



Secretary of Defense Report

April 1, 2004 – September 30, 2004

**This report fulfils the requirements of the Inspector General Act of
1978, as amended, 5 U.S.C., Appendix 3, Section 5(b).**

FOREWORD

Section 5(b) of the Inspector General Act of 1978, as amended, requires that “Semiannual reports of each Inspector General shall be furnished to the head of the establishment involved not later than April 30 and October 31 of each year and shall be transmitted by such head to the appropriate committees or subcommittees of the Congress within thirty days after receipt of the report, together with a report by the head of the establishment.”

Section 5(b) requires the report by the head of the establishment to report information in the following four general categories:

- (1) any comments such head determines appropriate;
- (2) statistical tables showing the total number of audit reports and the dollar value of disallowed costs, for audit reports;
- (3) statistical tables showing the total number of audit reports and the dollar value of recommendations that funds be put to better use by management agreed to in a management decision, for audit reports; and
- (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.

On September 27, 2004, the Deputy Secretary of Defense approved a new arrangement for the provision of legal services to the Department of Defense Office of the Inspector General (OIG). Under this approach, which the Director of Administration and Management recommended and with which the Inspector General and the DoD Principal Deputy General Counsel concurred, a separate Office of General Counsel within OIG is being established as part of the Defense Legal Services Agency (DLSA).

The Department of Defense Office of the Inspector General (OIG) received an “unqualified” audit opinion from an independent auditing firm that reviewed its financial statements and activities for fiscal year 2004. The report states, “the OIG’s financial statements . . . are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.” The “clean” audit opinion on the OIG financial statements helps fulfill the duty all agencies of the United States Government have to produce for the American people a transparent accounting of the receipts and expenditures of funds appropriated by Congress. The Constitution requires that “a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time (Article I, Section 9).

FOLLOWUP STATUS REPORT*

STATUS OF ACTION ON CENTRAL INTERNAL AUDITS Period ending September 30, 2004 (\$ in thousands)		
Status	Number	Funds Put to Better Use ¹
OIG DoD		
Action in Progress - Beginning of Period	281	\$103,390
Action Initiated - During Period	57	4,080
Action Completed - During Period	55	92,087
Action in Progress - End of Period	283	30,200 ²
Military Departments		
Action in Progress - Beginning of Period	480	1,706,578
Action Initiated - During Period	214	982,978
Action Completed - During Period	187	273,268
Action in Progress - End of Period	507	1,683,129
¹ There were no OIG DoD audit reports issued during the period involving "questioned costs." ² On certain reports (primarily from prior periods) with audit estimated monetary benefits of \$7,584 million, we agreed that the resulting monetary benefits can only be estimated after completion of management action, which is ongoing.		

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

STATUS OF OIG DOD REPORTS MORE THAN 12 MONTHS OLD
WITH FINAL ACTION PENDING ^{1 2, 3}
(As of September 30, 2004)

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2002-004 , Import Processing of DoD Cargo Arriving in the Republic of Korea, 10/4/2001	Revise USFK Regulation 55-72 to require improvements in processing shipping forms and cargo, maintain current information on customs clearance personnel, require the use of commercial carriers when available, and establish procedures to pay storage charges to Korea in Korean currency. Implement a cost-efficient system for the automated processing of customs forms using an electronic data interchange.	Corrective actions are on target.	USFK
D-2002-005 , Management of the Joint Simulation System, 10/5/2001	Joint Simulation System (JSIMS) Program Manager is developing an overall security policy, including a security procedures manual and security standard operating procedures. Program Office is also developing a Program Office Estimate of JSIMS Life Cycle Cost Estimate.	JSIMS development effort has been terminated. Hardware and software have been transferred to the Joint Warfighting Center at USJFCOM.	USD(AT&L)
D-2002-006 , Classified Chemical and Biological Report (U), 11/16/2001	Report is classified.	Extensive time needed to improve readiness reporting and training.	Navy

¹ Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix 3, Section 5(b)(4).

² Included are reports issued beginning in FY 2002. A complete list of reports more than 12 months old with final action pending can be viewed on the OIG DoD website at www.dodig.osd.mil.

³ For this reporting period, there are no disallowed costs on reports over 12 months old with final action pending. Report No. D-2003-064 had \$30.2 million of funds to be put to better use that have been agreed upon, but have not yet been achieved.

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2002-008 , Controls Over the Computerized Accounts Payable System (CAPS) at Defense Finance and Accounting Service Kansas City (DFAS-KC), 10/19/2002	Improve guidance on criteria for proper and accurate receipt and invoice documentation; improve organizational structures to provide better internal controls, especially separation of duties.	Management corrective actions are on target.	DFAS, MC
D-2002-009 , Valuation of Inventories in the Defense Logistics Agency Standard Automated Materiel Management System, 10/22/2001	DLA Inventory Control Points will need to correct all inaccurate acquisition costs in order to quantify the benefits to DLA customers for the reduced sales prices. Corrections should be made in time for the FY 03 standard prices.	Buy history not completed when originally anticipated, deferring corrective actions a year.	DLA
D-2002-010 , Armed Services Blood Program Defense Blood Standard System, 10/22/2001	Establish a plan to ensure user critical functional requirements are incorporated into Defense Blood Standard System (DBSS). Establish controls to ensure thorough review on system change requests. Establish competency assessment requirements for system administrators and develop a tri-Service training program. Establish procedures to ensure effective deployment of DBSS system upgrades and management of blood product inventory.	Normal progression of system development and changes.	Army, Navy, AF, ASD(HA)
D-2002-019 , Checks Issued Difference for Deactivated Disbursing Station, 11/28/2001	Establish a standard method to clear checks issued differences when reconciliation data are not available; Clear checks issued differences from the Comparison Report at locations where the data needed to complete the checks issued reconciliation are not available.	Long-term corrective action on target.	DFAS

