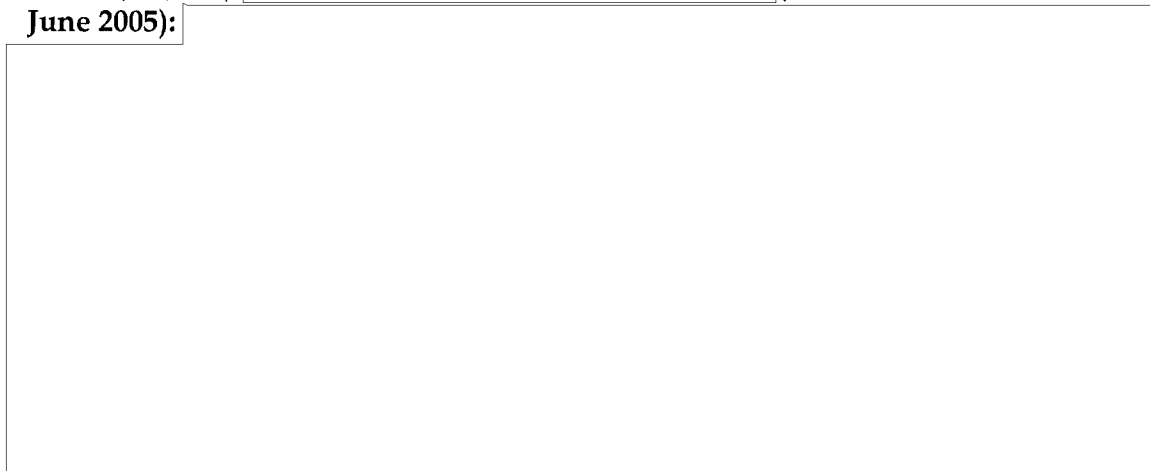
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~~(S//NF)~~ Intelligence Community Inspectors General Forum Review of the National HUMINT Requirements Tasking Center (NHRTC) (2003-0017-AS, June 2005):



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~~(C//NF)~~ [redacted] (2004-0001-AS, June 2005):



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\* (U) When a significant recommendation remains unsatisfied for five consecutive semiannual reports, the fifth report contains a statement setting forth the IG's view of the impact of the recommendation remaining unsatisfied. OIG then ceases efforts to track its implementation.

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(U//~~FOUO~~) 2004 Independent Evaluation of the Central Intelligence Agency Information Security Program and Practices Required by the Federal Information Security Management Act (FISMA) (2004-0017-AS, June 2005): One significant recommendation remained open at the beginning of the period. It requested that CIA officials develop and maintain an inventory of information systems for which the CIA has accreditation authority and denote which of these systems are considered major information systems requiring annual testing. CIA officials have developed an inventory of information systems, identifying those systems considered to be major. Also, a FISMA working group meets monthly and considers new systems to be added to the inventory of information systems and the CIA's FISMA reporting to OMB. The recommendation and the audit are closed.

(U//~~FOUO~~) CIA Management of Laptop Computers (2004-0020-AS, December 2005):

[Redacted]

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(U//~~FOUO~~) [Redacted] (2004-0022-AS, April 2006):

[Redacted]

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~~(S)~~ **2005 Independent Evaluation of the Central Intelligence Agency Information Security Program and Practices Required by the Federal Information Security Management Act (FISMA) (2005-0003-AS, April 2006):** One significant recommendation remained open at the beginning of this reporting period. It called for the Chief Information Officer (CIO) to inform, in writing, the responsible Principal Accrediting Authority (PAA) of all non-CIA systems that are interconnected to any of the [redacted] CIA systems waived from DCID 6/3 certification testing. The CIO has completed a review of all waived systems

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[redacted]  
The CIO has informed, in writing, the PAA [redacted]  
[redacted] that certification testing was waived. The audit is closed.

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(2005-0011-AS, May 2006):

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~~(S//NF)~~ [redacted]  
 [redacted] (2005-0017-AS, June 2006):  
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~~(S//NF)~~ The Corporate Information Retrieval and Storage (CIRAS)  
 System (2005-0018-AS, September 2006): [redacted]  
 [redacted]

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~~(S//NF)~~ [redacted] (2005-0029-AS, December 2006): [redacted]  
 [redacted]

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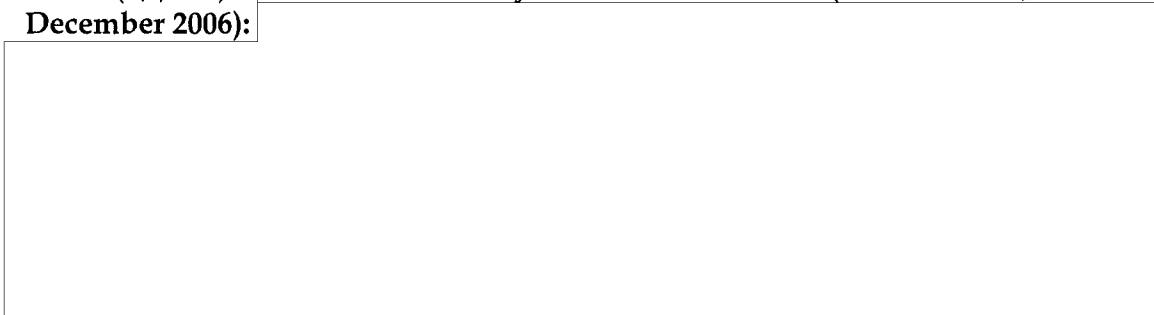


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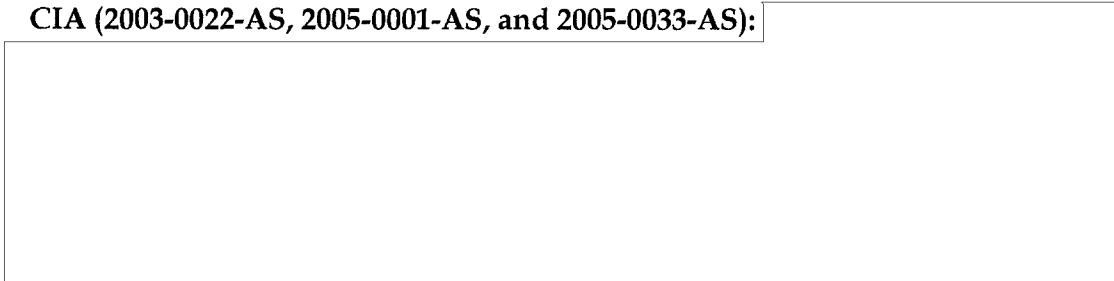
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~~(S//NF)~~ Information Security Practices in the Field (2005-0014-AS, December 2006):



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(U//~~FOUO~~) Independent Audits of the Financial Statements of the CIA (2003-0022-AS, 2005-0001-AS, and 2005-0033-AS):



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**(U) SUMMARIES OF SELECTED CURRENT AUDITS**

~~(S)~~ [Redacted] **Construction and Renovation Project**

**Management (2006-0021-AS):** The objective of the audit is to determine whether Facilities Support provides effective project management of [Redacted] [Redacted] construction and renovation projects.

