



Promoting accountability, integrity, and efficiency

DoD IG focuses its efforts on preventing and detecting fraud, waste and abuse, and improving efficiency and effectiveness of DoD programs, operations, and personnel. For a complete listing of our reports, visit us on the Web at www.dodig.mil.

Over \$2.6 Billion Returned (\$1.7 Million Per Employee)

- Achieved Monetary Benefits from Audits – \$736 Million
- Recovered Government Property – \$4 Million
- Civil Judgments/Settlements – \$800 Million
- Criminal Judgments – \$753 Million
- Administrative Settlements – \$318 Million



Total Reports Issued: 167 * Statistics are for FY 2011.

DoD Overpaid for Spare Parts Instead of Using Existing Inventory

A series of audit reports on AMCOM contracts with Boeing and Sikorsky to support Corpus Christi Army Depot detailed that DoD overpaid for spare parts and failed to use existing inventory. For example, Boeing charged the Army \$1,678.61 for a ramp gate roller assembly used on the Chinook helicopter, when the DLA price was \$7.71 each. Similarly, Sikorsky charged the Army \$284.46 for a flush door ring used on the Blackhawk helicopter, when the DLA price was \$8.37 each.



Defense Contractor Provides Nonconforming Products and Illegally Exports Sensitive Material

A joint investigation disclosed that Staff Gasket Manufacturing Corp. intentionally provided non-conforming critical application items to the DoD and illegally exported controlled drawings and sample parts to China and Taiwan in order to fabricate the rotor assembly of the M61A1 20mm gun on the F-15 and F-16 fighters. Staff Gasket plead guilty to wire fraud and export violations, paid a restitution of \$751,091 and forfeited \$50,000.

Core Values
Accountability · Integrity · Efficiency · Excellence

**DEPARTMENT OF DEFENSE
Total Force: Over 3 Million**



Army: 565,460



Marines: 201,160



Reserves: 381,980



Navy: 325,120



Air Force: 333,370

Civilians: 790,400

DoD IG Workforce: **1,550**

Defense Hotline

The Defense Hotline is the primary portal for reporting fraud, waste, abuse, and mismanagement regarding programs and personnel under the purview of the Department. The primary mission of the Defense Hotline is providing a confidential and reliable vehicle for military service members, DoD civilians, contractor employees and the public to report fraud, waste, mismanagement, abuse of authority, threats to homeland defense and leaks of classified information.