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2002-020 , Audit Report on General Officer Quarters at Kaneohe Bay, Hawaii Camp Pendleton California, and Albany, Georgia, 12/5/2001	Congressional committees will be notified of ADA violation and appropriate corrections will be made. SecNavInst 11101.73B will be revised and a resident guide will be developed.	Normal time to revise policies, conduct an investigation and report the results.	Navy
D-2002-024 , Navy Fleet Hospital Requirements (U), 12/12/2001	Report is classified.	Corrective actions are on target.	Navy, PACOM
D-2002-028 , Classified Report on Environmental Program - Japan (U), 12/28/2002	Report is classified.	Corrective actions are on target.	PACOM
D-2002-032 , Audit of Major Defense Acquisition Program Cycle Time, 12/28/2001	AT&L is redesigning the Consolidated Acquisition Reporting System.	Additional time needed to make revisions to the database and software.	USD(AT&L)
D-2002-034 , Military Health System Optimization Plan, 12/31/2001	Two new groups, Medical-Personnel (MED-PERS) Committee and Health Professionals' Incentives Integration Board (HPIIB) were established. One of the matters under their consideration will be opportunities for resource sharing between the Services.	Change to original planned action.	ASD(HA)
D-2002-035 , Protection of Strategic Systems Against Radio Frequency Threats (U), 1/4/2002	Report is classified.	Corrective actions are on target.	USD(I)
D-2002-036 , Acquisition of the Naval Fires Control System (NFCS), 1/8/2002	The Navy is going to update the Operational Requirements Document (ORD) and the Surface Test and Evaluation Master Plan. Upon receipt of the updated ORD for NFCS, the Joint Staff office will review and certify the document for interoperability and coordinate it accordingly.	Updates to the present ORD are being incorporated into the Capability Production Document.	Navy

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2002-038 , Financial Reporting for the Other Defense Organization General Funds at the Defense Finance and Accounting Service San Antonio, 1/14/2002	Review all abnormal general ledger accounts; determine the cause of net abnormal balances; document the causes of net abnormal balances and when possible correct the balances; and correct abnormal balances generated by business process anomalies.	Long term corrective actions on target, but not yet validated by OIG CFO audit.	DFAS
D-2002-048 , General and Flag Officer Quarters at Fort Shaffer, Hawaii and Fort McPherson, Georgia, 2/12/2002	An investigation into a potential ADA violation was initiated. Policy on reviewing maintenance and repair expenditures will be incorporated into the next revision of AR 210-50.	Time required to conduct an investigation and update policies.	Army
D-2002-049 , Classified Report on Environmental Program (U), 2/14/2002	Report is classified.	Corrective actions are on target.	PACOM
D-2002-052 , Meteorological and Oceanographic Support from Continental United States Based Support Centers, 2/19/2002	Develop a joint Weather Research Forecast model and, through the Joint Meteorological and Oceanographic (METOC) and Interoperability Board (JMIB), develop a single geospatially-correct, four-dimensional environmental characterization of the battle space to provide the warfighter with information about his operating environment. Applicable guidance will be revised to include procedures for METOC acquisition category II and below programs.	Normal time needed to develop and coordinate models, plans, and revised guidance.	Navy, AF

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2002-056 , Controls Over Vendor Payments Made for the Army and Defense Agencies Using the Computerized Accounting Payable System (CAPS), 3/6/2002	Revise the FMR to incorporate the requirements of 5 CFR 1315. Improve security over access to CAPS. Provide for automated interfacing of data between CAPS and both the Standard Procurement System (SPS) and the Corporate Electronic Funds Transfer (CEFT) database.	Management corrective actions are on target.	USD(C), DFAS
D-2002-060 , Management of Terminal Items at the Defense Logistics Agency, 3/13/2002	Revise procedures to review terminal items with no registered users in the Defense Inactive Item Program (DIIP), for obsolescence, and quantify the number of terminal National Stock Numbers (NSNs) that are determined to be obsolete after NATO and foreign governments review the NSNs.	Corrective action delayed due to upgrade in operating systems and information found in the system.	DLA
D-2002-071 , DoD Management of the North Atlantic Treaty Organization Security Investment Program, 3/26/2002	EUCOM will track each prefinanced project in the NATO Security Investment Program, including the likelihood of NATO Infrastructure Committee authorization, actions required to obtain NATO authorization, and an estimated recoupment date. The Navy will amend Instruction 4000.2A.	Long-term corrective action on target.	EUCOM, Navy
D-2002-073 , Financial Management Ending Balance Adjustments to General Ledger Data for the Army General Fund, 3/27/2002	Use transactional data from a centralized database to populate general ledger accounts in the Defense Departmental Reporting System (DDRS) Budgetary and continue efforts to analyze and correct causes for current adjustments; Use transactional data to generate a general ledger data file for DDRS Budgetary.	Slow system development process.	DFAS
D-2002-075 , Controls Over the DoD Purchase Card Program, 3/29/2002	Improve oversight and management controls over DoD purchase cards.	Corrective actions are on target.	USD(AT&L)

