

~~SECRET//TK//NF~~

Closure Memorandum

Case Number: 12-0056-I	Date of Entry: 4 February 2015
Primary Investigator: [redacted]	(b)(3) IG Act

Allegation Information (b)(7)(d)

Narrative:

On 10 January 2011, [redacted], an auditor with the National Reconnaissance Office (NRO) Office of Inspector General (OIG) provided information to OIG Investigations indicating contract and payment irregularities within an NRO contract. During the course of [redacted] audit of the Consolidated Facilities Operations and Maintenance Pass-Through Contract (CFOAM), Contract Number NRO000-09-C-0383, with the Boeing Services Company (Boeing), [redacted] identified issues with the advanced funding arrangement made to Boeing. [redacted] explained that under a previous contract with Boeing, the NRO had provided [redacted] in advanced funding in order for Boeing to rapidly fulfill purchase requirements for the NRO. Under the current contract, NRO000-09-C-0383, the NRO is likewise providing advanced funding in order to expedite the purchases. Advanced funding is provided under a condition that any interest earned with the advanced funds must be returned to the NRO semi-annually. Further, monthly bank reconciliations of the interest bearing account must be provided to the NRO. The NRO OIG audit identified that, under the current contract, advanced funding is being provided to Boeing but the funding is first submitted to a [redacted] account and then transferred to a [redacted] account. Per the terms of the CFOAM contract Boeing is required to provide bank reconciliations to the NRO. The NRO has only been provided [redacted] reconciliation statements and has not received any of [redacted] statements. A review of [redacted] account shows that transfers of the advanced funds from [redacted] account to the [redacted] account has had significant lag time with some time as high as six months. Intake Database #: 506

Last Investigative Step:

[redacted] held discussion with [redacted] and former [redacted]—4 (b)(3)
February 2014

Resolution:
Unsubstantiated

Case Closure Justification

Summary

This case is recommended for closure. Review of the invoicing and the related Boeing pass-through contract (NRO000-09-C-0383) documents provided no indication of transfer or conversion of the advanced funds. [redacted] determined that the [redacted] Account receiving the advanced payment amounts, [redacted] also received payments (b)(3) from [redacted] other NRO/Boeing contracts. As the funds for these [redacted] contracts and the pass-through contract were combined into one aggregate amount and money is fungible, [redacted] could not determine if the delayed reimbursements to the [redacted] accounts were transferred to the other non-NRO accounts or converted to non-NRO uses.

A review of the delayed reimbursements to the [redacted] account from the [redacted] account illustrated no (b)(3) pattern with timing nor amount. Interviews of the cognizant [redacted] and the [redacted] (b)(3) revealed no additional red flags of conversion.

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~