Fraud, Waste, and Abuse

HOTLINE

1-800-424-9098 • hotline@dodig.mil

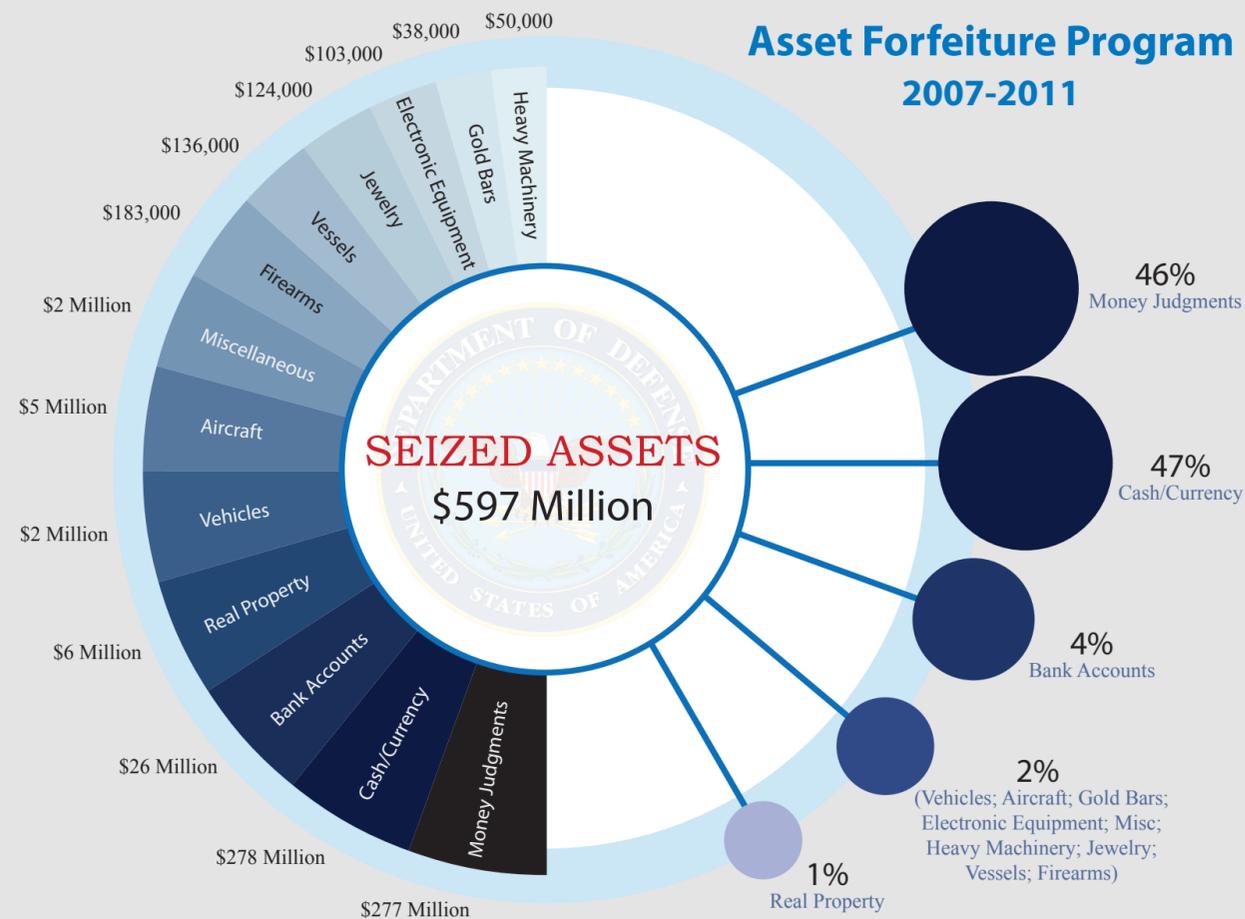
The volume of Hotline contacts has increased over the years to more than 20,000 for FY 2011. Current initiatives within the Defense Hotline include deployment of a new classified website to provide improved support to the intelligence whistleblower community.

20,400 CONTACTS **FY 2011**

To obtain further information about DoD IG reports or activities, please contact us:

www.dodig.mil • Public.Affairs@dodig.mil • 703.604.8324

**Asset Forfeiture Program
2007-2011**



Forfeiture investigations have been initiated on physicians who defrauded TRICARE; a company that fraudulently obtained set-aside contracts from U.S. Special Operations Command; and a company for providing non-conforming critical replacement parts. During the past six months, DCIS has participated in \$2 million in final court orders of forfeiture and a cumulative total of \$27 million for FY 2011.



Since DCIS became a participant in the Department of Justice Asset Forfeiture program in May 2007, it has conducted investigations which have led to orders of final forfeiture in the amount of \$307 million (\$262 million in currency, real property, and vehicles have been seized and forfeited). Additionally, since May 2007, DCIS has participated in the seizure of assets totaling \$597 million.



DEFENSE CRIMINAL INVESTIGATIVE SERVICE

The Defense Criminal Investigative Service protects America's warfighters by investigating terrorism; preventing the illegal transfer of sensitive defense technologies to proscribed nations and criminal elements; investigating companies that use defective parts in weapons systems and equipment utilized by the military; stopping cyber crimes and computer intrusions; and investigating cases of fraud, bribery, and corruption to ensure taxpayer dollars are better spent defending our Nation.

INVESTIGATIVE ACTIVITIES

121 Arrests
306 Criminal Convictions
161 Suspensions
229 Debarments

SUPPORTING CONTINGENCY OPERATIONS

OVERSIGHT COORDINATION



Meeting of DoD IG, SIGAR, AAA, and IGs for USFOR-A and CSTC-A.

