

108TH CONGRESS }
1st Session

SENATE

{ REPORT
108-52

COMMITTEE ACTIVITIES

SPECIAL REPORT

OF THE

SELECT COMMITTEE ON INTELLIGENCE UNITED STATES SENATE

JANUARY 3, 2001 to NOVEMBER 22, 2002



MAY 21, 2003.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

19-010

WASHINGTON : 2003

CONTENTS

I. Introduction	Page 1
II. Legislation	2
A. Intelligence Budget	
B. S. 1428, Intelligence Authorization Act for FY 2002	
C. S. 2506, Intelligence Authorization Act for FY 2003	
III. Oversight Activities	6
A. Hearings	6
1. Joint Inquiry Into the Events of September 11, 2001	
2. S. 1448—A bill to enhance intelligence and intelligence-related activities of the US. Government in the prevention of terrorism	
3. S. 2586 and S. 2659—Bills to Amend the Foreign Intelligence Surveillance Act	
4. Counterterrorism	
5. Counterintelligence	
6. Counterproliferation	
7. Iraq WMD	
8. Counternarcotics: Colombia	
9. Counternarcotics: Review of Peruvian Shootdown of a Civilian Aircraft on April 20, 2001	
10. National Security Threats to the United States	
11. Covert Action Quarterly Review	
12. Arms Control: The Moscow Treaty	
B. Community Issues	14
1. Oversight of Intelligence Community Inspectors General	
2. Strategic and Performance Planning for the Intelligence Community	
3. National Commission for the Review of Research and Development Programs of the U.S. Intelligence Community	
4. Intelligence Community Financial Management	
5. Specifying National Foreign Intelligence Budget Amounts for Counterterrorism, Counterproliferation, Counternarcotics, and Counterintelligence	
C. Investigations and Inquiries	17
1. USS <i>Cole</i>	
2. Captain Michael “Scott” Speicher	
3. Robert Hanssen	
D. Audits	19
1. CIA’s Directorate of Operations	
2. Foreign Materiel Program	
3. Counterterrorism	
IV. Confirmations	21
A. John L. Helgerson, Inspector General for CIA	
B. Scott W. Muller, General Counsel of the CIA	
V. Support to the Senate	22
VI. Appendix	22
1. Number of Meetings	
2. Bills and Resolutions Originated by the Committee	
3. Bills Referred to the Committee	
4. Publications	

COMMITTEE ACTIVITIES

MAY 21, 2003.—Ordered to be printed

Mr. ROBERTS, from the Committee on Intelligence,
submitted the following

SPECIAL REPORT

I. INTRODUCTION

The tragic events of September 11, 2001, underscore the importance of the Intelligence Community as our early warning system against security threats to the United States. In 2002, both the Senate Select Committee on Intelligence (SSCI) and the House Permanent Select Committee on Intelligence (HPSCI) conducted historic joint inquiry into the Intelligence Community's performance in dealing with the terrorist threat to our country.

In addition to addressing the U.S. Intelligence Community's counterterrorism capabilities, the Intelligence Authorization Acts for Fiscal Years 2002 and 2003 reflect the Committee's attention to five priority areas to enhance the role of intelligence in our national security strategy: (1) revitalization of the National Security Agency (NSA); (2) correcting deficiencies in human intelligence; (3) addressing the imbalance between intelligence collection and analysis; (4) rebuilding a robust research and development program for the Intelligence Community; and (5) modernizing the capabilities of Measurements and Signatures Intelligence to fulfill key intelligence requirements. The intelligence budgets, as marked up by the SSCI, reflected an emphasis on these priority areas.

The SSCI was established in 1976 by Senate Resolution 400 to strengthen congressional oversight of the programs and activities of U.S. intelligence agencies. Throughout its history, the Committee has sought to carry out its oversight responsibilities in a non-partisan manner. During the 107th Congress, the Committee continued this tradition in crafting important intelligence legislation, conducting investigations and audits into Intelligence Community and other national security issues, and authorizing—and as necessary, increasing or reallocating—funding for a wide array of U.S. intelligence activities.

As part of its oversight responsibilities, the Committee performs an annual review of the intelligence budget submitted by the Presi-

dent and prepares legislation authorizing appropriations for the various civilian and military agencies and departments comprising the Intelligence Community. These entities include the Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, the National Imagery and Mapping Agency, the National Reconnaissance Office, the intelligence capabilities of the military services, as well as the intelligence-related components of the Department of State, the Federal Bureau of Investigation, the Department of the Treasury, the Department of Energy and the United States Coast Guard. The Committee makes recommendations to the Senate Armed Services Committee on authorizations for the intelligence-related components of the U.S. Army, U.S. Navy, U.S. Air Force, and U.S. Marine Corps. The Committee also conducts periodic investigations, audits, and inspections of intelligence activities and programs.

The Committee's charge is to ensure that the Intelligence Community provides the accurate and timely intelligence necessary to identify and monitor threats to the national security; to support the executive and legislative branches in their decisions on national security matters; to ensure that U.S. military commanders have the intelligence support to allow them to prevail swiftly and decisively on the battlefield, and to ensure that all intelligence activities and programs conform with the Constitution and laws of the United States of America.

During the 107th Congress, the Committee held a total of 117 on-the-record meetings, briefings, and hearings, as well as over 300 off-the-record briefings. There were 14 hearings held on the Intelligence Community's budget, including the Conference sessions with the House. Two nomination hearings were held.

Additionally, the Committee held a total of 22 hearings with the House Permanent Select Committee on Intelligence concerning the Joint Inquiry into the Events of September 11, 2001.

II. LEGISLATION

A. INTELLIGENCE BUDGET

During the 107th Congress, the Committee conducted annual reviews of the fiscal year 2002 and fiscal year 2003 budget requests for the National Foreign Intelligence Program, the Joint Military Intelligence Program and Tactical Intelligence and Related Activities. As part of its review, the Committee received testimony from senior Intelligence Community officials and evaluated the detailed budget justification documents submitted by the Executive branch.

For fiscal year 2003, the Administration proposed significant resource increases for the overall national intelligence effort. This increase built upon substantial supplemental appropriations approved for the Intelligence Community for fiscal year 2002 in the wake of the terrorist attacks of September 11, 2001. The increased amounts approved for the National Foreign Intelligence Program are consistent with the need to strengthen the Intelligence Community in executing its roles in the ongoing war against terrorism and the protection of the American homeland. Additionally, requested resources will aid the Intelligence Community's ongoing effort to pursue those intelligence subjects of greatest concern to our nation.

In the budget review for fiscal years 2002 and 2003, the Committee sought to highlight five areas for priority attention in the near term if intelligence is to fulfill its role in our national security strategy. They are: (1) revitalizing the National Security Agency; (2) correcting deficiencies in human intelligence; (3) addressing the imbalance between intelligence collection and analysis; (4) rebuilding a robust research and development program; and (5) modernizing the capabilities of Measurements and Signatures Intelligence to fulfill key intelligence requirements.

