Inspector General

U.S. Department of Defense

Semiannual Report to the Congress

OCTOBER 1, 2015 TO MARCH 31, 2016

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.

Fraud, Waste & Abuse
HOTLINE
Department of Defense
dodig.mil/hotline | 800.424.9098

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.

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DEPARTMENT OF DEFENSE
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Acting Inspector General
Glenn A. Fine

This report summarizes the work of the Office of Inspector General (OIG) from October 1, 2015, through March 31, 2016. As this Semiannual Report reflects, it has been a busy and productive reporting period.

During the past 6 months the OIG issued a total of 73 reports. Our Auditing component issued 57 reports that identified $1.6 billion in questioned costs and $82.4 million in funds put to better use. The OIG achieved $1.3 billion in financial savings based on management-completed corrective actions related to reports issued in previous reporting periods.

Our Defense Criminal Investigative Service (DCIS) opened 242 cases, closed 251 cases, and has 1,624 ongoing investigations. Cases addressed criminal matters such as procurement fraud, public corruption, product substitution, health care fraud, and illegal transfer of technology. DCIS investigations, including those conducted jointly with other law enforcement organizations, have resulted in $407.5 million in civil judgements and settlements; $83.2 million in criminal fines, penalties, and restitution ordered; $74.6 million in administrative recoveries; and $1.6 million in recovered Government property.

In our Administrative Investigations component, the DoD Hotline received 6,540 contacts, opened 2,973 cases, and closed 2,764 cases. Administrative Investigations also received a total of 339 senior official investigations and 797 whistleblower reprisal or restriction complaints in the first half of fiscal year 2016.

During this reporting period, our Special Plans and Operations component issued three reports, including a classified report on report on equipping and training the Sunni Popular Mobilization Forces in Iraq. Our Intelligence and Special Program Assessments component released three classified reports, including one on intelligence support countering weapons of mass destruction. Our Policy and Oversight component issued 10 evaluation reports involving its oversight of audit, investigative, and technical issues in DoD involving oversight of audit, investigative, and technical issues in DoD.

The DoD OIG also continues its important work as the Lead Inspector General for two overseas contingency operations—Operation Inherent Resolve and Operation Freedom's Sentinel. We continue to work closely with our OIG partners, particularly the U.S. Department of State OIG and the U.S. Agency for International Development OIG to provide coordinated oversight and reporting over these contingency operations.

This is my first Semiannual Report as the Acting Inspector General for the DoD OIG. I assumed this role in January 2016 upon the resignation of Jon T. Rymer, who served as the DoD Inspector General from September 17, 2013, through January 9, 2016. I want to express my thanks to him for his distinguished career in public service, including as the Inspector General of the DoD and before that as the Inspector Generalof the Federal Deposit Insurance Corporation. He also served for more than 30 years on active and reserve duty in the U.S. Army.

Finally, I want to thank the OIG employees and members of the DoD accountability community who provide oversight of critical DoD operations. I am privileged and honored to lead these dedicated OIG employees as they perform their critically important oversight work.

Glenn A Fine

Glenn A. Fine
Acting Inspector General

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SUMMARY OF ACTIVITIES

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

For the reporting period October 1, 2015, through March 31, 2016, the DoD OIG issued a total of 73 reports, identified $1.6 billion in questioned costs and $82.4 million in funds put to better use. The DoD OIG also achieved $1.3 billion in financial savings based on management-completed corrective actions related to reports issued in previous reporting periods. The Defense Criminal Investigative Service (DCIS) investigations, including those conducted jointly with other law enforcement organizations, have resulted in $407.5 million in civil judgements and settlements; $83.2 million in criminal fines, penalties, and restitution ordered; $74.6 million in administrative recoveries; and $1.6 million in recovered Government property.

Auditing issued 57 reports identifying questioned costs and funds that could be put to better use; addressing improvements in DoD operations, financial reporting, and accountability; ensuring DoD complied with statutory mandates; and identifying new efficiencies. As examples of its reports this period, Auditing found that the Defense Logistics Agency (DLA) did not appropriately determine fair and reasonable prices for sole-source commercial spare parts for the F108 engine. Auditing also provided oversight of DoD's audit readiness efforts by issuing and transmitting financial opinions on DoD's and the military services' annual financial statements, schedules of budgetary activity, funds obligated for the National Drug Control Program activities, and the existence and completeness of mission critical assets. Auditing also issued a report identifying that the DLA stored items in long-term storage inventory that exceeded historical demand and, therefore, incurred costs to store $169.5 million in excess inventory. In its continued oversight of improper payments, Auditing determined that DoD Component actions were not adequate to reduce estimated improper payments in the DoD Travel Pay program.

Investigations–Defense Criminal Investigative Service (DCIS) opened 242 cases, closed 251 cases, and has 1,624 ongoing investigations. Cases resolved in this reporting period primarily addressed criminal allegations of procurement fraud, public corruption, product substitution, health care fraud, and the illegal transfer of technology. This includes the Glenn Defense Marine Asia investigation, where two more Navy officers were sentenced to jail for their role in a decades long bribery scheme. Another investigation resulted in a $25 million civil settlement by EoTech Inc., its president, and L-3 Communications Corps to resolve allegations of selling defective weapons sights to DoD and others. Another case resulted in a jail sentence of 97 months for Mozaffar Khazaee for attempting to ship documents related to the F-35 Joint Strike Fighter program to Iran.

Administrative Investigations (AI) The DoD Hotline received 6,540 contacts, opened 2,973 cases, and closed 2,764 cases. AI also issued a progress report to the Deputy Secretary of Defense regarding the timeliness of senior official investigations. The DoD Whistleblower Ombudsman received 151 contacts and the DoD Hotline's Whistleblower Rights and Protections webpage received 11,098 visits. AI received a total of 339 senior official and 797 whistleblower reprisal/restriction complaints in the first half of fiscal year (FY) 2016, and closed a total of 325 senior official and 610 whistleblower reprisal/restriction complaints. During the reporting period, the DoD OIG continued its investigation to address allegations concerning the processing of intelligence information by the U.S. Central Command Intelligence Directorate (J2).

Intelligence and Special Program Assessments (ISPA) issued three classified reports. One report pertained to DoD's programmatic intelligence support countering weapons of mass destruction, and another report summarized the nuclear enterprise weaknesses identified in DoD OIG reports issued from September 30, 2010, through June 18, 2015.

Policy and Oversight (P&O) issued 10 evaluation reports addressing its oversight of audit, investigative, and technical issues in DoD. In one report, P&O found that Defense Contract Management Agency (DCMA) contracting officer actions did not fully comply with Defense Federal Acquisition Regulation Supplement (DFARS) requirements involving reported business system deficiencies. P&O also issued a report summarizing deficiencies that were identified in 19 DoD audit organizations' peer review reports, and it completed 54 reviews of single audit reports, impacting $3.4 billion. In response to a request by a U.S. Senator, P&O investigators determined that an Army sexual assault criminal investigation was not completed as required by guiding policies. In a review of compliance with the Lautenberg Amendment (Public Law 104-208, "Domestic Violence Amendment to the Gun Control Act of 1968"), which prohibits anyone convicted of a felony or a misdemeanor crime of domestic violence from possessing a firearm, including police and military personnel even while on duty, P&O investigators found that the law enforcement divisions of the evaluated agencies were in full compliance with the Amendment. Also, P&O did not substantiate a DoD Hotline allegation that engine fuel pumps for the F/A-18 E/F Super Hornet were not being tested properly at a contractor facility. P&O issued two DoD-wide policies addressing investigative policy and two on audit policy; coordinated on 141 draft DoD policies; issued 408 subpoenas; and processed 110 contractor disclosures.

Special Plans and Operations (SPO) issued three assessment reports that addressed a wide range of issues. One report dealt with U.S. and Coalition Forces efforts to train, advise, assist, and equip Sunni Popular Mobilization Forces in Iraq. SPO's other reports dealt with the Federal Voting Assistance Program and Section 847 of Public Law 110-181, which established requirements for senior DoD officials seeking employment with defense contractors.

Overseas Contingency Operations (OCO) supports Lead IG responsibilities and oversight coordination related to named OCOs. The DoD OIG coordinates with the OIGs for the U.S. Department of State (DOS) and the U.S. Agency for International Development (USAID), and other OIGs to fulfill the Lead IG responsibilities set out in section 8L of the IG Act of 1978, as amended, to conduct coordinate oversight over OCOs and to issue quarterly reports on the progress of Operation Inherent Resolve (OIR) and Operation Freedom's Sentinel (OFS). During this reporting period, the DoD OIG, DoS OIG, and USAID OIG issued a quarterly report and a combined quarterly and biannual report for OIR, a quarterly report and a combined quarterly and biannual report for OFS, and the FY 2016 Comprehensive Oversight Plan for Overseas Contingency Operations. Quarterly Lead IG reports can be viewed at http://www.dodig.mil/OCO/index.cfm#a1.

STATISTICAL HIGHLIGHTS

Summary of Activities	Total for the Reporting Period
AUDIT ACTIVITIES	
Reports Issued	57
Recommendations Made with Questioned Costs	$1.5 billion
Recommendations Made on Funds Put to Better Use	$82.4 million
Achieved Monetary Benefits	$1.3 million
DEFENSE CRIMINAL INVESTIGATIVE SERVICE ACTIVITIES	
Total Investigative Receivables and Recoveries[1]	$566.9 million
Recovered Government Property	$1.6 million
Civil Judgments/Settlements	$407.5 million
Criminal Fines, Penalties and Restitution Ordered (does not include Asset Forfeitures)	$83.2 million
Administrative Recoveries[2]	$74.6 million
Investigative Activities	
Arrests	52
Criminal Charges	118
Criminal Convictions	87
Suspensions	47
Debarments	64
Asset Forfeiture Results	
Seized	$34.2 million
Final Orders of Forfeiture	$6.2 million
Monetary Judgments	$14.6 million

[1] Includes investigations conducted jointly with other law enforcement organizations.
[2] Includes contractual agreements and military non-judicial punishment.

STATISTICAL HIGHLIGHTS (CONT'D)

Summary of Activities	Total for the Reporting Period
ADMINISTRATIVE INVESTIGATIONS	
Complaints Received	1,136
Senior Official	339
Whistleblower Reprisal/Restriction	797
Complaints Closed	935
Senior Official	325
Whistleblower Reprisal/Restriction	610
Whistleblower Ombudsman	
Contacts	151
DoD Hotline	
Contacts	6,540
Cases Opened	2,973
Cases Closed	2,764
SUMMARY OF POLICY AND OVERSIGHT ACTIVITIES	
Existing and Proposed Regulations Reviewed	141
Evaluation Reports Issued	10
Inspector General Subpoenas Issued	408
Contractor Disclosures Received	110
INTELLIGENCE AND SPECIAL PROGRAM ASSESSMENTS ACTIVITIES	
Reports Issued	3
SPECIAL PLANS AND OPERATIONS ACTIVITIES	
Assessment Reports Issued	3

1. Overview

SERVING THE DEPARTMENT AND THE CONGRESS

Established in 1982, the DoD OIG is an independent office within 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 DoD.
- Ensure that the Secretary of Defense and the Congress are fully informed of problems in DoD.
- Review existing and proposed legislation and regulations relating to programs and operations of DoD in regard to their impact on economy and efficiency and the prevention and detection of fraud and abuse in DoD.
- Recommend policies for, and to conduct, supervise, or coordinate other activities for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting 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 promotion of economy 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 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

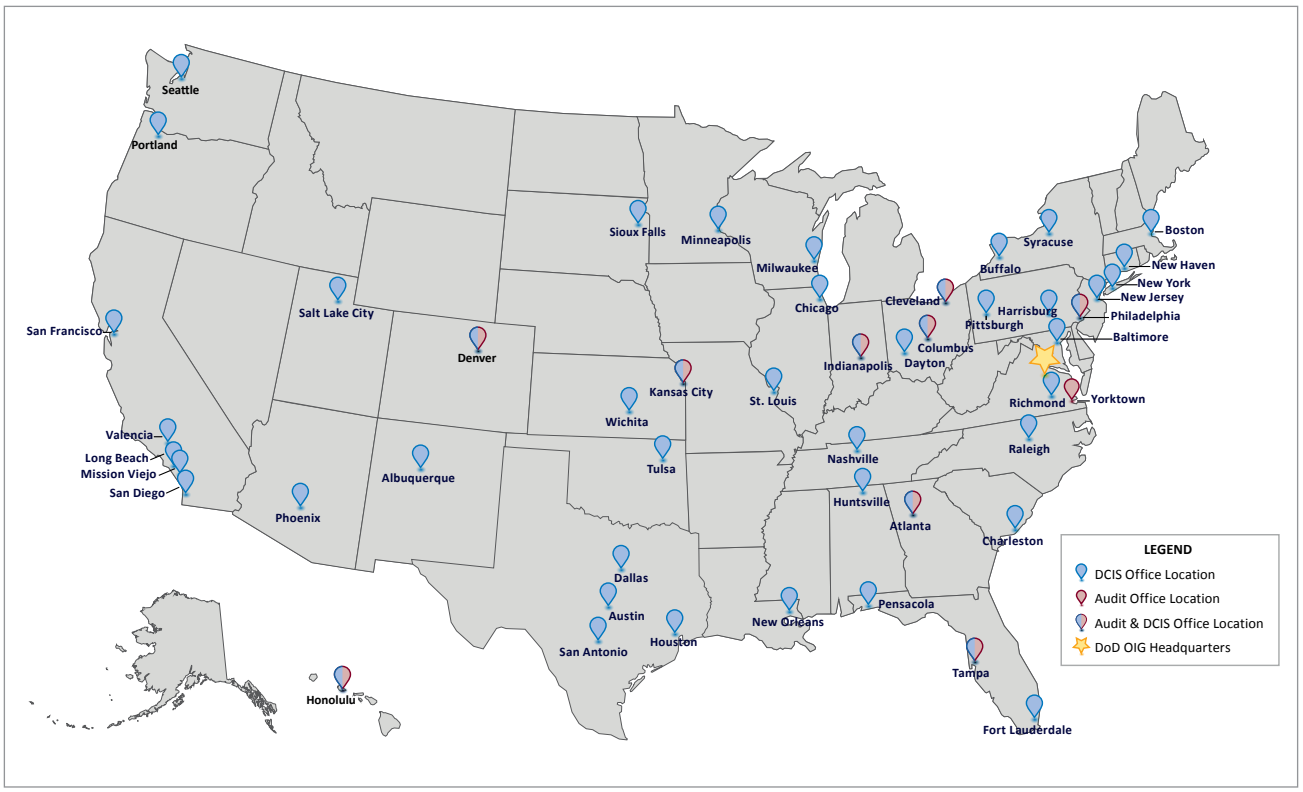
- Integrity
- Efficiency
- Accountability
- Excellence

Our Goals

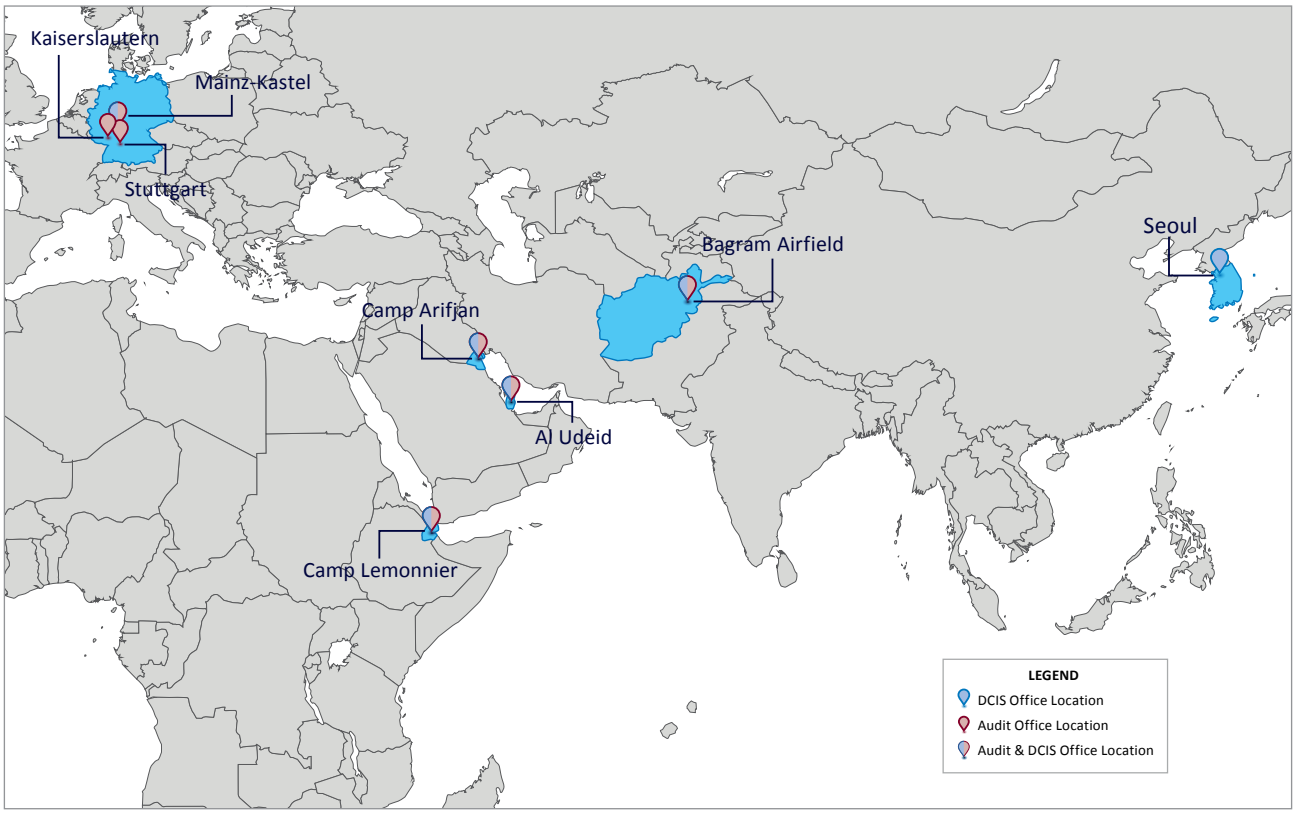
- Promote economy, efficiency, and effectiveness.
- Identify, deter, and detect fraud, waste, and abuse.
- Engage, enable, and empower our people.
- Achieve excellence through unity.

Organizational Structure

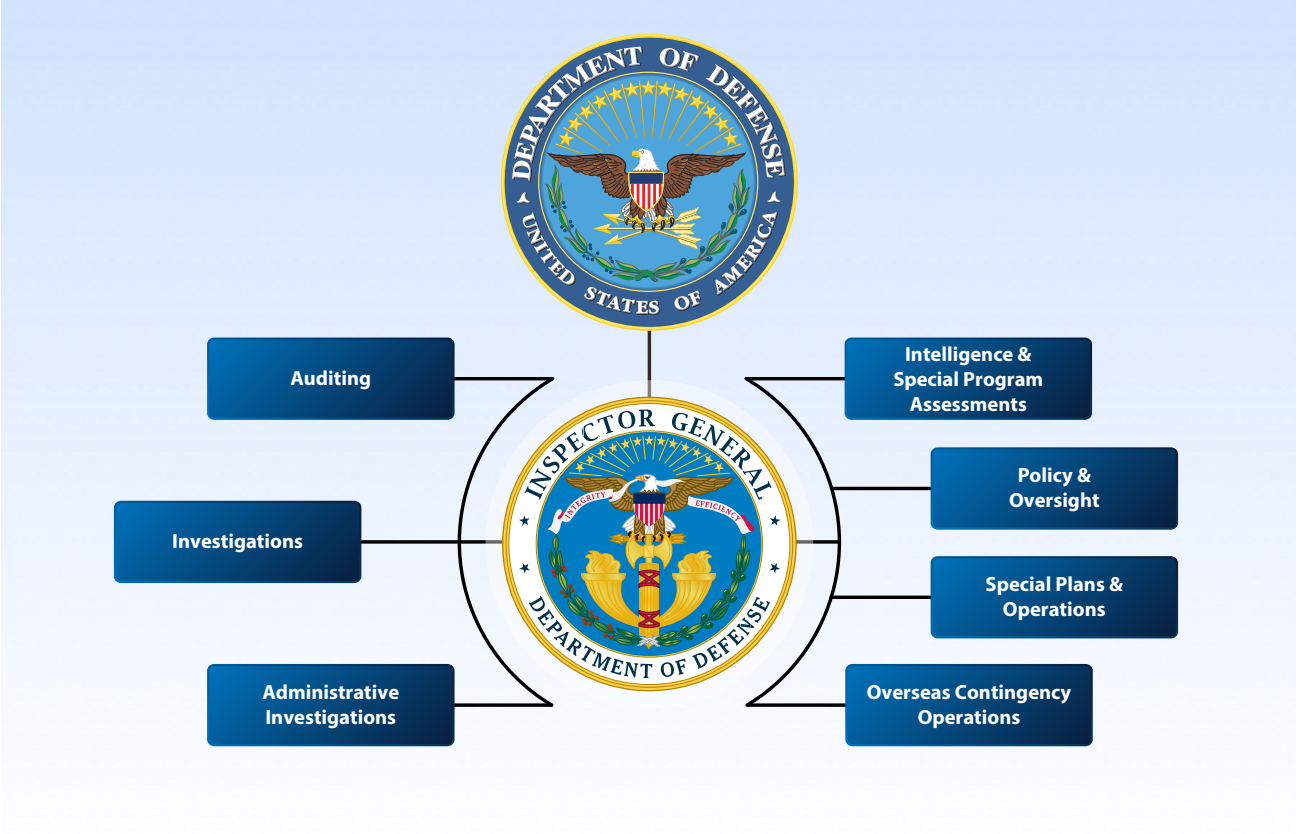
The DoD OIG is headquartered in Alexandria, Virginia, and has more than 54 field offices located in the United States, Europe, South Korea, and Southwest Asia. Over 1,000 DoD OIG employees are assigned to OIG headquarters, and more than 500 OIG employees, mostly auditors and investigators, are assigned to DoD OIG field offices. At any time, approximately 50 employees are temporarily assigned to Southwest Asia.



DoD OIG CONUS Field Office Locations



DoD OIG OCONUS Field Office Locations



AUDITING

The Office of the Deputy IG for Auditing provides independent, relevant, and timely audits that promote economy, efficiency, and effectiveness with sound actionable recommendations that, when effectively implemented, help improve DoD programs, operations, and stewardship of its resources.

INVESTIGATIONS – DEFENSE CRIMINAL INVESTIGATIVE SERVICE

The Office of the Deputy IG for Investigations – DCIS conducts criminal investigations of matters critical to DoD property, programs, and operations that provide for our national security with emphasis on life, safety, and readiness.

ADMINISTRATIVE INVESTIGATIONS

The Office of the Deputy IG for AI investigates 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 DoD. The director of the DoD Hotline is also the DoD Whistleblower Protection Ombudsman.

INTELLIGENCE AND SPECIAL PROGRAM ASSESSMENTS

The Office of the Deputy IG for 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 DoD.

POLICY AND OVERSIGHT

The Office of the Deputy IG for P&O provides oversight and policy for 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

The Office of the Deputy IG for SPO provides assessment oversight reports that address priority national security objectives and congressionally mandated projects in order to enable timely decision making by DoD and congressional leaders.

OVERSEAS CONTINGENCY OPERATIONS

The Office of the Deputy IG for OCO ensures the DoD OIG fulfills responsibilities under section 8L, "Special Provisions Concerning Overseas Contingency Operations," of the IG Act (5 United States Code [U.S.C.] App.), as amended, including coordinating joint oversight of designated OCOs.

PRIORITIES

During the annual planning process, the DoD OIG identifies oversight projects to perform in the upcoming fiscal year while balancing the needs and requests from both DoD and Congress. The FY 2016 Oversight Plan, published in October 2015, identified four general areas for the OIG to focus its oversight and investigative resources. The FY 2016 priorities are listed below:

National Security: Supporting the Defense Priorities of Our Nation

- Chemical, Biological, Radiological, Nuclear, and Explosives
- Counterterrorism
- Cyber Operations and Information Security
- Defense Intelligence Enterprise
- Insider Threat
- OCO

Readiness and Safety: Ensuring the Strength, Health, and Welfare of the Total Force

- Force Readiness
- Health, Welfare, and Safety of the Total Force
- Sexual Assault Prevention and Response
- Suicide Prevention and Response
- Rebalancing the Defense Enterprise

Business Transformation: Building the Force of the Future

- Acquisition and Contract Management
- Audit Readiness
- Financial Management
- Improper Payments

Quality Leadership: Promoting Integrity, Trust, and Accountability

- Ethical Conduct and Decision Making
- Public Corruption
- Senior Official Accountability
- Whistleblower Protection

INSPECTOR GENERAL

DEPARTMENT OF DEFENSE

2. Core Mission Areas

AUDITING

The following are highlights of DoD OIG audit work during the reporting period. The DoD OIG performed audits in the following categories.

- Acquisition Processes and Contract Management
- Cyber Security
- Financial Management
- Equipping and Training Afghan Security Forces Joint Warfighting and Readiness

Acquisition Processes and Contract Management

Space and Naval Warfare Systems Command and Overall Navy Needs to Improve Management of Waiver and Deferral Requests

The DoD OIG determined that Navy program managers and system sponsors did not fully implement Navy policies for requesting waivers and deferrals before certifying program readiness for independent operational testing and evaluation to support the final production decision. Of nine Navy acquisition programs that entered final production from April 2012 through April 2014, program managers on four programs did not request waivers when not meeting all independent operational testing and evaluation certification requirements; five programs had operational test readiness review briefings that did not fully document how they met certification criteria; and one did not request deferrals from testing and planned to demonstrate system requirements during independent operational testing and evaluation. Navy policy was unclear on when program managers had to request waivers and deferrals.

Additionally, Navy system sponsors for one program did not obtain required agreement from the Joint Chiefs of Staff that three deferrals would not unacceptably affect military use before independently granting the deferrals. This occurred because Navy policy did not require Joint Chiefs of Staff notifications on deferrals. As a result, six of nine programs reviewed completed independent operational testing and evaluation with unresolved deficiencies that negatively impacted primary missions. The Navy planned to issue interim guidance to address the waiver and deferral process. The interim guidance will go into effect before the Navy completes its overall update of the criteria used to certify Navy systems as ready to enter into initial operational test and evaluation. ***Report No. DODIG-2016-003***

Defense Logistics Agency's Materiel Returns Program Could Be Managed More Effectively

The Materiel Returns Program is designed to maximize the use of excess DoD materiel. The DoD goal is to reuse excess materiel to offset or defer procurement at the wholesale level, rather than purchase new materiel. DLA Logistics Operations officials have overall responsibility to provide Materiel Returns Program policy and oversight to the three DLA supply chain commands: Aviation, Land and Maritime, and Troop Support. The DoD OIG determined that DLA could have managed the Materiel Returns Program more effectively. Specifically, DLA missed potential opportunities to satisfy backorders and offset or delay procurements for $9.3 million worth of materiel and customers were denied the opportunity to receive a credit for returning excess materiel. Among other recommendations, DLA agreed to develop Materiel Returns Program guidance, including return procedures for all categories of materiel and mandatory initial periodic Material Returns Program specific training. ***Report No. DODIG-2016-027***

Small Business Contracting at Marine Corps Systems Command Needs Improvement

In response to a DoD Hotline allegation, the DoD OIG substantiated that contracting officials for Marine Corps Systems Command (MCSC) did not hold large prime contractors accountable for meeting small business subcontracting goals. However, the DoD OIG did not substantiate the allegation that senior leadership for MCSC did not ensure that contracting officials awarded small businesses a sufficient number of contracts. Specifically, for the 12 contracts reviewed, MCSC contracting officials did not track compliance with small business subcontracting goals for four contracts; did not determine why large businesses were not meeting its small business subcontracting goals on two ongoing contracts; and awarded six contracts without subcontracting plans or the required determination and approval. This occurred because MCSC contracting office management did not provide adequate internal guidance to award and administer subcontracting plans or implement effective internal review procedures for

approving and administering subcontracting plans. MCSC officials agreed with our recommendations that would improve the transfer of files for ongoing contracts, centralize contract storage, and determine if contractors met their subcontracting goals, and, if not, whether liquidated damages should be imposed on the contractor. Additionally, MCSC officials agreed to establish guidance for contracting officers to review, approve, and administer subcontracting plans and train contracting officials on their responsibilities to evaluate and administer subcontracting plans.
Report No. DODIG-2016-019

U.S. Transportation Command Needs Further Improvements to Address Performance Concerns Over the Global Privately Owned Vehicle Contract III

U.S. Transportation Command (USTRANSCOM) transports DoD personnel and cargo worldwide in support of contingency operations during peacetime and wartime. As part of its mission, USTRANSCOM supports the requirement of its Component command, the U.S. Army Military Surface Deployment and Distribution Command (SDDC), for the complete global transport of privately owned vehicles that belong to Military service members and Federal civilian employees. USTRANSCOM awarded the Global Privately Owned Vehicle contract to International Auto Logistics, LLC, for transportation and storage services for the privately owned vehicles. Numerous customer complaints surfaced regarding privately owned vehicles shipped under the contract. The complaints also generated congressional inquiries.

The DoD OIG performed this audit in response to a congressional request. The audit determined that, while USTRANSCOM and the contractor made progress in addressing performance concerns, USTRANSCOM contracting staff and SDDC management did not provide sufficient oversight to ensure transportation services received from the contractor were consistent with contract quality requirements and performed in a timely manner. The contracting officer and contracting officer's representatives (CORs) did not use the oversight procedures established in the quality assurance surveillance plan to monitor contractor performance. Additionally, the CORs certified invoices that did not include unit prices or total billable amounts. As a result, SDDC Finance personnel paid $162 million in potentially improper payments. Additionally, up to $5 million of the $162 million potential improper payments were overpayments related to 27,283 late delivery payments for which USTRANSCOM may hold the contractor accountable. USTRANSCOM officials agreed with the DoD OIG recommendations to provide oversight personnel with training and system tools to adequately monitor the contractor's performance and recoup any overpayments.
Report No. DODIG-2016-044

DoD Could Save Millions in Profit Paid to Contractors on DoD Depot Labor

A public-private partnership is a cooperative arrangement between a DoD depot-level maintenance activity and one or more private-sector entities to perform DoD-related work or utilize DoD depot facilities and equipment. Depot-level maintenance includes manufacturing, repair, and technical services. Specifically within a public-private partnership, this can include the production of DoD-related goods and services. The objective of this audit was to determine if Air Force officials effectively negotiated depot labor profit on contracts using public-private partnerships at the Warner Robins Air Logistics Complex in Georgia. The DoD OIG found that the Air Force did not effectively negotiate depot labor profit. Specifically, contracting officials did not adequately reduce or eliminate profit and fees paid for work performed by the depot. Program officials either did not prepare or update the business case analysis supporting the partnership type selected. In addition, once the partnership type was selected, DoD guidance did not require contracting officials to:

- assess the depot at a lower risk and reduce profit and fees when it was treated differently from other subcontractors; and
- eliminate profit and fees the contractor is paid on the depot non-repair costs since those expenses do not directly support the maintenance performed.

As a result, the three contractors will earn millions in profit and fees on low-risk DoD labor. If an alternative partnership type had been selected, the Air Force could have eliminated all profit and fees on work performed by the depot. Alternatively, if the current partnership type was assessed and determined appropriate, contracting officials could have reduced profit and fees by $9.6 million by lowering depot profit risk, or eliminated $24.9 million in profit and fees on non-repair costs. Without a proper assessment of the partnership type and specific guidance on calculating depot labor profit, contracting officials may not consider

reducing these costs in their analysis, profit values will likely remain questionable, and an opportunity to save funds will be missed. As a result of our audit recommendations, Air Force officials agreed to require contracting personnel to document their contract profit or fees, and direct responsible program offices to prepare or update a business case analysis that evaluates the costs and benefits of the partnership type, to include profit and fees. Additionally, the Director, Defense Pricing, Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics agreed to our recommendations for issuing guidance on the profit and fees earned on nonrepair costs when the depot functions as a subcontractor, stating that the Defense Acquisition Relation Council is currently developing this guidance as part of an ongoing DFARS case.
Report No. DODIG-2016-045

Defense Logistics Agency Did Not Appropriately Determine Fair and Reasonable Prices for F108 Engine Sole-Source Commercial Parts

The DoD OIG determined that the DLA Aviation contracting officer did not appropriately determine fair and reasonable prices for sole-source commercial spare parts purchased from CFM International for the F108 engine, which is used in the KC-135 Stratotanker and E-6 Mercury aircraft. Specifically, the contracting officer relied on sales data that did not include customer names; did not review commercial sales quantities; and accepted prices for sole-source commercial parts with no commercial sales. Further, the contracting officer did not question the commercial off-the-shelf classification for parts with no commercial sales and did not require CFM International to comply with a contract requirement to submit negotiation documentation within stated timelines. In addition, the contracting officer's supervisor did not provide adequate oversight, and the contracting officer did not elevate contract negotiation problems.

During the audit, the Deputy Commander took action to request that CFM International provide its updated commercial catalog and unredacted sales data, as required by the contract, and other-than-certified cost and pricing data for any parts that did not have commercial sales. The DoD OIG recommended that the Director, DLA, require the contracting officer to review the classification of the parts with no commercial sales to determine whether the commercial off-the-shelf classification is appropriate before awarding the next CFM International contract. In addition, the DoD OIG recommended that the Director should review existing controls for contracting officer oversight, provide additional training on sole-source commercial acquisitions, review the performance of the DLA contracting officer, and take administrative action as appropriate for not following the Federal Acquisition Regulation (FAR) and defense acquisition guidance. DLA generally agreed with the recommendations.
Report No. DODIG-2016-047

F108 Engine
Source: www.tinker.af.mil

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

In the second of a series of reports on product quality deficiency reports processed by DLA, the DoD OIG determined whether DLA personnel were obtaining appropriate restitution (reimbursement) from contractors that provided defective spare parts. DoD acquisition policy requires that if nonconforming parts are discovered after acceptance, the defect appears to be the fault of the contractor, any warranty has expired, and there are no other contractual remedies, the contracting officer:

- shall notify the contractor in writing of the nonconforming parts;
- shall request that the contractor repair or replace the parts; and
- may accept consideration (payment) if offered.

The DoD OIG projected that DLA Aviation did not pursue and obtain appropriate restitution from contractors that supplied defective parts for 269 national stock numbers and did not recover at least $12.3 million in restitution. In addition, the audit found that defective parts were left unaccounted for in the DoD supply system, which

negatively impacted warfighter readiness and safety. The DoD OIG recommended and DLA agreed to develop a plan of action with milestones to improve the agency's processes to identify defective spare parts and pursue and obtain restitution from contractors that provide defective spare parts.
Report No. DODIG-2016-052

Air Force Personnel Can Improve Compliance With the Berry Amendment and Buy American Act

The DoD OIG determined whether Air Force personnel complied with the Berry Amendment and the Buy American Act when they purchased covered items such as food, clothing, tents, textiles, and hand or measuring tools. For 6 of 21 Berry Amendment contracts the DoD OIG reviewed, valued at $7.1 million, Air Force personnel omitted the Berry Amendment contract clause. For 10 of 33 Buy American Act contracts, valued at $400,000, contracting personnel omitted the Buy American Act contract clauses. As a result, Air Force personnel had limited assurance that the purchased items complied with the Buy American Act, and suppliers may have provided nondomestically produced items. In addition, contracting personnel from the 502nd Contracting Squadron may have committed a potential Antideficiency Act violation and 10th Contracting Squadron contracting personnel may have committed two potential Antideficiency Act violations when they purchased nondomestically produced items when domestically produced items were available. Air Force personnel corrected some of the deficiencies identified during the audit. Specifically, they modified two contracts by incorporating Berry Amendment clauses and conducted Buy American Act training. The DoD OIG recommended that Air Force officials determine whether noncompliant items were delivered and, when appropriate, obtain compliant replacement items, and initiate a review to determine whether Antideficiency Act violations occurred. Management generally agreed with the recommendations.
Report No. DODIG-2016-051

Army Warfighter Information Network–Tactical Increment 2 Procurement Quantity Not Supported for Future Army Forces

The Warfighter Information Network–Tactical (WIN-T) program is a network that distributes classified and unclassified information by voice, data, and real-time video and is the backbone of the Army's tactical communications network. Our audit determined that Program Executive Office, Command, Control, and Communications–Tactical officials have changed the WIN-T Increment 2 procurement quantity five times since November 2008, increasing the quantity by 100 percent, and did not support the need for the planned amount throughout the lifecycle. This occurred because the officials used an unapproved force structure for the WIN-T Increment 2 planned procurement quantity, and U.S. Army Training and Doctrine Command officials did not follow required processes to validate the quantity and cost in the capability production document. Additionally, the Director, Army Capabilities Integration Center, determined the Mission Command portfolio was unaffordable and unsustainable; therefore, changes to the portfolio may impact the WIN-T Increment 2 planned procurement quantity. As a result, the Army had no assurance that the procurement of 3,674 WIN-T Increment 2 units, at a cost of $9.1 billion, was necessary or valid, and was the appropriate quantity needed for future Army forces. The DoD OIG recommended that the Army revalidate the procurement quantity based on approved Army forces structure documents, revise funding based on an approved Army forces structure, and submit an updated capability production document for validation. Management generally agreed with the recommendations.
Report No. DODIG-2016-058

Warfighter Information Network-Tactical Increment 2 Soldier Network
Source: www.army.mil

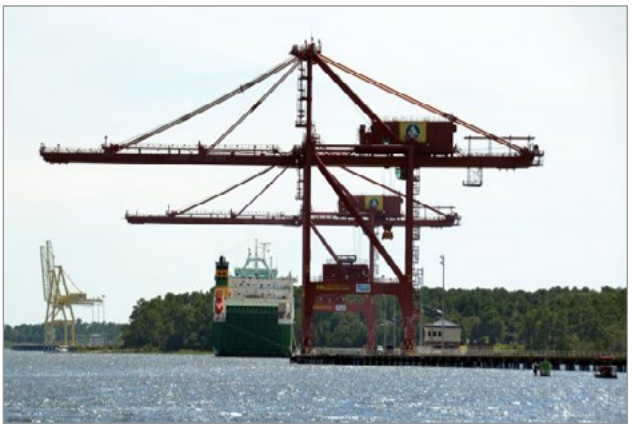
U.S. Army Military Surface Deployment and Distribution Command Needs to Improve its Oversight of Labor Detention Charges at Military Ocean Terminal Sunny Point

The objective of this audit was to determine whether SDDC effectively planned and managed terminal operations to minimize the amount of labor detention charges incurred. SDDC incurs labor detention charges when contractors are unable to perform their work because of factors beyond their control (for example, inoperable government furnished equipment, nonreadiness of vessel, or late arrival of cargo). The DoD OIG determined that SDDC did not effectively plan and manage Military Ocean Terminal Sunny Point (MOTSU) terminal operations to minimize the amount of labor detention charges. The DoD OIG reviewed a statistical sample of 120 out of 1,260 service dates, which MOTSU incurred labor detention charges, and identified that SDDC:

- erroneously paid for contractor safety briefings as labor detention charges because the 596th Transportation Brigade COR did not ensure that charges billed for the briefings were in accordance with the contract terms;
- did not ensure contractor labor detention charge entries were accurate and complete because the 596th Transportation Brigade COR did not effectively review the time records that supported labor detention charge invoices; and
- did not recoup labor detention charges caused by other entities because SDDC resource management personnel misapplied a legal interpretation concerning installation service charge recoupments to the labor detention charges.

