The Office of the Inspector General (OIG), Defense Intelligence Agency (DIA), Washington, DC, received a request from Directorate for Mission Services (MS), DIA, for investigative assistance to determine the circumstances that led DIA to terminate a contract with a small business, and then pursue Military Interdepartmental Purchase Request (MIPR) via the

The final report of investigation is enclosed.

2. (U) Our investigation established that, for contract support, the consistently demonstrated a preference for who was then the who was then the were thus responsible for CIO's failure to act impartially when CIO endeavored to give preferential treatment in violation of the General Principles of the Basic Obligation of Public Service found in the Standards of Ethical Conduct for Employees of the Executive Branch (see 5 C.F.R. § 2635.101(b) (8) and 5 C.F.R. § 2635.101(b) (14). A contract award was made with a small business partnering with who withdrew from the effort, the contract was protested and then approved canceling the contract and its underlying requirements costing the Agency over in termination costs. At the suggestion of drafted task orders under an contract for requirements that could have been satisfied under the statement of work for the cancelled contract, and for which was a vendor and could compete. During the course of the investigation we identified a potential organizational conflict involving the rating of contract officers that CFO corrected by changing rating schemes.
3. (U) We request that MS report the results of any action taken, or reasons why no action was taken, to OIG by 22 July 2015. Proposed administrative or disciplinary action should be coordinated with the Office of Human Resources and the Office of the General Counsel.

4. (U) The OIG point of contact for this matter is [redacted].

Encl a/s

cc: DR, DD, CS, OGC, MS

w/o exhibits
ENCLOSURE
(U) REPORT OF INVESTIGATION – FINAL – 2014-500028-OI

26 May 2015

1. (U) Dates and Location of Occurrence. Between September 2012 and 24 January 2014, Directorate for Mission Services (MS), Defense Intelligence Agency (DIA), Washington, DC.

2. (U) Date Reported. 4 February 2014.

3. (U) Investigated By. Special Agent (SA) [redacted]

4. (U) Subjects.

   a. (U) [redacted]
      (2) (U) Violation of Title 5 C.F.R. § 2635.101(b) (14), “Creating the appearance of any violation of the general principles of basic obligation of public service,” (substantiated).

   b. (U) [redacted]
      (1) (U) Violation of 5 C.F.R. § 2635.101(b) (8) (substantiated).
      (2) (U) Violation of 5 C.F.R. § 2635.101(b) (14) (substantiated).

   c. (U) [redacted]
      (1) (U) Violation of 5 C.F.R. § 2635.101(b) (8) (unsubstantiated).
      (2) (U) Violation of 5 C.F.R. § 2635.101(b) (14) (unsubstantiated).

THIS REPORT SHALL BE MADE AVAILABLE ONLY TO THOSE OFFICIALS WHOSE DIRECT RESPONSIBILITIES INCLUDE OVERSIGHT OF THE ORGANIZATIONS OR PERSONNEL DISCUSSED HEREIN. THIS REPORT OR PORTIONS THEREOF MAY NOT BE REPRODUCED WITHOUT THE WRITTEN CONSENT OF EITHER THE INSPECTOR GENERAL OR THE ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS, DIA.
5. (U) Victim. U.S. Government (DIA, Washington, DC); 5 C.F.R. § 2635.101(b) (8), and 5 C.F.R. § 2635.101(b) (14).

6. (U/SCI//Q) Receipt of Complaint. On 4 February 2014, the Office of the Inspector General (OIG) was notified by MS, of potential contract improprieties.

a. (U/SCI//Q) advised that on 24 January 2014, who was at the time related that DIA had cancelled a small business contract with (hereafter referred as to pursue (hereafter referred as by using Military Interdepartmental Purchase Requests (MIPR’s) submitted through the requested DIA review the matter to preclude formal intervention by the

(U/SCI//Q) Agent's note. was a listed vendor on the Indefinite Delivery Indefinite Quantity (IDIQ) Government-wide Acquisition Contract (GWAC).

b. (U/SCI//Q) related that on 28 January 2014, as a result of the notice by he held a meeting with several and DIA Small Business Program senior officials to discuss the circumstances of the Cyberspace award, its cancellation, and the subsequent attempt to use the MIPR’s for ITAAC. As a result, they collectively decided to halt further acquisition activity unless small businesses were allowed to compete for the award. The meeting failed to yield an explanation to the circumstances, and directed to request investigative assistance from the OIG to determine the circumstances in this matter (Exhibit 1).

