



INSPECTOR GENERAL

U.S. Department of Defense

SEMIANNUAL REPORT TO THE CONGRESS

OCTOBER 1, 2016 THROUGH MARCH 31, 2017



Required by Public Law 95-452

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

Mission

Our mission is to provide independent, relevant, and timely oversight of the Department of Defense that supports the warfighter; promotes accountability, integrity, and efficiency; advises the Secretary of Defense and Congress; and informs the public.

Vision

Our vision is to be a model oversight organization in the Federal Government by leading change, speaking truth, and promoting excellence—a diverse organization, working together as one professional team, recognized as leaders in our field.



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Whistleblower Protection U.S. DEPARTMENT OF DEFENSE

The Whistleblower Protection Ombudsman's role is to educate agency employees about prohibitions on retaliation and employees' rights and remedies available for reprisal.

The DoD Hotline Director is the designated ombudsman.

For more information, please visit the Whistleblower webpage at www.dodig.mil/programs/whistleblower.



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE**
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Acting Inspector General
Glenn A. Fine

This Semiannual Report summarizes the work of the Department of Defense Office of Inspector General (DoD OIG) from October 1, 2016, through March 31, 2017. It has been a little more than a year since I became the Acting Inspector General for the DoD, and I am proud of the productivity and accomplishments of this office.

During the past 6 months, the OIG issued 68 audit, inspection, and evaluation reports, including an Investigation on Allegations Related to U.S. Central Command (USCENTCOM) Intelligence Products. We assembled a multi-disciplinary team of more than 30 DoD OIG employees to investigate allegations that senior officials at USCENTCOM falsified, distorted, delayed, or suppressed intelligence projects related to its effort to degrade and destroy the Islamic State of Iraq and the Levant (ISIL). This was one of the most extensive investigations in the DoD OIG's history, resulting in a 542-page classified report. We also prepared a 190-page unclassified version of this report that we publicly released.

Our Audit Component issued 49 reports that identified \$131 million in questioned costs and \$802 million in funds put to better use. The DoD OIG also achieved \$11.5 million in financial savings based on management-completed corrective actions related to reports issued in previous reporting periods.

Our investigative work—both criminal and administrative—continues to address important matters. Our Defense Criminal Investigative Service (DCIS) has 1,593 ongoing investigations and has opened 227 cases and closed 250 cases. DCIS investigations, conducted jointly with other law enforcement organizations, resulted in \$557.7 million in civil judgments and settlements; \$44.6 million in criminal fines, penalties, and restitution ordered; and \$55.4 million in administrative recoveries, such as contractual agreements and military nonjudicial punishment. During the reporting period, DCIS and our law enforcement partners made 108 arrests, filed 140 criminal charges, and had 105 criminal convictions. Of particular note, an indictment was unsealed on March 14, 2017, in our Glenn Defense Marine Asia case (also known as the “Fat Leonard” case), charging a retired Navy rear admiral and eight other officers with accepting travel and entertainment expenses, the services of prostitutes, and lavish gifts from a contractor in exchange for helping to steer lucrative contracts.

In addition to the report on USCENTCOM, our Administrative Investigations (AI) Component issued two key reports of investigation of senior official misconduct. Overall, during the reporting period, AI completed 24 senior official and reprisal investigations and oversaw 231 senior official and reprisal investigations completed by the Services and Defense agencies OIGs.

We also issued several important evaluations during this reporting period. Our Intelligence and Special Program Assessments Component released five classified reports that evaluated intelligence, nuclear, and oversees contingency operations matters. Our Policy and Oversight Component released seven evaluation reports addressing its oversight of audit, investigative, and technical issues throughout the DoD, including a summary of health and safety inspections of DoD-occupied facilities and military housing documenting a total of 3,783 deficiencies in electrical system safety, fire protection systems, and environmental health and safety. Our Special Plans and Operations Component issued three reports that evaluated the Warriors in Transition programs and initiatives; the effectiveness of the U.S. and Coalition efforts to train, advise, assist and equip the Kurdish Security Forces; and the DoD Voting Assistance Program.

In addition, the DoD OIG continues its important work as the Lead IG for two overseas contingency operations, Operation Inherent Resolve and Operation Freedom's Sentinel in Afghanistan. This reporting period, I and two other IGs who have Lead IG responsibilities for oversight of these two overseas contingencies traveled together to Afghanistan, Iraq, and Jordan. We had an opportunity to talk to the commanders on the ground, the Ambassadors in country, and the chiefs of the U.S. Agency for International Development missions to better understand the progress and challenges involved with these two overseas contingency operations.

I believe that the DoD OIG work highlighted in this Semiannual Report demonstrates our commitment to providing independent and objective oversight of DoD operations. I want to again thank the dedicated DoD OIG employees and members of the Defense Accountability Community for their contributions toward this important mission.

Glenn A. Fine
Acting Inspector General

CONTENTS

OVERVIEW

SERVING THE DEPARTMENT AND THE CONGRESS 2

 OUR MISSION 2

 OUR VISION 2

 OUR CORE VALUES 2

 OUR GOALS 2

 ORGANIZATIONAL STRUCTURE 2

SUMMARY OF MANAGEMENT AND PERFORMANCE CHALLENGES WITHIN THE DOD 5

CORE MISSION AREAS

AUDIT 8

 ACQUISITION PROCESSES AND CONTRACT MANAGEMENT 8

 CONTRACT MANAGEMENT AND PAYMENTS 14

 FINANCIAL MANAGEMENT AND REPORTING 18

 READINESS AND CYBER OPERATIONS 21

 OTHER AUDIT WORK 24

 ONGOING WORK 25

DCIS INVESTIGATIONS 26

 PROCUREMENT FRAUD 26

 PUBLIC CORRUPTION 27

 PRODUCT SUBSTITUTION 28

 HEALTH CARE FRAUD 29

 ILLEGAL TECHNOLOGY TRANSFER 29

 CYBER CRIME AND COMPUTER NETWORK INTRUSION 30

 ASSET FORFEITURE PROGRAM 31

 DCIS INVESTIGATIONS OF CASES INVOLVING SENIOR GOVERNMENT EMPLOYEES 32

ADMINISTRATIVE INVESTIGATIONS 33

 DOD HOTLINE 33

 WHISTLEBLOWER PROTECTION OMBUDSMAN 41

 WHISTLEBLOWER REPRISAL INVESTIGATIONS 41

 INVESTIGATIONS OF SENIOR OFFICIALS 50

 SENIOR OFFICIAL NAME CHECKS 51

 SUBSTANTIATED OR SIGNIFICANT SENIOR OFFICIAL CASES CLOSED BY THE DOD OIG 51

 EXAMPLES OF SUBSTANTIATED OR SIGNIFICANT SENIOR OFFICIAL CASES CLOSED BY SERVICE AND DEFENSE AGENCY IGS 54

 SENIOR OFFICIAL COMPLAINTS CLOSED BY DOD OIG AS NOT SUBSTANTIATED INVOLVING SUBJECTS IN GRADE OR RANK OF COLONEL (O-6) AND GS-15S, AND ABOVE 55

 CORRECTIVE ACTIONS REPORTED FOR SENIOR OFFICIAL CASES CLOSED DURING PRIOR REPORTING PERIODS 55

 QUALITY ASSURANCE REVIEWS 56

 ADMINISTRATIVE INVESTIGATIONS OUTREACH AND TRAINING 56

INSPECTIONS AND EVALUATIONS 57

 INTELLIGENCE 57

 THE NUCLEAR ENTERPRISE 58

 OTHER EVALUATIONS 58

 ONGOING WORK 62

POLICY AND OVERSIGHT	63
AUDIT POLICY AND OVERSIGHT	63
INVESTIGATIVE POLICY AND OVERSIGHT	64
CRIMINAL INVESTIGATIVE POLICY	64
SUBPOENA PROGRAM	65
CONTRACTOR DISCLOSURE PROGRAM	66
ONGOING WORK	66
LEAD INSPECTOR GENERAL	67
TRAVEL IN THEATER	68
LEAD IG HOTLINE ACTIVITIES	68
OCO PLANNING AND COORDINATION	68
OCO INVESTIGATIONS	70
SELECTED LEAD IG OVERSIGHT WORK	70
ONGOING WORK	73
ENABLING MISSION AREAS	
CONGRESSIONAL TESTIMONY AND BRIEFINGS	76
CONGRESSIONAL TESTIMONY AND BRIEFINGS	76
HEARINGS	76
COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY	78
DEFENSE COUNCIL ON INTEGRITY AND EFFICIENCY	78
SERVICES	
MILITARY SERVICE AUDIT AND INVESTIGATIVE AGENCIES	80
ARMY	80
U.S. ARMY AUDIT AGENCY	80
U.S. ARMY CRIMINAL INVESTIGATION COMMAND	88
SIGNIFICANT INVESTIGATIVE CASES	88
NAVY	89
NAVAL AUDIT SERVICE	89
NAVAL CRIMINAL INVESTIGATIVE SERVICE	91
SIGNIFICANT INVESTIGATIVE CASES	91
AIR FORCE	92
AIR FORCE AUDIT AGENCY	92
AIR FORCE OFFICE OF SPECIAL INVESTIGATIONS	95
SIGNIFICANT INVESTIGATIONS	95
APPENDIXES	
APPENDIX A. REPORTING REQUIREMENTS	98
APPENDIX B. AUDIT, INSPECTION, EVALUATION, AND INVESTIGATIVE REPORTS ISSUED	100
APPENDIX C. REPORTS WITH QUESTIONED COSTS AND FUNDS RECOMMENDED TO BE PUT TO BETTER USE	107
APPENDIX D. FOLLOWUP ACTIVITIES	108
APPENDIX E. CONTRACT AUDIT REPORTS ISSUED	110
APPENDIX F. STATUS OF ACTION ON POST-AWARD CONTRACTS	111
APPENDIX G. STATUS OF REPORTS WITH ACTION PENDING (MARCH 31, 2017)	112
APPENDIX H. SECTION 845 ANNEX AUDIT REPORTS WITH SIGNIFICANT FINDINGS	139
APPENDIX I. RESULTS OF PEER REVIEWS	144
APPENDIX J. INVESTIGATIVE REPORTS ISSUED	145
APPENDIX K. ACRONYMS	146

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 October 1, 2016, through March 31, 2017, the DoD OIG issued a total of 68 audit, inspection, and evaluation reports, including 49 audit reports that identified \$131 million in questioned costs and \$802 million in funds that could be put to better use. The DoD OIG also achieved \$11.5 million in financial savings based on management-completed corrective actions related to reports issued in previous reporting periods.

Audit issued 49 reports identifying \$131 million in questioned costs and \$802 million in funds that could be put to better use that addressed the acquisition of goods and services, contract administration and oversight, financial management and audit readiness, medical payments, cyber security, overseas contingency operations, and readiness. For example, the DoD OIG reported that the Defense Logistics Agency (DLA) did not adequately process product quality deficiency reports or pursue appropriate restitution from contractors that supplied defective parts. The DoD OIG also determined that the Navy and Defense Finance and Accounting Service spent \$2.5 billion over the last decade and plan to spend an additional \$823.4 million over the next 5 years to maintain and develop new functionality for Navy financial management systems. However, these systems are not compliant with the standards, might not support auditable financial statements, and might not meet the congressional mandate to have auditable financial statements by September 30, 2017. Additionally, in another audit report, the DoD OIG identified that DoD officials did not consistently comply with requirements for evaluating contractor past performance. As a result, Federal source selection officials did not have access to timely, accurate, and complete past performance assessment information needed to make informed decisions related to contract awards. Further, the DoD OIG determined that Army National Guard Commanders did not develop effective training programs to ensure their units attained or sustained mission essential tasks proficiency.

Defense Criminal Investigative Service (DCIS)

investigations, including those conducted jointly with other law enforcement organizations, resulted in \$557.7 million in civil judgments and settlements; \$44.6 million in criminal fines, penalties, and restitution ordered; and \$55.4 million in administrative recoveries such as contractual agreements and military nonjudicial punishment. DCIS has 1,593 ongoing cases, and it opened 227 cases and closes 250 cases during this reporting period. Cases addressed criminal allegations of procurement fraud, public corruption, product substitution, health care fraud, illegal technology transfer, and cyber crimes and computer network intrusions. For example, one investigation resulted in a \$6.3 million civil settlement with SRCTec, LLC, to resolve allegations of improper billing for radar systems and spare parts where anomalies existed in source-of-fire accuracy. Another investigation resulted in a 23-month prison sentence for an Air Force master sergeant who accepted bribes in return for steering support contracts for the C-130 aircraft to Trans Global Storage Solutions. Another case resulted in prison sentences from 12 to 15 months for three Chinese citizens who attempted to illegally export sophisticated U.S. military computer chips designed for ballistic missiles and satellites. A joint investigation with the Naval Criminal Investigative Service (NCIS) addressed a decades-long conspiracy of bribery and fraud by Glenn Defense Marine Asia PTE, LTD (GDMA). Leonard Francis, former Executive Chairman of GDMA, previously pleaded guilty to bribery and conspiracy charges and admitted to defrauding the U.S. Navy of tens of millions of dollars by routinely overbilling for goods and services the company provided to Navy ships at various Asian seaports, including fuel, tugboat services, and sewage disposal. On March 14, 2017, a retired U.S. Navy Rear Admiral and eight other high-ranking Navy officers were arrested on various charges, including bribery, conspiracy to commit bribery, honest services fraud, obstruction of justice, and making false statements. A total of 25 individuals and GDMA have been charged in connection with this scheme; of those, 13 individuals and GDMA have pleaded guilty.

Administrative Investigations (AI) issued three investigative reports involving senior officials. One report examined allegations that U.S. Central Command (USCENTCOM) senior officials falsified, distorted, delayed, or suppressed intelligence products related to its efforts to degrade and destroy the Islamic State of Iraq and the Levant (ISIL). This investigation was one of the most extensive investigations ever conducted in DoD OIG history. The report did not find systematic or intentional distortion of intelligence by USCENTCOM intelligence officials. However, the DoD OIG concluded that the intelligence practices related to intelligence products could have, and should have, been better, and the report included 29 recommendations for further improvements. In another report, AI substantiated allegations that an Army major general who was the senior military aide to the former Secretary of Defense misused his Government Travel Charge Card for personal expenses, made false official statements, and engaged in conduct unbecoming an officer and a gentleman on multiple occasions.

Overall, during the reporting period, AI completed 24 senior official and reprisal investigations and oversaw 231 senior official and reprisal investigations completed by the Services and Defense agencies OIGs. During the reporting period, AI received 401 senior official complaints and 905 whistleblower reprisal and restriction complaints and closed 410 senior official and 933 whistleblower reprisal and restriction complaints, including overseeing 81 senior official cases and 470 reprisal and restriction cases completed by the Services and Defense agency OIGs. The DoD Whistleblower Ombudsman received 158 contacts, and the DoD Hotline's Whistleblower Rights and Protections webpage received 10,044 visits. The DoD Hotline received 7,030 contacts, opened 3,292 cases, and closed 3,614 cases.

Intelligence and Special Program Assessments (ISPA) issued five reports that evaluated intelligence, nuclear, and overseas contingency operations issues. These classified reports examined a program that supports intelligence cover programs, a followup report on over-classification of national security information, and an evaluation of the Air Force's fleet of Boeing 747s used as survivable national command centers for senior military and civilian leadership in a crisis. ISPA also issued a report on intelligence training for the Afghan Ministry of Defense.

Policy and Oversight (P&O) issued seven evaluation reports addressing its oversight of audit, investigative, and technical issues in the DoD. One evaluation, requested by the former Secretary of Defense, concerned potentially damaging assertions made by a former vice president of engineering at United Launch Alliance (ULA) regarding competition for National Security Space launch missions and whether the Air Force awarded contracts to ULA in accordance with DoD and Federal regulations. P&O found no factual basis to support the assertions made by the former executive. In another report, P&O evaluated contracting officer actions in response to Defense Contract Audit Agency (DCAA) reports finding contractor noncompliance with cost accounting standards. P&O also issued a report that summarized and analyzed six previous DoD OIG health and safety inspections of DoD-occupied facilities and military housing worldwide, documenting a total 3,783 deficiencies in electrical system safety, fire protection systems, and environmental health and safety.

Special Plans and Operations (SPO) issued three reports. The first report assessed whether the Office of Warrior Care Policy provided DoD policy and oversight to the Military Service's Warriors in Transition programs and initiatives to ensure the proper care and transition of wounded, ill, and injured service members. The second report assessed the effectiveness of U.S. and Coalition efforts to train, advise, assist, and equip the Kurdish Security Forces in Iraq to conduct operations against the Islamic State of Iraq and the Levant (ISIL). The third report addressed the effectiveness and level of compliance of the DoD Voting Assistance Programs for calendar year 2016.

Overseas Contingency Operations (OCO) supports Lead IG responsibilities and oversight coordination related to Operation Inherent Resolve (OIR) and Operation Freedom's Sentinel (OFS), including coordination with the OIGs from the U.S. Department of State (DOS), the U.S. Agency for International Development (USAID), and other agencies. During this reporting period, the OCO published one quarterly report on each of the overseas contingency operations and a legislatively required report on IG oversight activities in Afghanistan. In support of the Lead IG, the DoD OIG, DoS OIG, USAID OIG, and its oversight partners are conducting 28 OIR and 30 OFS audits, assessments, and evaluations. Additionally, the OIGs are conducting 72 OIR and 29 OFS investigations.

STATISTICAL HIGHLIGHTS

Summary of Activities	Total for the Reporting Period
AUDIT	
Reports Issued	49
Recommendations Made With Questioned Costs	\$131 million
Recommendations Made on Funds Put to Better Use	\$802 million
Achieved Monetary Benefits	\$11.5 million
DEFENSE CRIMINAL INVESTIGATIVE SERVICE	
Total Investigative Receivables and Recoveries¹	\$657.8 million
Recovered Government Property	\$0
Civil Judgments and Settlements	\$557.7 million
Criminal Fines, Penalties and Restitution Ordered (Does Not Include Asset Forfeitures)	\$44.6 million
Administrative Recoveries ²	\$55.4 million
Investigative Activities	
Arrests	108
Criminal Charges	140
Criminal Convictions	105
Suspensions	107
Debarments	125
Asset Forfeiture Results	
Seized	\$17 million
Final Orders of Forfeiture	\$2 million
Monetary Judgments	\$10 million
ADMINISTRATIVE INVESTIGATIONS	
Publicly Released Reports	3
Complaints Received	1,306
Senior Official	401
Whistleblower Reprisal and Restriction	905
Complaints Closed	1,343
Senior Official	410
Whistleblower Reprisal and Restriction	933
DoD OIG Investigations Completed	24
Senior Official	5
Whistleblower Reprisal and Restriction	19

¹ Includes investigations conducted jointly with other law enforcement organizations.

² Includes contractual agreements and military nonjudicial punishment.

Summary of Activities	Total for the Reporting Period
Service and Defense Agency IG Investigations Closed and Overseen by DoD OIG	231
Senior Official	72
Whistleblower Reprisal and Restriction	159
Service and Defense Agency IG Cases Closed and Overseen by DoD OIG (Includes Investigations, Dismissals, and Withdrawals)	551
Senior Official	81
Whistleblower Reprisal and Restriction	470
Whistleblower Ombudsman	
Contacts	158
Visits to Whistleblower Rights and Protections Webpage	10,044
DoD Hotline	
Contacts	7,030
Cases Opened	3,292
Cases Closed	3,614
INTELLIGENCE AND SPECIAL PROGRAM ASSESSMENTS	
Reports Issued	5
SUMMARY OF POLICY AND OVERSIGHT	
Existing and Proposed Regulations Reviewed	187
Evaluation Reports Issued	7
Inspector General Subpoenas Issued	576
Contractor Disclosures Received	274
SPECIAL PLANS AND OPERATIONS	
Assessment 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 over DoD programs and operations. According to the IG Act of 1978, as amended, our functions and responsibilities include the following.

- Serve as the principal advisor to the Secretary of Defense in matters of DoD fraud, waste, and abuse.
- Provide policy direction for and to 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 and abuse in the DoD.
- Recommend policies and conduct, supervise, or coordinate other activities to promote economy and efficiency or prevent and detect fraud and abuse in DoD programs and operations.
- 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 and abuse.
- Transmit a semiannual report to the Congress that is available to the public

The DoD OIG is authorized “to have 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

Our mission is to provide independent, relevant, and timely oversight of the Department that:

- supports the warfighter;
- promotes accountability, integrity, and efficiency;
- advises the Secretary of Defense and Congress; and
- informs the public.

Our Vision

Our vision is to be a model oversight organization in the Federal Government by leading change, speaking truth, and promoting excellence. We are a diverse organization, working together as one professional team, and recognized as leaders in our field.

Our Core Values

- Integrity
- Efficiency
- Accountability
- Excellence

Our Goals

- Promote economy, efficiency, and effectiveness.
- Identify, deter, and detect fraud, waste, and abuse.
- Engage, enable, and empower our people.
- Achieve excellence through unity.

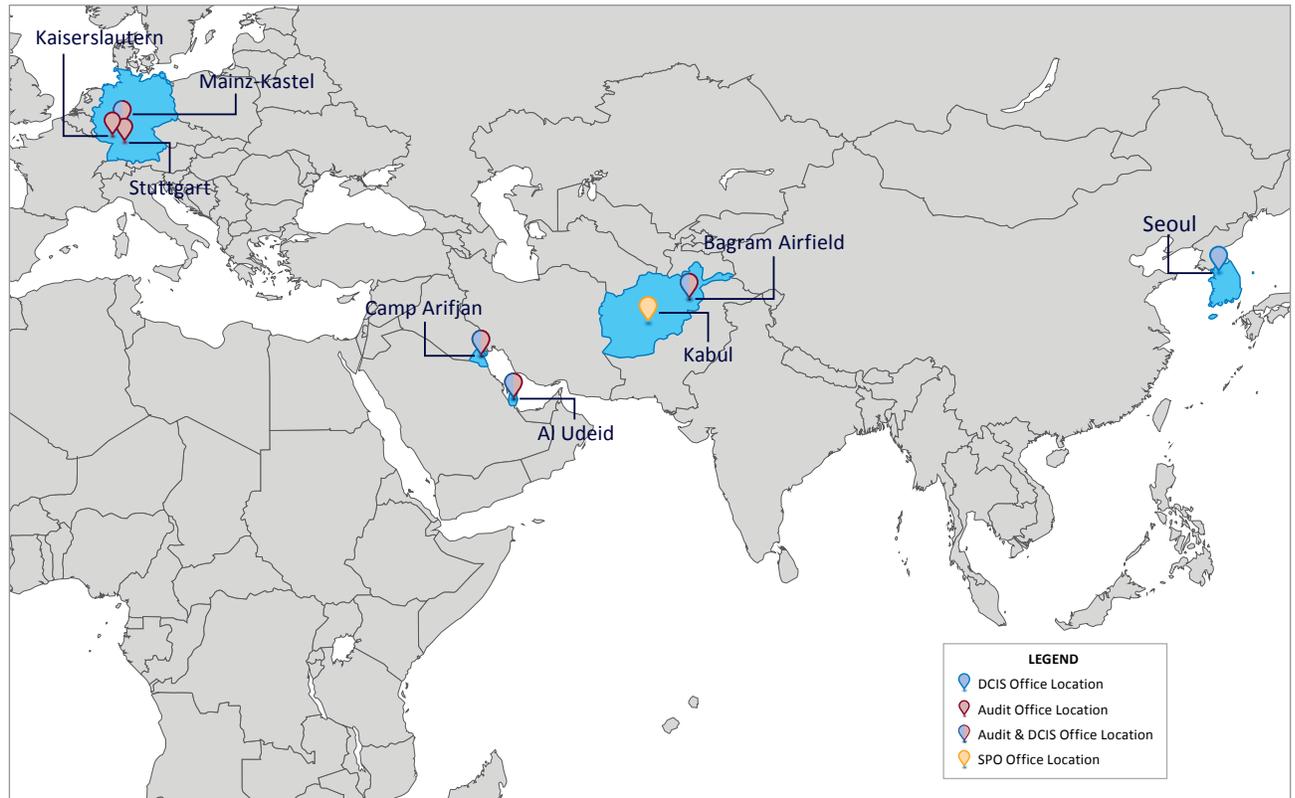
Organizational Structure

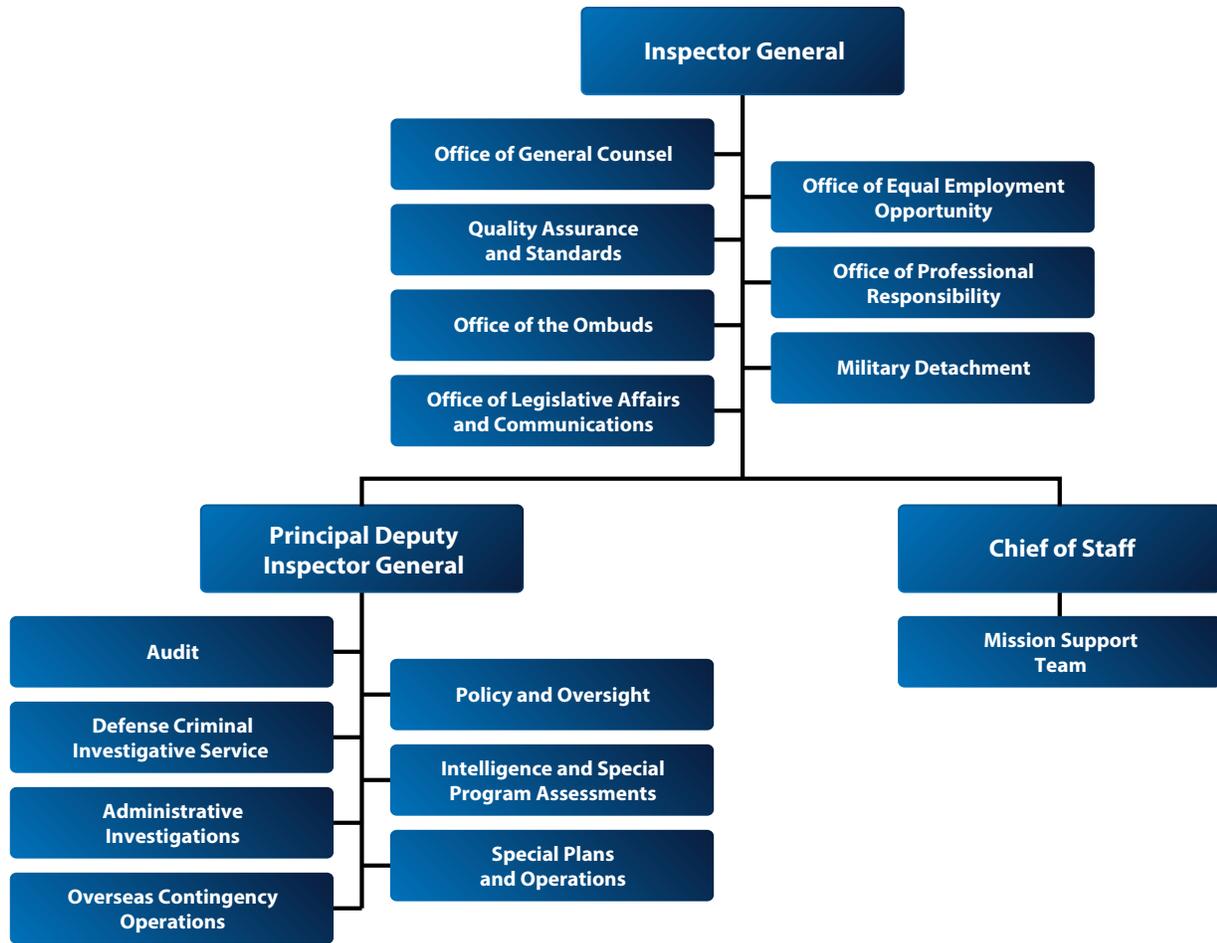
The DoD OIG is headquartered in Alexandria, Virginia, and has more than 50 field offices located in the United States, Europe, Southwest Asia, and South Korea. Over 1,000 DoD OIG employees are assigned to OIG headquarters, and more than 500 OIG employees, mostly auditors and investigators, are assigned to DoD OIG field offices. At any time, approximately 50 employees are temporarily assigned to Southwest Asia.

DoD OIG Field Offices Located Within the United States



DoD OIG Audit, DCIS, and SPO Offices Located Overseas





AUDIT

Audit provides independent, relevant, and timely audits that promote economy, efficiency, and effectiveness, and include actionable recommendations that, when effectively implemented, help improve DoD programs, operations, and stewardship of its resources.

DEFENSE CRIMINAL INVESTIGATIVE SERVICE

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

ADMINISTRATIVE INVESTIGATIONS

AI investigates, and oversees DoD Components’ investigations of, allegations of misconduct by senior DoD officials and allegations of whistleblower reprisal and restriction from communication with an IG or Member of Congress. AI also provides a confidential DoD Hotline for reporting fraud, waste, and abuse and for detecting and preventing threats and danger to the public health and safety of the DoD.

INTELLIGENCE AND SPECIAL PROGRAM ASSESSMENTS

ISPA provides oversight across the full spectrum of programs, policies, procedures, and functions of the intelligence and counterintelligence enterprises, special access programs, nuclear enterprise, and related security issues within the DoD.

POLICY AND OVERSIGHT

P&O provides oversight and policy guidance for DoD audit and investigative activities, conducts engineering assessments of 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 conducts evaluations of national security issues, evaluations related to congressional requests, and other evaluations of significant DoD programs and operations.

OVERSEAS CONTINGENCY OPERATIONS

OCO supports the DoD OIG’s Lead IG responsibilities, coordinates the oversight of overseas contingency operations by the DoD OIG and other agencies through joint strategic planning and project management, and produces statutorily mandated quarterly reports related to each overseas contingency operation.

SUMMARY OF MANAGEMENT AND PERFORMANCE CHALLENGES WITHIN THE DOD

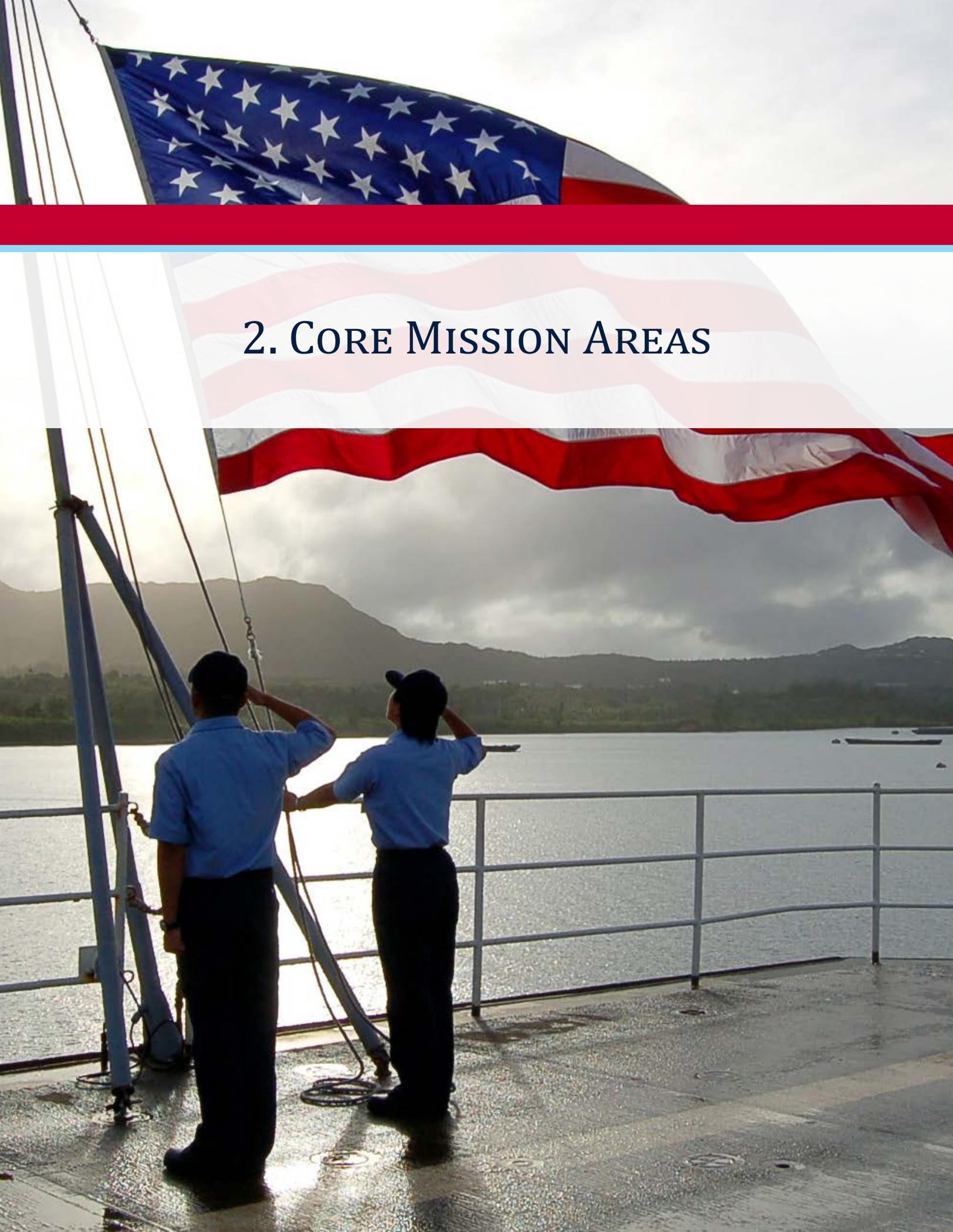
Annually, the DoD OIG prepares a summary of the most significant management and performance challenges facing the DoD. This summary fulfills the DoD OIG's requirement under Public Law 106-531, "Reports Consolidation Act of 2000," to provide an annual statement to the DoD that summarizes what the DoD OIG considers to be the most serious management and performance challenges facing the Department, and to assess the DoD's progress in addressing those challenges.

The DoD OIG identified the following 10 management challenges in 2016. The 10 challenges are not necessarily placed in order of importance; rather, they are all critical and difficult management and performance challenges facing the DoD. These challenges based on DoD OIG oversight work, research, and judgment; oversight work done by other components within the DoD; and oversight projects by the Government Accountability Office. A full report with details about the challenges, citing prior and planned oversight work, can be viewed at www.dodig.mil/pubs/managementchallenges/index.html.

The top 10 challenges are:





A large American flag is waving on a ship's deck. In the foreground, two crew members in light blue shirts and dark trousers are standing with their backs to the camera, looking out at the sea. The deck is wet, and the background shows a body of water and distant mountains under a cloudy sky.

2. CORE MISSION AREAS

AUDIT

The DoD OIG's Audit Component provides audits of DoD operations, systems, programs, and functions. The Audit Component consists of four operating directorates:

- Acquisition and Sustainment Management
- Contract Management and Payments
- Financial Management and Reporting
- Readiness and Cyber Operations

The following are highlights of DoD OIG audit work by directorate during the reporting period. Additional audit report summaries, in the Lead IG section of this report, address audit work that relate to the DoD OIG's Lead IG oversight responsibilities.

Acquisition Processes and Contract Management

Defense Logistics Agency Land and Maritime Can Improve its Processes to Obtain Restitution From Contractors That Provide Defective Spare Parts

The DoD OIG determined whether the Defense Logistics Agency (DLA) Land and Maritime personnel adequately processed product quality deficiency reports and obtained appropriate restitution (reimbursement) from contractors that provided defective spare parts. Defective parts in the DoD supply chain create a potential risk for warfighter readiness and safety. The DoD OIG determined that DLA Land and Maritime did not adequately process product quality deficiency reports or pursue appropriate restitution for a projected 267 contracts for which contractors had provided defective parts to the DoD. Due to DLA Land and Maritime's lack of oversight and controls, the DoD OIG projected that the DLA did not obtain \$3.4 million in restitution. In addition, the DLA did not account for defective parts in the DoD supply chain, including all parts on a nonstatistically sampled contract for a critical safety item for which DoD customers submitted product quality deficiency reports.

During the audit, DLA Headquarters and DLA Land and Maritime initiated several corrective actions to improve product quality deficiency report processing. These actions addressed obtaining restitution for defective parts and the removal of defective parts from the DoD supply chain. However, additional actions are needed.

The DoD OIG recommended that the Director, DLA, develop a plan of action with milestones to improve the agency's processes to identify defective spare parts in the DoD inventory and pursue restitution from contractors who provide the defective parts. The plan should address the DoD OIG findings, establish controls and oversight, and provide sufficient training to ensure DLA Land and Maritime logistics operations and acquisition personnel:

- coordinate and request restitution from contractors that provide defective parts;
- adequately search the DoD inventory to identify and remove defective parts;
- return defective parts to responsible contractors for replacement;
- track the status of defective parts shipped back to contractors and ensure that appropriate restitution is provided in the form of replacement parts or other means; and
- until corrective actions are fully implemented, continue to review all contracts with associated product quality deficiency reports where the DLA's investigation concluded that the contractor provided defective parts, take prompt action to pursue and obtain appropriate restitution for these parts, and remove all defective parts from the DoD supply chain.

Management agreed with the recommendations.

Report No. DODIG-2017-059

The Air Force Needs to Improve Cost-Effectiveness and Availability of the Joint Surveillance Target Attack Radar System

The DoD OIG determined whether the Air Force made cost-effective purchases on a performance-based logistics contract to support the E-8C Joint Surveillance Target Attack Radar System (JSTARS) aircraft. The E-8C JSTARS aircraft is a pre-owned modified Boeing 707-300 series aircraft loaded with radar, communication, and operations and control equipment. The E8C JSTARS aircraft is used to conduct ground surveillance to support offensive operations and targeting.

The DoD OIG determined that the JSTARS contracting officer did not promote cost effectiveness on the Total System Support Responsibility contract for sustainment support of the E-8C JSTARS aircraft. As a result, the



E-8C Joint Surveillance Target Attack Radar System

Source: U.S. Air Force.

JSTARS contracting officer paid unallowable award fees, totaling \$7.6 million. Also, the JSTARS Program Management Office spent \$1.1 billion from May 2011 through October 2015 for contract option periods 11.5 to 15 without achieving its acquisition objective to increase aircraft availability while reducing sustainment cost. Further, the ability of the Air Control Wings to meet their mission was impacted because aircraft were not available. Additionally, the JSTARS Program Manager did not perform an analysis to determine whether it was more cost effective to sustain an aging E-8C fleet or to use another platform for JSTARS.

The DoD OIG recommended that the Senior Center Contracting Official, Robins Air Force Base, Georgia:

- direct the contracting officer to verify the appropriateness of all over-and-above work that is contractor proposed;
- establish evaluation criteria in the award-fee plan for contract option period 17 that adequately motivate the contractor to reduce contract costs;
- determine if the unallowable award fees paid from November 2013 through October 2015 during contract option periods 14 and 15, totaling \$7.6 million, can be recovered through contractual remedies or a voluntary refund; and
- conduct periodic reviews of the JSTARS Total System Support Responsibility contract to ensure its compliance with the Federal Acquisition Regulation (FAR) and Air Force guidance.

Additionally, the DoD OIG recommended that the Program Executive Office for Battle Management:

- develop a requirement to determine the need for Government engineers to be located full time at the Lake Charles Maintenance and Modification Center in Louisiana to provide technical support to the JSTARS contracting officer in determining whether over-and-above work that is contractor proposed is appropriate; and
- direct the JSTARS program manager to perform a service-life study to determine if there are cost-effective options to sustain the aging fleet of E-8C aircraft to minimize operational capability risks.

The DoD OIG also recommended that the Program Executive Officer for Battle Management direct the JSTARS program manager, with support from the JSTARS contracting officer, revise the sustainment performance metric requirement on the follow-on contract for option period 17. Specifically, the DoD OIG recommended that the Air Force relate the availability requirement to the desired outcome by Air Control Wing users for aircraft availability. Management agreed with the recommendations.

Report No. DODIG-2017-003

Management of Excess Material in the Navy's Real-Time Reutilization Asset Management Facilities Needs Improvement

The DoD OIG determined whether the Navy was identifying and reporting excess material to ensure the effective use or reuse of that material and to minimize the Navy's cost to store and maintain excess inventory. For this audit, the DoD OIG focused on the retention of excess consumable material in the Navy Real-Time Reutilization Asset Management (RRAM) facilities. Examples of such material include aircraft damper seals, spring tension washers, and electrical cable assemblies. These RRAM facilities provide a collection, storage, inventory, and redistribution point for excess material. The DoD OIG reviewed whether consumable material held in RRAM facilities for more than 4 ½ years was justified for retention and whether it was used to offset or defer procurements.

The DoD OIG determined the Navy did not effectively manage excess material stored in 10 of the 12 RRAM facilities. Specifically, the Navy retained excess material that had no demand for more than 4 ½ years without

adequate justification. The Navy did not effectively manage excess material because the Office of the Chief of Naval Operations did not provide clear, comprehensive guidance for the retention, disposition, categorization, and validation of continued need for the excess consumable material in the RRAM facilities. As a result, the Navy potentially incurred unnecessary costs to store and manage 51,039 unique item numbers, valued at more than \$99.6 million, in the RRAM facilities.

Additionally, the Navy did not maximize the use of existing consumable material in the Fleet Logistics Center RRAM facility in Norfolk, Virginia. Specifically, the Navy held consumable material rather than using it to fill requisitions or offset purchases for items such as safety relief valves and valve disks. This occurred because Navy guidance did not require customers to first use the Navy Enterprise Resource Planning system when requisitioning material. As a result, the Navy missed opportunities at the Fleet Logistics Center Norfolk RRAM facility to offset or reduce procurements for 617 unique item numbers valued at \$306,454. The DoD OIG recommended that the Chief of Naval Operations develop and implement retention and disposition guidance for excess consumable material in the RRAM facilities that includes, at a minimum, standardized procedures for retaining material based on demand, validating material for continued need if the retention decision is not based on demand, and properly categorizing material. In addition, the DoD OIG recommended that the Commander, Naval Supply Systems Command, update NAVSUP Publication 485, Volume 1, Revision 5, "Operational Forces Supply Procedures," February 3, 2016, to require users requisitioning material to use the Navy Enterprise Resource Planning system before using alternative methods. This should ensure that the Navy maximizes use of excess consumable material available in the RRAM facilities. Management agreed with the recommendations.

Report No. DODIG-2017-043

Defense Logistics Agency Aviation Negotiated Fair and Reasonable Prices for F402 Engine Spare Parts, but Pricing Errors and Late Deliveries Occurred

The DoD OIG determined whether the DLA was purchasing sole-source spare parts at fair and reasonable prices for F402 engines in support of the AV-8B Harrier II aircraft. The Marine Corps uses the Harrier to perform various missions, including close air support of ground troops and armed reconnaissance.



AV-8B Harrier II

Source: U.S. Marine Corps.

The audit determined that DLA Aviation contracting officials negotiated fair and reasonable prices for 17 noncommercial, sole-source F402 engine spare parts reviewed, valued at \$55.3 million. However, after DLA Aviation awarded the contract to Rolls-Royce in January 2014, Rolls-Royce identified an error in the contract's unit prices for 49 F402 engine spare parts and notified DLA Aviation contracting officials in March 2014. DLA Aviation contracting officials modified the contract in April 2014 to correct the unit prices for the 49 spare parts. However, contracting officials did not modify 45 of 82 delivery orders that were placed from February 2014 through December 2015 for F402 engine spare parts with incorrect unit prices. If not corrected, DLA Aviation will pay \$407,317 more than necessary for 45 delivery orders with incorrect prices for F402 engine spare parts.

In addition, DLA Aviation contracting officials did not require Rolls-Royce to comply with on-time delivery requirements, as agreed to in the contract, even though DLA Aviation paid Rolls-Royce a service fee for on-time delivery improvements, such as decreasing production lead times, which is the time that occurs between the placement of an order for supplies and receipt of the supplies. As a result, DLA Aviation paid Rolls-Royce \$2.1 million in service fees for on-time delivery improvements for 328 deliveries that were supplied late. Also, according to Navy officials, the Navy had to remove serviceable parts from F402 engines and install them on other F402 engines because there was an inadequate supply of F402 engine spare parts.

On November 3, 2016, in response to a draft of the report, DLA Aviation modified 24 delivery orders to correct the unit prices, totaling \$362,644. On July 21, 2016, DLA Aviation modified one delivery order

to correct the unit price; the correction totaled \$7,350. DLA officials stated that Rolls-Royce would issue refunds for 20 delivery orders with incorrect prices. However, as of January 6, 2017, DLA Aviation has not requested the refund from Rolls-Royce for the 20 delivery orders totaling \$37,323. The DoD OIG recommended that the Director, DLA, establish standard operating procedures and internal controls, determine whether DLA Aviation is entitled to any credits or refunds for payments, and require Rolls-Royce to establish accurate delivery schedules, modify the delivery orders, and re-negotiate the contract's late delivery disincentive. Management agreed with the recommendations.

Report No. DODIG-2017-050

Defense Commissary Agency Purchases of Fresh Produce in Guam

The DoD OIG determined whether the Defense Commissary Agency's (DeCA) new fresh fruit and vegetable (fresh produce) local purchase process was more effective than the previous DeCA transportation-funded process in the Pacific Theater. DeCA purchases fresh produce from in-country contractors in an attempt to leverage the contractor's buying power to acquire products in volume from sources grown locally, regionally, or globally at the lowest possible cost. The DoD OIG performed this audit in response to a reporting requirement contained in House Report 114-537 to accompany the National Defense Authorization Act for FY 2017.

The DoD OIG determined that under DeCA current local purchase process for fresh produce in Guam, DeCA will save on average \$8.3 million per year by not paying transportation costs to ship fresh produce to Guam. In addition, average customer prices from November 2015 to August 2016 for 188 fresh produce items increased 7.2 percent, and for 41 bagged salad items, which were not part of the previous produce contract, price increases averaged 150.3 percent. Although prices for commissary customers increased, prices remained less than local Guam market prices. DeCA produce personnel did not document quality problems for fresh produce in the commissary display areas for either contract. However, according to Army food inspectors and DeCA officials, the quality of fresh produce has improved since the beginning of the new local purchase process contract. Also, 74 of 89 commissary customers surveyed stated that the quality of fresh produce was the same or better than the fresh produce sold under the previous DeCA transportation-funded process.



Vegetables on Display at the Orote Commissary

Source: DoD OIG.

The DoD OIG recommended that the Director, DeCA, reevaluate transportation options to address the price increase of bagged salads at the Guam commissaries. In addition, the DoD OIG recommended that the Director, DeCA, require Guam commissary produce personnel to document quality problems with fresh produce in commissary display areas and to identify whether problems were related to ordering, product rotation, or receiving. Management agreed with the recommendations.

Report No. DODIG-2017-060

Defense Logistics Agency Disposition Services Needs to Improve Demilitarization Program Self-Assessment Evaluations

The DoD OIG determined whether the DLA was effectively controlling and disposing of DoD property, such as helicopters, aircraft and aircraft parts, small arms, and body armor through its demilitarization program. The audit determined that DLA Disposition Services implemented physical security, inventory reviews, and disposal controls for controlling and disposing of DoD property through the demilitarization program at the sites the DoD OIG visited. However, for the self-assessment evaluations, DLA Centralized Demilitarization Division personnel did not always report accurate results, include supporting documentation, or prepare corrective action plans to address deficiencies. Although the DoD OIG observed, tested, and determined that physical security, inventory reviews, and disposal controls were in place at the sites visited, inadequate self-assessment evaluations at three DLA Centralized Demilitarization

Divisions could result in noncompliance with laws and regulations and increased risk of inappropriate release of property requiring demilitarization.

The DoD OIG recommended that the Director, DLA Disposition Services, reemphasize to Centralized Demilitarization Division personnel their responsibilities to report accurate self-assessments results, submit all self-assessment supporting documentation, and prepare self-assessment corrective action plans to address deficiencies. Additionally, the DoD OIG recommended the Director, DLA Disposition Services, reemphasize to Disposition Services Compliance Branch personnel their responsibilities to comply with established Standing Operating Procedure requirements for the oversight of the Centralized Demilitarization Division self-assessment program and update DLA Disposition Services Standard Operating Procedures to require the review all protocol results for accuracy and inclusion of supporting documentation. Management agreed with the recommendations.

Report No. DODIG-2017-037

Consolidation Needed for Procurements of DoD H-60 Helicopter Spare Parts

The DoD OIG determined whether the DoD was effectively managing the procurement of H-60 helicopter (H-60) spare parts. The Army, Navy, Air Force, and the U.S. Special Operations Command all fly different versions of the H-60 for troop transport and personnel recovery. The DoD OIG determined that the DoD did not effectively manage the procurement of H-60 spare parts. Specifically, the DoD did not consolidate its purchase of 2.9 million H-60 spare parts to maximize its market leverage, such as receiving quantity discounts. The lack of consolidation occurred because the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics did not ensure that the Army, Navy, U.S. Special Operations Command, and the U.S. Special Operations Forces Support Activity fully executed the 2005 Base Realignment and Closure Act Recommendation 176 by transferring H-60 spare parts procurements to DLA. Recommendation 176 directed the Military Services to use the DLA as the single, integrated procurement manager for spare parts, but that did not occur. In addition, the DLA did not appropriately consolidate its H-60 spare parts procurements where practicable. Section 2384a, title 10, United States Code requires, where practicable, agencies to procure supplies

in quantities that will result in the total and unit cost most advantageous to the United States. However, DoD officials procured the same H-60 spare parts on different contracts, often at different prices, which occurred or potentially occurred in 1,319 instances.

The DoD OIG recommended that the Under Secretary of Defense for Acquisition, Technology, and Logistics 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 DLA, as originally required by 2005 Base Realignment and Closure Act Recommendation 176. If the Under Secretary determines that procurement responsibility for H-60 spare parts should be transferred to the DLA, the DoD should review and update its policy regarding spare parts procurements. If the DoD determines it should not transfer the procurement responsibility to the DLA, it should notify Congress of its decision and justification.

The DoD OIG also recommended that the Director, DLA, collect and analyze data related to the contracts and purchase orders used to procure H-60 spare parts, and take steps to consolidate these procurements where practicable to take advantage of quantity discounts and reduce administrative costs. Management agreed with the recommendations.

Report No. DODIG-2017-002



Seahawk MH-60 Helicopter

Source: U.S. Navy.

Requirements for the Air Force Civilian Pay Budget Still Need Improvement

As directed in the explanatory statement accompanying response to Public Law 114-113, “Consolidated Appropriations Act, 2016,” December 18, 2015, the DoD OIG reviewed the civilian pay and personnel programs of the Military Services. Specifically, in this first in a series of planned audits, the DoD OIG determined whether the civilian full-time equivalent (FTE) and pay requirements contained in the Air Force FY 2016 Budget Estimate Submission were adequately supported and justified.