As a result, of the $3.1 million in labor detention charges incurred at MOTSU and paid by SDDC in FYs 2013 and 2014, SDDC improperly paid $1.2 million to MOTSU's terminal contractor and did not question for recoupment $438,562 in charges from other at-fault parties. The amount of improper payments and lost recoupment would likely be greater if all labor detention charges on the contract were reviewed. The DoD OIG recommended that the Contracting Officer, USTRANSCOM, direct the 596th Transportation Brigade COR to ensure that charges billed for safety briefings are in accordance with the contract terms, take action to recoup costs from the contractor for safety briefings erroneously charged as detention time, and ensure that the 596th Transportation Brigade COR or other brigade personnel properly review time records that support labor detention charge invoices. In addition, the Deputy Chief of Staff for Resource Management, SDDC, should direct all brigades to process and submit claims to the Deputy Chief for recouping detention charges caused by other entities; work with the Contracting Officer, USTRANSCOM, and Transportation Brigade CORs to review time records for ongoing MOTSU terminal contracts to identify labor detention charges subject to recoupment; and take action to recoup these costs. Management agreed with the recommendations.

Report No. DODIG-2016-061



MOTSU Cranes for Loading and Unloading Cargo
Source: www.army.mil

Naval Sea Systems Command Did Not Properly Apply Guidance Regarding Contracting Officer's Representatives

The DoD OIG determined whether Naval Sea Systems Command was effectively monitoring the contractor's performance on contracts for non-nuclear ship repair at the Pearl Harbor Naval Shipyard. The DoD OIG nonstatistically sampled 2 of 36 scheduled repairs on the multi-ship multi-option ship repair contract. The DoD OIG review found that Pearl Harbor Naval Shipyard personnel adequately monitored contractor performance in those two cases, the DoD OIG also found that personnel performed quality assurance, reviewed work specification details, attended required checkpoints, and completed corrective action requests on the contract reviewed. However, the administrative contracting officer did not retain and execute all COR responsibilities or formally appoint a qualified and trained COR as required by the FAR and DoD guidance. If a COR is not

appointed to cost-reimbursement contracts, Naval Sea Systems Command and Pearl Harbor Naval Shipyard could be subject to additional disputes or claims because personnel were performing COR responsibilities without proper authority and training, and Naval Sea Systems Command and Pearl Harbor Naval Shipyard may make improper payments because personnel reviewing invoices did not actively monitor the contractor's work. The DoD OIG recommended that the Commander, Naval Sea Systems Command, ensure that CORs are properly appointed and trained on cost-reimbursement ship repair contracts at Pearl Harbor Naval Shipyard. Management agreed with the recommendations.
Report No. DODIG-2016-063

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

The DoD OIG determine whether DoD effectively maintained facilities at King Abdullah II Special Operations Training Center. King Abdullah II Special Operations Training Center, located in Jordan, provides reality-based training for special operations forces, counter-terrorism units, and law enforcement agencies. The Jordanian government, which owns and operates the facility, designed the center with the U.S. Government. The DoD OIG audit determined that U.S. Army Central (ARCENT) and U.S. Army Contracting Command–Rock Island (ACC-RI) officials did not effectively maintain facilities at King Abdullah II Special Operations Training Center. Specifically, the contractor did not install fire extinguishers and smoke detectors as required by the contract because the COR did not effectively monitor the contractor's performance;

- mold or mildew accumulated in the showers at four lodging facilities because ACC-RI and ARCENT officials did not include a requirement in the contract to prevent or remove mold and mildew, and they did not include the clause for safety of facilities, infrastructure, and equipment for military operations in the contract;
- the procedures to conduct heating, ventilation, and air conditioning repair and replacement were ineffective because ARCENT and ACC-RI officials did not develop appropriate requirements in the contract for heating, ventilation, and air conditioning repair and replacement times; and
- ARCENT and ACC-RI officials did not verify that King Abdullah II Special Operations Training Center facilities received periodic maintenance in accordance with the contract, while ARCENT officials could not verify that the contractor completed facility repairs in accordance with contract requirements because ARCENT officials did not create a reliable process to track repairs.

As a result, U.S. military personnel at King Abdullah II Special Operations Training Center may be at risk of illness, injury, or death. The DoD OIG also found that DoD may not be getting the best value for its money for the base operations services. During the audit, the DoD OIG informed the Director, U.S. Central Command Forward–Jordan, of the health and safety concerns, and the Director took immediate action to have the facilities inspected. Among other recommendations, the DoD OIG recommended that the Commanding General, ARCENT, ensure the contractor is completing facility repairs and periodic maintenance in accordance with the contract. Also, the Executive Director, ACC–RI, in coordination with the Commanding General, ARCENT, review and modify the basic life support services contract, as necessary, to resolve the problems identified in the report. Management agreed with the recommendations.
Report No. DODIG-2016-065

U.S. Marine at King Abdullah II Special Operations Training Center
Source: U.S. Marine Corps

Cyber Security

DoD's Efforts to Consolidate Data Centers Need Improvement

The objective of this audit was to determine whether selected DoD Components were effectively consolidating their data centers in accordance with the Federal Data Center Consolidation Initiative, to verify the status of the consolidations, and to determine whether actual efficiencies gained met the estimated efficiencies reported to the Office of Management and Budget (OMB). The DoD OIG found that DoD did not meet the Federal Data Center Consolidation Initiative requirement to consolidate 40 percent of its data centers by the end of FY 2015. Of the 3,115 data centers reported in the DoD Data Center Inventory Management system, only 568 (18 percent) were closed by the end of FY 2015. As a result, DoD will not reduce its energy and real estate footprint or achieve the cost savings outlined in the Federal Data Center Consolidation Initiative. Even with planned closures, DoD will not reach its internal goal to reduce the number of data centers by 60 percent by FY 2018. The DoD OIG nonstatistically reviewed 119 of 1,501 data centers owned by the Army, Marine Corps, Navy, and the Defense Information Systems Agency and also found that 68 of the 119 data centers did not report accurate Data Center Inventory Management information. As a result, there is an increased risk that Congress and other stakeholders could inappropriately assess DoD cost savings and efficiencies gained through data center reduction. Among other recommendations, the DoD OIG recommended that the DoD Chief Information Officer revise 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. In addition, the DoD OIG recommended that the Military Service Chief Information Officer and the Defense Information Systems Agency Chief Information Officer revise their process for validating information in the Data Center Inventory Management system to ensure accuracy and completeness. Management generally agreed with the recommendations.
Report No. DODIG-2016-068

Financial Management

Independent Auditor's Report on the Department of Defense FY 2015 and FY 2014 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, 2015, and 2014, 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 OIG to perform or oversee the annual audits of the Army, Navy, and 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 disclaimers of opinion on the FY 2015 DoD agency-wide consolidated financial statements, as well as the Army, Navy, and Air Force General and Working Capital Fund financial statements, because DoD management asserted to DoD OIG that FY 2015 and FY 2014 Basic Financial Statements would not substantially conform to U.S. Generally Accepted Accounting Principles and that DoD financial management and feeder systems could not adequately support material amounts on the basic financial statements as of September 30, 2015. 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-2016-008, DODIG-2016-009, DODIG-2016-010, DODIG-2016-012, DODIG-2016-013, DODIG-2016-014, DODIG-2016-015, DODIG-2016-016, DODIG-2016-017, DODIG-2016-020, DODIG-0216-021, and DODIG-2016-022.

Independent Auditor's Report on the Examination of the Existence, Completeness, Rights and Obligations, and Presentation and Disclosure of the Defense Logistics Agency Energy, Distribution, and Vendor/Service Managed Inventory

The DoD OIG examined the DLA management's assertion of audit readiness dated July 1, 2015, for the existence, completeness, rights and obligations, and presentation and disclosure of the DLA Energy, Distribution, and Vendor Managed Inventory balances reported as of

March 31, 2015. The DoD OIG audit determined that DLA did not provide complete population data for the quantity of fuel in pipelines at all energy locations tested by DoD OIG. In addition, for the vendor managed inventory, a material variance existed between the accountable property systems of record and the DLA Enterprise Business System as of March 31, 2015. DLA provided corrective action plans for both of these issues. DLA did not provide detailed population data for a portion of its asserted vendor-managed inventory. The DoD OIG tested the existence, completeness, rights, and presentation assertions related to each inventory segment. The DoD OIG stated that, except for problems of completeness identified with the energy and vendor-managed inventory, the DLA assertion of audit readiness related to inventory as of March 31, 2015, is fairly stated in accordance with DoD Financial Improvement and Audit Readiness Guidance Wave 3–Mission Critical Asset Existence and Completeness criteria and to the accountable property system of record. The DoD OIG also identified internal control concerns, but with the exception of controls over the completeness of energy and vendor managed inventory, these concerns did not prevent the DoD OIG from reaching an opinion on DLA's assertion related to inventory.
Report No. DODIG-2016-037

Independent Auditor's Report on the FY 2015 DoD Detailed Accounting Report for the Funds Obligated for National Drug Control Program Activities, and Independent Auditor's Report on the FY 2015 DoD Performance Summary Report of the Funds Obligated for National Drug Control Program Activities

To comply with Public Law 105-277 and to satisfy 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 2015 DoD Detailed Accounting Report for the Funds Obligated for National Drug Control Program Activities. The DoD OIG provided negative assurance[1] 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, "Accounting of Drug Control Funding and Performance Summary," January 13, 2013. 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 2015 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-2016-041 and DODIG-2016-042

Oversight for the Audits of the FY 2015 Schedules of Budgetary Activity for the Army, Navy, and Air Force

In FY 2015, the DoD OIG had oversight responsibility for the Army, Navy, and Air Force Schedule of Budgetary Activity audits. The Schedule of Budgetary Activity financial schedule is a subset of activity of the DoD Statement of Budgetary Resources, one of the basic financial statements required by OMB Circular No. A-136. The Schedule of Budgetary Activity for FY 2015 included the current-year budget activity starting with new appropriations received in FY 2015. The objectives of the audits were to determine whether the Schedule of Budgetary Activity and related note disclosures were fairly presented, in all material respects, and in conformity with accounting principles generally accepted in the United States. The DoD OIG contracted with various independent public accountants to audit the schedules of budgetary activity. The DoD OIG provided oversight and review of the independent public accountant's audit work, but the independent public accountants were responsible for expressing the opinion on the schedules of budgetary activity. The DoD OIG issued transmittal memorandums, stating that the DoD OIG reviewed the independent public accountant reports and related audit documentation, inquired of their representatives, and found no instances where the independent public accountants did not comply, in all material respects, with generally accepted government auditing standards. The independent public accountants issued disclaimer of opinion reports for each of the FY 2015 Schedules of Budgetary Activity. The independent public accountants issued disclaimers chiefly because the Services could not provide complete universes of transactions or the supporting documentation for all sampled transactions.
Report Nos. DODIG-2016-025 (Air Force); DODIG-2016-039 (Army); DODIG-2016-057 (Navy)

1 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 General Accepted Accounting Principles applied on a consistent basis, or did not fairly present information shown therein.

Navy Controls for Invoice, Receipt, Acceptance, and Property Transfer System Need Improvement

The Navy processed more than 75,000 invoices valued at $16.3 billion through the Invoice, Receipt, Acceptance, and Property Transfer (iRAPT) system in the second quarter of FY 2015. The DoD OIG conducted this audit to determine whether the iRAPT system (formerly called wide area work flow) user organization controls administered by the Department of the Navy were designed and operating effectively and the impact of any identified deficiencies on audit-readiness goals. The DoD OIG found that the Navy did not diligently document processes and implement access, configuration management, and output controls. As a result, the Navy increased the risk of unauthorized system access and improper or fraudulent payments. Undetected errors and fraud could lead to misstatements on financial statements, specifically for contractor and vendor pay, which is material to the outlays (disbursements) line on the Schedule of Budgetary Activity. If not corrected, these controls could impact the audit-readiness goals of the Navy.

The DoD OIG recommended the Deputy Assistant Secretary of the Navy for Financial Operations coordinate with other key stakeholders in the Navy to develop procedures to define controls that clearly describe roles and responsibilities for the Navy and the service provider, add iRAPT users to command out-processing procedures, and review certifying officers' appointment records and training certificates. The Deputy Assistant Secretary should also review iRAPT to ensure user accounts for separated employees were disabled, review training and the documentation for certifying officers at all Navy commands, disable the certifying officer role at other commands that use the Navy Enterprise Resource Planning system, and develop and implement a Navy Enterprise Resource Planning System change request. In addition, the iRAPT Program Manager at DLA should implement a system change that automatically disables user accounts after 30 days of inactivity. The Navy agreed with the recommendations and DLA nonconcurred in its comments but took corrective actions on the intent of the DoD OIG recommendations.
Report No. DODIG-2016-054

DoD Actions Were Not Adequate to Reduce Improper Travel Payments

The DoD OIG determined that DoD Component actions were not adequate to reduce estimated improper payments in the DoD Travel Pay program. The Under Secretary of Defense (Comptroller)/Chief Financial Officer reported that estimated improper payment rates for the DoD Travel Pay program increased from 5 percent for FY 2012 to 6.5 percent for FY 2013 and 7 percent for FY 2014. The estimated rates missed the improper payment reduction goals for each of those years. This occurred because the corrective actions that DoD Components developed did not include steps to identify the reasons that authorizing officials approved deficient vouchers for payment. In addition, the Defense Finance and Accounting Service did not provide error reports to all DoD Components that made improper payments. As a result, the DoD OIG concluded that DoD will continue to be at high risk for making improper payments for travel. The DoD OIG recommended the Under Secretary of Defense (Comptroller)/Chief Financial Officer:

- update the 2013 Remediation Plan to require DoD Components to determine why authorizing officials approved the improper payments and to develop corrective actions to address the identified root causes;
- include a summary of the root causes and associated corrective actions in the DoD Agency Financial Report; and
- require the Defense Finance and Accounting Service to submit quarterly voucher detail error reports to each DoD Component with identified improper payments.

The Deputy Chief Financial Officer, responding for the Under Secretary of Defense (Comptroller)/Chief Financial Officer, concurred with all recommendations.
Report No. DODIG-2016-060

Equipping and Training Afghan Security Forces

Controls Over Ministry of Interior Fuel Contracts Could Be Improved

In a February 2011 policy memorandum, the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer authorized the Combined Security Transition Command–Afghanistan (CSTC-A) to provide Afghanistan Security Forces Fund resources directly to the Afghanistan ministries to sustain the Afghan National Security Forces. The goal of this support was to develop ministerial capability and capacity in the areas of budget development and execution, payment of salaries, acquisition planning, and procurement. The objective of this DoD OIG audit was to determine whether CSTC-A and the Afghanistan Ministry of Interior (MoI) had established effective controls for oversight of MoI fuel contracts. The audit determined that the CSTC-A and MoI oversight of the fuel contracts was not effective. Although some CSTC-A officials performed limited oversight of MoI fuel activities, those officials did not coordinate their efforts. In addition, MoI did not consistently provide fuel consumption data to the Afghan National Police, and CSTC-A did not determine which Afghan National Police units were not reporting consumption data as required by the FY 1394[2] Commitment Letter. As a result of the lack of contract oversight and insufficient reporting data, CSTC-A did not have reasonable assurance that the fuel ordered and delivered to the Afghan National Police on the three MoI contracts, valued at $437.6 million, supported actual requirements, or that it was used for its intended purpose. The DoD OIG recommended that the Commander, CSTC-A, issue guidance that establishes specific oversight responsibilities for fuel contracts, develop reliable methods to determine whether the reported fuel consumption data had been accurately documented, and ensure the next commitment letter addressed improved reporting requirements. Management generally agreed with the recommendations.

Report No. DODIG-2016-040

2 The fiscal year for the Government of the Islamic Republic of Afghanistan begins on December 21, 2014, and ends December 20, 2015. Afghanistan uses the Solar Hijri calendar.

Joint Warfighting and Readiness

Management of Items in the Defense Logistics Agency's Long-Term Storage Needs Improvement

In November 2008, the Deputy Under Secretary of Defense for Logistics and Materiel Readiness issued a policy memorandum that directed DLA to establish the Long-Term Storage program. The Long-Term Storage program was established to strengthen controls over—and minimize future security risks associated with—the disposition of demilitarization code B and sensitive demilitarization code Q items. Demilitarization code B items are munitions list items that are defense-related property specifically designed, developed, configured, adapted, or modified for military use. Demilitarization code Q items are commerce control list items designated as nonsensitive or sensitive based on control criteria established by the Department of Commerce. The DoD OIG determined that DLA stored items in long-term storage inventory that exceeded historical demand and, therefore, incurred costs to store $169.5 million in excess inventory. In addition, DLA did not recoup all long-term storage inventory that could have been reused, resulting in $17.9 million worth of unnecessary inventory purchases from contractors in 2014. DLA agreed with the recommendations to implement a policy to establish a demand-based inventory management process for long-term storage inventory, determine acceptable inventory levels for long-term storage inventory items, and improve the recoupment process.

Report No. DODIG-2016-036

Followup Audit: Navy Access Control Still Needs Improvement

In this followup audit, the DoD OIG determined whether Naval installations implemented corrective actions in response to DoD OIG Report No. DODIG-2013-034, "Navy Commercial Access Control Systems Did Not Effectively Mitigate Access Control Risks," September 16, 2013. Specifically, the followup audit determined whether Navy installations obtained access to the National Crime Information Center and Terrorist Screening databases, conducted checks of contractor personnel enrolled in the Navy Commercial Access Control System before issuing installation passes, and whether these actions corrected the identified problems. The DoD OIG found that, although the Commander, Navy Installations Command, provided the vetting capability to access the

National Crime Information Center to all selected Navy installations, Navy installation officials did not properly access it when they performed background vetting as required. As a result, the Commander was at risk of allowing individuals who may be on National Crime Information Center files to enter Navy installations. This could potentially place military personnel, dependents, civilians, and installations at an increased security risk. The Naval Installations Command agreed to accelerate the implementation of the Open Fox system and require all installations to update vetting procedures.
Report No. DODIG-2016-018

Chemical and Biological Training for Army and Marine Corps Units in the Republic of Korea Needs Improvement

The objective of this DoD OIG audit was to determine whether forward-deployed forces assigned to U.S. Forces Korea were trained to defend against chemical and biological (CB) agents; specifically, whether ground forces stationed in the Republic of Korea incorporated CB training into collective training exercises. The DoD OIG determined that, although the Army rotational armored brigade combat team that was reviewed conducted collective CB training during predeployment exercises and planned to conduct additional training while deployed in the Republic of Korea, Army and Marine Corps units stationed in the Republic of Korea did not conduct collective CB training. If not corrected, the CB training deficiencies increase the risk that U.S. forces stationed in the Republic of Korea may not be able to conduct their wartime missions in a CB-contaminated environment. Collective CB training is necessary to allow unit commanders to adequately access unit readiness to continue wartime missions under CB conditions. The DoD OIG recommended that the Commander, Eighth Army, require that collective CB training be integrated into exercises conducted by the Eighth Army and its subordinate commands, corrective action be taken on CB-related deficiencies identified in command inspections, and subordinate commands conduct annual inspections of collective CB training and enter training records into the Digital Training Management System. In addition, the Commander, U.S. Marine Corps Forces, Korea, should develop a verification process to make sure collective CB training is conducted by forces assigned to U.S. Marine Forces Korea. Management agreed with the recommendations.
Report No. DODIG-2016-050

The Army Did Not Fully Document Procedures for Processing Wholesale Equipment in Kuwait

The objective of this DoD OIG audit was to determine whether the Army had effective controls for processing equipment—rolling stock (mine resistant vehicles, wrecker trucks, and cargo trucks) and non-rolling stock (radio sets, encryption devices, transmitter-receivers, and armament subsystems)—in Kuwait. This was the second in a series of audits on property accountability in support of OIR. The DoD OIG found that Army Field Support Battalion–Kuwait generally had effective controls for processing (receiving, repairing, maintaining, storing, and preparing for issue) equipment at Camp Arifjan; however, it did not update existing standard operating procedures for processing Army Pre-Positioned Stock equipment or formalize its procedures for processing retrograde equipment. This occurred because Army Field Support Brigade–Kuwait relied upon experienced Department of Army civilians to provide guidance to receive, maintain, and issue equipment instead of reviewing the existing standard operating procedures to determine areas requiring updates and documenting the procedures being used. As a result, oversight of processing and maintaining equipment could be done in an ad hoc manner as experienced personnel redeploy, increasing the risk that equipment is misreported to Army Sustainment Command, unaccounted for, or stolen. During the audit, the DoD OIG notified Commanders of the 401st Army Field Support Brigade and Army Field Support Battalion–Kuwait that deficiencies in the controls for processing wholesale equipment existed. The Commanders agreed and took immediate action to resolve the deficiencies. For example, Army Field Support Battalion–Kuwait agreed to create new wholesale equipment standard operating procedures that will incorporate updated Army Pre-Positioned Stock procedures and establish retrograde procedures.
Report No. DODIG-2016-056

Ongoing Work

The following are examples of ongoing audits being conducted.

- An audit to assess whether the Army reported accurately on the number of Gray Eagle (an unmanned aircraft) spare parts inventory on its annual financial statements, retained a warehouse with excess and obsolete spare parts, and paid millions more than fair and reasonable prices on spare parts.
- A followup audit to determine whether DoD took action to correct travel card misuse by DoD cardholders that used their Government travel cards at casinos and adult entertainment establishments.
- An audit on oversight of DoD's cybersecurity operations focusing on the Navy's level of assurance that critical software components are properly tested to reduce the risk of software vulnerabilities, the Army's level of security controls over its classified systems, and the National Security Agency's progress in improving security over its systems, data, and personnel activities.
- A series of reports are planned to determine whether DoD appropriately used suspense accounts to temporarily hold financial transactions with missing information and record the transactions on the proper financial statements.
- An audit to determine whether the Air Force has adequate accountability of DoD funds supporting Operation Inherent Resolve by determining the accuracy of obligations and disbursements, as reported in the Cost of War report.

Cyber Warfare Engineer
Source: U.S. Navy photo

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

Procurement Fraud

Procurement fraud investigations continue to comprise a major part 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.

Shipping Company to Pay $9.8 Million to Resolve Alleged False Claims

Overview:

A joint investigation with the U.S. Army Criminal Investigation Command (Army CID) and the Defense Contract Audit Agency (DCAA) examined allegations that American President Lines charged the military for services that were not provided under a contract for container shipments of military goods to Afghanistan. American President Lines is a wholly owned subsidiary of Singapore-based Neptune Orient Lines Limited, a global transportation and logistics company engaged in shipping and related businesses. Under the terms of their contract with USTRANSCOM, American President Lines was supposed to provide enhanced in-transit visibility services of shipping containers in Southwest Asia, which included the use of satellite tracking tags. Allegedly, some satellite tracking tags affixed to shipping containers completely or partially failed to transmit tracking data, were not affixed to the container when ordered, or a single satellite tracking tag was affixed to two shipping containers.

Result:

On October 27, 2015, the Department of Justice (DOJ) reached a settlement with American President Lines in which the company agreed to pay $9.8 million to resolve allegations of false claims.

Husband and Wife Sentenced for Fraud, Embezzlement, and Tax Evasion

Overview:

A joint investigation with the Air Force Office of Special Investigations (AFOSI), Army CID, the Internal Revenue Service (IRS) Criminal Investigation, the Small Business Administration OIG, the Naval Criminal Investigative Service (NCIS), and the Department of Labor OIG found that, from 2007 through 2013, Shaun Tucker; his wife, Joanne Tucker; and their co-conspirators made false representations to the Government regarding the eligibility of their companies, Quantell and Intaset, for small business contracts. The contracts were intended for Service-Disabled Veteran-Owned Small Businesses and disadvantaged companies. The Tuckers and their co-conspirators falsely represented the past revenues, ownership, controlling officers, distribution of profits, location, and other key attributes of Quantell and Intaset to multiple Federal agencies. When bid protests were lodged by competing firms, the Tuckers and co-conspirators prepared and submitted false responses. The Tuckers' actions prevented other disadvantaged companies, which the Government intended to support with set-aside contracts, from winning contracts with the Federal Government. The Tuckers fraudulently secured over $30 million in Government service contracts using false representations, embezzled over $1.6 million from employee benefits plans, and evaded payment of $492,961 in taxes.

Result:

Previously, both Shaun and Joanne Tucker pleaded guilty to conspiracy to commit wire fraud and tax evasion. On November 20, 2015, Shaun Tucker was sentenced to 8 years in prison followed by 3 years of supervised release. On December 3, 2015, Joanne Tucker was sentenced to a year and a day in prison followed by 3 years of supervised release. Shaun and Joanne Tucker were each required to pay restitution of $2.09 million with $1.6 million going to the victims of the embezzlement and $492,961 to the IRS. As part of their plea agreement, the Tuckers were required to forfeit $30 million and their residence in Keymar, Maryland.

On December 17, 2015, $76,830 was seized from a bank account owned by Shaun and Joanne Tucker and is pending forfeiture. Kevin Williams, a co-conspirator, previously pleaded guilty to conspiracy to commit wire fraud and tax evasion. On December 18, 2015, Williams was sentenced to 36 months of probation, 10 months of home confinement, and ordered to pay restitution in the amount of $699,000. On February 18, 2016, Paul Watson, a former employee of Quantell and Intaset, was sentenced to 36 months of probation, to include a period of 6 months in a Residential Reentry Center, and was ordered to pay restitution in the amount of $857,097. On February 25, 2016, Robert Nickey, a former employee of Intaset, was sentenced to "time served" imprisonment, 36 months of supervised release to include a period of 6 months in a Residential Reentry Center, and was ordered to pay restitution in the amount of $1.36 million to Santander Bank.

Corporation to Pay $11.4 Million to Settle False Claims Allegations

Overview:

A joint investigation with the FBI and the General Services Administration OIG examined allegations that, from approximately 2008 through 2013, NetCracker Technology Corporation used workers who lacked security clearances to carry out software-related work on the Defense Information Systems Agency Network. The contract was awarded to Computer Sciences Corporation and subcontracted to NetCracker. Netcracker allegedly knew the contract required the use of employees with clearances. This activity allegedly resulted in Computer Sciences Corporation submitting false claims for payment to the U.S. Government. This investigation was initiated as a result of a civil lawsuit filed under the qui tam provisions of the False Claims Act (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.

Result:

On October 27, 2015, Computer Sciences Corporation and NetCracker entered into settlement agreements with the U.S. Government and agreed to pay $1.3 million and $11.4 million, respectively, to settle allegations that they violated the FCA. The relator will be paid a total of $2.3 million of the settlement amounts and an additional $350,000 from NetCracker.

Contractor to Pay $280,000 to Settle Allegations of False Claims

Overview:

A joint investigation with Army CID and the Department of Transportation OIG examined allegations of cost mischarging by Aero Gear, Inc., an Army contractor. In 2006 and 2009, the Army awarded Aero Gear two grants to reengineer gears for legacy engine models originally manufactured by companies that were no longer in business or which no longer produced gears needed for aging aircraft. Aero Gear allegedly instructed employees to associate their labor hours to the grants for work that was unrelated to the grants. Additionally, Aero Gear allegedly violated the terms of the grants by purchasing equipment pursuant to the grants for use that was unrelated to the grants.

Result:

On November 30, 2015, DOJ entered into a civil settlement agreement with Aero Gear in which Aero Gear agreed to pay $280,000 to settle allegations of false claims.

Defense Contractors to Pay Total of $3.2 Million to Resolve Allegations of Fraud and Wrongful Employment Practices

Overview:

A joint investigation with Army CID examined allegations that Marathon Technologies Inc. and Sigmateck Inc. knowingly failed to comply with contractual requirements in the manufacturing of the MK93 Gun Mount and M3 Tripod Mount. Additionally, Sigmatek allegedly made fraudulent statements in obtaining HUBZone certification and then used those false certifications to obtain a contract to manufacture the M3 Tripod Mount and to receive payment. 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.

Result:

On November 5, 2015, Marathon Technologies agreed to pay $1.6 million to settle the alleged violations of the FCA. Of this amount, $1.1 million was paid to the U.S. Government and $448,000 was paid to the relator. Marathon Technologies also agreed to pay the relator

$1.6 million to settle allegations of wrongful employment practices committed against the relator and $1.6 million to the relator's attorney for all attorney's fees and related litigation expenses.

Rose Radiology Centers Inc. to Pay More Than $8 Million to Resolve Allegations of False Billing

Overview:
A joint investigation with the Health and Human Services OIG examined allegations that, from 2007 through 2013, Rose Radiology Centers Inc. submitted false claims to Federal health insurance programs, including TRICARE, for radiology services that did not comply with applicable Federal regulations. Rose Radiology Centers allegedly administered contrast dye during MRI scans without required physician supervision. In addition, Rose Radiology allegedly improperly billed for procedures referred by chiropractors, performed and billed for procedures never ordered by patients' providers, and gave kickbacks to referring physicians for the purpose of soliciting radiology referrals. 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.

Result:
On December 30, 2015, Rose Radiology Centers entered into a civil settlement agreement with DOJ and agreed to pay $8.7 million to the U.S. Government to resolve alleged violations of the FCA. Of this amount, $1.7 million was paid to the relators, and $313,889 was returned to the Defense Health Agency (DHA).

DoD Contractor to Pay $7.4 Million to Settle Allegations of False Claims Related to Iraq War Contract

Overview:
A joint investigation with Army CID examined allegations that Centerra Services International Inc., formerly known as Wackenhut Services LLC, double billed and inflated labor costs in connection with a contract for firefighting and fire protection services in Iraq. From 2008 through 2010, Wackenhut allegedly inflated its labor costs and artificially inflated its labor rate by counting some of its costs twice. Wackenhut billed Kellogg Brown & Root Inc., the prime contractor for the Army's Logistical Civil Augmentation Program, which then passed on the costs 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.

Result:
On January 30, 2016, Centerra agreed to pay $7.4 million to the United States to resolve the allegations of false claims. The relator's share of the recovery was $1.3 million.

Public Corruption

Corruption by public officials fundamentally threatens the country's national security and overall safety, and undermines the public trust in the Government. Public corruption wastes tax dollars and negatively affects DoD and the mission of the warfighter. DCIS combats public corruption with the authority, resources, and expertise to conduct undercover operations, court-authorized electronic surveillance, and forensic audits. Using these tools, DCIS pursues those who undermine the integrity of the DoD acquisition system.

High-Ranking U.S. Navy Officers and DoD Contractor Sentenced to Prison in Massive Bribery Scheme

Overview:
A joint investigation with NCIS disclosed 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. Over the course of the 20-plus year conspiracy, Francis and GDMA gave Navy officials millions of dollars in gifts. The bribes included over $500,000 in cash and hundreds of thousands of dollars in prostitution services, travel expenses, Cuban cigars, designer handbags, watches, electronics, designer furniture, ornamental swords, and handmade models of ships. In exchange, Francis solicited and received classified and confidential U.S. Navy ship schedules and planned ports of call, and obtained preferential treatment for GDMA in contracting for port

services. Francis further admitted that he bribed an NCIS agent in an attempt to learn more about the federal investigation into his company.

Result:
Francis and GDMA previously agreed to a forfeiture money judgment in the amount of $35 million. Navy Lieutenant Commander Todd Malaki previously pleaded guilty to accepting bribes from GDMA in return for classified U.S. Navy ship schedules and proprietary information regarding GDMA's competitors.
On January 29, 2016, Malaki was sentenced to 40 months in prison and 3 years of probation, fined $15,000, and ordered to pay restitution in the amount of $15,000. On March 18, 2016, Alex Wisidagama, GDMA's former Global Contracts Manager, was sentenced to 63 months in prison followed by 3 years of probation, and was ordered to pay restitution in the amount of $32.8 million jointly and severally with other co-defendants.

Navy Captain Daniel Dusek previously pleaded guilty to conspiring to give classified information to a foreign defense contractor in exchange for prostitutes, luxury travel, and other gifts. On March 25, 2016, Dusek, the highest ranking officer convicted in this scheme, was sentenced to 46 months in prison followed by 3 years of supervised release, fined $70,000, and ordered to pay restitution in the amount of $30,000. To date, 10 individuals and GDMA have been charged in connection with this conspiracy; of those, nine individuals and GDMA have pleaded guilty.

Army Sergeant Sentenced to Prison in Afghanistan Bribery Scheme

Overview:
A joint investigation with FBI, AFOSI, Army CID, and the Special Inspector General for Afghanistan Reconstruction (SIGAR) disclosed that Sergeant First Class (SFC) Ramiro Pena, Jr., and others conspired to accept bribes from Afghan contractors in exchange for the award of Commander's Emergency Response Program contracts at the Humanitarian Aid Yard in Afghanistan. From January 2008 through September 2009, SFC Pena and a co-conspirator awarded 217 contracts to local supply vendors totaling over $30.7 million. In exchange for contracts, SFC Pena and his co-conspirator received bribe money and jewelry from some of the vendors.

Result:
On December 10, 2015, SFC Pena, who previously pleaded guilty to conspiracy to defraud the United States, was sentenced to 24 months in prison followed by 1 year of supervised release.

Co-Conspirator Sentenced to 88 Months in Prison for Role in Major Bribery Scheme

Overview:
A joint investigation with FBI, IRS Criminal Investigation, Small Business Administration OIG, and Army CID disclosed that several DoD contractors paid millions in bribes, directly and indirectly, to USACE program manager Kerry Khan and USACE program director Michael Alexander in exchange for government contracts. The investigation uncovered the largest domestic bribery and bid-rigging scheme in the history of Federal contracting cases. Participants in the scheme stole over $30 million in Government money through fictitious invoices, paid bribes in exchange for the award of technology-related contracts and subcontracts, and conspired to steer a contract worth nearly $1 billion to a particular Government contractor. Among those involved in paying bribes was Young N. Cho.

Result:
Cho previously pleaded guilty to bribery, conspiracy to commit bribery, money laundering, and defrauding the United States. In addition to Cho, 19 other individuals, and one corporation pleaded guilty to similar Federal charges in this scheme. On October 8, 2015, Cho was sentenced to 88 months in prison followed by 3 years of supervised release, and was ordered to pay $7.6 million restitution to USACE. This amount is to be paid jointly and severally with three previously sentenced co-defendants. Through restitution and civil settlements, $30 million of the loss has been recovered to date.

Former Master Sergeant Accepted Bribes in Exchange for Freight Contracts

Overview:
A joint investigation with Army CID and the FBI disclosed that Master Sergeant Timothy Wooten, traffic management specialist, National Guard Bureau (NGB) South Carolina, and Kristopher Terrill, traffic management specialist, NGB Florida, accepted bribes from a freight broker, Daniel Boyd, to steer freight transportation contracts to two companies for whom Boyd worked as an agent. From September 2011

through January 2012, Wooten overrode the electronic system that generated a list of "best value carriers" for freight shipments so that he could manually select a company for shipment. Wooten manually awarded 55 contracts to either Crimson Express, Inc., or U.S. Transport, together totaling $321,949. Boyd agreed to pay Wooten 25 percent of his commissions on the freight contracts in return for Wooten awarding them to his companies. Boyd received $115,882 in commission on the 55 contracts and paid $29,742 in bribes to Wooten. Boyd attempted to conceal the bribes to Wooten by making payments to Wooten's wife, whom Boyd hired as a broker for Crimson Express. Wooten's wife performed no work for Crimson Express and payments to her were in return for Wooten steering freight contracts to Boyd's companies. Terrill arranged to work for Boyd when he retired from military service. Terrill steered $119,749 in contracts to Boyd's companies. Boyd received $40,504 in commission, of which he agreed to pay Terrill 50 percent, or $20,252.

Result:
Terrill previously pleaded guilty to wire fraud and bribery. On October 23, 2015, Terrill was sentenced to 24 months in prison followed by 36 months of supervised release, and was ordered to pay restitution of $22,626 jointly and severally with Boyd. Boyd previously pleaded guilty to mail fraud and bribery and was sentenced to 48 months in prison followed by 144 months of supervised release, and was ordered to pay restitution of $22,626 jointly and severally with Terrill. Wooten previously pleaded guilty to wire fraud and bribery and was sentenced to 36 months of probation, and was ordered to pay a $3,000 fine.