Despite significant increased resource levels, the Committee identified other shortfalls in the National Foreign Intelligence Program budget that did not, or could not, receive adequate attention during the Administration's budget process. These shortfalls include:

- A looming crisis in our ability to collect information from key platforms as a result of unexpected failures;
- Insufficient funds to complete a major acquisition program; and
- Inadequate funding to ensure that information collected by the next generation of space-based sensors will be processed, exploited, and disseminated appropriately to intelligence analysts.

These shortfalls are not the only ones facing the Intelligence Community. As the war against terrorism continues, a series of intelligence challenges will likely arise which will tax the resources and overall capabilities of the people and programs comprising the National Foreign Intelligence Program.

Beyond any specific measures proposed in the Administration's budget for fiscal years 2002 and 2003, the Administration must continue to devote attention to the five priority areas identified by the Committee, as well as a host of resource-related issues that must be addressed if the near-term increases in intelligence capabilities are to translate into sustained, long-term intelligence successes against protracted and complex threats to our nation.. The Committee looks forward to working with the Administration in the days ahead in this overall effort.

B. S. 1428, INTELLIGENCE AUTHORIZATION ACT FOR FY 2002

On September 14, 2001, the Committee reported out S. 1428, the Intelligence Authorization Act for Fiscal Year 2002. In addition to providing the annual authorization for appropriations for intelligence activities, the bill, inter alia:

Amended the National Security Act of 1947 to require that notifications to Congress of intelligence activities and failures be made in writing and to require that the Director of Central Intelligence establish standards and procedures applicable to such reports;

Required the Director of Central Intelligence to prepare a comprehensive report describing the mechanisms for ensuring that Congress is appropriately served in its policy-making role as a consumer of intelligence;

Amended current law regarding interdiction of aircraft used in illicit drug trafficking to require the President to make an annual certification to Congress concerning the existence of a drug threat in the country at issue and the existence in that

country of appropriate procedures to protect against innocent loss of life;

Altered the process of handling complaints brought to the Inspectors General of the Intelligence Community so that all complaints are forwarded to the Director of Central Intelligence, or other agency head, and to the congressional intelligence committees; and

Required the Attorney General, in consultation with the Director of Central Intelligence, to conduct a comprehensive review of current laws, regulations and protections against unauthorized disclosure of classified information and to submit a report to Congress.

The Senate passed S. 1428 by voice vote.

On the Floor, the Senate took up the intelligence authorization bill passed by the House of Representatives, struck all of the House bill after the enacting clause and inserted a substituted text, consisting of the text of S. 1428 and amendments. In conference, members of the House Permanent Select Committee on Intelligence (HPSCI) and the Senate Select Committee on Intelligence (SSCI) met to seek agreement on the authorization of appropriations for fiscal year 2003 and to resolve differences in the legislative provisions in the House and Senate bills. The HPSCI receded from its disagreement to the amendment of the Senate with an amendment that was a substitute for the House bill and the Senate amendment. The conference report passed both houses and was signed by the President on December 28, 2001, as P.L. 107-108. The provisions of S. 1428 described above remained in the final conference report. In addition, the conference report:

Codified the inclusion of the Coast Guard as an element of the Intelligence Community;

Required a report on the implementation of the recommendations of the National Commission on Terrorism;

Required Presidential approval and submission to Congress of the National Counterintelligence Strategy and each National Threat Identification and Prioritization Assessment produced under Presidential Decision Directive 75; and

Required that the Director of Central Intelligence rescind existing guidelines regarding recruitment of assets with human rights concerns.

C. S. 2506, INTELLIGENCE AUTHORIZATION ACT FOR FY 2003

On May 9, 2002, the Committee reported out S. 2506, the Intelligence Authorization Act for Fiscal Year 2003. In addition to providing the annual authorization for appropriations for intelligence activities, the bill, *inter alia*:

Established in law the National Counterintelligence Executive (NCIX) to serve as the substantive leader of national-level counterintelligence policy. The NCIX had been established previously under Presidential Decision Directive 75;

Established the National Commission for the Review of the Research and Development Programs of the U.S. Intelligence Community. The Commission, to be composed of government officials and private sector experts, is to review the current state of research and development within the Intelligence Community and determine whether current activities are aligned

with the fields that are of the greatest importance to future intelligence efforts;

Required the creation of a Terrorist Identification Classification System. The Director of Central Intelligence was directed to establish and maintain a list of known or suspected terrorists and to ensure that pertinent information on the list is shared with other agencies of the Federal, State and local governments. The DCI is to prescribe appropriate standards for including names on, and removing names from, the list:

Required that the National Foreign Intelligence Program budget submission include cross-agency budget aggregates for total Intelligence Community expenditures in counterterrorism, counterproliferation, counternarcotics and counterintelligence; and

Required the Director of Central Intelligence to establish the National Virtual Translation Center and the Foreign Terrorist Asset Tracking Center.

The Senate passed S. 2506 by voice vote.

On the floor, the Senate took up the intelligence authorization bill passed by the House of Representatives, struck all of the House bill after the enacting clause and inserted a substituted text, consisting of the text of S. 2506 and amendments. In conference, members of the HPSCI and the SSCI met to seek agreement on the authorization of appropriations for fiscal year 2003 and to resolve differences in the legislative provisions in the House and Senate bills. The HPSCI receded from its disagreement to the amendment of the Senate with an amendment that was a substitute for the House bill and the Senate amendment. The conference report passed both houses and was signed by the President on November 27, 2002, as P.L. 107-306. The provisions of S. 2506 described above remained in the final conference report. In addition, the conference report:

Established the National Commission on Terrorist Attacks upon the United States to examine and report upon the facts and causes relating to the terrorist attacks of September 11, 2001. The Commission is to investigate and report its findings and recommendations on the circumstances surrounding the attacks and the extent of the nation's preparedness for, and immediate response to, the attacks. The Commission is required to build upon the work of the Joint Inquiry of the SSCI and HPSCI, rather than duplicating it, by review the Joint Inquiry's accomplishments and directing its intelligence-related inquiry at areas that need additional review.

Required the Secretary of the Treasury to submit a semiannual report concerning operations against terrorist financial networks, such as total number of asset seizures, applications for asset seizures and physical searches, as well as the extent to which information from these activities has been shared with other government agencies.

Directed the delay of implementation of a compensation reform plan at the Central Intelligence Agency (CIA) until February 1, 2004, or the completion of a pilot project, and expressed the sense of Congress that evaluation training for CIA managers and employees should be provided.

Amended the Freedom of Information Act so that foreign governments and their representatives cannot make requests for information from the agencies in the Intelligence Community.

III. OVERSIGHT ACTIVITIES

A. HEARINGS

1. Joint inquiry into the events of September 11, 2001

Shortly after the September 11, 2001, terrorist attacks on New York City and Washington, D.C., the Senate Select Committee on Intelligence and the House Permanent Select Committee on Intelligence initiated a joint inquiry into the performance of the agencies of the Intelligence Community leading up to the attacks. This inquiry represents the first time in U.S. history that two standing committees of the Senate and House of Representatives have cooperated in such an undertaking.