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**(U//~~FOUO~~) CIA's Operational Use of Biometric Technology**

**(2007-0003-AS):** The objectives of the audit are to determine whether the CIA's use of biometric technology provides sufficient data collection, data dissemination, and countermeasure capabilities to address CIA mission requirements and whether the technology is used in compliance with applicable laws and regulations.

**(U//~~FOUO~~) Joint Audit of the Use of CIA Special Authorities in**

**Support of the National Geospatial-Intelligence Agency (2007-0011-AS):** The CIA and the National Geospatial-Intelligence Agency (NGA) Offices of Inspector General have scheduled a joint audit of the use of CIA special authorities in support of the NGA. The audit objective is to evaluate the effectiveness of the policies, procedures, and controls over the use of CIA contracting authorities by the NGA National Cell.

~~(S//NF)~~ [Redacted]

**(2006-0026-AS):** The primary objectives of the audit are to determine whether program activities are effective in meeting policy objectives, resources allocated to the program are properly managed and used for authorized purposes, and program activities are administered in compliance with applicable CIA regulations and US laws.

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(U) INSPECTIONS

(U) INSPECTION STAFF OVERVIEW

(U//~~FOUO~~) 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//~~FOUO~~) During the current reporting period, the Staff completed inspections of the Counterintelligence Center (CIC) in the National Clandestine Service (NCS), [redacted] the Office of the Associate Director for Military Affairs (ADMA) in the Director's Area, [redacted] Agency Language Capabilities, [redacted] 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 [redacted] [redacted], and Training of New DI and NCS Officers, as well as a follow-up inspection on Agency Targeting.

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(U//~~FOUO~~) 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//~~FOUO~~) In addition, the Staff closed five inspections – the Agency's Performance on North Korea, the Leadership Analysis Follow-Up, [redacted] Retention in the Agency, and the Directorate of Science and Technology's (DS&T's) Technical Support to the Directorate of Operations. In the case of the first three, the relevant stakeholders have satisfied the remaining recommendations. [redacted]

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\* (U) When a significant recommendation remains unsatisfied for five consecutive semiannual reports, the fifth report contains a statement setting forth the IG's view of the impact of the recommendation remaining unsatisfied. OIG then ceases efforts to track its implementation.

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**(U) COMPLETED INSPECTIONS**

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[Redacted]

(2006-0002-IN, February 2007):



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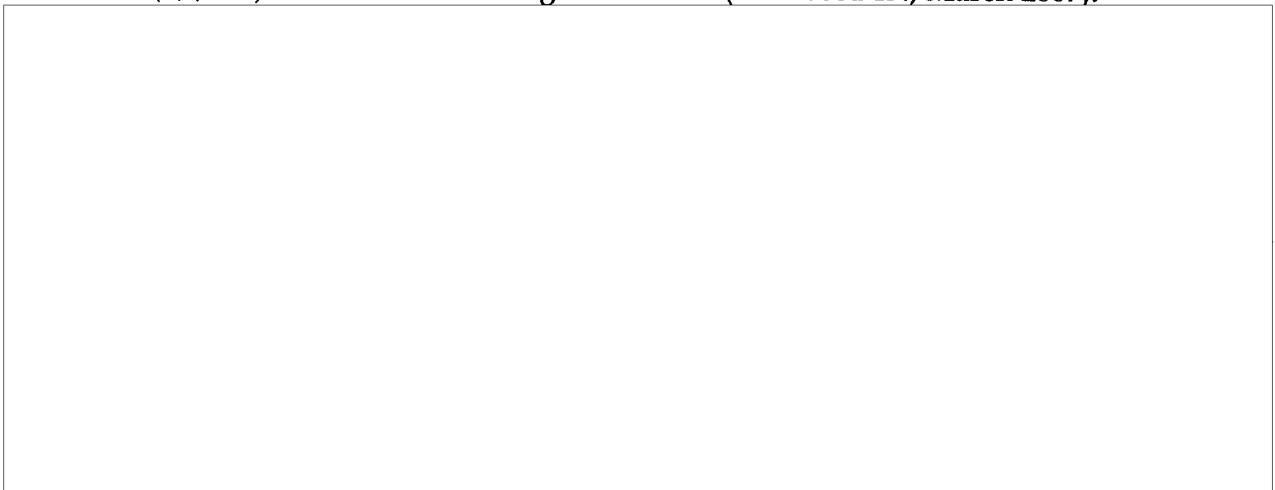
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~~(S//NF)~~ CIA Counterintelligence Center (2006-0004-IN, March 2007):



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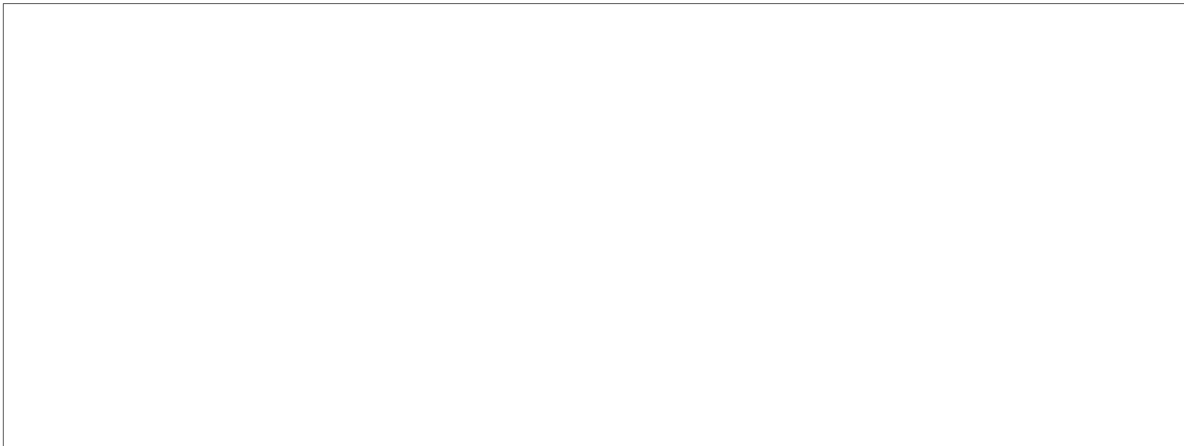
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~~(U//FOUO)~~ **Office of the Associate Director for Military Affairs (2006-0010-IN, April 2007):** The D/CIA sought to improve CIA support to the military in late 2006 by consolidating the former Office of Military Affairs (OMA) and the Office of the Associate Director for Military Support, creating the Office of the ADMA. The inspection report focused on those functions of the new Office of the ADMA that were historically carried out by OMA.