The DoD OIG determined that the Air Force did not adequately support and justify the civilian pay requirements in its FY 2016 Budget Estimate Submission to Congress. Specifically, Air Force budget officials did not follow Office of Management and Budget (OMB) guidance when calculating the FTEs for the civilian work-year cost calculations used to determine civilian pay requirements. As a result of inadequate procedures, the Budget Estimate Submission of \$7.7 billion for the FY 2016 Air Force civilian pay requirements in the Operations and Maintenance appropriation did not capture the funding needed to pay Air Force civilian personnel. The Air Force requested an additional \$212 million from Congress to correct its budget shortfall. Additionally, the information used for Air Force programming decisions was based on flawed civilian work-year cost data. The Air Force is working to improve the civilian pay budget process; however, additional steps are needed. Without clear and definitive written procedures that explain the Air Force civilian pay budget process and require the use of appropriate data sources for FTE and work-year cost calculations, the Air Force will continue to develop and submit budget estimates that do not accurately reflect its civilian pay requirements.

The DoD OIG recommended that the Assistant Secretary of the Air Force (Financial Management and Comptroller) develop written procedures for the civilian pay budget process. The procedures should require Air Force budget officials to determine civilian FTEs in accordance with OMB guidance, use payroll data sources, and document all budget calculations and decisions. Management agreed with the recommendations.

Report No. DODIG-2017-039

Acquisition of the Navy Surface Mine Countermeasure Unmanned Undersea Vehicle (Knifefish) Needs Improvement

The DoD OIG determined whether the Navy effectively established requirements and planned testing to support procuring the Surface Mine Countermeasure Unmanned Undersea Vehicle (Knifefish). The Knifefish is a self-propelled, untethered, autonomous underwater vehicle designed to find underwater mines. The Knifefish is capable of operating independently in shallow ocean water, and is launched and recovered from a Littoral Combat Ship, which is designed for operations in environments near the shoreline.

The DoD OIG determined that the Navy did not effectively establish capability requirements and plan and execute testing to procure the Knifefish, and the Knifefish program is at risk of not being ready for the initial production decision in the fourth quarter of FY 2017. Specifically, the Navy could spend an estimated \$58.2 million procuring three Knifefish Unmanned Undersea Vehicles engineering developmental models, and up to five Knifefish initial production systems without having demonstrated the system’s ability to perform the key performance parameter of single-pass detection, classification, and identification of bottom and buried mine capabilities.

DoD guidance states that a failure to meet a primary requirement threshold may result in a reevaluation or reassessment of the program, or a modification of the production increments. If the Knifefish cannot meet its primary requirement to detect, classify, and identify mines, the Navy could spend an additional \$751.5 million in remaining funds for Knifefish research, development,



Unmanned Undersea Vehicle Launch and Recovery Device

Source: Unmanned Maritime Systems Program Office.

test, and evaluation, procurement, and operations and maintenance to procure and sustain a system that may not achieve the capability the Navy originally planned.

The DoD OIG recommended that the Director, Expeditionary Warfare Division, coordinate with the Director, Surface Warfare, to 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. Additionally, the DoD OIG recommended that the Director, Expeditionary Warfare Division, coordinate with the Program Executive Officer, Littoral Combat Ship, to assess and revalidate whether to continue with the Knifefish program or cancel the program, putting \$751.5 million in research, development, test and evaluation, procurement, and operational and maintenance funds to better use. Management agreed with the recommendations.

Report No. DODIG-2017-014

Contract Management and Payments

Defense Organization Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance

The DoD OIG determined whether officials from Defense organizations completed comprehensive and timely contractor Performance Assessment Reports (PARs) for nonsystems contracts as required by Federal and DoD policies. Nonsystems contracts include contracts for operations support, services, and information technology. The purpose of a PAR is to provide source selection officials with information on contractor past performance, which allows the contracting officials to make better-informed decisions related to contract awards.

The DoD OIG determined that officials at the four Defense organizations audited—U.S. Transportation Command, the Defense Information Technology Contracting Organization (contracting office for the Defense Information Systems Agency), DLA Energy, and DLA Troop Support—registered or had a valid reason for not registering 150 contracts and prepared PARs for all contracts that required an evaluation. However, officials did not consistently comply with requirements for evaluating contractor past performance. Specifically,

officials at the Defense Information Technology Contracting Organization, DLA Energy, and DLA Troop Support did not prepare 13 of 53 PARs within the 120-day required timeframe. Additionally, officials at all four contracting offices prepared 49 of 53 PARs that did not include sufficient written narratives to justify the ratings given, ratings for all required evaluation factors, or sufficient descriptions of the contract purpose. As a result, Federal source selection officials did not have access to timely, accurate, and complete past performance assessment information needed to make informed decisions related to contract awards.

The DoD OIG recommended that Defense organization officials develop and implement procedures to register contracts, prepare PARs within 120 days, require that assessors take training for writing PARs, and evaluate PARs for quality. Management agreed with the recommendations.

Report No. DODIG-2017-052

Medical Service Accounts at U.S. Army Medical Command Need Additional Management Oversight

The DoD OIG determined whether the U.S. Army Medical Command (MEDCOM) Uniform Business Office effectively managed delinquent medical service accounts. Between June 12, 2012, and March 3, 2016, the Army Military Treatment Facility Uniform Business Offices determined that 21,742 medical service accounts, valued at \$41.1 million, were uncollectible, and transferred the debt to MEDCOM.

The DoD OIG nonstatistically selected and reviewed 20 high-dollar medical service accounts, valued at \$2.7 million, transferred to MEDCOM by the Brooke Army Medical Center Uniform Business Office. The DoD OIG determined that MEDCOM officials did not effectively manage medical service accounts that Army Military Treatment Facility Uniform Business Offices determined were uncollectible. The uncollectible medical service accounts at MEDCOM existed because MEDCOM officials did not have adequate procedures to process the transferred accounts. In addition, neither MEDCOM officials nor officials with Army Military Treatment Facility Uniform Business Offices complied with the DoD Financial Management Regulation and the Defense Health Agency (DHA) requirements for writing off and terminating debt.

Without adequate procedures and guidance, MEDCOM officials missed opportunities to maximize collection on 9 of the 20 accounts reviewed, valued at \$1.8 million. Until MEDCOM personnel review the remaining 21,722 accounts, they risk missing the opportunity to collect up to \$38.4 million for MEDCOM's military treatment facilities to fund administrative, operating, and equipment costs, readiness training, and trauma consortium activities.

The DoD OIG recommended that the Commander, MEDCOM, review the medical service accounts to ensure all appropriate collection efforts were exhausted, and obtain approval from the appropriate authoritative agency to terminate the debts. The Commander should also implement procedures for uncollectible debt and update and establish MEDCOM guidance to ensure clear guidance is provided for medical service accounts to be terminated in compliance with the DoD Financial Management Regulation. Additionally, the DoD OIG recommended that the Commander, MEDCOM, the Commander, U.S. Army Claims Service, and the Director, Defense Finance and Accounting Service Indianapolis, Accounts Receivable Directorate, should coordinate to determine the appropriate authoritative agency for approving the termination of collection actions for medical service account debts under \$100,000, in compliance with the DoD Financial Management Regulation.

Management agreed with the recommendations except for two. Management did not agree to implement the recommendation or did not proposed actions that will address reviewing the medical service accounts to ensure all appropriate collection efforts were exhausted, and implementing procedures over uncollectible medical service account debt.

Report No. DODIG-2017-045

The Defense Health Agency Improperly Paid for Autism-Related Services to Selected Companies in the TRICARE South Region

The DoD OIG determined whether the DoD appropriately paid for autism services provided to DoD personnel and their families in the TRICARE South Region. The audit focused on one-on-one Applied Behavior Analysis (ABA) interventions across five nonstatistically selected ABA companies within the same geographic area in the TRICARE South Region that generally billed at the highest possible rate.



An ABA Therapist and a Child Diagnosed With Autism Spectrum Disorder
Source: U.S. Air Force.

The DoD OIG determined the DHA made improper payments for ABA services to five ABA companies in the TRICARE South Region. Specifically, the ABA companies billed, and the DHA improperly paid for, ABA services under these conditions:

- lack of documentation to support ABA services;
- misrepresentation of the provider who performed the ABA services;
- billing for ABA services provided while the beneficiary was napping;
- billing for two services at the same time;
- unreliable supporting documentation;
- billing for services while the beneficiary was not present; and
- billing for services performed by providers who were not authorized by TRICARE.

DHA personnel made improper payments because when DHA and contractor personnel selected ABA companies for review, they did not consider that certain indicators may help to identify improper payments, such as a high percentage of claims billed at the ABA supervisor rate, the highest rate. As a result, the DoD OIG projected that the DHA improperly paid \$1.9 million of the total \$3.1 million paid to the five companies for ABA services performed in CY 2015.

The DoD OIG recommended that the Director, DHA, conduct comprehensive medical reviews of ABA companies in the TRICARE South Region that have specific indicators of improper payments, and review

claims from the five ABA companies in the DoD OIG's sample and provide the results of the review to the DHA Program Integrity Office for appropriate action.

The Director, DHA, agreed to the recommendations. The DHA has initiated policy changes to enhance the process of quality monitoring and oversight of claims for applied behavior analysis to eligible TRICARE beneficiaries. The DHA has also requested that the DoD OIG conduct audits of billing for ABA services in the TRICARE North and TRICARE West regions.

Report No. DODIG-2017-064

Army Did Not Support Business Case Analysis Recommending Transition of Human Immunodeficiency Virus Testing

The DoD OIG determined whether the Army supported its decision to transition Human Immunodeficiency Virus (HIV) testing from a contracted service to an in-house capability. In addition, the DoD OIG reviewed the Navy's plans for HIV testing.

The House Committee on Appropriations requested the DoD OIG review the Army's business case analysis to transition HIV testing from a contracted service to an in-house capability. In addition, House Report 114-577, to accompany the House Report 5293, "Department of Defense Appropriations Act, 2017," expressed concern with the decisions by the Army and Navy to transition HIV testing from a contracted service to an in-house capability. The report directed the DoD OIG to examine the business case analyses and provide a report on its findings to the congressional defense committees.

The DoD OIG determined that Walter Reed Army Institute of Research personnel did not adequately support or document their business case analysis for bringing HIV testing in-house. This occurred because Walter Reed Army Institute of Research personnel did not follow DoD and Service guidance for preparing a business case analysis. As a result, MEDCOM personnel could not ensure that they made the best decision transferring HIV testing from a contracted service to the HIV Diagnostics and Reference Laboratory, and may have increased costs by moving the laboratory and the other non-HIV mission elements into leased space. Further, the DoD OIG determined that the Navy's plans to transfer Navy HIV testing from a contractor to the Air Force appeared reasonable because using the Air Force for HIV testing instead of the Navy's current contractor could save the Navy approximately \$3.58 million per year.

The DoD OIG recommended that the Chief of Staff, U.S. Army Medical Command, re-perform the business case analysis for HIV testing and ensure the analysis:

- includes only the 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.

Additionally, the DoD OIG recommended that the Chief of Staff, U.S. Army Medical Command, not enter into any leases to move Army laboratories until the business case analysis is re-performed. The Chief of Staff, U.S. Army Medical Command, agreed to revise the business case analysis to incorporate the elements. The Chief of Staff expected to complete the revised business case analysis by June 30, 2017. In addition, the Chief of Staff agreed not to enter into any new leases until the business case analysis is re-performed.

Report No. DODIG-2017-066

Naval Facilities Engineering Command Management of Energy Savings Performance Contracts Needs Improvement

The DoD OIG determined whether the Department of the Navy was effectively managing Energy Savings Performance Contracts (ESPCs), which provide a way for the private sector to finance Federal Government energy-savings projects. Naval Facilities Engineering Command (NAVFAC) Expeditionary Warfare Center, Port Hueneme, California, manages the Navy ESPC program.

The DoD OIG determined that NAVFAC officials did not effectively manage 38 ongoing performance-phase ESPCs, valued at \$1.55 billion. Specifically, NAVFAC officials did not appoint contracting officer's representatives for 31 of the ongoing performance-phase ESPCs, and did not develop a quality assurance surveillance plan for any of the 38 ongoing performance-phase ESPCs. As of August 1, 2016, NAVFAC officials had reduced the number of ongoing performance-phase ESPCs without an appointed contracting officer's representative from

31 to 6 and developed a quality assurance surveillance plan for all 38 ongoing performance-phase ESPCs. Additionally, for five performance-phase ESPC projects reviewed in more detail, NAVFAC officials did not:

- validate the contractor-claimed energy savings of five ESPC post-implementation reports that supported a total of \$9.3 million in contract payments,
- validate contractor claimed energy savings in 7 of 25 measurement and verification reports (for four of the five ESPCs reviewed) that supported a total of \$39.4 million in contract payments, or
- perform higher-level reviews for 4 of 18 base-level validation reports (for two of the five ESPCs reviewed) that supported a total of \$19 million in contract payments.

As a result, NAVFAC officials may not know whether 38 ongoing performance-phase ESPCs, valued at \$1.55 billion, fully comply with Federal Acquisition Regulation, the DoD, and NAVFAC guidance. In addition, the five ongoing performance-phase ESPC projects reviewed in more detail include approximately \$67.6 million in contract payments that remain questionable.

The DoD OIG recommended that the Commander, NAVFAC, direct program and contracting officials to validate and perform required reviews of \$67.6 million in contract-guaranteed energy-savings payments. The Commander, NAVFAC, should direct officials to take appropriate contractual action, if necessary, such as recovering unrealized guaranteed energy savings or canceling the remaining portion of the contracts. The DoD OIG also recommended that the Commander, NAVFAC, direct officials to develop a plan to fill contracting officer's representative vacancies, ensure that contracting officers implement quality assurance surveillance plans to monitor ongoing ESPCs, and ensure that NAVFAC Expeditionary Warfare Center and base-level personnel complete reviews of post-installation and measurement and verification validations, as well as higher-level reviews of those validations. The plan should also address the importance of resolving disputes between NAVFAC program officials and reviewers, and managing NAVFAC Expeditionary Warfare Center and base-level public works personnel ESPC contract administration, measurement and verification validation, and quality assurance surveillance actions. Management agreed with the recommendations.

Report No. DODIG-2017-044

Fleet Logistics Center Norfolk Price Reasonableness Determinations for Federal Supply Schedule Orders for Supplies Need Improvement

The DoD OIG determined whether Navy contracting officers at the U.S. Naval Supply Systems Command Fleet Logistics Center (FLC) Norfolk made determinations of fair and reasonable pricing for General Services Administration (GSA) Federal supply schedule orders awarded for purchases of supplies, such as communications equipment, office furniture, and software licensing agreements. The Federal supply schedule program allows the Government to purchase commercial supplies and services at prices associated with volume buying.

The audit determined that FLC Norfolk contracting personnel made adequate price reasonableness determinations for 14 orders, valued at \$7.8 million, and for 35 orders, valued at \$28.8 million. Specifically, contracting personnel compared the prices from two quotes for six orders, valued at \$1.6 million, and compared single quotes to specific historical and market research information for eight orders, valued at \$6.2 million. Contracting personnel also documented that the prices paid for the 14 orders were fair and reasonable. However, contracting personnel did not adequately document and support whether the prices paid for 21 orders, valued at \$21 million, were fair and reasonable. For 16 orders, contracting personnel relied on vendor price lists and blanket purchase agreement price lists of the same vendor that submitted the only quote. For four orders, contracting personnel relied on historical information that was not specifically identified. For six orders, contracting personnel relied on inadequate independent Government estimates that did not identify the sources of the information as required by a Defense Procurement and Acquisition Policy Memorandum. For eight orders, contracting personnel did not document whether the prices paid were fair and reasonable as required by the FAR and the class deviation from the FAR. In addition, FLC Norfolk did not have standard operating procedures for making price reasonableness determinations and performing price analysis for orders of supplies. As a result, FLC Norfolk customers may have paid more than they should have for the supplies purchased.

The DoD OIG recommended that the Commander, FLC Norfolk, develop and implement standard operating procedures for making price reasonableness

determinations and performing price analysis for GSA Federal supply schedule orders for supplies and train contracting personnel on the procedures. Management agreed with the recommendations.

Report No. DODIG-2017-031

Financial Management and Reporting

Independent Auditor's Report on DoD FY 2016 and 2015 Basic Financial Statements

Public Law 101-576, "Chief Financial Officers Act of 1990," as amended, requires the DoD OIG to audit the DoD agency-wide consolidated balance sheet as of September 30, 2016, and 2015, and the related consolidated statement of net cost, consolidated statement of changes in net position, combined statement of budgetary resources, and notes to the basic statements (basic financial statements). The Act also requires the DoD OIG to perform or oversee the annual audits of the Army, the Navy, and the Air Force General Fund and Working Capital Fund, and the U.S. Army Corps of Engineers (USACE), Civil Works, and the Military Retirement Fund financial statements.

The DoD OIG issued a series of disclaimers of opinion on the FY 2016 financial statements because DoD management asserted to the DoD OIG that FY 2016 and FY 2015 Basic Financial Statements would not substantially conform to accounting principles generally accepted in the United States of America and that DoD financial management and feeder systems could not adequately support material amounts on the basic financial statements as of September 30, 2016. The DoD OIG transmitted the unmodified opinions issued by independent public accountants for the U.S. Army Corps of Engineers and Military Retirement Fund financial statements.

Report Nos. DODIG-2017-007, DODIG-2017-008, DODIG-2017-009, DODIG-2017-010, DODIG-2017-011, DODIG-2017-012, DODIG-2017-013, DODIG-2017-016

Improvements Needed in Managing Air Force Suspense Accounts

The DoD OIG determined whether the DoD had controls in place to record Air Force (Treasury Index 57) suspense account balances on the proper Component financial statements. In addition, the DoD OIG determined

whether the accounts were being used for the intended purpose and whether transactions were resolved in a timely manner.

The DoD OIG determined that DFAS-Columbus (DFAS-CO) personnel did not have sufficient internal controls in place to record Air Force suspense account transactions on the proper Component financial statements. This occurred because DFAS-CO personnel did not analyze historical data to determine what portion of the balances should be posted to the Air Force General Fund Financial Statements, and which portion should be posted on other DFAS prepared financial statements. DFAS-CO also did not ensure that Air Force suspense account transactions were researched and cleared within 60 business days, as required by the Treasury Financial Manual. As a result, DFAS-CO personnel misstated the FY 2014 and FY 2015 Air Force General Fund Financial Statements by an absolute value of \$22.7 million and \$7.6 million respectively, and included \$54.3 million in suspense account transactions older than 60 business days.

DFAS-CO incorrectly used suspense accounts to manage revenue-generating programs, Uniformed Services Thrift Savings Plan (TSP) contributions, and payroll tax withholdings. The incorrect use occurred because DFAS-CO followed the DoD Financial Management Regulation that requires the use of suspense accounts for recording revenue generating program transactions, various payroll tax withholding transactions, and Uniformed Services Thrift Savings Plan contributions. DFAS-CO and Air Force personnel overstated the suspense account balances for revenue-generating programs, Uniformed Services Thrift Savings Plan contribution, and Federal income tax withholdings by \$412.8 million in the FY 2014 Suspense Account Report, and \$442.1 million in the FY 2015 Suspense Account Report.

The DoD OIG recommended that the Director, DFAS-CO:

- develop procedures for reporting only Air Force suspense accounts in the Air Force General Fund Financial Statements by allocating the portion of Air Force suspense account transactions reported by others, removing non-Air Force suspense account transactions;
- implement a formal process to track, monitor, age, and resolve Air Force suspense account transactions to ensure that the transactions are cleared within 60 business days;

- review the suspense accounts for errors, make the necessary entries to correct the reporting errors, and develop internal controls to prevent and detect future reporting errors;
- in coordination with the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, revise the DoD Financial Management Regulation; and
- establish special and deposit fund accounts to more appropriately record and report non-suspense account transactions.

Management agreed with the recommendations.

Report No. DODIG-2017-019

Strategic Plan Needed for Navy Financial Management Systems

The DoD OIG determined whether the Department of the Navy has developed and implemented an adequate information technology strategy to efficiently manage its financial systems, and has identified the costs associated with maintaining and upgrading its financial systems.

The DoD OIG determined the Navy did not have an information technology strategy to effectively manage its financial management systems. The Chief Financial Officers Act of 1990 requires Federal agencies to prepare annual financial statements and requires the financial statements to be audited. However, Navy personnel continued to use financial management systems that did not comply with standards to support the preparation of auditable financial statements. In addition, the Navy and DFAS' costs to maintain systems and develop new functionality in the Navy's decentralized multiple systems environment were expensive. The Navy did not have an enterprise-wide approach to managing its financial management systems. Instead, the Navy allowed its commands to develop and select their own systems. As a result, the Navy and DFAS spent \$2.5 billion over the last decade and plan to spend an additional \$823.4 million over the next 5 years on maintaining and developing new functionality for Navy financial management systems. However, these systems are not compliant with the standards, might not support auditable financial statements, and might not meet the congressional mandate to have auditable financial statements by September 30, 2017.

The DoD OIG recommended that the Assistant Secretary of the Navy (Financial Management and Comptroller) develop milestones and performance measures for

a Navy-wide strategic plan for financial management systems. The plan should implement compliant systems and provide a cost benefit analysis. Management agreed with the recommendations.

Report No. DODIG-2017-068

Ineffective Fund Balance With Treasury Reconciliation Process for Army General Fund

The DoD OIG determined whether the DFAS-Indianapolis (DFAS-IN), in coordination with the Army, effectively reconciled the Fund Balance With Treasury (FBWT) between the Army General Fund (AGF) and the Treasury records. At the request of the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) (OASA[FM&C]) management, the DoD OIG limited its review to one AGF appropriation—the FY 2016 Army Reserve Operations and Maintenance appropriation—which was 1.1 percent of the Army General Fund, Fund Balance With Treasury as of March 31, 2016.

The FBWT is an asset account that reflects a Federal agency's available spending authority. Appropriations and collections increase the FBWT and disbursements reduce it. At the agency level, the FBWT is similar to a corporation's cash account. The Army FBWT Reconciliation Tool identifies AGF FBWT differences between Army and Treasury records.

The DoD OIG determined that the OASA(FM&C) and DFAS-IN personnel did not have an effective AGF FBWT reconciliation process for the FY 2016 Army Reserve Operations and Maintenance FBWT Funds. Personnel from the OASA(FM&C) and DFAS-IN improved the Reconciliation Tool by adding the capability to identify a universe of AGF FBWT differences between Army and Treasury records. However, based on the results of the DoD OIG's statistical sample, OASA(FM&C) and Comptroller and DFAS-IN personnel did not identify and resolve all differences completely and timely with adequate support, as required by Federal and DoD guidance. For example, they did not resolve 68.6 percent of the differences within the required 60-day milestone. OASA(FM&C) and DFAS-IN personnel's inability to identify and resolve all AGF FBWT differences completely and timely with adequate support demonstrates the continuation of the Army's longstanding FBWT and unsupported adjustment material control weaknesses that Army first identified in FY 2008. These weaknesses

increase the risk of materially misstated AGF FBWT financial statement disclosures and the Army not being audit ready by September 30, 2017.

The DoD OIG recommended that the Assistant Secretary of the Army (Financial Management and Comptroller) and Director, DFAS-IN, reengineer the AGF FBWT reconciliation process to:

- meet the 10-workday requirement established by DoD regulation or coordinate with the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, to determine whether the requirement needs to be revised;
- correct system deficiencies known to cause FBWT differences;
- research and resolve all differences within 60 days, as required;
- document business rules that create system-generated adjustments; and
- support all AGF FBWT adjustments with transaction-level detail.

Additionally, the DoD OIG recommended that the Assistant Secretary of the Army (Financial Management and Comptroller) develop and implement system changes to ensure AGF FBWT transaction data are standardized for non-legacy accounting and financial systems; a methodology for standardizing data from legacy accounting and financial systems; and system functionality to demonstrate posting logic for all non-legacy accounting and financial systems. Management agreed with the findings and recommendations.

Report No. DODIG-2017-069

Independent Attestation Review on the DoD's Progress to Comply With the Digital Accountability and Transparency Act of 2014

In this DoD OIG attestation engagement, the DoD OIG reviewed the DoD's DATA Act implementation readiness. The DoD OIG reviewed the processes, systems, and controls the DoD had implemented, or planned to implement, to report financial and payment data in accordance with the requirements of the Digital Accountability and Transparency Act of 2014 (DATA Act). The DATA Act, enacted on May 9, 2014, requires Federal agencies to report financial and payment data according to data standards established by the Department of the

Treasury and the Office of Management and Budget (OMB). Specifically, agencies are required to report summary-level congressional funding data and detail-level financial data. To assist agencies in complying with the DATA Act, the Treasury and OMB issued the Data Act Implementation Playbook (Playbook). The Playbook primarily focuses on information to assist agencies in implementing the Data Act, and provides an 8-step agency implementation plan.

The DoD OIG attestation review found the DoD incorporated the Playbook's 8 steps into its DATA Act Implementation Plan. Specifically, the DoD OIG determined that the DoD completed steps 1, 2, and 4 of the 8-step agency implementation plan. Although the DoD completed most of step 3 of the 8-step agency implementation plan, as of September 15, 2016, DoD personnel did not provide documentation of the DoD's systems, processes, and policies for each data element. Therefore, the DoD partially complied with the standards established by the Treasury and OMB for step 3. Because the review focused on processes, systems, and controls that the DoD implemented, or planned to implement, to report financial and payment data, for the purposes of the audit readiness, the DoD OIG did not report on the status of steps 5 through 8, which relate to executing the broker, testing broker implementation, updating systems, and submitting data.

The DATA Act permits the DoD to request a maximum of three waivers to extend its reporting deadline; each waiver extends the DoD's DATA Act reporting deadline by 6 months. The report highlighted that on August 12, 2016, the DoD notified the Treasury and OMB that it plans to use two of the three waivers to extend the reporting deadline for the transaction-level financial data by 1 year, or until second quarter 2018. The report also stated that the DoD does not have a system that consolidates its transaction-level financial data. Therefore, the DoD is developing a data platform to serve as a central repository for transaction-level financial data. This platform will support the DoD's audit readiness and DATA Act implementation efforts by consolidating and reporting transaction-level financial data. However, the development of the platform focuses on audit readiness first, and the DoD will not begin developing Data Act-specific requirements until November 2017. The results of this review and the assertions presented in the report were agreed with by DoD management.

Report No. DODIG-2017-022

Application Level General Controls for the Defense Cash Accountability System Need Improvement

The DoD OIG determined whether the Defense Cash Accountability System (DCAS) general controls including those related to security management, access controls, contingency planning, configuration management, and segregation of duties were operating effectively. The DoD uses the DCAS to process and report its disbursement and collections of funds between the U.S. Treasury and the DoD.

The DoD OIG determined that the DCAS general controls administered by DFAS did not operate effectively. As a result, the DCAS had an increased risk that users accessed the DCAS without authorization or correct level of privileges. In addition, the identified control weaknesses could circumvent segregation of duties controls, which were operating as intended. Without proper controls, the DCAS is vulnerable to availability interruptions and lost or incorrectly processed data. Losing the capacity to process, retrieve, and protect electronically maintained data can significantly affect the DoD's ability to accomplish its mission. The DoD could consequently suffer financial losses, expensive recovery efforts, and inaccurate or incomplete information.

Losing the capacity to process, retrieve, and protect electronically maintained data can significantly affect the DoD's ability to accomplish its mission.

The DoD OIG recommended that the Director of Business Enterprise Information Services and Other Systems, DFAS, clearly identify user access privileges, properly coordinate the DCAS contingency plan, remove access in a timely manner from terminated developers, develop a formal Information Assurance training policy, develop procedures to require Information System Security Officers to obtain and retain DoD-required certifications, and develop a process to review service provider compliance with the Service Level Agreement. Management generally agreed with the recommendations.

Report No. DODIG-2017-015

Independent Auditor's Report on the FY 2016 DoD Detailed Accounting Report for the Funds Obligated for National Drug Control Program Activities, and Independent Auditor's Report on the FY 2016 DoD Performance Summary Report for the Funds Obligated for National Drug Control Program Activities

To comply with Public Law 105-277 and to satisfy the Office of National Drug Control Policy requirements, the DoD OIG performed two review-level attestation engagements. In the first, the DoD OIG reviewed the FY 2016 DoD Detailed Accounting Report for the Funds Obligated for National Drug Control Program Activities. The DoD OIG provided negative assurance³ that the detailed accounting of funds, and the associated assertions were presented fairly and in conformity with the Office of National Drug Control Policy Circular.⁴ The only exception was the use of percentages by the Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats to calculate the obligations presented by functional area.

In the second, the DoD OIG reviewed the FY 2016 DoD Performance Summary Report of the Funds Obligated for National Drug Control Program Activities. The DoD OIG provided negative assurance that the Performance Summary Report was presented fairly and in conformity with the same Office of National Drug Control Policy Circular.

Report Nos. DODIG-2017-046 and DODIG-2017-047

Readiness and Cyber Operations

Army National Guard Companies Have Not Developed Effective Training Programs to Attain or Sustain Mission Essential Task Proficiency

The DoD OIG is conducting a series of reviews addressing military unit readiness and specifically whether military units had the ability to perform their mission essential tasks (METs). In this report, the DoD OIG evaluated the Army National Guard's training proficiency at the company and cavalry troop level.

³ Negative assurance is used to indicate that the auditor did not note any concerns to suggest the statements did not comply with applicable accounting requirements, were not fairly presented in conformity with Generally Accepted Accounting Principles applied on a consistent basis, or did not fairly present information shown therein.

⁴ Office of National Drug Control Policy Circular, "Accounting of Drug Control Funding and Performance Summary," January 18, 2013.

The DoD OIG determined that unit commanders did not develop effective training programs to ensure their units attained or sustained MET proficiency. The commanders did not properly develop METs, training priorities, and plans, manage personnel resources for sustaining training proficiency, effectively implement training plans and events, and continually or adequately assess MET proficiency. The Army and National Guard Bureau also did not provide clear, consistent guidance for managing unit training. In addition, commanders did not implement effective inspection programs to provide oversight of collective training and ensure that units complied with training management policies.

The DoD OIG recommended that the Deputy Chief of Staff for Operations and Plans, Department of the Army, require units to implement standardized METs at the company level, establish suspense dates for implementation, and monitor unit progress toward completion. Additionally, the DoD OIG recommended that the Deputy Chief of Staff for Operations and Plans, Department of the Army, in coordination with the Commanding General, U.S. Army Forces Command, the Commanding General, U.S. Army Training and Doctrine Command, and the Director, Army National Guard, standardize requirements across unit training management guidance to ensure compliance. The DoD OIG also recommended that the Director, Army National Guard, in coordination with the Commanding General, U.S. Army Forces Command, establish training and manning priorities. Finally, the DoD OIG recommended that the Director, Army National Guard, in coordination with the Army Inspector General, develop and implement a standardized National Guard Inspection Program template for Army National Guard MET training programs to include minimum inspection standards. Management agreed with the recommendations.

Report No. DODIG-2017-029

DoD Cybersecurity Weaknesses Reported in Audit Reports Issued From August 1, 2015, Through July 31, 2016

The DoD OIG summarized the DoD and Government Accountability Office (GAO) audit reports issued from August 1, 2015, through July 31, 2016, that contained findings on DoD cybersecurity weaknesses. This report supports the DoD OIG's response to the requirements of Public Law 113-283, "Federal Information Security Modernization Act of 2014," section 3555, "Annual independent evaluation," December 18, 2014, which

requires IGs appointed under the IG Act of 1978 (which includes the DoD OIG) to perform an annual independent evaluation of the information security program and practices of that agency to determine the effectiveness of such program and practices.

During the reporting period, the DoD and the GAO issued 21 unclassified reports that addressed a wide range of cybersecurity weaknesses within the DoD systems and networks. The reports most frequently cited cybersecurity weaknesses in the categories of risk management, identity and access management, security and privacy training, contractor systems, and configuration management. As of August 1, 2015, unclassified audit reports identified in the previously issued cybersecurity summary reports contained 166 open cybersecurity-related recommendations. From August 1, 2015, through July 31, 2016, DoD management closed 28 recommendations, leaving 138 open cybersecurity-related recommendations that required management action.

The DoD has prioritized funding its cyber strategy by investing a total of \$6.7 billion in FY 2017, and a total of \$34.6 billion over the Future Years Defense Program (next 5 years). These funds are intended to help the DoD continue to develop, train, and equip the Cyber Mission Force, and make new technological investments to strengthen cyber defenses and capabilities.

While the DoD has prioritized funding its cyber strategy, cybersecurity will continue to remain a significant management challenge. As recent audit reports show, the DoD continues to struggle with ensuring that all aspects of its information security program are adequately implemented. For example, implementing secure information systems on major weapons systems throughout their life cycle requires effective and continuous software assurance testing. Inadequate software assurance testing on major weapons systems could devastate mission operations. In addition, although Homeland Security Presidential Directive 12 (HSPD-12) was issued in 2004, one audit report indicated that DoD Components are still not fully complying with the HSPD-12; due to sensitivity of noncompliance findings, further specifics are not included in this semiannual report. The audit report identified that the lack of compliance leaves national security and Privacy Act information vulnerable to compromise and places soldiers, family members, civilians, and critical infrastructures at greater risk of an adverse incident occurring.

Correcting cybersecurity weaknesses and maintaining adequate cybersecurity is critical because the DoD has become increasingly reliant on cyberspace to enable its military, intelligence, and business operations to perform the full spectrum of military operations. Although the DoD has taken steps to increase cybersecurity over its systems, networks, and infrastructure, significant challenges remain. As this was a summary of reports that were previously issued, the DoD OIG did not make any new recommendations.

Report No. DODIG-2017-034

U.S. European Command Needs to Improve Oversight of the Golden Sentry Program

The DoD OIG determined whether U.S. European Command (USEUCOM) was effectively conducting enhanced end-use monitoring to ensure that defense articles transferred by the U.S. Government to foreign countries are used in accordance with the transfer agreement terms and conditions. The DoD's End-Use Monitoring program, known as the Golden Sentry program, includes all actions to ensure that recipient countries:

- use the defense articles, training, and services only for their intended purpose;
- prohibit the transfer or possession of any defense article or related training to anyone not an official representative of the recipient country or the U.S. Government without prior written consent of the U.S. Government;
- maintain security over the defense articles with substantially the same protection afforded by the U.S. Government; and
- permit observation and review, and furnish necessary information to U.S. Government representatives on the use of the defense articles.

The DoD OIG determined that USEUCOM was not effectively conducting the Golden Sentry program. Specifically, the Security Cooperation Organization Golden Sentry Program Managers for two of the four countries in a nonstatistical sample did not correctly perform their Golden Sentry program oversight duties when conducting enhanced end-use monitoring for defense articles, including Javelin Missiles and night vision devices. Although the DoD OIG did not identify any misuse of enhanced end-use monitoring-designated

defense articles, not complying with Golden Sentry program requirements increases the risk that recipient countries could misuse the defense articles. Misuse could compromise the technological advantages and security of the United States and its allies.

The DoD OIG recommended that the Director, USEUCOM, J5/8 - Policy, Strategy, Partnering, and Capabilities, develop and implement a plan of action to ensure that USEUCOM provides adequate oversight for all Security Cooperation Organization Golden Sentry Program Managers in the USEUCOM area of responsibility, and not just those with upcoming Defense Security Cooperation Agency and USEUCOM OIG inspections.

Additionally, the DoD OIG recommended that the Principal Director, Security Assistance and Equipping Directorate, Defense Security Cooperation Agency, update the security checklists and the Defense Institute of Security Cooperation Studies' Security Cooperation Management Overseas training course. The DoD OIG further recommended that the USEUCOM Program Manager update USEUCOM's standard operating procedures to include standards and expectations on how the Security Cooperation Organization Golden Sentry Program Managers should verify that the recipient country complied with the security checklist requirements. Management agreed with the recommendations.

Report No. DODIG-2017-056

USSOCOM Needs to Improve Management of Sensitive Equipment

The DoD OIG determined whether U.S. Special Operations Command (USSOCOM) was properly accounting for its sensitive equipment. The DoD OIG selected a statistical sample of 11,791 of the 135,053 sensitive equipment items, such as communication tracking systems, radio frequency jammers, and night vision goggles, from the Special Operations Logistics Management System and compared the data to inventory levels at seven USSOCOM locations.

The DoD OIG determined that USSOCOM did not properly account for its sensitive equipment. Specifically, inventory data in USSOCOM's enterprise system of record—Special Operations Logistics Management System—differed from statistically projected inventory levels by 30,014 items, valued at \$615.49 million, at seven locations. Therefore, USSOCOM leadership did not

have accurate inventory data needed to make timely and informed sensitive equipment management decisions. Further, USSOCOM did not have the appropriate data available to determine whether to initiate a property loss investigation for inventory discrepancies. As a result, USSOCOM did not have accurate inventory data needed to make timely and informed sensitive equipment management decisions. USSOCOM did not have the appropriate data available to determine whether to initiate a property loss investigation for inventory discrepancies.

The DoD OIG recommended that the Director, Special Operations Forces Acquisition, Technology, and Logistics update guidance for establishing sensitive equipment accountability and conduct a 100-percent inventory of sensitive equipment to develop a baseline and reconcile inventory discrepancies.

Additionally, the DoD OIG recommended that the Director, Special Operations Forces Acquisition, Technology, and Logistics, assess the temporary loan process, mandate equipment level reporting requirements, and mandate periodic inventory reconciliations of the Special Operations Logistics Management System data to equipment at component commands so inventory discrepancies can be identified and resolved.

Comments from the Director, Special Operations Forces Acquisition, Technology, and Logistics partially addressed the recommendations. The Director did not state how guidance would be updated to ensure that sensitive equipment accountability is established. In addition, the Director did not agree to conduct a 100-percent sensitive equipment inventory or establish a sensitive equipment baseline. The Director also did not address the management of temporary loans that are not covered by USSOCOM criteria. Further, the Director did not state whether the Global Combat Support System-Joint is intended to replace the Special Operations Logistics Management System, nor did the Director address how the ongoing actions would standardize data elements and establish reporting frequencies. Finally, the Director did not address how USSOCOM would reconcile the Special Operations Logistics Management System data to equipment at the Service Component commands.

Report No. DODIG-2017-030

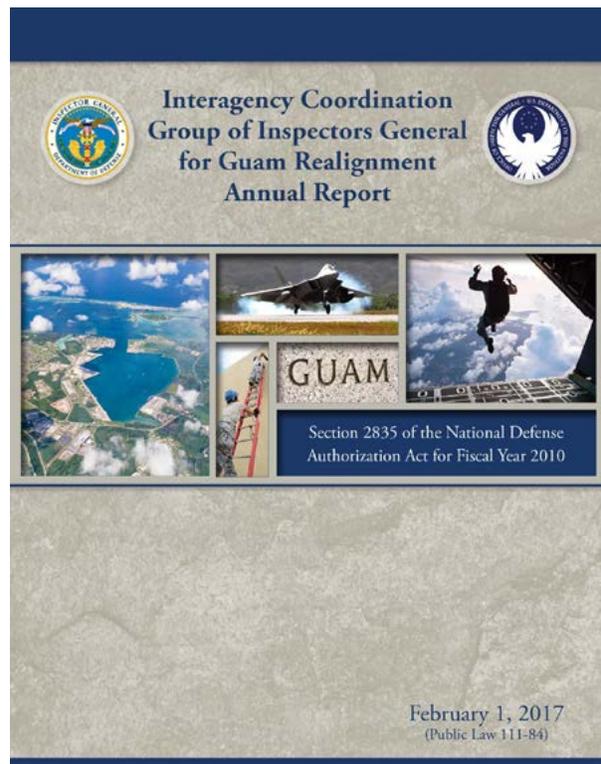
Other Audit Work

Interagency Coordination Group of Inspectors General for Guam Realignment Annual Report

The DoD OIG issued its eighth annual report on Guam Realignment on February 1, 2017. Pursuant to Public Law 111-84, “National Defense Authorization Act for Fiscal Year 2010,” section 2835, October 28, 2009, the DoD IG is the chairperson of the Interagency Coordination Group and must submit to the congressional defense committees, the Secretary of Defense, and the Secretary of the Interior a report summarizing, for the preceding fiscal year, the activities of the Interagency Coordination Group during such year. The report contained data that was collected from multiple organizations. The DoD OIG did not independently verify, analyze, or validate the data provided.

The 2017 report identifies the programs and operations funded with appropriated amounts or funds otherwise made available for military construction on Guam in FY 2016. Highlights of the report included the following.

- The DoD obligated approximately \$48.0 million and expended approximately \$93.9 million. Other Federal agencies obligated approximately \$20,957 and expended approximately \$7.2 million.



- The DoD identified 194 military construction projects and programs, totaling approximately \$90.7 million, with estimated completion costs of approximately \$662.4 million. Other Federal agencies identified 36 projects and programs, totaling approximately \$6.0 million, with estimated completion costs of approximately \$79.4 million.
- The Government of Japan provided revenues of approximately \$124.5 million and earned approximately \$4.3 million in interest associated with revenues.
- The DoD identified operating expenses of approximately \$27.2 million. Other Federal agencies identified operating expenses of approximately \$132,183.
- The DoD identified a total of 74 contracts, grants, agreements, or other funding mechanisms valued at approximately \$101.5 million. Other Federal agencies identified a total of 23 contracts, grants, agreements, or other funding mechanisms valued at approximately \$20,957.

The DoD identified 194 military construction projects and programs, totaling approximately \$90.7 million, with estimated completion costs of approximately \$662.4 million.

Ongoing Work

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

- An audit to determine whether the Army is effectively managing the Armored Multi-Purpose Vehicle acquisition program.
- An audit to determine whether DoD Components are adequately correcting deficiencies identified during Command Cyber Readiness Inspections and whether DoD Components' Headquarters are using the results to identify systemic deficiencies and improve Component-wide cybersecurity.
- An audit to determine whether the DoD has effective controls over chemical surety materials in the possession or under the control of the Army and DoD contractors.
- An audit to determine whether the Army is effectively managing its modernization of the H-60 Black Hawk fleet.
- In response to a congressional request and a legislative requirement, an audit to determine whether the Missile Defense Agency has implemented an adequate supply chain risk management program for the Ballistic Missile Defense System.
- An audit, in response to a legislative request, to determine whether the Army adequately supported and justified the civilian full-time equivalents and pay requirements contained in the Army's FY 2017 Budget Estimate Submission.
- An audit to determine whether sufficient, appropriate, and accurate documentation exists to support costs for Army Working Capital Fund inventory valuation.
- An audit to determine whether DoD purchase card and travel card reporting on fraud, waste, and abuse is complete and accurate.
- An audit to determine whether the Defense Information Systems Agency implemented adequate controls over communications service authorizations.
- An audit to determine whether U.S. Special Operations Command accurately reported general property, plant, and equipment on its financial statements.
- An audit to determine whether the DoD appropriately paid for autism services in the TRICARE North Region.
- An audit to determine whether the Army designed and implemented effective security protocols to protect electronic health records and individually identifiable health information from unauthorized access and disclosure.
- An audit to determine whether the DoD has implemented cybersecurity controls to protect, detect, counter, and mitigate potential cyber attacks on control systems supporting DoD critical missions or assets.
- An audit to determine whether Troops-to-Teachers program personnel properly paid benefits to participants, withheld and reported income tax, accounted for and processed collections and obligations, and managed a grant program.
- An audit to determine whether the Air Force has adequate munitions storage facilities in the Republic of Korea.

DCIS INVESTIGATIONS

The following cases are highlights of investigations conducted by DCIS and its Federal law enforcement partners during the current reporting period. DCIS investigative priorities include the following types of cases.

- 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.

SRCTec, LLC Agreed to Pay \$6.3 Million to Resolve False Claims Act Allegations

A joint investigation with the Army Criminal Investigation Command (Army CID) examined allegations that SRCTec, LLC, improperly invoiced the Government for radar systems and spare parts. The Army contracted with SRCTec to manufacture counter mortar radar systems and associated replacement parts. The radar system provides early warning of incoming mortar and rocket fire and information about the location from which that fire emanated (source-of-fire). In March 2013, SRCTec allegedly became aware of anomalies in source-of-fire accuracy data in certain combinations of initial system columns and column spares. However, SRCTec did not inform the Army of the anomalies until April 2015, after it had identified a work-around.

On December 21, 2016, SRCTec entered into a \$6.3 million civil settlement agreement with the Department of Justice (DOJ) to resolve alleged violations

of the False Claims Act (FCA). SRCTec agreed to pay the Government \$2.1 million and provide \$4.2 million in-kind equipment to the Army at no cost. Separately, SRCTec agreed to perform remediation of previously delivered parts at its own expense.

Advanced C4 Solutions Agreed to Pay \$4.5 Million to Resolve Alleged Violations of the False Claims Act

A joint investigation with the Air Force Office of Special Investigations (AFOSI) and the Small Business Administration OIG examined allegations that Advanced C4 Solutions, Inc., submitted inflated invoices to the Government for work performed at Joint Base Andrews, Maryland. In June 2010, the U.S. Navy's Space and Naval Warfare Systems Command awarded Advanced C4 Solutions, an 8(a) small minority-owned business contractor, to provide project management and labor services for an Air Force technology project that included the design, construction, and implementation of networks. Allegedly, an Advanced C4 Solutions project manager knowingly submitted false invoices from the subcontractor to the Space and Naval Warfare Systems Command for payment that included charging labor rates for subcontractor personnel who did not possess the required credentials to charge at those rates.

On December 23, 2016, Advanced C4 Solutions entered into a civil settlement agreement with the DOJ and agreed to pay \$4.5 million to the Government to resolve alleged violations of the FCA.

Former Navy Contractor Sentenced on False Statements Charges

A joint investigation with the Naval Criminal Investigative Service (NCIS) determined that Andy Persaud, President of Persaud Companies, Inc., submitted invoices for progress payments to the Navy certifying Persaud Companies paid its subcontractors when, in fact, it had not. In May 2012, Persaud Companies began work on a \$4.4 million contract to renovate several warehouses at the Naval Support Activity, Mechanicsburg, Pennsylvania. Mr. Persaud submitted invoices to the Navy for progress payments and certified that he paid all of the subcontractors who had performed work on the project. The Navy paid the invoices, which totaled more than \$1.2 million. However, by September 2012, most of the subcontractors had walked off the job site and the Navy terminated Persaud Companies' contract after

it learned that none of the subcontractors were paid. The subcontractors filed claims and eventually received payments from the bond carrier for their work.

Mr. Persaud had previously pleaded guilty to making false statements. On May 4, 2016, Mr. Persaud and Persaud Companies were suspended indefinitely from Government contracting. On October 13, 2016, Mr. Persaud was ordered to forfeit an asset money judgment of \$1.2 million. On October 20, 2016, Mr. Persaud was sentenced to 21 months in prison followed by 3 years of supervised release and was ordered to pay a \$100 special assessment and \$1.2 million to the bonding company, Great American Insurance Company.

Sierra Nevada Corporation Agreed to Pay \$14.9 Million to Settle Allegations of Improper Contract Billings

A joint investigation with Army CID, AFOSI, NCIS, and the National Aeronautics and Space Administration OIG examined allegations that Sierra Nevada Corporation knowingly misclassified certain costs and overcharged Federal agencies on various Government contracts. Sierra Nevada Corporation allegedly misclassified certain direct contract costs and Manufacturing and Production Engineering costs as Independent Research and Development costs, and charged those costs in the wrong cost accounting period. This alleged improper characterization of costs artificially inflated Sierra Nevada Corporation's general and administrative overhead rates across its Federal contracts. This investigation was initiated because of a referral from the Defense Contract Audit Agency (DCAA).

On February 10, 2017, Sierra Nevada Corporation entered into a civil settlement agreement with the DOJ and agreed to pay the DoD \$14.9 million to settle allegations that it violated the FCA.

Public Corruption

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

Former State Department Employee Sentenced to Prison in \$2 Million Government Contract Conspiracy

A joint investigation with the FBI and Army CID determined that Kenneth Apple, a former U.S. State Department employee, steered \$2 million in sole source micro-dairy contracts to a DoD contractor in which his son, Jonathan Apple, owned a 50 percent interest. Micro-dairies turn milk into yogurt and cheese. Kenneth Apple used his official position to pass on non-public information to his son in order to facilitate the sole-source award, made false statements to Government officials regarding the status of projects associated with the contracts, and made false statements to Federal agents when confronted on the scheme.

Jonathan Apple previously pleaded guilty to conspiracy to commit wire fraud. A jury previously found Kenneth Apple guilty of conspiracy, wire fraud, obstruction of an official proceeding, and false statements. On October 14, 2016, Kenneth Apple was sentenced to 50 months in prison followed by 3 years of supervised release and was ordered to pay \$1.9 million in restitution and to forfeit \$551,838. Approximately, \$230,000 of the ordered restitution is to be paid jointly and severally with Jonathan Apple. The FBI will process the forfeiture.

Fort Bragg Army Soldier Sentenced for Theft of Military Property

A joint investigation with the FBI and Army CID determined that Sergeant Christopher A. Mann, a supply specialist, abused his position at the U.S. Army Special Operations Command, Fort Bragg, North Carolina, to coordinate the theft of bulk quantities of Government property. From October 2010 through March 2013, Mann conspired with Oneal Jones, Joseph Horner, and John McCaa to steal military property valued at nearly \$1 million. The stolen property consisted of Meals-Ready-to-Eat and assorted military equipment, including weapon sights, knives, and sunglasses. Mann generated false and fraudulent requisition documents intended to make it appear as if his unit needed the property to train and carry out its mission. In fact, Mann would transport the stolen property off the base to black market purchasers who would buy the items for cash.

Mann, Jones, Horner, and McCaa each previously pleaded guilty to theft of Government property, and McCaa also pleaded guilty to aiding and abetting. On September 13, 2016, Jones was sentenced to 5 years of

probation and was ordered to pay restitution of \$87,850 jointly and severally, and agreed to a forfeiture money judgment of \$87,850. On October 26, 2016, Mann was sentenced to 20 months in prison, was ordered to pay restitution of \$940,460 jointly and severally, and agreed to a forfeiture money judgment in the amount of \$940,460. On December 8, 2016, Horner was sentenced to pay restitution of \$277,901 jointly and severally, and agreed to a forfeiture money judgment in the amount of \$277,901. On February 1, 2017, McCaa was sentenced to 12 months in prison followed by 3 years of supervised release and was ordered to pay restitution of \$157,654 jointly and severally. The total restitution owed by Jones, Mann, and Horner is \$940,460 to which they are each jointly and severally liable up to their individual judgment amount.

Three Former Hawaii-Based Soldiers Sentenced for Taking Bribes and Stealing Fuel in Afghanistan

A joint investigation with the Army CID, the DCAA, the Special Inspector General for Afghanistan Reconstruction, and the FBI determined that Army Sergeant First Class Marvin L. Ware, Army Sergeant Reginald Dixon, and Army Specialist Larry Emmons II took bribes and stole over 180,000 gallons of jet fuel from Forward Operating Base Fenty, Afghanistan. From late 2011 through early 2012, the three soldiers secretly filled delivery trucks with jet fuel in clandestine locations and at times least likely to arouse suspicion and likely sold on the black market. Ware and Emmons then created fraudulent Transportation Movement Requests for the driver to present at the base checkpoint to justify the fuel truck's departure. The defendants received approximately \$6,000 for each truck of fuel stolen.