The two committees hired a separate professional staff and assigned it responsibility for: (1) collecting information in the possession of the Intelligence Community prior to September 11 related to the attacks; (2) identifying the nature of any specific or systemic problems that may have impeded the Community's ability to prevent those attacks or undercut its preparedness for such terrorist threats; and (3) making recommendations to the two Committees about how to improve the U.S. Intelligence Community's ability to predict and prevent terrorist attacks in the future.

In the months that followed, between March and December 2002, the Joint Inquiry Staff reviewed approximately 500,000 pages of relevant documents, conducted almost 300 interviews and participated in briefings and discussions involving about 600 individuals. The Joint Inquiry focused primarily on the Intelligence Community, but also acquired relevant information from other federal agencies, state and local authorities, foreign governments, and private sector individuals and organizations. Based on this investigative effort, the Senate and House Committees held 22 joint hearings. Nine of these were public hearings and 13 were held in closed session because of the highly classified nature of much of the information presented in documents and testimony.

In December 2002, the Senate and House Committees, voting separately, unanimously approved the Joint Inquiry's classified 450-page Final Report and made public the unclassified Findings and Recommendations contained in the Report. Including appendices, the Final Report totals about 900 pages. The Committees currently are working with the Intelligence Community in an effort to declassify and make public as much of the Final Report as possible, consistent with the interests of national security. In addition, a number of Senators and Members of Congress prepared their own "Additional Views" to this report, adding additional analysis totaling more than 100 pages.

Among the findings of the Joint Inquiry was the conclusion that the U.S. Intelligence Community had substantial information in its possession before September 11, 2001, that was relevant to the terrorist attacks. The Community failed to focus upon this information, however, and failed to appreciate its collective significance in terms of providing warning of the danger of a domestic terrorist attack of the type that occurred on September 11. The Joint Inquiry also identified a number of systemic weaknesses that contributed to the Community's inability to detect and prevent the attacks, and to cope successfully with the problem of modern international ter-

rorism in general. These weaknesses included a lack of coordinated Community-level leadership, poor allocation of resources, an insufficient focus on the potential for a domestic attack, the absence of a comprehensive counterterrorist strategy, inadequate analytic focus and quality, a reluctance to develop and implement new technical capabilities aggressively, and inadequate sharing of relevant counterterrorism information.

To help correct these deficiencies, the Joint Inquiry promulgated nineteen recommendations for reform. Among the more significant of these recommendations was the Joint Inquiry's endorsement of the creation of a new office of the "Director of National Intelligence" to lead the Intelligence Community. This would be an office separate from that of Director of the CIA and would have considerably greater budgetary and management powers over Intelligence

Community components than enjoyed today by the Director of Central Intelligence. The Joint Inquiry also recommended that Congress promptly consider whether all entirely new intelligence agency should be created to perform the domestic intelligence functions of the U.S. Government currently handled by the Federal Bureau of Investigation. (The full text of the Joint Inquiry's findings and recommendations may be found at <http://www.intelligence.senate.gov/pubs107.htm>.)

2. *S. 1448, a bill to enhance intelligence and intelligence-related activities of the United States Government in the prevention of terrorism*

S. 1448, a bill to enhance intelligence and intelligence-related activities of the United States Government in the prevention of terrorism, was introduced by Senator Bob Graham, along with Senators Feinstein, Bayh, Nelson of Florida and Rockefeller on September 21, 2001. The bill was referred to the Committee, and the Committee held a public hearing on September 24, 2001. The Committee heard from witnesses representing the Department of Justice and the Central Intelligence Agency, as well as public interest groups.

S. 1448 contained a number of provisions intended to support the fight against international terrorism. The bill, inter alia:

- Placed the overall strategy and setting of priorities for foreign intelligence collection pursuant to the Foreign Intelligence Surveillance Act (FISA) under the authority of the Director of Central Intelligence;

- Provided that intelligence officers are permitted to establish and maintain intelligence relationships with any person for purposes of acquiring terrorism information;

- Permitted the Federal Bureau of Investigation to collect non-content information without obtaining a FISA order;

- Extended renewal periods for FISA orders;

- Directed that foreign intelligence obtained during the course of a criminal investigation must be provided to the Director of Central Intelligence; and

- Required proposals for the establishment of the Foreign Terrorist Asset Tracking Center and the National Virtual Translation Center.

The hearing also addressed legislative proposals submitted to Congress by the Attorney General shortly after the attacks of September 11, 2001. The Attorney General recommended:

Lengthening the period of a FISA order, and providing for “roving” wiretap authority under FISA;

Amending FISA so that the official applying for a FISA order must certify that foreign intelligence is “a” purpose of the FISA application rather than a primary purpose, as interpreted by the courts;

Permitting the use of information obtained through foreign government wiretaps in United States courts if the United States was not involved with the wiretap;

Amending Rule 6(e) of the Federal Rules of Criminal Procedure, pertaining to grand juries, as well as Title III, pertaining to criminal wiretaps, so that foreign intelligence obtained from a grand jury or Title III could be shared with other federal agencies; and

Amending the law regarding National Security letters so that they can be obtained by a Special Agent in Charge of an FBI field office rather than a headquarters official.

Many of the provisions in S. 1448 and the Attorney General’s proposals were enacted by the USA PATRIOT Act, P.L. 107–56 and in the Intelligence Authorization Acts for Fiscal Years 2002 and 2003.

A transcript of the hearing was published in S. Hrg. 107–449, a Government Printing Office publication.

3. *S. 2586 and S. 2659 (proposed amendments to the Foreign Intelligence Surveillance Act)*

S. 2586, a bill to amend the definition of “foreign power” under the Foreign Intelligence Surveillance Act of 1978 (FISA) relating to international terrorism, was introduced by Senators Kyl and Schumer on June 5, 2002. S. 2659, a bill to amend FISA to modify the standard of proof for issuance of orders regarding non-United States persons from probable cause to reasonable suspicion, was introduced by Senator DeWine on June 20, 2002. The Committee held a public hearing on both bills on July 31, 2002. The Committee heard testimony from representatives of the Department of Justice, the Federal Bureau of Investigation and the Central Intelligence Agency, as well as from academic and public interest witnesses.

S. 2586 would amend the definition of “foreign power” under FISA. One of the showings necessary to obtain a FISA order is that the target is a foreign power or an agent of a foreign power. Currently, one definition of “foreign power” is “a group engaged in international terrorism or activities in preparation therefor.” S. 2586 would amend that definition to read “any person, other than a United States person, or group that is engaged in international terrorism or activities in preparation therefor.” The amendment is aimed at the so-called “lone wolf” terrorist. The definition of “foreign power” would be changed so that for a non-U.S. person, a FISA order could be obtained upon the showing that the individual is engaged in international terrorism, without requiring a nexus to any group of foreign terrorists. S. 2659 would amend the probable cause standard under FISA. Currently, for a FISA order to be ap-

proved, the FISA Court must find probable cause that the target is a foreign power or an agent of a foreign power and that the location of the electronic surveillance or physical search is being used, or is about to be used, by a foreign power. S. 2659 would amend the standard so that for a non-U.S. person, the necessary showing is reasonable suspicion that the target is a foreign power or agent of a foreign power, and that the location is being used, or is about to be used, by a foreign power.