7. (U) Investigative Summary.

a. (U/SCI//Q) The investigation determined that violated the General Principles Requiring Impartiality and Created the Appearance of Violating the General Principles of Basic Obligation of Public Service, when he, as the Chief Information Officer, failed to advise to curtail the pursuit of after he and were previously cautioned by executives regarding the appearance of favoritism towards. Further, we determined that also violated the General Principles Requiring Impartiality and Created the Appearance of Violating the General Principles of Basic Obligation of Public Service, when she continued to pursue as a vendor to

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provide IT support to after she was previously cautioned by executives of the appearance of favoritism towards Our determinations were based on the following:

1. Between September 2012 and 24 January 2014,

Defense Intelligence Senior Level, former Defense Intelligence Senior Level (DISL),

failed to agree on acquisition decisions, including whether an IT services contract should be awarded to a small business, or whether to make an award under a "Justification for an Exception to Fair Opportunity (also known as 'sole-source')" contract to a large business, the incumbent Information Technology (IT) service provider to endeavored to achieve the best acceptable cost to the Government by using capable small businesses, but perceived that maintained their position to use their preferred vendor.

2. On 26 July 2013,

awarded DIA contract HHM402-13-D-0024 a 5-year, contract to for various types of enterprise-level IT support to CIO.

(a) Two task orders were issued. Under task order 01 would provide IT services including strategic communications, marketing strategy, integration planning, etc. Under task order 02 would provide application optimization, data center approach (data center road map and data transition schedule), visible operations, service pricing, and enterprise management, etc. was one of several subcontracting partners on the contract, a fact known to the CIO Source Selection Evaluation Board.
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(b) (U/FOCO) In August 2013, two vendors (hereafter referred to as (b)(3) 10 USC 424 protested their non-selection for the contract. Both claimed the qualifications of their respective companies were not adequately judged.

(3) (U/FOCO) In face of the protests, in August 2013, independently transferred the work placed on the contract, HHM402-11-D-0025, a 5-year contract awarded to (b)(3) 10 USC 424 on 19 July 2011, for IT support to CIO. On 26 August 2013, Mr. Camden placed the requirements of task order 0002 on ESITA task order 0019, and on 12 September 2013, placed the requirements of task order 0001 onto task order 0020. At some point between August and September 2013, withdrew its partnership with due to disagreements over its work share and compensation. Coincidentally, at some point between August and September 2013, informed that CIO no longer needed support for the requirements contract due to a deteriorating budget and other priorities. On 6 September 2013, CFO then cancelled the contract and made the protests academic. CFO paid in settlement for work up to cancellation date. On 9 September 2013, CFO terminated the task order 0019 at the convenience of the Government, and paid in settlement for work up to cancellation date.

Agent's note. DIA contract records reflected task order 19, was a 3-year award made on 26 August 2013, for business analytics support to CIO. Task order 20, was a 2-year award made on 12 September 2013, for strategic communications, marketing strategy, and business analytics support to CIO. This contract is active and is currently providing IT services to CIO.

(4) (U/FOCO) Between June and September 2013, CIO executives also submitted supporting documentation for sole-source to support CIO’s data requirement, which included “data management, data integration, retiring legacy data environment, etc.” However, in September 2013, CFO executives, General Counsel, and the DIA found that CIO’s supporting documentation for the sole-source contract was unduly restrictive and unreasonably favored Therefore, they rejected the CIO’s submission for sole-source. At some point between August and November 2013, met with to discuss the appearance of their favoritism towards . At this meeting, raised the idea to MIPR funds to so that CIO could contract IT services under the (is a listed vendor).