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2002-076 , Funding Invoices to Expedite the Closure of Contracts Before Transitioning to A New DoD Payment System, 3/29/2002	Revise chapter 10, Appendix B, number 7, "Accounting Requirements for Expired and Closed Accounts, " to require that the DoD activity to which a program has transferred be responsible for providing current-year funding.	Corrective actions are on target.	USD(C)
D-2002-079 , Delivery and Receipt of DoD Cargo Inbound to the Republic of Korea, 4/15/2002	USFK Regulation 55-355, "Korea Traffic Management" is being revised to include specific cargo delivery information. The Eighth U.S. Army Command Inspection Program (CIP) will include delivery information. A new checklist will be incorporated into the CIP schedule by the 4th Quarter FY 2002.	Normal time for development and approval of Army documents.	USFK
D-2002-080 , Quality Deficiency Reporting Procedures for Naval Repair Parts, 4/5/2002	Navy will develop and deploy an automated information technology system that will centrally account and control Process Quality Deficiency Reports.	Corrective actions are on target.	Navy
D-2002-084 , Guidance for the Global Command and Control System Common Operational Picture (U), 5/1/2002	Report is FOUO.	Lack of management emphasis.	EUCOM
D-2002-088 , Acquisition of the Joint Service Lightweight Standoff Chemical Agent Detector, 5/10/2002	Implement improvements in defining operational requirements, evaluating production readiness, and test planning.	Extensive time needed to revise program acquisition strategy.	USD(AT&L)

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
<p>D-2002-090, Final Report on the Evaluation of the Defense Supply Center Columbus Qualified Products List and Qualified Manufacturers List Program, 5/14/2002</p>	<p>USD(AT&L) will review the underlying policy provisions concerning Qualified Manufacturer's List/Qualified Products List (QML/QPL) Programs contained in DoD Manual 4120.24-M and develop and issue clarifications as needed. Results of a risk assessment of Defense Supply Center Columbus are being entered into the QPL database, which will allow prioritization of audits.</p>	<p>Normal time needed to develop and coordinate policy revision.</p>	<p>USD(AT&L), DLA</p>
<p>D-2002-091, Accountability and Control of Materiel at the Corpus Christi Army Depot, 5/21/2002</p>	<p>Comply with Army guidance for storage of maintenance materiel and the preparation and submission of management reports for review; perform annual physical inventory and quarterly reviews of all materiel stored in the Automated Storage and Retrieval System (ASRS) to determine whether valid requirements exist and turn in or transfer materiel stored in work centers; review projects at various stages; and reconcile ASRS and Maintenance Shop Floor System files.</p>	<p>Action is ongoing, however, constrained by personnel reduction and competing priorities.</p>	<p>Army</p>
<p>D-2002-095, Chemical and Biological Defense Individual Protective Equipment in Central Command and European Command Area (U), 5/30/2002</p>	<p>Report is classified.</p>	<p>Extensive time needed for system development and testing USD(AT&L) Change in strategy (Army) and extensive time needed for coordination and issuance of policy (Army and Navy).</p>	<p>USD(AT&L), Army, Navy</p>
<p>D-2002-098, Army Website Administrative Policies and Practices, 6/5/2002</p>	<p>Establish a training requirement and curriculum for Army web administrators.</p>	<p>Funding issues caused initial delay. Action is now on track.</p>	<p>Army</p>

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2002-101 , Human Capital Compensation Policies and Procedures for Selected Nonappropriated Funds Childcare Providers, 6/10/2002	Strengthen management controls over salary payments to provider staff.	Extensive time needed for coordination and issuance of policy.	USMC
D-2002-103 , Certification of the Reserve Component Automation System (RCAS), 6/14/2002	Establish functional performance measures to better assess both the initial and future impact of RCAS on supported functionalities.	Corrective actions are on target.	Army, NGB
D-2002-107 , Army Transition of Advanced Technology Programs to Military Applications, 6/14/2002	Research Development and Engineering Centers (RDECs) should incorporate performance goals necessary for technology transitions in Science & Technology project managers performance plans. Positive and clear incentives should be introduced in order to foster advancement as rapidly as possible.	Ongoing actions on schedule.	Army
D-2002-108 , Standard Procurement System Certification and Accreditation Process, 6/19/2002	Identify the responsibilities the certification and accreditation actions or steps to be performed by the program manager and Component organizations, to include Component sites to which the system is deployed.	Delays in issuing and implementing policy.	ASD(NII)
D-2002-109 , Army Claims Service Military Interdepartmental Purchase Requests, 6/19/2002	Recoup the Unliquidated obligation in FY 1997- 2000 O&M funds from GSA and deobligate the funds.	GSA has provided the Army Claims Service with the amount to deobligate, but the Army has not yet been able to verify the amount spent.	Army
D-2002-112 , Report of the Industrial Prime Vendor Program at the Air Force Air Logistics Center, 6/20/2002	A new sourcing process will include an automated sourcing model capable of evaluating individual items and determining the best value source, including existing inventory.	Sourcing model developed but testing revealed several limitations that require enhancements.	DLA