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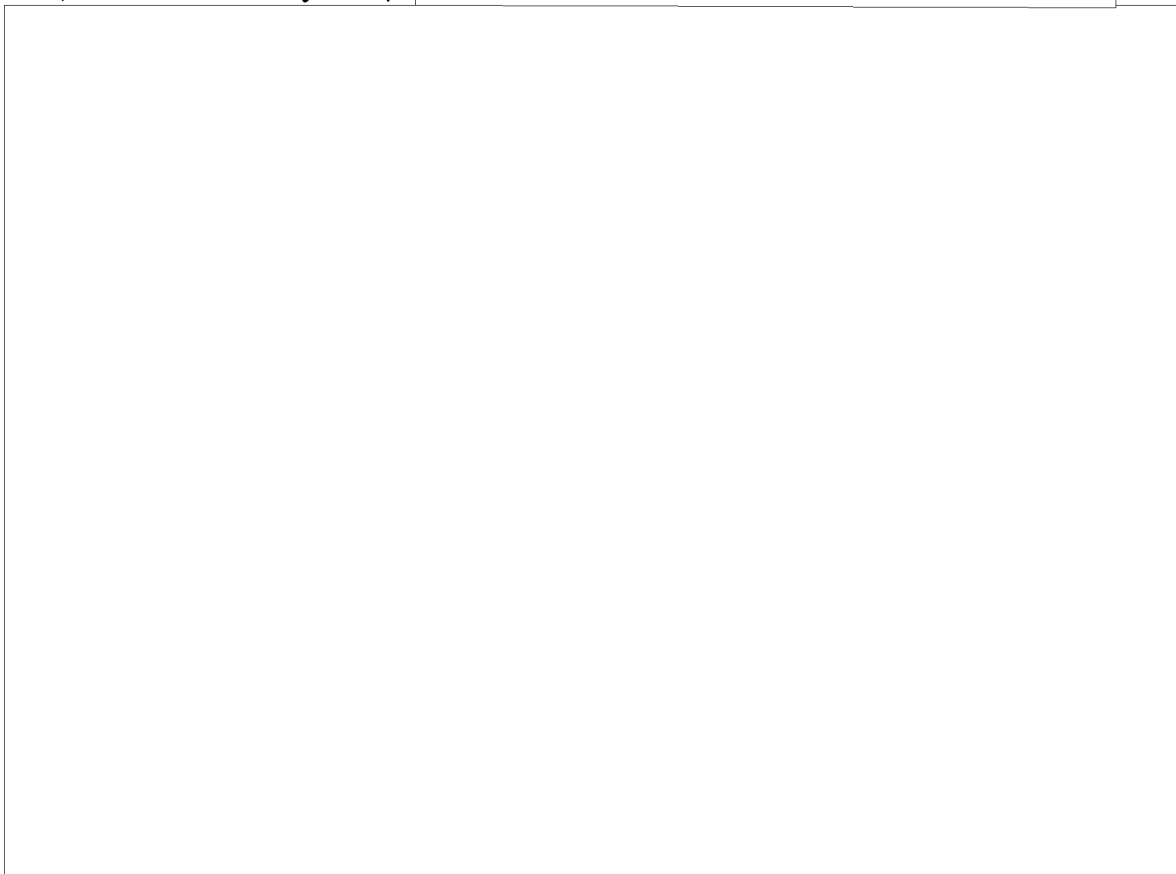
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~~(S//NF)~~ [redacted]  
(2006-0007-IN, May 2007):

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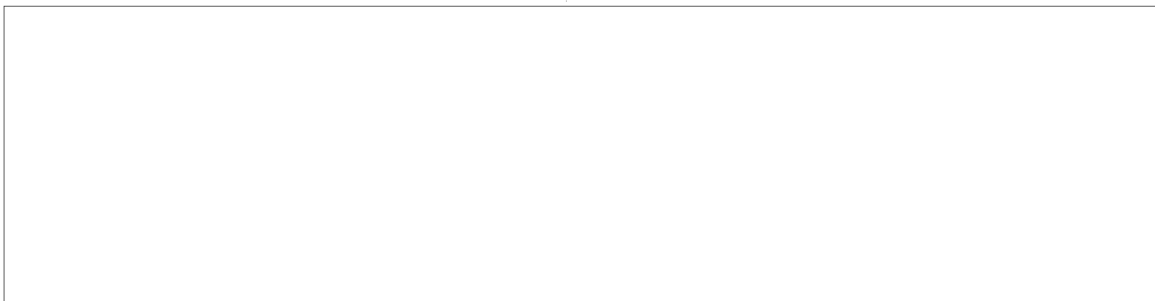
~~(U//FOUO)~~ Agency Language Capabilities (2006-0008-IN, May 2007):

Although the Agency continues to have shortfalls in critical languages, the Agency leadership's enhanced attention to language in recent years has led to an overall strengthening of language capabilities. Thanks to the [redacted]

[redacted] the Agency is also better able to measure those capabilities.

In addition, the [redacted] within CIA University (CIAU) offers an impressive language training curriculum and has made strong efforts to provide additional face-to-face instruction, self-instruction materials, and testing opportunities to the work force.