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In December 2013, despite earlier advisement to [redacted], submitted two purchase requests for IT requirements that were intended to be supported by the CIO. The CIO listed its requirements as development and documentation of data principles, data management, security integration, predictive analysis, implementation plans, customer feedback, and change management. On 30 December 2013, concluded the requirements were substantially the same as the previously cancelled requirements under the task orders and used the Small Business Coordination Record (DD Form 2579) to reject the requests. On 8 January 2014, concurred with CFO’s assessment, and also rejected CIO’s request to use also noted on the DD Form 2579, that CIO had failed to conduct market research, had no rationale for the decision, and that the associated independent government cost estimates were relatively high compared to the previous contract.

CIO disagreed with CFO and on their interpretation of the requirements and claimed their requirements were different. As a result, on 23 and 24 January 2014, sought advice from the on whether she should seek a formal decision from a higher contracting authority. then contacted to allow him an opportunity to determine why the solicitation was cancelled and why DIA planned to MIPR funds to acquire services from a specific company. We prepared a timeline that outlines the significant events (Exhibit 2), and the requirements related to this matter (Exhibit 3).

The investigation also determined that an organizational conflict of interest may have existed when senior executive, assisted in the preparation of the sole-source documents for his subordinate, for whom he was the permanent reviewer for performance assessments, would have to accept, review, and approve the sole-source documents. During this investigation, CFO appointed another senior official as performance evaluation reviewing official.

During the course of the investigation, we discovered that [redacted] may have committed contract improprieties, which will be investigated and reported separately under DIA OIG case 2015-500017-OI.

**8. (U) Significant Interviews.**

**a. (UFOO) On 12 February 2014, interviewed regarding this matter (Exhibit 4).**

**1. (UFOO) said disagreements between CFO and CIO existed before the contract cancellation, and were the result of the culture of CIO senior personnel, who often made quick decisions on contract actions without...**
regard for following necessary, albeit time consuming, contracting processes. Also noted that in her experience, CIO historically has failed to plan for acquisitions, adhere to CFO business principles and standards, conduct market research, adhere to the limitation of 6-month extensions on contracts, and make requirements available to small business. said CIO failed to give Cyberspace an opportunity to fulfill the requirements, which gave the appearance of favoring said that it also appeared to her that

Executive, on an active DIA contract.

(UNCLASSIFIED) Agent's note. DIA eZHR and contract records revealed supported which ended on 1 December 2013.

(2) said she was aware that had partnered with Accenture under the contract, subsequent separation from and that the contract had been cancelled because CIO claimed it no longer had requirements for the service. Yet, in December 2013, CIO issued two purchase requests, 414-0074-14-Z (Data Management) and 414-0075-14-Z (Organization Design) for IT required services she believed were similar to the requirements CIO cancelled under the contract. said when CIO submitted the purchase requests for forwarding to it was CIO's attempt to circumvent small business and fair competition practices, and gave the appearance of favoring provided emails of her communication with did not have and with explaining her concerns said that if she had not reported this matter to and had not held his meeting to stop the MIPRs, the may have had to render a decision on the MIPRs to

b. (UNCLASSIFIED) On 25 February 2014 interviewed who explained his involvement in the CIO acquisition planning activities between September 2012 and December 2013 (Exhibit 5).

(1) who was at that time the former Deputy Chief Information Officer, CIO, wanted him to support a new, sole-source contract for stated he told them that he had to "compete it." also said that he intended to reduce the cost associated with the two existing CIO IT contracts that were near their end—i.e., and HHM402-08-D-0031, "Senior Engineering and contract made on 7 April 2008 to . They earned per hour, respectively.

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(2) (UFL) Agent’s note. The proposal reflected its subcontracting partner, which was known to CIO personnel involved in the source selection process. However, it was not determined that had made its proposal more competitive by reducing its overall bid, and then informed of his selection; they agreed.