Full Senate action is still pending on both bills.

4. Counterterrorism

Terrorism is, and will likely remain for some time, the most critical and immediate national security threat facing our nation. Intelligence is the first, and perhaps best, defense against terrorism, and the Committee has focused much of its effort during the 107th Congress on this issue.

The Committee held a series of hearings throughout the spring and summer of 2001, the clear message of which was that there was a very serious terrorist threat to the United States, and that a large-scale attack was probable, possibly within our borders. As a result, the attacks of September 11 were surprising to Members of the Committee only in the scope of devastation and their audacious success; the fact that terrorists struck within the United States was not a surprise.

In those pre-September 11 hearings, as well as numerous staff briefings, the Committee's belief that the terrorist threat was growing was accompanied by concern that our Intelligence Community was not well-positioned to meet that threat. In particular, there appeared to be a critical lack of interagency coordination and cooperation on this vital subject. Witnesses appeared before the Committee and its staff stating that the relationship between the elements of the Intelligence Community, particularly between the Federal Bureau of Investigation and the Central Intelligence Agency was good, and getting better, but the Committee was not convinced.

With the attacks on September 11, and the developing "war on terrorism," the Committee stepped up the frequency and intensity of its scrutiny of this issue. A centerpiece of this effort was the establishment of regular "War on Terrorism Update" hearings, usually held every other week, in which representatives of the Intelligence Community provided in-depth descriptions of the efforts, and progress, in the intelligence response to the attacks.

In addition to these regular formal briefings, Committee staff continued to receive briefings on a wide variety of subjects related to the resources, structure and legislative framework governing the Intelligence Community's intelligence efforts.

Most importantly, the Committee, in concert with the HPSCI, undertook a joint investigation into the attacks of September 11. The resulting Senate Select Committee on Intelligence and House Permanent Select Committee on Intelligence Joint Inquiry into the Terrorist Attacks of September 11, 2001 (Joint Inquiry) conducted numerous hearings; its staff conducted hundreds of interviews and gathered millions of pages of relevant documentation. On December 20, 2002, the staff of the Joint Inquiry completed a report, which was unanimously adopted by both this Committee and its House counterpart.

5. Counterintelligence

The Committee continued to monitor closely counterintelligence issues in the 107th Congress. The SSCI held a number of closed hearings on the Robert Hanssen espionage case and received numerous staff briefings on the Hanssen case and other espionage cases, as well as a wide array of other counterintelligence-related issues. The counterintelligence issues reviewed by the Committee included: the systemic security issues at the Federal Bureau of Investigation as cited in the March 2002 report of the Commission for the Review of Federal Bureau of Investigation Security Programs (the Webster Commission); the effectiveness and accountability of the Office of the National Counterintelligence Executive (NCIX); and the effectiveness and efficiency of the counterintelligence function at the Department of Energy's Office of Counterintelligence and the National Nuclear Security Administration's Office of Defense Nuclear Counterintelligence.

6. Counterproliferation

The proliferation of nuclear, biological, and chemical weapons, and their means of delivery, remains a central threat to U.S. national security and a key issue both to our ongoing war on terrorism and potential military action against Iraq. The Committee took significant interest in this issue in an effort to monitor the scope and trend of proliferation; to encourage better cooperation among the Intelligence Community to support counter-proliferation efforts; to make more informed decisions on national security policy debates; and to assess how best to assist the Intelligence Community in its support to counter-proliferation.

The Committee held a number of hearings on proliferation topics, including hearings on global proliferation trends, the Moscow Treaty, and Iraqi Weapons of Mass Destruction (WMD). In addition, the Committee received numerous briefings and reviewed many Intelligence Community products addressing proliferation of WMD and advanced conventional munitions. Due to the potential for WMD use by terrorists, these hearings and briefings generated much valuable information and dialogue.

7. Iraqi WMD hearings

In 2002, we saw United States and United Nations debates on the Iraq issue. At the Committee's request, the National Intelligence Council produced a National Intelligence Estimate on proscribed Iraqi WMD and missile programs, as well as an unclassified paper. In early October, the Committee held two hearings on this issue.

United States and United Nations debates on the Iraq problems culminated in the October 11, 2002, passage by Congress of the Authorization for Use of Military Force Against Iraq Resolution of 2002 and the United Nations Security Council's unanimous adoption of resolution number 1441 on November 8. Resolution 1441 gives Baghdad "a final opportunity to comply with its disarmament obligations." Baghdad acquiesced to this pressure and allowed inspectors back into the country. Under the auspices of Security Council Resolutions, the United Nations Monitoring, Verification, and Inspection Commission (UNMOVIC) restarted inspections in late 2002.

8. *Counternarcotics: Colombia*

Counternarcotics issues remain of concern to the Committee, especially in light of evidence showing the nexus between drug trafficking and terrorism. In addition to parts of southeast and southwest Asia, Latin America, specifically, Colombia, continues to be a major drug producing region. The Committee held a closed hearing on March 7, 2001, to hear information about Colombia, with a particular emphasis on Plan Colombia. The hearing centered on current intelligence analysis and assessments of the political and military situations in Colombia, with significant insight into the illegal armed groups, drug production, and drug trafficking activity in the country. The hearing also addressed the potential for regional spillover, as well as human rights issues in relation to the Government of Colombia.

9. *Counternarcotics: Review of the Peruvian shootdown of a civilian aircraft on April 20, 2001*

On the morning of April 20, 2001, a Peruvian Air Force A-37 fighter engaged in counter-drug operations over northeastern Peru fired on and disabled a suspected drug trafficking aircraft. The single engine float plane actually was owned and operated by the Association of Baptists for World Evangelism and was carrying missionaries returning to their homes in Iquitos, Peru. Two of the missionaries were killed by the gunfire and a third was wounded. The damaged float plane made an emergency landing on the Amazon River about 80 miles from Iquitos, Peru. The missionary's plane had been tracked by a Cessna Citation owned by the U.S. military and operated by the U.S. Central Intelligence Agency (CIA) as part of a bi-national drug interdiction program.

The Committee held one closed hearing and a closed briefing concerning the Peru shootdown. On April 24, 2001, the Committee heard testimony from George Tenet, Director of Central Intelligence, and other senior CIA officials. On May 10, 2001, Committee members and staff met to view the videotape and transcript of the shootdown and were briefed by CIA officials. On July 26, 2001, the Committee staff received an on-the-record briefing from Assistant Secretary of State Rand Beers, who summarized the results of the joint American-Peruvian investigation of the shootdown.