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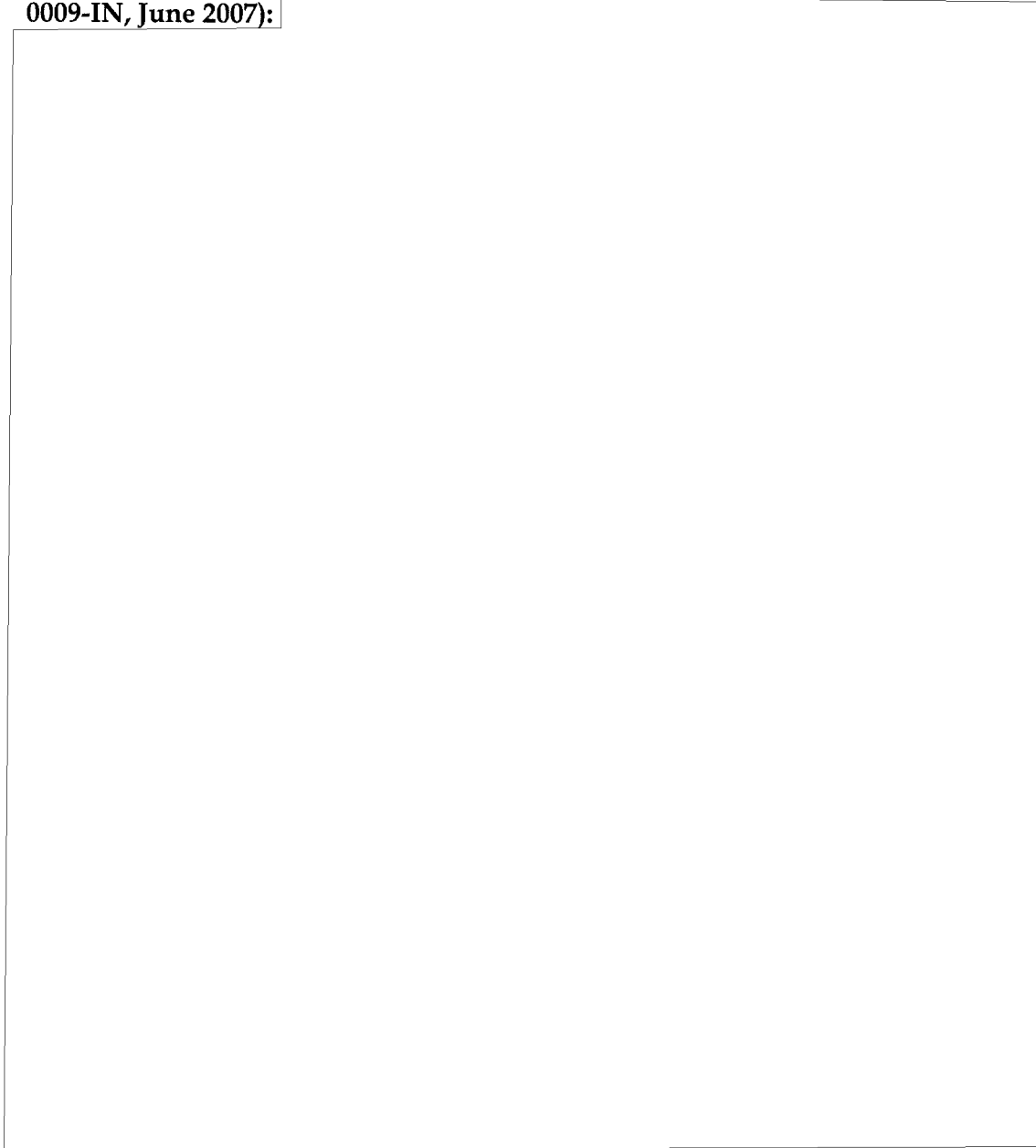
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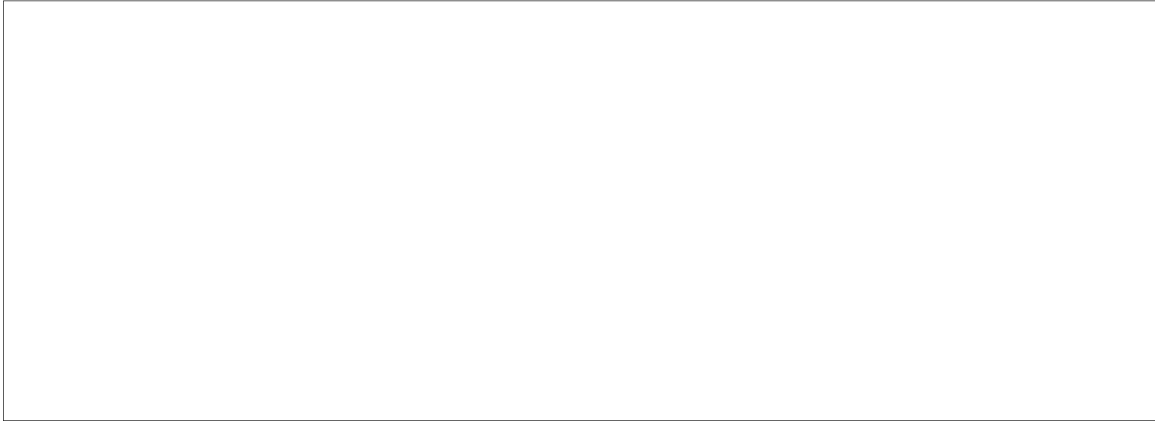
~~(C//NF)~~ [redacted] (2006-  
0009-IN, June 2007):

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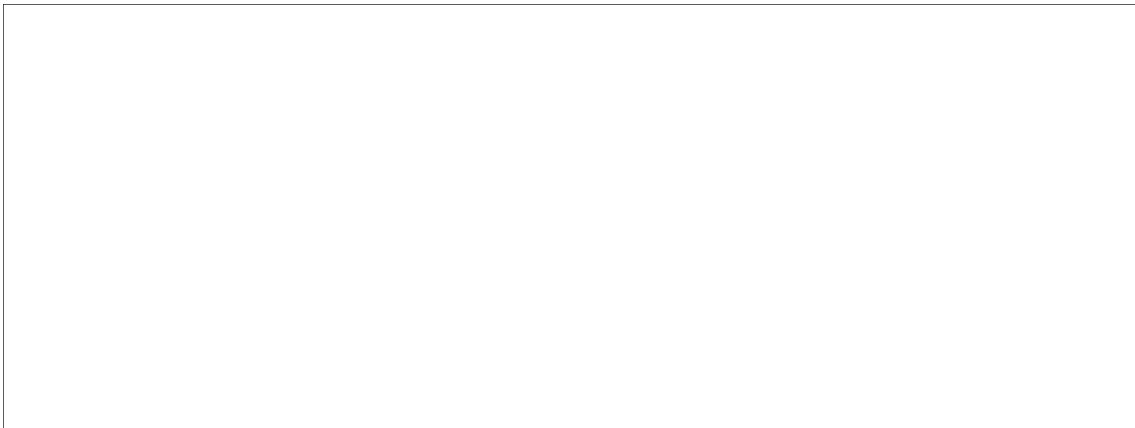
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(U//~~FOUO~~) **Human Resources (2006-0006-IN, June 2007):** During the course of this inspection, the D/CIA realigned Human Resources and launched a new, broad strategic direction that had additional significant impact on HR. The inspection uncovered a number of challenges that HR will need to confront as it addresses these changes.



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

***(U//~~FOUO~~) Retention in the Agency (2004-0011-IN, May 2005):***



(b)(3)  
(b)(5)

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[Redacted]

(b)(3)  
(b)(5)

~~(S//NF)~~ The Directorate of Science and Technology's Technical Support to the Directorate of Operations (2004-0010-IN, May 2005): Two of the report's three remaining significant recommendations were recently closed. The DS&T and NCS reported on the implementation of a framework for prioritizing technical needs, tracking progress, and evaluating performance.

[Redacted]

(b)(3)  
(b)(5)

OIG will assess, as necessary, aspects of DS&T support to operations in future inspections of DS&T components and topics.

~~(U//FOUO)~~ CIA University (2005-0002-IN, October 2005):

[Redacted]

(b)(3)  
(b)(5)

~~(C//NF)~~ Research and Development in the Central Intelligence Agency (2005-0005-IN, December 2005):

[Redacted]

(b)(1)  
(b)(3)  
(b)(5)

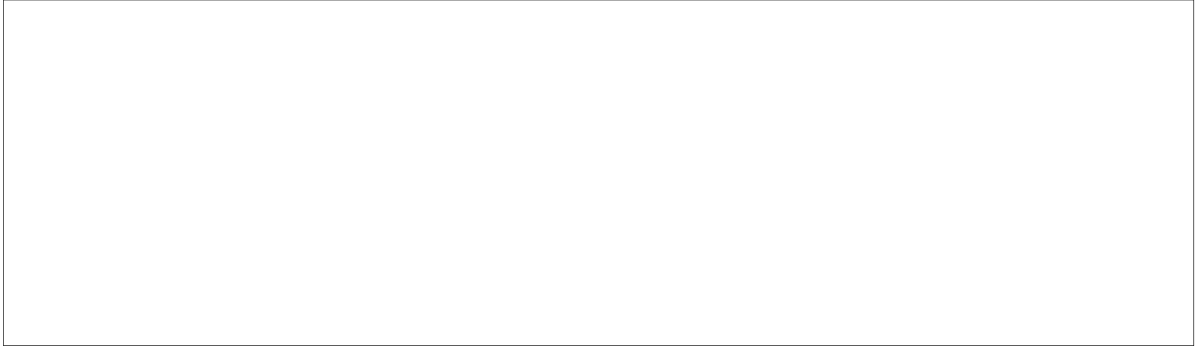
~~(C//NF)~~ Leadership Analysis Follow-Up (2005-0009-IN, December 2005):