On December 13, 2016, Dixon was sentenced to 30 months in prison and was ordered to forfeit \$37,500. Emmons was sentenced to 21 months in prison and was ordered to forfeit \$74,850. On December 14, 2016, Ware was sentenced to 87 months in prison and was ordered to forfeit \$6,461. Ware, Dixon, and Emmons were ordered to pay restitution of \$765,000 jointly and severally.

Air Force Master Sergeant Sentenced for Accepting Bribes in a Government Contract Fraud Scheme

A joint investigation with AFOSI and the DCAA determined that Air Force Master Sergeant Cody Covert accepted bribes in return for using his position and influence to steer a contract award. In January 2014,

Covert submitted a request to purchase specialized equipment in support of the Air Force C-130 Special Operations Aircraft. Michael Braun, owner of Trans Global Storage Solutions, conspired with Covert to obtain the contract. Braun agreed to provide Covert 45 percent of the profit from the contract proceeds if Covert ensured that Trans Global won the contract. Covert evaluated each proposal for technical acceptance and determined the Trans Global proposal was the only proposal that met the Government requirements. After Trans Global was fraudulently awarded the contract through Covert's inside influence, Covert and Braun split the proceeds.

On October 28, 2016, Covert pleaded guilty to attempted conspiracy and bribery of a public official. On January 12, 2017, Braun pleaded guilty to attempt, conspiracy, and bribery of public officials and witnesses. On February 23, 2017, Covert was sentenced to 23 months in prison and was ordered to pay \$126,300 in restitution jointly and severally with Braun.

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 works with Federal law enforcement partners, supply centers, and the defense industrial base in working groups and task forces to ensure that DoD contractors provide the correct parts and components to meet contract requirements.

Government Contractor Agreed to Pay \$4 Million to Resolve Pricing and Sourcing Allegations

A joint investigation with the Department of Veteran Affairs (VA) OIG and the General Services Administration OIG examined allegations that ICP Medical (ICP), a Missouri-based Government contractor, made false disclosures to the VA and the DoD regarding its competitive and best pricing strategy. ICP allegedly made false disclosures regarding the discounts and prices it was providing to other customers for assorted medical products, such as surgical gowns, sheets, and scrubs, and

then inflated the prices it charged the Government. In addition, ICP allegedly obtained medical products from China, including body bags, gowns, and scrubs. ICP allegedly removed “Made in China” label designations from the packaging and added U.S. Flag stickers to some packages before shipping the packages to the Government. This investigation was initiated as a result of a civil lawsuit filed under the qui tam provisions of the FCA. 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.

On December 27, 2016, ICP entered into a civil settlement agreement with the DOJ and agreed to pay \$4 million to resolve allegations that it violated the FCA. The relator will receive \$484,500 of the settlement amount.

Health Care Fraud

Allegations of health care fraud are increasing throughout the nation, including in DoD health care claims. 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 (FDA), 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.

Medical Device Maker Agreed to Pay \$25 Million to Resolve False Claims Act Allegations

A joint investigation with the FDA Office of Criminal Investigations examined allegations that Biocompatibles caused false claims to be submitted to Government health care programs, including TRICARE, by misbranding its medical device LC Bead as a drug-delivery device. The FDA approved LC Bead as an embolization device that can be placed in blood vessels to block or reduce blood flow to certain types of tumors; however, the FDA did not approve LC Bead to be used as a drug-device combination product or a drug-delivery device. In 2006, Biocompatibles and its marketing company began marketing LC Bead for drug delivery despite the fact that it had not received FDA approval for such use. This investigation was initiated as a result of a civil lawsuit filed under the qui tam provisions of the FCA.

On October 12, 2016, Biocompatibles entered into a civil settlement agreement with the DOJ and agreed to pay \$23.6 million to the Government and \$1.3 million to the participating states’ Medicaid system to settle allegations that it violated the FCA. The DHA will receive \$846,000 of the settlement amount, and the relator will receive \$5 million.

Nutritional Supplement Provider and CEO Agreed to Pay \$6.1 Million to Resolve False Claims Act Allegations

A joint investigation with the U.S. Department of Health and Human Services (HHS) OIG, the Internal Revenue Service Criminal Investigation, and the FBI examined allegations that Pharmasan, NeuroScience, and Gottfried Kellermann, the founder of both companies, violated the Clinical Laboratory Improvement Amendment regulations resulting in the submission of unallowable claims for clinical diagnostic lab testing services to the Medicare and TRICARE Programs. Pharmasan, a clinical laboratory in Osceola, Wisconsin, provided neurology, endocrinology, and immunology laboratory testing services. NeuroScience, also located in Osceola, provided assessments of laboratory tests, as well as nutritional supplements, to health care providers. Pharmasan allegedly subjected neurotransmitter testing to a multiplication factor that altered the test outcomes. NeuroScience then used these altered test results for its lab assessments to increase the sales of its nutritional supplements. This investigation was initiated as a result of a civil lawsuit filed under the qui tam provisions of the FCA.

On October 5, 2016, NeuroScience, Pharmasan, and Kellermann entered into a civil settlement agreement with the DOJ and agreed to pay \$6.1 million to the Government to settle allegations that it violated the FCA. The DHA will receive \$478,829 and the relator will receive \$1.2 million of the settlement.

Illegal Technology Transfer

DCIS serves a vital role in national security by investigating theft and the illegal exportation or diversion of strategic technologies and U.S. Munitions List items to banned nations, criminal enterprises, and terrorist organizations. The investigations include the illegal theft or transfer of defense technology, weapon systems, and other sensitive components and program information. DCIS is an integral participant in the

DCIS is an integral participant in the President's Export Control Reform Initiative, which seeks to reduce redundancies in the President's Export Control Reform Initiative, which seeks to reduce redundancies in enforcement efforts across the Federal Government.

President's Export Control Reform Initiative, which seeks to reduce redundancies in enforcement efforts across the Federal Government. DCIS is also a member of the Export Enforcement Coordination Center, which serves as the primary forum for Federal investigative agencies to coordinate and deconflict efforts and increase information sharing.

Chinese Citizens Sentenced for Attempted Illegal Export of Advanced Military Computer Chips

A joint investigation with the U.S. Department of Commerce Bureau of Industry and Security, the FBI, Homeland Security Investigations (HSI), and AFOSI determined that Jiang Yan, Xianfeng Zuo, and Daofu Zhang, Chinese nationals who operated businesses in China that bought and sold electronic components, conspired to illegally export from the United States to China stolen sophisticated U.S. military semi-conductors designed by Xilinx Corporation for ballistic missile and satellite applications. Yan asked a U.S. individual to locate the Xilinx integrated circuits and sell them to him. Yan knew the Xilinx integrated circuits could not be shipped outside the United States without an export license, and the integrated circuits would have to be stolen from military inventory. Yan proposed to supply the U.S. individual with fake integrated circuits to replace the ones to be stolen from the military.

In November 2015, Zhang shipped the U.S. individual two packages from China containing eight counterfeit integrated circuits, each bearing a counterfeit Xilinx brand label. In December 2015, Yan, Zhang, and Zuo flew together from China to complete the purchase of the Xilinx integrated circuits, and then drove to a location in Milford, Connecticut, where they planned to meet the U.S. individual to purchase the Xilinx integrated circuits. DCIS and other Federal agents arrested all three at the meeting location.

Zhang previously pleaded guilty to conspiracy to traffic in counterfeit military goods and was sentenced to 15 months in prison. Yan previously pleaded guilty to conspiracy to traffic in counterfeit goods and attempted unlicensed export of export-controlled items. On October 25, 2016, Yan forfeited \$63,000 in cash, which was seized incident to his arrest. On December 20, 2016, Yan was sentenced to 12 months in prison, time already served. Zuo previously pleaded guilty to conspiracy to traffic in counterfeit military goods and was sentenced to 15 months in prison on November 4, 2016.

Cyber Crime and Computer Network Intrusion

DCIS investigates cyber crimes and computer network intrusions, and it provides digital exploitation and forensics services in support of traditional investigations. DCIS places emphasis on crimes that involve the compromise and theft of sensitive defense information contained in Government and DoD contractor information systems. DCIS is particularly focused on cases where contract fraud by DoD Information Technology contractors has factored in the penetration of DoD networks or the loss of DoD information.

Alabama Man Sentenced for Identity Theft in Multimillion-Dollar International Cyber Crime Scheme

A joint investigation with the U.S. Secret Service, HSI, and the FBI determined that Michael E. Bey and other U.S. and overseas co-conspirators were involved in an international cyber crime, money laundering, and identity theft scheme in an attempt to steal at least \$15 million from American customers. Perpetrators of the scheme used information hacked from customer accounts held at more than a dozen global financial institutions as well as DFAS to divert the funds to bank accounts and pre-paid debit cards that the defendants controlled. They then implemented a sophisticated "cash out" operation, employing individuals to withdraw the stolen funds by making ATM withdrawals, fraudulent purchases, or other similar means. Bey facilitated the scheme by supplying fake driver's licenses and other identification to the perpetrators, knowing they would be used to defraud financial institutions.

Bey previously pleaded guilty to conspiracy to defraud the United States and aggravated identify theft. On October 18, 2016, Bey was sentenced to 42 months in prison followed by 3 years of supervised release, was ordered to pay \$2 million in restitution to private entities jointly and severally with co-conspirators, and was ordered to pay a \$200 special assessment. Several of Bey’s co-conspirators have previously been sentenced, which total over 200 months in prison, 244 months of supervised release, and \$2.1 million in restitution to be paid jointly and severally with Bey. Of the \$2.1 million in restitution, \$208,500 will be paid to the Internal Revenue Service, \$6,858 will be paid to DFAS, and \$1.9 million will be paid to private entities.

Three Men Sentenced for Impersonating DoD Officials and Victimizing DoD Contractors

A joint investigation with the FBI determined that Solomon Oyesanya, Babatunde Aniyi, and Oludayo Edgal impersonated Government officials from several DoD agencies and sent fictitious purchase orders and requests for quotes to various DoD information technology vendors and contractors. From 2012 through 2016, Oyesanya, Aniyi, and Edgal used spoofed military e-mail addresses and websites, as well as fictitious purchase orders, to fraudulently procure more than \$2 million of computer products from various DoD contractors. The products were sent to various freight forwarding companies throughout the United States with a final destination of Nigeria.

Oyesanya previously pleaded guilty to bank fraud, aggravated identity theft, and aiding and abetting, and was sentenced to 60 months in prison followed by 5 years of supervised release. Edgal previously pleaded guilty to conspiracy to commit wire fraud and was sentenced to 27 months in prison followed by 3 years of supervised release. Edgal was also ordered to pay restitution in the amount of \$161,313 and a fine of \$100. Aniyi previously pleaded guilty to conspiracy and impersonating a Government official. On February 3, 2017, Aniyi was sentenced to 33 months in prison followed by 3 years of supervised release, and to be deported to Nigeria upon his release from prison. The three co-conspirators were also ordered to jointly and severally pay \$1.5 million in restitution to non-Government entities.

Asset Forfeiture Program

The DCIS Asset Forfeiture Program provides civil and criminal forfeiture support to DCIS investigations. Forfeiture counts are included in indictments, criminal informations, and consent agreements when warranted by the evidence. The program 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 \$17 million, consisting of U.S. currency, financial instruments, firearms, heavy machinery, jewelry, real property, vehicles, and vessels. In addition, DCIS obtained final orders of forfeiture totaling \$2 million and money judgments in the amount of \$10 million.

Figure 2.1 Asset Forfeiture Program by Fiscal Year

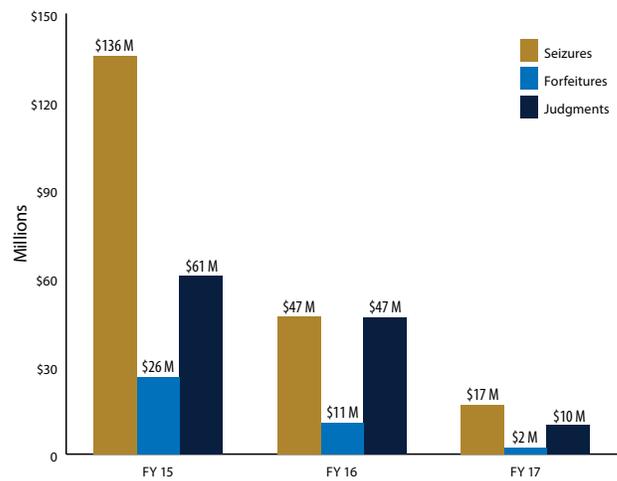
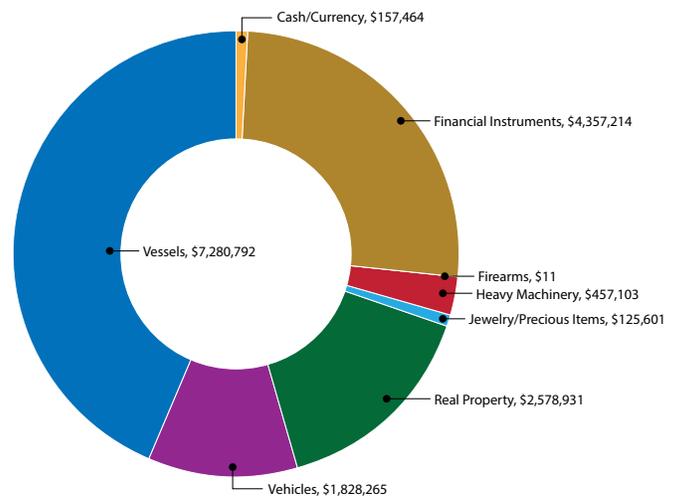


Figure 2.2 Seized Assets by Type, October 1, 2016, Through March 31, 2017



DCIS Investigations of Cases Involving Senior Government Employees

The 2016 IG Empowerment Act amended the IG Act of 1978, as amended, to require reporting of investigations involving senior Government employees (GS-15 or O-6 and above) where the allegations of misconduct were substantiated. The following DCIS cases were substantiated and referred to the DOJ.

- A joint investigation with the National Geospatial Intelligence Agency (NGA) OIG found that a GS-15 employee of the NGA co-founded a company that developed and commercialized a type of automated detection system and inappropriately used his position with NGA to promote the company. The Government employee made materially false statements to Federal investigators to conceal the conflict of interest. The investigation resulted in a criminal guilty plea, probation, criminal fine, and administrative actions. This matter was referred to the DOJ on April 30, 2014, and is now closed.
- A joint investigation with Army CID, the FBI, and the Internal Revenue Service, Criminal Investigations, found that numerous officers and enlisted personnel of the California Army National Guard conspired to fraudulently disburse millions of dollars in incentive program funds to officers and enlisted personnel who were not entitled to receive those benefits. The incentive programs included monetary payments for enlistment, re-enlistment, and accession bonuses, as well as education assistance and student loan reimbursement. The investigation resulted in numerous criminal guilty pleas, imprisonment, over \$15 million in criminal fines and restitution, and administrative actions, including \$13 million in administrative recoupments. Specifically, administrative actions were executed on a major general (O-8), a brigadier general (O-7), and a colonel (O-6). This matter was referred to the DOJ on September 7, 2010, and is now closed.
- An investigation was initiated based on allegations of conflict of interest involving government employees from the Defense Commissary Agency specifically a Senior Executive Service employee and two GS-15 civilian employees. The allegations suggested that the Government employees were providing preferential treatment to a specific company over other vendors, receiving incentives from companies that did business with the U.S. Government and the DoD, and contracted with companies that were represented by family members of the Government employees. The allegations were not substantiated. This matter was declined by the DOJ on June 28, 2015, and is now closed.
- An investigation was initiated based on allegations that a GS-15 civilian employee from the DCAA used a U.S. Government-owned computer in the purchase of firearms for other individuals. It was further alleged that the Government employee falsified the response to question 11.a on the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) Form 4473 (Firearms Transaction Record Part I – Over-the-Counter), which asks, “Are you the actual transferee/buyer of the firearm(s) listed on this form?” The allegations were not substantiated. This matter was declined by the DOJ and is now closed.

ADMINISTRATIVE INVESTIGATIONS

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

- DoD Hotline;
- Whistleblower Reprisal Investigations (WRI); and
- Investigations of Senior Officials.

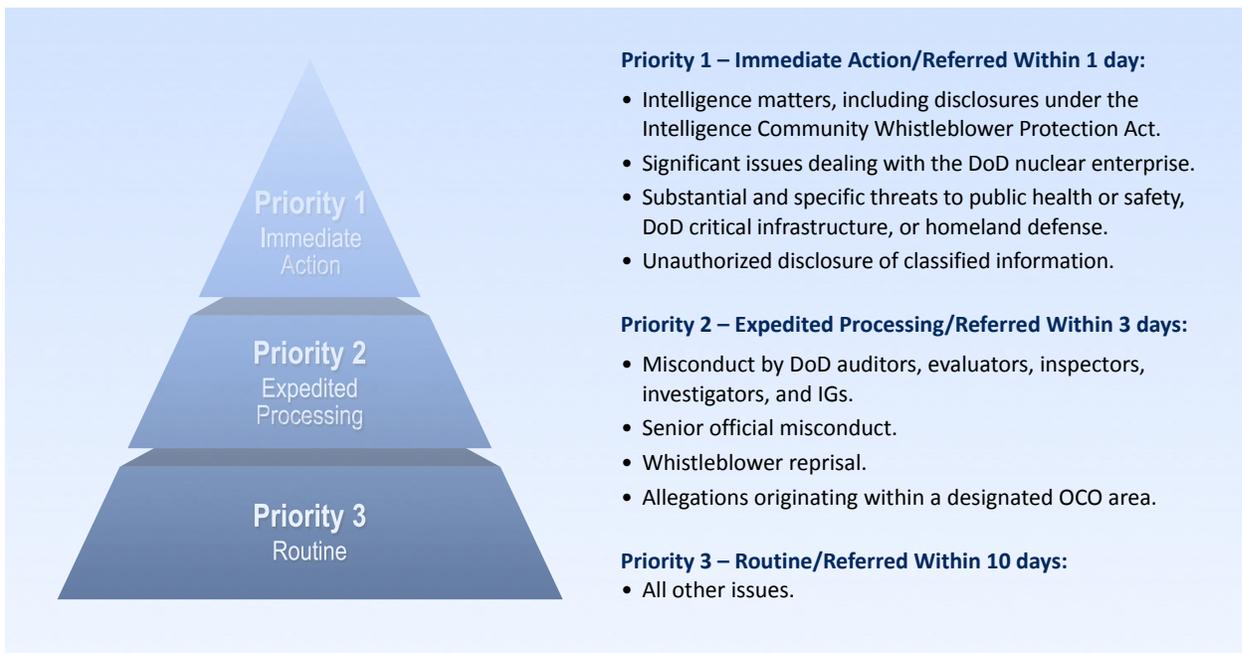
The DoD Hotline Director also serves as the DoD Whistleblower Protection Ombudsman as described below.

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 involve DoD personnel and operations, without fear of reprisal.

As a result of the 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 criteria below. The DoD Hotline received 261 complaints that met the criteria for a Priority 1 referral for this reporting period, which is a 55-percent increase over the previous reporting period.

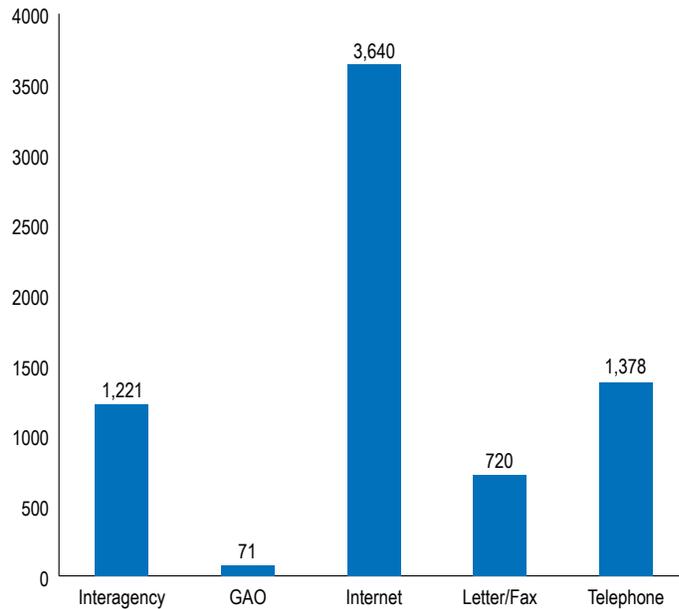
Figure 2.3 Priority Referral Process



CORE MISSION AREAS

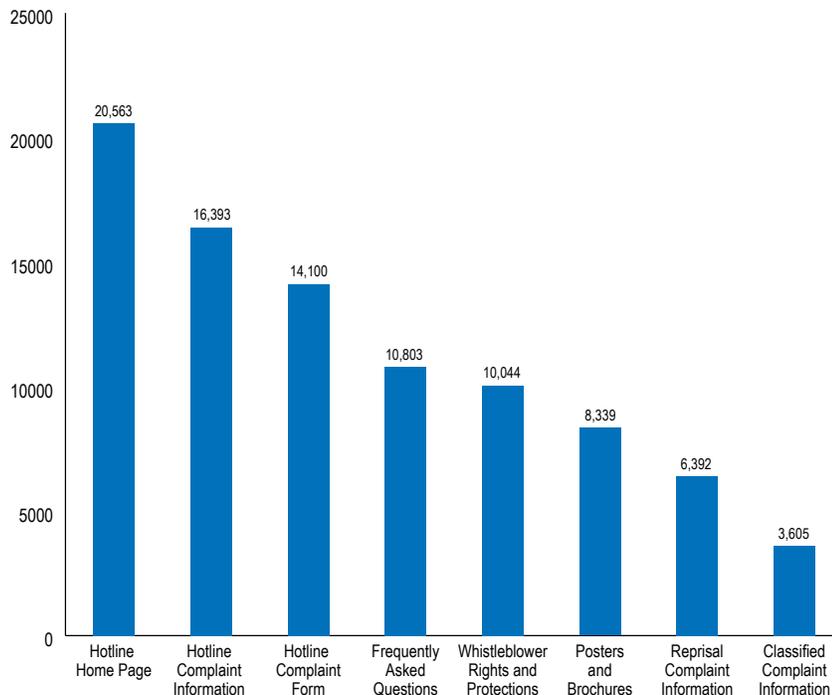
From October 1, 2016, through March 31, 2017, the DoD Hotline received 7,030 contacts. The types of contacts received are identified in the following chart.

Figure 2.4 Contacts Received by Type, October 1, 2016, Through March 31, 2017



From October 1, 2016, through March 31, 2017, the DoD Hotline webpages received over 163,952 views. The chart below reflects the number of visits to various fraud, waste, abuse, and reprisal information pages.

Figure 2.5 Most Visited Pages on DoD Hotline Website, October 1, 2016, Through March 31, 2017



From October 1, 2016, through March 31, 2017, the DoD Hotline opened (referred) 3,292 cases and closed 3,614 cases referred during the current or prior reporting periods. A hotline contact becomes a case when it is opened and referred for action or information. An action case requires the recipient agency to conduct an investigation and is not closed until the DoD Hotline approves the Hotline Completion Report. An information case is referred to an agency for information or action that the recipient agency deems appropriate. Information cases are closed by the DoD Hotline upon verifying it was received by the intended agency.

The following charts show the referrals that the DoD Hotline made to DoD OIG components, the Military Services, DoD agencies, and DoD field activities. Cases with no DoD nexus are transferred to non-DoD agencies, such as the Secret Service, the DOJ, and the Department of Veterans Affairs.

As indicated in this graph, the DoD Hotline refers cases to:

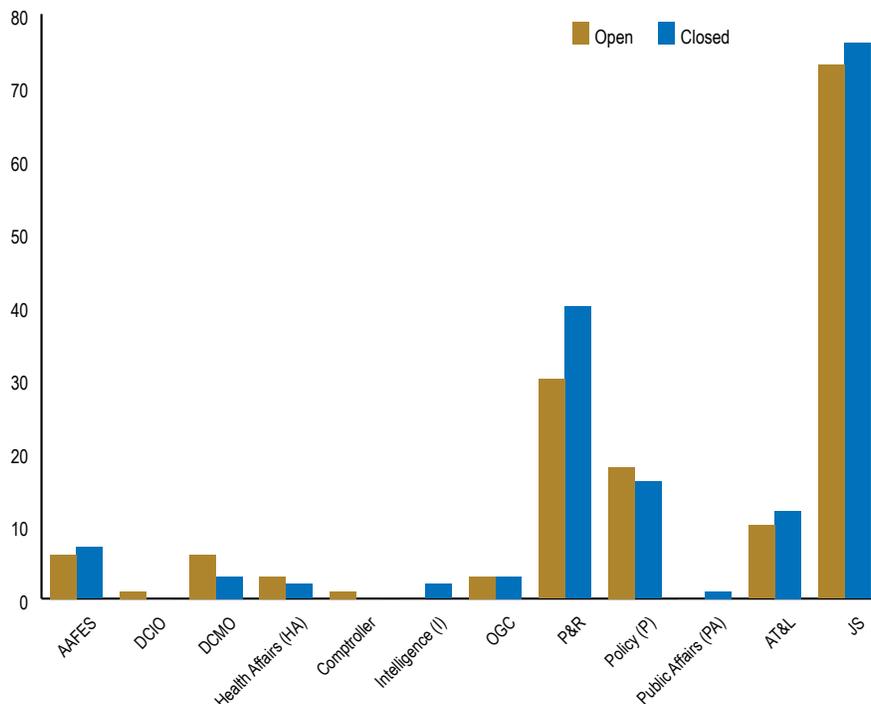
- 9 Office of the Secretary of Defense entities;
- 19 DoD agencies;
- 8 DoD field activities;
- 4 Military Services (Army, Marine Corps, Navy, and Air Force); and
- 15 DoD OIG internal components.

Figure 2.6 Hotline Cases Referred



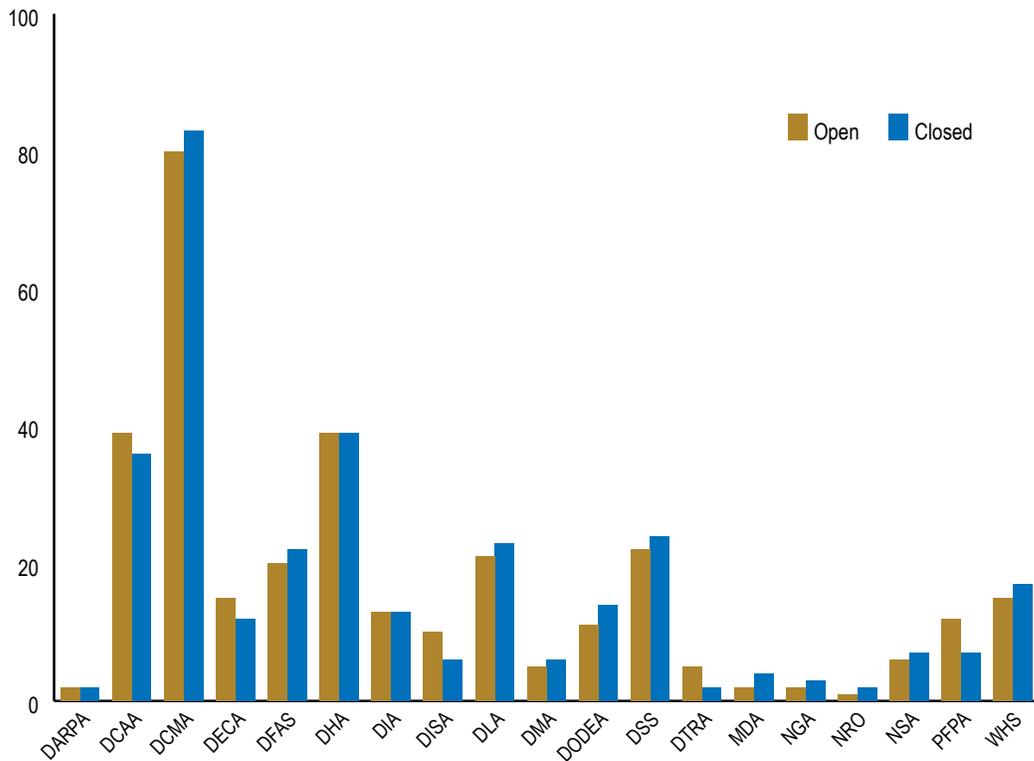
The DoD Hotline opened a total of 190 cases and closed 201 cases referred to the Office of Secretary of Defense.

Figure 2.7 DoD Hotline Cases Opened and Closed—Office of the Secretary of Defense for October 1, 2016, Through March 31, 2017



The DoD Hotline opened a total of 281 cases and closed 283 cases referred to DoD agencies and field activities.

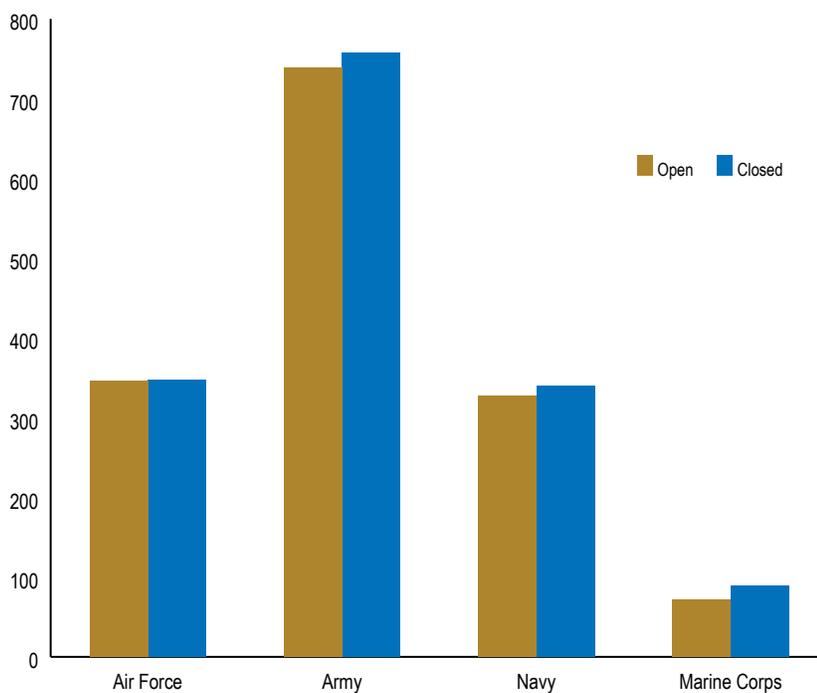
Figure 2.8 DoD Hotline Cases Opened and Closed—DoD Agencies and Field Activities for October 1, 2016, Through March 31, 2017



Note: The chart only shows the DoD agencies and field activities that received referrals during the reporting period.

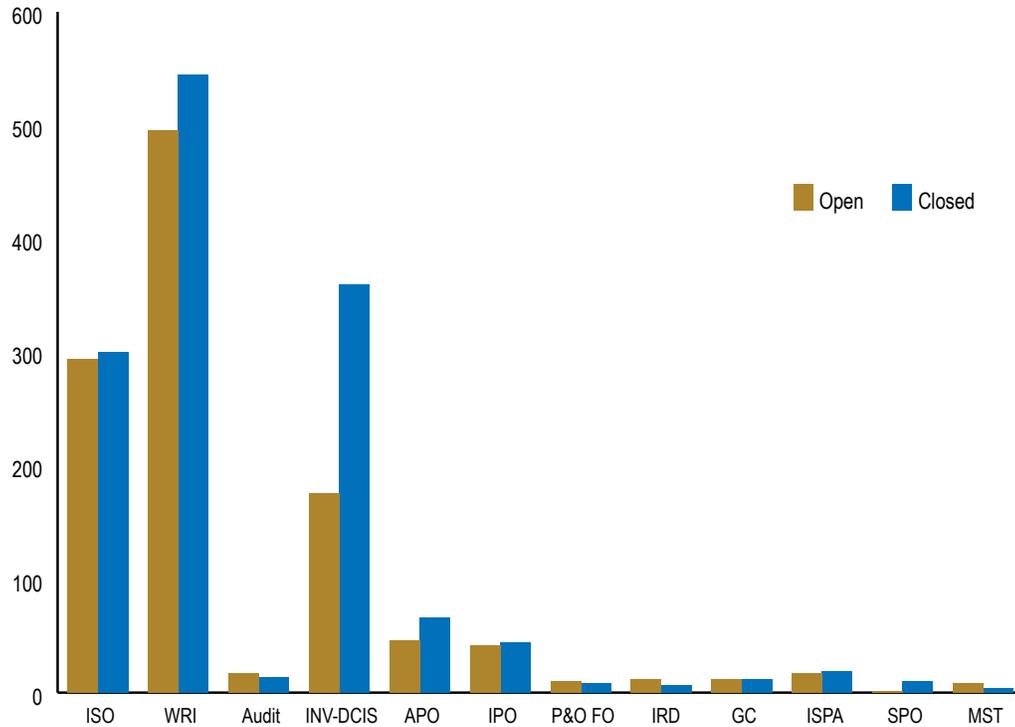
The DoD Hotline opened a total of 1,484 cases and closed 1,534 cases referred to the Military Services.

Figure 2.9 DoD Hotline Cases Opened and Closed—Military Services for October 1, 2016, Through March 31, 2017



As indicated in the chart below, the DoD Hotline opened 1,131 cases and closed 1,389 cases, which were referred to the DoD OIG components.

Figure 2.10 DoD Hotline Cases Opened and Closed—DoD OIG Components for October 1, 2016, Through March 31, 2017



The DoD Hotline transferred and closed 147 cases to non-DoD agencies. Other agencies to which cases were transferred include the Department of Health and Human Services, the Department of Transportation, the Department of Energy, the Department of Labor, and the National Aeronautics and Space Administration.

Figure 2.11 Non-DoD Cases Opened and Closed for October 1, 2016, Through March 31, 2017

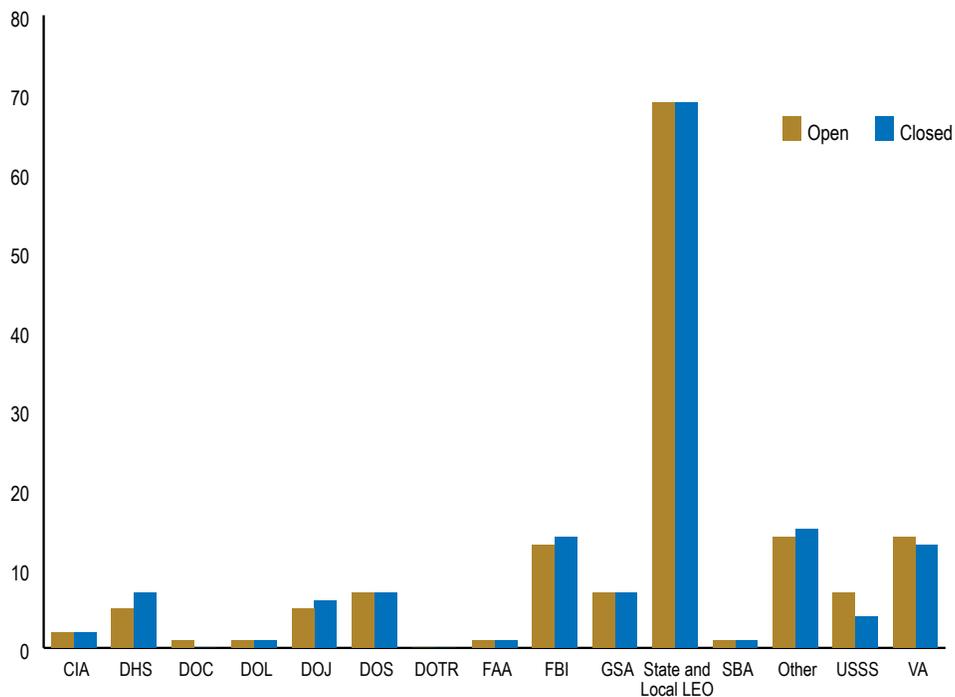
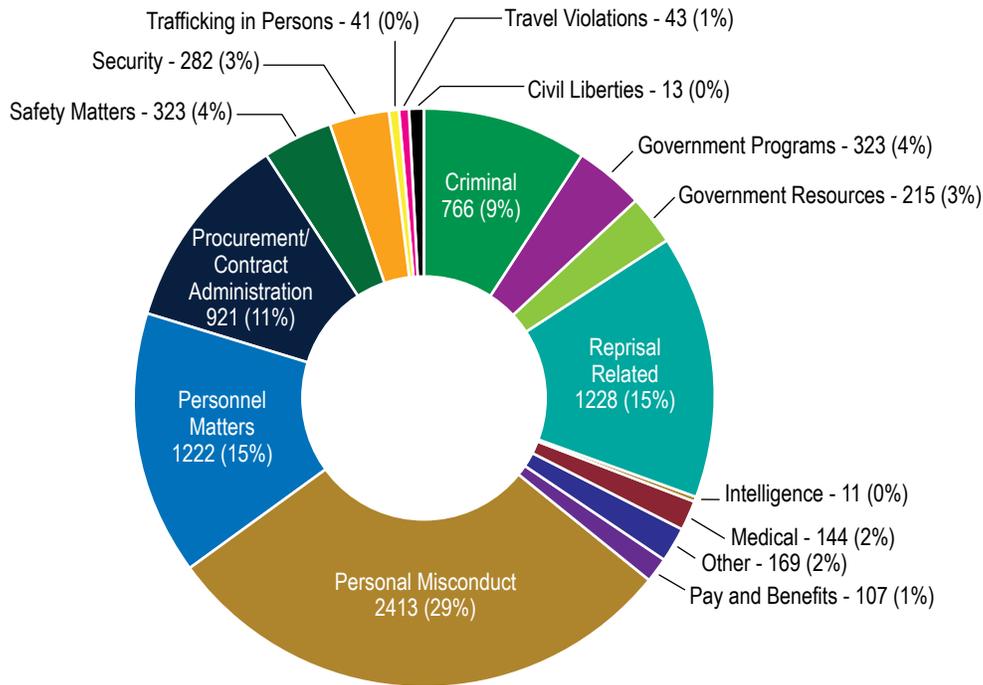


Figure 2.12 Types of Allegations Received by the DoD Hotline From October 1, 2016, Through March 31, 2017



Note: The number of allegations does not equal the number of cases because there are often multiple allegations for each case.

Significant DoD Hotline Cases and Cost Savings

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

- An AFOSI investigation found that an AFOSI agent had unauthorized part-time off-duty employment with cyber forensic companies and used a Government-purchased program for a prospective customer. The AFOSI agent received a letter of reprimand and lost certification as a special agent.
- An anonymous DoD Hotline complaint alleged that a box of morphine was determined to be missing during an inventory at an Army hospital and was not reported, as required. An Army CID investigation substantiated that an Army major violated regulations and applicable laws governing the storage and accountability of narcotics. The major did not store the narcotics in the proper manner, nor did the major properly account for all controlled substances in the major's possession. The major received a general officer memorandum of reprimand.

- A DoD Hotline caller reported that a soldier found an incendiary device (grenade) at Fort Carson, Colorado, and planned to keep it. An Army investigation concluded that the soldier failed to obey proper handling, reporting, transporting, and disposal procedures for munitions found on post. The soldier received verbal counseling.
- A Navy investigation substantiated abuse of authority and violation of regulations by a U.S. Navy civilian police officer. While off duty, the Navy police officer entered a civilian business, posed as a local city police officer, and threatened the business owner in an effort to get him to drop vandalism charges against a relative of the police officer. The police officer received a letter of caution for off-duty misconduct and misuse of Government-issued police officer credentials.
- The U.S. Marine Corps IG substantiated fraud and theft of Government funds against a Marine sergeant who moved into Government billets and continued to collect basic allowance for housing. The Marine was required to repay \$27,433 and received counseling by command officials.

- An Army investigation concluded that a lieutenant colonel failed to respond appropriately to a serious medical emergency and potentially life-threatening event involving Army Reserve Officer Training Corps Cadets during a physical training program. The investigation also substantiated noncompliance with sexual assault policies and regulations. The commanding general removed the lieutenant colonel from his position and issued the officer a general officer memorandum of reprimand.
- An anonymous source alleged that a GS-15 civilian employee and another civilian employee mishandled classified information and committed various forms of travel fraud. The Naval Criminal Investigative Service (NCIS) substantiated the allegations. Although the Federal prosecutor declined criminal prosecution, the Navy suspended the GS-15 employee's clearance and terminated the employee's employment. The other employee retired from the Government before corrective action could be taken.
- A bank official reported to the DoD Hotline that an individual claiming to be a DCIS agent came into the bank requesting account information on individuals other than himself. A DCIS investigation substantiated the allegations. The subject pleaded guilty in Federal District Court to impersonating a Federal officer, was sentenced to 3 years probation, ordered to participate in a mental health treatment program as prescribed by the Probation Office, and ordered to pay a \$100 special assessment.
- Based on a DoD Hotline complaint, DCIS and several partner agencies examined allegations that Trendware Marketing, LLC, a supplier of components used in military boots, did not comply with the Department of Defense's made-in-America requirements under the Berry Amendment. Under the terms of a civil settlement agreement, Trendware agreed to pay \$600,000 to resolve these allegations. Additionally, Trendware was debarred from Government contracting for a period of over 2 years.
- An Army investigation found a captain committed fraud by improperly authorizing travel, lodging, per diem, and other incidental costs of three friends under the auspices that they would be instructors during an Army training event. The investigation substantiated the allegations. The captain received a general officer memorandum of reprimand and was processed for separation.
- An Army sergeant allowed several soldiers to receive basic allowance for housing when they were living in Government quarters. The Army investigation substantiated the allegation and the subject received a written reprimand.
- Contractors improperly mischarged time on a government contract. The investigation determined an initial loss of \$4,108,555 to the Government. Two individuals were identified as culpable for mischarging the Government. The two entered guilty plea agreements for violations of one count of section 4, title 18, United States Code (18 U.S.C. § 4) (Misprision of a Felony) and were both sentenced in Federal court. One of the two individuals was sentenced to 8 months of home confinement, 3 years of probation, fined \$17,500, and a \$100 special assessment. The second individual received a 1-year split prison sentence, 1 year of probation, and \$22,000 and \$100 in fines.
- An Army CID investigation substantiated that an enlisted soldier impersonated a Federal agent. A search of the soldier's vehicle revealed a Federal law enforcement badge affixed to the driver's side sun visor and handcuffs in the trunk. The Army separated the soldier under a general discharge under honorable conditions.
- The Department of Homeland Security forwarded a complaint alleging a Naval reservist had expressed suicidal ideations. The Navy contacted the reservist and facilitated mental health counseling.
- Two Navy commanders at the Naval Support Activity, Bahrain, violated DoD policy when they issued contracting officer warrants to non-U.S. employees. The warrants allowed the employees to obligate Government funds and sign binding contracts in violation of DoD Instruction 1400.25. The commanding officer verbally counseled both commanders and suspended the previously issued warrants.

Corrective and Remedial Actions Taken on DoD Hotline Cases Closed in Previous Reporting Periods

The following are corrective and remedial actions reported on substantiated DoD Hotline cases closed in prior reporting periods.

CORE MISSION AREAS

- An Army CID investigation substantiated an inappropriate relationship between a major and sergeant major during a deployment. During the investigation, both individuals made false statements to the investigating officer, resulting in additional substantiated allegations. Each individual received a general officer memorandum of reprimand.
- An Army CID investigation found a sergeant fraternized with junior enlisted soldiers by performing unlicensed tattoo work on them for payment, which constituted a commercial solicitation. The unit commander issued a nonjudicial punishment under the Uniformed Code of Military Justice (UCMJ) to the sergeant.
- A DoD contractor, working as a shuttle bus driver at a DoD medical facility, drank alcohol and smoked drugs before and during work hours. An investigation found that the contractor was unable to perform the required job duties, and the contractor was terminated.
- A Navy Branch Chief misused a Government computer for personal business. An investigation substantiated the allegation, and the subject received verbal counseling.
- An investigation substantiated that a Navy captain accepted a gift of services (for example assistance with moving household goods) from subordinate Government personnel and contractors in violation of ethics regulations. The captain received flag officer counseling.
- An Army recruiter allowed an underage female applicant to ride in his privately owned vehicle and also allowed her to use his vehicle to take her driver's license test in violation of Army regulations. The recruiter received verbal counseling and the recruiter's first sergeant received a memorandum of concern for failure to take corrective action once informed of the incident.
- An Army CID investigation substantiated that the command failed to properly safeguard and report a breach of personally identifiable information, which occurred when sensitive employee documents were left in a temporarily vacated satellite office. Unit personnel received appropriate training, and the breach was reported to Army officials.
- The Defense Civilian Personnel Advisory Service substantiated an allegation of program mismanagement involving a 4-year backlog of unemployment compensation claims resulting in a \$1.9 million loss in undisputed claims. The Director, Defense Human Resources Activity, directed the establishment of internal controls to prevent future occurrence and directed a review of the backlog of unemployment compensation claims in the Defense Injury Unemployment Compensation System for the years 2011 through 2014.
- An Army fire fighter operated the fire department vehicles with a revoked driver's license and failed to disclose three convictions of driving under the influence on his application for employment with the fire department. The fire fighter resigned before his termination process was completed.
- An Army investigation determined that a lieutenant colonel solicited subordinates to support a private organization and a private lobbying group and improperly used Government resources to conduct private business. The lieutenant colonel received a letter of reprimand.
- An investigation by the Missile Defense Agency (MDA) Internal Review Directorate determined that an MDA GS-15 civilian employee conducted personal business as a real estate agent during duty hours. The employee received a letter of concern.
- An Army CID investigation into alleged loss of Army funds substantiated that the DLA canceled requisitions submitted by Army Junior Reserve Officer Training Corps programs due to system errors, inactive DoD Activity Address Codes, and unauthorized requisition for discontinued items. The DLA changed the policy for processing and canceling orders.
- A Navy investigation substantiated abuse of authority and hostile work environment by a general manager at a Navy Installations Command unit. The manager received formal written counseling and additional training. The unit is scheduled to receive a command climate survey.

Whistleblower Protection Ombudsman

The DoD Whistleblower Protection Ombudsman provides education to DoD employees about protections for current or former military members, civilian employees, and DoD contractor officials who make protected disclosures. During the period, the Ombudsman received 158 contacts and 10,044 visits to the Ombuds webpage.

Whistleblower Reprisal Investigations

The Whistleblower Reprisal Investigations (WRI) Directorate investigates allegations of whistleblower reprisal made by members of the Armed Forces; appropriated fund (civilian) employees of the DoD, including members of the DoD intelligence community; employees of DoD contractors, subcontractors, grantees and subgrantees; all DoD employees with access to classified information; and nonappropriated fund instrumentality employees who are paid from nonappropriated funds generated by Military Service clubs, bowling centers, golf courses, and other activities.

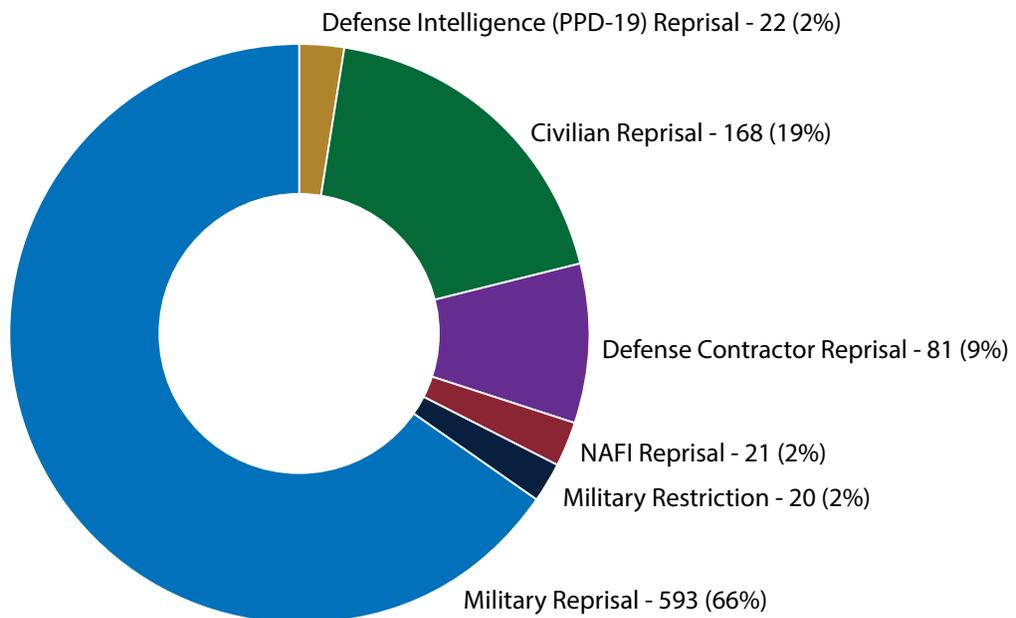
The WRI Directorate also conducts oversight reviews of whistleblower reprisal investigations performed by the Services and Defense agency IGs into these types of allegations. The WRI Directorate also investigates allegations that service members were restricted from communicating with a Member of Congress or an IG and allegations of procedurally improper mental health evaluation referrals.

The WRI Directorate conducts these investigations under the authority of the IG Act of 1978, as amended; Presidential Policy Directive 19; and 10 U.S.C. §§ 1034, 1587, and 2409. The WRI Directorate queries the Defense Case Activity Tracking System to obtain data for the following statistical tables and charts.

Reprisal Investigations

During the reporting period, the DoD OIG received a total of 905 complaints involving reprisal and restriction of a service member from communicating with a Member of Congress or an IG.

Figure 2.13 905 Complaints Received DoD-Wide From October 1, 2016, Through March 31, 2017



CORE MISSION AREAS

Table 2.1 shows the status of complaints, as of March 31, 2017, that were received by the DoD OIG and the Service and Defense agency IGs during this reporting period. Of the 905 complaints received this period, 507 were received at the DoD OIG and 398 were received at either a Service or Defense agency IG and then reported to the DoD OIG.

Of the 507 received at the DoD OIG:

- 105 were under review or investigation by the DoD OIG;
- 350 were dismissed as having insufficient evidence to warrant an investigation or withdrawn, and;
- 40 were referred to either a Service or Defense agency IG.

Of the 398 received at a Service or Defense agency IG and then reported to the DoD OIG;

- 250 were still being worked in the field,
- 4 were submitted and under review at the DoD OIG,
- 37 were closed by the DoD OIG pending notification to the complainant; and,

107 were closed by the DoD OIG and the complainant notified.