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2002-113 , Controls Over the Computerized Accounts Payable System at Defense Finance and Accounting Service Columbus, 6/21/2002	Require the manual certification of all vendor payments made using the Computerized Accounts Payable System for Windows, until implementation of a sampling plan for vouchers under \$2500.	Implementation was delayed by a change in management strategy, and is now expected by year-end.	DFAS
D-2002-117 , Review of FY 2001 Financial Statement for the Defense Intelligence Agency (U), 6/25/2002	Report is classified.	Long-term action continues.	DIA
D-2002-121 , Security: Controls Over Biological Agents (U), 6/27/2002	Report is classified.	Extensive time needed to coordinate policy and delay due to reorganization.	USD(I)
D-2002-122 , Environmental Community Involvement Program at Test and Training Ranges, 6/28/2002	A new DoD Directive "Outreach and Community Involvement for Sustainable Readiness" is being developed to address the issues raised by the audit. An individual will be detailed to OSD to work with the Overarching Integrated Product Team and Working Integrated Product Team to implement the new Directive and Instruction.	Normal time required to develop and coordinate policy document.	USD(P&R)
D-2002-126 , Acquisition of the Evolved Seasparrow Missile, 7/5/2002	Include a cost element in the missile life-cycle cost estimate to account for demilitarization and disposal costs for the missile; revise the ORD to designate interoperability as a key performance parameter; and develop a C4I support plan.	Awaiting JROC approval of updated ORD.	Navy

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
<p>D-2002-127, Audit Report on DoD Compliance with Internal Use Software Accounting Standards, 7/9/2002</p>	<p>Applicable guidance will be used to facilitate distinguishing between capitalized and expensed software; a system will be implemented to capture material internal software costs; and a data call process will be used to request the necessary information to determine which software should be capitalized and which should be expensed.</p>	<p>Long-term corrective action on target.</p>	<p>DFAS, USD(C)</p>
<p>D-2002-131, Terminal Items Managed by the Defense Logistics Agency for the Navy, 7/22/2002</p>	<p>DLA will modify the existing stock retention policy to review terminal items that are excluded from the Defense Inactive Program (DIIP). In addition, plan to complete a new study to quantify the costs of inactive items.</p>	<p>Corrective action delayed due to upgrade in computer operating system.</p>	<p>DLA</p>
<p>D-2002-140, Measurement of Water Usage by DoD Components Serviced by the DC Water and Sewer Service, 8/20/2002</p>	<p>Locate and test water meters that measure water service from the DCWASA; establish and implement procedures to verify that the DCWASA routinely inspects and reports results of inspections for DoD-owned water meters; develop and implement effective controls and procedures to verify that the DCWASA accurately reads water meters to ensure that estimated water and sewer bills are reliable; establish and implement a maintenance program to repair or replace inoperable water meters.</p>	<p>Long-term corrective action on target.</p>	<p>Army, Navy, AF, NGA, WHS</p>

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2002-153, Reprocessed Medical Single-Use Devices in DoD, 9/30/2002	ASD(HA) issue policy and guidance stating the DoD position on the reuse of single-use devices (SUD) and work with FDA to work toward clarifying SUD labeling requirements. The MILDEPs Surgeons General issue implementing guidance consistent with ASD(HA) policy and ensure adequate awareness and training is provided to Military Treatment Facility personnel regarding the use of SUDs.	Significant time required to address/resolve issues with FDA and Services.	ASD(HA)
D-2002-154, Cooperative Threat Reduction Program Liquid Propellant Disposition Project, 9/30/2002	Take actions with regard to Russia to mitigate the risks of misuse of Cooperative Threat Reduction-provided assistance. Expedite the determination of the future of the heptyl disposition facility and request that Russia use the proceeds from the sale of heptyl for CTR Program purposes. Once access to facilities is obtained, perform more complete inspections of equipment provided to Russia to ensure their proper usage.	Management corrective actions are on target.	USD(P), DTRA
D-2003-001, DoD Integrated Natural Resource Management Plan, 10/1/2002	The Services are working aggressively to coordinate and complete the few remaining integrated natural resources management plans.	Corrective actions are on target.	Army, Navy, AF
D-2003-002, Information Resource Management at the Army Aviation and Missile Command, 10/3/2002	Provide technical monitors with training and guidance in the basic information technology concepts necessary to evaluate the acceptability of products and services obtained from the Information Mission Area Support Services Contract.	Delayed deployment of automated training program.	Army

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-003 , Controls for the DoD Aviation Info-Plan Reimbursement Card, 10/3/2002	The DLA and the Services need to improve management controls and establish written policies that define the methods and responsibilities for using the Aviation Into-Plane Reimbursement Card.	Corrective actions are on target.	DLA, Army, Navy, AF, MC
D-2003-004 , Acquisition of the Advance Deployable System, 10/3/2002	Update the acquisition strategy and all documentation related to the Advanced Deployable System (ADS), inclusive of all four blocks. In addition, complete a life cycle cost estimate for all four blocks.	ADS program was redirected to a spiral development acquisition program.	Navy
D-2003-014 , Facility Specific Controls Over Biological Agents (U), 10/25/2002	Report is classified.	Long-term corrective action on schedule.	USD(I)
D-2003-016 , Material Distribution Services Contract at the Defense Distribution Depot Warner Robins Georgia, 10/30/2002	Develop standard operating procedures for Continuing Government Activity (CGA) personnel at the Defense Distribution Depot Warner Robins, Georgia (DDWG). Provide guidance to CGA personnel that stresses the importance of documenting contractor surveillance, including the use of contractor discrepancy reports.	Development of handbook delayed because it is now paralleling the development of relevant training modules.	DLA
D-2003-018 , Validity of Registration in the Central Contractor Registration Database, 10/30/2002	Establish procedures to withhold payments to contractors and vendors until they are properly registered with a valid Tax Identification Number in the Central Contractor Registration database.	Management continues to negotiate with the Internal Revenue Service to allow matching of identification numbers.	DFAS
D-2003-019 , DoD Contractor Subcontracting With Historically Underutilized Business Zones (HUB Zones) Small Businesses, 11/22/2002	Implement a plan for reviewing and verifying prime contractors' reported subcontracting awards to ensure they are made to Small Business Administration-certified contractors.	Awaiting responses to questions related to FAR case.	DCMA, USD(AT&L)