Committee staff conducted interviews with executives and personnel from: the CIA, the Department of State, the Department of Defense, the Customs Service, the Drug Enforcement Administration, the Office of National Drug Control Policy, the Peruvian Air Force, Peru's aeronautical agency and the Association of Baptists for World Evangelism. Individuals interviewed included: the American crew of the Citation tracker aircraft, two of the surviving missionaries, and ground personnel in Peru. The Peruvian authorities did not permit Committee staff to interview the host nation rider, the interceptor pilots, the Peruvian Officer in Charge on the day of the shootdown, or the Commanding General of the Peruvian Air Force Sixth Territorial Air Region who authorized the shootdown. The Peruvians denied the interview request because of pending judicial proceedings against the Peruvian pilots and the host nation rider. The Peruvians had made all of the officers available to the joint Peruvian/American investigation team. In order to complete

their interviews and the review of relevant evidence, Committee staff traveled to the headquarters of both the U.S. Southern Command and the Joint Interagency Task Force East, the Peruvian cities of Lima, Pulcallpa, and Iquitos and the Association of Baptists for World Evangelism Headquarters in Harrisburg, Pennsylvania. Committee staff reviewed substantial material provided by the CIA and smaller, but significant, amounts of material provided by the Department of State, the Department of Defense and the Office of National Drug Control Policy.

The Committee issued a final report in October 2001. The report included eleven major conclusions and four recommendations. The Committee recommended that the requirement for a Presidential Determination prior to providing U.S. assistance to a foreign government engaged in a program of interdicting drug trafficking planes should be changed to an annual Presidential Certification process with more thorough reporting requirements. This recommendation was implemented through legislation included in the Intelligence Authorization Act for Fiscal Year 2002. The Committee's recommendation that responsibility for air interdiction programs of this nature be transferred to an agency other than the CIA has been implemented with regard to the air interdiction program in Colombia. The State Department has been charged with operating that program. Since the Administration has not made a decision on the future of the program, other specifics to the air interdiction program in Peru are still pending.

10. National security threats to the United States

It has become a Committee practice to begin each new session of the Congress with an open hearing to review the Intelligence Community's assessment of the current and projected national security threats to the United States. These hearings cover a wide range of issues and are held in open and closed session. The hearings inform the Committee and the American public about the threats facing the country.

On February 7, 2001, the SSCI held an open hearing on the current and projected national security threats to the United States. Testifying before the Committee were Director of Central Intelligence George J. Tenet, Thomas Fingar, Acting Assistant Secretary of State for Intelligence and Research, and Vice Admiral Thomas R. Wilson, Director of the Defense Intelligence Agency. On February 6, 2002, the SSCI held a similar hearing. Testifying before the Committee were Director of Central Intelligence George J. Tenet, Carl W. Ford, Jr., Assistant Secretary of State for Intelligence and Research, Vice Admiral Thomas R. Wilson, Director of the Defense Intelligence Agency and Dale L. Watson, Executive Assistant Director, Counterterrorism and Counterintelligence, of the Federal Bureau of Investigation. After each of these public hearings, Committee Members met in closed session to receive a classified briefing on threats to U.S. interests from Intelligence Community representatives.

The transcript of the Committee's February 7, 2001, hearing, "Current and Projected National Security Threats to the United States" [S. Hrg. 107-2], and the Committee's February 6, 2002 hearing "Current and Projected National Security Threats to the United States" [S. Hrg. 107-597], which includes the responses to

a large number of questions-for-the-record (QFRs) covering a broad spectrum of national security issues, were printed and made available to the public.

11. Covert action quarterly review

Throughout the 107th Congress, the Committee continued to conduct rigorous oversight of covert action programs. In accordance with Committee rules, these reviews occurred on a quarterly basis. The Committee reviewed these programs to ensure their means and objectives were consistent with United States foreign policy goals, and were conducted in accordance with all applicable American laws. The Committee pursues its oversight responsibilities for covert action with the understanding that these programs can be a significant factor in accomplishing foreign policy objectives, but with the knowledge that to be successful such programs must be congruous with the ideals and principles of our nation.

12. Arms control: The Moscow Treaty

The Senate Foreign Relations Committee has formal responsibility for reviewing all treaties, including arms control agreements, before they are acted upon by the full Senate. In the case of arms control agreements, the Senate Select Committee on Intelligence supports this process by providing the Committee on Foreign Relations and the Senate its assessment of the monitoring issues and counterintelligence issues; if any, raised by such treaties.

Our assessment of the monitoring issues associated with the Moscow Treaty represents a continuation of the Committee's work over two decades overseeing the progress of negotiations to reduce strategic offensive nuclear arms. During the 1990s, the Committee routinely reviewed the progress of the START negotiations and addressed START monitoring capabilities in its annual intelligence authorization legislation. Committee members and staff have met routinely with U.S. negotiators and have expressed their views, both formally and informally, on verification issues to the negotiators and to other senior level officials.

In preparation for a Senate vote on consent to ratification of the Moscow Treaty, Committee staff held numerous staff briefings, reviewed numerous documents, including the recent National Intelligence Estimate entitled "Monitoring the Moscow Treaty on Strategic Offensive Reductions" (June 2002), and asked formal questions-for-the-record. Staff members of the Committee on Foreign Relations and the Committee on Armed Services were invited to participate in these briefings.

On September 10, 2002, the Committee held a closed hearing on U.S. monitoring capabilities and the risks and implications of violations by the other party to the Moscow Treaty. At this hearing, the Committee received testimony from Robert Walpole, the National Intelligence Officer for Strategic and Nuclear Issues at the Central Intelligence Agency. The Committee also received numerous responses to questions-for-the-record that were submitted to the Executive branch prior to and following the hearing, and the results of these inquiries have informed the Committee's judgments.

The key feature of the Moscow Treaty relates to the central limit on warheads (Article 1), whereby each Party commits to reduce and limit its strategic nuclear warheads so that by December 31, 2012,

its aggregate number of such warheads does not exceed 1700–2200. In addition, each party determines for itself the composition and structure of its strategic offensive arms, and thus each party’s achievement of the 1700–2200 level by December 31, 2012, is to be reached through its own reduction plans.

The Committee has been assured that the Intelligence Community possesses sufficient assets and capabilities to monitor the Moscow Treaty and that the combination of national technical means (NTM), analytical expertise, and information gained from START Treaty provisions will enable it to estimate with a high degree of certainty the number of Russian nuclear warheads deployed on December 31, 2012. Nonetheless, the Committee shares the Community’s concern that more resources will be required if, over the duration of the Treaty, strategic arms control monitoring is to remain a core NTM task.

B. COMMUNITY ISSUES

1. Oversight of Intelligence Community Inspectors General

During the 107th Congress, the Committee continued to monitor the activities of the Inspectors General (IGs) of the Intelligence Community. This oversight included: review of over 180 IG products, including audit reports, inspection reports, reports of investigation, and semi-annual reports of IG activities; visits to IG offices for updates on plans and procedures; and attendance at several IG conferences. In addition to planning hearings focused on issues reviewed by the Intelligence Community IGs, the Committee arranged briefings with Community program and IG personnel to follow up on the status of IG recommendations. Examples of these briefings include employee grievances, management of operational activities, contracting procedures, employee recruitment and security processing, effective use of resources on new technology, covert action programs, and financial management practices.