(3) (UFL) explained that shortly after making the award to on 26 July 2013, protested the award alleging that DIA had incorrectly evaluated their proposals as an alternative, he then placed the requirements onto the contract, task order 19, “Business Analytics.” While doing so, terminated their partnership with due to a disagreement with labor rates. said after he placed the requirements on the task order, informed him that CIO no longer had a need for the contract, under the “for the convenience of the Government” provision, to essentially render the protests moot.

(4) (UFL) said that he believed CIO never intended to do business with anyone but, and that the reasons CIO provided for cancelling its requirements were not justified. He said that the requirements in the purchase request were similar to the requirements that cancelled, and that CIO has had a preference for for years and was not subtle about it. Nonetheless, CFO had attempted to accommodate as best they could; however, in this matter CFO rejected initiative to use the.

On 25 March 2014, interviewed DIA, regarding this matter (Exhibit 6).
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(1) (U/SF) related that he provided legal guidance to DIA during the period leading up to the cancellation of the contract in September 2013. related that the protest had merit, therefore, CFO decided to re-evaluate the proposal. related that a legal evaluation had yet to be made on the protest. said once DIA received the protests, they were required to stop all work on the contract. However, both protests were made moot since CFO cancelled the contract in its entirety. added that in his opinion the cancellation of the contract was legally sufficient. However, also attempted to support CIO by placing the requirements on the contract.

(U/SF) Agent's note. A review of CFO records noted that on 22 August 2013, CFO responded to the notification of protest. CFO informed that it intended to re-evaluate the proposal. On 5 September 2013, CFO responded to informing them DIA intended to cancel the solicitation for the contract due to budget constraints. On 6 September 2013, sent a memorandum informing them of the contract termination.

(2) (U/SF) added that on 20 September 2013, after the contract was cancelled, CIO submitted a Statement of Work (SOW) to CFO to support sole-sourcing to for CIO's data management requirements. On 25 September 2013, CIO also provided documentation to support the sole-source. said he reviewed all of the CIO submitted material, and later in November 2013, he opined the justification for the sole-sourcing in support of to be overly restrictive, and the rationale CIO provided had failed to support the sole-source, and therefore was legally indefensible.

(3) (U/SF) explained the tensions between CIO and CFO (e.g. whether the requirements on each acquisition attempt were similar, the merger of contracting and finance workforce, the lack of experienced program managers, and the unhealthy dependency on contract employees) had negatively contributed to this matter. As well, said that although could have protested DIA's cancellation of the contract, they did not.

d. (U/SF) On 31 March and 1 April 2014, was advised of his Garrity rights, which he waived, and was re-interviewed so that he could clarify the information he previously provided and address allegations of unethical behavior which were made against him by who believed that was unethical when he cancelled the contract clarified that during this acquisition process, he attempted to lower the costs associated with IT contracts and that he did
cancel the contract to make the protests “go away.” The OIG subsequently initiated a separate investigation to determine whether the conduct of [redacted] was improper (Exhibit 7).

9. [(U/FOUO) Interviews of CFO Executives. Between 26 February and 18 March 2014, interviewed [redacted] Each of them expressed concerns with CIO’s acquisition decisions and actions related to this matter.

a. [(U/FOUO) During an interview of [redacted], she related that around August 2013, she and [redacted] met with [redacted] (via Tandberg) to discuss the potential organization conflict of interest and the need for fairness throughout the contract industry, confirmed that [redacted] presented the idea to her and [redacted] but did not know at that time was a listed vendor. In reference to the potential organization conflict of interest, [redacted] related that there were no conflict of duties between resource managers (such as and contracting officials (such as [redacted]). She related however, around December 2013, complained to [redacted] about receiving “push-back” from the CFO staff regarding support to CIO. Overall, [redacted] summarized the problems between [redacted] in general, as personality conflicts that were detrimental to operations (Exhibit 8).