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-021 , Export Controls Over Biological Agents (U), 11/12/2002	Report is confidential.	Extensive time is needed to coordinate and issue policy guidance.	USD(P), USD(AT&L), DATSD(C/BD)
D-2003-029 , Contract Action Awarded to Small Businesses, 11/25/2002	Issue guidance for placing orders on the Federal Supply Schedules (FSS), publish clarifying guidance on using FSS in the Federal Acquisition Regulation, provide training on FSS use, re-emphasize the importance of market research, conduct trend analysis and monitoring of progress made in obtaining competition from multiple sources.	Normal time needed to establish policy and develop training.	USD(AT&L)
D-2003-030 , Financial Reporting of Deferred Maintenance Information on Air Force Weapons Systems for FY 2002, 11/27/2002	Develop additional procedures for collecting deferred maintenance information that is reconcilable with detailed year-end execution data. Revise FMR to allow the Air Force to present all material categories of deferred maintenance as major asset classes in accordance with Federal accounting requirements.	Long-term corrective action on target.	AF, USD(C)
D-2003-031 , Defense Contracting Command Washington, 12/5/2002	The Army will issue guidance for timely monitoring, documenting, and recording of continuous learning points; specific Defense Contract Command - Washington (DCC-W) internal guidance will depend on what is contained in the Army-wide guidance. The DCC-W will conduct a manpower analysis.	Corrective actions are on target.	Army, DCC-W

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-033 , Accountability and Control of Materiel at the Naval Air Depot, North Island, 12/19/2002	Naval Air Depot (NADEP) comply with guidance on storage, quarterly reviews, and reporting of maintenance materiel. Develop and implement an effective management control program. NADEP perform an inventory and conduct quarterly reviews of materiel in storerooms. Adjust accountable records and return excess materiel to the supply system.	Action is ongoing and on schedule.	Navy
D-2003-034 , Adjustments to the Intergovernmental Payments Account, 12/10/2002	Revise the FMR to specify the documentation required to support adjustments from account F3885, 'Undistributed Intergovernmental Payments,' to closed appropriations. The guidance should describe the documentation required to identify the proper expenditure account, the responsible fund holder, and the payment date.	Long term action continues.	USD(C)
D-2003-038 , Management Control Over Proposed Prime Vendor Support for the Army Apache Helicopter, 12/31/2002	Update Army Regulation 5-20, "Commercial Activities Program," to require Army organizations to avoid conflicts of interest, to ensure separation of duties, limit the number of persons who have access to Government contracts, provide appropriate training in the revised OMB Circular A-76, and use legal services to assist in avoiding conflicts of interest.	Awaiting DoD guidance on the implementation of revised OMB Circular A-76.	Army, USD(AT&L)
D-2003-040 , Chemical and Biological Defense Individual Protective Equipment in the Pacific Command Area (U), 12/31/2002	Report is classified.	Long-term corrective actions on schedule.	USD(AT&L),PACOM, Army, Navy, AF, USMC

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-054 , Financial Reporting of Deferred Maintenance Information on Army Weapons Systems for FY 2002, 2/3/2003	Issue guidance requiring all elements of the Army to identify and collect: deferred depot-level maintenance requirements including maintenance that will not be executed due to constraints in depot level maintenance capacity; and deferred field-level maintenance amounts that are material as well as deferred maintenance identified as unexecutable. Develop the capability to capture this data through automated systems.	Long-term corrective action on target.	Army
D-2003-055 , Summary of Defense Finance and Accounting Services Implementation of Government Information Security Reform, 2/21/2003	Direct the Designated Approving Authority to revalidate that each Defense Finance and Accounting Service system is certified and accredited, and oversee the immediate certification and accreditation for those systems that do not have full approval to operate.	Planned actions are on schedule.	DFAS
D-2003-056 , Public/Private Competition for the Defense Finance and Accounting Service Military Retired and Annuitant Pay Functions, 3/21/2003	The Center for Naval Analysis is studying the how overhead costs could have impacted the A-76 competition. DFAS is reviewing/studying all aspects of the A-76 competition that impacted the outcome, e.g. feasibility of recompetition, review of available legal options, review of MEO, rewrite and renegotiation of a performance requirements summary, and perform a benchmarking study on customer service requirements.	Normal time needed to conduct study/reviews of actions impacting the final decision to contract out the Military Retired and Annuitant Pay Functions.	USD(AT&L)