Former DoD Contract Specialist Sentenced to 30 Months in Prison for Accepting Bribes

Overview:
A joint investigation with SIGAR, NCIS, IRS Criminal Investigation, and Army CID disclosed that James Addas, a former contract specialist at the Joint Contracting Command Afghanistan/Iraq, Baghdad, Iraq, accepted bribes in return for his assistance in obtaining contracts with the DoD. Addas was offered $1 million by Omar Jamil, the chief executive officer for Civilian Technologies Limited, to illegally influence the award of DoD electrical contracts to his companies in Iraq and Afghanistan. Addas assisted Jamil's companies in obtaining at least 15 contracts valued at more than $28 million. For his role in the bribery scheme, Addas received approximately $577,828 in wire transfers, plus cash and other items of value from Jamil.

Result:
Addas previously pleaded guilty to bribery and making and subscribing a false tax return. On January 8, 2016, Addas was sentenced to 30 months in prison followed by 3 years of supervised release, and was ordered to pay $115,435 in restitution.

Product Substitution

DCIS supports DoD and its warfighting mission through investigations of counterfeit, defective or substandard products, and substituted products that do not conform with contract requirements. Nonconforming products compromise readiness and waste economic resources. They also threaten the safety of military and Government personnel and other end users. When substituted products are deliberately provided to DoD, mission-critical processes and capabilities can be severely impacted until they are removed from the supply chain. DCIS works with Federal law enforcement partners, supply centers, and the defense industrial base to ensure that DoD contractors provide the correct parts and components to meet contract requirements.

Massachusetts Man Sentenced to 37 Months in Prison for Trafficking Counterfeit Military Goods

Overview:
A joint investigation with Homeland Security Investigations and NCIS examined allegations that Peter Picone imported thousands of counterfeit integrated circuits from China and Hong Kong and resold them to U.S. customers, which included contractors who supplied them to DoD. From February 2007 through April 2012, Picone purchased millions of dollars' worth of integrated circuits bearing the counterfeit marks of approximately 35 major manufacturers, including Motorola, Xilinx, and National Semiconductor, from suppliers in China and Hong Kong. Picone resold the counterfeit integrated circuits through two companies he owned, Tytronix, Inc., and Epic International Electronics. In one case, Picone knew the counterfeit integrated circuits would ultimately be supplied to the U.S. Navy for use in nuclear submarines.

Result:
Picone previously pleaded guilty to conspiracy to traffic in counterfeit military goods. On October 6, 2015, Picone was sentenced to 37 months in prison and ordered to pay $352,076 in restitution to the 31 companies whose integrated circuits he counterfeited, and to forfeit 35,870 counterfeit integrated circuits. Additionally, a forfeiture money judgment was issued against Picone in the amount of $70,050.

Nuclear-Powered Submarine
Source: www.navy.mil

Defense Contractor and its President to Pay $25.6 Million to Settle Allegations of a Multi-Year Fraud Involving Defective Weapons Sights

Overview:
A joint investigation with NCIS, Army CID, Homeland Security Investigations, and the FBI examined allegations that EOTech, Inc.; its president, Paul Mangano; and its parent company, L-3 Communications Corp. knowingly sold defective holographic weapon sights to DoD, the Department of Homeland Security, and the FBI. The sights were procured for Army Special Forces soldiers in Iraq and Afghanistan to allow soldiers to acquire and hit targets quickly and to return fire in extreme environmental conditions. The contracts required EOTech to disclose any information concerning the reliability of the weapon sights. The defendants knew the sights failed to perform as represented in hot and cold temperatures and humid environments, but they delayed disclosure of these defects for at least 9 years. For each defect EOTech discovered, it presented a fix as a product upgrade but did not disclose that the entire stock of sights sold to DoD since 2004 was defective.

Result:
On November 25, 2015, EOTech, L-3 Communications Corp., and Mangano agreed to pay $25.6 million to the Government to resolve these allegations. At settlement, Mangano admitted he knew of the defects but did not disclose them as contractually required.

Health Care Fraud

Rising health care costs are an ongoing national concern. DCIS has identified an associated increase in allegations of health care fraud. Combatting this crime is one of DCIS's top investigative priorities. DCIS is particularly concerned with allegations of potential harm to DoD military members and their dependents. In addition to patient harm, DCIS investigations scrutinize 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; or approving unauthorized individuals to receive TRICARE health care benefits. DCIS continues to proactively target health care fraud through coordination with other Federal agencies and participation in Federal and state task forces.

Pharmacy to Pay Defense Health Agency $8 million to Settle False Claims Allegations

Overview:
A joint investigation with the FBI examined allegations that, from September 30, 2013, through March 30, 2015, Choice Pharmacy Services, LLC, a Florida-based compounding pharmacy, billed TRICARE for compounded prescriptions that were not medically necessary and were not reimbursable. Choice allegedly filled compounded prescriptions that it knew, or should have known, were not written in the usual course of practice because the prescriptions were largely for the same substance, regardless of patient age, condition, or diagnosis. Additionally, certain physicians associated with Choice allegedly wrote the same prescription for all patients, and the sheer volume of prescriptions was not plausible.

Result:
On December 14, 2015, Choice entered into a civil settlement agreement and will pay the United States $8 million to resolve the FCA allegations. The entire amount will be returned to DHA.

Speech Therapy Provider Sentenced to 151 Months in Prison for Defrauding TRICARE

Overview:

A DCIS investigation disclosed that, from January 21, 2009, through November 11, 2013, Rebecca Rabon, owner of Rabon Communication Enhancement, PLLC, a Texas-based speech therapy clinic, and Tiffany Thompson, her office manager, submitted false claims for reimbursement to TRICARE and Blue Cross Blue Shield of Texas totaling at least $3.7 million. Rabon and Thompson submitted claims for speech therapy and swallowing treatments that were not provided to patients, and they created false and fraudulent patient treatment records to support the claims.

Result:

Previously, Rabon and Thompson both pleaded guilty to health care fraud and conspiracy to defraud health care programs. On October 9, 2015, Rabon was sentenced to 151 months in prison, with 3 years of supervised release; and Thompson was sentenced to 51 months in prison, with 3 years of supervised release. Additionally, Rabon and Thompson were jointly ordered to pay restitution of $1.3 million, with $334,204 of that amount payable to DHA. On October 28, 2015, a forfeiture money judgment was issued against Rabon in the amount of $1.3 million.

Large-Scale Walter Reed National Military Medical Center Theft Scheme

Overview:

A DCIS investigation disclosed that, from April through August 2011, Lamelle Marquez Malone conspired with Roger Gurdon and others to steal Somatropin, a form of human growth hormone, from the pharmacy located at the former Walter Reed Medical Center in Washington, D.C. Malone was an Army soldier who worked at Walter Reed as a pharmacy specialist, and Gurdon worked at Walter Reed as a pharmacy technician. Their actions resulted in an estimated loss to DoD in excess of $2 million in stolen human growth hormone.

Result:

Malone previously pleaded guilty to conspiracy and interstate transportation of stolen property. On December 23, 2015, Malone was sentenced to 18 months in prison followed by 3 years of supervised release, and was ordered to pay a money judgment of $550,000 and restitution of $2.1 million. Gurdon previously pleaded guilty to conspiracy to steal pre-retail medical product, interstate receipt of stolen property, and conspiracy to distribute marijuana. He was sentenced to 78 months in prison and was ordered to pay restitution of $4.47 million for his role in the scheme.

Four Physicians and Two Compounding Pharmacies to Pay $10 Million to Settle False Claims Allegations

Overview:

A joint investigation with the FBI, Health and Human Services OIG, Office of Personnel Management OIG, and Veterans Affairs OIG examined allegations that, from February 2013 through May 2015, Drs. Manish Bansal, Mehul Parekh, Marisol Arcila, and Syed Asad referred prescriptions for compounded substances to Topical Specialists, LLC, a pharmacy they had a financial interest in. These prescriptions were then filled by WELLHealth, Inc., which billed TRICARE and other Federal health programs. The four physicians allegedly wrote hundreds of prescriptions for pain and scar creams that were often not used by patients. While TRICARE was billed tens of thousands of dollars for these creams, the cost to actually compound them was often 4 to 5 percent of the submitted cost. Records reviewed by the Government showed the pharmacy was making up to 90-percent profit for each cream prescription submitted. This profit was then allegedly disbursed to the doctors who wrote the prescriptions. The physicians allegedly recruited other doctors to write prescriptions and shared revenue with them.

Result:

Between October and December 2015, WELLHealth, Topical Specialists, and Drs. Bansal, Parekh, Arcila, and Asad all entered into civil settlement agreements with DOJ and agreed to pay the U.S. Government a total of $10 million to resolve the FCA allegations. Of this amount, $9.5 million was returned to DHA.

21st Century Oncology to Pay $19.75 Million to Settle Alleged False Claims for Unnecessary Laboratory Tests; Physician to Pay Over $1 Million

Overview:

A joint investigation with the FBI and Health and Human Services OIG examined allegations that, from 2009 through 2014, 21st Century Oncology submitted false claims for medically unnecessary tests. 21st Century allegedly submitted claims to Medicare and TRICARE for fluorescence in situ hybridization, or “FISH” tests,

which were not medically necessary. FISH tests are laboratory tests performed on urine that can detect genetic abnormalities associated with bladder cancer. The Government alleged that these unnecessary tests were ordered by four of 21st Century's urologists: Dr. Meir Daller, Dr. Steven Paletsky, Dr. David Spellberg, and Dr. Robert Scappa. The Government also alleged that 21st Century encouraged these physicians to order unnecessary FISH tests by offering bonuses that were based in part on the number of tests referred to 21st Century's laboratory. 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.

Result:

On December 16, 2015, 21st Century entered into a civil settlement agreement with DOJ and agreed to pay $19.7 million to resolve the civil FCA allegations. Of this amount, $16.4 million went to the U.S. Government, $3.2 million went to the relator, and $109,616 was returned to DHA. On January 27, 2016, Dr. Spellberg entered into a civil settlement agreement, and agreed to pay $1 million to resolve the allegations. Of this amount, $850,500 went to the U.S. Government and $199,500 went to the relator.

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. This includes the illegal theft or transfer of defense technology, weapon systems, and other sensitive components and program information. Consistent with its role in protecting America's warfighters, DCIS is an integral participant in the President's Export Control Reform Initiative, and a charter member of the Export Enforcement Coordination Center. This multiagency center was established to coordinate and enhance U.S. Government export enforcement efforts.

97 Months in Prison for Man Attempting to Illegally Export F-35 Technical Plans and Data to Iran

Overview:

A joint investigation with Homeland Security Investigations, FBI, and AFOSI disclosed that Mozaffar Khazaee, a naturalized U.S. citizen of Iranian descent, attempted to ship numerous boxes of sensitive DoD technical manuals, specifications, and other export-controlled material to Iran. Formerly employed as an aerospace engineer at Pratt & Whitney, General Electric, and Rolls Royce, Khazaee attempted to ship the documents to Iran labeled as household goods. The shipment was intercepted and detained by U.S. Customs and Border Protection. The documents, which were proprietary property of Pratt & Whitney and Rolls-Royce, pertained to the F-35 Joint Strike Fighter program, the F-136 engine, and the F-119 engine. Khazaee was arrested in 2014 as he attempted to leave the United States. During a search subsequent to the arrest, agents seized approximately $60,000 in U.S. currency and other items of evidentiary value.

Result:

Khazaee previously pleaded guilty to unlawful export and attempted export of defense articles from the United States. On October 23, 2015, Khazaee was sentenced to 97 months in prison followed by 3 years of supervised release, and was ordered to pay a $50,000 fine.

F-35 Joint Strike Fighter
Source: www.edwards.af.mil

Asset Forfeiture Program

The DCIS Asset Forfeiture Program provides forfeiture support to DCIS investigations involving fraud, waste, and abuse by including forfeiture counts in all indictments, criminal informations, and consent agreements when warranted by the evidence. The program deprives criminals of property used or acquired through illegal activity both in the United States and overseas, including Southwest Asia. Since 2007, DCIS has seized $231 million, had final orders of forfeiture totaling $73 million, and money judgments in the amount of $203 million. During this 6-month reporting period, DCIS has seized assets totaling $34.2 million, had final orders of forfeiture totaling $6.2 million, and money judgments in the amount of $14.6 million. Seized assets include aircraft, cash/currency, financial instruments, jewelry, real property, vehicles, and vessels.

Investigative Examples

On November 5, 2015, David A. Kline pleaded guilty to bribery and conspiracy to commit bribery. Kline, while serving as a first lieutenant in the U.S. Army stationed in Afghanistan, accepted $50,000 in U.S. currency from an Afghan national and owner of an Afghan trucking company conducting business on Government contracts with the U.S. Army at Kandahar Air Field, in exchange for favorable contracting actions, including facilitating the award and payment of numerous transportation contracts. On January 7, 2016, a forfeiture money judgment was issued against Kline in the amount of $50,000. On February 22, 2016, Kline voluntarily and completely satisfied the forfeiture money judgment.

On January 7, 2016, SciberQuest, Inc. and its Chief Executive Officer, Dr. Homayoun Karimabadi were indicted for wire fraud and conspiracy to commit wire fraud, and a forfeiture money judgment was issued against them in the amount of $180,000. While employed at SciberQuest, Dr. Karimabadi was also employed as a research professor at the University of California San Diego. Dr. Karimabadi applied for and received grants or contracts from the National Science Foundation, the U.S. Air Force, and the National Aeronautics and Space Administration both through SciberQuest and the university. SciberQuest was awarded approximately $6.4 million under 22 separate grants or contracts. To obtain these grants or contracts, Dr. Karimabadi and SciberQuest made false statements to Government officials regarding their current and pending projects, overstating the time they could devote to new grants or contracts. Dr. Karimabadi also falsely certified in Small Business Innovation Research award proposals that he was primarily employed by SciberQuest when in fact he was employed full time at the university at the time of the award submission and during the performance of the grant. As a result, Dr. Karimabadi received over $1.9 million in salary from SciberQuest, due in part to the fraudulently obtained grants or contracts. On February 10, 2016, Dr. Karimabadi voluntarily and completely satisfied the forfeiture money judgment.

On February 10, 2015, Seneca Darnell Hampton pleaded guilty to bribery, conspiracy to commit wire fraud, and wire fraud, and he agreed to a forfeiture money judgment in the amount of $21,000 and to forfeit his 2013 GMC Sierra 1500. Hampton accepted U.S. currency from public officials in exchange for permitting local Afghan National truck drivers to take fuel from Forward Operating Base Gardez without authorization and failing to download fuel designated for Gardez, resulting in fuel losses to the United States. On July 28, 2015, Hampton was sentenced to 24 months in prison and was ordered to pay restitution in the amount of $176,100. On November 9, 2015, a final order of forfeiture was issued against Hampton, which vested title in his 2013 GMC Sierra 1500 to the U.S. Government. On February 11, 2015, Hampton's co-defendant, James Edward Norris, pleaded guilty to bribery, wire fraud, and conspiracy to commit wire fraud, and he agreed to a forfeiture money judgment in the amount of $39,000 and to forfeit his 2008 Cadillac Escalade. On May 21, 2015, Norris was sentenced to 51 months in prison and was ordered to pay restitution in the amount of $176,100 jointly and severally with Hampton. On June 24, 2015, an amended preliminary order of forfeiture was issued against Norris substituting $11,659 in lieu of his 2008 Cadillac Escalade and amending his forfeiture money judgment to $58,341. On November 4, 2015, a final order of forfeiture was issued against Norris. On June 9, 2015, another co-defendant, Anthony Don Tran, pleaded guilty to bribery, and he agreed to a forfeiture money judgment in the amount of $11,437 and to forfeit his 2009 Honda Accord. On September 24, 2015, Tran was sentenced to 30 months in prison and was ordered to pay restitution in the amount of $69,000. On October 29, 2015, a final order of forfeiture was issued against Tran, which vested title in his 2009 Honda Accord to the U.S. Government. On January 6, 2016, Tran made a payment of $10 towards his forfeiture money judgment of $11,437.

Figure 2.1 Asset Forfeiture Program by Fiscal Year

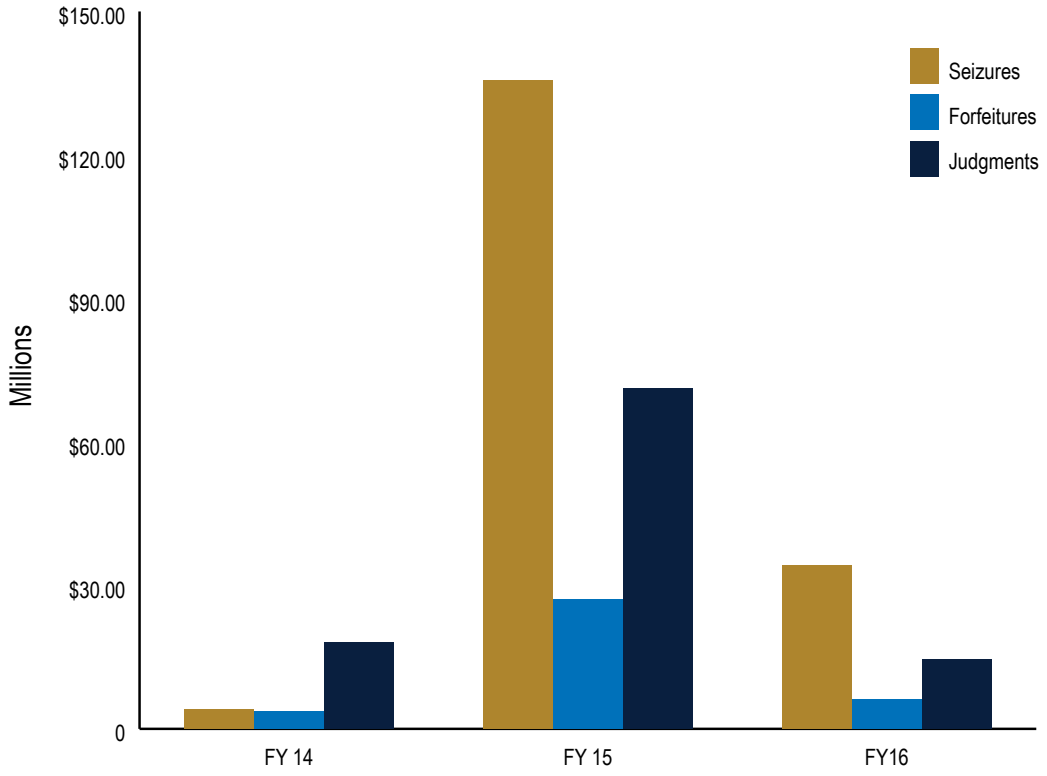
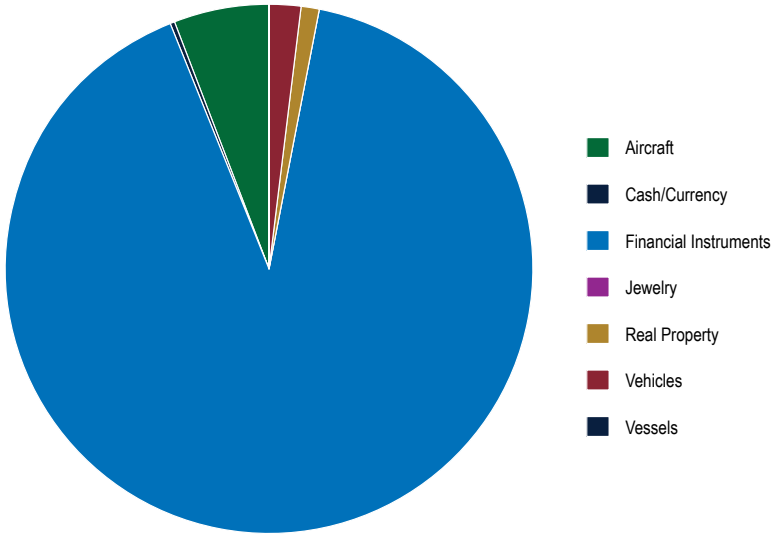


Figure 2.2 Seized Assets by Type (October 1, 2015 – March 31, 2016)



ADMINISTRATIVE INVESTIGATIONS

The DoD OIG Office of the Deputy Inspector General for AI consists of three directorates:

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

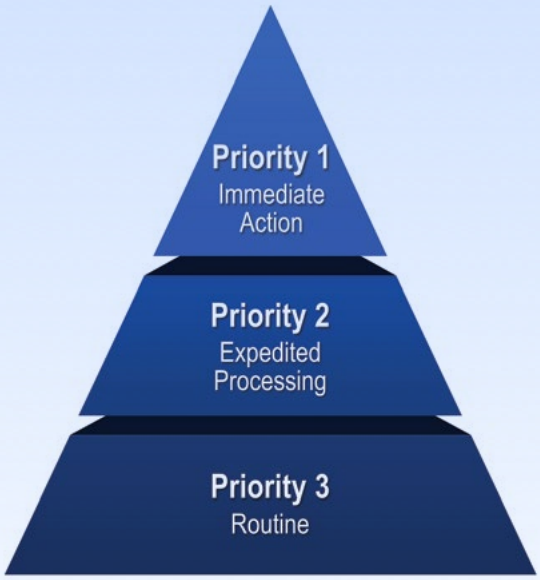
The DoD Hotline Director also serves as the DoD Whistleblower Protection Ombudsman as described below.

DoD Hotline

The mission of the DoD Hotline is to provide a confidential, reliable means to report violations of law, rule or regulation, mismanagement, gross waste of funds, abuse of authority, and serious security incidents that involve the Department of Defense. The detection and prevention of threats and danger to the public health and safety of the Department and our Nation are an essential element of the Hotline mission.

As a result of the Priority Referral Process, the hotline receives, triages, and refers cases based on the following criteria.

Figure 2.3 Priority Referral Process



Priority 1 – Immediate Action/Referred Within 1 day:

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

Priority 2 – Expedited Processing/Referred Within 3 days:

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

Priority 3 – Routine / Referred Within 10 days:

- All other issues.

Fraud, Waste & Abuse
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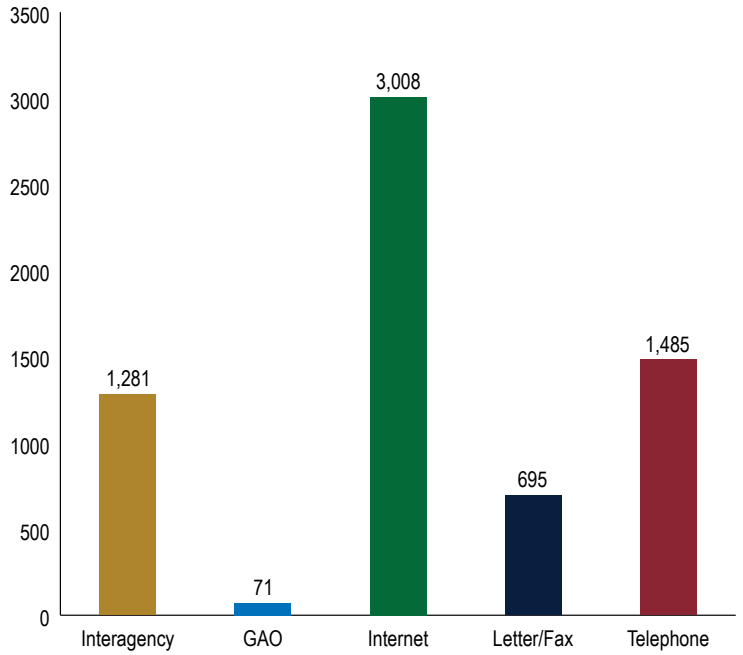
Department of Defense
dodig.mil/hotline | 800.424.9098

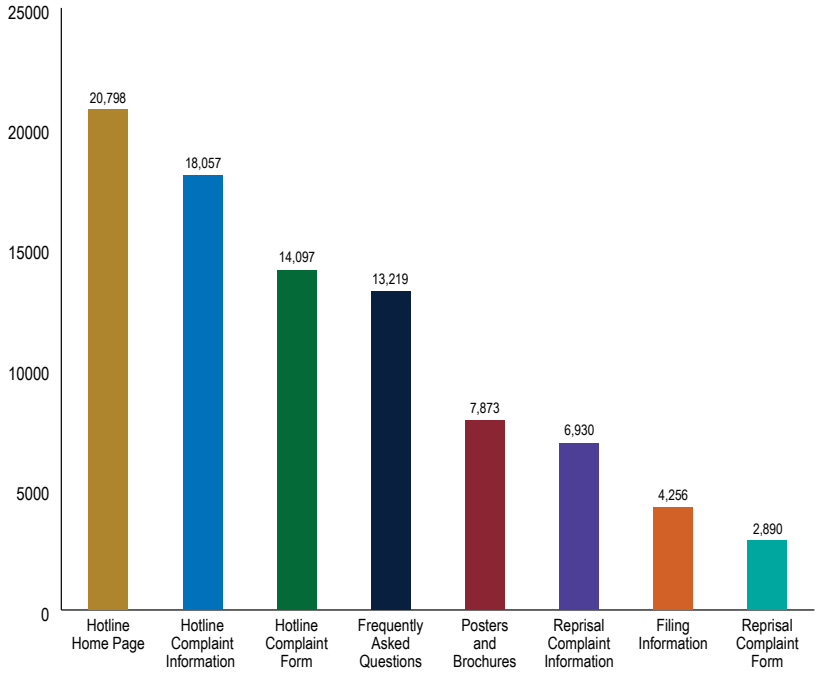
From October 1, 2015, through March 31, 2016, the DoD Hotline received 6,540 contacts. The types of contacts received are identified in the following chart.

Figure 2.4 Total Contacts Received by Type of Method



From October 1, 2015, through March 31, 2016, the DoD Hotline's webpage(s) received over 108,000 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 Hotline Website

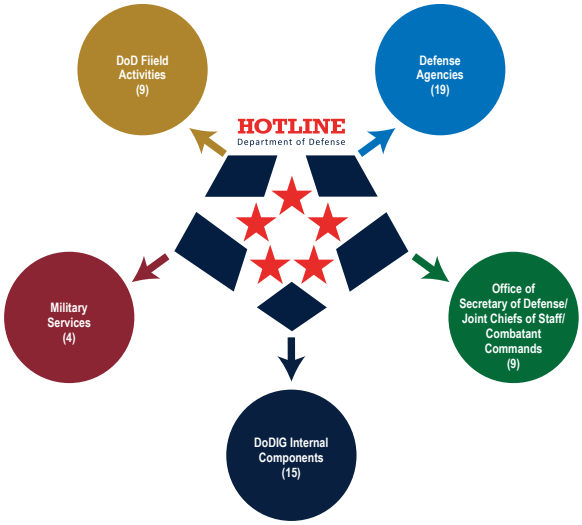


From October 1, 2015, through March 31, 2016, the DoD Hotline opened 2,973 cases and closed 2,764 cases. The following charts show the referrals that the DoD Hotline made to the Military Services, DoD agencies and activities. The DoD Hotline additionally referred 122 cases to non-DoD agencies and closed 117 cases.

As indicated in the graph below, the hotline refers cases to:

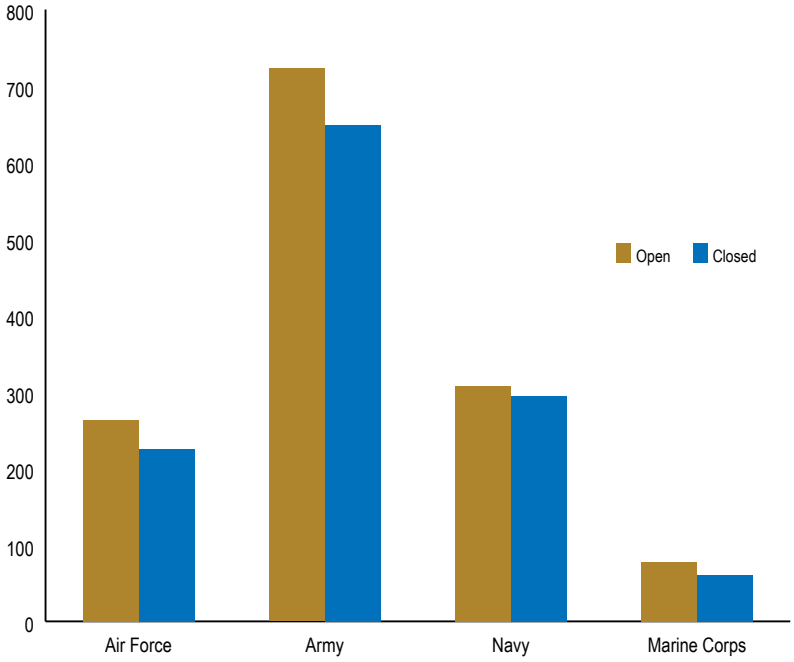
- 4 Military Services (Army, Navy, Air Force, and Marine Corps);
- 9 DoD Field Activities;
- 19 Defense Agencies;
- 9 OSD entities; and
- 15 internal DoD IG subcomponents.

Figure 2.6 Hotline Cases Referred



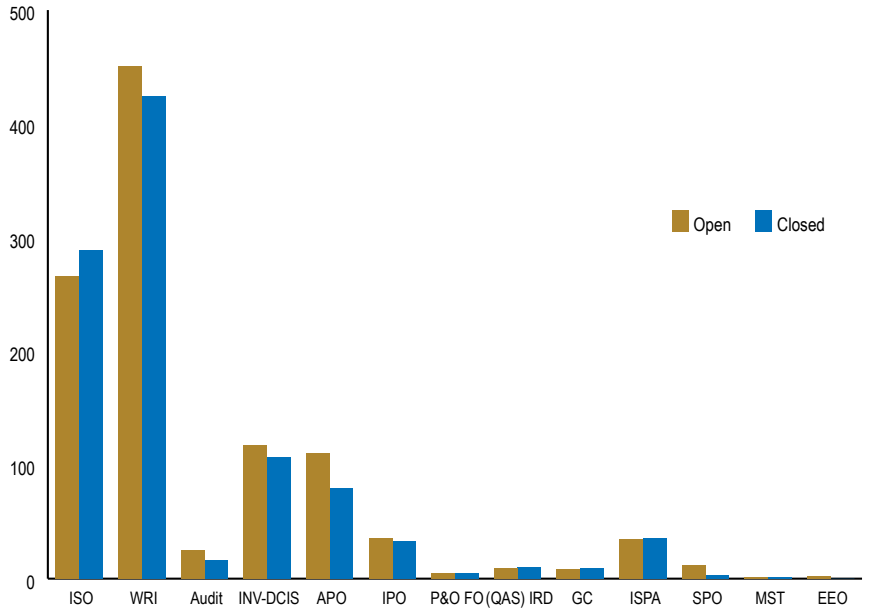
The DoD Hotline opened a total of 1,372 cases and closed 1,230 cases referred to the Military Services.

Figure 2.7 Hotline Cases Opened / Closed - Military Services, October 1, 2015 – March 31, 2016



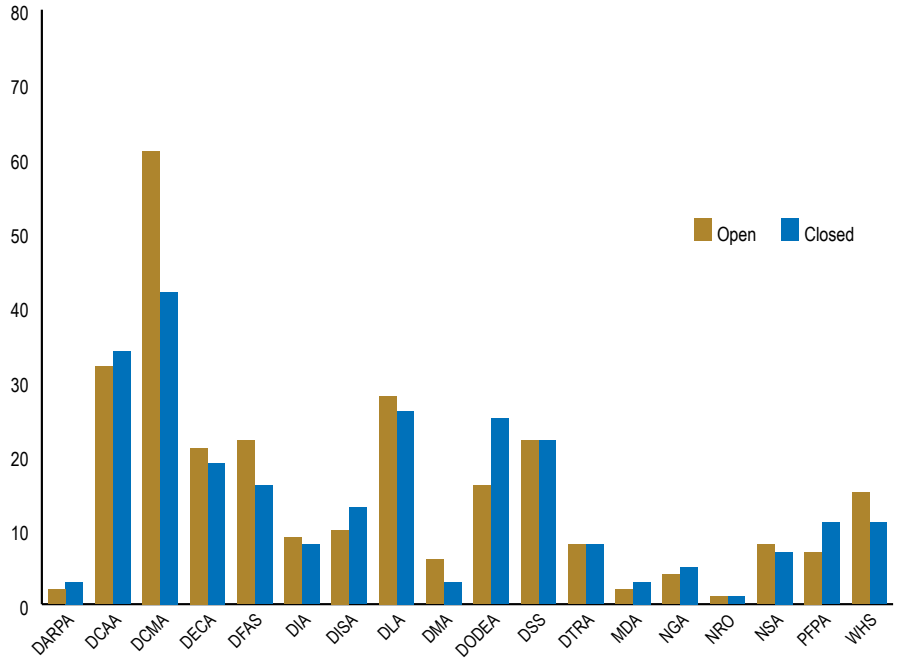
As indicated in the chart below, the DoD Hotline opened a total of 1,077 cases and closed 1,013 cases referred to the DoD OIG Components.

Figure 2.8 Hotline Cases Opened/Closed – DoD IG Component, October 1, 2015 – March 31, 2016



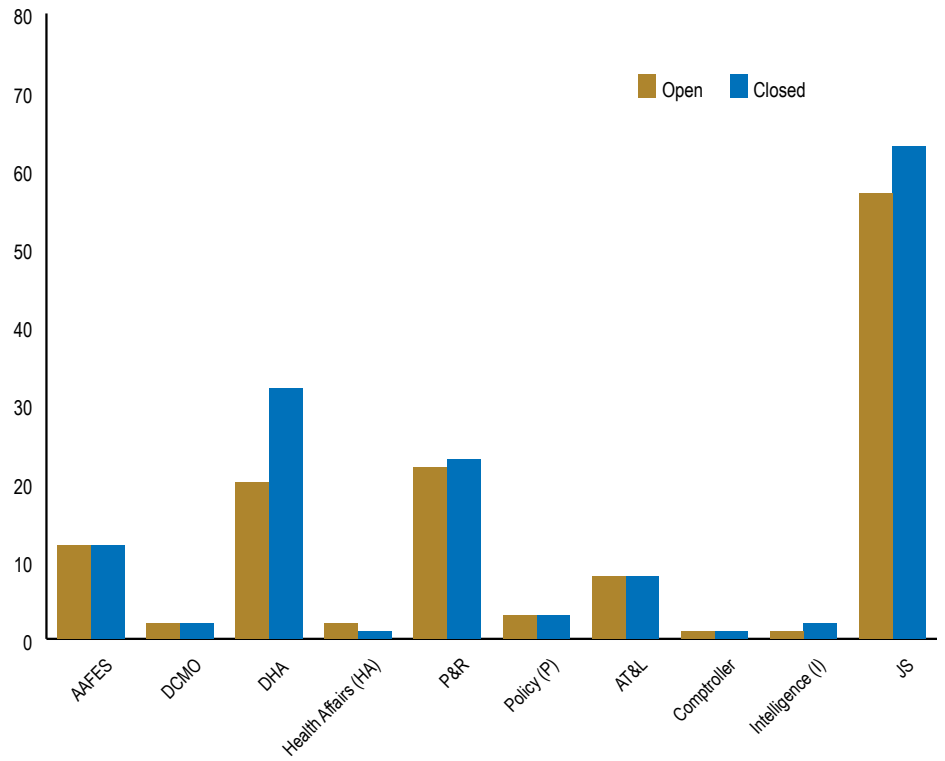
The DoD Hotline opened a total of 274 cases and closed 257 cases referred to DoD agencies.

Figure 2.9 Hotline Cases Opened/Closed - DoD Agencies, October 1, 2015 – March 31, 2016



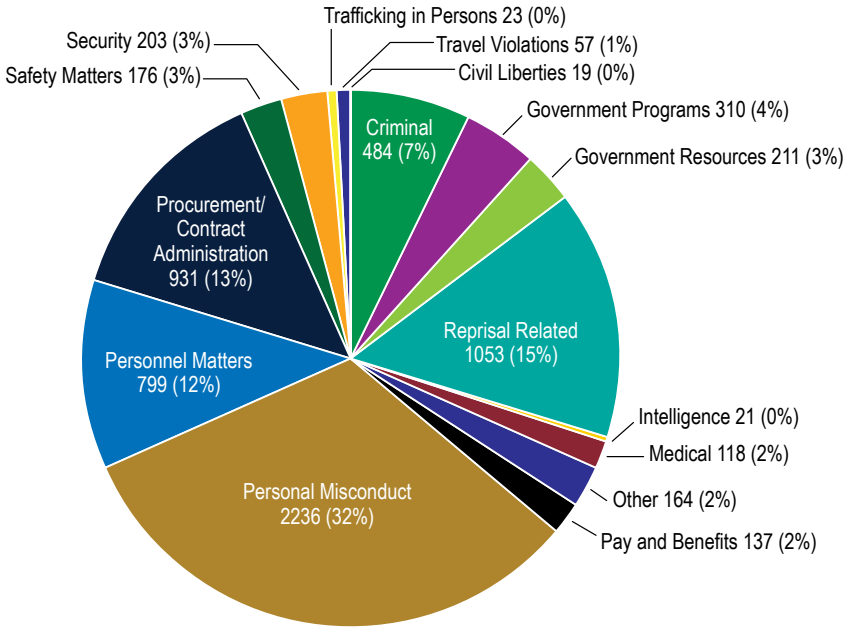
The DoD Hotline opened a total of 128 cases and closed 147 cases referred to the Office of Secretary of Defense.

Figure 2.10 Hotline Cases Opened / Closed - OSD, October 1, 2015 – March 31, 2016



The following pie chart shows that the majority of allegations received by the DoD Hotline involved personal misconduct, improper procurement or contract administration, and reprisal.