During the 107th Congress, the Committee continued its work to ensure the effectiveness and independence of the administrative Inspectors General at the National Reconnaissance Office, the National Security Agency, the National Imagery and Mapping Agency, and the Defense Intelligence Agency. The Committee reinforces the importance of the IG function through its regular interaction with the agency directors, the IGs, and their staffs. The administrative IGs also submit annual reports to the Committee detailing their requests for fiscal and personnel resources and the plan for their use. These reports describe the programs and activities scheduled for review during the fiscal year; comment on the office’s ability to hire and retain qualified personnel; describe concerns relating to the independence and effectiveness of the IG’s office; and give an overall assessment of the agency’s response to the IG’s recommendations during the previous year. These annual reports serve as a basis for Committee oversight throughout the year.

2. Strategic and performance planning for the Intelligence Community

During the 107th Congress, the Committee continued to monitor the ability of the Intelligence Community to set priorities and goals consistent with the Administration’s defined objectives, and to as-

sess its own performance in achieving such goals. In Senate Report 107–63, accompanying the Fiscal Year 2002 Intelligence Authorization Bill, the Committee, consistent with the 1993 Government Performance and Results Act, directed the Director of Central Intelligence to produce a comprehensive Intelligence Community strategic plan and performance plan, and complementary strategic and performance plans for the intelligence agencies within the National Foreign Intelligence Program. The Committee further directed that the Intelligence Community’s strategic plan be updated every four years and that the performance plans be updated annually. The purpose of the plans is to provide the Intelligence Community with vehicles to articulate program goals, measure program performance, improve program efficiency, and aid in resource planning.

In Senate Report 107–149, accompanying the Intelligence Authorization Bill for Fiscal Year 2003, the Committee reviewed the progress of the Intelligence Community in producing its first set of strategic and performance plans. The Committee further requested that the Director of Central Intelligence include output measures in future performance plans to aid in determining the value of Intelligence Community capabilities in achieving its stated strategic goals. Additionally, the Committee requested information to examine how the individual intelligence agencies utilized their performance plans in preparing future budget submissions. The Committee took note of the decision of the Director of Central Intelligence in the summer of 2002 to produce a new version of an Intelligence Community strategic plan, independent of any Committee-imposed deadline, along with his guidance to the intelligence agencies emphasizing the importance of performance-based output measures in future plans.

3. National Commission for the Review of Research and Development Programs of the United States Intelligence Community

Title X of the Intelligence Authorization Act for Fiscal Year 2003 established an independent review of the research and development programs of the Intelligence Community. The decision to create the Commission followed the concerns of the Senate and House Committees that a need existed to review the full range of research and development programs under the purview of the Intelligence Community; evaluate such programs against the scientific and technical fields judged to be of most importance for future intelligence needs; and articulate appropriate program and resource priorities.

The Commission is to comprise twelve members: two from the Senate, two from the House of Representatives, six from the private sector, the Deputy Director of Central Intelligence for Community Management, and a senior intelligence official of the Office of the Secretary of Defense.

The committees tasked the Commission to assess the current status of research and development programs within the Intelligence Community, and to assess whether current programs should be modified; to evaluate the appropriateness of the current allocation of resources for research and development programs within the individual intelligence agencies; and to evaluate the relationship between the research and development programs of the Intelligence Community and those being carried out by other agencies of the

federal government and the private sector. The Commission's final report is due to the Intelligence Committees by September 1, 2003. The committees also tasked the Director of Central Intelligence and the Secretary of Defense to provide their assessment of the report to the Intelligence Committees.

4. Intelligence Community financial management

The Committee has taken an increasingly active role in ensuring the Intelligence Community's compliance with federal financial accounting standards. Although not all of the Intelligence Community agencies are specifically named in the Chief Financial Officers Act of 1990, the Committee believes that each of the agencies should comply with the Act as a way to strengthen internal controls and improve financial management.

In Senate Report 107-63, to accompany the Intelligence Authorization Bill for Fiscal Year 2002, the Committee took note of the significant shortcomings revealed by an independent audit of the Fiscal Year 2000 financial statements of the National Reconnaissance Office. The findings of the independent audit were explored further in a Committee hearing in the summer of 2001.

Concerned that similar shortcomings may exist within other National Foreign Intelligence Program agencies which have not received the same level of financial management oversight, the Committee directed the Director of Central Intelligence to have the appropriate statutory Inspector General carry out an audit of the form and content of the Fiscal Year 2001 financial statements of the Defense Intelligence Agency (DIA), the National Security Agency (NSA), the Central Intelligence Agency (CIA), and the National Imagery and Mapping Agency (NIMA). The responses revealed that none of the agencies were able to produce auditable financial statements. Specific weaknesses were identified for the agencies to rectify, including the improper preparation of selected required statements and inaccurate reporting of property, plant, and equipment. Also, the Committee learned that modernization of the financial management systems for the NSA, DIA, and NIMA would likely be delayed due to the decision of the Defense Department to undertake a new Department-wide financial management modernization program.

The Committee's Audit and Investigations staff made follow-up visits to each agency to assess their ability to correct identified problems. In Senate Report 107-149, to accompany the Intelligence Authorization Bill for Fiscal Year 2003, the Committee requested that it be kept informed of the impact of such a modernization program on the financial accounting systems of the stated agencies and steps being taken to make current systems compliant with federal accounting standards.

Additionally, in Senate Report 107-63, the Committee directed that the CIA and all National Foreign Intelligence Program agencies within the Defense Department aggregation receive a complete audit of their financial statements by March 1, 2005. To facilitate adequate oversight of the Intelligence Community's financial management systems and practices, the Committee requested, in Senate Report 107-149, that the Deputy Director of Central Intelligence for Community Management report by February 1, 2003, on how the Community Management Staff is structured to monitor In-

telligence Community compliance with statutory requirements and related guidance from the Office of Management and Budget.

5. *Specifying National Foreign Intelligence budget amounts for counterterrorism, counterproliferation, counternarcotics, and counterintelligence*

Section 311 of P.L. 107–306, the Intelligence Authorization Act for Fiscal Year 2003; amended Title V of the National Security Act of 1947 (50 U.S.C. 413 et seq.) to require that budget justification materials submitted to Congress in support of the President’s annual budget specify the aggregate amounts requested as part of the National Foreign Intelligence Program for counterterrorism, counterproliferation, counternarcotics, and counterintelligence. Such action was a result of the Committee’s belief that a rational budget process must make clear the level of resources devoted to such key national priorities across the government. In the past, however, the Committee has found it difficult to discern the amount of funding and, by association, the level of commitment, that the Intelligence Community has devoted to each discipline. The amendment to the National Security Act of 1947 also complements Section 1051 of the 1998 National Defense Authorization Act, which requires the Administration to provide “cross cut” information on Executive branch funding to combat terrorism, to include intelligence funding.

C. INVESTIGATIONS AND INQUIRIES

The Committee’s Audit and Investigations Staff was created in 1988 to provide “a credible independent arm for committee review of covert action programs and other specific Intelligence Community functions and issues.” During the 107th Congress, the staff of three to four full-time auditors led or provided significant support to the Committee’s investigations and its review of a number of administrative and operational issues relating to the agencies of the Intelligence Community. In addition, the Audit and Investigations Staff completed three indepth reviews of specific intelligence programs or issues. The staff’s efforts included the following projects.