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-057 , Accountability and Control of Materiel at the Naval Air Depot, Jacksonville, 3/5/2003	Enforce existing policy on identification and quarterly reporting of excess materiel and develop policy for point of use inventory. Perform inventories and quarterly review of all materiel in storage, adjust records and return excess materiel to the supply system.	Corrective actions are on target.	Navy
D-2003-062 , Processing General Services Administration Rent Bills for DoD Customers in the National Capital Region, 3/12/2003	Resolve all outstanding differences between rent payments collected from DoD customers and amounts remitted to the General Services Administration to ensure that authorized rent payments are properly accounted for and collected amounts are remitted to the General Services Administration.	Corrective actions are on target.	DFAS, WHS
D-2003-064 , Report on Accountability and Control Of Materiel at the Warner Robin Air Logistics, 3/20/2003	The Air Force is completing physical inventory, reconciling with the Wholesale and Retail Shipping System, and tuning in any excess materials to supply. In addition, the Air Force will issue a policy directive to ensure proper supply discipline and use of material metrics in monthly material reviews.	Air Force status response has been delayed.	AF
D-2003-066 , Controls Over the Use and Protection of Social Security Numbers Within DoD, 3/21/2003	An SOP will be developed to provided guidance and procedures for the protection and release of privacy data.	Time needed to transfer DSS security investigation function to OPM.	USD(I)
D-2003-067 , Recoveries of Prior Year Obligations, 3/21/2003	Revise the DoD Financial Management Regulation to be consistent with recovery reporting guidance issued by the OMB and the Department of the Treasury; and program the DFAS accounting systems to properly capture, record, and report recoveries of prior year obligations.	Corrective actions are on target.	USD(C), DFAS

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-072 , DoD Compliance with the Uniformed and Overseas Citizens Absentee Voting Act, 3/31/2003	Services are updating their guidance to be consistent with DoD level guidance.	Significant time required to develop guidance.	Army, Navy, AF
D-2003-073 , Reliability of the FY 2002 National Imagery and Mapping Agency Financial Statements and Adequacy of Related Procedures and Controls (U), 4/2/2003	Report is classified.	Corrective actions continue.	NGA
D-2003-074 , Reliability of the FY 2002 Defense Intelligence Agency Financial Statements and Adequacy of Related Procedures and Controls (U), 4/7/2003	Report is classified.	Corrective action continues.	DIA
D-2003-075 , Transition From the Automatic Digital Network to the Defense Message System, 4/8/2003	A post implementation review (PIR) is in process, to include a DISA survey that will call for organizations to report the extent that they use DMS 3.0 for organizational correspondence as opposed to other official means.	Planned actions are on schedule.	ASD(NII)
D-2003-076 , Document Automation and Production Service Public Private Competition, 4/8/2003	Report is FOUO.	Normal time to approve and issue guidance.	USD(AT&L), DLA, Director (A&M)
D-2003-077 , Cooperative Agreements Support the Mentor Protégé Program, 4/10/2003	The USD[C] tasked the Director, Small and Disadvantaged Business Utilization (SADBU) to conduct a preliminary review into a potential Antideficiency Act violation.	Corrective actions are on schedule.	USD(C)
D-2003-080 , Allegation Concerning Information Assurance Management at the Defense Logistics Agency, 4/21/2003	Report is FOUO.	Corrective actions are on target.	DLA

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-081 , DoD Explosives Safety Program Oversight, 4/24/2003	Issue policy to restructure the DoD Explosives Safety Board and revise the DoD guidance to accurately reflect the Board's roles and responsibilities. Develop a safety management strategy that requires a comprehensive DoD explosives safety program.	Implementation actions are on target.	USD(AT&L)
D-2003-083 , Acquisition of the Suite of Integrated Radio Frequency Countermeasures, 4/29/2003	Report is FOUO.	Awaiting approval of documentation and completion of testing.	USSOCOM
D-2003-085 , International DoD Air Freight Tenders, 4/30/2003	USTRANSCOM was finalizing its Publication No. 5 to include draft criteria specified in the report. USTRANSCOM also was to electronically enter information on international air freight tenders into the new transportation routing system, once implemented; review air freight tenders and revoke tenders from carriers that are no longer qualified; direct the use of PowerTrack; establish standard rules and processes for air freight tenders; and develop plans of action for the new transportation routing system.	Delayed by the need to resolve requirements for rating shipments and standard delivery zones and the cancellation of the contract to develop the Surface Transportation Management System (STMS).	USTRANSCOM
D-2003-088 , Acquisition of the Chemical Demilitarization Program (U), 5/12/2003	Report is classified.	Actions are on target.	Army

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-090 , Use and Control of Military Interdepartmental Purchase Requests at the Air Force Pentagon Communications Agency, 5/13/2003	Establish and implement interagency agreements with activities receiving military interdepartmental purchase requests from the Air Force Pentagon Communications Agency; and conduct a preliminary review for potential Antideficiency Act violations.	The original Project Officer and team retired from federal government service, and the effort has been reassigned to a new Project Officer and team to work and complete.	Air Force
D-2003-091 , Reliability of the FY 2002 National Security Agency Financial Statement and Adequacy of Related Procedures and Controls (U), 5/14/2003	Report is classified.	Long-term corrective action on schedule.	NSA
D-2003-095 , Accounting for Reimbursable Work Orders at Defense Finance and Accounting Service Charleston, 6/4/2003	Develop business practices for Navy fund administrators to properly account for reimbursable work orders. Develop a methodology and provide guidance to prevent Navy fund administrators from over obligating at the segment level. Establish edit checks that align with the business practices of the Navy.	Long-term corrective action on target.	DFAS, Navy
D-2003-096 , Protection of European Theater Systems Against Radio Frequency Threats (U), 6/4/2003	Report is classified.	Management corrective actions are on target.	Army, Navy, Air Force, JCS & ASD(NII)
D-2003-098 , Follow-Up Audit of Depot-Level Repairable Assets at Selected Army and Navy Organizations, 6/5/2003	Funding will be sought to subsume the Contractor Asset Visibility functionality into the Logistics Modernization Program. Plan to conduct review of dormant/excess assets at storage sites. Revised policy will clarify requirements for adequately completing an "internal" and "external" review for all categories of material.	Normal time needed to issue new policy and deploy an automated capability.	Army, Navy