Figure 2.11 Allegations



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

Significant Hotline Cases and Cost Savings[3]

- An ungrounded electrical wire posed a safety risk to employees and patrons attending a Navy Youth Center. Two people reported life-threatening injuries from an electrical shock following a lightning strike. The Navy substantiated three allegations against two safety officials who failed to address the hazards and follow DoD and Navy directives. The officials received counseling and training.
- Unauthorized access to computer systems at Bagram Airfield, Afghanistan. The Army CID substantiated that an Army noncommissioned officer (NCO) committed the offenses of unauthorized access to a U.S. Government computer, obstruction of justice, and damage to a U.S. Government computer. The NCO made unauthorized modifications to a network administrator account, causing the server to stop working; compromised the network administrator accounts of two U.S. Army civilian employees and used one of the accounts to elevate his authorized level of network access; created multiple fraudulent computer user accounts; and took deliberate steps to conceal his misconduct. The NCO received a general discharge in lieu of court martial.
- The Navy substantiated allegations that a fire chief misused his position when selecting vendors for goods or services, in violation of 5 CFR Part 2635.702, "Use of Public Office for Private Gain." The fire chief also allowed an employee with an unfavorable eligibility determination to work in a position requiring sensitive duties, in violation of naval security regulations. The fire chief received a 14-day suspension.
- The DoD OIG substantiated that Marine Corps contracting offices did not hold large prime contractors accountable for meeting small business subcontracting goals. The two Marine Corps contracting offices reviewed generally provided small businesses with the opportunity to compete for prime contracts; however, they did not ensure that prime contractors provided small businesses adequate subcontracting opportunities.

Whistleblower Protection Ombudsman

The DoD Whistleblower Protection Ombudsman provides education about protections for current or former military members, civilian employees, and DoD contractor officials who make protected disclosures. During this reporting period, the Ombudsman received 151 contacts from people seeking information on whistleblower issues and rights. In March 2016, the Ombudsman presented whistleblower protection best practices to the Federal and Defense Hotline Working Groups, which consisted of 57 Federal and 84 Defense agencies. Additionally, the DoD Hotline's Whistleblower Rights and Protections webpage received 11,098 visits.

3 **ERRATA**: In the Semiannual Report to the Congress for the period ending September 2015, under "Significant Cases/Cost Savings from Hotline Complaints," the DoD OIG summarized a case involving Raytheon Corporation and a defect in Advanced Medium-Range Air-to-Air Missiles. The summary stated that an investigation had concluded the assemblies for the missiles were defective, and Raytheon had agreed to pay $10,628,000 to remediate the defects. In fact, Raytheon had identified the defect prior to any investigation and paid for repairs and replacements.

Whistleblower Reprisal Investigations

The WRI Directorate investigates allegations of whistleblower reprisal made by service members, appropriated fund (civilian) employees, nonappropriated fund instrumentality employees, and DoD contractor employees. Nonappropriated fund instrumentality employees 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 Military Service and Defense agency IGs into these types of allegations. The WRI Directorate also investigates allegations that military members were restricted from communicating with a Member of Congress or an IG; and also 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. sections 1034, 1587, and 2409.

Reprisal Investigations

During the reporting period, DoD received a total of 797 complaints involving reprisal, restriction from communicating with a Member of Congress or an IG, and procedurally improper mental health evaluation referrals. The DoD OIG closed a total of 610 complaints.

The chart shows the number and type of complaints investigated by the DoD OIG and the Service and Defense agency IGs during this reporting period. Of the 610 complaints closed this period, 130 involved whistleblower reprisal (12 substantiated [9 percent]), 420 were dismissed due to insufficient evidence to warrant an investigation; 49 were withdrawn; and 141 were closed following full investigation. Of the 141 investigations closed, 4 involved procedurally improper mental health evaluation referrals (1 substantiated [25 percent]); 7 involved restriction from communicating with a Member of Congress or an IG (4 substantiated [57 percent]).

Figure 2.12 797 Complaints Received Department-Wide–FY 2016 (First Half)

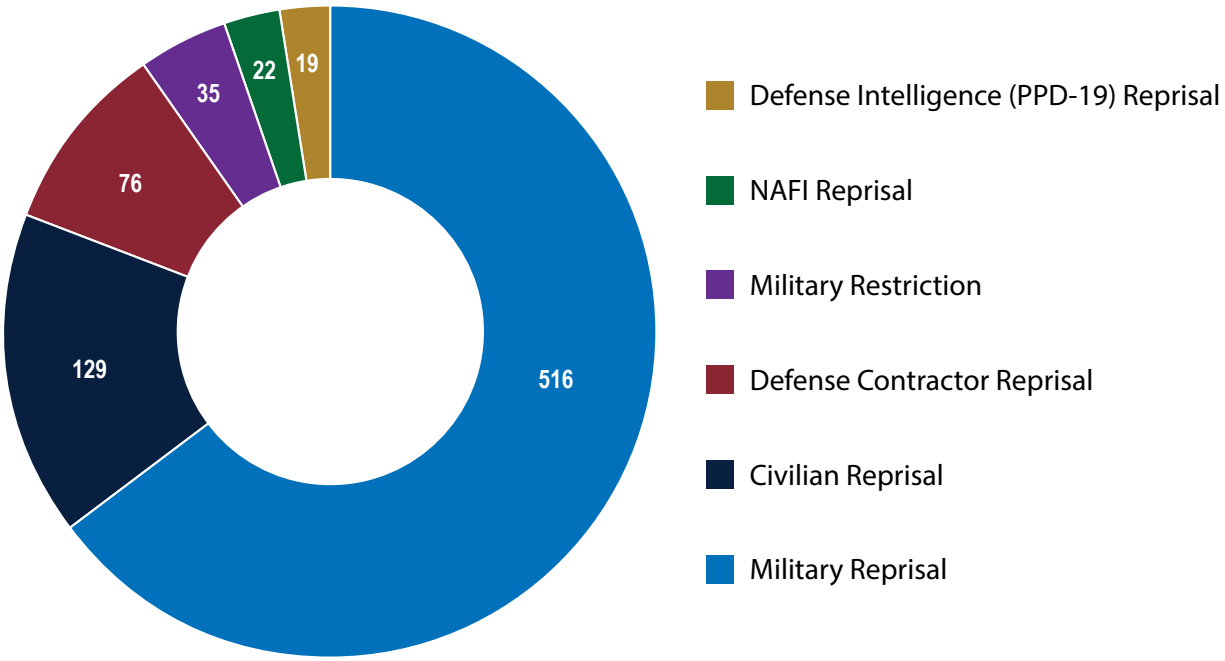


Table 2.1 Reprisal, Restriction, and Mental Health Procedural Complaints Closed in FY 2016 (1st Half)

	Total Closed	Dismissed	Withdrawn	Investigated	Substantiated Cases	Substantiation Rate
Complaint Type	**DoD IG Investigation**					
Military Reprisal	134	110	22	2	0	0%
NAFI Reprisal	13	8	1	4	0	0%
Defense Contractor Reprisal	69	58	6	5	0	0%
Defense Intelligence (PPD-19) Reprisal	13	8	0	5	1	20%
Civilian Reprisal	121	121	0	0	0	0%
Subtotal FY 16 (1st Half)	**350**	**305**	**29**	**16**	**1**	**6%**
Military Restriction	1	1	0	0	0	0%
Mental Health Procedural	0	0	0	0	0	0%
Total FY 16 (1st Half)	**351**	**306**	**29**	**16**	**1**	**6%**
Complaint Type	**DoD IG Oversight of Component IG Investigation**					
Military Reprisal	233	102	19	112	11	10%
Defense Intelligence (PPD-19) Reprisal	3	1	0	2	0	0%
Subtotal FY 16 (1st Half)	**236**	**103**	**19**	**114**	**11**	**10%**
Military Restriction	18	10	1	7	4	57%
Mental Health Procedural	4	0	0	4	1	25%
Total FY 16 (1st Half)	**258**	**113**	**20**	**125**	**16**	**13%**
Grand Total FY16 (1st Half)	**609**	**419**	**49**	**141**	**17**	**12%**

Substantiated Whistleblower Reprisal and Restriction Allegations

The following examples describe recent cases in which DoD OIG and Service IGs substantiated whistleblower reprisal, restriction, and procedurally improper mental health evaluation allegations.

- A Navy captain issued an adverse annual performance evaluation to a lieutenant commander in reprisal after learning the lieutenant commander had complained to the IG about mismanagement within the personnel system, including missing annual performance evaluations. Corrective action and remedies are pending.
- An Army colonel and major removed a captain from his duties, assigned him to a lower position, issued him a referral evaluation, denied him an end-of-tour award, and redeployed him early from the combat theater in reprisal for the captain complaining to the IG about violations of force protection standards. Corrective action and remedies are pending.
- An Air Force chief master sergeant attempted to restrict subordinates from preparing or making protected communications to the IG in a unit-wide e-mail, which stated in part, "Please do not go to the [IG] with your concerns. Address them with your supervisor who will in turn discuss them with me, then me and/or [commander] will address your concerns with the [IG]." Corrective action is pending.
- An Army colonel at a Defense agency made several comments to different military members intended to restrict them from making or preparing protected communications to the IG. The colonel made comments to the effect that going to the IG without going through the chain of command was not compatible with individual service core values. Corrective action is pending.
- An Air Force master sergeant received a letter of reprimand and an unfavorable evaluation from his chain of command in reprisal for making complaints about a hostile work environment and

mismanagement. An investigation substantiated reprisal by two lieutenants, a senior master sergeant, and a master sergeant. Corrective actions and remedies are pending.

- A Navy petty officer was removed from duties, assigned to work for someone of lower rank, and received an unfavorable evaluation in reprisal for making a protected communication. The petty officer complained that he was being asked to make gifts for other personnel out of spent shell casings on Government time and that the process of using the shells was unsafe. Reprisal allegations were substantiated against a captain, lieutenant commander, and a lieutenant junior grade. Corrective actions and remedies are pending.
- An Air National Guard colonel issued an Air National Guard major a referral evaluation in reprisal for filing a sexual assault complaint against her supervisor. In addition, the colonel singled out the major for violating a travel policy, which was inconsistent with how other unit personnel were treated for committing the same offense. Corrective action is pending.
- An Army first sergeant downgraded three performance areas on an Army sergeant's NCO evaluation report in reprisal for making a protected communication to an IG. Corrective action is pending.
- An Air Force chief master sergeant made comments intended to restrict subordinates from preparing or making protected communications to an IG or Members of Congress in violation of 10 U.S.C. § 1034 and DoD Directive 7050.06. Corrective action is pending.
- An Air Force lieutenant colonel issued a master sergeant an unfavorable enlisted performance report and declined a performance decoration because the master sergeant sought assistance with concerns from the local IG and the lieutenant colonel's commander. Corrective action is pending.
- Four individuals in the chain of command of an Army National Guard sergeant first class reprised against him by not recommending him for promotion, recommending he be separated, and issuing him an unfavorable NCO evaluation report after he complained to an IG of wrongdoing or failure to oversee command programs. Corrective action is pending.
- An Air Force Reserve colonel made comments during a verbal counseling session to a subordinate airman that were intended to restrict her from preparing or making protected communications to the IG and Members of Congress. Corrective action is pending.
- An Army Major rendered a subordinate soldier a negative officer evaluation report in reprisal for making protected communications to the Military Equal Opportunity Office, the chain of command, and the IG. Corrective action is pending.

Corrective/Remedial Actions Taken During First Half of FY 2016 on Whistleblower Cases Closed in Current and Previous Reporting Periods

The following are examples of actions taken during this reporting period on substantiated whistleblower cases closed in current and previous reporting periods.

Remedial Actions to Make Complainants Whole

A U.S. Africa Command civilian employee had his annual evaluation upgraded, received a 40-hour time-off award, and had 530 hours of annual leave changed to administrative leave after an investigation substantiated that he had been reprised against for filing complaints with an IG.

Corrective Actions Against Responsible Management Officials

- An Air Force major general received a written reprimand and was reassigned to other duties for attempting to restrict airmen under his command from communicating with their congressional representatives about the A-10 aircraft.
- A Navy captain received verbal counseling for attempting to restrict sailors under his command from communicating with anyone outside the chain of command for resolving issues.
- A Navy rear admiral (lower half) received verbal counseling and was denied a promotion for reprising against military and civilian members under his command. He issued an Air Force lieutenant colonel a downgraded evaluation and reassigned him outside the command in reprisal because he thought the lieutenant colonel may have submitted a complaint to the DoD Hotline. The admiral lowered a civilian employee's annual rating in reprisal for making protected communications. The admiral

removed another civilian from his duty position, significantly reduced his responsibilities, lowered his performance evaluation, denied him training, and took various other personnel actions against the employee in reprisal for the employee making complaints to the IG.

- An Air Force major terminated a master sergeant's active duty tour in reprisal for the master sergeant preparing a complaint for the IG. Because the major had retired, no corrective action was taken.
- An Army colonel was relieved of his position on the Joint Staff after he downgraded the annual report of an Air Force master sergeant in reprisal for the sergeant reporting that the colonel engaged in inappropriate sexual contact with a contract employee.
- An Army commanding general elected to take no action against a retired Army colonel who had issued a civilian employee an unfavorable annual evaluation in reprisal for the employee filing IG complaints.
- An Air Force Reserve lieutenant colonel received a letter of counseling for denying a subordinate airman a promotion in reprisal for making a protected communication to the first sergeant and her commander.
- Air Force Reserve master sergeant was removed from his first sergeant duties for making comments to a subordinate intended to restrict her from preparing or making protected communications to the IG and Members of Congress.
- An Air Force first lieutenant and a second lieutenant each received a letter of counseling for reprising against a subordinate by issuing the complainant a referral enlisted performance report because he complained to the equal opportunity office.
- An Air Force senior master sergeant and a master sergeant each received a letter of reprimand for issuing letters of reprimand to the complainant in reprisal for complaining of a hostile work environment to the equal opportunity office.
- An active duty Air Force colonel received a letter of reprimand and an unfavorable information file for reprising against his first sergeant whom he thought had reported to base leadership alleged sexual and racial disparaging remarks the colonel had made.
- An Army captain received a letter of reprimand for suspending a corporal's access to classified information in reprisal for the corporal's complaining to the IG about the captain engaging in an inappropriate relationship with another soldier and other matters.

Investigations of Senior Officials

The Investigations of Senior Officials Directorate (ISO) investigates allegations of misconduct against the most senior DoD officials (three-star and above and equivalents), senior officials in the Joint or Defense Intelligence Community, members of the Senior Executive Service (SES), and allegations not suitable for assignment to Military Services IGs. ISO also conducts oversight reviews of all Service and Defense agency IG investigations of misconduct involving senior officials.

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

From October 1, 2015, through March 31, 2016, the DoD OIG received 339 complaints of senior official misconduct and closed 325. Of the 325 complaints closed, 256 were dismissed due to lack of a credible allegation of misconduct and 69 were closed following investigation. Of the 69 investigations closed, 1 was closed by the DoD OIG and 68 were closed by Component IGs with oversight by the DoD OIG. Of the 69 investigations closed, 26 included substantiated allegations of misconduct.

Senior Official Name Checks

When senior officials are pending confirmation by the Senate, or are being considered for promotion, awards (including Presidential Rank awards), assignments, and retirements, DoD officials submit name check requests to the DoD OIG to determine if there is any reportable information. The DoD OIG processed 388 such requests for a total of 4,109 names checked during this reporting period.

Table 2.2 Senior Official Complaints Closed in FY 2016 (1st Half)

	Total Closed	Dismissed	Investigated	Substantiated Cases	Substantiation Rate
Service/Agency	**Closed by DOD IG**				
Air Force	40	40	0	0	0%
Army	92	92	0	0	0%
COCOM/Defense Agency/Other	88	87	1	0	0%
Marine Corps	15	15	0	0	0%
Navy	22	22	0	0	0%
Subtotal FY16 (1st Half) Closed by DoD IG	**257**	**256**	**1**	**0**	**0%**
Service/Agency	**Closed By Component IG With Oversight by DOD IG**				
Air Force	18		18	8	44%
Army	28		28	5	18%
COCOM/Defense Agency/Other	15		15	10	67%
Marine Corps	1		1	0	0%
Navy	6		6	3	50%
Subtotal FY16 (1st Half) Oversight Review by DoD IG	**68**		**68**	**26**	**38%**
Total FY16 (1st Half)	**325**	**256**	**69**	**26**	**38%**

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

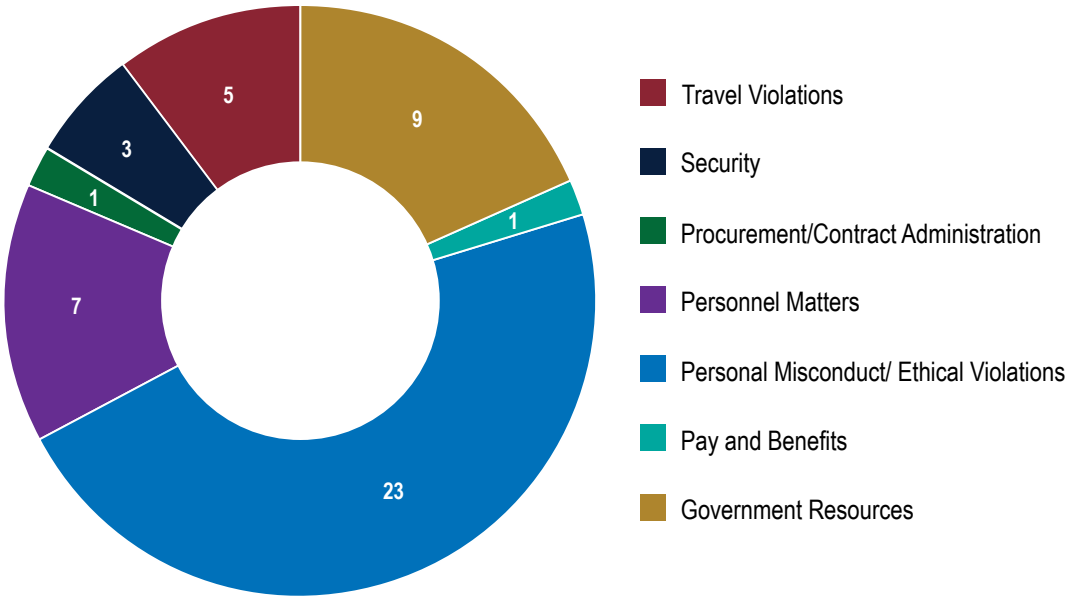
- A Defense Intelligence Senior Level official violated the Joint Ethics Regulation by using public office for private gain by engaging in a "close and personal relationship" with a senior consultant contract employee while urging the agency to extend the contract. The DISL resigned from his position.
- An Air Force lieutenant general engaged in an unprofessional relationship with a married colonel in violation of Air Force Instruction 36-2909, "Professional and Unprofessional Relationships," May 1, 1999, which defines such as "those interpersonal relationships that erode good order, discipline, respect for authority, unit cohesion and, ultimately, mission accomplishment." The investigation found that the Air Force lieutenant general allowed his mentorship of the colonel to become romantic. At the time of the offenses, the lieutenant general was a major general and the colonel was a lieutenant colonel. The Air Force Vice Chief of Staff issued a reprimand and initiated paperwork for an officer grade determination. The lieutenant general filed for retirement.

Corrective Actions Taken During First Half of FY 2016 on Senior Official Cases Closed in Current and Previous Reporting Periods

- A Navy SES official failed to use his Government Travel Credit Card, improperly collected per diem payments, used non-contract air carriers, and failed to exercise prudence in conjunction with his official business travel. The SES official repaid $5,100 to the Government.
- A rear admiral (lower half) failed to ensure information security standards were met, in violation of Secretary of the Navy (SECNAV) M-5510.36, "Department of the Navy Information Security Program," June 2006. The rear admiral (lower half) received a letter of counseling.
- A Defense Intelligence Senior Level (DISL) official submitted false and inaccurate timesheets and engaged in telework on numerous occasions without approval, in violation of the agency's personnel management manual. The agency's finance and accounting office sent the DISL an indebtedness letter in the amount of $15,505.

- A Defense agency SES official violated the Joint Ethics Regulation by making inappropriate comments to employees and by treating employees in an unprofessional manner. The agency Director issued the SES official a written reprimand.
- A Navy rear admiral (lower half) was relieved of command and received a written reprimand and an Article 15 for public intoxication, disorderly conduct, and conduct unbecoming an officer.
- An Army brigadier general received a letter of counseling for failing to treat subordinates with dignity and respect, and for failing to foster a healthy command climate.
- A DISL official was suspended for 5 calendar days without pay for releasing sensitive information without authorization.
- An Army major general received a written reprimand for misusing his subordinates' official time to perform personal services, including taking care of daily delivery of lunch, laundry and uniforms for alterations, preparing his residence for a permanent change of station move, and dropping off his personal vehicle for maintenance, all in violation of the Joint Ethics Regulation.
- An Air Force Reserve Component brigadier general on the inactive status list received a written reprimand for violating post-Government employment ethics restrictions during the "cooling off" period, and for using his public office for private gain by obtaining assistance from subordinate officers to secure a contract on behalf of his civilian employer.
- An Air National Guard brigadier general engaged in conduct unbecoming an officer by becoming intoxicated during official travel. He also sexually harassed three subordinates. The brigadier general repeatedly touched a subordinate officer's leg; played with another officer's hair and kissed her on the neck; and grabbed a subordinate NCO's waist and called and texted her asking if he could come to her room. The Air Force Vice Chief of Staff issued the general a letter of reprimand.

Figure 2.13 Types of Substantiated Misconduct (Total of 38 Allegations)



Task Force to Improve Timeliness of Senior Official Investigations

The DoD OIG submits quarterly progress reports on the status of implementation of recommendations made in DODIG Report No. 2015-030, "Task Force to Improve Timeliness of Senior Official Administrative Investigations," November 4, 2014. The Task Force, chaired by the Director, Investigations of Senior Officials, DoD OIG, consisted of the Directors of Service IG senior official administrative investigations units and representatives of the Joint Staff IG. Upon issuing its report, the Task Force reconstituted itself as the Process and Procedures Working Group, charged with implementing the Task Force recommendations. The quarterly progress reports of the Working Group include:

- efforts by the Working Group to implement Task Force recommendations in the DoD OIG and the Service IGs,
- activities of the Defense Council on Integrity and Efficiency Administrative Investigations (DCIE-AI) Committee to improve timeliness, and
- timeliness metrics for administrative investigations of senior officials by the DoD OIG and Service IGs.

The Process and Procedures Working Group Chairperson issued four policy memos to the members of the Process and Procedures Working Group and the DCIE-AI Committee to improve senior official investigations. The policy memos address the investigative planning process, milestones, roundtables, investigative scoping process, investigative report writing (including a standardized report template), and investigative priorities for use by DoD OIG and Service IGs.

Since the Task Force report was issued in November 2014, the Process and Procedures Working Group has issued numerous allegation guides. Each guide contains information to help investigators understand standards related to a specific allegation, how to frame the allegation, key concepts for analysis and discussion in the report of investigation, and suggested documentation to obtain during the investigation. To date, the guides have covered:

- gifts between employees,
- Government vehicle use,
- official travel,
- use of the Government Travel Charge Card,
- misuse of subordinates, and
- misuse of official time.

Four additional guides are pending issuance:

- allegations involving classified information,
- false statements,
- use of military aircraft, and
- spousal travel on military aircraft.

Outreach and Training

From October 1, 2015, through March 31, 2016, Administrative Investigations conducted more than 104 hours of external outreach, reaching 720 personnel. These outreach sessions included training on whistleblower reprisal and senior official investigations for new IGs assigned to joint, Army, Marine Corps, Navy, and Air Force IG billets. Administrative Investigations also conducted a total of 26,695 hours of training internally.

DoD-Wide Hotline Working Group

The DoD-Wide Hotline Working Group met on March 23, 2016. Hotline representatives from 84 Service components and other DoD agencies are members of the working group. The main topic of the March 2016 meeting was finalizing the Working Group charter and nomination and selection of officers.

Federal Hotline Working Group

The Federal Hotline Working Group met twice this reporting period, hosted by U.S. Postal Service on October 21, 2015, and by DoD Hotline on March 23, 2016. Currently, representatives of 57 Federal agencies participate in the working group. The working group focuses on the CIGIE's "Recommended Practices for OIG Hotlines" and issues affecting the hotline community across the Federal government. The working group shares best practices with a goal to standardize business processes and amend CIGIE's best practices for hotlines. The March 2016 meeting also continued to develop plans for hosting a shared website. The DoD Hotline Director serves as the chair of the Working Group.

Hotline Worldwide Outreach

Plans are underway for the 4th Annual Hotline Worldwide Outreach proposed for July 28, 2016, at the Mark Center in Alexandria, Virginia. The outreach event is open to DoD, federal, state, and local government, as well as non-governmental organizations.

Outreach on DoD Hotline Complaint Referral at Federal Aviation Administration

On February 18, 2016, the DoD Hotline met with Federal Aviation Administration (FAA) Audit and Analysis Branch, Office of Audit and Evaluation, to discuss and develop a means for FAA to refer to DoD Hotline complaints involving air safety concerns that affect both FAA and DoD. The FAA will begin to refer those matters as appropriate.

Semiannual Administrative Investigations Training Symposium

The Semiannual Administrative Investigations Symposium was held October 13, 2015. Approximately 200 people attended, including representatives from Service components, other Defense agencies, and Intelligence Community IGs. Training included workshops on complaint intake and investigative planning, and details on the Board for Correction of Military Records.

Basic Whistleblower Reprisal Investigations Course

The Deputy Inspector General for AI presented the week-long Basic WRI Course in November 17-20, 2015, and March 15-18, 2016, and also conducted Mobile Training Team courses on February 22-25, 2016, at Scott Air Force Base (AFB), Illinois. Attendees included representatives from the local Air Force, Army, National Guard, Combatant Commands, and Marine Corp IGs. The course includes instruction on whistleblower statutes, intake processes, interviews, investigative planning, report writing, quality assurance processes, case management, and closure procedures.

Hotline Investigator Course

The DoD Hotline conducted a pilot Hotline Investigator training course on November 12, 2015. Attendees included representatives from the Service Components, Naval Criminal Investigative Service, Joint Staff, Intelligence Community IG, and other Defense agencies. Course topics included investigative standards and best practices; quality standards for hotlines; source protection; and impairments to independence. This course, will be offered on a semiannual basis.

Ongoing Work

U.S. Central Command Investigation

In September 2015, the DoD OIG opened an investigation to address allegations concerning the processing of intelligence information by U.S. Central Command Intelligence Directorate (J2). The DoD OIG is examining whether there was any falsification, distortion, delay, suppression, or improper modification of intelligence information; any deviations from appropriate process, procedures, or internal controls regarding the intelligence analysis; and personal accountability for any misconduct or failure to follow established processes.

Deployment of the Defense Case Activity Tracking System Enterprise

The DoD OIG submitted an issue paper in August 2015 requesting that DoD approve funding for the deployment and sustainment of the Defense Case Activity Tracking System Enterprise for FYs 2017 through 2021. The deployment of this tracking system will transform the business processes and operations of the Military Services IGs and the Defense agencies. The system is intended to: 1) improve the efficiency and timeliness of the transmittal of investigative documents to offices located at posts, camps, and stations around the world; 2) standardize business and investigative processes, resulting in improved efficiencies and timeliness; 3) standardize data, resulting in enhanced data integrity and facilitating reporting in semiannual reports to Congress; 4) provide a common operational picture of the DoD-wide universe of complaints and investigations, resulting in enhanced oversight and communications; and 5) create a paperless environment for the entire DoD IG community. It will also achieve savings by avoiding the unnecessary and duplicate investments by the Military Services and Defense agencies in information technology modernization of their legacy systems. Deployment of this system across DoD was among the Timeliness Task Force recommendations approved by the Deputy Secretary of Defense.

INSPECTIONS AND EVALUATIONS

The following summaries highlight evaluations, inspections, and assessments conducted throughout the DoD OIG. These are conducted by three components of the OIG: Special Plans and Operations (SPO), Intelligence Special Program Assessments (ISPA), and Policy and Oversight (P&O). Additional inspections and evaluations conducted by P&O can be found on page 46.

Intelligence

Evaluation of Countering Weapons of Mass Destruction

The DoD OIG assessed the effectiveness of DoD's programmatic intelligence support to policy, planning, and implementation of countering weapons of mass destruction. The Office of the Under Secretary of Defense for Intelligence and the Office of the Under Secretary of Defense for Policy took actions to address the findings during the evaluation. This report is classified.

Report No. DODIG-2016-062 (Classified)

Equipping and Training Iraq and Afghan Security Forces

U.S. and Coalition Efforts to Train, Advise, Assist, and Equip Iraqi Sunni Popular Mobilization Forces

The DoD OIG assessed the extent to which U.S. and Coalition Force efforts to train, advise, assist, and equip Sunni Popular Mobilization Forces (PMFs) enabled the combat readiness and successful integration of these forces into the Iraqi Security Forces. The Government of Iraq established the Popular Mobilization Program to organize volunteer militias in the fight against ISIL. This program included members of Sunni tribes whose traditional homelands were under ISIL control. To assist the Government of Iraq in developing its security forces to fight ISIL, Congress authorized the $1.6 billion Iraq Train and Equip Fund in 2015. The fund authorized assistance to local security forces with a national security mission that were vetted and approved through section 8059 of DoD Appropriations Act 2015 (DoD Leahy Law), and section 1236 of the National Defense Authorization Act (NDAA) for FY 2015 requirements. Both the Iraq Train and Equip Fund and title 10, U.S.C. funds used to assist PMFs established requirements for vetting recipients before training or equipping could be conducted, including vetting of recipients for gross human rights violations, associations with terrorist organizations or the Government of Iran, and a commitment to promote human rights.

More Than 200 Sunni Tribesmen Join the Iraqi Security Forces
Source: Combined Joint Task Force Operation Inherent Resolve

The report contained five findings and three observations. The findings identified five topics resulting in eight recommendations. These topics concerned U.S. and Coalition efforts to build relationships with Sunni PMFs and the Government of Iraq; logistics support to Sunni PMFs; measuring the progress of Sunni PMF development; integration of the Sunni PMF with other Iraqi Security Forces; and vetting of Sunni PMFs. The observations identified three areas for continued improvement including future planning efforts, vetting procedures, and timely reporting by DoD to Congress on the use of the Iraq Train and Equip Fund. This report is classified.

Report No. DODIG-2016-055 (Classified)

Other Evaluations

Section 847 Requirements for Senior Defense Officials Seeking Employment with Defense Contractors

On July 6, 2015, the DoD OIG initiated its periodic review of the Section 847 program. Section 847 of the NDAA for FY 2008 requires that certain DoD officials, within 2 years after leaving DoD, request a written opinion from the appropriate DoD ethics officials regarding the applicability of post-employment restrictions to

activities that they may undertake on behalf of a DoD contractor. Section 847 prohibits a DoD contractor from knowingly paying compensation to such an official unless the contractor first determines that the official either has received the requested written opinion or has requested the opinion at least 30 days prior to receiving compensation. Finally, Section 847 requires that the DoD OIG conduct periodic reviews to ensure that written opinions are being provided and retained in accordance with the requirements of the Section.

The DoD OIG issued Report No. DODIG-2016-071, "Section 847 Requirements for Senior Defense Officials Seeking Employment with Defense Contractors," March 31, 2016, which is the fourth report related to Section 847. The report included a review of 149 randomly sampled records from the After Government Employment Advice Repository (AGEAR) to determine whether selected opinions were issued and retained in accordance with Section 847. The DoD OIG also reported a count of total number of opinion letters and pre-2012 opinion letters found in the AGEAR at the time of the review. Further, the report included data regarding referrals to and complaints received by various investigative organizations.

The DoD OIG determined that some agency ethics officials did not adhere to SOCO and AGEAR Administrator guidance regarding the use of the AGEAR system, leading to inconsistency in request processing. Out of 149 closed cases selected for review, 8 could not be reviewed due to various problems, 27 cases did not have Requestor information uploaded, 13 opinion letters were issued to requestors who really did not need the Section 847 opinion letters, and 6 opinion letters were issued after the 30-day time limit. The DoD OIG also determined that for sampled cases where requests were received and processed outside the AGEAR system and subsequently uploaded into the database, there was an error in the Audit Trail—"Request Submittal Date" field. It contained an opinion upload date instead of the actual request submittal date.

Report No. DODIG-2016-070

Assessment of DoD Voting Assistance Programs for Calendar Year 2015

In accordance with 10 U.S.C. § 1566, the DoD OIG is required to submit to Congress, not later than March 31 of each year, a report on the effectiveness and compliance of the Military Services' voting assistance programs during the preceding calendar year, based on their respective Service IG's annual reviews.

In Report No.DODIG-2016-070, "Assessment of DoD Voting Assistance Programs for Calendar Year 2015", March 31, 2016, the DoD OIG noted that the Army and Marine Corps IGs reported that, based on their 2015 inspections, their voting assistance programs were compliant and effective, with the Army reporting only minor deficiencies still open, and the Marine Corps reporting all deficiencies as corrected. The Air Force IG reported that the Air Force voting assistance program was compliant and effective, reporting 757 deficiencies, with 391 of them closed. The Naval IG reported that the Navy voting assistance program was not fully compliant and only partially effective. The Naval IG report identified several areas in which deficiencies had been noted in prior Naval IG inspections, and provided the Navy's corrective action plans.

However, DoD OIG found that the Service IGs lacked a standardized definition for voting assistance program compliance with Federal statutes and DoD policy, which made it difficult to verify or to assess compliance across the Services. The DoD OIG report recommended that the Director, Federal Voting Assistance Program Office, coordinate with the Service IGs to initiate a dialogue with the Senior Service Voting Representatives to consider establishing a standard DoD definition of voting assistance program compliance.

Report No. DODIG-2016-071

Ongoing Work

- An evaluation to determine whether U.S. Army counterintelligence investigative activities and evidence handling procedures complied with Executive Order 12333, DoD policy, and U.S. Army regulations.
- An evaluation to determine whether responsibilities and authorities for nuclear weapons, nuclear weapon systems, and DoD nuclear command and control systems are effectively aligned within the Office of the Secretary of Defense, Joint Staff and ad hoc or statutory committees.
- An assessment to determine the U.S. and Coalition efforts to assist and equip the Kurdish Security Forces to counter the Islamic State of Iraq and the Levant (ISIL).
- An assessment to determine whether U.S. Government and Coalition goals, objectives, plans and resources to train the Afghan Special Security Forces assigned to the Ministries of Defense and Interior are sufficient, operative, and relevant.
- After preliminary research conducted in the fall of 2015, the DoD OIG announced an assessment of child sexual abuse alleged to have been committed by members of the Afghan military and police. To prevent duplicative efforts, the DoD OIG is coordinating this effort with SIGAR, which announced a similar but separate project in December 2015.
- An assessment to determine U.S. and Coalition efforts to train, advise, assist, and equip the Iraqi Counterterrorism Service and the Iraqi Special Operations Forces. Additionally, the DoD OIG will analyze how these forces conduct and sustain combat operations against ISIL.

POLICY AND OVERSIGHT

The DoD OIG provides audit policy direction, guidance, and oversight for its audit component and the Military Department audit organizations, DCAA, other defense audit organizations, and public accounting firms under the Single Audit Act of 1984, as amended by the Single Audit Amendments of 1996 (Public Law 104-156). In this role, the DoD OIG provides guidance and oversight for more than 7,300 DoD auditors in 21 DoD audit organizations—nearly 40 percent of all auditors in Federal IG audit organizations. 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

Evaluation of Defense Contract Management Agency Actions on Reported DoD Contractor Business System Deficiencies

To assess DCMA compliance with Defense Federal Acquisition Regulation Supplement (DFARS) "Contractor Business Systems" requirements, the DoD OIG evaluated DCMA actions on DoD contractor business system deficiencies reported in 21 DCAA audit reports. The DoD OIG evaluation determined that for the 21 DCAA reports evaluated, DCMA contracting officer actions did not comply with one or more DFARS requirements involving reported business system deficiencies. DCMA contracting officers did not:

- issue timely initial and final determinations;
- obtain or adequately evaluate contractor responses; and
- withhold a percentage of contractor payments.

As a result, the DoD OIG made recommendations to correct the deficiencies to include that contracting officers take appropriate action on the DCAA reported business system deficiencies. The Director, DCMA, agreed with the report recommendations.
Report No. DODIG-2016-001

Followup on the Actions to Improve the Defense Contract Management Agency's Cost Analysis Function

The DoD OIG conducted this evaluation to follow up on the corrective actions taken by Defense Procurement and Acquisition Policy office, Defense Pricing office, and DCMA in response to previous DoD OIG Report No. DODIG-2013-015, "Actions to Align Defense Contract Management Agency and Defense Contract Audit Agency Functions," November 13, 2012. In September 2010, The Defense Procurement and Acquisition Policy office increased the audit thresholds that a contractor's proposal can exceed before a contracting officer can request a DCAA audit. Similar to what was reported in its 2012 report, the DoD OIG found that DCMA still could not perform adequate cost analyses on contractor proposals below the revised audit thresholds and report reliable performance statistics on its cost analysis efforts. In addition, neither the Defense Procurement and Acquisition Policy office nor DCMA could show that DCMA achieved an annual rate of return comparable to the return that DCAA achieved before the audit thresholds changed. Although DCMA demonstrated progress, it did not complete all planned corrective actions and it implemented others that were not effective. The Defense Procurement and Acquisition Policy office and the Defense Pricing office agreed to monitor the impact of the audit thresholds change involving the DCMA cost analysis function, and DCMA agreed to implement planned corrective actions to enable reliable data collection and reporting of its cost analysis function.

Report No. DODIG-2016-005

Summary Report on Audit Quality at DoD Audit Organizations

The NDAA of 2013 included a requirement that the DoD OIG conduct or approve the arrangements for the conduct of external peer reviews of audit organizations in the DoD. In response to this requirement, the DoD OIG issued this report, which summarizes deficiencies identified in 19 DoD audit organization peer review reports issued from November 2012 through June 2015. 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.

Report No. DODIG-2016-031

Reviews of Single Audit Reports

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 role of the DoD OIG is to provide technical audit advice to auditors and auditees, conduct reviews of audit reports and advise auditors and auditees of audit report deficiencies, and conduct quality control reviews of selected single audits.

The DoD OIG completed 54 reviews of single audit reports, impacting $3.4 billion in DoD dollars. The reviews resulted in the issuance of 52 memorandums to DoD awarding components identifying 118 single audit report findings, including $9.9 million of questioned costs that require DoD resolution actions. The DoD OIG also issued the following two reports on quality control reviews performed to determine compliance with auditing standards.

