



INSPECTOR GENERAL

U.S. Department of Defense

SEMIANNUAL REPORT *to the* CONGRESS

APRIL 1, 2018 *through* SEPTEMBER 30, 2018



INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE

Required by Public Law 95-452

Mission

To detect and deter fraud, waste, and abuse
in Department of Defense programs and operations;
Promote the economy, efficiency, and effectiveness of the DoD; and
Help ensure ethical conduct throughout the DoD

Vision

Engaged oversight professionals dedicated
to improving the DoD



Whistleblower Protection U.S. DEPARTMENT OF DEFENSE

Whistleblower Protection safeguards DoD employees against
retaliation for protected disclosures that expose possible waste,
fraud, and abuse in government programs.

For more information, please visit the Whistleblower webpage at
[http://www.dodig.mil/Components/Administrative-Investigations/Whistleblower-
Reprisal-Investigations/Whistleblower-Reprisal/](http://www.dodig.mil/Components/Administrative-Investigations/Whistleblower-Reprisal-Investigations/Whistleblower-Reprisal/)
or contact the Whistleblower Protection Coordinator at
Whistleblowerprotectioncoordinator@dodig.mil



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DEPARTMENT OF DEFENSE**
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ALEXANDRIA, VIRGINIA 22350-1500



Principal Deputy Inspector General
Glenn A. Fine

I am pleased to submit this Semiannual Report summarizing the work of the Department of Defense (DoD) Office of Inspector General (OIG) from April 1 through September 30, 2018. This report highlights some of the significant oversight performed by the DoD OIG over the past six months and demonstrates the impact and breadth of this work.

The report describes statistical accomplishments of the DoD OIG during the reporting period. For example, during this period, the DoD OIG issued 61 audit and evaluation reports, with 342 recommendations to the DoD for improvement. The DoD OIG also completed 231 criminal investigations, some conducted jointly with other law enforcement organizations, resulting in 78 arrests, 196 criminal charges, 95 criminal convictions, \$265.9 million in civil judgments and settlements, and \$95 million in criminal fines, penalties, and restitution ordered. In addition, the DoD OIG completed 43 senior official, reprisal, and restriction investigations, and oversaw 296 senior official, reprisal, and restriction investigations completed by the Military Service and Defense Agency OIGs. The DoD OIG also issued six quarterly reports on overseas contingency operations. These accomplishments are discussed in more detail in the report.

In this message, however, I want to highlight some important initiatives and actions taken by the DoD OIG. In May 2018, the DoD OIG issued a new strategic plan for FYs 2018 through 2022. This plan describes our critical mission to detect and deter fraud, waste, and abuse in DoD programs and operations; promote the economy, efficiency, and effectiveness of the DoD; and help ensure ethical conduct throughout the DoD. It also discusses our core values of Integrity, Independence, and Excellence, which guide our actions as we strive to help improve the DoD.

This reporting period, we conducted and oversaw the first full financial statement audit of the DoD. This full financial statement audit, required by the National Defense Authorization Act for FY 2014, consisted of 21 separate financial statement audits of DoD Components, as well as the DoD agencywide audit. The DoD OIG contracted with Independent Public Accounting firms, who collectively assigned over 1,000 auditors to perform the audits of the DoD Components. The DoD OIG also had over 150 auditors focused on overseeing the accounting firms to ensure quality and consistency among the audits, and on auditing multiple DoD components. The opinion on the DoD agencywide financial statement audit is scheduled to be released on November 15, 2018.

In July 2018, the DoD OIG also issued its second Compendium of Open DoD OIG Recommendations to the DoD. This Compendium provides DoD senior leaders and Congress a comprehensive list of the status of open DoD OIG recommendations, highlighting key open recommendations and ones with significant potential monetary benefits. This annual Compendium, first issued in July 2017, has resulted in DoD management working more closely with the DoD OIG to attempt to address open recommendations. As of March 31, 2018, DoD management had taken action or provided documentation that enabled the DoD OIG to close 421 of the 1,298 (32 percent) recommendations listed in the 2017 Compendium, including 13 of the 30 (43 percent) high-priority recommendations, and 32 of the 58 (55 percent) recommendations with significant potential monetary benefits.

As part of our ongoing efforts to strengthen the protection of whistleblowers, the DoD OIG established a full-time DoD Whistleblower Protection Coordinator position. The Coordinator is responsible for ensuring that DoD employees—uniformed military personnel, DoD civilians, as well as Federal contractors and subcontractors—understand the statutes that protect whistleblowers.

In addition, with regard to investigations of complaints of reprisal against whistleblowers, the DoD OIG has established an alternative dispute resolution program, which has been very successful. Similar to the program implemented by the Office of Special Counsel, the DoD OIG's program is completely voluntary and any resolution must be agreed to by the complainant and employer. This program allows complaints to be resolved faster than through a traditional investigation and enables the parties to reach a mutually-agreeable solution. During this reporting period, the DoD OIG's alternative dispute resolution team resolved 27 cases by the voluntary agreement of both parties.

The DoD OIG's Defense Criminal Investigative Service continued its joint investigation with the Naval Criminal Investigative Service into allegations that Leonard Glenn Francis (also known as "Fat Leonard"), the owner of Glenn Defense Marine Asia, operated a bribery scheme to secure Navy contracts for his company. As of this quarter, the investigation has resulted in 34 indictments, 23 convictions, over \$36 million in Government monetary recoveries, and numerous administrative actions. Eight individuals, including a retired flag officer, formerly assigned to the U.S. Navy's 7th Fleet, are pending trial.

During this reporting period, the DoD Inspector General was appointed as the Lead Inspector General for three new overseas contingency operations related to counterterrorism activities in Africa and

the Middle East. This is in addition to the DoD OIG's continuing responsibilities as the Lead Inspector General for three ongoing overseas contingency operations—Operation Inherent Resolve (related to Iraq and Syria), Operation Freedom's Sentinel (related to Afghanistan), and Operation Pacific Eagle—Philippines.

Finally, another significant event occurred during this reporting period—on September 20, 2018, General Joseph F. Dunford, Jr., the Chairman of the Joint Chiefs of Staff, spoke to the DoD OIG workforce during a DoD OIG town hall. This was the first time a Chairman of the Joint Chiefs addressed the DoD OIG workforce. General Dunford shared his perspective on the work of the DoD OIG and the important role it plays in ensuring public trust in the military.

These are just a few of the highlights of DoD OIG activities from this semiannual reporting period. These accomplishments, and those discussed throughout this report, are the result of outstanding work by many DoD OIG employees. I want to thank them for their dedication and commitment to the important mission of the DoD OIG.



Glenn A. Fine
Principal Deputy Inspector General
Performing the Duties of the Inspector General

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SUMMARY OF ACTIVITIES

The Inspector General Act of 1978, as amended, requires the Department of Defense Office of Inspector General (DoD OIG) to prepare semiannual reports summarizing its activities for the preceding 6-month period. These semiannual reports are intended to keep the Secretary of Defense and Congress fully informed of significant findings, progress the DoD has made relating to those findings, and recommendations for improvement.

For the reporting period of April 1, 2018, through September 30, 2018, components of the DoD OIG issued a total of 61 audit, inspection, and evaluation reports.

Audit issued 42 reports identifying \$1.6 billion in questioned costs and \$81.8 million in funds that could be put to better use. The reports addressed issues related to the DoD's acquisition of goods and services, contract administration and oversight, financial management and audit readiness, improper payments, building partnership capacity, cybersecurity, overseas contingency operations, and readiness. For example, the DoD OIG determined that the Air Force Space Command established initiatives to manage supply chain risk but did not fully implement DoD supply chain risk management policy. Therefore, an adversary has an opportunity to infiltrate the Air Force Space Command supply chain and sabotage, maliciously introduce an unwanted function, or otherwise compromise the design or integrity of the critical hardware, software, and firmware. Another audit determined that officials from the Defense Health Agency, Navy, and Air Force did not consistently implement security protocols to protect systems that stored, processed, and transmitted electronic health records and patient health information. This could compromise the integrity, confidentiality, and availability of patient health information and result in military treatment facilities incurring financial penalties. In another audit, the DoD OIG determined that the Army paid \$2.4 billion in vouchers submitted for services provided under a contract in Afghanistan from 2015 to 2017 with little or no examination of the supporting documentation. In another audit, the DoD OIG determined that U.S.

Special Operations Command overstated on its General Equipment account balance by \$5.7 billion and could not support another \$261 million in General Equipment on its financial statements.

Intelligence and Special Program Assessments (ISPA) issued seven classified reports that evaluated sustainment of nuclear ballistic missile submarines, intelligence support to protect U.S. nuclear weapons in Europe, and a response to the Senate from the Department of the Navy. In addition, other evaluations addressed operations in Southwest Asia, drug interdiction, and missile detection warning and assessment.

Special Plans and Operations (SPO) issued several reports during the reporting period. In one report, the DoD OIG determined that while U.S. and Coalition efforts supported development of Iraqi Police Hold Force units, there were no U.S. or Coalition advisors assigned at the unit level to observe training effectiveness. In another evaluation, the DoD OIG determined that some Armed Forces Retirement Home support functions, such as the Resident Services program, the Admissions and Eligibility program, and the Estate Matters program, operated in accordance with applicable statutes and Armed Forces Retirement Home Agency Directives. However, the evaluation also found that other Armed Forces Retirement Home support functions, such as the Facilities Management program, the Human Resources program, and the Information Security program, did not meet all applicable Federal standards, Federal guidance, or Armed Forces Retirement Home policies.

Policy and Oversight (P&O) issued nine evaluation reports addressing audit, investigative, and technical issues in the DoD. For example, the DoD OIG determined that specific actions taken by U.S. Air Force and Defense Contract Management Agency personnel did comply with Federal and DoD policy concerning acceptance and testing of the MQ-9 Reaper, an unmanned aircraft equipped with weapon and surveillance systems. The DoD OIG

also performed a followup evaluation to determine whether U.S. Forces–Afghanistan implemented corrective action recommendations from a 2013 DoD OIG report addressing compliance with electrical and fire protection standards at Kandahar Airfield, Afghanistan. The DoD OIG found that U.S. Forces–Afghanistan made significant progress in oversight and inspection of electrical systems but not fire protection systems, which increases the risk of loss of life and property due to fire, shock, or electrocution.

Defense Criminal Investigative Service (DCIS) investigations, including those conducted jointly with other law enforcement organizations, resulted in \$265.9 million in civil judgments and settlements; \$95 million in criminal fines, penalties, and restitution ordered; and \$1.5 million in administrative recoveries, such as contractual agreements and military nonjudicial punishment. DCIS has 1,572 ongoing investigations, opened 217 cases, and closed 231 cases during this reporting period. These cases related to criminal allegations of procurement fraud, public corruption, product substitution, health care fraud, illegal technology transfer, and cybercrimes and computer network intrusions.

Administrative Investigations (AI) completed 43 senior official, reprisal, and restriction investigations and oversaw 296 senior official, reprisal, and restriction investigations completed by the Military Service and Defense Agency OIGs. For example, the DoD OIG determined that a brigadier general violated the Joint Ethics Regulation when he requested or permitted a subordinate officer to perform activities other than those required in the performance of official duties and solicited and accepted gifts from subordinates who received less pay than the brigadier general. During the reporting period, AI received 410 senior official complaints and 1,060 whistleblower reprisal and restriction complaints, and closed 417 senior official and 1,159 whistleblower reprisal and restriction complaints, including overseeing 83 senior official cases and 520 reprisal and restriction cases completed by

the Military Service and Defense Agency OIGs. The DoD Whistleblower Protection Coordinator received 87 contacts, and the Coordinator webpage received 1,768 visits. The DoD Hotline received 6,694 contacts, opened 3,730 cases, and closed 3,872 cases.

In addition, during this reporting period, the DoD OIG established a full-time DoD Whistleblower Protection Coordinator position. The Coordinator is implementing a comprehensive strategy to further educate DoD employees about prohibitions on retaliation for protected disclosures and remedies for retaliation.

The DoD’s alternative dispute resolution program continues to resolve whistleblower reprisal cases voluntarily. The number of complaints resolved without an investigation increased to 27, almost a 50-percent increase over the previous 6-month period. A voluntary process, alternative dispute resolution allows complainants and employers to resolve differences and provides possible resolution of complaints.

Overseas Contingency Operations (OCO) coordinated the OIG’s Lead IG oversight responsibilities related to Operation Inherent Resolve (OIR), Operation Freedom’s Sentinel (OFS), and Operation Pacific Eagle–Philippines (OPE-P), and three new overseas contingency operations designated during this reporting period. OCO published two quarterly reports on each of the overseas contingency operations, and supplemented the reports with a classified appendix. With regard to individual oversight reports, the DoD OIG issued 11 reports related to the overseas contingency operations during this period. For example, the DoD OIG reported on U.S. and Coalition efforts to train, advise, assist, and equip the Iraqi police hold force; the Logistics Civil Augmentation Program in Afghanistan; and Indo-Pacific Command’s operations contract support to the DoD throughout the Philippines. Lead IG agency investigations also resulted in 2 arrests, 5 criminal charges, 8 convictions, 4 contractor suspensions, 21 debarments, 15 administrative actions, 32 personnel actions, and the savings or recoveries of over \$3.1 million.

STATISTICAL HIGHLIGHTS

Summary of Activities	Total for the Reporting Period
AUDIT ACTIVITIES	
Reports Issued	42
Recommendations Made With Questioned Costs	\$1.6 billion
Recommendations Made on Funds Put to Better Use	\$81.8 million
Achieved Monetary Benefits	\$629.8 million
DEFENSE CRIMINAL INVESTIGATIVE SERVICE ACTIVITIES (Dollars are truncated)	
Total Investigative Receivables and Recoveries¹	\$362.8 million
Recovered Government Property	\$233.9 thousand
Civil Judgments and Settlements	\$265.9 million
Criminal Fines, Penalties, and Restitution Ordered (Excludes Asset Forfeitures)	\$95 million
Administrative Recoveries ²	\$1.5 million
Investigative Activities	
Arrests	78
Criminal Charges	196
Criminal Convictions	95
Suspensions	32
Debarments	99
Asset Forfeiture Results	
Seized	\$8.84 million
Final Orders of Forfeiture	\$5.24 million
Monetary Judgments	\$43.91 million
ADMINISTRATIVE INVESTIGATIONS	
Publicly Released Reports	1
Complaints Received	1,470
Senior Official	410
Whistleblower Reprisal and Restriction	1,060
Complaints Closed	1,576
Senior Official	417
Whistleblower Reprisal and Restriction	1,159
DoD OIG Investigations Closed	43
Senior Official	7
Whistleblower Reprisal and Restriction	36

¹ Includes investigations conducted jointly with other law enforcement organizations.

² Includes contractual agreements and military nonjudicial punishment.

EXECUTIVE SUMMARY

Summary of Activities	Total for the Reporting Period
Service and Defense Agency IG Investigations Closed and Overseen by the DoD OIG	296
Senior Official	83
Whistleblower Reprisal and Restriction	213
Service and Defense Agency IG Cases Closed and Overseen by the DoD OIG (Includes Investigations, Dismissals, and Withdrawals)	603
Senior Official	83
Whistleblower Reprisal and Restriction	520
Whistleblower Protection Coordinator	
Contacts	87
Visits to Whistleblower Rights and Protections Webpage	1,768
DoD Hotline	
Contacts	6,694
Cases Opened	3,730
Cases Closed	3,872
INTELLIGENCE AND SPECIAL PROGRAM ASSESSMENTS ACTIVITIES	
Reports Issued	7
POLICY AND OVERSIGHT ACTIVITIES	
Evaluation Reports Issued	9
Existing and Proposed Regulations Reviewed	132
Inspector General Subpoenas Issued	544
Contractor Disclosures Received	80
SPECIAL PLANS AND OPERATIONS ACTIVITIES	
Evaluation Reports Issued	3



1. OVERVIEW



SERVING THE DEPARTMENT AND THE CONGRESS

Established in 1982, the DoD OIG is an independent office within the DoD that conducts oversight of DoD programs and operations. According to the IG Act of 1978, as amended, our functions and responsibilities include the following.

- Recommend policies for and conduct, supervise, or coordinate other activities, for the purpose of promoting economy and efficiency, and preventing and detecting waste, fraud and abuse, in DoD programs and operations.
- Serve as the principal advisor to the Secretary of Defense in matters of DoD fraud, waste, and abuse.
- Provide policy direction for and conduct, supervise, and coordinate audits and investigations relating to the programs and operations of the DoD.
- Ensure that the Secretary of Defense and the Congress are fully informed of problems in the DoD.
- Review existing and proposed legislation and regulations relating to programs and operations of the DoD in regard to their impact on economy and efficiency and the prevention and detection of fraud, waste, and abuse in the DoD.
- Coordinate relationships with Federal agencies, state and local Government agencies, and non governmental entities, in matters relating to the promotion of economy and efficiency and detection of fraud, waste, and abuse.
- Transmit a semiannual report to the Congress that is available to the public.

The DoD OIG is authorized “to have timely access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available to [any DoD component] which relate to programs and operations” of the DoD, as stated in section 6(a)(1) of the IG Act.

Our Mission

The DoD OIG’s mission is to detect and deter fraud, waste, and abuse in Department of Defense programs and operations; promote the economy, efficiency, and effectiveness of the DoD; and help ensure ethical conduct throughout the DoD.

Our Vision

The DoD OIG’s vision is to help improve DoD programs and operations through timely, credible, relevant, impactful, and actionable oversight. Central to this vision is our people. We strive to be an employer of choice, ensuring our people are well-trained, well-equipped, and engaged. We are committed to a culture of performance, disciplined execution, and tangible results. We work together as One OIG to achieve results.

Our independence is key to fulfilling our mission. We align our work with the critical performance and management challenges facing the DoD. We focus on program efficiency, effectiveness, cost, and impact. We regularly follow up on our recommendations to ensure that the DoD implements these recommendations. Implementation of our recommendations helps promote accountability and continuous improvement in the DoD.

We are agile. To remain relevant and impactful, we continually seek to improve our processes and our organization, and to operate more efficiently and effectively. We value innovation and use technology to help deliver timely results.

We seek to be a leader within the DoD and Federal oversight community, collaboratively sharing information, data, and best practices with our oversight colleagues, to help improve oversight within the DoD and the Government as a whole.

Our Core Values

Our values define our organizational character and help guide the behaviors necessary to achieve our vision.

- Integrity
- Independence
- Excellence

Organizational Structure

The DoD OIG is headquartered in Alexandria, Virginia, and has more than 50 field offices located in the United States, Europe, Southwest Asia, and South Korea. The DoD OIG carries out its mission with a workforce of approximately 1,800 auditors, evaluators, criminal and administrative investigators, attorneys, support staff, and contractors. At any time, approximately 50 employees are temporarily assigned to Southwest Asia.

Figure 1.1 DoD OIG Field Offices Located Within the United States

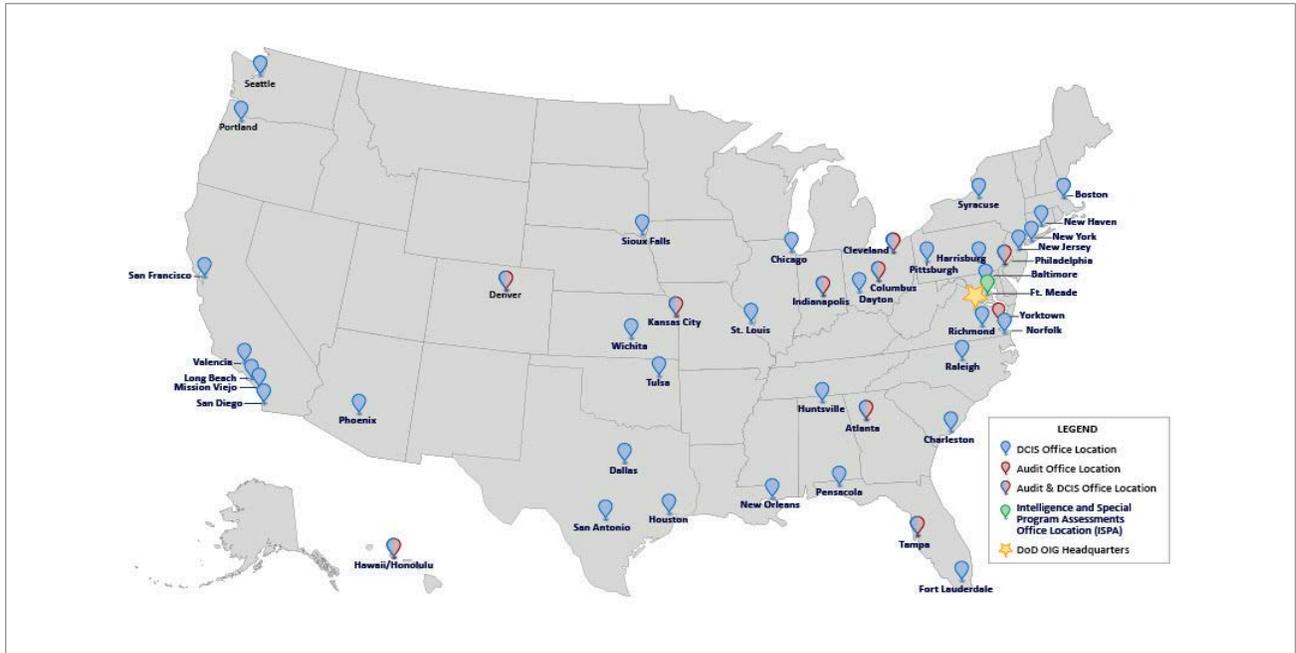
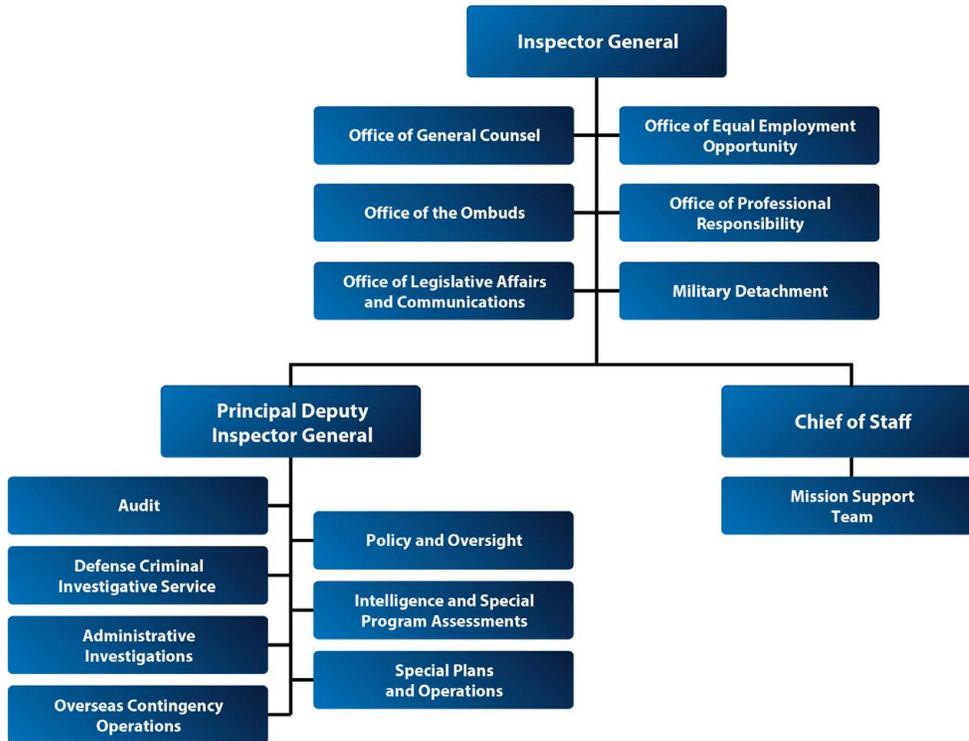


Figure 1.2 DoD OIG Offices Located Overseas



DoD Office of Inspector General



AUDIT

Audit conducts independent, relevant, and timely audits to detect and deter fraud, waste, and abuse; promote economy, efficiency, and effectiveness; and provide actionable recommendations that can help improve DoD programs, operations, and stewardship of resources.

DEFENSE CRIMINAL INVESTIGATIVE SERVICE (DCIS)

DCIS conducts criminal investigations related to DoD programs and operations, focusing on procurement fraud, public corruption, product substitution, health care fraud, illegal technology transfer, cyber crimes, and computer intrusions.

ADMINISTRATIVE INVESTIGATIONS (AI)

AI investigates and oversees DoD Components' investigations of allegations of misconduct against senior DoD officials and allegations of whistleblower reprisal and restriction from communication with an IG or

Member of Congress. AI also manages the DoD Hotline for confidential reporting of fraud, waste, and abuse and for detecting and preventing threats and danger to the public health and safety of DoD programs, operations, and employees.

INTELLIGENCE AND SPECIAL PROGRAM ASSESSMENTS (ISPA)

ISPA conducts evaluations regarding the programs, policies, procedures, and functions of the DoD's intelligence and counterintelligence enterprises, special access programs, and nuclear enterprise.

POLICY AND OVERSIGHT (P&O)

P&O provides policy guidance for DoD audit and investigative activities, evaluates DoD programs, provides technical advice and support to DoD OIG projects, and operates the DoD OIG subpoena and contractor disclosure programs.

SPECIAL PLANS AND OPERATIONS (SPO)

SPO conducts evaluations related to national security issues, congressional requests, and significant DoD programs and operations.

OVERSEAS CONTINGENCY OPERATIONS (OCO)

OCO supports the DoD OIG's Lead IG responsibilities; coordinates the oversight of overseas contingency operations by the DoD OIG, Department of State OIG, U.S. Agency for International Development OIG, Special Inspector General for Afghanistan Reconstruction, and other partner agencies through joint strategic planning and project management; and produces quarterly reports related to each overseas contingency operation.

SUMMARY OF TOP DOD MANAGEMENT CHALLENGES

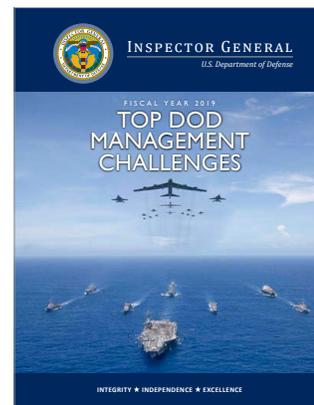
Each Inspector General (IG) is required by the Reports Consolidation Act of 2000 to prepare an annual statement that summarizes what the IG considers to be the “most serious management and performance challenges facing the agency” and to assess the agency’s progress in addressing those challenges. The law also requires the IG’s statement to be included in the agency’s Financial Report.

The following is the DoD OIG’s list of the top management and performance challenges facing the DoD in FY 2019. The DoD OIG identified these challenges based on a variety of factors, including DoD OIG oversight work, research, and judgment; oversight work done by other DoD Components; oversight work conducted by the Government Accountability Office; and input from DoD officials. While we reviewed DoD statements, documents, and assessments of these and other critical issues, we identified these top challenges independently.

The DoD OIG also uses this document to determine areas of risk in DoD operations and where to allocate DoD OIG oversight resources. This document is forward-looking and identifies the top challenges facing the DoD in FY 2019 and in the future.

As reflected in this document, the top 10 DoD management and performance challenges are:

1. Implementing DoD Reform Initiatives
2. Countering China, Russia, Iran, and North Korea
3. Countering Global Terrorism
4. Financial Management: Implementing Timely and Effective Actions to Address Financial Management Weaknesses Identified During the First DoD-Wide Financial Statement Audit
5. Improving Cyber Security and Cyber Capabilities
6. Ensuring Ethical Conduct
7. Enhancing Space-Based Operations, Missile Detection and Response, and Nuclear Deterrence
8. Improving Readiness Throughout the DoD
9. Acquisition and Contract Management: Ensuring that the DoD Gets What It Pays For On Time, at a Fair Price, and With the Right Capabilities
10. Providing Comprehensive and Cost-Effective Health Care



In the top management challenges document, we discuss each challenge, actions taken by the DoD to address the challenge, and oversight work by the DoD OIG and others related to the challenge.

These challenges are not listed in order of importance or by magnitude of the challenge. All are critically important management challenges facing the DoD.

The full report with details on these challenges can be viewed at:
<http://www.dodig.mil/Reports/Top-DoD-Management-Challenges>.

Principal Deputy Inspector General Fine testified about the OIG’s Top DoD Management Challenges report in a hearing before the House Committee on Oversight and Government Reform on April 18, 2018. His testimony is available at <http://www.dodig.mil/reports.html/Article/1496627/statement-of-glenn-a-fine-principal-deputy-inspector-general-performing-the-duty/>.





2. CORE MISSION AREAS

AUDIT

The DoD OIG’s Audit component conducts audits of DoD operations, systems, programs, and functions. The Audit component consists of four operating directorates:

- Acquisition, Contracting, and Sustainment,
- Cyberspace Operations,
- Financial Management and Reporting, and
- Readiness and Global Operations.

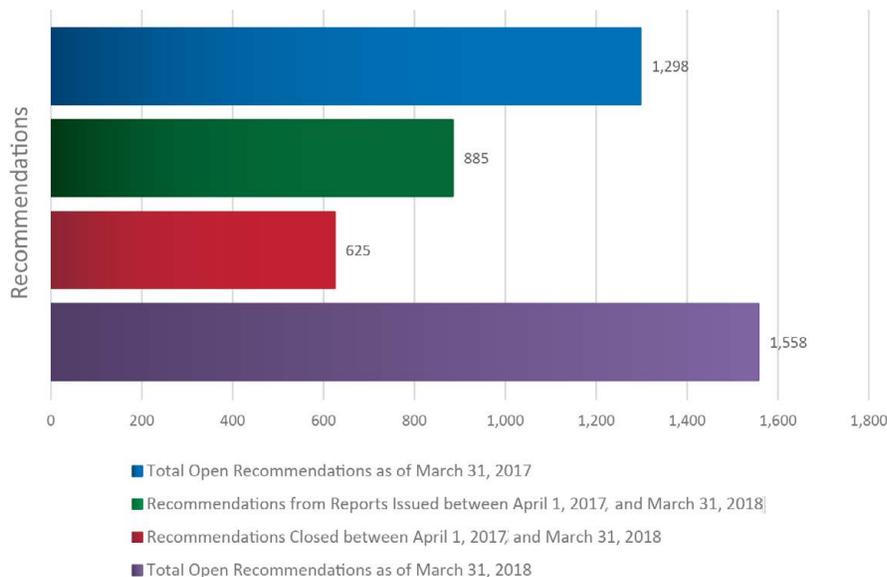
The following are highlights from DoD OIG audit work during the reporting period.

Compendium of Open Office of Inspector General Recommendations to the Department of Defense

The DoD OIG issued its second Compendium of Open Office of Inspector General Recommendations to the Department of Defense. The Compendium provided the status of open recommendations, and highlighted the key ones that remained open. The DoD OIG issued its first Compendium in July 2017, and since then DoD management has worked with the DoD OIG to improve communication on open recommendations and attempt to address open recommendations. For example, several DoD Components are now meeting regularly with DoD OIG staff to discuss the status of open recommendations and the actions needed to implement and close them.

As of March 31, 2018, DoD management had taken action or provided documentation that enabled the DoD OIG to close 421 of the 1,298 (32 percent) recommendations listed in the 2017 Compendium, including 13 of the 30 (43 percent) high-priority recommendations, and 32 of the 58 (55 percent) recommendations with potential monetary benefits, totaling more than \$31.5 billion. Figure 1 summarizes the number of recommendations opened and closed by the DoD OIG since last year’s Compendium.

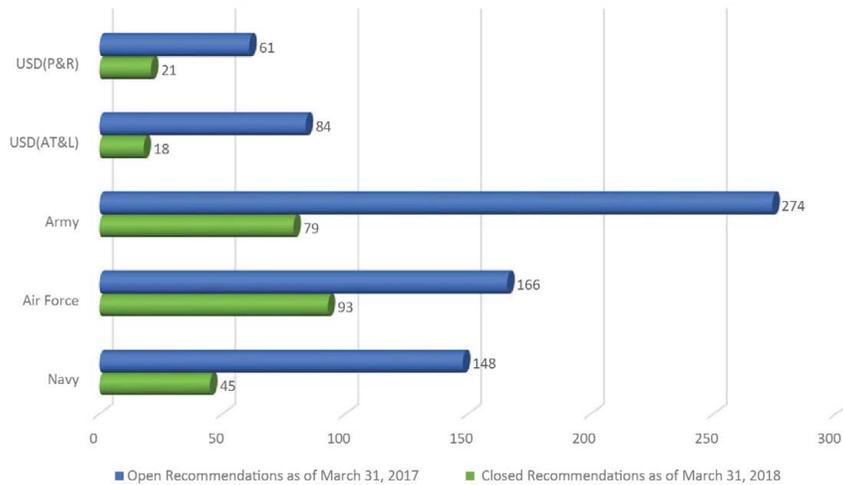
Figure 1. Number of Open Recommendations



Source: The DoD OIG.

In the 2017 Compendium, the DoD OIG had reported that the five DoD Components with the most open recommendations were the Army; Air Force; Navy; Under Secretary of Defense for Acquisition, Technology, and Logistics; and Under Secretary of Defense for Personnel and Readiness. Figure 2 shows the progress these five DoD Components have made in closing the recommendations reported in the 2017 Compendium. These five Components have collectively closed 256 of the 733 (35 percent) open recommendations addressed to them in the 2017 Compendium.

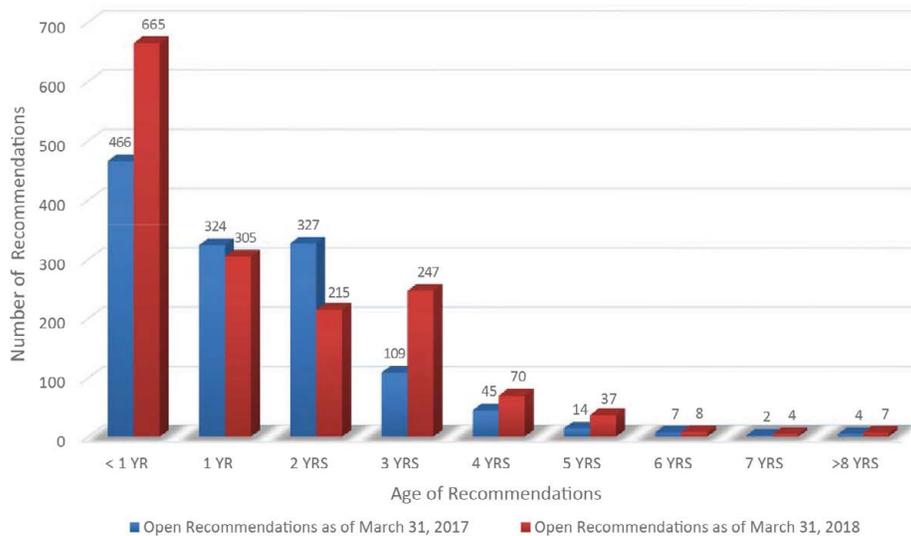
Figure 2. Number of Recommendations Closed by the Five DoD Components With the Highest Number of Open Recommendations in the 2017 Compendium



Source: The DoD OIG.

However, many previous recommendations remain open, and the DoD OIG made new recommendations in audit and evaluation reports that were issued since the first Compendium. The second Compendium reported that, as of March 31, 2018, there were 1,558 open recommendations from OIG reports, with the age of the open recommendations shown in Figure 3.

Figure 3. Number of Open Recommendations as of March 31, 2018

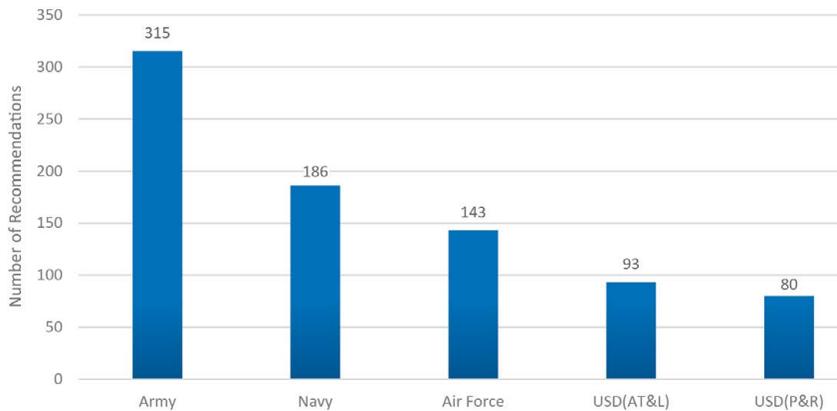


Source: The DoD OIG.

DoD management has agreed to take corrective actions on 1,456 of those recommendations. For the remaining 102 open recommendations, the DoD OIG and DoD Components have not agreed on corrective actions that meet the intent of the recommendation. Of the 1,558 open recommendations, 33 have identified potential monetary benefits totaling \$2.3 billion. The 1,558 open recommendations were issued to 48 DoD Components through 318 reports.

Figure 4 presents the five DoD Components with the most open recommendations. These five components collectively have 817 open recommendations, which represent 52 percent of all open recommendations.

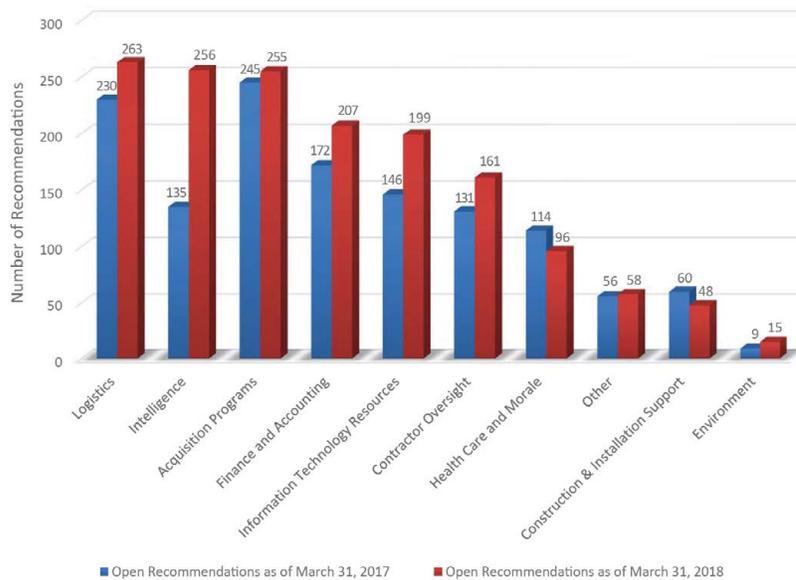
Figure 4. DoD Components With the Most Open Recommendations as of March 31, 2018



Source: The DoD OIG.

The recommendations made in DoD OIG reports cover a variety of topic areas, including contractor oversight, finance and accounting logistics, health care, and intelligence. Figure 5 shows the number of open recommendations by topic area.

Figure 5. Total Open Recommendations by Topic Area



Source: The DoD OIG.

The DoD OIG appreciates the focus from DoD management on implementing these open recommendations. The DoD OIG will continue to track open recommendations and issue its third annual Compendium of Open OIG Recommendations in FY 2019.

Acquisition, Contracting, and Sustainment

Air Force Space Supply Chain Risk Management of Strategic Capabilities

The DoD OIG determined whether the Air Force Space Command implemented an adequate supply chain risk management program for four critical strategic systems: the Space Based Infrared System, the Air Force Satellite Control Network, the Family of Advanced Beyond Line-of-Sight Terminals, and the Global Positioning System. DoD supply chain risk management policy requires DoD organizations to identify critical information and communications technology components, purchase those components from trusted suppliers, and test and evaluate critical components for malicious threats.

The DoD OIG determined that the Air Force Space Command established initiatives to manage supply chain risk for the Space Based Infrared System, but did not fully implement DoD supply chain risk management policy. For example, the Command did not establish the controls and oversight necessary to identify all critical components and associated suppliers to manage risks to the system throughout its life cycle. Furthermore, the Command did not require the purchase of all application-specific integrated circuits from trusted suppliers using trusted and accredited processes. Finally, the Command did not ensure the use of rigorous test and evaluation capabilities, including developmental, acceptance, and operational testing. The DoD OIG's limited review of three other Air Force Space Command critical systems revealed similar concerns. As a result, the DoD OIG concluded that adversaries have an opportunity to infiltrate the Air Force Space Command supply chain and maliciously introduce an unwanted function into or otherwise compromise the design or integrity of the critical hardware, software, and firmware.

The DoD OIG recommended that the Commander of the Air Force Space Command develop a plan of action, with milestones, for the Space Based Infrared System to comply with DoD supply chain risk management policy. The DoD OIG also recommended that the Commander conduct a detailed review of the supply chain risk management for the Air Force Satellite Control Network, Family of Advanced Beyond Line-of-Sight Terminals, and Global Positioning System programs, as well as all other programs deemed critical to the Air Force Space Command, to ensure compliance with DoD

supply chain risk management policy. If deficiencies are identified, Air Force Space Command officials must develop a plan of action with milestones to correct them. Management agreed with the recommendations.

Report No. DODIG-2018-143

Expeditionary Fast Transport Capabilities

The DoD OIG determined whether the Department of the Navy (Navy) achieved the performance capabilities for the Expeditionary Fast Transport (EPF) program. The EPF vessel, formerly named the Joint High Speed Vessel, is an aluminum catamaran capable of transferring personnel and cargo. The EPF vessel will be used to transport personnel, supplies, and equipment in support of a wide range of military and civilian contingencies, evacuations, and disaster relief operations.

The DoD OIG determined that Program Office officials did not achieve the performance capabilities for the EPF program. Although officials obligated \$2 billion for the EPF program, the EPF vessel had deficiencies that prevented it from attaining its required performance capabilities, including two key performance parameters—Transport Capability and Net Ready (continuously provide survivable, interoperable, secure, and operationally effective information exchanges). Program Office officials did not demonstrate that they corrected the deficiencies identified during low-rate initial production—the period when a minimum quantity is produced for testing. As a result, Navy officials accepted eight EPF vessels with deficiencies that could prevent the Military Sealift Command from accomplishing missions. The Navy may also have to spend additional money to achieve the required performance capabilities for EPF vessels that were already provided to the fleet and for future EPF vessels that are still in production.

The DoD OIG recommended that the Navy take the necessary actions to correct the deficiencies with the EPF vessels, including that the Commander of the Operational Test and Evaluation Force confirm the correction of deficiencies. Management agreed with the recommendations.

Report No. DODIG-2018-107

Procurement Quantities of the AH-64E Apache New Build and Remanufacture Helicopter Programs

The DoD OIG determined whether the Army justified procurement quantities for the AH-64E Apache new build and remanufacture helicopter programs. The AH-64E Apache is an Army two-pilot, four blade attack and reconnaissance helicopter. The Apache fleet currently has two models, the AH-64D and AH-64E, and the Army plans to replace the AH-64D with the AH-64E. The AH-64E program consists of two Major Defense Acquisition Programs—one for remanufactured AH-64Es and one for new build AH-64Es. The remanufacturing program upgrades an existing AH-64D to the AH-64E model, while the new build program produces an AH-64E with all new parts.

The DoD OIG determined that Army officials justified planned procurement quantities of the AH-64Es designated for regular Army and Army National Guard operational fleets. However, Army officials could not justify the planned procurement quantities of 85 training, 67 float, and 15 test AH-64Es. Army officials did not conduct the analyses required by DoD and Army guidance to determine the necessary training, float, and test quantities before the Deputy Chief of Staff of the Army approved the Army Acquisition Objective. As a result, Army officials cannot ensure that 167 AH-64Es for training, float, and test, valued at \$3.5 billion, will meet the needs of the Army. Additionally, Army officials have no assurance that the AH-64E program is affordable. If too many AH-64Es are procured, the Army could be wasting DoD funds. If too few AH-64Es are procured, the Army may not be able to train enough pilots to meet Army operational needs, provide replacements for AH-64Es that cannot be repaired in time to meet readiness objectives, or test and evaluate other weapon systems that are added to the AH-64E.

The DoD OIG recommended that the Army officials review and validate the number of training, float, and test quantities and assess affordability to ensure that the planned procurement quantity is sustainable. Management agreed with the recommendations.

Report No. DODIG-2018-130



Photos are of water damage that resulted from the PERS wall not sealing properly in the USSTRATCOM facility in Omaha

Source: USACE Omaha District.



AH-64E Helicopter

Source: U.S. Army.

U.S. Strategic Command Facility Construction Project

The DoD OIG performed this audit in response to the FY 2018 National Defense Authorization Act requirement to report on the schedule delays and cost increases related to the construction of the U.S. Strategic Command (USSTRATCOM) replacement facility at Offutt Air Force Base, Nebraska. The DoD OIG reviewed the requirements development, design-bid-build contract award processes, design suitability, and contractor performance.

The DoD OIG determined that U.S. Army Corps of Engineers (USACE) Omaha District personnel experienced multiple delays and cost increases related to the USSTRATCOM replacement facility because of the lack of expert involvement in the requirements development, inaccurate cost estimates, design deficiencies, contract modifications, fire, floods, mold, and challenges in the execution of contract modifications. As of February 2018, project costs had increased from the programmed amount of \$564 million to \$617.1 million—a 9.4-percent increase. Construction completion had been delayed 29 months.



Ductwork Stored in a Contractor Trailer

Source: USACE Omaha District.

The DoD OIG determined that the Office of the Assistant Secretary of Defense for Energy, Installations, and Environment (OASD[EI&E]), the Air Force Civil Engineer Center, USACE Headquarters, and USACE Omaha District had implemented or were implementing several initiatives to prevent further schedule delays and cost increases on this project and future military construction projects. These initiatives included updated guidance on roles, responsibilities, and management controls; additional training programs for cost estimators; and after-action reviews for all building projects.

The DoD OIG recommended that the OASD(EI&E) develop guidance to require a project charter that focuses on communications and accountability in their project management plan and establish metrics that include financial risk management parameters and triggers when higher headquarters engagement is required. The DoD OIG also recommended that the USSTRATCOM and USACE Commanders complete after-action reviews following completion of construction and implement the lessons learned for other construction projects. Additionally, they should review the administrative actions of individuals involved in the cost increases or schedule delays, and initiate action as appropriate. The DoD OIG recommended that the USACE Commander issue guidance to implement lessons learned from the project to other military construction projects and instruct contracting personnel involved in the USSTRATCOM facility construction project to issue yearly past performance evaluations as required by the Federal Acquisition Regulation. Management agreed with the recommendations.

Report No. DODIG-2018-122

The Fort Bliss Hospital Replacement Military Construction Project

The DoD OIG performed this audit in response to the FY 2018 National Defense Authorization Act requirement to report on design errors and omissions related to the construction of the Fort Bliss Hospital Replacement project at Fort Bliss, Texas. The DoD OIG reviewed the requirements development, the design-bid-build contract award processes, design suitability, and contractor oversight.

The DoD OIG determined that design errors and omissions had resulted in cost increases and schedule delays for the Fort Bliss Hospital Replacement project. For example, as of March 15, 2018, the construction project had 978 contract change requests, including 132 cancelled change requests that occurred during construction. The change requests included 453 engineering changes, which included design errors and omissions. The FY 2018 budget request for \$251.3 million included three line items for design errors and omissions, valued at \$165.6 million. The DoD is in the process of implementing several initiatives, including updating guidance on roles, responsibilities, and management controls, to prevent further schedule delays and cost increases on this project as well as lessons learned that could be applied to future projects.

The DoD OIG recommended that the OASD(EI&E) develop guidance to implement statutory reporting requirements for each military construction project that has been specifically authorized by Congress, develop guidance to identify roles and responsibilities for key segments of construction, and establish metrics that include financial risk management parameters and triggers. The DoD OIG also recommended that the Defense Health Agency Director; USACE Commander; and the U.S. Army Health Facility Planning Agency Commander review the



Fort Bliss as of February 2018

Source: The DoD OIG.



Fort Bliss Project Drawing Room

Source: The DoD OIG.

actions of the individuals involved in the Fort Bliss Hospital Replacement project to determine whether any actions resulted in the cost and time increase related to design errors and omissions, and initiate action to hold the individuals accountable as appropriate. Management generally agreed with the recommendations and agreed to actions that met the intent of all recommendations.

Report No. DODIG-2018-125

Noncompetitive Information Technology Contracts at the Defense Health Agency

The DoD OIG determined whether the Defense Health Agency (DHA) properly awarded noncompetitive Information Technology (IT) contracts. Full and open competition is the preferred method for Federal agencies to award contracts. However, there are certain exceptions for awarding contracts without full and open competition. For example, Federal agencies may award contracts without full and open competition to a small business participating in a program sponsored by the Small Business Administration (SBA), such as the 8(a) Program for small, disadvantaged businesses.

The DoD OIG determined that DHA Contracting Office–Health Information Technology (CO-HIT) contracting personnel properly awarded 23 noncompetitive IT contracts, valued at \$87.2 million, of the 27 contracts reviewed. For 16 contracts, valued at \$81.3 million, DHA CO-HIT contracting personnel properly awarded the contracts as sole-source under the 8(a) Program and coordinated with the SBA. Additionally, DHA CO-HIT contracting personnel properly awarded seven contracts valued at \$5.9 million, using another Federal Acquisition Regulation (FAR) authority that permitted contracting without providing for full and open competition.

However, the DoD OIG determined that the DHA CO-HIT contracting personnel did not properly award four IT contracts valued at \$242.3 million. For one contract valued at \$237.9 million, the DHA CO-HIT contracting officer did not appropriately apply the sole-source authority cited, include all the minimum FAR content requirements in the justification, or properly award a bridge contract (a short-term sole-source contract to avoid a lapse in service). For three other contracts, valued at \$4.4 million, DHA CO-HIT contracting personnel did not meet one of the FAR criteria for the authority cited by not determining a fair and reasonable price or appropriately advertising award opportunities. As a result, DHA contracting officials should have awarded the contract, valued at \$237.9 million, using full and open competition. In addition, for all four contracts, the DoD may have paid a lower price for the IT services received or increased future competition if the DHA CO-HIT contracting personnel had performed their due diligence in determining fair and reasonable prices and appropriately advertised award opportunities.

The DoD OIG recommended that the Head of the Contracting Activity at the DHA review the contract actions taken for the contract valued at \$237.9 million and determine whether the contract should be terminated and awarded using full and open competition; issue guidance on the use of bridge contracts; and develop procedures for defining minimum timeframes for procurements. Management agreed with the recommendations.

Report No. DODIG-2018-105

Air Force's F-15 Eagle Passive/Active Warning and Survivability System

The DoD OIG determined whether Air Force officials updated the Eagle Passive/Active Warning and Survivability System (EPAWSS) test and evaluation master plan to respond to concerns raised by Air Force and DoD test officials, whether the officials developed an EPAWSS design that can meet capability requirements, and whether the officials evaluated the F-15C EPAWSS production plan during the engineering and manufacturing development phase. The F-15 is an all-weather, day and night, tactical fighter aircraft designed to gain and maintain control over the battlefield. EPAWSS upgrades F-15C and F-15E aircraft electronic warfare capabilities to detect and identify air and ground threats, employ counter-measures, and jam enemy radar signals.

The DoD OIG determined that EPAWSS program officials had updated the test and evaluation master plan to respond to concerns raised by Air Force and

DoD test officials. Additionally, EPAWSS program officials developed an EPAWSS design that can meet capability requirements. Furthermore, in September 2016, the Air Force fully funded the EPAWSS program through production to satisfy an urgent need for modernized F-15 electronic warfare capabilities.

However, in February 2017, the Deputy Chief of Staff of the Air Force, Strategic Plans and Requirements, cancelled the upgrade of 196 F-15C aircraft with EPAWSS and removed F-15C EPAWSS procurement funds, which resulted in a 47 percent decrease of the total program production quantity. The quantity decrease of the F-15C EPAWSS production units and the removal of funds occurred because the Deputy Chief of Staff of the Air Force, Strategic Plans and Requirements, decided to use F-15C EPAWSS procurement funds to develop a higher priority air superiority program. Yet officials under the Deputy Chief of Staff of the Air Force, Strategic Plans and Requirements did not request Joint Requirements Oversight Council revalidation to verify whether the more than 10 percent quantity decrease would adversely impact the warfighter's capability. As a result, Air Force officials do not know the full impact of the decrease on other aircraft missions within and across the portfolios and Services. Using the F-15C aircraft without EPAWSS will limit the warfighter's ability to detect and identify air and ground threats, employ counter-measures, and jam enemy radar signals.

The DoD OIG recommended that the Deputy Chief of Staff of the Air Force, Strategic Plans and Requirements, request that the Joint Requirements Oversight Council revalidate the F 15C EPAWSS quantity to ensure that air superiority missions can still be met without the F-15C EPAWSS and restore procurement funding if Congress did not approve of the Air Force plan to retire the F-15C aircraft. Management agreed with the recommendations.

Report No. DODIG-2018-121

Acquisition of the Navy's Mine Countermeasures Mission Package

The DoD OIG determined whether the Navy is effectively managing the development of a mine countermeasures (MCM) mission package that will allow the Littoral Combat Ship to detect and neutralize or avoid mines in support of fleet operations. For this audit, the DoD OIG focused on the MCM mission package systems that the Navy declared had met their initial operational capability (IOC) requirements. The MCM mission package operates as an integrated family of systems. Each of the seven systems needs to provide full capability and operate in conjunction with each other in order to accomplish the MCM mission.

The DoD OIG determined that the Navy officials declared IOC for the three MCM mission package systems prior to demonstrating that the systems were effective and suitable for their intended operational uses. This occurred because the Navy officials declared IOC for the Airborne Laser Mine Detection System (ALMDS) and Airborne Mine Neutralization System (AMNS) after Navy officials approved a plan to pursue IOC to gather data and lessons learned. To deliver the systems to the fleet, N95 used the results of a technical evaluation and previous test events to justify its IOC decisions without demonstrating that it had corrected known performance problems. Additionally, the Navy relied on data gathered during the first of five test periods to justify the Coastal Battlefield Reconnaissance Analysis Block I (COBRA) IOC decision, even though the program did not fully meet a key performance parameter (primary requirement). As a result, the Navy delivered units that have known performance problems to the fleet for use aboard the Littoral Combat Ship and other platforms. Consequently, if the Navy proceeds as planned it will spend funds for production units that cannot fully perform their mine detection and neutralization missions. This in turn could lead to degraded mission performance, delayed delivery of needed capabilities, and the need to pull those units off-line and spend additional money to correct shortcomings in the fielded units.

The DoD OIG recommended that the Navy delay future procurement of the ALMDS, AMNS, and COBRA, until the Navy completes operational test and evaluations demonstrating the systems are effective and suitable to support full-rate production. Management disagreed. The Navy stated that test results had demonstrated that the systems either met or exceeded their primary requirements. The Navy further stated that the testing balanced comprehensiveness with speed of delivery to the fleet and is aligned with the national defense strategy tenet of "delivering performance at



Airborne Laser Mine Detection System

Source: PEO LCS.



Coastal Battlefield Reconnaissance and Analysis Block I Payload on MQ-8B VTUAV

Source: LCS Mission Modules (PMS 420).

the speed of relevance.” The Navy contends that an incremental approach to fielding each of the seven systems in the LCS MCM mission package facilitates a more rapid and seamless transition from legacy MCM to the future modular MCM force. The Navy also stated that the procurements must continue to ensure that a capability exists to replace the decommissioning MCM 1 Avenger Class ships and MH-53E Sea Dragon helicopter, thereby saving the Navy operating and production costs. The DoD OIG disagreed that the systems met the requirements for declaring IOC.

After receiving the Navy’s comments to the draft report, DoD OIG auditors met with senior Navy officials to discuss the Navy’s position and received an update on the systems’ development. Navy officials stated that the systems provide relevant advantage over our adversaries and the Navy had taken actions to address the performance shortcomings identified during the aforementioned test events. Navy officials contend that having training squadrons use the systems was the best way to identify and correct performance gaps, enhance lethality, and more rapidly change the paradigm in the MCM force. The Navy indicated MCM training squadrons currently working with ALMDS and AMNS systems have not reported any problems. Additionally, the preliminary analysis of additional testing conducted on the COBRA Block I system supported that many of its performance shortcomings had been corrected.

The DoD OIG concluded that while this approach may allow for a more rapid transition to the future modular MCM force, the Navy still needs to mitigate the impact of its approach. Entering full-rate production without demonstrating a system can perform as required may require costly retrofits to

fix undiscovered system deficiencies. If the Navy continues its procurement of additional ALMDS, AMNS, and COBRA Block I systems to enable the timely decommissioning of the MCM 1 Avenger Class ships and MH-53E, it should continually improve those systems based on feedback identified by Fleet users.

Report No. DODIG-2018-140

Department of the Navy Civilian Pay Budget Process

The DoD OIG determined whether Navy budget officials adequately supported and justified the civilian full-time equivalents (FTEs) and pay requirements in the Navy and Marine Corps FY 2017 Budget Estimate Submissions. Budget estimates relating to personnel requirements are determined in terms of FTE employment. FTEs are the total number of regular straight-time hours worked, or to be worked, divided by the total number of hours that agencies can pay employees in a fiscal year, which are called compensable hours.

The DoD OIG determined that although Navy budget officials could justify and explain the process used to develop the FY 2017 civilian pay budget, they could not fully support how they developed the civilian pay requirements in the FY 2017 Operational and Maintenance, Navy, Budget Estimate Submission. Budget officials did not maintain sufficient documentation to support how they developed the FY 2017 civilian pay budget. Specifically, Budget Submitting Office and FMB budget officials did not ensure that issue papers included information about the source data, calculations, and assumptions used for the budget adjustments. Maintaining more detailed documentation of budget calculations and

assumptions would help retain institutional knowledge and benefit budget officials building future budgets.

The Marine Corps could not justify or support how it determined the civilian pay requirements in its FY 2017 Operation and Maintenance, Marine Corps, Budget Estimate Submission. Specifically, Marine Corps budget officials could not fully explain the rationale for their civilian pay budget adjustments and did not maintain documentation to support these adjustments. In addition, the Marine Corps budget officials did not determine civilian pay funding levels using FTEs calculated from projected hours to be worked, as required by Office of Management and Budget (OMB) policy. Instead, Marine Corps budget officials calculated FTEs by dividing total dollars by a historic average cost per FTE. By not aligning budgeted FTEs with projected hours to be worked, the Marine Corps inaccurately represented its budgeted average cost of an FTE, a ratio that provides context for comparing civilian pay across fiscal years.

The DoD OIG recommended that the Assistant Secretary of the Navy (Financial Management and Comptroller) establish and implement controls for the civilian pay budget process to ensure that budget officials document the calculations and assumptions used to support each Program Budget Information System adjustment made to civilian pay requirements. The DoD OIG also recommended that the Deputy Commandant of the Marine Corps, Programs and Resources, determine budgeted civilian pay funding levels using FTEs calculated based on projected hours to be worked, as required by the OMB. While the Navy agreed that budget officials should document the calculations and assumptions used to support each Program Budget Information System adjustment, the Marine Corps did not agree that it was not in compliance with OMB policy. The Marine Corps stated that it used fully supported average basic compensation amounts and benefit rates to derive civilian pay requirements. However, the Marine Corps budget officials that the DoD OIG met with could provide only a general explanation of their budget process. The officials could not justify or provide support to show how they calculated average basic compensation amounts and benefit rates for the FY 2017 civilian pay budget, and they could not provide support or discuss how execution data were used for these calculations. Therefore, Marine Corps budget officials could not support whether they used FTEs calculated in accordance with OMB Circular A-11 to determine budgeted civilian pay funding levels.

Report No. DODIG-2018-129

Controls Over the Guam Base Operations Support Services Contract

The DoD OIG determined whether the Naval Facilities Engineering Command (NAVFAC) Pacific adequately monitored contractor performance and conducted sufficient invoice reviews for goods and services provided under the Base Operations Support Services (BOSS) contract in Guam. NAVFAC Marianas, a subordinate command of NAVFAC Pacific, provides contractor oversight for NAVFAC contracts in Guam.

The DoD OIG determined that NAVFAC Marianas adequately monitored contractor performance and conducted sufficient invoice reviews for goods and services provided under the Guam BOSS contract from April 1, 2016, through March 31, 2017. Specifically, NAVFAC Marianas developed complete and measurable functional assessment plans and used them to assess contractor performance; completed specific and detailed performance assessments; worked with contractor personnel to address performance concerns at the operations level; and collected and reviewed required invoice supporting documentation to verify that contractor-submitted charges were appropriate before invoices were paid. NAVFAC Marianas adequately monitored contractor performance and conducted sufficient invoice reviews because it took corrective actions in response to recommendations made in a 2013 Naval Audit Service report. NAVFAC Marianas updated and implemented policies and procedures related to contractor performance assessments and invoice reviews, and established controls and provided training on appropriate contractor performance and cost oversight.

The DoD OIG recommended that the NAVFAC Commander compile lessons learned from NAVFAC Mariana's contract oversight procedures and apply them to ongoing and future BOSS contracts in all NAVFAC regions. Management agreed with the recommendation.

Report No. DODIG-2018-106

Cyberspace Operations

Protection of Patient Health Information at Navy and Air Force Military Treatment Facilities

The DoD OIG determined whether the Departments of the Navy and Air Force designed and implemented effective security protocols to protect electronic health records and individually identifiable health information (patient health information) from unauthorized access and disclosure.

The DoD OIG determined that officials from the DHA, Navy, and Air Force did not consistently implement security protocols to protect these records. Specifically, the DoD OIG identified issues at the Naval Hospital Camp Pendleton, San Diego Naval Medical Center, United States Naval Ship Mercy, 436th Medical Group, and Wright-Patterson Medical Center. Officials from the DHA, Navy, and Air Force did not consistently implement security protocols for a variety of reasons, including lack of resources and guidance, system or software incompatibility, and vendor limitations. In addition, the Navy and Air Force did not implement adequate physical security controls to protect electronic and paper records containing patient health information because they did not properly secure communications equipment or record when medical records were accessed. Furthermore, the Navy and Air Force were not aware of all Service-specific systems operating on their networks that processed, stored, and transmitted patient health information because they did not require the military treatment facilities to identify and report systems that contained patient health information or maintain an inventory of systems that contained patient health information. Without well-defined, effectively implemented system security protocols, the DHA, Navy, and Air Force compromised the integrity, confidentiality, and availability of patient health information. In addition, ineffective administrative, technical, and physical security protocols that result in a violation of the Health Insurance Portability and Accountability Act of 1996 could cost the military treatment facilities up to \$1.5 million per year in penalties for each category of violation.

The DoD OIG recommended that the DHA Director configure the DoD electronic health record systems and other DHA-owned systems that process, store, and transmit patient health information to lock automatically after 15 minutes of inactivity. The DoD OIG also recommended, among other actions, that the Surgeons General for the Departments of the Navy and Air Force, in coordination with the Navy Bureau of Medicine and Surgery and the Air Force Medical Service, assess whether the systemic issues identified in this report exist

at other Service-specific military treatment facilities. The DoD OIG also recommended that the Surgeons General, in coordination with the Navy and Air Force, develop and implement an oversight plan to verify that military treatment facilities enforce the use of Common Access Cards and configure passwords that meet DoD password complexity requirements to access systems that process, store, and transmit patient health information. In addition, the DoD OIG recommended, among other actions, that the military treatment facility chief information officers develop a plan of action and milestones and take appropriate steps to mitigate known network vulnerabilities in a timely manner; implement procedures to grant access to systems that process, store, and transmit patient health information based on roles that align with user responsibilities; and configure all systems that contain patient health information to lock automatically after 15 minutes of inactivity. Management generally agreed with the recommendations.

Report No. DODIG-2018-109

Command Cyber Readiness Inspections at Air Force Squadrons

The DoD OIG determined whether Air Force Components corrected deficiencies identified during Command Cyber Readiness Inspections in accordance with U.S. Cyber Command guidance, and whether the Air Force used Command Cyber Readiness Inspection results to identify systemic deficiencies and improve Component-wide cybersecurity. Although the five Air Force squadrons the DoD OIG reviewed passed their respective inspections, the squadrons did not subsequently correct or mitigate all identified deficiencies in the three Command Cyber Readiness Inspection categories (Technology, Computer Network Defense Directive, and Contributing Factors compliance areas), including one systemic deficiency.

The other audit results and recommendations are For Official Use Only.

Report No. DODIG-2018-137

DoD Cybersecurity Weaknesses Identified in Reports Issued and Testimonies From July 1, 2016, Through June 30, 2017

The DoD OIG categorized and summarized cybersecurity weaknesses identified in unclassified reports issued and testimonies given by the DoD OIG, other members of the DoD oversight community, and the Government Accountability Office (GAO) between July 1, 2016, and June 30, 2017. The DoD OIG categorized and summarized reports and testimonies by the five functions identified in the National Institute of Standards and Technology, “Framework for Improving Critical Infrastructure Cybersecurity,” February 12, 2014 (NIST Cybersecurity Framework), which is designed to help owners and operators of critical infrastructure identify, assess, and manage cyber risk. The five NIST Cybersecurity Framework functions are identify, protect, detect, respond, and recover. Additionally, the DoD OIG categorized and summarized reports and testimonies by the seven metrics in the “FY 2017 Inspector General Federal Information Security Modernization Act of 2014 Reporting Metrics (IG FISMA Reporting Metrics),” which are designed to determine the effectiveness of an agency’s information security program and practices. The seven IG FISMA Reporting Metrics are risk management, configuration management, identify and access management, security training, information security continuous monitoring, incident response, and contingency planning.

In summarizing the 29 unclassified reports and 1 unclassified testimony issued by the DoD oversight community and GAO between July 1, 2016, and June 30, 2017, the DoD OIG determined that the DoD still faces challenges in key cybersecurity risk areas pertaining to identify, protect, and detect functions. These three functions are designed to help an organization understand its cybersecurity risks, implement appropriate safeguards, and identify cybersecurity events. Specifically, the reports identified weaknesses in (1) establishing or maintaining inventories for information systems, hardware, and software licenses; (2) managing system accounts and passwords, as well as physical access to information technology assets; (3) managing vulnerability and configuration as well as incident response testing and continuity planning and testing; and (4) implementing the Security Continuous Monitoring and Detection Processes categories of the detect function.

Additionally, the DoD OIG reviewed these unclassified reports and testimony to identify findings relevant to the IG FISMA Reporting Metrics. FISMA requires each Federal agency to develop, document, and implement an agencywide information security

program to protect the information and information systems supporting agency operations and assets. The DoD OIG identified 26 reports that identified DoD weaknesses associated with all 7 FY 2017 IG FISMA Reporting Metrics. The majority of the weaknesses pertained to the risk management, identity and access management, and configuration management metrics.

The DoD OIG did not issue any new recommendations to management because this was a summary report.

Report No. DODIG-2018-126

DoD Information Technology System Repositories

The DoD OIG determined whether DoD Components reported accurate information technology system data in the SECRET Internet Protocol Router Network (SIPRNET) Information Technology Registry (SITR). SITR is the authoritative classified inventory of the DoD’s mission-critical and mission-essential information technology systems.

