

~~SECRET//TK//NF~~

Closure Memorandum

Case Number: 11-0085-I	Date of Entry: 11/19/2015
Primary Investigator: [redacted]	(b)(3)

Allegation Information		(b)(1)
<p>(S//TK//NF) On 29 March 2011, the OIG received information that [redacted] knowingly submitted false claims on contract [redacted] from May 2009 through December 2010. If substantiated, GDAIS may be in violation of 18 U.S.C. § 287, <i>False, Fictitious, and Fraudulent Claims</i> and/or 18 U.S.C. § 1001, <i>False Statements</i>.</p>		(b)(3) (b)(1) (b)(3)

Last Investigative Step:	(b)(1)
<p>(S//TK//NF) On 28 September 2015, the OIG received final documentation from [redacted] requested via OIG subpoena [redacted] April 2015.</p>	(b)(3)

Resolution:	(b)(1)
Unsubstantiated	(b)(3)

Case Closure Justification		(b)(1)
<p>(S//TK//NF) [redacted] is a subcontractor to [redacted] on contract [redacted]. According to the complainant, GDAIS management agreed to pay an [redacted] Analyst's travel expenses to and from [redacted] (miles one way), in lieu of relocating the Analyst to [redacted] billed the expenses as a direct charge to the contract. The approximate charge for the travel expenses was \$90,000 unburdened for approximately 45 invoices submitted to the NRO between [redacted]. Complainant believed the charges were not reimbursable to a government contract and notified [redacted] Ethics Officer, GDAIS Legal Department and Government Compliance [redacted] but the charges on a billing hold in order to determine whether the expenses for the [redacted] Analyst were within [redacted] policy as well as FAR. Outside legal counsel for [redacted] provided legal opinion and stated [redacted] travel policy was unclear in several respects and could not determine whether the [redacted] Analyst's situation violated policy. (b)(3)</p> <p>Out of an abundance of caution to avoid dispute [redacted] provided a credit to [redacted]. On 4 April 2011, [redacted] sent a (b)(1) to [redacted] identifying the contract overpayment of \$110,924 in travel and associated indirect costs, and reassigned the (b)(3)(1) unallowable accounts in accordance with FAR 32.6, Contract Debts. Following repayment of costs for the [redacted] Analyst (b)(3) (b)(3) senior [redacted] officials outside the affected program, identified four other employees from [redacted] who had (b)(1) weekly travel costs to [redacted] made the decision to discontinue the billing of those travel costs while they (b)(3) investigated the circumstances of the four employees. The billing of the travel costs remained on hold throughout the OIG investigation. (b)(1) (b)(3)</p> <p>(S//TK//NF) In May 2014, the OIG sent an OIG Subpoena to [redacted] requesting travel and personnel records for 22 [redacted] (b)(1) employees who incurred >\$50K in travel costs from 1 August 2008 through 31 December 2012. [redacted] provided the (b)(3) requested documentation. In addition [redacted] identified GDAIS employees, by location, required to support the program in [redacted]. According to [redacted] cleared employees were required to work on the program [redacted] regularly travelling from their home location (including Thousand Oaks, CA, Scottsdale, AZ, and (b)(1) Centennial, CO). Further, this requirement was due to the nature of the work, the skill-sets required, and the fact that (b)(3)</p>		(b)(1) (b)(3)

~~SECRET//TK//NF~~

(b)(3)
(b)(7)(d)
IG Act

~~SECRET//TK//NF~~

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

certain GDAIS locations did not have program cleared facilities for much of the period in question.

~~(S//TK//NF)~~ GDAIS prepared monthly Cost Performance Reports (CPR's) that identified travel costs. [redacted] provided the CPR's to [redacted] as required by the contract. According to [redacted] the NRO Contracting Officer on the program [redacted] provided the Government a copy of the CPR each month. In addition to CPR's [redacted] also presented to [redacted] every month, a detailed spreadsheet called "Variance Reports" showing overrun costs and how those costs could be addressed. Beginning in December [redacted] reported a variance on travel which was reviewed by both [redacted] and Government representative [redacted]. [redacted] asserted that all travel costs were necessary for contract performance, allowable, and appropriate in amount. [redacted] provided excerpts from Clause B-1 of the Prime Contract which states that, "the Contractor shall, in accordance with the terms and conditions set forth herein, furnish the necessary qualified personnel, services, travel, facilities and materials, and do all things necessary and incidental to complete the contractual effort in accordance with the Statement of Work". Additionally, [redacted] Statement of Work concerning travel provided, "Conduct travel including local travel, as necessary to meet the requirements of the contract resulting from this acquisition. Seller travel and allowable expenses shall be IAW the Federal Acquisition Regulation (FAR)". [redacted] submitted they billed all travel costs in accordance with FAR. [redacted] stated that during award fee briefings, the Government

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

Award Fee briefings. [redacted] stated that to address the issue [redacted] utilized personnel from other locations outside the [redacted] area. [redacted] believed all travel costs incurred by GDAIS to be allocable to the contract.

~~(S//TK//NF)~~ The OIG sent the list of [redacted] personnel who incurred travel costs >\$50K to Government program individuals for review. Both [redacted] and [redacted] are aware that based on [redacted] mission regarding the program, extensive travel would be required by [redacted] individuals outside the [redacted]. [redacted] stated the Program Office was aware that [redacted] leveraged personnel from other locations include NJ, CO, AZ, and Southern California. According to [redacted] the driver for the enormous amount of travel had to do with the [redacted] and all supporting equipment that [redacted] is to produce [redacted]. Although no one within Government approved specific trips for [redacted] the Government was witting of the skillssets [redacted] needed to develop and support the ground system and encouraged [redacted] to search within their corporate infrastructure to [redacted] necessary skills were available to meet [redacted] contractual obligations.

~~(S//TK//NF)~~ Based on the documentation provided by [redacted] and information received from Government personnel [redacted] oversight of the program, the OIG did not substantiate the violation of 18 U.S.C. § 287, False, Fictitious, and Fraudulent Claims or 18 U.S. C. § 1001, False Statements, and recommends case closure.

(b)(3)
(b)(7)(d)
IG Act

~~SECRET//TK//NF~~