- Report No. DODIG-2016-029, "Quality Control Review of the BKD, LLP FY 2014 Single Audit of MRIGlobal and Related Entities," December 4, 2015, found that BKD (a national accounting and advisory firm headquartered in Springfield, Missouri) generally met auditing standards and OMB Circular No. A-133 requirements, and no additional audit work was required for the MRIGlobal FY 2014 single audit. However, the DoD OIG identified deficiencies on the sample size selection and documentation of audit procedures performed that need to be addressed for future single audits.
- Report No. DODIG-2016-034, "Quality Control Review of the PricewaterhouseCoopers LLP FY 2014 Single Audit of Carnegie Mellon University," December 17, 2015, reported that PricewaterhouseCoopers did not fully comply with auditing standards and OMB Circular No. A-133 requirements for the Carnegie Mellon University FY 2014 single audit. Specifically, the auditors did not adequately perform and document audit procedures for their review of the cash management requirement. As a result, PricewaterhouseCoopers needed to complete additional audit work to support its audit conclusions and the overall opinion on compliance with requirements for the research and development cluster.

Audit Policy

From October 1, 2015, through March 31, 2016, the DoD OIG issued the following two audit policies that affected DoD.

DoD Instruction 7600.02, "Audit Policies," October 16, 2014, Incorporating Change 1, March 15, 2016

DoD Instruction 7600.02 was changed to (1) correct that DoD auditors do not have "full and unrestricted access" to DoD Hotline records, as it is DoD Hotline policy that Hotline personnel will not disclose the identity of an individual providing a complaint or information to the DoD Hotline unless the individual consents to such disclosure, or the DoD Hotline Director has determined that such disclosure is otherwise unavoidable in order to address the complaint or information; and (2) address access to record requirements of the DoD Intelligence Component IGs as the Intelligence Component IG having independent authority to obtain access to records and information available to Intelligence Components.

DoD Instruction 7600.10, "Follow-up and Oversight of Single Audits," March 17, 2016

DoD Instruction 7600.10 reissuance changed the title of the prior January 3, 2014, Instruction from "Audits of States, Local Governments, and Non-Profit Organizations," and establishes DoD policy for the implementation of single audit requirements. The most significant change requires the Under Secretary of Defense for Acquisition, Technology, and Logistics to name a single audit accountable official to be responsible for ensuring DoD fulfills requirements related to single audits related requirements and effectively uses the single audit process to reduce improper payments and improve federal program outcomes.

Investigative Policy and Oversight

The DoD OIG evaluates the performance of and develops policy for the DoD criminal investigative and law enforcement community. The following are descriptions of evaluation reports conducted by the DoD OIG on the investigative practices of DoD criminal investigative components and the issuances of related criminal investigative policies.

Evaluation of United States Army Criminal Investigation Command Sexual Assault Investigation

This evaluation was initiated in response to a request from U.S. Senator Mark Warner (D-Virginia) for information regarding an Army CID sexual assault investigation involving a constituent's allegations. The DoD OIG's objective was to assess the victim's allegations and determine whether CID properly completed the investigation and treated the victim appropriately. The DoD OIG substantiated three and partially substantiated one of the victim's five allegations made to Senator Warner regarding the manner in which the Army CID handled the investigation. In addition, the DoD OIG determined that the Army CID sexual assault investigation was not completed as required by guiding policies. The DoD OIG recommended that the Commander, Army CID, reopen the investigation and properly and thoroughly investigate the complaint. The Commander disagreed with the recommendation.

Report No. DODIG-2016-006

Evaluation of the Military Criminal Investigative Organizations' Violent Crime Investigative Compliance Oversight Management and Inspection Programs

The DoD OIG evaluated the Military Criminal Investigative Organizations' (MCIOs) internal controls regarding violent crime investigations to ensure compliance with applicable DoD, Military Service, and MCIO policies. The DoD OIG found that overall MCIO investigative compliance oversight and inspection programs aligned with DoD and Military Service requirements; however, improvements to MCIO policy and internal oversight would promote more efficient compliance. For example, the Army CID and NCIS lacked updated organizational inspection policy while AFOSI lacked region-level case review and inspection policy.

Report No. DODIG-2016-030

Evaluation of the Defense Agencies' Law Enforcement Divisions' Compliance with the Lautenberg Amendment Requirements and Implementing Guidance

The DoD OIG evaluated whether the law enforcement divisions in the Defense Intelligence Agency, DLA, the National Geospatial-Intelligence Agency, the National Security Agency, and the Pentagon Force Protection Agency complied with the Lautenberg Amendment (Public Law 104-208, "Domestic Violence Amendment to the Gun Control Act of 1968") as implemented by DoD policy. The Lautenberg Amendment prohibits, among other things, anyone convicted of a felony or a misdemeanor crime of domestic violence, including police and military personnel, from possessing a firearm, even while on duty. The DoD OIG determined that the divisions fully complied with the Lautenberg Amendment requirements as implemented by DoD policy and agency guidance for the divisions. The divisions exceeded the requirements of DoD policy by requiring employees to recertify annually that they do not have a qualifying domestic violence conviction. Further, the Defense Intelligence Agency, the National Geospatial-Intelligence Agency, and the Pentagon Force Protection Agency went beyond policy requirements by implementing internal processes to conduct annual records checks of personnel in covered positions, helping ensure that the divisions did not issue firearms or ammunition to anyone with a qualifying domestic violence conviction. The report contained no recommendations.
Report No. DODIG-2016-053

Criminal Investigative Policy

During the reporting period, the DoD OIG issued the following two policies that affected DoD criminal investigative agencies.

DoDI 5505.03, "Initiation of Investigations by Defense Criminal Investigative Organizations," March 24, 2011, Incorporating Change 1, December 22, 2015

DoD Instruction 5505.03 was changed to implement section 1732(b) of Public Law 113-66 for the Defense Criminal Investigative Organizations (DCIO), which comprises the Army CID, NCIS, AFOSI, and DCIS. The Public Law requires that investigative reports provide commanders fact-based, unbiased investigative findings that reflect impartiality. This change will align the DCIO investigative reports and eliminate the use of founded and unfounded in developing investigative conclusions.

DoDI 5505.14, "Deoxyribonucleic Acid (DNA) Collection Requirements for Criminal Investigations, Law Enforcement, Corrections and Commanders," December 22, 2015

DoD Instruction 5505.14 was reissued to update and implement section 14135a(a)(1)(A)of title 42 and section 1565(d) of title 10 in the U.S.C. by adding applicable offenses for DNA submission (including military-specific offenses with the potential for 1 year + 1 day sentencing). The updated policy also establishes the role of the commander in the collection of DNA samples from service members, recognizes the DoD and the Coast Guard as "agencies of the United States" for the collection of DNA samples, and prohibits the collection of DNA samples from juveniles.

Technical Assessments

The DoD OIG also conducts technical assessments of DoD programs and provides engineering support for other assessments. The following is an example of a technical assessment performed during the reporting period.

Defense Hotline Case No. 20160113-035239 - F/A-18 E/F Engine Fuel Pump Safety Evaluation

This limited scope inspection was in response to a Defense Hotline allegation reported in January 2016. The complainant alleged that the manufacturer of engine fuel pumps for the F/A-18 E/F Super Hornet aircraft had significantly reduced pump test time, thus reducing pump reliability and impacting the safety of flight. The DoD OIG performed an inspection at the manufacturing location utilizing OIG engineers, subject matter experts, and representatives from the F/A-18 Program Office (PMA 265). This inspection included test stand operation, documentation evaluation, and interviews of engineering and test personnel. The DoD OIG team determined that the allegation was not substantiated.

Subpoena Program

The DoD OIG authority to issue subpoenas is based on section 6 of the Inspector General 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, investigation, or evaluation; and
- the subpoena cannot be unreasonably broad or burdensome.

In accordance with 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, 2015, through March 31, 2016, the DoD OIG issued 408 subpoenas.

Figure 2.14 DoD IG Subpoenas Issued–FY 2016 (First Half)

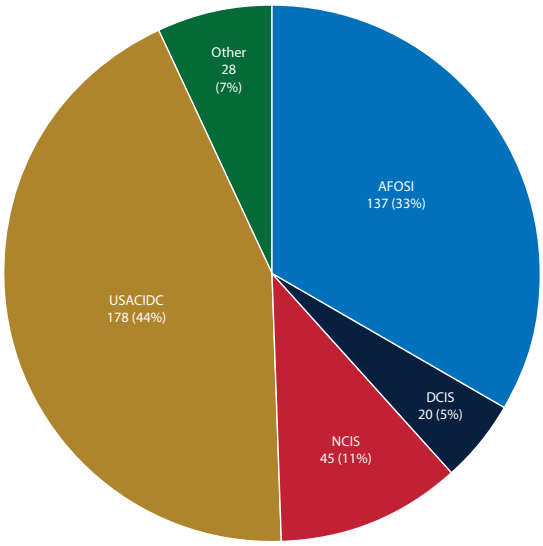
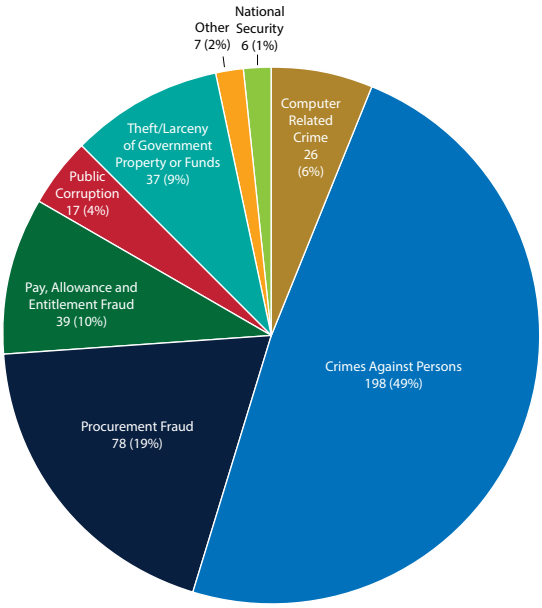


Figure 2.15 Subpoenas Requested by Type of Investigation–FY 2016 (First Half)



Contractor Disclosure Program

A contractor disclosure is a written disclosure by a DoD contractor or subcontractor to 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. All contractor disclosures made pursuant to the FAR must be reported to DoD OIG in accordance with DFARS. During this reporting period, 110 contractor disclosures were received.

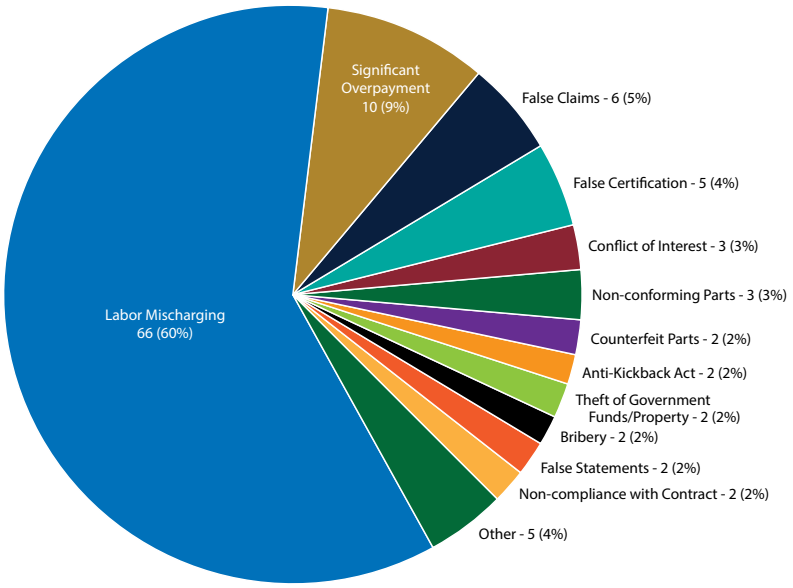
From October 1, 2015, through March 31, 2016, the DoD OIG received 110 contractor disclosures.

Ongoing Work

The following are examples of ongoing evaluations being conducted by P&O.

- An evaluation of the accuracy of data in the DoD Contract Audit Follow-Up System which DoD Components use to track and manage the status of actions that contracting officers take in response to Defense Contract Audit Agency audit reports.
- An evaluation of the Air Force Office of Special Investigations' Conduct of Internet-Based Operations and Investigations that will examine policy, guidance, and procedures governing Internet-based operations and participation in Internet-based operations and investigations with Federal, state, and local law enforcement agencies' Internet crimes task forces.
- An evaluation of separations of Service Members who made unrestricted reports of sexual assaults to determine whether the separations were carried out in accordance with DoD Policy covering enlisted administrative separations.
- An inspection of U.S. Military-Occupied Facilities at the King Abdullah II Special Operations Training Center, Amman, Jordan, concerning whether the U.S. military-occupied facilities comply with DoD health and safety policies and standards regarding electrical and fire protection systems, and a radiation survey to determine whether background radiation levels from foreign building materials pose an unacceptable health risk.
- An inspection of military housing at Camp Buehring, Kuwait, to verify compliance with DoD health and safety policies and standards regarding electrical and fire protection systems.
- A summary report on prior DoD OIG inspections of DoD Facilities and Military Housing that will collectively evaluate common deficiencies and systemic issues concerning electrical system safety, fire protection systems, environmental health and safety.

Figure 2.16 Contract Disclosures by Type FY 2016–FY 2016 (First Half)



LEAD INSPECTOR GENERAL

According to section 848 of the FY 2013 NDAA, the chair of CIGIE must appoint 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 DoD, DOS, and 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.

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.

At the beginning of the reporting period, two OCOs are ongoing and require continued Lead IG oversight and reporting. A third OCO, Operation United Assistance—the international response to Ebola—was terminated, effective June 30, 2015, although coordinated oversight is continuing. The two ongoing OCOs are:

Operation Inherent Resolve (OIR) is the U.S. strategy, with coalition partners, to degrade and destroy the terrorist group known as the Islamic State of Iraq and the Levant (ISIL). On October 17, 2014, the Secretary of Defense designated OIR as a contingency operation. Pursuant to section 8L of the IG Act of 1978, as amended, the CIGIE Chair designated the DoD IG as the Lead IG, who then appointed the DOS IG as the Associate IG.

In OIR, the United States, with its Coalition partners, seeks to degrade and destroy the terrorist group known as ISIL. The U.S. strategy involves several agencies and multiple lines of effort, including denying ISIL safe haven, preventing the flow of funds and fighters to ISIL, addressing humanitarian crises in the region, and exposing ISIL's true nature.

The United States continues to lead the Global Coalition to Counter ISIL, which includes more than 60 countries that joined with Iraq to defeat this terrorist group. Activities across the nine lines of U.S. effort demonstrate the transnational nature of the threat and the need for global coordination and cooperation.

Operation Freedom's Sentinel (OFS) provides the framework for continued U.S. support to Afghanistan to help it build and sustain an enduring security capability. The new OCO that began on January 1, 2015, OFS, has two complementary missions: (1) continue counterterrorism efforts against the remnants of al-Qaeda in Afghanistan to prevent its resurgence and its plotting against U.S. targets, including the homeland; and (2) conduct a "train, advise, and assist" program to improve the capabilities and long-term sustainability of the Afghan National Defense and Security Forces under NATO's Resolute Support mission.

On April 1, 2015, the CIGIE Chair designated the DoD IG as the Lead IG for OFS, who in turn appointed the DOS IG as Associate IG. The three Lead IG agencies continue to coordinate with SIGAR and the other oversight partners of the Southwest Asia Joint Planning Group as it relates to OFS.

Lead IG Hotline

The DoD OIG has dedicated a Lead IG Hotline investigator to proactively discuss the attributes of the hotline, and coordinate the contacts received through the hotline, among the Lead IG agencies and others. The investigator reinforces an education campaign on preventing, detecting, and reporting fraud, waste, and abuse as it relates to OIR and OFS activities.

As part of this effort, the Lead IG Hotline representative conducts in-theater fraud awareness briefings and training events for commanders, service members, DoD civilians, contractors, and facility directors at military installations throughout Iraq, Kuwait, Qatar, and Afghanistan. In addition, this representative works closely with Joint Staff and CENTCOM IGs in theater on Hotline matters and conducts outreach with the Services IG hotline coordinators to educate them on Lead IG matters. Through these periodic visits, the Lead IG Hotline representative maintains open lines of communication with rotating commanders and staff and communicates the presence and accessibility of the DoD OIG to deployed military, civilian, and contractor personnel.

During the reporting period, the Lead IG Hotline representative received 84 contacts related to OIR and opened 102 cases. These contacts were referred within DoD OIG, the Lead IG agencies, or other investigative organizations for review and, as appropriate, investigation.

Lead IG Outreach and Interagency Initiatives

The DoD OIG continued to visit commands in the OFS and OIR theaters of operations as well as conduct various informational briefing sessions regarding additional Lead IG responsibilities. During this reporting period, the Principal Deputy IG and DIG-OCO traveled overseas for in-country meetings with military leadership in Kuwait, Qatar, Jordan, and Afghanistan. The DoD OIG staff deployed in these locations continue to discuss Lead IG roles and responsibilities.

The Lead IG agencies regularly meet with congressional staff to discuss plans, results, and challenges, and to provide awareness of the whole-of-government aspect of oversight specific to the interagency Lead IG approach. On December 3, 2015, the three IGs consisting of DoD OIG, DoS OIG and USAID OIG, hosted an engagement for 24 congressional staff members, including professional staff members from eight Senate and House Committees, staff from Members' personal offices and the Congressional Research Service.

OVERSEAS CONTINGENCY OPERATIONS

The Office of the Deputy IG for Overseas Contingency Operations (DIG-OCO) supports Lead IG responsibilities and oversight coordination related to named OCOs. The DIG-OCO coordinates with the senior representatives from DOS OIG, USAID OIG, and other OIGs, as appropriate, to fulfill Lead IG responsibilities set out in section 8L of the IG Act of 1978, as amended. These responsibilities include developing interagency strategic oversight plans for and producing quarterly reports on the operations and oversight of OCOs.

The DIG-OCO is also responsible for coordinating and making public the annual compilation of scheduled and ongoing oversight for Southwest Asia and chairing the interagency Southwest Asia Joint Planning Group.

OCO Planning and Coordination

The DIG-OCO is responsible for coordinating and publicizing the annual compilation of scheduled and ongoing audits, evaluations, and inspections for Afghanistan and Southwest Asia. Through this coordination, the DIG-OCO identifies gaps and overlaps, manages conflicting priorities, and responds to senior leader requests in the planning, execution, and reporting of oversight activities. This comprehensive strategic planning approach is intended to increase the effectiveness of oversight capabilities across agency jurisdictional divisions. This plan, the FY 2016 Comprehensive Oversight Plan for Overseas Contingency Operations, became effective October 1, 2015, and is posted on each OIG's website.

The DIG-OCO is also the Chair of the interagency Southwest Asia Joint Planning Group, and hosted briefings by senior military officials regarding Afghanistan during the Southwest Asia Joint Planning Group meetings.

INSPECTOR GENERAL

DEPARTMENT OF DEFENSE

3. Enabling Mission Areas

CONGRESSIONAL TESTIMONY AND BRIEFINGS

Congressional Testimony and Briefings

Section 4(a)(2) of the Inspector General Act requires the IG "to review existing and proposed legislation and regulations relating to the programs and operations of [the Department of Defense]." It also required the IG to make recommendations "concerning the impact of such legislation or regulations on the economy and efficiency in the administration of programs and operations administered or financed by [the Department] or the prevention and detection of fraud and abuse in such programs and operations." The DoD OIG also provides information to Congress by participating in congressional hearings and briefings, and responding to hundreds of letters, phone calls, and e-mails from congressional committees, congressional staff, and individual Members of Congress.

Hearings

On February 12, 2016, Michael Child, DIG-OCO, testified before the House Armed Services Committee, Subcommittee on Oversight and Investigations, in a hearing titled, "Assessing the Development of the Afghanistan National Security Forces." Mr. Child testified that DoD OIG and Lead IG oversight projects continue to find that the Afghan National Security Forces face sustainment challenges as a result of shortcomings in property accountability, supply and maintenance, and a lack of internal controls in the management of key commodities such as fuel and ammunition.

Michael Child, DIG-OCO
Source: DoD OIG

On February 25, 2016, Michael Roark, Assistant IG for Audit, Contract Management and Payments Office, testified before the House Committee on Small Business, Subcommittee on Contracting and Workforce, in a hearing titled, "Hotline Truths: Issues Raised by Recent Audit of Defense Contracting." Mr. Roark testified on DoD OIG findings and recommendations in Report No. DODIG-2015-095, "Small Business Contracting at Regional Contracting Office–National Capital Region Needs Improvement," and Report No. DODIG-2016-019 "Small Business Contracting at Marine Corps Systems Command Needs Improvement." Mr. Roark testified that the Marine Corps contracting offices reviewed generally provided small businesses with the opportunity to compete for prime contracts; however, they did not ensure that prime contractors provided small businesses adequate subcontracting opportunities. Video of this hearing is not available.

Michael Roark, Assistant IG for Audit
Source: DoD OIG

Meetings With Congressional Members and Staff

During the reporting period, the IG and DoD OIG staff held 74 meetings and participated in numerous phone calls with congressional staff and Members of Congress. Topics of discussion included pending legislation and:

- an ongoing 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 self-initiated DoD OIG assessment of matters relating to U.S. policy for reporting allegations of the possible abuse of boys in Afghanistan;
- the findings and recommendations of Report No. DODIG-2016-049, "Summary of Nuclear Enterprise Weaknesses Identified in DoD OIG reports Issued from September 30, 2010 to June 18, 2015;" and
- a DoD reporting requirement on civilian pay, contained in the explanatory statement to the Consolidated Appropriations bill, which requires IG recommendations to improve the management of the civilian compensation program and civilian full-time employee levels.

In addition, the DoD OIG Office of Legislative Affairs and Communications (OLAC), formerly the Office of External Affairs, proactively informs congressional staffers about OIG reports and OIG work.

Congressional Requests

The OLAC serves as the DoD OIG's point of contact for communications with Congress and the media. During this reporting period, OLAC received 99 new congressional inquiries.

During the reporting period, the DoD OIG conducted audits and reviews in response to congressional interest and statutory mandates. Examples of congressional directed reviews concluded during this reporting period include:

- DODIG-2016-006, "Evaluation of United States Army Criminal Investigation Command Sexual Assault Investigation," issued November 10, 2015
- DODIG-2016-043, "Air Force Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance," issued January 29, 2016
- DODIG-2016-044, "U.S. TRANSCOM Needs Further Improvements to Address Performance Concerns Over the Global Privately Owned Vehicle Contract III," issued February 3, 2016
- DODIG-2016-051, "Air Force Personnel Can Improve Compliance With the Berry Amendment and the Buy American Act," issued February 24, 2016

Interagency Coordination and Cooperation

Council of Inspectors General for Integrity and Efficiency

In 2008, the Inspector General Act of 1978 was amended to establish the Council of the Inspectors General on Integrity and Efficiency (CIGIE). CIGIE has 72 IG members that provide oversight to agencies across the Government and seek to prevent problems before they materialize. The mission of CIGIE 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 OIG. The DoD IG actively participates in CIGIE and attends monthly meetings of all council members. Until January 10, 2016, the former DoD IG served on the Executive Council and as the Chair of the Audit Committee.

The Audit Committee met twice a month to coordinate audit-related activities that address multi-agency or Government-wide issues, maintain professional standards for OIG audit activities, and administer the audit peer review program. A principal objective of the Audit Committee is to promote effective oversight of Government agencies by providing guidance and standards that ensure the audits conducted by Federal Inspectors General can be relied upon to be fair, objective, accurate, and performed in accordance with professional standards and legal and regulatory requirements. During the reporting period, the Audit Committee addressed issues related to continuing professional education requirements for IGs, implementation of the Digital Accountability and Transparency Act, and the Office of Personnel Management's classification review of the auditing series. In addition to the Audit Committee, OIG staff members actively participated in the activities of the Information Technology, Investigations, Legislation, and Professional Development 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 between DoD IG and the activities of the internal audit, inspection, and investigative organizations within the DoD. The DCIE consists of representatives from 35 organizations within the Defense oversight community. DCIE promotes economy, efficiency, and effectiveness and prevents waste, fraud, abuse within the programs and operations of the DoD.

The DCIE has six standing committees: Audit, Administrative Investigations, Criminal Investigations, Information Technology, Inspections and Evaluations, and Intelligence. Topics addressed by the DCIE during the reporting period included the Military Voting Assistance Program, Lead IG for OCO supporting OIR, OFS, and Operation United Assistance.

Defense Intelligence and Special Programs Oversight Committee

The Deputy IG for ISPA chairs the Defense Intelligence and Special Programs Oversight Committee, a subcommittee of the DCIE. The committee promotes and furthers collaboration, cooperation, coordination, and information sharing among the IGs and Auditors General of the DoD regarding intelligence, counterintelligence, and security strategies and efforts.

During this period, two quarterly meetings were held. The November 19, 2015, meeting had briefings by the Joint Staff and the National Reconnaissance Office and discussed the FY 2016 annual plans. The March 9, 2016, meeting had briefings from the Defense Intelligence Agency and the OCOs.

Defense Committee on Integrity and Efficiency–Administrative Investigations Training Subcommittee

The Defense Committee on Integrity and Efficiency–Administrative Investigations Training Subcommittee met on December 10, 2015, and February 10, 2016. The subcommittee set goals for sharing resources and best practices; providing a recommended career development path for administrative investigators and support personnel; and developing a community of practice for administrative investigators and support personnel. The chairman for the subcommittee provided desk aids for the participants (DoD OIG AI Training Competency Model, information on creating an internal certification program, and CIGIE Quality Standards for Investigations). The subcommittee began developing a "Model of Performance" for investigators, to include required abilities, skills, knowledge, and tasks. The subcommittee shared existing training resources and ideas for focused training requirements and discussed the need for a list of subject-matter experts to promote training standardization and to serve as a resource throughout the community.

Intelligence Community Inspectors General Forum

The DoD OIG participates in the Intelligence Community IG Forum, which promotes collaboration, cooperation, and coordination among the IGs of the intelligence community. On October 28, 2015, as part of the National Intelligence Professional Awards, the Intelligence Community OIG recognized individuals and teams throughout the intelligence community who demonstrated superior performance and exceptional accomplishments. The DoD OIG's Office of Intelligence and Special Program Assessments received the OIG Investigative Reports Award for two evaluations and a Collaborative Reports Award. A Forum meeting was held on February 25, 2016, and the annual Intelligence Community IG Conference was held on March 31, 2016.

Nuclear Enterprise Oversight Collaboration Group

The Nuclear Enterprise Oversight Collaboration Group is an informal interagency forum of oversight agencies within the U.S. Nuclear Weapons Enterprise. On October 21, 2015, the group shared FY 2016 annual plans and discussed ongoing projects and opportunities for future joint projects. The attendees represented the Departments of Defense, Energy, State, and Justice, and the Nuclear Regulatory Commission, GAO, Nuclear Command and Control System Support Staff, Joint Staff, Army, Navy, Air Force, and the Defense Threat Reduction Agency.

Interagency Coordination Group of Inspectors General for Guam Realignment Annual Report

The DoD OIG issued its seventh annual report on the Guam realignment on February 1, 2016. Pursuant to Public Law 111-84, section 2835, "Interagency Coordination Group of Inspectors General for Guam Realignment," 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 2016 report identifies the programs and operations funded with appropriated amounts or funds otherwise made available for military construction (MILCON) on Guam in FY 2015. Highlights of the report included the following:

- DoD obligated approximately $103.4 million and expended approximately $54.2 million. Other Federal agencies obligated approximately $68.7 million and expended approximately $30.7 million.
- DoD identified 171 MILCON projects and programs, totaling approximately $50.9 million, with estimated completion costs of approximately $428.4 million. Other Federal agencies identified 36 projects and programs, totaling approximately $31.7 million, with estimated completion costs of approximately $83.6 million.
- The Government of Japan provided revenues of $183.3 million and earned approximately $816,400 in interest associated with revenues.
- DoD identified operating expenses of approximately $18.9 million. Other Federal agencies identified operating expenses of approximately $133,800.
- DoD identified a total of 62 contracts, grants, agreements, or other funding mechanisms valued at approximately $72.9 million. Other Federal agencies identified a total of 21 contracts, grants, agreements, or other funding mechanisms valued at approximately $68.7 million.

High Intensity Drug Trafficking Area Task Force

In March 2016, DCIS met with and briefed the High Intensity Drug Trafficking Area Task Force for Washington and Baltimore with regard to fraud and corruption schemes in OCOs, and the impact that Bank Secrecy Act information has in these types of cases. The task force reviews Bank Secrecy Act referrals and channeling them to appropriate law enforcement agencies for investigation.

Building International Partnerships With Foreign Law Enforcement Counterparts

DCIS fosters and maintains close liaison with its law enforcement counterparts in many foreign nations. In November 2015, DCIS International Operations met with both the United Kingdom Ministry of Defence, Fraud Defence Unit, and the Australian Federal Police to provide DCIS mission briefings to discuss current fraud and corruption trends that threaten each nation's military readiness.

INSPECTOR GENERAL

DEPARTMENT OF DEFENSE

4. Services

MILITARY SERVICE AUDIT AND INVESTIGATIVE AGENCIES

The Military Service 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 submissions from the Services that highlight significant audit reports issued by the U.S. Army Audit Agency (USAAA), Naval Audit Service (NAVAUDSVC), and the Air Force Audit Agency (AFAA). Appendix B contains a full listing of the audit reports issued by the DoD OIG and the Service audit agencies.

Also included in this section are submissions by the MCIOs that describe the results of significant investigations performed by the MCIOs and that resulted in criminal, civil, and administrative actions. The MCIOS are the Army Investigation Command (Army CID), Naval Criminal Investigative Service (NCIS), and the Air Force Office of Special Investigations (AFOSI).

ARMY

U.S. ARMY AUDIT AGENCY

To accomplish its mission, USAAA relies on a workforce of highly trained professional auditors, many with advanced degrees and professional certifications. USAAA's staff consists of approximately 525 employees and is organized into 17 functional audit teams that provide audit support to all aspects of Army operations.

USAAA's goal is to be a highly sought-after and integral part of the Army by providing timely and valued services that focus on the evolving needs of Army leadership. To ensure its audits are relevant to the needs of the Army, 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 2016, USAAA published 68 reports, made over 250 recommendations, and identified about $1 billion of potential monetary benefits. A few of USAAA's significant reports are described in the following paragraphs.

Audit of Housing Allowances for Colocated Married Service Members

OVERVIEW:

USAAA audited housing allowance payments to active duty service members married to other active duty service members across the Military Services who were colocated in the same military housing area.

FINDINGS:

USAAA found basic allowance for housing entitlements received by married service members colocated in the same military housing area were not consistent with local housing rates. For FY 2014, USAAA estimated that 13,220 married service member couples received about $471.8 million in combined basic allowance for housing payments. However, local housing costs for these service member couples were about $267 million, a difference of about $204.8 million. This occurred because DoD policy, specifically the Joint Travel Regulation, allows colocated married service members to receive two separate basic allowances for housing payments, despite occupying a residence in the same military housing area.

RESULTS:

USAAA's review identified an opportunity for DoD to realize significant savings by reducing housing entitlements paid to servicemember couples. USAAA recommended that DoD reduce basic allowance for housing payments to married service member couples who were colocated by limiting the basic allowance for housing entitlements to basic allowance for housing at the without-dependent rate for each member of the colocated couple. This recommendation had the least impact on changes to Military Service pay systems and financial impact on the service members. As a result, DoD could potentially save about $311.8 million over the program objective memorandum.

Report No. A-2016-0040-FMX

Army Metering Program: Funding and Requirements

OVERVIEW:

The Deputy Assistant Secretary of the Army (Energy and Sustainability) requested USAAA audit the Army's Metering Program due to concerns of increasing costs for executing the program. USAAA focused on funding for advanced meters to meet the program's objectives cost effectively and on whether future requirements were sufficiently defined.

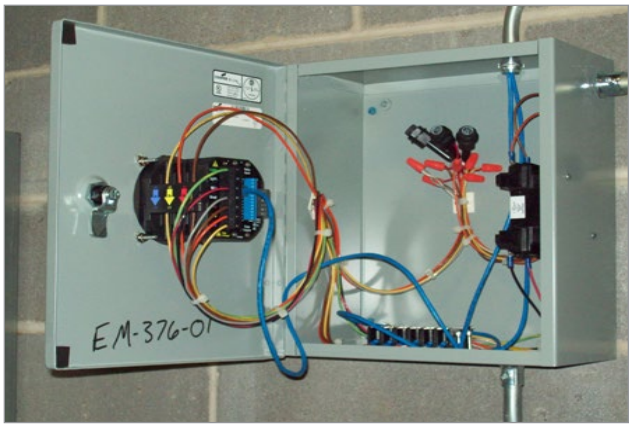
FINDINGS:

USAAA's review showed that USACE, Engineering and Support Center, Huntsville, Alabama, which was responsible for managing the program, ensured that it appropriately used funds for the program's intended purpose and the Assistant Chief of Staff for Installation Management issued guidance and provided some oversight. However, electric meters were not reporting energy consumption results as required. In addition, limited progress had been made to install natural gas, water, and steam meters in all facilities where it was cost effective to meet DoD's required dates of FYs 2016 and 2020. Further, future requirements for advanced meters were not sufficiently defined because criteria were not established and expected funding was limited due to budget constraints. Consequently, the program's true overall costs are unknown and the future costs may not be affordable.

RESULTS:

USAAA recommended that the Assistant Chief of Staff for Installation Management provide more oversight of the USACE's progress on connecting meters to the meter data management system; conduct a comprehensive inventory to identify future metering requirements; reassess program requirements; and develop and implement a robust action plan to use data from meters to reduce energy consumption and costs. USAAA estimated that the Army could potentially achieve at least $88 million in monetary savings between FYs 2016 and 2020 if sufficient actions are taken to develop a robust action plan. Both commands agreed with the recommendations and agreed there would be monetary savings.

Report No. A-2016-0024-IEE



Army Metering Program
Source: www.usace.army.mil

Financial Reporting of Program Executive Office–Owned Assets

OVERVIEW:

To improve financial statement audit readiness, Army organizations developed a suite of enterprise systems. These systems sought to enable auditability of the Army's General Fund financial statement by 2017 to include an assertion of completeness, which requires that Army program executive office (PEO)-owned assets are included on the balance sheet. USAAA conducted this audit to verify that the Army's financial statements properly reported assets owned by the Army's PEOs.

FINDINGS:

The Army's financial statements did not properly report PEO-owned assets. For the six PEOs reviewed, Army acquisition and financial organizations did not make sure that at least $24.2 billion of PEO-owned assets were accounted for on the General Fund balance sheet. Of that amount, the organizations did not have visibility for financial reporting for about $8.5 billion of these assets in enterprise systems. These conditions continued to occur because Army acquisition and financial organizations had not worked to make sure a business process accounted financially for PEO-owned equipment in accordance with Federal accounting standards and the DoD Financial Management Regulation (FMR). Additionally, financial organizations incorrectly believed that PEO-owned material with operating materials and supplies characteristics should be expensed when purchased instead of being recorded as an asset, and thus did not require a business process to be reported as operating materials and supplies. Organizations also

had not developed and implemented a plan to migrate accountability and visibility for PEO-owned assets to Army enterprise systems.

The identified conditions directly affect the Army's ability to achieve audit readiness by FY 2017 for its General Fund balance sheet. As a result of unreported PEO-owned assets, the Army continues to risk not being able to assert it has a complete and auditable balance for general equipment and operating materials and supplies on the balance sheet.

Results:

USAAA made recommendations to help the Army achieve audit readiness by FY 2017. USAAA recommended that the Assistant Secretary of the Army (Acquisition, Logistics and Technology) develop and implement a plan to establish accountability and visibility for all PEO-owned assets in Army enterprise systems. USAAA also recommended that the Assistant Secretary of the Army (Financial Management and Comptroller), modify the business processes to recognize PEO-owned material. In response, acquisition and financial organizations implemented initiatives to establish property accountability for PEO-owned assets.
Report No. A-2016-0051-MTH

Audit of Expeditionary Contracting Material Weakness

Overview:

The Deputy Assistant Secretary of the Army for Procurement requested that USAAA verify that the Army took sufficient actions to close the expeditionary contracting material weakness reported in 2008.

Findings:

While the Deputy Assistant Secretary of the Army for Procurement and contracting activities have made progress to address numerous milestones required to close the weakness, significant problems with expeditionary contracting oversight, staffing, and management controls continued to exist at Army contracting activities. USAAA's review determined an insufficient definition of expeditionary contracting to determine workload, a lack of contract office warranting programs, and insufficient metrics for the Defense Acquisition Workforce Improvement Act certification and procurement management review programs. These conditions occurred because expeditionary contracting had not been sufficiently defined, the warranting program was not fully implemented by all contracting activities, and contracting activities lacked sufficient metrics to evaluate progress for Defense Acquisition Workforce Improvement Act certification goals and procurement management review programs. Additionally, Army-wide budget cuts, sequestration, and changes in expeditionary missions prevented contracting activities from completing necessary hiring actions.

As a result, numerous reviews, audits, and inspections from FY 2011 through 2015 highlighted similar findings as those identified when the material weakness was originally reported. Additionally, procurement management reviews did not validate that current controls are working effectively to minimize expeditionary contracting risks.

