

# STATISTICAL HIGHLIGHTS

The following statistical data highlights Department of Defense Inspector General accomplishments during the April 1, 2010 to September 30, 2010 reporting period.

## SUMMARY OF AUDIT ACTIVITIES

Reports Issued	66
Monetary Benefits	
Recommendations Made on Funds Put to Better Use	\$144.6 million
Achieved Monetary Benefits (Funds Put to Better Use)	\$4.1 billion

## SUMMARY OF INVESTIGATIVE ACTIVITIES

Total Returned to the U.S. Government	\$303 million
Seizures and Recoveries	\$194 thousand
Civil Judgments	\$213 million
Criminal Judgments	\$41.8 million
Administrative Judgments	\$47.9 million
Investigative Cases	
Indictments	160
Convictions	125
Suspensions	23
Debarments	65
Administrative Investigations	
Cases Received	688
Cases Closed	643
Senior Official Investigations	274
Reprisal Cases	369

## SUMMARY OF POLICY AND OVERSIGHT ACTIVITIES

Existing and Proposed Regulations Reviewed	186
Evaluation Reports Issued	2
Inspector General Subpoenas Issued	391

## SUMMARY OF INTELLIGENCE ACTIVITIES

Intelligence Reports Issued	11
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## SUMMARY OF SPECIAL PLANS AND OPERATIONS ACTIVITIES

Assessment Reports Issued	6
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## SUMMARY OF DEFENSE HOTLINE ACTIVITIES

Contacts	9,016
Cases Opened	1,265
Cases Closed	1,446



OCTOBER 2010



Inspector General  
Gordon S. Heddell

DEPARTMENT OF DEFENSE  
**INSPECTOR  
GENERAL**

# SIGNIFICANT ACHIEVEMENTS *of DoD IG*

DoD IG focuses its efforts on preventing and detecting fraud, waste, and abuse, and improving efficiency and effectiveness in areas such as the health and safety of DoD personnel; acquisitions and contracting; financial management; information security and assurance; and joint warfighting and readiness. DCIS, the investigative arm of DoD IG, focuses its efforts on fraud and corruption; financial crimes; defective, substituted, counterfeit, or substandard products; illegal export, diversion, transfer, proliferation, or theft of sensitive DoD technology; and computer intrusions and other cyber crime. In addition, DoD IG is statutorily required to provide oversight of DoD American Recovery and Reinvestment Act funds and the realignment of U.S. forces from Japan to Guam.

DoD IG is operating with over 50 personnel in Southwest Asia working out of six offices – three in Afghanistan, two in Iraq, and one in Kuwait – as well as teams of auditors, special agents, inspectors, and engineers entering and exiting the region on temporary duty assignments. Oversight of Overseas Contingency Operations include focus on the drawdown of U.S. forces in Iraq, the upsurge in Afghanistan, and the capacity-building of Afghan and Iraqi Security Forces. DCIS presence in the region identifies corrupt business practices, loss of U.S. funds through contract fraud, and theft of critical military equipment destined for U.S. forces in Southwest Asia. For a complete listing of our reports, visit us on the Web at [www.dodig.mil](http://www.dodig.mil).

### Intra-Theater Transportation Planning, Capabilities, and Execution for the Drawdown from Iraq

DoD IG assessed whether U.S. Central Command and its supporting and subordinate organizations' intra-theater logistical and transportation planning were sufficient to support and manage the movement of materiel being drawn down from Iraq. DoD IG determined their planning appeared to be sufficient, and that the logisticians in these organizations were continuing to gain efficiencies in their planning processes, which DoD IG anticipates will progressively improve and enhance intra-theater transportation capabilities.



