



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

The Honorable Charles E. Grassley
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510-6200

SEP 10 2010

Dear Senator Grassley:

I have reviewed a copy of the report prepared by your staff, "Oversight Review of Audit Reporting by the Department of Defense, Office of Inspector General." I believe that Congress is an invaluable partner in the war against government fraud, waste, and abuse, and I will carefully review the suggestions and recommendations contained in your report to help improve DoD IG operations.

As you know, early last year as Acting Inspector General, I reached out to your office to share my vision for the future of the DoD Inspector General and welcomed an independent look at the focus and processes within Audit. The observations and recommendations in your report will be a valuable supplement to the efforts I have already initiated to reach my goal of providing timely, accurate, and relevant information to both the Congress and the Department.

You raised valid concerns in your report and I have been refocusing the priorities of audit. Below is current information on how we are addressing those issues.

- My office has initiated action to deepen contract-related oversight to identify and address control environment weaknesses that may lead to waste, abuse, and fraud. We agree the focus cannot be merely on reporting the identified weaknesses and may require additional oversight efforts.
- Identifying egregious contract-related problems is a critical mission of DoD IG. Our current work identifies challenges in DoD contract management and the need to preclude improper payments. We have initiatives underway to expand the number of staff assigned to these audits.
- While it is the responsibility of the Department to field and employ reliable accounting systems, DoD IG will continue to provide timely oversight that alerts management to system weaknesses and makes recommendations to fix the weaknesses. We are expanding our audits of DoD efforts to acquire and implement new accounting systems and modernize existing systems.

I appreciate your support of DoD IG and look forward to working with you to ensure accountability in the Department. I will provide to you a more detailed response to the recommendations you have made after my staff has completed a comprehensive review. Should you have any questions, or wish to meet with me personally to further discuss this issue, please let me know. I can be reached at (703) 604-8300.

Sincerely,

A handwritten signature in black ink that reads "Gordon S. Heddell". The signature is written in a cursive style with a large initial 'G' and 'H'.

Gordon S. Heddell

cc: Committee on Armed Services
Committee on Homeland Security and Governmental Affairs