Results:

USAAA recommended that the Assistant Secretary of the Army (Acquisition, Logistics and Technology) keep the expeditionary contracting material weakness open, update corrective action milestones to reflect milestones achieved, and include various specific milestones such as revising the material weakness metric for Defense Acquisition Workforce Improvement Act certification and developing procurement management review corrective action plan metrics. USAAA made recommendations to contracting activities to include in their statements of assurance corrective action milestones to develop an action plan to complete procurement management review corrective action plans in a timely manner and to develop a standardized contracting officer warranting program.
Report No. A-2016-0041-MTT

Excess Management and the Clean Sweep Program

Overview:

More than a decade at war, the redeployment of forces, and Army downsizing and restructuring combined to create a significant amount of excess equipment. In 2010 and 2013, the Deputy Chief of Staff, G-4 directed Army units to implement the Clean Sweep Program. This program aims to bring all unit property to record and to identify and dispose of excess property. The Deputy Chief of Staff, G-4's guidance required units to conduct Clean Sweep by November 2013 or after return from deployment. The Deputy Chief of Staff, G-4 requested USAAA verify that Army units implemented the program and achieved intended outcomes. USAAA conducted the audit at three brigades assigned to U.S. Army Forces Command.

FINDINGS:

U.S. Army Forces Command brigades implemented Clean Sweep but the program did not fully achieve intended outcomes. Specifically, USAAA concluded that while brigade personnel completed wall-to-wall inventories and line item number scrubs, all three brigades had errors in property book identification codes and type authorization codes. About 46 percent of the line item numbers reviewed contained these errors, resulting in categorizing excess property incorrectly as organizational property. Also, brigades did not report equipment in a timely manner to higher levels for potential cross-leveling and disposition. Personnel involved in processing proposed sourcing decisions did not obtain disposition instructions for 193 of 296 (about 65 percent) decisions, exceeding the 10-day standard that U.S. Army Forces Command established. Interpretation of the timeframe allotted for proposed sourcing decisions varied within U.S. Army Forces Command organizations. Property book officers received training on the Decision Support Tool used to manage proposed sourcing decisions but were still learning to become proficient with the system. Inaccuracies in property book data showing excess and delays in processing proposed sourcing decisions could have reduced the effectiveness of equipment disposition and redistribution processes.

RESULTS:

USAAA recommended that U.S. Army Forces Command clarify the timeframe required to process proposed sourcing decisions in its guidance and coordinate with Army Sustainment Command to update guidance on business rules for reviewing and processing proposed sourcing decisions. USAAA's review will assist the Army in processing proposed sourcing decisions more effectively to dispose of excess equipment.

Report No. A-2016-0036-ALS

U.S. Army Clean Sweep Program
Source: www.army.mil

U.S. ARMY CRIMINAL INVESTIGATION COMMAND

Significant Investigative Cases

Army Employee Commits Identity Theft and Steals More Than $2.2 Million

OVERVIEW:

This investigation was initiated on December 5, 2013, when the Army CID Computer Crime Investigative Unit received a report from the IRS Criminal Investigation Division of an ongoing fraudulent tax return investigation involving Tracy Mitchell, a U.S. Army civilian employee at Martin Army Community Hospital at Fort Benning, Georgia. The investigation determined Mitchell was part of a tax fraud ring responsible for filing more than 7,000 false tax returns in excess of $20 million. Mitchell admitted that while working in the pathology department shipping office of the Martin Army Community Hospital, she copied the personally identifiable information of 40 to 50 soldiers and filed fraudulent tax returns.

An investigation determined that more than 1,000 fraudulent claims were submitted from an internet protocol address registered to Mitchell's residence with a dollar amount of $2.2 million, of which $850,000 was paid by the IRS. Of the fraudulent claims filed from the internet protocol address registered to Mitchell's residence, over 180 of the claims were associated with individuals affiliated with the U.S. Army or DoD. Furthermore, as a result of the execution of a search warrant at Mitchell's residence, more than $300,000, collected as result of illegal activity, was recovered.

RESULT:

On March 30, 2015, Mitchell pleaded guilty to aggravated identity theft, conspiracy to defraud the Government with respect to claims, and wire fraud in the U.S. District Court, Middle District of Alabama. On August 7, 2015, she was sentenced to 159 months' confinement, followed by 36 months of supervised probation, ordered to pay a $300 assessment and restitution in the amount of $1.1 million, as well as forfeiture of the $300,000 seized from her residence.

Rape Complaint Leads to 8 Years' Imprisonment

OVERVIEW:
This investigation was initiated by the Army CID on September 27, 2014, after a soldier reported that Specialist Ricardo A. Morales had raped her. An investigation determined that Morales committed an unlawful sexual act with the female soldier while in his barracks room located on Rhine Ordnance Barracks, Kaiserslautern, Germany.

RESULT:
Specialist Morales was charged with rape on January 23, 2016, during a general court-martial at Rhine Ordnance Barracks, Kaiserslautern, Germany. He was convicted and sentenced to 8 years' imprisonment, reduction in rank to E-1, forfeiture of all pay and allowances, dishonorable discharge, and was required to register as a sex offender.

Sergeant First Class Sentenced to 23 Years After Local DA Refuses to Prosecute

OVERVIEW:
This investigation was initiated by the Army CID on September 9, 2014, when the District Attorney for Lawton, Oklahoma, declined to file charges against SFC Alvin W. Bradley after his 14-year-old step-daughter recanted her complaint that she had been sexually assaulted by him. Investigation by Army CID established that over an 8-month period, Bradley committed multiple unlawful sexual acts with his step-daughter beginning in 2013.

RESULTS:
On November 17, 2015, Bradley was found guilty of child sexual assault during a judge-alone general court-martial at Fort Sill, Oklahoma. He was sentenced to 23 years' confinement, reduction to E-1, a dishonorable discharge, and was required to register as a sex offender.

NAVY

NAVAL AUDIT SERVICE

The mission of NAVAUDSVC is to provide independent and objective audit services to assist Department of the Navy leadership in assessing risk to improve efficiency, accountability, and program effectiveness. NAVAUDSVC develops an annual audit plan based on Department of the Navy-wide input (from all levels) to the Risk and Opportunity and Assessment. NAVAUDSVC also responds to requests from senior Department of the Navy officials to provide audit work on emergent issues. All of NAVAUDSVC audit work is designed to address significant Department of the Navy issue areas that merit additional oversight. In the past 6 months, NAVAUDSVC has published audits that address such critical areas as financial management, acquisition controls, protecting personally identifiable information, training security force personnel, and the maintenance of Ammunition and Explosives Storage Facilities in various regions. NAVAUDSVC assist reports for NCIS identified over $1.8 million in potential fraud related to travel and other scenarios.

Receipt and Acceptance of Goods and Services Purchased at Naval Hospital Camp Pendleton

The audit objective was to verify that Naval Hospital Camp Pendleton, California, had effective internal controls to ensure that goods and services were properly received, accepted, and accounted for. NAVAUDSVC found that Naval Hospital Camp Pendleton did not maintain documentation showing that goods and services were properly authorized, establishing legitimate Government need for all purchase card transactions reviewed. NAVAUDSVC also found that 75 percent of the property records reviewed included one or more of the following errors: missing request and approval documentation; missing receipt and acceptance documentation; and either not properly valued, entered into a property accountability system within the required 7 calendar days (repeat finding), or dispositions were not accurately reflected in the property accountability system. These conditions existed because Naval Hospital Camp Pendleton management did not provide the necessary oversight and training to ensure that personnel followed proper procedures.
Report No. N2016-0020

Naval Hospital at Camp Pendleton
Source: www.med.navy.mil

Marine Corps Hearing Conservation Program Followup

The objective of this followup audit was to verify whether the Marine Corps had implemented corrective actions to address recommendations selected for followup that NAVAUDSVC made in a prior report. The NAVAUDSVC audit focused on following up on judgmentally selected recommendations made in a previous Marine Corps Hearing Conservation Program audit (N2011-0016, dated January 14, 2011). NAVAUDSVC also focused on audiogram data obtained from the Defense Environmental and Occupational Health Readiness System. NAVAUDSVC found that the conditions from the first Marine Corps Hearing Conservation Program audit still existed and in some cases had become worse. Specifically, NAVAUDSVC found that 75 percent of Marines did not receive an annual audiogram within a year of their prior audiogram, compared to 67 percent reported in 2011, and 81 percent did not receive an exit audiogram compared to 77 percent in the 2011 report. NAVAUDSVC also found that from February 2013 to March 2015, the Marine Corps did not have Service-specific implementing guidance for the Marine Corps Hearing Conservation Program. In addition, Commandant of the Marine Corps did not implement in a timely manner all of the previously agreed-to corrective actions followed up on during this audit. As a result, NAVAUDSVC projects that 22,026 Marines were not provided with timely annual audiograms in FY 2013 and 24,208 departing Marines did not receive required exit audiograms. As result of not being provided timely audiograms, Marines may have incurred hearing losses that could have been prevented. In addition, Marines may not have been identified for or received related medical care.
Report No. N2016-0010

Department of the Navy's Military Construction Projects Proposed for Fiscal Year 2017

NAVAUDSVC verified that the project scope requirements were sufficiently supported for the selected MILCON projects contained in the Department of the Navy's proposed FY 2017 MILCON Program. NAVAUDSVC reviewed nine (five U.S. Navy and four U.S. Marine Corps) proposed MILCON projects valued at $225.2 million, with the five Marine Corps projects valued at $115.1 million and Navy projects at $110.1 million. All nine MILCON projects audited were determined to be needed. However, all nine projects were either not sized in accordance with appropriate criteria, included items that were not required or authorized, had no documentation, or used outdated data. NAVAUDSVC found the nine proposed MILCON projects were over-scoped by $21.1 million and under-scoped by $3.6 million. NAVAUDSVC made recommendations on all over-scoped projects. Overall, the Department of the Navy agreed to $15.8 million in funds put to better use from corrective actions taken on the audit recommendations.
Report No. N2016-0006

Navy Ammunition and Explosives Storage Facilities within the Commander, Navy Region Northwest Area of Responsibility

The audit objective was to verify that Ammunition and Explosives storage facilities within the Commander, Navy Region Northwest Area of Responsibility, were maintained effectively and in accordance with applicable explosives safety guidance. NAVAUDSVC determined that Ammunition and Explosives storage facilities within this region were not managed effectively or maintained in accordance with DoD guidance. NAVAUDSVC statistically sampled 73 of the Commander, Navy Region Northwest's 315 Ammunition and Explosives storage facilities located on four installations for detailed review. Based on the sample testing, NAVAUDSVC projected that for the 315 facilities,

- data were not accurately reflected in Internet Navy Facility Assets Data Store property records for a projected 43 facilities;
- although not required, explosives limits recorded in Ordnance Information System–Retail did not match the explosives limits approved by the DoD Explosive Safety Board, the Naval Ordnance Safety and Security Activity, or the activity for a projected 121 facilities;

- explosives limits were not accurately displayed on facility placards for a projected 71 facilities;
- a projected 64 facilities did not meet current safety standards; and
- 263 of the facilities were built prior to May 1967, and NAVAUDSVC projected there were 9 (3 percent) built after May 1967 that did not have the required Site Approvals Requests.

The conditions occurred due to a lack of sufficient procedures and oversight to ensure Internet Navy Facility Assets Data Store, Ordnance Information System–Retail, and Net Explosive Weight data pertaining to the facilities were regularly updated as needed; a lack of management attention to ensure facilities were maintained in accordance with current criteria, as well as resource limitations within those activities and Naval Facilities Engineering Command; and a lack of management oversight to ensure site approvals were obtained and maintained for all Ammunition and Explosives storage facilities built since May 1967. As a result, leadership relying on Internet Navy Facility Assets Data Store data may make erroneous decisions regarding items such as storage capability, military construction, financial reporting and audit readiness, and funding requirements. Also, Ordnance Information System–Retail errors may create ammunition storage discrepancies that can result in safety issues if left uncorrected.
Report No. N2016-0007

Antiterrorism Force Protection–Security Force Personnel on Naval District Washington Installations

The audit objective was to verify that security forces on Naval District Washington installations were being utilized efficiently and effectively to ensure maximum protection of people and assets. NAVAUDSVC found opportunities for improvement at Naval District Washington and its installations regarding the efficient and effective use of security forces. Specifically, for some Navy Security Force and Auxiliary Security Force personnel, Naval District Washington and its installations could not provide documentation to verify that those Navy Security Force personnel were properly trained in required law enforcement and physical security duties and properly trained and authorized to carry their assigned weapons. In addition, Naval District Washington installations frequently did not have sufficient Auxiliary Security Force personnel assigned to handle increased force protection conditions. Also, Auxiliary Security Force personnel were not always scheduled effectively in accordance with Commander, Navy Installations Command guidance. Finally, some tenant commands employed armed security force personnel without submitting approval requests to Chief of Naval Operations. These conditions occurred because of insufficient controls and oversight to ensure training documentation was current and properly maintained, limited tenant participation in the Auxiliary Security Force program, and a lack of process and procedures to report the use of separate armed security functions to Chief of Naval Operations. As a result, the Navy lacked assurance that some personnel were properly trained and qualified prior to performing duties; potential security risks and operational inefficiencies exist at Force Protection Conditions Charlie and Delta; and potential emergency response risks exist without sufficient coordination of all security forces operating on installations.
Report No. N2016-0016

Naval District Washington
Source: www.cnic.navy.mil

Naval Criminal Investigative Service

Significant Investigative Cases

Marine Sexually Assaults Victim at Gunpoint

Overview:

This investigation was initiated by NCIS in May 2015, after a U.S. Marine Corps spouse reported an unidentified individual forcibly entered her home and sexually assaulted her at gunpoint. During the assault the assailant provided the victim sufficient information that NCIS agents were able to identify Marine Corporal Cameron P. Beausoliel as the perpetrator. The investigation, and Beausoliel's subsequent confession, confirmed he had performed multiple unlawful sex acts with the victim while in possession of an unregistered firearm.

Result:

On December 18, 2015, Beausoliel pleaded guilty to rape, aggravated assault, burglary, and unlawful possession of a concealed unregistered weapon during a judge-alone general court-martial at Cherry Point, North Carolina. He was sentenced to 32 years' imprisonment, reduction in rank to E-1, forfeiture of all pay and allowances, a dishonorable discharge, and was required to register as a sex offender.

Navy Intelligence Official, Contractor Convicted for Firearm Suppressors

Overview:

This investigation was initiated in January 2013 by NCIS as a result of evidence seized during a separate investigation. The evidence indicated that senior-level government employees assigned to the Office of the Deputy Under Secretary of the Navy for Plans, Policy, Oversight, and Integration were involved in the misuse or abuse of a Government contract and the misappropriation of Government funds. An investigation revealed that Lee M. Hall, serving as the director of intelligence within the Office of the Deputy Under Secretary of the Navy for Plans, Policy, Oversight, and Integration, was involved in the improper purchase of firearms and firearm suppressors supplied by California businessman Mark S. Landersman. Further investigation determined that from 2011 through 2013, Hall and Landersman were engaged in a scheme to defraud the Navy of at least $1.7 million through the sale of illegally manufactured firearm suppressors under an unauthorized sole-source contract. Landersman shipped 349 silencers, priced at $4,750 per unit, to the U.S. Naval Research Laboratory facility in Chesapeake Beach, Maryland. The illegal silencers were later determined to be faulty. According to the Bureau of Alcohol, Tobacco, Firearms and Explosives, Landersman was not licensed to make, manufacture, distribute, or sell firearms, including firearm suppressors.

Result:

On October 29, 2014, in the U.S. District Court for the Eastern District of Virginia, Landersman was found guilty of conspiracy, and Hall was found guilty of conspiracy and theft of Government money. After being found guilty, Hall resigned from his position as the director of intelligence from the Office of the Deputy Under Secretary of the Navy for Plans, Policy, Oversight, and Integration. On January 29, 2016, Hall was sentenced to 6 months confinement, 2 years' probation, and was ordered to pay $1.7 million in restitution and a $200 special assessment.

On the same date, Landersman was sentenced to 60 days confinement, 3 years' probation, and was ordered to pay $1.7 million in restitution and a $100 special assessment.

Marine Commits Homicide in the Republic of the Philippines

Overview:

A joint NCIS and Philippine National Police investigation was initiated in October 2014, when Marine Lance Corporal Joseph Pemberton murdered a transgender male in the Olongapo City area in the Republic of the Philippines. An investigation identified witnesses who observed Pemberton with the victim and later overheard his confession to the killing after he discovered the victim was transgender.

Result:

On November 12, 2015, the Republic of the Philippines Regional Trial Court Third Judicial Region Branch 74, Olongapo City, Republic of the Philippines, found Pemberton guilty of homicide. He was sentenced to between 6 and 12 years imprisonment at the New Bilibid Prison, Republic of the Philippines, and was ordered to pay to the heirs of the victim $1,050 as civil indemnity; $90,736 as damages for loss of earning capacity; $3,260 as reimbursement for the wake, burial, and other related expenses as actual damages; $1050 as moral damages; and $630 as exemplary damages.

AIR FORCE

AIR FORCE AUDIT AGENCY

The 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 and assisting management in 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. Installation-level audit teams provide audit services and support to installation commanders. The AFAA has nearly 580 personnel assigned to more than 50 worldwide locations to execute its mission.

The AFAA uses audit planning methods driven by Air Force leadership priorities and focus areas. The Fiscal Year 2016 AFAA Audit Plan was prepared in collaboration with Air Force senior leaders to ensure planned audit efforts were balanced between law/policy compliance, operational effectiveness, and organizational efficiencies. AFAA sharpened the 2016 audit focus by providing value to our customers with relevant and insightful audits on key Air Force efforts. As such, FY 2016 planned topics included audits on initiative implementation, Financial Improvement and Audit Readiness, contingency operations, and classified/security operations. The AFAA designed the annual audit plan as a living document, accommodating adjustments as emergent Air Force priorities arise and customer needs change. To focus on the complete audit life cycle, AFAA directed more audit resources in FY 2016 toward follow-on and closeout audits.

During the first half of FY 2016, AFAA published 17 centrally directed audit reports, providing 42 recommendations and $413.4 million in audit estimated potential monetary benefits to Air Force senior officials. Further, AFAA installation-level audit teams published 315 audit reports, identifying an additional $54.4 million in audit estimated potential monetary benefits to installation commanders. The following paragraphs synopsize AFAA audit reports issued from October 1, 2015, through March 31, 2016.

Bills of Material for Reparable Parts

A Bill of Material is a listing of planned material and component parts required to support overhaul or repair of reparable parts. Bills of Material maintained in the Depot Maintenance Material Support System include (a) replacement percentages that indicate how often the part could be replaced whenever the maintenance action occurs and (b) occurrence factors that estimate the frequency a task will occur during repair. Air Logistics Complex planners use the Depot Maintenance Material Support System to identify material requirements, control material requirements, and calculate End Item Sales Prices. Accurate Bill of Material replacement percentages and occurrence factors are important for developing correct material costs and End Item Sales Prices. Accurate Bills of Material also help control expenses by limiting requisitions to only those parts necessary for supporting reparable item overhaul and repair. This audit evaluated the accuracy of replacement percentages and occurrence factors for Depot Level Reparables Bills of Material.

The AFAA determined that Air Logistics Center planners accurately computed occurrence factors, but it did not accurately compute replacement percentages for 75 (26 percent) of 286 reparable items reviewed. Further, AFAA found Air Force Materiel Command, Director of Logistics personnel did not implement prior AFAA recommendations to help improve the accuracy of replacement percentages maintained in the Depot Maintenance Material Support System. As a result, Air Logistics Complex planners overstated FY 2015 End Item Sales Prices by $17.1 million and understated End Item Sales Prices by $366,000. The AFAA estimated accurately computing replacement percentages would allow the Air Force to avoid overstating End Item Sales Prices by $54.1 million and understating End Item Sales Prices by $686,000 over the next 6 years (execution year and the Future Years Defense Program). AFAA made three recommendations to improve Depot Level Reparables Bills of Material management and identified $53.4 million (net) in potential savings opportunities. Air Force officials agreed with the audit results and actions planned were responsive to the issues identified. Management also agreed implementing the recommendations would result in potential monetary benefits.
Report No. F2016-0001-L20000

Maintenance Unit Type Codes

The Air Force relies on the Air Expeditionary Force generation process to establish predictable, standardized rotational forces that are properly organized, trained, equipped, and ready to sustain capabilities while rapidly responding to emerging crises. To accomplish this, the Air Force uses Unit Type Codes to posture or align capabilities required for achieving a specific mission. Unit Type Codes identify personnel, equipment, tools, and supplies needed to achieve stated mission objectives. The combination of personnel and equipment represents the necessary capabilities to support the mission. Right sizing Unit Type Code requirements for maintenance operations may reduce costs and provide manpower efficiencies.

This audit, requested by Air Combat Command, Directorate of Logistics, evaluated whether Air Force personnel properly identified manpower and equipment requirements for deployment; maintained manpower readiness; and accounted for equipment. The AFAA determined Air Force personnel did not properly manage maintenance Unit Type Codes in one of the three areas reviewed. Specifically, personnel did not properly identify manpower and equipment requirements for 128 (58 percent) of 221 Unit Type Codes reviewed. As a result, the Air Force assigned 85 excess manpower positions to Unit Type Codes and overstated Unit Type Codes manpower requirements by over $4 million per year and $24.8 million over the next 6 years (execution year and the Future Years Defense Program). In addition, the Air Force unnecessarily maintained equipment valued at $1.7 million for one of two engines reviewed. AFAA made three recommendations to Air Force and NGB officials to improve management of maintenance Unit Type Codes requirements. Management agreed with the audit results and initiated appropriate actions. Management also agreed that implementing recommendations might result in a potential monetary benefit, but the actual benefit could not be determined until all management actions were completed.

Report No. F2016-0002-L20000

Support to Civil Authorities

Defense Support to Civil Authorities missions include DoD's response to natural disasters; chemical, biological, radiological, or nuclear incidents; and wildland firefighting on United States territory. From 2010 through 2013, Air Force personnel at 29 locations responded to 34 Defense Support to Civil Authorities events to include the Deepwater Horizon Oil Spill, Hurricane Sandy, and the California Rim Fire. These events incurred reimbursable expenses of more than $102 million to support requesting agencies. Support to civil authorities is a critical component of homeland security operations. Properly obtaining reimbursement for support to civil authorities provides reasonable assurance Air Force funds are used for programmed Air Force missions and not for Defense Support to Civil Authorities missions, which could result in an augmentation of funds for other Federal agencies.

This audit evaluated whether Air Force officials properly planned and coordinated civil support resource requirements and obtained reimbursement for all support provided. AFAA determined installation personnel at all eight locations reviewed effectively planned and coordinated civil support resource requirements. However, Air Force personnel at 17 of 19 locations did not obtain reimbursement for more than $9.3 million in support provided to civil authorities during calendar years 2010 through 2013. AFAA audit results, in conjunction with issues and findings disclosed in two prior Government Accountability Office reports and one DoD OIG report, indicate poor internal controls over support to civil authorities, which is a continuing Air Force problem. Until corrected, the Air Force will continue to provide support to civil authorities without reimbursement and potentially augment other Federal agencies funds. AFAA made four recommendations to improve the Air Force's reimbursement processes and identified an estimated potential monetary benefit of $14 million over the next 6 years (execution year and the Future Years Defense Program). Air Force officials agreed with AFAA's evaluation, potential for cost avoidance savings, and initiated appropriate actions.

Report No. F2016-0002-O3000

F101 Engine Management

The Air Force uses a two-level maintenance concept for F101 whole engine maintenance. Field-level maintenance personnel perform either organizational "on wing" maintenance to address minor repairs or intermediate "off wing" maintenance, which includes testing and component parts replacement at one of two Air Force centralized repair facilities. From November 2011 through March 2015, the Air Force repaired 474 F101 engines, expending approximately $158 million annually on F101 engine parts during intermediate maintenance. Economically repairing engines with standard and repeatable processes helps reduce parts replacement

quantities, allows more control over F101 engine maintenance costs, and can prevent significant impacts to the Air Force mission.

AFAA performed this audit at the request of Air Combat Command personnel, who expressed concerns with increased F101 engine maintenance costs. AFAA evaluated whether Air Force personnel effectively managed F101 engine maintenance by economically repairing engines at intermediate maintenance facilities. AFAA concluded that Air Force maintenance personnel did not economically repair engines at both Air Force centralized repair facilities. Specifically, AFAA found that from November 2011 through March 2014, Tinker AFB, Oklahoma, repair facility personnel replaced parts at a higher rate and expended approximately $943,000 more on parts per engine repaired than the Dyess AFB, Texas, repair facility for similarly broken engines. Economically performing F101 intermediate maintenance at the Tinker repair facility allow the Air Force to reduce the quantity of parts replaced during intermediate maintenance and make over $259.8 million available for other valid Air Force requirements over the next 6 years (execution year and the Future Years Defense Program). AFAA made three recommendations to improve engine maintenance. Air Force officials agreed with the evaluation and initiated appropriate actions. Management also agreed with the intent of potential savings opportunities AFAA identified but stated actual benefits could not be determined until management actions were complete.
Report No. F2016-0003-L20000

F101 Engine Maintenance
Source: www.dyess.af.mil

Air Force Common Output Level Standards

Air Force Common Output Level Standards (AFCOLS) is an emerging program intended to standardize the delivery of installation support services across all installations and to make informed risk-based resource decisions for those services. The Air Force Logistics, Engineering, and Force Protection, Director of Civil Engineers is the AFCOLS Executive Agent responsible for program oversight and execution for the Chief of Staff of the Air Force. For FY 2014, AFCOLS included 42 installation support functional areas with 234 metrics implemented across 66 active duty bases, excluding joint bases. An effective AFCOLS program supports the DoD's intent for providing common levels of service across the Air Force and ensures accurate data are available for executive level programming and budgeting decisions.

The Air Force Logistics, Engineering, and Force Protection, Director of Civil Engineers requested AFAA review governance of the AFCOLS program. Specifically, to determine whether Air Force personnel properly identified, measured, and reported the levels of installation support services. AFAA concluded Air Force personnel did not effectively govern program implementation; AFCOLS functional working groups did not properly identify the levels of service for all 10 functional areas reviewed; and the AFCOLS Executive Agent did not develop effective methods to measure performance and report the levels of installation support services for 42 of 42 functional areas. Without effective governance and implementation processes, standardized delivery of services, and the ability to make risk-based, executive-level programming and budgeting decisions, the intent of this major Air Force initiative is diminished. AFAA made two recommendations to the Deputy Chief of Staff, Logistics, Engineering, and Force Protection to improve AFCOLS governance. Air Force officials agreed with AFAA's evaluation and corrective actions taken and planned, and they were responsive to the audit results and recommendations included in the report.
Report No. F2016-0004-O20000

Air Force Office of Special Investigations

Significant Investigations

Air Force Technical Sergeant Sexually Assaults Multiple Victims

Overview:
In July 2014, the AFOSI was notified by local law enforcement that Technical Sergeant David Helm had sexually assaulted a 12-year-old child for 3 years. Additional investigation revealed Helm committed unlawful sexual acts upon another adult female and posted digital media to the Internet of two other adult females without their consent. Prior to his trial, Smith deserted and was later captured after a 10-day nationwide manhunt.

Result:
On August 24, 2015, as part of a pretrial agreement in a judge-alone general court-martial at Scott AFB, Illinois, Helm pleaded guilty to sexual assault and desertion. Helm was sentenced to 25 years of confinement, reduction to E-1, forfeiture of all pay and allowances, a dishonorable discharge, and was required to register as a sex offender.

Airman Sentenced to 50 Years for Unlawful Sexual Acts With Numerous Children

Overview:
This investigation was initiated by AFOSI in May 2013 after receiving notification from the Virginia Beach Police Department, Virginia Beach, Virginia, that Airman First Class Jacob Chambers was involved in an online relationship of a sexual nature with a 12-year-old female. Subsequent investigation revealed Chambers received child pornography from the victim, as well as another previously unidentified 14-year-old victim. Prior to trial, a prosecutor's interview of Chambers' family identified an additional victim when interviews revealed Chambers had repeatedly engaged in unlawful sexual acts with an 11-year-old child over a 4-year period.

Result:
On October 1, 2015, during a judge-alone general court-martial at Robins AFB, Georgia, Chambers pleaded guilty to numerous specifications of sexual assault of a child and receipt of child pornography. He was sentenced to 50 years of confinement, reduction in rank to E-1, forfeiture of all pay and allowances, a dishonorable discharge, and was required to register as a sex offender.

Murder for Hire Thwarted

Overview:
In March 2015, AFOSI at Tinker AFB, Oklahoma, initiated an investigation after Staff Sergeant Elijah Langhorne conspired and accepted $2,600 from Staff Sergeant Steven J. Bailey to commit a murder for hire. If the murder was successful, Bailey would have avoided paying $19,000 in delinquent child support to his ex-girlfriend. An investigation determined that Langhorne initially committed arson on the target's residence in 2014 but failed to kill her. After the failed arson attempt, Langhorne provided Bailey a firearm and suppressor. They continued to plan the murder until unwittingly hiring and providing the firearm to an undercover AFOSI agent to commit the murder on their behalf. The undercover investigation prevented the impending homicide. Subsequent investigation also revealed Langhorne used and distributed anabolic steroids, a controlled substance.

Result:
On November 20, 2015, Langhorne was found guilty during a general court-martial at Tinker AFB, Oklahoma, of aggravated arson, conspiracy to commit premeditated murder, and the use and distribution of a controlled substance. He was sentenced to 12 years' confinement, reduction in rank to E-1, forfeiture of all pay and allowances, and a dishonorable discharge. On January 7, 2016, Bailey pleaded guilty as part of a pre-trial agreement to conspiracy to commit premeditated murder, illegal possession of a silencer and solicitation to commit murder. He was sentenced to 50 years' confinement, reduced to a period not to exceed 30 years' confinement under the agreement, reduction in rank to E-1, forfeiture of all pay and allowances, and a dishonorable discharge.

INSPECTOR GENERAL

DEPARTMENT OF DEFENSE

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.

REFERENCES	REQUIREMENTS	PAGE
Section 4(a)(2)	"review existing and proposed legislation and regulations...make recommendations..."	56
Section 5(a)(1)	"description of significant problems, abuses, and deficiencies..."	8–54
Section 5(a)(2)	"description of recommendations for corrective action...with respect to significant problems, abuses, and deficiencies..."	8–54
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."	8–54
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.	77–84
Section 5(a)(7)	"a summary of each particularly significant report..."	8–54
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..."	86
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..."	86
Section 5(a)(10)	"a summary of each audit report, inspection report, and evaluation report issued before the commencement of the reporting period for which no management decision has been made by the end of reporting period..."	86
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 05(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..."	111
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..."	111
Section 5(a)(16)	"A list of any peer reviews conducted by DoD OIG of another IG Office 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..."	111
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..."	87
Section 5(b)(3)	statistical tables showing the total number of audit, inspection, and evaluation reports and the dollar value of recommendations that funds be put to better use by management agreed to in a management decision...	87
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..."	91–103
Section 5 note	"an annex on final completed contract audit reports...containing significant audit findings."	104–110
Section 8(f)(1)(A)-(B)	"Information concerning the number and types of contract audits"	88
	"any Department of Defense audit agency that...received a failed opinion from...or is overdue for an external peer review..."	N/A

AUDIT, INSPECTION, AND EVALUATION REPORTS ISSUED

DoD OIG
www.dodig.mil/PUBS

Army Audit Agency
www.hqda.army.mil/aaaweb

Naval Audit Service
www.secnav.navy.mil/navaudsvc/Pages/default.aspx

Air Force Audit Agency
www.afaa.af.mil

	DoD OIG	Military Departments	Total
Acquisition Processes and Contract Management	27	16	43
Administrative Readiness	0	3	3
Cyber Security	4	5	9
Equipping and Training Afghan Security Forces	2	0	2
External Peer Review	3	0	3
Financial Management	22	29	51
Health and Safety	0	6	6
Infrastructure and Environment	0	26	26
Installation Security	2	0	2
Intelligence	1	0	1
Investigative Oversight	3	0	3
Joint Warfighting and Readiness	4	21	25
The Nuclear Enterprise	1	0	1
Other	4	1	5
Total	**73**	**107**	**180**

Acquisition Processes and Contract Management

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2016-001	Evaluation of Defense Contract Management Agency Actions on Reported DoD Contractor Business System Deficiencies	10/01/2015
DoD OIG	DODIG-2016-003	Space and Naval Warfare Systems Command and Overall Navy Needs to Improve Management of Waiver and Deferral Requests	10/08/2015
DoD OIG	DODIG-2016-004	Army Needs to Improve Contract Oversight for the Logistics Civil Augmentation Program's Task Orders	10/28/2015
DoD OIG	DODIG-2016-005	Follow up on the Actions to Improve the Defense Contract Management Agency's Cost Analysis Function	10/29/2015
DoD OIG	DODIG-2016-011	The Navy Needs to Improve the Management of Parts Required to Sustain the AN/SPY-1 Phased Array Radar System	11/06/2015
DoD OIG	DODIG-2016-019	Small Business Contracting at Marine Corps Systems Command Needs Improvement	11/10/2015
DoD OIG	DODIG-2016-023	Improvements Needed in the Defense Logistics Agency's Evaluation of Fair and Reasonable Prices for C-130 Aircraft Spare Parts (For Official Use Only)	11/16/2015
DoD OIG	DODIG-2016-027	Defense Logistics Agency's Materiel Returns Program Could Be Managed More Effectively	12/02/2015
DoD OIG	DODIG-2016-028	U.S. Army Corps of Engineers, New York District Monitoring of a Hurricane Sandy Contract Needs Improvement	12/03/2015

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2016-029	Quality Control Review of the BKD, LLP FY 2014 Single Audit of MRIGlobal and Related Entities	12/04/2015
DoD OIG	DODIG-2016-033	Improved Oversight Needed for Invoice and Funding Reviews on the Warfighter Field Operations Customer Support Contract at the Joint Multinational Readiness Center	12/14/2015
DoD OIG	DODIG-2016-034	Quality Control Review of the PricewaterhouseCoopers LLP FY 2014 Single Audit of Carnegie Mellon University	12/17/2015
DoD OIG	DODIG-2016-043	Air Force Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance	01/29/2016
DoD OIG	DODIG-2016-044	U.S. Transportation Command Needs Further Improvements to Address Performance Concerns Over the Global Privately Owned Vehicle Contract III	02/03/2016
DoD OIG	DODIG-2016-045	DoD Could Save Millions in Profit Paid to Contractors on DoD Depot Labor (For Official Use Only)	02/08/2016
DoD OIG	DODIG-2016-047	Defense Logistics Agency Did Not Appropriately Determine Fair and Reasonable Prices for F108 Engine Sole-Source Commercial Parts (For Official Use Only)	02/16/2016
DoD OIG	DODIG-2016-048	U.S. Army Central Did Not Implement Controls to Effectively Manage the Shared Cost of Administrative Support Functions in Iraq	02/17/2016
DoD OIG	DODIG-2016-051	Air Force Personnel Can Improve Compliance With the Berry Amendment and Buy American Act	02/24/2016
DoD OIG	DODIG-2016-052	Defense Logistics Agency Aviation Can Improve its Processes to Obtain Restitution From Contractors That Provide Defective Spare Parts	02/23/2016
DoD OIG	DODIG-2016-058	Army Warfighter Information Network–Tactical Increment 2 Procurement Quantity Not Supported for Future Army Forces	03/01/2016
DoD OIG	DODIG-2016-059	U.S. Air Force Spent Billions on F117 Engine Sustainment Without Knowing What a Fair Price Was	03/11/2016
DoD OIG	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	03/16/2016
DoD OIG	DODIG-2016-063	Naval Sea Systems Command Did Not Properly Apply Guidance Regarding Contracting Officer's Representatives	03/18/2016
DoD OIG	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	03/23/2016
DoD OIG	DODIG-2016-067	DoD Components Did Not Properly Use the Acquisition and Cross Service Agreement Automated Tracking and Reporting System	03/24/2016
DoD OIG	DODIG-2016-069	U.S. Army Engineering and Support Center, Huntsville, Price Reasonableness Determinations for Federal Supply Schedule Orders for Supplies Need Improvement	03/29/2016
DoD OIG	DODIG-2016-074	Army Contracting Officials Could Have Purchased Husky Mounted Detection System Spare Parts at Lower Prices (For Official Use Only)	03/31/2016
USAAA	A-2016-0008-IEO	Base Operations Contracting– Fort Meade, Fort Meade, Maryland (For Official Use Only)	11/09/2015
USAAA	A-2016-0012-ALC	Followup Audit of Accession of Military Personnel into Contracting	12/01/2015
USAAA	A-2016-0030-ALC	Audit of Invoicing, Receipt, Acceptance, and Property Transfer Invoice Approval Process	02/10/2016
USAAA	A-2016-0034-ALC	Audit of Contract Oversight, Quality Control, and Accountability-- Program Executive Office for Simulation, Training, and Instrumentation: Contract Administration	02/16/2016
USAAA	A-2016-0039-ALC	Foreign National Contracting Officers	02/22/2016
USAAA	A-2016-0041-MTT	Expeditionary Contracting Material Weakness	02/22/2016
USAAA	A-2016-0050-ALC	Requiring Activity Responsibilities in Contract Administration	03/08/2016
USAAA	A-2016-0052-ALC	Audit of Invoicing, Receipt, Acceptance, and Property Transfer Invoice Approval Process for U.S. Army Contracting Command	03/08/2016
USAAA	A-2016-0053-ALC	Audit of Contract Oversight, Quality Control, and Accountability at the Program Executive Office for Simulation, Training, and Instrumentation--Organizational Structure	03/08/2016
USAAA	A-2016-0055-IEX	Joint Multinational Training Command Contracting	
NAVAUDSVC	N2016-0001	Service Contract Administration at Space and Naval Warfare Systems Center Atlantic	11/03/15
NAVAUDSVC	N2016-0004	Service Contract Administration at Selected Naval Sea Systems Command Activities	11/18/15

Agency	Report Number	Report Title	Date
NAVAUDSVC	N2016-0008	Contract Financing Payments at Supervisors of Shipbuilding, Conversion, and Repair	12/10/15
NAVAUDSVC	N2016-0011	Service Requirements Review Board Process	12/16/15
NAVAUDSVC	N2016-0017	Internal Controls Over the Marine Corps Civilian Law Enforcement Program	01/06/16
AFAA	F-2016-0001-L30000	F-15E Active Electronically Scanned Array Radar Sustainment Planning	03/30/2016