1. *USS “Cole”*

On October 12, 2000, terrorists attacked the United States Navy destroyer USS *Cole* while it was refueling in the harbor at Aden, Yemen. The attack killed 17 American sailors and wounded 39 others. The Committee immediately began an inquiry into the relevant intelligence collection, reporting, analysis, and warning within the Intelligence Community prior to the attack. The Committee’s efforts included a review of the Intelligence Community’s overall effectiveness in those areas.

The Committee conducted its inquiry through hearings, member briefings, and staff interviews. The final, classified report, which the Committee completed on October 4, 2002, included several findings and recommendations to the Director of Central Intelligence. Specifically, the Committee found that the CIA and the NSA aggressively collected and promptly disseminated raw intelligence pertaining to potential terrorist threats. The inquiry also revealed that Intelligence Community analysts in Washington, D.C., did not always enhance their terrorism products with historical informa-

tion and the task was left to field operators and analysts with limited resources. The process was hampered further by limitations on intelligence sharing between agencies. In addition, the Committee concluded that the degree of specificity required by the analysts and managers responsible for issuing Intelligence Community warning products was overly stringent and exceeded the existing published guidelines.

The principal shortcomings identified in the Committee's report were the lack of historical context for terrorist threat products and the failure to abide by established guidelines for producing and disseminating warning reports. To address these problems, the report recommends that the Director of Central Intelligence increase analytic depth on the terrorist target, revise the procedures and standards for issuing formal Intelligence Community warning products and create a training program to ensure that terrorism analysts and consumers of warning items understand the standards for issuing a warning product and the significance of those publications.

2. Captain Michael "Scott" Speicher

During the 107th Congress, the Committee continued its involvement in the case of U.S. Navy Captain Michael "Scott" Speicher, who was shot down over Iraq on January 17, 1991, the first night of Operation Desert Storm. He was declared Killed In Action (KIA) in May 1991; the Navy changed his status to Missing In Action (MIA) in January 2001; and the Navy recently designated him Missing/Captured.

Captain Speicher's case first came to the Committee's attention during the 105th Congress. Since that time, the Committee has held numerous hearings, Member briefings, and staff-led meetings to determine the facts surrounding Captain Speicher's shootdown, the Intelligence Community's input into the Navy's status determination process and any available intelligence about his fate. Based on the information learned during these oversight efforts and the unprecedented change in Captain Speicher's status in January 2001, five Senators requested that the Committee conduct a formal investigation of Captain Speicher's case and the Intelligence Community's support in determining his fate. The Senators also disagreed with the conclusion of an October 2000 joint review by the Inspectors General of the Department of Defense and the Central Intelligence Agency that the Intelligence Community generally had performed well in regard to the Speicher case.

The Committee investigated the matter and published a lengthy classified report on the Speicher case on October 4, 2002. The Committee's investigation found that, due to a lack of tasking, in the first years after Operation Desert Storm the Intelligence Community was only minimally involved in locating Captain Speicher's crash site in Iraq or determining what happened to him. The Defense Intelligence Agency's Special Office for POW/MIA Affairs (now the Defense Missing Personnel/Prisoner of War Office) was responsible for tracking POW/MIA events during Operation Desert Storm. At specific moments over the four month period following Captain Speicher's shootdown, the Office had the opportunity to play a critical role in accounting for Captain Speicher, but it failed to do so. Specifically, the Office possessed conflicting information

that, if investigated, might have led to the discovery of Captain Speicher's crash site much earlier than actually occurred. Personnel in the Office also failed to act when they learned—two days before the U.S. Navy changed Captain Speicher's status from MIA to KIA—that the remains they had associated with Captain Speicher were not his.

In addition, the U.S. Navy did not appear to take advantage of the available intelligence about Captain Speicher's fate during its status determination hearings. Since that time, the Department of Defense created the Defense Missing Personnel/Prisoner of War Office and the Intelligence Community established mechanisms to improve intelligence collection and analysis on prisoner of war and missing personnel issues. While the Committee's investigation report acknowledges that these entities are likely to improve Intelligence Community input into future missing personnel cases and status determinations, the report concludes that further improvements are needed to the communication and coordination mechanisms among the relevant organizations.

The report includes a recommendation to implement more formal mechanisms for information exchanges among the Intelligence Community elements dedicated to prisoner of war and missing persons issues and the policymakers who require intelligence to make status determinations. Based on its investigation, the Committee also recommended that the Secretary of Defense and Director of Central Intelligence clarify the roles and responsibilities of the various organizations that address prisoner of war and missing personnel matters.

3. *Robert Hanssen*

The Committee continued during the 107th Congress its oversight of the espionage activities and investigation of former FBI Special Agent Robert Hanssen. Given that Hanssen spent his long FBI career focused on counterintelligence, the Committee is concerned about the serious damage he inflicted on U.S. national security by taking advantage of his access to sensitive intelligence investigations and programs. The FBI arrested Hanssen for espionage on February 18, 2001, and the Committee approved a formal investigation of this case on March 7, 2001. Hanssen was sentenced to life without parole in May 2002.

The Committee's investigation has focused on the extent and severity of the damage to U.S. national security resulting from Hanssen's espionage and the shortcomings in FBI security programs that may have allowed Hanssen to escape detection for more than 21 years. As part of the investigation, the Committee held hearings in 2001 about Hanssen's activities and the status of the FBI investigation. Committee staff also received briefings and interviewed numerous officials from the FBI and other Intelligence Community agencies. The Committee's investigation is ongoing.

D. AUDITS

1. *CIA's Directorate of Operations*

Early in the 107th Congress, the Audit and Investigations Staff completed a review of the CIA's Directorate of Operations' (DO) strategic plan. While agreeing that the CIA needed to improve its

clandestine collection capabilities, Committee members and staff were unsatisfied with the CIA's limited ability to justify and provide documentation to support the particular goals it was pursuing. As a result, the staff undertook its audit of the DO strategic plan to gain more precise data about the program and provide information to Committee members for their budget authorization decisions.

The audit revealed a need for improved financial planning within the CIA. The audit report recommended that the CIA utilize and improve budget models developed by the Office of the Chief Financial Officer to obtain an accurate estimate of the cost of the DO strategic plan and designate funds for the program based on those results. Prior to the terrorist attacks of September 11, 2001, the CIA had provided detailed responses outlining its progress in implementing the Committee's recommendations. In response to the terrorist attacks, the CIA developed a new program to thwart terrorist activity worldwide, incorporating aspects of the DO's previous strategic plan and the Committee's recommendations for improvement.

2. Foreign Materiel Program

Following up on concerns raised during the Committee's oversight activities, the Audit and Investigations Staff reviewed the Intelligence Community's foreign materiel acquisition and exploitation programs, contained primarily within the Department of Defense (DoD). The project stemmed from specific problems in two exploitation projects and a concern that these issues were indicative of systemic weaknesses. In addition to interviews at the appropriate agencies, review of documents, and visits to operational elements, the staff selected a sample of eight acquisition and/or exploitation projects and obtained specific information about these efforts in order to evaluate how the process and structure described by the agencies operated in practice.