PLANNED & ONGOING OVERSIGHT PROJECTS
DoD and Non-DoD **331**
 Source: FY 2012 Comprehensive Oversight Plan for Southwest Asia

DoD IG has primary responsibility within DoD for providing oversight of defense programs and funds appropriated to the Department at home and around the world. In this role, DoD IG oversees, integrates, and attempts to ensure there are no gaps in the stewardship of DoD resources.

DoD IG maintains effective working relationships with other oversight organizations to minimize duplication of efforts and to leverage resources to provide more comprehensive coverage. In order to best accomplish this important coordinating function, DoD IG appointed a special deputy inspector general for Southwest Asia, who serves as the senior executive level representative deployed to Southwest Asia, to coordinate and deconflict oversight efforts.

The SDIG-SWA spends the majority of his time forward deployed communicating with DoD leadership and the supporting commands in Southwest Asia to identify oversight requirements and to facilitate interaction with oversight organizations. DoD IG publishes, on behalf of the Southwest Asia Joint Planning Group, the Comprehensive Oversight Plan for Southwest Asia.

CRIMINAL INVESTIGATIONS

DCIS began deploying special agents to Southwest Asia in 2003 and has subsequently investigated a total of 532 cases involving 1,626 subjects for fraudulent activities associated with overseas contingency operations in Iraq and Afghanistan. DCIS has 251 open investigations as of September 30, 2011.

DCIS has made criminal investigations of contract fraud and corruption related to U.S. operations and reconstruction efforts in Iraq and Afghanistan an agency priority. DCIS deploys special agents to Kuwait, Iraq and Afghanistan to matters involving bribery, theft, procurement fraud, illegal receipt of gratuities, kickbacks, bid-rigging, defective and substituted products and conflicts of interest.



164 Convictions Related to DoD Operations in Iraq and Afghanistan



Public Corruption	\$126 Million	\$414 Million Total monetary return to the U.S. Govt.
Procurement Fraud	\$165 Million	
Theft and Technology Protection	\$123 Million	

CONTINGENCY CONTRACTING

DoD is the world's largest purchaser of goods and services. DoD is dependent upon contracted support during contingency operations.



The key aspects of the contracting process include four distinct phases: pre-award, award, contract administration and contract closeout. Provided are two charts of selected information on the contract administration process and poor practices identified by oversight. Additional information is available to commanders and contract managers in the DoD IG, "Contingency Contracting: A Framework for Reform" report. The report can be utilized to assess contracting operations, to identify areas that could be improved, to ensure the best contracting practices are implemented and to identify vulnerabilities to fraud, waste and abuse.

Key Aspects of Contract Administration

Contract Monitoring	Acceptance of Supplies/Services	Payments
-The contracting officer is responsible for ensuring that there is an effective process for measuring the contractor's performance that includes clearly defined levels of contractor surveillance. -A fully developed and appropriately structured contract surveillance system. -Continued update of contract files. -DoD components must track government-furnished property.	-The government should not accept supplies or services before completion of government contract quality assurance actions and the contracting officer should reject supplies or services not conforming to contract requirements. -Acceptance constitutes acknowledgement that the supplies or services conform with contract quality and quality requirements and must be evidenced by an acceptance certificate.	-Payments made by the Government should directly correlate to a contractual document, contractor invoice, and acceptance or receiving report. -Invoice reviews by contracting officer's representative and Defense Contract Audit Agency. -Financial management of funds for contract.