The DoD OIG determined that DoD Components did not report accurate or complete information technology system data in SITR for 31 of 32 information technology systems in the nonstatistical sample. This occurred because the DoD Chief Information Officer did not have a process to notify information technology system users of inaccurate SITR data, did not require SITR training, and did not hold Component chief information officers accountable for ensuring the accuracy and completeness of the data in SITR. As a result, the DoD cannot rely on SITR data for decision making, which can affect stovepiped Component databases, mapping annual updates of the Business Enterprise Architecture, and making resource decisions. In addition, the DoD may not be able to support its statutory compliance reporting designed to improve critical cybersecurity infrastructure.

The DoD OIG also determined that the DoD maintains similar information technology data in multiple repositories, including SITR, the DoD Information Technology Portfolio Repository, the Enterprise Mission Assurance Support Service (eMASS), Xacta, and Archer. The eMASS, Xacta, and Archer repositories are cybersecurity management tools used to maintain the Risk Management Framework documentation needed to authorize information technology systems to operate on DoD networks. Although the DoD uses the repositories to meet different requirements, the DoD has an opportunity for cost savings and efficiencies if it identifies a single enterprise solution to maintain Risk Management Framework documentation that can also be used to respond to statutory requirements, such as those in the Federal Information Security Modernization Act.

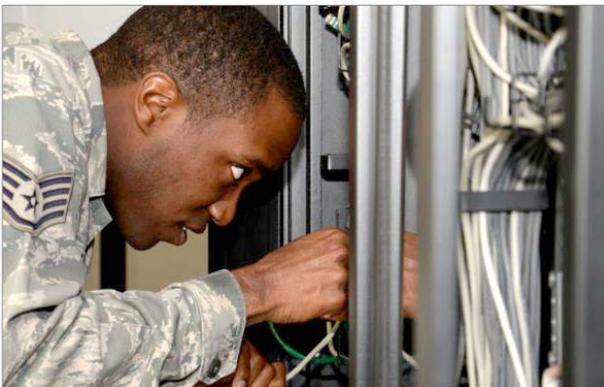
As of September 2017, DoD Components had spent approximately \$10 million for Xacta and Archer, systems that duplicate eMASS functionality.

The DoD OIG recommended that the DoD Chief Information Officer:

- notify information technology system users of inaccurate data in SITR and follow up to ensure the data is corrected; train all system users; and establish a process to hold DoD Component chief information officers accountable for the accuracy and completeness of the data in SITR;
- conduct a study to determine the most effective process and information technology repository for maintaining and reporting information technology data and eliminate any duplicate processes associated with the information technology repositories; and
- require DoD Components to conduct and submit a business case analysis before selecting or renewing the use of a commercial Risk Management Framework accreditation and authorization tool rather than eMASS until DoD develops the capability for eMASS to maintain top secret information technology system data.

Management agreed with the recommendations to ensure the accuracy of the data in SITR, but did not agree with the recommendation to require a business case analysis to use another system other than eMass.

Report No. DODIG-2018-154



U.S. Air Force Staff Sgt. Christerfer James, 100th Communication Squadron Cyber Transport supervisor, runs cable Sept. 4, 2015, on RAF Mildenhall, England. James was granting RAF Mildenhall users the ability to access the base nonsecure internet protocol router and secure internet protocol router network.

Source: U.S. Air Force photo by Gina Randall/Released.

Financial Management and Reporting

DoD FY 2017 Compliance With the Improper Payments Elimination and Recovery Act Requirements

The DoD OIG determined whether the DoD complied with the requirements of the “Improper Payments Elimination and Recovery Act of 2010” (IPERA) in the DoD’s reporting of FY 2017 improper payments. IPERA requires all agencies to review their programs and activities and identify programs that may be susceptible to significant improper payments, report the amount and causes of improper payments that occurred, and report on corrective actions planned to reduce the improper payments.

The DoD OIG determined that the DoD complied with two of the six IPERA requirements by conducting program-specific risk assessments and reporting an improper payment rate of less than 10 percent for each program. However, the DoD did not fully comply with the other four IPERA requirements. Specifically, the DoD did not:

- publish all required information in the Payment Integrity section of the FY 2017 Agency Financial Report because the Under Secretary of Defense (Comptroller)/Chief Financial Officer (USD[C]/CFO) discussed the IPERA program at only a summary level and misinterpreted the payment recapture program reporting requirements;
- publish statistically valid improper payment estimates for four programs—DoD Travel Pay, Defense Finance and Accounting Service Commercial Pay, U.S. Army Corps Corp of Engineers (USACE) Commercial Pay, and Military Health Benefits—or include all Office of Management Budget-required reporting information in the Agency Financial Report because some Components did not complete their tests of payments and the USD(C)/CFO did not obtain and report all required program data;
- publish all required elements for the program corrective actions in the Agency Financial Report because the USD(C)/CFO did not confirm that Components submitted all required information; or
- meet its annual reduction targets for the Military Retirement, DoD Travel Pay, USACE Travel Pay, and USACE Commercial Pay programs because the DoD changed its sampling methodologies.

The DoD OIG also determined that the USD(C)/CFO did not implement strong internal controls at the DoD level to improve reporting and instead relied on controls at the Component level. As a result, the DoD did not comply with IPERA reporting requirements. Additionally, when the Agency Financial Report is missing key improper payment information, DoD leadership and Congress may not be able to determine if the DoD has the resources it needs to reduce its improper payments. Improper payments represent Government errors and potentially waste or fraud that resulted in the under- or over-payment of public funds.

The DoD OIG recommended that the USD(C)/CFO:

- develop a data call template based on IPERA and OMB requirements for Component narrative submissions;
- coordinate with reporting Components to ensure that improper payment testing is completed on time and improper payment estimates are based on 12 months of data, as required by OMB guidance;
- develop milestones for expanding oversight responsibilities of the senior accountable officer to all DoD programs with significant improper payments;
- implement procedures to ensure the USD(C)/CFO receives all required information from the Components for the Agency Financial Report; and
- take remediation actions required by IPERA for those programs that did not comply with IPERA.

The DoD OIG also recommended that the Director of Financial Services, Army Financial Management Command, develop, implement, and submit statistically valid sampling plans for the Army's Travel Pay and Commercial Pay programs. Management either agreed with the recommendations or agreed to take actions that addressed the intent of all of the recommendations.

Report No. DODIG-2018-115

The Treasury Index 97 Cash Management Report

The DoD OIG determined whether the Treasury Index (TI) 97 Cash Management Report (CMR) was complete, accurate, and supported by the details necessary to perform Fund Balance With Treasury (FBWT) reconciliations. The Defense Finance and Accounting Service (DFAS) developed the CMR to help Other Defense Organizations (ODOs) reconcile their FBWT accounts because the Department of the Treasury does not record individual ODO FBWT account balances. The CMR is similar to a commercial bank statement in that it provides a summary cash position for each ODO FBWT account by fiscal year and appropriation at the limit level. DFAS and the ODOs use the CMR to perform individual ODO FBWT account balance reconciliations by the four-character limit.

The DoD OIG determined that the September 2016 TI-97 CMR was not complete, accurate, or supported by the details necessary for ODOs to perform FBWT reconciliations. As a result, DFAS and the ODOs lacked the information needed to perform complete FBWT account reconciliations for September 2016. In addition, \$322.6 million in unsupported adjustments to resolve differences and the use of \$11 billion in unidentified limits indicate that the accounting records did not reflect an accurate and supported financial position for the ODO FBWT accounts. This will cause FBWT accounts to be misstated on the individual ODO financial statements and the DoD Agency-Wide financial statements. Additionally, without accurate financial data, ODO management will not be able to make informed budget decisions regarding operations.

The DoD OIG recommended that the USD(C)/CFO create individual Defense Working Capital Fund accounts for the Defense Information Systems Agency, Defense Logistics Agency, and DFAS. The DoD OIG also recommended that the USD(C)/CFO develop a single, consolidated TI-97 FBWT reconciliation tool; issue policy establishing a list of approved limits; develop a plan to reduce the number and dollar amount of unidentified limits; establish metrics that report the number and amount of unidentified limits by system monthly; develop a FBWT reconciliation process that incorporates the entire universe of transactions; and require DoD disbursing stations to report transaction-level data to the Treasury on a daily basis. In addition, the DoD OIG recommended that the DFAS-Indianapolis Director produce a consolidated CMR that supports TI-97 FBWT account reconciliations; document the updated CMR process in process maps and process narratives; to revise existing standard operating procedures to require reconciliation of all TI-97 FBWT accounts to Treasury; develop standard

operating procedures that provide steps on identifying differences between TI-97 FBWT accounts in the CMR and the Treasury's Central Accounting and Reporting System; and require DFAS personnel to obtain written approval for any adjustment made to TI-97 accounts. Management agreed with 3 of the recommendations and did not agree with 14 of the recommendations.

Report No. DODIG-2018-120

U.S. Special Operations Command Reporting of General Equipment on its Financial Statements

The DoD OIG determined whether U.S. Special Operations Command (USSOCOM) accurately reported general property, plant, and equipment on its financial statements.

The DoD OIG determined that USSOCOM overstated its General Equipment account balance by \$5.7 billion and could not support another \$261 million in General Equipment on its FY 2015 financial statements. USSOCOM also understated its General Equipment account balance by \$1.4 billion on its first quarter FY 2016 financial statements. In addition, USSOCOM did not obtain all the critical data elements needed from its Component Special Operations Command property systems needed to accurately report its General Equipment and Accumulated Depreciation account balances. Furthermore, the Component Special Operations Command property systems did not contain accurate and complete data needed for USSOCOM to correctly report its General Equipment and Accumulated Depreciation account balances. Finally, \$145 million in Marine Corps Forces Special Operations Command General Equipment was reported on both USSOCOM and Marine Corps financial statements. Unless actions are taken, USSOCOM's General Equipment and Accumulated Depreciation account balances will continue to be misstated and unsupported, and its financial statements will continue to be misstated. USSOCOM's inability to produce accurate General Equipment and Accumulated Depreciation account balances may also impact the accuracy of the DoD Agency-Wide financial statements because the USSOCOM General Equipment account balance is significant to the DoD Agency-Wide financial statements. Furthermore, Component Special Operations Command General Equipment will continue to be reported on two sets of financial statements, resulting in duplicate reporting.

The DoD OIG recommended that the Office of the USD(C)/CFO update its accounting policy relating to the transferring and reporting of General Equipment balances between entities and clearly distinguish which

entity should maintain the accounting of the General Equipment and Accumulated Depreciation balances and report the balances on the Component's financial statements. The DoD OIG recommended that the Army, Navy, and Air Force provide accurate and complete data elements to USSOCOM for the reporting of USSOCOM General Equipment and Accumulated Depreciation, and develop milestones for providing accurate and complete data elements. The DoD OIG recommended that USSOCOM revise its standard operating procedures on the reporting of General Equipment and Accumulated Depreciation. The DoD OIG also recommended that USSOCOM assist Component Special Operations Command personnel in identifying all the critical data elements USSOCOM needs to accurately report its General Equipment and Accumulated Depreciation; review and verify that the General Equipment being reported on the USSOCOM Balance Sheet reconciles to the Component Special Operations Command property systems; and request that the OUSD(C)/CFO make a determination on whether USSOCOM or the Marine Corps should report certain General Equipment. Management agreed with 14 of the recommendations, partially agreed with 2 of the recommendations and did not agree with four of the recommendations.

Report No. DODIG-2018-123

Followup Audit: Application Level General Controls for the Defense Cash Accountability System

This DoD OIG followup audit determined whether DFAS implemented corrective actions for the recommendations in Report No. DODIG-2017-015, "Application Level General Controls for the Defense Cash Accountability System Need Improvement," November 10, 2016, and determined whether those actions corrected the reported problems. The DoD uses the Defense Cash Accountability System (DCAS) to process and report its disbursement and collection of funds to the U.S. Treasury and the DoD.

The DoD OIG determined that Business Enterprise Information Services (BEIS) Office personnel implemented corrective actions that improved the design and operating effectiveness of several key application-level general controls, including security management, access controls, configuration management, and contingency planning. However, BEIS Office personnel had not yet verified that four controls related to access and configuration management controls were operating as intended. BEIS Office personnel need to take additional actions to demonstrate the successful implementation of these controls. Without confirmation

that these access and configuration management controls were operating as intended, DCAS remains vulnerable to inappropriate user access and critical system discrepancies. Although the control enhancements closed 15 of the 20 prior recommendations, BEIS Office personnel need to make additional improvements to security management, configuration management, and contingency planning controls.

The DoD OIG also redirected one prior recommendation related to table change documentation from BEIS Office personnel to DFAS Enterprise Shared Services personnel because DCAS policy requires DFAS Enterprise Shared Services personnel to verify and track that Master Data Table changes are authorized, configured, and operating effectively. Therefore, 5 of 20 prior recommendations remained open. Without proper controls, DCAS is vulnerable to availability interruptions and lost or incorrectly processed data. Consequently, the DoD could experience financial losses from expensive efforts to recover financial data and from DoD leadership's reliance on inaccurate or incomplete financial data processes to make critical decisions.

Finally, the Defense Information Systems Agency (DISA) Customer Service Representative did not perform the 2017 annual review of the DCAS Service Level Agreement to ensure agreements by all parties were still applicable for the next 12 months. As a result, necessary financial or service-level changes may not occur, which could impact the performance of DCAS.

The DoD OIG recommended that the DFAS BEIS and Other Systems Director review and verify policies and procedures to ensure that periodic user reviews are operating effectively, that timely privileged user reviews are conducted, and to execute and approve emergency changes. In addition, the DoD OIG recommended that DFAS BEIS refine, implement, and verify that the procedures for reviewing exception reports identify all exceptions that require followup or correctives actions, demonstrate that personnel have been trained before approving system access, and schedule and conduct annual DCAS Information System Contingency Plan testing. The DoD OIG also recommended that DISA develop and implement procedures to ensure annual Service Level Agreement reviews are conducted and train personnel on the requirements of Service Level Agreement guidance. Management agreed with the recommendations.

Report No. DODIG-2018-136

Department of the Navy Qualified Recycling Programs

The DoD OIG determined whether the Navy provided adequate oversight of its qualified recycling programs (QRPs)—programs that collect and sell eligible scrap materials, such as paper, cardboard, plastics, glass, scrap metal, and brass. Sales proceeds are reused to cover the costs directly attributable to operating expenses of the program. After the costs are recovered, up to 50 percent of the remaining proceeds can be used for pollution reduction and similar projects at the installation or region, and any remaining proceeds can be transferred to the non-appropriated morale, welfare, and recreation account. If the balance available at the end of any fiscal year is more than \$2 million, the excess amount is deposited into the Department of the Treasury account as miscellaneous receipts.

The DoD OIG determined that the Navy did not provide adequate oversight at the 10 QRPs reviewed. Specifically, Navy headquarters personnel did not adequately perform assessments, which include a review of program financial records, and oversight to verify that the program managers were following guidance for operating a QRP. The Navy did not have standard operating procedures defining how to perform assessments and oversee the QRPs. As a result, the Navy cannot accurately assess the performance of its QRPs, the programs may not be operating in the most efficient and effective manner, and the programs are vulnerable to fraud.

The DoD OIG recommended that the Assistant Secretary of the Navy (Financial Management and Comptroller), Office of Financial Operations, develop and implement standard operating procedures to provide guidance to Navy headquarters personnel on overseeing the QRP. The DoD OIG also recommend that the Commander of the Navy Installations Command, Facility Services, and the Commander of the Marine Corps Installations Command include a requirement in their Qualified Recycling Program Guidance to require program managers to document bid information, weights of material sold, and prices of materials. Management agreed with the recommendations

Report No. DODIG-2018-117

Readiness and Global Operations

DoD Reporting of Charge Card Misuse to Office of Management and Budget

The DoD OIG determined whether the DoD's purchase card and travel card reporting on fraud, waste, abuse, and misuse was complete and accurate. Specifically, the DoD OIG reviewed the DoD's FYs 2015 and 2016 quarterly statistical travel card reports, quarterly statistical purchase card reports, and semiannual violation purchase card reports that the DoD submitted to the OMB. Collecting and maintaining accurate information on misuse and delinquencies provides valuable data for DoD decision makers to use to effectively manage the travel and purchase card programs.

The DoD OIG determined that the DoD provided incomplete and inaccurate charge card information to the OMB during FYs 2015 and 2016. Specifically, on the semiannual violations report to the OMB for the second half of FY 2015, the Military Services sent 1,043 misuse transactions to Defense Procurement and Acquisition Policy (DPAP) officials to be reported; however, DPAP reported only 47 to the OMB. In addition, during FYs 2015 and 2016, quarterly statistical reports provided to the OMB were incomplete because the DoD did not include over 51,000 delinquencies in purchase card payments, as required by the OMB. As a result, DPAP and purchase card officials within the DoD purchase card program, which spent \$10 billion during FYs 2015 and 2016, will be unable to identify patterns of improper transactions, opportunities to improve the program's efficiencies, or areas where program reviewers should focus until DPAP corrects these problems.

In addition, the DoD OIG determined that Defense Travel Management Office (DTMO) officials significantly underreported to the OMB the number of administrative or disciplinary actions taken for travel card misuse, including delinquencies. Specifically, for FYs 2015 and 2016, DTMO reported only 139 cases of "administrative and/or disciplinary actions." However, the DoD OIG determined that DTMO should have reported at least 263,160 actions for the 2-year period. Because of the underreporting, DTMO officials and Component program managers could not establish a reliable baseline of misuse, implement sufficient management controls to prevent misuse, or increase reviewer emphasis on key areas of misuse and delinquencies in the travel card program.

The DoD OIG recommended that the Director of Defense Pricing/Defense Procurement and Acquisition Policy obtain, review, and oversee transaction-level details for misuse to improve reporting; and complete an evaluation of the costs and benefit of Purchase Card On-Line System. The DoD OIG recommended that the DTMO Director revise the Government Travel Charge Card Regulations to require Component Program Managers and designated agency program coordinators to use available contractual tools, including the Visa IntelliLink rules, queries, and case disposition modules. IntelliLink is a Visa tool for spend management. Management agreed with the recommendations and initiated corrective actions, but the recommendations remain open.

Report No. DODIG-2018-101

Payments to Electromagnetic Pulse Commission Support Contractor

The DoD OIG determined whether the DoD's Washington Headquarters Services properly reviewed contractor invoices for work performed under a support contract for the Commission to Assess the Threat to the United States from Electromagnetic Pulse Attack (EMP Commission III). The Chairman of the House Committee on Armed Services requested this audit. After discussions with staff from the Committee on Armed Services, the DoD OIG focused on reviewing time charges for a subject-matter expert employed by the support contractor. The EMP Commission III identifies steps it believes should be taken by the U.S. Government to better protect military and civilian systems from electromagnetic pulse attacks. An electromagnetic pulse can temporarily disrupt or permanently damage electronic equipment by generating high-voltage and high-current surges. An electromagnetic pulse attack could involve a burst of electromagnetic radiation created by nuclear explosions.

The DoD OIG determined that the Washington Headquarters Services contracting officers directed the contracting officer's representative to approve contractor invoices from a support contractor that included questionable hours. Washington Headquarters Services contracting officials also did not require the contractor to submit payment requests to the Defense Contract Audit Agency for review and approval. As a result, the contractor might have been paid \$118,755 more than the contract allowed, and Washington Headquarters Services contracting officials may have to pay for the additional unpaid hours submitted on time cards for May 2017 and voluntary services performed in July 2017.

The DoD OIG recommended that the Washington Headquarters Services Director preclude contracting officer's representatives from approving invoices for time and material contracts, require the contractor to submit payment requests to the Defense Contract Audit Agency, and investigate the unbilled hours and voluntary services for potential Anti-Deficiency Act violations. Management agreed with the recommendations.

Report No. DODIG-2018-103

Defense Information Systems Agency Contract Awards at Defense Information Technology Contracting Organization Europe

The DoD OIG determined whether the Defense Information Technology Contracting Organization (DITCO) Europe, a component of DISA, properly awarded telecommunication service contracts. The audit team reviewed 30 contracts valued at \$64.5 million. DITCO Europe has contracting responsibility for Europe, Africa, and Southwest Asia telecommunication services, and several of the 30 contracts indirectly support Operation Inherent Resolve.

The DoD OIG found that DITCO Europe properly awarded the 30 telecommunication service contracts. However, the DoD OIG audit also found that DITCO Europe did not adequately conduct or document market research or ensure that contract files were complete. While these deficiencies did not affect award decisions, the audit concluded that failure to follow the required regulations put DITCO Europe at risk for future award protests and possible litigation.

The DoD OIG recommended that the DISA Director, in coordination with the DITCO Director, provide refresher training to contracting personnel on conducting market research and documenting contract files to comply with the regulations. Management agreed with the recommendations.

Report No. DODIG-2018-104

TRICARE Payments for Standard Electric Breast Pumps and Replacement Parts

The DoD OIG determined whether the DoD paid reasonable prices for standard electric breast pumps and replacement parts provided to beneficiaries in the TRICARE North, South, and West Regions in 2016. TRICARE is the DoD's managed health care program for active duty service members, retirees, and eligible family members both in the United States and overseas.

The DoD OIG determined that the DHA overpaid for standard electric breast pumps and replacement parts for beneficiaries in the three TRICARE regions in 2016.

Specifically, the DHA overpaid for 54,006 of 59,241 breast pumps (91.2 percent) and 380,911 of 671,112 replacement parts (56.8 percent). This occurred because the DHA did not require contractors for the three TRICARE regions to use only suppliers that had fixed reimbursement rates for breast pumps and replacement parts. As a result, the DoD OIG calculated that the DHA overpaid \$16.2 million for standard electric breast pumps and replacement parts provided to TRICARE beneficiaries in all three TRICARE regions in 2016. If the DHA continues its current practice, and prices and volume stay the same, the DHA could overpay an additional \$81.2 million over the next 5 years.

The DoD OIG recommended that the DHA Director use only suppliers that have entered into agreements that have fixed reimbursement rates to provide standard electric breast pumps and replacement parts throughout all TRICARE regions. Additionally, the DoD OIG recommended that the DHA Director, to the extent practicable, review and pursue appropriate action, such as recouping any overpayments from the suppliers that billed excessive amounts for breast pumps and replacement parts. Management agreed with the recommendations.

Report No. DODIG-2018-108

Defense Contract Management Agency's Information Technology Service Contracts

The DoD OIG determined whether the Defense Contract Management Agency (DCMA) properly awarded and administered information technology service contracts. The DCMA performs contract administration services for the DoD, other authorized Federal agencies, foreign governments, and international organizations. The DCMA Information Technology Directorate program managers, contracting officer's representatives, contract specialists, and DCMA Procurement Center contracting officers are involved with awarding and administering DCMA information technology service contracts.

The DoD OIG determined that DCMA contracting officials did not properly award 11 of the 14 information technology service contracts reviewed, valued at \$61 million. Specifically, DCMA officials did not properly define requirements that included measurable performance standards for eight contracts; develop an acquisition plan for one contract; or submit offers for Small Business Administration acceptances for two contracts awarded through the 8(a) Business Development Program. In addition, DCMA officials used flexible ordering agreements to award 5 of the 14 contracts, which violated relevant Federal Acquisition Regulation requirements. As a result,

DCMA contracting officials acquired \$56.4 million in information technology services on contracts with poorly defined or nonexistent performance work statements that may not meet the performance needs required to successfully execute the DCMA mission. Additionally, DCMA contracting officials fulfilled information technology service requirements under the 8(a) Business Development Program without the Small Business Administration determining whether the requirements should continue under the 8(a) program. Furthermore, DCMA contracting officers exceeded their authority by establishing flexible ordering agreements and did not comply with Federal competition guidelines. In addition, DCMA contracting officials did not properly administer information technology service contracts for 13 of the 14 contracts, valued at \$70.3 million. Specifically, DCMA officials did not properly monitor contractor performance, accept information technology services, approve invoices or use the Defense Contract Audit Agency to approve interim invoices with labor-hour line items. As a result, DCMA officials do not have reasonable assurance that the DCMA received the \$70.3 million in information technology services it paid for. Without adequate contractor surveillance, the DCMA might receive services that are late, deficient, or outside the scope of the contract requirements. Finally, if DCMA officials do not improve the controls to ensure effective contract administration, the DCMA information technology Directorate will continue to pay for information technology services without reasonable assurance that it received the services.

The DoD OIG recommended, among other things, that the DCMA Director establish internal controls to ensure that performance work statements for service acquisitions are developed, contracting officer's representatives or contracting officers monitor contractor performance, determine whether the contractor performed satisfactorily, and ensure the work progressed according to the contract before they approve invoices. In addition, the DoD OIG recommended that the DCMA Director develop guidance for awarding contracts under the Small Business Administration's 8(a) program, issue written justification and approvals for all ongoing orders under flexible ordering agreements, initiate a review of the contracting officers' actions to continue the use of flexible ordering agreements, and reemphasize the importance of all aspects of the contracting process. Management agreed with the recommendations.

Report No. DODIG-2018-110

Access to Care at Selected Military Treatment Facilities

The DoD OIG determined whether the DoD is meeting access to care standards for acute and routine appointments at selected military treatment facilities (MTF). Federal regulations establish access to care standards for the Military Health System, including providing patients an appointment to visit a provider within 7 days for a routine appointment and 24 hours for an urgent appointment.

The DoD OIG determined that the DoD did not consistently meet the DHA access to care standards for urgent and routine appointments at selected MTFs. Based on DHA metrics, three of the seven MTFs the DoD OIG visited met access to care standards for routine and urgent appointments and one MTF met access to care standards for 4 of 5 months between January and May 2017. However, three Air Force MTFs did not consistently meet access to care standards. For example, in February 2017, U.S. Air Force Hospital Langley did not meet the 7 day routine appointment metric by 15.8 days (226 percent). Additionally, in March 2017, David Grant U.S. Air Force Medical Center did not meet the 1-day urgent appointment metric by 7.2 days (720 percent).

The audit determined that Air Force MTFs did not meet beneficiary demand for appointments because the Air Force Surgeon General:

- assigned a higher number of patients per health care provider compared to the Army and Navy;
- did not establish policy to consistently decrease the number of appointments per provider to compensate for their other duties (except for flight commanders);
- did not pay comparable salaries for civilian nursing personnel; and
- did not have authority to direct Air Force medical personnel.

As a result, the 105,000 Military Health System beneficiaries enrolled at the three Air Force MTFs visited may not have received the care they needed, and may have been at risk of increased health complications due to longer wait times. In March 2017, beneficiaries waited as long as 8.2 days on average for an urgent appointment at David Grant U.S. Air Force Medical Center and, in February 2017, beneficiaries waited as long as 22.8 days on average for a routine appointment at U.S. Air Force Hospital Langley.

The DoD OIG recommended that the DHA Director establish a standard method across the Military Departments for calculating the number of patients assigned to each provider and establish a standard method for decreasing the number of appointments per provider based on the provider's additional duties. Additionally, the DHA Director should convene a working group with personnel from the Military Departments' Surgeons General and the Air Force Personnel Center to conduct a review to determine if position descriptions and pay grades for civilian medical personnel assigned to MTFs are consistent, and consider standardizing position descriptions and pay grades across the Military Departments. Finally, the DoD OIG recommended that the DHA Director, in coordination with the Air Force Surgeon General, develop a plan outlining how the DHA will assume authority, direction, and control over Air Force MTFs to make changes necessary to improve access to care and hold MTF commanders accountable when the MTFs do not meet access to care standards. Management agreed with the recommendations.

Report No. DODIG-2018-111

Processing and Disposition of Equipment at the DLA Disposition Services in Kuwait

The DoD OIG determined whether Defense Logistics Agency (DLA) Disposition Services properly processed and disposed of equipment in Kuwait. The DLA manages equipment turn-in, reutilization, and sales that benefit the Military Services and Federal agencies, as well as state and local governments. DLA Disposition Services–Kuwait provides services for Afghanistan, Bahrain, Kuwait, Qatar, and the United Arab Emirates.

The DoD OIG determined that DLA Disposition Services officials properly processed and disposed of equipment in Kuwait. However, improvements were necessary to mitigate life, health, and safety hazards that put personnel and contractors at risk of injury. While DLA Disposition Services–Kuwait officials had established site-specific pre-receipt processes that resulted in efficiencies, such as reducing backlogs and processing times, it did not document these processes.

During the audit, the DoD OIG advised DLA Disposition Services–Kuwait officials of the deficiencies in the safety program and recommended that the DLA Disposition Services Directorate–Central, which includes Disposition Services–Kuwait, establish a schedule to conduct inspections to ensure that personnel wear personal protective equipment, and provide employees information on the hazards associated with their tasks. Additionally, the

DoD OIG recommended that DLA Disposition Services Directorate–Central document the pre-receipt processes developed in Kuwait. Management agreed with the recommendations and initiated corrective actions sufficient to close the recommendations.

Report No. DODIG-2018-112

The Trans-Africa Airlift Support Contract

The DoD OIG determined whether U.S. Africa Command conducted a Service Requirements Review Board to develop, analyze, and validate the requirements for the Trans-Africa Airlift Support Contract. U.S. Transportation Command awarded the Trans-Africa Airlift Support Contract to provide airlift services for the U.S. Africa Command to support its efforts within its area of responsibility. With the spread of ISIS beyond Iraq's and Syria's borders, one of U.S. Africa Command's efforts is to counter the ISIS threat within its area of responsibility.

The DoD OIG determined that neither U.S. Africa Command nor U.S. Transportation Command convened the required review boards prior to awarding the contract. As a result, the contract's requirements might not be accurate. Specifically, the contract's performance work statement included requirements for intelligence that were not clear, as well as requirements for medical services that may unnecessarily increase costs. Moreover, requirements outlined in the performance work statement allow the contractor to refuse any mission for safety reasons, which could delay airlift support, including medical evacuation. Furthermore, the DoD OIG found no evidence that U.S. Africa Command conducted a Service Requirements Review Board to document its decision on whether to use a contractor or military support for airlift services.

The DoD OIG recommended that U.S. Africa Command implement a training program for acquisition personnel to ensure that requirements are reviewed and validated prior to awarding contracts. It also recommended that U.S. Africa Command conduct a requirements review board and modify contracts accordingly, or conduct a requirements review board for each subsequent task order awarded under the contract. The DoD OIG recommended that U.S. Transportation Command develop formal procedures for executing contracts for external activities. U.S. Africa Command did not respond to a request for comment on the recommendations. U.S. Transportation Command agreed with the recommendation to develop formal procedures.

Report No. DODIG-2018-116

DoD Oversight of Logistics Civil Augmentation Program in Afghanistan Invoice Review and Payment

The DoD OIG determined whether the DoD adequately monitored contractor performance and conducted sufficient invoice reviews for services provided under the Logistics Civil Augmentation Program IV contract in Afghanistan. This Army program uses contractors to provide logistical and sustainment services to deployed forces, such as dining and laundry facilities, housing, construction, transportation, facilities maintenance, and fire and emergency services.

The DoD OIG determined that the Army paid \$2.4 billion in vouchers submitted from 2015 to 2017 with little or no examination of the supporting documentation. The DoD OIG also determined that Army Contracting Command–Afghanistan officials did not have reasonable assurance that the contractor performed all services in accordance with contract requirements.

The DoD OIG recommended that the Defense Procurement and Acquisition Policy Director issue clarifying guidance, establish the contract administration office’s responsibilities for monitoring contractor billings, and the Army Contracting Command–Rock Island Executive Director delegate additional voucher responsibilities to Army Contracting Command–Afghanistan. The DoD OIG also recommended that the Army Contracting Command–Afghanistan develop standard operating procedures to monitor contractor billings, review contractor billing practices and communicate results to the appropriated procuring contracting officer and the Defense Contract Audit Agency. Finally, the DoD OIG recommended that the Defense Contract Audit Agency review the contractor’s billing practices, and that the Army Contracting Command–Afghanistan create detailed checklists for contracting officer representatives to use when conducting contract oversight. Management agreed with the recommendations.

Report No. DODIG-2018-119

Development, Review, and Validation of the Philippines Operations Support Contract III Requirements

The DoD OIG determined whether U.S. Indo-Pacific Command and its subordinate commands developed, reviewed, and validated requirements for the Philippines Operations Support Contract III. This contract, valued at \$58 million over 5 years, provides for services throughout the Philippines, such as communications, security, facilities management, and supply.

The DoD OIG determined that the command did not formally revalidate the contract before exercising the first option period of the contract. At the time of the contract award, a requirements review board was not required, but after contract award the guidance for conducting requirements review boards changed. Subsequently, the command should have revalidated the first option period of the contract, valued at \$8.2 million, but did not.

The DoD OIG recommended that the U.S. Indo-Pacific Command Commander, in coordination with the U.S. Special Operations Command Pacific Commander, conduct a requirements review board before authorizing additional funding for the first option period of the contract. Additionally, the DoD OIG recommended that the U.S. Indo-Pacific Command Commander, direct all subordinate commands to conduct requirements review boards in accordance with directives and verify compliance with this guidance. Management agreed with the recommendations and started taking actions during the audit. The U.S. Special Operations Command Pacific held a requirements review board revalidating the contract requirements for the remainder of the first option period. During the audit, the command took actions to address the recommendations, and its subordinate commands conducted a requirements review board.

Report No. DODIG-2018-124

Management of Army Equipment in Kuwait and Qatar

The DoD OIG determined whether the Army maintained and accounted for Army Prepositioned Stock-5 equipment in Kuwait and Qatar. This equipment includes combat-ready vehicles and weapon systems needed by U.S. military forces deployed in support of operations in Southwest Asia. In 2016, the Army awarded a contract, valued at \$393 million, to maintain this equipment.

The DoD OIG determined that the Army did not ensure that the contractors maintained the equipment in accordance with prescribed maintenance schedules. This occurred because Army personnel relied on the contractor to track maintenance schedules and did not verify that these schedules complied with Army regulations and contract requirements. As a result, the Army does not have assurance that contract personnel are performing the requirements of the contract to maintain vehicles and weapon systems according to the maintenance schedule required for their respective storage conditions. Vehicles and equipment that are not properly maintained are less likely to be operable and combat-ready for deploying units.

Additionally, the DoD OIG found that the Army did not consistently account for Army Prepositioned Stock equipment. Specifically, Army personnel in Kuwait did not conduct a 100 percent inventory of equipment during a transition between accountability officers. This occurred because the Army did not clearly establish which inventory accountability requirements apply to which locations. Without clearly established requirements, the Army provided conflicting guidance to accountability officers for inventory requirements at Army Prepositioned Stock sites. As a result, the Army does not have assurance that it properly accounted for the \$5.1 billion worth of Army Prepositioned Stock-5 equipment stored in Kuwait. Mismanagement of the maintenance and monitoring of Army Prepositioned Stock equipment could lead to wasteful replacement costs or equipment that cannot be issued when needed. In addition, the Army is basing future acquisitions and equipment distribution on an inventory that may not be correct, which could lead to unnecessary expenditures and negatively impact equipment readiness.

The DoD OIG recommended that the Army review equipment maintenance schedules as well as oversight procedures for contracting officer representatives. Additionally, the DoD OIG recommended that the Army update regulations to ensure it could completely account for the equipment. Management did not provide a response to this report.

Report No. DODIG-2018-132

Defense Logistics Agency Award and Administration of Energy Savings Performance Contracts

The DoD OIG determined whether Defense Logistics Agency (DLA) officials maintained competition in soliciting and awarding energy savings performance contracts (ESPCs), appointed contracting officer's representatives and conducted base-level oversight of ESPC maintenance and repair, and validated contractor-claimed energy savings on select contracts. ESPCs provide a way for the private sector to finance Federal Government energy-saving projects. Through this contract type, an energy services contractor signs, finances, acquires, installs, and maintains energy-saving equipment and systems for a Federal agency. ESPCs allow Federal agencies to procure energy savings and facility improvements with no upfront capital costs or special appropriations from Congress.

The DoD OIG determined that DLA-Energy contracting officials maintained competition in soliciting and awarding ESPCs reviewed. In addition, DLA-Energy

contracting and base-level Department of Public Works officials properly administered four of seven ESPCs the DoD OIG reviewed by appointing contracting officer's representatives and validating contractor-claimed energy savings. However, the DoD OIG determined that DLA-Energy contracting and base-level Department of Public Works officials did not document the validation of the contractor-claimed energy savings in 2 of 52 measurement and verification reports that supported \$0.9 million in contract payments, and resolve a disagreement between DLA-Energy contracting and base-level Department of Public Works officials regarding whether the contractor sufficiently supported \$1.8 million in contractor-claimed energy savings in the post-installation report. As a result, three performance-phase ESPC projects included \$2.7 million in questionable contract payments that do not fully comply with Federal ESPC statutory requirements. Furthermore, if DLA-Energy does not maintain standard operating procedures to implement Federal Energy Management Program guidance for ESPCs, DLA-Energy contracting officials may implement inconsistent oversight of ESPCs when validating contractor-claimed savings and overseeing the maintenance, repair, and replacement of energy conservation measures.

The DoD OIG recommended that the DLA-Energy Commander direct DLA-Energy contracting officials to validate contractor-claimed energy savings achieved for three ESPCs. The DoD OIG also recommended that the Commander direct the contracting officials, based on the result of the validations, as mandated by law, to take appropriate contractual action (if necessary), such as recovering unrealized guaranteed energy savings or buying out the remaining portion of the applicable contracts. In addition, the DoD OIG recommended that the DLA-Energy Commander develop standard operating procedures regarding implementing Federal Energy Management Program guidance on solicitation, competition, award, and monitoring of ESPCs. The DoD OIG also recommended that DLA-Energy implement a standard operating procedure to resolve internal Government disagreements over contractor-claimed energy savings. Management agreed with the recommendations.

Report No. DODIG-2018-135

DoD Management of the Enhanced Army Global Logistics Enterprise Maintenance Contract in Afghanistan

The DoD OIG determined whether the Army monitored contractor performance and the costs of the Enhanced Army Global Logistics Enterprise–Afghanistan maintenance contract to ensure that the contractor maintained tactical vehicles and weapons in accordance with contract requirements while keeping costs to a minimum. The contract provides maintenance, supply, and transportation services to the U.S. and Coalition partners throughout Afghanistan. For example, the contractor provides maintenance for vehicles, such as armored security vehicles and Mine-Resistant Ambush Protected vehicles. The contractor also provides maintenance services for weapons, such as machine guns.

The DoD OIG determined that Army Contracting Command–Afghanistan did not monitor contractor performance of certain critical requirements or monitor contractor costs to ensure that vehicles and weapons were maintained in accordance with contract requirements. As a result, the Army does not have reasonable assurance that the contractor complied with certain critical requirements of the contract. Without engaging with customers, the contracting officer’s representatives (CORs) were unable to identify customer dissatisfaction with contractor maintenance turnaround time. In addition, without consistent contractor oversight, the administrative contracting officer could not provide the procuring contracting officer with sufficient evidence to accurately rate the contractor’s performance and potentially assess any reductions of the fee payable to the contractor for noncompliance with contract requirements. Furthermore, the Army does not have reasonable assurance that costs billed, valued at \$77.8 million, were allowable in accordance with the terms of the contract.

The DoD OIG recommended that the Army Contracting Command–Afghanistan Commander ensure that CORs evaluate contractor compliance with turnaround time requirements; update COR surveillance checklists; update the quality assurance surveillance plan with sampling guidance to ensure that CORs perform consistent monthly surveillance procedures; and require a COR to perform invoice reviews and validation. In addition, the DoD OIG recommended that the 401st Army Field Support Battalion–Afghanistan Commander nominate a COR to perform invoice and validation reviews as required by the contract’s special invoicing procedures. The DoD OIG also recommended that the Army Contracting Command–Rock Island



Maintenance on a Mine-Resistant Ambush Protected Vehicle in Bagram, Afghanistan

Source: The DoD OIG.

Director, in coordination with the 401st Army Field Support Battalion–Afghanistan Commander, modify the contract to establish a timeframe requirement for the contractor to complete final inspections of vehicles and weapons. Management agreed with the recommendations and initiated corrective actions, which resolved all the recommendations.

Report No. DODIG-2018-139

Military Sealift Command’s Maintenance of Prepositioning Ships

The DoD OIG determined whether the Military Sealift Command (MSC) ensured that Government-owned, contractor-operated (GOCO) prepositioning ships received the required maintenance. Prepositioning ships, which are managed by the Prepositioning Program Management Office, ensure rapid availability of military equipment and supplies. MSC uses contractors to operate and maintain its GOCO prepositioning fleet.

The DoD OIG determined that MSC did not ensure that its GOCO prepositioning ships received the required maintenance. Specifically, MSC personnel did not maintain complete and accurate preventative maintenance plans, which identify the contractors’ maintenance responsibilities. In addition, MSC did not verify that contractor personnel completed the contract requirements related to the preventive maintenance of the GOCO prepositioning fleet. As a result, MSC is unable to accurately assess the condition and readiness of the GOCO ships, which has impeded the combatant commanders’ ability to carry out planned operations. By not ensuring its GOCO prepositioning ships received the required maintenance, MSC may have contributed to the \$139.9 million in unplanned overhaul repair costs for MSC prepositioning ships. The unplanned repairs also required the ships to spend more time in the dry dock, which resulted in MSC running over the planned time in dry dock. Finally, MSC relies entirely

on contractors for the operation and maintenance of prepositioning ships and has committed \$544.7 million to such contracts. Without complete and accurate preventative maintenance plans, which identify and provide instructions on the contractors' maintenance responsibilities, and without effective oversight of the contractors, which ensures all contractual requirements are fulfilled, MSC committed \$544.7 million to contracts without assurance that the contractors would execute all of the required maintenance on its prepositioning fleet.

The DoD OIG recommended that the Director of the MSC Engineering Directorate update the technical manuals and drawings for its prepositioning fleet; revise MSC policies so that all Shipboard Automated Maintenance Management system users are provided initial and annual refresher training; and update the system to capture more accurate maintenance information to assist with maintenance planning and decision making. The DoD OIG also recommended that the Director of the MSC Contracts for Charters and Ship Operations Division, in conjunction with the Program Manager, Prepositioning Program Management Office review and modify all contracts to require Shipboard Automated Maintenance Management system training, and improve the contract language for the contractors' roles and responsibilities for using the system. In addition, ensure that contracting officers appoint qualified contracting officer representative or contracting officer's technical representatives to conduct consistent surveillance of the contractor and document contractual deficiencies. Management agreed with the recommendations.

Report No. DODIG-2018-151

Management of Army and Marine Corps Prepositioned Stocks in U.S. European Command

The DoD OIG determined whether the Army and Marine Corps maintained and stored prepositioned stock in accordance with established maintenance schedules and storage requirements in the U.S. European Command area of responsibility. The DoD OIG reviewed the storage and maintenance of Supply Class VII vehicles and weapons for Army Prepositioned Stock and Marine Corps Prepositioning Program–Norway. The Army Prepositioned Stock program maintains combat-ready equipment and material strategically located and ready for use at a moment's notice. The purpose of the Army's Care of Supplies in Storage program is to ensure the readiness of the Army's stored supplies by identifying and mitigating exposure to temperature, humidity, and other environmental factors so items in storage remain serviceable and ready to deploy when needed.



USNS Dahl, of the Watson-Class, Dry-Docked at Boston Shipyard

Source: The DoD OIG.

The DoD OIG determined that Army and Marine Corps officials did not effectively manage the storage and maintenance of prepositioned stocks in the U.S. European Command area of responsibility. Specifically, Army and Marine Corps officials did not ensure proper storage facility humidity levels, weapons maintenance, and vehicle maintenance. As a result, the DoD does not have assurance that the Army and Marine Corps properly stored and maintained at least \$203.7 million worth of prepositioned stock at Army Prepositioned Stock and Marine Corps Prepositioning Program–Norway sites in the U.S. European Command area of responsibility. While the DoD OIG reviewed only five locations, the findings raise potential concerns regarding the maintenance of prepositioned stock at other U.S. European Command locations that follow the Army and Marine Corps technical manuals. Without adequately managed prepositioned equipment, the Army and the Marine Corps may not be able to fully support a request to provide immediate crisis response in Europe or Africa.

The DoD OIG recommended that the Deputy Chief of Staff of the Army, G-4 (Logistics), in conjunction with the Commander of U.S. Army Materiel Command, update Army technical manuals to specify who is responsible for maintaining controlled humidity levels and inspecting controlled humidity facilities and to clearly state how often the weapons should be maintained. The DoD OIG also recommended that the Commander of the 405th Army Field Support



Photos of Full-Track Tractor with Engine Corrosion (left) and Armored Bridge Vehicle Class III Leak (right)

Source: The DoD OIG.

Battalion–Africa include estimated unscheduled operational missions in the planning process for maintenance of prepositioned stocks. In addition, the DoD OIG recommended that the Deputy Commandant of U.S. Marine Corps Installations and Logistics include requirements to monitor and control humidity levels; develop maintenance requirements for weapons stored in protective packaging; develop standard operating procedures for recording completed maintenance; and automate the process for monitoring maintenance cycles. Management agreed with several recommendations; however, the DoD OIG requested additional comments on four recommendations that remained unresolved.

Report No. DODIG-2018-152

United States Marine Corps Aviation Squadron Aircraft Readiness Reporting

The DoD OIG determined whether active duty Marine Corps Aviation squadrons accurately reported aircraft readiness in the Defense Readiness Reporting System–Marine Corps. The Defense Readiness Reporting System–Marine Corps is the Marine Corps system of record for reporting its aircraft readiness. For this audit, the DoD OIG focused on the F/A-18 and CH-53E airframes. The F/A-18 is a combat jet that is designed as both a fighter and attack aircraft. The CH-53E is a heavy lift helicopter.

The DoD OIG determined that Marine Corps Aviation squadron commanders did not accurately report aircraft readiness. Specifically, the DoD OIG determined that 9 of 10 squadron commanders did not report the present state of their squadron’s aircraft readiness; 5 of 10 squadron commanders did not accurately report the number of mission-capable aircraft in their mission essential task assessment; and 4 of 10 squadron commanders did not accurately report whether their squadron was properly equipped to perform its mission essential tasks. This occurred because Marine Corps readiness reporting guidance is unclear and was interpreted differently by the squadron commanders. As a result, Marine Corps

officials do not have an accurate assessment of the aircrafts’ current capabilities. An inaccurate assessment could negatively impact planning for training and operations if an aircraft is assigned a mission it is not capable of performing, which could potentially put mission accomplishment and personnel at risk.

The DoD OIG recommended that the Marine Corps Deputy Commandant for Aviation require all reporting units and organizations to use the Optimized Organizational Maintenance Activity system as the sole source for reporting aircraft readiness. In addition, the DoD OIG recommended that the Deputy Commandant for Plans, Policies, and Operations, in coordination with the Deputy Commandant for Aviation, revise Marine Corps policy to clarify how mission-capable aircraft quantities should be reported, implement training on reporting readiness, and develop and implement procedures to ensure that intermediate commands verify the completeness and accuracy of their subordinate units’ readiness reports. Management agreed with the recommendations.

Report No. DODIG-2018-141



CH-53E Super Stallion

Source: U.S. Marine Corps.

Ongoing DoD Financial Statement Audits

DoD Financial Statement Audits

The DoD OIG is currently conducting and providing oversight of audits that are being performed on the DoD's various financial statements. As a result of a legislative requirement in the National Defense Authorization Act for FY 2014, the DoD was required to assert audit readiness and to undergo its first full financial statement audit in 2018.

On September 27, 2017, as required by the National Defense Authorization Act for FY 2014, Secretary Mattis and Under Secretary Norquist notified the DoD Inspector General that the DoD was ready for a financial statement audit. However, the DoD noted that it was not expecting an unmodified or clean audit opinion on its first full audit of the Agency-Wide consolidated financial statements. In his notification to the DoD Inspector General, Secretary Mattis stated that he was not certifying that the DoD financial statements or Components' financial statements were reliable; rather, he was asserting that the DoD had the capabilities to allow an auditor to scope and perform a full financial statement audit that could result in actionable feedback on various financial management processes, systems, and documentation.

The Chief Financial Officers Act of 1990 requires that the DoD OIG either perform or contract for DoD financial statement audits. The DoD OIG is the principal auditor for the DoD Agency-Wide basic financial statements. The DoD Agency-Wide basic financial statements provide the financial status of the entire Department. The audit will determine whether the DoD Agency-Wide Basic Financial Statements as of September 30, 2018, and September 30, 2017, taken as a whole, were presented fairly, in all material respects, and in conformity with accounting principles generally accepted in the United States of America.

Additionally, there are reporting Components within the DoD that, while included in the DoD Agency-Wide statements, are also required by the OMB to prepare stand-alone audited financial statements. The National Defense Authorization Act for FY 2016 required the use of independent public accountants to audit the stand-alone financial statements of DoD Components. In addition, the Act required the DoD OIG to monitor those audits. The DoD OIG performs audits of DoD Components that are not required by the OMB and are not individually material to the Agency-Wide financial statements, but taken as a whole are material to the Agency-Wide financial statements. The OIG

contracted with Independent Public Accounting firms, who collectively had over 1,000 auditors assigned to perform the audits of DoD components. The OIG also had over 150 auditors focused on overseeing the IPAs to ensure quality and consistency among the audits, and on auditing multiple DoD components. The DoD OIG uses the results of the DoD Component audits to support its audit of the Agency-Wide financial statements.

During FY 2018, the DoD OIG completed or oversaw the completion of 21 financial statement audits, including the Audit of the FY 2018 and FY 2017 Agency-Wide Basic Financial Statements. The opinion on the DoD Agency-Wide Basic Financial Statements as of September 30, 2018, and September 30, 2017 should be released on November 15, 2018.

These audits identified numerous findings and recommendations. For example, the audits found that DoD Components had incomplete universes of transactions; incomplete and inaccurate lists of financial management systems; unsupported journal vouchers; incomplete valuations of inventory and General Property, Plant, and Equipment; unreconciled Fund Balance With Treasury; and lack of corrective actions for findings from prior year audits.

Other Audit Oversight

Other Ongoing Work

The following are examples of other ongoing audits being conducted by the DoD OIG:

- An audit to determine whether DoD and contractor personnel are effectively managing F-35 assets.
- An audit to determine whether the DoD Military Housing Privatization Initiative is properly accounted for and reported on Military Department and DoD Agency-Wide financial statements.
- An audit to determine whether the DoD is assessing and mitigating cybersecurity risks when purchasing and using select commercial items.
- An audit to determine whether selected military treatment facilities overprescribed opioids for DoD beneficiaries.
- An audit to determine whether the DoD reported accurate and complete improper payment estimates for the DFAS Commercial Pay Program in its reporting of the Improper Payments Elimination and Recovery Act.

- An audit to determine whether the implementation of Joint Regional Security Stacks, a major component of the Joint Information Environment, reduces the DoD's exposure to internal and external cybersecurity threats.
- An audit to determine whether ranges in the U.S. Indo-Pacific Command area of responsibility effectively support aviation unit readiness.
- An audit to determine whether the DoD was properly charged for the One Acquisition Solution for Integrated Services contracts. These contracts provide a platform across the Federal Government for the acquisition of complex professional services.
- An audit to determine whether the DoD and the Services implemented actions to correct problems identified previously by the DoD OIG related to the collection of outstanding balances of medical service accounts.
- An audit to determine whether controls governing the Commercial and Government Entity Code Process are adequate and effective in managing vendor access.
- An audit to determine whether the DoD has an effective program to detect, report, and respond to security incidents on mission-critical control systems. A control system is a device or set of devices to manage, command, direct, or regulate behavior of other devices or systems. On DoD installations, control systems ensure that essential infrastructure services, such as electricity, water, natural gas, and fuel distribution, are delivered.
- An audit to determine whether DoD Components implemented effective security controls and processes at DoD facilities to protect classified and unclassified ballistic missile defense system technical information from internal and external cyber threats.

EVALUATIONS AND INSPECTIONS

The following summaries highlight evaluations and inspections conducted by three components of the DoD OIG: Special Plans and Operations (SPO), Intelligence and Special Program Assessments (ISPA), and Policy and Oversight (P&O). Summaries of evaluations and inspections that address the DoD OIG's Lead IG oversight responsibilities are also contained in the Lead IG section of this Semiannual Report.

Intelligence

Evaluation of Airborne Intelligence, Surveillance, and Reconnaissance, Processing, Exploitation and Dissemination In Support of Operation Inherent Resolve

The DoD OIG evaluated whether the Operation Inherent Resolve Commander's intelligence requirements are being satisfied by the current airborne intelligence, surveillance, and reconnaissance processing, exploitation, and dissemination process. The findings and recommendations in this report are classified.

Report No. DODIG-2018-162 (classified)

Evaluation of the Integrated Tactical Warning and Attack Assessment Report

In response to a congressional reporting requirement, the DoD OIG determined whether the Integrated Tactical Warning and Attack Assessment system properly characterizes ballistic missile events and threats to ensure the system provides reliable data to national decision makers. The ITW / AA system is part of a greater missile warning architecture, detailed in Chairman of the Joint Chiefs of Staff Instruction 6210.02C. The greater missile warning architecture is designed to provide the President and senior decision makers with an accurate and timely analysis of possible inbound ballistic missiles. The findings and recommendations in this report are classified.

Report No. DODIG-2018-159 (classified)

Evaluation of Intelligence Support to Protect U.S. Nuclear Weapons in Europe

The DoD OIG determined whether the level of DoD intelligence support to U.S. Commanders of nuclear-capable units in Europe was adequate to protect U.S. nuclear weapons. Specifically, the DoD OIG determined whether DoD Components supplied munitions support squadrons in Europe with relevant intelligence and counterintelligence support, and whether the munitions support squadrons received the necessary and relevant information to mitigate any threats.

While the specific findings and recommendations in this report are classified, the DoD OIG made 28 recommendations to various Air Force components, including the U.S. Air Force Chief of Staff; U.S. Air Force Director of Security Forces; Director of Intelligence, U.S. Air Force Europe; Chief, Nuclear Operations, U.S. Air Force Europe, and the Inspector General, U.S. Air Force Europe. The U.S. Air Force Director of Security Forces agreed with the two recommendations to that office and the Inspector General, U.S. Air Force Europe, agreed to the recommendation to that office. Management did not agree to the remaining 25 recommendations.

Report No. DODIG-2018-144 (classified)

Evaluation of Nuclear Ballistic Missile Submarine Sustainment

The DoD OIG determined whether the Navy can sustain the current *Ohio*-class nuclear ballistic missile submarines (SSBNs) until the replacement *Columbia*-class SSBNs are fielded.

In order to maintain U.S. Strategic Command requirements, the Secretary of the Navy designated sustainment of the *Ohio*-class SSBNs as the Navy's highest priority. Accordingly, the Navy has taken several steps to improve sustainment, including the following:

- prioritizing SSBNs ahead of aircraft carriers in maintenance;
- authorizing shipyards direct hiring authority to address maintenance manpower shortages;
- developing programs to accelerate and improve training of shipyards' new hires; and
- improving SSBN maintenance procedures and schedules.

The DoD OIG determined that the Navy has taken action to sustain the *Ohio*-class SSBNs at the minimum U.S. Strategic Command requirements until the replacement *Columbia*-class SSBNs are fielded.

The evaluation made no recommendations. The complete report and finding are classified.

Report No. DODIG-2018-127 (classified)

Evaluation of Department of Navy's Response to Senate Armed Services Committee Report

In response to a congressional reporting requirement, the DoD OIG determined that the DoD's review and approval process regarding actions taken by the DoD complied with some but not all of the requirements in a Senate Armed Services Committee Report. The findings and recommendations in this report are classified.

Report No. DODIG-2018-150 (classified)

Facilities Inspections

Followup on Report No. DODIG-2013-099, "Compliance with Electrical and Fire Protection Standards of U.S. Controlled and Occupied Facilities in Afghanistan," July 18, 2013, at Kandahar Airfield

The DoD OIG conducted this followup evaluation to determine whether U.S. Forces–Afghanistan (USFOR-A) implemented corrective action at Kandahar Airfield (KAF), Afghanistan, in response to recommendations made in DoD OIG Report No. DODIG-2013-099, "Compliance with Electrical and Fire Protection Standards of U.S. Controlled and Occupied Facilities in Afghanistan," issued on July 18, 2013.

The 2013 report stated that management did not comply with Unified Facilities Criteria and the National Fire Protection Association standards at KAF. The DoD OIG had found that hazardous conditions were due to a lack of adherence to minimum electrical and fire protection systems standards as evidenced by 413 identified deficiencies in electrical and fire protection systems.

In this followup evaluation, the DoD OIG determined that USFOR-A provided qualified personnel for the oversight and inspection of electrical systems. The DoD OIG also found that USFOR-A developed a process to perform regular inspection and maintenance of electrical systems. In addition, the DoD OIG reevaluated

66 deficiencies from the 2013 report to determine the effectiveness of the USFOR-A processes. The DoD OIG determined that USFOR-A corrected 65 of the 66 reevaluated deficiencies (99 percent). The DoD OIG also determined that USFOR-A implemented the electrical system recommendations, which reduced the risk of loss of life and property that could result from an electrical system deficiency due to fire, shock, or electrocution.

However, the DoD OIG determined that USFOR-A did not provide a Qualified Fire Protection Engineer to perform oversight of fire protection systems, ensure inspection and maintenance of all fire protection systems, or develop a fire protection plan for KAF. The DoD OIG also determined that USFOR-A used contracted services to perform some inspection and maintenance of fire protection systems at KAF. However, USFOR-A did not develop an effective process to ensure regular inspection and maintenance of engineered fire protection systems or any fire protection systems for KAF facilities that are not included in the base operating support contract for regular operations and maintenance support.

In addition, the DoD OIG reevaluated 170 fire protection deficiencies from the 2013 report to determine the effectiveness of any changes to the fire protection and maintenance process that were made since the 2013 evaluation. The DoD OIG determined that USFOR-A did not correct 84 of 170 reevaluated fire protection deficiencies (49 percent). Based on these findings, the DoD OIG concluded that USFOR-A did not implement the selected fire protection recommendations from the 2013 report, which increases the risk of loss of life and property due to fire, shock, or electrocution that could result from a fire protection system deficiency.

The DoD OIG closed the fire protection system recommendations from the 2013 report and replaced them with recommendations that provide clarity to address the deficiencies identified during the 2013 evaluation and the 2017 followup evaluation. Specifically, the DoD OIG recommended that the USFOR-A Commander ensure Qualified Fire Protection Engineers are available at KAF; ensure inspection, testing, and maintenance of all fire protection systems; and develop a fire protection plan. Management agreed with the recommendations.

Report No. DODIG-2018-157

SPECIAL PLANS AND OPERATIONS

DoD's Organizational Changes to the Past Conflict Personnel Accounting Community

The DoD OIG determined whether the DoD implemented prior recommendations to the past conflict personnel accounting community, which had resulted in the formation of the Defense POW/MIA Accounting Agency (DPAA).

The DoD OIG determined that the DoD and DPAA have made significant progress in implementing prior recommendations from the DoD OIG and from the Under Secretary of Defense for Policy. The DPAA mission involves the effort to account for missing DoD personnel from past conflicts, coupled with providing family members the available information concerning the loss, incident, and recovery work to provide the current status of missing personnel. This evaluation determined that the DoD issued updated guidance about disinterring unknowns for the purpose of identification, and that DPAA developed new policies and procedures for case management, agencywide performance assessments, and partnership arrangements with private organizations.

The DoD OIG also identified areas for improvement related to the DPAA mission, structure, resource allocation, and operational control and priorities, resulting in six new recommendations.

One recommendation was for the agency to clearly define "fullest possible accounting" and align the definition with corresponding DPAA goals, strategies, metrics and mission end-state. In addition, the DoD OIG recommended that the agency review and modify the DPAA's organizational structure to continue to improve operational control, develop consistent agency processes, and unify agency functions and personnel. Management agreed with the recommendations.

Report No. DODIG-2018-138

U.S. and Coalition Efforts to Train, Advise, Assist, and Equip the Iraqi Police Hold Force

The DoD OIG determined whether U.S. and Coalition efforts to train, advise, assist, and equip Iraqi Police Hold Force units supported the Hold Force mission of securing liberated areas and preventing a future insurgency in Iraq. This evaluation is the fifth report in a series of evaluations on U.S. and Coalition support to the Iraq Security Forces as part of Operation Inherent Resolve.



Police Presence in a Box – Training Configuration

Source: The DoD OIG.

The DoD OIG determined that while U.S. and Coalition efforts supported development of Iraqi Police Hold Force units, the DoD OIG was unable to determine the extent and sustainability of that development because the training and deployment of Iraqi Police Hold Force units was still underway. In addition, the evaluation determined that there were no U.S. or Coalition advisors assigned at the unit level to observe training effectiveness. Iraqi Police Hold Force units are primarily used by the Government of Iraq to secure liberated areas and prevent ISIS from reestablishing an effective presence in those areas. The Hold Force units conduct clearing and checkpoint operations and provide local security.

The DoD OIG recommended that the Commander of the Combined Joint Task Force–Operation Inherent Resolve implement procedures to ensure that feedback concerning Iraqi Police Hold Force unit capabilities, current operations, and future training and equipping requirements flows from the field back to Combined Joint Task Force–Operation Inherent Resolve. Management agreed with the recommendation.

Report No. DODIG-2018-147

The Evaluation of Armed Forces Retirement Home Support Functions

The DoD OIG determined whether the Armed Forces Retirement Home (AFRH) support functions operated in accordance with applicable Federal standards. This is the third in a series of reports that collectively meets the statutory requirement for the DoD OIG to perform a periodic comprehensive inspection of the AFRH. The AFRH is a continuing-care retirement community that provides five levels of care to meet the changing needs of former service members of the Armed Forces as they age.

The DoD OIG determined that some AFRH support functions, such as the Resident Services program, the Admissions and Eligibility program, and the Estate Matters program, operated in accordance with applicable statutes and AFRH Agency Directives. However, the evaluation also found that some other AFRH support functions, such as the Facilities Management program, the Human Resources program, and the Information Security program, did not meet all applicable Federal standards, Federal guidance, or AFRH policies, such as complying with the Office of Personnel Management 80-day end-to-end hiring process, National Institute of Standards and Technology security requirements, and frequency of physical security facility assessments. The identified deficiencies pose an increased risk to the health, safety, and security of AFRH residents and their overall quality of life.

The DoD OIG recommended implementing previous recommendations made by the DoD OIG and the Department of Interior to ensure that the AFRH incorporated up-to-date Federal standards into its information technology program. In addition, the DoD OIG recommended that the AFRH develop a memorandum of understanding with a law enforcement agency in the District of Columbia in accordance with AFRH agency-level policy and develop a memorandum of understanding with the City of Gulfport. The DoD OIG also recommended that the AFRH develop job aids or process maps to assist AFRH supervisors to complete assigned tasks during the hiring process.

The AFRH Chief Operating Officer agreed with seven of the nine recommendations. The DoD OIG has requested additional management comments describing the specific actions that the AFRH will take to address the remaining two recommendations.

Report No. DODIG-2018-153

Other Evaluations

Hotline Allegation of a Safety Violation at Blue Grass Chemical Agent–Destruction Pilot Plant

In response to a DoD Hotline allegation, the DoD OIG determined whether the Program Executive Office for Assembled Chemical Weapons Alternatives complied with safety standards at the Blue Grass Army Depot in Richmond, Kentucky. Specifically, the DoD OIG determined whether the Program Executive Office for Assembled Chemical Weapons Alternatives correctly defined the hazardous area that surrounds the Explosive Destruction Technology facility. The Explosive Destruction Technology facility is a building

used to destroy chemical weapons. The DoD OIG determined that the Program Executive Office correctly defined the Explosive Destruction Technology facility hazardous area at the Kentucky Plant. As a result, the Hotline allegation was not substantiated. The report contained no recommendations.

Report No. DODIG-2018-118

Hotline Allegations Regarding the Acceptance and Testing of the MQ-9 Reaper Aircraft

In response to DoD Hotline allegations, the DoD OIG determined whether specific actions taken by U.S. Air Force and Defense Contract Management Agency (DCMA) personnel complied with Federal and DoD policy concerning acceptance and testing of the MQ-9 Reaper, and whether those actions were in the best interest of the DoD. Specifically, the DoD OIG evaluated allegations that the MQ-9 Lead Engineer miscategorized and inappropriately accepted nonconforming material; and that the MQ-9 Operating personnel performed flight tests early in the morning to prevent the aircraft from overheating to obtain favorable flight test results. The MQ-9 Reaper is an unmanned aircraft equipped with weapon and surveillance systems. Nonconforming material is a supply or service that does not meet all contract requirements.

The DoD OIG determined that the Air Force had appropriately categorized and accepted nonconforming material. The DoD OIG also determined that the Air Force performed acceptance flight tests when outside air temperatures were within the range specified in the contract. Therefore, the evaluation did not substantiate the allegations. However, the evaluation determined that the Air Force did not have two key required documents, an official memorandum to delegate Air Force engineers the authority to accept nonconforming material and a comprehensive critical safety items list, which could result in the inappropriate acceptance of major or critical nonconforming material.



U.S. Air Force MQ-9 Reaper

Source: U.S. Air Force.

Finally, the DoD OIG determined that the MQ-9 Reaper average lifetime Class A mishap rate was consistent with a similar unmanned aircraft vehicle, the Q-4 Global Hawk. The DoD OIG also determined that the MQ-9 Reaper average lifetime Class A mishap rate had significantly improved from its predecessor, the MQ-1 Predator.

The DoD OIG recommended that the System Program Office Senior Materiel Leader formally delegate to MQ-9 engineers the authority to accept nonconforming material and develop and approve a comprehensive critical safety items list, as required by Air Force policy. Management agreed with the recommendations.

Report No. DODIG-2018-146

Evaluation of Combined Joint Task Force–Syria Vetting Process for New Syrian Forces

The DoD OIG conducted an evaluation of the Syria Train and Equip program. The FY 2015 continuing appropriations resolution, enacted on September 19, 2014, authorized the DoD to provide overt assistance (for example, training, equipment, supplies, and sustainment) to vetted members of the Syrian opposition and other vetted Syrians for select purposes, through the Syria Train and Equip program.

This report is classified.

Report No. DODIG-2018-075 (classified)

Ongoing Work

The following are examples of ongoing evaluations being conducted by the DoD OIG.

- An evaluation to determine if U.S. European Command meets the DoD requirements for continuous, survivable, and secure nuclear command and control between the President and theater nuclear forces.
- An evaluation to determine if U.S. Central Command and U.S. Army Intelligence Security Command have developed and implemented processes for satisfying Commander, U.S. Forces Afghanistan and Operation Freedom’s Sentinel contract linguist requirements.
- An evaluation to determine whether Combatant Commands have developed and implemented adequate processes and procedures to ensure the effectiveness of their Insider Threat Programs in accordance with applicable DoD policies and guidelines.