Table 2.1 Reprisal and Restriction Complaints Received October 1, 2016, Through March 31, 2017

Type Complaint	Received at the DoD OIG	Status as of March 31, 2017			
		Open Intake	Dismissed Intake	Retained for DoD OIG Investigation	Referred to Component
Handled by the DoD OIG					
Military Reprisal	214	54	121	2	37
NAFI Reprisal	21	6	12	3	0
Defense Contractor Reprisal	81	30	47	4	0
Civilian Reprisal	168	8	160	0	0
Defense Intelligence (PPD-19) Reprisal	20	6	9	3	2
Subtotal FY 17 (1st Half)	504	104	349	12	39
Military Restriction	3	1	1	0	1
Total FY 17 (1st Half)	507	105	350	12	40
Type Complaint	Received at Component OIG*	Status as of March 31, 2017			
		Open at Component	Submitted to the DoD OIG for Review	Closed by the DoD OIG (Complainant Notification Pending)	Closed by DoD OIG (Complainant Notified)
Handled by Component OIG, With DoD OIG Oversight					
Military Reprisal	379	233	4	37	105
Defense Intelligence (PPD-19) Reprisal	2	2	0	0	0
Subtotal FY 17 (1st Half)	381	235	4	37	105
Military Restriction	17	15	0	0	2
Total FY 17 (1st Half)	398	250	4	37	107
Grand Total FY 17 (1st Half)	905				

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

Table 2.2 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 933 complaints closed this period:

- 657 were dismissed due to insufficient evidence to warrant an investigation;
- 98 were withdrawn; and
- 178 were closed following full investigation by either the DoD OIG or a Service or Defense agency IG.

Of the 178 investigations closed, 170 involved whistleblower reprisal (17 substantiated) and 8 involved restriction from communicating with a Member of Congress or an IG (4 substantiated).

Table 2.2 Reprisal and Restriction Complaints Closed October 1, 2016, Through March 31, 2017

	Total Closed	Dismissed	Withdrawn	Investigated	Substantiated Cases	Substantiated Rate
Type Complaint	Handled by the DoD OIG					
Military Reprisal	167	140	20	7	1	14%
NAFI Reprisal	25	18	2	5	0	0%
Defense Contractor Reprisal	80	70	7	3	0	0%
Civilian Reprisal	166	165	1	0	0	0%
Defense Intelligence (PPD-19) Reprisal	22	18	0	4	0	0%
Subtotal FY 17 (1st Half)	460	411	30	19	1	5%
Military Restriction	3	2	1	0	0	0%
Total FY 17 (1st Half)	463	413	31	19	1	5%
Type Complaint	Handled by Component IG With DoD OIG Oversight					
Military Reprisal	453	241	62	150	16	11%
Defense Intelligence (PPD-19) Reprisal	1	0	0	1	0	0%
Subtotal FY 17 (1st Half)	454	241	62	151	16	11%
Military Restriction	16	3	5	8	4	50%
Total FY 17 (1st Half)	470	244	67	159	20	13%
Grand Total FY 17 (1st Half)	933	657	98	178	21	12%

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

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

- An Air Force colonel recommended disapproval of an expedited transfer request for an airman first class in reprisal for the airman first class making an unrestricted report of sexual assault. Corrective action is pending.
- An Air Force Reserve colonel issued a weak officer performance report to a captain and influenced a lieutenant colonel to disapprove a waiver for continued overage status in reprisal for the captain complaining of alleged racial discrimination and a biased investigation conducted by the colonel. Corrective action is pending.
- An Air Force lieutenant colonel reprised against the lieutenant colonel’s subordinates by threatening to note lack of loyalty in their evaluations because they

did not tell the lieutenant colonel that the lieutenant colonel was the subject of an IG complaint and investigation. Corrective action is pending.

- An Army chief warrant officer and a master sergeant issued a sergeant first class an unfavorable non-commissioned officer evaluation report in reprisal for the sergeant first class complaining to the director of training and making a complaint to the Equal Opportunity Office. Corrective action is pending.
- An Air Force lieutenant colonel issued a letter of reprimand to a senior airman, which established an unfavorable information file in the airman's official personnel record. The lieutenant colonel placed the airman on a control roster in reprisal for the airman making complaints to the command's IG and to the Equal Opportunity Office about improperly conducted fitness assessments, unfair treatment, harassment, and reprisal by unit leadership. Corrective action is pending.
- An Army National Guard master sergeant issued a sergeant first class an unfavorable evaluation report in reprisal after the sergeant first class provided testimony in a command investigation concerning an inappropriate relationship involving the master sergeant. Corrective action is pending.
- An Army Reserve major threatened to downgrade a chief warrant officer's status as Pilot-in-Charge in reprisal for the chief warrant officer preparing to contact the Army Reserve Command IG about inadequate funding for assigned soldiers to perform annual training. Corrective action is pending.
- An Army lieutenant colonel issued an adverse officer evaluation report to a captain in reprisal for the captain's complaint to the chain of command and to a command-appointed investigator about misconduct and mismanagement by the lieutenant colonel and other command officials. Corrective action is pending.
- An Army captain and a sergeant first class issued an adverse evaluation to a staff sergeant in reprisal for the staff sergeant's complaints to the Equal Opportunity and IG offices about command climate, excessive duty, and denial of access to religious services. Corrective action is pending.
- An Army staff sergeant denied a sergeant an opportunity to attend the staff sergeant promotion board in reprisal for the staff sergeant's complaints to the chain of command, the Army IG, and the Equal Opportunity Office about the supervisor's misuse of a subordinate, toxic leadership, and racial comments. Corrective action is pending.
- A Navy chief petty officer attempted to negatively influence a favorable duty assignment of an Air Force staff sergeant after the staff sergeant complained to the USCENTCOM IG and security office about possible security violations involving the chief petty officer. Corrective action is pending.
- An Army sergeant first class issued a sergeant an adverse performance counseling and directed the issuance of two additional adverse performance counselings in reprisal for the sergeant complaining to the installation-level IG about unfair treatment and abuse of authority by unit officials, including the sergeant first class. Corrective action is pending.
- An Air Force lieutenant colonel and a major removed a technical sergeant from the sergeant's duty position 3 months early and did not recommend the sergeant for a medal after 2 years because the sergeant reported the lieutenant colonel and major for failure to report a security violation. Corrective action is pending.
- An Air Force lieutenant colonel denied a captain a permanent change of station medal and issued the captain a weak officer performance report in reprisal for the captain's complaint to an Air Force installation-level IG about the lieutenant colonel's threats to downgrade the captain's evaluation. Corrective action is pending.
- An Army first sergeant threatened a private with nonjudicial punishment under the Uniform Code of Military Justice in reprisal for the private's complaint to the installation-level IG that the first sergeant sent the private a sexually suggestive e-mail. Corrective action is pending.
- A Navy commander relieved a lieutenant of duty as a division officer in reprisal for the lieutenant reporting to the chain of command and the DoD Hotline that the commander had failed to properly investigate allegations of sexual assault and harassment filed by applicants to the U.S. Navy. Corrective action is pending.

- An Army National Guard lieutenant colonel issued a captain a lowered officer evaluation report in reprisal for the captain testifying to command-appointed investigators about an assault allegation filed by another unit officer. Corrective action is pending.

Substantiated Whistleblower Restriction Cases Closed by DoD OIG

The following are substantiated allegations of restriction closed by DoD OIG during the reporting period. There were no subjects in the rank and grade of colonel (O-6) and above or Federal employees in grades GS-15 and above.

- An Air Force lieutenant colonel threatened to downgrade the loyalty factor in airmen evaluations if anyone in the lieutenant colonel's unit went to the IG or chain of command. The lieutenant colonel's comments created a chilling effect on the unit's airmen, negatively influencing their willingness to speak with the IG or leadership about the climate in the unit. Corrective action is pending.
- An Air Force major serving as squadron commander sent an e-mail to a staff sergeant and other members of the unit asking them to use the chain of command before going to an IG. Unit personnel perceived the e-mail as restricting them from going to the IG before utilizing the chain of command for their complaints. The major received a letter of counseling.

- An Air Force senior master sergeant created a chilling effect by making comments to discourage a technical sergeant from filing IG complaints. The senior master sergeant asked a subordinate whether the subordinate had filed an IG complaint against the senior master sergeant. The senior master sergeant additionally commented that despite being the subject of several IG complaints, senior command officials continued to think highly of the senior master sergeant. The senior master sergeant received verbal counseling.
- An Air Force technical sergeant commented to service members during several staff meetings and private counseling sessions that they should not go to an IG and that "snitches get stitches" or words to that effect. The comments were intended to restrict subordinates from preparing or making protected communications to an IG. Corrective action is pending.

Table 2.3 show the number and types of reprisal and restriction allegations substantiated against subjects since October 1, 2012. Of the 239 substantiated allegations, 146 have had decisions on corrective action reported and 93 are still pending reports of corrective action taken.

Table 2.3 Reprisal and Restriction Allegations Substantiated in FY 2013 Through FY 2017 (First Half) With Corrective Action Status

Allegation	Total Substantiated	Decision on Corrective Action Reported	Corrective Action Pending	Percent Pending
Military Reprisal	176	97	79	45%
NAFI Reprisal	6	4	2	33%
Defense Contractor Reprisal	1	1	0	0%
Civilian Reprisal	10	10	0	0%
Defense Intelligence (PPD-19) Reprisal	3	1	2	67%
Subtotal FY 13 to FY 17 (1st Half)	196	113	83	42%
Military Restriction	43	33	10	23%
Total FY 13 to FY 17 (1st Half)	239	146	93	39%

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

Table 2.4 shows the number and types of reprisal complaints substantiated since October 1, 2012. Of the 148 substantiated complaints, 23 have had remedy decisions reported and 125 are still pending reports of remedial actions taken.

Table 2.4 Reprisal Complaints Substantiated in FY 2013 Through FY 2017 (First Half) With Remedy Status

Allegation	Total Substantiated	Decision on Remedy Reported	Remedy Pending	Percent Pending
Military Reprisal	132	11	121	92%
NAFI Reprisal	5	4	1	20%
Defense Contractor Reprisal	1	1	0	0%
Civilian Reprisal	8	6	2	25%
Defense Intelligence (PPD-19) Reprisal	2	1	1	50%
Total FY 13 to FY 17 (1st Half)	148	23	125	84%

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

The following are remedial and corrective actions reported for substantiated reprisal cases closed in prior reporting periods.

- An Army captain threatened subordinates’ careers in reprisal after learning that someone made a complaint to an Army Major Command IG about the captain’s toxic leadership. The captain received a letter of reprimand.
- An Army captain denied a sergeant’s reenlistment and extension on active duty in reprisal for the sergeant’s multiple complaints about regulatory violations committed by the captain and others within the command. The Army captain retired before corrective action could be taken.
- An Army lieutenant colonel and a major issued a captain an “Unsatisfactory Performance Do Not Promote” officer evaluation report in reprisal for the captain reporting a violation of the Health Insurance Portability and Accountability Act against the captain’s rater and senior rater. The lieutenant colonel and the major received general officer memorandums of reprimand.
- An Air Force second lieutenant issued a master sergeant an unfavorable enlisted performance report in reprisal for the master sergeant successfully challenging (through the chain of command) the

legality of a letter of reprimand that the second lieutenant issued to the master sergeant regarding official orders for a medical appointment. The letter of reprimand was rescinded, and the second lieutenant received verbal counseling.

- An Army staff sergeant issued a sergeant an unfavorable noncommissioned officer evaluation report in reprisal for the sergeant contacting a congressional representative about problems within the unit. The staff sergeant retired before corrective action could be taken.
- A Navy Reserve commander issued a lieutenant commander an unfavorable fitness report after the lieutenant commander made allegations of fraternization against the commander during a Navy IG investigation. The Chief of Naval Personnel removed the lieutenant commander’s affected fitness report and replaced it with a Memorandum of Continuity. The Navy Reserve commander retired before corrective action could be taken.
- An Army National Guard sergeant first class threatened a staff sergeant with an unfavorable performance evaluation in reprisal for the staff sergeant’s filing a complaint about gender discrimination with the command’s representative from the Equal Opportunity Office. The commanding general reviewed the report of investigation and elected to take no action.

- An Air Force senior master sergeant issued a master sergeant a downgraded enlisted performance report in reprisal for complaining to the chain of command about inaccuracies in the master sergeant’s ratings. The Air Force senior master sergeant received a letter of admonishment.
- A GS-13 civilian employee supervisor downgraded a GS-12 civilian employee’s FY 2014 performance evaluation after the GS-12 employee reported violations of the personally identifiable information protection policy to a Human Resources official. The GS-13 retired before corrective action could be taken.
- An Air Force lieutenant colonel, influenced by a master sergeant, established an unfavorable information file and placed a senior airman on a control roster in reprisal for the airman’s filing a complaint with the Air Force installation-level IG and Equal Opportunity Office about improper fitness assessments by unit personnel, unfair treatment, harassment, and reprisal by the unit’s leadership.
- An Army first sergeant threatened a staff sergeant with reassignment to deter the staff sergeant from going to the IG regarding meeting regulatory standards. The Army first sergeant received a general officer memorandum of reprimand.

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

The following are corrective actions reported for substantiated restriction cases closed in prior reporting periods.

- An Air Force Reserve colonel attempted to restrict personnel from contacting a legitimate IG by designating the deputy director as the regions’ “IG representative,” thereby forcing all potential contacts that would have been made to a trained and independent IG to flow to the chain of command, in violation of 10 U.S.C. § 1034. The colonel retired before the investigation was completed, and no corrective action was taken.
- An Air Force major restricted members of the unit from contacting an Air Force IG by requiring them to use the chain of command before filing complaints with the IG. The major received a letter of counseling.
- An Air Force senior master sergeant restricted a technical sergeant from filing IG complaints. The senior master sergeant received verbal counseling.

Tables 2.5 and 2.6 show the number and type corrective actions reported for reprisal and restriction allegations substantiated against subjects since October 1, 2012. Of the 155 decisions reported, 36 involve declinations to take action, and 119 were corrective actions taken against the subject.

Table 2.5 Corrective Actions Reported for Reprisal and Restriction Allegations Substantiated Against Subjects in FY 2013 Through FY 2017 (First Half)

Allegation	Total	Declined to Take Action	Employee Fired or Terminated	Letter of Counseling	Other
Military Reprisal	103	24	0	12	11
NAFI Reprisal	4	2	1	0	1
Defense Contractor Reprisal	1	1	0	0	0
Civilian Reprisal	10	4	0	1	0
Defense Intelligence (PPD-19) Reprisal	1	0	0	1	0
Subtotal FY 13 to FY 17 (1st Half)	119	31	1	14	12
Military Restriction	36	5	0	6	2
Total FY 13 to FY 17 (1st Half)	155	36	1	20	14

CORE MISSION AREAS

Table 2.6 Corrective Actions Reported for Reprisal and Restriction Allegations Substantiated Against Subjects in FY 2013 Through FY 2017 (First Half) (cont'd)

Allegation	Reduced Rank or Grade	Removed From Assignment	Suspended Without Pay	Verbal Counseling	Written Reprimand
Military Reprisal	2	11	1	8	34
NAFI Reprisal	0	0	0	0	0
Defense Contractor Reprisal	0	0	0	0	0
Civilian Reprisal	0	1	0	1	3
Defense Intelligence (PPD-19) Reprisal	0	0	0	0	0
Subtotal FY 13 to FY 17 (1st Half)	2	12	1	9	37
Military Restriction	0	2	0	7	14
Total FY 13 to FY 17 (1st Half)	2	14	1	16	51

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

Tables 2.7 and 2.8 show the number and type of remedies reported for reprisal complaints substantiated since October 1, 2012. Of the 32 remedial decisions reported, 9 complaints involved the command declining to take action or the military complainant opting not to petition a board for the correction of military records, and 23 were remedies applied to make the complainant whole.

Table 2.7 Remedies Reported for Reprisal Complaints Substantiated in FY 2013 to FY 2017 (First Half)

Allegation	Total	Back Pay	Declined to Take Action	Expunge Evaluation	Expunge LOR/LOC/LOE
Military Reprisal	15	0	2	6	2
NAFI Reprisal	4	1	1	0	0
Defense Contractor Reprisal	3	0	3	0	0
Civilian Reprisal	9	0	2	2	0
Defense Intelligence (PPD-19) Reprisal	1	0	1	0	0
Total FY 13 to FY 17 (1st Half)	32	1	9	8	2

Table 2.8 Remedies Reported for Reprisal Complaints Substantiated in FY 2013 to FY 2017 (First Half) (cont'd)

Allegation	Grant Award	Other	Promote	Reinstate	Restore Security Clearance
Military Reprisal	0	3	1	1	0
NAFI Reprisal	0	2	0	0	0
Defense Contractor Reprisal	0	0	0	0	0
Civilian Reprisal	2	2	0	0	1
Defense Intelligence (PPD-19) Reprisal	0	0	0	0	0
Total FY 13 to FY 17 (1st Half)	2	7	1	1	1

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

Whistleblower Reprisal Complaints Closed as Not Substantiated Involving Subjects in Grade or Rank of Colonel (O-6) and GS-15s, and Above⁵

The following are whistleblower reprisal complaints 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 officer alleged an Army colonel recommended the officer for termination from a medical training program in reprisal for the officer complaining about administrative issues and poor medical care by other students.
- A Marine Corps officer alleged that a Marine Corps general officer initiated a command investigation and sent the officer to a review board, and that a Marine Corps colonel gave the officer an adverse fitness report, in reprisal for the officer's reports of sexual assault.
- An Air Force officer alleged that a Marine Corps general officer and a Senior Executive Service member curtailed the officer's tour of duty in reprisal for the officer alleging mismanagement and abuse of authority by a supervisor.
- A GG-15 civilian employee alleged that another GS-15 civilian employee gave a third employee a lowered performance evaluation in reprisal for third employee's complaints to the Equal Employment Opportunity Office and participation in a DoD OIG investigation.
- A Navy officer alleged that an Army colonel issued a downgraded fitness report, marked the officer below the reporting senior's cumulative average, and marked the officer as a "Must Promote" instead of "Early Promote," in reprisal for complaints of a toxic work environment to the chain of command and the Defense agency's Equal Opportunity Office.
- A GG-13 civilian employee alleged that command officials did not select the GG-13 employee for a position, issued the employee a lowered performance appraisal, and reassigned the employee in reprisal for the employee's complaints to the Defense agency IG and the Equal Employment Opportunity Office.
- A Marine Corps officer alleged that a Marine Corps colonel and a general officer issued a less than favorable fitness report, relieved the officer of command, and issued the officer an adverse evaluation report in reprisal for the officer alleging to the general officer that the colonel had created a toxic command climate and promoted gender bias.

⁵ There were no whistleblower restriction complaints closed as "not substantiated" that involved subjects in the grade or rank of colonel (O-6) and above, and civilian employees in grades GS-15 and above, during this 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 and above and equivalents), 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 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 grades O-7 and above; officers selected for promotion to O-7 whose names are on the O-7 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 appointee employees.

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

From October 1, 2016, through March 31, 2017, the DoD OIG received 401 complaints of senior official misconduct and closed 410. Of the 410 complaints closed, 333 were dismissed due to lack of a credible allegation of misconduct and 77 were closed following investigation. Of the 77 investigations closed, 5 were closed by the DoD OIG and 72 were closed by Military Component IGs with oversight by the DoD OIG. Of the 77 investigations closed, 25 included substantiated allegations of misconduct. The ISO Directorate queries Defense Case Activity Tracking System to obtain the data for the following statistical tables and charts.

Table 2.9 Senior Official Complaints Closed in FY 2017 (First Half)

	Total Closed	Dismissed	Investigated	Substantiated Cases	Substantiation Rate
Service or Agency	Closed by the DoD OIG				
Air Force	50	49	1	1	100%
Army	119	118	1	1	100%
COCOM/Defense Agency/Other	116	114	2	1	50%
Marine Corps	11	10	1	0	0%
Navy	33	33	0	0	0%
Subtotal FY 17 (1st Half) Closed by the DoD OIG	329	324	5	3	60%
Service or Agency	Closed By Military Component IG With Oversight by the DoD OIG				
Air Force	17	0	17	6	35%
Army	26	5	21	8	38%
COCOM/Defense Agency/Other	17	0	17	5	29%
Marine Corps	1	0	1	0	0%
Navy	20	4	16	3	19%
Subtotal FY 17 (1st Half) Oversight Review by the DoD OIG	81	9	72	22	31%
Total FY 17 (1st Half)	410	333	77	25	32%

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 if there is any reportable information. The DoD OIG processed requests on a total of 3,064 names during this reporting period.

Substantiated or Significant Senior Official Cases Closed by the DoD OIG

Three of the four following cases were publically released and posted on the DoD OIG internet at <http://www.dodig.mil/pubs/index.cfm>.

Report of Investigation: Allegations Relating to USCENTCOM Intelligence Products

The DoD OIG investigated allegations that senior intelligence officials in the U.S. Central Command (USCENTCOM) J2 Directorate (CCJ2) falsified, distorted, delayed, or suppressed intelligence products related to its efforts to degrade and destroy the Islamic State of Iraq and the Levant (ISIL). The allegations were that the intelligence was altered or suppressed to present a more optimistic portrayal of the success of USCENTCOM efforts against ISIL. A multi-disciplinary team of more than 30 DoD OIG personnel, including administrative investigators, intelligence analysts, DCIS digital forensics specialists, auditors, attorneys, and statisticians, was assembled to investigate these allegations. This was one of the most extensive investigations in the history of the DoD OIG.

In addition to the allegations submitted by two complainants, the DoD OIG also considered other allegations and issues raised during the course of the investigation. In general, the allegations related to USCENTCOM intelligence products and processes associated with the counter-ISIL campaign from May 2014 through September 2015. In total, the DoD OIG investigated more than 25 specific allegations, each requiring an investigation in and of itself. Each of those examples is discussed in separate sections of the report.

Specific examples of the allegations raised by the complainants and witnesses include the alleged banning of certain words in intelligence products, a change to an intelligence product relating to an attack at an air base in Iraq, a change to the Watch Condition level for Iraq during May and June 2014, changes in the CCJ2's ISIL Assessment Tool and the J2 Weekly update, and changes in the policy on coordination and collaboration with analysts throughout the Intelligence Community. In addition, other allegations arose during the course of the investigation, which the DoD OIG investigated.

The DoD OIG team conducted over 150 interviews of 120 witnesses, both inside and outside of USCENTCOM. In addition, the DoD OIG collected and reviewed a massive amount of draft and final intelligence products produced by the CCJ2. The DoD OIG also collected and reviewed USCENTCOM e-mails and examined in detail the specific examples of alleged falsification, distortion, suppression, or delay raised by the complainants and the witnesses. In total, the DoD OIG collected over 15 terabytes of unclassified, secret, and top secret data from CCJ2 that represented over 17 million documents and files, including 2 million e-mails.

The DoD OIG determined that the investigation did not substantiate the most serious allegation that intelligence was falsified. The DoD OIG also did not find systematic or intentional distortion of intelligence by USCENTCOM senior leaders, or that the leaders suppressed or delayed intelligence products. However, the DoD OIG determined that there was a widespread perception among many intelligence analysts who worked Operation Inherent Resolve (OIR) intelligence products that the CCJ2 leaders were attempting to distort those intelligence products.

The DoD OIG concluded that the intelligence practices related to OIR intelligence products in the CCJ2 could have, and should have, been better, and that further improvements were needed. The DoD OIG made 29 recommendations for improvements in the intelligence processes relating to the issues uncovered during the investigation. Management has agreed to implement all 29 recommendations.

Report No. DODIG-2017-049 (unclassified)

Report of Investigation: Ronald F. Lewis, Major General (MG), U.S. Army

The DoD OIG substantiated allegations that Army Major General Ronald F. Lewis, while serving first as Special Assistant and then as Senior Military Assistant to the Secretary of Defense:

- misused his Government Travel Charge Card (GTCC) for personal expenses at off-limits and adult entertainment establishments in South Korea and Italy;
- made false official statements to subordinates and to Citibank regarding charges he made to his GTCC for personal expenses; and
- engaged in inappropriate behavior that included patronizing an establishment off limits to U.S. military personnel, drinking to excess in public, and interacting improperly with females.

The DoD OIG determined that an extensive investigation involving dozens of interviews and reviewed thousands of e-mails, travel documents, credit card records, and merchant records in South Korea and Italy.

The DoD OIG concluded that MG Lewis misused his GTCC when he paid for personal expenses of \$1,121.25 at the Candy Bar club in South Korea and \$1,755.98 at the Cica Cica Boom club in Rome. The Joint Travel Regulations (JTR) and Army Command Policy authorize use of a GTCC only for official travel expenses and prohibit using a GTCC for personal charges.

The DoD OIG also determined that MG Lewis violated the UCMJ, Article 107, which prohibits individuals from making false statements related to their official duties, when he made false official verbal statements to subordinates and a false official written statement to Citibank regarding his GTCC use in Itaewon, Seoul. His GTCC statement and receipts confirmed that he visited the off-limits Candy Bar club, where he charged \$1,121.25 in personal expenses to his GTCC and received some form of services or benefits from those transactions. When Office of the Secretary of Defense staff asked MG Lewis if he made the charges, he denied doing so. He then executed a digitally signed declaration to Citibank attesting that he did not make the charges to his GTCC at the Candy Bar club or receive services there. MG Lewis' verbal statements to subordinates and written statement to Citibank denying that he made charges to

his GTCC at the Candy Bar club were false. He knew that he used his GTCC there and received services. In addition to violating UCMJ Article 107, MG Lewis' false statements caused Citibank to remove all the Candy Bar club charges from MG Lewis' GTCC account, causing financial loss to Citibank.

The DoD OIG further determined that MG Lewis violated UCMJ Article 133, which prohibits conduct unbecoming an officer and a gentleman. The UCMJ, Article 133 defines such conduct as disgraceful or dishonorable behavior that seriously compromises an officer's standing or his character as a gentleman. MG Lewis violated UCMJ Article 133 on multiple occasions during official travel. MG Lewis drank in excess while in the presence of subordinates and foreign nationals and engaged in inappropriate conduct with female subordinates. Overall, the DoD OIG concluded that MG Lewis failed to uphold the high standards of conduct expected of a senior officer.

MG Lewis disagreed with the DoD OIG conclusions and asserted that several items in the report were incorrect. However, the DoD OIG conducted an extensive and lengthy investigation and substantiated all three allegations. The DoD OIG stands by the conclusions as presented. The DoD OIG provided its final report to the Acting Secretary of the Army with a recommendation that he take appropriate action regarding MG Lewis. MG Lewis received a memorandum of reprimand and, after the deliberations of an Army retirement Grade Determination Board, the Acting Secretary of the Army reduced MG Lewis' retirement rank to brigadier general.

Report No. DODIG-2017-001

Report of Investigation: Mr. Richard W. Lombardi, Senior Executive Service

The DoD OIG investigated allegations that Mr. Richard W. Lombardi, an Air Force Senior Executive Service member, while serving in multiple acquisitions leadership positions:

- failed to report his spouse's Northrop Grumman retirement account which contained Northrop Grumman stock on his Office of Government Ethics (OGE) Form 278, "Public Financial Disclosure Form (OGE 278)" from 2009 through 2015;

- knowingly and willfully failed to report his spouse's retirement account on his OGE Form 278s between 2009 and 2015;
- failed to report on his calendar year 2008 OGE Form 278 the source of his spouse's income greater than \$1,000 earned between the time of their marriage and her resignation from Northrop Grumman in 2008;
- knowingly and willfully failed to report on his calendar year 2008 OGE Form 278 the source of his spouse's income greater than \$1,000 earned between the time of their marriage and her resignation from Northrop Grumman in 2008; and
- participated in matters involving Northrop Grumman, while knowing of his spouse's Northrop Grumman retirement account, that had a direct and predictable effect on his or his spouse's financial interests.

The DoD OIG substantiated the allegation that Mr. Lombardi failed to report his spouse's Northrop Grumman retirement account on his OGE 278s from 2009 through 2015. The DoD OIG also substantiated the allegation that Mr. Lombardi failed to report his spouse's Northrop Grumman earned income on his calendar year 2008 OGE 278. The DoD OIG did not substantiate allegations that Mr. Lombardi knowingly and willfully failed to report his spouse's retirement account on his OGE 278s from 2009 through 2015; knowingly and willfully failed to report on his calendar year 2008 OGE 278 the source of his spouse's income exceeding \$1,000 earned prior to her resignation from Northrop Grumman; or participated in matters involving Northrop Grumman, while knowing of his spouse's Northrop Grumman retirement account, that had a direct and predictable effect on his or his spouse's financial interests remaining allegations were not substantiated.

The DoD OIG determined that Mr. Lombardi's spouse worked for Northrop Grumman before meeting and subsequently marrying him, but that she resigned from Northrop Grumman 2 months after the marriage. Mr. Lombardi's spouse, who had a Northrop Grumman retirement savings account that included company stock, did not inform him of her retirement savings account. After the couple relocated to another state for an Air Force reassignment, she received no communications regarding the retirement account for several years. Consequently, Mr. Lombardi failed to report on his

OGE 278 for calendar year 2009 that his spouse had a retirement account or that her earned income for 2 months between their marriage and her resignation. For the next 6 years, Mr. Lombardi did not report his spouse's retirement account on any of his annual OGE 278s because he stated that he was not aware of the account.

An annual Air Force ethics briefing that included the topic of spouse retirement accounts as reportable assets prompted Mr. Lombardi to ask his spouse if she had a retirement account from her former employment with Northrop Grumman, a question which she responded in the affirmative. Upon reviewing an account statement detailing its various assets, he determined that it contained company stock. Mr. Lombardi self-reported the matter to Air Force General Counsel ethics officials and followed his ethics officials' guidance for correcting the unintentional omission on his OGE 278s, which included divestiture of the retirement account of Northrop Grumman stock.

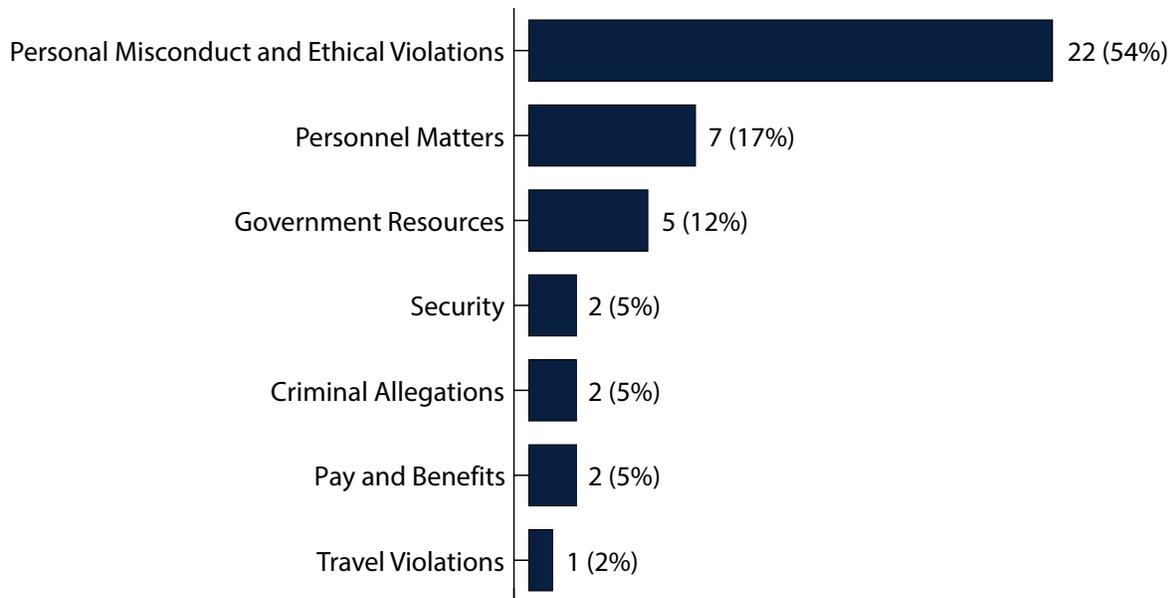
Because of Mr. Lombardi's leadership position in Air Force Acquisitions, the DoD OIG reviewed the Air Force's Northrop Grumman acquisitions between 2008 and 2016 to determine what role, if any, Mr. Lombardi had in those actions. The DoD OIG determined that while Mr. Lombardi infrequently met with Northrop Grumman personnel to discuss existing contract performance as part of his official duties, there was no evidence that he was aware of his spouse's retirement account at the time or that he participated in any new or pending acquisition discussions that would have had a direct and predictable effect on Mr. Lombardi or his spouse's financial interests. The DoD OIG determined that Mr. Lombardi did not knowingly and willfully fail to report his spouse's retirement account and earned income and did not participate in matters involving the contractor that had a direct and predictable effect on his or his spouse's financial interest. The Secretary of the Air Force decided not to take any action.

Report No. DODIG-2017-040

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

- Two SES members failed to use the required acquisition process to procure tailored training for agency personnel, and one of the senior executive members also endorsed the Intergovernmental Personnel Act (IPA) application of an ineligible IPA program applicant. Corrective action is pending.
- A National Geospatial-Intelligence Agency (NGA) Defense Intelligence Senior Executive Service member failed to follow supervisory requirements with regard to the agency's telework program by failing to complete the telework training for managers and process a telework agreement with a subordinate, and failing to ensure approved telework requests were on file for the times subordinate employees teleworked. This action allowed the subordinate to telework an aggregate total worth of \$8,694.11 in compensation without an approved telework agreement. Corrective action is pending.
- A retired Marine Corps general made a false statement when he lied to the FBI during an investigation into a leak of classified information about a covert cyberattack on Iran's nuclear facilities. Specifically, he stated that he did not provide or confirm classified information to journalists in 2012. The general entered a plea agreement with the DOJ in which the general pleaded guilty to making false statements to the FBI. The general subsequently received a Presidential pardon.
- A Navy vice admiral violated the Joint Ethics Regulations when the admiral improperly endorsed a Non-Federal Entity while acting in an official capacity. The investigation found that the improper endorsement was the result of a communication lapse between the admiral's legal and public affairs staff. The admiral unintentionally endorsed the Non-Federal Entity when requested to do push-ups to help raise awareness for suicide prevention in the U.S. Navy. Corrective action is pending.
- A retired Air Force general violated the "One-Year Senior 'Cooling-Off' Restriction," when the general improperly contacted Air Force officials within 1 year of retirement from active duty with the intent to influence official actions. The officer received verbal counseling.
- An Army major general violated Army regulations by engaging in an inappropriate relationship with a subordinate. The general improperly used a Government cell phone to make or receive over 700 phone calls with the subordinate. The general initiated over 600 of the phone calls to the subordinate. Evidence included photos and video of the major general's vehicle at the subordinate's off-post residence and testimony regarding frequent visits and calls to the subordinate. The officer was relieved from command and received a general officer memorandum of reprimand.
- An Army brigadier general misused a subordinate's time when the subordinate took the general's uniforms for laundering or tailoring. Corrective action is pending.
- An Air National Guard brigadier general abused authority by improperly delaying completion of a colonel's officer performance report, delaying the processing of the colonel's certificate of eligibility package, issuing the colonel a letter of counseling, establishing an unfavorable information file, and recommending the colonel's removal from command. The investigation concluded the brigadier general's actions were arbitrary and capricious and stemmed from animosity towards the colonel that developed over the course of several years. Corrective action is pending.
- An Air Force SES member engaged in a close relationship with two subordinates, which created the appearance of favoritism within the organization. The member also failed to take appropriate action when learning that one of the subordinates engaged in sexual harassment and continued to support the subordinate's promotion. The member's failure to take appropriate action contributed to an environment that condoned sexual harassment. Corrective action is pending.

Figure 2.14 Types of Substantiated Misconduct



Senior Official Complaints Closed by DoD OIG as Not Substantiated Involving Subjects in Grade or Rank of Colonel (O-6) and GS-15s, and Above

- In the prior section, the DoD OIG investigated allegations that senior intelligence officials in the U.S. Central Command J2 Directorate falsified, distorted, delayed, or suppressed intelligence products related to its efforts to degrade and destroy the Islamic State of Iraq and the Levant (ISIL). The DoD OIG did not substantiate senior official misconduct in the matter.
- A Marine Corps general allegedly used the general’s public office for the private gain of a friend, also a general officer. The general provided legal advice to the promotion board that was considering the friend’s relative. The DoD OIG did not substantiate the allegation.

Corrective Actions Reported for Senior Official Cases Closed During Prior Reporting Periods

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 reserve major general failed to take action after participating in a “blood wing” ceremony where officers slam the pins of an aviation badge into the chest of individuals graduating from aviation school. The major general received a letter of counseling from the Vice Chief of Staff of the Army.
- A National Security Agency official tested positive on a random drug test. The official received a 45-day suspension and will receive more frequent random drug testing over the upcoming 5 years.
- An Air National Guard brigadier general failed to comply with the requirement to use City-Pairs Program carriers for official travel and failed to exercise prudence in official travel by not using

the least expensive parking option when parking a privately owned vehicle at the airport. The general also encouraged subordinates to drive the general to and from the airport and drop off and pick up the general's laundry. The general received a letter of admonishment from the Vice Chief of Staff of the Air Force.

- An Army National Guard brigadier general engaged in a sexual relationship outside of his marriage with a married woman. The brigadier general received a written reprimand from the Vice Chief of Staff of the Army.

Quality Assurance Reviews

During the reporting period, the DoD OIG initiated a quality assurance review of the Air Force IG Hotline and a quality assessment of the Air Force IG operations, policies, and procedures for the senior official and whistleblower reprisal investigations units.

The DoD OIG received an update from the Naval IG on the status of implementation of recommendations made during the DoD OIG's 2016 review of its investigation operations.

Administrative Investigations Outreach and Training

During this period, AI conducted more than 127 hours of external outreach engagements involving 336 personnel. Outreach included training of personnel assigned to Joint Staff, Army, Marine, Navy, Air Force, National Guard, and Reserve Component IG billets on DoD whistleblower reprisal and senior official investigations and DoD oversight responsibilities. AI also conducted a total of 2,318 hours of internal training for OIG employees during the reporting period.

Federal Hotline Working Group

The Federal Hotline Working Group (FHWG) held its quarterly meeting at the Mark Center in Alexandria, Virginia, on February 7, 2017. Eighty-five personnel from 38 agencies attended in person and virtually. The agenda included an Association of Certified Fraud Examiners assessment of fraud in organizations (highlighting statistics of organizations with a hotline); discussion on developing a charter for the FHWG; and discussion for planning the upcoming Hotline Worldwide Outreach commemorating National Whistleblower Appreciation Day in July 2017.

Administrative Investigations Training Symposium

AI held its semiannual Administrative Investigations Symposium on October 26, 2016. Approximately 200 participants from the Defense agencies, Service Components, and Intelligence Community IGs attended. The keynote speaker was a DCIS Special Agent who spoke about the Glenn Defense Marine Case. The DoD OIG Office of General Counsel presented a session on "Protecting Investigative Source Identities," The WRI Deputy Director spoke about recent developments in contractor reprisal investigations, and the AI Training Officer gave an overview on Investigator Competencies. Other sessions included seminars on business writing, proofreading, and technical writing. The next symposium is scheduled for May 17, 2017.

Basic Whistleblower Reprisal Investigation Course

During this reporting period, AI held four Basic Whistleblower Reprisal Investigations Courses for Service and Defense agency IG representatives—two courses were held at the Mark Center in Alexandria, Virginia, and two Mobile Training Team courses were held at Joint Base Lewis-McChord, Washington and Joint Base San Antonio, Texas. The training covered the entire life cycle of a whistleblower reprisal investigation. Students learned about the history and content of whistleblower statutes and instructions on how to conduct a thorough complaint intake, gather evidence, interview, write reports, and procedures for closing a case.

Hotline Investigator Course

AI conducted the Hotline Investigator Training Course on November 7, 2016. Thirty-six Hotline Investigators attended from the DoD OIG, the Service Components, and other Defense agencies. The course encompassed the major components of the complaint process and included the DoD Hotline mission, responsibilities, and best practices used to coordinate referrals. Group exercises enabled participants to screen mock complaints and apply DoD Hotline standards to determine the best course of action for the referral. Participants included members from across DoD, Joint, and Service Component IG Offices. The next course is scheduled for May 17, 2017.

INSPECTIONS AND EVALUATIONS

The following summaries highlight evaluations, inspections, and assessments conducted throughout the DoD OIG. These are conducted by three components in the OIG: Special Plans and Operations (SPO), Intelligence and Special Program Assessments (ISPA), and Policy and Oversight (P&O). Additional summaries on evaluations and inspections are in the Lead IG section of this report and address the DoD OIG's Lead IG oversight responsibilities.

Intelligence

Follow Up to DoD Evaluation of Over Classification of National Security Information

The DoD OIG evaluated whether the DoD implemented the 13 recommendations concerning DoD classification policies and procedures, as recommended in Report No. DODIG-2013-142, "DoD Evaluation of Over-Classification of National Security Information," issued on September 30, 2013. The DoD OIG determined that the Under Secretary of Defense for Intelligence fully implemented two recommendations and partially implemented 11 of the 13 recommendations. Of the 11 that were partially implemented, 4 recommendations are in the process of being implemented in conjunction with the Under Secretary of Defense for Acquisition, Technology, and Logistics. The remaining seven recommendations will be incorporated in future policy guidance.

The DoD OIG conducted this followup review in response to Public Law 111-258, "Reducing Over-Classification Act." The public law requires the IG of each Federal department or agency with an officer or employee who is authorized to make original classifications, in consultation with the Information Security Oversight Office, to carry out evaluations of that department or agency or a component of the department or agency:

- to assess whether applicable classification policies, procedures, rules, and regulations have been adopted, followed, and effectively administered within the department, agency, or component; and

- to identify policies, procedures, rules, regulations, or management practices that may be contributing to persistent misclassification of material within the department, agency, or component.

Report No. DODIG-2017-028 (Unclassified)

Evaluation of the Defense Cover Program's Oversight Process

The DoD OIG evaluated the Under Secretary for Intelligence's oversight processes for the Defense Cover Program. The Defense Cover Program is a DoD program designed to protect missions, operations, organizations, personnel, facilities, equipment, capabilities, administrative or management systems, financial activities, and programs that cannot otherwise be successfully accomplished through the application of other types of security measures.

The DoD OIG determined that the oversight process could be improved and provided the following recommendations to the Office of the Under Secretary of Defense for Intelligence's Human Intelligence and Sensitive Activities Directorate.

- Create written instructions in the form of a Standard Operating Procedure, or similar type guidance, to standardize the Defense Cover Program oversight review process.
- Provide the DoD OIG with the timeline and milestones for the development of the Standard Operating Procedure.

Management concurred with the recommendation.

Report No. DODIG-2017-051 (classified)

Evaluation of the National Security Agency Counterterrorism Tasking Process Involving Second Party Partners

The DoD OIG assessed whether the National Security Agency (NSA) counterterrorism tasking processes involving Second Party Partners (U.S. partnership with four countries: Australia, Canada, New Zealand, and the United Kingdom) complied with applicable DoD and NSA policies and regulations.

The DoD OIG determined that NSA counterterrorism tasking processes involving Second Party Partners are compliant with current DoD and classified NSA policies and regulations. However, the NSA needs to update

its policies and training courseware to be compatible with the changes made in the counterterrorism tasking process.

NSA agreed to implement the three recommendations in the report. The details of the findings and recommendations are classified.

Report No. DODIG-2017-061 (classified)

The Nuclear Enterprise

Evaluation of the National Airborne Operations Center Mission Sustainment and Modernization

The DoD OIG evaluated the National Airborne Operations Center (NAOC) to determine its ability to fulfill its core mission requirements.

Since the 1960s, the United States has maintained a network of geographically distributed military command centers. Known as the National Military Command System, this network of military locations ensures immediate, continuous, assured, and survivable connectivity through the full spectrum of conflict. To help guarantee a level of survivability to the National Military Command System, the Air Force operates the NAOC to serve as the immediate and mobile backup to the Pentagon's National Military Command Center. The NAOC is a fleet of modified Boeing 747-200 commercial aircraft that were procured in 1973.

The DoD OIG determined that the Air Force will own the only remaining 747-200s in North America in the very near future. Spare parts and maintenance support for the aging fleet of 747-200 aircraft will become more difficult to sustain, and aircraft availability will likely decline, causing a decline in aircraft availability and difficulties in meeting mission requirements.

The DoD OIG made a series of recommendations, including that the Air Force complete an Analysis of Alternatives for the NAOC fleet and develop a plan to recapitalize the aging aircraft. The DoD OIG also recommended that the Air Force initiate a NAOC fleet sustainment study. This study should identify critical sustainment issues that the NAOC fleet will face until a replacement can be fielded and establish modernization programs to replace aging parts and equipment that are necessary to support the current NAOC fleet until a replacement is identified. Management agreed with the recommendations.

Report No. DODIG 2017-070

Other Evaluations

Assessment of U.S. and Coalition Efforts to Train, Advise, Assist, and Equip the Kurdish Security Forces in Iraq

The DoD OIG evaluated U.S. and Coalition efforts to train, advise, assist, and equip the Kurdish Security Forces (KSF) to conduct operations against the ISIL. The DoD OIG determined that U.S. and Coalition train, advise, assist, and equip activities have helped the KSF to further develop their capability to conduct combat operations against ISIL; however, the assessment identified three program areas where improvements are required. First, U.S. officials did not have a comprehensive written plan to sustain the two brigade-equipment sets that the United States intended to provide to the KSF. Second, U.S. units did not have the ability to determine the location, movement, and status of U.S.-transported equipment (both U.S.-purchased and Coalition-donated) within the U.S.-managed supply chain to be supplied to the KSF. Third, the United States should formalize its current advise-and-assist activities with the KSF in the areas of training development, logistics, and security ministry professionalization.

To address these problems, the DoD OIG made recommendations to Commander, U.S. Central Command; Commander, Combined Joint Task Force—Operation Inherent Resolve; Commander, Combined Joint Task Force Land Component Command—Iraq; Commander, 1st Theater Sustainment Command; and the Chief, Office of Security Cooperation—Iraq. The DoD OIG redirected the finding about the need for a plan to sustain the two brigade-equipment sets to Commander, U.S. Central Command, for resolution. Management agreed with the recommendations.

DODIG-2017-033

Assessment of Warriors in Transition Program Oversight

The DoD OIG determined whether the Under Secretary of Defense for Personnel and Readiness (USD[P&R]), Office of Warrior Care Policy (WCP), provided policy and oversight for the Military Services' Warriors in Transition programs to ensure the proper care and transition of wounded, ill, and injured service members. This review made two findings in WCP's oversight of the Military Services' Disability Evaluation System programs and each of the Service's Recovery Coordination Program.

The DoD OIG determined that the USD(P&R) WCP had used information gathered from the Military Services' Disability Evaluation System programs to assess the Service's IGs. The DoD OIG also determined that the USD(P&R) WCP did not ensure that the Service's Recovery Coordination Program was effectively monitored, and that the program received inconsistent and incomplete Triennial Disability Evaluation System reports, which prevented the report recommendations from being resolved.

The DoD OIG recommended that the USD(P&R) define and direct common inspection criteria and a standardized reporting format for the Services' IG Triennial Disability Evaluation System reports. Management disagreed with the recommendation but offered an alternative course of action. The DoD OIG agreed that the alternative course of action would solve the deficiency and satisfy the intent of the recommendation. The DoD OIG also recommended that the Deputy Assistant Secretary of Defense (Warrior Care Policy) establish guidance for writing Recovery Coordination Program oversight reports and establish a policy that ensures follow up of all Recovery Coordination Program oversight report recommendations until corrective actions are complete. Management agreed with the recommendations.

DODIG-2017-038

Inspections of DoD Facilities and Military Housing and Audits of Base Operations and Support Services Contracts

The DoD OIG summarized and analyzed previous DoD OIG health and safety inspections of DoD-occupied facilities and military housing and audit reports related to Base Operations and Support Services (BOSS) contracts and facilities maintenance. The objective of these inspections was to identify common issues and broader findings in previous OIG reports. Additionally, the DoD OIG evaluated DoD policy and guidance regarding health and safety requirements for DoD-occupied facilities to determine whether any gaps or conflicts in coverage existed.

The DoD OIG issued six reports from July 2013 through July 2016 related to health and safety inspections of DoD facilities at various locations around the world, documenting 3,783 deficiencies in electrical system safety, fire protection systems, and environmental health and safety.



Significantly deteriorated concrete building at Camp Futenma, Japan.

Source: DoD OIG.

The DoD OIG identified significant health and safety deficiencies and systemic weaknesses in electrical and fire protection and environmental health and safety issues. Deficiencies in electrical system safety, fire protection systems, and environmental health and safety were pervasive because of a lack of adequate preventative maintenance and inspections being performed at the installations. As a result, DoD personnel and military families were exposed to health and safety hazards at installations around the world.

In addition, the DoD OIG issued eight audit reports from June 2011 through March 2016 related to BOSS contracts and facilities maintenance, worth approximately \$1.8 billion, in the U.S. Central and U.S. Africa Command areas of responsibility. The DoD OIG identified problems with contract documentation and requirements and contract oversight problems, such as the DoD not holding contractors accountable for poor performance while constructing and maintaining facilities. These systemic problems resulted in increased health and safety risks to service members and their families.

Since 2010, the DoD has been improving its policy and guidance on health and safety to strengthen requirements, and the DoD OIG did not identify any gaps or conflicts in coverage in policies and guidance establishing health and safety requirements for DoD facilities.

The DoD OIG recommended that the DoD annually perform at least two comprehensive, independent inspections of installations to verify compliance with

applicable health and safety requirements and to aid the DoD in improving facility sustainment worldwide. Management agreed with the recommendation. The DoD OIG also recommended that management develop standard operating procedures for services performed under BOSS contracts, including developing minimum requirements for a comprehensive risk assessment for each service performed under BOSS contracts. Management disagreed with the recommendation, and the DoD OIG requested that management provide alternate solutions to the recommendation.

Report No. DODIG-2017-004

Evaluation of Military Criminal Investigative Organizations' Adult Sexual Assault Investigations

The DoD OIG evaluated 378 Military Criminal Investigative Organizations' (MCIO) adult sexual assault investigations opened on or after January 1, 2014, and completed on or before December 31, 2015, to determine whether the MCIOs completed investigations as required by DoD, Military Service, and MCIO guidance. This evaluation was the third in a series of recurring evaluations of the MCIOs' closed adult sexual assault investigations.

The DoD OIG determined that 2 of the 378 cases (0.5 percent) reviewed had significant deficiencies that likely adversely impacted the outcome of the investigations. The DoD OIG returned those two cases for further investigative work. The deficiencies related to serological and trace evidence that were not collected or pursued and witness interviews that were not thorough or incomplete. The DoD OIG compared these results to its previous two evaluations, conducted in 2015 and 2013. In 2015, 4 of 536 (0.7 percent) cases were returned for significant deficiencies and, in 2013, 56 of 501 cases were returned (11.2 percent) for significant deficiencies.

The DoD OIG also evaluated cases for minor and administrative deficiencies, which were considered investigative deficiencies that likely did not affect either the investigative process or the outcome of the investigation. The DoD OIG determined that 4 percent had only minor deficiencies, 41.3 percent had administrative deficiencies, and 42.6 percent had no deficiencies. The DoD OIG also compared these results to its previous two evaluations, conducted in 2015 and 2013. In 2015, the DoD OIG determined that 7.6 percent had only minor deficiencies, and in 2013, found that 3.8 percent had only minor

deficiencies. In 2015, 24.1 percent of the cases had only administrative deficiencies, and in 2013, found that 14 percent had only administrative deficiencies. Overall, for the current evaluation, the number of cases with significant and minor deficiencies remained low, although the percentage of cases with administrative deficiencies increased.