[Redacted]

(b)(1)  
(b)(3)

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(b)(1)  
(b)(3)

~~(S//NF)~~ Agency Performance on North Korea (2005-0004-IN, June 2006):



(b)(1)  
(b)(3)

~~(U//FOUO)~~ Office of Near East and South Asian Analysis (2005-0012-IN, June 2006):



(b)(3)  
(b)(5)

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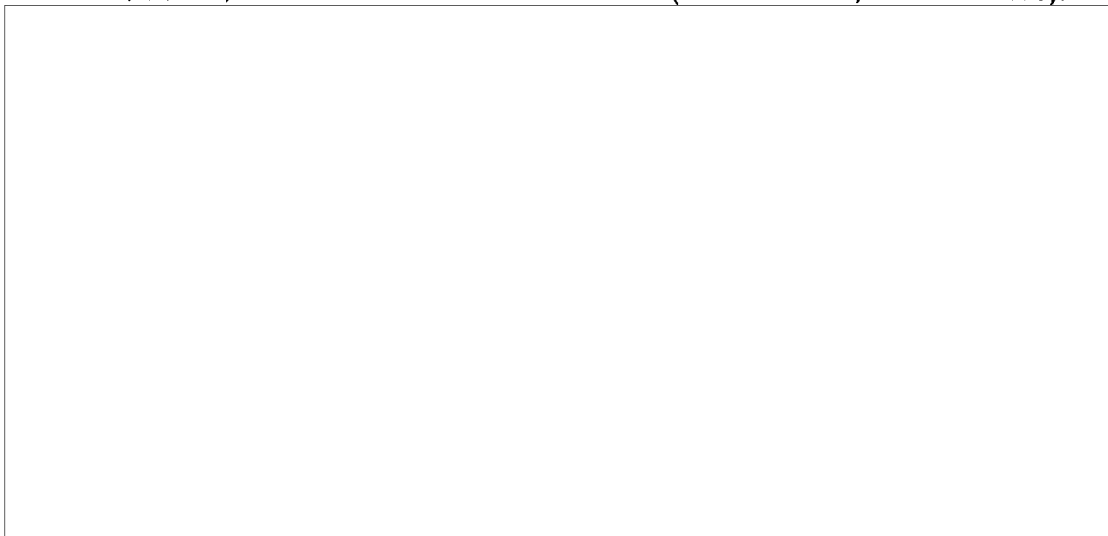
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(b)(3)  
(b)(5)

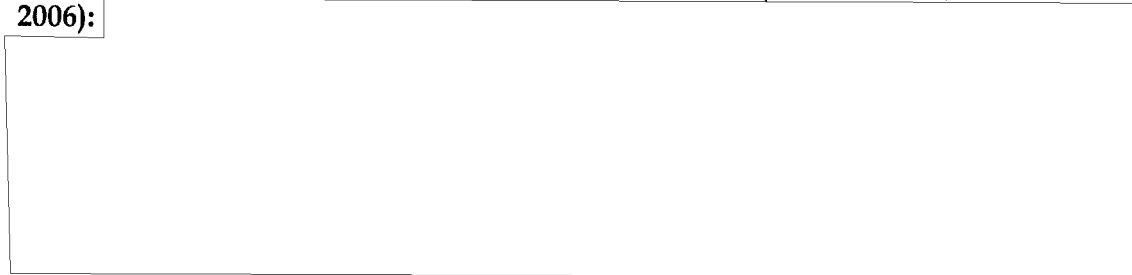
~~(U//FOUO)~~ **Information Management Services (IMS) (2005-0013-IN, June 2006):** The report contains three significant recommendations, two of which remain open. One requests that the Chief, IMS and the CIO produce a development and implementation plan for an effective corporate electronic records management system. A second recommendation requests that the ADD/CIA review the plan for the electronic records management system and facilitate a decision on if and how it should be funded and mandated. Actions are underway to satisfy these recommendations. A third requested that the Chief, IMS develop and implement a production plan for the Historical Collection Program. In response to this recommendation, IMS has developed an annual work plan, coordinated it with Agency directorates and the Historical Review Panel, gained ADD/CIA approval for the plan, and provided the IG with a status report noting program schedules, completed projects, and progress achieved against the plan. These actions satisfy the third significant recommendation. The inspection remains open.

~~(S//NF)~~ **CIA CounterTerrorism Center (2005-0006-IN, October 2006):**



(b)(1)  
(b)(3)  
(b)(5)

~~(C//NF)~~ **Agency-Wide Performance on Russia (2005-0011-IN, October 2006):**



(b)(1)  
(b)(3)  
(b)(5)

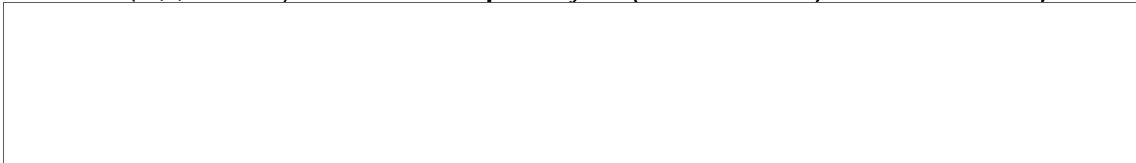
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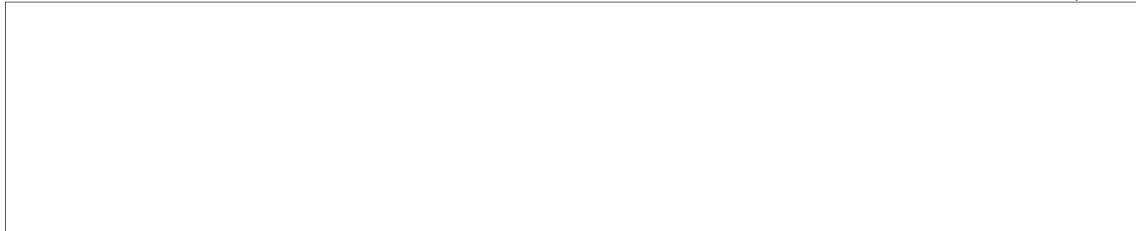
(b)(1)  
(b)(3)  
(b)(5)

(U//~~FOUO~~) Office of Iraq Analysis (2006-0005-IN, December 2006):



