



NATIONAL RECONNAISSANCE OFFICE
Office of Inspector General
14675 Lee Road
Chantilly, VA 20151-1715



6 February 2014

MEMORANDUM FOR DISTRIBUTION

SUBJECT: (U) Report of Investigation: Cost Mischarging
(Case Number 2011-035 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation that determined a [redacted] assigned to the [redacted] charged hours to an NRO contract he did not actually work. The attached Report of Investigation (ROI) details the investigation results.

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

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(b)(7)(c)

(U//~~FOUO~~) We request that the Director, Office of Security and Counterintelligence place a copy of this report in the security file of [redacted] along with a notation in the appropriate security databases. All other copies are for informational purposes only and should be returned to the OIG.

(b)(3)

(U//~~FOUO~~) OIG investigation reports are to be read only by the individuals to whom the OIG provides them, or to whom the OIG specifically authorizes their release. If there are other persons who you believe require access as part of their official duties, please let us know, and we will promptly review your request.

(U//~~FOUO~~) If you have any questions concerning this report, please contact Special Agent [redacted] (secure) or [redacted] Assistant Inspector General for Investigations, at [redacted].

(b)(3)

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[redacted signature box]

ACTING Inspector General

Attachment:
(U) Report of Investigation:
(Case Number 2011-035 I) (S//TK//NF)

CL BY: [redacted]
DECL ON: 25X1, 20640203
DRV FROM: INCG 1.0, 13 February 2012

UNCLASSIFIED//~~FOUO~~ when separated
from document

(b)(3)

SUBJECT: (U) Report of Investigation: Cost Mischarging
(Case Number 2011-035 I)

OIG/ [redacted] 6 Feb 14

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DISTRIBUTION:

Director, National Reconnaissance Office
Principal Deputy Director, National Reconnaissance Office
Deputy Director, National Reconnaissance Office
Director, Mission Operations Directorate
Commander, Aerospace Data Facility - Colorado
Director, Office of Contracts
General Counsel
Director, Office of Security and Counterintelligence
OIG Official Record [redacted]

(b)(3)

*(U) National Reconnaissance Office
Office of Inspector General
Investigations Staff*

(U) REPORT OF INVESTIGATION

(U) (2011-0035 I)

6 February 2014

(U) Section A – Subject:

1. ~~(S//TK//NF)~~ Full name: (b)(3)
 (b)(7)(c)
Former Employer: (b)(1)
Current Employer: (b)(3)
Current Contract Number: None
 (b)(1)
Job Title: (b)(3)

(U) Section B – Predication:

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2. ~~(S//TK//NF)~~ On 18 January 2011, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation regarding potential labor mischarging by a

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[redacted]
The investigation was based on a proactive survey that identified individuals whose badge records reflected less than 25 hours per week on site for five or more weeks out of a nine week period. The survey results identified that from 26 July 2010 through 26 September 2010, (b)(1)

[redacted] was out of the facility 49 percent of the time despite his status as a full-time (b)(3) employee. [redacted] worked as an [redacted] and was directing (b)(7)(c) charging NRO contracts [redacted]. If [redacted]

knowingly submitted false hours on his timecards, he would have violated 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*.

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(U) Section C – Potential Violations:

3. (U) 18 U. S. C. § 287, *False, Fictitious, and Fraudulent Claims* makes it unlawful for anyone to “make or present to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent.”

(U) Section D – Investigative Findings:

4. ~~(U//FOUO)~~ Based on the initial indications derived from the survey, the OIG examined [redacted]’s time at the facility for two full work years, from 1 January 2009 through 31 December 2010, to determine the total scope of the apparent mischarge. The OIG compared the hours [redacted] charged to NRO contracts with [redacted] facility access records, training and travel records, and access records for contractor facilities in the Aurora, Colorado area. The comparison revealed a shortage of 1,283 hours.