- An evaluation to determine whether DoD contracts in Kuwait comply with combating trafficking in persons requirements in the Federal Acquisition Regulation and whether DoD officials are conducting oversight of those requirements.
- An evaluation of the operations and management processes and procedures of the Army National Military Cemeteries (comprising Arlington National Cemetery and the United States Soldiers' and Airmen's Home National Cemetery) and military cemeteries under the control of the Military departments.
- An evaluation to determine whether DoD efforts to train, advise, assist, and equip the Armed Forces of the Philippines are increasing its capability to counter existing and future violent extremist organization threats in the Philippines.
- An evaluation to determine whether the DoD's management of opioid use disorder treatment aligns with DoD policies and national guidance.
- An evaluation to determine whether the U.S. Marine Corps' Special Purpose Marine Air-Ground Task Force–Crisis Response–Africa meets U.S. Africa Command's operational requirements for crisis response as defined by the DoD, Chairman of the Joint Chiefs of Staff, and U.S. Africa Command policies, plans, and directives.
- An investigation to determine the circumstances surrounding the U.S. Air Force's failure to submit Mr. Devin Patrick Kelley's criminal history information to the Federal Bureau of Investigation for inclusion in its databases. In November 2017, Kelley shot and killed 26 people in a church in Sutherland Springs, Texas, with a weapon he purchased at a licensed firearms dealer.
- An evaluation to determine whether DoD Components are collecting and submitting offender qualifying information, such as fingerprints, DNA, Defense Incident Based Reporting System criminal incident data, and registered sex offender data to the Federal Bureau of Investigation for inclusion in its applicable databases as required by Federal law and DoD policy.
- An evaluation to determine whether the Military Criminal Investigative Organizations and other military investigative agencies respond to domestic assault (non-sexual) incidents in accordance with DoD, Service, or installation guidance.
- An evaluation to determine whether the United States Air Force Academy Sexual Assault Prevention and Response Program Office, and the Air Force Office of Special Investigations, respond to, support, and provide victim care to cadet victims of sexual assault as required by DoD policies and procedures. This evaluation is in response to inquiries from Senators Kirsten Gillibrand, Mazie Hirono, and Tom Udall.
- An evaluation to determine whether the DoD and DoD Education Activity have adequate policies and procedures to respond to incidents of serious student misconduct, including sexual assault and sexual harassment. The DoD OIG will also evaluate the Department and the DoD Education Activity's referrals to DoD law enforcement organizations, as well as referrals to military and civilian child advocacy and health services. This evaluation is in response to requirements in a Senate Armed Services Committee report to the FY 2019 National Defense Authorization Act.
- An evaluation to determine whether the V-22 Program Office developed the Engine Air Particle Separator to protect the V-22 Osprey engines in desert environments. The V-22 Osprey is a hybrid aircraft with functional aspects of both a helicopter and airplane and the Engine Air Particle Separator is a system designed to remove sand from the air before reaching the engine.
- A peer review evaluation to determine whether the Air Force Audit Agency's system of quality control for audits in effect for the year ended December 31, 2016, provided reasonable assurance of conforming to Government auditing standards.

DCIS INVESTIGATIONS

The following cases highlight investigations conducted by DCIS and its Federal law enforcement partners during the reporting period. DCIS investigative priorities include cases in the following areas:

- Procurement Fraud
- Public Corruption
- Product Substitution
- Health Care Fraud
- Illegal Technology Transfer
- Cyber Crimes and Computer Network Intrusion

Procurement Fraud

Procurement fraud investigations are a major portion of DCIS cases. Procurement fraud includes, but is not limited to, cost and labor mischarging, defective pricing, price fixing, bid rigging, and defective and counterfeit parts. The potential damage from procurement fraud extends well beyond financial losses. This crime poses a serious threat to the DoD's ability to achieve its objectives and can undermine the safety and operational readiness of the warfighter.

Two New Mexico-Based Defense Contractors Sentenced on Fraud and Kickback Charges

A joint investigation with the Federal Bureau of Investigation (FBI), the Internal Revenue Service (IRS), and the Defense Contract Audit Agency investigated allegations that two former employees of the Laguna Construction Company, a New Mexico-based defense contracting firm, solicited and accepted kickbacks from subcontractors in return for construction projects in Iraq.

An indictment filed in February 2012 charged Kasper, White, Bradley Christiansen, Sara Christiansen, and four foreign nationals with conspiracy to defraud the United States of more than \$5 million. The indictment also charged the defendants with wire fraud, money laundering, and kickback-related charges. Bradley Christiansen pleaded guilty, and the charges against Sara Christiansen and one foreign national were dismissed. The other three foreign nationals were outside the United States, and it was determined that they did not play key roles in the conspiracy. Kasper and White entered guilty pleas in February 2016.

On April 3, 2018, Neal Kasper, a former president of Laguna Construction Company, and Tiffany White, his spouse and the company's former compliance manager, were sentenced for their roles in the kickback conspiracy. Kasper was sentenced to 41 months in prison and 2 years of supervised release; Kasper also forfeited \$431,911 to the Government. White was sentenced to time served (1 day in prison) and 2 years of supervised release; White also was ordered to pay \$33,997 in restitution to the IRS. Also on April 3, 2018, Bradley Christiansen received a final order of forfeiture in the amount of \$474,511. The specifics of his sentencing are sealed.

Transportation Company Settled Alleged Contract Violations

A joint investigation with the U.S. Transportation Command, Army Criminal Investigation Command (Army CID), the Naval Criminal Investigative Service (NCIS), and the Special Inspector General for Afghanistan Reconstruction (SIGAR) investigated allegations that Liberty Global Logistics (LGL), a U.S.-based transportation company, violated its contract with U.S. Transportation Command. LGL allegedly billed the United States for convoy security services in Afghanistan that were never provided.

LGL was contracted to transport military cargo to various military outposts in Afghanistan. The contract stipulated that the company was required to retain the security services of the Afghan Public Protection Force, an Afghan Government agency, for cargo convoys that utilized hazardous supply routes in the country. According to the contract, LGL would be reimbursed for a portion of the security costs.

On 20 occasions in 2016, and 13 occasions in 2017, LGL convoys allegedly utilized hazardous supply routes without APPF security services, but the company requested reimbursement for security services.

On July 9, 2018, LGL agreed to pay \$294,800 to settle claims that it violated its contract with U.S. Transportation Command. LGL has also implemented a strengthened internal compliance program to monitor, identify, and prevent inaccurate billings.

Ranco Construction Agreed to Pay \$1.5 Million to Resolve Alleged Violations of the False Claims Act

DCIS investigated allegations that Ranco Construction (Ranco) paid employees wages that were lower than the required state and Federal hourly rates.

The DoD and the State of New Jersey awarded numerous construction contracts to Ranco. The company allegedly provided the Government with falsified employee wage information in order to facilitate an appearance of compliance with Federal and state laws. Ranco allegedly underpaid its employees and falsified payroll records to disguise the unlawful practice.

On May 1, 2018, Ranco Construction agreed to pay approximately \$1.5 million to resolve alleged violations of the False Claims Act. This investigation was initiated as a result of a civil lawsuit filed under the qui tam provisions of the False Claims Act. The Act permits private individuals, called relators, to sue on behalf of the Government those who falsely claim Federal funds and to receive a share of any funds recovered through the lawsuit. Of the \$1.5 million settlement, the qui tam relator will receive \$157,661, the underpaid employees will receive \$572,585, the State of New Jersey will receive \$355,403, and the U.S. Government will receive \$414,351.

Scientist Sentenced for Defrauding U.S. Navy, Missile Defense Agency, and NASA

A joint investigation with NCIS and the National Aeronautics and Space Administration (NASA) OIG investigated allegations that Akbar Fard, president of Advanced Materials Technology, defrauded the Small Business Innovation Research and Small Business Technology Transfer programs of the Navy, the Missile Defense Agency, and NASA. The programs provide Federal funds to small businesses to promote technological research and development. Fard used funds from the programs for personal purposes, including the purchase of a car, an international vacation, and retirement fund contributions.

On February 9, 2018, Fard was found guilty of six counts of wire fraud. On August 24, 2018, Fard was sentenced to 36 months in prison, followed by 3 years of supervised release, and was ordered to forfeit over \$1.4 million.

Former Navy Senior Chief Sentenced for \$2.3 Million Procurement Fraud Scheme

A joint investigation with NCIS, the FBI, and the IRS investigated allegations that Clayton Pressley, a former Navy senior chief petty officer, was involved in a procurement fraud scheme. In May 2014, Pressley, along with two co-conspirators, formed a sham Government contracting firm. The firm, known in court documents as "Firm G," was supposed to provide inert training aids to local Navy units. However, Firm G did not provide the Navy with any supplies. The conspirators

manipulated the Government procurement process to contract with Firm G, and they falsified documentation to conceal the firm's fraudulent activities. The scheme resulted in a \$2.3 million loss to the Navy.

On May 15, 2018, Pressley was sentenced to 24 months in prison and 24 months of supervised release for his involvement in the procurement fraud scheme. Pressley was ordered to pay \$2,332,800 in restitution and forfeit \$644,212. On May 4, 2016, Pressley was sentenced to 52 months for aggravated identity theft as a result of a separate investigation. Pressley will serve his 24-month sentence after he serves his 52-month sentence.

Public Corruption

Corruption by public officials can undermine public trust in Government, threaten national security, and compromise the safety of DoD systems and personnel. Public corruption can also waste tax dollars. DCIS combats public corruption through its criminal investigations, including using investigative tools, such as undercover operations, court-authorized electronic surveillance, and forensic audits.

Former Contractor Pleaded Guilty to Conspiracy to Pay Kickbacks

A joint investigation with Army CID and SIGAR investigated allegations that James Rex Barber conspired to pay kickbacks. Barber was an employee of Leonie Industries, a company that held a public opinion contract in Afghanistan. Barber also owned and operated Effects Analytics and had a business agreement with ORB International, a United Kingdom-based company that specializes in research and public opinion.

In 2012, Barber offered an individual future employment with ORB International and Effects Analytics for sensitive information and preferential treatment regarding the public opinion contract. ORB used the sensitive information to receive a public opinion subcontract, and Barber arranged a \$25,000 payment from ORB to the individual.

On April 23, 2018, Barber pleaded guilty to conspiracy to pay kickbacks. On July 25, 2018, Barber was sentenced to 36 months of probation, a \$2,000 fine, and a \$100 special assessment.

CACI Technologies Agreed to Pay \$1.5 Million to Resolve Breach of Contract Allegations With the National Security Agency

A joint investigation with the National Security Agency (NSA) OIG investigated allegations that CACI Technologies (CACI) billed the NSA for the labor services that did not meet the contract's requirements.

CACI is a DoD contractor that provides skilled and technical employees to the NSA. Between 2010 and 2014, CACI allegedly breached its contract with the Government because it provided the NSA with underqualified employees.

On July 6, 2018, CACI Technologies agreed to pay approximately \$1.5 million to resolve the breach of contract allegations.

Former Employee of U.S. Government Contractor in Afghanistan Pleads Guilty to Accepting Kickbacks From Subcontractor

A joint investigation with SIGAR, Army CID, the FBI, and the Air Force Office of Special Investigations (AFOSI) investigated allegations that Christopher McCray, Country Manager, accepted illegal kickbacks from an Afghan subcontractor in return for his assistance in obtaining U.S. Government contracts. From 2012 to 2014, McCray was employed as the country manager for a subcontractor of an American company that was moving cargo for the Army and Air Force Exchange Service from Bagram Airfield to military bases through Afghanistan. When the prime contractor needed McCray's employer to take a much bigger role in the distribution, McCray had the chance to influence the choice of the necessary Afghan trucking company as a subcontractor to his employer.

As part of his plea, McCray admitted that his employer entered into a subcontract with an Afghan trucking company, but before the choice of the subcontractor was made, the Afghan company secretly agreed to kickback 15 percent of the contract's revenues to McCray. McCray admitted that he and the Afghan trucking company maintained a separate set of invoices to track the amounts charged to McCray's employer and the amounts sent to McCray. McCray was solely responsible for the quality of the Afghan company's work as well as the accuracy of the invoices submitted to his employer. McCray initially accepted cash payments, then wires sent to his bank in Atlanta, and then Western Union payments sent to his mother, who deposited the funds, mostly in cash, into McCray's bank accounts.

McCray pleaded guilty to one count of accepting illegal kickbacks on March 5, 2018. On June 14, 2018, he was sentenced to 5 months in prison, 5 months of home confinement, 3 years of supervised release, and 200 hours of community service. On August 30, 2018, McCray was debarred from Government contracting and employment for three years.

Product Substitution

DCIS investigates criminal and civil cases involving counterfeit, defective, substandard, or substituted products introduced into the DoD supply chain that do not conform with contract requirements.

Nonconforming products can threaten the safety of military and Government personnel and other end users, compromise readiness, and waste economic resources. In addition, when substituted products are provided to the DoD, mission-critical processes and capabilities can be compromised until they are removed from the supply chain. DCIS partners with Federal law enforcement partners, supply centers, and the Defense industrial base in working groups and task forces to investigate allegations that DoD contractors are not providing the correct parts and components to meet contract requirements.

Japanese Fiber Manufacturer Agreed to Pay \$66 Million to Resolve Alleged Violations of the False Claims Act

A joint investigation with the General Services Administration OIG, Department of Commerce OIG, Department of the Treasury OIG for Tax Administration, Department of Energy OIG, Army CID, and AFOSI examined allegations that between at least 2001 and 2005, Toyobo Co. Ltd. of Japan and its American subsidiary, Toyobo U.S.A. Inc. (collectively, Toyobo) knew that normal heat and humidity rapidly degraded Zylon fibers. Although Toyobo allegedly knew that Zylon-fibers were unfit for use in bulletproof vests, the company actively marketed Zylon-containing bullet proof vests, published misleading data that understated the degradation problem, and launched a public relations campaign after Second Chance Body Armor recalled some of its Zylon-containing vests in late 2003. Toyobo's actions hindered the Government's efforts to determine the true extent of Zylon degradation for several years. In August 2005, the National Institute of Justice, a research, development and evaluation agency of the U.S. Department of Justice (DOJ), determined that Zylon

vests containing more than 50 percent Zylon could not stop bullets that they had been certified to stop.

On July 16, 2018, Richard C. Davis, the founder and former President and CEO of Second Chance Body Armor, entered into a civil settlement agreement to relinquish his interest in the \$1.2 million in assets previously frozen by the United States and will pay an additional \$125,000 to the United States to resolve allegations of the False Claims Act. Previously, on March 15, 2018, Toyobo agreed to pay the Government \$66 million to resolve alleged violations of the False Claims Act.

U.S. Army Contractor Pays \$683,987 to Resolve Alleged Violations of the False Claims Act

A joint investigation with Army CID investigated allegations that Alutiiq Diversified Services (Alutiiq) improperly billed the Army for the construction of a Fort Drum, New York training facility. Alutiiq obtained a contract to construct a live-fire, close-quarters combat training facility, known as a shoot house.

The utilization of Shock Absorbing Concrete (SACON) blocks is a critical shoot house construction and safety feature. SACON blocks absorb bullets to reduce the risk of injury to soldiers during live-fire training exercises. The contract specified the SACON density and compressive strength requirements to optimize the absorption properties of the blocks.

Alutiiq subcontracted with another company to build the shoot house, but the subcontractor delivered hundreds of SACON blocks that did not conform to the contract's requirements. Alutiiq submitted quality control reports for the SACON blocks, but the company did not actually confirm that the blocks conformed to the contract requirements.

On July 12, 2018, Alutiiq entered into a civil settlement agreement with the DOJ and agreed to pay \$683,987 to resolve alleged violations of the False Claims Act.

Health Care Fraud

DCIS conducts a wide variety of investigations involving health care fraud in the DoD's TRICARE system, including investigations of health care providers involved in corruption or kickback schemes, overcharging for medical goods and services, marketing or prescribing drugs for uses not approved by the U.S. Food and Drug Administration, and approving unauthorized individuals to receive TRICARE health care benefits. DCIS also proactively targets health care fraud through coordination with other Federal agencies and participation in Federal and state task forces.

South Florida Doctor Sentenced in Health Care Fraud Scheme

A joint investigation with the FBI, the Health and Human Services OIG, the Railroad Retirement Board OIG, and the Office of Personnel Management OIG investigated allegations against Salomon Melgen, an ophthalmologist who specialized in the treatment of retinal disorders in Palm Beach County and St. Lucie County in Florida. From January 2008 through December 2013, Melgen defrauded Federal health care programs, including TRICARE. Melgen falsely diagnosed Federal healthcare program beneficiaries with macular degeneration, and he billed the Government for medically unnecessary tests, drugs, and procedures. Melgen received tens of millions of dollars in reimbursement from Government health care programs, including TRICARE.

On April 5, 2018, an amended judgment was issued and ordered Melgen to pay an additional \$10.4 million. Of the \$10.4 million, TRICARE received \$750,806. On February 22, 2018, Melgen was sentenced to 17 years in prison, 3 years supervised release, and was ordered to pay approximately \$42 million in restitution.

Two Medical Center Employees Sentenced for Controlled Substance Conspiracy

A joint investigation with the Drug Enforcement Agency investigated allegations of improper distribution of controlled substances. Two employees of a Florida pain clinic, the Medical Center of North Broward, were sentenced after each previously pleaded guilty to one count of conspiracy to distribute a controlled substance. The employees, Donna Licata and Sarah Shoopman, engaged in a conspiracy to unlawfully distribute opioids and sleeping medications to patients, including TRICARE beneficiaries.

On April 2, 2018, Donna Licata was sentenced to 36 months of probation and 150 hours of community service. On July 13, 2018, Sarah Shoopman was sentenced to 24 months of probation.

Precision Medical Products Agreed to Pay \$1.9 Million to Resolve Alleged Violations of the Anti-Kickback Statute and the False Claims Act

A joint investigation with the FBI and the Health and Human Services OIG investigated allegations that Precision Medical Products paid illegal commissions to salespersons, participated in illegal waivers of co-payments from patients, and submitted forged documents to Government health care programs.

From October 2011 through December 2017, Precision Medical Products allegedly billed TRICARE and other Government health benefit programs for products and services that were referred to the company by independent contractors, who received commission payments based on volume or value of the referrals. Precision Medical Products also waived required patient co-payments to attract beneficiaries. These alleged business practices are violations of the Anti-Kickback Statute. Precision Medical Products also allegedly used prescriptions and Certificates of Medical Necessity that contained stamped, photocopied, and digitally forged physician signatures to bill Government health benefit programs for products and services. This investigation was initiated as a result of a civil lawsuit filed under the qui tam provisions of the False Claims Act.

On May 4, 2018, Precision Medical Products entered into a civil settlement agreement with the DOJ and agreed to pay the Government \$1.9 million to resolve alleged violations of the Anti-Kickback Statute and the False Claims Act. Of that amount, \$174,000 was reimbursed to the Defense Health Agency. The relator received \$323,000 of the settlement amount.

Detroit Area Hospital System Agreed to Pay \$84.5 Million to Settle False Claims Act Allegations

A joint investigation with the Health and Human Services OIG and the Centers for Medicare and Medicaid Services investigated allegations that William Beaumont Hospital (Beaumont), a hospital system based in Detroit, Michigan, violated the False Claims Act, the Anti-Kickback Statute, and engaged in prohibited physician self-referral activities.

Between 2004 and 2012, Beaumont allegedly provided excessive compensation to certain physicians in order to obtain patient referrals, and Beaumont allegedly submitted false reimbursement claims on behalf of the illegally referred patients. This investigation was initiated as a result of a lawsuit filed under the qui tam provisions of the False Claims Act.

On July 30, 2018, Beaumont entered into a civil settlement agreement with the DOJ and agreed to pay approximately \$84.5 million to the Government to resolve alleged violations of the False Claims Act. Of the \$84.5 million settlement amount, Beaumont will pay \$82.74 million to the Government. TRICARE will receive \$331,950 from the Beaumont settlement, and the State of Michigan will receive \$1.76 million. The relator will receive over \$20 million.

Illegal Technology Transfer

DCIS investigates theft and the illegal exportation or diversion of strategic technologies and U.S. Munitions List items to banned nations, criminal enterprises, and terrorist organizations. This includes the illegal theft or transfer of defense technology, weapon systems, and other sensitive components and program information.

Texas Business Owner and Employee Conspired to Illegally Export Radiation-Hardened Integrated Circuits to Russia and China

A joint investigation with Homeland Security Investigations, the Department of Commerce–Bureau of Industry and Security, and the FBI examined allegations that Peter Zuccarelli, of Plano Texas, and his company, American Coating Technologies (ACT), violated the International Emergency Economic Powers Act.

Between approximately June 2015 and March 2016, Zuccarelli and Syed Razvi, a naturalized U.S. citizen, agreed to illegally export radiation-hardened integrated circuits (RHICs) to China and Russia. The export of RHICs is strictly controlled because the circuits have military and space applications. Customers utilized ACT to purchase RHICs on behalf of the Russian and Chinese space programs. Razvi received purchase orders and approximately \$1.5 million from customers, and Zuccarelli received the orders and funds from Razvi. Zuccarelli ordered RHICs from U.S. suppliers, and Zuccarelli assured suppliers that his company, ACT, was the end user of the RHICs. After Zuccarelli received the RHICs from the U.S. suppliers, he repackaged the circuits and exported the items as “touch screen parts.” Zuccarelli falsified paperwork and made false statements in order to hide the conspiracy from the Government.

On August 3, 2017, Zuccarelli pleaded guilty to conspiracy to export controlled items in violation of International Emergency Economic Powers Act. On January 24, 2018, Zuccarelli was sentenced to 46 months in prison, followed by 3 years of supervised release, and received a \$50,000 fine. The Government received \$1,248,914 of the conspiracy proceeds. On July 12, 2018, Razvi pleaded guilty to one count of conspiracy to export goods from the United States in violation of the International Emergency Economic Powers Act and is awaiting sentencing.

California Front Company Operator Charged for the Export of Restricted Technology to China

A joint investigation with Homeland Security Investigations and the Department of Commerce–Bureau of Industry and Security examined allegations that Si Chen operated a front company, Archangel Systems Space, in Pomona, California, in order to procure and export restricted space and military communications technology to entities in the People’s Republic of China (PRC). The Department of Commerce regulates the export of restricted technology. Due to national security and regional stability reasons, restricted technology cannot be exported to Hong Kong or the PRC without an export license from the Department of Commerce.

The investigation determined that Chen used numerous fictitious identities, a fraudulent Chinese passport, drop shipment addresses, and an intermediary in Hong Kong to facilitate the export of the restricted technology to the PRC. Chen misrepresented the contents of her shipments in order to circumvent Government export filing requirements.

On July 9, 2018, Chen pleaded guilty to violations of the International Emergency Economic Powers Act, money laundering, and fraud and misuse of visas, permits, and other documents. Chen is scheduled to be sentenced on October 1, 2018.

Asset Forfeiture Division

The DCIS Asset Forfeiture Division provides civil and criminal forfeiture support to DCIS investigations. Forfeiture counts are included in indictments, criminal information, and consent agreements when warranted by the evidence. Asset forfeiture seeks to deprive criminals of proceeds and property used or acquired through illegal activity, both in the United States and overseas.

During this 6-month reporting period, DCIS seized assets totaling \$8.84 million, consisting of U.S. currency, clothing, electronic equipment, financial instruments, firearms, food, and furniture/household goods. In addition, DCIS obtained final orders of forfeiture totaling \$5.24 million, and money judgments in the amount of \$43.91 million.

Figure 2.1 Asset Forfeiture Program as of September 30, 2018

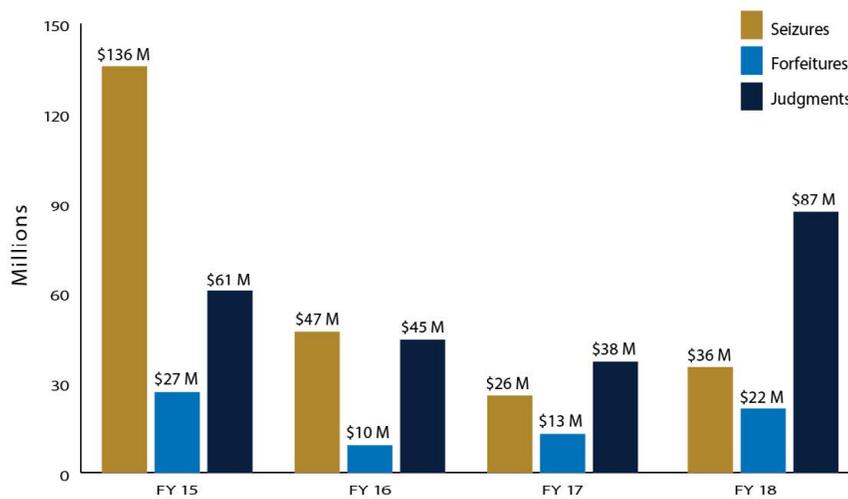
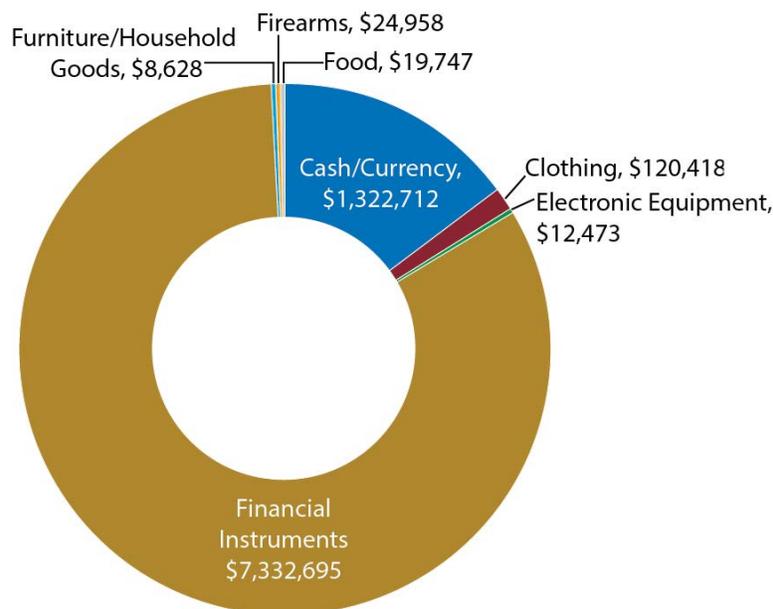


Figure 2.2 Seized Assets by Type April 1, 2018 through September 30, 2018



DCIS Investigations of Cases Involving Senior Government Employees

The IG Empowerment Act of 2016 modified the IG Act of 1978 to require reporting of investigations involving senior Government employees (GS-15 or O-6 and above) where the allegations of misconduct were substantiated or closed and not disclosed to the public.

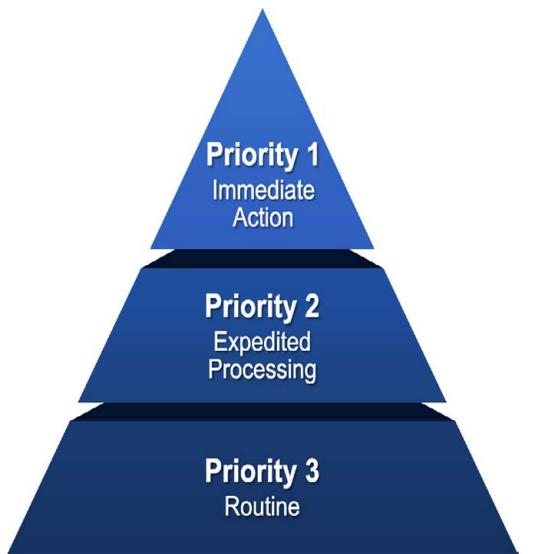
- A joint investigation with Army CID determined that a GS-15 employee showed favoritism toward incumbent contractors. In 2016, DOJ declined to prosecute the contractors due to the expiration of the statute of limitations. The DOJ declined to prosecute the GS-15 due to a lack of sufficient evidence. However, the matter was addressed administratively and the GS-15 employee was terminated from his position in 2017 and the Army Suspension and Debarment Official debarred him from Federal Government contracting for a period of 3 years in 2018.
- A complaint alleged that a Navy captain used his relationship with a Government procurement official to steer contracts to a business that he and two other individuals owned. It was also alleged that the captain's son gained employment with the Government through the relationship between the captain and the Government procurement official. The prosecutor declined to pursue the matter. The investigation did not substantiate the allegations against the captain.
- A complaint alleged that a Navy GS-15 employee used her position and influence to provide inside information about Navy contracts to her husband's company. The GS-15 received a letter of reprimand from the Navy as a result of the investigation. Prosecution of the GS-15 was declined by Main Justice Civil and Criminal Divisions in this matter.
- A complaint alleged that an Army GS-15 employee was involved in a conflict of interest when she obtained employment for her husband. In 2005, the GS-15's husband was hired by a contractor to work in the GS-15's organization. DOJ declined to prosecute due to the expiration of the statute of limitations.
- A complaint alleged that an Air Force GS-15 contract manager received illegal gratuities and was involved in conflicts of interest with multiple contractors. The investigation did not substantiate the allegations against the Air Force GS-15.
- A complaint alleged that an Army colonel was involved in a conflict of interest with a pharmaceutical company. Allegedly, the company improperly provided the colonel with \$140,000 for 1 year of consultant services, and the colonel allegedly engaged in the inappropriate collection of patient data. The investigation did not substantiate the allegations against the U.S. Army colonel.
- A complaint alleged that a Department of Energy Senior Executive Service employee used his influence to create a GS-15 position for a former DoD employee. The Department of Energy employee and the former DoD employee jointly owned real estate as well as shared living arrangements, expenses, and bank accounts. The investigation did not substantiate the allegations against either individual.
- An investigation examined allegations that a DoD GS-15 employee was involved in a conflict of interest. The GS-15 employee allegedly threatened a subordinate employee with negative action if the subordinate did not withdraw a negative determination against a contractor. The DoD GS-15 allegedly favored the contractor in order to obtain future employment with the company. The investigation did not substantiate the allegations against the DoD GS-15.
- An investigation examined allegations that a retired National Guard brigadier general was involved in a conflict of interest with a DoD contractor and received prohibited gifts from the company. The investigation did not substantiate the allegations against the retired brigadier general.
- An investigation examined allegations that an Army doctor engaged in health care fraud through the inappropriate prescription of compounded medications. The investigation did not substantiate the allegations against the doctor.
- A complaint alleged that an Army colonel was involved in a conflict of interest and violated procurement integrity. The Army colonel allegedly increased the value of a contract, which was awarded to the Army colonel's girlfriend, from \$48,420 to \$122,000. The investigation did not substantiate the allegations against the Army colonel.

ADMINISTRATIVE INVESTIGATIONS

The DoD OIG’s Administrative Investigations (AI) component consists of three directorates:

- DoD Hotline,
- Whistleblower Reprisal Investigations, and
- Investigations of Senior Officials.

As discussed in more detail below, during this reporting period AI established a full-time DoD Whistleblower Protection Coordinator position. The Coordinator will implement a comprehensive strategy to further educate DoD employees about prohibitions on retaliation for protected disclosures and to employees who have made, or are contemplating making, a protected disclosure about rights and remedies against retaliation for protected disclosures.



DoD Hotline

The mission of the DoD Hotline is to provide a confidential, reliable means to report violations of law, rule, or regulation; fraud, waste, and abuse; mismanagement; trafficking in persons; serious security incidents; or other criminal or administrative misconduct that involves DoD personnel and operations, without fear of reprisal. Through more effective case management, the DoD Hotline reduced its caseload by 867 cases during FY 2018—a 38 percent reduction. By adding resources and refining processes, the timeliness of meeting Hotline referral metrics improved from 45 percent in FY 2017 to 87 percent in FY 2018.

Using a Priority Referral Process, the DoD Hotline receives, triages, and refers cases to DoD OIG components, Military Services, Defense agencies, and DoD field activities based on the following Hotline referral metrics criteria.

Priority 1: Immediate Action/Referred Within 1 Day:

- Intelligence matters, including disclosures under the Intelligence Community Whistleblower Protection Act.
- Significant issues dealing with the DoD nuclear enterprise.
- Substantial and specific threats to public health or safety, DoD critical infrastructure, or homeland defense.
- Unauthorized disclosure of classified information.

Priority 2: Expedited Processing/Referred Within 3 Days:

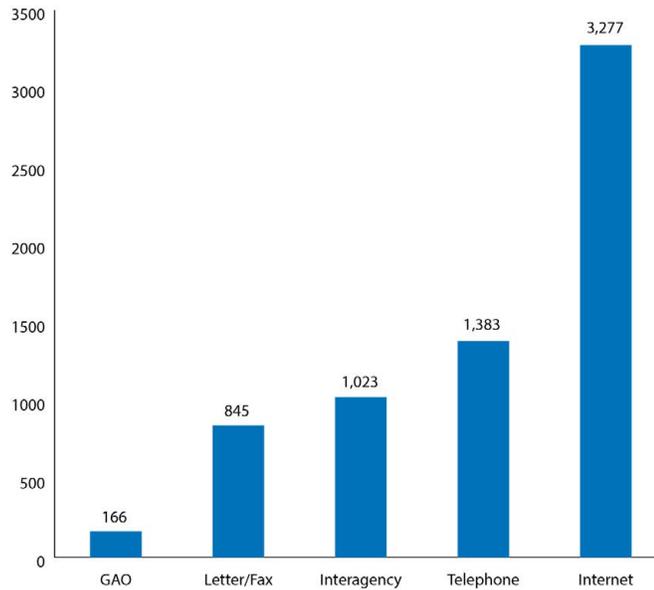
- Misconduct by DoD auditors, evaluators, inspectors, investigators, and IGs.
- Senior official misconduct.
- Whistleblower reprisal.
- Allegations originating within a designated Overseas Contingency Operation area.

Priority 3: Routine/Referred Within 10 Days:

- All other issues.

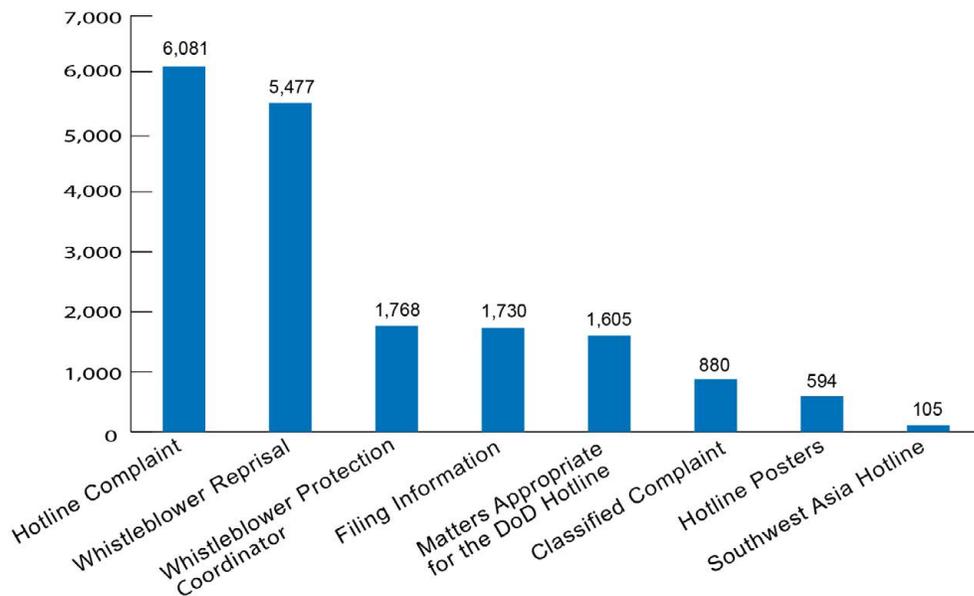
From April 1 through September 30, 2018, the DoD Hotline received 6,694 contacts. The following chart shows the contacts received by type of source.

Figure 2.4 Hotline Contacts Received By Source April 1, 2018 – September 30, 2018



From April 1 through September 30, 2018, the DoD Hotline webpages received approximately 36,000 views. The figure below reflects the number of visits to various fraud, waste, abuse, and reprisal information pages.

Figure 2.5 Most Visited Pages on the DoD Hotline Website, April 1, 2018 – September 30, 2018



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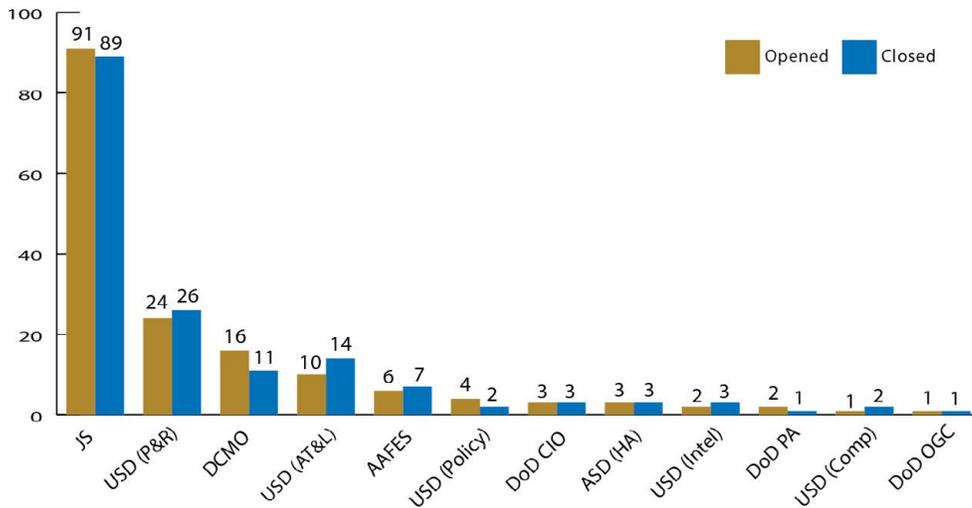
A DoD Hotline contact becomes a case when the Hotline opens and refers the case for action or information to a DoD OIG component, a Military Service, DoD agency, DoD field activity, or other agency outside the DoD. An action case referral requires the receiving agency to conduct an investigation. The Hotline case is not closed until the DoD Hotline receives and approves a Hotline Completion Report. An information case referral only requires action that the recipient agency deems appropriate. The DoD Hotline closes information cases upon verifying receipt by the intended agency.

From April 1 through September 30, 2018, the DoD Hotline opened 3,730 cases and closed 3,872 cases.

The following charts show the referrals that the DoD Hotline made to the Office of the Secretary of Defense, DoD agencies and field activities, the Military Services, and DoD OIG components. Cases with no DoD affiliation are transferred to non-DoD agencies. The DoD Hotline transferred 104 cases to non-DoD agencies such as the Secret Service, state and local law enforcement, and the Department of Veterans Affairs.

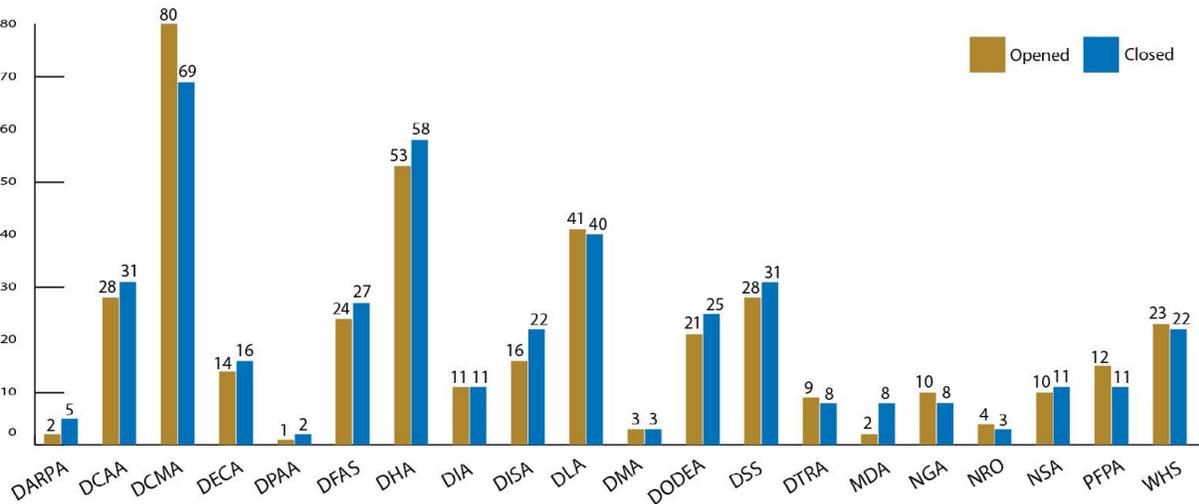
The DoD Hotline opened a total of 163 cases and closed 162 cases referred to the Office of Secretary of Defense.

Figure 2.6 DoD Hotline Cases Opened and Closed—Office of the Secretary of Defense for April 1, 2018 – September 30, 2018



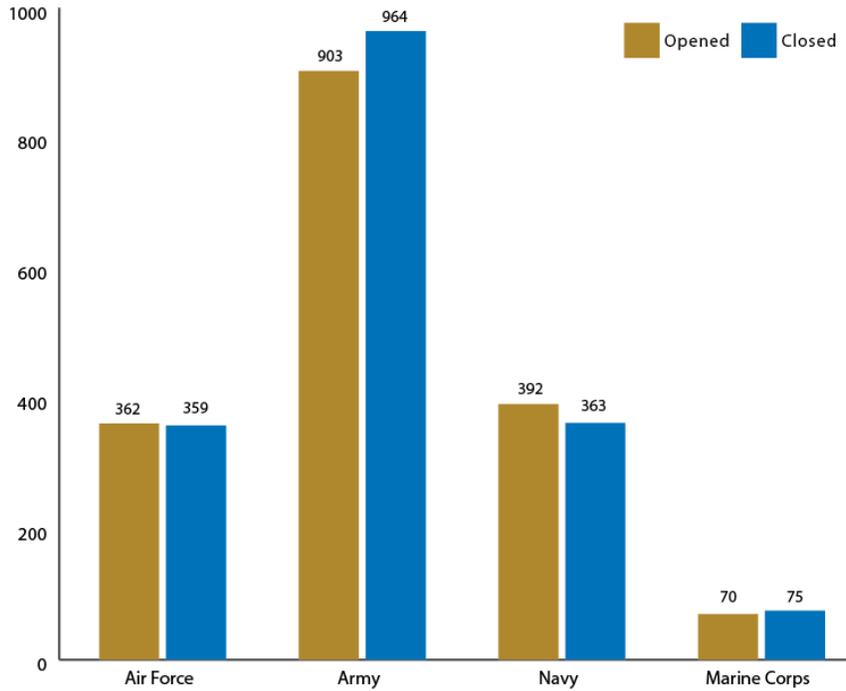
The DoD Hotline opened a total of 392 cases and closed 411 cases referred to DoD agencies and field activities.

Figure 2.7 DoD Hotline Cases Opened and Closed—DoD Agencies and Field Activities for April 1, 2018 – September 30, 2018



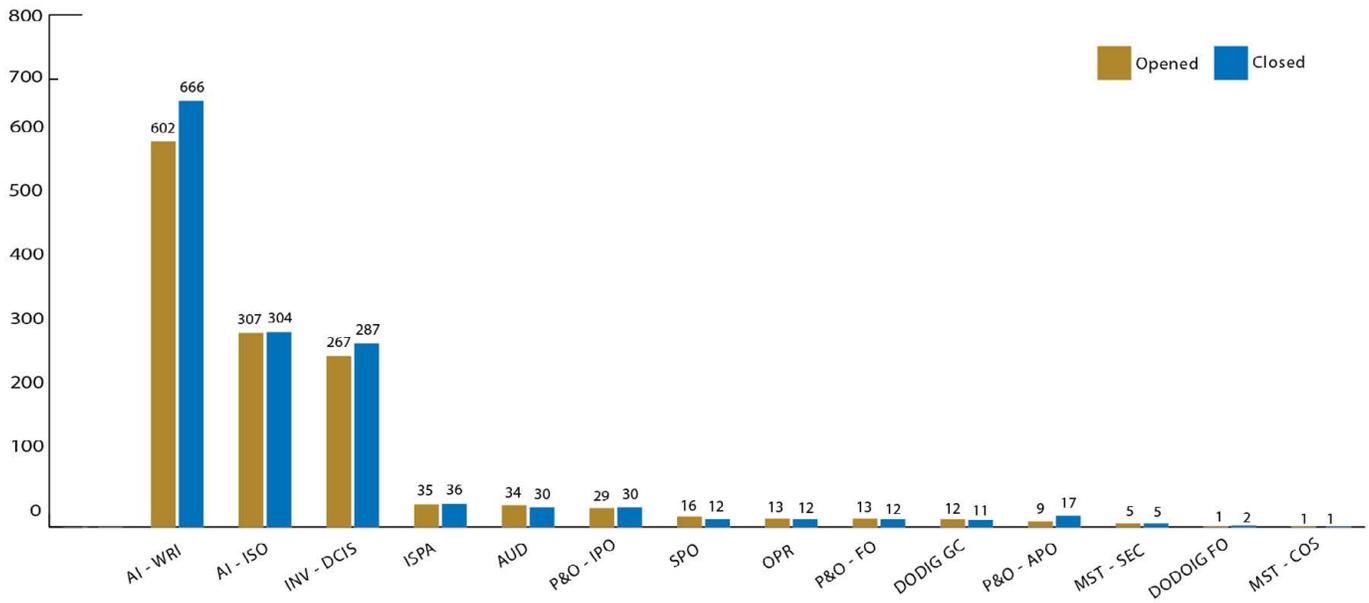
The DoD Hotline opened a total of 1,727 cases and closed 1,761 cases referred to the Military Services.

Figure 2.8 DoD Hotline Cases Opened and Closed—Military Services for April 1, 2018 – September 30, 2018



The DoD Hotline opened 1,344 cases and closed 1,425 cases referred to DoD OIG components.

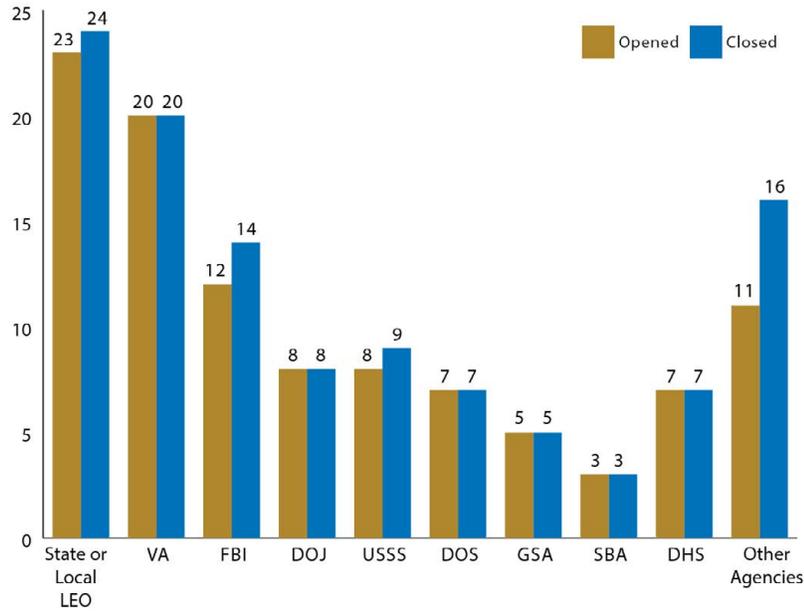
Figure 2.9 DoD Hotline Cases Opened and Closed—DoD OIG Components for April 1, 2018 – September 30, 2018



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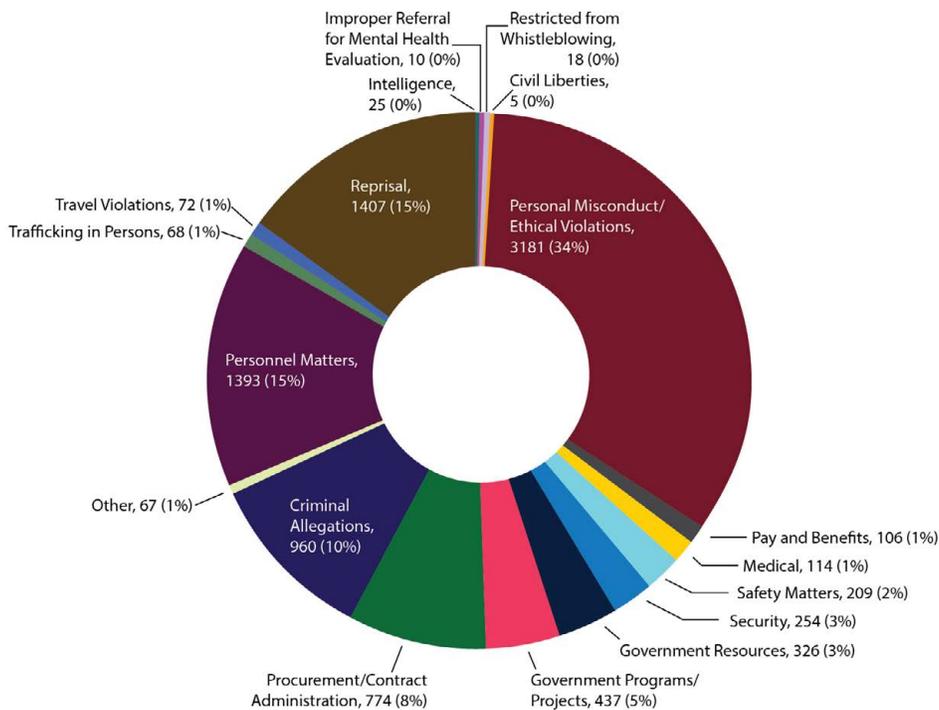
The DoD Hotline transferred 104 cases and closed 113 cases to non-DoD agencies. Some of the other agencies not listed, to which cases were transferred, included the National Aeronautics and Space Administration, the Department of Transportation, and the Environmental Protection Agency.

Figure 2.10 Non-DoD Cases Opened and Closed for April 1, 2018 – September 30, 2018



The majority of allegations received by the DoD Hotline related to personal misconduct, personnel matters, reprisal, and improper procurement or contract administration. The following chart reflects the types of allegations in the cases opened by the DoD Hotline in this reporting period.

Figure 2.11 Types of Allegations Received by the DoD Hotline From April 1, 2018 – September 30, 2018



Significant DoD Hotline Cases and Cost Savings

The following are examples of significant results from DoD Hotline cases in this semiannual period.

- A joint investigation with the Federal Bureau of Investigation (FBI), Naval Criminal Investigative Service (NCIS), and the Defense Criminal Investigative Service (DCIS) was initiated following an anonymous complaint to the DoD Hotline. The investigation substantiated that a U.S. Navy civilian employee instructed a defense contractor to hire the civilian employee's son and that bribes and/or gratuities were paid to the civilian employee in exchange for steering contracts to the defense contractor. As a result of the investigation the civilian employee and contractor each received a \$1,000 fine, 3 years' probation, a \$100 assessment, and letters of debarment for a period of 6 years.
- An Army IG investigation substantiated allegations against three Army officers for failure to take appropriate actions in response to reports of derogatory information. A subordinate Army civilian employee had attacked an active duty Army lieutenant at work after the chain of command failed to act on repeated warnings that the employee performed poorly and demonstrated threatening behavior. Two officers received a General Officer Memorandum of Reprimand, including the Army Health Clinic Commander. The third officer received a letter of caution. The investigation also substantiated an allegation that, while the victim was recovering from injuries in the Warrior Transition Battalion, it failed to provide competent and compassionate care. The Warrior Transition Battalion subsequently implemented additional training and climate surveys to improve the quality of care. Following an FBI investigation, the civilian employee was charged with assault with intent to commit murder, convicted in a jury trial, and sentenced to 20 years in prison.

Whistleblower Protection Coordinator

During this reporting period, the DoD OIG established a full-time DoD Whistleblower Protection Coordinator position. The Coordinator is implementing a comprehensive strategy to further educate DoD employees about prohibitions on retaliation for protected disclosures and remedies for retaliation. The Coordinator's primary functions are:

(1) educating agency employees against retaliation, including the means by which employees may seek review of any allegation of reprisal, and educating employees about the roles of the Office of the Inspector General, the Office of Special Counsel, the Merit Systems Protection Board, and any other agency that reviews whistleblower reprisal; (2) providing general information about the timeliness of such cases, the availability of any alternative dispute mechanisms, and avenues for potential relief; (3) assisting the OIG in promoting the timely and appropriate handling and consideration of protected disclosures and allegations of reprisal, to the extent practicable; and (4) assisting the OIG in facilitating communication and coordination with the Special Counsel, the Council of the Inspectors General on Integrity and Efficiency, Congress, and any other agency that reviews whistleblower reprisals, regarding the timely and appropriate handling and consideration of protected disclosures, allegations of reprisal, and general matters regarding the implementation and administration of whistleblower protection laws, rules, and regulations.

The Coordinator updated the public webpage with briefings on whistleblower statutes and provided other useful information for DoD employees during this reporting period. Additionally, the Coordinator received 87 contacts and 1,768 visits to the Coordinator webpage.

Whistleblower Reprisal Investigations

The Whistleblower Reprisal Investigations (WRI) Directorate investigates allegations of whistleblower reprisal made by:

- (1) members of the Armed Forces;
- (2) appropriated fund (civilian) employees of the DoD, including members of the DoD intelligence community and DoD employees with access to classified information;
- (3) employees of DoD contractors, subcontractors, grantees, subgrantees, and personal service contractors; and
- (4) non-appropriated fund instrumentality employees who are paid from non-appropriated funds generated by Military Service clubs, bowling centers, golf courses, and other activities.

The WRI Directorate also conducts oversight reviews of whistleblower reprisal investigations of these types of allegations, which are performed by the Services and Defense agency IGs into these types of allegations.

In addition, the WRI Directorate investigates and oversees investigations of allegations that service members were restricted from communicating with a Member of Congress or an IG.

The WRI Directorate conducts these investigations under the authority of the IG Act of 1978; Presidential Policy Directive 19; and 10 U.S.C. §§ 1034, 1587, and 2409.

Alternative Dispute Resolution Program

The DoD OIG has established an alternative dispute resolution (ADR) program in the Whistleblower Reprisal Investigations Directorate, similar to the program used by the Office of Special Counsel. ADR can be used to resolve reprisal complaints filed by employees of non-appropriated fund instrumentalities and DoD contractors, subcontractors, grantees, sub-grantees, and personal services contractors, as well as certain other qualified types of cases. ADR is a voluntary process in which parties use mediation or facilitated settlement negotiations to seek resolution of a complaint prior to an otherwise lengthy investigative process, or at any point during the handling of the complaint. Voluntary resolutions through ADR can help reduce the time for resolving cases, and can also allow limited investigative resources to be allocated to completing other investigations in a timely manner. In addition, early resolution through settlements can provide voluntary relief for whistleblowers in a timely fashion.

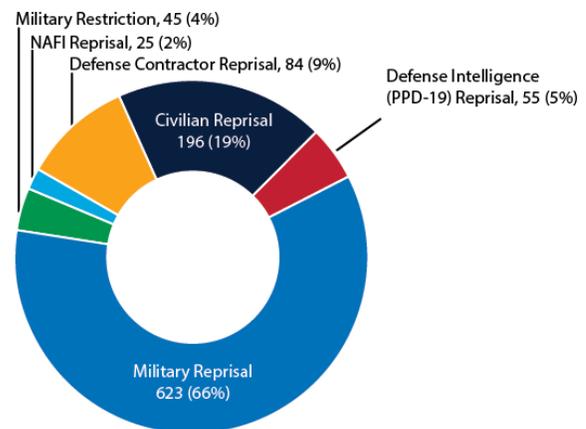
The ADR process is facilitated by an ADR attorney, who assists the parties in resolving the complaint. If both parties in a complaint (the complainant and employer) agree to participate in ADR, the ADR attorney works with the parties to facilitate negotiations or a mediation. During this process, parties have the opportunity to explain their interests and concerns, explore possible solutions, and negotiate a resolution. WRI ADR attorneys serve as neutral third parties, assisting complainants and employers who voluntarily agree to participate in ADR with the goal of reaching settlement agreement to resolve reprisal complaint cases. Notably, settlements provide beneficial outcomes, including (but not limited to) time and financial factors. Examples of resolutions include monetary relief, expungement of negative personnel records, neutral references, re-characterizing discharge as resignation, temporary reinstatement until new employment is secured, training of agency personnel, debt forgiveness, reassignment, leave restoration, and reportedly improved working relationships.

During the reporting period, as a result of the DoD OIG's new ADR process, 27 cases involving allegations of whistleblower reprisal were voluntarily resolved by the complainants and their employers. This is approximately a 50-percent increase over the previous 6-month period. As of the end of the reporting period, the DoD OIG had 61 cases in the ADR process.

Reprisal Investigations

During the reporting period, the DoD OIG received a total of 1,060 complaints alleging reprisal and restriction of a service member from communicating with a Member of Congress or an IG.

Figure 2.12 Complaints Received DoD-Wide



Tables 2.1 and 2.2 show the status of complaints, as of September 30, 2018, that were received by WRI through the Hotline at the DoD OIG and the Service and Defense agency IGs during this reporting period. Of the 1,060 complaints received this period, 600 were received at the DoD OIG and 460 were received at either a Service or Defense agency IG and then reported to the DoD OIG.

Of the 600 complaints received by the DoD OIG during this reporting period:

- 118 were under review or investigation by the DoD OIG,
- 422 were dismissed as having insufficient evidence to warrant an investigation or were withdrawn,
- 12 were resolved through the alternative dispute resolution process, and
- 48 were referred to either a Service or Defense agency IG.

Table 2.1 Reprisal and Restriction Complaints Processed by the DoD OIG Received April 1, 2018 – September 30, 2018

Type Complaint	Received at the DoD OIG	Status as of September 30, 2018				
		Open Intake	Retained for DoD OIG Investigation	Dismissed Intake	Resolved	Referred to Component
	Processed by the DoD OIG					
Military Reprisal	235	30	1	161	0	43
NAFI Reprisal	25	10	1	11	3	0
Defense Contractor Reprisal	107	48	3	48	8	0
Civilian Reprisal	187	5	2	180	0	0
Defense Intelligence (PPD-19) Reprisal	38	14	2	18	1	3
Subtotal FY 18 (2nd Half)	592	107	9	418	12	46
Military Restriction	8	0	2	4	0	2
Total FY 18 (2nd Half)	600	107	11	422	12	48

Table 2.2 Reprisal and Restriction Complaints Processed by Component IG, With DoD OIG Oversight Received April 1, 2018 – September 30, 2018

Type Complaint	Received at Component OIG*	Status as of September 30, 2018				
		Assumed by the DoD OIG	Submitted to the DoD OIG for Review	Closed by the DoD OIG (Complainant Notification Pending)	Closed by the DoD OIG (Complainant Notified)	Open at Component
	Processed by Component OIG, With DoD OIG Oversight					
Military Reprisal	397	20	24	15	94	244
Civilian Reprisal	9	4	0	0	0	5
Defense Intelligence (PPD-19) Reprisal	17	12	0	0	2	3
Subtotal FY 18 (2nd Half)	423	36	24	15	96	252
Military Restriction	37	1	2	4	3	27
Total FY 18 (2nd Half)	460	37	26	19	99	279

* These figures represent all complaints the Components reported to the DoD OIG as having been received.

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Of the 460 complaints received at a Service or Defense agency IG and then reported to the DoD OIG, as of September 30, 2018:

- 37 were assumed by the DoD OIG for review and investigation,
- 26 were submitted to and under review at the DoD OIG,
- 19 were closed by the DoD OIG pending notification to the complainant,
- 99 were closed by the DoD OIG and the complainant notified, and
- 279 were still open.

These figures represent all complaints the Components reported to the DoD OIG as having been received.

Table 2.3 shows the number and type of complaints closed by the DoD OIG and the Service and Defense agency IGs during this reporting period. Of the 1,159 complaints closed this period:

- 810 were dismissed without an investigation,
- 71 were withdrawn,
- 27 were resolved through the alternative dispute resolution process, and
- 251 were closed following full investigation by either the DoD OIG or a Service or Defense agency IG.

Of the 251 investigations closed, 216 involved whistleblower reprisal (22 substantiated) and 35 involved restriction from communicating with a Member of Congress or an IG (19 substantiated).

Table 2.3 Reprisal and Restriction Complaints Closed April 1, 2018 – September 30, 2018

Type Complaint	Reprisal and Restriction Complaints Closed in FY 2018 (2nd Half)						
	Total Closed	Dismissed	Withdrawn	Resolved*	Investigated	Substantiated Cases	Substantiated Rate
	Processed by the DoD OIG						
Military Reprisal	261	233	9	0	19	1	5%
NAFI Reprisal	33	17	4	5	7	1	14%
Defense Contractor Reprisal	100	62	12	20	6	0	0%
Civilian Reprisal	190	189	1	0	0	0	0%
Defense Intelligence (PPD-19) Reprisal	49	42	1	2	4	0	0%
Subtotal FY 18 (2nd Half)	633	543	27	27	36	2	6%
Military Restriction	6	4	0	0	2	0	0%
Total FY 18 (2nd Half)	639	547	27	27	38	2	5%
	Processed by Component IG, with DoD OIG Oversight						
Military Reprisal	469	250	44	0	175	18	10%
Defense Intelligence (PPD-19) Reprisal	7	2	0	0	5	2	40%
Subtotal FY 18 (2nd Half)	476	252	44	0	180	20	11%
Military Restriction	44	11	0	0	33	19	58%
Total FY 18 (2nd Half)	520	263	44	0	213	39	18%
Grand Total FY18 (2nd Half)	1159	810	71	27	251	41	16%

* 'Resolved' denotes cases that underwent the newly-established alternative dispute resolution process, and resulted in a settlement between the complainant and the employer.

Tables 2.4 and 2.5 show the number and type of open complaints with the DoD OIG and the Service and Defense agency IGs at the end of this reporting period. Of the 965 total complaints as of September 30, 2018:

- 61 were being reviewed under the ADR process at the DoD OIG,
- 115 were being analyzed by the DoD OIG,
- 722 were being analyzed by a Service or Defense agency IG, and
- 67 were submitted by a Service or Defense agency IG to the DoD OIG for review.

Table 2.4 Reprisal and Restriction Complaints Processed by the DoD OIG Open at the End of This Reporting Period* on September 30, 2018

Type Complaint	Reprisal and Restriction Complaints Open in FY 2018 (2nd Half)*			
	Total Open	ADR+	Intake	Investigation
	Processed by the DoD OIG			
Military Reprisal	46	0	36	10
NAFI Reprisal	18	13	2	3
Defense Contractor Reprisal	72	46	13	13
Civilian Reprisal	9	0	7	2
Defense Intelligence (PPD-19) Reprisal	29	2	16	11
Subtotal FY 18 (2nd Half)	174	61	74	39
Military Restriction	2	0	1	1
Total FY 18 (2nd Half)	176	61	75	40

* Open complaints include those received during this reporting period as well as prior reporting periods.

+ Alternative dispute resolution is an optional process that both the complainant and the employer may choose to enter to settle the complaint.

Table 2.5 Reprisal and Restriction Complaints Processed by Component IG, With DoD OIG Oversight Open at the End of This Reporting Period* on September 30, 2018

Type Complaint	Processed by Component IG, With DoD OIG Oversight			
	Total Open	Ongoing Inquiry		Submitted for Oversight Review
		Referred from the DoD OIG	Received at Component IG	
	Status as of September 30, 2018			
Military Reprisal	723	122	537	64
Defense Intelligence(PPD-19) Reprisal	14	9	5	0
Civilian Reprisal	8	0	7	1
Subtotal FY 18 (2nd Half)	745	131	549	65
Military Restriction	44	1	41	2
Total FY 18 (2nd Half)	789	132	590	67
Grand Total FY 18 (2nd Half)	965			

* Open complaints include those received during this reporting period as well as prior reporting periods.

+ Alternative dispute resolution is an optional process that both the complainant and the employer may choose to enter to settle the complaint.

Substantiated Whistleblower Reprisal Cases Closed by the DoD OIG and Service and Defense Agency IGs

The following are descriptions of all substantiated allegations of reprisal closed during the period.

- An Army major denied an Army captain access to the captain's place of duty and issued a threatened referred officer evaluation report in reprisal for the captain making protected communications to the chain of command and an Army IG. Corrective action is pending.
- An Army National Guard staff sergeant issued a subordinate staff sergeant a downgraded non-commissioned officer evaluation report in reprisal for the complainant making protected communications to the chain of command. Corrective action is pending.
- An Air Force civil servant issued a downgraded enlisted performance report to a subordinate Air Force technical sergeant in reprisal for the technical sergeant's reporting policy violations to the chain of command and an Air Force IG. The civil servant received verbal counseling. The downgraded enlisted performance report was removed from the technical sergeant's permanent record and the technical sergeant was promoted to master sergeant.
- An Air Force master sergeant removed an Air Force technical sergeant from the technical sergeant's duties after the technical sergeant reported the master sergeant's duty deficiencies to the chain of command. The master sergeant received a letter of counseling.
- An Air Force captain issued a subordinate Air Force captain a letter of counseling after the complainant reported safety concerns to the squadron commander. The senior Air Force captain received verbal counseling.
- An Army National Guard colonel threatened a subordinate Army National Guard captain with an absence without leave charge, told the captain to resign instead of approving the captain's transfer request, and issued two adverse officer evaluation reports in reprisal after the captain made statements during a command-directed sensing session. Also, an Army National Guard lieutenant colonel issued the same captain a letter of counseling and a letter of reprimand, and issued two adverse officer evaluation reports in reprisal for the captain reporting the lieutenant colonel to the chain of command for toxic leadership. Corrective action is pending.
- An Air Force master sergeant withdrew a previously submitted nomination for an Air Force senior airman to compete in the Airman of the Quarter Board in reprisal for the senior airman reporting the master sergeant's toxic leadership directly to the chain of command. Corrective action is pending.
- An Air Force lieutenant colonel issued an Air Force technical sergeant a downgraded enlisted performance report in reprisal for the technical sergeant providing testimony in a command-directed investigation that stated the lieutenant colonel provided toxic leadership within the organization. Corrective action is pending.
- An Air Force colonel removed an Air Force captain's duty title in reprisal for the captain going through the chain of command and an Air Force IG regarding unsafe manning levels within the captain's assigned unit. Another Air Force colonel in the captain's chain of command withheld reimbursement for a certified training event that the captain attended in reprisal for the captain going outside of the command for assistance with the captain's concern over unsafe manning levels within the captain's assigned unit. Both colonels received verbal counseling.
- A Marine Corps master sergeant (now retired) attempted to charge a Marine Corps corporal with a violation of Uniform Code of Military Justice Article 107 (making a false statement) in reprisal for the corporal attempting to request non-judicial punishment and requesting it on two separate occasions. Corrective action is pending.
- An Air Force lieutenant colonel downgraded previous favorable narrative comments and recommendations for an Air Force captain to attend the Air Force Institute of Technology on an Airman Development Plan in reprisal for the captain's testimony about the lieutenant colonel's toxic leadership during a unit climate assessment. Corrective action is pending.
- Three management officials issued an employee warning notice and/or terminated a non-appropriated fund employee in reprisal after the employee made protected disclosures to senior management officials regarding mismanagement and abuse of authority by one of the three management officials. Corrective action is pending.
- Three civilian management officials relieved a pay band three employee from the employee's position, redeployed the employee home early, and issued an adverse deployment letter of continuity in reprisal for the employee's protected disclosures to management officials regarding a colleague's sexual harassment and unprofessional conduct. Corrective action is pending.