The DoD OIG recommended that the Army and the Air Force implement measures to improve compliance with supervisory case review requirements. In response to the recommendation, the Air Force reemphasized the requirement of documenting case reviews during its senior leader conference on January 24, 2017.

The DoD OIG also recommended that the Navy and Air Force implement measures to improve compliance with subject processing requirements. The Navy and Air Force agreed with the recommendation.

DODIG-2017-054

Evaluation of Contracting Officer Actions on Cost Accounting Standard Noncompliances Reported by Defense Contract Audit Agency

The DoD OIG evaluated contracting officer actions on 27 DCAA reports that addressed noncompliances with cost accounting standard (CAS) 403, "Allocation of Home Office Expenses to Segments," CAS 410, "Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives," and CAS 418, "Allocation of Direct and Indirect Cost." The DoD OIG determined whether the contracting officer actions taken in response to the 27 reports complied with Federal Acquisition Regulation (FAR) Part 30.6, "Cost Accounting Standards Administration," DoD Instruction 7640.02, "Policy for Follow-up on Contract Audit Reports," and applicable agency instructions.

For the 27 DCAA CAS reports selected, the DoD OIG identified the following instances in which contracting officers did not comply with FAR, DoD Instruction 7640.02, or agency instructions.

- 12 instances when contracting officers did not issue a Notice of Potential Noncompliance within 15 days, as FAR 30.605(b)(1) requires;
- 16 instances when contracting officers failed to complete all actions on the reported noncompliances within 12 months, as DoD Instruction 7640.02 requires;

- 3 instances when contracting officers did not have adequate documentation or rationale for determining that the DCAA-reported noncompliance was immaterial, contrary to FAR 30.602; and
- 8 instances when contracting officers did not obtain a legal review of their CAS determination, as Defense Contract Management Agency (DCMA) Instruction 108 requires.

As a result, correction of the reported CAS noncompliances was delayed. In addition, contractors may have been inappropriately reimbursed for additional costs resulting from the noncompliances.

Also, in 15 of 27 instances, the DoD OIG determined that the contracting officers did not accurately record the status of their actions in the DoD contract audit followup system, as DoD Instruction 7640.02 requires. These errors diminished the reliability of the contract audit followup system as a tool for monitoring contracting officer actions on CAS noncompliances.

The DoD OIG recommended that the Director, DCMA, and the Commander, Naval Sea Systems Command, provide training on the requirements for processing CAS noncompliances in a timely manner. In addition, the DoD OIG recommended that the Director, DCMA, develop effective controls for helping to ensure that contracting officers adequately document their rationale when concluding that a noncompliance is immaterial, and to remind contracting officers of the requirements for obtaining legal and management reviews of CAS determinations. Management agreed with all recommendations.

Report No. DODIG-2017-032

Evaluation of Defense Contract Management Agency Contracting Officer Actions on Defense Contract Audit Agency Incurred Cost Audit Reports

The DoD OIG evaluated the appropriateness of DCMA actions on DCAA findings reported in 22 incurred-cost audit reports. Specifically, the DoD OIG determined whether DCMA contracting officers' actions on the 22 reports complied with applicable sections of the FAR, DoD Instruction 7640.02, "Policy for Follow-up of Contract Audit Reports," and DCMA policy.

For the 22 incurred cost reports evaluated, the DoD OIG found several instances when DCMA contracting officer actions did not comply with FAR, DoD Instruction 7640.02, or DCMA instructions. The DoD OIG found:

- 8 instances when contracting officers did not address direct costs questioned by DCAA worth \$305 million;
- 7 instances when DCMA did not assess or waive penalties on \$1.4 million in expressly unallowable costs, as FAR 42.709-3, "Assessing the Penalty," and FAR 42.709-5, "Waiver of the Penalty," require;
- 2 instances when contracting officers failed to document adequate reasons for not upholding \$5.6 million in audit recommendations, as FAR 42.705-1(b)(5)(iii) requires;
- 3 instances when questioned costs upheld by the contracting officer totaling \$4.3 million were not incorporated in the incurred cost agreement with the DoD contractor; and
- 5 instances when contracting officers did not complete their actions within the resolution and disposition timeframes established in DoD Instruction 7640.02.

As a result, contracting officers may have inappropriately reimbursed DoD contractors for millions of dollars in unallowable costs. In addition, contracting officers did not collect penalties that may have been due and did not address reported incurred cost findings in a timely manner.

Finally, in 15 of 22 reports, the DoD OIG determined that the contracting officers did not enter accurate status information in the DoD Contract Audit Follow-up (CAFU) system, which DoD Components use to track the status of actions that contracting officers take on DCAA audit reports. The errors diminished the reliability of the system as a tool for monitoring contracting officer actions on incurred-cost audit reports.

The DoD OIG recommended that DCMA address the outstanding questioned direct costs, assess or waive penalties as appropriate, consider educational or corrective opportunities for contracting officers, and correct the CAFU inaccuracies. Management agreed with the recommendations.

Report No. DODIG-2017-055

Assessment of DoD Voting Assistance Programs for Calendar Year 2016

The DoD OIG reported on the effectiveness and the level of compliance of DoD voting assistance programs, based on the annual reviews by the Service IGs, as well as on the National Guard Bureau's voting assistance program, according to section 1566(c), title 10, United States Code, and other applicable regulations.

The DoD OIG determined that the Army, Navy, Air Force, and Marine Corps IGs had reported that their 2016 inspections on their voting assistance programs were compliant and effective. The Army reported no major deficiencies, and the Navy and Marine Corps reported all previous deficiencies have been corrected.

However, the DoD OIG determined that the National Guard Bureau did not have a written voting assistance program and a current-year voting assistance plan as required by applicable regulations. As a result, the National Guard Bureau will have difficulty ensuring that effective coordination with the Adjutants General of the states provide required voting assistance to activated National Guard Bureau personnel. The absence of written voting assistance guidance from the National Guard Bureau, as required by both DoD and Service policy, also results in unclear chain-of-command authority and responsibility for problems with the Army National Guard and Air National Guard voting assistance programs.

The DoD OIG recommended that the Chief of the National Guard Bureau develop and issue a voting assistance policy including a contingency voting assistance program and a current-year voting assistance plan that complies with DoD and Army regulations. Management agreed with the recommendation.

Report No. DODIG-2017-071

Ongoing Work

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

- An evaluation to determine whether the level of DoD intelligence support is adequate to protect U.S. nuclear weapons in Europe.
- An evaluation to determine whether the Joint Targeting Toolbox capabilities satisfy DoD targeting intelligence requirements.

- An evaluation to determine whether the Military Services implemented a continuous monitoring and comprehensive counterintelligence-focused security review program to expand the military recruiting market to include certain legal, non-immigrant aliens. This program, Military Accessions Vital to the National Interest, is a pilot program.
- An evaluation of the satellite-based U.S. Nuclear Detonation Detection System.
- A summary report on behalf of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) on progress in complying with the public law reducing over-classification of Government information.
- An evaluation of the Air Force and Navy's explosive ordnance disposal support to the DoD's nuclear weapon mission.
- An evaluation of the controls and processes used to provide oversight on the Government and contracted users who have administrative rights over sensitive intelligence systems and information.
- An assessment on DoD's response to the August 2014 final report to the Secretary of Defense, Military Health System Review, Patient Safety, to determine the general state of patient safety in the Military Health System and to determine where emphasis and improvements are needed to ensure the health and readiness of the total force.
- An evaluation of the Army's Tactical Explosive Detection Dog (TEDD) Program, which was requested by the 2016 House Committee on Armed Services, to determine if the Army complied with appropriate criteria for the disposition of TEDDs dogs and whether the executive agent for the DoD Military Working Dogs Program provided the required management and policy oversight of the its disposition plan.
- An evaluation to determine the extent to which the European Reassurance Initiative increased responsiveness, interoperability, and sustainability of Central and Eastern European NATO allies on NATO's eastern border through capacity building and increased U.S. military exercises and training activities.

- An evaluation to determine whether the DoD's efforts to build counterterrorism and stability operations capacity of foreign military forces with "section 1206" funding was effectively managed, and whether it enhanced partner nation security force capabilities to participate in stability operations with the U.S. military. The evaluation will also determine if performance feedback data was used in the decision making and that the data met congressional reporting requirements.
- An evaluation to determine whether the Armed Forces Retirement Home provided healthcare services in accord with applicable national health-care standards and met the related quality-of-life needs of the residents of the retirement homes.
- An inspection of U.S.-Controlled and -Occupied Military Facilities at Camp Lemonnier, Djibouti, to verify compliance with DoD health and safety policies and standards regarding electrical and fire protection systems.
- A followup inspection on military housing in Japan to determine whether adequate management actions have been taken regarding fire protection and electrical systems and the implementation of environmental regulations or best practices to ensure the health and safety of housing occupants.
- A followup inspection on military housing in Korea to determine whether adequate management actions have been taken regarding fire protection and electrical systems and the implementation of environmental regulations or best practices to ensure the health and safety of housing occupants.
- An inspection to determine if the evolved expendable launch vehicle program conforms to AS9100C, "Quality Management System - Requirements for Aviation, Space and Defense Organizations" as contractually required.

POLICY AND OVERSIGHT

The DoD OIG provides policy, guidance, and oversight for the DoD's audits and investigations. The DoD OIG also provides analysis and comments on all 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 the Public Law 98-502, "Single Audit Act of 1984," as amended by the Public Law 104-156, "The Single Audit Amendments of 1996," the mission of the DoD OIG Single Audit Program is to provide 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 and Cost-Reimbursement Contracts) received or administered by state governments, local governments, institutions of higher education, and nonprofit organizations. The DoD OIG provides technical audit advice to auditors and auditees, conducts reviews of audit reports, advises auditors and auditees of audit report deficiencies, and conducts quality control reviews of selected single audits.

The DoD OIG completed 80 reviews of single audit reports, involving \$5.4 billion in DoD funds. The reviews resulted in the issuance of 75 memorandums to DoD-awarding components identifying 140 single audit report findings, including \$11.7 million of questioned costs that require DoD resolution actions.

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

- Report No. DODIG-2017-024, "Quality Control Review of the Ernst & Young LLP and the Defense Contract Audit Agency FY 2014 Single Audit of SRC, Inc." November 14, 2016, reported that SRC complied with Office of Management and Budget (OMB) Circular A-133 requirements in preparing the schedule of expenditures of Federal awards, the summary schedule of prior audit findings, and the

corrective action plan for the FY 2014 single audit. Ernst & Young and DCAA also complied with auditing standards and OMB Circular A-133 requirements in performing the SRC FY 2014 single audit. The DoD OIG did not make any recommendations.

Investigative Policy and Oversight

Investigation Regarding Assertions Made by Former United Launch Alliance Executive

At the request of the Secretary of Defense, the DoD OIG conducted an investigation regarding assertions made by United Launch Alliance's (ULA) former Vice-President of Engineering related to competition for National Security Space (NSS) launch missions, and whether the United States Air Force (USAF) Space and Missile Systems Center awarded contracts to ULA in accordance with DoD and Federal regulations. The executive stated at a conference that:

- a U.S. Senator claimed that ULA was "hiding five RD-180 engines" in its inventory to transfer the engines from NSS launch missions to commercial launch missions to influence congressional legislation;
- contracts for NSS launches were not awarded fairly because the DoD gave an unfair advantage ("lean the field") to ULA over other contractors;
- a conversation occurred between the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD[AT&L]) and the Lockheed Martin Chief Executive Officer (CEO) concerning the replacement of RD-180 rocket engines and a need to find a way to "silence" the before mentioned U.S. Senator (keep him from attacking the DoD) regarding rocket engines manufactured in the Russian Federation; and
- the DoD was "not happy" that ULA did not submit a proposal for a competitive launch service solicitation because the DoD gave ULA an advantage over other contractors.

The DoD OIG investigated these assertions and determined that:

- the ULA did not improperly transfer five RD-180 rocket engines from NSS launch missions to commercial launch missions;

- the DoD did not give an unfair advantage and did not collude with ULA for NSS launch contracts;
- there was no evidence that the USD(AT&L) and the Lockheed Martin CEO violated the Procurement Integrity Act; and
- the DoD's acquisition process was fair and equitable, and the ULA did not have an obligation to submit proposals for competitive launch contracts.

Finally, during the DoD OIG team's interviews of ULA's former Vice President of Engineering, the Vice President said that there was no factual basis for the assertions he made and characterized his assertions as postulation.

Report No. DODIG-2017-20

Criminal Investigative Policy

The DoD OIG evaluates the performance of and develops policy for DoD criminal investigative components, such as the 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 issued the following three policies that affected DoD criminal investigative agencies.

DoDI 5505.03, "Initiation of Investigations by Defense Criminal Investigative Organizations," March 24, 2011, (Incorporating Change 2, Effective February 13, 2017)

DoD Instruction 5505.03 was changed to establish policy that requires the Defense Criminal Investigative Organizations to identify a DoD nexus before initiating a criminal investigation or operation.

DoDI 5505.14, "Deoxyribonucleic Acid (DNA) Collection Requirements for Criminal Investigations, Law Enforcement, Corrections, and Commanders," December 22, 2015, (Incorporating Change 1, Effective March 9, 2017)

DoD Instruction 5505.14 was changed to update the process by which DNA is expunged from the Combined DNA Index System. Specifically, written requests for expungement of DNA records for civilians will now go to the U.S. Army Criminal Investigation Laboratory rather than the FBI.

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

DoDI 5505.18, “Investigation of Adult Sexual Assault in the Department of Defense,” March 22, 2017

DoD Instruction 5505.18 allows a victim of a sexual assault to anonymously report information from a restricted report to a MCIO without affecting the restricted nature of the report, which implements Public Law 113-291, “Carl Levin and Howard P. ‘Buck’ McKeon National Defense Authorization Act for Fiscal Year 2015,” section 543, December 19, 2014. It also updates requirements in United States Code, Title 42, Chapter 147 (also known as the “Prison Rape Elimination Act of 2003”).

Subpoena Program

The DoD OIG 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 statutory 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 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 October 1, 2016, through March 31, 2017, the DoD OIG issued 576 subpoenas.

Figure 2.15 DoD OIG Subpoenas Issued—FY 2017

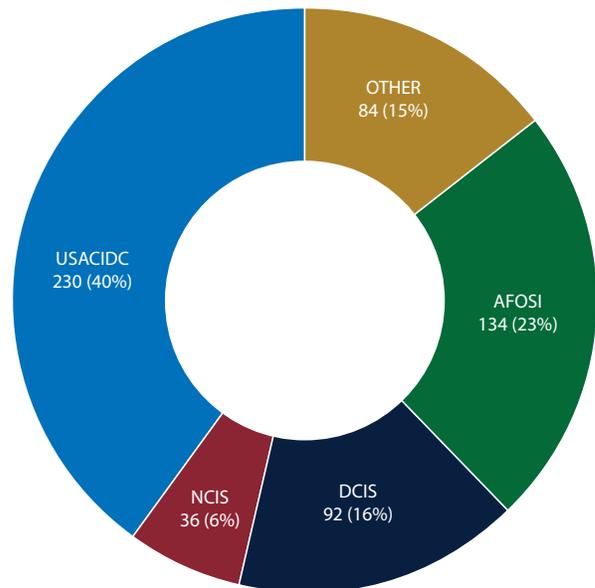
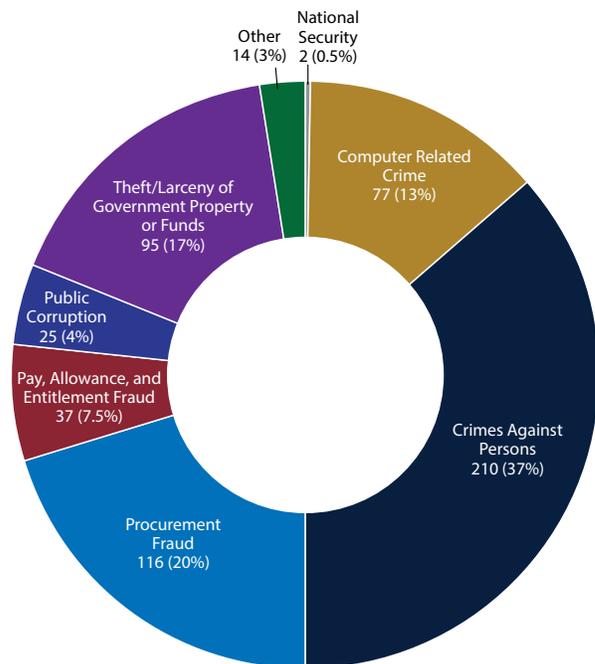


Figure 2.16 Subpoenas Requested by Type of Investigation



Contractor Disclosure Program

A contractor disclosure is a written disclosure by a DoD contractor or subcontractor to the DoD OIG that addresses 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.”

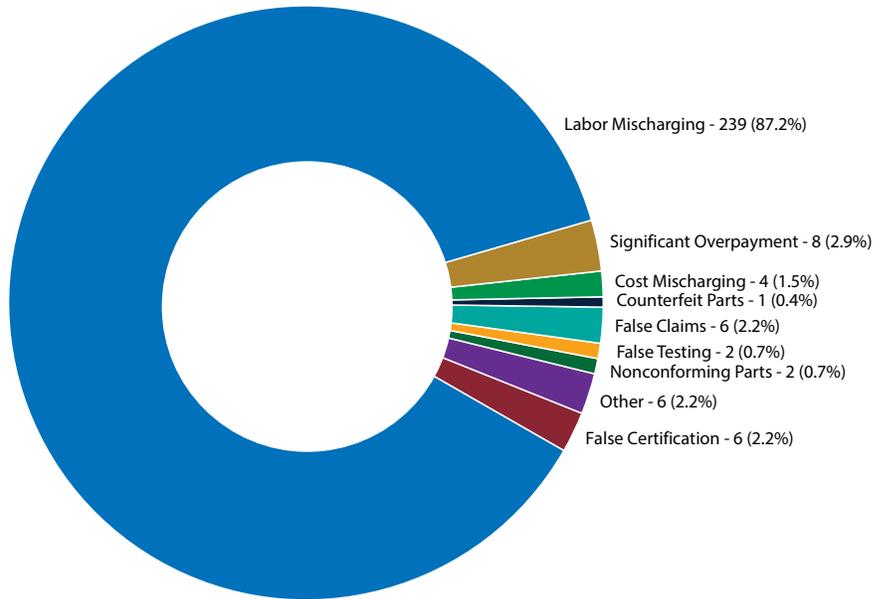
From October 1, 2016, through March 31, 2017, the DoD OIG received 274 contractor disclosures.

Ongoing Work

The following are examples of ongoing audit and investigative oversight work being conducted by DoD OIG’s Policy and Oversight component.

- Peer Reviews of the following DoD agencies and audit function that will determine whether the policies and procedures related to the system of audit quality are suitably designed and operating effectively.
 - » Defense Contract Audit Agency
 - » Army Internal Review
 - » Defense Logistics Agency

Figure 2.17 Contractor Disclosures by Type FY 2016 (October 1, 2016, through March 31, 2017)



LEAD INSPECTOR GENERAL

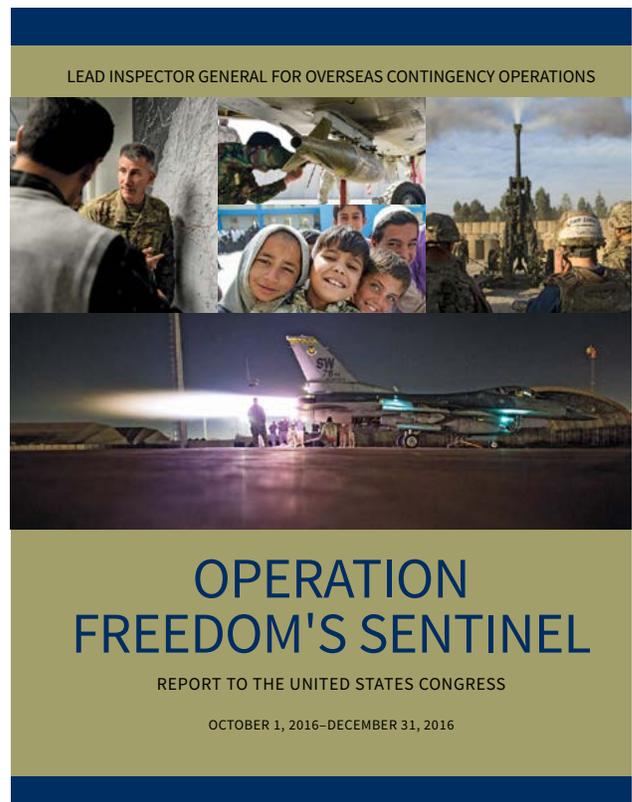
The DoD OIG's Overseas Contingency Operation (OCO) component supports Lead IG responsibilities and oversight coordination related to named OCOs. The OCO coordinates with the senior representatives from the Department of State OIG, the U.S. Agency for International Development OIG, and other OIGs to fulfill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

According to the FY 2013 National Defense Authorization Act (NDAA), the CIGIE Chair must designate a Lead IG for an OCO no later than 30 days after the commencement or designation of the military operation as an OCO that exceeds 60 days. The Lead IG for an OCO must be designated from among the IGs for the DoD, the Department of State (DoS), and the U.S. Agency for International Development (USAID). The OIGs for these agencies are responsible for staffing and supporting

the Lead IG in ensuring that comprehensive oversight is conducted and reporting is provided over all aspects of the contingency operation.

On March 31, 2015, the Lead IG began issuing quarterly reports for each contingency operation, detailing the oversight work conducted by the Lead IG agencies and its partner agencies. Quarterly reports to Congress for each OCO and related oversight activities are submitted separately and can be accessed online at <http://www.dodig.mil/OCO/index.cfm>. There are currently two designated OCOs.

Operation Inherent Resolve (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. On December 17, 2014, the CIGIE Chair designated the DoD IG as the Lead IG for OIR.



Operation Freedom’s Sentinel (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. The objective of the Resolute Support mission is to self-sustain Afghan National Army and Police forces that are capable of maintaining security in Afghanistan under responsible Afghan ministries. The Secretary of Defense announced the initiation of OFS on December 28, 2014. On April 1, 2015, the CIGIE Chair designated the DoD IG as the Lead IG for OFS.

Travel in Theater

In February 2017, the Acting DoD IG, as Lead IG, the DoS IG, and the USAID IG traveled to Afghanistan, Iraq, and Jordan to meet with military commanders, embassy officials, and USAID administrators. The purpose of this trip was to discuss the Lead IG responsibilities, activities, and challenges, as well as to learn about the challenges and environment facing the U.S. officials in each country. This trip marked the first time the IGs responsible for Lead IG reporting traveled to theater together, and it reflected a commitment to a coordinated and whole-of-government approach to OIR and OFS oversight.

Lead IG Hotline Activities

Each Lead IG agency has dedicated a Lead IG Hotline to receive complaints and contacts specific to its agency. The DoD OIG hotline provide 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.

The DoD 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.

The DoD OIG has an investigator to coordinate the hotline contacts received from among the Lead IG agencies and others as appropriate. During the reporting period, the investigator opened 229 OIR and 144 OFS cases, totaling 373 cases during the first and second

quarter of FY 2017. These cases were subsequently referred within the DoD OIG to the Lead IG agencies or to other investigative organizations for review and, as appropriate, investigation.

OCO Planning and Coordination

The Lead IG agencies use several processes to coordinate oversight and reduce redundancies in requests for information from U.S. Government officials executing programs under OIR and OFS. Initially, the Southwest Asia Joint Planning Group, which began in 2007, served as the primary vehicle to coordinate audits, inspections, and evaluations throughout Southwest Asia. Upon the designation of the lead IG for OIR in October 2014 and OFS in April 2015, the three Lead IG agencies began developing and carrying out joint strategic plans for comprehensive oversight of the two contingencies. Through this coordination, OCO identifies gaps, overlaps in oversight projects, and annually develops a Joint Strategic Oversight Plan for each OCO.

The Deputy IG for OCO is also the Chair of the interagency Southwest Asia 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 both OIR and OFS.

The Southwest Asia Joint Planning Group sponsors a complementary forum for coordinating the broader Federal oversight community’s efforts in Iraq, Syria, Afghanistan, and Southwest Asia, including oversight by the Services IGs, the Government Accountability Office, and Service 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.

Report on Inspector General Oversight Activities in Afghanistan

In accordance with the NDAA for FY 2017, the DoD IG, as the Lead IG for OFS, published a report on Inspector General Oversight Activities in Afghanistan. Section 1217 of the Act, enacted December 23, 2016, requires the Lead IG for OFS, in coordination with the DoS IG, the USAID IG, and the Special Inspector General for Afghanistan Reconstruction to submit to appropriate committees of Congress a report on the oversight activities planned in Afghanistan for FY 2017.

As required by section 1217, the report on Inspector General Oversight Activities in Afghanistan provided the following.

- A description of the requirements, responsibilities, and focus areas of each IG planning to conduct oversight activities in Afghanistan during FY 2017.
- A comprehensive list of the funding to be used for the oversight activities.
- A list of the oversight activities and products anticipated to be produced by each IG in connection with oversight activities in Afghanistan during FY 2017.

- An identification of any anticipated overlap among IG of planned oversight activities in Afghanistan during FY 2017, and a justification for such overlap.
- A description of the processes by which the IG coordinate and reduce redundancies in requests for information to Government officials executing funds in Afghanistan.
- A description of the specific professional standards expected to be used to ensure the quality of different types of products issued by the IGs regarding Afghanistan, including periodic reports to Congress and audits of Federal establishments, organizations, programs, activities, and functions.
- Any other matters the Lead IG for OFS considers appropriate.

The DoD OIG made six recommendations for statutory revisions designed to improve administrative aspects of the Lead IG process. Three proposals are designed to clarify and improve the processes for the initiation, as well as the termination of Lead IG responsibilities, upon the designation or the commencement of an OCO. Three additional proposals for amendments to Section 8L are designed to improve the three Lead IG agencies' ability to attract and retain highly qualified and experienced employees to serve on a temporary basis in support of the Lead IG's oversight of an OCO. Quarterly Reporting

The OCO component publishes quarterly reports involving each OCO and current, ongoing, and future oversight work conducted by the Lead IG and its partner agencies throughout the year. During this reporting period, the Deputy IG for OCO published two quarterly reports on each of the OCOs, totaling 18 quarterly reports since its inception. In support of Lead IG responsibilities, the OIGs of DoD, DoS, and the USAID are conducting 28 OIR and 30 OFS audits, assessments, and evaluations. Further, the three Lead IG agencies have published a total of 84 reports on completed oversight projects.

INSPECTOR GENERAL OVERSIGHT ACTIVITIES IN AFGHANISTAN



AS REQUIRED BY SECTION 1217 OF THE NATIONAL DEFENSE AUTHORIZATION ACT OF 2017 ENACTED DECEMBER 23, 2016

OCO Investigations

The investigative components of the Lead IG agencies, and their partner agencies, conduct investigative activity related to OIR and OFS. During the reporting period, the Lead IG agencies used 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. Together, the OIGs are conducting 72 OIR and 29 OFS investigations.

The Fraud and Corruption Investigative Working Group held its first investigative coordination meeting on Camp Arifjan, Kuwait from in late January, 2017. During this 2-day in-person meeting, the working group members and representatives from the Special Inspector General for Afghanistan Reconstruction discussed strategic Lead IG issues involving OIR and OFS, investigative coordination and deconfliction across Southwest Asia, DoD OIG Hotline operations to support Lead IG activities, and current initiatives regarding Trafficking in Persons investigations.

The Lead IG agency investigation components and representatives from the military criminal investigative organizations form the Fraud and Corruption Investigative Working Group. The members of the group include DCIS, the DoS OIG, the USAID OIG, the U.S. Army Criminal Investigation Command, the Naval Criminal Investigative Service, and the Air Force Office of Special Investigations. The FBI is a collaborating agency. The members coordinate and deconflict their investigations of fraud and corruption in OIR-related programs and operations.

As of March 31, 2017, the Lead IG agencies had 72 ongoing OIR-related investigations. The OIR-related investigations involved 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.

As of March 31, 2017, the Lead IG agencies had 29 ongoing OFS-related investigations. These investigations involved allegations of procurement, grant, and other program fraud; corruption involving U.S. Government officials; theft and diversion of Government funds or equipment; and trafficking in persons.

Selected Lead IG Oversight Work

The following are highlights of Lead IG oversight work conducted by the DoD OIG during the reporting period for OIR and OFS.

Evaluation of U.S. Forces–Afghanistan Intelligence Training for Afghan Ministry of Defense Forces

The DoD OIG evaluated USFOR-A's progress towards meeting OFS Intelligence train, advise, and assist objectives, as identified under the NATO–led RESOLUTE SUPPORT mission.

The DoD OIG determined that the USFOR-A developed and conducted focused and relevant training for Afghan Ministry of Defense (MoD) personnel. USFOR-A training focused on building intelligence capabilities and sustainment of intelligence systems and equipment. However, the DoD OIG found that the Afghan MoD needed to place additional emphasis on intelligence operations and on the maintenance of intelligence equipment.

The DoD OIG made two recommendations to the USFOR-A: 1.) establish control measures and incentives for the MoD to reach training goals; and 2.) have a training plan that takes into better consideration Afghan training challenges. Management nonconcurred with the recommendation to implement further control measures, preferring to use incentives and rapport to assist the Afghan MoD to meet training goals. Additionally, management nonconcurred with the second recommendation to make changes to its training plan, stating that the USFOR-A conducted training. The DoD OIG, in response to management comments, requested that the USFOR-A identify proposed incentives and produce a training plan that considers the Afghan training challenges identified in the report.

Report No. DODIG-2017-025

The Combined Security Transition Command–Afghanistan Needs to Strengthen the Controls Over U.S. Direct Assistance Funding

The DoD OIG determined whether the Combined Security Transition Command–Afghanistan (CSTC-A) and the Government of Islamic Republic of Afghanistan’s (GIROA) Ministries of Defense and Interior (MoD and MoI) had established and implemented effective controls over the contract management process.

The DoD OIG determined that the GIROA and CSTC-A initiated several measures to strengthen the controls over the contract management process. Specifically, the GIROA established the National Procurement Authority and National Procurement Commission to scrutinize contracting actions, and the CSTC-A created a process to review new project requirements packages. These initiatives improved GIROA’s capacity to independently identify and develop requirements. In addition, CSTC-A has begun imposing limited penalties for failure to comply with the FY 1395 Bilateral Financial Commitment Letter (commitment letter) requirements. However, the the GIROA and CSTC-A need to implement additional controls to improve continuing shortfalls in GIROA’s contracting process. Provincial leaders entered into informal agreements with contractors to provide goods and services without the authority to obligate the ministry, which put the contractors at risk of not being paid for goods and services provided. The GIROA also had not identified areas of high risk within the procurement process because the GIROA had not fully implemented a Ministerial Internal Control Program. In addition, CSTC-A did not consistently penalize commitment letter violations or have a formal process in place to determine and enforce penalties for violations.

As a result, U.S.-direct assistance funding continues to be vulnerable to fraud, waste, and abuse. In addition, the GIROA may not be able to fulfill Afghan National Defense and Security Forces requirements reliably. For example, in April 2016, the GIROA submitted a requirement for 195,000 Afghan National Defense and Security Forces uniforms to be funded through an on-budget contract. CSTC-A’s Requirements Approval Board identified shortfalls with the development of contract requirements packages, including the lack of clear and measurable evaluation criteria, not including experts in clothing fabrication, and the ministry’s acquisition agency not conducting a bidder’s conference. As a result, the Requirements Approval Board recommended restarting the contract process.

During the audit, the DoD OIG advised the Commander, CSTC-A, that deficiencies existed in the controls over the contract management process. Specifically, MoI contractors performed work without formal contracts, ministry Inspectors General did not perform high-risk assessments, and CSTC-A did not consistently enforce penalties for violating the commitment letter. The DoD OIG discussed with CSTC-A officials several suggestions to address these issues and improve the contract management process. The Commander agreed with one of the DoD OIG recommendations and initiated steps to implement corrective actions.

Report No. DODIG-2017-027

Combined Security Transition Command–Afghanistan Improved Controls Over U.S. Funded Ministry of Defense Fuel Contracts, but Further Improvements Are Needed

The DoD OIG determined whether CSTC-A and the GIROA established effective controls for the oversight of MoD fuel contracts. The DoD OIG audited CSTC-A controls of two MoD-awarded, Afghanistan Security Forces Fund–funded contracts that provided vehicle and generator fuel to the Afghanistan National Army (ANA) with an aggregate ceiling value of \$174.7 million.

The DoD OIG determined that CSTC-A and the MoD initiated several measures to improve the oversight of the MoD fuel contracts funded by U.S.-direct assistance. Specifically, CSTC-A and the MoD:

- established regular Logistics Executive Steering Committee meetings to increase the internal coordination among the Essential Function-2, Essential Function-5,
- began assessing financial penalties on specific ANA corps for insufficient commitment letter compliance; and
- validated MoD’s annual fuel requirements.

However, CSTC-A and the MoD need to implement additional controls to improve the verification of fuel data. Specifically, CSTC-A and the MoD could not ensure the accuracy of fuel delivery reports and fuel consumption reports provided by vendors and ANA corps, respectively. As a result, U.S.-direct assistance continues to be vulnerable to fraud, waste, and abuse. Specifically, CSTC-A did not have reasonable assurance that fuel purchased on two contracts funded by U.S.-direct assistance, valued at \$174.7 million, would be used to support ANA requirements.

The DoD OIG recommended that the Commanding General, CSTC-A, require future MoD fuel contracts to include provisions for periodic, unannounced inspections to validate fuel deliveries. Additionally, the DoD OIG recommended that the Commanding General, CSTC-A, direct the Essential Function-1 Audit division to conduct an assessment of the current ANA Office of the General Staff, Inspector General and Office of the General Staff, Chief of Logistics consumption report verification processes to determine its adequacy. Management agreed with the recommendations and started taking action during the audit.

Report No. DODIG-2017-041

The Army Did Not Have Assurance That Heavy Lift Contractors in Kuwait Complied With Contract Requirements

The DoD OIG determined whether the DoD provided effective oversight of the Army Heavy Lift contracts in Kuwait. The Heavy Lift program is used in support of OIR to provide commercial transportation services for moving Army equipment, cargo, and personnel throughout Kuwait. Because the Heavy Lift program is in its seventh iteration, these contracts are referred to as the Heavy Lift VII (HL7) contracts.

The DoD OIG determined that the Army did not provide effective oversight of the HL7 contracts in Kuwait. Specifically, HL7 contracting officer's representatives (CORs) did not perform monthly surveillance of each active contractor and each type of contracted vehicle or use the approved checklist to document surveillance. As a result, the Army did not have reasonable assurance that HL7 contractors complied with contract requirements

and that the \$205 million in services received from September 2011 through August 2016 represented the best value to the Government. The Army also did not provide effective administration of the HL7 contracts including lack of critical documentation in the contract file, such as contract amendments and task orders; complete contractor performance assessments; and training and appointment records for CORs. As a result, the Army did not have adequate evidence to support contractor performance, which could affect the Government's position in the case of a contractual dispute. Further, performance assessments provided Federal source selection officials with relevant information about a contractor's performance under previously awarded contracts. Therefore, not assessing two of the HL7 contractor's performance increases the Government's risk of acquiring services from a poor-performing contractor.

To improve the oversight of the HL7 contracts, the DoD OIG recommended that the Commander, 408th Contracting Support Brigade, in coordination with the Commander, 1st Sustainment Command (Theater), update the existing quality assurance surveillance plan to tie to performance work statement requirements, implement a mechanism that tracks and resolves contractor deficiencies, and establish regular and recurring meetings with HL7 oversight staff.

To improve the administration of the HL7 contracts, the DoD OIG also recommended that the Commander, 408th Contracting Support Brigade, and the Executive Director, Army Contracting Command—Rock Island, coordinate to develop a process for routinely monitoring the official contract file and COR working files for completeness. Additionally, the DoD OIG recommended that the Executive Director, Army Contracting Command—Rock Island ensure all contractors are rated in a timely manner and that the COR surveillance results are incorporated in the overall rating, and, in addition to the 408th Contracting Support Brigade, establish formal procedures for training CORs and managing HL7 oversight. Management agreed with the two recommendations and took action during the audit to address the causes of the deficiencies pertaining to contract surveillance and administration.

Report No. DODIG-2017-035

Navy Inaccurately Reported Costs for Operation Freedom's Sentinel in the Cost of War Reports

The DoD OIG examined the accuracy of the Navy's obligations and disbursements supporting Operation Freedom's Sentinel (OFS), as reported, for select Navy appropriations, in the Cost of War (CoW) report.

The DoD OIG determined that the Office of the Assistant Secretary of the Navy (Financial Management and Comptroller), Deputy Assistant Secretary of Financial Operations, Accounting and Financial Reporting Division, and Deputy Assistant Secretary for Budget could not support \$866.3 million (91.3 percent) in obligations reported in the first quarter FY 2016 CoW reports. This occurred because they did not establish adequate processes to identify transactions for the OCOs within the Standard Accounting and Reporting System—Field Level, a Navy accounting system. As a result, the Navy could not provide assurance that it accurately reported OFS obligations and disbursements to Congress for first quarter FY 2016, and it could not ensure accountability for the spending of OCO funds.

The DoD OIG review of the Navy's internal controls identified significant inaccuracies within the Navy's first quarter FY 2016 CoW reports. Specifically, the Navy inaccurately reported \$20.1 million in obligations and \$85.4 million in disbursements for first quarter FY 2016 due to the lack of adequate standard operating procedures. Further, the Navy inappropriately reported more than the incremental costs in the CoW report. Incremental costs are additional costs to the DoD that would not have been incurred if the contingency operation had not been supported. The Navy misstated the costs reported because Deputy Assistant Secretary for Budget personnel did not include the requirement to limit reporting to incremental costs in its implementing guidance. The Navy could not identify all transactions for Navy OCOs, which impacted the DoD OIG's ability to determine the full amount of the misstatements reported in the CoW report.

The DoD OIG recommended the Deputy Assistant Secretary of Financial Operations, Accounting and Financial Reporting Division, and Deputy Assistant Secretary for Budget, in coordination with the Comptroller, Pacific Fleet Command, and the Comptroller, U.S. Fleet Forces Command, should reengineer processes to identify all Navy transactions for the OCOs. The Deputy Assistant Secretary for Budget, in coordination with budget submitting offices and support activities, should develop and implement standard operating procedures that cover end-to-end CoW reporting processes. Further, the Deputy Assistant Secretary for Budget should develop and implement a consistent methodology to report only incremental costs.

Management comments did not fully address the recommendation to reengineer processes to identify Navy OCO transactions and to address the need for standard operating procedures and a consistent methodology to report only incremental costs. Therefore, the DoD OIG requested additional comments.

Report No. DODIG-2017-067

Ongoing Work

The following are examples of ongoing evaluations being conducted by the DoD OIG and other Lead IG agencies regarding the OIR and OFS.

- An evaluation of the DoD's process for allocating intelligence, surveillance, and reconnaissance capabilities to support OIR.
- An assessment of U.S. and Coalition efforts to train, advise, assist, and equip the Iraqi Counterterrorism Services and the Iraqi Special Operations Forces in support of operations against ISIL.
- An evaluation of the program used to train and equip the U.S.-backed Syrian opposition forces.
- An evaluation of the overall programs and operations of the Bureau of Population, Refugees, and Migration to assess the effectiveness of its humanitarian support activities in Iraq, Syria, and neighboring countries.

CORE MISSION AREAS

- An audit to determine whether the Department of State is obtaining terrorism-related information, reporting that information for watch-listing purposes, and properly screening visa applicants for ties to terrorism.
- An audit to determine whether the Department of State has complied with the process for vetting non-lethal aid recipients in Syria and whether the assistance provided has been used as intended.
- An audit to determine whether the U.S. Agency for International Development awarded, obligated, modified, monitored, and reported funds according to established requirements, and the costs incurred were supported, allowable, allocable, and reasonable in accordance with established requirements and award provisions.
- An evaluation of the allegations of child sexual abuse by some members of the Afghan National Defense and Security Forces, in response to concerns raised by the staff of the Senate Committee on Armed Services and various Members of Congress, who have raised serious questions about international and U.S. law and DoD policy related to child sexual abuse by Afghan National Defense and Security Forces personnel.
- An assessment of U.S. and Coalition efforts to enable the Afghan Ministry of Defense to develop its oversight and internal control capability to evaluate the success of the train-advise-assist efforts at the Afghan Ministry of Defense.
- An Assessment of U.S. and Coalition Efforts to train, advise, and assist the Afghan Air Force and evaluate the progress towards their effort.
- An audit to determine whether U.S. Africa Command is effectively managing Acquisition Cross-Service Agreement transactions for logistics support, supplies, and services.
- An audit to determine whether the Army properly managed the requirements of the contracts for Heavy Lift VII transportation.
- An audit to determine whether the Combined Security Transition Command–Afghanistan provided effective oversight of ammunition for the Afghanistan National Defense and Security Forces.



An Explosives Instructor Teaches an Afghan Uniform Police Officer How to Handle Composite C-4

Source: U.S. Marine Corps.

3. ENABLING MISSION AREAS



CONGRESSIONAL TESTIMONY AND BRIEFINGS

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, congressional staff, and individual Members of Congress.

Hearings

On February 28, 2017, Acting IG Glenn A. Fine testified before the House Armed Services Subcommittee on Oversight and Investigations at a hearing on DoD OIG Report 2017-049 “Unclassified Report of Investigation on Allegations Relating to USCENTCOM Intelligence Products.” Acting IG Fine testified about the findings and recommendations contained in the OIG report of investigation into allegations that senior officials at USCENTCOM falsified, distorted, delayed, or suppressed intelligence projects related to its effort to degrade and destroy ISIL.

The USCENTCOM investigation was one of the largest conducted by the DoD OIG in its 34-year history. It involved more than 30 DoD OIG personnel who conducted more than 150 interviews and collected over

17 million documents and files, including approximately 2 million e-mails. Acting IG Fine’s testimony focused on the summary of findings from the 190-page unclassified report and the 29 recommendations to improve intelligence processes and reduce the risk that allegations, such as the concerns in this report, could arise in the future. Acting IG Fine’s written statement is available at: <http://www.dodig.mil/pubs/testimony/DoDOIGFine%2002272017.pdf>.

On March 2, 2017, Acting IG Fine testified before the Senate Select Committee on Intelligence at a closed hearing that focused on the 542-page classified report on the U.S. Central Command investigation. Classified at the secret level, this report described DoD OIG findings and the evidence on which they are based, in exhaustive detail.



Acting Inspector General Glenn Fine
Source: The DoD OIG.



Meetings With Congressional Members and Staff

During the reporting period, the DoD OIG conducted 31 meetings and participated in numerous phone calls with congressional staff and Members of Congress.

Topics of discussion included pending legislation and:

- the investigation of allegations that U.S. Central Command intelligence reports were distorted to support a positive portrayal of success in the U.S. mission in Iraq to assist the Iraqi Army to defeat ISIL;
- a briefing on the Defense Case Activity Tracking System case management systems to demonstrate how incoming whistleblower complaints are processed;
- a discussion on the Inspector General Empowerment Act, which was enacted on December 16, 2016;
- a briefing on the new DoD OIG sexual assault reprisal investigations unit;
- several discussions regarding an ongoing investigation of an allegation that DoD Officials conveyed inaccurate or misleading information to Congress concerning the site selection process for the Royal Air Force Croughton, United Kingdom, Joint Intelligence Analyses Complex; and
- a briefing on the OIG oversight plan for FY 2017.

Congressional Requests

The Office of Legislative Affairs and Communications serves as the point of contact in the DoD OIG for communications with Congress and the media. During the reporting period, the office received 90 new congressional inquiries and conducted audits and reviews in response to congressional interest and statutory mandates. In addition, the office proactively informs congressional staffers about OIG reports and OIG work.

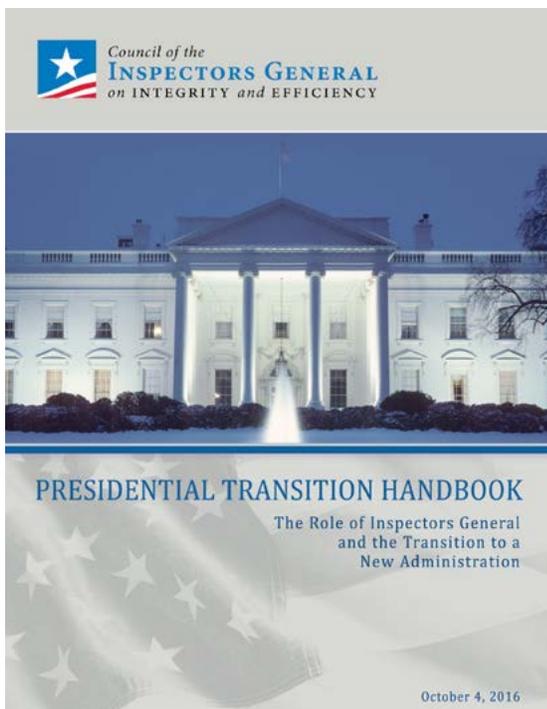
The following are examples of congressionally directed reviews that concluded during this reporting period.

- DODIG-2017-028, “Follow up to DoD Evaluation of Over Classification of National Security Information,” December 1, 2016
- DODIG-2017-039, “Requirements for the Air Force Civilian Pay Budget Still Need Improvement,” January 5, 2017
- DODIG-2017-060, “Defense Commissary Agency Purchase of Fresh Produce in Guam,” February 28, 2017
- DODIG-2016-061, “Evaluation of National Security Agency Counterterrorism Tasking Process Involving Second Party Partners,” March 1, 2017
- DODIG-2016-066, “Army Did Not Support Business Case Analysis Recommending Transition of Human Immunodeficiency Virus Testing,” March 14, 2017

Council of the Inspectors General on Integrity and Efficiency

CIGIE was statutorily 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 the inspectors general.

During the reporting period, Acting IG Fine continued to chair the CIGIE Presidential Transition Working Group. This group produced a Presidential Transition Handbook for transition teams, as well as new Administration officials, who may not be familiar with the role of IGs. It is designed to provide a quick overview of the role of IGs, their processes, the types of reports they issue, their mandatory reporting requirements, their unique roles and responsibilities, and their potential role in the Presidential transition. The report can be accessed online at CIGIE’s website at <https://www.ignet.gov>. Acting IG Fine also served on CIGIE’s Audit, Inspections and Evaluations, and Investigations committees.



Defense Council on Integrity and Efficiency

The Defense Council on Integrity and Efficiency (DCIE) is chaired by the DoD IG and meets on a quarterly basis to ensure effective coordination and cooperation among the activities of the DoD IG; 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.

During the reporting period, the DCIE focused on issues related to 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 OCO oversight and reporting.

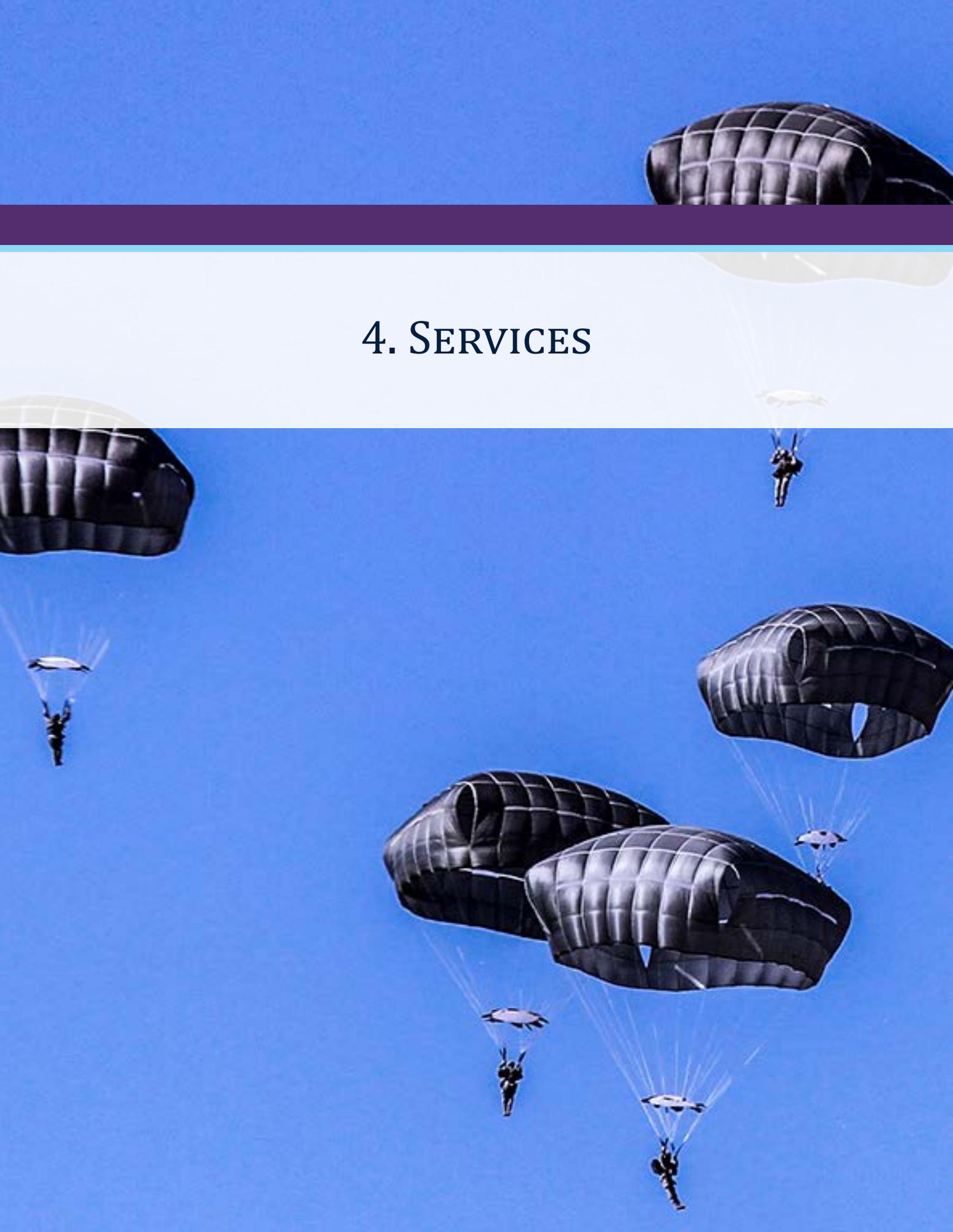
Administrative Investigations Committee

The DCIE Administrative Investigations (DCIE-AI) Committee held a plenary session with IG representatives from the Military Services, the Joint Staff, the National Guard Bureau, the Defense Logistics Agency, the Defense Threat Reduction Agency, the National Geospatial-Intelligence Agency, the U.S. Southern Command, and U.S. Transportation Command. DoD OIG representatives from the Investigations of Senior Officials and the Whistleblower Reprisal Investigations Directorates presented lessons learned from oversight reviews, which generated discussions among the participants regarding current processes and best practices.