In general, the staff found that the Foreign Materiel Program is effective and well-administered. The perceived problems that were the impetus for the review did not appear to be systemic weaknesses. Instead, they seem to be isolated incidents that are being addressed through changes in the acquisition and exploitation processes. During the review, however, the staff identified two funding issues that led to continuing attention during the Committee's oversight activities.

3. Counterterrorism

In response to a request from four Members of this Committee and two Members of the House Judiciary Committee, the Audit and Investigations Staff examined the counterterrorism programs and activities of the Intelligence Community. Together with the General Accounting Office's review of counterterrorism budgets within the remainder of the federal government, this effort sought to provide an overview of the entire U.S. Government budget to combat terrorism. Both reviews used the Office of Management and Budget's (OMB) Annual Report to Congress on Combating Terrorism as the starting point for their analysis of counterterrorism spending from fiscal year 1998 through fiscal year 2002. In addition to the information in the OMB report, the Committee's staff

collected budget data from individual Intelligence Community agencies and programs.

Of note, the classified annex to the 2002 OMB report does not include budget data for the Federal Bureau of Investigation and the information for the National Imagery and Mapping Agency (NIMA) is significantly lower than the figures the agency provided to the Committee. The methodologies employed by the Intelligence Community agencies for estimating the portion of their budget devoted to counterterrorism also varied across agencies and was likely to change from year to year. As such, it is very difficult to provide an accurate estimate of the Intelligence Community or U.S. Government budget for counterterrorism during the time period studied.

The staff found that the Intelligence Community's dispersed budget formulation process and various interagency working groups for counterterrorism appear to be relatively effective in coordinating activities and avoiding duplication of effort. Improvements are possible, however, especially in the areas of planning and budget analysis. The audit report recommends that the Intelligence Community make better use of the strategic planning documents that currently exist or are under development. Similarly, the report recommends that the OMB enhance the Annual Report to Congress on Combating Terrorism, specifically the classified annex, so that the agencies and Congress will be more likely to utilize the report and its content as a management tool.

IV. CONFIRMATIONS

A. JOHN L. HELGERSON, INSPECTOR GENERAL OF THE CENTRAL INTELLIGENCE AGENCY

On April 17, 2002, the Committee held a public hearing on the nomination of John L. Helgerson to be Inspector General of the Central Intelligence Agency. Mr. Helgerson was nominated by the President to the position on February 27, 2002. Mr. Helgerson has had a thirty-year career in the Central Intelligence Agency, and his prior positions have included Chairman, National Intelligence Council, Deputy Director of the National Imagery and Mapping Agency, and Deputy Inspector General of the CIA. The Inspector General of the CIA is an independent, statutory IG responsible for conducting audits, inspections and investigations to assure that the CIA's programs are run in an efficient and effective manner.

Mr. Helgerson's nomination was considered favorably by the Committee on April 25, 2002. The Senate considered and approved his nomination on April 26, 2002, by voice vote.

B. SCOTT W. MULLER, GENERAL COUNSEL OF THE CENTRAL INTELLIGENCE AGENCY

On October 9, 2002, the Committee held a public hearing on the nomination of Scott W. Muller to be the General Counsel of the Central Intelligence Agency. Mr. Muller was nominated by the President on September 4, 2002. Mr. Muller, a partner at the law firm of Davis Polk & Wardwell, has 24 years of experience as a litigator. Mr. Muller has also served as Assistant United States Attorney in the Southern District of New York.

The position of General Counsel of the CIA was made subject to Senate confirmation by the Intelligence Authorization Act for Fiscal Year 1997. The General Counsel is the chief legal officer of the CIA and is responsible for the sound management of the legal affairs of the CIA. The General Counsel also provides legal advice to the Director of Central Intelligence in his roles as head of the CIA, head of the Intelligence Community, and principal intelligence adviser to the President.

Mr. Muller's nomination was considered favorably by the Committee on October 16, 2002. The Senate considered and approved his nomination on October 17, 2002, by voice vote.

V. SUPPORT TO THE SENATE

The Committee undertook a number of activities to support the Senate's deliberations. In addition to its unclassified reports, the Committee has sought to support Senate deliberations by inviting the participation of Members outside the Committee in briefings and hearings on issues of shared jurisdiction or interest. The Committee has prepared, and made available for the Senate, compendia of intelligence information regarding topics relevant to current legislation. Members outside the Committee have frequently sought and received intelligence briefings by members of the Committee staff. Members have also requested and received assistance in resolving issues with the actions of an element of the Intelligence Community. Finally, the Committee routinely invites staff from other Committees to briefings on intelligence issues of common concern.

VI. APPENDIX

A. SUMMARY OF COMMITTEE ACTIVITIES

1. *Number of meetings*

During the 107th Congress, the Committee held a total of 117 on-the-record meetings, briefings, and hearings, and over 300 off-the-record briefings. There were fourteen hearings held on the Intelligence Community budget, including the conference sessions with the House. Two nomination hearings were held.

Additionally, the Committee held a total of 22 hearings with the House Permanent Select Committee on Intelligence concerning the Joint Inquiry into the Events of September 11, 2001.

2. *Bills and resolutions originated by the Committee*

S. Res. 47—An original resolution authorizing expenditures by the Select Committee on Intelligence.

S. 1428—Intelligence Authorization Bill for Fiscal Year 2002.

S. 2506—Intelligence Authorization Bill for Fiscal Year 2003.

3. *Bills referred to the Committee*

S. 1448—Intelligence to Prevent Terrorism Act of 2001.

S. 2586—To exclude United States Persons from the definition of "foreign power" under the Foreign Intelligence Surveillance Act of 1978, relating to international terrorism.

S. 2645—Intelligence Community Leadership Act of 2002.

S. 2659—To amend the Foreign Intelligence Surveillance Act of 1978 to modify the standard of proof for issuance of orders regarding non-United States persons from probable cause to reasonable suspicion.

4. Publications

Joint Hearing Before the Select Committee on Intelligence and the Judiciary Committee on the Wen Ho Lee Matter.

S. Hrg. 107-2 Current and Projected National Security Threats to the United States (February 7, 2001).

Report 107-51 Special Report of the Select Committee on Intelligence for the period January 6, 1999 to December 15, 2000.

S. Rept. 107-63 Report to accompany S. 1428, FY 02 Intelligence Authorization Bill.

S. Rept. 107-149 Report to accompany S. 2506, FY 03 Intelligence Authorization Bill.

S. Rept. 107-64 Report on a Review of United States Assistance to Peruvian Counter-Drug Air Interdiction Efforts, and the Shootdown of a Civilian Aircraft on April 20, 2001.

S. Hrg. 107-449 S. 1448, The Intelligence to Prevent Terrorism Act of 2001 and Other Legislative Proposals in the wake of the September 11, 2001 attacks.

S. Hrg. 107-597 Current and Projected National Security Threats to the United States.

S. Hrg. 107-596 Hearing on the Nomination of John L. Helgerson to be Inspector General, Central Intelligence Agency.