



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 29, 2019

OIG-CA-19-022

MEMORANDUM FOR SIGAL P. MANDELKER
UNDER SECRETARY FOR TERRORISM AND FINANCIAL
INTELLIGENCE

FROM: Deborah L. Harker /s/
Assistant Inspector General for Audit

SUBJECT: Termination Memorandum – Audit of the Office of Intelligence
and Analysis (A-MF-16-059)

In August 2016, we initiated an audit of the Office of Intelligence and Analysis (OIA). Our audit objective was to assess OIA's progress in meeting its statutory responsibilities. We issued two audit reports related to our objective and planned to issue a third report concluding on our objective.

The first report addressed concerns related to OIA and the Financial Crimes Enforcement Network (FinCEN).¹ The concerns brought to our attention included allegations that OIA initiated a mass revocation of FinCEN's intelligence community public key infrastructure (IC PKI)² certificates, delayed providing FinCEN employees with IC PKI certificates, and resultantly prevented FinCEN employees from fully responding to the Under Secretary of the Office of Terrorism and Financial Intelligence (TFI) and the White House related to issues in Venezuela.³ Our audit found that OIA did not initiate a mass revocation of FinCEN's IC PKI certificates and OIA was working with FinCEN to process and approve requests for new IC PKI certificates where appropriate. However, we found the lack of documented policies and procedures related to the IC PKI access process contributed to fundamental disagreements between the two components.

¹ *Audit of the Office of Intelligence and Analysis' Management of the Office of Terrorism and Financial Intelligence Employees' Intelligence Community Public Key Infrastructure Certificates*, OIG-18-006 (October 30, 2017)

² IC PKI certificates are issued to government and contractor employees in the intelligence community (IC) who demonstrate a mission need to have direct electronic access to certain classified information held by members of the IC. IC PKI is a tool to, among other things, authenticate users and support user identification and provide user access to data.

³ During this timeframe, Venezuela was experiencing widespread public corruption and facing severe economic and political circumstances due to the rupture of democratic and constitutional order by the government and its policy choices.

Our second report addressed claims that OIA analysts were (1) illegally collecting and retaining domestic financial information from the Bank Secrecy Act database⁴ maintained by FinCEN because OIA does not have U.S. Persons (USP) procedures⁵ approved by the Attorney General of the United States, (2) contacting financial institutions to make inquiries about individual bank accounts and transactions involving U.S. citizens, and (3) exceeding the limits of the agreement between OIA and FinCEN that allows OIA access to FinCEN's banking database.⁶ We found that the claims were not supported, but noted that OIA's USP Procedures had not been approved by the Attorney General.

In fiscal year 2020, we plan to conduct corrective action verification reviews related to recommendations made in these two reports.

We are terminating this project and will not issue a third audit report. In addition to the corrective action reviews related to our two previous reports, we plan to conduct four future audits that assess OIA's progress in meeting specific statutory responsibilities. The objective of the first audit will be to determine whether TFI's actions are meeting Treasury's responsibilities to disrupt Islamic State of Iraq and Syria's (ISIS) financing. OIA is a component of TFI and works with the other TFI components on various intelligence and counter-terrorism programs, such as ISIS and North Korea. The second audit is of TFI's North Korean Program and the objective will be to determine if TFI (1) has developed a plan of action to respond to the threat to U.S. national security posed by North Korea; (2) coordinates throughout its components to effectively manage its North Korean program; and (3) has developed procedures and performance metrics to measure the expected and actual impact of responsive actions. The third audit is an audit of OIA's coordination with the IC and the objective will be to assess whether OIA is effectively coordinating intelligence and counter-intelligence activities with the IC components in accordance with the *Intelligence Authorization Act of 2004*⁷ and Executive Order 12333, "United States Intelligence Activities."⁸ Lastly, related to our fourth future audit, our objective will be to determine whether TFI human capital policies align with its mission and strategic goals.

⁴ FinCEN's Bank Secrecy Act database is available to federal, state, and local law enforcement and regulatory agencies. It includes data about financial transactions possibly indicative of money laundering, including cash transactions over \$10,000 and suspicious transactions. The data can be used to identify trends and develop intelligence information on money laundering and terrorist financing.

⁵ Executive Order 12333 authorizes OIA, as an IC element, to collect, retain, or disseminate information concerning USP only in accordance with procedures (referred to as USP procedures in this memo) established by the head of the agency concerned and approved by the Attorney General.

⁶ *Audit of the Office of Intelligence and Analysis' Authorities and Actions Related to U.S. Persons' Financial Information*, OIG-18-044 (April 9, 2018)

⁷ P.L. 108-177, Intelligence Authorization Act for Fiscal Year 2004 (December 13, 2003)

⁸ As amended, July 2008

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We will remove the project, *Audit of the Office of Intelligence and Analysis* (job code A-MF-16-059), from our *Monthly Status Report*.

We appreciate the courtesies and assistance provided by your staff. Should you have any questions, please contact me at (202) 927-5400.

cc: Paul Ahern, Assistant General Counsel for Enforcement & Intelligence