b. [(U/FOUO) During an interview of [redacted], she related that around September 2013, while acting in the capacity of the DIA [redacted] asked her to compare two SOWs [redacted] said that she believed the SOWs were similar (one being a requirement for sole-source to and the other, for requirements). [redacted] advised not support the sole-source action. In December 2013, [redacted] said she was asked by [redacted] to compare a pair of SOWs that supported CIO’s MIPRs. [redacted] said she believed those SOWs were similar to the requirements and advised CIO should not be permitted to use (Exhibit 9).

c. [(U/FOUO) During an interview of [redacted], she related that around October 2013, and she met with [redacted] to discuss the appearance of CIO’s towards It was at this meeting that [redacted] presented the idea of using [redacted] said that, in general, and did not take CFO guidance well and that CIO failed to properly plan for acquisitions (Exhibit 10).

d. [(U/FOUO) During an interview of [redacted], first line supervisor, he related that he was unaware of the details surrounding the cancellation of the contract; however, he was aware of CIO’s preference for [redacted] said he spoke with [redacted] about the
appearance of CIO's [redacted] and that [redacted] about it. In reference to a potential organization conflict of interest, [redacted] related that around December 2013, [redacted] complained to him about [redacted] lack of support for CIO's SOWs; but admitted that [redacted] did more than what is required to support CIO (Exhibit 11).

10. (U) Other interviews.


(1) (U/FOCO) [redacted] related that the appearance of CIO’s [redacted] began on 5 June 2013, when she met with [redacted] for a routine requirements meeting. [redacted] said at that meeting [redacted] asked how she could “get [redacted] for [redacted] [redacted] [redacted] [redacted]

(2) (U/FOCO) [redacted] related that she reviewed the SOWs that CIO prepared for submission to [redacted]. She concluded the requirements identified in those SOWs were essentially 85-90% identical to those previously submitted under the then-cancelled [redacted] contract. As a result, [redacted] rejected them during her coordination with [redacted]

(3) (U/FOCO) [redacted] said that CIO attempted to use [redacted] on four individual occasions — the [redacted] contract; the [redacted] contract; the [redacted] contract; and, most recently, with HHM402-09-D-0006, an ongoing 5-year [redacted] contract awarded on 15 October 2009 for financial management IT support. [redacted] said the decision had not been made whether CFO would allow [redacted] to support CIO requirements.


b. (U/FOCO) On 18 June 2014 [redacted] interviewed [redacted] who related that around June 2013, she managed the Solutions for Information Technology Enterprise program (a non-related program). During that time, in the course of her duties, she met with [redacted] to discuss options for meeting an emerging requirement for CIO [redacted] said that she was aware that [redacted] was a vendor on the contract, and during the meeting she probably did bring up the option to use the vendor to provide high-level consulting services to CIO.
said her conclusion to seek came from her personal knowledge of expertise, and from her conversations with who weighed their options and concluded the other vendors on existing DIA contracts were not capable of producing a successful outcome. said that her discussion to seek as an option was validated when CIO later attempted to sole source for IT support from (Exhibit 13).

11. (U) Subject Interviews.

a. (U/FOUO) On 26 March 2014, administered a Garrity warning to which he waived and provided a statement (Exhibit 14).

(1) (U/FOUO) related that, prior to being assigned to his current CFO position, he worked as a resource manager assigned to C10. said there were three contracts involved in this matter. First, a contract that ultimately ended in 2013 after being extended to fulfill additional tasks including the "Voice of the Customer" — a high priority DIA project. said that when the contract ended, some of the requirements and some personnel were transferred to the existing contract.