DCIE-AI Training Subcommittee

During this reporting period, the DCIE–AI Training Subcommittee held two meetings. The first meeting, on October 13, 2016, focused on upcoming training events that were open to all service components and agencies. The meeting chairperson also provided information on “Intelink,” an online forum established to share information and enhance collaboration among the DCIE-AI members. The second meeting, on February 16, 2017, addressed the importance of shared practices and plans to implement uniform investigative standards as required under the National Defense Authorization Act for FY 2017.

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 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

To accomplish its mission, the USAAA relies on a workforce of highly trained professional auditors, many with advanced degrees and professional certifications. 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 an 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 first half of FY 2017, the USAAA published 51 reports, made over 190 recommendations, and identified about \$862 million of potential monetary benefits. A few of the USAAA's significant reports are described in the following paragraphs.

Army Working Capital Fund Inventory at Contractor Locations

The USAAA audited the processes that contractors used to report Army Working Capital Fund (AWCF) inventory and related transactions in the Logistics Modernization Program (LMP). The USAAA audit objective was to verify that AWCF inventory at contractor locations was accurately accounted for and reported on the Army's financial statements. The audit focused on five contractor locations representing specific LMP plants using multiple methods to report AWCF inventory. These five plants represented a significant portion of the total contractor-managed inventory valued at about \$2.8 billion.

The USAAA determined that AWCF inventory held by contractors was not accurately accounted for and reported on the Army's financial statements at four of the five locations. Contractors had effective processes to account for inventories; however, the Army life-cycle management commands were using different methods to update contractor-managed inventory in LMP, which sometimes were not effective. Causes for inventory errors included weak oversight of manual update contracts, data entry errors on manual electronic submissions, and insufficient reconciliations between contractor and Government inventory data. Also, some internal control practices exercised by contractors were not aligned with audit readiness standards.

In addition, the USAAA determined that contract statements of work did not explicitly require contractors to complete the quantity and signature blocks on inventory issue and receipt forms or require signatures on hardcopy inventory count sheets for the person counting inventory and their supervisor. As a result, parts and supply planning could be negatively impacted, and inventory may not be accurately reflected on the AWCF financial statements, which could place the Army at risk of not being able to assert it had a complete and auditable balance for AWCF inventory.

The USAAA recommended that the Commanding General, U.S. Army Materiel Command, improve controls over inventory. Recommendations made by USAAA included directing life-cycle commands to

perform a 100-percent reconciliation of LMP records with contractor hardcopy records, developing policy and contract language requiring contractors to use the direct access method to LMP for processing inventory transactions, and developing contract requirements that facilitate meeting audit readiness goals and incorporate them into the AWCF inventory support contracts. The Assistant Secretary of the Army (Financial Management and Comptroller) agreed with the findings and recommendations.

Report No. A-2017-0003-FMR

U.S. Army National Guard Recruit Sustainment Program

The USAAA verified that the U.S. Army National Guard (ARNG) met established metric goals for its Recruit Sustainment Program (RSP) and that the ARNG provided sufficient oversight for the program's contract. The ARNG's objective for the RSP was to ensure recruits had a smooth transition to their eventual ARNG unit, maximizing new recruits' training pipeline success. The ARNG used contractor personnel to ensure recruits were administratively prepared to attend training.

The USAAA determined that the ARNG achieved mixed success in meeting program goals. Specifically, the ARNG increased training pipeline success about 13 percent since the program's inception in 2005 but had not yet achieved its goal of 84 percent. The ARNG met or closely met two of the four metrics it believed contributed to training pipeline success. However, the ARNG did not use management tools to monitor performance of states and territories and initiate corrective actions for identified issues, establish a formal process to evaluate the continued appropriateness of the metrics, and dedicate resources necessary to monitor the program fully and initiate the corrective actions. In addition, the USAAA determined that the ARNG did not fully ensure RSP services were provided as specified in the contract. For example, the contractor met the shipper packet quality control goal at the national level but not in 32 States and territories. This occurred because the ARNG did not assign enough contract oversight personnel and maintain knowledge continuity when personnel changed, develop and fully execute a quality assurance surveillance plan that fully addressed contract compliance with the Federal Acquisition Regulation, or establish a formal process to evaluate the sufficiency and continued appropriateness of metrics to the contract's scope of work.

The USAAA made seven recommendations to the Director, ARNG, to improve oversight over the program and its associated contract. These recommendations included establishing and documenting processes to better monitor program and contract performance, establishing processes to periodically evaluate the continued appropriateness of program and contract metrics and make changes as necessary, and designating state or regional level representatives to assist in maintaining contract oversight. The ARNG concurred with the recommendations or provided alternative actions that the USAAA believed met the intent of the recommendations. By implementing these actions, the ARNG can move closer to achieving RSP goals and meet its mission of retaining qualified recruits.

Report No: A-2017-0004-MTH

Command, Control, Communications, Computers, and Intelligence Management in Korea, Phase II: Security During Sensitive Compartmented Information Facility Construction

The former Chief of Staff, U.S. Forces Korea (USFK), asked the USAAA to audit the managing of command, control, communications, computers, and intelligence for Korea relocation programs. This second audit in the series focused on controls to secure and install command, control, communications, computers, and intelligence material. The USAAA audited processes to secure Sensitive Compartmented Information Facilities (SCIFs) during construction.

The USAAA determined that the USFK, Eighth Army, and 1st Signal Brigade did not have effective controls in place to ensure that the SCIF was constructed in accordance with required security protocols. While the accrediting official at the Defense Intelligence Agency approved the SCIF's construction security plan, brigade personnel did not adhere to some controls identified in the plan. These conditions occurred because the USFK did not obtain sufficient funds from the Republic of Korea, which was responsible for funding the project's security requirements under the Yongsan Relocation Plan, so 1st Signal Brigade could assign trained, full-time site security managers to the project. However, the USFK did not include security requirements on the DD Forms 1391, "FY__ Military Construction Project Data," when planning the project. Therefore, the Republic of Korea government did not fund the requirements, and 1st Signal Brigade had to rely on a series of untrained

temporary site security managers. As a result, onsite security personnel compromised jobsite security and placed the SCIF's accreditation at risk. Further, the accrediting official did not know that onsite security personnel were not adhering to some controls required in the construction security plan so he did not take appropriate risk mitigation measures.

The USAAA recommended that the Commander, USFK, review construction security plans for all Yongsan Relocation Plan SCIF projects to determine additional funding needed to construct SCIFs; assign responsibility and provide oversight to ensure that site security managers obtain approval from accrediting officials before implementing changes to construction security plans; and establish procedures for counterintelligence and criminal background checks. The Commander, USFK, generally agreed with the recommendations and stated that the USFK was taking action to implement them. The Deputy Chief of Staff, G-2, agreed with the recommendations and stated that the Defense Intelligence Agency approved a revised security plan that mitigated the weaknesses found and confirmed that the weaknesses would not prevent accreditation.

Report No. A-2017-0006-FMP

Financial Operations and Property Accountability at the Arizona Army National Guard U.S. Property and Fiscal Office

The USAAA conducted this audit to verify that the U.S. Property and Fiscal Office (USPFO) for Arizona had sufficient controls over financial operations and property accountability to prevent fraud, waste, and abuse. The USAAA reviewed FY 2012 to FY 2015 fund management procedures for cash collections and support agreement reimbursements and FY 2012 to FY 2016 property management procedures for central issue facility organizational clothing and individual equipment (OCIE).

The USAAA determined that the Arizona ARNG and USPFO did not have sufficient controls in place over financial operations and OCIE property accountability to provide assurance that Government funds were not wasted or abused and that the OCIE was not lost or stolen. The USAAA reported that USPFO mismanagement and internal control breakdowns led to financial management weaknesses that resulted in \$19.2 million in unliquidated obligations, \$1.8 million in unreconciled cash collections, 12 potential Antideficiency

Act violations of about \$4 million, and property accountability weaknesses, which resulted in the loss of OCIE accountability totaling about \$803,400.

This occurred because the USPFO did not have financial management and logistics policy and procedures in place or provide sufficient operational oversight to ensure that it operated in accordance with DoD and Army policy. In addition, the USPFO did not implement corrective actions to address the findings of National Guard Bureau inspection teams or coordinate logistics control responsibilities with the Arizona ARNG Deputy Chief of Staff for Logistics and unit commanders. The National Guard Bureau also lacked sufficient logistics oversight controls because it did not require the Arizona ARNG and the USPFO to develop corrective action plans or provide status reports to fix recurring inspection weaknesses. As a result, the National Guard Bureau and the Army did not have assurance that the Arizona ARNG and the USPFO mitigated the Army's risk of potential fraud, waste, and abuse or could achieve audit readiness and property accountability goals.

The USAAA made recommendations to develop and monitor corrective action plans for financial and logistics operational control weaknesses; conduct quarterly financial management reconciliations to minimize future unliquidated obligations and monitor master cooperative and support agreements funding; establish standard operating procedures; and assess program improvement progress. The USAAA also made recommendations to research and closeout unreconciled cash collections and outstanding unliquidated obligations, which provided the Arizona ARNG and the USPFO an opportunity to realize potential monetary benefits of about \$19.2 million. The Director, J-8, National Guard Bureau, agreed to the recommendations and potential monetary benefits.

Report No. A-2017-0007-FMX

Audit of Reception Battalion In-Processing Procedures

At the request of the previous Commander, U.S. Army Center for Initial Military Training, the USAAA performed this audit to verify that Reception Battalions (RECBNs) had sufficient in-processing procedures to maximize training seat usage at training centers. The USAAA observed in-processing procedures at the four RECBNs and conducted a statistical sample of 286 soldiers from FY 2015.

Although RECBNs had in-processing procedures in place, U.S. Army Training and Doctrine Command and its supporting agencies could implement various efficiencies. The USAAA identified several areas in need of improvement to maximize training seat use and to use Army resources more efficiently. These areas included holdunders, holdovers, information management, and first-night processing. These conditions occurred because the Command sometimes did not ensure that soldier scheduling fully supported the 3-day processing standard and that standardized in-processing procedures were in place to maximize process efficiency procedures. Also, Army guidance lacked detailed roles and responsibilities for in-processing support. Further, the Command did not have a current manpower assessment that defined personnel requirements necessary to meet the RECBN mission. The challenges noted in these areas led to the reception battalions' inability to fully prepare for incoming soldiers and complete in-processing procedures. These issues increased training costs, as well as the Command's concern regarding behavior-related issues, because of nonrequired processing time for RECBN soldiers.

The USAAA made various recommendations to the Deputy Chief of Staff, G-1; the Commander, U.S. Army Materiel Command; the Commander, Center for Initial Military Training; and the Commander, U.S. Army Medical Command. These recommendations included redefining holdunder and holdovers and establishing clearly defined roles and responsibilities for seamless data flow and RECBN mission support; incorporating best practices for RECBN support at logistics readiness centers and in the areas of medical records screening and approach to care; and conducting a manpower study to determine current personnel requirements. The Commands agreed with the audit findings and conclusions and agreed to the potential monetary benefits of \$73 million per year.

Report No. A-2017-0027-MTT

Recording and Reporting Accounts Payable

The USAAA audited the accuracy and completeness of accounts payable amounts reported in the FY 2015 Army General Fund (AGF) annual trial balance. This audit focused on the transaction-level detail processed in General Fund Enterprise Business System (GFEBS) and entitlement feeder systems. The USAAA also performed a limited review of accounts payable transaction total amounts extracted from the Corps of Engineers Financial Management System.

The USAAA determined that the Army could not provide a universe of accounts payable transactions that matched the accounts payable amount recorded in the FY 2015 AGF annual trial balance. Specifically, the USAAA reported a \$401 million variance between the universe of transactions amount reported in GFEBS/Global Combat Support System—Army and the amount reported on the FY 2015 AGF annual trial balance. The USAAA also identified a significant variance between the universe of transactions amount reported in the Corps of Engineers Financial Management System and the amount reported in the AGF annual trial balance. This occurred because the Army had not developed a process to identify and reconcile a universe of accounts payable transactions to the AGF annual trial balance.

The USAAA selected a sample of 198 from the more than 27 million accounts payable transactions processed in GFEBS that supported the accounts payable amount reported in the FY 2015 AGF annual trial balance. The transactions the USAAA sampled had a net value of about \$252 million of the \$299 million reported balance. The USAAA determined that 93 of the 198 sampled debit and credit transactions, with a net value of about \$621 million, (that included both debit and credit amounts), were unsupported. This occurred because interfaces between GFEBS and entitlement systems caused a misclassification of Federal and non-Federal amounts reported. In addition, Army commands did not have a process in place to provide a dual-signed contract or the ability to provide the contract within the 5-day audit readiness standard; did not emphasize the importance of signing and dating obligation and disbursement documents; and did not ensure document numbers and accounts payable amounts reported in GFEBS matched either the contract and military interdepartmental purchase request, invoice, or receiving report before uploading supporting documentation for audit requests. As a result, the Army had limited assurance that the FY 2015 AGF annual balance sheet was accurate or complete.

The USAAA recommended that the Assistant Secretary of the Army (Acquisition, Logistics, and Technology) direct Army contracting personnel to provide requiring activities with a dual-signed copy of the contract having the contractor's manual signature. The USAAA also recommended that the Assistant Secretary of the Army (Financial Management and Comptroller) develop and document an approach to provide a complete universe of accounts payable transactions for all applicable U.S.

Standard General Ledger accounts and coordinate with the Program Executive Office Enterprise Information Systems to add enriched fields in GFEBS. The Assistant Secretary of the Army (Acquisition, Logistics, and Technology) and the Assistant Secretary of the Army (Financial Management and Comptroller) both agreed with the findings and recommendations.

Report No. A-2017-0028-FMR

Property Accountability at Army Museums

The U.S. Army Center of Military History (CMH) is responsible for the control and accountability of Army Artifacts with historical significance to the Army and the Nation. The CMH uses the Army Historical Collection Accountability System (AHCAS) to account for artifacts, including weapons. The Administrative Assistant to the Secretary of the Army requested the USAAA evaluate whether the CMH had sufficient controls to both accurately account for museum property and properly value and report museum assets.

The USAAA determined that weak internal controls prevented the museum system from recording artifacts in AHCAS and maintaining sufficient accountability. At the seven museums USAAA reviewed, about 20,000 items required entry into AHCAS to make property records complete. In addition, museum personnel had not inventoried between 35 and 42 percent of the artifacts in AHCAS in the last 2 years as required. Finally, about 20 percent of the small arms were missing serial numbers because either the weapon did not originally have a number or personnel had not entered key information into AHCAS. These conditions occurred because the CMH had responsibility for managing museum property but did not have the authority to direct museum personnel, the CMH did not have sufficient processes to properly value and report museum property, and AHCAS did not include all artifacts on hand at Army museums. As a result, artifacts were at increased risk of loss or theft.

The USAAA recommended that the Administrative Assistant to the Secretary of the Army take steps to align responsibility and authority over museum operations to the CMH. The Administrative Assistant to the Secretary of the Army agreed with the recommendation and stated that they would coordinate with the Office of the Director of the Army Staff to develop an enterprise approach to the management of Army museums. In addition, the USAAA recommended the Executive

Director, CMH, establish standard operating procedures for accounting for property, as well as a process to monitor performance of museums. The Executive Director, CMH, agreed with the recommendations and planned to work with U.S. Army Training and Doctrine Command to develop guidance, establish a policy letter on investigations for issuance to the Army museum enterprise and incorporation into the new Army Regulation 870-20, and to develop a quarterly museum status report to better manage museum performance.

Report No. A-2017-0014-ALS

Audit of Net Zero

The USAAA conducted the audit in response to the Army's 2014 Net Zero installation policy. The policy requires land-holding commands to strive toward a Net Zero installation, where practical, and include a life-cycle cost analysis for any proposed new energy and water project to ensure fiscal responsibility and cost effectiveness. The USAAA conducted fieldwork at the Deputy Assistant Secretary of the Army for Energy and Sustainability, Assistant Chief of Staff for Installation Management, and two Army installations.

The USAAA determined that two of the Army's pilot installations selected for review took several actions toward achieving Net Zero goals. For example, the Army pilot installations nominated themselves for the Army's Net Zero pilot program initiative, conducted surveys and assessments to identify energy and water conservation measures, and participated in quarterly Net Zero teleconferences to report on their efforts, known issues, and best practices. However, the USAAA could not determine if those actions were sufficient because the Army did not establish achievable and measurable performance standards for installations striving to reach Net Zero goals. The USAAA further verified that responsible managers included the required life-cycle cost analysis for energy and water projects, and the Army generally approved the projects solely based on economic savings. However, Army managers should consider noneconomic benefits from achieving Net Zero if the objective of the initiative is to enhance mission effectiveness and to increase installation resiliency when making resource decisions. As a result of not having performance standards and not considering noneconomic benefits, the Army did not have reasonable assurance that its installations were taking sufficient actions to strive to achieve Net Zero goals.

The USAAA recommended that the Deputy Assistant Secretary of the Army for Energy & Sustainability, in coordination with the Assistant Chief of Staff for Installation Management and Army land-holding commands, develop a framework to measure Net Zero progress to include achievable and measurable performance goals and standards. The USAAA also recommended that the Assistant Chief of Staff for Installation Management establish a process to have a periodic evaluation of an installations' performance in meeting the Net Zero performance goals. Management agreed with the report's conclusion and recommendations.

Report No. A-2017-0019-IEE

Audit of Generator Improvement Initiative

The Army is constantly increasing its dependence on highly mobile, energy efficient, and logistically supportable generators to keep up with sophisticated weapon systems. Recently, the Army introduced the new tactical electric power generator and budgeted about \$645.2 million in FYs 2016 through 2020 to procure 56,332 generators for the tactical electric power family: Small Tactical Electric Power (STEP), Advanced Medium Mobile Power Source, and Large Advanced Mobile Power Source (LAMPS).

The USAAA conducted this audit in response to the DoD's concern about whether the Army had sufficiently planned development of equipment and systems required to build energy security into its Future Force structure. The USAAA focused the audit on verifying that the Army had an effective life-cycle process for acquiring generators that included energy initiatives to enhance operational readiness.

The USAAA determined that the Army effectively followed the life-cycle process for acquiring tactical electric power generators, to include incorporating key performance parameters in the capabilities production document to enhance operational readiness. Also, the USAAA's analysis showed that only the Advanced Medium Mobile Power Source received required Army approval to begin acquiring 30,053 generators. However, the LAMPS and STEP generator programs had not sufficiently completed the necessary requirements

to obtain Army approval to enter the production and deployment phase; therefore, the Army could not start procuring 871 LAMPS and 25,408 STEP generators. Specifically, the:

- LAMPS program had not passed the 10 preproduction tests, including the 10-percent weight reduction key performance parameter required to exit the engineering and manufacturing development phase, and
- STEP program could not meet all necessary requirements, including the weight reduction key performance parameter required to exit the technology development phase.

As a result, since the Army will continue to use its current fleet of generators, it should reprogram about \$165.3 million from the FYs 2016–2020 Program Objective Memorandum until it approves the LAMPS and STEP programs to enter into the production and deployment phase.

The USAAA recommended that the Assistant Secretary of the Army (Acquisition, Logistics, and Technology) continue using its current fleet of generators and reprogram about \$165.3 million from the FYs 2016–2020 Program Objective memorandum until technical issues are resolved. The Assistant Secretary generally agreed with the conclusion, recommendations, and \$114.5 million in monetary benefits. This included \$32.2 million in realized savings for FY 2016 and \$82.3 million in planned savings for FYs 2017 through 2020.

Report No. A-2017-0020-IEE



Advanced Medium Mobile Power Systems

Source: U.S. Army.

Government-Furnished Equipment

The USAAA audited the effectiveness of the Army's efforts on improving accountability of Government-furnished equipment (GFE) and ensuring audit readiness. The USAAA's objective was to verify that internal controls for the GFE were in place and operating as intended to achieve audit readiness. Specifically, the USAAA reviewed the procedures that the Army used to identify and account for GFE, transfer it to and from a contractor, and oversee it while under a contractor's control.

The USAAA reported that internal controls for the GFE were in place, but they were not operating as intended. The USAAA identified two conditions related to GFE auditability: the DoD and Army systems could not generate a complete and accurate GFE population, and three of the six audit readiness assertions that USAAA developed from applicable guidance failed internal control testing.

The Army could not generate a GFE population because data in DoD and Army systems were not entered correctly or at all. Specifically, commands did not enforce the regulatory requirement to maintain GFE accountability in an accountable property system of record, use required electronic forms in contracts, or ensure the GFE was justified. Further, DoD and Army guidance defined the GFE, but requiring activities and contracting commands needed additional clarification to apply the requirements correctly; and accountable property system of record procedures to properly enter the GFE into the systems were time consuming and difficult.

To test internal controls and related assertions, the USAAA selected six cost-reimbursable contracts with the GFE and manually generated a GFE population. The USAAA developed six assertions applicable to the GFE using testing criteria for general equipment from the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) and defined internal controls included in other DoD and Army guidance. The USAAA determined that three assertions—existence, quality assurance, and disposal—were operating, and the three remaining assertions—completeness, acceptance and transfer, and property oversight—were not operating as intended. This occurred because requiring activities did not maintain oversight of property book accountability and contract offices did not enforce existing policy and guidance for contracts with the GFE. As a result, the Army is at risk of not being able to assert to a complete and auditable balance for the GFE on its General Fund financial statements.

The USAAA made eight recommendations to improve accountability and oversight of the GFE. The USAAA recommended that the Deputy Assistant Secretary of the Army (Acquisition, Policy, and Logistics) establish guidelines for the use of durable and expendable property intended to be the GFE on a contract; require refresher training for all users in the end-to-end process of the GFE; and establish an oversight process for nonfielded GFE with collaboration from Deputy Chief of Staff, G-4.

The USAAA also recommended that the Deputy Assistant Secretary of the Army (Procurement) develop a Web-based management solution that provides training and guidance to contracting personnel for the GFE and create a contract-specific GFE checklist. In addition, the USAAA recommended that the Deputy Chief of Staff, G-4, establish an oversight process for all contracts with the GFE to include fielded and nonfielded equipment. The Deputy Assistant Secretaries and the Deputy Chief of Staff agreed on the findings and recommendations.

Report No. A-2017-0041-FMR

Army Working Capital Fund Abnormal Balances

The USAAA audited the Army's internal controls to identify, account for, and properly report Army Working Capital Fund (AWCF) abnormal balances in the Army's financial statements. The USAAA evaluated yearend AWCF trial balances in the Logistics Modernization Program (LMP) for FYs 2014 and 2015 and first quarter FY 2016. The USAAA also assessed storyboards developed to explain AWCF business processes involving accounts with abnormal balances.

The USAAA reported that the Army had sufficient internal controls to identify, account for, and properly report AWCF abnormal balances in financial statements at the consolidated level. The USAAA evaluated financial statements and documents from quarterly reviews of abnormal balances performed jointly by personnel from the Deputy Assistant Secretary of the Army (Financial Operations), U.S. Army Materiel Command, and the DFAS. The Joint reviews included abnormal balances exceeding the \$500,000 threshold. However, the Army did not have sufficient controls to identify, account for, and properly report AWCF abnormal balances at the point account or limit levels as required by the DoD Financial Management Regulation. The USAAA reviewed standardized abnormal balance and trial balance reports from the LMP for first quarter FY 2016.

The USAAA identified 611 point accounts with abnormal balances, which totaled about \$86.5 billion. Personnel from the Office of the Deputy Assistant Secretary of the Army (Financial Operations) and Product Manager LMP developed storyboards describing the posting logic and expected abnormal balances for certain business processes at the point account level. However, the USAAA found instances of abnormal balances that did not conform to posting logic expectations and accounts without storyboards explaining the abnormal balances. These balances occurred because the Army had not standardized periodic reviews of abnormal balances at the point account and limit level, identified and documented additional business processes that may yield temporary abnormal balances, or researched and resolved abnormal balances carried over from legacy system migration. As a result, some trial balance accounts may report a normal balance and mask abnormal balances. Thus, they may not accurately reflect business transactions during the period and cause misstatements in AWCF financial statements.

The USAAA recommended that the Deputy Assistant Secretary of the Army (Financial Operations) coordinate with Army Materiel Command, Product Manager LMP, and DFAS to develop formal policy requiring monthly, quarterly, or triannual reviews and reconciliation of abnormal balances for each point account at the limit level. In addition, the USAAA recommended that the organizations identify existing abnormal balances and conduct research to verify that the balances conform to expected business processes and programmed posting logic; if they do not, then take corrective action. The Deputy Assistant Secretary agreed with the findings and recommendations.

Report No. A-2017-0043-FMR

U.S. Army Corps of Engineers Hurricane Sandy Recovery Program: Internal Controls (Oversight and Payments)

In late October 2012, Hurricane Sandy devastated portions of the Caribbean, mid-Atlantic, and northeastern United States. It caused estimated damages of \$20 billion and losses that included business interruptions surpassing \$50 billion. On January 29, 2013, President Obama signed the Disaster Relief Appropriations Act that provided \$50.5 billion in aid for Hurricane Sandy disaster victims and their communities. The U.S. Army Corps of Engineers (USACE) received more than \$5 billion to restore and construct Federal projects. The Commander,



Hurricane Sandy Rebuilding Task Force

Source: Mary Markos, USACE Public Affairs.

USACE North Atlantic Division, requested that the USAAA audit USACE's internal controls for the Hurricane Sandy Recovery Program. The USAAA focused its audit on controls for oversight and payments. This was the second audit for this request.

The USACE had internal controls in place at its headquarters, division and district levels to manage the program's contract oversight and payment processes. Each level evaluated parts of USACE's Managers' Internal Control 5-year plan, and the USACE-developed Hurricane Sandy Relief Internal Control Plan. The USACE also implemented corrective actions to mitigate discrepancies identified in these evaluations. The review of 32 contract actions valued at \$421.1 million showed that controls in place worked to ensure:

- the appropriate level of oversight and quality assurance for the goods and services received,
- proper payment for 222 contractor invoices submitted for payment and valued at \$295.7 million, and
- timely closeout of 20 completed contract actions.

These conditions occurred primarily because districts had trained and knowledgeable personnel, such as contracting officers, administrative contracting officers, contracting officer's representatives, and subject-matter experts overseeing contracts and the closeout process. Additionally, the Corps of Engineers Financial Management System, USACE's accounting system of record, had system controls to prevent payments in excess of obligated amounts and allowed only authorized persons with specific roles to certify invoices. The USAAA did not make recommendations.

Report No. A-2017-0047-IEE

U.S. ARMY CRIMINAL INVESTIGATION COMMAND

Significant Investigative Cases

U.S. Army Specialist Sentenced to 13 Years for Sexual Assault, Larceny, Conspiracy, and Assault

The Army CID initiated this investigation in February 2015 after receiving notification from the Spring Lake Police Department of North Carolina, that the wife of Specialist Marco Reyes reported being sexually assaulted multiple times by Specialist Reyes. The investigation also revealed that SPC Reyes had physically and sexually assaulted two other victims who were also intimate partners of Specialist Reyes. One of the victims reported to the Army CID agents and to the Harnett County Sheriff's Office in North Carolina that Specialist Reyes stole her credit card and purchased several items with the stolen credit card. A fourth victim, also a former intimate partner of SPC Reyes, provided a statement to Army CID detailing how Specialist Reyes sexually assaulted her.

During an interview, Specialist Reyes admitted to sexually assaulting three of the four victims. Upon placement in pre-trial confinement, Specialist Reyes conspired with his current intimate partner to conceal electronic items of potential evidentiary value and to contact some of the victims in an attempt to influence their statements to law enforcement officials. Army CID agents and local law enforcement officers executed a search warrant on Specialist Reyes' residence. The items of evidence and other items collected during the investigation were entered into the FBI's Violent Criminal Apprehension Program.

On October 28, 2016, in a judge-alone general court-martial at Fort Bragg, North Carolina, Reyes was convicted of sexual assault, conspiracy, larceny, wrongful appropriation, and assault. He was sentenced to 13 years of confinement, forfeiture of pay and allowances, reduction in rank to E-1, dishonorable discharge, and was required to register as a sex offender.

U.S. Army Specialist Sentenced for Possessing Child Pornography

The Army CID initiated this investigation in May 2015 after receiving notification from the FBI that Specialist Tilden Mobley III was suspected of possessing child pornography. During an online undercover investigation, Specialist Mobley's Internet Protocol (IP) address was identified as having numerous files with names indicative of child pornography using a peer-to-peer network. Army CID agents interviewed SPC Mobley, who admitted to downloading and viewing digital media through a peer-to-peer network, which he knew contained images of girls who were about 10 years old. Pursuant to a military search and seizure authorization, Army CID agents performed a digital forensic examination of Specialist Mobley's seized media and determined that he viewed and downloaded multiple images of child pornography.

On December 19, 2016, during a judge-alone general court-martial at Fort Bliss, Texas, Mobley was convicted of possessing child pornography and was sentenced to 11 months of confinement, reduction in rank to E-1, bad conduct discharge, and was required to register as a sex offender.

Army Sergeant Convicted of Rape and Sexual Abuse of a Child

The Army CID initiated this investigation June 2015 after notifications from physicians that the 5-year-old daughter of Sergeant Norman Clark may have been sexually assaulted. The physicians suspected she had a sexually transmitted disease, and the victim's test results came back positive for herpes. Army CID agents interviewed both the mother and Sergeant Clark, who denied any knowledge of sexual abuse and also denied committing sexual abuse. Army CID agents had both the mother and Sergeant Clark tested for sexually transmitted diseases. Sergeant Clark's test was positive for herpes. During an interview, Sergeant Clark then provided a full confession to raping his daughter.

On January 9, 2017, during a general court-martial in Fort Campbell, Kentucky, Sergeant Clark was found guilty of rape and sexual abuse of a child and false statements. Sergeant Clark was sentenced to 12 years of confinement, reduction in rank to E-1, forfeiture of all pay and allowances, dishonorable discharge, and was required 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 to assist Department of the Navy (DON) leadership in assessing risk to improve efficiency, accountability, and program effectiveness. NAVAUDSVC develops an annual audit plan based on DON-wide input and works to address significant DON enterprise risk areas that merit additional oversight. In the past 6 months, the Naval Audit Service published audits that addressed critical areas such as security and security forces training, emergency notification capabilities, and financial reporting. The NAVAUDSVC audit of DON military construction projects identified \$31.7 million in monetary benefits.

Availability of Documentation to Support the Valuation of Recently Acquired Navy Real Property

The NAVUDSVC determined whether the DON maintained sufficient documentation to support the valuation of its real property acquired after September 30, 2013, in accordance with Financial Improvement and Audit Readiness guidance.

The NAVAUDSVC found that opportunities existed to improve the retention of documents to support the valuation of real property could be improved. Improvement in supporting the valuation of real property was needed in the verification of asset costs (valuation), financial reporting (capitalization thresholds, presentation and disclosure, and reconciliation), and management attention (monitoring and oversight, and policy and procedure). These conditions occurred because naval personnel responsible for real property did not ensure compliance with all laws and regulations and ensure that the valuation of the Navy's real property assets could be substantiated. Without effective internal controls, the reliability of the DON's financial reporting of real property is at risk for misstatement and does not provide reasonable assurance of the accuracy of the data. Internal controls over financial reporting should ensure the safeguarding of assets from waste, loss, unauthorized use, or misappropriation, and they should also ensure compliance with laws and regulations pertaining to financial reporting. Improving the reliability of real

property financial information will allow Naval Facilities Engineering Command and DON to move toward auditable financial statements. Accurate, reliable, and timely real property data is fundamental to the effective management and financial reporting of real property asset values. Management agreed to take appropriate corrective action.

Report No. N2017-0003

Status of the Valuation of the Department of the Navy General Fund General Equipment

The NAVUDSVC determined whether selected DON commands maintained adequate documentation to support the valuation of their general equipment acquired after September 30, 2013, in accordance with Financial Improvement and Audit Readiness guidance. The NAVAUDSVC determined that the DON is re-stating the values for general equipment items that accounted for 92 percent of the reported General Fund general equipment balance for FY 2015. NAVAUDSVC identified that the DON included an unsupported \$7.7 billion in the reported balance for general equipment in the General Fund financial statements for FYs 2014 and 2015. The inclusion of unsupported balances in the financial statements negatively impacts their accuracy and overall usefulness to decision makers. Based on the NAVAUDSVC's recommendation, the DON agreed to take appropriate corrective action and removed the \$7.7 billion from the financial statements.

Report No. N2017-0006

Antiterrorism/Force Protection – Commander, Joint Region Marianas Security Force Personnel

The NAVUDSVC determined whether the security forces on Navy installations outside the Continental United States were being used efficiently and effectively to ensure maximum protection of people and assets. This report focused on a selected Commander, Joint Region Marianas installation. The NAVAUDSVC determined that there was insufficient training and weapons qualifications documentation to support that Navy Security Force (NSF) and Auxiliary Security Force (ASF) personnel received the appropriate training (apprentice and sustainment) and were properly qualified to carry their authorized weapons in accordance with Office of the Chief of Naval Operations guidance. The NAVAUDSVC also determined that sufficient documentation was not provided to support that ASF personnel were scheduled for watches

and training in accordance with Commander, Navy Installations Command guidance. This occurred because the Commander, Joint Region Marianas, did not have sufficient controls and oversight to ensure that: (1) NSF and ASF training records were retained, complete, and up-to-date; (2) required NSF and ASF annual sustainment training was scheduled and attended; (3) ASF personnel were properly qualified to be armed and perform security functions; and (4) ASF personnel were scheduled to perform two sustainment watches and to attend 1 training day per month.

Without sufficient documentation, the Navy does not have reasonable assurance that NSF personnel are properly trained while performing law enforcement duties, and that NSF/ASF personnel are properly trained while performing physical security duties. Additionally, the Navy does not have reasonable assurance that ASF personnel are qualified in the use of their authorized weapons. The Navy may have unqualified NSF personnel performing law enforcement and NSF and ASF personnel performing physical security duties, putting their own safety, as well as the safety of the people and assets they are assigned to protect, at risk. Further, NSF and ASF personnel who are not trained should be removed from duty, which would hinder heightened Force Protection Condition level manning requirements. Management agreed to take appropriate corrective action.

Report No. N2017-0001

Department of the Navy's Military Construction Projects Proposed for Fiscal Year 2018

The NAVUDSVC determined whether the project scope requirements were sufficiently supported for the selected Military Construction (MILCON) projects contained in the DON's proposed FY 2018 MILCON Program. The DON submitted 43 MILCON projects (20 projects valued at \$770.2 million for the Marine Corps and 23 projects valued at \$448.7 million for the U.S. Navy). The NAVAUDSVC reviewed 12 of those MILCON projects (5 Marine Corps projects valued at \$230.0 million and 7 U.S. Navy projects valued at \$378.8 million) at an estimated total cost of \$608.8 million. The NAVAUDSVC determined that all 12 MILCON projects audited were needed and had sufficient guidance provided for the preparation of MILCON project requests. However, the NAVAUDSVC found errors from either incorrect project scoping because of no supporting documentation, incorrect application of criteria, use of outdated data, or inclusion

of unnecessary line items. Overall, the DON agreed to \$31.7 million in funds put to better use from corrective actions taken on four audit recommendations. The Commandant of the Marine Corps agreed with \$5.9 million of potential monetary benefits for over-scoped projects. The Commander, Naval Installations Command, agreed with all \$25.8 million of potential monetary benefits for Navy over-scoped projects.

Report No. N2017-0005

Notification Capabilities at Select Naval Education and Training Center Schoolhouses and Student Barracks Within Commander, Navy Region Southeast, and Commander, Navy Region Mid-Atlantic

The NAVUDSVC determined whether effective mass communication systems and other emergency response procedures were in place at selected commands and were maintained effectively and in accordance with applicable emergency response guidance. Specifically, the NAVAUDSVC focused on mass warning and notification capabilities. The NAVAUDSVC determined that the Giant Voice installation-wide exterior speakers were not effective to warn students or others in areas outside of schoolhouses for three of eight (37 percent) of the installations visited. The NAVAUDSVC also determined that the mass notification methods used to warn students and instructors in classrooms were not effective for 27 of 54 (50 percent) of the schoolhouses visited. The NAVAUDSVC also found that mass notification methods to warn students in barracks rooms were not effective for 17 of 45 (38 percent) of the barracks visited. This occurred because: (1) the outdoor speakers for installations' wide-area mass notification systems have degraded over time, did not work, or had a reduced range capability, meaning announcements did not reach all of the schoolhouses or barrack areas; (2) some schools were located in older buildings and did not have internal public address systems capable of reaching the classrooms; and (3) incoming students are not required to register for AtHoc™. Navy "A" schools and host Navy installations that have mass warning and notification systems that do not reach all personnel may endanger the lives of instructors and students due to delayed notification during an emergency event. Also, personnel required to alert those not reached by a mass notification systems may also be endangering their own lives when attempting to make those notifications. Management agreed to take appropriate corrective action.

Report No. N2017-0009

NAVAL CRIMINAL INVESTIGATIVE SERVICE

Significant Investigative Cases

United States Marine Corps Corporal Convicted of Sexual Assault and Possession of Child Pornography

NCIS initiated an investigation in June 2016 after notification by a local police department that Marine Corps Corporal Nicholas Hatheway, allegedly sexually assaulted an 8-year-old child. During the course of the investigation, Corporal Hatheway admitted to inappropriately touching the child on at least six occasions. Additionally, Corporal Hatheway's e-mail address was associated with a social media account associated to child pornography. During a search of his barracks room, electronic media was seized and later found to contain 268 image files, and 365 video files of suspected child pornography.

On December 19, 2016, at a judge-alone general court-martial at Marine Corps Base Camp Pendleton, California, Hatheway was convicted of sexual assault and possession of child pornography. Hatheway was sentenced to 35 years confinement, reduction in rank to E-1, total forfeitures, dishonorable discharge, and was required to register as a sex offender. The convening authority agreed to suspend all confinement in excess of 20 years.

U.S. Navy Senior Chief Petty Officer Sentenced to 6 years for Child Endangerment and Possessing Child Pornography

NCIS initiated an investigation in November 2015 after notification from an NCIS representative at the National Center for Missing and Exploited Children (NCMEC) and receipt of a request from Homeland Security Investigations (HSI). Senior Chief Petty Officer John Boyers was identified as manufacturing and producing pornographic images of a 13-year-old child and a 5-year-old child. Senior Chief Boyers was assigned to the Defense Attaché's Office (DAO), Vilnius, Lithuania. NCIS assisted HSI in coordinating with Senior Chief Boyer's parent command, the Defense Intelligence Agency, and the Regional Security Officer (RSO), U.S. Embassy,

Vilnius, Lithuania, in transporting Senior Chief Boyers from Lithuania to Washington D.C., and in obtaining a confinement order for him upon his arrival at Dulles International Airport, Virginia.

The National Center for Missing and Exploited Children provided child identification reports for 910 image files and 111 video files from items seized and examined from SCPO Boyers. According to the final forensic analysis report of Senior Chief Boyers' computer, approximately 27,000 pictures and videos of prepubescent males and females were discovered.

On September 13, 2016, during a judge-alone general court-martial in Washington D.C., Boyers was convicted of possessing child pornography and child endangerment and was sentenced to 6 years confinement, forfeitures of pay and allowances, reduction in rank to E-1, dishonorable discharge, and was required to register as a sex offender.

Former Deputy Inspector General Pleaded Guilty for Wire Fraud

NCIS and DCIS initiated an investigation in October 2014, after reports of multiple banking irregularities by Rupert Miller, while he was the Deputy Inspector General with the Command Inspector General's Office, Training and Education Command, Marine Corps Base, Quantico, Virginia. Mr. Miller included extra days or extra locations for personal travel during his official government trips. He also conducted entirely personal trips billed as official government travel. Interviews indicated that Mr. Miller had no official reason to take many of the trips. He admitted to taking multiple, unauthorized trips and conducting personal travel while on Government orders. The loss to the Government was estimated at more than \$197,000, as the Government paid his transportation and per diem expenses during the unauthorized trips and his personal travel.

On November 3, 2016, pursuant to a plea agreement, Mr. Miller pleaded guilty to one count of wire fraud and was sentenced to 1 year and 1 day in prison, 3 years of supervised release, and he was ordered to pay restitution of \$197,505.83 and a special assessment fee of \$100. Additionally, Mr. Miller was barred from contracting with the Federal Government for 5 years.

AIR FORCE

Air Force Audit Agency

The Air Force Audit Agency (AFAA) mission is to provide timely, relevant, and quality audit services to all levels of Air Force management. 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 634 personnel authorized at more than 50 worldwide locations to execute its mission.

During this semiannual period, the audit planning process resulted in a customer-focused FY 2017 AFAA Audit Plan, providing prioritized audit topics to Air Force senior leaders that addressed their top audit priorities. Enhanced audit lifecycle management processes also provided greater focus on Air Force actions to eliminate negative conditions identified in prior audit reports, ensuring commanders enhance operational effectiveness, maintain compliance, and make appropriate and informed resourcing decisions. The AFAA continued its focus on the audit followup process by directing more resources toward follow-on and close-out audits, holding Air Force leaders accountable for implementing recommended corrective actions. The AFAA continued to place greater emphasis on becoming a process, quality, and customer-focused organization by implementing new approaches for audit recommendation follow up, tracking, and reporting; instituting an audit portfolio ownership culture; and codifying Air Force Corporate Structure processes to address potential monetary benefits and costs identified in audit reports. Through continued, collaborative efforts with key senior officials, the AFAA created processes to systematically incorporate audit recommendations, potential savings, and cost avoidance across the Air Force enterprise and in every relevant phase of the planning, programming, budget,

and execution processes. The AFAA continued to foster an agency-wide culture of being Airmen first, ensuring the AFAA workforce is properly developed and positioned to be relevant to the Air Force, DoD, and our Nation well into the future.

From October 1, 2016, through March 31, 2017, the AFAA identified nine reports with potential material weakness issues to management. From October 1, 2016 through March 31, 2017, the AFAA published 21 centrally directed audit reports, providing 114 recommendations and \$46.05 million in audit-estimated potential monetary benefits to Air Force senior officials. Further, the AFAA installation-level audit teams published 298 audit reports, identifying an additional \$55.45 million in audit-estimated potential monetary benefits to installation commanders. The following paragraphs highlight some of the significant AFAA reports.

Electronic Pod Management

The Air Force uses electronic combat and avionics pods to enhance aircraft capabilities. The pods are self-contained systems, designed to be externally carried, and are interchangeable among the general classes of bomber, fighter, interceptor, strike, and reconnaissance aerospace vehicles. Pods have a modular construction allowing Air Force personnel to assemble the pods in various configurations to provide unique capabilities depending on individual aircraft mission requirements of training, navigation, communications, and target illumination. As of September 2016, the Air Force had more than 3,800 pods, with total acquisition costs exceeding \$6.5 billion.

The AFAA evaluated pod storage requirements, including provisions to mitigate environmental conditions that may damage sensitive electronic components, at the request of the Air Combat Command, Director of Logistics (ACC/A4). The AFAA determined that maintenance personnel and Product Support Managers did not properly store electronic pods when the pods were not attached to aircraft. Properly storing pods reduces the risk for compromise of classified information. While the AFAA did not identify instances of corroded or otherwise environmentally damaged pods, Air Force personnel did not properly secure and store 104 (11 percent) of 938 classified pods. Further, maintenance personnel and Product Group Managers did not properly account for 360 (15 percent) of 2,471 sampled electronic pods and 432 (84 percent) of 516 sampled shipping containers. Inventories of sampled

items identified more than \$118 million in missing assets and more than \$146 million in assets not reported on financial statements. Finally, item management personnel did not properly forecast spare parts buy and repair requirements for one of four sampled pod types. Specifically, a review of 123 sampled parts identified 12 erroneous buy and repair requirements for one pod type. As a result, the Air Force overstated buy and repair requirements for sampled pod spare parts by \$2.6 million over the next 6 years (execution year and the Future Years Defense Program). Overstating spare parts requirements negatively impacts overall operational readiness by unnecessarily tying up scarce resources in unneeded inventory and reducing the availability of parts to support various missions. The AFAA made 17 recommendations to improve management of electronic pods. Management agreed with the AFAA's evaluation and initiated appropriate actions.

Report No. F2017-0002-L20000

Advanced Medium Range Air-to-Air Missile (AMRAAM) Diminishing Manufacturing Sources and Material Shortages

The Air Force, the executive service, and the U.S. Navy jointly use the Advanced Medium Range Air-to-Air Missile (AMRAAM) weapon system. The Raytheon Company, Missile Systems Division, is the sole source production and product support contractor since 1997. The Air Force Life Cycle Management Center, Armament Directorate, manages the program. The Air Force program-of-record is 12,800 missiles valued at \$13 billion with continued production through 2024.

The AFAA determined whether Air Force personnel effectively managed the AMRAAM Diminishing Manufacturing Sources and Material Shortages program. The AFAA determined that Air Force personnel effectively managed the AMRAAM Diminishing Manufacturing Sources and Material Shortages program. AMRAAM program personnel provided appropriate contractor oversight and properly contracted for the Life of Type Buy and Form, Fit, Function Refresh programs. However, when developing the AMRAAM acquisition and product support strategies, program officials did not adequately support, document, or compare alternative approaches in accordance with DoD Instruction 5000.02, "Operation of the Defense Acquisition System," January 7, 2015, and associated Air Force guidance. The AFAA made six recommendations to improve the effectiveness of

AMRAAM acquisition and product support strategy development, and related documentation retention. Management agreed with the AFAA's evaluation and initiated appropriate actions.

Report No. F2017-0002-L30000



Nomads Fire First Missiles

Source: Air Force.

Aircraft Contractor Logistics Support Funds Management

The Air Force uses Contractor Logistics Support (CLS) to provide all or part of the logistics support required by aircraft during sustainment. The Secretary of the Air Force initiated the "Every Dollar Counts" campaign in 2013 as a forum for civilian and active duty personnel to submit money saving ideas. One of the initiatives involves lost buying power from unexpended (canceled) obligations. During FY 2014, the Air Force allowed over \$922 million in Operations and Maintenance funds to be canceled, including \$111 million for CLS that the Air Force could have used for other valid requirements. As of January 2015, the Air Force had dormant Unliquidated Obligation (ULO) balances exceeding \$652 million for aircraft CLS programs.

The AFAA performed this audit because effective funds management allows the Air Force to better maximize capability within available resources and to determine whether Program Managers properly managed aircraft CLS funds. The AFAA determined that Program Managers did not properly deobligate, support, or report 81 (57 percent) of 142 sampled ULOs. Properly managing and deobligating unneeded ULO balances for FYs 2010 through 2014 would provide \$5.6 million for other mission requirements. Further, at the end of FY 2015, ULOs valued at \$404,140 were canceled and the funds

were no longer available to the Air Force. Projecting these results to the population of CLS ULOs, the AFAA estimated deobligating the unneeded balances could provide the Air Force a potential monetary benefit of nearly \$2 million. In addition, the AFAA estimated deobligating unsupported ULO balances could provide as much as \$82.3 million for other mission requirements. The AFAA made six recommendations to improve the management of aircraft CLS funds. Management agreed with the AFAA's evaluation and initiated appropriate actions.

Report No. F2017-0004-L20000



Programmed Depot Maintenance for an F-15 Eagle at Robins AFB, Georgia

Source: Air Force.

Aircraft Bills of Material

Aircraft Bills of Material (BOMs) list planned material and component parts required to support aircraft programmed depot maintenance (PDM) and major overhaul. The BOMs include replacement percentages that indicate how often a part could be replaced whenever the required maintenance action occurs. Air logistics complex (ALC) planners maintain BOMs in the Depot Maintenance Material Support System (G005M). ALC planners rely on the G005M to identify material requirements, control material usage (requisitions), and initiate costing for depot maintenance systems. The Air Force spent \$946 million for aircraft PDM and major overhaul material, parts, and supplies at the three ALCs during FY 2015.

The AFAA performed this audit because accurate aircraft BOMs help control material and supply expenses by limiting requisitions to only those parts necessary to

support PDM and major overhaul repair costs. The AFAA determined whether Air Force personnel effectively managed aircraft BOMs. The AFAA determined that although ALC planners accurately calculated replacement percentages for the sample, they did not effectively forecast aircraft PDM and major overhaul material cost. Specifically, existing Air Force Materiel Command guidance did not clearly specify policy and procedures for developing and forecasting aircraft material costs. As a result, Air Force personnel could not support and defend budgeted material costs included in aircraft sales rates. ALC personnel could not identify pricing changes, defective or obsolete parts, shop floor discipline issues, and possible theft because budgets were based on historical consumption rather than documented material standards and forecasted requirements. The AFAA made six recommendations to improve the process for planning and budgeting aircraft PDM and major overhaul material costs. Management agreed with the AFAA's evaluation and initiated appropriate actions.

Report No. F2017-0001-L20000

Heavy Engineering, Repair, and Construction Contract Management Phase II

Air Force Civil Engineer Center and 772nd Enterprise Sourcing Squadron personnel manages the Heavy Engineering, Repair, and Construction multiple-award, indefinite-delivery indefinite-quantity contract. Air Force personnel used the Heavy Engineering, Repair, and Construction contract, with a \$10 billion ceiling price, for worldwide heavy construction efforts. In 2006, Air Force personnel competitively selected 20 contractors to participate on the Heavy Engineering, Repair, and Construction contract and compete for task order awards. The contract established an 8-year ordering period that expired in September 2013. As of March 2014, contracting personnel awarded 370 task order awards totaling over \$5.3 billion.

The Secretary of the Air Force requested that the AFAA assess Air Force contracts with global impact to ensure the contracts operated in a way that upholds the Services' responsibilities to the taxpayer. The AFAA determined that Air Force personnel did not effectively perform quality assurance during post-award activities. Further, Air Force personnel did not effectively administer task orders through properly complete contractor performance assessments or manage construction warranties. Air Force personnel did not perform

effective quality assurance for 11 (92 percent) of the 12 task orders reviewed. Ineffective quality assurance contributed to construction delays and Government personnel not having assurance the contractors fulfilled all contractual requirements for the 11 task orders, totaling over \$21 million. Further, Air Force personnel did not properly assess contractor performance for any of the 11 (100 percent) completed task orders reviewed.

As a result, source selecting officials did not provide required contractor performance information necessary to make informed decisions when awarding future Government contracts and orders for the 11 completed task orders, valued over \$21 million. Finally, Air Force personnel did not effectively manage construction warranties for any of the 11 (100 percent) completed task orders reviewed. As a result, Air Force Civil Engineer Center personnel could not process any warranty claims for the Government's benefit on the 11 completed task orders, totaling over \$21 million. The AFAA made 11 recommendations to improve the quality assurance and task order administration process. Management agreed with the AFAA's evaluation and initiated appropriate actions.

Report No. F2017-0003-L30000



Runway Repair at Mountain Home AFB, Idaho

Source: I Build America.