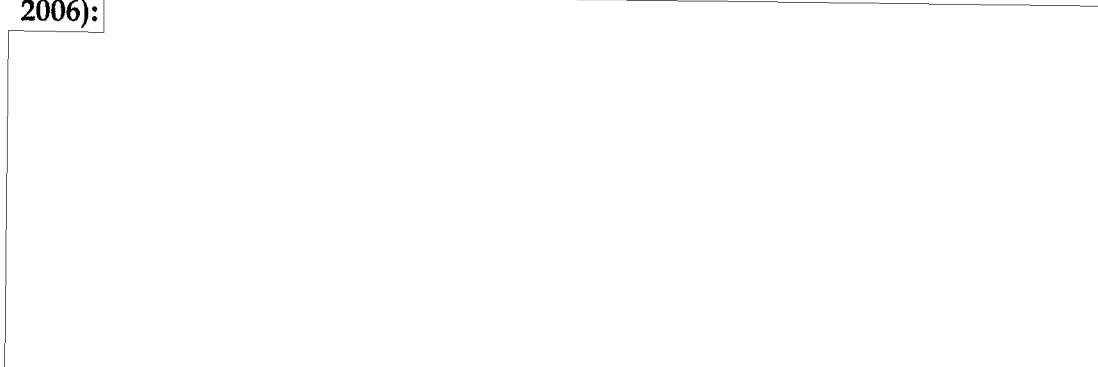
(b)(3)  
(b)(5)

(~~C//NF~~) Office of Technical Collection (2006-0001-IN, December 2006):



(b)(3)  
(b)(5)

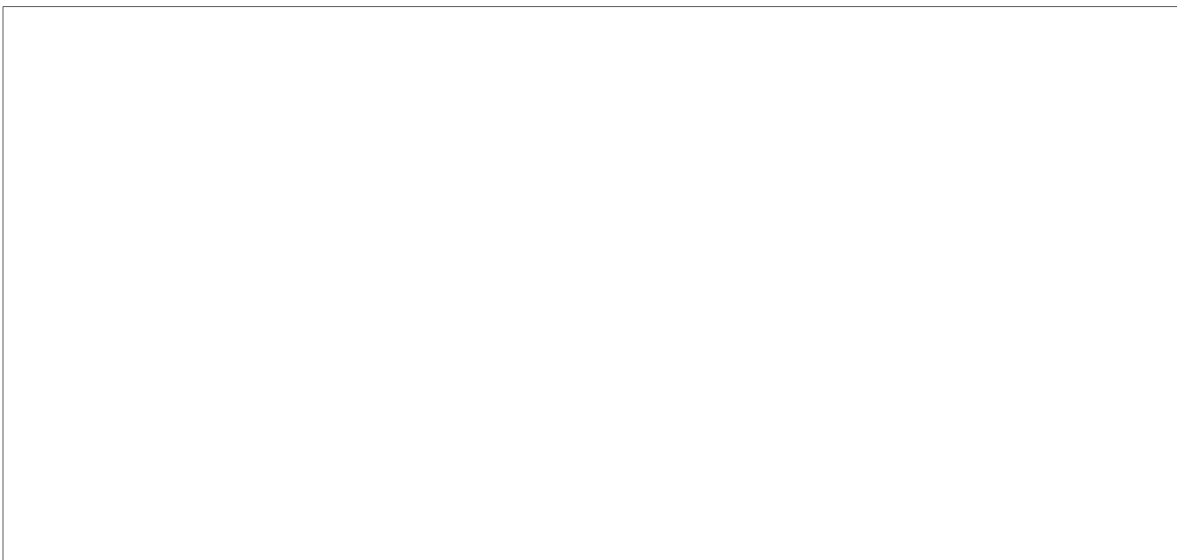
(U//~~FOUO~~) Agency's Reliance on Contractors (2006-0003-IN, December 2006):



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(b)(5)

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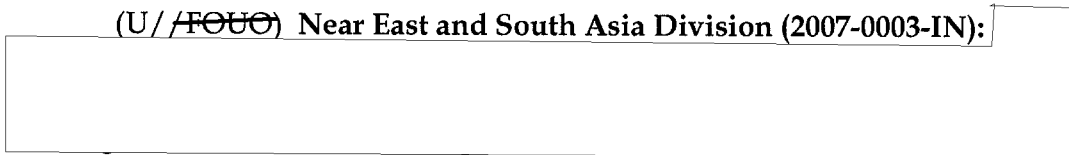
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(b)(3)  
(b)(5)

**(U) SUMMARIES OF CURRENT INSPECTIONS**

~~(U//FOUO)~~ **Near East and South Asia Division (2007-0003-IN):**

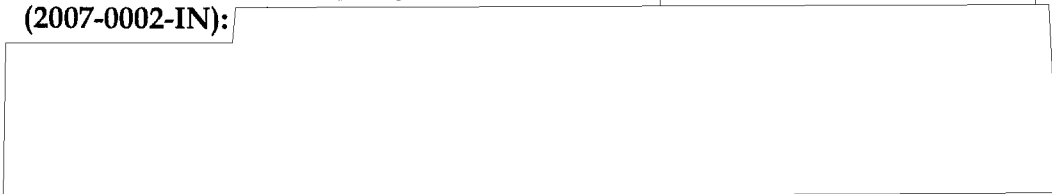


(b)(3)


~~(U//FOUO)~~ **The Office of Russian and European Analysis (2007-0004-IN):** The inspection assesses mission performance, management effectiveness, personnel and resource management, and customer and partner relationships.

~~(U//FOUO)~~ **Applications Services (2007-0001-IN):** The inspection looks at the overall office as well as a number of specific information technology applications, assessing mission effectiveness, management performance, personnel and resource management, and customer and partner relationships.

~~(C//NF)~~ **The Agency's Performance on**   
**(2007-0002-IN):**



(b)(3)  
(b)(1)

~~(C//NF)~~ **Training of New DI and NCS Officers (2007-0005-IN):** The inspection focuses on several aspects of DI and NCS training of new officers, including the quality of the DI's Career Analyst Program and other Essential Skills courses, the quality of NCS's certification training for new 

(b)(3)

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and Headquarters-based officers, and the impact of the training on the performance of DI and NCS officers.

~~(C//NF)~~ **Agency Targeting Follow-Up (2007-0006-IN):** The inspection – a follow-up to OIG’s 2003 inspection of Targeting Analysis – focuses on the impact of the establishment of the Agency’s targeting career tracks and [redacted] [redacted] creation of mechanisms for sharing best practices [redacted] [redacted] and enhancements to targeting training.

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~~SECRET//NOFORN//20320630~~**(U) INVESTIGATIONS****(U) INVESTIGATIONS STAFF OVERVIEW**

(U//~~FOUO~~) 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//~~FOUO~~) 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//~~FOUO~~) As a result of Staff investigations, three 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 approximately [redacted] 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 from an overseas location 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.