- An Air Force master sergeant, influenced and supported by an Air Force senior master sergeant downgraded an Air Force technical sergeant's enlisted performance report in reprisal for the technical sergeant's protected communications to members of the chain of command about procedural violations and administrative deficiencies found during a unit inspection. The technical sergeant also alleged that supervisors attempted to cover up these deficiencies in an attempt to hide the deficiencies during a re-inspection. Corrective action is pending.
- Three civilian responsible management officials relieved a pay band three employee from the employee's position, redeployed the employee home early, and issued an unfavorable, downgraded ratings deployment closeout performance evaluation with derogatory narrative comments in reprisal for the employee's protected disclosures to management officials regarding sexual harassment, assault, and unprofessional conduct by a colleague. Corrective action is pending.
- An Army chief warrant officer attempted to influence command officials to disapprove a command IG for a career-enhancing and conjunctive IG tour for an Army major in reprisal for the major's protected communications to the chain of command regarding the warrant officer's false and misleading statements about curtailing another Army member's assignment and about potential violations of Army regulations on IG assignments and tour curtailments. Corrective action is pending.
- An Air Force senior master sergeant issued a letter of reprimand and a downgraded enlisted performance report, and removed an Air Force master sergeant from the master sergeant's position in reprisal for the master sergeant's protected communication regarding a safety concern to the wing safety officer. Corrective action is pending.
- An Air Force master sergeant issued two letters of counseling to an Air Force staff sergeant and removed the staff sergeant from the staff sergeant's position in reprisal after the staff sergeant used the commander's open door policy to discuss the new squadron leave policy without first informing the staff sergeant's immediate supervisor. Corrective action is pending.
- An Air Force colonel attempted to influence a subordinate to issue a letter of reprimand to an Air Force master sergeant and influenced a subordinate to remove the master sergeant from the master sergeant's position. The colonel also removed the master sergeant from a second position and attempted to revoke the master sergeant's access to a sensitive compartmented information facility, all in reprisal for the master sergeant's protected communications to the chain of command and senior non-commissioned officers regarding the colonel's leadership style. Corrective action is pending.
- After an Army Master Sergeant made protected communications to the chain of command, local IG, DoD OIG, and a representative from Sexual Harassment/Assault Response and Prevention pertaining to service member misconduct and sexual harassment, several members in the chain of command took the following actions: ordered a command-directed investigation, suspended security clearance access, issued a relief for cause non-commissioned officer evaluation report, issued a General Officer Memorandum of Reprimand (filed in Army Military Human Resource Record), and revoked Permanent Change of Station orders in reprisal. Corrective action is pending.
- An Air Force lieutenant colonel recommended disapproval of an expedited transfer request of an Air Force airman first class in reprisal for the airman filing a sexual assault report with the Sexual Assault Response Coordinator and to officials from the United States Air Force Office of Special Investigations. Corrective action is pending.

Substantiated Military Restriction Cases Closed by the DoD OIG and Service and Defense Agency IGs

The following are descriptions of all substantiated allegations of restriction closed during the period.

- An Army captain restricted an Army first lieutenant when the captain issued a written counseling that ordered the first lieutenant to address any and all issues through the chain of command only, upon threat of punishment under the Uniform Code of Military Justice. Corrective action is pending.
- An Air Force master sergeant restricted and/or attempted to restrict three airmen from going to the IG when the master sergeant pressured the airmen into retracting current and pending IG complaints during a meeting. Corrective action is pending.
- An Army command sergeant major attempted to restrict an Army sergeant first class from communicating with an IG when the command sergeant major communicated a threat of a potential retaliatory personnel action through the chaplain. Corrective action is pending.
- An Air Force second lieutenant and a master sergeant restricted an Air Force airman first class when the master sergeant and the second lieutenant made comments in two separate meetings that caused the airman to fear being punished or reprimanded for communicating with a Member of Congress or the IG. The master sergeant also implemented an e-mail policy requiring the airman and subordinate staff to route all outgoing e-mails through the master sergeant or the officer in charge as an attempt to limit access to a Member of Congress or the IG. The second lieutenant received a letter of admonishment and the master sergeant received a letter of reprimand.
- An Air Force major and other subordinate members believed remarks made by an Air Force lieutenant colonel were intended to restrict them from preparing or making future protected communications. The lieutenant colonel's statements were made during a Squadron Commanders Call, which was held to discuss the results of a recent unit climate assessment where several witnesses testified about the lieutenant colonel's toxic leadership. Corrective action is pending.
- A Marine Corps chief warrant officer made comments, during an all hands muster, which were intended to restrict a Marine Corps staff sergeant and other subordinates from preparing or making protected communications to the IG and Members of Congress. The warrant officer told the members that as junior enlisted members, superiors would address these types of problems by taking subordinates outside the building to "wear them out." The chief warrant officer warned the subordinates not to voice grievances outside the unit because to do so would be "mutiny" and that if any were to "go out of the building" to complain about the chief warrant officer, the chief warrant officer would lower the subordinate's fitness report proficiency and conduct marks. Corrective action is pending.
- An Air Force captain made comments and exhibited behavior intended to restrict an Air Force staff sergeant from preparing or making protected communications outside the chain of command, including to the IG and Members of Congress. Corrective action is pending.
- An Army major made comments toward officers attending an Officer Professional Development session, which were intended to restrict the officers from preparing or making protected communications outside the chain of command, including to the IG and Members of Congress. Corrective action is pending.
- An Air Force senior master sergeant and a master sergeant made comments and exhibited behavior in an attempt to restrict an Air Force technical sergeant from preparing or making protected communications outside the chain of command. The technical sergeant felt the chain of command's declining and ostracizing treatment after the technical sergeant made protected communications had an adverse effect on the technical sergeant's willingness to prepare and make future protected communications outside the chain of command, including to the IG and Members of Congress. Corrective action is pending.
- An Air Force master sergeant made comments to an Air Force airman first class intended to restrict the airman from preparing or making protected communications to the IG. The master sergeant received verbal counseling.
- An Air National Guard chief master sergeant exhibited behavior and made a comment to an Air National Guard staff sergeant, during a drill weekend command post meeting, intended to restrict the staff sergeant and other command post personnel from preparing or making protected communications to agencies and individuals outside the chain of command. Corrective action is pending.

- An Air Force Reserve senior master sergeant attempted to replace an Air Force Reserve senior airman with another senior airman, even though it was made clear by the squadron superintendent that there would be no substitutions for any airman identified to attend an IG Session Group, which was an attempt to restrict the scheduled senior airman from speaking to an IG. Corrective action is pending.
- An Air Force technical sergeant made comments, during two pre-shift guard mounts, which were intended to restrict an Air Force senior airman and other subordinates from preparing or making protected communications to individuals and agencies outside the chain of command, including to the IG and Members of Congress. The technical sergeant received a letter of reprimand.
- An Air Force chief master sergeant made comments during a verbal counseling with an Air Force technical sergeant, which were intended to restrict the technical sergeant from preparing or making protected communications. Corrective action is pending.
- An Air Force senior master sergeant restricted an Air Force master sergeant from going to the wing safety office with concerns over possible safety violations by instructing the master sergeant to use the chain of command first before going outside the squadron. The senior master sergeant's comments caused an adverse effect on an airman's willingness to make a protected communication to an IG or a Member of Congress. Corrective action is pending.
- An Air Force senior master sergeant and an Air Force master sergeant made statements such as, "There's nothing (a supervisor) can do to me, I used to work with the IG" and, "Every time one of ya'll go complain to the IG or EO, we know, hell soon as (a complainant) was done talking we got a call," to an Air Force senior airman, creating an adverse effect and thereby restricting the airman from contacting the IG or a Member of Congress. Corrective action is pending.
- An Air Force major and a senior master sergeant restricted several members of their squadron from making statements to the IG by creating an atmosphere of fear and causing an adverse effect within the unit. The major condoned the senior master sergeant's actions and comments about identifying who went to the IG during a unit effectiveness inspection and filled out complaint forms. The major also told unit members to come to the major and senior master sergeant first before going to the IG. Finally, the major stated that the leadership did not need to fix the problems, but needed to find out who was making the allegations. Corrective action is pending.
- An Air Force major made restrictive comments to an Air Force staff sergeant after a heated exchange between the major and staff sergeant. The major reprimanded the subordinates for complaining, told the subordinates to not raise complaints outside the chain of command, and stated that those who did would be reprimanded as well as those who didn't report the complainers. The staff sergeant and other Air Force members believed the major's comments meant the subordinates could not take issues or complaints outside the chain of command to include the IG or a Member of Congress. The major received a letter of admonishment.
- An Army National Guard colonel made restrictive comments to an Army National Guard lieutenant colonel after the lieutenant colonel filed an IG complaint against a general officer. After the general selected the lieutenant colonel for resident Air War College, the colonel suggested that the lieutenant colonel consider "pulling" his IG complaint against the general. Several days later, the colonel commented to the lieutenant colonel, "Did you do what I asked you to do?" These comments were an attempt to dissuade the lieutenant colonel from continuing to communicate with the IG during the current investigation. The colonel's comments were an attempt to discourage or restrict the lieutenant colonel from preparing or making future protected communications to an IG. Corrective action is pending.

CORE MISSION AREAS

Table 2.6 shows the number and types of reprisal and restriction allegations substantiated since October 1, 2012. Of the 350 substantiated allegations, 209 have had corrective action decisions reported and 141 are still pending reports of corrective actions taken.

Table 2.6 Reprisal and Restriction Allegations Substantiated in FY 2013 – FY 2018 With Corrective Action Status

Reprisal and Restriction Allegations Substantiated in FY 2013 to FY 2018 (2nd Half)				
Allegation	Total Substantiated	Decision on Corrective Action Reported	Corrective Action Pending	Pending Rate
Military Reprisal	235	142	93	40%
NAFI Reprisal	11	4	7	64%
Defense Contractor Reprisal	6	1	5	83%
Civilian Reprisal	11	11	0	0%
Defense Intelligence (PPD-19) Reprisal	11	1	10	91%
Subtotal FY 13 to FY 18 (2nd Half)	274	159	115	42%
Military Restriction	76	50	26	34%
Total FY 13 to FY 18 (2nd Half)	350	209	141	40%

Note: Allegations against multiple subjects may be involved in a single case.

Table 2.7 shows the number and types of reprisal complaints substantiated since October 1, 2012. Of the 195 substantiated complaints, 30 have had remedy decisions reported and 165 are still pending reports of remedial actions taken.

Table 2.7 Reprisal Complaints Substantiated in FY 2013 – FY 2018 With Remedy Status

Reprisal Complaints Substantiated in FY 2013 to FY 2018 (2nd Half)				
Allegation	Total Substantiated	Decision on Remedy Reported	Remedy Pending	Pending Rate
Military Reprisal	169	15	154	91%
NAFI Reprisal	8	5	3	38%
Defense Contractor Reprisal	4	1	3	75%
Civilian Reprisal	8	8	0	0%
Defense Intelligence (PPD-19) Reprisal	6	1	5	83%
Total FY 13 to FY 18 (2nd Half)	195	30	165	85%

Corrective and Remedial Actions Reported During the Period for Substantiated Reprisal Cases Closed in Prior Reporting Periods

The following are remedial and corrective actions reported to the DoD OIG by components for substantiated reprisal cases that were closed in prior reporting periods.

- An Air Force lieutenant colonel issued a letter of counseling to an Air Force captain in reprisal for the captain making protected communications to the chain of command and an Air Force IG. The lieutenant colonel received a letter of counseling.

Corrective and Remedial Actions Reported During the Period for Substantiated Restriction Cases Closed in Prior Reporting Periods

The following are corrective actions reported to the DoD OIG by components for substantiated restriction cases that were closed in prior reporting periods.

- An Air Force civil servant (GS-15) made restrictive comments to an Air Force major that were intended to restrict the major from communicating with an IG. In 2013, during a meeting with the major, the GS-15 stated in response to the major's allegations: "With what you've presented me, there is no way Lt Gen ... or an Inspector General would believe you and you would be wise to not even go that route because all of this would come back on you and that would be the end of your career." The command authority elected not to take any corrective action due to the amount of time that had passed since the incident and the information the complainant had provided in response to the Notice of Proposal to Reprimand.
- An Air National Guard major made restrictive comments to an Air National Guard staff sergeant, during a witnessed counseling session, intended to restrict the staff sergeant from preparing or making future protected communications to the IG. The major received verbal counseling.
- An Air Force master sergeant restricted and/or attempted to restrict three airmen from going to the IG when he pressured the airmen into retracting current and pending IG complaints during a meeting. The master sergeant received a letter of reprimand.

CORE MISSION AREAS

Tables 2.8 and 2.9 show the number and type of corrective actions reported for reprisal and restriction allegations substantiated against subjects since October 1, 2012. Of the 219 decisions reported, 56 involve declinations to take action, and 163 were corrective actions taken against the subject.

Table 2.8 Corrective Actions Reported for Reprisal and Restriction Allegations Substantiated Against Subjects in FY 2013 – FY 2018

Reprisal and Restriction Allegations Substantiated in FY 2013 to FY 2018 (2nd Half)						
Allegation	Total	Declined to Take Action	Employee Fired or Terminated	Letter of Counseling	Other	Reduced Rank or Grade
Military Reprisal	150	41	0	20	12	2
NAFI Reprisal	4	2	1	0	1	0
Defense Contractor Reprisal	1	1	0	0	0	0
Civilian Reprisal	11	4	0	2	0	0
Defense Intelligence (PPD-19) Reprisal	1	0	0	1	0	0
Subtotal FY 13 to FY 18 (2nd Half)	167	48	1	23	13	2
Military Restriction	52	8	0	9	2	0
Total FY 13 to FY 18 (2nd Half)	219	56	1	32	15	2

Table 2.9 Corrective Actions Reported for Reprisal and Restriction Allegations Substantiated Against Subjects in FY 2013 – FY 2018 Cont'd

Reprisal and Restriction Allegations Substantiated in FY 2013 to FY 2018 (2nd Half)					
Allegation	Removed From Assignment	Retired	Suspended Without Pay	Verbal Counseling	Written Reprimand
Military Reprisal	13	1	1	15	44
NAFI Reprisal	0	0	0	0	0
Defense Contractor Reprisal		0	0	0	0
Civilian Reprisal	1	0	0	1	3
Defense Intelligence (PPD-19) Reprisal	0	0	0	0	0
Subtotal FY 13 to FY 18 (2nd Half)	14	1	1	16	47
Military Restriction	3	0	0	12	18
Total FY 13 to FY 18 (2nd Half)	17	1	1	28	65

Note: Multiple corrective actions may be reported for a single subject.

Tables 2.10 and 2.11 show the number and type of remedies reported for reprisal complaints substantiated since October 1, 2012. Of the 37 remedial decisions reported, 5 complaints involved management declining to take action or the military complainant opting not to petition a board for the correction of military records. Thirty-two complaints resulted in remedies implemented to make the complainant whole.

Table 2.10 Remedies Reported for Reprisal Complaints Substantiated in FY 2013 – FY 2018.

Reprisal Complaints Remedies for Substantiated Cases in FY 2013 to FY 2018 (2nd Half)						
Allegation	Total	Back Pay	Correct Evaluation	Declined to Take Action	Expunge Evaluation	Expunge LOR/LOC/LOE
Military Reprisal	19	1	1	0	7	2
NAFI Reprisal	4	1	0	1	0	0
Defense Contractor Reprisal	3	0	0	3	0	0
Civilian Reprisal	10	0	1	1	2	0
Defense Intelligence (PPD-19) Reprisal	1	0	0	0	0	0
Total FY 13 to FY 18 (2nd Half)	37	2	2	5	9	2

Table 2.11 Remedies Reported for Reprisal Complaints Substantiated in FY 2013 – FY 2018 Cont'd.

Reprisal Complaints Remedies for Substantiated Cases in FY 2013 to FY 2018 (2nd Half) Cont'd					
Allegation	Grant Award	Other	Promote	Reinstate	Restore Security Clearance
Military Reprisal	1	5	1	1	0
NAFI Reprisal	0	2	0	0	0
Defense Contractor Reprisal	0	0	0	0	0
Civilian Reprisal	2	3	0	0	1
Defense Intelligence (PPD-19) Reprisal	0	1	0	0	0
Total FY 13 to FY 18 (2nd Half)	3	11	1	1	1

Note: Multiple remedies may be reported for a single complainant.

Whistleblower Reprisal Investigations Closed as Not Substantiated Involving Subjects in the Grade or Rank of Colonel (O-6) and Above, and Federal Employees in Grades GS-15 and Above

The following are all whistleblower reprisal investigations closed as not substantiated involving subjects in the grade or rank of colonel (O-6) and above, and Federal employees in grades GS-15 and above.

- A Navy second class petty officer alleged that a Navy captain influenced personnel actions against the petty officer in reprisal for communicating a sexual assault to members of the chain of command and a Sexual Assault Response Coordinator.
- An Air Force senior master sergeant alleged a Navy captain temporarily suspended the master sergeant's duties, issued a letter of reprimand, and prevented the master sergeant from deploying in reprisal for reporting allegations of sexual assault to the chain of command.
- A Marine staff sergeant alleged that a Marine colonel administered an adverse fitness report and denied the staff sergeant due process for a request for non-judicial punishment in reprisal for protected communications to the chain of command and command IG.
- An Army civil servant (GG-12) alleged that an Army colonel issued a management directed reassignment, suspended access to classified information, and directed administrative leave with pay in reprisal for making protected disclosures to the civil servant's supervisor and the command's IG and for cooperating with the Army IG during a command IG inspection.
- An Army National Guard colonel alleged that an Army National Guard brigadier general (1) delayed the colonel's promotion to colonel (denied additional pay), (2) recommended removal from the Army National Guard, (3) recommended removal from full-time Army National Guard, (4) issued a General Officer Memorandum of Reprimand, (5) denied temporary duty, (6) suspended from duties, (7) directed an Army 15-6 investigation of the colonel, (8) issued a downgraded officer evaluation report, (9) did not select the colonel for the Chief of Staff position, and (10) directed a mental health evaluation in reprisal for making protected communications to an IG, chain of command, and to Members of Congress.
- An Army Reserve major alleged that an Army Reserve brigadier general issued a general officer memorandum of reprimand in reprisal for making protected communications regarding discrimination to equal opportunity offices.
- An Air National Guard lieutenant colonel alleged that an Air National Guard colonel gave the lieutenant colonel an unfavorable change of rating official officer performance report in reprisal for making protected communications to the chain of command and to an IG.
- An Air Force master sergeant alleged that an Army colonel issued the master sergeant two unfavorable Enlisted Performance Reports in reprisal for making reports to the chain of command, a Member of Congress, and an IG.
- A Navy master chief petty officer alleged that a Marine Corps brigadier general initiated a command-directed investigation and removed the master chief petty officer from duties in reprisal for making protected communications to the chain of command.
- An Army lieutenant colonel alleged that an Air Force brigadier general and an Army colonel issued the lieutenant colonel an unfavorable officer evaluation report in reprisal for making or preparing to make a communication to an IG, cooperating with a Federal investigation, and reporting other violations of law and regulation to a Member of Congress and the chain of command.
- An Army National Guard colonel alleged that an Army National Guard brigadier general (1) suspended favorable personnel actions in the colonel's personnel record, (2) influenced the removal of the colonel from a command position, (3) denied the colonel's extension request, (4) reassigned the colonel to a position of lesser authority, and (5) influenced an investigating officer to recommend a General Officer Memorandum of Reprimand and a relief for cause officer evaluation report in reprisal for making protected communications to the chain of command.
- A Marine Corps sergeant alleged that a Marine Corps brigadier general recommended disapproval for Temporary Early Retirement Authority in reprisal for stating intention to make a protected communication to the equal opportunity office and for making a protected communication to a Member of Congress.

- An Air Force master sergeant alleged that an Air Force colonel (1) directed the master sergeant's commander to issue two letters of reprimand and to render an unfavorable information file, (2) denied the master sergeant's request for religious accommodations, for removal from deployment, and for retirement, and (3) demoted the master sergeant in reprisal for protected communications to a Member of Congress, to the equal opportunity office, and to the chain of command.
- An Army command sergeant major alleged that an Army major general threatened the sergeant major with reassignment to another position through a Notification of Action Memorandum in reprisal for making protected communications to members of the chain of command and to command-appointed investigators.
- An Army lieutenant colonel alleged that an Army brigadier general withheld the most current officer evaluation report of the lieutenant colonel from the FY 17 Senior Service College Selection Board in reprisal for making a protected communication to an IG.
- An Air Force colonel alleged that an Air Force brigadier general relieved the colonel of command and issued a referral officer performance report in reprisal for making a protected communication to an IG.
- An Air Force major alleged that an Air Force brigadier general, colonel, and lieutenant colonel relieved the major from duties and issued a blank promotion recommendation form in reprisal for making protected communications to the major's chain of command.
- An Army colonel alleged that an Army National Guard major general rescinded a 1-year extension for the colonel in reprisal for making protected communications.
- A Navy lieutenant alleged that a Marine Corps brigadier general threatened and then issued an adverse Letter of Instruction and directed early demobilization in reprisal for making a protected communication to an IG.
- An Air National Guard lieutenant colonel alleged that an Air National Guard colonel withheld or caused to be withheld career opportunities (including active duty orders) in reprisal for making a protected communication to an IG. Also, the lieutenant colonel alleged that the colonel restricted the lieutenant colonel from going to the IG and/or a Member of Congress.
- An Air Force lieutenant colonel alleged that an Air Force colonel reassigned duties and responsibilities, initiated an investigation of the lieutenant colonel, and issued a less than favorable officer performance report in reprisal for making a protected communication to an IG.
- An Air Force chief master sergeant alleged that an Air Force colonel denied an assignment in reprisal for making a protected communication to an IG.
- A DoD civil servant (GS-14) alleged that an Air Force colonel recommended a reassignment to a non-supervisory position, a Senior Executive Service member approved the reassignment to a non-supervisory position and that a civil servant (GS-15) and another civil servant (GS-14) issued a lowered annual contribution evaluation in reprisal for making protected communications to an IG, management officials, and the equal opportunity office.
- An Army civil servant (GG-13) alleged that an Army civilian member of the Senior Executive Service influenced a personnel action against the civil servant in reprisal for making protected disclosures to a Member of Congress and an IG.
- An Air Force lieutenant colonel alleged that an Air Force colonel ordered the lieutenant colonel to go to a mental health evaluation and withheld the lieutenant colonel's officer performance report in reprisal for making reports to the Department of the Navy Hotline and the DoD Hotline.

Whistleblower Restriction Investigations Closed as Not Substantiated Involving Subjects in the Grade or Rank of Colonel (O-6) and Above, and Federal Employees in Grades GS-15 and Above

There were no whistleblower restriction investigations closed as not substantiated involving subjects in the grade or rank of colonel (O-6) and above, and Federal employees in Grades GS-15 and above during the reporting period.

Investigations of Senior Officials

The DoD OIG’s Investigations of Senior Officials (ISO) directorate investigates allegations of misconduct against the most senior DoD officers (three-star general officers and above), DoD political appointees, senior officials in the Joint or Defense Intelligence Community, and members of the Senior Executive Service, as well as allegations not suitable for assignment to Military Services or Defense agency IGs.

The ISO Directorate also conducts oversight reviews of Service and Defense agency IG investigations of misconduct involving active duty, retired, Reserve, or National Guard military officers in the rank of one-star and above; officers selected for promotion to the grade of one-star whose names are on a promotion board report forwarded to the Military Department Secretary; members of the Senior Executive Service; senior civilian officials in the grade of Senior Executive Service in the Joint or Defense Intelligence Community, including the DoD; and DoD political appointees.

As noted above, the WRI Directorate also investigates allegations of reprisal involving senior officials and oversees DoD Component investigations of these allegations.

As of September 30, 2018, the DoD OIG had 160 open senior official cases. From April 1, 2018, through September 30, 2018, the DoD OIG received 410 complaints of senior official misconduct and closed 417 cases. Of the 417 cases closed, 327 were closed after an intake review was performed, which includes complaints that are dismissed upon the initial review and complaints that are closed after a complaint clarification interview with the complainant and other limited investigative work.

Of the 417 cases closed, 90 investigations were closed—7 investigations were conducted by the DoD OIG and 83 were conducted by Component IGs with oversight review by the DoD OIG. In 22 of the investigations closed, allegations of misconduct were substantiated.

Table 2.12 Senior Official Complaints Closed April 1, 2018 – September 30, 2018

Services or Agency in which the Allegations Occurred	DoD OIG Workload		Cases Closed from April 1 – September 30, 2018				Cases Remaining Open as of September 30, 2018			
	Cases Open on April 1, 2018	Complaints Received Since April 1, 2018	Closed at the DoD OIG after Intake Review	DoD OIG Investigations	DoD OIG Oversight Review of Component IG Investigation	Substantiated Investigations* (Substantiation Rate**)	DoD OIG Intake	DoD OIG Investigations	DoD OIG Oversight Review of Component IG Investigations	Component IG Investigations
Air Force	29	50	39	2	18	8 (40%)	6	0	2	15
Army	64	154	122	0	31	9 (29%)	8	2	3	51
Marine Corps	5	15	14	1	3	1 (25%)	1	0	0	0
Navy	33	51	36	1	23	2 (8%)	6	1	0	17
COCOM/ Defense Agency/ Other	36	140	116	3	8	2 (18%)	12	6	2	26
Total	167	410	327	7	83	22 (24%)	33	9	7	111

* These include both DoD OIG and Component IG investigations.

** The substantiation rate is a percentage, which consists of the Substantiated Investigations divided by the total number of DoD OIG Investigations and DoD OIG Oversight Review of Component IG Investigations.

Senior Official Name Checks

When senior officials are pending confirmation by the Senate, or are considered for promotion, awards (including Presidential Rank awards), assignments, and retirements, DoD officials must submit name check requests to the DoD OIG to determine whether the DoD OIG has any reportable information. The DoD OIG processed requests on a total of 7,764 names during this reporting period.

Substantiated or Significant Senior Official Cases Closed by the DoD OIG

There were 22 substantiated or significant senior official cases closed by the DoD OIG during the second half of FY 2018.

- The DoD OIG initiated an investigation to address the allegation that a Marine Corps brigadier general misused the brigadier general's aide, received gifts from subordinates, wore unauthorized awards, and violated Marine Corps personnel weigh-in requirements. The DoD OIG determined that the brigadier general violated the Joint Ethics Regulation when the brigadier general requested or permitted a subordinate officer to perform activities other than those required in the performance of official duties and solicited and accepted gifts from marines who received less pay than the brigadier general. The DoD OIG determined that the brigadier general did not wear unauthorized awards and did not violate the Marine Corps personnel weigh-in requirements. Corrective action is pending.

Examples of Substantiated or Significant Senior Official Cases Closed by Service and Defense Agency IGs

An Air Force major general failed to treat subordinates with dignity and respect by displaying anger, aggression, and intimidation, while berating civilian and contract employees during a Family advocacy program meeting. Corrective action is pending.

An Air Force major general misused subordinates by requesting senior staff members to retrieve and deliver prescription medication from the Pentagon pharmacy. The major general received verbal counseling.

An Air Force brigadier general displayed conduct unbecoming an officer and a gentleman by stating publicly, in reference to an enlisted female subordinate, "Isn't she such a beautiful young lady," and "If only she didn't sleep with married men." On a separate occasion, the brigadier general made an inappropriate remark

regarding a part of a woman's anatomy and made comments about how "beautiful" and "hot" a woman and her daughter looked. The following three allegations were also substantiated against the brigadier general: (1) dereliction in the performance of duties when the brigadier general failed to report attempted suicides; (2) misuse of Government motor vehicles for travel to and from transportation terminals; and (3) improper gift acceptance of autographed photographs from celebrities at a base event. Corrective action is pending.

A former Air Force Senior Executive Service member misused subordinates' time by having assigned military personnel pick up the member's lunch and give Pentagon tours for the member's family. The member also used Government funds on official travel for primarily personal reasons by directing and authorizing a needless TDY to Europe and the Middle East. Corrective action is pending.

A former U.S. Army Senior Executive Service member failed to fulfill leadership responsibilities by demonstrating a pattern of negative leadership traits and behaviors. The member used profanity in the workplace, called subordinates by other than their professional name, used racial slurs, and made disparaging and inappropriate comments. The member also misused a civilian subordinate for other than official purposes by frequently directing that the employee fax the Senior Executive Service member's pet insurance claim forms. The Senior Executive Service member retired.

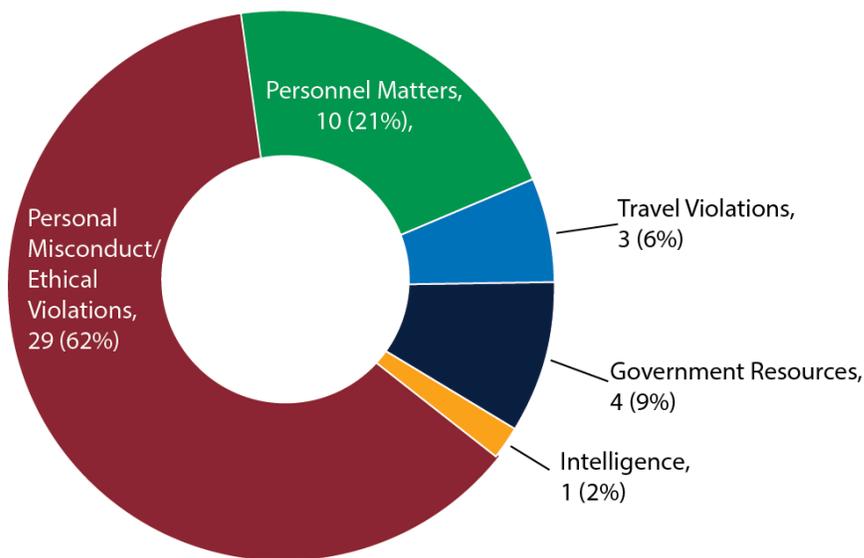
An Air Force Senior Executive Service member used the member's public office for private gain by arranging temporary duty travel to New Mexico for personal benefit. On 13 occasions, the member booked airline tickets starting more than 4 days in advance of the planned TDY, outside of the Defense Travel System; purchased 28 airline tickets without use of City Pair fare; and used a personal credit card to pay for four airfares. Corrective action is pending.

An Air Force brigadier general wrongfully conducted fundraising activities in the workplace by selling the brigadier general's daughter's Girl Scout cookies at the office. The brigadier general also wrongfully encouraged the Executive Officer, a subordinate, to perform activities other than those required in the performance of official duties by allowing the officer to retrieve the cookie boxes from the brigadier general's car and displaying them on the front desk of the office. The brigadier general received verbal counseling.

An Air Force Senior Executive Service member (1) improperly requested the release of confidential information concerning the identity of anonymous survey participants; (2) improperly influenced an

Air Force civilian employee from making a protected disclosure; (3) improperly attempted to retrieve the e-mails belonging to an Air Force civilian employee; (4) publicly disrespected subordinates and engaged in unsuitable conduct that adversely affected climate or morale; (5) improperly directed personnel to authorize the travel of an Intergovernmental Personnel Act candidate for a house hunting trip; and (6) improperly served as a Keynote Speaker without having received approval by the Air Force. Corrective action is pending.

Figure 2.13 Types of Substantiated Misconduct



Note: Multiple allegations may be reported for a single case.

Senior Official Complaint Closed by the DoD OIG as Not Substantiated Involving Subject in Grade or Rank of Colonel (O-6) and GS-15 and Above

The DoD OIG initiated an investigation which examined the Chief of Naval Operations' (CNO) response to sexual harassment and sexual assault allegations against a member of his personal staff, his Public Affairs Officer (PAO). The DoD OIG determined that Navy leadership took action to investigate the allegations during the initial period after learning of the first allegation against the CNO's PAO. However, the DoD OIG concluded that after the investigations and legal reviews were completed, and the CNO made the decision to move his PAO, the CNO did not take sufficient action to ensure that his decision was implemented in a timely manner, which sent the wrong message about how seriously the CNO took the allegations of sexual harassment. The CNO acknowledged that he should have acted more expeditiously, and the DoD OIG agreed. The DoD OIG concluded that the reassignment

could have, and should have, been done closer in time to the CNO's decision to take administrative action to address the allegations against the PAO.

The DoD OIG concluded that the CNO's actions or inaction did not violate any applicable standards in effect at the time, and did not constitute misconduct. Rather, the DoD OIG considered the CNO's failure to ensure that the PAO was moved and reassigned in a timely way to be a performance issue, and the DoD OIG recommended that the Secretary of the Navy review the CNO's performance in light of the

information presented in its report. The DoD OIG also recommended that the Navy revise Naval Military Personnel Manual 1611-010 to include a timeliness requirement for reassignments of personal staff officers who are the subjects of investigations.

Management has not provided a final response to the recommendations.

Corrective Actions for Senior Official Cases Reported in Prior Semiannual Reports

The following are corrective actions reported during the reporting period for cases closed in prior reporting periods. The following cases were closed by Service and Defense agency IGs with oversight by the DoD OIG.

An Army National Guard major general improperly used IG records as the basis for issuing a General Officer Memorandum of Reprimand to a subordinate, improperly directed the revocation of a subordinate's promotion, and failed to flag a subordinate's personnel file for two adverse actions the major general initiated on the subordinate. The major general received a written reprimand.

An Air Force Senior Executive Service member engaged in an unprofessional relationship with a subordinate employee and used the member's public office for private gain by increasing the employee's compensation by over \$1,900 per year. The Senior Executive Service member retired.

The DoD OIG initiated an investigation to address the allegation that a Senior Executive Service member failed to treat employees with dignity and respect. The DoD OIG determined that the member violated the Joint Ethics Regulation and Army Regulations by: (1) engaging in unwelcomed and intentional touching of two female employees; (2) making a derogatory comment to an employee that witnesses considered racially offensive and condescending; (3) throwing money at an employee during a conference presentation; and (4) making remarks to female employees about belly fat and needing to lose weight by following the member's diet. The Senior Executive Service member retired.

Quality Assurance Reviews

During the reporting period, the DoD OIG's Administrative Investigations (AI) component completed a quality assurance review of the Army IG Hotline and a quality assessment of the Army IG operations, policies, and procedures for the senior official and whistleblower reprisal investigations units.

Administrative Investigations Outreach and Training

During this period, AI conducted more than 334 hours of external outreach engagements involving 1,344 personnel. Outreach events included participation at the Air Force Worldwide Symposium, a Department of Health and Human Services-sponsored Whistleblower Investigation Training event, and the Basic Whistleblower Reprisal Investigative Officer Training Course at U.S. Southern Command and U.S. Army Installation Management Command in San Antonio, Texas. Other outreach events included a National Guard Bureau panel discussion with 50 State IGs on sexual assault reprisal cases and a whistleblower reprisal briefing to assigned Major Command Inspectors General at the Air Force Executive Course. AI also conducted more than 3,326 hours of internal training for OIG employees during the reporting period on topics such as strategic leadership skills, sexual assault trauma, Microsoft SharePoint, and evaluating truthfulness.

Worldwide Hotline Outreach and Observance of National Whistleblower Appreciation Day

On Thursday, July 26, 2018, the hotline oversight community gathered for the sixth annual Hotline Worldwide Outreach at the Mark Center in Alexandria, Virginia, to provide relevant information, and discuss our best practices and greatest challenges. There were 178 personnel from Federal, state, and local hotlines who attended virtually or in person. The keynote speaker for the event was Mr. Tristan Leavitt, Principal Deputy Special Counsel, U.S. Office of Special Counsel (OSC). Also on the agenda were discussion about the latest developments at OSC; a briefing on the alternative dispute resolution process implemented by the DoD OIG Whistleblower Reprisal Directorate; and fraud and corruption case briefings by the Naval Criminal Investigative Service, the Criminal Division, Public Integrity Section, U.S. Department of Justice, and the Defense Criminal Investigative Service.

Defense Council on Integrity and Efficiency, Administrative Investigations Training Subcommittee

The Defense Council on Integrity and Efficiency, Administrative Investigations Training Subcommittee met on June 21 and August 9, 2018. The committee is developing a DoD Certified Inspector General Investigator Certification Program. The goal of this program is to ensure that the DoD OIG, the Service Components, Intelligence Agency, and other Defense agency administrative investigators receive the necessary training required to develop desired knowledge, skills, and competencies. This program will complement existing Council of Inspectors General for Integrity and Efficiency (CIGIE) Investigative Standards and will include the specific competencies required of administrative investigators.

Administrative Investigations Training Symposium

Administrative Investigations sponsored a training symposium on May 23, 2018. This event was attended by 220 participants from the DoD OIG, the Service Components, Combatant Commands, other Defense agencies, and the Intelligence Community Inspector General. Principal Deputy Inspector General Mr. Glenn Fine was the keynote speaker and delivered remarks about the "Seven Additional Principles of Highly Effective Inspectors General." The event included a panel with investigators from the OIGs of

the Department of Energy, Department of Veterans Affairs, and Environmental Protection Agency, who discussed senior official misconduct. Other breakout sessions included Data Analytics Utilizing a Supervised Model, Ethical Failures, The Inference of Causation, and an advanced business writing seminar.

Military Reprisal High-Level Working Group

The Military Reprisal High-Level Working Group held a kickoff meeting on August 9, 2018. The meeting was attended by 20 officials from the DoD OIG and Service IGs. The purpose of the meeting was to discuss efficiencies and improvements in administrative investigation processes.

Basic Whistleblower Reprisal Investigation Course

AI held four Basic Whistleblower Reprisal Investigations Courses for DoD Service Components, Defense agencies, and other Federal agency IG representatives. One course was held at the Mark Center in Alexandria, Virginia; and three Mobile Training Team courses were held at USSOUTHCOM, Miami, Florida; San Antonio, Texas; and U.S. Army Europe, Wiesbaden, Germany. The presentations discussed the history and content of whistleblower statutes; how to conduct a thorough complaint intake, gather evidence, interview, and write reports; and procedures for closing a case.

Hotline Investigator Course

AI conducted the Hotline Investigator Training Course on May 22, 2018, attended by 40 personnel from 35 commands. The course covered significant areas of the complaint process and the DoD Hotline mission, responsibilities, and best practices used to coordinate referrals. In group exercises participants screened mock complaints and applied DoD Hotline standards to determine the best course of action for the referral.

POLICY AND OVERSIGHT

The DoD OIG provides policy, guidance, and oversight for DoD audits and investigations. The DoD OIG also provides analysis and comments on proposed draft DoD policy issuances, conducts technical assessments of DoD programs, provides engineering support for other assessments, and operates the DoD OIG subpoena and contractor disclosure programs.

Audit Policy and Oversight

Reviews of Single Audit Reports

In accordance with Public Law 98-502, “Single Audit Act of 1984,” as amended by Public Law 104-156, “The Single Audit Amendments of 1996,” the DoD OIG’s Single Audit Program provides policy guidance, direction, and coordination with DoD Components and other Federal agencies on matters related to single audits of DoD Federal Awards (Federal Financial Assistance Reimbursement Contracts) received or administered by state governments, local governments, institutions of higher education, and nonprofit organizations. The DoD OIG also provides technical audit advice to auditors and auditees, conducts reviews of audit reports, advises auditors and auditees of audit report deficiencies, and conducts quality reviews of selected single audits.

The DoD OIG completed 79 reviews of single audit reports, involving \$3.1 billion in DoD funds. The reviews resulted in the issuance of 53 memorandums to DoD-awarding components identifying 82 single audit report findings, including \$10.2 million of questioned costs that require DoD resolution actions.

The DoD OIG also issued the following reports on a quality control review performed to determine compliance with auditing standards.

- In Report No. DODIG-2018-102, “Quality Control Review of the Baker Tilly Virchow Krause, LLP, FY 2016 Single Audit of National Marrow Donor Program,” April 4, 2018, the DoD OIG determined that Baker Tilly did not fully comply with auditing standards and Single Audit Uniform Guidance requirements. Specifically, the Baker Tilly auditors did not perform sufficient audit procedures to support conclusions on the Donor Program’s compliance with cash management requirements, adequately document the audit sampling performed to test compliance with procurement

requirements, and adequately document audit procedures performed that supported conclusions on the special tests and provisions; allowable costs/cost principles; procurement, suspension, and debarment; and reporting compliance requirements.

- In Report No. DODIG-2018-156, “Quality Control Review of the Warren Averett, LLC, FY 2016 Single Audit of Civil Air Patrol,” September 26, 2018, the DoD OIG determined that Warren Averett did not fully comply with auditing standards and Uniform Guidance requirements for the FY 2016 single audit report package because it did not include all of the required information, such as the definition of a significant deficiency or Other Matters paragraph for the identified noncompliance. Warren Averett also did not consistently identify findings as material weakness, significant deficiency, and noncompliance in the auditor’s reports and schedule of findings and questioned costs. In addition, Warren Averett did not properly document the audit sampling plan for internal control testing or adequately document the audit procedures performed to test internal controls and compliance with Federal requirements. The DoD OIG also determined that Civil Air Patrol did not comply with Uniform Guidance single audit requirements for the FY 2016 single audit report package because it did not prepare the required summary schedule of prior audit findings and a corrective action plan.

Hotline Allegation Regarding the Actions of a Defense Contract Management Agency Contracting Officer on a Subcontractor’s Termination Settlement Proposal

The DoD OIG evaluated a Defense Hotline allegation that a Defense Contract Management Agency (DCMA) termination contracting officer failed to comply with the Federal Acquisition Regulation (FAR) and the contract terms when she did not uphold any of the Defense Contract Audit Agency’s (DCAA) questioned costs of \$825,910 identified in the DCAA audit of an Air Force subcontractor’s termination settlement proposal of \$1,860,001. It was also alleged that the DCMA contracting officer authorized the full payment of \$1,860,001 to the subcontractor.

The DoD OIG determined that the DCMA contracting officer failed to comply with the FAR and the contract terms when she did not uphold the DCAA-questioned costs of \$825,910, nor did she take reasonable steps to ensure that only allowable costs were reimbursed to the subcontractor. In addition, the contracting officer

did not prepare a price negotiation memorandum to document the reason for not upholding the DCAA-questioned costs, as the FAR requires.

The DoD OIG also determined that the DCMA contracting officer lacked experience in negotiating DCAA-questioned costs and was not adequately supervised. The DoD OIG concluded that the lack of experience and supervision contributed to her not complying with the FAR and reimbursing the subcontractor \$825,910 in termination costs.

During the evaluation, the DCMA contracting officer’s current supervisor took the following corrective actions: rescinded the contracting officer’s warrant; conducted one-on-one coaching sessions with the contracting officer; conducted training to all DCMA Terminations Group contracting officers located in her area of responsibility, including the Dallas, Texas, and Carson, California, field offices; and verified that the contracting officer had not performed any other contract negotiations.

The DoD OIG recommended that the DCMA Director determine the allowability of the subcontractor’s costs questioned by the DCAA and take reasonable steps to recover any unallowable costs reimbursed to the subcontractor. Management agreed with the recommendations.

Report No. DODIG-2018-128

Evaluation of DoD Hotline Complaint Regarding Defense Contract Management Agency-Baltimore’s Actions on Audit Findings Reported by Defense Contract Audit Agency

The DoD OIG evaluated a Defense Hotline allegation that a DCMA contracting officer at the Baltimore Field office did not take appropriate action on a DCAA audit report, which identified \$1.1 million in indirect costs that did not comply with the FAR.

The DoD OIG substantiated the DoD Hotline allegation, determining that the DCMA Baltimore contracting officer did not take appropriate action on the \$1.1 million in indirect costs reported by the DCAA. The contracting officer may have reimbursed up to \$1.1 million in proposed indirect costs to the DoD contractor that did not comply with the FAR.

The contracting officer failed to document an adequate rationale for not upholding the DCAA findings, as the FAR, “Contracting Officer Determination Procedure,” requires. According to the FAR, regardless of whether the DCAA is able to provide an overall audit opinion,

the contracting officer is obligated to address any significant matters reported by the auditor. In addition, if the DoD contractor was not willing to negotiate, the contracting officer had the option of issuing a final unilateral decision to uphold the DCAA audit findings if the contracting officer agreed with them.

In addition, the contracting officer failed to seek legal advice on the applicability of the 6-year statute of limitations as DCMA policy requires. The contracting officer incorrectly assumed the statute of limitations would prevent her from disallowing the contractor's proposed costs.

The DoD OIG determined that insufficient training, DCMA procedures, and management oversight contributed to the contracting officer's failure to take appropriate action on the \$1.1 million in indirect costs reported by the DCAA. For example, the DoD OIG found that the DCMA does not have any procedures addressing the actions that contracting officers should take on audit findings when the DCAA is unable to provide an overall audit opinion.

The DoD OIG made multiple recommendations including that the DCMA Director develop procedures and training addressing actions contracting officials should take on DCAA reports that do not contain opinions on contractor proposals; and take reasonable steps to recoup the \$1.1 million in indirect costs, if the results of the reassessment indicate that the costs do not comply with the FAR. Management agreed with all recommendations.

Report No. DODIG-2018-134

Investigative Policy and Oversight

No reports for this SAR period.

Criminal Investigative Policy

The DoD OIG establishes policy for DoD criminal investigative components, including Army CID, NCIS, AFOSI, and other DoD agencies that have criminal investigators, such as the Pentagon Force Protection Agency and the National Security Agency.

During the reporting period, the DoD OIG did not issue any policies that affected DoD criminal investigative agencies.

Subpoena Program

The DoD OIG's authority to issue subpoenas is based on sections 6 and 8 of the IG Act of 1978, as amended. A DoD OIG subpoena request must meet three criteria:

- the subpoena can only be issued for investigations within the legal authority of the IG;
- the information sought must be reasonably relevant to the IG investigation, audit, or evaluation; and
- the subpoena cannot be unreasonably broad or unduly burdensome.

According to the IG Act, the DoD OIG can issue subpoenas to obtain business, personnel, financial, and state and local Government records. Records obtained by subpoena may also be used to locate witnesses, confirm statements made by witnesses or subjects, and provide other relevant information.

From April 1, 2018, through September 30, 2018, the DoD OIG issued 544 subpoenas.

Figure 2.14 DoD OIG Subpoenas Issued in FY 2018

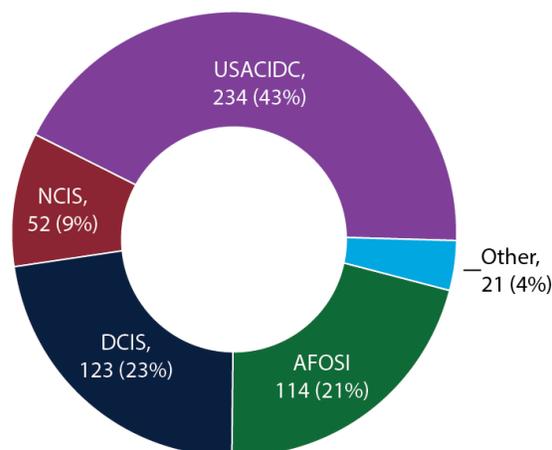
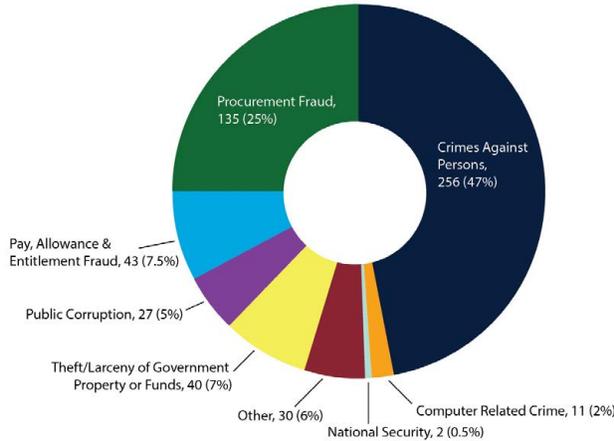


Figure 2.15 Subpoenas Requested in FY 2018 by Type of Investigation

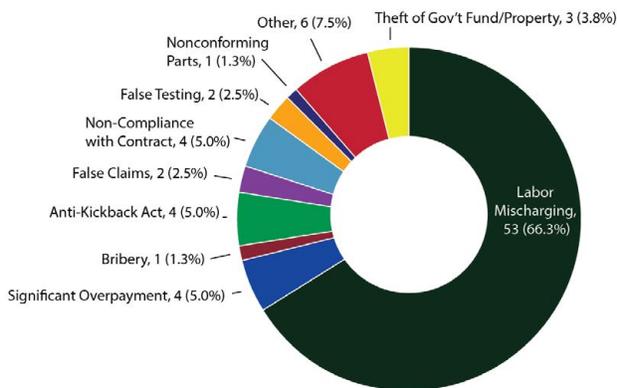


Contractor Disclosure Program

A contractor disclosure is a written disclosure by a DoD contractor or subcontractor to the DoD OIG that provides credible evidence that the contractor or subcontractor has committed a violation in connection with the award, performance, or closeout of a contract or any subcontract. Such disclosures are required by FAR Rule 2007-006, which implements Public Law 110-252, “The Close the Contractor Fraud Loophole Act.”

From April 1, 2018, through September 30, 2018, the DoD OIG received 80 contractor disclosures, which identified potential monetary recoveries of approximately \$5,572,833.

Figure 2.17 Contractor Disclosures by Type FY 2018 (April 1, 2018 – September 30, 2018)



LEAD INSPECTOR GENERAL

The DoD OIG’s Overseas Contingency Operations component supports the DoD OIG’s Lead IG responsibilities and oversight coordination related to named operations. The Lead IG coordinates with the senior representatives from the Department of State (DoS) OIG, the U.S. Agency for International Development (USAID) OIG, and other OIGs to fulfill responsibilities to coordinate oversight, develop interagency strategic oversight plans, and produce quarterly reports.

According to the FY 2013 National Defense Authorization Act, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Chair must designate a Lead IG no later than 30 days after the commencement or designation of the military operation as an overseas contingency operation that exceeds 60 days. The Lead IG must be designated from among the IGs for the DoD, the DoS, and USAID. The OIGs for these agencies are responsible for staffing and supporting the Lead IG, ensuring that comprehensive oversight is conducted, and reporting is provided over all aspects of the contingency operation.

Quarterly reports to Congress for each operation and related oversight activities are submitted separately and can be accessed online at <http://www.dodig.mil/Components/OCO/>.

There are currently six designated overseas contingency operations—Operation Inherent Resolve (OIR), Operation Freedom’s Sentinel (OFS), Operation Pacific Eagle—Philippines (OPE-P), and three classified operations related to counterterrorism.

OIR is dedicated to countering the terrorist threat posed by the Islamic State of Iraq and Syria (ISIS) in Iraq, Syria, the region, and the broader international community.

The U.S. counter-ISIS strategy includes support to military operations associated with OIR, as well as diplomacy, governance, security programs and activities, and humanitarian assistance. The Secretary of Defense announced the initiation of OIR on October 17, 2014, and on December 17, 2014, the CIGIE Chair designated the DoD IG as the Lead IG for this operation.

OFS has two complementary missions: (1) the U.S. counterterrorism mission against al Qaeda, the Islamic State of Iraq and Syria—Khorasan (ISIS-K), and their affiliates in Afghanistan, and (2) the North Atlantic

Treaty Organization (NATO)–led Resolute Support mission (“Resolute Support”) to train, advise, and assist Afghan security forces. Resolute Support’s mission objective is to help the Afghan National Army and Police forces become self-sustaining and capable of maintaining security in Afghanistan under responsible Afghan ministries. The Secretary of Defense announced the initiation of OFS on December 28, 2014, and on April 1, 2015, the CIGIE Chair designated the DoD IG as the Lead IG for this operation.

OPE-P supports the Philippine government and military in their efforts to isolate, degrade, and defeat affiliates of the Islamic State of Iraq and Syria (ISIS) and other terrorist organizations in the Philippines. The Secretary of Defense announced the initiation of OPE-P on September 1, 2017, and on November 16, 2017, the CIGIE Chair designated the DoD IG as the Lead IG for this operation.

On May 29, 2018, the DoD IG was designated as the Lead IG for three new operations. Two are in Africa, and one is in the Middle East. These operations, which are currently classified, seek to degrade al Qaeda and ISIS affiliated terrorists in specific sub-regions of these areas.

Lead IG Hotline Activities

Each Lead IG agency has a dedicated hotline to receive complaints and contacts specific to its agency. The DoD OIG Hotline provides a confidential, reliable means for individuals to report violations of law, rule, or regulation; mismanagement; gross waste of funds; and abuse of authority for independent review. DoD OIG Hotline representatives process the complaints they receive and refer these complaints to the appropriate entity in accordance with their respective protocols. Any hotline complaint that merits referral is sent to the responsible organization for investigation or informational purposes.

A DoD OIG investigator coordinates the hotline contacts received from among the Lead IG agencies and others, as appropriate. During the reporting period, the investigator opened 141 cases in support of OIR and 92 cases in support of OFS. (There was no hotline activity for OPE-P during the reporting period.) These cases were referred within the DoD OIG to the Lead IG agencies or to other investigative organizations for review and, as appropriate, investigation. The majority of the cases opened during the reporting period were related to procurement and contract administration, criminal allegations, personal misconduct, personnel matters, Government resources, safety, trafficking in persons, reprisal, and security.

Oversight Planning and Coordination

The Lead IG agencies coordinate their oversight through the quarterly Overseas Contingency Operations Joint Planning Group (formerly the Southwest Asia Joint Planning Group). This quarterly meeting, which began in 2008, informs the planning activities and coordinates projects among oversight entities. It serves as a primary venue to coordinate audits, inspections, and evaluations for OIR, OFS, and OPE-P. The group is a forum for information sharing and coordination of the broader whole of Government oversight community, including the Military Service IGs and Service audit agencies, the GAO, and OIGs from the Departments of Justice, Treasury, and Homeland Security.

The three Lead IG agencies develop and carry out joint strategic plans for comprehensive oversight of each contingency operation. Through this coordination, the agencies annually develop a joint strategic oversight plan for each operation.

The Deputy IG for Overseas Contingency Operations is also the Chair of the Overseas Contingency Operations Joint Planning Group, which publishes an annual compendium of all ongoing and planned oversight projects conducted within the U.S. Central Command area of responsibility, called the *Comprehensive Oversight Plan for Overseas Contingency Operations*. The Comprehensive Oversight Plan contains the Joint Strategic Oversight Plans for OIR, OFS, and OPE-P.

The Overseas Contingency Operations Joint Planning Group also sponsors a forum for coordinating the broader Federal oversight community’s efforts in Africa, Southwest Asia, Southeast Asia, and the Middle East, including oversight by the Service IGs, the GAO, the Special Inspector General for Afghanistan Reconstruction (SIGAR), and Service IGs audit agencies.

In addition to these formal planning processes, the Lead IG agencies have established supplemental systems to coordinate their planning activities in theater and to prevent duplication of efforts in gathering information for their congressionally mandated quarterly reports. Lead IG agencies also conduct investigations into allegations of fraud, waste, and abuse. They coordinate these investigative efforts through the International Contract Corruption Task Force and the Fraud and Corruption Investigative Working Group.

Joint Strategic Oversight Plans

Pursuant to Section 8L of the Inspector General Act, the Lead IG is required to develop and carry out a joint strategic plan to guide comprehensive oversight of programs and operations for each operation. This effort includes reviewing and analyzing completed oversight, management, and other relevant reports to identify systemic problems, trends, lessons learned, and best practices to inform future oversight projects. The Lead IG issued the most recent plan, “The FY 2018 Comprehensive Oversight Plan for Overseas Contingency Operations” to Congress in September 2018. This plan included a classified appendix to discuss oversight related to the three new classified operations.

Quarterly Reporting

The three Lead IG agencies publish quarterly reports involving each operation and current, ongoing, and future oversight work conducted by the Lead IG and its partner agencies throughout the year.

During this reporting period, the three Lead IG agencies published two quarterly reports on each of three Overseas Contingency Operations, OIR, OFS, and OPE-P, totaling 33 quarterly reports since the inception of the operations.

In addition, the three Lead IG agencies conduct individual audits, evaluations, and assessments. As of the end of this reporting period, the OIGs of the DoD, the DoS, and the USAID are conducting 19 OIR, 13 OFS, and 3 OPE-P audits, assessments, and evaluations. Furthermore, the three Lead IG agencies have published a total of 25 reports on completed oversight projects during this semiannual reporting period.

Investigations

The investigative components of the Lead IG agencies are members of the Fraud and Corruption Investigative Working Group, which promotes and coordinates the detection, investigation, and prevention of fraud and corruption related to OIR and OFS. The Lead IG agencies use forward-deployed investigators in Kuwait, Qatar, Iraq, Saudi Arabia, United Arab Emirates, and Afghanistan, as well as in Germany and Washington, D.C., to conduct these investigations.

From April 1, 2018 to September 30, 2018, Lead IG agency investigations resulted in 2 arrests, 5 criminal charges, 8 convictions, 4 contractor suspensions, 21 debarments, 15 administrative actions, 32 personnel actions, and savings or recoveries of over \$3.1 million.

The Lead IG investigative agencies opened 22 new cases, closed 10 cases, and are conducting 82 OIR-related investigations. The investigations involve allegations of procurement, grant, and other program fraud; corruption involving U.S. Government officials; theft and diversion of Government funds or equipment; and other offenses, including trafficking in persons.

The Lead IG agencies opened 7 new cases, closed 15 cases, and are conducting 35 OFS-related investigations. These investigations involve allegations of procurement, grant, and other program fraud, corruption involving U.S. Government officials; theft and diversion of Government funds or equipment; and other offenses, including trafficking in persons.

Additionally, during this reporting period, the Fraud and Corruption Investigative Working Group conducted 143 fraud briefings with 1,300 attendees.

U.S. Government Contractor in Afghanistan Sentenced

A joint investigation with DCIS, SIGAR, Army CID, the FBI, and the Air Force Office of Special Investigations (AFOSI) investigated allegations that Christopher McCray, Country Manager, accepted illegal kickbacks from an Afghan subcontractor in return for his assistance in obtaining U.S. Government contracts. From 2012 to 2014, McCray was employed as the country manager for a subcontractor of an American company that was moving cargo for the Army and Air Force Exchange Service from Bagram Airfield to military bases throughout Afghanistan. When the prime contractor needed McCray’s employer to take a much bigger role in the distribution, McCray had the chance to influence the choice of the necessary Afghan trucking company as a subcontractor to his employer.

As part of his plea, McCray admitted that his employer entered into a subcontract with an Afghan trucking company, but before the choice of the subcontractor was made, the Afghan company secretly agreed to kickback 15 percent of the contract’s revenues to McCray. McCray admitted that he and the Afghan trucking company maintained a separate set of invoices to track the amounts charged to McCray’s employer and the amounts sent to McCray. McCray was solely responsible for the quality of the Afghan company’s work as well as the accuracy of the invoices submitted to his employer. McCray initially accepted cash payments, then wires sent to his bank in Atlanta, and then Western Union payments sent to his mother, who would deposit the funds, mostly in cash, into McCray’s bank accounts.

McCray pleaded guilty to one count of accepting illegal kickbacks on March 5, 2018. On June 14, 2018, he was sentenced to 5 months in prison, 5 months of home confinement, 3 years of supervised release, and 200 hours of community service. On August 30, 2018, McCray was debarred from Government contracting and employment for 3 years.

U.S. and France Block Suppliers of Syria's Scientific Studies and Research Center

On July 23, 2018, the Department of Treasury's Office of Foreign Assets Control designated 13 persons pursuant to Executive Order (E.O.) 13382 of June 28, 2005, "Blocking Property of Weapons of Mass Destruction Proliferators and their Supporters." The five entities and eight individuals were key components of a vast network procuring electronics on behalf of Syria's Scientific Studies and Research Center, the agency responsible for development of Syria's chemical weapons. This action effectively denies those parties access to the U.S. financial and commercial systems.

This designation was based on a March 2018 indictment of Amir Katrangi Ajaka, Anni Beurklian, and Top Tech US, Inc. for charges including conspiracy to commit export violations, conspiracy to defraud the United States, illegal provisions of the services to Syria, smuggling, conspiracy to obstruct justice, and mail fraud. DCIS, the FBI, and the U.S. Department of Commerce Office of Export Enforcement participated in this investigation.

In a coordinated action, the Government of France renewed an asset freeze on 24 entities and individuals from the same procurement network for providing an array of support to the Scientific Studies and Research Center.

Forum Discussed Efforts to Combat Trafficking in Persons

On April 23, 2018, the U.S. Army's 408th Regional Contracting Command sponsored its first-ever Combating Trafficking in Persons forum. Approximately 80 individuals, including representatives from the U.S. Army, military law enforcement agencies, and the DoD OIG, attended the forum.

The U.S. Ambassador to Kuwait, Lawrence Silverman, began the forum by reminding the group that human trafficking is not merely a moral issue or one that affects the interests only of the American people, it is an issue that threatens international peace and security. He noted that the U.S. military in Kuwait was on the front lines of the trafficking in persons epidemic.

Representatives from DCIS and the DoD OIG Hotline investigator were among the speakers at the forum. U.S. Army Area Support Group-Kuwait Commander, the Foreign Liaison Officer from U.S. Embassy Kuwait, and representatives from the Public Authority of Manpower for Kuwait also spoke. The DoD OIG is conducting an evaluation of DoD efforts to combat trafficking in persons at DoD facilities in Kuwait.

Selected Lead IG Oversight Work

The following summaries are examples of Lead IG oversight work conducted by the DoD OIG during the reporting period for OIR, OFS, and OPE-P. The summaries below are also included in the Audit and Evaluation sections of this report.

Operation Inherent Resolve

Processing and Disposition of Equipment at the DLA Disposition Services in Kuwait

The DoD OIG determined whether Defense Logistics Agency (DLA) Disposition Services properly processed and disposed of equipment in Kuwait. The DLA manages equipment turn-in, reutilization, and sales that benefit the Military Services and Federal agencies, as well as state and local governments. DLA Disposition Services-Kuwait provides services for Afghanistan, Bahrain, Kuwait, Qatar, and the United Arab Emirates.

The DoD OIG determined that DLA Disposition Services officials properly processed and disposed of equipment in Kuwait. However, improvements were necessary to mitigate life, health, and safety hazards that put personnel and contractors at risk of injury. While DLA Disposition Services-Kuwait officials had established site-specific pre-receipt processes that resulted in efficiencies, such as reducing backlogs and processing times, it did not document these processes.

During the audit, the DoD OIG advised DLA Disposition Services-Kuwait officials of the deficiencies in the safety program and recommended that the DLA Disposition Services Directorate-Central, which includes Disposition Services-Kuwait, establish a schedule to conduct inspections to ensure that personnel wear personal protective equipment, and provide employees information on the hazards associated with their tasks. Additionally, the DoD OIG recommended that DLA Disposition Services Directorate-Central document the pre-receipt processes developed in Kuwait. Management agreed with the recommendations and initiated corrective actions sufficient to close the recommendations.

Report No. DODIG-2018-112

The Trans-Africa Airlift Support Contract

The DoD OIG determined whether U.S. Africa Command conducted a Service Requirements Review Board to develop, analyze, and validate the requirements for the Trans-Africa Airlift Support Contract. U.S. Transportation Command awarded the Trans-Africa Airlift Support Contract to provide airlift services for the U.S. Africa Command to support its efforts within its area of responsibility. With the spread of ISIS beyond Iraq's and Syria's borders, one of U.S. Africa Command's efforts is to counter the ISIS threat within its area of responsibility.

The DoD OIG determined that neither U.S. Africa Command nor U.S. Transportation Command convened the required review boards prior to awarding the contract. As a result, the contract's requirements might not be accurate. Specifically, the contract's performance work statement included requirements for intelligence that were not clear, as well as requirements for medical services that may unnecessarily increase costs. Moreover, requirements outlined in the performance work statement allow the contractor to refuse any mission for safety reasons, which could delay airlift support, including medical evacuation. Furthermore, the DoD OIG found no evidence that U.S. Africa Command conducted a Service Requirements Review Board to document its decision on whether to use a contractor or military support for airlift services.

The DoD OIG recommended that U.S. Africa Command implement a training program for acquisition personnel to ensure that requirements are reviewed and validated prior to awarding contracts. It also recommended that U.S. Africa Command conduct a requirements review board and modify contracts accordingly, or conduct a requirements review board for each subsequent task order awarded under the contract. The DoD OIG recommended that U.S. Transportation Command develop formal procedures for executing contracts for external activities. U.S. Africa Command did not respond to a request for comment on the recommendations. U.S. Transportation Command agreed with the recommendation to develop formal procedures.

Report No. DODIG-2018-116

Management of Army Equipment in Kuwait and Qatar

The DoD OIG determined whether the Army maintained and accounted for Army Prepositioned Stock-5 equipment in Kuwait and Qatar. This equipment includes combat-ready vehicles and weapon systems needed by U.S. military forces deployed in support of operations in Southwest Asia. In 2016, the Army awarded a contract, valued at \$393 million, to maintain this equipment.

The DoD OIG determined that the Army did not ensure that the contractors maintained the equipment in accordance with prescribed maintenance schedules. This occurred because Army personnel relied on the contractor to track maintenance schedules and did not verify that these schedules complied with Army regulations and contract requirements. As a result, the Army does not have assurance that contract personnel are performing the requirements of the contract to maintain vehicles and weapon systems according to the maintenance schedule required for their respective storage conditions. Vehicles and equipment that are not properly maintained are less likely to be operable and combat-ready for deploying units.

Additionally, the DoD OIG found that the Army did not consistently account for Army Prepositioned Stock equipment. Specifically, Army personnel in Kuwait did not conduct a 100 percent inventory of equipment during a transition between accountability officers. This occurred because the Army did not clearly establish which inventory accountability requirements apply to which locations. Without clearly established requirements, the Army provided conflicting guidance to accountability officers for inventory requirements at Army Prepositioned Stock sites. As a result, the Army does not have assurance that it properly accounted for the \$5.1 billion worth of Army Prepositioned Stock-5 equipment stored in Kuwait. Mismanagement of the maintenance and monitoring of Army Prepositioned Stock equipment could lead to wasteful replacement costs or equipment that cannot be issued when needed. In addition, the Army is basing future acquisitions and equipment distribution on an inventory that may not be correct, which could lead to unnecessary expenditures and negatively impact equipment readiness.

The DoD OIG recommended that the Army review equipment maintenance schedules as well as oversight procedures for contracting officer representatives. Additionally, the DoD OIG recommended that the Army update regulations to ensure it could completely account for the equipment. Management did not provide a response to this report.

Report No. DODIG-2018-132

Defense Information Systems Agency Contract Awards at Defense Information Technology Contracting Organization Europe

The DoD OIG determined whether the Defense Information Technology Contracting Organization (DITCO) Europe, a component of DISA, properly awarded telecommunication service contracts. The audit team reviewed 30 contracts valued at \$64.5 million. DITCO Europe has contracting responsibility for

Europe, Africa, and Southwest Asia telecommunication services, and several of the 30 contracts indirectly support Operation Inherent Resolve.

The DoD OIG found that DITCO Europe properly awarded the 30 telecommunication service contracts. However, the DoD OIG audit also found that DITCO Europe did not adequately conduct or document market research or ensure that contract files were complete. While these deficiencies did not affect award decisions, the audit concluded that failure to follow the required regulations put DITCO Europe at risk for future award protests and possible litigation.