Administrative Readiness

Agency	Report Number	Report Title	Date
USAAA	A-2016-0023-FMF	Independent Auditor's Report for FY 15 American Red Cross Financial Statements	01/07/2016
USAAA	A-2016-0048-ALS	Accountability of Weapons at Army Museums (For Official Use Only)	03/01/2016
USAAA	A-2016-0063-FMR	The Army Managers' Internal Control Program, U.S. Army Materiel Command	03/22/2016

Cyber Security

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2016-026	Cyber Mission Force Teams Need Resources to Perform Missions (Classified)	11/24/2015
DoD OIG	DODIG-2016-032	DoD's Range Capabilities to Conduct Cyber Exercises (Classified)	12/18/2015
DoD OIG	DODIG-2016-038	DoD Needs an Effective Process to IdentiFY Cloud Computing Service Contracts	12/28/2015
DoD OIG	DODIG-2016-068	DoD's Efforts to Consolidate Data Centers Need Improvement	03/29/2016
USAAA	A-2016-0011-IET	Audit of Nontactical Mobile Applications	12/01/2015
USAAA	A-2016-0037-ALA	Audit of Common Computing Environment Capabilities	02/17/2016
USAAA	A-2016-0060-FMP	Command, Control, Communications, Computers, and Intelligence Management in Korea (For Official Use Only)	03/23/2016
USAAA	A-2016-0062-IET	Data Reliability in the Army Portfolio Management Solution, U.S. Army Chief Information Officer/G-6	03/22/2016
NAVAUDSVC	N2016-0013	Managing Personally Identifiable Information at Naval Medical Center, Portsmouth and Naval Hospital, Jacksonville	12/29/15

Equipping and Training Afghan Security Forces

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2016-040	Controls Over Ministry of Interior Fuel Contracts Could be Improved (For Official Use Only)	01/20/2016
DoD OIG	DODIG-2016-055	U.S. Coalition Efforts to Train, Advise, Assist, and Equip Iraqi Sunni Popular Mobilization Forces	02/29/2016

External Peer Review

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2016-007	External Peer Review Report on the Defense Contract Management Agency Office of Independent Assessment Internal Review Team	11/02/2015
DoD OIG	DODIG-2016-031	Summary Report on Audit Quality at the DoD Audit Organizations	12/14/2015
DoD OIG	DODIG-2016-035	External Peer Review Report on the National Guard Bureau Internal Review Office	12/18/2015

Financial Management

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2016-008	Independent Auditor's Report on the DoD Military Retirement Fund FY 2015 and FY 2014 Basic Financial Statements	11/06/2015
DoD OIG	DODIG-2016-009	Independent Auditor's Report on the DoD Medicare-Eligible Retiree Health Care Fund FY 2015 and FY 2014 Basic Financial Statements	11/06/2015
DoD OIG	DODIG-2016-010	Independent Auditor's Report on the Defense Health Agency Contract Resource Management FY 2015 and FY 2014 Basic Financial Statements	11/20/2015
DoD OIG	DODIG-2016-012	Independent Auditor's Report on the Army General Fund FY 2015 and FY 2014 Basic Financial Statements	11/16/2015
DoD OIG	DODIG-2016-013	Independent Auditor's Report on the Army Working Capital Fund FY 2015 and FY 2014 Basic Financial Statements	11/16/2015
DoD OIG	DODIG-2016-014	Independent Auditor's Report on the Department of the Navy General Fund FY 2015 and FY 2014 Basic Financial Statements	11/16/2015
DoD OIG	DODIG-2016-015	Independent Auditor's Report on the Department of the Navy Working Capital Fund FY 2015 and FY 2014 Basic Financial Statements	11/16/2015
DoD OIG	DODIG-2016-016	Independent Auditor's Report on the Air Force General Fund FY 2015 and FY 2014 Basic Statements Financial Statements	11/09/2015
DoD OIG	DODIG-2016-017	Independent Auditor's Report on the Air Force Working Capital Fund FY 2015 and FY 2014 Basic Statements Financial Statements	11/09/2015
DoD OIG	DODIG-2016-020	Independent Auditor's Report on the U.S. Army Corps of Engineers, Civil Works, FY 2015 and FY 2014 Basic Financial Statements	11/16/2015
DoD OIG	DODIG-2016-021	Independent Auditor's Report on the Department of Defense FY 2015 and FY 2014 Basic Financial Statements	11/16/2015
DoD OIG	DODIG-2016-022	Independent Auditor's Report on the Department of Defense FY 2015 and FY 2014 Closing Package Financial Statements	11/17/2015
DoD OIG	DODIG-2016-025	Transmittal of the Disclaimer of Opinion on United States Air Force General Fund Schedule of Budgetary Activity for 2015	11/20/2015
DoD OIG	DODIG-2016-037	Independent Auditor's Report on the Examination of Existence, Completeness, Rights and Obligations, and Presentation and Disclosure of the Defense Logistics Agency Energy, Distribution, and Vendor/Service Managed Inventory	12/22/2015
DoD OIG	DODIG-2016-039	Transmittal of the Disclaimer of Opinion on United States Army General Fund Schedule of Budgetary Activity for FY 2015	01/15/2016
DoD OIG	DODIG-2016-041	Independent Auditor's Report on the FY 2015 DoD Detailed Accounting Report for the Funds Obligated for National Drug Control Program Activities	01/29/2016
DoD OIG	DODIG-2016-042	Independent Auditor's Report on the FY 2015 DoD Performance Summary Report of the Funds Obligated for National Drug Control Program Activities	01/29/2016
DoD OIG	DODIG-2016-054	Navy Controls for Invoice, Receipt, Acceptance, and Property Transfer System Need Improvement	02/25/2016
DoD OIG	DODIG-2016-057	Transmittal of the Disclaimer of Opinion on the Department of the Navy Schedule of Budgetary Activity for FY 2015	02/29/2016
DoD OIG	DODIG-2016-060	DoD Actions Were Not Adequate to Reduce Improper Travel Payments	03/10/2016
DoD OIG	DODIG-2016-064	Other Defense Organizations and Defense Finance and Accounting Service Controls Over High-Risk Transactions Were Not Effective	03/28/2016
DoD OIG	DODIG-2016-066	Improvements Could Be Made in Reconciling Other Defense Organizations Civilian Pay to the General Ledger	03/25/2016
USAAA	A-2016-0005-ALM	Depot Maintenance Requirements--Aviation, U.S. Army Aviation and Missile Life Cycle Management Command (For Official Use Only)	11/06/2015
USAAA	A-2016-0006-FMX	Agreed-Upon Procedures Attestation of Labor Charges at the Korea Programs Relocation Office (For Official Use Only)	11/05/2015
USAAA	A-2016-0017-MTI	Army Foreign Language Requirements, Deputy Chief of Staff, G-2	12/18/2015

Agency	Report Number	Report Title	Date
USAAA	A-2016-0021-IEE	Agreed-Upon Procedures Attestation for U.S. Army Criminal Investigation Command Assist– Defense Travel System Transactions (For Official Use Only)	12/21/2015
USAAA	A-2016-0025-FMF	U.S. Army Forces Command Operation and Maintenance, Army Budget Execution	01/20/2016
USAAA	A-2016-0038-FMX	Audit of Mobilized Soldiers on Temporary Change of Station Orders—Armywide (For Official Use Only)	02/26/2016
USAAA	A-2016-0040-FMX	Housing Allowances for Colocated Married Service members, Defense Travel Management Office	02/23/2016
USAAA	A-2016-0045-FMR	Unauthorized Commitment for U.S. Army Reserve Command, Fort Bragg, North Carolina (For Official Use Only)	02/26/2016
USAAA	A-2016-0047-ALA	Audit of Army Testing Costs, Redstone Test Center (For Official Use Only)	03/09/2016
USAAA	A-2016-0051-MTH	Financial Reporting of Program Executive Office–Owned Assets	03/072016
USAAA	A-2016-0054-FMR	Audit of Financial Audit Readiness in the Military District of Washington	03/08/2016
USAAA	A-2016-0059-MTI	Federal Financial Management Improvement Act Requirements for the General Fund Enterprise Business System for Sensitive Activities (For Official Use Only)	03/17/2016
USAAA	A-2016-0065-FMF	Agreed-Upon Procedures Attestation of Tuition Assistance Program in the Georgia Army National Guard (For Official Use Only)	03/11/2016
USAAA	A-2016-0067-FMF	Audit of the Temporary Disability Retired List	03/24/2016
USAAA	A-2016-0069-FMF	Examination of Federal Financial Management Improvement Act Compliance-Requirements Baseline, Guard Incentive Management System	03/28/2016
NAVAUDSVC	N2016-0002	Allocation of Depot Maintenance Workload between Public and Private Sectors	11/09/2015
NAVAUDSVC	N2016-0003	Followup of Fiscal Management of Gifts at the Naval Post Graduate School	11/13/2015
NAVAUDSVC	N2016-0012	Funding Over Special Projects at Southwest Regional Maintenance Center, San Diego, CA	12/17/2015
NAVAUDSVC	N2016-0019	Personal Property Accountability at U.S. Naval Forces Central Command	01/14/2016
NAVAUDSVC	N2016-0020	Receipt and Acceptance of Goods and Services Purchased at Naval Hospital Camp Pendleton	02/05/2016
NAVAUDSVC	N2016-0021	Internal Controls Over Receipt and Acceptance of Goods and Services at Commander, Navy Installations Command	03/11/2016
NAVAUDSVC	N2016-022	Internal Controls over Contracting at Marine Corps Installations West	03/23/2016
AFAA	F-2016-0001-L10000	Existence and Completeness - Air Force Real Property	03/30/2016
AFAA	F-2016-0001-L20000	Bills of Material for Reparable Parts	10/05/2015
AFAA	F-2016-0001-O10000	Project Management Resource Tools - General Controls	03/30/2016
AFAA	F-2016-0001-O40000	Air Force Reserve Special Tour Man-Day Program Management	03/30/2016
AFAA	F-2016-0002-O10000	Purchase Request Process System - Application Controls	03/30/2016
AFAA	F-2016-0002-O20000	Follow-Up Audit, Dormitory and Family Housing Furnishings Management	03/30/2016
AFAA	F-2016-0003-O20000	Energy Meter Management	03/30/2016

Health and Safety

Agency	Report Number	Report Title	Date
USAAA	A-2016-0002-IEP	Deployment Health Assessments for Civilians	10/15/20165
USAAA	A-2016-0009-MTM	Audit of Transfer of Service Treatment Records--Reserve Component	11/18/2015
USAAA	A-2016-0014-MTM	Implementation of Embedded Behavioral Health Teams, U.S. Army Medical Command	02/09/2016
USAAA	A-2016-0056-MTM	Followup Audit of Implementation of Pain Management Initiatives--Polypharmacy, U.S. Army Medical Command	03/17/2016
USAAA	A-2016-0058-MTM	Audit of Athletic Trainer Programs	03/18/2016
AFAA	F-2016-0001-O20000	Refrigerant Management	03/30/2016

Infrastructure and Environment

Agency	Report Number	Report Title	Date
USAAA	A-2016-0001-IEP	Uncleared Contractor Credentialing and Installation Access Controls (For Official Use Only)	10/16/2015
USAAA	A-2016-0003-IEE	Levee Safety, U.S. Army Corps of Engineers (For Official Use Only)	10/20/2015
USAAA	A-2016-0004-MTM	Followup Audit of Family Readiness Support Assistant Staffing and Utilization, Office of the Assistant Chief of Staff for Installation Management	11/04/2015
USAAA	A-2016-0013-IEO	Audit of Child, Youth, and School Services Background Investigations (For Official Use Only)	12/01/2015
USAAA	A-2016-0018-IEE	Operational Energy: Use of Electrical Grids	12/15/2015
USAAA	A-2016-0020-IEO	Residential Communities Initiative, Fort Bliss and Fort Sam Houston (For Official Use Only)	01/12/2016
USAAA	A-2016-0022-IET	Operational Business Processes, Arlington National Cemetery	01/13/2016
USAAA	A-2016-0024-IEE	Army Metering Program: Funding and Requirements	01/13/2016
USAAA	A-2016-0031-FMP	Construction Quality Oversight–Host Nation Construction Projects, Korea (For Official Use Only)	02/09/2016
USAAA	A-2016-0032-IEO	Audit of Army Recruiting Facilities Leases–U.S. Army Corps of Engineers, New York District (For Official Use Only)	02/12/2016
USAAA	A-2016-0033-FMX	Agreed-Upon Procedures Attestation of U.S. Army Corps of Engineers Mobile District–Latin American Office (For Official Use Only)	02/10/2016
USAAA	A-2016-0035-IEO	Audit of Recruiting Facilities Leases–U.S. Army Corps of Engineers, Los Angeles District (For Official Use Only)	02/18/2016
USAAA	A-2016-0043-IEP	Army Tier 2 and Tier 3 Critical Infrastructure Risk Management Program, Office of the Deputy Chief of Staff, G-3/5/7 (For Official Use Only)	02/25/2016
USAAA	A-2016-0044-IEO	Audit of General and Flag Officer Quarters	03/02/2016
USAAA	A-2016-0049-IEO	Audit of Army Recruiting Facilities Leases–U.S. Army Corps of Engineers, Baltimore District (For Official Use Only)	03/02/2016
USAAA	A-2016-0061-IEO	Agreed Upon Procedures Attestation Review of Selected Controls for Fort Hunter Liggett, Family and Morale, Welfare and Recreation Operations (For Official Use Only)	03/23/2016
USAAA	A-2016-0066-IEP	Antiterrorism and Operations Security Measures in Contract Requirements, Deputy Assistant Secretary of the Army (Procurement) and Office of the Provost Marshal General (For Official Use Only)	03/23/2016
USAAA	A-2016-0068-IEE	Audit of Support Functions for the Recovered Chemical Warfare Material Program	03/28/2016
NAVAUDSVC	N2016-0005	Antiterrorism Force Protection–Commander, Navy Region Northwest Security Force Personnel	11/24/2015
NAVAUDSVC	N2016-0006	Department of the Navy's Military Construction Projects Proposed for Fiscal Year 2017	11/25/2015
NAVAUDSVC	N2016-0007	Navy Ammunition and Explosives Storage Facilities within the Commander, Navy Region Northwest Area of Responsibility	12/09/2015
NAVAUDSVC	N2016-0009	Navy Ammunition and Explosives Storage Facilities within the Commander, Navy Region Northwest Area of Responsibility	12/11/2015
NAVAUDSVC	N2016-0014	Antiterrorism Force Protection–Training and Utilization of Security Personnel at Selected United States Marine Corps Installations	12/29/2015
NAVAUDSVC	N2016-0015	Navy Ammunition and Explosives Storage Facilities within Commander, Navy Region Southeast Area of Responsibility	12/30/2015
NAVAUDSVC	N2016-0016	Antiterrorism Force Protection–Security Force Personnel on Naval District Washington Installations	12/30/2015
NAVAUDSVC	N2016-0018	Navy Ammunition and Explosives Storage Facilities at Naval Support Activity Crane, IN and Naval Station Great Lakes, IL	01/11/2016

Installation Security

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2016-002	DoD Needs a Comprehensive Approach to Address Workplace Violence	10/15/2015
DoD OIG	DODIG-2016-018	Followup Audit: Navy Access Control Still Needs Improvement (For Official Use Only)	11/09/2015

Intelligence

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2016-062	Evaluation of Countering Weapons of Mass Destruction (Classified)	03/21/2016

Investigative Oversight

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2016-006	Evaluation of United States Army Criminal Investigation Command Sexual Assault Investigation	11/10/2015
DoD OIG	DODIG-2016-030	Evaluation of the Military Criminal Investigative Organizations' Violent Crime Investigative Compliance Oversight Management and Inspection Programs	12/11/2015
DoD OIG	DODIG-2016-053	Evaluation of the Defense Agencies' Law Enforcement Divisions' Compliance with the Lautenberg Amendment Requirements and Implementing Guidance	02/23/2016

Joint Warfighting and Readiness

Agency	Report Number	Report Title	Date
DoD OIG	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 (Classified)	11/23/2015
DoD OIG	DODIG-2016-036	Management of Items in the Defense Logistics Agency's Long-Term Storage Needs Improvement	12/22/2015
DoD OIG	DODIG-2016-050	Chemical and Biological Training for Army and Marine Corps Units in the Republic of Korea Needs Improvement	02/24/2016
DoD OIG	DODIG-2016-056	The Army Did Not Fully Document Procedures for Processing Wholesale Equipment in Kuwait	02/24/2016
USAAA	A-2016-0007-MTI	Recruiting and Training, Military Intelligence Civilian Excepted Career Program	11/10/2015
USAAA	A-2016-0010-ALS	Storage and Reutilization of Army Property at Sierra Army Depot	11/18/2015
USAAA	A-2016-0015-ALM	Depot-Level Maintenance Workload Reporting–FY14	12/07/2015
USAAA	A-2016-0016-IEX	Training Operations in Europe (For Official Use Only)	12/17/2015
USAAA	A-2016-0026-ALS	Use of Rechargeable Batteries–Bradley Fighting Vehicles	01/20/2016
USAAA	A-2016-0027-MTT	Institutional Training Population Management, Office of the Deputy Chief of Staff, G-1 and U.S. Army Training and Doctrine Command	02/09/2016
USAAA	A-2016-0028-ALS	Audit of Weapons Accountability, Logistics Readiness Center, West Point, New York (For Official Use Only)	02/01/2016
USAAA	A-2016-0029-ALA	Audit of Mine Resistant Ambush Protected Fleet Management (For Official Use Only)	02/04/2016
USAAA	A-2016-0036-ALS	Excess Management and the Clean Sweep Program	02/17/2016
USAAA	A-2016-0042-ALS	Management of Organizational Clothing and Individual Equipment	02/23/2016
USAAA	A-2016-0057-ALM	Followup Audit of Army Prepositioned Stocks, CONUS Storage (For Official Use Only)	03/17/2016
USAAA	A-2016-0064-IEX	Audit of Disposition of Excess Equipment and Materiel in Europe, Mission Rehearsal Exercise Equipment Authorizations	03/24/2016
USAAA	A-2016-0070-MTH	Army National Guard Strong Bonds Program	03/29/2016

Agency	Report Number	Report Title	Date
NAVAUDSVC	N2016-0010	Marine Corps Hearing Conservation Program Followup	12/14/15
AFAA	F-2016-0001-L40000	Priority Spare Parts Reclamation	03/30/2016
AFAA	F-2016-0001-O30000	Individual Deployment Equipment	03/30/2016
AFAA	F-2016-0002-L20000	Maintenance Unit Type Codes	10/06/2015
AFAA	F-2016-0002-O30000	Support to Civil Authorities	03/30/2016
AFAA	F-2016-0002-O40000	Aeromedical Evacuation Training and Funding (For Official Use Only)	03/30/2016
AFAA	F-2016-0003-L20000	F101 Engine Management	03/30/2016
AFAA	F-2016-0004-L20000	Air Force Repair Enhancement Program	03/30/2016

The Nuclear Enterprise

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2016-049	Summary of Nuclear Enterprise Weaknesses Identified in DoD OIG Reports Issued from September 30, 2010 to June 18, 2015 (Classified)	02/17/2016

Other

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2016-046	Classified Report (Classified)	02/19/2016
DoD OIG	DODIG-2016-070	Section 847 Requirements for Senior Defense Officials Seeking Employment with Defense Contractors	03/31/2016
DoD OIG	DODIG-2016-071	Assessment of DoD Voting Assistance Programs for Calendar Year 2015	03/31/2016
DoD OIG	DODIG-2016-073	Classified Report (Classified)	03/30/2016
AFAA	F-2016-0004-O20000	Air Force Common Output Level Standards	03/30/2016

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

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

Reports Issued		Questioned Costs	Funds Put to Better Use
DODIG-2016-011 The Navy Needs to Improve the Management of Parts Required to Sustain the AN/SPY–1 Phased Array Radar System	11/05/2015		$59,600,000
DODIG-2016-027 Defense Logistics Agency's Materiel Returns Program Could Be Managed More Effectively	12/22/2015	$9,300,000	
DODIG-2016-036 Management of Items in the Defense Logistics Agency's Long-Term Storage Needs Improvement	12/22/2015	$17,900,000	
DODIG-2016-044 U.S. Transportation Command Needs Further Improvements to Address Performance Concerns Over the Global Privately Owned Vehicle Contract III	02/03/2016		$5,000,000
DODIG-2016-052 Defense Logistics Agency Aviation Can Improve its Processes to Obtain Restitution From Contractors That Provide Defective Parts	02/23/2016		$12,300,000
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	03/16/2016	$1,073,703	$534,188
DODIG-2016-074 Army Contracting Officials Could Have Purchased Husky Mounted Detection System Spare Parts at Lower Prices (For Official Use Only)	03/31/2016	$27,032,431	
Total		**$1,598,273,703**[1]	**$82,442,085**[2]

1. A For Official Use Only report that is not listed identified questioned costs of $1.57 billion.
2. A For Official Use Only report this is not listed identified funds put to better use of $5 million.

* Partially fulfills the requirement of the Inspector General Act of 1978, as amended, 5 U.S.C., appendix, section 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.	41	$2,033,520
B. Which were issued during the reporting period.	73	$1,707,748[1]
Subtotals (A+B)	114	$3,741,268
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.	83	$2,171,126[2, 3]
D. For which no management decision has been made by the end of the reporting period.	31	$1,570,142[4]
Reports for which no management decision was made within 6 months of issue (as of March 31, 2016).	4[6]	$142[5]

1. DoD IG issued audit reports during the period involving $1.6 billion in "questioned costs."
2. On these audit reports management has agreed to take the recommended actions, but the amount of agreed monetary benefits cannot be determined until those actions are completed.
3. Includes $288 million in "questioned costs."
4. Includes $1.57 billion in "questioned costs."
5. Includes $142 thousand in "questioned costs."
6. DoD IG Report Nos. DODIG-2014-001, "MV-22 Squadrons Could Improve Reporting of Mission Capability Rates and Readiness," DODIG-2014-044, "Improvements Are Needed in Contractor Oversight, Mission Security, and Personnel Safety for the Afghanistan Rotary Wing Program Contracts," DODIG-2015-079, "The Navy Has Not Effectively Prepared the Ship-to-Shore Connector for Initial Production," and DODIG-2015-155, "U.S. Forces Korea Service Components Can Improve Management of Individual Protective Equipment," had no decision as of March 31, 2016, but action to achieve a decision is in process.

* Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., appendix, section 5(a)(8),(9) & (10).

FOLLOWUP ACTIVITIES

Status of action on central internal audits period ending March 31, 2016

Status	Number	Funds Put to Better Use ($ in thousands)
DoD OIG		
Action in Progress - Beginning of Period	208	$0
Action Initiated - During Period	86	$2,171,126[1]
Action Completed - During Period	68	$1,335,900
Action in Progress - End of Period	226	$0[2]
Military Departments		
Action in Progress - Beginning of Period	480	$7,174,437[3]
Action Initiated - During Period	107	$1,188,299
Action Completed - During Period	94	$1,261,562
Action in Progress - End of Period	493	$6,154,653

1. The DoD IG opened audit reports during the period involving $288 million in "questioned costs."
2. On certain reports with audit estimated monetary benefits of $33.5 billion, we agreed that the resulting monetary benefits can only be estimated after completion of management action, which is ongoing.
3. Incorporates retroactive adjustments.

* Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., appendix 3, section 5(b)(2) & (3).

CONTRACT AUDIT REPORTS ISSUED[1]

Type of Audit[2]	Reports Issued	Dollars Examined ($ in millions)	Questioned Costs[3] ($ in millions)	Funds Put to Better Use ($ in millions)
Incurred Costs, Operations Audits, Special Audits	1,000	$72,465.6	$1,580.9	$---[4]
Forward Pricing Proposals	335	$24,332.6	---	$1,628.1[5]
Cost Accounting Standards	136	$9.0	$.8	---
Defective Pricing	9	(Note 6)	$14.6	---
Totals	**1,480**	**$96,807.2**	**$1,596.3**	**$1,628.1**

1. This schedule represents Defense Contract Audit Agency (DCAA) contract audit reports issued during the six months ended March 31, 2016. This schedule includes any audits that DCAA performed on a reimbursable basis for other government agencies and the associated statistics may also be reported in other OIGs' Semiannual Reports to Congress. Both "Questioned Costs" and "Funds Put to Better Use" represent potential cost savings. Because of limited time between availability of management information system data and legislative reporting requirements, there is minimal opportunity for DCAA to verify the accuracy of reported data. Accordingly, submitted data is subject to change based on subsequent DCAA authentication. The total number of assignments completed during the six months ended March 31, 2016 was 5,057. 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:
   Incurred 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, and/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.

* Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, Section 8(f)(1).

STATUS OF ACTION ON POST-AWARD CONTRACTS[1]

	Number of Reports	Costs Questioned[6] ($ in millions)	Costs Sustained[7] ($ in millions)
Open Reports			
Within Guidelines[2]	451	$2,527.9	N/A[8]
Overage, greater than 6 months[3]	684	$4,966.0	N/A
Overage, greater than 12 months[4]	415	$3,060.7	N/A
In Litigation[5]	164	$1,003.2	N/A
Total Open Reports	1,714	$11,557.8	N/A
Closed Reports	412	$1,722.3	$447.4 (26.0%)[9]
All Reports	2,126	$13,280.1	

1. This schedule represents the status of DCAA reports on incurred costs, defective pricing, equitable adjustments, accounting and related internal control systems, and noncompliances with the Cost Accounting Standards as reported by DoD Components. The status of action on significant post-award contract audits is reported by the DoD Components in accordance with DoD Instruction 7640.02, "Policy for Follow-up on Contract Audit Reports", April 15, 2015. The DoD OIG have not verified the accuracy of the reported data.
2. 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.
3. These reports have not been resolved and the 6-month OMB Circular A-50 deadline has passed.
4. These reports have not been dispositioned and the 12-month DoD Instruction 7640.02 deadline has passed.
5. Of the 164 reports in litigation, 22 are under criminal investigation.
6. Costs Questioned represent the amount of audit exception, potential cost avoidance, or recommended price adjustment in the audit report.
7. Cost Sustained represents the questioned costs, potential cost avoidance, or recommended price adjustment sustained by the contracting officer.
8. 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 when reporting data on open reports.
9. Contracting officers sustained $447.4 million (26 percent) of the $1,722.3 million questioned as a result of significant post-award contract audits during the period. The contracting officer sustention rate of 26.0 percent represents a decrease from the sustention rate of 31.3 percent for the prior reporting period.

* Fulfills requirement of DoD Instruction 7640.02, "Policy for Follow-up on Contract Audit Reports", Enclosure 2, Section (1)(d).

STATUS OF ACTION ON POST-AWARD CONTRACTS (CONT'D)

	Number of Reports	Costs Questioned[6] ($ in millions)	Costs Sustained[7] ($ in millions)
Closed Reports-Previously Reported	440	$1,271.1	$407.5 (32.1%)[9]
Closed Reports-Adjusted	475	1,361.5	432.6 (31.7%)

Correction to Appendix F of the March 31, 2015, Semiannual Report

We recently discovered an error within Appendix F of the March 31, 2015, Semiannual Report. One of the DoD Components did not include 35 closed audits in its reporting of post award contract audits for the period ended March 31, 2015. The error resulted in the understatement of reported costs questioned and questioned cost sustained for closed audits. The DoD Component stated that it has implemented controls to help prevent future reporting errors. The table below shows the previously reported amounts and the adjusted amounts after inclusion of the 35 closed audits.

STATUS OF REPORTS WITH ACTION PENDING (MARCH 31, 2016)[1,2]

Report: D-2006-077, DoD Personnel Security Clearance Process at Requesting Activities, 04/19/2006
Description of Action: Update DoD 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: Volume I of DoD Manual 5200.02 required a second formal coordination due to extended amount of time since completion of initial formal coordination. Subsequently, volumes I and II were consolidated per General Counsel request. Formal coordination was completed in December 2014. The Manual is expected to complete Legal Sufficiency Review by May 2016. Interim Air Force guidance was issued in November 2015 pending completion of formal guidance. The Army Regulation 380-67 revision is on hold by the Army Judge Advocate General pending publication of revised DoD guidance.
Principal Action Office: Under Secretary of Defense for Intelligence, Army, and Air Force

Report: D-2009-062, Internal Controls Over DoD Cash and Other Monetary Assets, 03/25/2009
Description of Action: Improve internal controls over cash and other monetary assets by establishing a special control account, developing policies and procedures, and monitoring cash usage. Develop noncash methods of payment for contingency operations.
Reason Action Not Completed: Corrective actions cannot be implemented until coordination with OMB and/or the Department of the Treasury is complete. Extensive coordination needed between DoD and its Components, and with the Department of Treasury and OMB.
Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer and Defense Finance and Accounting Service

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: Extensive time required to coordinate and issue guidance.
Principal Action Office: Under Secretary of Defnese for Acquisition, Technology, and Logistics

Report: D-2010-026, Joint Civilian Orientation Conference Program, 12/09/2009
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: A rewrite of DoD Instruction 5410.19 is underway.
Principal Action Office: Assistant Secretary of Defense for Public Affairs

Report: D-2010-028, Rapid Acquisition and Fielding of Materiel Solutions by the Navy, 12/15/2009
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Lack of management emphasis.
Principal Action Office: Navy

Report: D-2010-081, Army Use of Time-and-Materials Contracts in Southwest Asia, 08/27/2010
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 reviewing the task orders and the auditing of incurred costs.
Principal Action Office: Army

Report: D-2011-060, Marine Corps Inventory of Small Arms Was Generally Accurate but Improvements Are Needed for Related Guidance and Training, 04/22/2011
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 5200.08, "Security of DoD Installations and Resources" and DoD Instruction 5200.08-R "Physical Security Program." These DoD policy documents provide DoD-level physical security policy to the Services and influence the entire contents of Marine Corps Order 5530.14A.
Principal Action Office: Navy

1. Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, Section 5(b)(4).
2. For this reporting period, there were disallowed costs of $22.4 billion on reports over 12 months old with final action pending.

Report: D-2011-096, Improvements Are Needed to the DoD Information Assurance Vulnerability Management Program, 08/12/2011
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Extensive time needed to obtain legal review.
Principal Action Office: DoD Chief Information Officer

Report: D-2011-104, Pricing and Escalation Issues Weaken the Effectiveness of the Army Contract With Sikorsky to Support the Corpus Christi Army Depot, 09/08/2011
Description of Action: Obtain refunds from Sikorsky for pricing and excessive escalation.
Reason Action Not Completed: Based upon the conclusion of the Department of Justice settlement process, the contracting officer requested that a DCAA post-award audit be completed; it was delayed by direction of the Department of Justice. Also, the contractor has been slow in providing data requested by DCAA to support the audit. DCAA has requested and received approval from the Army Contracting Command–Redstone Arsenal to extend the due date for the post-award audit.
Principal Action Office: DCMA 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, 11/03/2011
Description of Action: Request that Sikorsky provide a refund of excessive profits charged on purchases from the DLA.
Reason Action Not Completed: Long-term corrective actions are ongoing.
Principal Action Office: Army

Report: DODIG-2012-007, Acquisition of the Multi-Platform Radar Technology Insertion Program Needs Transparency and Accountability, 11/02/2011
Description of Action: Update the Acquisition Strategy before Milestone C, and update the Global Hawk Block 40 Test and Evaluation Master Plan.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2012-017, U.S. Naval Academy Officials Did Not Adhere to Contracting and Gift Policies, 11/07/2011
Description of Action: The U.S. Naval Academy will revise guidance, improve controls, and implement computer software systems covering in-kind gifts and sponsorship funds.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Navy

Report: DODIG-2012-039, Summary Report on DoD's Management of Undefinitized Contractual Actions, 01/13/2012
Description of Action: Develop a transparent means to document incurred costs and reduced cost risk related to substantial incurred costs during undefinitized periods.
Reason Action Not Completed: The original DFARS case has been subsumed under a new DFARS case to address a broader effort to review and modify the Department's profit guidelines.
Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2012-050, Improvements Needed With Host-Based Intrusion Detection Systems, 02/03/2012
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Improvements to multiple systems and configuration processes are ongoing.
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, 02/27/2012
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: Long-term corrective actions are in process.
Principal Action Office: Air Force

Report: DODIG-2012-064, Vulnerability and Risk Assessments Needed to Protect Defense Industrial Base Critical Assets, 03/13/2012
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Long-term corrective actions are ongoing.
Principal Action Office: Assistant Secretary of Defense for Homeland Defense and Americas' Security Affairs

Report: DODIG-2012-066, General Fund Enterprise Business System Did Not Provide Required Financial Information, 03/26/2012
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-2012-082, DoD Can Improve Its Accounting for Residual Value From the Sale of U.S. Facilities in Europe, 05/04/2012
Description of Action: Guidance will be revised to accommodate new legislation.
Reason Action Not Completed: Corrective actions are in process.
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, 05/29/2012
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, 05/22/2012
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, 06/05/2012
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: One recommendation is in the resolution process.
Principal Action Office: DLA

Report: DODIG-2012-102, Cost-Control Measures Are Needed on the Army's Cost-Reimbursable Services Contract for Logistics Support of Stryker Vehicles, 06/18/2012
Description of Action: Conduct a Business Case Analysis of the logistics support approach that will consider the type of support (contractor versus organic) as well as identify potential metrics.
Reason Action Not Completed: Extensive time required to complete the Business Case Analysis.
Principal Action Office: Army

Report: DODIG-2012-107, Data and Processes supporting the Fund Balance with Treasury Reconciliation for Other Defense Organizations, 07/09/2012
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' accounting systems; and monthly transaction level reconciliations for the Other Defense Organizations. Also, develop an agreement that designates responsibility for remediating transactions that have remained unmatched since 2007.
Reason Action Not Completed: Long-term corrective actions are still ongoing.
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, 07/02/2012
Description of Action: The Director, National Guard Bureau-J3, will develop a written oversight plan 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: Policy continues to be staffed.
Principal Action Office: NGB

Report: DODIG-2012-117, General Fund Enterprise Business System Project Office Contract Modifications, 08/14/2012
Description of Action: Ensure that the DFARS properly references the DoD FMR as the appropriate policy mechanism for financing Economy Act Orders with non-DoD agencies. Revise the DFARS to include a section on how to properly monitor interagency acquisitions.
Reason Action Not Completed: Long-term corrective actions are in process.
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, 08/29/2012
Description of Action: Require each office implementing Homeland Security Presidential Directive-12 (HSDP-12) to provide full oversight and accountability. Require Services and DoD agencies to report to the Under Secretary of Defense for Personnel and Readiness on the status of their efforts. Report on facilities' physical access control systems compliance with Federal Information Processing Standard 201. Require the completion of site surveys that address all mission requirements and infrastructure limitations.
Reason Action Not Completed: Use of the Defense Property Accountability System to inventory and manage physical access control equipment, and promulgation of a memorandum establishing accountability for physical security equipment both have been delayed by changes to overarching guidance. A directive paragraph will be included in the Navy Physical Security and Law Enforcement Policy to include the requirement for installation officials to be included in the site survey. Marine Corps actions have been deferred until a DoD-compliant enterprise access control solution is fielded.
Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Under Secretary of Defense for Intelligence, Navy, and Marine Corps

Report: DODIG-2012-135, Counter Narcoterrorism Technology Program Office's Mi-17 Overhaul Contracts, 09/27/2012
Description of Action: Review analyses of costs to ensure correctness; withhold payments to the contractor until costs have been verified as correct.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Army

Report: DODIG-2012-137, U.S. Pacific Command's Petroleum War Reserve Requirements and Stocks, 09/26/2012
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 biannually.
Reason Action Not Completed: DoD Manual 4140-25 is expected to be issued in FY 2016.
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 and Low Intensity Conflict

Report: DODIG-2013-019, Defense Institution Reform Initiative Program Elements Need to Be Defined, 11/09/2012
Description of Action: Issue guidance that defines the Defense Institution Reform Initiative Program's mission and goals, program strategy, and performance measures; defines defense institution building roles and responsibilities; and implements procedures that require the coordination of the defense institution building program's mission and goals, program strategy, and performance measures with other security cooperation activities.
Reason Action Not Completed: Development of DoD instruction on defense institution building was delayed due to extensive informal coordination with the Geographic Combatant Commands, Joint Staff, and other key stakeholders. Progress continues on development of Defense Institution Building implementing guidance, to include performance metrics.
Principal Action Office: Under Secrtary of Defense for Policy

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: Corrective actions are on schedule.
Principal Action Office: Air Force and National Security Agency

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, 01/14/2013
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Long-term corrective actions are ongoing.
Principal Action Office: Army

Report: DODIG-2013-050, Recovering Organizational Clothing and Individual Equipment From Civilians and Contractor Employees Remains a Challenge, 02/22/2013
Description of Action: Implement procedures to recover organizational clothing and individual equipment from civilians and contractor employees.
Reason Action Not Completed: Long-term corrective actions are in process.
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, 03/20/2013
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: DLA

Report: DODIG-2013-063, Award and Administration of Performance-Based Payments in DoD Contracts, 04/08/2013
Description of Action: Issue guidance requiring contracting personnel to determine whether the contractor can obtain private financing at a reasonable rate before allowing performance-based payments financing.
Reason Action Not Completed: Corrective actions are ongoing and on schedule.
Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2013-070, Defense Agencies Initiative Did Not Contain Some Required Data Needed to Produce Reliable Financial Statements, 04/19/2013
Description of Action: Revise DoD FMR 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: Long-term corrective actions are still ongoing.
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, 04/24/2013
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Long-term corrective actions are ongoing.
Principal Action Office: DLA