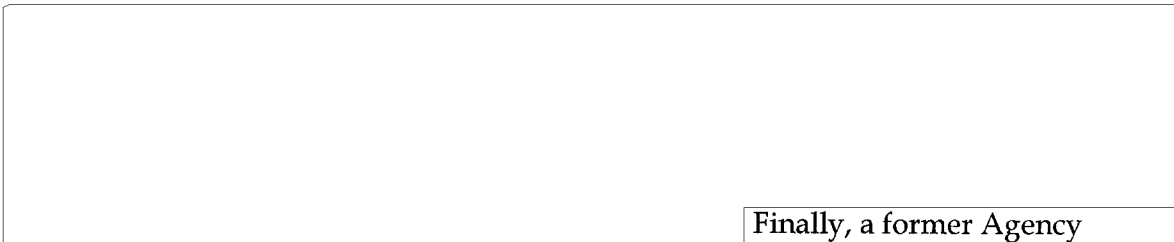
(b)(3)

~~(S//NF)~~ The Staff continued resource-intensive investigations concerning detention and interrogation activities. The Staff is nearing completion of an investigation involving the rendition and detention of German citizen Khalid al-Masri. The Report of Investigation will be issued shortly and will contain a recommendation that the D/CIA convene an Accountability Board to consider the actions of one former and two current Agency officers. In another completed investigation—concerning the death of a detainee while under interrogation by CIA personnel at Abu Ghurayb prison—senior Agency officers considered the recommendations of an Agency Accountability Board [redacted]

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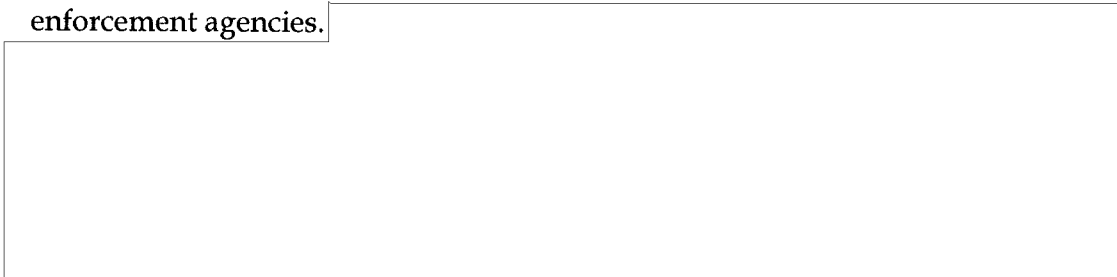


(b)(3)  
(b)(5)

Finally, a former Agency contractor was sentenced to over eight years in prison following his conviction on four counts of assault of a detainee in Afghanistan. Congressional oversight committees are regularly informed of progress in these investigations.

(U//~~FOUO~~) 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//~~FOUO~~) 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.



(b)(3)

(U//~~FOUO~~) 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**

(U//~~FOUO~~) **Death of Detainee in Afghanistan (2003-7285-IG):** The Staff completed an investigation into the June 2003 death of an Afghan national who had been detained at a base collocated with a US Army contingent in Asadabad, Afghanistan. In August 2006, a jury in the US District Court in Raleigh, North

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(b)(3)

Carolina, convicted a former [redacted] contractor on four counts of assault for the beating of the detainee, who died shortly after the beating. On 13 February 2007, the former contractor was sentenced to 100 months of confinement. The former contractor is the first American to be prosecuted under the USA Patriot Act for actions against a foreign national in a foreign country. He is also the first civilian convicted for mistreating a detainee in the wars in Afghanistan and Iraq.

(b)(3) (U//~~FOUO~~) **False Claims and False Statements (2004-7535-IG):** The Staff completed an investigation that found a former Agency contractor fabricated [redacted] security background reports and submitted false claims amounting to [redacted]. The contractor confessed to these acts and has pled guilty to making a false statement. He will make restitution to the government; sentencing is scheduled for August 2007.

(U//~~FOUO~~) **Embezzlement of Agency Funds (2006-8258-IG):** The Staff completed an investigation that established that an Agency finance officer embezzled approximately [redacted] of Agency funds by falsifying documents and making false entries in the Agency's automated accounting system. The officer resigned from the CIA, pled guilty to the felony charge of embezzlement, and awaits sentencing in US District Court.

(b)(3)

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

~~(S//NF)~~ **Death of Detainee in Afghanistan (2003-7402-IG):** The Staff completed an investigation in April 2005 concerning the death of an Afghan detainee who died in November 2002 in CIA custody. DoJ declined prosecution in September 2005.

[redacted]

(b)(3)  
(b)(5)

\* (U) When a significant recommendation remains unsatisfied for five consecutive semiannual reports, the fifth report contains a statement setting forth the IG's view of the impact of the recommendation remaining unsatisfied. OIG then ceases efforts to track its implementation.

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(b)(3)  
(b)(5)

~~(S//NF)~~ **Death of Manadal Al-Jamaidi (2003-7423-IG):** The Staff completed an investigation in November 2005 into the circumstances concerning the 4 November 2003 death of an Iraqi detainee while under interrogation by CIA personnel at Abu Ghurayb prison in Baghdad. The OIG Report of Investigation was published on 3 November 2005; on 9 November 2006, DoJ declined prosecution on this matter. CIA convened an Accountability Review Board on 26 November 2006, as recommended by the OIG, to review the performance [redacted]

[redacted] OIG was notified on 11 July 2007 of the results of the deliberations.

(b)(3)

~~(S//NF)~~ **Death of Iraqi Detainee (2003-7446-IG):** The Staff completed an investigation in July 2006 concerning the death of former Iraqi Major General 'Abid Hamad Mahawish Al-Mahalawi while in US military custody in Iraq. OIG found that CIA personnel were not involved in the specific actions that directly caused his death, [redacted] during a US Army-led interrogation the day before he died. The Report of Investigation contains eight significant recommendations, one which remains open. It calls for convening an Agency Accountability Board to review the performance of three officers. In November 2006, an NCS Accountability Board was convened; OIG has been informed that its findings and recommendations are under review by Agency management.

(b)(3)

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## (U) STATISTICAL OVERVIEW

### (U) Audit Staff

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

### (U) Inspection Staff

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

(U//~~FOUO~~) 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//~~FOUO~~) 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**

(U) The Agency's Process for Obtaining Refunds or Credits for Unused  
Airline Tickets (2005-0030-AS)

**(U) Information Technology**

(U) Information Operations Network (2006-0001-AS)

**(U) Operations**

~~(S//NF)~~ [Redacted] (b)(1)  
[Redacted] (b)(3)  
(2005-0032-AS)

(U//~~FOUO~~) Terrorist Watchlisting (2005-0016-AS)

**(U) Procurement**

(U) Imprest Fund Credit Card Program (2005-0031-AS)

**(U) Field Activities**

- ~~(S)~~ [Redacted] (2006-0007-AS) (b)(1)  
(b)(3)
- ~~(S)~~ [Redacted] (2006-0005-AS) (b)(1)  
(b)(3)
- ~~(S)~~ [Redacted] (2006-0010-AS) (b)(1)  
(b)(3)
- ~~(S)~~ [Redacted] (2006-0006-AS) (b)(1)  
(b)(3)
- ~~(S)~~ [Redacted] (2006-0011-AS) (b)(1)  
(b)(3)

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

**(U) Financial Management**

(U) Independent Audit of the Central Intelligence Agency Fiscal Year 2007  
Financial Statements (2007-0002-AS)