The DoD OIG recommended that the DISA Director, in coordination with the DITCO Director, provide refresher training to contracting personnel on conducting market research and documenting contract files to comply with the regulations. Management agreed with the recommendations.

Report No. DODIG-2018-104

U.S. and Coalition Efforts to Train, Advise, Assist, and Equip the Iraqi Police Hold Force

The DoD OIG determined whether U.S. and Coalition efforts to train, advise, assist, and equip Iraqi Police Hold Force units supported the Hold Force mission of securing liberated areas and preventing a future insurgency in Iraq. This evaluation is the fifth report in a series of evaluations on U.S. and Coalition support to the Iraq Security Forces as part of Operation Inherent Resolve.

The DoD OIG determined that while U.S. and Coalition efforts supported development of Iraqi Police Hold Force units, the DoD OIG was unable to determine the extent and sustainability of that development because the training and deployment of Iraqi Police Hold Force units was still underway. In addition, the evaluation determined that there were no U.S. or Coalition advisors assigned at the unit level to observe training effectiveness. Iraqi Police Hold Force units are primarily used by the Government of Iraq to secure liberated areas and prevent ISIS from reestablishing an effective presence in those areas. The Hold Force units conduct clearing and checkpoint operations and provide local security.

The DoD OIG recommended that the Commander of the Combined Joint Task Force–Operation Inherent Resolve implement procedures to ensure that feedback concerning Iraqi Police Hold Force unit capabilities, current operations, and future training and equipping requirements flows from the field back to Combined Joint Task Force–Operation Inherent Resolve. Management agreed with the recommendation.

Report No. DODIG-2018-147

Operation Freedom’s Sentinel

DoD Oversight of Logistics Civil Augmentation Program in Afghanistan Invoice Review and Payment

The DoD OIG determined whether the DoD adequately monitored contractor performance and conducted sufficient invoice reviews for services provided under the Logistics Civil Augmentation Program IV contract in Afghanistan. This Army program uses contractors to provide logistical and sustainment services to deployed forces, such as dining and laundry facilities, housing, construction, transportation, facilities maintenance, and fire and emergency services.

The DoD OIG determined that the Army paid \$2.4 billion in vouchers submitted from 2015 to 2017 with little or no examination of the supporting documentation. The DoD OIG also determined that Army Contracting Command–Afghanistan officials did not have reasonable assurance that the contractor performed all services in accordance with contract requirements.

The DoD OIG recommended that the Defense Procurement and Acquisition Policy Director issue clarifying guidance, establish the contract administration office’s responsibilities for monitoring contractor billings, and the Army Contracting Command–Rock Island Executive Director delegate additional voucher responsibilities to Army Contracting Command–Afghanistan. The DoD OIG also recommended that the Army Contracting Command–Afghanistan develop standard operating procedures to monitor contractor billings, review contractor billing practices and communicate results to the appropriated procuring contracting officer and the Defense Contract Audit Agency. Finally, the DoD OIG recommended that the Defense Contract Audit Agency review the contractor’s billing practices, and that the Army Contracting Command–Afghanistan create detailed checklists for contracting officer representatives to use when conducting contract oversight. Management agreed with the recommendations.

Report No. DODIG-2018-119

DoD Management of the Enhanced Army Global Logistics Enterprise Maintenance Contract in Afghanistan

The DoD OIG determined whether the Army monitored contractor performance and the costs of the Enhanced Army Global Logistics Enterprise–Afghanistan maintenance contract to ensure that the contractor maintained tactical vehicles and weapons in accordance with contract requirements while keeping costs to a minimum. The contract

provides maintenance, supply, and transportation services to the U.S. and Coalition partners throughout Afghanistan. For example, the contractor provides maintenance for vehicles, such as armored security vehicles and Mine-Resistant Ambush Protected vehicles. The contractor also provides maintenance services for weapons, such as machine guns.

The DoD OIG determined that Army Contracting Command–Afghanistan did not monitor contractor performance of certain critical requirements or monitor contractor costs to ensure that vehicles and weapons were maintained in accordance with contract requirements. As a result, the Army does not have reasonable assurance that the contractor complied with certain critical requirements of the contract. Without engaging with customers, the contracting officer’s representatives (CORs) were unable to identify customer dissatisfaction with contractor maintenance turnaround time. In addition, without consistent contractor oversight, the administrative contracting officer could not provide the procuring contracting officer with sufficient evidence to accurately rate the contractor’s performance and potentially assess any reductions of the fee payable to the contractor for noncompliance with contract requirements. Furthermore, the Army does not have reasonable assurance that costs billed, valued at \$77.8 million, were allowable in accordance with the terms of the contract.

The DoD OIG recommended that the Army Contracting Command–Afghanistan Commander ensure that CORs evaluate contractor compliance with turnaround time requirements; update COR surveillance checklists; update the quality assurance surveillance plan with sampling guidance to ensure that CORs perform consistent monthly surveillance procedures; and require a COR to perform invoice reviews and validation. In addition, the DoD OIG recommended that the 401st Army Field Support Battalion–Afghanistan Commander nominate a COR to perform invoice and validation reviews as required by the contract’s special invoicing procedures. The DoD OIG also recommended that the Army Contracting Command–Rock Island Director, in coordination with the 401st Army Field Support Battalion–Afghanistan Commander, modify the contract to establish a timeframe requirement for the contractor to complete final inspections of vehicles and weapons. Management agreed with the recommendations and initiated corrective actions, which resolved all the recommendations.

Report No. DODIG-2018-139

Operation Pacific Eagle-Philippines

Development, Review, and Validation of the Philippines OCS III Requirements

The DoD OIG determined whether U.S. Indo-Pacific Command and its subordinate commands developed, reviewed, and validated requirements for the Philippines Operations Support Contract III. This contract, valued at \$58 million over 5 years, provides for services throughout the Philippines, such as communications, security, facilities management, and supply.

The DoD OIG determined that the command did not formally revalidate the contract before exercising the first option period of the contract. At the time of the contract award, a requirements review board was not required, but after contract award the guidance for conducting requirements review boards changed. Subsequently, the command should have revalidated the first option period of the contract, valued at \$8.2 million, but did not.

The DoD OIG recommended that the U.S. Indo-Pacific Command Commander, in coordination with the U.S. Special Operations Command Pacific Commander, conduct a requirements review board before authorizing additional funding for the first option period of the contract. Additionally, the DoD OIG recommended that the U.S. Indo-Pacific Command Commander, direct all subordinate commands to conduct requirements review boards in accordance with directives and verify compliance with this guidance. Management agreed with the recommendations and started taking actions during the audit. The U.S. Special Operations Command Pacific held a requirements review board revalidating the contract requirements for the remainder of the first option period. During the audit, the command took actions to address the recommendations, and its subordinate commands conducted a requirements review board.

Report No. DODIG-2018-124

Ongoing Work

The following are examples of ongoing evaluations being conducted by the DoD OIG and other Lead IG agencies regarding OIR, OFS, and OPE-P:

OIR

- The DoD OIG is auditing whether Combined Joint Task Force–OIR validated the requirements for Iraqi board guard equipment against specific, identified, and demonstrated needs.
- The DoD OIG is auditing DoD Components' integration of operational contract support to determine whether the combatant commands have effectively integrated operational contracting support into ongoing operations.
- The DoD OIG is evaluating the DoD's efforts to combat trafficking in persons at DoD facilities in Kuwait.
- The DoS OIG is auditing whether the DoS has policies in place to ensure that its post-conflict foreign assistance programs in Iraq are sustained.
- USAID OIG is conducting an audit to determine the extent USAID has coordinated its efforts in Iraq, and whether select interventions deliver benefits to recipients as intended.

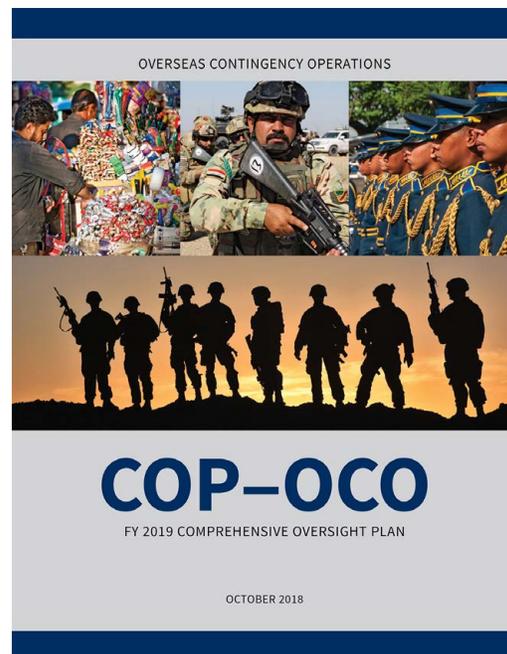
OFS

- The DoD OIG is auditing the DoD's management of the Enhanced Army Global Logistics Enterprise maintenance contract in Afghanistan to determine whether the Army monitored contractor performance and costs of the contract to ensure the contractor is properly maintaining tactical vehicles and weapons while keeping costs to a minimum.
- The DoD OIG is inspecting military facilities on Kandahar Air Field in Afghanistan to determine whether U.S. military-occupied facilities supporting OFS comply with DoD health and safety policies and standards regarding electrical distribution and fire protection systems.
- The DoD OIG is evaluating whether U.S. Central Command and U.S. Army Intelligence Security Command have developed and implemented processes for satisfying Commander, U.S. Forces Afghanistan and Operation Freedom's Sentinel contract linguist requirements.

- The DoS OIG is conducting a followup audit of the Embassy Kabul physical security features to determine whether the Bureau of Overseas Building Operations and other DoS stakeholders managed the construction of these physical security features to ensure that they met industry standards and contract requirements.

OPE-P

- The DoD OIG is auditing U.S. Indo-Pacific Command ranges to support aviation until readiness to determine whether ranges in the U.S. Indo-Pacific Command area of responsibility effectively support aviation until readiness.
- The DoD OIG is evaluating the U.S. train, advise, assist, and equip efforts to build and sustain the capabilities of the Armed Forces of the Philippines to counter the expansion of violent extremist organizations.



Cover – FY 2019 Comprehensive Oversight Plan for Overseas Contingency Operations COP-OCO FY 2019

Source: The DoD OIG.

3. ENABLING MISSION AREAS



CONGRESSIONAL TESTIMONY AND BRIEFINGS

The DoD OIG participates in congressional hearings and briefings, and responds to letters, phone calls, and e-mails from congressional committees, individual Members of Congress, and congressional staff.

Hearings

On April 18, 2018, Glenn A. Fine, Principal Deputy Inspector General Performing the Duties of the Inspector General, testified before the Committee on Oversight and Government Reform, U.S. House of Representatives, on “Top Management and Performance Challenges Identified Government-wide by the Inspector General Community.” The testimony discussed the DoD OIG’s report on the “Top DoD Management Challenges–Fiscal Year 2018.” Mr. Fine described the top challenges facing the DoD, and also noted that the DoD OIG uses the report to identify areas of risk in DoD operations and to decide where the DoD OIG will allocate oversight resources. Mr. Fine also discussed challenges identified by the DoD OIG that overlap with challenges in a separate report issued by the Council of Inspectors General on Integrity and Efficiency (CIGIE), which identified challenges facing multiple Federal agencies. Mr. Fine’s written statement is available at –

[http://www.dodig.mil/reports.html/Article/1509214/
glenn-a-fine-principal-deputy-inspector-general-performing-the-duties-of-the-in/](http://www.dodig.mil/reports.html/Article/1509214/glenn-a-fine-principal-deputy-inspector-general-performing-the-duties-of-the-in/)

On May 17, 2018, Michael J. Roark, Assistant Inspector General for Readiness and Global Operations, testified before the Subcommittee on Contracting and Workforce, Committee on Small Business, Committee on Small Business, U.S. House of Representatives, on “Hotline Truths II: Audit Reveals Inconsistencies in Defense Subcontracting.” Mr. Roark testified on recent DoD OIG audit work on Army small business contracting determining whether specific Army contracting officials took appropriate actions to ensure that prime contractors met their small business subcontracting goals. He testified that while Army contracting officials generally provided small businesses with the opportunity to compete for prime contracts, they did not ensure that prime contractors provided small businesses adequate subcontracting opportunities. Mr. Roark’s written statement is available at –

[http://www.dodig.mil/reports.html/Article/1524123/
michael-j-roark-assistant-inspector-general-for-readiness-and-global-operations/](http://www.dodig.mil/reports.html/Article/1524123/michael-j-roark-assistant-inspector-general-for-readiness-and-global-operations/)



The Department of Defense Office of Inspector General's Principal Deputy Inspector General, Glenn Fine (right), along with the Department of Justice Inspector General and Council of the Inspectors General on Integrity and Efficiency (CIGIE) Chair, Michael E. Horowitz (left), and the National Science Foundation Inspector General and CIGIE Vice Chair, Allison Lerner (center), testified before the House Committee on Oversight and Government Reform April 18, 2018 regarding the top management challenges facing federal agencies.



Michael J. Roark, Assistant Inspector General for Readiness and Global Operations, testified before the Subcommittee on Contracting and Workforce Committee on Small Business May 17, 2018 about “Hotline Truths II: Audit Reveals Inconsistencies in Defense Subcontracting.”

Meetings With Congressional Members and Staff

During the reporting period, the DoD OIG conducted 61 meetings and phone calls with congressional staff and Members of Congress, including:

- several meetings with the personal office staff of Members of the Senate Appropriations Committee Subcommittee on Defense to provide an overview of DoD OIG oversight work,
- meetings with staffers to discuss the status of recommendations in the summary report on DoD compliance with the Berry Amendment and Buy American Act,
- briefing on the audit report, “DoD Oversight of Logistics Civil Augmentation Program,” issued May 11, 2018,
- a meeting with the House Armed Services Committee Subcommittee on Military Personnel staff on Victims’ Rights reporting requirements in report language to accompany the FY 2019 National Defense Authorization Act,
- a meeting with staff of the office of Senator Charles Grassley regarding oversight of the procurement of spare parts,
- a meeting with Senate Armed Services Committee staff on the evaluation report, “Evaluation of Intelligence Support to Protect U.S. Nuclear Weapons in Europe,” issued August 10, 2018, and
- a meeting with Senate Armed Services Committee staff on the FY 2019 National Defense Authorization Act reporting requirement for an evaluation of the Department of Defense Education Activity response to serious student misconduct on military installations.

Congressional Requests

The DoD OIG’s Office of Legislative Affairs and Communications (OLAC) serves as the point of contact in the DoD OIG for communications with Congress. During the reporting period, OLAC received 119 congressional inquiries, assisted in the preparation for two congressional hearings, and reported on audits and reviews in response to congressional interest and legislative mandates. In addition, OLAC regularly proactively informs congressional staff about DoD OIG reports and DoD OIG work. OLAC’s monthly newsletter summarizes the reports and investigations released by the DoD OIG in the previous month, as well as reports that are anticipated to be released in the coming month. The newsletter also includes project announcements and additional news releases highlighting investigations conducted by the Defense Criminal Investigative Service. The newsletters are available at –

<http://www.dodig.mil/Reports/Newsletter>

Council of the Inspectors General on Integrity and Efficiency

The CIGIE was established as an independent entity within the Executive Branch by the “The Inspector General Reform Act of 2008.” Its purpose is to address integrity, economy, and effectiveness issues that transcend individual Government agencies, and to increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the Offices of Inspectors General.

This year marked the 40th anniversary of the Inspector General Act and the creation of the original 12 Offices of Inspector General. The DoD OIG was created in 1983. Since that time, the Federal Inspector General community has grown to include 73 statutory Inspectors General who provide oversight throughout the government.



The Council of the Inspectors General on Integrity and Efficiency (CIGIE) gathered at the American Institute of Architects in Washington, D.C., April 17, 2018, for their monthly meeting.

Defense Council on Integrity and Efficiency

The Defense Council on Integrity and Efficiency (DCIE) is chaired by the DoD IG and meets on a periodic basis to ensure coordination and cooperation among the DoD oversight community, including the DoD OIG; the Defense agencies; and the internal audit, inspection, and investigative organizations of the Military Departments. The DCIE has six standing committees: Audit, Administrative Investigations, Criminal Investigations, Information Technology, Inspections and Evaluations, and the Defense Intelligence and Special Programs Oversight Committee.

During the reporting period, the DCIE committees focused on issues such as professional training, coordinating oversight work and joint planning groups, standardizing reprisal investigations, increasing transparency, administration transition, summarizing management and performance challenges facing the DoD, and coordinating Overseas Contingency Operations oversight and reporting.

An aerial, top-down view of a military aircraft, likely a B-57 Canberra, flying over a green, hilly landscape. The aircraft's fuselage is white with black markings. The number '258' is visible on the nose section. The word 'AND' is written in large white letters on the black wingtips. A Royal Air Force roundel is visible on the fuselage. The aircraft is flying in formation with other aircraft visible in the background. A purple horizontal bar is at the top of the image, and a white semi-transparent box containing the text '4. SERVICES' is centered over the aircraft's fuselage.

4. SERVICES

MILITARY SERVICE AUDIT AND INVESTIGATIVE AGENCIES

The Military Services audit and investigative agencies are key components of the DoD oversight community. These agencies conduct audits and investigations of activities, programs, functions, and criminal activity solely within their Military Service.

Included in this section are the submissions from the Services summarizing significant audit reports issued by the U.S. Army Audit Agency (USAAA), the Naval Audit Service (NAVAUDSVC), and the Air Force Audit Agency (AFAA). Appendix B provides a full list of audit reports issued by the DoD OIG and the Service audit agencies.

This section also includes submissions by the military criminal investigative organizations (MCIOs) describing the results of significant investigations performed by the MCIOs that resulted in criminal, civil, and administrative actions. The MCIOs are the Army Criminal Investigation Command (Army CID), the Naval Criminal Investigative Service (NCIS), and the Air Force Office of Special Investigations (AFOSI).

ARMY

U.S. Army Audit Agency

According to the USAAA, it relies on a workforce of highly trained professional auditors, many with advanced degrees and professional certifications, to accomplish its mission. The USAAA's staff consists of approximately 525 employees and is organized into 16 functional audit teams that provide audit support to all aspects of Army operations.

The USAAA's goal is to be a highly sought-after and integral part of the Army by providing timely and valued services that focus on the evolving needs of Army leadership. To ensure its audits are relevant to the needs of the Army, the USAAA aligned its audit coverage with the Army's highest priorities and high-risk areas as determined by its enterprise-level risk assessment and input from Army senior leaders.

During the last 6 months of FY 2018, the USAAA published 49 reports, made over 192 recommendations, and identified about \$503.5 million in potential monetary benefits. A few of the USAAA's significant reports are described in the following summaries.

Management of Rotary-Wing Flight Operations—U.S. Army National Guard Funding

At the request of the Director of the Army Staff, the USAAA audited the resources required to support all aspects of rotary-wing flight operations. The USAAA evaluated aviation operational tempo funds distributed to and executed by the U.S. Army National Guard.

The USAAA determined that the U.S. Army National Guard used most of its appropriated flying-hour program funds for approved aviation operational tempo requirements. However, improvements were needed to better manage funding reimbursed for use of aircraft in support of State Active Duty missions. States were not consistently sending reimbursed funds to Theater Aviation Sustainment Maintenance Groups for repair part and maintenance. This occurred because the National Guard lacked sufficient reimbursement guidance or a standardized process for State Army Aviation Offices and U.S. Fiscal and Property Offices to follow. As a result, Theater Aviation Sustainment Maintenance Groups may not have sufficient funding for repair parts and depot-level maintenance, which may affect unit readiness. With changes to guidance and procedures, the USAAA estimated the National Guard could put about \$45.5 million of reimbursed funds to better use in FYs 2019 through 2023.

The USAAA recommended and the Director, U.S. Army National Guard, agreed, to coordinate with National Guard Aviation and Safety Division and National Guard Financial Services Center to develop and distribute guidance to State Army Aviation Offices and U.S. Property and Fiscal Offices that includes processes to receive State Active Duty reimbursed funds and procedures that clarify the criteria for crediting reimbursements. The Director, U.S. National Guard, also agreed to coordinate with the National Guard Financial Services center to update the standard operating procedure for cash collections to include specific guidance on processing reimbursement funds for State Active Duty missions and incorporate in the annual aviation operational reviews an evaluation of the State Active Duty reimbursement process.

Report No. A-2018-0079-ALA

Program Management, General Fund Enterprise Business System–System Changes and Enhancements

At the request of the Deputy Under Secretary of the Army, the USAAA audited the General Fund Enterprise Business System (GFEBS) system change and enhancement process to determine if the system had support and the level of visibility necessary to report the costs of system changes, and whether its process for prioritizing system changes and enhancements was effective to ensure that GFEBS continued to meet the Army's needs. The Deputy Assistant Secretary of the Army (Financial Information Management) had concerns about the visibility of costs for GFEBS. In FY 2016, the project manager for GFEBS spent about \$91.1 million within the GFEBS funds center to fund four systems. The USAAA focused on the Army's ability to track about \$70 million spent from this funds center for commitment item "Information Technology Management and Professional Support Services."

The USAAA determined that the project manager for GFEBS did not have the ability to identify how much of the \$70 million spent by the GFEBS funds center in FY 2016 was spent on system changes, enhancements, or sustainment. The project manager did not ensure that the contractor included detailed cost information on invoices and used the full functionality of GFEBS's work breakdown structure. This occurred because there was not an executive-type sustainment board to integrate functional priorities with change requests, an executive-level prioritization list of actions, or a clear crosswalk between prioritized enhancements and change requests to ensure that the project manager implemented critical system enhancements. As a result, the Deputy Assistant Secretary of the Army (Financial Information Management) could not make informed decisions about costs or ensure that GFEBS would continue to meet the Army's financial management needs.

The USAAA recommended that the project manager for GFEBS implement structural changes to the contract. The first is for the contract line item number to match the performance work statement structure outlined within the contract and allowing invoices to capture cost at the appropriate lower levels for visibility. The second allows for the contractor software data reporting system to match the program level work breakdown structure. Both the project manager for GFEBS and the Deputy Assistant Secretary of the Army (Financial Information Management) took steps to integrate their respective priorities by process by adding specific process discussions between the boards

for system changes and enhancement requirements and adjusted their processes and included an adjudication process to work out any differences.

Report No. A-2018-0049-FMF

Independent Auditor's Report on the Attestation Examination of the Centrally Managed Account for Second Destination Transportation (Army Post Office Mail, Military Interdepartmental Purchase Request, and Work Breakdown Structure)

The USAAA revalidated the Army's actions to mitigate the material weakness in the centrally managed account for second destination transportation. An earlier attestation in FY 2017 found that the material weaknesses still existed and directly affected Deputy Chief of Staff, G-4's ability to achieve audit readiness. The USAAA verified whether the Deputy Chief of Staff, G-4 took appropriate, corrective actions to address the material weaknesses identified within the centrally managed account for second destination transportation as it related to Army Post Office mail, Military Interdepartmental Purchase Request, and Work Breakdown Structures.

The USAAA determined that the Deputy Chief of Staff, G-4 took appropriate, corrective actions to address the material weaknesses identified in this centrally managed account for Army Post Office mail, Military Interdepartmental Purchase Request, and Work Breakdown Structure processes. From July 2017 through February 2018, the Deputy Chief of Staff, G-4 revised its standard operating procedures in these areas and provided training to personnel to ensure they understood and performed procedures correctly as suggested in their prior report. The USAAA reviewed the revised standard operating procedures and determined that the Deputy Chief of Staff, G-4 sufficiently outlined the procedures that addressed the defects in the material weakness. In addition, the USAAA verified that personnel were following the established procedures.

USAAA work ensured that the Deputy Chief of Staff, G-4 had sufficiently addressed the material weaknesses in these three areas. Specifically, the Deputy Chief of Staff, G-4 took action to:

- Establish a shared storage area for supporting documentation and require the use of a cost requirement authorization form as a control document to support obligation amounts and adjustments. It recorded monthly or quarterly obligations based on cost estimates using a straight-line method for each billing cycle.
- Establish agreements with other Federal activities for transportation services provided to the Army. The Deputy Chief of Staff, G-4 also established procedures to ensure it obtained documents from the performing activity to support obligations and performed monthly quality assessments. The Deputy Chief of Staff, G-4 also performed reconciliations to ensure that documents existed and were complete and available.
- Distribute funds based on a target-funding amount in the signed agreements for container leasing contracts and for the Army's Flyaway Program. The Deputy Chief of Staff, G-4 obtained a reliable cost estimate from the performing activity to support the funding. The Deputy Chief of Staff, G-4 also conducted monthly reconciliations and review of execution data.

Report No. A-2018-0052-FMF

Theater Sustainment Maintenance Program–Korea

The USAAA reviewed two programs in the Theater Sustainment Maintenance Program (TSMP) to determine if the programs effectively assisted units in maintaining Department of Army readiness posture goals. The two programs reviewed were the Theater Sustainment Repair Program and Theater Sustainment Repair and Return Program. The purpose of the TSMP in Korea is to maintain and support unit readiness of class VII and limited class II items. This includes equipment such as combat vehicles; wheeled vehicles; construction, general purpose, and marine equipment; armaments and small arms equipment; and communications and optics equipment.

The USAAA determined that the two programs under the TSMP effectively assisted units in maintaining readiness posture goals. In FY 2017, 19th Expeditionary

Sustainment Command and U.S. Army Materiel Support Command–Korea, under the Theater Sustainment Repair Program, effectively scheduled and repaired 343 pieces of equipment. In addition, the command repaired 1,616 pieces of equipment under the Theater Sustainment Repair and Return Program. The command did not have a backlog of equipment that needed repair, ensured equipment was eligible for repair, generally met turnaround time standards, and did not exceed maintenance expenditure limits. As a result, the TSMP gave military commanders in Korea additional assurance that their units had operable equipment to “fight tonight,” if necessary.

The USAAA did not identify any issues with the TSMP in Korea and therefore did not make any recommendations.

Report No. A-2018-0076-FMP

Army Environmental Liabilities–Real Property

The USAAA verified if the Army's processes and controls used to identify and record \$18.4 billion of the \$26.2 billion in environmental liabilities for real property in the Army's FY 2016 financial statements were sufficient to provide auditable information. Financial Improvement and Audit Readiness guidance establishes environmental and disposal liabilities as a critical financial statement line item because they are a material portion of the Army's financial statements. Environmental and disposal liabilities present a risk to the DoD's objective of reaching full financial statement auditability and readiness.

The USAAA determined that the Army had processes and controls in place to develop, identify, and record environmental liabilities. However, the processes and controls were not always operating as intended. Specifically:

- 15 of 56 environmental cost-to-complete estimates for Active and Base Realignment and Closure did not pass key elements of established cost-to-complete guidance, which could result in a financial audit failure.
- 5 of 55 estimates for formerly used defense sites had at least one key element error.

The Army's processes and controls were generally in place because the Assistant Chief of Staff for Installation Management (ACSIM) developed guidance for all estimators to follow and the U.S. Army Corps of Engineers (USACE) established guidance for the development of environmental estimates for formerly used defense

sites. The errors occurred because the ACSIM's Base Realignment and Closure Division did not have a separate quality control (QC) process beyond its estimate review process, USACE's QC process occasionally missed errors during reviews of Active site estimates, and estimators did not always correct errors identified during USACE QC reviews. In addition, the USAAA identified needed improvements in system requirements to prompt more detailed checks by reviewers. As a result, the Army did not have sufficient assurance that environmental liabilities were fully supported or accurately reported in the FY 2016 financial statements. However, the USAAA noted that for FY 2017, the Army had made improvements in processes and controls for Active, Base Realignment and Closure, and formerly used defense site estimates to improve auditability.

The USAAA recommended that the ACSIM direct the Base Realignment and Closure Division to use USACE's QC reviews on its cost-to-complete estimates, direct U.S. Army Environmental Command to document detailed discussions in after-action reports, direct U.S. Army Environmental Command to conduct a secondary QC review before uploading into the system of record, and expand internal procedures and controls for calculating and documenting estimates for items within line items, as needed and highlighted in the report. The USAAA also recommended that the USACE Commanding General perform additional internal QC reviews on cost-to-complete estimate submissions to validate the effectiveness of changes, and develop detailed reviewer prompts in the formerly used defense sites management information system. The ACSIM and USACE agreed with USAAA's conclusions and recommendations. The Deputy Assistant Secretary of the Army (Financial Operations) also agreed with the recommendations and provided the official Army position.

Report No. A-2018-0045-FMR

Followup Audit of Army Workers' Compensation Program—Case Management

The USAAA followed up on Report A-2012-0178-IEE, "Army Workers' Compensation Program—Case Management," September 14, 2012, to determine if the Deputy Chief of Staff, G-1 took action to request the U.S. Department of Labor's (DOL's) Office of Workers' Compensation Programs to establish and use a new case status code to identify claimants medically released to return to work.

The USAAA determined that the Deputy Chief of Staff, G-1 implemented their recommendation to request the Office of Workers' Compensation Programs to establish the new case status code. However, the Office denied the request, citing a lack of funds to reprogram its computer system; therefore, the problem persisted. The USAAA followup review showed that installation injury compensation specialists continued to overlook claimants medically released to return to work. The USAAA audit of Workers' Compensation Program—Return to Work Programs; U.S. Army Installation Management Command, March 8, 2018, showed that injury compensation specialists were not aware that 3 of 13 claimants in their review were medically released at three U.S. Army Installation Management Command (IMCOM) installations. As a result, IMCOM continued to expend funds—\$70,489 from March 2015 through September 2016—without verifying claimants' continued eligibility for workers' compensation benefits. Since this condition is systemic and likely occurring throughout the Army, payments for workers' compensation costs for medically released claimants could be substantially higher.

The USAAA recommended that the:

- Assistant Secretary of the Army (Manpower and Reserve Affairs) request that the DOL grant the Army access, through the DoD, to the Disability Management Tracking System and/or all reports that provide visibility of claimants that may be medically released.
- DOL's Office of Workers' Compensation Programs claims examiners officially notify Army injury compensation specialists in writing when an employee is medically released to return to work and include any restrictions.

The Acting Assistant Secretary of the Army (Manpower and Reserve Affairs) generally agreed with the recommendation and offered an acceptable alternative solution. The Acting Assistant Secretary did not agree with requesting access to the DOL's Disability Management Tracking System after consulting with the DoD. However, he proposed that Department of Army personnel communicate through the DoD to the DOL to determine if there are any DOL data elements not being currently provided to the DoD regarding a claimant's medical release to return to work status. Additionally, the Acting Assistant Secretary agreed to request that the DOL's Office of Workers' Compensation Programs claims examiners officially notify Army injury compensation specialists in writing.

Report No. A-2018-0074-IEE

Dam Safety Studies

At the request of the Office of the Assistant Secretary of the Army for Civil Works, the USAAA reviewed USACE's dam safety studies to determine if USACE had sufficient controls over costs, timeframes, and review processes for dam safety studies. USACE operates and maintains more than 700 dams nationwide and in Puerto Rico, and executes approximately \$40 million for dam safety studies each year.

The USAAA determined that USACE had sufficient processes to evaluate and monitor costs and timeframes for studies. This occurred because:

- USACE used a risk-informed management approach that focused on assessing the risk for each potential failure mode and determining the actions, if any, necessary to lower the risk level before committing to any work.
- USACE conducted a series of rigorous reviews during the studies to monitor costs and timeframes and moved to centralized funding for the program in 2009, which served as an additional control over funding and scope changes to studies and provided flexibility needed to shift priorities under risk-informed management.

Although costs and timeframes for the studies generally decreased and the review process improved, USACE could further improve management and oversight of its Dam Safety Program. Without improvements to the management and oversight of the dam safety planning process, USACE could not defend and justify the time and costs or assess the overall efficiency of the dam safety planning process, raising the risk of denial for future budget requests.

The USAAA recommended that USACE:

- establish formal metrics to evaluate study efficiency for internal and external reporting;
- document consistently reviews and maintain a central repository for all documents related to dam safety studies; and
- report consistent budget and other information to the Office of the Assistant Secretary of the Army for Civil Works.

USACE and the Office of the Assistant Secretary of the Army for Civil Works agreed with all the recommendations.

Report No. A-2018-0078-IEE

Audit of Energy Rebates and Incentives

The USAAA audited the processes for managing energy rebates and incentives offered to installations by public utility providers at the request of the Office of the Assistant Secretary of the Army (Installations, Energy and Environment). Rebates and incentives involve an agreement between an installation and its public utility provider to develop or enhance an energy efficiency project. In exchange, the utility provides a monetary benefit in the form of a check.

The USAAA determined that the Army did not take the necessary actions to ensure its installations were identifying all available energy rebates and incentives offered by utility providers. In addition, the Army did not have a sufficient process to account for checks installations received to ensure transparency of amounts collected, deposited, and reinvested. This occurred because the ACSIM did not establish standardized processes and controls or develop and disseminate sufficient guidance. As a result, the Army lacked oversight ability. There is also reduced assurance that the Army's installations and activities are sufficiently identifying, tracking, accounting for, and reporting available energy rebates and incentives.

The USAAA recommended that the ACSIM issue guidance to all landholding commands that includes requirements for installation personnel to identify, account for, track, and report energy rebate and incentive information. The ACSIM agreed with the recommendation and provided an acceptable alternative solution to the recommendation. The Deputy Assistant Secretary of the Army (Energy and Sustainability) provided the official Army position and concurred with the findings and recommendations addressed to the ACSIM.

Report No. A-2018-0066-IEE

Workers' Compensation Program—Return to Work Programs; U.S. Army Installation Management Command

At the request of the U.S. Army Installation Management Command (IMCOM) Commanding General, the USAAA audited IMCOM's Workers Compensation Program—Return to Work Program to verify that IMCOM took sufficient actions to return non-appropriated fund and appropriated fund eligible employees to work. For fiscal and chargeback years 2015 and 2016, IMCOM spent about \$4.5 million and about \$23 annually for non-appropriated fund and appropriated fund employees, respectively.

The USAAA determined that IMCOM effectively managed non-appropriated fund workers' compensation claims to return eligible employees to work and to minimize costs. This occurred because the contractor had an effective process to settle claims, enabling IMCOM to not pay about \$11.4 million in benefits commandwide over the lifetime of 54 claimants. As a result, IMCOM had assurance that non-appropriated fund employees returned to work when medically released and claims were settled to reduce workers' compensation costs.

However, while injury compensation specialists had a process to manage IMCOM's appropriated fund claims, Army personnel did not return some eligible employees to work when they were medically released. This occurred because personnel did not complete reviews to identify current medical documentation, find or create positions for some medically released employees, or follow up on claimants assigned to vocational rehabilitation. As a result, medically released appropriated fund claimants were not returned to work, and they continued to collect workers' compensation benefits, which could end up costing IMCOM about \$11 million over the appropriated fund claimants' lifetimes.

The USAAA recommended that the IMCOM Commanding General identify all command claimants whose positions transferred to the U.S. Army Materiel Command and request that the DOL transfer the claims to the U.S. Army Materiel Command. The USAAA also recommended that officials take action to return medically released claimants to work and to obtain updated medical documentation. The Deputy Chief of Staff, G-1 agreed with the report's recommendations.

Report No. A-2018-0035-IEE

Management of Rotary-Wing Flight Operations—Operational Training

At the request of the Director of the Army Staff, the USAAA evaluated the processes used to develop requirements and manage resources for rotary-wing flight training. As part of its portfolio of audits of the management of rotary-wing flight operations, the USAAA reviewed the Army's aviation training strategy and associated flying hour program models. The USAAA also reviewed the processes of combat aviation brigades to plan, execute, and record rotary-wing collective training. The USAAA audit focused on collective training by U.S. Army Forces Command combat aviation brigades compared to the aviation training strategy.

USAAA determined that the U.S. Army Aviation Center of Excellence developed a training strategy and associated models to achieve intended readiness levels. However, low flying hours for home station training was prevalent among all U.S. Army Forces Command combat aviation brigades. None of its nine combat aviation brigades flew the 28,113 hours the model projected annually per combat aviation brigade. This occurred because Headquarters, Department of the Army, primarily focused on executed funding and flying hours and did not sufficiently consider constraints, such as aviator shortages, time limitations for home station training, the Aviation Restructure Initiative, and doctrinal changes. As a result, the Army faced challenges assessing rotary-wing training, resources, and readiness because data were incomplete, not documented, or inconsistent across different sources. These constraints and data challenges limited aviation readiness. Without an enterprise solution, the Army's ability to prepare for decisive-action operation may be at risk.

The USAAA recommended that the Deputy Chief of Staff, G-3/5/7 coordinate with the U.S. Army Aviation Center of Excellence and use the results of the Cost of Training Readiness study to modify and validate the aviation training strategy. The USAAA also recommended that the Deputy Chief of Staff,

G-3/5/7 develop comprehensive fielding plans that consider alignment of aviators with airframe fielding and modernizations; provide periodic status reports on quantities of aviators available and certified to fly specific airframes by combat aviation brigade; as well as designate one common source to report flying hour data for a common operating picture. The Deputy Chief of Staff, G-3/5/7 agreed with the recommendations.

Report No. A-2018-0082-MTT

Management of Rotary-Wing Flight Operations—Army National Guard Training

At the request of the Director of the Army Staff, the USAAA evaluated the processes used to develop requirements and manage resources for rotary-wing flight training. As part of our portfolio of audits of the management of rotary-wing flight operations, the USAAA reviewed Army National Guard (ARNG) aviation training in Minnesota and Texas. The USAAA focused on how units planned and conducted training to achieve and maintain readiness.

The USAAA determined that ARNG units in Minnesota and Texas planned training events in accordance with their mission-essential task lists, but units could not substantiate that training was conducted in accordance with policy. This occurred because Headquarters, Department of the Army, had not strategically defined and communicated training aim points for ARNG units, and units did not maintain sufficient documentation of training evaluations per Army Regulation 350-1. As a result, the Army did not have assurance the reported readiness accurately reflected ARNG units' capabilities to combat future national security threats.

The USAAA recommended that the Army Deputy Chief of Staff, G-3/5/7 establish training aim points for ARNG aviation units that identify task, iterations, and flying hours needed to meet sustainable readiness in a decisive action training environment; and conduct a pilot program to assess the feasibility of units achieving training aim points. The USAAA also recommended that the ARNG Deputy Chief of Staff, G-3/5/7 require higher level echelons to validate the completion of unit training evaluations conducted. The Command agreed with the recommendations.

Report No. A-2018-0077-MTT

Management of Rotary-Wing Flight Operations—Institutional Training

At the request of the Director of the Army Staff, the USAAA evaluated the processes used to develop requirements and manage resources for rotary-wing flight training. As part of our portfolio of audits of the management of rotary-wing flight operations, the USAAA assessed whether the Army properly managed initial entry rotary-wing training to meet intended readiness. The USAAA also determined if the Army properly programmed and executed funds after training seats were approved through the Structure Manning Decision Review process.

The USAAA determined that the Army did not properly manage training to meet intended readiness. In FYs 2013 through 2016, the Army started 7,533 aviation students, which satisfied the number of phase I and II training seats programmed or negotiated for that time. Also, while the Army executed 97.1 percent of allotted training funds after seat requirements were approved, opportunities existed to strengthen management controls and improve processes for programming funds. This occurred because the cost of the training seats outweighed the risk to personnel and unit readiness. As a result, the Army experienced shortfalls in the number of trained aviators in the operational units, which negatively affected personnel and unit readiness. The Army will continue to assume risk to Force structure sustainment and Total Force readiness until it corrects the aviator shortages. While Army senior leadership took action to mitigate Active Component shortages, a more holistic solution for the Total Force will require long-term, Army-wide support. Additionally, the Army was not assured of the accuracy and validity of programmed costs used in planning and programming future requirements in initial entry rotary-wing training.

The USAAA recommended that the:

- Army Deputy Chief of Staff, G-3/5/7 require that the Active and Reserve components determine, document, and communicate annual aviation training seats needed to sustain the Force, and identify risks associated with decisions to distribute fewer seats than needed; and develop a Total Force solution for sustained aviation manning.

- U.S. Army Training and Doctrine Command include provisions within its annual Resource Guidance Narrative and Program Objective Memorandum Data Call Guidance to require commands to document and retain all methodology, computation, and adjustments to program requirements supporting the development of the program objective memorandum.

The Command agreed with the recommendations.

Report No. A-2018-0081-MTT

The Army's Marketing and Advertising Program—Return on Investment and Contract Oversight

At the request of the former Under Secretary of the Army, the USAAA reviewed the Army's marketing and advertising program to determine if it provided a return on the investments made to the program. Also, due to the significant dollar value of the Army's primary marketing and advertising contracts, the USAAA audited the Army Marketing and Research Group (AMRG) contract oversight processes and procedures.

The USAAA determined that, despite its efforts, the AMRG could further improve its processes and procedures to demonstrate that its marketing investments provided a positive return. The AMRG established a marketing performance framework for FY 2016 with six performance goals and various key performance indicators to evaluate its return on investment on marketing efforts. Two of the six goals were achieved at interim points of FY 2016, but achievement for only one of the goals was sustained at the end of the year. In addition, only 3 of the 23 (about 13 percent) marketing programs generated a positive impact during the year, and none of these programs was reflected in the AMRG's resource requirements process. Regarding contract oversight, the USAAA determined that the AMRG had opportunities to improve the management controls and oversight of its three main marketing and advertising contracts, which were valued at about \$1.09 billion. The AMRG had issues with contractor performance evaluations, overlapping deliverables, and price negotiations for task orders. Specifically, the AMRG used one quality assurance surveillance plan (QASP) for 466 task orders in the primary contract instead of a QASP for each task order and negotiated without assurance that it was getting the best value on 50 percent (52 of 103) of its task orders.

To help the Army improve its return on investments, the USAAA recommended that the AMRG Director:

- develop specific goals to measure the long-term effects of marketing investments to support the Army's accessions missions;
- establish a process to regularly evaluate all Army marketing and advertising efforts, and assess the cost-effectiveness of current marketing effort; and
- discontinue those that are not cost-effective compared to other options.

To improve contract oversight, the USAAA recommended that the AMRG Director train and appoint program managers as alternate contracting officer's representatives, update the award fee plan, and implement policy for conducting cost proposals for technical evaluations.

The Command agreed with the recommendations. The Office of the Assistant Secretary of the Army (Manpower and Reserve Affairs) provided official Army position and agreed with the recommendations.

Report Nos. A-2018-0036-MTH and A-2018-0033-MTH

Tracking and Monitoring of Medically Nondeployable Soldiers-Reserve Component

At the request of the Sergeant Major of the Army, the USAAA reviewed processes used in the Reserve Component to track and monitor medical readiness. As the Sergeant Major of the Army requested, the USAAA performed this audit following the similar one that the USAAA performed to review the Active Component.

The USAAA determined that unit commanders and support staff in the Army National Guard and U.S. Army Reserve effectively monitored medically nondeployable soldiers by using the Army's enhanced tracking capabilities, communicating with profiling officers, and performing medical readiness reviews with senior leaders. However, profiling officers did not link all profiles to reflect accurate day counts for a soldier's condition. As a result, profile day counts were understated for 38 (14.6 percent) of 260 soldier profiles reviewed. Profile day counts were inaccurate because medical providers had not received comprehensive physical profiling guidance and training. Furthermore, the physical profiling process did not include periodic quality assurance reviews to ensure consistency and accuracy of profiles. Understated profile day counts could affect commanders' abilities to effectively manage and report the medical readiness of their soldiers, as well as the timeliness of profiling officers' retention decisions.

The USAAA recommended that the Surgeon General:

- issue physical profiling guidance that addresses when it is required and appropriate to link temporary profiles in e-Profile;
- conduct physical profile refresher training that addresses linking temporary profiles; and
- perform quality assurance reviews of e-Profile to ensure accuracy of temporary profile day counts.

The Surgeon General agreed with the recommendations.

The Office of the Assistant Secretary of the Army (Manpower and Reserves Affairs) provided the official Army position and agreed with the recommendations.

Report No. A-2018-0064-MTH

First-Term Soldier Investment Strategies

At the request of the former commanding general of the U.S. Army Center for Initial Military Training, the USAAA evaluated the processes, controls, and feedback mechanisms for Active Component soldiers in the first term of enlistment (36 months), from recruiting through the first unit of assignment.

The Army had opportunities to reduce attrition of soldiers in the first term of enlistment. In FYs 2015 and 2016, the Army discharged about 15,000 soldiers but did not have a sufficient feedback process to gather, share, and analyze attrition data to determine the reasons for the discharges and develop plans to address those causes. The Army primarily used two discharge codes: entry-level separations and misconduct. The discharge code used for entry-level separations did not provide sufficient detail to identify root causes of attrition, but other options were available. This occurred because DoD policy categorized all separations occurring within the first 180 days as entry-level separations. The Army could also improve feedback between reception battalions and military entry processing stations regarding hearing and vision screenings. As a result of not having a sufficient feedback process for identifying root causes of attrition, the Army used funding on initiatives that did not address the primary reasons for first-term attrition. For example, a local initiative at Fort Benning, called initial entry training Physical Resilience Enhancement Program, extended initial entry training by up to 3 weeks to improve physical fitness of soldiers. However, attrition data reviewed during the USAAA audit indicated that physical fitness issues were not primary reasons for first-term attrition.

The Army should maximize its investment in first-term soldiers by improving and leveraging available attrition data so that it can make more-informed changes to the first-term soldier process. The USAAA recommended that the Deputy Chief of Staff, G-1:

- define the information and separation codes needed to analyze and identify root causes of attrition; and
- update the Army Training Requirements and Resources System with the required separation codes.

In addition, the USAAA recommended that the U.S. Army Training and Doctrine Command Commanding General direct the Maneuver Center of Excellence to discontinue its initial entry training program to use personnel and resources to maximize training capacity and throughput of new soldiers. By implementing this recommendation, the Army could realize about \$9.7 million in funds put to better use. The Deputy Chief of Staff, G-1 provided the official Army position and agreed with the recommendations and potential monetary benefits.

Report No. A-2018-0072-MTZ

U.S. ARMY CRIMINAL INVESTIGATION COMMAND

Significant Investigative Cases

Army Sergeant Found Guilty of Negligent Homicide and Assault

U.S. Army Criminal Investigation Command (CID) initiated this investigation in June 2016 upon notification by the Georgia Bureau of Investigation and Long County Georgia Sheriff's Office that Sergeant David Seifert, 3rd Infantry Division, Fort Stewart, Georgia, had not been indicted by a Special Grand Jury for killing an individual he suspected of having a sexual relationship with his spouse. In November 2015, Sergeant Seifert found a non-DoD affiliated civilian in his residence and after confronting the individual, Sergeant Seifert retrieved a rifle and shot and killed the civilian.

In June 2016, Long County convened a Special Grand Jury, which subsequently returned a No True Bill of Indictment. As a result, the investigation was referred to the Fort Stewart CID Office, who assumed investigative jurisdiction. The Fort Stewart CID Office completed secondary examinations of the original death scene, re-interviewed key individuals, and submitted newly discovered digital and other trace evidence to the Defense Forensic Science Center for examination. The findings of the laboratory examination and the thorough reinvestigation ultimately established probable cause that Sergeant Seifert committed the offense of murder.

On April 5, 2018, during a judge-alone general court-martial at Fort Stewart, Georgia, Sergeant Seifert pleaded guilty to negligent homicide and assault. Sergeant Seifert was sentenced to 12 months of confinement, a Bad Conduct Discharge, and forfeiture of all pay or allowances.

Contractor Repays Over \$13 Million in Civil Settlement

CID initiated this joint investigation in March 2008 with the Defense Criminal Investigative Service (DCIS) and Air Force Office of Special Investigations (AFOSI) upon notification from the Department of Justice of a Qui Tam dated February 1, 2008, that the Rolls-Royce Corporation, Indianapolis, Indiana knowingly reduced quality control measures utilized in manufacturing

engines used in various Army and Air Force aircraft. The investigation revealed that relaxed quality control measures resulted in the delivery of potentially defective or inferior engines and components. Rolls-Royce Corporation also submitted false claims to the U.S. Government that it had complied with Quality Management Systems in accordance with the contract.

On April 17, 2018, in the Southern District of Indiana, a final civil settlement agreement was reached wherein the Rolls-Royce Corporation was required to repay the U.S. Government \$13.7 million.

Army Soldier Sentenced to 50 Months Confinement for Sexual Assault and Sexual Assault of a Child

This investigation was initiated by CID in March 2017 as result of an allegation that Private Second Class (PV2) Damien Taylor raped a soldier who fell asleep after consuming large amounts of alcoholic beverages. The soldier awoke to find PV2 Taylor sexually assaulting her. Further investigation also revealed that PV2 Taylor also had sex with a 15-year-old girl in San Antonio, Texas. The San Antonio Police Department notified CID that in addition to the sexual assault, PV2 Taylor frequently communicated with the victim on social media about sexual preferences, exchanged nude photographs, and subsequently engaged in consensual sexual acts on multiple occasions. The San Antonio District Attorney's Office declined to pursue the case as it was a consensual relationship with less than a 5-year age difference between PV2 Taylor and the victim. The matter was referred to CID for investigation.

On June 6, 2018, in a judge-alone general court-martial at Fort Hood, Texas, PV2 Taylor was found guilty and sentenced to 50 months of confinement, reduction in rank to E-1, forfeiture of all pay and allowances, a dishonorable discharge, and a requirement to register as a sex offender.

NAVY

Naval Audit Service

The mission of the Naval Audit Service (NAVAUDSVC) is to provide independent and objective audit services and products to assist Department of the Navy leadership in assessing risk to improve efficiency, accountability, and program effectiveness. Each year, the NAVAUDSVC develops an audit plan based on Navy-wide input. All of the NAVAUDSVC audit work is designed to address significant Navy issue areas that merit additional oversight. In the past 6 months, the NAVAUDSVC has published audits that address such critical areas as security forces equipment, medical evaluations for military personnel, infrastructure, and more. The NAVAUDSVC military construction (MILCON) audit identified approximately \$9.151 million in funds potentially available for other use by rescoping Navy MILCON projects. In the year ahead, NAVAUDSVC will continue to provide Navy commands with an expert and impartial assessment of critical issues, and, when needed, make recommendations to help the Navy achieve greater efficiency and effectiveness in its operations.

U.S. Marine Corps Temporary Disability Retired List: 18-Month Periodic Physical Examinations and Followup on Prior Naval Audit Service Reports

The NAVAUDSVC initiated this audit based on prior audit findings of significant issues in the management of the Navy and U.S. Marine Corps Temporary Disability Retired List (TDRL). The NAVAUDSVC verified whether the Marine Corps TDRL 18-month medical evaluation process was operating as required, including the termination of pay on determination of removal from TDRL. The NAVAUDSVC also followed up on two prior Naval Audit Service TDRL reports.

The Marine Corps did not properly manage the TDRL 18-Month Medical Reevaluation process. The NAVAUDSVC found that 92 percent of TDRL members were late or did not attend their required 18-month periodic physical examination and the Marine Corps did not terminate pay of 11 percent of TDRL members as required, resulting in unnecessary expenditures totaling \$707,000 from FYs 2006 through 2015. The NAVAUDSVC also found that the Navy's TDRL instructions and policies had not been updated to reflect the reduction of TDRL maximum tenure from 5 to 3 years, per the National Defense Authorization Act 2017. The NAVAUDVC followup on prior audits

showed that the Marine Corps did not properly manage mandated 6-month medical evaluations for TDRL members with a mental disorder, and the Bureau of Medicine and Surgery did not have a required centralized system/method to record/report TDRL members' scheduled periodic evaluation appointments. These conditions existed due to significant internal controls weaknesses, including ineffective tracking and monitoring and insufficient enforcement of policy. As a result, the Marine Corps and the Bureau of Medicine and Surgery did not comply with governing laws, regulations, and policies; TDRL members may be retained on the TDRL for longer than necessary; and Marine Corps TDRL members with mental disorders may not receive their mandated 6-month medical evaluation.

The NAVAUDSVC recommended that the Marine Corps establish a process to continually identify TDRL members who did not attend periodic physical evaluations, enforce suspension of disability pay for TDRL members who do not provide verification of periodic evaluations, and request Defense Finance and Accounting Service to terminate retired disability pay once members are removed from TDRL. The NAVAUDSVC recommended that the Assistant Secretary of the Navy (Manpower and Reserve Affairs) identify TDRL members with mental disorders due to traumatic stress who failed to attend a 6-month medical evaluation (and coordinate with the Marine Corps to ensure Marines not meeting the timeframe have evaluations completed immediately); and coordinate with the DoD and the Bureau of Veterans Affairs to clarify the Navy's roles and responsibility regarding 6-month medical evaluation, and take appropriate actions to ensure the Navy's compliance with governing laws and regulations. The NAVAUDSVC resubmitted recommendations to the Bureau of Medicine and Surgery to ensure that Medical Facilities track and report TDRL members' periodic physical examination attendance and provide notification of Service members' failure to complete examinations. The NAVAUDSVC recommended that the Marine Corps Assistant Secretary of the Navy (Manpower and Reserve Affairs), and the Bureau of Medicine and Surgery update guidance for the reduction of TDRL maximum tenure from 5 to 3 years. Management agreed to take appropriate corrective actions.

Report No. N2018-0040

Internal Controls Over the Training of International Military Students Provided by the Department of the Navy

The NAVAUDSVC verified whether the internal controls over the training of International Military Students (IMS) provided by the Navy were in place, functioning effectively, and in compliance with applicable laws and regulations. The Navy's Security Cooperation Education and Training Program consists of U.S. military education and training conducted by the DoD for IMS from eligible countries in order to effectively advance U.S. security interests and build defense partnerships for the future. This education and training is conducted within the Continental United States primarily at military training facilities, and outside the Continental United States by mobile education or training teams and at selected U.S. facilities overseas. Education and training offered by the Navy includes a broad array of courses such as pilot training, short in-resident courses, and long-term graduate programs.

The NAVAUDSVC found that the Navy does not have sufficient internal controls in place to ensure that processes and procedures over IMS training, including the pricing of tuition rates, reimbursable billing process using Economy Act orders, and monitoring and executing of the Field Studies Program, were functioning effectively, and in compliance with the Foreign Assistance Act, Armed Export Control Act, or DoD Financial Management Regulation. These conditions occurred because Assistant Secretary of the Navy (Financial Management and Comptroller) did not issue detailed policies and procedures for calculating tuition rates or establishing financial management processes and procedures over the accounting for reimbursable services under the Navy's Security Cooperation Education and Training Program. As a result: (1) Navy Schoolhouses did not properly calculate full and incremental costing for the pricing of tuition rates and cannot provide assurance that reimbursements are appropriate to cover costs incurred associated with IMS training; (2) the Navy's current reimbursable billing process associated with IMS training does not provide a clear audit trail to properly substantiate and trace associated reimbursable costs, and may lead to further over/under charging; and (3) Navy International Programs Office cannot ensure that the Field Studies Program is being executed in accordance with applicable laws and regulations, or that the program is achieving its objectives to promote an understanding of U.S. society, institutions, and ideals.

The NAVAUDSVC recommended that the Assistant Secretary of the Navy (Financial Management and Comptroller) in conjunction with the Director, Navy Internal Programs Office and the Commanding Officer, Naval Education and Training Security Assistance Field Activity: (1) develop and issue detailed policy and procedures that ensure well-defined methodologies used to calculate tuition rates for courses provided are appropriately priced; and, (2) develop and issue policy to establish financial management processes and procedures over the accounting for reimbursable services to ensure compliance with the DoD Financial Management Regulation. Management agreed with the recommendations.

Report No. N2018-0032

Security Equipment for Navy Security Forces Personnel at Selected Installations within Commander, Navy Region Mid-Atlantic

The NAVAUDSVC verified whether the Navy Installations Command Commander provided adequate Navy Security Forces (NSF) equipment to meet law enforcement and physical security needs at selected Commander, Navy Region Mid-Atlantic installations.

For this audit, the NAVAUDSVC selected 6 of the 16 installations in the region, representing over 35 percent of the Commander, Navy Region Mid-Atlantic NSF universe. Based on the sample testing, the NAVAUDSVC determined that:

- installations did not provide adequate NSF equipment as prescribed by Navy and Commander, Navy Installations Command guidance for 86 of the 89 (97 percent) selected NSF personnel tested;
- some protective equipment was in poor condition, did not fit properly, and was used beyond the manufacturer's expiration dates;
- some sites lacked equipment accountability;
- selected installations had sufficient NSF vehicle inventory to ensure that all patrol zones were covered;
- some installations had vehicles that were not properly equipped or available for use, or the necessary specialty vehicles to perform security functions were not available;
- Installation posts or gates did not always have the required equipment based on their post orders, and installations with military working dogs did not have all the required equipment;

- two installations had excess security vehicles, and three installations did not always have operational vehicles available when needed; and
- some vehicles were not suitable for the mission needed.

These conditions occurred because the Navy Installations Command Commander, the Navy Region Mid-Atlantic Commander, and the installations did not provide sufficient controls and oversight to ensure that the NSF received the required protective equipment; security equipment inventory was properly managed; and required security equipment was ordered and made available to NSF security personnel in a timely manner. These conditions also occurred because there was a lack of input from installation personnel regarding the type of vehicles needed for mission requirements, the equipment ordering process, and a lack of oversight and accountability over equipment inventories.

As a result, the NSF is not adequately equipped to perform its law enforcement and physical security duties effectively, placing at risk its own safety, as well as the safety of the personnel and assets it is assigned to protect. Also, NSF incident response time and effectiveness may be impacted, and patrols may not be made, limiting the NSF's ability to perform its law enforcement duties and potentially risking the safety of personnel, civilians, and facilities on the installations.

Among various recommendations, NAVAUDSVC recommended that the Navy Installations Command Commander and the Navy Region Mid-Atlantic Commander establish policy for maintaining equipment, ensure all equipment is issued properly, improve the accounting for equipment and vehicles, provide properly equipped vehicles, and provide adequate supervision of military working dogs. Management agreed to take appropriate corrective actions on the recommendations.

Report No. N2018-0028

Sufficiency of United States Naval Academy Infrastructure

The NAVAUDSVC verified whether the condition of the United States Naval Academy (USNA) infrastructure was sufficient for meeting its mission goals.

The NAVAUDSVC determined that current infrastructure and facility conditions impede the USNA's ability to fully meet mission goals. Deficiencies include water leaks and intrusion; deteriorating facilities and structures; outdated facility layouts; and aged facility system components, such as electrical and HVAC systems. Sustainment, Restoration, and Modernization projects

to address the deficiencies identified have been planned, but not funded. These conditions exist due to the decrease in resources allocated to USNA Sustainment, Restoration, and Modernization infrastructure projects. As a result, there is a potential for: (1) hindrances to executing the academic and physical fitness mission; (2) loss of academic accreditation; (3) safety and health hazards and regulatory violations; and (4) damage or loss of significant Naval historical documents, pictures, and artifacts. Overall, this could lead to long term negative impacts on the heritage and reputation of the USNA and the Navy.

The NAVAUDSVC recommended that the Office of the Chief of Naval Operations develop a plan of action to mitigate infrastructure challenges at the USNA. Deputy Chief of Naval Operations for Manpower, Personnel, Training and Education concurred with the recommendation and initiated a plan of action to mitigate infrastructure challenges. Specifically, the Vice Chief of Naval Operations designated the USNA as a Flagship Institution and the Navy plans to allocate \$15 million every other year for USNA infrastructure beginning in 2020.

Report No. N2018-0041

Security Equipment for Navy Security Forces Personnel at Selected Installations Outside the Continental United States

The NAVAUDSVC verified whether selected Outside Continental United States (OCONUS) Commander, Navy Installations Command (CNIC) regions and installations had adequate NSF equipment to meet law enforcement and physical security needs. Specifically, the NAVAUDSVC determined whether the installation had the correct amount of equipment and the equipment was in good working order. This audit is one of four audits by the NAVAUDSVC determining the adequacy of NSF equipment at selected CNIC installations.

The NAVAUDSVC determined that there were opportunities for improvement related to NSF equipment and made 24 recommendations that management agreed with and took corrective actions to fix. Specifically, installations did not always have sufficient quantity and quality of security equipment to meet law enforcement and physical security needs for their NSF personnel. Of the 145 NSF personnel tested, 36 (27 percent) had expired body armor; 24 had ill-fitting or poor condition body armor; 123 (85 percent) had not been issued at least 1 piece of equipment; and 73 purchased equipment using their own funds. Body armor was being improperly stored, and four installations had a

shortage of required patrol vehicles. One installation had \$434,832 of unneeded equipment that could potentially be reallocated to other installations. These conditions occurred because of insufficient controls at multiple points of the security equipment management process, including NSF personnel's management of their own equipment, the installations' oversight and accountability of the equipment, and CNIC's ability to replenish installation equipment requirements in a timely manner. The NAVAUDSVC found that on average it took 257 days from order of equipment to receipt. As a result of the inadequate equipment, NSF personnel, and the personnel and assets they are assigned to protect, are at risk of injury or loss. The limitations in the bulk purchase contract will likely result in approximately \$197,000 worth of body armor that is too big for the average NSF personnel expiring on the shelf in 2019.

The NAVAUDSVC recommended that CNIC enforce accountability and improve procedures for armor fit, new equipment vetting, and future purchases. Additionally, the NAVAUDSVC recommended that CNIC strengthen controls, establish mitigating measures for expired armor, and ensure proper storage of equipment. Management agreed to take appropriate corrective actions.

Report No. N2018-0044

Navy Military Construction Projects Proposed for Fiscal Year 2020

The NAVAUDSVC verified whether the project scope requirements were sufficiently supported for selected Navy MILCON projects contained in the Navy proposed FY 2020 MILCON program. The NAVAUDSVC conducts a recurring annual audit on the MILCON program. This year, the NAVAUDSVC performed the audit earlier to identify potential scoping issues before projects are designed, potentially saving the Navy time and money by avoiding redesigns. Redesigns result in expenditure of additional MILCON design funds, which are currently very limited, and cause delays that could impact execution.

The Navy planned 10 MILCON projects for FY 2020, with a total value of approximately \$369.210 million. Seven of the 10 projects, with a total value of approximately \$243.790 million, were selected for review. For the seven Navy MILCON projects reviewed, the NAVAUDSVC found that all provided a valid need; however, six of the projects were not sized in accordance with Unified Facilities Criteria. Although the Navy provided sufficient guidance for the preparation of MILCON project requests, the NAVAUDSVC found cases in which project scoping was incorrect because of insufficient supporting documentation, incorrect

application of criteria, and inclusion of unnecessary line items. The NAVAUDSVC audit findings identified results from analysis of the initial DD Forms 1391 (MILCON Project Data Forms) provided by the Naval Facilities Engineering Command Commander headquarters. MILCON projects are continuously refined over the course of a lengthy Program Objectives Memorandum cycle and include multiple versions of DD Forms 1391, leading up to enactment.

The projects reviewed for the Navy were overscoped by \$9.151 million and underscoped by \$8.505 million. The NAVAUDSVC recommended reducing the overscoped projects and obtaining supporting documentation for the underscoped projects. Both recommendations were agreed to by the Navy Installations Command Commander. Appropriate actions were taken and the recommendations are considered closed. Management agreed to the \$9.151 million of funds that could potentially be put to other use.

Report No. N2018-0052



A U.S. Marine saws metal during construction

Source: U.S. Marine Corps.

NAVAL CRIMINAL INVESTIGATIVE SERVICE

Significant Investigative Cases

Hospital Corpsman Prosecuted as Serial Sex Offender

The Naval Criminal Investigative Service (NCIS) initiated this investigation in June 2017 upon notification by a victim that he had been sexually assaulted by Petty Officer Third Class (PO3) Jaime Laramata, USN Hospital Corpsman, who was assigned to Marine Corps Air Facility, Marine Corps Base Quantico, Virginia. The investigation revealed that PO3 Laramata sexually assaulted seven Marines under the guise of performing testicular exams. During his interview, PO3 Laramata admitted to using the exams as a ruse for his personal entertainment and sexual gratification.

On April 6, 2018, in a judge-alone general court-martial at Quantico, Virginia, PO3 Laramata was found guilty of abusive sexual contact and indecent recording. PO3 Laramata was sentenced to 30 months of confinement, forfeiture of all pay and allowances, reduction in rank to E-1, dishonorable discharge, and was required to register as a sex offender. This investigation led to the identification of multiple victims and resulted in the prosecution of a serial sex offender operating in a position of trust as a Hospital Corpsman within the active duty ranks of the Navy.

Marine Corps Corporal Pleaded Guilty to Sexual Assault of Two Marines

NCIS initiated this investigation in October 2017 upon notification that two Marines were sexually assaulted in their barracks room located at Camp Hansen, Okinawa, Japan. Both victims stated that they were awakened when Marine Corps Corporal Rogelio Antonio Salazar engaged in sexual contact without their consent. During his interview, Corporal Salazar denied any sexual contact with either of the victims. NCIS executed a command search authorization for Corporal Salazar's DNA and sent the sample to the U.S. Army Criminal Investigation Laboratory for comparison with

Sexual Assault Evidence Collection kits collected from the victims. U.S. Army Criminal Investigation Laboratory analysis confirmed the presence of Corporal Salazar's DNA from evidence taken from the two victims.

On June 7, 2018, in a judge-alone general court-martial, Corporal Salazar pleaded guilty to sexual assault and abusive sexual contact, and was sentenced to 9 years of confinement with all confinement in excess of 36 months suspended, forfeiture of all pay and allowances, reduction in rank to E-1, a dishonorable discharge, and was required to register as a sex offender.

Marine Corps Lance Corporal Sentenced to 20 Years for Possession of Child Pornography, Sexual Abuse of a Child, Extortion

NCIS initiated this investigation in December 2017 upon notification from the Internet Crimes Against Children Task Force, Kenton County Police Department, Independence, Kentucky, that Marine Corps Lance Corporal Ryan Somershoe, 1st Marine Division, Camp Pendleton, California, used an online identity to contact an 11-year-old child with lewd messages through the social media application Instagram. Lance Corporal Somershoe requested that the victim provide her age and some photographs, to include nude photographs. Lance Corporal Somershoe admitted to posing as a female model in order to solicit nude photographs and videos from girls ranging in age from 10 to 13 years old. Lance Corporal Somershoe sometimes extorted these young girls using photographs they provided or showed them to other underage girls as a way to perpetuate his fake identity as a female model recruiting other models. Following the execution of numerous warrants, additional child pornography and identifying information for underage victims was discovered.

On June 13, 2018, in a judge-alone general court-martial in Camp Pendleton, California, Lance Corporal Somershoe was sentenced to 20 years of confinement, forfeiture of all pay and allowances, reduction in rank to E-1, dishonorable discharge, and was required to register as a sex offender.

AIR FORCE

Air Force Audit Agency

The Air Force Audit Agency (AFAA) mission is to provide timely, relevant, and quality audit services enabling Air Force leadership to make informed decisions. These services focus on independent, objective, and quality audits that include reviewing and promoting the economy, effectiveness, and efficiency of operations; assessing and improving Air Force fiduciary stewardship and the accuracy of financial reporting; and evaluating programs and activities to assist management with achieving intended results. The AFAA is committed to the Air Force core values: Integrity First, Service Before Self, and Excellence In All We Do. To support Air Force decision makers and customers at all levels, the AFAA conducts centrally directed, Air Force-wide audits to support Air Force senior leaders, while installation-level audit teams provide audit services and support to installation commanders. The AFAA has 635 personnel authorized at nearly 50 worldwide locations to execute its mission.