(2) (U/FOUO) related that sometime during the spring or summer of 2013, CIO sought a new IT contract for a data management requirement that was to be supported by a vendor already familiar with DIA operations and processes, and who had "IT depth and breadth." During that same period, CIO appointed a source selection board which had evaluated as one of the top candidates, said CFO made the award to who had partnered with however, did not agree to the labor rates. related labor rates could be as high as

(3) (U/FOUO) recalled that recommended cancelling the contract. He also recalled that around the same time, CIO found that it had additional funds available and determined that it would be able to use the contract with thus eliminating the need for the contract; however, CIO continued to seek vendor support for their data management requirement. said that because contracting officers have broad discretion on interpretations concerning contract scope language, this led to CFO and CIO having differing opinions on whether the requirements cancelled under the contract were, in fact, the same data management requirements for which they had begun to seek vendor support. He related that in August 2013, he assisted in writing the CIO justification statement for a sole-source contract (non-competitive contract) with to provide support for the data management requirement. said the justification failed because there were sufficient available vendors to compete the work.
On 1 April 2014, informed him that she and met with to discuss the strategy to support the data management requirement, since all previous efforts to obtain an IT contract were unsuccessful. held him that during that meeting suggested using and had cautioned CIO to not place the "body of work" previously cancelled on the contract on the purchase orders. said he did not believe CIO was "targeting" because there were many vendors (in addition to listed on the contract and that CIO wanted to use the open-competition process under However admitted that would not have been satisfied with as a sole vendor.

related there were also differing opinions between CIO and that all DIA contract proposals, as a practice, are routed through added that concluded CIO had submitted a SOW that contained requirements identical to those under the earlier cancelled contract. As a result could not approve the effort as it would result in taking work away from or other small businesses. said he agreed that if approved to use small businesses would lose the contract opportunity.

said although he personally had no preferences for a specific vendor, was absolutely on the minds of and as a "top vendor" because of long relationship with CIO. said the acquisition process was a "mess" — the result of unilateral actions in attempting to make vendor partnership agreements and as in the past, the outcome was unfavorable. stated that based on the opinions of he had planned to examine the use of an existing DIA contract and then advise not to proceed with their efforts. However, had already been notified.

b. On 1 April 2014, administered a Garrity warning to which she waived and provided a statement (Exhibit 15). related that she was appointed around August 2012, and was During that time, CIO acquisition planning for the "data requirements" was underway and the had been formed. said CIO wanted to make the award under open competition; however decided to use the contract, and then changed his mind several times for unknown reasons.

Agent's note. requested to suspend the interview so that she could refer to her notes and provide more accurate information. A second interview was scheduled for 11 April 2014.
c. (U)(FOUO) On 9 April 2014, [redacted] administered a Garrity warning to [redacted] which he waived and provided a statement (Exhibit 16).

(1) (U)(FOUO) [redacted] said that in the fall of 2013, CIO had gone to CFO to determine the options for fulfilling a "data management" requirement by using full and open competition. [redacted] believed that the cost associated with fulfilling the contract was too small for a full-and-open competition. [redacted] related that he had conversations with CFO personnel about considering contracting with a small business to fulfill the CIO requirement because he was uncomfortable with a small business not having the skill set needed. [redacted] related that the contract supported two requirements, but could not recall their details. [redacted] said that he was aware [redacted] cancelled the contract because of a contract protest. The protest allowed him to realign funds and refocus on IT security initiatives. [redacted] said that he believed it was [redacted] who recommended CIO do a sole-source contract, which was later found insufficient by CFO, so CIO decided not to contract for the requirement.

(2) (U)(FOUO) [redacted] stated he was not aware of CFO's effort to place the requirements on the existing contract, or the partnership with [redacted] However, [redacted] confirmed that he had a meeting with [redacted] who told him that CIO appeared to favor a sole-source contract, but, after CIO submitted the contract, [redacted] was surprised that after working with the CFO for months on the entire IT acquisition process, her staff informed her that [redacted] had a concern and took it to the DIA before addressing it within DIA. [redacted] stated that he had no knowledge of the responsibilities of the [redacted] or the responsibilities of the small business advocate for the DoD.

(3) (U)(FOUO) [redacted] described past performance as good, and the working relationship between CIO senior employees and Accenture senior staff as good. However, when asked to describe his personal relationships with senior staff, he declined to answer.

d. (U)(FOUO) On 11 April 2014, [redacted] administered a second Garrity warning to [redacted] which she waived and provided a second statement (Exhibit 17).