**(U) Information Technology**

(U//~~FOUO~~) Continuity and Contingency Planning for Critical CIA  
Information Systems (2006-0023-AS)

(U//~~FOUO~~) [redacted] (b)(3)  
(2006-0014-AS)

(U//~~FOUO~~) 2007 Independent Evaluation of the CIA's Information Security  
Program and Practices Required by the Federal Information Security  
Management Act (FISMA) (2007-0012-AS)

(U//~~FOUO~~) CIA's Operational Use of Biometric Technology (2007-0003-  
AS)

**(U) Operations**

~~(S)~~ [redacted] (b)(1)  
(2006-0009-AS) (b)(3)

~~(S//NF)~~ [redacted] (2006-  
0026-AS) (b)(1)  
(b)(3)

(U//~~FOUO~~) [redacted] (b)(3)  
[redacted] (2007-0014-AS)

(b)(1) ~~(S)~~ [redacted] (2006-0029-AS)  
(b)(3)

(U//~~FOUO~~) [redacted] (b)(3)  
(2007-0013-AS)

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(U) Procurement

(U//~~FOUO~~) Contract Award Process for the CASES Program (2006-0025-AS)

(U//~~FOUO~~) [redacted] (b)(3)  
[redacted] (2005-0027-AS)

(U//~~FOUO~~) Office of Technical Collection Contract Team (2007-0010-AS)

~~(S)~~ [redacted] Construction and Renovation Project Management (2006-0021-AS) (b)(3)

(U//~~FOUO~~) Domestic Living Quarters Allowance Program (2006-0012-AS)

(U//~~FOUO~~) Joint Audit of the Use of CIA Special Authorities in Support of the National Geospatial-Intelligence Agency (2007-0011-AS)

(U) Field Activities

(S) [redacted] (2007-0005-AS) (b)(1)  
(b)(3)

~~(S)~~ [redacted] (2006-0031-AS) (b)(1)  
(b)(3)

(S) [redacted] (2006-0020-AS) (b)(1)  
(b)(3)

~~(S)~~ [redacted] (2007-0006-AS) (b)(1)  
(b)(3)

~~(S)~~ [redacted] (2007-0008-AS) (b)(1)  
(b)(3)

~~(S)~~ [redacted] (2006-0027-AS) (b)(1)  
(b)(3)

~~(S)~~ [redacted] (2006-0030-AS) (b)(1)  
(b)(3)

~~(S)~~ [redacted] (2006-0017-AS) (b)(1)  
(b)(3)

~~(S)~~ [redacted] (2006-0019-AS) (b)(1)  
(b)(3)

(S) [redacted] (2006-0032-AS) (b)(1)  
(b)(3)

~~(S)~~ [redacted] (2006-0016-AS) (b)(1)  
(b)(3)

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- (S) [redacted] (2006-0015-AS) (b)(1)  
(b)(3)
- (S) [redacted] (2006-0028-AS) (b)(1)  
(b)(3)
- (S) [redacted] (2007-0009-AS) (b)(1)  
(b)(3)
- (S) [redacted] (2007-0007-AS) (b)(1)  
(b)(3)

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

- (U//~~FOUO~~) [redacted] (2006-0002-IN) (b)(3)
- (U//~~FOUO~~) CIA Counterintelligence Center (2006-0004-IN)
- (U//~~FOUO~~) Office of the Associate Director for Military Affairs (2006-0010-IN)
- (U//~~FOUO~~) [redacted] (2006-0007-IN) (b)(3)
- (U//~~FOUO~~) Agency Language Capabilities (2006-0008-IN)
- (U//~~FOUO~~) [redacted] (2006-0009-IN) (b)(3)
- (U//~~FOUO~~) Human Resources (2006-0006-IN)

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

- (U//~~FOUO~~) Near East and South Asia Division (2007-0003-IN)
- (U//~~FOUO~~) Office of Russian and European Analysis (2007-0004-IN)
- (U//~~FOUO~~) Application Services (2007-0001-IN)
- (U//~~FOUO~~) The Agency's Performance on [redacted] (2007-0002-IN) (b)(1)  
(b)(3)
- (U//~~FOUO~~) Training of New DI and NCS Officers (2007-0005-IN)
- (U//~~FOUO~~) Agency Targeting Follow-Up (2007-0006-IN)

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(U) COMPLETED INVESTIGATIONS  
1 January - 30 June 2007

(U//~~FOUO~~) Allegation of Misconduct by Senior Official  
(2005-8166-IG\*)

(U//~~FOUO~~) Allegation of Waste  
(2004-7595-IG\*)

~~(S)~~ Allegations of Detainee Abuse  
(2005-8103-IG\*)

(U) Alleged Conflict of Interest  
(2005-8188-IG\*)

(U//~~FOUO~~) Alleged Disclosure of Confidential Information  
(2006-8374-IG\*)

(U//~~FOUO~~) Alleged Medical Leave Bank Abuse  
(2006-8416-IG\*)

(U//~~FOUO~~) Alleged Misuse of Authority in the Directorate of Support  
(2006-8463-IG\*)

~~(S)~~ Alleged Use of Unauthorized Interrogation Techniques  
(2006-8335-IG\*)

(U//~~FOUO~~) Conflict of Interest and Inappropriate Assignment of Contract  
Requirements  
(2005-7894-IG\*)

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

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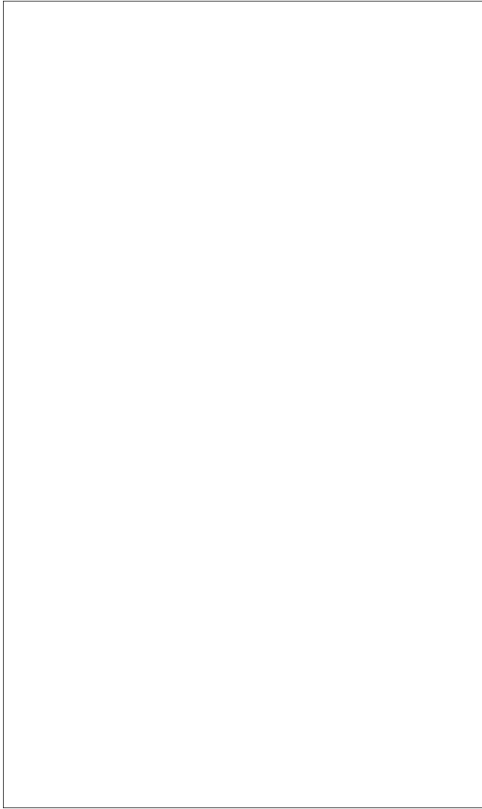
**(U) CURRENT INVESTIGATIONS**  
As of 30 June 2007

<b>(U) Category</b>	<b>Number of cases</b>
<b>(U//<del>FOUO</del>) Grievances</b>	
Management and Supervision - Grievance	2
Other - Grievance	2
<b>(U//<del>FOUO</del>) 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//<del>FOUO</del>) Total Ongoing Cases</b>	<b>153</b>

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