The AFAA continued to focus audit planning efforts on top Air Force priorities. The FY 2018 AFAA Audit Plan provided prioritized audit topics that align with Secretary of the Air Force, senior leader priorities, and address Major Command concerns and Air Force operational priorities. The AFAA's primary focus is to provide Air Force leadership continual updates and assessments on the enterprise portfolio perspective by providing ongoing status of open audit recommendations; identifying conditions impacting the Air Force enterprise; and highlighting continuing issues within the portfolio requiring attention. To help meet this focus, the AFAA established agreements with Air Force Major Command officials to provide an AFAA audit liaison at each Major Command location. These new partnerships will further enhance audit communication and help ensure all Air Force leaders are able to properly capture, track, and report the status of open audit recommendations falling within their purview.

Since the Air Force audit liaison and recommendation tracking functions were centralized under the Auditor General of the Air Force, the Air Force has more efficiently allocated audit resources to focus on critical Air Force priorities; improve the AFAA's ability to provide timely, relevant, and quality audit services; and provide greater coordination and oversight for the status and implementation of all Government Accountability Office, DoD OIG, and AFAA audit report recommendations made to Air Force officials. By partnering with Air Force

and DoD OIG officials, the AFAA helped the Air Force reduce the number of open recommendations included in the March 2017 Compendium of Open Office of Inspector General Recommendations to the Department of Defense from 167 to 72 (57 percent closed) and will continue to facilitate future resolutions by submitting documentation to the DoD OIG for validation.

During the second half of FY 2018, the AFAA identified three reports with potential material weakness issues to management. From April 1 through September 30, 2018, the AFAA published 42 Air Force-level audit reports. The AFAA provided 155 recommendations and over \$1 billion in audit-estimated potential monetary benefits to Air Force senior officials. Furthermore, installation-level audit teams published 296 audit reports with 1,405 recommendations and an additional \$51 million in audit-estimated potential monetary benefits to installation commanders. The following paragraphs highlight a few of the most significant AFAA Air Force-level audit reports issued during the period.

Active Duty Service Commitments for Long-Term Training

The AFAA determined whether Air Force personnel properly managed active duty service commitments for long-term training. Active duty service commitments communicate to airmen the periods of obligated service they must complete before becoming eligible to separate or retire from active duty. The Air Force establishes active duty service commitments for various reasons, including when active duty members participate in long-term training lasting 20 weeks or more. Properly managing active duty service commitments ensures the Air Force receives the benefit from training provided to airmen. As of June 30, 2017, the Air Force tracked 64,413 training-related active duty service commitments.

The AFAA determined that although Air Force personnel notified airmen of their active duty service commitments, personnel did not establish correct commitment dates, ensure airmen completed service commitments, or collect costs when airmen did not complete their service commitments. Specifically, Air Force personnel did not establish correct service commitment dates for 27 (32 percent) of 85 airmen. Furthermore, personnel did not ensure 13 (11 percent) of 118 officers completed required courses prior to service commitment dates. Finally, personnel did not collect an estimated \$64,000 from 31 (94 percent) of 33 airmen who separated early to transfer to an Active Reserve Component. The AFAA estimated the Air Force could achieve almost \$58,000 in potential monetary benefit by initiating a cost collection from the airmen (approximately \$6,000 more would be returned to the Treasury). These conditions primarily

occurred because of outdated processes, a lack of oversight from Air Force Personnel Center officials, and poorly defined recoupment responsibilities.

The AFAA recommended that the Deputy Chief of Staff, Manpower, Personnel, and Services should direct Air Force Personnel Center officials to correct erroneous service commitment dates identified during the audit, update processes, provide periodic oversight, define recoupment responsibilities, and initiate cost collection from the 31 airmen. Overall, the AFAA made six recommendations to improve the management of active duty service commitments. Management concurred with the audit results and recommendations and actions planned are responsive to the issues in this report. Management also agreed with the intent of the potential monetary benefits and completed two corrective actions during the audit.

Report No. F2018-0005-O40000

Officer Scrolling

The AFAA determined whether Air Force personnel scrolled officers prior to commissioning. Scrolling is the process of appointing military officers (original appointment or promotions). The President has delegated scroll approval to the Secretary of Defense for regular officer appointments below the grade of major and for reserve component officer appointments below the grade of colonel. Approval for appointments above those levels remains with the President and requires Senate consent. The appointment process is completed with military orders commissioning the officer in the active or reserve component. Scrolling officers prior to commissioning ensures compliance with public law, valid officers issue military orders, and that careers are not negatively affected. From October 2015 through June 2017, the Air Force commissioned 11,349 officers into active duty or reserve service.

The AFAA determined that Air Force personnel did not scroll officers prior to commissioning. Specifically, 33 (13 percent) of 250 statistically selected officers reviewed were commissioned without an approved scroll. Additionally, nine of the reviewed officers were part of group scrolls and a detailed review of the group scrolls revealed 345 additional officers commissioned without an approved scroll. Using a statistical projection, the AFAA estimated at least 1,010 (9 percent) of 11,349 officers were commissioned without an approved scroll from October 2015 through June 2017. These conditions primarily occurred because there was no control in place to prevent commissioning sources (to include nominating sources who commission) from commissioning officers without approved scrolls.

The AFAA recommended that the Air Force Deputy Chief of Staff for Manpower, Personnel, and Services should direct nomination sources to submit ratification scrolls for the errors identified during the audit and to develop a control to prevent commissioning officers without approved scrolls. Overall, the AFAA made six recommendations to improve the scrolling of officers prior to commissioning. Management concurred with the audit results and recommendations and actions planned are responsive to the issues in this report. Management also completed one corrective action during the audit.

Report No. F2018-0006-O40000

Emergency Contingency Allowance Equipment

The AFAA determined whether personnel properly authorized and accounted for equipment assigned to the emergency contingency allowance standard. The emergency contingency allowance standard is authorized in instances of emergency contingency, combat operations, or emergency relief missions where an established base cannot provide support and normal Air Force Equipment Management System allowance coverage is inadequate. Properly authorizing and accounting for equipment assigned to the emergency contingency allowance standard enables the Air Force to maintain accurate buy and repair requirements. As of October 2017, the Air Force maintained 22,500 emergency contingency allowance authorizations valued at \$508 million.

The AFAA determined that Air Force personnel did not properly authorize or account for emergency contingency equipment. Specifically, Air Force personnel maintained invalid and excess authorizations for 5,838 (89 percent) of 6,590 sampled items valued at \$176 million. Furthermore, while Air Force personnel generally accounted for equipment, personnel did not properly account for 477 items valued at \$22 million. To illustrate, personnel could not locate 99 (3 percent) of 3,321 sampled items listed on accountable records, valued at \$3 million, and did not record 378 items, valued at \$19 million, on Air Force accountability records. The AFAA estimated that the Air Force could achieve \$149 million in potential monetary benefits by reducing invalid authorizations, turning in associated unauthorized items to supply (\$131 million), and redistributing the unaccounted for items to fill other valid requirements (\$18 million). These conditions occurred due to inadequate processes, procedures, and training.

The AFAA recommended that the Deputy Chief of Staff for Logistics, Engineering, and Force Protection should direct logistic personnel to correct all errors identified during the audit, including reducing invalid authorizations

and turning in associated unauthorized items to supply, as well as to conduct an out-of-cycle review for emergency contingency equipment. Furthermore, personnel should update processes, procedures, and training. Overall, the AFAA made eight recommendations to improve the management of emergency contingency allowance equipment. Management concurred with the audit results and recommendations and actions planned are responsive to the issues in this report. Management also agreed with the potential monetary benefits.

Report No. F2018-0007-L40000

Cost of War – Operation Freedom’s Sentinel

The AFAA determined whether Air Force personnel complied with public law requirements for reporting financial information for contingency operations and accurately reported Operation Freedom’s Sentinel obligations and disbursements within the Cost of War report. The FY 2016 instructions for reporting on the Cost of War required Air Force personnel to affirm the accuracy of data submitted as a fair representation of costs associated with each active contingency operation. The Cost of War report includes summary obligation and expenditure data for the Military Personnel, Operation and Maintenance, and investment appropriations (including special access programs). Under Operation Freedom’s Sentinel, United States Forces train, advise, and assist the Afghan National Defense and Security Forces. In FY 2016, Air Force financial management personnel obligated in excess of \$7 billion from the Military Personnel, Operations and Maintenance, and Investment appropriations in support of Operation Freedom’s Sentinel.

The AFAA determined that Air Force personnel complied with public law requirements for reporting financial information for contingency operations; however, the review of the fourth quarter Cost of War report did identify errors totaling \$24.4 million. To illustrate, Air Force personnel did not include obligations and disbursements for special access programs in the Cost of War report and the management tool used to capture Operation Freedom’s Sentinel costs did not include all Budget Program Activity Codes associated with Operation Freedom’s Sentinel costs. Including all obligations and disbursements for special access programs in the Cost of War report and Budget Program Activity Codes associated with Operation Freedom’s Sentinel costs enables Air Force personnel to provide accurate Operation Freedom’s Sentinel costs in the Department of Defense Cost of War report presented to Congress. This condition occurred due to weaknesses in internal control procedures.

The AFAA recommended that the Assistant Secretary of the Air Force for Financial Management and Comptroller direct personnel to correct the discrepancies identified during the audit and to update the standard operating procedure and the management tool used to capture Operation Freedom’s Sentinel costs. Overall, the AFAA made two recommendations to improve the accuracy of the Cost of War Report. Management concurred with the audit results and recommendations and actions planned are responsive to the issues in this report. Management also completed two corrective actions during the audit.

Report No. F2018-0002-L10000

Initial Spare Parts Requirements

The AFAA determined whether Air Force personnel accurately computed and supported initial spare parts requirements. Initial spare parts are repairable and consumable components, assemblies, and subassemblies that must be available at all levels of supply in time to support newly fielded end items. Air Force personnel in the program offices use the Initial Requirements Determination System to compute the initial spare part requirements. Item management personnel use the Secondary Item Requirements System to compute replenishment or follow-on spares. The FY 2017 Air Force Aircraft Procurement Budget reported a \$778 million investment for aircraft modification initial spares.

The AFAA determined that Air Force personnel did not maintain initial spare parts requirements supporting documentation, preventing the AFAA from auditing the initial spare parts requirement. As a result, Air Force personnel could not support the validity or accuracy of the initial spares computations for 902 (90 percent) of 1,006 initial spare parts sampled, valued at \$108 million. This occurred because program office management did not provide adequate oversight to ensure their personnel retained supporting documentation.

The AFAA recommended that the Assistant Secretary of the Air Force for Acquisition direct the Deputy Assistant Secretary for Logistics and Product Support to reiterate the documentation retention requirement for initial spare parts requirements computations by issuing a policy memo and updating the process checklist. Overall, the AFAA made two recommendations to improve the management of initial spare parts requirements. Management concurred with the audit results and recommendations and actions planned are responsive to the issues in this report.

Report No. F2018-0006-L40000

AIR FORCE OFFICE OF SPECIAL INVESTIGATIONS

Significant Investigative Cases

Airman Found Guilty of Murder and Desertion

The Air Force Office of Special Investigations (AFOSI) initiated this investigation in August 2016 after an active-duty female airman was found dead in her dormitory at Offutt Air Force Base, Nebraska. The autopsy report identified the cause of death as strangulation and the manner of death as homicide. A day after the victim was found, Airman First Class (A1C) Timothy Wilsey sent a text message to a friend stating “D112 Turner my bad.” Turner Hall, room D112, was the victim’s dormitory room. AFOSI reviewed video footage near the victim’s dormitory and identified A1C Wilsey proceeding to the victim’s room and exiting approximately 4 hours later. A1C Wilsey could not be located and was subsequently labeled a deserter. Ten days after the victim was found dead, A1C Wilsey called a witness from a landline phone originating in Virginia. AFOSI coordinated with the local sheriff’s office, which immediately apprehended A1C Wilsey at a hotel in Emporia, Virginia, as well as recovered a journal that documented his activities and the murder. A1C Wilsey wrote he had placed the victim in a full head lock until she started flailing her arms and legs in an attempt to get free. Evidence sent to the U.S. Army Criminal Investigation Laboratory confirmed the victim’s DNA profile was on the shirt A1C Wilsey wore the night of the murder.

On April 11, 2018, in a judge-alone general court-martial at Offutt Air Force Base, Airman First Class Wilsey was found guilty of murder and desertion and sentenced to life confinement without the possibility of parole, forfeiture of all pay and allowances, reduction in rank to E-1, a reprimand, and a dishonorable discharge.

Airman Sentenced to 30 Years Confinement for Murder of Infant Son

AFOSI initiated this investigation in November 2016 following notification from the Family Advocacy Program of the death of a 3-month-old Air Force dependent. During the interview of the victim’s father, Airman First Class (A1C) David MacDonald admitted to dropping the child from a height of approximately 5 feet and striking him in the head due to frustration. The autopsy findings and cause of death were consistent with A1C MacDonald’s confession.

On May 31, 2018, in a judge-alone general court-martial at Ellsworth Air Force Base, South Dakota, A1C MacDonald pleaded guilty to murder and was sentenced to 30 years of confinement, forfeiture of all pay and allowances, reduction in rank to E-1, and a dishonorable discharge.

Contractor Repays Over \$1.6 Million in Settlement Agreement

AFOSI initiated this joint investigation in March 2014 with the Defense Criminal Investigative Service, the Federal Bureau of Investigation, and the Defense Contract Audit Agency upon notification of allegations from the Defense Contract Management Agency that Lockheed Martin Aeronautics Company (LMAC) submitted false claims pertaining to material deficiency reports and overcharged the Air Force for items considered “Over and Above,” while performing work on the Air Force Reliability Enhancement and Re-Engining Program. Upon receipt of a DoD OIG subpoena issued to LMAC, LMAC filed a mandatory contractor disclosure to the DoD OIG revealing that from April 2013 through June 2014, the company inadvertently charged the Air Force \$1 million to \$1.5 million for inaccurate material deficiency reports.

On April 24, 2018, LMAC entered into a settlement agreement and agreed to pay \$719,518 to settle contract mischarging, overpayments, and \$903,368 in remaining credits to the Air Force for a total contract recovery of \$1,622,886.

5. APPENDIXES



REPORTING REQUIREMENTS

The Inspector General Act of 1978, as amended, states that each Inspector General shall no later than April 30 and October 31 of each year prepare semiannual reports summarizing the activities of the office during the immediately preceding 6-month periods ending March 31 and September 30. The IG Act specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages. The Inspector General Empowerment Act of 2016, Public Law 114-317, Section 4(c), amended Section 5(a) of the IG Act to require additional reporting requirements.

REFERENCES	REQUIREMENTS	PAGE
Section 4(a)(2)	“review existing and proposed legislation and regulations...make recommendations...”	84-85
Section 5(a)(1)	“description of significant problems, abuses, and deficiencies...”	8-82
Section 5(a)(2)	“description of recommendations for corrective action...with respect to significant problems, abuses, and deficiencies...”	8-82
Section 5(a)(3)	“identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed...”	122-155
Section 5(a)(4)	“a summary of matters referred to prosecutive authorities and the prosecution and convictions which have resulted.”	40-47
Section 5(a)(5)	“a summary of each report made to the [Secretary of Defense] under section 6(b)(2)...” “instances where information requested was refused or not provided”	N/A
Section 5(a)(6)	“a listing, subdivided according to subject matter, of each audit report, inspection report, and evaluation report issued” showing dollar value of questioned costs and recommendations that funds be put to better use.	117
Section 5(a)(7)	“a summary of each particularly significant report...”	8-82
Section 5(a)(8)	“statistical tables showing the total number of audit reports, inspection reports, and evaluation reports and the total dollar value of questioned costs...”	117
Section 5(a)(9)	“statistical tables showing the total number of audit reports, inspection reports, and evaluation reports and the dollar value of recommendations that funds be put to better use by management...”	118
Section 5(a)(10)	“a summary of each audit report, inspection report, and evaluation report issued before the commencement of the reporting period -- (A) for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report; (B) for which no establishment comment was returned within 60 days of providing the report to the establishment; and (C) for which there are any outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations.	122-155
Section 5(a)(11)	“a description and explanation of the reasons for any significant revised management decision...”	N/A
Section 5(a)(12)	“information concerning any significant management decision with which the Inspector General is in disagreement...”	N/A
Section 5(a)(13)	“information described under section 804(b) of the Federal Financial Management Improvement Act of 1996...” (instances and reasons when an agency has not met target dates established in a remediation plan)	N/A
Section 5(a)(14)	“an appendix containing the results of any peer review conducted by another Office of Inspector General during the reporting period...”	171
Section 5(a)(15)	“a list of any outstanding recommendations from any peer review conducted by another Office of Inspector General that have not been fully implemented, including a statement describing the status of the implementation and why implementation is not complete;”	171

REFERENCES	REQUIREMENTS	PAGE
Section 5(a)(16)	“a list of any peer reviews conducted by [DoD OIG] of another Office of Inspector General during the reporting period, including a list of any outstanding recommendations made from any previous peer review...that remain outstanding or have not been fully implemented;”	171
Section 5(a)(17)	“statistical tables showing-- (A) the total number of investigative reports issued during the reporting period; (B) the total number of persons referred to the DOJ for criminal prosecution during the reporting period; (C) the total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period; and (D) the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities;”	172
Section 5(a)(18)	“a description of the metrics used for developing the data for the statistical tables under paragraph (17);”	172
Section 5(a)(19)	“a report on each investigation conducted by the Office involving a senior Government employee where allegations of misconduct were substantiated, including a detailed description of – (A) the facts and circumstances of the investigation; and (B) the status of the disposition of the matter, including – (i) if the matter was referred to the DOJ, the date of the referral; and (ii) if the DOJ declined the referral, the date of the declination;” [Senior Government Employee – GS-15 or O-6 and above]	48-172
Section 5(a)(20)	“a detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation, and what, if any, consequences the establishment imposed to hold the official accountable;”	54-67
Section 5(a)(21)	“a detailed description of any attempt by the establishment to interfere with the independence of the Office, including -- (A) with budget constraints designed to limit capabilities of the Office; and (B) incidents where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly delayed access to information, including the justification of the establishment for such action; and...”	N/A
Section 5(a)(22)	“detailed description of the particular circumstances of each— inspection, evaluation, and audit conducted by the Office that is closed and was not disclosed to the public; and investigation conducted by the Office involving a senior Government employee that is closed and was not disclosed to the public.	N/A
Section 5(b)(2)	“statistical tables showing the total number of audit reports, inspection reports, and evaluation reports and the dollar value of disallowed costs...”	118
Section 5(b)(3)	“statistical tables showing the total number of audit reports, inspection reports, and evaluation reports and the dollar value of recommendations that funds be put to better use by management agreed to in a management decision...”	118
Section 5(b)(4)	“a statement with respect to audit reports on which management decisions have been made but final action has not been taken, other than audit reports on which a management decision was made within the preceding year...”	122-155
Section 5 note	“an annex on final completed contract audit reports...containing significant audit findings...”	156-170
Section 8(f)(1)	“(A) information concerning the number and types of contract audits...” “(B) information concerning any Department of Defense audit agency that...received a failed opinion from an external peer review or is overdue for an external peer review...”	120-171

AUDIT, INSPECTION, EVALUATION, AND INVESTIGATION REPORTS ISSUED

DoD OIG

<http://www.dodig.mil/reports.html/>

Naval Audit Service

www.secnav.navy.mil/navaudsvc/Pages/default.aspx

Army Audit Agency

www.hqda.army.mil/aaaweb

Air Force Audit Agency

www.afaaf.af.mil

	DoD OIG	Military Departments	Total
Countering Strategic Challenges: North Korea, Russia, China, Iran, and Transnational Terrorism	1	0	1
Addressing Challenges in Overseas Contingency Operations in Iraq, Syria, and Afghanistan	2	2	4
Enabling Effective Acquisition and Contract Management	20	14	34
Increasing Cybersecurity and Cyber Capabilities	5	2	7
Improving Financial Management	11	27	38
Maintaining the Nuclear Enterprise	3	0	3
Optimally Balancing Readiness, Modernization, and Force Structure	8	29	37
Ensuring Ethical Conduct	2	1	3
Providing Effective, Comprehensive, and Cost-Effective Health Care	4	7	11
Identifying and Implementing Efficiencies in the DoD	2	11	13
Other	4	11	15
Total	62	104	166

Countering Strategic Challenges: North Korea, Russia, China, Iran, and Transnational Terrorism

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-161	Evaluation of National Security Agency Support to the Joint Interagency Task Force South Drug Interdiction Mission in U.S. Southern Command	09/25/2018

Addressing Challenges in Overseas Contingency Operations in Iraq, Syria, and Afghanistan

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-147	U.S. and Coalition Efforts to Train, Advise, Assist, and Equip the Iraqi Police Hold Force	09/13/2018
DoD OIG	DODIG-2018-162	Evaluation of the Airborne Intelligence, Surveillance, and Reconnaissance Processing, Exploration, and Dissemination Process for Operation Inherent Resolve	09/27/2018
USAAA	A-2018-0044-IEX	European Deterrence Initiative--Cost of Training Exercises, U.S. Army Europe	04/10/2018
AFAA	F2018-0004-L40000	United States Air Force Central Command Area of Responsibility Aviation Fuels Management	06/25/2018

Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(a)(6).

Enabling Effective Acquisition and Contract Management

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-101	DoD Reporting of Charge Card Misuse to OMB	04/03/2018
DoD OIG	DODIG-2018-103	Payments to Electromagnetic Pulse Commission Support Contractor	04/06/2018
DoD OIG	DODIG-2018-104	Defense Information Systems Agency Contract Awards at Defense Information Technology Contracting Organization Europe	04/13/2018
DoD OIG	DODIG-2018-105	Noncompetitive Information Technology Contracts at the Defense Health Agency	04/13/2018
DoD OIG	DODIG-2018-106	Controls Over the Guam Base Operations Support Contract	04/16/2018
DoD OIG	DODIG-2018-107	Expeditionary Fast Transport Capabilities	04/16/2018
DoD OIG	DODIG-2018-110	Defense Contract Management Agency's Information Technology Service Contracts	04/25/2018
DoD OIG	DODIG-2018-113	Army and Marine Corps Joint Light Tactical Vehicle	05/02/2018
DoD OIG	DODIG-2018-116	The Trans-Africa Airlift Support Contract	05/08/2018
DoD OIG	DODIG-2018-121	Air Force's F-15 Eagle Passive/Active Warning and Survivability System	05/21/2018
DoD OIG	DODIG-2018-123	U.S. Special Operations Command Reporting of General Equipment on Its Financial Statements	06/04/2018
DoD OIG	DODIG-2018-124	Development, Review, and Validation of the Philippines Operations Support Contract III Requirements	06/05/2018
DoD OIG	DODIG-2018-128	Hotline Allegation Regarding Actions of a Defense Contract Management Agency Contracting Officer on a Subcontractor's Termination Settlement Proposal	06/21/2018
DoD OIG	DODIG-2018-130	Procurement Quantities of the AH-64E Apache New Build and Remanufacture Helicopter Programs	06/25/2018
DoD OIG	DODIG-2018-134	Evaluation of DoD Hotline Complaint Regarding Defense Contract Management Agency Baltimore's Actions on Audit Findings Reported by Defense Contract Audit Agency	07/09/2018
DoD OIG	DODIG-2018-135	Defense Logistics Agency Award and Administration of Energy Savings Performance Contracts	07/06/2018
DoD OIG	DODIG-2018-139	DoD Management of the Enhanced Army Global Logistics Enterprise Maintenance Contract in Afghanistan	07/23/2018
DoD OIG	DODIG-2018-140	Acquisition of the Navy's Mine Countermeasure Mission Package	07/25/2018
DoD OIG	DODIG-2018-142	U.S. Africa Command and U.S. European Command Integration of Operational Contract Support	08/09/2018
DoD OIG	DODIG-2018-146	Hotline Allegations Regarding the Acceptance and Testing of the MQ-9 Reaper Aircraft	08/16/2018
USAAA	A-2018-0051-ALC	Audit of Contract Support for the Global Threat Mitigation Program	05/30/2018
USAAA	A-2018-0053-ALA	Nonexecutive Operational Support Airlift Requirements	06/12/2018
USAAA	A-2018-0054-FMX	Oversight and Execution of Army Nonmedical Grant Awards	06/12/2018
USAAA	A-2018-0080-ALC	Incentive Contracts	09/05/2018
NAVAUDSVC	N2018-0030	Execution, Financial Management, and Oversight of Classified Programs and Activities Supported by a Classified Activity	04/20/2018
NAVAUDSVC	N2018-0031	Technology Readiness Assessments at Naval Air Systems Command and Affiliated Program Executive Offices	04/23/2018
NAVAUDSVC	N2018-032	Internal Controls Over the Training of International Military Students Provided by the Department of the Navy	05/03/2018
AFAA	F2018-0002-L20000	F-15 Foreign Military Sales Program Management (Manpower)	07/02/2018
AFAA	F2018-0003-L20000	F-15 Foreign Military Sales Program Management	07/17/2018
AFAA	F2018-0005-L30000	Small Business Innovation Research Program Management	07/19/2018
AFAA	F2018-0007-L40000	Network-Centric Solutions-2 Usage – Government Purchase Card Management	09/06/2018
AFAA	F2018-0008-L30000	Contract Administration in a Contingency Environment	09/12/2018
AFAA	F2018-0006-O20000	Simplified Acquisition of Base Engineering Requirements Contracts	09/24/2018
AFAA	F2018-0006-L20000	Fiscal Years 2017-2019 Distribution of Depot Maintenance	09/25/2018

Increasing Cybersecurity and Cyber Capabilities

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-126	DoD Cybersecurity Weaknesses Identified in Reports Issued and Testimonies From July 1, 2016, Through June 30, 2017	06/13/2018
DoD OIG	DODIG-2018-137	Command Cyber Readiness Inspections at Air Force Squadrons	07/11/2018
DoD OIG	DODIG-2018-143	Air Force Space Command Supply Chain Risk Management of Strategic Capabilities	08/14/2018
DoD OIG	DODIG-2018-154	DoD Information Technology System Repositories	09/24/2018
DoD OIG	DODIG-2018-163	DoD Cyber Incident Handling Program for Mission-Critical Control Systems	09/28/2018
NAVAUDSVC	N2018-0055	Navy Military Human Resources Systems Business Enterprise Architecture	09/25/2018
AFAA	F2018-0006-O10000	Air Force Information Technology Spending	09/28/2018

Improving Financial Management

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-102	Quality Control Review of the Baker Tilly Virchow Krause, LLP, FY 2016 Single Audit of National Marrow Donor Program	04/04/2018
DoD OIG	DODIG-2018-115	DoD FY 2017 Compliance With the Improper Payments Elimination and Recovery Act Requirements	05/09/2018
DoD OIG	DODIG-2018-117	Department of the Navy Qualified Recycling Programs	05/10/2018
DoD OIG	DODIG-2018-119	DoD Oversight of Logistics Civil Augmentation Program in Afghanistan Invoice Review and Payment	05/11/2018
DoD OIG	DODIG-2018-120	The Treasury Index 97 Cash Management Report	05/23/2018
DoD OIG	DODIG-2018-129	Department of the Navy Civilian Pay Budget Process	06/20/2018
DoD OIG	DODIG-2018-136	Followup Audit: Application Level General Controls for the Defense Cash Accountability System	07/10/2018
DoD OIG	DODIG-2018-148	Transmittal of the Independent Service Auditor's Report on the General Fund Business Enterprise System Administration and Operational Support Services as of June 30, 2018	08/28/2018
DoD OIG	DODIG-2018-149	Transmittal of the Independent Service Auditor's Report on the System Supporting the Delivery of Munitions Inventory Management Services as of June 30, 2018	08/28/2018
DoD OIG	DODIG-2018-155	Independent Auditor's Report on the Agreed Upon Procedures for Reviewing the FY 2018 Civilian Payroll Withholding Data and Enrollment Information	09/27/2018
DoD OIG	DODIG-2018-156	Quality Control Review of the Warren Averett, LLC, FY 2016 Single Audit of Civil Air Patrol	09/26/2018
USAAA	A-2018-0043-IE	Reporting Expenditures for Operations Freedom's Sentinel	04/05/2018
USAAA	A-2018-0045-FMR	Army Environmental Liabilities – Real Property	04/06/2018
USAAA	A-2018-0049-FMF	Audit of Program Management, General Fund Enterprise Business System – System Changes and Enhancements	05/03/2018
USAAA	A-2018-0052-FMF	Independent Auditor's Report on the Attestation Examination of the Centrally Managed Account for Second Destination Transportation (Army Post Office Mail, Military Interdepartmental Purchase Request, and Work Breakdown Structure)	05/25/2018
USAAA	A-2018-0065-FMF	Army Executive Dining Facility Fund FY 17 Financial Statements and Internal Controls	07/03/2018
USAAA	A-2018-0067-FMR	General Equipment--Existence and Completeness	07/10/2018
USAAA	A-2018-0071-FMX	Deployable Disbursing System, U.S. Army Financial Management Command	07/18/2018
USAAA	A-2018-0075-IE	Overtime Pay and Foreign Entitlements for Deployed Civilians, U.S. Army Materiel Command	07/30/2018
USAAA	A-2018-0079-ALA	Management of Rotary Wing Flight Operations--U.S. Army National Guard Funding	08/15/2018
USAAA	A-2018-0088-IEE	Agreed-Upon Procedure Attestation of Tobyhanna Army Depot Vending Sales Recordings--Phase II	09/20/2018
NAVAUDSVC	N2018-0037	Allocation of Depot Maintenance Workload Between Public and Private Sectors at Commander, U.S. Pacific Fleet	05/17/2018

Agency	Report Number	Report Title	Date
NAVAUDSVC	N2018-0038	Allocation of Depot Maintenance Between Public and Private Sectors at Naval Supply Systems Command	05/21/2018
NAVAUDSVC	N2018-0039	Allocation of Depot Maintenance Workload Between Public and Private Sections at United States Marine Corps	05/29/2018
NAVAUDSVC	N2018-0045	Navy Accountability of Issued Ammunition	07/24/2018
NAVAUDSVC	N2018-0046	Navy Working Capital Fund at the Marine Depot Maintenance Command	07/31/2018
NAVAUDSVC	N2018-0047	Navy Working Capital Fund Practices at Fleet Readiness Centers	08/14/2018
NAVAUDSVC	N2018-0048	Naval Audit Service Input for the Fiscal Year 2018 Statement of Assurance	08/16/2018
NAVAUDSVC	N2018-0050	Agreed-Upon Procedures Attestation Engagement of Financial Management Overlays over Tier 1 Financial Management Systems	08/23/2018
NAVAUDSVC	N2018-0051	Agreed-Upon Procedures Attestation Engagement of the Corrective Action Plan for Improper Payments Program Material Weakness	09/04/2018
NAVAUDSVC	N2018-0053	Allocation of Depot Maintenance Workload Between Public and Private Sectors at Space and Naval Warfare Systems Command	09/12/2018
AFAA	F2018-0002-L10000	Air Force Cost of War Report-Operation Freedom's Sentinel	04/04/2018
AFAA	F2018-0005-O40000	Active Duty Service Commitments for Long Term Training	04/30/2018
AFAA	F2018-0005-L40000	Air Force Working Capital Funds Planning, Programming, Budgeting, and Execution Process	06/12/2018
AFAA	F2018-0008-A00900	Joint Combined Exchange Training Program	06/25/2018
AFAA	F2018-0008-L40000	Air Force Working Capital Funds Rates	08/17/2018
AFAA	F2018-0004-L10000	Air Force Office of Special Investigations Emergency and Extraordinary Expense Funds	09/06/2018
AFAA	F2018-0003-O20000	Energy Resilience Conservation Investment Program Project Management	09/21/2018

Maintaining the Nuclear Enterprise

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-127	Evaluation of Nuclear Ballistic Missile Submarine (SSBN) Sustainment	06/15/2018
DoD OIG	DODIG-2018-144	Evaluation of Intelligence Support to Protect U.S. Nuclear Weapons in Europe	08/10/2018
DoD OIG	DODIG-2018-160	Evaluation of the U.S. Nuclear Detonation Detection System Space-Based System	09/28/2018

Optimally Balancing Readiness, Modernization, and Force Structure

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-112	Processing and Disposition of Equipment at the Defense Logistics Agency Disposition Services in Kuwait	05/01/2018
DoD OIG	DODIG-2018-132	Management of Army Equipment in Kuwait and Qatar	06/29/2018
DoD OIG	DODIG-2018-141	United States Marine Corps Aviation Squadron Aircraft Readiness Reporting	08/08/2018
DoD OIG	DODIG-2018-145	Air Force C-5 Squadron's Capability to Meet U.S. Transportation Command Mission Requirements	08/13/2018
DoD OIG	DODIG-2018-151	Military Sealift Command's Maintenance of Prepositioning Ships	09/24/2018
DoD OIG	DODIG-2018-152	Management of Army and Marine Corps Prepositioned Stocks in U.S. European Command	09/17/2018
DoD OIG	DODIG-2018-159	Evaluation of the Integrated Tactical Warning and Attack Assessment Report	09/26/2018
DoD OIG	DODIG-2018-157	Followup on DoD OIG Report No. DODIG-2018-099, "Compliance with Electrical and Fire Protection Standards of U.S. Controlled and Occupied Facilities in Afghanistan," July 18, 2013 at Kandahar Airfield	09/28/2018
USAAA	A-2018-0041-MTH	Follow-up Audit of Recoupment of Select Army Scholarships	04/02/2018

Agency	Report Number	Report Title	Date
USAAA	A-2018-0042-IEX	Audit of Army Family Housing at Vicenza Military Community	04/03/2018
USAAA	A-2018-0046-ALS	Credits for Unserviceable Parts, U.S. Army Aviation and Missile Command	04/10/2018
USAAA	A-2018-0048-ALS	Readiness Reporting for Ammunition Outload Operations	04/23/2018
USAAA	A-2018-0050-ALM	Ammunition Industrial Base Facility Modernization	05/22/2018
USAAA	A-2018-0059-MTT	Follow-up Audit of Training Resource Arbitration Panel–Quota Manager Training	06/21/2018
USAAA	A-2018-0064-MTH	Tracking and Monitoring Medically Nondeployable Soldiers, Reserve Component	07/03/2018
USAAA	A-2018-0072-MTZ	First-Term Soldier Investment Strategies	07/30/2018
USAAA	A-2018-0076-FMP	Theater Sustainment Maintenance Program–Korea, U.S. Army Materiel Support Command–Korea	08/22/2018
USAAA	A-2018-0077-MTT	Management of Rotary Wing Flight Operations–Army National Guard Training	08/13/2018
USAAA	A-2018-0081-MTT	Management of Rotary-Wing Flight Operations–Institutional Training	08/30/2018
USAAA	A-2018-0082-MTT	Management of Rotary-Wing Flight Operations–Operational Training	08/30/2018
NAVAUDSVC	N2018-0028	Security Equipment for Navy Security Forces Personnel at Selected Installations within Commander, Navy Region Mid-Atlantic	04/02/2018
NAVAUDSVC	N2018-0029	Base Operating Support Safety Services at Selected Installations within Commander, Navy Region Southwest	04/04/2018
NAVAUDSVC	N2018-0033	Navy Small Arms Accountability at Selected West Coast Commands	05/15/2018
NAVAUDSVC	N2018-0036	Facility Support Contracts within Commander, Navy Region Mid-Atlantic	05/17/2018
NAVAUDSVC	N2018-0041	Sufficiency of United States Naval Academy Infrastructure	06/07/2018
NAVAUDSVC	N2018-0042	Followup on “Consideration of Hazardous Noise in the Acquisition of Selected Major Department of the Navy Weapon Systems and Platforms” Audit Recommendations	06/11/2018
NAVAUDSVC	N2018-0044	Security Equipment for Navy Security Forces Personnel at Selected Installations Outside the Continental United States	06/27/2018
NAVAUDSVC	N2018-0049	Facility Support Contracts Within the Commander, Navy Region Southwest Area of Responsibility	08/21/2018
NAVAUDSVC	N2018-0052	Navy Military Construction Projects Proposed for Fiscal Year 2020	09/11/2018
NAVAUDSVC	N2018-0054	United States Marine Corps Military Construction Projects Proposed for Fiscal Year 2020	09/19/2018
AFAA	F2018-0006-O40000	Officer Scrolling	05/04/2018
AFAA	F2018-0006-L40000	Initial Spare Parts Requirements	06/22/2018
AFAA	F2018-0007-L40000	Emergency Contingency Allowance Equipment	07/10/2018
AFAA	F2018-0004-L20000	Cartridge Actuated Devices/Propellant Actuated Devices Maintenance and Sustainment	08/16/2018
AFAA	F2018-0004-O20000	Prime Base Engineering Emergency Forces	09/21/2018
AFAA	F2018-0006-O30000	Air Force Studies Registry Program	09/24/2018
AFAA	F2018-0005-L20000	Aircraft Availability Rates	09/25/2018

Ensuring Ethical Conduct

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-118	Hotline Allegation of a Safety Violation at Blue Grass Chemical Agent-Destruction Pilot Plant	05/17/2018
DoD OIG	DODIG-2018-131	Report of Investigation: Rick A. Uribe Brigadier General U.S. Marine Corps	06/14/2018
AFAA	F2018-0008-O40000	Reasonable Accommodations	09/21/2018

Providing Effective, Comprehensive, and Cost Effective Health Care

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-108	TRICARE Payments for Standard Electric Breast Pumps and Replacement Parts	04/25/2018
DoD OIG	DODIG-2018-109	Protection of Patient Health Information at Navy and Air Force Military Treatment Facilities	05/02/2018
DoD OIG	DODIG-2018-111	Access to Care at Selected Military Treatment Facilities	05/01/2018
DoD OIG	DODIG-2018-153	Armed Forces Retirement Home Support Functions	09/24/2018
USAAA	A-2018-0047-MTM	Medical Device Maintenance	04/24/2018
USAAA	A-2018-0068-MTM	Implantable Medical Device Purchases, Womack Army Medical Center	07/11/2018
USAAA	A-2018-0074-IEE	Follow-up Audit of the Army Worker's Compensation Program – Case Management	07/27/2018
NAVAUDSVC	N2018-0035	Training Requirements for the Department of the Navy's Safety and Occupational Health Personnel	05/17/2018
NAVAUDSVC	N2018-0040	U.S. Marine Corps Temporary Disability Retired List: 18-Month Periodic Physical Examinations and Followup on Prior Naval Audit Service Reports	06/07/2018
NAVAUDSVC	N2018-0043	Suicide Crisis Links and/or Phone Numbers on Marine Corps Web Sites Followup	06/15/2018
AFAA	F2018-0007-040000	Clinic Staff Availability	08/22/2018

Identifying and Implementing Efficiencies in the DoD

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-122	U.S. Strategic Command facility Construction Project	05/31/2018
DoD OIG	DODIG-2018-125	The Fort Bliss Hospital Replacement Military Construction Project	06/06/2018
USAAA	A-2018-0033-MTH	The Army's Marketing and Advertising Program, Contract Oversight	04/13/2018
USAAA	A-2018-0036-MTH	The Army's Marketing and Advertising Program, Return on Investment	04/13/2018
USAAA	A-2018-0055-ALS	Property Accountability of Unmanned Aircraft System Simulators	06/14/2018
USAAA	A-2018-0056-ALS	Property Accountability of Unmanned Aircraft Systems	06/14/2018
USAAA	A-2018-0057-IEO	U.S. Army Reserve Command Security Clearance Processes- Eligibility and In-/Out-Processing	06/15/2018
USAAA	A-2018-0066-IEE	Energy Rebates and Incentives	07/09/2018
USAAA	A-2018-0069-IEO	Army Security Clearance Processes–Eligibility and In and Out Processing	07/11/2018
USAAA	A-2018-0089-ALS	Fort Irwin 11th Armored Cavalry Regiment Supply Support Activity	09/14/2018
NAVAUDSVC	N2018-0034	Budget Submitting Office 12 Major Headquarters Activities Reduction Plan Baseline	05/15/2018
NAVAUDSVC	N2018-0056	Budget Submitting Office 12 Major Headquarters Activities Reduction Plan	09/28/2018
AFAA	F2018-0005-020000	Aviation Fuel Efficiencies	09/24/2018

Other

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-114	System Review Report on the Missile Defense Agency Internal Review Office	05/10/2018
DoD OIG	DODIG-2018-138	DoD's Organizational Changes to the Past Conflict Personnel Accounting Community	07/18/2018
DoD OIG	DODIG-2018-150	Evaluation of Department of Navy's Response to Senate Armed Services Committee Report	08/31/2018

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-158	System Review Report on the Air Force Audit Agency's Special Access Program Audits	09/28/2018
USAAA	A-2018-0058-FMP	Ammunition Facilities Management—Kadena Air Base, Okinawa, Japan	06/20/2018
USAAA	A-2018-0060-IEE	Prevention and Resolution of Encroachments, Assistant Secretary of the Army for Civil Works	06/21/2018
USAAA	A-2018-0061-FMX	Independent Auditor's Report on the Agreed-Upon Procedures Attestation of the Army's Reporting to the FBI's Criminal Justice Information Services Division	06/26/2018
USAAA	A-2018-062-ALS	Independent Auditor's Report on the Agreed-Upon Procedures Attestation of Government Purchase Card Transactions at Fort Bragg	06/22/2018
USAAA	A-2018-0063-IEO	Audit of the Use of Army and Air Force Exchange Service Dividends	07/03/2018
USAAA	A-2018-0073-FMX	Fire and Emergency Services Payroll	07/31/2018
USAAA	A-2018-0078-IEE	Dam Safety Studies, U.S. Army Corps of Engineers	09/06/2018
USAAA	A-2018-0083-ALS	Credits for Unserviceable Parts, U.S. Army Communications-Electronics Command	09/06/2018
USAAA	A-2018-0084-IEE	Motor Vessel Mississippi, U.S. Army Corps of Engineers	08/30/2018
USAAA	A-2018-0085-FMX	Nonaudit Service: Criminal Investigation Command Assist for Investigation, Melbourne, Florida	09/11/2018
USAAA	A-2018-0086-FMX	Nonaudit Service: Criminal Investigation Command Request for Assistance in a U.S. Army Criminal Investigation Command Target Analysis File 00019-2018-CID167 for Baumholder, Germany	09/11/2018

REPORTS WITH QUESTIONED COSTS AND FUNDS RECOMMENDED TO BE PUT TO BETTER USE

Reports Issued	Date	Questioned Costs	Unsupported Costs	Funds Put to Better Use
DODIG-2018-103 Payments to Electromagnetic Pulse Commission Support Contractor	04/06/2018	\$118,755	\$118,755	\$0
DODIG-2018-105 Noncompetitive Information Technology Contracts at the Defense Health Agency	04/13/2018	\$237,926,226	\$237,926,226	\$0
DODIG-2018-108 TRICARE Payments for Standard Electric Breast Pumps and Replacement Parts	04/25/2018	\$16,200,000	\$0	\$81,200,000
DODIG-2018-110 Defense Contract Management Agency's Information Technology Service Contracts	04/25/2018	\$74,393,223	\$17,096,393	\$0
DODIG-2018-119 DoD Oversight of Logistics Civil Augmentation Program in Afghanistan Invoice Review and Payment	05/11/2018	\$594,000,000	\$594,000,000	\$0
DODIG-2018-124 Development, Review, and Validation of the Philippines Operations Support Contract III Requirements	06/05/2018	\$57,200,000	\$57,200,000	\$0
DODIG-2018-135 Defense Logistics Agency Award and Administration of Energy Savings Performance Contracts	07/06/2018	\$1,800,000	\$0	\$0
DODIG-2018-139 DoD Management of the Enhance Army Global Logistics Enterprise Maintenance Contract in Afghanistan	07/23/2017	\$77,818,000	\$0	\$0
DODIG-2018-151 Military Sealift Command's Maintenance of Prepositioning Ships	09/24/2018	\$544,743,015	\$0	\$695,629
Total		\$1,604,199,219	\$906,341,374	\$81,895,629

Partially fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(a)(6).

FOLLOWUP ACTIVITIES

Decision status of DoD OIG issued audit, inspection, and evaluation reports and dollar value of recommendations that funds be put to better use.

Status	Number	Funds Put to Better Use (in thousands)
A. For which no management decision had been made by the beginning of the reporting period.	32	\$0
B. Which were issued during the reporting period.	61	\$1,686,095 ¹
Subtotals (A+B)	93	
C. For which a management decision was made during the reporting period. (i) dollar value of recommendations that were agreed to by management. - based on proposed management action - based on proposed legislative action (ii) dollar value of recommendations that were not agreed to by management.	56	\$1,686,095 ^{2,3}
D. For which no management decision has been made by the end of the reporting period.	37	0
Reports for which no management decision was made within 6 months of issue (as of September 30, 2018).	0	0

1. The DoD OIG issued audit reports during the period involving \$1.6 billion in “questioned costs.”
2. On these audit reports management has agreed to take the recommended actions, but the amount of agreed monetary benefits cannot be determined until those actions are completed.
3. Includes \$1.6 billion in “questioned costs.”

Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, §§ 5(a)(8),(9) and (10).

STATUS OF ACTION ON CENTRAL INTERNAL AUDITS PERIOD ENDING SEPTEMBER 30, 2018

Status	Number	Funds Put to Better Use (in thousands)
DoD OIG		
Action in Progress - Beginning of Period	308	\$0
Action Initiated - During Period	61	\$1,686,095 ¹
Action Completed - During Period	61	\$629,832 ²
Action in Progress - End of Period	308	\$0 ³
Military Departments		
Action in Progress - Beginning of Period	474 ⁴	\$7,439,145
Action Initiated - During Period	124	\$1,564,303
Action Completed - During Period	113	\$1,074,995
Action in Progress - End of Period	485	\$6,306,849

1. The DoD OIG opened audit reports during the period involving \$1.6 billion in “questioned costs.”
2. Included are recouped “questioned costs” of \$1.2 million.
3. On certain reports with audit estimated monetary benefits of \$2.9 billion, the DoD OIG agreed that the resulting monetary benefits can only be estimated after completion of management action, which is ongoing.
4. Incorporates retroactive adjustments.

Partially fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(b)(2) and (3).

CONTRACT AUDIT REPORTS ISSUED

April 1, 2018 through September 30, 2018

Type of Audit ¹	Reports Issued	Dollars Examined (in millions)	Questioned Costs ² (in millions)	Funds Put to Better Use (in millions)
Incurring Costs, Ops Audits, Special Audits	2,040	\$274,547.4	\$3,817.3	\$--- ³
Forward Pricing Proposals	400	\$30,302.8	---	\$2,452.1 ⁴
Cost Accounting Standards	90	\$65.4	\$144.9	---
Defective Pricing	11	(Note 5)	\$97.5	---
Totals	2,541	\$304,915.6	\$363.20	\$2,452.1

This schedule represents Defense Contract Audit Agency (DCAA) contract audit reports issued during the six months ended September 30, 2018. This schedule includes any audits that DCAA performed on a reimbursable basis for other government agencies and the associated statistics may also be reported in other OIGs' Semiannual Reports to Congress. Both "Questioned Costs" and "Funds Put to Better Use" represent potential cost savings. Because of limited time between availability of management information system data and legislative reporting requirements, there is minimal opportunity for DCAA to verify the accuracy of reported data. Accordingly, submitted data is subject to change based on subsequent DCAA authentication. The total number of assignments completed during the six months ended September 30, 2018 was 7,130. Some completed assignments do not result in a report issued because they are part of a larger audit or because the scope of the work performed does not constitute an audit or attestation engagement under generally accepted government auditing standards, so the number of audit reports issued is less than the total number of assignments completed.

1. This schedule represents audits performed by DCAA summarized into four principal categories, which are defined as:

Incurring Costs – Audits of direct and indirect costs charged to Government contracts to determine that the costs are reasonable, allocable, and allowable as prescribed by the Federal Acquisition Regulation, Defense Federal Acquisition Regulation Supplement, and provisions of the contract. Also included under incurred cost audits are Operations Audits, which evaluate a contractor's operations and management practices to identify opportunities for increased efficiency and economy; and Special Audits, which include audits of terminations and claims.

Forward Pricing Proposals – Audits of estimated future costs of proposed contract prices, proposed contract change orders, costs for redeterminable fixed-price contracts, and costs incurred but not yet covered by definitized contracts.

Cost Accounting Standards – A review of a contractor's cost impact statement required due to changes to disclosed practices, failure to consistently follow a disclosed or established cost accounting practice, or noncompliance with a CAS regulation.

Defective Pricing – A review to determine whether contracts are based on current, complete and accurate cost or pricing data (the Truth in Negotiations Act).

- Questioned costs represent costs that DCAA has questioned because they do not comply with rules, regulations, laws, and/or contractual terms.
- Represents recommendations associated with Operations Audits where the DCAA has presented to a contractor that funds could be used more effectively if management took action to implement cost reduction recommendations.
- Represents potential cost reductions that may be realized during contract negotiations.
- Defective pricing dollars examined are not reported because the original value was included in the audits associated with the original forward pricing proposals.

Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 8(f)(1).

STATUS OF ACTION ON POST-AWARD CONTRACTS

	Number of Reports	Costs Questioned ⁵ (in millions)	Costs Sustained ⁶ (in millions)
Open Reports			
Within Guidelines ¹	469	\$1,590.9	N/A ⁷
Overage, greater than 6 months ²	643	\$3,230.7	N/A
Overage, greater than 12 months ³	465	\$3,188.2	N/A
Under Criminal Investigation ⁴	40	\$257.6	N/A
In Litigation ⁴	193	\$1,893.1	N/A
Total Open Reports	1,810	\$10,160.5	N/A
Dispositioned (Closed) Reports	480	\$2,401.0	\$771.5 (32.1%) ⁸
All Reports	2,290	\$12,561.5	N/A

We are reporting on the status of significant post-award contract audits in accordance with DoD Instruction 7640.02, "Policy for Follow-up on Contract Audit Reports," April 15, 2015. The data in the table represents the status of Defense Contract Audit Agency post-award reports, including reports on incurred costs, defective pricing, equitable adjustments, accounting and related internal control systems, and Cost Accounting Standard noncompliances. The DoD Components provided the data in the table. We have not verified the accuracy of the provided data.

- Contracting officers assigned to these reports met the resolution and disposition timeframes established by OMB Circular A-50, "Audit Follow-up," and DoD Instruction 7640.02. OMB Circular A-50 requires that contracting officers resolve audit reports within 6 months. Generally, contracting officers resolve an audit when they determine a course of action that they document in accordance with agency policy. DoD Instruction 7640.02 requires that a contracting officer disposition an audit report within 12 months. Generally, contracting officers disposition a report when they negotiate a settlement with the contractor, or they issue a final decision pursuant to the Disputes Clause.
- Contracting officers have not resolved these overage reports within the 6-month resolution requirement.
- Contracting officers have not dispositioned these overage reports within the 12-month disposition requirement.
- Of the 1,810 open reports, 40 are under criminal investigation and 193 are in litigation.
- Cost Questioned represents the amount of audit exception, potential cost avoidance, or recommended price adjustment in the audit report.
- Cost Sustained represents the questioned costs, potential cost avoidance, or recommended price adjustment sustained by the contracting officer. Contracting officers report Cost Sustained when they disposition a report.
- Not applicable
- During the reporting period, contracting officers sustained \$771.5 million (32.1 percent) of the \$2,401.0 million questioned in the dispositioned reports. The 32.1 percent sustention rate represents an increase from the 29.1 percent rate reported for the period ended March 31, 2018.

Fulfills requirements of DoD Instruction 7640.02, "Policy for Follow-up on Contract Audit Reports," April 15, 2015, Enclosure 2, Section (1)(d).

STATUS OF REPORTS WITH ACTION PENDING (SEPTEMBER 30, 2018)

Report: D-2006-077, DoD Personnel Security Clearance Process at Requesting Activities, 4/19/2006

Description of Action: Update Department of Defense Personnel Security Clearance Program policies to include information on investigative responsibilities, security clearance systems, submission processes, levels of security clearances, and training requirements.

Reason Action Not Completed: Awaiting the issuance of revised Army and Air Force related guidance, Army Regulation 380-67 and Air Force Instruction 16-1405.

Principal Action Office: Army and Air Force

Report: D-2009-062, Internal Controls Over DoD Cash and Other Monetary Assets, 3/25/2009

Description of Action: Revise the DoD Financial Management Regulation to reflect implementation of the related changes.

Reason Action Not Completed: Awaiting the revision of DoD Financial Management Regulation, Volume 5, to reflect the implementation of the new U.S. Treasury accounts symbols. Revised target completion date is June 2018.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer

Report: D-2010-024, Contracted Advisory and Assistance Services for the U.S. Army Future Combat Systems, 11/24/2009

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: The Director, Defense Pricing and Contracting will issue a memorandum based on existing guidance in first quarter FY 2019.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: D-2010-026, Joint Civilian Orientation Conference Program, 12/9/2009

Description of Action: Update DoD Instruction 5410.19 to clarify how to administer and manage the Joint Civilian Orientation Conference program.

Reason Action Not Completed: Extensive time required to coordinate rewrite of DoD Instruction 5410.19.

Principal Action Office: Assistant Secretary of Defense for Public Affairs

Report: D-2011-060, Marine Corps Inventory of Small Arms Was Generally Accurate but Improvements Are Needed for Related Guidance and Training, 4/22/2011

Description of Action: Update the small arms accountability guidance in Marine Corps Order 5530.14A.

Reason Action Not Completed: Delayed while awaiting the release of DoD Directive 5210.56 "Arming and the Use of Force," DoD Instruction 5200.08, "Security of DoD Installations and Resources," and DoD Instruction 5200.08-R "Physical Security Program." These DoD policy documents provide Department of Defense-level physical security policy to the Services and influence the entire content of Marine Corps Order 5530.14A.

Report: D-2011-104, Pricing and Escalation Issues Weaken the Effectiveness of the Army Contract With Sikorsky to Support the Corpus Christi Army Depot, 9/8/2011

Description of Action: Obtain refunds from contractor for pricing and excessive escalation.

Reason Action Not Completed: The Army Contracting Command-Redstone Arsenal is pursuing recoupment from Sikorsky on parts covered by the Defense Contract Audit Agency audit report.

Report: DODIG-2012-017, U.S. Naval Academy Officials Did Not Adhere to Contracting and Gift Policies, 11/7/2011

Description of Action: Record all in-kind gifts into the Naval History and Heritage Command inventory system and require the U.S. Naval Academy Museum Director to use the software system.

Reason Action Not Completed: The U.S. Naval Academy Museum does not have access to the Department of Navy Heritage Asset Management System (DONHAMS) because a cloud-based server was lost due to a major hardware failure. Chief Information Officer and Space and Naval Warfare Systems Command technicians and the contractor are in the process of installing and reconfiguring the system software to ensure the application is available to all system users.

Principal Action Office: Navy

Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(b)(4). For this reporting period, there were disallowed costs of \$518 million on reports over 12 months old with final action pending.

Report: DODIG-2012-039, Summary Report on DoD's Management of Undefinitized Contractual Actions, 1/13/2012

Description of Action: Develop a transparent means to document incurred costs and reduced cost risk related to substantial incurred costs during undefinitized periods.

Reason Action Not Completed: The Defense Procurement and Acquisition Policy Office opened Defense Federal Acquisition Regulation Supplement Case 2015-D024 to develop a transparent means to document incurred costs and reduced cost risk related to substantial incurred cost during the undefinitized periods. The DFARS Pricing Committee is adjudicating the public comments, finalizing responses, and preparing the final rule. Target completion date extended to fourth quarter FY 2018.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2012-041, Evaluation of DoD Contracts Regarding Combating Trafficking in Persons: U.S. European Command and U.S. Africa Command, 1/17/2012

Description of Action: Modify deficient contracts to include appropriate Federal Acquisition Regulation Combating Trafficking in Persons clauses.

Reason Action Not Completed: Extensive time required to coordinate and implement corrective actions.

Principal Action Office: Army

Report: DODIG-2012-082, DoD Can Improve Its Accounting for Residual Value From the Sale of U.S. Facilities in Europe, 5/4/2012

Description of Action: Revise DoD Instruction 4165.69 to require that future residual value settlement negotiations analyze and document how the residual value settlement amount was determined.

Reason Action Not Completed: Delayed efforts to revise a Directive-type Memorandum has postponed the associated update of DoD Instruction 4165.69.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2012-107, Defense Finance and Accounting Service Needs to Improve the Process for Reconciling the Other Defense Organizations' Fund Balance with Treasury, 7/9/2012

Description of Action: Develop a systems infrastructure that will allow retrieval of detailed transactions that support open appropriations; reconciliations between transactions supporting the amounts on the Cash Management Report and Other Defense Organizations' (ODO) accounting systems; and monthly transaction level reconciliations for the ODOs.

Reason Action Not Completed: Department 97 Reconciliation and Reporting Tool (DRRT) Increment 3 is under development and will add six new reconciliations, funding/receipt/suspense data, and be hosted on a Defense Information Systems Agency (DISA) Secure Internet Protocol Router platform to support sensitive activities' data. Implementation date is dependent on when DISA can provide the platform and the appropriate accreditation can be acquired.

Principal Action Office: Defense Finance and Accounting Service

Report: DODIG-2012-110, Better Oversight Needed for the National Guard's Weapons of Mass Destruction Civil Support Teams, 7/2/2012

Description of Action: Develop a written oversight plan in coordination with personnel from each Joint Force Headquarters-State that verifies compliance with mission reporting requirements and provides feedback to Weapons of Mass Destruction Civil Support Teams on omissions and errors.

Reason Action Not Completed: Chief National Guard Bureau manual that governs the Weapons of Mass Destruction Civil Support Teams management continues to be staffed. Publication of the management procedures is expected by September 30, 2018.

Principal Action Office: National Guard Bureau

Report: DODIG-2012-117, General Fund Enterprise Business System Project Office Contract Modifications, 8/14/2012

Description of Action: Ensure that the Defense Federal Acquisition Regulation Supplement properly references the DoD Financial Management Regulation as the appropriate policy mechanism for financing Economy Act Orders with non-DoD agencies. Update the Procedures, Guidance, and Information to include a section on how to properly monitor interagency acquisitions.

Reason Action Not Completed: Updates to Procedures, Guidance, and Information is ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2012-122, DoD Should Procure Compliant Physical Access Control Systems to Reduce the Risk of Unauthorized Access, 8/29/2012

Description of Action: Revise Chief of Naval Operations Instruction 5530.14E to require installation security personnel to be involved during the site surveys.

Reason Action Not Completed: Corrective actions are ongoing to revise Chief of Naval Operations Instruction 5530.14E. Target completion date is October 2018.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness and Navy

Report: DODIG-2012-124, DoD Efforts to Protect Critical Program Information: The Navy's EA-18G "Growler", 8/30/2012

Description of Action: Review policy to ensure that the use of the Foreign Visits System-Confirmation Module is mandatory for DoD components, as originally required by the Deputy Secretary of Defense.

Reason Action Not Completed: DoD Directive 5230.20 must be rewritten to reflect provisions of the FY 2017 National Defense Authorization Act, and implementation of 10 U.S.C. 311. DoD Directive 5230.20 will be reissued after the Deputy Secretary of Defense determines the way ahead on responsibilities for assignment of foreign exchange officers and the coordination is completed.

Principal Action Office: Under Secretary of Defense for Intelligence, Under Secretary of Defense for Policy and Navy

Report: DODIG-2012-135, Counter Narcoterrorism Technology Program Office's Mi-17 Overhaul Contracts, 9/27/2012

Description of Action: Withhold payments on additional costs associated with two contractors' requests for equitable adjustments until all costs have been determined to be reasonable, allowable, and allocable, and the head of the contracting activity has reviewed the requisite analyses.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2013-005, Performance Framework and Better Management of Resources Needed for the Ministry of Defense Advisors Program, 10/23/2012

Description of Action: Develop a performance management framework to cover Ministry of Defense Advisors' program office responsibilities, including advisor recruiting, training, and deployment performance indicators to assess progress and measure program results.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Assistant Secretary of Defense for Special Operations/Low Intensity Conflict and Combined Security Transition Command-Afghanistan

Report: DODIG-2013-035, Better Reporting and Certification Processes Can Improve Red Teams' Effectiveness, 12/21/2012

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Air Force

Report: DODIG-2013-036, Improvements Are Needed to Strengthen the Security Posture of USACE, Civil Works, Critical Infrastructure and Industrial Control Systems in the Northwestern Division, 1/14/2013

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2013-050, Recovering Organizational Clothing and Individual Equipment From Civilians and Contractor Employees Remains a Challenge, 2/22/2013

Description of Action: Complete the records review and perform final adjudication of unreturned Organizational Clothing and Individual Equipment issued to civilians and contractors.

Reason Action Not Completed: Ongoing review on four open cases.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2013-070, Defense Agencies Initiative Did Not Contain Some Required Data Needed to Produce Reliable Financial Statements, 4/19/2013

Description of Action: Revise DoD Financial Management Regulation guidance to require costs of programs reported in the Statement of Net Cost to be accounted for by program costs and not by appropriation, enabling the use of the Program Indicator Code attribute.

Reason Action Not Completed: Extensive time required to revise and coordinate policy guidance.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer

Report: DODIG-2013-072, Data Loss Prevention Strategy Needed for the Case Adjudication Tracking System, 4/24/2013

Description of Action: Develop a plan and funding to move the disaster recovery site outside of the National Capital Region.

Reason Action Not Completed: Defense Manpower Data Center is working with the National Background Investigation System and Defense Information System Agency to setup the permanent continuity of operations infrastructure at the Defense Information System Agency Defense Enterprise Computing Center.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2013-078, TRICARE Management Activity Needs to Improve Oversight of Acquisition Workforce, 5/1/2013

Description of Action: Perform a comprehensive review of Tricare Management Activity's compliance with the recommendation to develop a time-phased plan for all acquisition workforce personnel who did not attain position required certifications within allowed timeframes to obtain certifications, and as appropriate, initiate administrative action to remove them from acquisition related positions.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2013-079, Advanced Combat Helmet Technical Assessment, 5/29/2013

Description of Action: Fully characterize the performance of all helmet designs included in the combat helmet test protocols. Performance characterization should consider threat, historical test data, prototype test data, and manufacturing capabilities. Based on helmet performance characterizations, determine if modification to the first article test and lot acceptance test protocols are appropriate.

Reason Action Not Completed: Characterization of the Integrated Head Protection System has not yet occurred.

Principal Action Office: Director, Operational Test and Evaluation

Report: DODIG-2013-082, Hotline Allegation Regarding the Failure to Take Action on Material Management and Accounting System (MMAS) Audit Findings, 5/29/2013

Description of Action: Re-evaluate the determination that the costs of complying with Standard 2 outweigh the benefits, and document adequate rationale for any disagreements with the auditor in accordance with DoD Instruction 7640.02. Reassess the appropriateness of the March 15, 2013, agreement with the contractor on the master production schedule accuracy calculation.

Reason Action Not Completed: Two recommendations are in the resolution process.

Principal Action Office: Navy

Report: DODIG-2013-085, Cryptographic Modernization of Critical Nuclear command, Control, and Communications Systems, 5/29/2013

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: National Security Agency

Report: DODIG-2013-097, Improvements Needed in the Oversight of the Medical-Support Services and Award-Fee Process Under the Camp As Sayliyah, Qatar, Base Operation Support Services Contract, 6/26/2013

Description of Action: Revise Army Regulation 40-68, Clinical Quality Management, to align the regulation with supervision requirements set forth in Federal Acquisition Regulation 37.4.

Reason Action Not Completed: Army regulation expected to be published in Fiscal Year 2019.

Principal Action Office: Army

Report: DODIG-2013-098, Assessment of U.S. Military Cemeteries, 6/28/2013

Description of Action: Update Office of the Secretary of Defense guidance and Military Service regulations, instructions, manuals and inspection procedures to improve and standardize cemetery management across Services.

Reason Action Not Completed: Office of the Secretary of Defense-level guidance is in draft form and in coordination with the agencies impacted. Once issued, the Services will finish updating their regulations, instructions, manuals, and inspection procedures.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Under Secretary of Defense for Personnel Readiness, Army, Navy, and Air Force

Report: DODIG-2013-100, Contract Administration of the Subsistence Prime Vendor Contract for Afghanistan Improved, but Additional Actions are Needed, 7/2/2013

Description of Action: Initiate corrective actions to recover premium transportation fees and provide a refund to the Army after litigation is completed.

Reason Action Not Completed: An Armed Services Board of Contract Appeals case remains in litigation.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2013-102, Improved Oversight of Communications Capabilities Preparedness Needed for Domestic Emergencies, 7/1/2013

Description of Action: Establish oversight procedures, including performance metrics, to verify that National Guard units report the readiness status of personnel and equipment for the Joint Incident Site Communications Capability system in a timely manner.

Reason Action Not Completed: Action to complete the required standard operation procedures has been delayed due to significant turnover and transition over the past 2 years.

Principal Action Office: National Guard Bureau

Report: DODIG-2013-103, Boeing Overstated Contract Requirements for the CH-47F Helicopter, 7/16/2013

Description of Action: Determine a use for the existing CH-47F Government-furnished property stored at New Breed.

Reason Action Not Completed: Items remaining to be dispositioned by Boeing.

Principal Action Office: Army

Report: DODIG-2013-119, Better Procedures and Oversight Needed to Accurately Identify and Prioritize Task Critical Assets, 8/16/2013

Description of Action: Develop or update policies and procedures to include all Defense Critical Infrastructure Program requirements and critical asset identification process steps in DoD Instruction 3020.45.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Assistant Secretary of Defense for Homeland Defense and Global Security

Report: DODIG-2013-123, Army Needs To Improve Mi-17 Overhaul Management and Contract Administration, 8/30/2013

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Long-term corrective actions to recoup funds have been initiated and demand letter sent. Collections will be established as appropriate.

Principal Action Office: Army

Report: DODIG-2013-130, Army Needs to Improve Controls and Audit Trails for the General Fund Enterprise Business System Acquire-to-Retire Business Process, 9/13/2013

Description of Action: Review all real property data in the General Fund Enterprise Business System to ensure the system contains the correct data going forward and track the costs associated with this effort and other data cleansing efforts so they can be calculated as part of the cost of the General Fund Enterprise Business System implementation or as part of the Army's audit readiness efforts.

Reason Action Not Completed: Real property assets that failed specific business rules that were subject to a specific action needs to be provided and validated. The Installation Management community is still validating and correcting the nine plant replacement value data elements. Final costs that were reported in the General Fund Enterprise Business System as depreciation expense is yet to be provided.

Principal Action Office: Army

Report: DODIG-2013-142, DoD Evaluation of Over-Classification of National Security Information, 9/30/2013

Description of Action: Revise existing policy to encourage classification challenges, and provide template language for security classification guides that is consistent with the intent of Executive Order 13526.

Reason Action Not Completed: Ongoing updates to guidance are incorporating template language for security classification guides that is consistent with the intent of Executive Order 13526; however, guidance is still undergoing review and have not been finalized.