AIR FORCE OFFICE OF SPECIAL INVESTIGATIONS

Significant Investigations

Air Force Master Sergeant Convicted of Rape, Larceny, Assault, and False Statements

AFOSI initiated this investigation in February 2013 after being notified that Master Sergeant Alfredo Gonzales allegedly used his Government Travel Charge Card (GTCC) for personal use from December 2011 through March 2013, for an amount in excess of \$10,000. A review of purchase records associated with the identified GTCC revealed that MSgt Gonzales' card was used at the Walmart, Del Rio, Texas, and the Air Force Exchange Services (AAFES) gas pumps on Laughlin Air Force Base, Texas. The investigation revealed Master Sergeant Gonzales signed false official records while stationed in Honduras and Texas, and he stole approximately \$12,000 in basic allowance for housing. Additionally, two female victims alleged that Master Sergeant Gonzales raped them and physically assaulted them. Master Sergeant Gonzales also attempted to influence a witness who was scheduled to testify at his court-martial.

On October 29, 2016, during a judge-alone general court-martial at Laughlin AFB, Texas, Gonzales was found guilty of rape, larceny and wrongful appropriation, assault, and false statements. He was sentenced to 35 years confinement, reduction in rank to E-1, dishonorable discharge, and was required to register as a sex offender.

Dallas Man, Ex-wife, and Their Sons Sentenced for Army and Air Force Exchange Services Theft Scheme

AFOSI and DCIS initiated this joint investigation in October 2014 after the AAFES Loss Prevention Inquiries and Analysis Branch, Dallas, Texas, provided information regarding a theft of a Federal Express shipment. The shipment contained 70 bridal wedding ring sets, valued at approximately \$99,000. The shipment was allegedly stolen by Arthur Hightower II, a FedEx delivery driver. On October 3, 2014, AAFES surveillance video footage confirmed that Mr. Hightower II made a FedEx delivery.

However, the AAFES mailroom office assistant did not count or confirm the delivery. Mr. Hightower II admitted to giving several of the ring sets to family members, so they could pawn the stolen jewelry for cash. Arthur Hightower III, Mr. Hightower II's son, pawned 13 of the bridal wedding ring sets. Mr. Hightower's ex-wife, Jessie Hightower, pawned 14 of the bridal wedding ring sets, and Travoine Hightower, another one of Mr. Hightower II's son, pawned one of the bridal wedding sets. The AAFES gemologist stated that the stolen bridal wedding ring sets were laser-etched with "JWBR" on the inner band, which was the signature for the jewelry supplier.

On November 29, 2016, the United States District Court, Northern District of Texas Dallas Division, sentenced A. Hightower II to 17 months in Federal prison for theft of Government property, 1 year of probation, restitution of \$47,740, special assessment fee of \$100, and forfeiture of 15 wedding ring sets laser-etched with "JWBR" on the inner band.

On August 15, 2016, the United States District Court, Northern District of Texas Dallas Division, sentenced J. Hightower to 18 months of probation for conspiracy to receive and conceal stolen Government property, restitution of \$5,875, special assessment fee of \$100, and forfeiture of 15 wedding ring sets laser-etched with "JWBR" on the inner band.

On June 20, 2016, the United States District Court, Northern District of Texas Dallas Division, sentenced T. Hightower to 1 year of probation for receiving stolen Government property, participation in an approved domestic violence program, restitution of \$789.99, and a special assessment fee of \$25.

On March 21, 2016, the United States District Court, Northern District of Texas Dallas Division, sentenced A. Hightower III to 2 years of probation for conspiracy to receive and conceal stolen Government property, participation in the Location Monitoring Program for 134 consecutive days, restitution of \$7,466, special assessment fee of \$100, and forfeiture of 15 wedding ring sets laser-etched with "JWBR" on the inner band.

USAF Senior Airman Sentenced to 31 years Confinement for Sexual Assaults

AFOSI initiated this investigation in March 2015 after an Air Force active duty enlisted female alleged that in November 2014, Senior Airman Marc Sims attempted to kiss her while they were at work. In addition, in

December 2014, after consuming alcoholic drinks with several co-workers, Senior Airman Sims drove the victim home due to her being intoxicated. On the way to the victim's residence, Senior Airman Sims parked the car and attempted to unbutton her pants and kiss her. After arriving at the victim's residence, the victim allowed Senior Airman Sims to stay, but stated she would not have sex with him. However, as she was falling asleep, Senior Airman Sims sexually assaulted her.

Further, AFOSI initiated a joint investigation with the Carabinieri, Ghedi Air Base, Italy, on September 11, 2015, after Senior Airman Sims' spouse reported to the Italian police that she awoke to Senior Airman Sims sexually assaulting her while restraining her. Senior Airman Sims' spouse attempted to leave after the assault, but Senior Airman Sims choked her to the verge of unconsciousness. He later took her to the bedroom, bound her wrists and ankles, and forced his spouse to perform a sexual act. Evidence obtained from a Sexual Assault Forensic Examination (SAFE) kit corroborated the victim's statement.

Finally, on April 24, 2016, AFOSI initiated a joint investigation with the Trier Polizei, Trier, Germany, after Senior Airman Sims' civilian female friend reported to German law enforcement that he sexually assaulted her. On April 22, 2016, Senior Airman Sims went to the victim's residence to socialize and drink alcohol. Before they went to bed, Senior Airman Sims gave the victim a cup of water, stating that it would prevent a headache. After drinking the water, the victim had little recollection of anything. Witness interviews and a SAFE kit disclosed that she and Senior Airman Sims had intercourse that night, and lab reports indicated that she had drugs associated with sleeping medications in her system. Residue from the same drugs was also found in the cup Senior Airman Sims gave to the victim. A review of the base exchange receipts showed that Senior Airman Sims purchased sleeping medications containing the same drugs approximately a week before the assault. A review of Senior Airman Sims' electronic devices disclosed that he searched the internet using terms such as "rape," "drugged, drunk, passed out," and "passed out anal."

On October 21, 2016, in a judge-alone general court-martial and pursuant to a pre-trial agreement, Sims was sentenced to confinement of 31 years, reduction in rank to E-1, forfeiture of all pay and allowances, dishonorable discharge, and was required to register as a sex offender.

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) amends Section 5(a) of the IG Act requiring additional reporting requirements.

REFERENCES	REQUIREMENTS	PAGE
Section 4(a)(2)	“review existing and proposed legislation and regulations ... make recommendations ... ”	76
Section 5(a)(1)	“description of significant problems, abuses, and deficiencies ... ”	8-74
Section 5(a)(2)	“description of recommendations for corrective action ... with respect to significant problems, abuses, and deficiencies ... ”	8-74
Section 5(a)(3)	“identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed ... ”	N/A
Section 5(a)(4)	“a summary of matters referred to prosecutive authorities and the prosecution and convictions which have resulted.”	26-32
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.	100-107
Section 5(a)(7)	“a summary of each particularly significant report ... ”	8-74
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 ... ”	108
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 ... ”	108
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.	108 112-138
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 ... ”	144
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 ... ”	144
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;”	144

REFERENCES	REQUIREMENTS	PAGE
Section 5(a)(17)	<p>“statistical tables showing--</p> <p>(A) the total number of investigative reports issued during the reporting period;</p> <p>(B) the total number of persons referred to the Department of Justice for criminal prosecution during the reporting period;</p> <p>(C) the total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period; and</p> <p>(D) the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities;”</p>	145
Section 5(a)(18)	“a description of the metrics used for developing the data for the statistical tables under paragraph (17);”	145
Section 5(a)(19)	<p>“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 –</p> <p>(A) the facts and circumstances of the investigation; and</p> <p>(B) the status of the disposition of the matter, including –</p> <p>(i) if the matter was referred to the Department of Justice, the date of the referral; and</p> <p>(ii) if the Department of Justice declined the referral, the date of the declination;”</p> <p>[Senior Government Employee – GS-15 or O-6 and above]</p>	43 50-53 145
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;”	41-49
Section 5(a)(21)	<p>“a detailed description of any attempt by the establishment to interfere with the independence of the Office, including--</p> <p>(A) with budget constraints designed to limit capabilities of the Office; and</p> <p>(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...”</p>	N/A
Section 5(a)(22)	<p>“detailed description of the particular circumstances of each—</p> <p>(A) inspection, evaluation, and audit conducted by the Office that is closed and was not disclosed to the public; and</p> <p>(B) investigation conducted by the Office involving a senior Government employee that is closed and was not disclosed to the public.</p>	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 ... ”	109
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 ... ”	109
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 ... ”	112-138
Section 5 note	“an annex on final completed contract audit reports ... containing significant audit findings ... ”	139-143
Section 8(f)(1)	<p>“(A) information concerning the number and types of contract audits ... ”</p> <p>“(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 ... ”</p>	110 N/A

AUDIT, INSPECTION, EVALUATION, AND INVESTIGATIVE REPORTS ISSUED

DoD OIG

www.dodig.mil/PUBS

Naval Audit Service

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

Army Audit Agency

www.hqda.army.mil/aaaweb

Air Force Audit Agency

www.afaa.af.mil

	DoD OIG	Military Departments	Total
Countering the Terrorist Threat	4	0	4
Enabling Effective Acquisition and Contract Management	22	13	35
Increasing Cyber Security and Cyber Capabilities	1	2	3
Improving Financial Management	20	32	52
Protecting Key Defense Infrastructure	2	17	19
Developing Full Spectrum Total Forces Capabilities	1	0	1
Building and Maintaining Force Readiness	10	19	29
Ensuring Ethical Conduct	6	1	7
Other	2	4	6
Total	68	88	156

Countering the Terrorist Threat

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-025	Evaluation of U.S. Forces-Afghanistan Intelligence Training for Afghan Ministry of Defense	11/21/2016
DoD OIG	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
DoD OIG	DODIG-2017-058	Audit of Inventorying and Securing Iraq Train and Equip Fund Equipment	02/16/2017
DoD OIG	DODIG-2017-061	Evaluation of the National Security Agency Counterterrorism Tasking Process Involving Second Party Partners	03/01/2017

Enabling Effective Acquisition and Contract Management

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-002	Consolidation Needed for Procurements of DoD H-60 Helicopter Spare Parts	10/12/2016
DoD OIG	DODIG-2017-003	The Air Force Needs to Improve Cost-Effectiveness and Availability of the Joint Surveillance Target Attack Radar System	11/01/2016
DoD OIG	DODIG-2017-014	Acquisition of the Navy Surface Mine Countermeasure Unmanned Undersea Vehicle (Knifefish) Needs Improvement	11/08/2016
DoD OIG	DODIG-2017-020	Investigation Regarding Assertions Made By Former United Launch Alliance Executive	12/05/2016
DoD OIG	DODIG-2017-024	Quality Control Review of the Ernst & Young LLP and the Defense Contract Audit Agency FY 2014 Single Audit of SRC, Inc.	11/14/2016
DoD OIG	DODIG-2017-027	The Combined Security Transition Command-Afghanistan Needs to Strengthen the Controls Over U.S. Direct Assistance Funding	12/01/2016
DoD OIG	DODIG-2017-031	Fleet Logistics Center Norfolk Price Reasonableness Determinations for Federal Supply Schedule Orders for Supplies Need Improvement	12/07/2016

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-032	Report on Evaluation of Contracting Officer Actions on Cost Accounting Standard Noncompliances Reported by Defense Contract Audit Agency	12/08/2016
DoD OIG	DODIG-2017-035	The Army Did Not Have Assurance That Heavy Lift Contractors in Kuwait Complied With Contract Requirements	12/15/2016
DoD OIG	DODIG-2017-041	Combined Security Transition Command—Afghanistan Improved Controls Over U.S.-Funded Ministry of Defense Fuel Contracts, but Further Improvements are Needed	01/11/2017
DoD OIG	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	01/18/2017
DoD OIG	DODIG-2017-044	Naval Facilities Engineering Command Management of Energy Savings Performance Contracts Needs Improvement	01/26/2017
DoD OIG	DODIG-2017-050	Defense Logistics Agency Aviation Negotiated Fair and Reasonable Prices for F402 Engine Spare Parts, but Pricing Errors and Late Deliveries Occurred	01/31/2017
DoD OIG	DODIG-2017-052	Defense Organization Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance	02/01/2017
DoD OIG	DODIG-2017-053	The Air Force Did Not Adequately Determine or Document Fair and Reasonable Prices for Lot 7 Sole-Source Initial Spare Parts for the C-5 Aircraft	02/07/2017
DoD OIG	DODIG-2017-055	Evaluation of Defense Contract Management Agency Contracting Officer Actions on Defense Contract Audit Agency Incurred Cost Audit Reports	02/09/2017
DoD OIG	DODIG-2017-059	Defense Logistics Agency Land and Maritime Can Improve Its Processes to Obtain Restitution From Contractors That Provide Defective Spare Parts	02/23/2017
DoD OIG	DODIG-2017-060	Defense Commissary Agency Purchases of Fresh Produce in Guam	02/28/2017
DoD OIG	DODIG-2017-062	The Army Did Not Effectively Monitor Contractor Performance for the Kuwait Base Operations and Security Support Services Contract	03/07/2017
DoD OIG	DODIG-2017-063	Classified Report	03/13/2017
DoD OIG	DODIG-2017-065	The Army Needs to Improve Processes for Single-Award, Indefinite—Delivery Indefinite-Quantity Contracts	03/14/2017
DoD OIG	DODIG-2017-072	Two Air Force Centers Adequately Considered Small Businesses When Awarding Prime Contracts, but Small Business Subcontracting Needs Improvement	03/31/2017
USAAA	A-2017-0010-IET	Information Technology Contracts, Arlington National Cemetery	11/02/2016
USAAA	A-2017-0015-IEO	Agreed-Upon Procedures Attestation of Selected Contractual Actions for Aleut Facilities Support Services, Fort Belvoir	11/30/2016
USAAA	A-2017-0021-ALC	Followup Audit of the Followup Audit of Defense Acquisition Workforce Development Fund Tax Payment	12/13/2016
USAAA	A-2017-0038-ALC	Contract Review for the Soldiers for Life-Transition Assistance Program	03/28/2017
USAAA	A-2017-0042-ALS	Final Report for the Audit of Acquisition Strategy for Logistics Management Services, U.S. Army Training and Doctrine Command	03/08/2017
USAAA	A-2017-0045-ALC	Impact of the U.S. Army Materiel Command Mission Alignment on Contracting	03/10/2017
NAVAUDSVC	N2017-0004	Technology Readiness Assessments at Marine Corps Systems Command and Affiliated Program Executive Offices	12/08/2016
NAVAUDSVC	N2017-0010	Contract Administration for Service Contracts at Selected Classified Activities	02/07/2017
AFAA	F-2017-0002-L30000	Advanced Medium Range Air-to-Air Missile Diminishing Manufacturing Sources and Material Shortages	12/16/2016
AFAA	F-2017-0003-L30000	Heavy Engineering, Repair, and Construction Contract Management, Phase II	12/20/2016
AFAA	F-2017-0004-L30000	Future Flexible Acquisition and Sustainment Tool Contract Management	01/05/2017
AFAA	F-2017-0005-A00900	United States Air Forces Central Command Installation Infrastructure Planning	03/10/2017
AFAA	F-2017-0005-L30000	Follow-On Audit, Joint Air-To-Surface Standoff Missile (JASSM) Warranty Management	01/05/2017

Increasing Cyber Security and Cyber Capabilities

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-034	DoD Cybersecurity Weaknesses as Reported in Audit Reports Issued From August 1, 2015, Through July 31, 2016	12/13/2016
NAVAUDSVC	N2017-0013	Internal Controls over the Disposal of Medical Treatment Equipment Containing Personally Identifiable Information at Navy Medicine West Subordinate Activities	03/17/2017
AFAA	F-2017-0002-A00900	Follow-On Audit, Classified Information Systems Protection-Joint Worldwide Intelligence Communication Systems (CISP-JWICS)	01/10/2017

Improving Financial Management

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-007	Independent Auditor's Report on the Navy Working Capital Fund FY 2016 and FY 2015 Basic Financial Statements	11/07/2016
DoD OIG	DODIG-2017-008	Independent Auditor's Report on the Navy General Fund FY 2016 and FY 2015 Basic Financial Statements	11/07/2016
DoD OIG	DODIG-2017-009	Independent Auditor's Report on the Army Working Capital Fund FY 2016 and FY 2015 Basic Financial Statements	11/09/2016
DoD OIG	DODIG-2017-010	Independent Auditor's Report on the Army General Fund FY 2016 and FY 2015 Basic Financial Statements	11/09/2016
DoD OIG	DODIG-2017-011	Independent Auditor's Report on the Defense Health Agency Contract Resource Management FY 2016 and FY 2015 Basic Financial Statements	11/07/2016
DoD OIG	DODIG-2017-012	Independent Auditor's Report on the DoD Medicare-Eligible Retiree Health Care Fund FY 2016 and FY 2015 Basic Financial Statements	11/07/2016
DoD OIG	DODIG-2017-013	Independent Auditor's Report on the DoD Military Retirement Fund FY 2016 and FY 2015 Basic Financial Statements	11/07/2016
DoD OIG	DODIG-2017-015	Application Level General Controls for the Defense Cash Accountability System Need Improvement	11/10/2016
DoD OIG	DODIG-2017-016	Independent Auditor's Report on the U.S. Army Corps of Engineers, Civil Works, FY 2016 and FY 2015 Basic Financial Statements	11/15/2016
DoD OIG	DODIG-2017-019	Improvements Needed in Managing Air Force Suspense Accounts	11/10/2016
DoD OIG	DODIG-2017-021	Transmittal of the Disclaimer of Opinion on United States Army General Fund Schedule of Budgetary Activity	11/14/2016
DoD OIG	DODIG-2017-022	Independent Attestation Review on the DoD's Progress to Comply With the Digital Accountability and Transparency Act of 2014	11/17/2016
DoD OIG	DODIG-2017-023	Transmittal of the Disclaimer of Opinion on United States Air Force General Fund Schedule of Budgetary Activity for FY 2016	11/14/2016
DoD OIG	DODIG-2017-026	Transmittal of the Disclaimer of Opinion on United States Air Force General Fund Schedule of Budgetary Activity for FY 2016	11/22/2016
DoD OIG	DODIG-2017-039	Improvements for the Air Force Civilian Pay Budget Still Need Improvement	01/05/2017
DoD OIG	DODIG-2017-046	Independent Auditor's Report on the FY 2016 DoD Detailed Accounting Report for the Funds Obligated for National Drug Control Program Activities	01/30/2017
DoD OIG	DODIG-2017-047	Independent Auditor's Report on the FY 2016 DoD Performance Summary Report for the Funds Obligated for National Drug Control Program Activities	01/30/2017
DoD OIG	DODIG-2017-067	The Navy Inaccurately Reported Costs for Operation Freedom's Sentinel in the Cost of War Reports	03/16/2017
DoD OIG	DODIG-2017-068	Strategic Plan Needed for Navy Financial Management Systems	03/16/2017
DoD OIG	DODIG-2017-069	Ineffective Fund Balance With Treasury Reconciliation Process for Army General Fund	03/23/2017
USAAA	A-2017-0003-FMR	Army Working Capital Fund Inventory at Contractor Locations, U.S. Army Materiel Command	10/11/2016

Agency	Report Number	Report Title	Date
USAAA	A-2017-0007-FMX	Financial Operations and Property Accountability at the Arizona Army National Guard U.S. Property and Fiscal Office	10/20/2016
USAAA	A-2017-0009-ALS	Nonaudit Service: CID Assist for Suspected Larceny Investigation, Fort Bragg	10/28/2016
USAAA	A-2017-0013-FMX	Audit of the Secretarial Designee Program	11/17/2016
USAAA	A-2017-0025-FMF	Reserve Component Line of Duty Determinations	12/30/2016
USAAA	A-2017-0026-ALA	Audit of Army Testing Costs	01/23/2017
USAAA	A-2017-0028-FMR	Recording and Reporting Accounts Payable	01/30/2017
USAAA	A-2017-0037-FMF	Controls Over Benefits Paid to Soldiers Assigned to the Multinational Force and Observers	02/16/2017
USAAA	A-2017-0041-FMR	Government-Furnished Equipment	03/09/2017
USAAA	A-2017-0043-FMR	Army Working Capital Fund Abnormal Balances	03/08/2017
USAAA	A-2017-0047-IEE	U.S. Army Corps of Engineers Hurricane Sandy Recovery Program: Internal Controls (Oversight and Payments)	03/22/2017
USAAA	A-2017-0048-FMX	Independent Auditor's Report on the Agreed-Upon Procedures Attestation of California Army National Guard Incentive Payments	03/23/2017
USAAA	A-2017-0049-FMF	Audit of Lodging-in-Kind, U.S. Army Reserve	03/23/2017
USAAA	A-2017-0051-FMR	Operating Materials and Supplies Existence and Completeness	03/31/2017
NAVAUDSVC	N2017-0003	Availability of Documentation to Support the Valuation of Recently Acquired Navy Real Property	11/29/2016
NAVAUDSVC	N2017-0006	Status of the Valuation of the Department of the Navy General Fund General Equipment	12/20/2016
NAVAUDSVC	N2017-0007	Ticket Operations at Selected Marine Corps Community Services Information, Tickets, and Tours Offices	01/13/2017
NAVAUDSVC	N2017-0008	Internal Controls over Transfer of Personal Property by Naval Surface Warfare Center, Corona Division	01/30/2017
NAVAUDSVC	N2017-0011	Management of Defense Travel System Vouchers for Fiscal Years 2012-2014 at Joint Prisoner of War/Missing In Action Accounting Command	02/24/2017
NAVAUDSVC	N2017-0014	Availability of Documentation to Support Valuation of Recently Acquired Personal Property at Naval Undersea Warfare Centers	03/20/2017
AFAA	F-2017-0001-L40000	Spare Parts at Contractor Facilities	03/06/2017
AFAA	F-2017-0001-O10000	Audit Readiness Reliance on Third-Party Providers	03/16/2017
AFAA	F-2017-0001-O20000	Follow-On Audit, Landfill Management	11/22/2016
AFAA	F-2017-0003-L40000	Secondary Item Repair Budget Adjustments	03/06/2017
AFAA	F-2017-0004-L40000	Follow-On Audit, United States Air Force Central Area of Responsibility Pallets	02/14/2017
AFAA	F-2017-0001-L10000	Air Force Working Capital Fund Expenses - Supply	01/05/2017
AFAA	F-2017-0001-L20000	Aircraft Bills of Material	12/16/2016
AFAA	F-2017-0001-L30000	Test and Evaluation Reimbursements and Expenditures	10/12/2016
AFAA	F-2017-0002-L10000	Air Force General Fund and Working Capital Fund General Equipment – Information Technology Hardware Existence and Completeness	01/05/2017
AFAA	F-2017-0002-L20000	Electronic Pod Management	01/05/2017
AFAA	F-2017-0003-L10000	Foreign Military Sales Miscellaneous Obligation/Reimbursement Documents	03/06/2017
AFAA	F-2017-0004-L20000	Aircraft Contractor Logistics Support Funds Management	01/27/2017

Protecting Key Defense Infrastructure

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-004	Summary Report – Inspections of DoD Facilities and Military Housing and Audits of Base Operations and Support Services Contracts	10/14/2016
DoD OIG	DODIG-2017-057	Army Officials Need to Improve the Management of Relocatable Buildings	02/16/2017
USAAA	A-2017-0005-IEP	Installation Food Vulnerability Assessment Program, Offices of The Surgeon General and Provost Marshal General	10/13/2016
USAAA	A-2017-0006-FMP	Command, Control, Communications, Computers, and Intelligence Management in Korea, Phase II: Security During Sensitive Compartmented Information Facility Construction	10/14/2016
USAAA	A-2017-0017-IEO	Audit of the Prime Vendor Program, U.S. Army Installation Management Command	11/29/2016
USAAA	A-2017-0019-IEE	Audit of Net Zero	12/07/2016
USAAA	A-2017-0031-IEX	Agreed-Upon Procedures Attestation of the U.S. Army Garrison Stuttgart Capacity Study	01/27/2017
USAAA	A-2017-0036-IEX	Independent Auditor's Report on the Agreed-Upon Procedures Attestation of North Atlantic Treaty Organization Special Operations Headquarters	02/16/2017
USAAA	A-2017-0040-IEP	Army's Implementation of Fort Hood Recommendations--Physical Security, Antiterrorism, and Law Enforcement	03/03/2017
USAAA	A-2017-0044-IEX	Time-Sensitive Report: Defense Travel System Management Structure at North Atlantic Treaty Organization Special Operations Headquarters	03/08/2017
USAAA	A-2017-0046-IEX	Independent Auditor's Report on the Agreed-Upon Procedures Attestation of Critical Base Operations Services at U.S. Army Garrison Stuttgart	03/17/2017
USAAA	A-2017-0050-IEE	Land Use Controls at Active Army Installations	03/29/2017
NAVAUDSVC	N2017-0001	Antiterrorism/Force Protection – Commander, Joint Region Marianas Security Force Personnel	10/26/2016
NAVAUDSVC	N2017-0005	Department of the Navy's Military Construction Projects Proposed for Fiscal Year 2018	12/12/2016
NAVAUDSVC	N2017-0009	Notification Capabilities at Select Naval Education and Training Center Schoolhouses and Student Barracks within Commander, Navy Region Southeast and Commander, Navy Region Mid-Atlantic	01/31/2017
NAVAUDSVC	N2017-0012	Base Operating Support Safety Services at Selected Installations within Commander, Navy Region Mid-Atlantic	03/08/2017
NAVAUDSVC	N2017-0016	Antiterrorism/Force Protection – Commander, Navy Region Hawaii Security Force Personnel	03/31/2017
AFAA	F-2017-0003-A00900	United States Air Force Central Command Integrated Defense Plans	02/21/2017
AFAA	F-2017-0006-L20000	Consumable Item Demilitarization	03/06/2017

Developing Full Spectrum Total Forces Capabilities

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-070	Evaluation of the National Airborne Operations Center Mission Sustainment and Modernization	03/23/2017

Building and Maintaining Force Readiness

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-029	Army National Guard Companies Have Not Developed Effective Training Programs to Attain or Sustain Mission Essential Task Proficiency	12/05/2016
DoD OIG	DODIG-2017-030	USSOCOM Needs to Improve Management of Sensitive Equipment	12/12/2016
DoD OIG	DODIG-2017-037	Defense Logistics Agency Disposition Services Needs to Improve Demilitarization Program Self-Assessment Evaluations	12/20/2016
DoD OIG	DODIG-2017-038	Assessment of Warriors in Transition Program Oversight	12/31/2016

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-043	Management of Excess Material in the Navy's Real-Time Reutilization Asset Management Facilities Needs Improvement	01/23/2017
DoD OIG	DODIG-2017-045	Medical Service Accounts at U.S. Army Medical Command Need Additional Management Oversight	01/27/2017
DoD OIG	DODIG-2017-056	U.S. European Command Needs to Improve Oversight of the Golden Sentry Program	02/17/2017
DoD OIG	DODIG-2017-064	The Defense Health Agency Improperly Paid for Autism-Related Services to Selected Companies in the TRICARE South Region	03/10/2017
DoD OIG	DODIG-2017-066	Army Did Not Support Business Case Analysis Recommending Transition of Human Immunodeficiency Virus Testing	03/14/2017
DoD OIG	DODIG-2017-071	Assessment of DoD Voting Assistance Programs for Calendar Year 2016	03/31/2017
USAAA	A-2017-0001-ALS	Army Rail Operations--Defense Freight Railway Interchange Fleet	10/06/2016
USAAA	A-2017-0002-IEP	Audit of the Army's Implementation of Fort Hood Recommendations--Behavioral Health	10/13/2016
USAAA	A-2017-0004-MTH	U.S. Army National Guard Recruit Sustainment Program	10/17/2016
USAAA	A-2017-0008-ALS	Weapons Accountability at the Small Arms Repair Facility, Anniston Army Depot	10/21/2016
USAAA	A-2017-0011-ALM	Operational Readiness Float Requirements (CONUS), Deputy Chief of Staff, G-4	12/05/2016
USAAA	A-2017-0012-ALS	Performance-Based Logistics Support Strategy for the M777A2 Howitzer	11/29/2016
USAAA	A-2017-0016-ALM	Depot Maintenance Workforce Mix, Deputy Assistant Secretary of the Army for Plans, Programs and Resources	11/30/2016
USAAA	A-2017-0020-IEE	Generator Improvement Initiative, Assistant Secretary of the Army (Acquisition, Logistics, and Technology)	02/09/2017
USAAA	A-2017-0022-ALM	Depot-Level Maintenance Workload Reporting--FY 15	12/15/2016
USAAA	A-2017-0023-ALS	Army Rail Operations--Captive Fleet	01/10/2017
USAAA	A-2017-0024-MTM	Dental Command Workload Survey, U.S. Army Dental Command	12/22/2016
USAAA	A-2017-0030-IEP	Army's Implementation of Fort Hood Recommendations, Behavioral Health	01/27/2017
USAAA	A-2017-0032-ALM	Aviation Special Technical Inspection and Repair Program	02/08/2017
USAAA	A-2017-0033-IEX	Agreed-Upon Procedures Attestation of Fuel Management at Forward Operating Sites in Bulgaria and Romania	02/02/2017
USAAA	A-2017-0034-ALS	General Officer Pistol Program, U.S. Army TACOM Life Cycle Management Command	02/10/2017
USAAA	A-2017-0035-FMP	Host-Nation Support, U.S. Army Japan	02/15/2017
USAAA	A-2017-0039-IEX	Workload Survey of European Reassurance Initiative	03/01/2017
NAVAUDSVC	N2017-0002	Marine Corps Community Services at Selected Marine Corps Commands	11/15/2016
AFAA	F-2017-0003-L20000	Wartime Propulsion Requirements	01/05/2017

Ensuring Ethical Conduct

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-001	Report of Investigation: Ronald F. Lewis Major General, U.S. Army	10/04/2016
DoD OIG	DODIG-2017-036	Evaluation of Non-Defense Criminal Investigative Organization Components' Compliance with DoD Instruction 5505.16, "Criminal Investigations by Personnel Who Are Not Assigned to a Defense Criminal Investigative Organization"	12/22/2016
DoD OIG	DODIG-2017-040	Report of Investigation: Mr. Richard W. Lombardi Senior Executive Service U.S. Air Force	01/04/2017
DoD OIG	DODIG-2017-048	Classified Report	01/31/2017
DoD OIG	DODIG-2017-049	Unclassified Report of Investigation on Allegations Relating to USCENTCOM Intelligence Products	01/31/2017
DoD OIG	DODIG-2017-054	Evaluation of Military Criminal Investigative Organizations' Adult Sexual Assault Investigations	02/14/2017
NAVAUDSVC	N2017-0015	Marines with Drug Incidents and the Security Clearance Process	03/27/2017

Other

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-028	Follow up to DoD Evaluation of Over-Classification of National Security Information	12/01/2016
DoD OIG	DODIG-2017-051	Evaluation of the Defense Cover Program's Oversight Process	01/30/2017
USAAA	A-2017-0014-ALS	Property Accountability at Army Museums	11/30/2016
USAAA	A-2017-0018-IEP	U.S. Army National Guard Security Clearance Processes	12/06/2016
USAAA	A-2017-0027-MTT	Reception Battalion In-Processing Procedures, U.S. Army Training and Doctrine Command's Center for Initial Military Training	01/25/2017
USAAA	A-2017-0029-FMF	U.S. Army Review of the Independent Auditor's Report	01/24/2017

* Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(a)(6).

REPORTS WITH QUESTIONED COSTS AND FUNDS RECOMMENDED TO BE PUT TO BETTER USE

Reports Issued	Date	Questioned Costs	Funds Put to Better Use
DODIG-2017-003 The Air Force Needs to Improve Cost-Effectiveness and Availability of the Joint Surveillance Target Attack Radar System	11/1/2016		\$7,571,599
DODIG-2017-014 Acquisition of the Navy Surface Mine Countermeasure Unmanned Undersea Vehicle (Knifefish) Needs Improvement	11/8/2016		\$751,500,000
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	\$4,500,000	
DODIG-2017-043 Management of Excess Material in the Navy's Real-Time Reutilization Asset Management Facilities Needs Improvement	1/23/2017	\$306,454	
DODIG-2017-044 Naval Facilities Engineering Command Management of Energy Savings Performance Contracts Needs Improvement	1/26/2017	\$67,600,000	
DODIG-2017-045 Medical Service Accounts at U.S. Army Medical Command Need Additional Management Oversight	1/26/2017		\$40,211,567
DODIG-2017-050 Defense Logistics Agency Aviation Negotiated Fair and Reasonable Prices for F402 Engine Spare Parts, but Pricing Errors and Late Deliveries Occurred	1/31/2017		\$407,317
DODIG-2017-053 The Air Force Did Not Adequately Determine or Document Fair and Reasonable Prices for Lot 7 Sole-Source Initial Spare Parts for the C-5 Aircraft	2/6/2017	\$58,800,000	
DODIG-2017-064 The Defense Health Agency Improperly Paid for Autism-Related Services to Selected Companies in the TRICARE South Region	3/10/2017		\$1,896,179
Total		\$131,206,454	\$801,586,662

Note: Partially fulfills the requirement 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	\$977,008
B. Which were issued during the reporting period.	64	\$932,793 ¹
Subtotals (A+B)	96	\$1,909,801
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.	55	\$1,849,105 ^{2,3}
D. For which no management decision has been made by the end of the reporting period.	41	\$60,696 ⁴
Reports for which no management decision was made within 6 months of issue (March 31, 2017).	0	0

1. DoD OIG issued audit reports during the period involving \$131 million 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 \$72 million in "questioned costs."
4. Includes \$59 million in "questioned costs."

Note: Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, §§ 5(a)(8),(9) and (10).

FOLLOWUP ACTIVITIES

Status of action on central internal audits period ending March 31, 2017.

Status	Number	Funds Put to Better Use (in thousands)
DoD OIG		
Action in Progress - Beginning of Period	241	\$0
Action Initiated - During Period	59	\$1,849,105 ¹
Action Completed - During Period	41	\$11,550
Action in Progress - End of Period	259	\$0 ²
Military Departments		
Action in Progress - Beginning of Period	548 ³	\$9,887,542
Action Initiated - During Period	102	\$46,946,353
Action Completed - During Period	71	\$30,559,810
Action in Progress - End of Period	579	\$10,326,199

1. The DoD OIG opened audit reports during the period involving \$72 million in “questioned costs.”
2. On certain reports with audit estimated monetary benefits of \$33.5 billion, the DoD OIG agreed that the resulting monetary benefits can only be estimated after completion of management action, which is ongoing.
3. Incorporates retroactive adjustments.

Note: Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, §§ 5(b)(2) and (3).

CONTRACT AUDIT REPORTS ISSUED¹

October 1, 2016 through March 31, 2017

Type of Audit ²	Reports Issued	Dollars Examined (in millions)	Questioned Costs ³ (in millions)	Funds Put to Better Use (in millions)
Incurring Costs, Operations Audits, Special Audits	788	\$75,315.3	\$633.3	\$--- ⁴
Forward Pricing Proposals	339	\$20,036.0	---	\$1,510.9 ⁵
Cost Accounting Standards	107	\$12.8	\$155.5	---
Defective Pricing	9	(Note 6)	\$22.3	---
Totals	1,243	\$95,364.1	\$811.0	\$1,510.9

1. This schedule represents Defense Contract Audit Agency (DCAA) contract audit reports issued during the six months that ended March 31, 2017. 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 that ended March 31, 2017 was 4,634. 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.
2. 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).
3. Questioned costs represent costs that DCAA has questioned because they do not comply with rules, regulations, laws, or contractual terms.
4. Represents recommendations associated with Operations Audits where DCAA has presented to a contractor that funds could be used more effectively if management took action to implement cost reduction recommendations.
5. Represents potential cost reductions that may be realized during contract negotiations.
6. Defective pricing dollars examined are not reported because the original value was included in the audits associated with the original forward pricing proposals.

Note: 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 CONTRACTS¹

	Number of Reports	Costs Questioned ⁶ (in millions)	Costs Sustained ⁷ (in millions)
Open Reports			
Within Guidelines ²	426	\$7,438.5	N/A ⁸
Overage, greater than 6 months ³	872	\$5,605.1	N/A
Overage, greater than 12 months ⁴	440	\$4,171.7	N/A
In Litigation ⁵	162	\$1,136.5	N/A
Total Open Reports	1,900	\$18,351.8	N/A
Closed Reports	383	\$1,489.8	\$380.6 (25.5%) ⁹
All Reports	2,283	\$19,841.6	

- The status of action on significant post-award contract audits is reported in accordance with DoD Instruction 7640.02, "Policy for Follow-up on Contract Audit Reports," April 15, 2015. This schedule represents the status of Defense Contract Audit Agency reports on incurred costs, defective pricing, equitable adjustments, accounting and related internal control systems, and Cost Accounting Standard noncompliances reported by DoD Components. The DoD OIG has not verified the accuracy of the reported data.
- These reports are within the time frames established by OMB Circular A-50, "Audit Follow-up," and DoD Instruction 7640.02. OMB Circular A-50 requires that audit reports be resolved within 6 months after report issuance. Generally, an audit is resolved when the contracting officer determines a course of action which is documented and approved in accordance with agency policy. DoD Instruction 7640.02 states that audit reports are overage if not dispositioned within 12 months from date of issuance. Generally, disposition is achieved when the contractor implements audit recommendations, the contracting officer negotiates a settlement with the contractor, or the contracting officer issues a final decision pursuant to the Disputes Clause.
- These reports have not been resolved and the 6-month OMB Circular A-50 deadline has passed.
- These reports have been resolved, but these reports have not been dispositioned and the 12-month DoD Instruction 7640.02 deadline has passed.
- Of the 162 reports in litigation, 23 are under criminal investigation.
- 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.
- N/A (not applicable). Cost Sustained occurs when an audit report has been dispositioned (closed) during the reporting period and, as a result, would not be applicable to open reports.
- Contracting officers sustained \$380.6 million (25.5 percent) of the \$1,489.8 million questioned during the period as a result of post-award contract audits. The contracting officer sustention rate of 26 percent represents an increase from the sustention rate of 22 percent for the prior reporting period.

Note: Fulfills requirement of DoD Instruction 7640.02, "Policy for Follow-up on Contract Audit Reports," April 15, 2015, Enclosure 2, § (1)(d).

STATUS OF REPORTS WITH ACTION PENDING (MARCH 31, 2017)^{1,2}

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: Department of Defense Manual 5200.02 has been signed and is awaiting final review. Once DoD guidance has been published, the Army and Air Force will proceed with their revision of 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: Extensive time required to revise the DoD Financial Management Regulation, Volume 5 to reflect 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: 10-INTEL-004, Review of Joint Task Force Guantanamo Inclusion of Detainee Mental Health Information in Intelligence Information Reports, 5/4/2010

Description of Action: Report is classified.

Reason Action Not Completed: Extensive time required to coordinate and issue guidance.

Principal Action Office: Joint Chiefs of Staff

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 Office of Management and Budget (OMB) issued interim guidance on implementation of Presidential Executive Order 13711, "Reducing Regulations and Controlling Regulatory Costs," and the Defense Procurement and Acquisition Policy office is working with the OMB to develop a path forward for publication of all Federal Acquisition Regulation (FAR) system regulations given the evolving guidance. Target completion date extended to fourth quarter FY 2018.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

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-2010-081, Army Use of Time-and-Materials Contracts in Southwest Asia, 8/27/2010

Description of Action: The Army Contracting Command will establish a plan for reviewing invoices for cited contracts and task orders.

Reason Action Not Completed: The Army Contracting Command and the Defense Contract Audit Agency have not completed reviews of task orders and audits of incurred costs.

Principal Action Office: Army

1. Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(b)(4).
2. For this reporting period, there were disallowed costs of \$22.7 billion on reports over 12 months old with final action pending.

Report: SPO-2011-005, Assessment of Allegations Concerning Traumatic Brain Injury Research Integrity in Iraq (Redacted), 3/31/2011

Description of Action: Review and update Navy guidance to specify that an Investigational New Drug application must be filed with the Food and Drug Administration prior to using dietary supplements in medical research.

Reason Action Not Completed: The revised guidance is in the final staffing process, having missed its latest projected completion date of December 31, 2016.

Principal Action Office: Navy

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 Instruction (DoDI) 5200.08, "Security of DoD Installations and Resources" and DoDI 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.

Principal Action Office: Marine Corps

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 evaluating the possibility to seek recoupment on parts covered by the Defense Contract Audit Agency post-award audit report.

Principal Action Office: Defense Contract Management Agency and Army

Report: DODIG-2012-004, Changes Are Needed to the Army Contract With Sikorsky to Use Existing DoD Inventory and Control Costs at the Corpus Christi Army Depot, 11/3/2011

Description of Action: Obtain a refund from Sikorsky for the material cost reduction incentive, and request that Sikorsky provide a refund of excessive profits charged on purchases from the Defense Logistics Agency.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2012-017, U.S. Naval Academy Officials Did Not Adhere to Contracting and Gift Policies, 11/7/2011

Description of Action: Implement the Naval Heritage and History Command inventory system at the U.S. Naval Academy Museum, record all in-kind gifts into the system, and require the U.S. Naval Academy Museum Director to use the system.

Reason Action Not Completed: Naval Heritage and History Command efforts toward migrating data from headquarters components to the Department of Navy Heritage Asset Management System (DONHAMS) is still ongoing. Upon completion, the United States Naval Academy Museum will have DONHAMS access and use this application to account for, and report on, heritage assets.

Principal Action Office: Navy

Report: DODIG-2012-039, Summary Report on DoD's Management of Unfinalized 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 unfinalized periods.

Reason Action Not Completed: The Office of Management and Budget (OMB) issued interim guidance on implementation of Presidential Executive Order 13711, "Reducing Regulations and Controlling Regulatory Costs," and the Defense Procurement and Acquisition Policy office is working with OMB to develop a path forward for publication of defense acquisition regulations. Defense Acquisition Regulations Council tasked Contract Pricing Committee to review public comments received to Defense Federal Acquisition Regulation Supplement (DFARS) Case 2015-D024, and draft final DFARS rule. Target completion date extended to first quarter FY 2018.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

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: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2012-050, Improvements Needed With Host-Based Intrusion Detection Systems, 2/3/2012

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Improvements to multiple systems and configuration processes are ongoing and subject to future funding approval.

Principal Action Office: Defense Information Systems Agency

Report: DODIG-2012-057, Guidance Needed to Prevent Military Construction Projects From Exceeding the Approved Scope of Work, 2/27/2012

Description of Action: Verify that the expenditure of funds designated for the Camp Phoenix North Expansion Project was redesignated for the New Kabul Compound.

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: Air Force

Report: DODIG-2012-064, Vulnerability and Risk Assessments Needed to Protect Defense Industrial Base Critical Assets, 3/13/2012

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Draft Defense Industrial Base Instruction will be incorporated into DoD Instruction 3020.45 with a December 2017 target publication date.

Principal Action Office: Assistant Secretary of Defense for Homeland Defense and Global Security

Report: DODIG-2012-066, General Fund Enterprise Business System Did Not Provide Required Financial Information, 3/26/2012

Description of Action: Implement corrective actions to address the Standard Financial Information Structure gaps as reported in the General Fund Enterprise Business System.

Reason Action Not Completed: Extensive time required to coordinate and implement corrective actions.

Principal Action Office: Army

Report: DODIG-2012-079, Review of United States Air Force Nuclear Weapon Security Program, 4/20/2012

Description of Action: Report is classified.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Air Force

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: Coordination of the draft Directive-Type Memorandum (DTM) has been delayed due to pending legislative changes. Once the legislative change has become certain, the draft DTM will be coordinated for review with the appropriate organizations, published, and DoD Instruction 4165.69 will be updated as appropriate.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2012-087, Logistics Modernization Program System Procure-to-Pay Process Did Not Correct Material Weaknesses, 5/29/2012

Description of Action: Develop a plan of action and milestones to bring the Logistics Modernization Program system into compliance with the DoD Business Enterprise Architecture Procure-to-Pay business rules.

Reason Action Not Completed: Long-term corrective actions are still ongoing.

Principal Action Office: Army

Report: DODIG-2012-090, Information Security Controls Over the Defense Enrollment Eligibility Reporting System, 5/22/2012

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2012-098, Defense Logistics Agency's Procurement Automated Contract Evaluation System, 6/5/2012

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: One recommendation is in the resolution process.

Principal Action Office: Defense Logistics Agency

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 6 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 continues to be staffed due to the extensive time lapse between data call revisions.

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: Lack of management emphasis.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

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: Report is For Official Use Only.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Under Secretary of Defense for Intelligence, Navy, and Marine Corps

Report: DODIG-2012-124, DoD Efforts to Protect Critical Program Information: The Navy's EA-18G "Growler," 8/30/2012

Description of Action: Report is classified.

Reason Action Not Completed: Long-term corrective actions are ongoing.

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 suspended due to ongoing Department of Justice criminal investigations.

Principal Action Office: Army

Report: DODIG-2012-137, U.S. Pacific Command's Petroleum War Reserve Requirements and Stocks, 9/26/2012

Description of Action: Revise DoD Manual 4140-25-M, "DoD Management of Bulk Petroleum Products, Natural Gas, and Coal," to include a requirement for updating the days of supply planning factors at least biennially.

Reason Action Not Completed: DoD Manual 4140-25 is expected to be issued in FY 2018.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

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: Lack of management emphasis.

Principal Action Office: Assistant Secretary of Defense for Special Operations/Low Intensity Conflict

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: Lack of management emphasis.

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: Lack of management emphasis.

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: Implement corrective actions to address all recommendations, with the exception of Recommendation (1)(b), in DoD Office of Inspector General Report No. D-2010-069, "Central Issue Facilities at Fort Benning and Related Activities," June 21, 2010.

Reason Action Not Completed: Updated DoD Instruction 4140.63 is scheduled to be published in third quarter FY 2017. Also, financial liability investigations of property loss for 51 Air Force employees is ongoing and the Army will perform final adjudication and closure of financial liability investigations of property loss for 785 individuals by third quarter FY 2017.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2013-057, Enterprise Business System Was Not Configured to Implement the U.S. Government Standard General Ledger at the Transaction Level, 3/20/2013

Description of Action: Develop and implement an Enterprise Business System alternate chart of accounts that has the capability to report the DoD Standard Chart of Accounts for general fund and working capital fund activities at the transactional level.

Reason Action Not Completed: Long-term corrective actions are still ongoing.

Principal Action Office: Defense Logistics Agency

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: Report is For Official Use Only.

Reason Action Not Completed: Long-term corrective actions are ongoing.

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: Lack of management emphasis.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

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: Long-term corrective actions are ongoing.

Principal Action Office: Director, Operational Test and Evaluation and Army

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-2013-084, Increased Procurement Quantity for CH-53K Helicopter Not Justified, 5/31/2013

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: The affordability assessment and the Joint Requirements Oversight Council approval of the Capability Production Document are ongoing.

Principal Action Office: Marine Corps

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: Long-term corrective actions are ongoing.

Principal Action Office: National Security Agency

Report: DODIG-2013-087, Assessment of DoD Wounded Warrior Matters-Joint Base Lewis-McChord, 5/31/2013

Description of Action: Update command policies and provide interim measures to allow Soldiers assigned or attached to a Warrior Transition Unit to participate in internship opportunities to the maximum extent possible.

Reason Action Not Completed: Warrior Transition Command is finalizing their Career and Education Readiness Policy to allow nonfederal internships; on the job training and job shadowing; as well as apprenticeships and other training opportunities.

Principal Action Office: Army

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: Extensive time required to revise and coordinate policy guidance.

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, Technology, and Logistics, Under Secretary of Defense for Personnel Readiness, Army, Navy, and Air Force

Report: DODIG-2013-099, Compliance with Electrical and Fire Protection Standards of U.S. Controlled and Occupied Facilities in Afghanistan, 7/18/2013

Description of Action: Review the Government oversight and inspection requirements for electrical and fire protection systems and ensure that sufficient qualified resources are available and deployed to meet the requirements throughout the United States Forces Afghanistan area of responsibility.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command

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. Contractor delivery of the final product is expected by June 30, 2017.

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: Report is For Official Use Only.

Reason Action Not Completed: Due to the lead times, additional inspection criteria and item reconciliation required for the Boeing "Plant Clearance" procedures, all remaining asset transfers still remain to be completed.

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: Report is classified.

Reason Action Not Completed: DoD Instruction 3020.45 is under development with a December 2017 target publication date.

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 are still ongoing.

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: Implement the Army's reengineered Acquire-to-Retire business process by developing standardized procedures and controls that leverage all the capabilities provided by the General Fund Enterprise Business System.

Reason Action Not Completed: Long-term corrective actions are still ongoing.

Principal Action Office: Army

Report: DODIG-2013-134, Navy Commercial Access Control System Did Not Effectively Mitigate Access Control Risks, 9/16/2013

Description of Action: Initiate a review of the inappropriate contracting practices related to the Navy Commercial Access Control System and establish a corrective action plan to resolve the contracting improprieties.

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: Navy

Report: DODIG-2013-138, The U.S. Air Force Academy Lacked Effective Controls Over Heritage Assets and Guest House Inventories, and Inappropriately Solicited and Accepted Monetary Gifts, 9/23/2013

Description of Action: Revise DoD Financial Management Regulation guidance to clarify the reporting requirement for nonmonetary gifts.

Reason Action Not Completed: Extensive time required to revise DoD Financial Management Regulation, Volume 12, Chapter 30.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer

Report: DODIG-2014-005, Combined Joint Task Force-Horn of Africa Needed Better Guidance and Systems to Adequately Manage Civil-Military Operations, 10/30/2013

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Verification on whether all returned funds are properly accounted for and supported is still ongoing.

Principal Action Office: U.S. Africa Command

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: Long-term corrective actions are ongoing.

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: Report is For Official Use Only.

Reason Action Not Completed: 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: Report is For Official Use Only.

Reason Action Not Completed: The business case analysis is pending review and approval.

Principal Action Office: Air Force

Report: DODIG-2014-040, Assessment of DoD Wounded Warrior Matters: Managing Risks of Multiple Medications, 2/21/2014

Description of Action: Review and update policies and procedures for medication reconciliation to ensure appropriateness to address the unique needs of the Wounded Warrior population.

Reason Action Not Completed: Air Force Instruction 44-119, "Medical Quality Operations," remains in coordination and its target publication is June 2017.

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, Technology, and Logistics

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: Initiate action to either establish negotiated rates with high-dollar-volume overseas health care providers or implement other cost containment measures in high-dollar volume locations with significant increases. Also, establish procedures to negotiate rates directly with the TRICARE Overseas Program contractor when the contractor provides service as a health care provider.

Reason Action Not Completed: Extensive time required to conduct study and evaluate alternatives.

Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2014-059, DoD Efforts to Meet the Requirements of the Improper Payments Elimination and Recovery Act in FY 2013, 4/15/2014

Description of Action: Develop quality assurance goals and programmatic corrective action plans to reduce errors related to separation debts.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer

Report: DODIG-2014-062, Improvements Needed in the Stocking of Air Force Basic Expeditionary Airfield Resources Support and Repair Spare Kits in Guam, 4/17/2014

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Air Force

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: Long-term corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer and Army

Report: DODIG-2014-067, Improvement Needed for Management of Commemorative Program Funds, 5/6/2014

Description of Action: Develop guidance for effectively performing Executive Agent responsibilities in accordance with DoD Directive 5101.1.

Reason Action Not Completed: The proposed draft Army regulation does not assign responsibility for maintaining, and preserving records that document the business transaction of the Executive Agent or responsible official.

Principal Action Office: Army

Report: DODIG-2014-073, Improvements Needed for Triannual Review Process at Norfolk Ship Support Activity, 5/13/2014

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Department of Justice investigation closed in December 2016. The Army has re-engaged with the contractor to recover any excessive improper payments.

Principal Action Office: Army

Report: DODIG-2014-079, Evaluation of the Department of Defense Combating Trafficking in Persons Program, 6/16/2014

Description of Action: Review and comment on DoD Components' self-assessments of their Combating Trafficking in Persons programs; and develop and implement specialized training in Combating Trafficking in Persons training for legal counsel and strategic planners.

Reason Action Not Completed: Under Secretary of Defense for Personnel and Readiness has not provided support to substantiate their review of DoD Components Combating Trafficking in Persons Program self-assessments and specialized training for strategic planners is available to DoD personnel.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

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 Department of Defense 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 first 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: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2014-087, Army's Audit Readiness at Risk Because of Unreliable Data in the Appropriation Status Report, 6/26/2014

Description of Action: Analyze and identify the root causes of the significant adjustments required for General Fund Enterprise Business System data to be reported in the Appropriation Status Report, and implement corrective actions to eliminate the need for the automatic adjustment process within the Defense Departmental Reporting System-Budgetary.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Army

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 (GFEBS) posting logic documentation is accurate and complete, and use it to validate GFEBS general ledger account postings.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2014-091, Procedures to Ensure Sufficient Rare Earth Elements for the Defense Industrial Base Need Improvement, 7/7/2014

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2014-092, Navy and Marine Corps Have Weak Procurement Processes for Cost-reimbursement Contract Issuance and Management, 7/11/2014

Description of Action: Develop checklists and guides that can be used by contracting personnel regarding the extra planning, approval, and oversight of cost-reimbursement contracts; and update contracting policies.

Reason Action Not Completed: Update of the Naval Sea Systems Command Contracting Handbook is still ongoing.

Principal Action Office: Navy and Marine Corps

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: The directive still needs to be revised for clarity on Armed Forces Retirement Home methodology and criteria for making incapable of earning a livelihood determinations.

Principal Action Office: Armed Forces Retirement Home

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: Contract closeout was delayed due to the continued lack of sufficient manpower.

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: Lack of management emphasis.

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: Corrective actions are 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 has been postponed until September 2017.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer

Report: DODIG-2014-114, Independent Auditor's Report on Agreed-Upon Procedures for DoD Compliance With Service Contract Inventory Compilation and Certification Requirements for FY 2012, 9/18/2014

Description of Action: Provide an update on the status, including timeframes, for staffing the Total Force Management Support Office.

Reason Action Not Completed: Fully staffing the Total Force Management Support Office will be completed once the federal government Federal Government hiring freeze is lifted.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

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 Acquisition, Technology, and Logistics

Report: DODIG-2014-118, Improvements Needed in Contract Award of Mi-17 Cockpit Modification Task Order, 9/19/2014

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Lack of management emphasis

Principal Action Office: Army

Report: DODIG-2014-119, Excess Inventory Acquired on Performance-Based Logistics Contracts to Sustain the Air Force's C-130J Aircraft, 9/22/2014

Description of Action: Establish and monitor C-130J-unique, performance-based, logistics inventory control metrics on the performance-based logistics contracts. Also, establish a contract clause for performance-based logistics contracts that requires contractors in coordination with the buying DoD Component to comply with the revised DoD Manual 4140.01, Volume 6.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics and Air Force

Report: DODIG-2014-123, Air Force Did Not Justify the Need for MQ-9 Reaper Procurement Quantities, 9/30/2014

Description of Action: Perform and document comprehensive analyses to determine the necessary quantity of MQ-9 aircraft, and update and submit the MQ-9 production document to the Air Force Requirements Oversight Council and subsequently, the Joint Requirements Oversight Council, and request validation that the cost and quantity changes are necessary prior to making any FY 2015 procurement decisions.

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: 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: Secretary of Defense, 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. Completion is expected in June 2017.

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: Revise Defense Contract Management Agency Instruction 130 to address the Federal Acquisition Regulation 15.404-2(a)(1) requirement that the administrative contracting officer tailor the request for audit services to reflect the minimum essential supplementary information needed to conduct a cost analysis. Also, 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.

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 counted twice in the Enterprise Blood Management System; develop and implement the Blood Management Blood Bank Transfusion Services interface capability with the Composite Health Care System; evaluate how the DoD blood product information technology capabilities would benefit from being interoperable as an information technology portfolio; and identify and document opportunities for efficiencies throughout the process.

Reason Action Not Completed: The contract to develop the Composite Health Care System interface with Enterprise Blood Management System has been awarded and completion of the interface remains targeted for the third quarter FY 2017.

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: Defense 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: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Navy and the Defense Criminal Investigative Service

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. Revise the Defense Health Affairs Manual to incorporate an updated description of the Medical Expense Performance Reporting System codes.

Reason Action Not Completed: Draft DoD Instruction 6490.xx, which will include the DoD OIG recommendations, is undergoing coordination and the Services are waiting for its issuance before developing their own departmental guidance.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Assistant Secretary of Defense for Health Affairs, Army, Navy, Air Force, and Marine Corps

Report: DODIG-2015-027, Quality Control Review of BDO USA, LLP FY 2013 Single Audit of Advanced Technology International, 11/3/2014

Description of Action: Perform additional audit procedures to support the audit opinion including determination of direct and material compliance requirements and internal controls and compliance testing on direct and material requirements.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Single Audit Act

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 and establish metrics. 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: The revised DoD Manual 4160.28, Volume 1 was submitted to Washington Headquarters Services for final coordination prior to publication. Volume 2 will undergo a DoD Office of General Counsel legal sufficiency review. The estimated publication date for Volumes 1 and 2 is third quarter FY 2017.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2015-037, Exoatmospheric Kill Vehicle Quality Assurance and Reliability Assessment-Part B, 11/13/2014

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are on schedule.

Principal Action Office: Missile Defense Agency

Report: DODIG-2015-039, C-5 Reliability Enhancement and Re-engining Program Hotline Evaluation, 11/18/2014

Description of Action: Update or generate all required memorandums of agreement, memorandums of understanding, and letters of delegation to ensure level of authority, training, roles, and responsibilities are properly documented for the Government on-site representative. Ensure the contractor's procedures are in compliance with Federal Acquisition Regulations Subpart 46.407 (d) to require Government approval and review all open Corrective Action Requests and raise the level of any that meet the elevation criteria of Defense Contract Management Agency Instruction 1201.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Contract Management Agency and 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 that the claims are documented, billed, and paid appropriately.

Reason Action Not Completed: The Assistant Secretary of Defense for Health Affairs (DHA) has developed contract requirements to have medical records reviewed by an external compliance review contractor on a reoccurring basis. The DHA is evaluating offeror proposals and, upon contract award, will begin conducting medical record reviews of skilled nursing facility and other health care claim types.

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: Report is For Official Use Only.

Reason Action Not Completed: DoD Chief Information Officer deferred updating formal DoD-wide transition milestones, roles, responsibilities, and enforcement mechanisms for each DoD office involved with the Internet Protocol Version 6 implementation until after the conclusion of the limited deployment.

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.dd, "DoD Information Network Transport," is expected to be issued in calendar year 2017.

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: Corrective actions are ongoing.

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-2015-051, Air Force Leadership Action is Required to Sustain the Minuteman III Intercontinental Ballistic Missile Through 2030, 12/17/2014

Description of Action: Report is classified.

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: Air Force

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 Air Force Materiel Command/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: Lack of management emphasis.

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: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer

Report: DODIG-2015-058, U.S. Air Force May Be Paying Too Much for F117 Engine Sustainment (Redacted), 12/22/2014

Description of Action: Perform a quality review of Air Force Life Cycle Management Center contracting officials' compliance with the Federal and Defense acquisition regulations for commerciality determinations and, based on that review, consider corrective actions as appropriate.

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: Air Force

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: Issue policy to implement the Federal Guidelines for Dam Safety.

Reason Action Not Completed: The Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics has not provided an update on the planned new guidance. Action by the Services is pending issuance of DoD guidance.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics, Army, Navy, Air Force, and Marine Corps

Report: DODIG-2015-066, U.S. Military Academy, West Point, Controls Over Gift Funds Need Improvements, 1/14/2015

Description of Action: Revise property records to accurately reflect gifted real and personal assets. Require museum personnel to use the appraised value field in the Army Museum Information System to record acquisition costs or appraisal values of non-monetary gifts received and artifacts purchased. Initiate a review into the actions of the former Chief of Staff, West Point and others involved with the disbursing activities to determine why they did not comply with Army or DoD policy for operating a disbursing office at West Point. Update Army Regulation 150-1 to reflect DoD and Army requirements related to management and disbursement of gift funds.

Reason Action Not Completed: Turnover of key personnel in the Logistics Readiness Center (LRC) has delayed the implementation of critical steps within the process for full implementation of accountability into the Property Book Unit Supply Enhanced (PBUSE) system. The LRC and United States Military Academy G-4 are establishing and updating primary hand receipt holders, who will be responsible to ensure that gifted property is accounted for on property accountability records. These individuals will be trained and provided access to PBUSE, which will allow them to capture property accountability and ensure auditability of all gifted property. Full implementation is scheduled for end of fourth quarter FY 2017.

Principal Action Office: Army

Report: DODIG-2015-067, Assessment of U.S. and Coalition Efforts to Develop the Logistics and Maintenance Sustainment Capability of the Afghan National Police, 1/30/2015

Description of Action: Advise and assist the Afghan Ministry of the Interior to determine the cost-effectiveness of hiring civilians versus uniformed police personnel to work in Afghan National Police vehicle maintenance positions.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Policy and U.S. Central Command

Report: DODIG-2015-068, DoD Methodologies to Identify Improper Payments in the Military Health Benefits and Commercial Pay Programs Need Improvement, 1/14/2015

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Awaiting publication of Defense Health Agency FY 2017 risk assessment.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer and Assistant Secretary of Defense for Health Affairs

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: Corrective actions are ongoing.

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 Office of Management and Budget issued a freeze on rule-making until late spring 2017, and the coordination of DoD Instruction 6400.06 must be extended. 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: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2015-087, Delinquent Medical Service Accounts at Naval Medical Center Portsmouth Need Additional Management Oversight, 3/4/2015

Description of Action: Review, research, and pursue collection on the remaining open delinquent medical service accounts. Establish procedures to validate the collection of accurate and complete demographic and billing patient information before patient discharge; and to document the registration, admission, and discharge processes of patients. Also, address reimbursement issues for services provided to Medicare and Veterans Affairs beneficiaries.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Assistant Secretary of Defense for Health Affairs and 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 ongoing.

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: 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: Long-term 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.

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: Issue policies to the Military Services and Defense Agencies that reiterate and strengthen the Federal Acquisition Regulation and the Defense Federal Acquisition Regulation Supplement requirements to obtain fair and reasonable prices when purchasing spare parts. Also, 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: Defense Acquisition Regulation Council received draft final Defense Federal Acquisition Regulation Supplement (DFARS) rule on commercial item procurement (DFARS Case 2016-D006) from Pricing committee. Further discussions on proposed final DFARS rule are scheduled. The Director, Defense Pricing will also issue revised policy guidance that will request that each Component explain how they plan to implement pricing policies and guidance in future inspections or reviews.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2015-106, Independent Auditor's Report on Agreed-Upon Procedures for DoD Compliance With Service Contract Inventory Compilation and Certification Requirements for FY 2013, 4/15/2015

Description of Action: Issue clarifying guidance related to the inventory of contracts for services certification letters.

Reason Action Not Completed: DoD issuance of clarifying guidance is still ongoing.

Principal Action Office: Deputy Secretary of Defense

Report: DODIG-2015-107, Challenges Exist for Asset Accountability and Maintenance and Sustainment of Vehicles Within the Afghan National Security Forces (Redacted), 4/17/2015

Description of Action: Perform a reconciliation to ensure vehicle information is accurate and complete; assess the accuracy of property transfer records; obtain a complete inventory of vehicles received by the Afghan National Security Force; and advise Ministry of Defense and Ministry of Interior officials to maintain consolidated property book records for all vehicles received from DoD and Coalition forces.

Reason Action Not Completed: Corrective actions are on schedule.

Principal Action Office: U.S. Central Command

Report: DODIG-2015-110, The Air Force's Information Technology Contracts Awarded Without Competition Were Generally Justified, 4/24/2015

Description of Action: Issue guidance to the Air Force Contracting community reiterating the requirements of the Federal Acquisition Regulation 5.207(c)(15), 5.207(c)(16)(i), and 5.207(c)(16)(ii).

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: Air Force

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: Long-term corrective actions are ongoing.

Principal Action Office: U.S. Cyber Command

Report: DODIG-2015-120, Defense Logistics Agency Did Not Obtain Fair and Reasonable Prices From Meggitt Aircraft Braking Systems for Sole-Source Commercial Spare Parts, 5/8/2015

Description of Action: Issue guidance to establish a percentage of commercial sales that is sufficient to determine fair and reasonable prices when commercial items are acquired on a sole-source contract. Also, issue guidance to prohibit contracting officers from placing clauses in sole-source commercial contracts limiting their ability to obtain cost data.

Reason Action Not Completed: Defense Federal Acquisition Regulation Supplement (DFARS) proposed final rule (DFARS Case 2016-D006, Procurement of Commercial Items) is expected to be published during calendar year 2017.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2015-121, DoD Met Most Requirements of the Improper Payments Elimination and Recovery Act in FY 2014, but Improper Payment Estimates Were Unreliable, 5/12/2015

Description of Action: Issue policy memorandum, "Preventing Travel Pay Improper Payments and Enforcing Recovery" as well as the Travel Pay Remediation Plan to address internal controls and post payment recovery efforts within the DoD Travel Pay Program. Also, a memorandum to address DoD Travel Pay deficiencies and corrective actions implemented will be provided to Congress.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer

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: The Director, Test and Evaluation developed draft language for the Integrated Test and Evaluation chapter in the new Secretary of the Navy Instruction 5000.2E and Secretary of the Navy Manual, M-5000.2, which among other policy updates, will incorporate Recommendation A.1 of DODIG-2015-122. 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: Corrective actions are ongoing.

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: Implement controls that assess supply chain risks; and evaluate and improve procedures that review purchase requests and orders of parts that may be excessive.

Reason Action Not Completed: Corrective actions are ongoing.

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: Corrective actions are ongoing.

Principal Action Office: Joint Staff

Report: DODIG-2015-137, Improvements Needed on DoD Procurements from Robertson Fuel Systems (Redacted), 6/25/2015

Description of Action: Issue guidance to clarify the commercial item definition in a sole-source environment when no evidence of commercial sales exists for an item being purchased and provide additional clarification as to when a modification to a commercial item is minor.

Reason Action Not Completed: Defense Federal Acquisition Regulation Supplement (DFARS) proposed final rule (DFARS Case 2016-D006, Procurement of Commercial Items) and the draft Commercial Item Handbook are expected to be published during calendar year 2017. Request for proposal for follow-on contracts will include a request for the required cost data or other-than-cost and pricing data.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics and 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: Delegate the contracting officer's representative appropriate responsibility to: report contractor performance information, and review and certify contractor vouchers and related support. 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-2015-140, Defense Logistics Agency Can Improve Its Product Quality Deficiency Report Processing, 7/1/2015

Description of Action: Develop an action plan with milestones to improve product quality deficiency report processing and ensure that the revised policy and controls are implemented at all Defense Logistics Agency Supply Chains that process Product Quality Deficiency Reports.

Reason Action Not Completed: Corrective actions are on schedule.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2015-141, Naval Facilities Engineering Command Needs to Improve Controls Over Task Order Administration, 7/2/2015

Description of Action: The Commander, Naval Facilities Engineering Command, Marianas evaluate the requirements for the helipad and hazardous waste storage for the P-528 project and ensure they are built to meet applicable standards and guidance.

Reason Action Not Completed: Helipad construction project is still ongoing. Final site layout and grounding wire loop design adjustments have revised the target completion date to May 2017.

Principal Action Office: Navy

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: System changes required to improve timely recognition and posting of liabilities remain on track to have the planning and analysis phase completed by end fourth quarter FY 2017.

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: Establish and implement guidance to ensure that transportation office personnel check Patriot Express availability before booking commercial flights for overseas travel, and implement controls in the Defense Travel System regarding checking Patriot Express availability.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army, Navy, Air Force 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: An update of DoD Instruction 1300.17 is ongoing with the draft guidance released for coordination.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2015-150, Theater Blood Application Was Not Effectively Developed and Implemented, 7/17/2015

Description of Action: Ensure policies and procedures to manage future requirements for medical information systems are documented, reviewed, and updated as necessary; and develop a long-term strategy and not invest additional money in the continued development of the Theater Blood Application until the application's sustainability is determined. In addition, develop policies and procedures for training requirements and establish and implement a program to ensure users receive initial training prior to deployment, followed by refresher training.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

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; develop a plan to review Uniform Business Office resource issues for the Military Treatment Facilities; ensure that the Military Treatment Facilities refer outstanding third party claims to the appropriate legal office; update and comply with the Uniform Business Office Manual; and establish a quality assurance program and new protocols or procedures.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2015-155, U.S. Forces Korea Service Components Can Improve Management of Individual Protective Equipment, 7/31/2015

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army, Navy, Air Force, and Marine Corps

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: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics and 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 officer(s) 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: Corrective actions are ongoing.

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. Require the U.S. Army Quartermaster School and Joint Culinary Center of Excellence to review the dining facility services section of the contract and the quality assurance surveillance plan; and upon receiving the results of the review, modify contract documents to implement recommended changes.

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: Time needed to review transactions and determine any violations of the Berry Amendment.

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-2015-174, U.S. Army Corps of Engineers-Alaska District Needs to Improve Competitive Procedures for Cooperative Agreements for Alaska Integrated Natural Resources Management Plans, 9/16/2015

Description of Action: The Office of the Secretary of Defense will issue a policy memorandum that clarifies DoD's responsibilities when entering into contracts and other agreements to implement Integrated Natural Resources Management Plan actions on military installations and state-owned National Guard installations. The memorandum also establishes policy and specifies minimum evaluative criteria requiring competition for task orders when multiple cooperative agreements exist.

Reason Action Not Completed: Policy memorandum continues to be staffed.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics and Army

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: Corrective actions are ongoing.

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. Address the inconsistencies between the applicability of Unified Facilities Criteria (UFC) 3-600-01 and the position taken by the Assistant Secretary of Defense for Energy, Installations, and Environment regarding fire protection requirements for privatized military housing and initiate appropriate changes to the UFC or other applicable policy and guidance.

Reason Action Not Completed: Corrective actions are on schedule.

Principal Action Office: Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, Army, Navy and Air Force

Report: DODIG-2016-002, DoD Needs a Comprehensive Approach to Address Workplace Violence, 10/15/2015

Description of Action: Review and analyze all of the Fort Hood and Defense Science Board recommendations and the concurrent internal reviews conducted by the Military Departments, Combatant Commands, and DoD Components to: verify existing policies and procedures have addressed identified gaps and deficiencies; identify systemic issues not addressed; and identify opportunities for streamlining processes and eliminating redundancies; and develop and execute an implementation plan to close existing gaps and deficiencies through cross-functional coordination with DoD Components; employ corrective action to remedy systemic issues identified; streamline processes and eliminate redundancies; and provide completion dates for any outstanding recommendations. Revise current policies and procedures and integrate existing programs to develop a comprehensive DoD-wide approach to address prevention and response to workplace violence. In addition, revise the Defense Federal Acquisition Regulation Supplement to address interim and final contractor requirements for the prevention of workplace violence.

Reason Action Not Completed: DoD policy memorandum is being finalized for Deputy Secretary of Defense signature. Upon approval, the Defense Procurement and Acquisition Policy office will open a Defense Federal Acquisition Supplement case to implement the appropriate portions of the DoD policy memorandum. Also, four recommendations are in the resolution process.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2016-003, Space and Naval Warfare Systems Command and Overall Navy Needs to Improve Management of Waiver and Deferral Requests, 10/8/2015

Description of Action: Ensure the Space and Naval Warfare Instruction 3960.3F references and provides guidance to implement the Navy policy in the planned revision of Secretary of the Navy Instruction 5000.2E.

Reason Action Not Completed: Revision of Space and Naval Warfare Systems Instruction 3960.3F is awaiting issuance of revised Secretary of the Navy Instruction 5000.2E.

Principal Action Office: Navy

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: Headquarters, Army Contracting Command 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 LOGCAP-issued task order.

Reason Action Not Completed: Headquarters, Department of the 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 (DPAP) 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 (DCAA) 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, Technology, and Logistics and Defense Contract Management Agency

Report: DODIG-2016-011, The Navy Needs to Improve the Management of Parts Required to Sustain the AN/SPY-1 Phased Array Radar System, 11/6/2015

Description of Action: The Type Commander require personnel on board Arleigh Burke-class destroyers to identify excess inventory when they conduct annual inventories of parts and turn in all parts identified as excess. The Commander, Naval Supply Systems Command, in coordination with the Commander, Naval Sea Systems Command, use any excess parts identified to offset the future procurement of SPY-1 radar or other weapon system part requirements. If the parts are determined no longer needed and cannot be used to support the SPY-1 radar or another weapon system, dispose of the parts.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2016-018, Followup Audit: Navy Access Control Still Needs Improvement, 11/9/2015

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Navy

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-2016-023, Improvements Needed in the Defense Logistics Agency's Evaluation of Fair and Reasonable Prices for C-130 Aircraft Spare Parts, 11/16/2015

Description of Action: Perform market research, including requesting engineering reviews, to determine whether a commercial item determination is appropriate before a solicitation is issued for the follow-on contract. Training will be updated to include additional information on procedures to require the use of contractors' actual rates when Defense Contract Management Agency rates are not available.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Logistics Agency

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: Corrective actions are ongoing.

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: Report is classified

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2016-027, Defense Logistics Agency's Materiel Returns Program Could Be Managed More Effectively, 12/2/2015

Description of Action: Develop Materiel Returns Program guidance that includes return procedures for all categories of materiel.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2016-032, DoD's Range Capabilities to Conduct Cyber Exercises, 12/18/2015

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Joint 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: Corrective actions are ongoing.

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-2016-038, DoD Needs an Effective Process to Identify Cloud Computing Service Contracts, 12/28/2015

Description of Action: Issue guidance to either establish a standard, Department-wide cloud computing definition or clarify the National Institute of Standards and Technology definition to consistently identify DoD Component cloud computing service contracts.

Reason Action Not Completed: DoD Chief Information Officer still working with the National Institute of Standards and Technology (NIST) to clarify the definition for "cloud computing" and include it in proposed NIST publication.

Principal Action Office: DoD Chief Information Officer

Report: DODIG-2016-043, Air Force Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance, 1/29/2016

Description of Action: Develop or improve procedures for preparing performance assessment reports (PARs) within 120 days; ensuring assessors take initial and periodic refresher training for writing PARs; evaluating PARs for quality; or registering contracts.

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: Air Force

Report: DODIG-2016-044, U.S. TRANSCOM Needs Further Improvements to Address Performance Concerns Over the Global Privately Owned Vehicle Contract III, 2/3/2016

Description of Action: Review all invoices that were not prepared in accordance with the Federal Acquisition Regulation and DoD regulations to verify if the invoices and payment amounts were accurate and if performance met contract requirements. Take appropriate action to ensure that all overpayments are recouped.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Transportation Command

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-17 program 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 will be initiated in late FY 2017.

Principal Action Office: Air Force

Report: DODIG-2016-047, Defense Logistics Agency Did Not Appropriately Determine Fair and Reasonable Prices for F108 Engine Sole-Source Commercial Parts, 2/16/2016

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Awaiting contracting officer review of parts with no commercial sales and decision on whether the commercial off-the-shelf classification is appropriate prior to awarding the next contract.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2016-050, Chemical and Biological Training for Army and Marine Corps Units in the Republic of Korea Needs Improvement, 2/24/2016

Description of Action: Develop a training standard operating procedure to require that all Marine personnel stationed at U.S. Marine Corps Forces, Korea complete collective chemical and biological training.

Reason Action Not Completed: Awaiting the completion of the training standard operating procedure.

Principal Action Office: Marine Corps

Report: DODIG-2016-051, Air Force Personnel Can Improve Compliance With the Berry Amendment and the Buy American Act, 2/24/2016

Description of Action: Establish procedures or additional training for procurements subject to the Buy American Act and complete a review to determine whether potential Antideficiency violations has occurred.

Reason Action Not Completed: Lack of management emphasis.

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 DLA'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 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: Long-term corrective actions are ongoing.

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 (Redacted), 3/1/2016

Description of Action: Report is For Official Use Only.

Reason Action Not Completed: Corrective actions are 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: Report is For Official Use Only.

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: Air Force

Report: DODIG-2016-060, DoD Actions Were Not Adequate to Reduce Improper Travel Payments, 3/10/2016

Description of Action: Include a summary of the root causes for the improper payments and associated corrective actions in the DoD Agency Financial Report.

Reason Action Not Completed: The senior officials are working to identify the root causes that caused the improper payment errors and develop corrective actions.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer

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 contractor time records to ensure that data entered into billing systems fully supports labor detention invoices, identify labor detention charges subject to recoupment, and take action to recoup these costs.

Reason Action Not Completed: U.S. Transportation Command is working to identify how much can be recouped and issue a demand letter to the applicable service provider requesting repayment of the total overpayment amounts.

Principal Action Office: U.S. Transportation Command

Report: DODIG-2016-063, Naval Sea Systems Command Did Not Properly Apply Guidance Regarding Contracting Officer's Representatives, 3/24/2016

Description of Action: Appoint and train a contracting officer's representative (COR) to cover all COR duties in connection with the contract, and in accordance with the Federal Acquisition Regulation, Defense Federal Acquisition Regulation Supplement, and other agency policy.

Reason Action Not Completed: Project manager is in the process of completing all required training before contracting officer can appoint the project manager as the contracting officer's representative.

Principal Action Office: Navy

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 ongoing.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Management Officer

Report: DODIG-2016-065, U.S. Army Central and U.S. Army Contracting Command-Rock Island Need to Improve Facility Maintenance at King Abdullah II Special Operations Training Center, 3/23/2016

Description of Action: Request a periodic schedule of maintenance from the contractor that contains all the periodic maintenance required by the contract and ensure that the contractor is completing facility repairs and periodic maintenance.

Reason Action Not Completed: The quality control plan and quality assurance surveillance plan have not been updated to include the schedule maintenance covering all 18 areas identified in the audit report finding and the quality assurance surveillance plan has not been updated accordingly with these 18 areas.

Principal Action Office: Army

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 15 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: Defense Finance and Accounting Service

Report: DODIG-2016-068, DoD's Efforts to Consolidate Data Centers Need Improvement, 3/29/2016

Description of Action: Revise the DoD's strategy to include a plan for meeting its 60-percent data center reduction goal by FY 2018 and a process for monitoring Component progress toward meeting the data center consolidation goals.

Reason Action Not Completed: The DoD has not yet provided its Data Center Optimization Initiative strategic plan to the Office of Management and Budget.

Principal Action Office: DoD Chief Information Officer

Report: DODIG-2016-070, Section 847 Requirements for Senior Defense Officials Seeking Employment with Defense Contractors, 3/31/2016

Description of Action: DoD Standards of Conduct Office and the After Government Employment Advice Repository administrator change the case status to "rejected" for those requests where the requestor is not eligible to receive the section 847 opinion letters.

Reason Action Not Completed: DoD Office of General Counsel has not provided support to substantiate that the After Government Employment Advice Repository administrator deleted opinions for officials not covered by Section 847, once notified by the responsible ethics counselor.

Principal Action Office: Office Secretary of Defense General Counsel

Report: DODIG-2016-071, Assessment of DoD Voting Assistance Programs for Calendar Year 2015, 3/31/2016

Description of Action: Coordinate with the Service Inspector Generals to initiate a dialogue with the Senior Service Voting Representatives to consider establishing a standard DoD definition of voting assistance program compliance.

Reason Action Not Completed: A standard cross-service definition of voting assistance compliance is being considered and the newly established working group plans to establish metrics that the Service Inspectors General should utilize to measure the compliance standards.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

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: Report is For Official Use Only.

Reason Action Not Completed: U.S. Army Contracting Command determined that it is appropriate to request a voluntary refund and plans to issue a request to the contractor.

Principal Action Office: Army

SECTION 845 ANNEX AUDIT REPORTS WITH SIGNIFICANT FINDINGS

DoD OIG

Audit Report No. DODIG-2017-044	Date: January 26, 2017
Subject: Naval Facilities Engineering Command Management of Energy Savings Performance Contracts Needs Improvement	
Report: \$67,600,000 in questioned costs	
Naval Facilities Engineering Command officials did not effectively manage 38 ongoing performance-phase energy savings performance contracts valued at \$1.55 billion. Further, the five ongoing performance-phase energy savings performance contracts reviewed in detail include contract payments of \$67.6 million, and these payments remain questionable because Naval Facilities Engineering Command officials have not determined if the related projects have generated sufficient savings to pay for the energy conservation measures.	

Audit Report No. DoD OIG 2017-053	Date: February 7, 2017
Subject: The Air Force Did Not Adequately Determine or Document Fair and Reasonable	
Prices for Lot 7 Sole-Source Initial Spare Parts for the C-5 Aircraft	
Report: \$58,800,000 in questioned costs	
The Air Force Life Cycle Management Center did not adequately determine fair and reasonable prices for 11 nonstatistically selected C-5 commercial spare parts, valued at \$58.8 million, purchased from Lockheed Martin Aeronautics. Additionally, the Air Force Life Cycle Management Center contracting officer did not sufficiently document the fair and reasonable price determination for the initial spare parts. Specifically, contracting officials could not support their determination that the initial spare part prices for the C-5 were fair and reasonable.	

DCAA

Audit Report No. 01291-2010F10100001	Date: October 3, 2016
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2010	
Prepared For: Defense Contract Management Agency (DCMA), Divisional Administrative Contracting Officer (DACO)	
Report: \$10.4 Million Questioned Costs	
The audit of the FY 2010 incurred cost proposal resulted in \$10.4 million in questioned costs - \$7.8 million in direct costs and \$2.6 million in indirect costs. The significant questioned costs include \$3.5 million in Direct Labor Costs representing uplifts on regular hours over 40 a week which was found unreasonable per FAR. Other questioned costs include Direct Material Costs and Other Direct Costs which were found to be unreasonable and unallocable per FAR.	

* Fulfills requirements of the National Defense Authorization Act for FY 2008, Section 845.

Audit Report Nos. 9711-2010W10100018 and 9711-2011W101000020	Date: October 24, 2016
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year (FY) 2010 and FY 2011	
Prepared For: Defense Contract Management Agency (DCMA)	
Report: \$30.3 Million Questioned Costs	
The audit of the CFY 2010 and 2011 incurred cost proposal resulted in \$30.3 million questioned costs. The significant questioned costs include \$26.6 million in Direct Subcontract Labor and \$3.7 million in Direct Labor costs. These costs were generally unallowable due to use of unqualified personnel performing on T&M contracts, or unsupported by the contractor.	

Audit Report No. 1321-2010P10100042	Date: November 8, 2016
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FYE December 31, 2010	
Prepared For: Defense Contract Management Agency (DCMA)	
Report: \$49.8 Million Questioned Costs	
The audit of the FY 2010 incurred cost proposal resulted in \$49.8 million in questioned costs - \$48 million in direct costs and \$1.8 million in indirect costs. The significant questioned costs include \$31 million in Direct Cost Plus Fixed Fee (CPFF) direct labor costs because the contractor failed to provide supporting documentation necessary to adequately support the costs. The significant questioned costs also include \$9 million in Direct Time and Material (T&M) Labor Hours due to the contractor's overstatement of T&M Labor Hours – the hours proposed exceeded those recorded in the contractor's General Ledger. The significant questioned costs also include \$3.7 million in Travel Costs due to the contractor not being able to provide the necessary supporting documentation to demonstrate the costs were incurred, were allocable, and comply with applicable cost standards.	

Audit Report No. 2731-2016G17100001	Date: November 15, 2016
Subject: Independent Audit Report on Proposed Direct Material, Direct Labor, Other Costs, and Settlement Expenses (Excluding Proposed Fringe, Overhead, Material Handling, and G&A) in Termination Settlement Proposal (Total Cost Basis) dated August 19, 2015 and recertified on May 10, 2016	
Prepared For: Defense Contract Management Agency (DCMA)	
Report: \$37.4 Million Questioned Cost	
The audit of the Proposed Direct Material, Direct Labor, Other Costs, and Settlement Expenses in Termination Settlement Proposal resulted in \$37.4 million in questioned settlement expenses related to the estimate to complete and facilities termination expenses unallowable per FAR.	

Audit Report Nos. 9711-2010W10100016 and 9711-2011W101000009	Date: November 30, 2016
Subject: Independent Audit Report Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Years (CFYs) 2010 and 2011	
Prepared For: Defense Contract Management Agency (DCMA)	
Report: \$39.5 Million Questioned Costs	
The audit of the CFY 2010 and 2011 incurred cost proposal resulted in \$39.5 million questioned direct and indirect costs. The significant questioned costs include \$26.6 million in Direct Material costs and \$4.3 million in Direct Labor costs. Other questioned costs include indirect purchased services, indirect salary bonus, and the incorporation of questioned corporate indirect allocation costs.	

Audit Report Nos. 1721-2009B10100001 and 1721-2010B10100001	Date: December 8, 2016
Subject: Independent Multi-Year Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2009 and 2010	
Prepared For: Administrative Contracting Officer (ACO), Supervisor of Shipbuilding, Conversion and Repair, USN	
Report: \$76.6 Million Questioned Cost	
<p>The audit of the FY's 2009 and FY 2010 incurred cost proposal resulted in \$76.6 million in questioned costs - \$41.8 million in direct costs and \$34.8 million in indirect costs. The significant questioned costs include \$27.7 million in Direct Project Material due to significant changes in fixed price modifications due to unreasonableness; \$9 million in Direct Subcontracts due to contractor failure to demonstrate price reasonableness in accordance with the requirement of FAR; \$28.8 million in General Overhead due to the contractors failure to provide sufficient documentation supporting documentation and \$4.5 million in Production Overhead due to the contractors failure to provide sufficient documentation supporting documentation.</p>	

Audit Report No. 02801-2011G10100001	Date: December 15, 2016
Subject: Independent Audit Report on Claimed Amounts on Unsettled Flexibly Priced Contracts for CFY 2011	
Prepared For: Defense Contract Management Agency, Divisional Administrative Contracting Officer	
Report: \$27.8 Million Noncompliant Costs	
<p>DCAA was not able to obtain sufficient appropriate evidence on which to base an opinion on the reasonableness, allowability, and allocability of the incurred cost proposal and issued a disclaimer of opinion. Based on limited procedures performed, auditors identified \$27.8 million in noncompliant costs. The noncompliant costs consisted of \$25.3 million in noncompliant direct costs and \$2.5 million in noncompliant indirect costs. The significant noncompliant costs include \$25 million in Manufacturing Material direct costs for which the contractor was not able to provide documentation reconciling actual cost reports from the contractor's accounting system to the contractors bill of material which is used as the basis the contractor uses to order specific parts under a given contract/project definition. The significant noncompliant costs also include \$2 million in Indirect International Premium Airfare Costs due to the contractor not withdrawing indirect international premium airfare costs in excess of the customary lowest priced airfare based on the requirement of FAR.</p>	

Audit Report No. 01321-2011Y10100007	Date: December 28, 2016
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2011	
Prepared For: Defense Contract Management Agency - Special Programs, Divisional Administrative Contracting Officer	
Report: \$19.7 Million Questioned Costs	
<p>The audit of the FY 2011 incurred cost proposal resulted in \$19.7 million in questioned costs - \$18.4 million in direct costs and \$1.3 million in indirect costs. The significant questioned costs includes \$14 million in Subcontract Costs due to the contractor erroneously proposing subcontract labor costs as "Other Costs" when the costs had already been proposed as Direct Labor. As a result, DCAA questioned costs there were proposed as both Direct Labor (Time and Material Labor) and the Other Costs. Other significant questioned costs include \$4 million in Travel Costs due to contractor's failure to provide any supporting documentation to adequately support the proposed costs.</p>	

Audit Report No. 07821-2013D4200003	Date: January 31, 2017
Subject: Independent Audit Report on Certified Cost or Pricing Data Resulting in Price Agreement	
Prepared For: Army Contracting Command – Redstone Aviation	
Report: \$18 Million Recommended Price Adjustment	
DCAA examined the certified cost or pricing data submitted to determine if it complied with 10 U.S.C. 2306a, Cost or Pricing Data: Truth in Negotiations (TINA). DCAA determined that the contractor did not comply with 10 U.S.C. 2306a, because it did not submit accurate, complete, and current cost or pricing data pertaining to portions of its estimated labor hours and estimated direct material. The audit resulted in a recommended price adjustment of \$18 million.	

Audit Report No. 09851-2010F10100002	Date: February 7, 2017
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2010	
Prepared For: Defense Contract Management Agency; Other Direct Customers	
Report: \$41.7 Million Questioned Costs	
The audit of the FY 2010 incurred cost proposal resulted in \$41.7 million in questioned costs - \$39.4 million in direct costs and \$2.3 million in indirect costs. The significant questioned costs include \$32.7 million of Subcontract Pass Through due to an improper manual adjusting entry. Other questioned costs include Direct and Subcontract Travel, Direct Labor, Other Direct Costs (ODC), and indirect costs such as Management Services, Office expenses and Other Professional Fees.	

Audit Report Nos. 4141-2010V10100003, 4141-2011K10100006 and 4141-2012K10100001	Date: February 16, 2017
Subject: Independent Audit Report on Proposed Fringe Benefits Carry-Forwards Amounts for FYs 2010-2012	
Prepared For: Office of Naval Research (ONR)	
Report: \$10.2 Million Questioned Costs	
The audit of the FYs 2010, 2011 and 2012 incurred cost proposal resulted in \$10.2 million in questioned costs due to Staff Retirement Annuity Plan costs that were calculated in noncompliance with 2 CFR 220 Appendix A, which prescribes the pension cost to be determined in accordance with Generally Accepted Accounting Principles (GAAP). The claimed costs exceeded the costs calculated in accordance with GAAP.	

Audit Report Nos. 1221-2011U10100012, 1221-2012U10100004 and 1221 2012U10100007	Date: February 24, 2017
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2012-2012 and Intermediate Home Office Proposed Pool Allocations for Fiscal Year 2012	
Prepared For: Defense Contract Management Agency (DCMA)	
Report: \$44 Million Questioned Cost	
The audit of the FY's 2011 and FY 2012 incurred cost proposal resulted in \$44 million in questioned costs. The significant questioned costs include \$43 million of direct labor incentives costs due to costs based on unbillable fee sharing incentives claimed as direct labor non burden which resulted in overstating claimed contract costs.	

Audit Report No. 01331-2016M17100002	Date: March 02, 2017
Subject: Independent Audit Report on the Proposed Amounts in Revised Termination Settlement Proposal for Contract No. SP330-11-D-1000 Task Order 0038 dated September 6, 2016	
Prepared For: Defense Logistics Agency Distribution, Contracting Officer	
Report: \$10.1 Million Questioned Costs	
The audit of the Proposed Termination Settlement Proposal resulted in \$10.1 million in questioned costs. The significant questioned costs include \$8.9 of Other Direct Costs and \$1.09 of Subcontract Labor Costs. The costs were in noncompliance with FAR 31.201-2, Determining Allowability. The contractor did not provide documentation for competition of supplies over \$3,000 as required by contract clauses.	

Audit Report No. 9851-2010C10100005	Date: March 31, 2017
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2010	
Prepared For: Defense Contract Management Agency (DCMA) and National Geospatial-Intelligence Agency (NGA)	
Report: \$70.1 Million Questioned Costs	
The audit of the FY 2010 incurred cost proposal resulted in \$70.1 million in questioned costs - \$61.0 million in direct costs and \$9.1 million in indirect costs. The significant questioned costs include \$42.7 million claimed Direct Maintenance costs and \$15.4 million claimed Other Direct Costs. Other questioned costs include General and Administrative (G&A) expenses, Overhead expenses, Direct Subcontractor costs, Incentive and Performance Bonus costs, and Tax costs.	

RESULTS OF PEER REVIEWS

Peer Review of Department of Defense Office of Inspector General by United States Postal Service Office of Inspector General

The United States Postal Service OIG conducted an external peer review of DoD OIG audit operations and issued a final report on January 4, 2016. DoD OIG received a peer review rating of pass, and there are no outstanding recommendations. A copy of the external quality control review report can be viewed at www.dodig.mil/pubs/reviews.html.

Peer Review of the United States Special Operations Command Office of Inspector General Audit Division

The DoD OIG conducted an external peer review of the system of quality control for the U.S. Special Operations Command OIG in effect for the year ended December 31, 2015. The Command's OIG audit organization received an External Peer Review rating of pass as the system of quality control for the its audit organization in effect for the period reviewed was suitably designed and complied with to provide the audit organization with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. A copy of the external quality control review report dated August 15, 2016, can be accessed at http://www.dodig.mil/pubs/report_summary.cfm?id=7069.

Peer Review of the Defense Contract Management Agency by the Department of Defense Office of Inspector General

The DoD OIG conducted an external peer review of the DCMA Office of Independent Assessment Internal Review Team reviewing the system of quality control in effect for the year ended May 31, 2015. The DCMA received a peer review rating of pass, and there are no outstanding recommendations. A copy of the external quality control review report dated November 2, 2015, can be accessed at http://www.dodig.mil/pubs/report_summary.cfm?id=6687.

Summary Report on Audit Quality at DoD Audit Organizations by the Department of Defense Office of Inspector General

The DoD OIG issued Report No. DoDIG-2016-031, "Summary Report on Audit Quality at the DoD Audit Organizations," December 14, 2015, which summarized deficiencies identified in 19 DoD audit organizations' peer review reports. The report highlights systemic issues across the DoD audit organizations and can be used to share lessons learned and to train staff on improving systems of quality control at the audit organizations. The report contained no recommendations. A copy of the summary report can be accessed at http://www.dodig.mil/pubs/report_summary.cfm?id=6740.

Peer Review of the National Guard Bureau by the Department of Defense Office of Inspector General

The DoD OIG conducted an external peer review of the system of quality control for the National Guard Bureau Internal Review Office in effect for the year ended February 28, 2015. The office received a rating of pass with deficiencies. The deficiencies identified, however, did not rise to the level of a significant deficiency because they were not systemic. There were no outstanding recommendations. A copy of the external quality control review report, dated December 18, 2015, can be accessed at http://www.dodig.mil/pubs/report_summary.cfm?id=6741.

Note: Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, §§ 5(a)(14),(15),(16).

INVESTIGATIVE REPORTS ISSUED

17. Statistical Table		DCIS	AI
17A	The total number of investigative reports issued during the reporting period	250	24
17B	The total number of persons referred to the Department of Justice for criminal prosecution during the reporting period	256	0
17C	The total number of person referred to State and local prosecuting authorities for criminal prosecution during the reporting period	4	0
17D	The total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	95	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 10/1/16 and 3/31/2017. There are instances when DCIS does not author 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, such as Information Reports, Case Initiation Reports, Case Summary Updates, Interview Forms 1, and Significant Incident Reports. The DoD OIG queries the Defense Case Activity Tracking System (D-CATS) to obtain the data for the following statistical tables and charts.
17B	Includes total “entities” referred to DOJ for criminal prosecution between 10/1/16 and 3/31/2017. This includes both Individuals (211) and Businesses (45). The subject may have been referred to main DOJ or a district office.
17C	Includes total “entities” referred to any state or local entities for criminal prosecution between 10/1/16 and 3/31/2017. This includes both Individuals (2) and Businesses (2).
17D	Includes any Federal Indictment, Federal Information, State/Local Charge, Foreign Charge, Article 32 UCMJ, or Federal Pre-Trial Diversion occurring between 10/1/16 and 3/31/2017. 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 4/1/2016 and 09/30/16 but were not previously reported).

Note: Partially fulfills requirements of the Inspector General Empowerment Act of 2016, as amended, Appendix, section 5(17) and (18) and (19).

ACRONYMS

AAFES	Army and Air Force Exchange Service	DHA	Defense Health Agency
AAG	Advanced Arresting Gear	DISL	Defense Intelligence Senior Leader
ABA	Applied Behavior Analysis	DLA	Defense Logistics Agency
ACC-RI	U.S. Army Contracting Command–Rock Island	DOJ	Department of Justice
AFAA	Air Force Audit Agency	DON	Department of the Navy
AFB	Air Force Base	DOS	Department of State
AFCEC	Air Force Civil Engineer Center	ESPC	Energy Savings Performance Contract
AFCOLS	Air Force Common Output Level Standards	FAA	Federal Aviation Administration
AFEMS	Air Force Equipment Management System	FAR	Federal Acquisition Regulation
AFLCMC	Air Force Life Cycle Management Center	FBI	Federal Bureau of Investigation
AFOSI	Air Force Office of Special Investigations	FBWT	Fund Balance With Treasury
AGEAR	After Government Employment Advice Repository	FCA	False Claims Act
AGF	Army General Fund	FLC	Fleet Logistics Center
AHCAS	Army Historical Collection Accountability System	FMR	Financial Management Regulation
AI	Administrative Investigations	FOIA	Freedom of Information Act
AMRAAM	Advanced Medium Range Air-to-Air Missile	FTE	Full-Time Equivalent
ANASOF	Afghan National Army Special Operations Forces	GCPC	Government Commercial Purchase Card
Army CID	Army Criminal Investigation Command	GDMA	Glenn Defense Marine Asia PTE, LTD
ARNG	U.S. Army National Guard	GFE	Government-Furnished Equipment
ASF	Auxiliary Security Force	GFEBS	General Fund Enterprise Business System
AWCF	Army Working Capital Fund	GIRoA	Government of Islamic Republic of Afghanistan
BSAT	Biological Select Agents and Toxins	GSA	General Services Administration
BSO	Budget Submitting Office	GTCC	Government Travel Charge Card
CAFU	Contract Audit Follow-Up System	HIV	Human Immunodeficiency Virus
CCTT	Close Combat Tactical Trainer	HSI	Homeland Security Investigations
CENTCOM	U.S. Central Command	ICAC	Internet Crimes Against Children
CID	Criminal Investigation Command*	ICS	Contracts for Services
CIGIE	Council of the Inspectors General on Integrity and Efficiency	IDIQ	Indefinite-Delivery Indefinite-Quantity
CLS	Contractor Logistics Support	IG	Inspector General
CMH	U.S. Army Center of Military History	IPERA	Improper Payments Elimination and Recovery Act of 2010
COR	Contracting Officer's Representative	iRAPT	Invoice, Receipt, Acceptance, and Property Transfer
CoW	Cost of War	IRS	Internal Revenue Service
CSTC-A	Combined Security Transition Command–Afghanistan	ISIL	Islamic State of Iraq and the Levant
DCAA	Defense Contract Audit Agency	ISIS	Islamic State of Iraq and Syria
DCIE	Defense Council on Integrity and Efficiency	ISPA	Intelligence and Special Program Assessments
DCIO	Defense Criminal Investigative Organization	JIDA	Joint Improvised-Threat Defeat Agency
DCIS	Defense Criminal Investigative Service	JSTARS	Joint Surveillance Target Attack Radar System
DCMA	Defense Contract Management Agency	KASOTC	King Abdullah II Special Operations Training Center
DeCA	Defense Commissary Agency	KSF	Kurdish Security Forces
DFARS	Defense Federal Acquisition Regulation Supplement	LAMPS	Large Advanced Mobile Power Source
DFAS	Defense Finance and Accounting Service		

* Criminal Investigation Division when not referring to Army Criminal Investigation Division

LCCA	Life-Cycle Cost Analysis
LMP	Logistics Modernization Program
MCIO	Military Criminal Investigative Organization
MCSC	Marine Corps Systems Command
MICC	Mission and Installation Contracting Command
MEDCOM	U.S. Army Medical Command
MILCON	Military Construction
MIPR	Military Interdepartmental Purchase Requests
MoD	Ministry of Defense
MOI	Ministry of Interior
MOTSU	Military Ocean Terminal Sunny Point
NAOC	National Airborne Operations Center
NGA	National Geospatial Intelligence Agency
NAVAUDSVC	Naval Audit Service
NAVFAC	Naval Facilities Engineering Command
NCIS	Naval Criminal Investigative Service
NDAA	National Defense Authorization Act
NDMC	Non-Disability Mental Conditions
NET/DET	New Equipment Training and Displaced Equipment Training
NSF	Navy Security Force
NTV	Nontactical Vehicle
OASA(FM&C)	Office of the Assistant Secretary of the Army (Financial Management and Comptroller)
OCIE	Organizational Clothing and Individual Equipment
OCO	Overseas Contingency Operations
OFS	Operation Freedom's Sentinel
OGE	Office of Government Ethics
OIG	Office of Inspector General
OIR	Operation Inherent Resolve
OMB	Office of Management and Budget
PAR	Performance Assessment Report
PEO	Program Executive Office
PIM	Paladin Integrated Management
PMF	Popular Mobilization Force
P&O	Policy and Oversight
POM	Presidio of Monterey
RECBN	Reception Battalion
RSP	Recruit Sustainment Program
SAR	Semiannual Report
SBIRE	Small Business Innovation Research Engineering Companies
SCIF	Sensitive Compartmented Information Facility
SDDC	U.S. Army Military Surface Deployment and Distribution Command

SICA	Secondary Inventory Control Activities
SIGAR	Special Inspector General for Afghanistan Reconstruction
SPO	Special Plans and Operations
STEP	Small Tactical Electric Power
TEDD	Tactical Explosive Detection Dog
UESC	Army Utility Energy Services Contract
ULA	United Launch Alliance
ULO	Unliquidated Obligation
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
USAFA	U.S. Air Force Academy
USAID	U.S. Agency for International Development
USARCENT	U.S. Army Central
USASOC	U.S. Army Special Operations Command
U.S.C.	United States Code
USCENTCOM	U.S. Central Command
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics
USD(P&R)	Under Secretary of Defense for Personnel and Readiness
USFK	U.S. Forces Korea
USEUCOM	U.S. European Command
USSOCOM	U.S. Special Operations Command
USPFO	U.S. Property and Fiscal Office
USTRANSCOM	U.S. Transportation Command
WIN-T	Warfighter Information Network–Tactical
WCP	Warrior Care Policy
WRI	Whistleblower Reprisal Investigations



INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE



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