DoD spent \$1.5 trillion on contract awards FY 08-11

Fraud Indicators and Poor Practices of Contract Administration

Oversight and Surveillance	Inherently Governmental	Property Accountability	Award Fee	Financial Management
-Contractors awarding subcontracts to unsuccessful bidders. -The government providing materials or services to contractors even though contractors are being paid to provide the materials or services. -The administrative contracting officer approving modifications. -The government certifying receipt of goods without performing inspections.	-The government failing to appropriately close out the contracts in a timely manner. -Increased workloads and responsibilities that prohibit ongoing DoD monitoring of each contractor's work. -Contractors certifying payments for vendor goods, services, or salaries.	-Unreliable property inventory data. -Inventory records disclose unusual pattern when compared to physical inventory reviews that cannot be reasonably explained. -Inventory items marked with incorrect disposal condition codes, such as repairable or scrap when they should be labeled excellent. -Failure to return government-furnished equipment.	-Failure to properly document contractor performance. -The fee determining official's failure to properly document award fee determinations that differ from Award Fee Review Board recommendations. -Award fee granted is not reflective of the contract oversight and surveillance assessments.	-The contractor submitting false invoices or claims to the government. -Later contractor billings showing a downward adjustment in material costs as labor/overhead costs increase. -The government paying contractors twice for the same items or services without an attempt to recoup the overpayments. -The government not regularly reconciling contract payments, daily transactions, and inventory. -The government's failure to deobligate funds.

AFGHAN NATIONAL SECURITY FORCES

The development of the Afghan National Security Forces remains a key element to the long-term security and stability of Afghanistan. As the Department reported, during April 2011 to September 2011, the Afghan National Army and Afghan National Police continued to develop their capability to provide security for the Afghan people, improving in quantity, quality, and operational effectiveness. DoD IG continues to provide oversight on the development and sustainment of ANSF. DoD IG recently issued a report on the medical logistics capabilities within the Afghan National Security Forces and three reports on the contracting efforts to train the Afghan National Police.

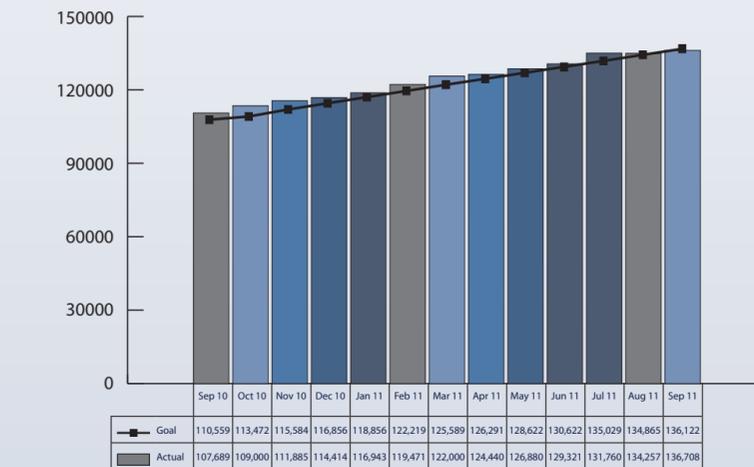


DoD IG identified medical logistics challenges for ANSF in planning and execution; accountability and control mechanisms; and coalition medical mentoring efforts that can hinder developing a sustainable medical logistics capability to support the ANSF. DoD IG found that while an ANA medical logistics system exists, it was not sufficient to meet the needs of the ANA and is not sustainable in the absence of significant continued U.S. and other foreign nation support.

appropriations resulting in the ANP program not receiving \$75.6 million that could have supported the efforts. In addition, DOS did not appropriately obligate or return to DoD approximately \$172.4 million of \$1.26 billion in DoD funds provided for the ANP training program, which resulted in about \$124.6 million that when recovered, could be used for valid ANP training program requirements. Also, there were incorrect obligations of approximately \$74.9 million that if not corrected, could result in potential Antideficiency Act violations. Lastly, DoD and DOS officials did not develop a comprehensive plan or develop a memorandum of agreement to guide, monitor, and assign transition responsibilities. In addition, DoD officials reported that the incoming contractor did not have 428 of the 728 required personnel in place within the 120-day transition period, which placed the overall mission at risk by not providing the mentoring essential for developing the Afghan government and police force. DoD did not have personnel in place to effectively oversee the new DoD contract. Until oversight personnel are in place, DoD will be unable to adequately monitor whether the contractor is performing its contractual obligations and achieving the goals of the program.

DoD IG, along with its interagency partner, Department of State OIG, found that DOS officials improperly obligated an estimated \$76.65 million of Afghan Security Forces Fund

Growth of ANP Forces During FY 2011



* Statistics in this document are for FY 2011 or as of September 30, 2011.

FY 2012 GROWTH AFGHAN NATIONAL POLICE
 Goal **157,000**