Principal Action Office: Under Secretary of Defense for Intelligence, Under Secretary of Defense for Research and Engineering

Report: DODIG-2014-001, MV-22 Squadrons Could Improve Reporting of Mission Capability Rates and Readiness, 10/23/2013

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Navy and Marine Corps

Report: DODIG-2014-019, Assessment of Continental United States Based Nuclear Response Task Force Programs, 12/3/2013

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: U.S. Northern Command

Report: DODIG-2014-026, Assessment of Arlington and Soldiers' and Airmen's Home National Cemeteries, 12/20/2013

Description of Action: Develop and implement a single data entry record management system.

Reason Action Not Completed: Army actions still ongoing toward completing the development of the new Enterprise Interment Services System that will include the new module for the processing of scheduling requests.

Principal Action Office: Army

Report: DODIG-2014-037, Title is For Official Use Only, 2/10/2014

Description of Action: Develop time-phased plans of action and milestones to verify whether U.S. Army Corps of Engineers Commanders and District Engineers, operations project managers, operations managers, and information assurance managers assessed the applicability of the weaknesses, and implemented procedures to identify and remediate systemic cyber security weaknesses by designing appropriate platforms for testing vulnerability patches.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2014-038, Air Force Life Cycle Management Center Could Not Identify Actual Cost of F119 Engine Spare Parts Purchased From Pratt and Whitney, 2/10/2014

Description of Action: Complete a Business Case Analysis, including a review of the F119 supply chain and item management methodology, and incorporate the results into the 2018 follow-on sustainment contract.

Reason Action Not Completed: Actions to incorporate the 2015 Business Case Analysis recommendations into the 2018 follow-on F119 sustainment contract are ongoing.

Principal Action Office: Air Force

Report: DODIG-2014-049, DoD Considered Small Business Innovation Research Intellectual Property Protections in Phase III Contracts, but Program Improvements Are Needed, 3/27/2014

Description of Action: Issue departmental guidance on the standard intellectual property protections and use of the data assertions table; timely Small Business Administration notification requirements; and recording Small Business Innovation Research information in existing databases to increase the accuracy and uniformity of database information.

Reason Action Not Completed: Small Business Administration is developing a policy directive on intellectual property and published a Notice of Proposed Amendments in the Federal Register. Once comments are adjudicated, a rule is published in the Federal Register, and the policy directive is finalized, the DoD will make any necessary changes to the DoD Federal Acquisition Regulation Supplement.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2014-052, DoD Did Not Negotiate Rates With Overseas Health Care Providers and Generally Paid Claims as Billed, 4/1/2014

Description of Action: Conduct a study under the follow-on TRICARE Overseas Program contract, to determine: 1) if the cost of aeromedical evacuations missions were reasonable based on a comparison of what three commercial air ambulance companies would have charged for a similar mission; and 2) care provided in one of their commercial clinics to determine if the cost of the care was reasonable and customary for that location/ similar locations.

Reason Action Not Completed: A retrospective review of all claims submitted by the TRICARE Overseas Program contractor is being conducted.

Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2014-066, Logistics Modernization Program System Not Configured to Support Statement of Budgetary Resources, 5/5/2014

Description of Action: Develop procedures for distributing Defense Working Capital Fund budget authority to the budget offices for recording in the Enterprise Resource Planning systems that support the Defense Working Capital Fund.

Reason Action Not Completed: The Office of the Under Secretary of Defense (Comptroller) is in the process of implementing procedures within the DoD Enterprise Funds Distribution system to track Fund Center recipients (budget offices) of funding of Comptroller allotments and record the United States Standard General Ledger behind the budgetary related business event. The Office of the Under Secretary of Defense (Comptroller) is also implementing an interface within the Enterprise Funds Distribution system to communicate budget balances to reporting and accounting systems. Target completion date is October 2019.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer and Army

Report: DODIG-2014-073, Northrop Grumman Improperly Charged Labor for the Counter Narco-terrorism Technology Program, 5/13/2014

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2014-081, Army Integrated Air and Missile Defense Program Needs to Improve Software, Test, and Requirements Planning, 6/9/2014

Description of Action: Revise the draft capability production document to ensure the requirements are defined to comply with DoD Instruction 5000.02. Also prepare a follow-on capability production document to support the Terminal High Altitude Area Defense integration.

Reason Action Not Completed: The Increment 2 capability production document is on track to support a Milestone C decision. The Increment 3 capability production document that supports the Terminal High Altitude Area Defense integration is scheduled for worldwide staffing by fourth quarter FY 2018.

Principal Action Office: Army

Report: DODIG-2014-083, Insufficient Infrastructure Support to the Fixed Submarine Broadcast System, 6/23/2014

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Navy

Report: DODIG-2014-090, Improvements Needed in the General Fund Enterprise Business System Budget-to-Report Business Process, 7/2/2014

Description of Action: Verify that the General Fund Enterprise Business System posting logic documentation is accurate and complete, and use it to validate General Fund Enterprise Business System general ledger account postings.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2014-093, Inspection of the Armed Forces Retirement Home, 7/23/2014

Description of Action: Modify Armed Forces Retirement Home Agency Directive 8-13, to reflect the established Armed Forces Retirement Home practice and the Armed Forces Retirement Home Legal Team opinion, with respect to determining eligibility of those deemed incapable of earning a livelihood. Review and revise directive to ensure it clarifies the methodology and criteria used to make incapable of earning a livelihood determinations.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Chief Management Officer

Report: DODIG-2014-096, Improvements Needed in Contract Administration of Mi-17 Cockpit Modification Task Order, 7/28/2014

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2014-100, Assessment of DoD Wounded Warrior Matters: Selection and Training of Warrior Transition Unit and Wounded Warrior Battalion Leaders and Cadre, 8/22/2014

Description of Action: Provide the action plan on future Wounded Warrior Regiment staffing and manning requirements.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Marine Corps

Report: DODIG-2014-101, Delinquent Medical Service Accounts at Brooke Army Medical Center Need Additional Management Oversight, 8/13/2014

Description of Action: Send dispute letters to Texas Medicaid and Healthcare Partnership for all claims denied for missing the 95-day filing requirement; provide U.S. Army Medical Command all the Medicaid-eligible claims denied by Texas Medicaid Health Partnership for missing the 95-day filing requirement to identify the value and impact of those claims to Brooke Army Medical Center; and meet with Department of Health and Human Services to discuss difficulties Brooke Army Medical Center has encountered with denied claims and reimbursement levels from the Texas Medicaid and Healthcare Partnership.

Reason Action Not Completed: DoD OIG follow up review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Assistant Secretary of Defense for Health Affairs and Army

Report: DODIG-2014-102, Government of the Islamic Republic of Afghanistan Needs to Provide Better Accountability and Transparency Over Direct Contributions, 8/29/2014

Description of Action: Require the Government of the Islamic Republic of Afghanistan Ministries of Defense and Interior to automate their payroll processes and eliminate manual edits after payroll documents have been approved.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2014-104, Global Combat Support System-Army Did Not Comply With Treasury and DoD Financial Reporting Requirements, 9/3/2014

Description of Action: Develop and implement processes to validate Global Combat Support System-Army compliance with Financial Management Regulations by annually validating Global Support System-Army's timely compliance with Treasury and DoD guidance for account attributes, chart of accounts and posting logic.

Reason Action Not Completed: The Joint Interoperability Test Command assessment of the Global Combat Support System-Army compliance measures was scheduled to begin second quarter FY 2018. The assessment is expected to be completed first quarter FY 2019.

Principal Action Office: Army

Report: DODIG-2014-116, Assurance Policy Evaluation-Spacecraft and Strategic Systems, 9/17/2014

Description of Action: Update the Defense Acquisition Guidebook to recommend that the Major Defense Acquisition Programs review, tailor, and apply applicable mission assurance concepts and principles, such as those found in the Mission Assurance Guide, when developing Systems Engineering Plans and contract requirements to promote a higher probability of mission success.

Reason Action Not Completed: Corrective actions are ongoing to complete the revision of the Defense Acquisition Guidebook. Once finalized, it will be posted on the Defense Acquisition University website.

Principal Action Office: Under Secretary of Defense for Research and Engineering

Report: DODIG-2014-118, Improvements Needed in Contract Award of Mi-17 Cockpit Modification Task Order, 9/19/2014

Description of Action: Review all locally issued policies for consistency, currency, accuracy, elimination and streamlining. Also recoup payments made to contractor for Mi-17 manuals not accepted or delivered to the Government.

Reason Action Not Completed: Awaiting for results of review on locally issued policies and corrective actions taken or updated guidance issued. Final legal decision on whether the \$216,345 identified as potential monetary benefits will be recouped from the contractor has not been determined.

Principal Action Office: Army

Report: DODIG-2014-121, Military Housing Inspections - Japan, 9/30/2014

Description of Action: Conduct an effective root cause analysis and corrective action for all 1,057 deficiencies identified; ensure that these deficiencies do not exist in other housing units; and ensure the inspection, maintenance, and repair program is in compliance with applicable codes and standards for fire protection systems, electrical systems, and environmental health and safety.

Reason Action Not Completed: Military Departments' corrective action plans have not effectively corrected all deficiencies noted in the 2014 inspection and lessons learned were not extended to other housing units. Corrective actions are ongoing to address these deficiencies.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Army, Navy, and Air Force

Report: DODIG-2014-124, Army Needs to Improve the Reliability of the Spare Parts Forecasts It Submits to the Defense Logistics Agency, 9/29/2014

Description of Action: Develop a plan of action and milestones to improve the accuracy of the spare parts forecasts that Army Life Cycle Management Commands provide to the Defense Logistics Agency. Also, develop Army-wide policy and establish controls on monitoring and updating depot overhaul factors consistently.

Reason Action Not Completed: Extensive time required to coordinate and issue guidance.

Principal Action Office: Army

Report: DODIG-2015-001, Assessment of the Department of Defense Prisoner of War/Missing in Action Accounting Community, 10/17/2014

Description of Action: The Director of the new Defense Prisoner of War/Missing In Action Accounting Agency will establish standard operating procedures across the accounting community organizations, and the Under Secretary of Defense for Personnel and Readiness will establish DoD-wide policy regarding the disinterment of unknowns from past conflicts.

Reason Action Not Completed: New standard operating procedures and an updated Mortuary Affairs policy will be developed upon completion of ongoing efforts to update pertinent DoD directives and instructions, and administrative instructions.

Principal Action Office: Under Secretary of Defense for Policy, and Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2015-002, Assessment of DoD-Provided Healthcare for Members of the United States Armed Forces Reserve Components, 10/9/2014

Description of Action: Develop Defense Health Affairs line-of-duty forms to provide procedural instructions to implement controls outlined in DoD Instruction 1241.01. Update DoD Instruction 1200.15 to include revisions regarding members meeting individual medical readiness requirements when transferring from an Active Component to the Selected Reserve.

Reason Action Not Completed: Defense Health Agency is drafting new line-of-duty forms and procedural guidance, and DoD Instruction 1200.15 is under revision.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2015-006, Policy Changes Needed at Defense Contract Management Agency to Ensure Forward Pricing Rates Result in Fair and Reasonable Contract Pricing, 10/9/2014

Description of Action: Provide training to the administrative contracting officer community on the use of cost analysis to determine fair and reasonable forward pricing rate recommendations and forward pricing rate agreement rates. Also, provide training on the Federal Acquisition Regulation requirement to tailor the request for audit services.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Contract Management Agency

Report: DODIG-2015-008, Followup Audit: Enterprise Blood Management System Not Ready for Full Deployment, 10/23/2014

Description of Action: Ensure that in-transit inventory is not double counted in the Enterprise Blood Management System, and develop and implement the Blood Management Blood Bank Transfusion Services interface capability between the Composite Health Care System and the Enterprise Blood Management System with the current or future DoD electronic health care system of choice.

Reason Action Not Completed: Implementation of new electronic health system (MHS Genesis) is underway. Therefore, the recommended corrective actions remain unimplemented until Defense Health Agency officials can demonstrate MHS Genesis has controls in place to ensure blood products are not double counted and how it will interface with current or future DoD electronic health care systems.

Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2015-010, Defense Logistics Agency Did Not Fully Implement the Business Enterprise Architecture Procure-to-Pay Business Process in the Enterprise Business System, 10/28/2014

Description of Action: Conduct a comprehensive business process re-engineering assessment of the Defense Logistics Agency's Procure-to-Pay phases affected by the Enterprise Business System and EProcurement.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Chief Management Officer

Report: DODIG-2015-011, Evaluation of the Defense Criminal Investigative Organizations' Defense Incident-Based Reporting System Reporting and Reporting Accuracy, 10/29/2014

Description of Action: Ensure Defense Incident-Based Reporting System data submitters provide accurate and complete data submissions within 15 workdays after the end of each month, and that error corrections are completed within 30 days of the Defense Manpower Data Center notifications and are tracked to completion as required by DoD Manual 7730.47-M, Volume 1.

Reason Action Not Completed: Deployment of the Naval Justice Information System (NJIS) has been delayed due to data migration issues between Consolidated Law Enforcement Operations Center (CLEOC) and NJIS. Defense Criminal Investigative Service is working on the ability to input required Defense Incident-Based Reporting data into the Case Reporting Information Management System.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Navy, and Defense Criminal Investigative Service

Report: DODIG-2015-013, Military Housing Inspections - Republic of Korea, 10/28/2014

Description of Action: Conduct an effective root cause analysis and corrective action for all 646 deficiencies identified; ensure that these deficiencies do not exist in other housing units; and ensure the inspection, maintenance, and repair program is in compliance with applicable codes and standards for fire protection systems, electrical systems, and environmental health and safety.

Reason Action Not Completed: Military Departments' corrective action plans have not effectively corrected all deficiencies noted in the 2014 inspection and lessons learned were not extended to other housing units. Corrective actions are ongoing to address these deficiencies.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Army, and Air Force

Report: DODIG-2015-016, Department of Defense Suicide Event Report (DoDSER) Data Quality Assessment, 11/14/2014

Description of Action: Revise DoD and Service guidance to provide policy and procedures for data collection, and for submission and reporting of suicide events data.

Reason Action Not Completed: DoD Instruction 6490.16, "Defense Suicide Prevention Program," published in November 2017, does not address requiring suicide event boards or multidisciplinary approach to obtain data for Department of Defense Suicide Event Report submissions. Corrective actions are ongoing due to the Military Departments' developing or updating their own departmental guidance.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Assistant Secretary of Defense for Health Affairs, Army, Navy, and Marine Corps

Report: DODIG-2015-031, The Services Need To Improve Accuracy When Initially Assigning Demilitarization Codes, 11/7/2014

Description of Action: Revise DoD Demilitarization program guidance. Require the Services to revise their respective demilitarization program guidance and establish a process to ensure compliance with demilitarization training requirements; identify and correct training deficiencies for both the Defense Demilitarization Program Course and annual refresher training; and establish controls to assign accurate demilitarization codes.

Reason Action Not Completed: DoD Manual 4160.28, Volume 1, "Defense Demilitarization: Program Administration" does not contain required elements that fully address the recommendation. Corrective actions are ongoing due to the Services developing or updating their own departmental guidance.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2015-039, C-5 Reliability Enhancement and Re-engining Program Hotline Evaluation, 11/18/2014

Description of Action: Revise contract to require Lockheed Martin to accumulate and report costs in the appropriate Cost Accounting Standard-compliant manner.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Air Force

Report: DODIG-2015-040, Defense Health Agency Did Not Have Adequate Controls in the North Region to Detect Improper Payments for Claims Submitted by Skilled Nursing Facilities, 11/25/2014

Description of Action: Conduct comprehensive medical reviews of skilled nursing facility claims to ensure the claims are documented, billed, and paid appropriately.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2015-044, DoD Needs to Reinitiate Migration to Internet Protocol Version 6, 12/1/2014

Description of Action: Develop new DoD Internet Protocol Version 6 (IPv6) transition milestones, roles and responsibilities of each DoD office involved with the migration, and enforcement mechanisms to ensure successful migration to IPv6; and update the DoD IPv6 Transition Plan to reflect these changes.

Reason Action Not Completed: Development and coordination of the Internet Protocol Version 6 memorandum is ongoing.

Principal Action Office: DoD Chief Information Officer

Report: DODIG-2015-045, DoD Cloud Computing Strategy Needs Implementation Plan and Detailed Waiver Process, 12/4/2014

Description of Action: Develop a waiver process providing detailed guidance on how to obtain a Global Information Grid waiver for cloud computing in DoD.

Reason Action Not Completed: DoD Instruction 8010.01, "DoD Information Network Transport," is in formal coordination; comments are being adjudicated.

Principal Action Office: DoD Chief Information Officer

Report: DODIG-2015-046, Navy Commands Need to Improve Logical and Physical Controls Protecting SIPRNET Access Points, 12/10/2014

Description of Action: Update Department of the Navy policy to implement at least the minimum requirements for performing a risk assessment as required by DoD Manual 5200.01, Volume 3.

Reason Action Not Completed: Update of Secretary of the Navy Manual 5510.36 is still ongoing.

Principal Action Office: Navy

Report: DODIG-2015-048, Personnel and Support Needed for Joint Cyber Center Operations at Combatant Commands, 12/9/2014

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Joint Staff, U.S. Africa Command, U.S. Strategic Command, U.S. Cyber Command, U.S. European Command, and U.S. Southern Command

Report: DODIG-2015-052, Air Force Life Cycle Management Center's Management of F119 Engine Spare Parts Needs Improvement, 12/19/2014

Description of Action: The F-22/F119 Program Office will work with the Air Force, Materiel Command, Headquarters, Logistics (A4) to ensure contractor managed inventory and spare parts are reported on the annual Department of the Air Force financial statements in accordance with DoD guidance. The F-22/F119 Program Office will develop a plan with the Defense Contract Management Agency (DCMA) to formally accept all Government-owned property when contract performance ends, and ensure that this plan clarifies current DCMA acceptance responsibilities.

Reason Action Not Completed: Requires F119 Performance-Based Logistics Sustainment Performance Work Statement include new contractor acquired property reporting requirements, coordination with the Air Force, Materiel Command, Headquarters, Logistics (A4) to report spare parts located at the central inventory on the annual Department of the Air Force financial Statements. Clarification of DCMA acceptance responsibilities of Government owned property.

Principal Action Office: Air Force

Report: DODIG-2015-053, Naval Supply Systems Command Needs to Improve Cost Effectiveness of Purchases for the Phalanx Close-In Weapon System, 12/19/2014

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2015-056, Opportunities to Improve the Elimination of Intragovernmental Transactions in DoD Financial Statements, 12/22/2014

Description of Action: The Business Integration Office will create a full cost estimate for full implementation of the Invoice Processing Platform (now G-Invoicing) across the DoD. Also, the DoD Comptroller/Chief Financial Officer will revise DoD Financial Management Regulation Volume 6B, Chapter 13 to mandate the use of G-Invoicing for Buy/Sell transactions.

Reason Action Not Completed: The Under Secretary of Defense (Comptroller)/Chief Financial Officer and the Defense Finance and Accounting Service are revising the DoD Financial Management Regulation. In addition, the Under Secretary of Defense (Comptroller)/Chief Financial Officer is revising DoD Instruction 4000.19 in collaboration with the acquisition community, with a January 2019 target publication date.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer

Report: DODIG-2015-062, DoD Needs Dam Safety Inspection Policy To Enable the Services To Detect Conditions That Could Lead to Dam Failure, 12/31/2014

Description of Action: Establish DoD dam safety inspection policy that is in accordance with the Federal Guidelines for Dam Safety, which define inspection frequency, scope, and inspector qualifications and outline the need to develop and maintain inspection support documentation.

Reason Action Not Completed: DoD OIG is coordinating with DoD and Air Force officials to confirm the status and extent of corrective actions taken and determine whether they meet the intent of the recommendations.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, and Air Force

Report: DODIG-2015-066, U.S. Military Academy, West Point, Controls Over Gift Funds Need Improvements, 1/14/2015

Description of Action: Update Army Regulation 150-1, "United States Military Academy, Organization, Administration, and Operation" to reflect the DoD Financial Management Regulation and Army requirements related to the management and disbursement of gift funds.

Reason Action Not Completed: Effort to update Army Regulation 150-1 is still ongoing.

Principal Action Office: Army

Report: DODIG-2015-072, Improvements Needed for Navy's Triannual Review, 1/22/2015

Description of Action: Develop standard queries for the budget submitting offices to ensure completeness of data extracted for triannual reviews. Develop and implement Navy triannual review standard procedures, based on U.S. Marine Corps best practices, to compile a universe of obligations for the budget submitting offices to use in performing the triannual review. Conduct comprehensive reviews, including reconciliations, of the triannual review results and follow-up on inconsistencies.

Reason Action Not Completed: Department of the Navy (DON) Office of Budget officials continue to work with DON system owners to find an automated solution to develop data sets from multiple DON accounting systems and alleviate the manual data call method currently in use.

Principal Action Office: Navy

Report: DODIG-2015-078, Evaluation of the Defense Criminal Investigative Organizations' Compliance with the Lautenberg Amendment Requirements and Implementing Guidance, 2/6/2015

Description of Action: Revise DoD Instruction 6400.06 and Navy guidance to develop policy to ensure employees who have a qualifying conviction comply with Federal law to dispose of privately owned firearms and ammunition and to certify compliance annually.

Reason Action Not Completed: The re-issuance of DoD Instruction 6400.06 is expected in FY 2019.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness and Navy

Report: DODIG-2015-081, Evaluation of Department of Defense Compliance with Criminal History Data Reporting Requirements, 2/12/2015

Description of Action: Submit the missing 304 fingerprints and 334 final disposition reports to the Federal Bureau of Investigation for inclusion into the Integrated Automated Fingerprint Identification System.

Reason Action Not Completed: Actions are ongoing toward finalizing efforts to obtain and submit the remaining missing fingerprints and final disposition reports to the Federal Bureau of Investigation for inclusion into the Integrated Automated Fingerprint Identification System/Next Generation Identification database.

Principal Action Office: Navy

Report: DODIG-2015-090, Evaluation of Aircraft Ejection Seat Safety When Using Advanced Helmet Sensors, 3/9/2015

Description of Action: Ensure consistent documentation of aircraft ejection data to increase the data available for ejections with Helmet Mounted Devices and/or Night Vision Goggles to improve the safety risk analysis. Also, review and update the Joint Service Specification Guide 2010-11 to reflect changes in policy and technology that have occurred in the last 16 years.

Reason Action Not Completed: Corrective actions are expected to be completed by fourth quarter FY 2019.

Principal Action Office: Navy and Air Force

Report: DODIG-2015-092, F-35 Lightning II Program Quality Assurance and Corrective Action Evaluation, 3/11/2015

Description of Action: Ensure that the F-35 Critical Safety Item (CSI) Program is compliant with Public Law 108-136, Section 802, "Quality control in procurement of aviation CSIs and related services," and the Joint Service CSI Instruction, "Management of Aviation Critical Safety Item." Also, conduct periodic CSI Program evaluations of Lockheed Martin and its suppliers to ensure compliance with public law and the Joint Service CSI Instruction. Realign the quality assurance organization to report directly to the Program Executive Officer, define the organization roles and responsibilities, and staff the organization appropriately.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: F-35 Joint Program Office

Report: DODIG-2015-102, Additional Actions Needed to Effectively Reconcile Navy's Fund Balance With Treasury Account, 4/3/2015

Description of Action: Develop a reconciliation process that is based on detail-level transaction data from the Department of the Navy's general ledger systems. Design and implement controls within the end-to-end Fund Balance With Treasury business process for resolving amounts reported on the "Statement of Differences-Disbursements".

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2015-103, Summary of DoD Office of Inspector General Spare-Parts Pricing Audits: Additional Guidance is Needed, 3/31/2015

Description of Action: Require the Military Services and Defense Agencies to provide plans on how they intend to verify the consistent implementation of pricing policies, guidance, and training issued by the Office of the Secretary of Defense.

Reason Action Not Completed: Pending issuance of Director, Defense Pricing request to the Senior Procurement Executives of the Military Services and Defense Agencies and their responses on how they plan to implement the pricing policies and guidance in future inspections and reviews.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2015-107, Challenges Exist for Asset Accountability and Maintenance and Sustainment of Vehicles Within the Afghan National Security Forces, 4/17/2015

Description of Action: Perform a reconciliation to ensure vehicle information is accurate and complete and assess the accuracy of property transfer records.

Reason Action Not Completed: Actions are ongoing to reconcile information in the Operational Verification of Reliable Logistics Oversight Database against information in the Security Cooperation Information Portal to ensure vehicle information is accurate and complete. Actions are also ongoing to verify the accuracy of property transfer records pending the Security Assistance Office's completion of its reconciliation process.

Principal Action Office: U.S. Central Command

Report: DODIG-2015-111, F-35 Engine Quality Assurance Inspection, 4/27/2015

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: F-35 Joint Program Office

Report: DODIG-2015-114, Navy Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance, 5/1/2015

Description of Action: Policy memorandum is being drafted that will require Naval Sea Systems Command (NAVSEA) business units complete Contractor Performance Assessment Reports (CPARs) within 120 days of the end of the contract performance period. It will also require NAVSEA offices responsible over any contract requiring CPARs ensure the contract is properly registered in the Contractor Performance Assessment Reporting System (CPARS). Additionally, it will require first line managers above the contracting officer's representative (COR) to review the CPARs prior to sending them to the contractor for review, and that all CORs complete CPARS training.

Reason Action Not Completed: Policy memorandum continues to be staffed.

Principal Action Office: Navy

Report: DODIG-2015-117, U.S. Cyber Command and Military Services Need to Reassess Processes for Fielding Cyber Mission Force Teams, 4/30/2015

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Air Force and Marine Corps

Report: DODIG-2015-122, Naval Air Systems Command Needs to Improve Management of Waiver Requests, 5/15/2015

Description of Action: Update Secretary of the Navy Instruction 5000.2E and Secretary of the Navy Manual, M-5000.2 to emphasize that program managers must request waivers whenever they do not meet any of the 20 criteria the Navy guidance requires programs to meet to certify readiness for initial operational test and evaluation.

Reason Action Not Completed: Review of the new policy language is being conducted by key stakeholders within the Navy Test and Evaluation community.

Principal Action Office: Navy

Report: DODIG-2015-127, Triannual Review Processes Need Improvement at Three Naval Budget Submitting Offices, 5/18/2015

Description of Action: Develop and implement procedures based on updates to the DoD Financial Management Regulation Volume 3, Chapter 8, and perform reviews of all budget submitting offices to determine the effectiveness of implementation of the triannual review.

Reason Action Not Completed: Department of the Navy (DON) Office of Budget officials continue to work with DON system owners to find an automated solution to develop data sets from multiple DON accounting systems and alleviate the manual data call method currently in use.

Principal Action Office: Navy

Report: DODIG-2015-128, Army Needs to Improve Processes Over Government-Furnished Material Inventory Actions, 5/21/2015

Description of Action: Develop a business process and the Logistics Modernization Program posting logic to identify and track Army Working Capital Fund inventory provided to contractors as Government-furnished material within the Logistics Modernization Program system.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2015-132, Opportunities Exist to Improve the Inventory Management for Defense Logistics Agency Aviation C-130 Spare Parts, 6/11/2015

Description of Action: Evaluate and improve procedures that review purchase requests and orders of parts that may be excessive.

Reason Action Not Completed: Working on finalizing Release 2 of the new system change request.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2015-133, Evaluation of the Integrated Tactical Warning and Attack Assessment's Mobile Ground System, 6/18/2015

Description of Action: Report is Classified.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Air Force

Report: DODIG-2015-134, Assessment of the U.S. Theater Nuclear Planning Process, 6/18/2015

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Joint Staff

Report: DODIG-2015-137, Improvements Needed on DoD Procurements from Robertson Fuel Systems, 6/25/2015

Description of Action: Require contracting officers to obtain the necessary documentation to support the commerciality of any product from Robertson Fuel Systems, as defined by Federal Acquisition Regulation Subpart 2.101. If adequate support is not obtained, deem the item noncommercial and obtain certified cost or pricing data in accordance with Federal Acquisition Regulation Part 15 or obtain a waiver where appropriate.

Reason Action Not Completed: Corrective actions were scheduled to be completed by September 30, 2018.

Principal Action Office: Navy

Report: DODIG-2015-138, The Air Force Did Not Monitor the Energy Savings Performance Contract at Joint Base McGuire, 6/29/2015

Description of Action: Develop and implement base-level controls covering contract voucher analysis and certification responsibilities. Validate actual energy savings achieved, and review payments to determine whether the contractor's performance warranted the energy savings paid to the contractor.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Air Force

Report: DODIG-2015-142, Navy's Contract/Vendor Pay Process Was Not Auditable, 7/1/2015

Description of Action: Update the Department of the Navy's system business processes to ensure transactions are processed in compliance with the Statement of Federal Financial Accounting Standards 1.

Reason Action Not Completed: Cost estimates are being gathered to fund and schedule the necessary system changes. Design phase is targeted to begin in second quarter FY 2018, with a tentative production implementation in first quarter FY 2019.

Principal Action Office: Navy

Report: DODIG-2015-143, Patriot Express Program Could Be More Cost-Effective for Overseas Permanent Change of Station and Temporary Duty Travel, 7/6/2015

Description of Action: Implement controls in the Defense Travel System regarding checking Patriot Express availability and implement controls in the Defense Travel System to automatically route all travel orders for travel outside of the continental United States to transportation office personnel to check Patriot Express availability.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army, Navy, and Marine Corps

Report: DODIG-2015-148, Rights of Conscience Protections for Armed Forces Service Members and Their Chaplains, 7/22/2015

Description of Action: Update DoD Instruction 1300.17 and when completed, update Service regulations and procedures.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Army, Navy, and Air Force

Report: DODIG-2015-150, Theater Blood Application Was Not Effectively Developed and Implemented, 7/17/2015

Description of Action: Ensure policies and procedures for medical information systems are documented, reviewed, and updated as necessary; develop a long-term sustainment strategy and discontinue investing additional money in the development of the Theater Blood Application until the application's sustainability is determined; develop policies and procedures for Theater Blood Application training requirements; establish and implement a training program, followed by refresher training.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2015-151, Followup Audit: DoD Military Treatment Facilities Continue to Miss Opportunities to Collect on Third Party Outpatient Claims, 7/24/2015

Description of Action: Conduct an analysis to determine the sufficient time needed to conduct adequate follow up; ensure that the Military Treatment Facilities refer outstanding third party claims to the appropriate legal office; establish a quality assurance program and new protocols or procedures; and coordinate with the Services and the third party insurance providers to establish an agreement to accept their claims for 90-day prescription disbursements due.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2015-157, Assessment of the Nuclear Warhead Unsatisfactory Report Process, 8/5/2015

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Defense Threat Reduction Agency

Report: DODIG-2015-159, Followup Audit: More Improvements Needed for the Development of Wounded Warrior Battalion-East Marines' Recovery Plans, 8/7/2015

Description of Action: Initiate a performance review of the Wounded Warrior Regiment contracting officers for the Recovery Care Coordinator contract to determine whether administrative actions are warranted. Conduct a thorough review of the contracting file to determine whether any further courses of action are warranted.

Reason Action Not Completed: Pending submission of the contracting file review to determine whether any administrative actions are warranted.

Principal Action Office: Marine Corps

Report: DODIG-2015-160, U.S. Army Generally Designed Adequate Controls to Monitor Contractor Performance at the King Abdullah II Special Operations Training Center, but Additional Controls Are Needed, 8/7/2015

Description of Action: Require U.S. Government subject matter experts to perform regular electrical service inspections to ensure facilities are maintained and are operating according to applicable standards.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2015-161, Naval Personnel Can Improve Compliance With the Berry Amendment and Buy American Act, 8/12/2015

Description of Action: Review potential Antideficiency violations and, if a violation occurred, determine which officials are responsible and recommend corrective actions.

Reason Action Not Completed: DoD OIG followup review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Navy

Report: DODIG-2015-162, Continental United States Military Housing Inspections—National Capital Region, 8/13/2015

Description of Action: Conduct an effective root cause analysis and implement a corrective action plan for all identified electrical, fire protection, environmental health and safety deficiencies. Also, execute a plan for performing ongoing inspection and maintenance of all housing units to attain compliance with applicable electrical and fire protection codes and standards.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army and Navy

Report: DODIG-2015-168, Air Force Commands Need to Improve Logical and Physical Security Safeguards That Protect SIPRNET Access Points, 9/10/2015

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Air Force

Report: DODIG-2015-172, Naval Sea Systems Command Needs to Improve Management of Waiver and Deferral Requests, 9/14/2015

Description of Action: Require sponsors of Acquisition Category I programs, or programs of interest to the Joint Chiefs of Staff, to notify the Joint Chiefs when deferrals will delay demonstrating primary system requirements beyond the scheduled date for initial operational capability. Revise Navy policy, after the Vice Chairman, Joint Chiefs of Staff revises guidance, and revise Naval Sea Systems Command policy incorporating updated Navy policy on managing waivers and deferrals from operational test requirements.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Joint Chiefs of Staff and Navy

Report: DODIG-2015-177, Assessment of DoD/USCENTCOM and Coalition Plans/Efforts to Train, Advise, and Assist the Iraqi Army to Defeat the Islamic State of Iraq and the Levant, 9/30/2015

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: U.S. Central Command

Report: DODIG-2015-181, Continental United States Military Housing Inspections-Southeast, 9/24/2015

Description of Action: Conduct an effective root cause analysis and perform corrective actions for all deficiencies identified. Verify or create a plan for ongoing inspection and maintenance of all housing units, including privatized housing, to applicable electrical, fire protection, and environmental health and safety codes and standards.

Reason Action Not Completed: Corrective actions for all deficiencies identified in the report are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Army, and Navy

Report: DODIG-2016-002, DoD Needs a Comprehensive Approach to Address Workplace Violence, 10/15/2015

Description of Action: Revise the Defense Federal Acquisition Regulation Supplement to address interim and final contractor requirements for the prevention of workplace violence.

Reason Action Not Completed: Defense Procurement and Acquisition Policy will open a Defense Federal Acquisition Regulation Supplement case to finalize implementation of DoD policy after DoD guidance addressing workplace violence and covering all DoD military and civilian personnel and defense contractor personnel is published.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2016-004, Army Needs to Improve Contract Oversight for the Logistics Civil Augmentation Program's Task Orders., 10/28/2015

Description of Action: Develop procedures that require experienced Contracting Officer's Representatives be identified before contractor work begins; trained before deployment; and provided adequate guidance to perform their duties. Issue guidance that requires all Procurement Contracting Officers to create a Quality Assurance Surveillance Plan specific for each Logistics Civil Augmentation Program-issued task order.

Reason Action Not Completed: Army Execution Order 222-16 designated the Deputy Assistant Secretary of the Army for Procurement as the only authority for contracting policy. As a result, Headquarters, Army Contracting Command will elevate the update of the Expeditionary Contracting Command policy memorandum 12-8 to the ODASA(P) for resolution.

Principal Action Office: Army

Report: DODIG-2016-005, Followup on the Actions to Improve the Defense Contract Management Agency's Cost Analysis Function, 10/29/2015

Description of Action: Defense Procurement and Acquisition Policy and Defense Pricing will monitor and work with the Defense Contract Management Agency (DCMA) to ensure it provides and can reliably report on its cost analysis function for requirements valued below the threshold for Defense Contract Audit Agency audits. DCMA will implement the Price and Negotiation eTool corrective actions items 1 through 8 identified on DCMA's original Execution Plan.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment and Defense Contract Management Agency

Report: DODIG-2016-019, Small Business Contracting at Marine Corps Systems Command Needs Improvement, 11/10/2015

Description of Action: Establish guidance for contracting officers for reviewing, approving, and administering subcontracting plans, and to verify contractors submit the required subcontracting reports to the Electronic Subcontracting Reporting System.

Reason Action Not Completed: Revision of Small Business Subcontracting standard operating procedures is ongoing.

Principal Action Office: Marine Corps

Report: DODIG-2016-024, U.S. Africa Command Needs to Improve Planning and Coordination for the Protection and Evacuation of U.S. Embassies and U.S. Citizens, 11/23/2015

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: U.S. Africa Command

Report: DODIG-2016-026, Cyber Mission Force Teams Need Resources to Perform Missions, 11/24/2015

Description of Action: Develop a doctrine, organization, training, materiel, leadership and education, personnel, facilities, and policy framework that address strategies to build, grow, and sustain the Cyber Mission Force.

Formalize an agreement to focus capability development on functional and mission areas consistent with results of the mission alignment board.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy, Marine Corps, and U.S. Cyber Command

Report: DODIG-2016-032oD's Range Capabilities to Conduct Cyber Exercises, 12/18/2015

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Joint Chiefs of Staff

Report: DODIG-2016-035, External Peer Review Report on the National Guard Bureau Internal Review Office, 12/18/2015

Description of Action: Clarify National Guard Bureau Internal Review quality control policies and procedures, and prepare a plan for monitoring and summarizing the quality of the work performed at the National Guard Bureau Internal Review Office.

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: National Guard Bureau

Report: DODIG-2016-036, Management of Items in the Defense Logistics Agency's Long-Term Storage Needs Improvement, 12/22/2015

Description of Action: Update the automated recoupment process to eliminate excluded categories and ensure all items are appropriately recouped from Long-Term Storage inventory; and determine why eligible Long-Term Storage inventory items are not automatically recouped and correct those deficiencies in the automated recoupment process.

Reason Action Not Completed: Defense Logistics Agency is reviewing the business rules and making system changes in the Enterprise Business System.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2016-045, DoD Could Save Millions in Profit Paid to Contractors in DoD Depot Labor, 2/8/2016

Description of Action: The C-17ogram office will prepare a comprehensive business case analysis that will include an assessment that evaluates the partnership type that best supports the overall sustainment strategy for the C-17 program. At a minimum, it will include the analysis of cost and benefits, core workload requirements, and best use of public and private sector capabilities.

Reason Action Not Completed: Corrective actions are ongoing due to a comprehensive business case analysis that is scheduled to be completed by December 2018.

Principal Action Office: Air Force

Report: DODIG-2016-054, Navy Controls for Invoice, Receipt, Acceptance, and Property Transfer System Need Improvement, 2/25/2016

Description of Action: Review the Invoice, Receipt, Acceptance, and Property Transfer system to verify that the Defense Logistics Agency's automated control for inactive users is working properly and ensure separated employees user accounts were automatically disabled.

Reason Action Not Completed: Interface issues occurred between Invoice, Receipt, Acceptance, and Property Transfer and Defense Enrollment Eligibility Reporting System that prevented automatic de-activation of accounts for departing personnel. Navy is working with Defense Procurement and Acquisition Policy and Defense Logistics Agency to resolve the post-production Engineering Change Proposal #921 interface issues.

Principal Action Office: Navy

Report: DODIG-2016-055, U.S. and Coalition Efforts to Train, Advise, Assist, and Equip Iraqi Sunni Popular Mobilization Forces, 2/29/2016

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: U.S. Central Command

Report: DODIG-2016-058, Army Warfighter Information Network Tactical Increment 2 Procurement Quantity Not Supported for Future Army Forces, 3/1/2016

Description of Action: Update acquisition documentation to align with changes to the requirements documents for the Warfighter Information Network-Tactical Increment 2 based on the results of refining the Mission Command portfolio.

Reason Action Not Completed: Justification development for the total Warfighter Information Network-Tactical Increment 2 procurement quantity is ongoing.

Principal Action Office: Army

Report: DODIG-2016-059, U.S. Air Force Spent Billions on F117 Engine Sustainment Without Knowing What a Fair Price Was, 3/11/2016

Description of Action: Establish a baseline for the performance and costs of the F117 engine sustainment services, and obtain and use actual cost data from the Globemaster III Integrated Sustainment Program contract to support any future sole-source performance-based logistics contracts for F117 engine sustainment to ensure a fair and reasonable price is negotiated.

Reason Action Not Completed: Establishment of the engine sustainment baseline have not been finalized due to contract delays.

Principal Action Office: Air Force

Report: DODIG-2016-061, U.S. Army Military Surface Deployment and Distribution Command Needs to Improve its Oversight of Labor Detention Charges at Military Ocean Terminal Sunny Point, 3/16/2016

Description of Action: Recoup charges for time charged as safety briefings erroneously charged as labor detention time. Review time records for ongoing Stevedore & Related Terminal Service contracts to identify labor detention charges subject to recoupment, and take action to recoup these costs.

Reason Action Not Completed: U.S. Transportation Command issued a debt notification letter to the vendor requesting repayment of the total overpayment amounts and is in the process of providing additional documentations to the vendor.

Principal Action Office: U.S. Transportation Command

Report: DODIG-2016-064, Other Defense Organizations and Defense Finance and Accounting Service Controls Over High-Risk Transactions Were Not Effective, 3/28/2016

Description of Action: The Deputy Chief Financial Officer and Deputy Chief Management Officer, through the Financial Improvement Audit Readiness Governance Board, will review the strategy's implementation plan to track progress and assist with addressing implementation challenges. Develop a supplemental Memorandum of Understanding to further define specific roles and responsibilities, audit response, internal controls, performance metrics, and quality assurance plans.

Reason Action Not Completed: Corrective actions are still ongoing.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Management Officer, Assistant Secretary of Defense for Health Affairs, and Defense Security Cooperation

Report: DODIG-2016-066, Improvements Could Be Made in Reconciling Other Defense Organizations Civilian Pay to the General Ledger, 3/25/2016

Description of Action: Develop a formal plan to reconcile civilian pay records or review reconciliations for the remaining 14 Other Defense Organizations (ODOs). Revise existing Standard Operating Procedures to clearly describe the civilian pay reconciliation process. Centralize the ODOs civilian pay reconciliation process, and coordinate with the Financial Improvement Audit Readiness Directorate to ensure there is an accurate assessment of the audit readiness of the ODO General Fund financial statements.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer

Report: DODIG-2016-068, DoD's Efforts to Consolidate Data Centers Need Improvement, 3/29/2016

Description of Action: Develop or revise processes for validating data center information to ensure the accuracy and completeness of information reported to the DoD Chief Information Officer.

Reason Action Not Completed: Development of process for validating data in DoD's Data Center Inventory Management are still ongoing.

Principal Action Office: DoD Chief Information Officer

Report: DODIG-2016-072, DoD Needs to Improve Screening and Access Controls for General Public Tenants Leasing Housing on Military Installations, 4/1/2016

Description of Action: Issue or update guidance specifying the queries required to access the National Crime Information Center and the Interstate Identification Index files and conduct background checks in accordance with Service regulations.

Reason Action Not Completed: DoD OIG follow up review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Army, Navy and Air Force

Report: DODIG-2016-074, Army Contracting Officials Could Have Purchased Husky Mounted Detection System Spare Parts at Lower Prices, 3/31/2016

Description of Action: Determine and document whether it is appropriate to request a \$27 million voluntary refund from the contractor for sole-source Husky Mounted Detection System spare parts in accordance with Defense Federal Acquisition Regulation Supplement Subpart 242.71, "Voluntary Refunds."

Reason Action Not Completed: U.S. Army Contracting Command plans to complete its analysis to determine if a contractual remedy exists before requesting a voluntary refund.

Principal Action Office: Army

Report: DODIG-2016-075, Evaluation of the Air Force Office of Special Investigations' Conduct of Internet-Based Operations and Investigations, 4/25/2016

Description of Action: Revise DoD Instruction 3025.21 "Defense Support of Civilian Law Enforcement Agencies" to reflect the holding in *United States v. Dreyer*, 767 F.3d 826, and ensure it is consistent with DoD Instruction 5505.03 "Initiation of Investigations by Defense Criminal Investigative Organizations."

Reason Action Not Completed: Awaiting publication of DoD Directive 3025.18, since there are policy changes that will affect the revision of DoD Instruction 3025.21.

Principal Action Office: Under Secretary of Defense for Policy

Report: DODIG-2016-078, Evaluation of DoD Biological Safety and Security Implementation, 4/27/2016

Description of Action: Issue DoD Directive for the DoD biological select agents and toxins (BSAT) Biosafety and Biosecurity Program that establishes policy and designates and defines the role of the Secretary of the Army as the DoD Executive Agent for the DoD BSAT Biosafety and Biosecurity Program. The DoD Directive will also require site-specific laboratory security vulnerability assessment findings be included during BSAT laboratory inspections.

Reason Action Not Completed: DoD Directive for the DoD BSAT Biosafety and Biosecurity Program is still being developed.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2016-079, Delinquent Medical Service Accounts at Landstuhl Regional Medical Center Need Additional Management Oversight, 4/28/2016

Description of Action: Review, research, and pursue collection on the delinquent medical service accounts that remain open.

Reason Action Not Completed: DoD OIG follow up review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Army

Report: DODIG-2016-080, Army's Management of Gray Eagle Spare Parts Needs Improvement, 4/29/2016

Description of Action: Use existing Defense Logistics Agency inventory, when possible, before purchasing spare parts from the contractor. Assess and determine whether overpayments were made and implement available options to seek recovery, including voluntary refunds in accordance with Defense Federal Acquisition Regulation Supplement 242.71 of the overpayments identified on 31 of 37 sample parts.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2016-081, Evaluation of U.S. Intelligence and Information Sharing with Coalition Partners in Support of Operation Inherent Resolve, 4/25/2016

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Under Secretary of Defense for Policy and Under Secretary of Defense for Intelligence

Report: DODIG-2016-084, Evaluation of DoD Ammunition Data Cards, 4/29/2016

Description of Action: Create instructions for ammunition data card review that include the specific information fields to verify on the ammunition data cards and what material pedigree data that ammunition data card information is verified against, and ensure that Military Standard 1168 B and C requirements are incorporated in the Quality Assurance Surveillance Plan for the ammunition data card process.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Defense Contract Management Agency and Army

Report: DODIG-2016-086, DoD Met Most Requirements of the Improper Payments Elimination and Recovery Act in FY 2015, but Improper Payment Estimates Were Unreliable, 5/3/2016

Description of Action: Coordinate with all reporting activities to determine the source of all disbursed obligations and whether they are subject to improper payment reporting requirements.

Reason Action Not Completed: Corrective actions are still ongoing to determine the source of all disbursed obligations not reviewed for improper payments and whether they are subject to improper payment reporting requirements.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer

Report: DODIG-2016-087, Air Force Civil Engineer Center Management of Energy Savings Performance Contracts Needs Improvement, 5/4/2016

Description of Action: Conduct a review of existing electronic data management systems to determine if there is a system capable of tracking energy savings and project status. Develop and maintain a process to distribute and coordinate Department of Energy-Federal Energy Management Program Energy Savings Performance Contract training for Air Force stakeholders.

Reason Action Not Completed: DoD OIG follow up review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Air Force

Report: DODIG-2016-091, Evaluation of the Accuracy of Data in the DoD Contract Audit Follow-Up System, 5/13/2016

Description of Action: Revise agency procedures and internal controls to include the “Qualifications or Unresolved Cost” data field in the Defense Contract Audit Agency (DCAA) monthly report list of reportable audits; and to help ensure that contracting officers complete their required actions on all DCAA findings before they record the audit report as “dispositioned” in the Contract Audit Follow-up System.

Reason Action Not Completed: Awaiting confirmation that the Contract Audit Follow-up system has been updated to accept the “Qualifications or Unresolved Cost” data field and pursue a class deviation to the Defense Acquisition Regulation System to allow administrative contracting officers to settle direct costs questioned on cost type DoD contracts.

Principal Action Office: Defense Contract Audit Agency and Defense Contract Management Agency

Report: DODIG-2016-094, DoD Healthcare Management System Modernization Program, 5/31/2016

Description of Action: Perform a schedule analysis to determine the DoD Healthcare Management System Modernization Program’s ability to meet the December 2016 National Defense Authorization Act deadline for initial operational capability. Monitor the DoD Healthcare Management System Modernization program risks and report to Congress quarterly on the progress of the program.

Reason Action Not Completed: The Program Executive Officer for Defense Healthcare Management Systems has not provided sufficient documentation to support their statement that the DoD Healthcare Management System Modernization program achieved the initial operational capability deadline, and that the Program Executive Officer is providing quarterly briefings to Congress on the progress of the DoD Healthcare Management System Modernization program.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2016-099, U.S. Special Operations Command Controls Over the Requirements Development Process for Military Construction Projects Need Improvement, 6/17/2016

Description of Action: Revise U.S. Special Operations Command Directive 415-1 to require Components maintain documentation to fully support scope calculations and cost estimates for military construction requirements.

Reason Action Not Completed: Coordination to update U.S. Special Operations Command Directive 415.1 is ongoing.

Principal Action Office: U.S. Special Operations Command

Report: DODIG-2016-102, Additional Controls Needed to Issue Reliable DoD Cost of War Reports That Accurately Reflect the Status of Air Force Operation Inherent Resolve Funds, 6/23/2016

Description of Action: Examine options for automating the preparation of the Cost of War report’s summary charts and corresponding footnotes to complete them more efficiently and enabling the report to be issued by the submission deadline.

Reason Action Not Completed: DoD OIG follow up review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer and Air Force

Report: DODIG-2016-103, Improvements Needed in Managing Army Suspense Accounts, 6/27/2016

Description of Action: Determine and obtain approval to establish special and deposit fund accounts that will replace account 3875.002 and revise the DoD Financial Management Regulation to reflect the changes in how the special fund and deposit fund accounts are to be used.

Reason Action Not Completed: Legislative proposal to establish the special and deposit fund accounts and update the DoD Financial Manual Regulation are ongoing.

Principal Action Office: Defense Finance and Accounting Service

Report: DODIG-2016-104, Improvements Needed in Managing Department of the Navy Suspense Accounts, 6/30/2016

Description of Action: Draft legislative proposal will be submitted to ensure revenue activities related to the Department of the Navy recycling, agricultural leasing, forestry, and trademark program transactions are properly recorded and presented in appropriate Treasury accounts.

Reason Action Not Completed: Corrective actions are ongoing to draft a directive memo and establish a strategy to properly execute programs within Operation and Maintenance appropriations.

Principal Action Office: Navy

Report: DODIG-2016-106, U.S. Military-Occupied Facilities Inspection-King Abdullah II Special Operations Training Center, 7/7/2016

Description of Action: Conduct a root-cause analysis and implement a corrective action plan for all electrical deficiencies identified; create and execute a plan for ongoing inspection and maintenance of all U.S. military-occupied facilities at the King Abdullah II Special Operations Training Center and other Combined Joint Operations Center supported locations. Ensure that inspection and maintenance of these locations complies with applicable electrical codes.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2016-107, Advanced Arresting Gear Program Exceeded Cost and Schedule Baselines, 7/5/2016

Description of Action: Perform cost-benefit analyses to determine whether the Advanced Arresting Gear is an affordable solution for Navy aircraft carriers before deciding to go forward with the system on future aircraft carriers.

Reason Action Not Completed: Navy has not provided the approved Acquisition Decision Memorandum to substantiate implementation of recommendation.

Principal Action Office: Navy

Report: DODIG-2016-108, Army Needs Greater Emphasis on Inventory Valuation, 7/12/2016

Description of Action: Establish policies and procedures focused on computing inventory valuation at moving average cost (MAC), including monitoring MAC values for National Item Identification Numbers at plants and making supported corrections of MAC values.

Reason Action Not Completed: U.S. Army Materiel Command is assessing gaps in policy that will be in the draft Army Materiel Command Regulation 750-XX.

Principal Action Office: Army

Report: DODIG-2016-109, Assessment of the Department of Defense Militarily Critical Technologies Program, 7/8/2016

Description of Action: Determine if the requirement in the Export Administration Act for a critical technologies list is currently being met by means other than the Militarily Critical Technologies List, and adjust policy to reflect that determination.

Reason Action Not Completed: A complete update to DoD Instruction 3020.46 is targeted for release in September 2019 and continued discussions are being held to determine what is required for this policy update.

Principal Action Office: Under Secretary of Defense for Research and Engineering

Report: DODIG-2016-111, DoD Effectively Planned and Executed Military Information Support Operations for Operation Inherent Resolve but Needs to Develop Formal Processes and Procedures for Web-Based Operations, 7/20/2016

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: U.S. Central Command

Report: DODIG-2016-112, Army Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance, 7/25/2016

Description of Action: Develop and implement organization-wide procedures that identify specific timeframes and steps for Contractor Performance Assessment Reporting System officials to perform to ensure they prepare performance assessment reports within 120-days, and include the 60-day contractor comment period.

Reason Action Not Completed: Coordination on the development and implementation of organization-wide policies are ongoing.

Principal Action Office: Army

Report: DODIG-2016-113, Army General Fund Adjustments Not Adequately Documented or Supported, 7/26/2016

Description of Action: Track system generated adjustments within the Defense Departmental Reporting System Journal Voucher metrics. Using the enhanced metrics, the Journal Voucher Working Group (JVWG) will identify, research, and resolve root causes that will include system-generated entries.

Reason Action Not Completed: Awaiting signature of revised Journal Voucher Working Group charter.

Principal Action Office: Army

Report: DODIG-2016-114, Actions Needed to Improve Reporting of Marine Corps, Navy, and Air Force Operating Materials and Supplies, 7/26/2016

Description of Action: Perform quarterly reconciliation; develop and issue policies and procedures to require the Army and other Services to specify and define the codes the Army and other Services use to indicate ownership of Operating Materials and Supplies-Ammunition. Disclose in the financial statements that assets categorized as Excess, Obsolete, and Unserviceable Operating Material and Supplies were valued at zero dollars based on Office of the Under Secretary of Defense (Comptroller)/ Chief Financial Officer, DoD interim policy until appropriate Statements of Federal Financial Accounting Standards No. 3 compliant guidance is issued.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer, Army, and Air Force

Report: DODIG-2016-116, Navy Needs to Establish Effective Metrics to Achieve Desired Outcomes for SPY-1 Radar Sustainment, 8/1/2016

Description of Action: Consult and establish an agreement with Advanced Traceability and Control and the operational commands when reevaluating the SPY-1 radar's product support strategy and designing the performance metrics included in future performance-based logistics contracts.

Reason Action Not Completed: Corrective actions are ongoing. Awaiting for 2019 Navy contract to be awarded to determine if the recommendation has been addressed.

Principal Action Office: Navy

Report: DODIG-2016-119, Army Commands Need to Improve Logical and Physical Security Safeguards That Protect SIPRNet Access Points, 8/5/2016

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Army

Report: DODIG-2016-120, Joint Improvised-Threat Defeat Agency Processes and Procedures for Managing Needs to Improve Assessment and Documentation of Counter-Improvised Explosive Device Initiatives, 8/9/2016

Description of Action: Conduct a review to ensure the Checkpoint database includes supporting documentation for each initiative at each management decision point.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Joint Chiefs of Staff

Report: DODIG-2016-125, Evaluation of the DoD Nuclear Enterprise Governance, 9/19/2016

Description of Action: Codify the Nuclear Deterrent Enterprise Review Group in DoD Directive 5105.79, "DoD Senior Governance Councils." Update and reissue the Joint Nuclear Operations Doctrine. Document and track nuclear enterprise deficiencies or recommendations identified in Federal Advisory Committee, Government Accountability, DoD Office of Inspector General reports, or reports produced by other task forces.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Deputy Secretary of Defense, Under Secretary of Defense for Acquisition and Sustainment and Under Secretary of Defense for Intelligence

Report: DODIG-2016-126, Improvements Needed In Managing the Other Defense Organizations' Suspense Accounts, 8/25/2016

Description of Action: Revise the DoD Financial Management Regulation so that it is consistent with the Treasury Financial Manual and Office of Management and Budget guidance, and it instructs agencies on how to properly account for revenue-generating, Thrift Savings Plan, and tax transactions.

Reason Action Not Completed: Extensive revisions to the DoD Financial Management Regulation are required. Target completion date extended to November 2018.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer

Report: DODIG-2016-127, DoD Officials Did Not Take Appropriate Action When Notified of Potential Travel Card Misuse at Casinos and Adult Entertainment Establishments, 8/30/2016

Description of Action: Establish a working group with Citibank, component program managers, and the Defense Manpower Data Center to identify whether automated tools exist or could be developed to deactivate and close the travel card account automatically when cardholders separate.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2016-129, The National Security Agency Should Take Additional Steps to Effectively Implement Its Privileged Access-Related Secure-the-Net Initiatives, 8/29/2016

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: National Security Agency

Report: DODIG-2016-130, The Navy Needs More Comprehensive Guidance for Evaluating and Supporting Cost-Effectiveness of Large-Scale Renewable Energy Projects, 8/25/2016

Description of Action: Develop guidance to include the Navy's best practices for assessing the cost-effectiveness of large-scale renewable energy projects financed through third parties in the U.S. Pacific Command area of responsibility and develop a timeline and establish parameters for the post hoc review of existing large-scale renewable energy projects.

Reason Action Not Completed: Awaiting revision to DoD Instruction 4170.11 along with timeline and parameters for the post hoc review of existing large-scale renewable energy projects to assess compliance with policies.

Principal Action Office: Navy

Report: DODIG-2016-131, Designation of Contracting Officer's Representatives and Oversight Framework Could Be Improved for Contracts in Afghanistan, 8/26/2016

Description of Action: Direct contracting officers to review all current Contracting Officer's Representative designation letters for contracts in Afghanistan produced since the issuance of DoD Instruction 5000.72 and before the implementation of their revised contracting policies for compliance with DoD Instruction 5000.72, and issue updated designation letters to address all requirements in the Instruction.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2016-133, Evaluation of Integrated Tactical Warning/Attack Assessment Ground-Based Radars, 9/8/2016

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Air Force

Report: DODIG-2016-139, Military Housing Inspection-Camp Buehring, Kuwait, 9/30/2016

Description of Action: Create and execute a plan for ongoing inspection and maintenance of all U.S. military-occupied facilities at Camp Buehring and other locations where the Commander, Area Support Group Kuwait, provides base operations support and inspections to ensure that inspections and maintenance of these locations complies with applicable electrical codes. Revise the contract Performance Work Statement to ensure that the contract requires the contractor to maintain the electrical and fire protection systems to the National Electrical Code and Unified Facilities Criteria 3-601-02.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2016-140, Assessment of U.S. and Coalition Efforts to Train, Advise, Assist, and Equip the Afghan National Army Special Operations Forces, 9/29/2016

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: U.S. Central Command

Report: DODIG-2017-002, Consolidation Needed for Procurements of DoD H-60 Helicopter Spare Parts, 10/12/2016

Description of Action: Perform a cost-benefit analysis to determine whether the procurement responsibility for all H-60 spare parts, including those procured under performance-based logistics and contractor logistics support contracts, should be transferred to the Defense Logistics Agency, as originally required by Base Realignment and Closure Act 2005 Recommendation 176.

Reason Action Not Completed: Awaiting finalized cost benefit analysis study results.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2017-003, The Air Force Needs to Improve Cost-Effectiveness and Availability of the Joint Surveillance Target Attack Radar System, 11/1/2016

Description of Action: Revise the Total System Support Responsibility contract clause to establish a procedure for the contracting officer to verify the appropriateness of all contractor-proposed over and above work before performance of the work as required by the Defense Federal Acquisition Regulation Supplement 252.217-7028. Also, establish evaluation criteria in the award-fee plan for Total System Support Responsibility contract option period 17 that adequately motivate Northrop Grumman to reduce cost and that discourage inefficiency, in accordance with Federal Acquisition Regulation 16.401(a)(2)(ii).

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Air Force

Report: DODIG-2017-004, Summary Report-Inspections of DoD Facilities and Military Housing and Audit of Base Operations and Support Services Contracts, 10/14/2016

Description of Action: Perform comprehensive, independent inspections of installations to verify compliance with all applicable health and safety requirements. Also, establish a joint-Service working group that meets periodically to identify improvements in facility inspection and maintenance programs.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Army, and Air Force

Report: DODIG-2017-014, Acquisition of the Navy Surface Mine Countermeasure Unmanned Undersea Vehicle (Knifefish) Needs Improvement, 11/8/2016

Description of Action: Develop capability requirements in the Knifefish capability production document relating to communication interface and launch and recovery operations between the Knifefish system and the Littoral Combat Ship, unless Knifefish is no longer required.

Reason Action Not Completed: Capability production document is being developed.

Principal Action Office: Navy

Report: DODIG-2017-015, Application Level General Controls for the Defense Cash Accountability System Need Improvement, 11/10/2016

Description of Action: Develop and implement procedures that require Information System Security Officers to comply with certification requirements at an organizational level consistent with those established in DoD Manual 8570.01-M, "Information Assurance Workforce Improvement Program." Develop and implement procedures to validate that only authorized changes, including all configuration items, are approved and moved to the Defense Cash Accountability System production environment. Demonstrate that supervisors, Information Owners and Business Enterprise Information Services representatives, and Center Administrators have been trained to ensure that requested access levels to perform sensitive activities are appropriate before approving System Authorization Access Requests.

Reason Action Not Completed: Followup Report No. DODIG-2018-136, "Followup Audit: Application Level General Controls for the Defense Cash Accountability System," July 10, 2018, determined that the Defense Finance and Accounting Service implemented corrective actions for 16 of 20 recommendations issued under DODIG-2017-015. Corrective actions are still ongoing for the remaining 4 recommendations.

Principal Action Office: Defense Finance and Accounting Service

Report: DODIG-2017-019, Improvements Needed in Managing Air Force Suspense Accounts, 11/10/2016

Description of Action: Revise the DoD Financial Management Regulation to account for the revenue-generating programs, Uniformed Services Thrift Savings Plan contributions and payroll tax withholdings.

Reason Action Not Completed: Defense Finance and Accounting Service resubmitted a legislative proposal requesting special fund accounts for revenue-generating programs and discussions are ongoing with the Office of the Secretary of Defense and the Services. The impacted chapters of the DoD Financial Management Regulation are the responsibility of the Office of the Under Secretary of Defense/Chief Financial Officer therefore once solutions are identified, DFAS will work with the Comptroller's office to update the DoD Financial Management Regulation. Target completion date is November 30, 2019.

Principal Action Office: Defense Finance and Accounting Service

Report: DODIG-2017-030, U.S. Special Operations Command Needs to Improve Management of Sensitive Equipment, 12/12/2016

Description of Action: Update guidance to include specific procedures for establishing sensitive equipment accountability. Also, conduct a 100-percent inventory of sensitive equipment to establish a sensitive equipment baseline and reconcile inventory discrepancies.

Reason Action Not Completed: Target publication dates for revised USSOCOM Directive 700-2, "Special Operations Major Force Program-11 Material Management," and USSOCOM Directive 700-33, "Supply Chain Reports and Metrics," are December 2018 and June 2019, respectively. USSOCOM has not yet conducted a baseline reconciliation of wholesale level sensitive equipment inventory because they have not transitioned to wholesale inventory. USSOCOM has begun the implementation of the Defense Property Accountability System warehouse module to account for all wholesale level inventory. As part of the implementation, USSOCOM will conduct a 100 percent baseline inventory to ensure only those inventory items that are physically on hand are captured and input into the Inventory Accountable Property System of Record in the Defense Property Accountability System.

Principal Action Office: U.S. Special Operations Command

Report: DODIG-2017-032, Evaluation of Contracting Officer Actions on Cost Accounting Standard Noncompliances Reported by Defense Contract Audit Agency, 12/8/2016

Description of Action: Review the appropriateness of the delegation of contracting officer actions to Defense Contract Management Agency (DCMA) team supervisors allowed by DCMA memorandum, "Supervisory and Peer Review Process for Contracting Officers Action," and revise DCMA Instruction 108 to eliminate the inconsistency.

Reason Action Not Completed: Corrective actions are ongoing to consolidate DCMA instructions 108 and 126 into specific manuals for publication.

Principal Action Office: Defense Contract Management Agency

Report: DODIG-2017-033, Assessment of U.S. and Coalition Efforts to Train, Advise, Assist, and Equip the Kurdish Security Forces in Iraq, 12/14/2016

Description of Action: Review distribution procedures to ensure all equipment items, including Iraq Train and Equip Fund-purchased and Coalition-donated, are tracked and monitored through the supply chain to ensure accountability throughout the distribution process.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2017-038, Assessment of Warriors in Transition Program Oversight, 12/31/2016

Description of Action: Revise DoD Instruction 1300.24, "Recovery Coordination Program" to delineate the Office of Warrior Care Policy's role in providing Recovery Coordination Program oversight reports to effectively monitor program performance and promote accountability.

Reason Action Not Completed: The Office of the Deputy Assistant Secretary of Defense for Health Services Policy and Oversight has implemented an oversight process to follow up on Recovery Coordination Program site visit report findings to resolution. Recovery Coordination Program site visit report requirements and oversight responsibilities will be included in the rewrite of DoD Instruction 1300.24. Target date to begin staffing revised DoD Instruction 1300.24 is November 2018.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2017-039, Requirements for the Air Force Civilian Pay Budget Still Need Improvement, 1/5/2017

Description of Action: Update Air Force Instruction 65-601 to require civilian pay budget decisions to be documented in Personnel and Budget Committee meeting minutes.

Reason Action Not Completed: Air Force Instruction 65-601 is expected to be issued first quarter FY 2019.

Principal Action Office: Air Force

Report: DODIG-2017-041, Combined Security Transition Command Afghanistan Improved Controls Over U.S.-Funded Ministry of Defense Fuel Contracts, but Further Improvements are Needed, 1/11/2017

Description of Action: Conduct physical inspections of fuel deliveries and coordinate with local Afghanistan National Defense Security Forces fuel officers to train them in inspection and fuel testing techniques.

Reason Action Not Completed: Combined Security Transition Command-Afghanistan (CSTC-A) is gathering documentation to support their audit division's assessment of the CSTC-A's General Staff, Chief of Logistics, and General Staff, Inspector General processes of consumption report collection and verification as well as provide the DoD OIG with a copy of the CSTC-A audit division's final report.

Principal Action Office: U.S. Central Command

Report: DODIG-2017-042, Army Contracting Command-Redstone and Space and Missile Defense Command Need to Improve Contract Oversight for the Web-Based Military Information Support Operations Contract, 1/18/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Army

Report: DODIG-2017-043, Management of Excess Material in the Navy's Real-Time Reutilization Asset Management Facilities Needs Improvement, 1/23/2017

Description of Action: Develop procedures for disposition and retention of material based on demand; and update guidance requiring users to use the Navy Enterprise Resource Planning system before using the alternative methods.

Reason Action Not Completed: Target completion date to fully update Naval Supply Systems Command Publication 485, Volume 1 is December 31, 2018.

Principal Action Office: Navy

Report: DODIG-2017-045, Medical Service Accounts at U.S. Army Medical Command Need Additional Management Oversight, 1/27/2017

Description of Action: Review uncollectible medical service accounts to ensure all collection efforts have been exhausted.