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-101 , Law Enforcement Support Office Excess Property Program, 6/13/2003	Defense Reutilization Marketing Service is working on expanding the electronic receipt of property in place to more customers. An automated initiative for high-end items will contain detailed management-type information. DRMS will implement electronic storage of DoD excess property issuance documentation.	Normal time for development of automated processes.	DLA
D-2003-102 , Office of the Secretary of Defense Disaster Preparedness (U), 6/17/2003	Report is classified.	Corrective actions are on target.	ASD(HD)
D-2003-104 , Department of Defense Policies and Procedures to Implement the Rural Development Act of 1972, 6/17/2003	Revision of DoD Directive 4165.6, "Real Property Acquisition, Management and Disposal." Specific guidance will be incorporated into the revision to include a February 2003 memorandum issued by USD (AT&L) and information from Public Law 92-419, section 601.	Coordination and approval process for DoD Instructions.	USD (AT&L)
D-2003-105 , Management of Developmental and Operational Test Waivers for Defense System, 6/20/2003	Report is FOUO.	Normal time to process updates to DoD Instructions.	USD (AT&L)
D-2003-106 , Administration of Performance-Based Payments Made to Defense Contractors, 6/25/2003	The Director, Defense Procurement and Acquisition Policy (DPAP), will conduct an assessment of the benefits of expanded performance-based payments implementation. It will address contracting officer compliance with FAR Part 32.10, and whether any changes are needed to those policies, the Performance-Based Payments User's Guide, or training resources.	Corrective actions are on schedule.	USD (AT&L)

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-107 , DoD Petroleum War Reserve Requirements (U), 6/26/2003	Report is classified.	Normal time needed to draft and coordinate guidance.	AF
D-2003-110 , Information Technology Management: Defense Civilian Personnel Data System Functionality and User Satisfaction, 7/27/2003	Formal policy to address and resolve issues related to the Human Resource automated systems will be included in the Civilian Personnel Manual. Also, system enhancements to correct deficiencies are in process.	Normal time needed to draft and coordinate guidance as well as develop system enhancements.	USD(P&R)
D-2003-112 , Contracting Practices of the Defense Security Service for Personnel Security Investigations (U), 6/27/2003	Report is classified.	Normal time needed to develop and implement new policies and procedures.	USD(I), DSS
D-2003-113 , Healthcare: Franchise Business Activity Contracts for Medical Services, 6/30/2003	Guidance will be issued to the Military Departments regarding the use of the Franchise Business Activity contracting vehicle.	Normal time needed to draft and coordinate guidance.	ASD(HA)
D-2003-114 , Defense Logistics Agency's Implementation of the Government Information Security Reform, 6/30/2003	Complete the DoD certification and accreditation process for the Air Force Electronic Key Management System.	Delayed due to lack of response from NSA; SSAA forwarded to NSA as the DoD Designated Approving Authority for the Air Force Electronic Key Management System.	DLA
D-2003-115 , Allegations Concerning the Administration of Contracts for Electronic Flight Instruments, 6/30/2003	Air Force will prepare an acquisition strategy addressing logistics support for the 550-series Electronic Flight Instruments that address sustainment and spare parts. DCMA (at Lockheed Martin, Fort Worth, TX) will perform a Contractor Purchasing System Review (CPSR).	Normal time to develop and approve acquisition strategy.	Air Force & DCMA

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-117 , Systems Inventory to Support the Business Enterprise Architecture, 7/10/2003	Establish a single repository for business systems information, which includes all data elements necessary for architecture development and budget. Establish procedures to ensure that the data are kept current, consistent, and accurate.	Long-term corrective action on schedule.	USD(C)
D-2003-119 , Controls Over DoD Medicare Eligible Retiree Health Care Fund Investments, 7/31/2003	Comply with DoD investment policy for the DoD Medicare Eligible Retiree Health Care Fund; Issue oversight procedures to ensure that the DFAS complies with the investment policy for the DoD Medicare Eligible Retiree Health Care Fund.	Long-term corrective action on target.	USD(C)
D-2003-120 , F/A-18E/F Integrated Readiness Support Teaming Program, 8/8/2003	Report is FOUO.	Actions are ongoing and are on schedule. Waiting for supporting documentation on actions from the Navy.	Navy
D-2003-121 , DoD Fire and Emergency Services Program, 8/12/2003	DoDI 6055.6 will be revised to address staffing issues. Modernization plans for fire and emergency services apparatus will be developed,	Normal time needed to update directive and develop modernization plans.	USD(AT&L), Army, Navy
D-2003-122 , Financial Management: Closing the Army's 1985 M1a1 Tank Contract (Contract Daae07-85-C-A043), 8/13/2003	OUSD(C) will issue guidance for unreconcilable contracts. The OUSD(C) will update the DoD FMR to specifically address the requirement to maintain vouchers and supporting documentation to facilitate complete contract reconciliations. All guidance directing the length of record retention will be revised to reference the date of contract closure and not the date of final payment.	Long-term corrective action on target.	USD(C), DFAS