(1) (U)(FOUO) [redacted] described the circumstances of CIO's attempt to arrange a sole-source contract with including CFO partnering activities. [redacted] stated she did not remember who in CFO advised CIO to contract with via a sole-source contract, but, after CIO submitted their justification, [redacted] denied it. [redacted] related that during the acquisition process, her staff informed her that [redacted] was having meetings
with vendors concerning CIO contracts so she spoke with [b](3):10 USG 424 about it. She said that overall, CFO contracting support was okay, although it could be improved with better collaboration and understanding between [b](3):10 USG 424 and CIO of requirements on several CIO contracts. [b](3):10 USG 424 denied that [b](3):10 USG 424 and her staff involved themselves in vendor partnering. Further [b](3):10 USG 424 [b](3):10 USG 424 denied she participated in selecting members of the [b](3):10 USG 424 knowing who the [b](3):10 USG 424 had determined were the top three vendors, or knowing that [b](3):10 USG 424 had partnered with [b](3):10 USG 424 in order to win the contract award.

(2) (UNFOCUS) [b](3):10 USG 424 related that she was okay with [b](3):10 USG 424 being the awardee, but, denied that anyone from [b](3):10 USG 424 had informed her they were unhappy with their partnership with [b](3):10 USG 424. She said that she did not direct [b](3):10 USG 424 to cancel the [b](3):10 USG 424 contract; however, when other higher priorities were identified, CIO cancelled the requirements supported by the contract.

(3) (UNFOCUS) [b](3):10 USG 424 related that because CFO believed the funds allocated were too low to conduct a full and open competition, and that CIO failed to provide justification for a sole-source contract, she explored using [b](3):10 USG 424 for the data management requirement. [b](3):10 USG 424 said she and [b](3):10 USG 424 met with CFO executives [b](3):10 USG 424 who informed her and [b](3):10 USG 424 of the appearance of favoritism towards [b](3):10 USG 424. She then provided the CFO executives with a contract brochure as an option to address the CIO “data and organizational management” requirement.

(UNFOCUS) Agent’s note. [b](3):10 USG 424 related they learned after the meeting that [b](3):10 USG 424 was listed as a vendor in the brochure.

(4) (UNFOCUS) [b](3):10 USG 424 said that later the [b](3):10 USG 424 had an issue with their submittals to [b](3):10 USG 424 claiming that the CIO requirements were similar to those previously submitted (and cancelled) under the [b](3):10 USG 424 contracts. She said, however, the “data and organizational management” requirements were never part of the [b](3):10 USG 424 contract. [b](3):10 USG 424 related that [b](3):10 USG 424 had the ability for cross-industry reach-back, and did good work without delays. [b](3):10 USG 424 characterized the [b](3):10 USG 424 relationship as professional; she declined to answer questions regarding personal relationships between her and [b](3):10 USG 424 personnel.

c. (UNFOCUS) On 12 March 2015, [b](3):10 USG 424 administered a second Garrity warning to [b](3):10 USG 424 which he waived, and was re-interviewed regarding this matter (Exhibit 18). [b](3):10 USG 424 stated that he did not have a personal relationship with any employee. His only social interaction with [b](3):10 USG 424 was at a

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12. (U) Coordination with Management.


13. (U) Coordination with the Counsel to the Inspector General (IGC). On 21 March 2015 [B(3):10 USC 424] Counsel to the Inspector General, DIA, was briefed on results of this investigation. [B(3):10 USC 424] opined that:

The CIO prepared requirements for data management and organizational design which could have been ordered under the contract, had it not been cancelled. CIO intended for these requirements to be fulfilled under an arrangement with a vendor. Because the task orders designed for the contract required “in depth understanding of the DIA/DODIIS Data Environment” or “DIA specific knowledge of CIO organizational change management programs and operating model deployments,” the task orders appear to be veiled efforts to contract again with DIA’s small business office objected and ultimately CIO’s continuing efforts to steer work to were thwarted.