Reason Action Not Completed: DoD OIG follow up review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Army

Report: DODIG-2017-055, Evaluation of Defense Contract Management Agency Contracting Officer Actions on Defense Contract Audit Agency Incurred Cost Audit Reports, 2/9/2017

Description of Action: Improve controls for ensuring the completeness and accuracy of negotiation documents in accordance with Federal Acquisition Regulation 42.705-1(b)(5), DoD Instruction 7640.02, and the Defense Contract Management Agency Instruction 125. Improve the management review of contracting officer actions to better ensure contracting officers assess penalties for expressly unallowable costs or document a waiver of penalties that complies with Federal Acquisition Regulation 42.709-5.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Contract Management Agency

Report: DODIG-2017-056, United States European Command Needs to Improve Oversight of the Golden Sentry Program, 2/17/2017

Description of Action: Update the security checklists to include instructions on how Security Cooperation Organization Golden Sentry program managers should verify that the recipient country complied with the security checklist requirements; and update the Defense Institute of Security Cooperation Studies' Security Cooperation Management Overseas training course to address the use of security checklists.

Reason Action Not Completed: Working on completing actions outlined in the plan of action.

Principal Action Office: U.S. European Command and Defense Security Cooperation Agency

Report: DODIG-2017-057, Army Officials Need to Improve the Management of Relocatable Buildings, 2/16/2017

Description of Action: Develop and implement policies for streamlining the disposal of relocatable buildings. In addition, submit extensions for the relocatable buildings for which disposal is not imminent.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2017-060, Defense Commissary Agency Purchases of Fresh Produce in Guam, 2/28/2017

Description of Action: Reevaluate transportation options to address the price increase of bagged salads at the Guam commissaries. Also revise Defense Commissary Agency Directive 40-4 to require the documentation of quality reviews on fresh produce in the Pacific.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Commissary Agency

Report: DODIG-2017-061, Evaluation of the National Security Agency Counterterrorism Tasking Process Involving Second Party Partners, 3/1/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: National Security Agency

Report: DODIG-2017-063, Surface Electronic Warfare Improvement Program, 3/13/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Navy

Report: DODIG-2017-064, The Defense Health Agency Improperly Paid for Autism-Related Services to Selected Companies in the TRICARE South Region, 3/10/2017

Description of Action: Conduct comprehensive medical records reviews to determine whether the charges claimed by the five applied behavior analysis companies were appropriate. Review the claims and provide results to the Defense Health Agency Program Integrity Office for appropriate actions.

Reason Action Not Completed: Defense Health Agency Program Integrity Office is reviewing four company cases/one pending referral for possible fraudulent billing. Recoupment for improper payment will occur following the publication of revised TRICARE Operations Manual, Chapter 18.

Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2017-065, The Army Needs to Improve Processes for Single-Award, Indefinite-Delivery Indefinite-Quantity Contracts, 3/14/2017

Description of Action: Issue internal guidance addressing the preparation, review, and submission of Determinations and Findings documents for single-award, indefinite-delivery indefinite-quantity contracts. Also, direct contracting officials to prepare and submit for approval a Determination and Findings document for contract W91CRB-15-D-0022.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2017-066, Army Did Not Support Business Case Analysis Recommending Transition of Human Immunodeficiency Virus Testing, 3/14/2017

Description of Action: Re-perform a Business Case Analysis for Human Immunodeficiency Virus testing and ensure the analysis includes only scope cited in the problem statement; uses accurate assumptions and current information and costs; includes three or more courses of actions and alternatives; consistently uses total costs associated with the project; uses well-defined and measurable alternative selection criteria; and is adequately documented and supported.

Reason Action Not Completed: DoD OIG follow up review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Army

Report: DODIG-2017-067, Navy Inaccurately Reported Costs for Operation Freedom's Sentinel in the Cost of War Reports, 3/16/2017

Description of Action: Develop and implement standard operating procedures that cover end-to-end Cost of War reporting processes. These standard operating procedures should include, at a minimum, procedures for the receipt, review, and reporting of obligations and disbursements for Operation Freedom's Sentinel to ensure costs are accurately reflected in the Cost of War reports.

Reason Action Not Completed: DoD OIG follow up review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Navy

Report: DODIG-2017-068, Strategic Plan Needed for Navy Financial Management Systems, 3/16/2017

Description of Action: Develop and implement milestones and performance measures for a Navy-wide information technology strategic plan that will provide cost benefit analysis of system capabilities to determine which systems can provide reliable financial data in a cost effective manner.

Reason Action Not Completed: Corrective actions toward developing the Navy's strategic implementation plan and roadmap for financial management systems, including milestones and performance measures, are ongoing.

Principal Action Office: Navy

Report: DODIG-2017-069, Ineffective Fund Balance With Treasury Reconciliation Process for Army General Fund, 3/27/2017

Description of Action: Reengineer Army and Defense Finance and Accounting Service reconciliation process to meet the 10-workday deadline or coordinate with the Under Secretary of Defense (Comptroller)/Chief Financial Officer, to determine whether DoD Financial Management Regulation 7000.14-R, volume 4, chapter 2, needs to be revised to increase the number of days for the reconciliation process.

Reason Action Not Completed: Corrective actions are ongoing and are scheduled to be completed by October 31, 2018.

Principal Action Office: Army and Defense Finance and Accounting Service

Report: DODIG-2017-070, Evaluation of the National Airborne Operations Center Mission Sustainment and Modernization, 3/23/2017

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Joint Chiefs of Staff and Air Force

Report: DODIG-2017-074, Assessment of U.S. and Coalition Plans/Efforts to Train, Advise, Assist, and Equip the Iraqi Counterterrorism Service and the Iraqi Special Operations Forces, 4/19/2017

Description of Action: Develop a plan establishing release authority for Counterterrorism Service equipment and supplies in warehouses that are specifically required to improve the logistic support necessary for Counterterrorism Service training. Develop and incorporate objective and measurable training-evaluation criteria and standards for all tasks trained in Academia programs of instruction. Develop a plan for improving the refit process for the Iraqi Counterterrorism Service.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2017-075, The Army Needs to More Effectively Prepare for Production of the Common Infrared Countermeasure System, 4/26/2017

Description of Action: Update the Test and Evaluation Master Plan to require the Common Infrared Countermeasure system to achieve the system reliability threshold (minimum) requirement of 214 flight hours before the full-rate production decision.

Reason Action Not Completed: The Common Infrared Countermeasure Test and Evaluation Master Plan is still under revision.

Principal Action Office: Joint Chiefs of Staff, Army

Report: DODIG-2017-076, The Missile Defense Agency Can Improve Supply Chain Security for the Ground-Based Midcourse Defense System, 4/27/2017

Description of Action: Missile Defense Agency is developing internal procedures and establishing contract requirements to improve the accuracy of the critical components list to manage risks to the Ground-based Midcourse Defense System throughout its life cycle and require identification of all critical logic-bearing hardware components and critical software and firmware.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Missile Defense Agency

Report: DODIG-2017-077, Army is Effectively Managing the Armored Multi-Purpose Vehicle, but There Are Concerns That Could Impact Program Cost, Schedule, and Performance, 4/28/2017

Description of Action: Monitor and adequately address concerns with performance requirements, vehicle design stability, and issues identified during all future testing. Also, update the procurement quantity for inclusion in the capabilities production document.

Reason Action Not Completed: Corrective actions to address testing and to update the procurement quantity are ongoing and expected to be complete during second quarter FY 2019.

Principal Action Office: Army

Report: DODIG-2017-078, The DoD Did Not Comply With the Improper Payment Elimination and Recovery Act in FY 2016, 5/8/2017

Description of Action: Coordinate with the DoD Improper Payments Elimination and Recovery Act reporting components to verify that all payments are assessed for the risk of improper payments or are reporting estimated improper payments, and to report consistent, accurate, complete, and statistically-valid improper payment estimates in compliance with all Improper Payments Elimination and Recovery Act and Office of Management and Budget requirements.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer

Report: DODIG-2017-082, DoD Components Did Not Report Complete and Accurate Data in the DoD Information Technology Portfolio Repository, 5/10/2017

Description of Action: Establish a process that holds DoD Component Chief Information Officers accountable for the completeness and accuracy of DoD Information Technology Portfolio Repository data.

Reason Action Not Completed: DoD Chief Information Officer (DoD CIO) has established a process that holds DoD Component chief information officers accountable for the completeness of DoD Information Technology Portfolio Repository (DITPR) data. However, DoD CIO is not testing the data in DITPR for accuracy. As a result, inaccurate information technology system data remains in DITPR. The DoD CIO needs to develop and use procedures to test the data in DITPR for accuracy, and use the monthly DITPR Integrated Process Team meetings to report, identify, and resolve data accuracy issues.

Principal Action Office: DoD Chief Information Officer

Report: DODIG-2017-085, Protection of Electronic Patient Health Information at Army Military Treatment Facilities, 7/6/2017

Description of Action: Implement configuration changes to enforce the use of Common Access Cards to access the Armed Forces Health Longitudinal Technology Application, Composite Health Care System, and Clinical Information System/Essentris Inpatient System or obtain a waiver of exemption. Configure passwords for the same systems that meet DoD Complexity requirements. Encrypt data at rest for the Armed Forces Health Longitudinal Technology Application. Implement procedures to verify that privacy impact assessments are developed for all systems including the Comed Anatomic Pathology System that store, process, and transmit patient health information. Develop a plan of action and milestones to mitigate known network vulnerabilities. Encrypt data at rest for all Army-specific systems that store patient health information, configure systems to automatically lock after 15 minutes of inactivity. Develop and maintain standard operating procedures for granting access, assigning and elevating privileges, and deactivating user access, review and identify all systems used to process, store, and transmit patient health information, develop a baseline of systems used at each military treatment facility, and regularly review system audit logs to identify user and system activity anomalies, validate the accuracy of the inventory of Army specific systems.

Reason Action Not Completed: DoD is implementing a new Electronic Health Record and as such the Armed Forces Health Longitudinal Technology Application will be sunset in the future. The Defense Health Agency is looking for ways to increase its fiscal efficiency and

is reluctant to spend resources on system changes to implement audit recommendations that have been effectively mitigated. The Procedural Instruction (PI) encouraging compliance with DoD Common Access Cards usage and DoD password complexity requirements at military treatment facilities for Armed Forces Health Longitudinal Technology Application, Composite Health Care System, and Clinical Information System/Essentris Inpatient System is in the DHA approval process; coordination with the Services for review of the PI has been initiated. Implementation of the new PI is anticipated in fourth quarter FY 2018.

Principal Action Office: Assistant Secretary of Defense for Health Affairs, Army

Report: DODIG-2017-087, U.S.-Controlled and-Occupied Military Facilities Inspection-Camp Lemonnier, Djibouti, 6/2/2017

Description of Action: Conduct a root cause analysis and implement a corrective action plan for all electrical deficiencies identified in this report. Ensure that all facility operations and maintenance comply with the Unified Facilities Criteria and the National Fire Protection Association standards. Provide the DoD Office of Inspector General a copy of the analysis and corrective action plan within 90 days of the issuance of this report.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2017-089, Evaluation of Military Services' Compliance with Military Accessions Vital to the National Interest Program Security Reviews and Monitoring Programs, 6/27/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Under Secretary of Defense for Intelligence, Under Secretary of Defense for Personnel and Readiness, Army, Navy

Report: DODIG-2017-090, The Army Needs to Improve Controls Over Chemical Surety Materials, 6/7/2017

Description of Action: Revise DoD Instruction 5210.65 to define acceptable inventory practices and to provide guidance on appropriate segregation of duties. Update contractor's standard operating procedures as necessary to include revised inventory requirements.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Army

Report: DODIG-2017-092, Audit of the Defense Contract Audit Agency Field Detachment, 6/14/2017

Description of Action: Conduct a risk assessment on the missing Defense Contract Audit Agency security incident information and work with the Defense Contract Audit Agency Security Officer to prioritize security vulnerabilities for remediation and establish timelines for completion. Develop and implement a formalized automated process to request, initiate, approve, debrief, and maintain personnel special access program accesses. Perform an annual assessment of Field Detachment staffing and facility requirements for audit oversight of classified and special access programs operations based on established criteria.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Defense Contract Audit Agency

Report: DODIG-2017-093, Control Systems Supporting Tier I Task Critical Assets Lacked Basic Cybersecurity Controls, 6/15/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: DoD Chief Information Officer, Air Force

Report: DODIG-2017-094, Audit of Air Force Munitions Requirements and Storage Facilities in the Republic of Korea, 6/26/2017

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Air Force

Report: DODIG-2017-095, U.S. Army's Management of the Heavy Lift VII Commercial Transportation Contract Requirements in the Middle East, 6/26/2017

Description of Action: Implement a systemic process for collecting Heavy Lift asset usage and establish a consistent schedule for analyzing usage information in order to use quantitative and qualitative factors when forecasting requirement quantities on future task orders. Update the requirement review process standard operating procedures to ensure requirements packages that are submitted to the review boards include all information that is necessary for the validation authority to make an informed decision.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command, Army

Report: DODIG-2017-096, Audit of the Training and Airframe Evaluations for the H-60 Black Hawk Helicopter, 6/27/2017

Description of Action: Provide future training capacity for new equipment training to all U.S. Army H-60M and H-60V pilots.

Reason Action Not Completed: Corrective actions are ongoing toward updating the force structure plans to ensure that all U.S. Army H-60M and H-60V pilots will receive initial training.

Principal Action Office: Army

Report: DODIG-2017-099, Evaluation of Department of Defense Efforts to Build Counterterrorism and Stability Operations Capacity of Foreign Military Forces with Section 1206/2282 Funding, 7/21/2017

Description of Action: Designate a lead manager and management office with the responsibility to coordinate, synchronize, and integrate relevant activities, with sufficient operating authority over DoD implementing components, to ensure effective management control in program execution. Issue updated instructions to support effective program implementation, execution, and management oversight. Ensure that DoD components responsible for implementing 10 U.S.C. § 2282 comply with DoD security cooperation directives and procedures for documenting and retaining records pursuant to that authority.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Policy, Assistant Secretary of Defense for Special Operations and Low Intensity Conflict

Report: DODIG-2017-103, Under-Vehicle Force Protection Requirement for the Army Paladin Integrated Management Program, 7/21/2017

Description of Action: Submit a request for funds to redesign ammunition stowage and floor mats in the FY 2018 Army budget request and conduct an analysis in FY 2018 to determine operational requirements for under-vehicle armor kits. Also, redesign the Paladin ammunition stowage and floor mats to protect soldiers on combat missions that require increased under-vehicle protection.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2017-104, Followup on DoD OIG Report No. DODIG-2015-013, “Military Housing Inspections—Republic of Korea,” October 28, 2014, 7/20/2017

Description of Action: Conduct an effective root cause analysis and perform corrective actions for 646 deficiencies identified; ensure that the deficiencies do not exist in other housing units; ensure inspection, maintenance, and repair programs are in compliance with applicable codes and standards for fire protection systems, electrical systems, and environmental health and safety; ensure sufficient qualified resources are assigned and available to inspect and verify that all housing buildings and units are in compliance with fire protection, electrical, and environmental health and safety requirements; and ensure that housing management policies are implemented and procedures are followed.

Reason Action Not Completed: The estimated completion date for all actions was September 30, 2018. However, it was noted that although many deficiencies were corrected on some housing units, the same deficiencies were found in other housing units not previously inspected. The Services were tasked to establish remediation plans that would ensure corrective measures were in place to minimize the occurrence of deficiencies. Root cause analysis with corrective actions, inspections, maintenance and repair programs to be implemented require coordination through service and installations protocols.

Principal Action Office: Army, Air Force

Report: DODIG-2017-105, Evaluation of U.S. and Coalition Efforts to Enable the Afghan Ministry of Defense to Develop Its Oversight and Internal Control Capability, 8/4/2017

Description of Action: Review the capacity of the Resolute Support Defense National Logistics Directorate to train, advise, and assist the transparency, accountability, and oversight effort at Ministry of Defense national-level logistic institutions to ensure that current advisory staffing is sufficient to support development of internal controls.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2017-106, Evaluation of the Air Force and Navy Explosive Ordnance Disposal Capabilities to Respond to a Nuclear Weapon Accident or Incident, 7/28/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Under Secretary of Defense for Research and Engineering, Joint Chiefs of Staff, Navy, Air Force, U.S. European Command

Report: DODIG-2017-107, Followup Audit: U.S. Naval Academy Museum Management of Heritage Assets, 8/7/2017

Description of Action: Complete a baseline inventory of all U.S. Naval Academy Museum assets and document the inventory results. Also provide progress updates to the U.S. Naval Academy Superintendent on completion of the baseline inventory. Prepare and complete a transfer agreement for any artifacts that were physically transferred to the Smithsonian Museum. If the artifacts are not permanently transferred, then these artifacts should be recorded as loaned items in the U.S. Naval Academy Museum inventory.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2017-108, United States Transportation Command Triannual Reviews, 8/9/2017

Description of Action: Develop and implement procedures to execute triannual reviews in accordance with DoD Financial Management Regulation, volume 3, chapter 8. The processes and procedures requirements at a minimum should include detailed review requirements to ensure that each commitment, obligation, accounts payable, unfilled customer order, and accounts receivable is properly recorded in the general ledger; and ensure reports are prepared for submission in the DoD standard format and contain the valid, accurate, and complete status of each fund balance. Additionally, the processes and procedures should identify staff positions responsible for executing proper triannual reviews.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Transportation Command

Report: DODIG-2017-111, Evaluation of the European Reassurance Initiative (ERI), 8/22/2017

Description of Action: Update the Support to North Atlantic Treaty Organization Contingency Plan Contingency Plan to enable further synchronization of U.S. and NATO operational and infrastructure requirements.

Reason Action Not Completed: Corrective actions are ongoing to update the Support to North Atlantic Treaty Organization Contingency Plan to ensure that future infrastructure facility improvements meet U.S. and North Atlantic Treaty Organization operational requirements and design standards.

Principal Action Office: Deputy Secretary of Defense, Joint Chiefs of Staff, U.S. European Command

Report: DODIG-2017-113, Defense Information Systems Agency's Expired Communication Service Authorizations, 8/25/2017

Description of Action: Defense Information Systems Agency, in coordination with the Procurement Services Defense Information Technology Contracting Office, determine whether payments on expired communication services authorizations were improper and report the results and initiate recovery actions, when appropriate, in accordance with the Improper Payments Elimination and Recovery Improvement Act.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Information Systems Agency

Report: DODIG-2017-114, Documentation to Support Costs for Army Working Capital Fund Inventory Valuation, 8/24/2017

Description of Action: Establish detailed standard operating procedures, flowcharts, and narratives for each significant inventory process, including how to maintain and access key supporting documentation that key personnel and service providers are responsible for retaining and providing in response to audit requests. Ensure that memorandums of understanding with service providers clearly identify what office would maintain the documentation, where the documentation would be stored, protocols for requesting and providing documentation, and documentation retention policies. Develop a process to maintain credit values given for returns for credit and unserviceable credit transactions. Incorporate data fields within the Logistics Modernization Program system to identify the receiving reports (shipment) and invoice documents in the Invoicing, Receipt, Acceptance, and Property Transfer system.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2017-115, Independent Auditor's Report on the Examination of the Defense Logistics Agency's DoD Chief Financial Officer's Statistical Sample Inventory Program, 8/25/2017

Description of Action: Update Defense Logistics Agency Standard Operating Procedure 4000.02-04 to establish procedures to determine whether the population of assets in Defense Logistics Agency storage sites used for the Defense Logistics Agency's DoD Chief Financial Officer's Statistical Sample Inventory Program was complete and accurate by requiring evidence of properly completed reconciliations between the Military Services' accountable property systems of record and the Distribution Standard System.

Reason Action Not Completed: The Office of the Deputy Assistant Secretary of Defense for Supply Chain Integration, is updating DoD Manual 4140.01, Volume 5, to address physical counts and reconciliation. Corrective actions are scheduled to be completed by July 31, 2019.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2017-116, Defense Logistics Agency Fuel Contract for Al Udeid Air Base, Qatar, 9/5/2017

Description of Action: Coordinate with the Defense Finance and Accounting Service to ensure that the payment period is adjusted when a payment is delayed because of contractor error.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2017-117, Joint Requirements Oversight Council Procurement Quantity Validation Process for Major Defense Acquisition Programs, 9/6/2017

Description of Action: Establish a practice within the Joint Requirements Oversight Council to consistently evaluate procurement quantity submitted by sponsors and execute procedures to assess the validity and accuracy of the procurement quantity submitted by sponsors. Require subordinate boards to obtain input and reviews from advisors and stakeholders to assess and review procurement quantity. Ensure the new investment review process clearly defines the roles for assessing, reviewing, and analyzing procurement quantity. Develop and implement oversight procedures and accountable methods to ensure that procurement quantity is evaluated.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Joint Chiefs of Staff

Report: DODIG-2017-119, The Global Discovery Program and DoD Counternarcotics Agreements, 9/11/2017

Description of Action: Review circumstances leading to ineffective management and oversight of the Global Discovery program and, if appropriate, initiate action to hold personnel accountable.

Reason Action Not Completed: Management review and determination of personnel accountability of program responsibilities not yet determined.

Principal Action Office: Under Secretary of Defense for Policy

Report: DODIG-2017-121, U.S. Africa Command's Management of Acquisition and Cross-Servicing Agreements, 9/21/2017

Description of Action: Review the current implementation and execution of the Acquisition and Cross-Servicing Agreement program and update DoD Directive 2010.9, "Acquisition and Cross-Servicing Agreements," November 24, 2003.

Reason Action Not Completed: Pending final approval of a Congressional mandated organizational restructuring plan.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2017-122, Combined Security Transition Command-Afghanistan Oversight of Ammunition Provided to Afghanistan National Defense and Security Forces, 9/22/2017

Description of Action: Develop and document a long-term strategy for improving ministries' ammunition reporting that includes clearly defined roles and responsibilities for the personnel involved in providing oversight of ammunition, criteria to evaluate the ministries' compliance with ammunition commitment letter requirements, and procedures to review Ministry Inspectors General inspection results when assessing the accuracy of ammunition reports.

Reason Action Not Completed: Awaiting additional U.S. Central Command (Commanding General, Combined Security Transition Command-Afghanistan) management comments to the final report. In the meantime, both recommendations remain unresolved.

Principal Action Office: U.S. Central Command

Report: DODIG-2017-123, The Troops-to-Teachers Program, 9/28/2017

Description of Action: Develop and implement policies define the Troops-to-Teachers program requirements for participant eligibility and implement, manage, and oversee the Troops-to-Teachers grant program to ensure the planned way forward complies with regulations. Develop procedures for reviewing participant applications that align with newly developed Troops-to-Teachers policy and provide training for all Government and contract employees working with the Troops-to-Teachers program after new policy and procedures are created.

Reason Action Not Completed: Long-term corrective actions are on schedule. The Office of the Assistant Secretary of Defense for Readiness, Force Education and Training, Voluntary Education has begun drafting a DoD Instruction to establish policy, assign responsibilities, and prescribe procedures for determining participant eligibility, and to implement, manage, and oversee grants for the Troops-to-Teachers program in accordance with 10 U.S.C. 1154. The new instruction is targeted to be completed by September 2019. In the meantime, the Office of the Under Secretary of Defense for Personnel and Readiness plans to issue an interim guidance for implementing the Troops-to-Teachers program.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2017-125, Naval Facilities Engineering Command Southwest and Marine Corps Base Camp Pendleton Officials' Use of Utility Energy Service Contracts, 9/28/2017

Description of Action: Direct the Naval Facilities Engineering Command Southwest contracting officers approve all future scope of work changes before the contractor begins performance, and reemphasize and hold training sessions to implement the existing process for notifying and approving minor expedited changes for the Marine Corps Base Camp Pendleton Utility Energy Services Contracts.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy, Marine Corps

SECTION 845 ANNEX AUDIT REPORTS WITH SIGNIFICANT FINDINGS

DoD OIG

Audit Report No. DODIG-2018-105	Date: April 13, 2018
Subject: Noncompetitive Information Technology Contracts at the Defense Health Agency	
Report: \$237.9 Million Unsupported Costs	
DHA Contracting Office-Health Information Technology contracting personnel did not properly award an information technology contract, valued at \$237.9 million. The contracting officer did not appropriately apply the sole-source authority cited, include all of the minimum FAR content requirements in the justification, or properly award a bridge contract (a short-term sole source contract to avoid a lapse in service by a delay in awarding a follow-on contract). The DHA contracting officials should have awarded the contract valued at \$237.9 million, using full and open competition.	

Audit Report No. DODIG-2018-108	Date: April 25, 2018
Subject: TRICARE Payments for Standard Electric Breast Pumps and Replacement Parts	
Report: \$16.2 Million Questioned Costs and \$81.2 Million Funds Put to Better Use	
DHA overpaid for standard electric breast pumps and replacement parts for beneficiaries. Specifically, the DHA overpaid for 54,006 of 59,241 breast pumps (91.2 percent); and 380,911 of 671,112 replacement parts (56.8 percent). The DoD OIG calculated that the DHA overpaid \$16.2 million for standard electric breast pumps and replacement parts provided to TRICARE beneficiaries. If the DHA continues its current practice, and prices and volume stay the same, the DHA could overpay an additional \$81.2 million over the next 5 years.	

Audit Report No. DODIG-2018-110	Date: April 25, 2018
Subject: Defense Contract Management Agency's Information Technology Service Contracts	
Report: \$74.4 Million Questioned Costs (\$17.0 Million Unsupported)	
DCMA officials did not properly develop performance work statements related to \$56.4 million in contracts and awarded an order under a flexible ordering agreement without competition for \$894K. In addition, DCMA officials did not perform reviews or inspections of contractor deliverables before accepting services and DCMA officials did not determine whether the contractor performed satisfactorily and ensured the work progressed according to the contract before approving invoices in relation to \$17 million in unsupported costs.	

Audit Report No. DODIG-2018-119	Date: May 11, 2018
Subject: DoD Oversight of Logistics Civil Augmentation Program in Afghanistan	
Report: \$594.0 Million Unsupported Costs	
The Army paid 128 LOGCAP vouchers submitted from 2015 to 2017, valued at \$2.4 billion, with little or no examination of the contractors' supporting documentation. The DoD OIG determined that \$536 million of the \$2.4 billion billed was supported by questionable documentation. Specifically, the contractor provided supporting documentation for labor, employee travel, and employee bonuses that presented costs for hundreds of employees as a single sum for only one employee. In addition, the DoD OIG identified a \$32 million voucher submitted by the contractor, which did not include accounting transactions that supported the costs, and at least \$26 million in direct labor for employees not physically present in Afghanistan. Finally, the DoD OIG identified at least \$422,825 in costs that, based on the description of the costs in contractor's accounting data, may not be allowable.	

Fulfills requirements of the National Defense Authorization Act for FY 2008, section 845.

Audit Report No. DODIG-2018-124	Date: June 5, 2018
Subject: Development, Review, and Validation of the Philippines Operations Support Contract III Requirements	
Report: \$57.2 Million Unsupported Costs	
<p>U.S. Pacific Command and Special Operations Command Pacific did not formally re-validate the Philippines Operations Support Contract III requirements through a Service Requirements Review Board before authorizing about \$8.2 million in March 2018 to exercise the first option period starting on April 1, 2018, in accordance with Navy, U.S. Pacific Command, Special Operations Command Pacific and Service Requirements Review Board guidance. In addition, the Philippines Operations Support Contract III has three additional option periods, with a total value of about \$49 million.</p>	

Audit Report No. DODIG-2018-139	Date: July 23, 2018
Subject: DoD Management of the Enhanced Army Global Logistics Enterprise Maintenance of Prepositioning Ships	
Report: \$77.8 Million Questioned Costs	
<p>The Army Contracting Command–Afghanistan did not monitor contractor performance of certain critical requirements or monitor contractor costs to ensure that vehicles and weapons were maintained in accordance with contract requirements. The Army does not have reasonable assurance that the Enhanced Army Global Logistics Enterprise–Afghanistan contractor complied with certain critical requirements of the contract. Without engaging with customers, the contracting officer representatives were unable to identify customer dissatisfaction with contractor maintenance turnaround time. In addition, without consistent contractor oversight, the administrative contracting officer could not provide the procuring contracting officer with sufficient evidence to accurately rate the contractor’s performance and potentially assess any reductions of the fee payable to the contractor for noncompliance with contract requirements. The Army does not have reasonable assurance that costs billed, valued at \$77.8 million, were allowable in accordance with the terms of the contract.</p>	

Audit Report No. DODIG-2018-151	Date: September 24, 2018
Subject: Military Sealift Command’s Maintenance of Prepositioning Ships	
Report: \$554.7 Million Questioned Costs	
<p>The Military Sealift Command personnel did not maintain complete and accurate preventative maintenance plans, which identify the contractors’ maintenance responsibilities. In addition, the Military Sealift Command did not verify that contractor personnel completed the contract requirements related to the preventative maintenance of the government-owned contractor-operated prepositioning fleet. The Military Sealift Command relies entirely on contractors for the operation and maintenance of prepositioning ships and has committed \$544.7 million to such contracts. Without complete and accurate preventative maintenance plans, which identify and provide instructions on the contractors’ maintenance responsibilities, and without effective oversight of the contractors, which ensures all contractual requirements are fulfilled, the Military Sealift Command committed \$544.7 million to contracts without assurance that the contractors would execute all of the required maintenance on its prepositioning fleet.</p>	

DCAA

Audit Report No. 01721-2012E10100001, 01721-2013E10100001, and 01721-2014E10100001	Date: April 4, 2018
Subject: Independent Audit Report on Proposed Amounts Allocated to Business Segments for Inclusion on Unsettled Flexibly Priced Contracts for Fiscal Years 2012, 2013, and 2014	
Prepared For: U.S. Navy	
Reported Findings: \$58.5 Million Questioned Costs	
The audit of FY 2012, FY 2013, and FY 2014 incurred cost proposals resulted in a total of \$58.5 million in questioned costs. Significant questioned costs were identified totaling \$36.5 million in association with restricted stock rights costs and \$20.6 million in association with executive stock bonuses. These costs were identified as unreasonable because they were considered bonuses earned for achieving performance standards set at unreasonably low levels. Other questioned amounts included unallowable medical benefits and workers compensation.	
Audit Report No. 09311-2012Q10100004 and 09311-2014Q10100001	Date: April 18, 2018
Subject: Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2012, 2013, and 2014	
Prepared For: DCMA	
Reported Findings: \$97.4 Million Questioned Costs	
The audit of FY 2012, FY 2013, and FY 2014 incurred cost proposals resulted \$97.4 million of questioned direct material costs. Significant questioned costs were identified totaling \$12.6 million in association with unallowable direct material costs and \$84.8 million in association with unallowable subcontract costs. These costs were questioned in FY 2012 and FY 2014 primarily because the contractor failed to provide adequate supporting documentation to substantiate the reasonableness and allocability of proposed amounts per FAR 31.201-3 and 31.201-4. Other costs were questioned as unallowable costs claimed as part of indirect expense pools and the facilities capital cost of money.	
Audit Report No. 09721-2011D10100001 and 09721-2012D10100001	Date: June 12, 2018
Subject: Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2011 and 2012	
Prepared For: DCMA	
Reported Findings: \$25.7 Million Questioned Costs	
The audit of the FY 2011 and FY 2012 incurred cost proposals resulted in \$25.7 million in questioned costs. We identified significant questioned costs totaling \$24 million in indirect expense pools related to retirement related costs, awards, and consulting costs. Other questioned amounts related to direct computer cost allocations.	

Audit Report No. 03301-2013F10100021 and 03301-2014F10100016	Date: April 27, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2013	
Prepared For: DCMA	
Reported Findings: \$55 Million Questioned Costs	
<p>The audit of the FY 2013 incurred cost proposal resulted in \$55 million questioned costs. Significant questioned costs were identified totaling \$29.8 million in association with Other Direct Costs where the contractor did not provide adequate documentation to support the costs were allowable. An additional \$10.8 million in significant questioned costs was identified in association with unallowable subcontract costs conducted between related parties. Other questioned costs related to direct material and subcontracts costs and costs associated with the General & Administrative and Overhead expense pools.</p>	
Audit Report No. 09711-2011D10100013, 09711-2012D10100015 and 09711-2013D10100010	Date: May 2, 2018
Subject: Independent Audit Report on Proposed Direct Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2011, 2012, and 2013.	
Prepared For: DCMA	
Reported Findings: \$91.6 Million Questioned Costs	
<p>The audit of the FY 2011, FY 2012, and FY 2013 incurred cost proposals resulted in a total of \$91.6 million questioned costs. We identified \$85.5 million in significant questioned costs related to direct labor – \$24.7 million in FY 2012, \$32.4 million in FY 2013, and \$28.5 million in FY 2014. These costs were questioned because the contractor could not provide adequate support to separate allowable and unallowable direct labor costs. Other questioned costs included subcontract costs that were billed twice.</p>	
Audit Report No. 09321-2018A19500001	Date: May 24, 2018
Subject: Report on Audit of General Dollar Magnitude Cost Impact Proposal dated September 20, 2017	
Prepared For: Restricted	
Reported Findings: \$16.9 Million Questioned Costs	
<p>The audit of the General Dollar Magnitude Cost Impact Proposal for unilateral cost accounting practice changes identified increased costs to the Government totaling \$16.9 million. These increases in cost relate to the Facilities Capital Cost of Money expenses on flexibly priced contracts awarded over a 10 year period of time. The costs were questioned because the contractor overestimated its capitalized values; used inconsistent time periods and useful life periods in net book value computations; allocated net book values based on improper square footage amounts; and used inaccurate Treasury Rates to compute the Cost of Money rate.</p>	

Audit Report No. 01321-2010H10100048 and 01321-2011H10100042	Date: May 25, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years Ended 2010 and 2011	
Prepared For: DCMA	
Reported Findings: \$23.5 Million Questioned Costs	
The audit of the FY 2010 and 2011 indirect cost proposals resulted in questioned costs of \$23.5 million. Significant questioned costs totaling \$18.3 million were identified with subcontract costs where the contractor duplicated the expense and accounted as both direct labor and direct subcontract costs. Additional costs were questioned in other direct labor categories and indirect expense accounts.	

Audit Report No. 09741-2014A10100101	Date: June 12, 2018
Subject: Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2014	
Prepared For: DCMA	
Reported Findings: \$25 Million Questioned Costs	
The audit of the FY 2014 incurred cost proposal resulted in \$25 million in questioned costs. Significant questioned costs totaling \$16.1 million were identified in association with unallowable direct vendor labor. Other costs were questioned in various direct and indirect cost accounts including time and material labor, direct material, direct travel, indirect travel, and employee morale costs.	

Audit Report No. 06851-2011M10100002	Date: June 15, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2011	
Prepared For: DCMA	
Reported Findings: \$30.9 Million Questioned Costs	
The audit of the FY 2011 incurred cost proposal resulted in \$30.9 million in questioned costs. Significant questioned costs totaling \$25.5 million were identified as unallowable in direct materials. These costs were questioned because the contractor did not provide adequate supporting documentation to demonstrate the costs were allowable. Other questioned costs included subcontracts, inter-organizational cost transfers, and indirect costs associated with scrap, real estate taxes, relocation expenses, and supplies.	

Audit Report No. 01511-2013C10100002 and 01511-2014C10100002	Date: June 29, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2013 and 2014	
Prepared For: DCMA	
Reported Findings: \$75.4 Million Questioned Costs	
The audit of the FY 2013 and 2014 incurred cost proposals resulted in \$75.4 million questioned costs. Significant questioned costs totaling \$69.4 million were identified in association with consultant fees where the contractor was unable to cost as allowable by providing consultant agreement or statements of work regarding the detail of work to be performed. Other questioned costs related to state taxes and unreasonable executive compensation.	

Audit Report No. 03381-2018E17200001	Date: June 29, 2018
Subject: Independent Audit Report on Proposed Amounts in Request for Equitable Adjustment Proposal	
Prepared For: U.S. Navy	
Reported Findings: \$24.7 Million Questioned Costs	
The audit of the contractor's request for an equitable adjustment of \$26.4 million in accordance with DFARS 252.243-7002, Request for Equitable Adjustment, resulted in \$24.7 million in questioned costs. The contractor's proposed adjustments were questioned in their entirety for 12 of the 16 proposed elements. These adjustments were questioned because the contractor did not comply with the contract terms requiring prior approval for changes to the proposal.	

Audit Report No. 05411-2015C10100001 and 05411-2016C10100001	Date: June 29, 2018
Subject: Independent Audit Report on Proposed Amounts Allocated to Business Units for Inclusion on Unsettled Flexibly Priced Contracts for 2015 and 2016	
Prepared For: DCMA	
Reported Findings: \$46.4 Million Questioned Costs	
The audit of the FY 2015 and FY 2016 incurred cost proposal resulted in \$46.4 million in questioned costs in association with the proposed \$10.7 billion in corporate allocations. Questioned costs included \$14 million in FY 2015 and \$32.4 million in FY 2016. These costs included consulting, reorganization, insurance, pension, labor, and severance costs associated with the corporate administered programs and corporate office overhead accounts.	

Audit Report No. 07181-2015L10100404	Date: July 20, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2015	
Prepared For: DCMA	
Reported Findings: \$10.6 Million Questioned Costs	
The audit of the FY 2015 incurred cost proposal resulted in \$10.6 million in questioned costs. Significant questioned costs of \$10.4 million were identified in association with an unallowable subcontract fee the contractor inappropriately included in the proposal. The remaining questioned costs related primarily to Other Direct Costs.	

Audit Report No. 05511-2015L42000005	Date: July 27, 2018
Subject: Independent Audit Report of Contractor Cost or Pricing Data Compliance With Truth in Negotiations	
Prepared For: Procurement Contracting Officer, U.S. Army Contracting Command – Redstone	
Reported Findings: \$69.1 Million Recommended Price Adjustment	
The audit of the contractor's compliance with 10 USC § 2306a, Truth in Negotiations Act, resulted in a recommended price adjustment of \$69.1 million because the contractor did not submit current, accurate, and complete cost or pricing data. Significant adjustments totaling \$47.9 million were recommended in association with subcontract costs where the contractor failed to disclose lower prices were negotiated. Additional significant adjustments totaling \$11.4 million were recommended because the contractor did not disclose the basis and details for an exchange rate conversion that resulted in additional Government costs.	

Audit Report No. 09721-2013B10100015	Date: August 3, 2018
Subject: Independent Audit Report on Proposed Amounts for Unsettled Flexibly Priced Contracts for Fiscal Year 2012	
Prepared For: DCMA	
Reported Findings: \$30.7 Million Questioned Costs	
The audit of the FY 2012 incurred cost proposal resulted in \$30.7 million in questioned costs. Significant questioned costs totaling \$30.4 million were identified in association with unallowable direct subcontract costs. Other questioned costs related to unallowable indirect expense accounts.	

Audit Report No. 09721-2014B10100014	Date: August 3, 2018
Subject: Independent Audit Report on Proposed Amounts for Unsettled Flexibly Priced Contracts for Fiscal Year 2014	
Prepared For: DCMA	
Reported Findings: \$11.2 Million Questioned Costs	
The audit of the FY 2014 incurred cost proposal resulted in \$11.2 million in questioned costs. Significant questioned costs totaling \$11 million were identified in association with unallowable direct subcontract costs. Other questioned costs related to unallowable indirect expense accounts.	

Audit Report No. 09821-2014C10100001 and 09821-2015C10100001	Date: August 13, 2018
Subject: Independent Audit Report on Proposed Amounts for Unsettled Flexibly Priced Contracts for Calendar Years 2014, 2015, and 2016	
Prepared For: Restricted	
Reported Findings: \$76.5 Million Questioned Costs	
The audit of the CY 2014, CY 2015, and CY 2016 incurred cost proposals resulted in \$76.5 million in questioned costs. Significant questioned costs totaling \$35.4 million were identified in association with plant and equipment depreciation. Significant questioned costs totaling \$22.2 million were also identified in association with Independent Research and Development costs. Other questioned costs included amortizing licenses, employee welfare, memberships, other professional fees, contracted services, non-patent legal fees, and cafeteria costs.	

Audit Report No. 09731-2012F10100072	Date: August 16, 2018
Subject: Independent Audit Report on Proposed Amounts for Unsettled Flexibly Priced Contracts for Fiscal Year 2012	
Prepared For: DCMA	
Reported Findings: \$19.8 Million Questioned Costs	
The audit of the FY 2012 incurred cost proposal resulted in \$19.8 million in questioned costs. Significant questioned costs totaling \$19.7 million were identified in association with unallowable space expenses. Questioned costs were identified in general and administrative expenses.	

Audit Report No. 01321-2014V10100003 and 01321-2015V101000001	Date: August 29, 2018
Subject: Independent Audit Report on proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Years 2014 and 2015	
Prepared For: Department of Energy	
Reported Findings: \$42.7 Million Questioned Costs	
The audit of the FY 2014 and 2015 incurred cost proposal resulted in \$42.7 million in questioned costs. Significant questioned costs totaling \$40.1 million were identified in association with unreasonable subcontract costs. These costs were questioned because the contractor did not perform adequate procedures to determine reasonableness of the subcontractor labor rates. Other questioned costs included costs related to employee training and general and administrative expenses.	
Audit Report No. 06851-2012M10100001, 06851-2013M101000001, 06851-2014M101000001, and 06851-2015M101000001	Date: September 10, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2012, 2013, 2014, and 2015	
Prepared For: DCMA	
Reported Findings: \$91.3 Million Questioned Costs	
The audit of the FY 2012, FY 2013, FY 2014, and FY 2015 incurred cost proposals resulted in a total of \$91.3 million in questioned costs. Significant questioned costs totaling \$67.4 million were identified in association with direct material. These costs were questioned because the contractor was unable to provide sufficient documentation to support the costs were allowable, allocable, and reasonable. Other questioned costs included costs associated with independent research and development, land and building maintenance, software maintenance, supplies and transportation.	
Audit Report No. 01511-2013C10100005, 01511-2014C10100003, and 01511-2015C10100008	Date: September 12, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2013, 2014, and 2015	
Prepared For: DCMA	
Reported Findings: \$283.6 Million Questioned Costs	
The audit of the FY 2013, FY 2014, and FY 2015 incurred cost proposals resulted in \$283.6 million in questioned costs. Significant questioned costs totaling \$274.9 million were identified in association with direct subcontract labor costs. These costs were questioned because the contractor did not make labor adjustments to subcontract labor on the proposals and the costs were claimed twice. Other questioned costs related to indirect pool expenses and direct subcontract labor costs associated with employees who did not meet qualifications specified in the contract.	

Audit Report No. 01511-2015C10100001 and 01511-2016C10100001	Date: September 13, 2018
Subject: Independent Audit Report on Corporate Home Office Proposed Amounts Included in Unsettled Flexibly Priced Contracts for Fiscal Years 2015 and 2016	
Prepared For: DCMA	
Reported Findings: \$45.3 Million Questioned Costs	
The audit of the FY 2015 and FY 2016 incurred cost proposal resulted in questioned costs. Significant questioned costs totaling \$15.9 million were also identified in association with consulting costs where the contractor could not provide sufficient detail to show the costs were allowable. Other costs were questioned in various indirect expense pools.	

Audit Report No. 07821-2015D42098001	Date: September 11, 2018
Subject: Independent Audit Report of Contractor Cost or Pricing Data Compliance With Truth in Negotiations	
Prepared For: DCMA	
Reported Findings: Recommended Price Adjustment of \$26.7 Million	
The audit of the contractor's compliance with 10 USC § 2306a, Truth in Negotiations Act, resulted in a recommended price adjustment of \$26.7 million because the contractor did not submit current, accurate, and complete cost or pricing data. Significant adjustments totaling \$22.8 million were recommended in association with costs where the contractor did not provide accurate data for agreed-to supplier prices, supplier MOUs and firm quotes, updated supplier offers, and parts ordered prior to the date of certification. The indirect costs allocated to these costs were also factored into the overall recommended price adjustment.	

Audit Report No. 02331-2014T10100001 and 2015B101000001	Date: September 14, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2014 and 2015	
Prepared For: DCMA	
Reported Findings: \$59.5 Million Questioned Costs	
The audit of the FY 2014 and FY 2015 incurred cost proposal resulted in \$59.5 million in questioned costs. Significant questioned costs totaling \$40.5 million were identified in association with Information Technology (IT) costs determined to be unallocable to government contracts. Additional significant questioned costs totaling \$14.6 million were identified in association with an intermediate facilities expense pool cost for the loss on disposition of a company property. Other questioned costs included executive bonuses, independent research and development, and enterprise IT allocations.	

Audit Report No. 04901-2014C101000001 and 04901-2015C101000005	Date: September 14, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2014 and 2015	
Prepared For: DCMA	
Reported Findings: \$41.9 Million Questioned Costs	
The audit of the FY 2014 and FY 2015 incurred cost proposal resulted in \$41.9 million in questioned costs. Significant questioned costs totaling \$33.6 million were identified in time and material costs. These costs were questioned based on the contractors updated incurred cost information that was not used to update the previously submitted proposals. Other questioned costs included subcontract amounts that were questioned due to a lack of adequate supporting documentation.	

Audit Report No. 03451-2012D10100001	Date: September 17, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2012	
Prepared For: U.S. Navy	
Reported Findings: \$18.9 Million Questioned Costs	
The audit of the FY 2012 incurred cost proposal resulted in \$18.9 million in questioned costs. Costs were questioned in direct cost categories including direct material and subcontract costs. Additional costs were questioned in various indirect cost categories including corporate allocations, general and administrative expenses, and executive compensation.	

Audit Report No. 03451-2013D10100001	Date: September 17, 2018
Subject: Reported Findings: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2013	
Prepared For: U.S. Navy	
Reported Findings: \$18 Million Questioned Costs	
The audit of the FY 2013 incurred cost proposal resulted in \$18 million in questioned costs. Costs were questioned in direct cost categories including direct material and subcontract costs. Additional costs were questioned in various indirect cost categories including corporate allocations, general and administrative expenses, and executive compensation.	

Audit Report No. 03451-2014D10100001	Date: September 17, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2014	
Prepared For: U.S. Navy	
Reported Findings: \$22.4 Million Questioned Costs	
The audit of the FY 2014 incurred cost proposal resulted in \$22.4 million in questioned costs. Costs were questioned in direct cost categories including direct material, direct contract inventory, and subcontract costs. Additional costs were questioned in various indirect cost categories including corporate allocations, taxes, general and administrative expenses, and executive compensation.	

Audit Report No. 03451-2015D10100001	Date: September 17, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2015	
Prepared For: U.S. Navy	
Reported Findings: \$19.4 Million Questioned Costs	
The audit of the FY 2015 incurred cost proposal resulted in \$19.4 million in questioned costs. Costs were questioned in direct cost categories including direct material and subcontract costs. Additional costs were questioned in various indirect cost categories including corporate allocations, legal fees, general and administrative expenses, and executive compensation.	

Audit Report No. 06821-2015F10100002 and 06821-2016F10100001	Date: September 18, 2018
Subject: Independent Audit Report Proposed Amounts Allocated to Unsettled Flexibly Priced Contracts for Fiscal Years 2015 and 2016	
Prepared For: DCMA	
Reported Findings: \$61.9 Million Questioned Costs	
The audit of the FY 2015 and FY 2016 resulted in \$61.9 million in questioned costs. Significant questioned costs were identified including \$10.5 million in unallowable post-retirement benefits, \$36.2 million in unallowable environmental remediation expenses, and \$14.8 million in pension costs associated with unallowable expenses. Other questioned costs included costs associated with an annual incentive plan, miscellaneous expenses, and idle facilities expenses.	

Audit Report No. 09731-2012F101000064	Date: September 18, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2012	
Prepared For: DCMA	
Reported Findings: \$16.4 Million Questioned Costs	
The audit of the FY 2012 incurred cost proposal resulted in \$16.4 million in questioned costs. Costs were questioned in various cost categories including direct subcontract costs, direct service center costs, and executive compensation.	

Audit Report No. 01161-2013E10100001, 01161-2014E10100001, and 01161-2015E10100001	Date: September 19, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2013 Through 2016	
Prepared For: DCMA	
Reported Findings: \$40.3 Million Noncompliant Costs	
The scope of the audit was not sufficient to allow DCAA to express an opinion on the FYs 2013-2016 incurred cost proposals. DCAA encountered scope limitations preventing auditors from complete all audit procedures considered necessary to complete the audit. Although we were unable to express an opinion on the proposals, \$40.2 million noncompliant costs were identified during the engagement. Significant noncompliant costs were identified totaling \$23.5 million in costs associated with excess pensions and \$10 million in costs associated post-retirement benefits. These costs were both associated with discontinued operations. Other noncompliant costs included fringe benefits, bonuses, severance, corporate allocations, and shared services.	

Audit Report No. 09731-2014F101000068	Date: September 21, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2014	
Prepared For: DCMA	
Reported Findings: \$14.7 Million Questioned Costs	
The audit of the 2014 incurred cost proposal resulted in \$14.7 million in questioned costs. Costs were questioned in various cost categories including fringe expenses, direct subcontract costs, directly allocated service center costs, and other indirect costs.	

Audit Report No. 03501-2012E10100013	Date: September 20, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2012	
Prepared For: Department of State	
Reported Findings: Questioned Costs of \$14.2 Million	
The audit of the FY 2012 incurred cost proposal resulted in \$14.2 million in questioned costs. Costs were questioned in various cost categories including equipment/personal clothing, post hardship differential pay, danger pay, insurance, other compensation, and taxes, permits, visas, and registration fees.	

Audit Report No. 04981-2012I101000001	Date: September 21, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2012	
Prepared For: DCMA	
Reported Findings: \$33.8 Million Questioned Costs	
The audit of the FY 2012 incurred cost proposal results in \$33.8 million in questioned incurred costs. Significant direct costs totaling \$23.2 million were identified and questioned because the contractor could not provide adequate supporting documentation to show the costs were allowable in accordance with the contract terms. Other questioned costs included fringe, overhead, and general and administrative expenses.	

Audit Report No. 04981-2013I101000001	Date: September 21, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2013	
Prepared For: DCMA	
Reported Findings: \$24.2 Million Questioned Costs	
The audit of the FY 2013 incurred cost proposal resulted in \$24.2 million in questioned costs. Significant questioned costs totaling \$24.2 million were identified in association with the other direct cost accounts for service center costs, severance pay, and rest and relaxation travel. These costs were determined to be unallowable, unreasonable, and unallocable. Other costs were also questioned in the general and administrative expense pool.	

Audit Report No. 01721-2014B10100001 and 01721-2015B10100001	Date: September 28, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2014 and 2015	
Prepared For: US Navy	
Reported Findings: \$152.9 Million Questioned Costs	
The audit of the FY 2014 and FY 2015 incurred cost proposals resulted in \$152.9 million in questioned costs. Significant questioned costs totaling \$67.8 million were identified in association with direct material costs. Additional significant costs totaling \$72.1 million were identified in the general and administrative expense pool. These costs were primarily determined to be unreasonable in accordance with FAR 31.201-3, Determining Reasonableness. Other questioned costs included costs associated with subcontracts, outside services, fringe expense pools, and overhead.	

Audit Report No. 01551-2014A10100002 and 01551-2015A10100002	Date: September 26, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2014 and 2015	
Prepared For: DCMA	
Reported Findings: \$127.4 Million Questioned Costs	
<p>The audit of the FY 2014 and FY 2015 incurred cost proposals resulted in \$127.4 million in questioned costs. Significant questioned costs totaling \$83.1 million were identified in direct costs associated with unallowable material costs and unallocable and unallowable travel costs. Additional significant questioned costs totaling \$31.2 million were identified primarily in association with unsupported environmental remediation, discontinued operations, and professional/legal fees. Other questioned costs included costs associated with performance share unit compensation, unallowable directly associated payroll tax, and computer software expenses.</p>	

Audit Report No. 02391-2014D10100001, 02391-2015D10100001, and 02391-2016D10100001	Date: September 26, 2018
Subject: Independent Audit Report on Proposed Final Overhead Cost Allocations, Segment Executive Compensation, Pension, 401(k), Facilities Capital, Shared Resources, Inc. Final Overhead Cost Allocations, and Health and Welfare Costs for FYs 2014, 2015, and 2016, and Risk Insurance Costs for Fiscal Years 2014 and 2015	
Prepared For: DCMA	
Reported Findings: \$89.7 Million Questioned Costs	
<p>The audit of the indirect incurred costs, including corporate final indirect cost allocations, segment executive compensation, various central office payments, and facilities capital cost of money resulted in \$89.7 million in questioned costs. Significant questioned costs totaling \$74.8 million were identified in association with facilities cost of money. These costs were questioned based on a corporate advance agreement that limited inclusion of company aircraft in the cost of money computations. Other questioned amounts included costs associated with various indirect expense pools.</p>	

Audit Report No. 02671-2015A10100001	Date: September 27, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2015	
Prepared For: DCMA	
Reported Findings: \$43 Million Questioned Costs	
<p>The audit of the FY 2015 incurred cost proposal resulted in \$43 million in questioned costs. Significant questioned costs totaling \$42.3 million were identified in association with central payment and corporate costs. These costs were questioned in accordance with FAR 31.2, Contracts with Commercial Organizations. Other questioned costs were associated with contractor shared services accounts.</p>	

Audit Report No. 01321-2018V17900001	Date: September 27, 2018
Subject: Independent Audit Report on Direct Costs for Fiscal Years 2012 and 2013	
Prepared For: DOE, Office of Headquarters Procurement Services (MA-64)	
Reported Findings: \$29.8 Million Questioned Costs	
<p>The audit of the FY 2012 and FY 2013 incurred direct cost proposal results in \$29.8 million in questioned costs. Significant questioned costs totaling \$16.4 million were identified in association with unallowable subcontract costs. Other questioned costs included direct labor and direct material.</p>	

Audit Report No. 06831-2014B10100003 and 06831-2015B10100002	Date: September 28, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2014 and 2015	
Prepared For: DCMA	
Reported Findings: \$38.4 Million Questioned Costs	
<p>The audit of the FY 2014 and FY 2015 incurred cost proposal resulted in \$38.4 million in questioned costs. Significant questioned costs totaling \$10.9 million were identified in association with other direct costs claimed. These costs were questioned because the contractor did not provide sufficient support to costs were allowable and reasonable. Other questioned costs included costs associated with overhead rates, job shoppers, direct material, direct labor, subcontracts, travel, foreign services, and freight.</p>	
Audit Report No. 09741-2015A10100001	Date: September 28, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2015	
Prepared For: DCMA	
Reported Findings: \$37.8 Million Questioned Costs	
<p>The audit of the FY 2015 incurred cost proposal resulted in \$37.8 million in questioned costs. Significant questioned costs totaling \$13.5 million in direct materials and \$15.1 million in direct labor were identified. Other questioned costs included costs associated with airfare, gifts, depreciation, rent, consultants, litigation and other indirect expenses.</p>	
Audit Report No. 03211-2012D10100004	Date: September 30, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2012	
Prepared For: DCMA	
Reported Findings: \$521 Million Questioned Costs	
<p>The audit of the FY 2012 incurred cost proposal resulted in \$521 million in questioned costs in association with the proposed \$2.3 billion in home office allocations. Of the total questioned, significant questioned costs included:</p> <ul style="list-style-type: none"> • \$25 million in unreasonable partner compensation; • \$84 million in unallowable costs in the professional and administrative expenses account; and • \$392 million in subscriptions fees, foreign tax payments, partner severance, and post retirement costs associated with the Profit Contribution Statement account. <p>Other questioned costs included client service salaries, administrative salaries, and firm project costs. These costs were questioned because the contractor did not materially comply with contract terms pertaining to accumulating and billing incurred amounts and were allocated to various business units.</p>	

Audit Report No. 03211-2013D10100007	Date: September 30, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2013	
Prepared For: DCMA	
Reported Findings: Questioned costs of \$581 million	
<p>The audit of the FY 2013 incurred cost proposal resulted in \$581 million in questioned costs in association with the proposed \$2 billion in home office allocations. Of the total questioned costs, significant questioned costs included:</p> <ul style="list-style-type: none"> • \$28 million in unreasonable partner compensation; • \$96 million in unallowable professional and administrative expenses; and • \$427 million in subscriptions fees, foreign tax payments, partner severance, and post retirement costs associated with the Profit Contribution Statement account. <p>Other questioned costs included client service salaries, administrative salaries, and firm project costs. These costs were questioned because the contractor did not materially comply with contract terms pertaining to accumulating and billing incurred amounts and were allocated to various business units.</p>	

Audit Report No. 03211-2014D10100006	Date: September 30, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2014	
Prepared For: DCMA	
Reported Findings: Questioned costs of \$571 million	
<p>The audit of the FY 2014 incurred cost proposal resulted in \$571 million in questioned costs in association with the proposed \$2 billion in home office allocations. Of the total questioned costs, significant questioned costs included:</p> <ul style="list-style-type: none"> • \$17 million in unreasonable partner compensation; • \$94 million in unallowable professional and administrative expenses; and • \$444 million in subscriptions fees, foreign tax payments, partner severance, and post retirement costs associated with the Profit Contribution Statement account. <p>Other questioned costs included client service salaries, administrative salaries, and firm project costs. These costs were questioned because the contractor did not materially comply with contract terms pertaining to accumulating and billing incurred amounts and were allocated to various business units.</p>	

RESULTS OF PEER REVIEWS

Peer Review of Department of Defense Office of the Inspector General by U.S. Department of Housing and Urban Development Office of Inspector General

The U.S. Department of Housing and Urban Development OIG conducted an external peer review of DoD OIG audit operations and issued a final report on September 27, 2018. The DoD OIG received a peer review rating of pass and there were no recommendations made in the System Review Report.

Peer Review of the Defense Contract Audit Agency

The DoD OIG conducted an external peer review of the system of quality control for the Defense Contract Audit Agency (DCAA) in effect for the year ended June 30, 2016. The DCAA received a rating of pass with deficiencies. The deficiencies noted were in the areas of evidence, reporting, documentation, supervision, and professional judgment. Applicable recommendations were made to correct such deficiencies. There is 1 outstanding recommendation.

Peer Review of the Missile Defense Agency Internal Review Office

The DoD OIG conducted an external peer review of the system of quality control for the Missile Defense Agency (MDA) Internal Review (IR) Office in effect for September 30, 2017. The MDA IR organization received a rating of pass. A Letter of Comment was also issued that provided findings and recommendations for certain noted findings. The findings, however, were not considered significant enough to affect the pass opinion expressed in the report. There are no outstanding recommendations.

Peer Review of the Naval Audit Service

The U.S. Army Audit Agency (AAA) conducted an external peer review of the Naval Audit Service's (NAVAUDSVC's) system of quality control in effect for the period January 1, 2014 through December 31, 2017. The NAVAUDSVC's received a rating of fail opinion due to the organizational alignment of the Auditor General of the Navy and NAVAUDSVC that significantly impeded NAVAUDSVC's audit independence. The Acting Naval Auditor General took immediate corrective actions establishing safeguards and adding disclosures to affected reports to mitigate the independence issue. Accordingly, NAVAUDSVC's current operational environment and organizational alignment and adding appropriate report disclosures sufficiently addressed the independence concerns identified in the peer review. There are no outstanding recommendations.

System Review Report of the Air Force Audit Agency's Special Access Program Audits

The DoD OIG conducted an external peer review of the system of quality control for the Air Force Audit Agency Special Access Program audits in effect for the period ended December 31, 2016, and expanded its review to include one report issued in May 2017. The Air Force Audit Agency received a rating of pass with deficiencies for its Special Access Program audits. A Letter of Comment was also issued that set forth findings that were not of sufficient significance to affect the opinion expressed in the report. There are no outstanding recommendations.

Peer Review of the United States Environmental Protection Agency Office of Inspector General Audit Organization

The DoD OIG conducted an external peer review of the system of quality control for the United States Environmental Protection Agency Office of Inspector General Audit Organization in effect for the year ended September 30, 2017. The United States Environmental Protection Agency Office of Inspector General Audit Organization received a rating of pass. The system review report contained no recommendations.

Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, §§ 5(a)(14),(15),(16).

INVESTIGATIVE REPORTS ISSUED

IG Empowerment Act of 2016 Additional Semiannual Report to Congress SAR Reporting Requirements

17. Statistical Table		DCIS	AI
17A	the total number of investigative reports issued during the reporting period	230	24
17B	the total number of persons referred to the Department of Justice for criminal prosecution during the reporting period	64	0
17C	the total number of person referred to State and local prosecuting authorities for criminal prosecution during the reporting period	1	0
17D	the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	153	0

18. Description of the Metrics Used for Developing the Data for the Statistical Tables Under Paragraph (17)	
17A	In accordance with DCIS policy (SAM Ch. 28.18.a), each investigation is concluded with a “Report of Investigation” (ROI). Hence, this metric is actually the count of the investigations closed during the reporting period. This includes Regular Investigations only with Case Close Dates between 4/1/2018 through 9/30/2018. There are instances when DCIS does not authorize the ROI, in such events, a Case Termination should be used (also in accordance with written DCIS policy). This metric does NOT include other types of reports authored by DCIS to include Information Reports, Case Initiation Reports, Case Summary Updates, Interview Form 1s, Significant Incident Reports, etc.
17B	DCIS tracks referrals to DOJ at the investigation level and not the suspect/person/entity level. The number reported is the total number of investigations referred to the Department of Justice for criminal prosecution during the reporting period. There were 64 investigations referred to DOJ for criminal prosecution. These investigations involved 269 suspects, (91) businesses and (177) individuals.
17C	DCIS tracks referrals for prosecution at the investigation level and not the suspect/person/entity level. The number reported is the total number of investigations referred to State and Local prosecuting authorities for criminal prosecution during the reporting period. There was 1 investigation referred to State/Local prosecuting authorities for criminal prosecution. This investigation involved 1 suspect(s), (0) businesses and (1) individual.
17D	Includes any Federal Indictment, Federal Information, State/Local Charge, Foreign Charge, Article 32 UCMJ, or Federal Pre-Trial Diversion occurring between 4/1/2018 through 9/30/2018. This excludes any sealed charges. Only validated charges are included. Precluding Adjudicative Referral may have occurred in current SAR period or in previous period. This differs from Criminal Charges as reported in SAR Highlights section because the SAR Highlights includes a 6 month “look back” period to include previously unreported criminal charges (charges occurring between 10/1/2017 and 03/31/18 but were not previously reported).

Partially fulfills requirements of the Inspector General Empowerment Act of 2016, as amended, Appendix, section 5(a)(17) and (18).

ACRONYMS

A1C	Airman First Class	DOS	Department of State
ACSIM	Assistant Chief of Staff for Installation Management	DPAA	Defense POW/MIA Accounting Agency
ACT	American Coating Technologies	DPAP	Defense Procurement and Acquisition Policy
ADR	Alternative Dispute Resolution	DTMO	Defense Travel Management Office
AFAA	Air Force Audit Agency	eMASS	Enterprise Mission Assurance Support Service
AFOSI	Air Force Office of Special Investigations	EMP	Electromagnetic Pulse
AFRH	Armed Forces Retirement Home	EPAWSS	Eagle Passive/Active Warning and Survivability System
AI	Administrative Investigations	EPF	Expeditionary Fast Transport
ALMDS	Airborne Laser Mine Detection System	ESPC	Energy Savings Performance Contract
AMNS	Airborne Mine Neutralization System	FAR	Federal Acquisition Regulation
AMRG	Army Marketing and Research Group	FBI	Federal Bureau of Investigation
Army CID	Army Criminal Investigation Command	FBWT	Fund Balance With Treasury
ARNG	Army National Guard	FTE	Full-Time Equivalent
BEIS	Business Enterprise Information Services	FY	Fiscal Year
BOSS	Base Operations Support Services	GAO	Government Accountability Office
BSAT	Biological Select Agents and Toxins	GFEBS	General Fund Enterprise Business System
CID	Criminal Investigation Command. Criminal Investigation Division when not referring to Army Criminal Investigation Command.	GOCO	Government-Owned Contractor-Operated
CIGIE	Council of the Inspectors General on Integrity and Efficiency	IG	Inspector General
CMR	Cash Management Report	IMCOM	Installation Management Command
CNIC	Commander, Navy Installations Command	IMS	International Military Students
CNO	Chief of Naval Operations	IPERA	Improper Payments Elimination and Recovery Act of 2010
COBRA	Coastal Battlefield Reconnaissance Analysis Block I	IR	Internal Review
CO-HIT	Contracting Office–Health Information Technology	ISIS	Islamic State of Iraq and Syria
CPARS	Contractor Performance Assessment Reporting System	ISIS-K	the Islamic State of Iraq and Syria–Khorasan
CSI	Critical Safety Item	ISPA	Intelligence and Special Program Assessments
CSTC-A	Combined Security Transition Command–Afghanistan	ISO	Investigations of Senior Officials
DCAA	Defense Contract Audit Agency	KAF	Kandahar Airfield
DCAS	Defense Cash Accountability System	LGL	Liberty Global Logistics
DCIE	Defense Council on Integrity and Efficiency	LMAC	Lockheed Martin Aeronautics Company
DCIS	Defense Criminal Investigative Service	MCIO	Military Criminal Investigative Organization
DCMA	Defense Contract Management Agency	MCM	Mine Countermeasures
DFARS	Defense Federal Acquisition Regulation Supplement	MDA	Missile Defense Agency
DFAS	Defense Finance and Accounting Service	MILCON	Military Construction
DHA	Defense Health Agency	MSC	Military Sealift Command
DITCO	Defense Information Technology Contracting Organization	MTF	Military Treatment Facility
DISA	Defense Information Systems Agency	NAFI	Nonappropriated Fund Instrumentality
DITPR	DoD Information Technology Portfolio Repository	NASA	National Aeronautics and Space Administration
DLA	Defense Logistics Agency	NATO	North Atlantic Treaty Organization
DOJ	Department of Justice	NAVAUDSVC	Naval Audit Service
		NAVFAC	Naval Facilities Engineering Command
		NCIS	Naval Criminal Investigative Service
		NIST	National Institute of Standards and Technology

NSA	National Security Agency
NSF	Navy Security Forces
OASD(EI&E)	Office of the Assistant Secretary of Defense for Energy, Installations, and Environment
OCO	Overseas Contingency Operations
OCONUS	Outside Continental United States
ODO	Other Defense Organization
OFS	Operation Freedom’s Sentinel
OIG	Office of Inspector General
OIR	Operation Inherent Resolve
OLAC	Office of Legislative Affairs and Communications
OMB	Office of Management and Budget
OPE-P	Operation Pacific Eagle–Philippines
OSC	Office of Special Counsel
P&O	Policy and Oversight
PAO	Public Affairs Officer
PO3	Petty Officer Third Class
PRC	People’s Republic of China
PV2	Private Second Class
QASP	Quality Assurance Surveillance Plan
QC	Quality Control
QRP	Qualified Recycling Program
RHIC	Radiation-Hardened Integrated Circuits
ROI	Report of Investigation

SACON	Shock Absorbing Concrete
SBA	Small Business Administration
SIGAR	Special Inspector General for Afghanistan Reconstruction
SIPRNET	SECRET Internet Protocol Router Network
SITR	SIPRNET Information Technology Registry
SPO	Special Plans and Operations
SSBN	Ballistic Missile Submarine
TDRL	Temporary Disability Retired List
TI	Treasury Index
TMSP	Theater Sustainment Maintenance Program
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
U.S.C.	United States Code
USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer
USFOR-A	U.S. Forces–Afghanistan
USNA	United States Naval Academy
USSOCOM	U.S. Special Operations Command
USTEDA	USSOCOM Table of Equipment Distribution and Allowances
USSTRATCOM	U.S. Strategic Command
WRI	Whistleblower Reprisal Investigations

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE



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