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5. ~~(U//FOUO)~~ On 26 May 2011, the OIG interviewed [redacted]. When asked to explain his questionable charging of hours to NRO contracts, [redacted] stated he never charged time that he did not work, however, he did not keep an accurate account of the hours he did work. [redacted] relayed that he did not look at the clock when he arrived or departed (b)(1) work, nor did he track the time going in and out of the facility. [redacted] informed (b)(3) investigators that he received training regarding [redacted]’s time charging policies at least twice a year during staff meetings and was required to take Computer Based Training each year regarding [redacted] labor charging policies. [redacted] understood timecard (b)(1) fraud meant charging time for hours he did work. [redacted] stated he had no intention of (b)(3) defrauding anyone for his time. During the interview, [redacted] noted that he owned a

[redacted] [redacted] stated he never used work time to perform activities for [redacted]

6. (U//~~FOUO~~) On 24 August 2011, the OIG reviewed [redacted] work email account. During the 2009 and 2010 period, [redacted] sent 46 emails that discussed his personal business, [redacted]. Per the NRO computer user agreement, all government provided equipment and user accounts are for official NRO business only.¹ The amount of work time [redacted] spent on personal business illustrated by the OIG examination of his em[redacted] was minimal; therefore, this time was not included in the total of mischarged hours. (b)(3) (b)(7)(c)

7. (U//~~FOUO~~) Legal Counsel for [redacted] performed an independent analysis of labor hours recorded by [redacted]. [redacted] disputed 30 of the 1,283 (b)(1) mischarged hours identified by the OIG based on a difference in the calculation of hours worked (b)(3) during overnight shifts. The OIG took no exception to [redacted] calculations and reduced the total hours mischarged by [redacted] from 1,283 to 1,253, resulting in a mischarge of \$185,299.

8. (U//~~FOUO~~) In May 2012, the OIG discovered and subsequently verified with [redacted] (b)(1) Personnel Security that [redacted] had obtained a new position with the National Security (b)(3) Agency (NSA) and was now serving as a civilian employee working at [redacted]

9. (U//~~FOUO~~) To determine if his pattern of behavior continued after becoming an NSA (b)(1) employee, the OIG analyzed badge records and time cards for [redacted] for the time period (b)(3) 12 May 2012 to 5 October 2012. The analysis disclosed a discrepancy of approximately five percent of unaccounted time. This amount was considered *de minimis*; therefore, the OIG limited the scope of this investigation to [redacted] actions while he was employed by [redacted] and assigned to an NRO contract. (b)(1) (b)(3)

10. (U//~~FOUO~~) The OIG identified a lack of oversight and weak internal controls over (b)(1) labor charging by [redacted]. Based on this concern, (b)(3) [redacted] implemented an additional layer of verification and time card approval, which was coordinated with and approved by the NRO contracting officer. Additionally, all [redacted] employees on contract are now required to use one or more calendars to (b)(1) account for their whereabouts on a daily basis. (b)(1) (b)(3)

11. (U//~~FOUO~~) On 28 October 2013, [redacted] (b)(1) [redacted] reimbursed the government for the loss of [redacted] (b)(3) [redacted] took no administrative action against [redacted] as he resigned from the company prior to the completion of the OIG investigation. (b)(3)

12. (U//~~FOUO~~) The United States Attorney's Office (USAO) [redacted] (b)(1) declined prosecution due to [redacted] full reimbursement to the government and the (b)(3) company's implementation of additional internal controls to detect and deter additional labor charging by its employees. Therefore, this matter was settled administratively between the NRO and [redacted] (b)(1) (b)(3)

¹ (U//~~FOUO~~) Reference DCID 6/3, *Protecting Sensitive Compartmented Information within Information Systems*, NROD 61-2, *Authorized MIS Network Software Policy*, Director's Note 20, *Inappropriate Use of Government Information Services*, and Director's Note 31, *Use of Government Property*.

² (U//~~FOUO~~) The NRO OIG communicated this information [redacted] for independent action as appropriate. (b)(3)

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(U) Section E – Conclusion:

13. (U//~~FOUO~~) The OIG investigation determined that there was sufficient evidence to establish that [redacted] violated 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims* when he mischarged 1,253 hours to NRO contracts between January 2009 and December 2010.

[redacted] reimbursed the government for the estimated mischarge of [redacted]. Given (b)(1) the declination by the USAO and the administrative settlement between [redacted] and (b)(3) the NRO, no further investigation is required. The OIG considers this investigation closed.

(b)(3)

[redacted]

Assistant Inspector General
for Investigations

(U) Section F – Recommendation:

19. (U//~~FOUO~~) The OIG requests that the Director, Office of Security and Counterintelligence place a copy of this report in the security file of the individual identified within, along with a notation in the appropriate security databases. All other copies are for informational purposes only and should be returned to the OIG.

CONCUR:

[Redacted Signature]

[Redacted Title]

Acting Inspector General

6 February 2014

Date

(b)(3)