Report: DODIG-2013-078, TRICARE Management Activity Needs to Improve Oversight of Acquisition Workforce, 05/01/2013
Description of Action: Perform a comprehensive review of Tricare Management Activity's compliance with the recommendation to develop a time-phased plan for all acquisition workforce personnel who did not attain position required certifications within allowed timeframes to obtain certifications, and, as appropriate, initiate administrative action to remove them from acquisition related positions.
Reason Action Not Completed: Long-term corrective actions are ongoing.
Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2013-083, Efforts To Minimize Improper Payments for the Shipment of Household Goods Were Generally Effective But Needed Improvement, 05/15/2013
Description of Action: Use General Services Administration data to improve compliance, and implement automated controls over the input of ousehold goods information.
Reason Action Not Completed: Long-term corrective actions are in process.
Principal Action Office: U.S. Transportation Command

Report: DODIG-2013-084, Increased Procurement Quantity for CH-53K Helicopter Not Justified, 05/31/2013
Description of Action: Perform a requirements analysis, an affordability assessment, and, before the low-rate initial production, submit any increases in quantity beyond 156 CH-53K aircraft to the Joint Requirements Oversight Council for review and decision.
Reason Action Not Completed: The requirements analysis has been completed and the affordability study is expected to be finished early this year.
Principal Action Office: Marine Corps

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, 06/26/2013
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-2013-100, Contract Administration of the Subsistence Prime Vendor Contract for Afghanistan Improved, but Additional Actions are Needed, 07/02/2013
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: DLA

Report: DODIG-2013-102, Improved Oversight of Communications Capabilities Preparedness Needed for Domestic Emergencies, 07/01/2013
Description of Action: Establish oversight procedures, including performance metrics, to verify that National Guard units perform regular preventive maintenance procedures for the Joint Incident Site Communications Capability system and report the readiness status of personnel and equipment for the Joint Incident Site Communications Capability system in a timely manner. The Joint Command, Control, Communications, Computers Coordination Center will track on a quarterly basis the number of trained Joint Incident Site Communications Capability system operators available in each state or territory with National Guard organization assigned system assets.
Reason Action Not Completed: Corrective actions are on schedule.
Principal Action Office: National Guard Bureau

Report: DODIG-2013-103, Boeing Overstated Contract Requirements for the CH-47F Helicopter, 07/16/2013
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Long-term corrective actions are ongoing.
Principal Action Office: Army

Report: DODIG-2013-119, Better Procedures and Oversight Needed to Accurately Identify and Prioritize Task Critical Assets, 08/16/2013
Description of Action: Report is Classified.
Reason Action Not Completed: Long-term corrective actions are still ongoing.
Principal Action Office: Assistant Secretary of Defense for Homeland Defense and Americas' Security Affairs

Report: DODIG-2013-123, Army Needs To Improve Mi-17 Overhaul Management and Contract Administration, 08/30/2013
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, 09/13/2013
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, 09/16/2013
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-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, 09/23/2013
Description of Action: Revise DoD FMR guidance to clarify the reporting requirement for nonmonetary gifts.
Reason Action Not Completed: Extensive time required to revise DoD FMR, 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: Corrective actions are on schedule.
Principal Action Office: Under Secretary of Defense for Policy and U.S. Africa Command

Report: DODIG-2014-037, Title is For Official Use Only, 02/10/2014
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Corrective actions are on schedule.
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, 02/10/2014
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Corrective actions are on schedule.
Principal Action Office: Air Force

Report: DODIG-2014-048, XM25 Program Management for the Initial Production Decision Needs Improvement, 03/21/2014
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Army

Report: DODIG-2014-049, DoD Considered Small Business Innovation Research Intellectual Property Protections in Phase III Contracts, but Program Improvements Are Needed, 03/27/2014
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: Corrective actions are ongoing.
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, 04/01/2014
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; and 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-2014-054, Defense Logistics Agency Land and Maritime Paid Too Much for High Mobility Multipurpose Wheeled Vehicle Repair Parts, 04/04/2014
Description of Action: Provide training to contracting officials on establishing an effective negotiation position that results in fair and reasonable pricing and include the total amount of improper payments identified in the DLA's next quarterly report on high-dollar overpayments.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: DLA

Report: DODIG-2014-059, DoD Efforts to Meet the Requirements of the Improper Payments Elimination and Recovery Act in FY 2013, 04/15/2014
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, 04/17/2014
Description of Action: The Report is Classified.
Reason Action Not Completed: Corrective actions are on schedule.
Principal Action Office: Air Force

Report: DODIG-2014-064, Improved Management Needed for the F/A-18 Engine Performance-Based Logistics Contracts, 04/25/2014
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2014-066, Logistics Modernization Program System Not Configured to Support Statement of Budgetary Resources, 05/05/2014
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, 05/06/2014
Description of Action: Develop guidance for effectively performing Executive Agent responsibilities in accordance with DoD Directive 5101.1.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Army

Report: DODIG-2014-073, Improvements Needed for Triannual Review Process at Norfolk Ship Support Activity, 05/13/2014
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Awaiting the completion of a Department of Justice investigation.
Principal Action Office: Army

Report: DODIG-2014-075, Navy Officials Innappropriately Managed the Infrared Search and Track Block II Development, 05/16/2014
Description of Action: Report is Classified.
Reason Action Not Completed: Report is Classified.
Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics and Navy

Report: DODIG-2014-076, Opportunities for Cost Savings and Efficiencies in the DoD Permanent Change of Station Program, 05/21/2014
Description of Action: Improve oversight of overpayments made for Service members who exceed their maximum household goods weight entitlements when conducting legacy system multiple shipments.
Reason Action Not Completed: Corrective actions are on schedule.
Principal Action Office: Army

Report: DODIG-2014-081, Army Integrated Air and Missile Defense Program Needs to Improve Software, Test, and Requirements Planning, 06/09/2014
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Long-term corrective actions are ongoing.
Principal Action Office: Army

Report: DODIG-2014-087, Army's Audit Readiness at Risk Because of Unreliable Data in the Appropriation Status Report, 06/26/2014
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: 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, 07/02/2014
Description of Action: Verify that the General Fund Enterprise Business System posting logic documentation is accurate and complete, and use it to validate General Fund Enterprise Business System general ledger account postings.
Reason Action Not Completed: 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, 07/07/2014
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Corrective actions are on schedule.
Principal Action Office: DLA

Report: DODIG-2014-092, Navy and Marine Corps Have Weak Procurement Processes for Cost-reimbursement Contract Issuance and Management, 07/11/2014
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; identify hybrid contracting as a best practice within the contracting competency; update contracting policies; establish better communication channels; and develop controls to ensure that a COR is assigned to each contract at contract award.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Navy and Marine Corps

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: Due to continued lack of sufficient manpower, contract closeout is now not expected to be completed until August 31, 2016.
Principal Action Office: Army

Report: DODIG-2014-101, Delinquent Medical Service Accounts at Brooke Army Medical Center Need Additional Management Oversight, 08/13/2014
Description of Action: Establish procedures to validate that staff collect accurate and complete demographic and billing patient information before patient discharge; 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 identify the reimbursed and disallowed amounts, the amounts the beneficiaries now are responsible to pay, and request direction on a course of action to eliminate the debt.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2014-102, Government of the Islamic Republic of Afghanistan Needs to Provide Better Accountability and Transparency Over Afghanistan Security Forces Fund Direct Contributions, 08/29/2014
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 (GCSS)–Army Did Not Comply With Treasury and DoD Financial Reporting Requirements, 09/03/2014
Description of Action: Develop and implement processes to validate Global Combat Support System–Army compliance with the DoD FMR, and develop standard operating procedures for using internal controls to ensure complete and accurate DoD Standard Chart of Accounts and Transaction Library data. Also, develop and publish annual Standard Financial Information Structure account guidance showing which account attributes are applicable for each DoD account.
Reason Action Not Completed: Corrective actions are on schedule.
Principal Action Office: Under Secretary of Defense Comptroller/Chief Finanical Officer

Report: DODIG-2014-106, Military Sealift Command Oversight of Excess Spare-Parts Inventory and Purchases for Sealift Program Roll-On/Roll-Off Ships Needs Improvement, 09/09/2014
Description of Action: Establish controls to ensure contractors follow contract requirements regarding competition for the purchase of reimbursable items.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Navy

Report: DODIG-2014-110, Ontic Engineering and Manufacturing Overcharged the Defense Logistics Agency for Sole-Source Spare Parts, 09/15/2014
Description of Action: Review all sole-source spare parts purchased from the contractor from October 1, 2012, to the present, to identify any potential overpricing, and determine whether the requirements for a voluntary refund were met.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: DLA

Report: DODIG-2014-112, Delinquent Medical Service Accounts at William Beaumont Army Medical Center Need Additional Management Oversight, 09/16/2014
Description of Action: Provide the results of the internal review, planned corrective actions, and collection efforts upon completion of the internal review for the remaining open delinquent medical service accounts.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Army

Report: DODIG-2014-114, Attestation of DoD Compliance With Service Contract Inventory Compilation and Certification Requirements for FY 2012, 09/18/2014
Description of Action: Provide an update on the status, including time frames, for staffing the Total Force Management Support Office and finalizing the service contract review form.
Reason Action Not Completed: Corrective actions are on schedule.
Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2014-118, Continuation of Audit of Mi-17 Cockpit Modifications Under Task Order W58RGZ-09-D-0130-0102, 09/19/2014
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Corrective actions are on schedule.
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, 09/22/2014
Description of Action: Establish and monitor C-130J-unique, performance-based, logistics inventory control metrics on the performance-based logistics contracts. Also, revise DoD Manual 4140.01, Volume 6, to require contractors managing Government inventory under performance-based logistics contracts to report, on a biannual basis, inventory requirements for Government inventory, and existing and excess Government inventory data against those requirements.
Reason Action Not Completed: Corrective actions are on schedule.
Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logisitics, and Air Force

Report: DODIG-2014-120, Acquisition Practices Used at United States Marine Corps Program Executive Officer Land Systems: Program Manager Medium and Heavy Tactical Vehicles, 09/22/2014
Description of Action: Perform additional testing to identify system configuration and component changes to address the safety risks identified with the automatic fire extinguishing systems and increase the system's effectiveness before awarding a contract and procuring additional systems. Also, revise system performance specifications to require additionally procured systems to meet impulse noise requirements.
Reason Action Not Completed: A final decision is pending on an initiative for Program Objective Memorandum-17 in support of automatic fire extinguishing systems testing and procurement.
Principal Action Office: Navy

Report: DODIG-2014-123, Air Force Did Not Justify the Need for MQ-9 Reaper Procurement Quantities, 09/30/2014
Description of Action: Perform and document comprehensive analyses to determine the necessary quantity of MQ-9 aircraft, validate cost and quantity changes, and update MQ-9 aircraft production documents.
Reason Action Not Completed: Corrective actions are on schedule.
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, 09/29/2014
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 DLA. Also, develop Army-wide policy and establish controls on monitoring and updating depot overhaul factors consistently.
Reason Action Not Completed: Long-term corrective actions are ongoing.
Principal Action Office: Army

Report: DODIG-2015-008, Followup Audit: Enterprise Blood Management System Not Ready for Full Deployment, 10/23/2014
Description of Action: Continue efforts to ensure that in-transit inventory is not counted twice in the Enterprise Blood Management System and develop and implement the Blood Management Blood Bank Transfusion Services interface capability with Composite Health Care System. Also, evaluate how Enterprise Blood Management System, Theater Blood capability, and any other DoD information technology blood product capabilities would benefit from being interoperable as an information technology portfolio.
Reason Action Not Completed: Corrective actions are ongoing.
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 DLA's Procure-to-Pay phases affected by the Enterprise Business System and EProcurement.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Deputy Chief Management Officer

Report: DODIG-2015-029, DoD Needs to Improve Processes for Issuing and Managing Cost-Reimbursement Contracts, 11/07/2014
Description of Action: Issue guidance to reinforce the applicability of the current guidance or clarifying when cost-reimbursement contracts should be approved one level above the contracting officer. Issue guidance to reinforce the current regulations regarding the requirement to consider how a cost-reimbursement contract could transition to a firm-fixed-price contract in the future.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2015-031, The Services Need To Improve Accuracy When Initially Assigning Demilitarization Codes, 11/07/2014
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: Long-term corrective actions are ongoing.
Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

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: Long-term corrective actions are ongoing.
Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2015-044, DoD Needs to Reinitiate Migration to Internet Protocol Version 6, 12/01/2014
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Long-term corrective actions are ongoing.
Principal Action Office: DoD Chief Information Officer

Report: DODIG-2015-045, DoD Cloud Computing Strategy Needs Implementation Plan and Detailed Waiver Process, 12/04/2014
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: Corrective actions are ongoing.
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: Report is Classified.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: U.S. Cyber Command and Navy

Report: DODIG-2015-048, Personnel and Support Needed for Joint Cyber Center Operations at Combatant Commands, 12/09/2014
Description of Action: Report is Classified.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: U.S. Northern Command, U.S. Strategic Command, U.S. Pacific Command, U.S. European Command, U.S. Southern Command, and U.S. Central Command

Report: DODIG-2015-052, Air Force Life Cycle Management Center's Management of F119 Engine Spare Parts Needs Improvement, 12/19/2014
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Corrective actions are ongoing.
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: Review the results of the Department of the Treasury Invoice Processing Platform pilot program at the U.S. Marine Corps to determine whether it should be implemented throughout DoD. Also, revise DoD FMR Volume 6B, Chapter 13 to mandate the use of the Invoice Processing Platform 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, 12/22/2014
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Corrective actions are on schedule.
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: DoD agreed to issue policy to implement the Federal guidelines for Dam Safety.
Reason Action Not Completed: 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-2015-068, DoD Methodologies to Identify Improper Payments in the Military Health Benefits and Commercial Pay Programs Need Improvement, 01/14/2015
Description of Action: Coordinate with OMB to obtain guidance on the testing and reporting requirements of fraudulent payments or indicators of potentially fraudulent payments. Implement processes and procedures to ensure compliance with Improper Payments Information Act reporting requirements and ensure that the reported error rate fully represents all health benefit claims when calculating the Defense Health Agency's overall improper payment error rate.
Reason Action Not Completed: Long-term corrective actions are ongoing.
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, 01/22/2015
Description of Action: Develop standard queries for the budget submitting offices to ensure completeness of data extracted for triannual reviews.
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, 03/04/2015
Description of Action: Develop the medical billing system needed to manage and prioritize delinquent medical service accounts. Validate that the planned system will prioritize delinquent medical service accounts and alert the clerks as to which accounts require follow-up or establish procedures to fully use the centralized receivable service offered by the U.S. Treasury. Address reimbursement issues arising from Medicare and Veteran Affairs claims and difficulties with receiving reimbursement for Medicare and Veteran Affairs services.
Reason Action Not Completed: Corrective actions are on schedule.
Principal Action Office: Navy

Report: DODIG-2015-096, The Army's Information Technology Contracts Awarded Without Competition Were Generally Justified, 03/25/2015
Description of Action: Require refresher training for contracting personnel to fully implement FAR Subpart 5.2, "Synopses of Proposed Contract Actions," and on the use of multiple-award contracts and fully supporting justifications in accordance with FAR subpart 6.3, "Other Than Full and Open Competition."
Reason Action Not Completed: Corrective actions are on schedule.
Principal Action Office: Army

Report: DODIG-2015-103, Independent Auditor's Report on the Attestation of the Existence, Completeness, Rights and Obligations, and Presentation and Disclosure of the Department of the Navy's Afloat Ordnance, 03/31/2015
Description of Action: Report is For Official Use Only.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Under Secretary of Defense for Acquisitions, Technology and Logistics

SECTION 845 ANNEX AUDIT REPORTS WITH SIGNIFICANT FINDINGS

DoD OIG

Audit Report No. DODIG-2016-044	**Date:** February 3, 2016
Subject: U.S. Transportation Command Needs Further Improvements to Address Performance Concerns Over the Global Privately Owned Vehicle Contract III	
Report: $5 million in funds put to better use	
The contracting officer representatives for the Global Privately Owned Vehicle Contract III, certified invoices that did not include unit prices or total billable amount. This occurred because USTRANSCOM contracting staff and Surface Deployment and Distribution Command finance personnel approved an improper invoice process. As a result, Surface Deployment and Distribution Command Finance personnel paid $162 million in potentially improper payments. Additionally, up to $5 million of the $162 million potentially improper payments were overpayments related to 27,283 late delivery payments for which USTRANSCOM may hold the contractor accountable.	

Audit Report No. DODIG-2016-045	**Date:** February 8, 2016
Subject: DoD Could Save Millions in Profit Paid to Contractors on DoD Depot Labor	
Report: The Air Force did not effectively negotiate depot labor profit. Specifically, contracting officials did not adequately reduce or eliminate profit and fees paid for work performed by the depot. As a result, the three contractors will earn millions in profit and fees on low-risk DoD labor. If an alternative partnership type was selected, the Air Force could have eliminated all profit and fees on work performed by the depot. Alternatively, if the current partnership type was assessed and determined appropriate, contracting officials could have reduced profit and fees by $9.6 million by lowering depot profit risk or eliminated $24.9 million in profit and fees on non-repair costs. Without a proper assessment of the partnership type and specific guidance on calculating depot labor profit, contracting officials may not consider reducing these costs in their analysis, profit values will likely remain questionable, and an opportunity to save funds will be missed.	

DCAA

Audit Report No. 6221-2014P17900001	**Date:** October 9, 2015
Subject: Independent Audit Report on Billed Costs for the Period of Performance April 12, 2008 through April 15, 2014	
Prepared For: Department of Homeland Security	
Report: $71.9 Million Questioned Costs	
The audit of the contractor's billed amounts resulted in $71.9 million questioned direct labor costs for prime and subcontract employees because the employees did not meet the education and/or experience qualifications specified in the contract or the hours were billed under labor categories that did not correspondence to the actual tasks performed.	

* Fulfills requirements of the National Defense Authorization Act for FY 2008, section 845.

Audit Report No. 3541-2009O10100001	**Date:** November 25, 2015
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2009	
Prepared For: Defense Contract Management Agency, Administrative Contacting Office	
Report: $56.6 Million Questioned Costs	
The audit of the contractor's incurred cost proposal resulted in $56.6 million questioned costs, including the following significant items: material costs because the costs were misclassified, omitted, or duplicated in the contractor's proposal; and T&M labor costs incurred in prior fiscal years erroneously included in the contractor's FY 2009 proposal.	

Audit Report No. 6321-2009P10100061	**Date:** December 3, 2015
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2009	
Prepared For: U.S. Department of State, Office of Acquisitions Management Contract Audit Group (CAG)	
Report: $122.0 Million Noncompliant Costs	
Due to lack of adequate support for claimed T&M labor, subcontract costs, and a significant number of transactions for other costs, DCAA was not able to perform the necessary audit procedures to render an opinion on the final indirect rate proposal. The limited procedures performed identified $122.0 million of costs noncompliant with FAR including costs for T&M labor, subcontracts, materials and other direct items, fringe benefits, and G&A.	

Audit Report No. 2811-2010E10100002	**Date:** December 7, 2015
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2010	
Prepared For: Defense Contract Management Agency, Cost and Pricing Center	
Report: $46.2 Million Questioned Costs	
The audit of the indirect rate proposal resulted in $46.2 million questioned costs, including the following significant items: $19.2 million of inter-company costs not adequately supported; $8.6 million of IR&D/B&P resulting from significant deviations in the contractor's established practices or not adequately supported; $4.8 million of depreciation/amortization charged indirect that should be directly charged to a specific subcontract; $4.7 million of employee relocation costs not adequately supported; $3.6 million of employee tuition reimbursement inadequately supported or not in compliance with the FAR cost principle for Training and Education costs; and $2.9 million of travel and meal costs incurred for entertainment, for unallowable premium class air fare, or due to inadequate supporting documentation.	

Audit Report No. 9841-2010B10100001	**Date:** December 7, 2015
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2010	
Prepared For: Defense Contract Management Agency, Divisional Administrative Contracting Officer	
Report: $14.6 Million Questioned Costs	
The audit of the contractor's incurred cost proposal resulted in $14.6 million in questioned costs, including the following significant items: $0.2 million of unsupported subcontract cost questioned due to lack of sufficient documentation; $14.0 million of indirect cost of direct employees charging to indirect, due to lack of sufficient documentation; $0.1 million of depreciation costs because the contractor was not able to adequately provide documentation that an asset existed; and $0.2 million for expressly unallowable Tax Gross Up costs.	

Audit Report No. 1251-2015F17200001	**Date:** December 8, 2015
Subject: Independent Audit Report on Claimed Amounts in Certified Claim dated June 11, 2014	
Prepared For: Naval Facilities Engineering Command, Contract Specialist	
Report: $10.4 Million Questioned Costs	
The audit questioned the entire amount of the contractor's claimed costs consisting of $10.4 million of direct material, direct labor, rental equipment, bond premium, and related sales tax and indirect costs because the contractor failed to demonstrate it provided the Contracting Officer the required written notice before performing additional work under the contract, the contractor could not demonstrate the claimed costs were allocable as additional work under the contract, and the contractor could not provide adequate supporting documentation for the additional work under the contract.	

Audit Report Nos. 01241-2009S10100014 / 01241-2010S10100014	**Date:** December 10, 2015
Subject: Independent Audit Report Proposed Amounts on Unsettled Flexibly Priced Contracts for FYs 2009 and 2010	
Prepared For: Defense Contract Management Agency	
Report: $35.0 Million Questioned Costs	
The audit of the final indirect rate proposals resulted in $35.0 million questioned costs, including the following significant items: $8.5 million of legal costs for which no supporting documentation was provided; $3.7 million of professional services costs, $7.5 million of relocation and living allowance expenses, $2.3 million of travel costs, $1.4 million of costs for employee physicals, and $1.2 million of miscellaneous costs for which adequate supporting documentation was not provided; $1.4 million of air fare costs in excess of the lowest available fare or lacking adequate supporting documentation, $1.9 million of allocated costs from home offices and a shared service center due to costs questioned in separate audits of proposals from these segments; and $3.4 million of intercompany costs claimed at provisional rates instead of the final indirect rates.	

Audit Report No. 06811-2008U10100001 & 2009U10100001	**Date:** December 10, 2015
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years (FY) 2008 and 2009	
Prepared For: Defense Contract Management Agency	
Report: $166.1 Million Questioned Costs	
The audit of the contractor's indirect rate proposals resulted in $166.1 million questioned costs, including the following significant items: $89.6 million of direct material costs primarily because the contractor could not provide adequate supporting documentation; $19.5 million of IR&D/B&P because costs were unsupported, supporting documentation contained mathematical errors, or the supporting documentation did not contain sufficient detail; $14.5 million of professional fees because the contractor was unable to provide adequate supporting documentation or the invoices provided did contain sufficient detail; $5.1 million of claimed corporate allocations because the costs did not reconcile with the corporate submission or the costs were questioned in the audit of the corporate submission; $1.6 million of tuition reimbursement costs because the contractor was unable to provide adequate supporting documentation; $1.6 million of bonuses primarily because the contractor could not provide the basis for the awards; $1.7 of IT equipment costs primarily because the costs exceeded the capitalization threshold established in the contractor's disclosed practices and should have been capitalized rather than expensed; and $1.3 million of air fare costs in excess of the lowest available standard coach fare.	

Audit Report No. 1291-2009F10100001	**Date:** December 17, 2015
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2009	
Prepared For: Defense Contract Management Agency	
Report: $22.7 Million Noncompliant Costs	
Because of scope limitations, the audit work was not sufficient to render an opinion on the indirect rate proposal. The limited procedures performed identified $22.7 million of costs noncompliant with FAR including the following significant items: $5.9 million of labor including overtime costs lacking the required pre-approval and unreasonable overseas premium pay; $8.8 million of unallowable or unreasonable material and subcontract costs including freight costs without adequate documentation for the use of non-U.S. Flag carriers, costs for purchases or equipment leases from other than the lowest bidder or for which the contractor did not demonstrate price reasonableness, and lack of documentation for items purchased with petty cash; $5.4 million of local national labor costs not adequately supported with dual language employment agreements and documentation of payment; and $1.1 million of unallowable War Hazard insurance premiums.	

Audit Report No. 3121-2009K10100001/2010K10100001-S1	**Date:** February 11, 2016
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years Ended December 31, 2009 and December 31, 2010	
Prepared For: Defense Contract Management Agency	
Report: $113.5 Million Questioned Costs	
The audit of the contractor's indirect rate proposals resulted in $113.5 million questioned costs, including the following significant items: $61.3 million of corporate costs due primarily to reconciling the costs claimed in the corporate submissions with the contractor's submissions; $19.6 million of occupancy and service center costs allocable to sister companies, subcontractors, or other entities for use of the contractor's facilities or services; $4.8 million due to adjusting the indirect rates applied to IR&D/B&P labor to the audited rates; $9.8 million of fringe expenses due to questioned corporate expenses; $7.3 million of subcontract costs due to the results of assist audits; $2.8 million of costs previously disclosed as improper charges by the contractor but included in the proposal; and $1.6 million of T&M labor due to an error in the proposal or due to intercompany labor billed at the prime contract rates instead of cost.	

Audit Report No. 3221-2010I10100001	**Date:** December 22, 2015
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Years 2009 and 2010	
Prepared For: Defense Contract Management Agency	
Report: $135 Million Questioned Costs	
The audit of the contractor's indirect rate proposal resulted in $135 million questioned costs, including the following significant items: $23.5 million of claimed depreciation expense unrelated to a physical asset or for which adequate supporting documentation was not provided; $29.2 million of outside and professional services costs because adequate supporting documentation was not provided to establish the allowability of the costs or the costs were unallowable grants to universities; $20.6 million of relocation expenses including significant amounts related to unallowable tax assistance, unreasonable costs, and costs mis-classified as relocation; $17.6 million of unreasonable or unallowable severance pay; $16.9 million of unallowable or unreasonable travel costs, $9.3 million of labor and directly associated costs related to mergers and acquisitions, public relations and advertising, contributions and donations and sponsorships; and $7.2 million of claimed facilities capital cost of money (FCCOM) due to questioned net book value of assets included in the computation.	

Audit Report No. 3531-2009L10100001/2010L10100001	**Date:** December 30, 2015
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY's 2009 & 2010	
Prepared For: Defense Contract Management Agency, Cost and Pricing Center	
Report: $11.9 Million Questioned Costs	
The audit of the contractor's indirect rate proposal resulted in $11.9 million questioned costs, including the following significant items: $6.8 million of direct labor relating to unallowable overtime premium or to hours allocated to contracts not on the basis of benefits received or an equitable relationship; $3.6 million of fringe costs related to the questioned direct labor; $0.6 million of accrued electricity costs that should have been reversed when the actual expense was recorded; $0.3 million of depreciation based on a previously negotiated agreement with the Government; $0.5 million of proposed costs in excess of the amount recorded in the contractor's accounting records.	

Report No. 06831-2008M10100001/06831-2009M10100001	**Date:** December 30, 2015
Subject: Independent Report on FYs 2008 and 2009 Proposed Local Amounts on Unsettled Flexibly Priced Contracts	
Prepared For: Defense Contract Management Agency	
Report: $205.6 Million Noncompliant Costs	
DCAA was unable to complete all of the appropriate procedures needed to render an opinion on the indirect rate proposal. The limited procedures performed identified $205.6 million of costs noncompliant with FAR including the following significant items: $84.9 million of direct material costs because the contractor did not provide adequate supporting documentation; $66.0 million of subcontract costs based on questioned costs in assist audit reports; $8.3 million of T&M labor because the contractor could not provide a detailed breakdown of labor categories and associated rates for the claimed costs, could not provide employee resumes, or because one employee did not meet the contractually required education and experience; $7.9 million of direct travel costs due to lack of adequate supporting documentation; $10.2 million of rental facilities due to lack of supporting documentation such as lease documents, rental costs for idle facilities, and unreasonable rental costs that were significantly higher than the market average; and $15.7 million of employee incentive or award payments, severance payments, or transfer expenses due to lack of adequate supporting documentation.	

Audit Report No. 6151-2009N10100001	**Date:** December 31, 2015
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2009	
Prepared For: Defense Contract Management Agency	
Report: $53.6 Million Questioned Costs	
The audit of the contractor's indirect rate proposal resulted in $53.6 million questioned costs, including the following significant items: $36.8 million of direct labor not adequately supported with proof of payment, $7.0 million of subcontract costs not adequately supported, $1.5 million of subcontract labor billed at the prime T&M rates instead of cost; $7.7 million of material costs not specifically approved by the Contracting Officer or other Government activity as required by the contract. In addition, the audit questioned the exclusion of $1.9 million of unallowable costs from the G&A base.	

Audit Report No. 3151-2009E10100162	**Date:** February 23, 2016
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2009 and FY 2010	
Prepared For: Defense Contract Management Agency	
Report: $11.5 Million Questioned costs	
The audit of the contractor's indirect rate proposal resulted in $11.5 million questioned costs, including the following significant items: $5.3 million of proposed T&M labor costs because the costs were incurred in previous accounting periods or were for employees whose qualifications did not meet the contract requirements; and $6.1 million of proposed Other Direct Costs on T&M contracts not recorded in the accounting records.	

Audit Report No. 04531-2008S10100002, 04531-2009S10100001, and 04531-2010S10100001	**Date:** February 25, 2016
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2008, FY 2009, and FY 2010	
Prepared For: Defense Contract Management Agency	
Report: $20.3 Million Questioned Costs	
The audit of the final indirect rate proposals resulted in $20.3 million questioned costs, including the following significant items: $18.9 million of unreasonable labor premiums paid to employees for a commitment to deploy overseas or actually deployed overseas, $0.5 million of amortization expense related to tenant improvements because of questioned fair market value of a building and the incremental borrowing rate used in the expense computation, and $0.3 million of legal expenses due to lack of supporting documentation.	

Audit Report No. 1201-2009L10100404/2010L10100404	**Date:** February 26, 2016
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts and Facilities Capital Cost of Money Submissions for CFYs 2009 and 2010	
Prepared For: Defense Contract Management Agency	
Report: $33.8 Million Questioned Costs	
The audit of the contractor's indirect rate proposal resulted in $33.8 million questioned costs, including the following significant items: $12.6 million of direct material costs because the contractor did not provide adequate supporting documentation to show that the items were required for the contracts charged and that the items were purchased at a reasonable price; $2.6 million of direct travel costs due to inadequate or lack of supporting documentation, unreasonable air fare, and lodging, meals, and incidental expenses in excess of the allowable maximum per diem amounts; $8.8 million of labor costs charged to overhead by direct employees for which the contractor could not provide details of the work performed; and $8.0 million of depreciation expense because the contractor was unable to provide adequate support for the acquisition price of assets.	

Audit Report No. 9841-2009C10100001	**Date:** March 10, 2016
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2009	
Prepared For: Defense Contract Management Agency, Divisional Administrative Contracting Officer	
Report: $146.0 Million Questioned Costs	
The audit of the contractor's incurred cost proposal resulted in $146.0 million questioned costs, including the following significant items: $11.9 million of unsupported indirect labor cost questioned due to lack of sufficient documentation; $1.1 million of indirect cost for Bonus and Awards, for expressly unallowable Tax Gross Up costs unsupported Bonuses/Awards costs and unallowable direct labor costs; $1.5 million in Educational Programs questioned including expressly unallowable costs for programs unrelated to the employee's field of work, unallowable costs for dropped or cancelled courses, and unreasonable and excessive program funding; $1.8 million in Outside and Professional Services questioned due to lack of adequate supporting documentation and due to lack of evidence of the nature and scope of the service provided; $1.5M of Factory Work Orders questioned due to unallocable direct Research & Development contract costs, unallocable legal costs, unsupported costs, and expressly unallowable compensation costs; $0.8 million in Property Tax Expense and Business License Fees questioned as unallocable; $39.0 million of incoming allocations questioned; $0.6 million of Direct Materials questioned as unallowable and as out of period costs; and $87.9 million of Subcontract costs questioned as the subcontractors did not submit incurred cost proposals.	

Audit Report No. 9841-2010C10100001	**Date:** March 10, 2016
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2010	
Prepared For: Defense Contract Management Agency, Divisional Administrative Contracting Officer	
Report: $127.0 Million Questioned Costs for FY2010	
The audit of the contractor's incurred cost proposal resulted in $127.0 million questioned costs, including the following significant items: $13.4 million of unsupported indirect labor cost questioned due to lack of sufficient documentation; $2.9 million in Outside and Professional Services due to lack of adequate supporting documentation and due to lack of evidence of the nature and scope of the service provided; $2.4 million of Factory Work Orders questioned due to unallocable direct Research & Development contract costs, unreasonable costs, unallocable legal costs, unsupported costs, and expressly unallowable compensation costs; $0.8 million in Property Tax Expense and Business License Fees questioned as unallocable; and $106.8 million of Subcontract costs questioned as the subcontractors did not submit incurred cost proposals.	

Audit Report No. 4141-2015E17100002	**Date:** March 17, 2016
Subject: Independent Audit Report on Termination Proposal	
Prepared For: Department of the Army, U.S. Army Corps of Engineers	
Report: $32.5 Million Questioned Costs	
The audit of the termination proposal resulted in $32.5 million questioned costs including $25.5 million of subcontract costs and $4.0 million of direct material costs that were double counted in the proposal, were incurred after termination or during suspensions of work, were not adequately supported by documentation showing that the costs were actually incurred or were incurred for the contract, were for contractually unallowable materials that had been returned to the vendor; and/or were not paid to the subcontractors; and $2.3 million of proposed profit.	

Audit Report No. 2631-2009D10100001	**Date:** March 31, 2016
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2009	
Prepared For: Defense Contract Management Agency	
Report: $29.7 Million Questioned Costs	
The audit of the final indirect rate proposal resulted in $29.7 million questioned costs including the following significant items: $11.5 million of group insurance costs due to allocation errors resulting from a deviation in the contractor's established practices; $9.5 million of direct material and $2.5 million of Other Direct Costs (ODCs) due to lack of documentation such as vendor quotes, price analysis, or purchase orders to support the reasonableness of the costs; $1.4 million of unallowable costs allocated from the corporate office that were booked to allowable accounts and included in the segment's proposed costs in error; and $3.4 million in questioned costs due to errors in the contractor's proposal or due to applying the final fringe rate to unallowable labor costs.	

RESULTS OF PEER REVIEWS

Peer Review of United States Department of Defense Office of Inspector General by United States Postal Service Office of Inspector General

The United States Postal Service Office of Inspector General 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. 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 Department of Energy Office of Inspector General by U.S. Department of Defense Office of Inspector General

DoD OIG conducted an external peer review of the Department of Energy Office of the Inspector General, audit organization and issued a final report on March 29, 2016. Department of Energy, OIG received a peer review rating of pass. There are no outstanding recommendations. A copy of the external quality control review report can be viewed on the Department of Energy OIG website at http://energy.gov/ig/office-inspector-general.

Peer Review of the Defense Contract Management Agency by the Department of Defense Office of Inspector General

DoD OIG conducted an external peer review of the Defense Contract Management Agency (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. There were 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

DoD OIG conducted an external peer review of the system of quality control for the National Guard Bureau Internal Review (NGB IR) Office in effect for the year ended February 28, 2015. The NGB IR 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.

Summary Report on Audit Quality at DoD Audit Organizations by the Department of Defense Office of Inspector General

DoD OIG issued, "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 highlighted systemic issues across the DoD audit organizations, which can be used by them, to share lessons learned and as a training tool to improve systems of quality control at their 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.

* Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, Section 5(a)(14),(15),(16)

ACRONYMS

ACC-RI	U.S. Army Contracting Command–Rock Island
AFAA	Air Force Audit Agency
AFCOLS	Air Force Common Output Level Standards
AFB	Air Force Base
AGEAR	After Government Employment Advice Repository
AI	Administrative Investigations
Army CID	Army Criminal Investigation Command
AFOSI	Air Force Office of Special Investigations
ARCENT	U.S. Army Central
CB	Chemical and Biological
CID	Criminal Investigation Command[1]
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COR	Contracting Officer's Representative
CSTC-A	Combined Security Transition Command–Afghanistan
DCAA	Defense Contract Audit Agency
DCIE-AI	Defense Council on Integrity and Efficiency Administrative Investigations
DCIE	Defense Council on Integrity and Efficiency
DCIO	Defense Criminal Investigative Organization
DCIS	Defense Criminal Investigative Service
DCMA	Defense Contract Management Agency
DFARS	Defense Federal Acquisition Regulation Supplement
DHA	Defense Health Agency
DISL	Defense Intelligence Senior Leader
DLA	Defense Logistics Agency
DOJ	Department of Justice
DOS	Department of State
FAA	Federal Aviation Administration
FAR	Federal Acquisition Regulation
FBI	Federal Bureau of Investigation
FCA	False Claims Act
FMR	Financial Management Regulation
FY	Fiscal Year
GDMA	Glenn Defense Marine Asia PTE, LTD
IG	Inspector General
iRAPT	Invoice, Receipt, Acceptance, and Property Transfer
IRS	Internal Revenue Service
ISIL	Islamic State of Iraq and the Levant
ISO	Investigations of Senior Officials
ISPA	Intelligence and Special Program Assessments
MCIO	Military Criminal Investigative Organization
MCSC	Marine Corps Systems Command
MILCON	Military Construction
MOI	Ministry of Interior
MOTSU	Military Ocean Terminal Sunny Point
NAVAUDSVC	Naval Audit Service
NGB	National Guard Bureau
NCIS	Naval Criminal Investigative Service
NCO	Noncommissioned Officer
OCO	Overseas Contingency Operations
OIG	Office of Inspector General
OFS	Operation Freedom's Sentinel
OIR	Operation Inherent Resolve
OMB	Office of Management and Budget
PMF	Popular Mobilization Force
P&O	Policy and Oversight
PEO	Program Executive Office
SDDC	U.S. Army Military Surface Deployment and Distribution Command
SES	Senior Executive Service
SFC	Sergeant First Class
SIGAR	Special Inspector General for Afghanistan Reconstruction
SPO	Special Plans and Operations
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
U.S.C.	United States Code
USAID	U.S. Agency for International Development
USTRANSCOM	U.S. Transportation Command
WIN-T	Warfighter Information Network–Tactical
WRI	Whistleblower Reprisal Investigations

[1] Criminal Investigation Division when not referring to Army Criminal Investigation Division

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