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-123 , Corps of Engineers Equipment Reporting, 8/20/2003	The Corps of Engineers will reinforce the reconciliation between the financial records and property records.	Long-term action requiring extensive time to perform asset valuation, document the cost of equipment assets, and to perform a reconciliation between financial records and property records.	Army
D-2003-124 , Financial Management: Certification of a DoD Payment for Telecommunications Services, 8/22/2003	Reconcile the approximately \$2.2 million of invoices that have not been researched to identify potential overpayments and require appropriate credit back to the Defense Information Technology Contracting Organization.	Long-term corrective action on schedule.	DISA
D-2003-127 , Allegation of Improper Accounting for Direct Billable Hours by the Defense Finance and Accounting Service, 8/28/2003	Make corrections for unbilled direct billable hours (DBH) and develop an SOP for collection, allocation, and billing of DBH workcounts to ensure non-billing of customer charges does not occur in the future. The SOP will also specify that appropriate audit trails be maintained.	Management corrective actions are on target.	DFAS
D-2003-128 , The Chemical Demilitarization Program: Increased Costs for Stockpile and Non-Stockpile Chemical Disposal Programs, 9/4/2003	Direct DoD components to develop and prioritize a schedule for the disposal of buried chemical warfare materiel (USD(AT&L)). Update the plan and cost estimate for disposal after the DoD Components implement the USD(AT&L) direction.	Long-term corrective action on schedule (USD(AT&L)). Action on hold pending DoD Components' implementation of pending USD(AT&L) tasking (Army).	USD(AT&L), Army
D-2003-130 , Accountability and Control of Materiel at the Ogden Air Logistics Center, 9/5/2003	The Air Force developed guidance, and maintenance shops completed reviews and turned in excess material.	Actions are ongoing and on schedule.	Air Force

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-131 , Cooperative Threat Reduction Program Phase II, 9/11/2003	Expedite the determination of the future of the facilities and equipment purchased for Cooperative Threat Reduction (CTR) projects. Improve project plan guidance for CTR projects. Establish procedures to improve the production and maintenance of all necessary documents and correspondence.	Management corrective actions are on target.	USD(P), DTRA
D-2003-132 , Air Force Transaction of Advanced Technology Program to Military Applications, 9/12/2003	Establish integrated product teams and charters for advanced technology development efforts. Revise and implement Air Force Instruction 61-101 to ensure the status of technology transition plans are reviewed at the Applied Technology Councils. Implement a Capabilities Requirements Review and Assessment (CRRRA) process that will include all advanced technology development funded efforts.	Normal time for coordination and approval process for revised Air Force Instructions and other key documentation.	Air Force
D-2003-133 , Report on Controls Over DoD Closed Appropriations, 9/15/2003	Emphasize the importance of controls over the use of closed appropriations and monitor compliance with applicable laws and regulations. DFAS establish specific standard procedures to ensure that accounting personnel approve only legal and proper adjustments to closed appropriations, and validate the canceled balances and report any potential Antideficiency Act violations.	Corrective actions are on target.	USD(C), DFAS

Report Number/Title/Date	Description of Action	Reason Action Not Completed	Principle Action Office
D-2003-134 , System Security of the Army Corps of Engineers Financial Management System, 9/15/2003	Track all major modifications of corporate-level automated information systems and networks to ensure accreditation and reaccreditation actions are initiated in accordance with DoD guidance, and require all USACE districts to perform site inspections and prepare action reports that verify physical security policies are followed.	Actions delayed due to competing priorities.	USACE

Acronyms:

AF	Air Force
ASD(HA)	Assistant Secretary of Defense (Health Affairs)
ASD(NII)	Assistant Secretary of Defense (Networks Information Integration)
CAP	Civil Air Patrol
DAM	Director, Administration and Management
DATSD(C/BD)	Deputy Assistant to the Secretary of Defense for Chemical/Biological Defense
DCC-W	Defense Contracting Command - Washington
DCMA	Defense Contract Management Agency
DeCA	Defense Commissary Agency
DFAS	Defense Finance and Accounting Service
DIA	Defense Intelligence Agency
DISA	Defense Information Systems Agency
DLA	Defense Logistics Agency
DSS	Defense Security Service
DSCA	Defense Security Cooperation Agency
DTRA	Defense Threat Reduction Agency
EUCOM	European Command
JS	Joint Staff
MC	Marine Corps
NGA	National Geospatial-Intelligence Agency
NGB	National Guard Bureau
NRO	National Reconnaissance Office
NSA	National Security Agency
PACOM	Pacific Command
TRANSCOM	Transportation Command
SOCOM	Special Operations Command
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology and Logistics
USD(C)	Under Secretary of Defense (Comptroller)
USD(I)	Under Secretary of Defense (Intelligence)
USD(P)	Under Secretary of Defense for Policy
USD(P&R)	Under Secretary of Defense for Personnel and Readiness
USFK	United States Forces - Korea
WHS	Washington Headquarters Service