b. (U/FOUO) While denied that they knew of the planned partnering arrangement and the Chairman of the indicates that neither provided any guidance to the board, it is clear that voiced a preference for contracting with according to the senior CIO business manager.

c. (U/FOUO) Reviewing all the circumstances and by a preponderance of the evidence, were responsible for the CIO’s consistent failure to act impartially and for endeavoring to give preferential treatment in violation of the general principles of the basic obligation of public service found in the Standards of Ethical Conduct for Employees of the Executive Branch. See 5 C.F.R. § 2635.101(b) (8) and 5 C.F.R. § 2635.101(b) (14). carefully considered whether should be similarly cited and decided that neither were responsible for efforts to contract with through the contract and, therefore, they should not be cited for impartiality.

d. (U/FOUO) In mitigation noted that CIO may have developed an over reliance on that presents additional challenges on accomplishing its mission without continued support. also noted that the contract did include other vendors who are major defense contractors and who support the DoDIIS system, including

e. (U/FOUO) While corrected during the course of this investigation, there was at least the appearance of an organizational conflict-of-interest in having serve as reviewing official. In this case, participated in the preparation of a sole-source justification to contract with in support of CIO requirements. disapproved the sole-source justification after legal review. USD (AT&L) guidance from November 2004 requires that contracting
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officers be rated within their own program channels. This suggests that contracting officers, such as should be rated and reviewed by contracting officials; however, guidance from the August 2008 requires only that “at least first-level evaluations of contracting officers [be] performed within the career contracting chain.” After this investigation began, CFO changed no longer served in that capacity.

14. (U) Internal Management Controls. Department of Defense (DoD) Instruction 5010.40, “Managers’ Internal Control Program Procedures,” 30 May 2013, requires DoD organizations to implement and evaluate a comprehensive system of management controls that provide reasonable assurance that programs are operating in accordance with pertinent laws and regulations. There were no deficiencies noted during the course of this investigation.

15. (U) Exhibits.

a. (U) Attached.

(1) (U) Information report (IR) of 6 February 2014.

(2) (U) Timeline of Significant Events, 4 May 2015.

(3) (U) Overview of Requirements, 4 May 2015.

(4) (U) IR of 12 February 2014.

(5) (U) IR of 14 February 2014.

(6) (U) IR of 28 March 2014.

(7) (U) Garrity warnings and IR of 3 April 2014.

(8) (U) IR of 12 March 2014.

(9) (U) IR of 12 March 2014.

(10) (U) IR of 13 March 2014.

(11) (U) IR of 21 March 2014.

(12) (U) IR of 4 March 2014.

(13) (U) IR of 18 June 2014.

(14) (U) Garrity warning and IR of 7 April 2014.
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(15) (U) Garrity warning and IR of 19 June 2014.
(16) (U) Garrity warning and IR of 18 June 2014.
(17) (U) Second Garrity warning and IR of 19 June 2014.
(18) (U) Second Garrity warning and IR of 16 March 2015.
(19) (U) Third Garrity warning and IR of 17 March 2015.
(20) (U) Second Garrity warning and IR of 18 March 2015.

b. (U) Not Attached.


(22) (U) (SBCR) with Requirements and Independent Government Cost Estimate (IGCE) for Purchase Order (PO) 414-0074-14-Z, 8 January 2014.

(23) (U) SBCR with Requirements and IGCE for PO 414-0075-14-Z, 8 January 2014.

(24) (U) SOW for Strategic Communications and Marketing, November 2012.

(25) (U) SOW for Business Analytics, not dated.

(26) (U) SOW for CIO’s Data Management requirement, not dated.

(27) (U) Justification for an Exception to Fair Opportunity for CIO’s Data Management requirement, June 2013.

c. (U) The originals of exhibits 1 through 20 are maintained in the files of this office.

16. (U) Status. This is a final report. The report of disciplinary action is pending.

Report Prepared By:

Report Approved By:

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