### \$12.5 Million Settlement by Northrop Grumman Corporation for False Claims

On June 14, 2010, Northrop Grumman Corporation's Navigation Systems Division agreed to pay almost \$13 million to settle allegations of fraud. A joint investigation with NCIS, Army CID, and NASA found Northrop submitted false claims to the U.S. government seeking payment for electronic components that were knowingly not tested as required by contract specifications. The investigation showed Northrop did not perform these tests from 2002 to 2006 on electronic components used in U.S. military avionics systems, navigation and positioning systems, inertial systems, fiber-optic gyro systems, friend-or-foe transponders, interrogators and cockpit displays, and computers used on a wide variety of military and space vehicles, to include the MH-60 helicopter, B-2 bomber, F-117A fighter, the Global Hawk and Predator drones, M-1 Abrams tank, Virginia class attack submarines, and the Trident Missile.



### Accountability and Disposition of Government-Furnished Property with the Iraq Drawdown

Generally, DoD had adequate accountability over Logistics Civil Augmentation Program government-furnished property. DoD IG estimated that the program contractor could account for 96.8 percent of the items in the sample frame. However, at some of the sites visited, DoD IG identified accountability issues that needed management's attention. DoD IG also identified systemic issues concerning the management and disposition of items located at the LOGCAP contractor's Fair, Wear, and Tear yards, where excess and unserviceable items are stored.



### Analysis of Air Force Secondary Power Logistics Solution Contract

DoD IG identified over \$70 million of inventory in Defense Logistics Agency warehouses that would not be effectively utilized because the Air Force was planning on procuring the same items under a performance based logistics contract with the original equipment manufacturer. As a result of the audit, the Air Force required the responsible contractor to draw down the inventory over a 10-year period consistent with contract terms.



# IMPACT ON THE DEPARTMENT

## DEPARTMENT OF DEFENSE INSPECTOR GENERAL



DoD is an exceptionally complex institution. The Department has a budget of over \$600 billion, and employs over 1.3 million men and women on active duty, plus over 600,000 civilian personnel. Another 1.1 million serve in the National Guard and Reserve forces and more than two million retirees receive benefits from the Department. The Department maintains a presence in more than 150 countries. The sheer size of the Department's operations makes "driving change" an enormous challenge. The mission of DoD IG is to improve the programs and operations of the Department. We impact crucial DoD operations by protecting the health, safety, and welfare of our troops. Our audits, investigations, and inspections protect American interests and taxpayer dollars; fight public corruption; and reduce fraud, waste, and abuse in the Department. We will continue to issue reports and conduct investigations that are high-impact, relevant, and timely. We identified oversight areas of focus that depict the positive impact of our work on the Department.

### LOGISTICS

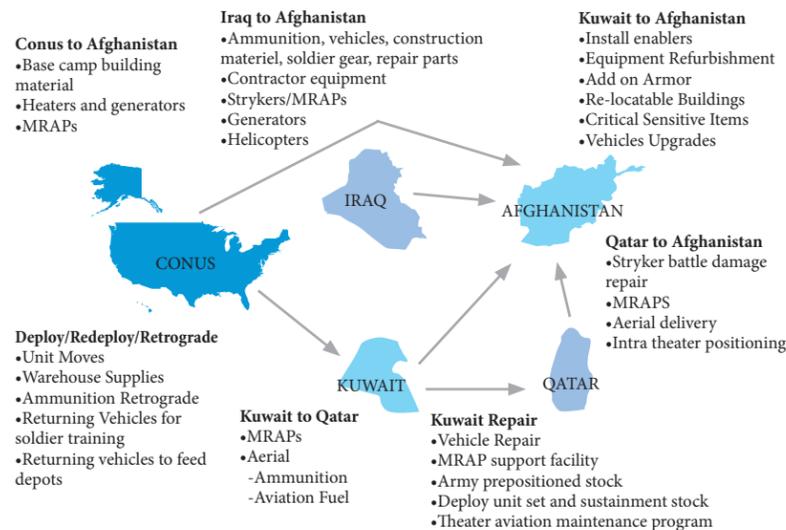
The Department was responsible for reducing the size of our force in Iraq by thousands while maintaining accountability and control over millions of pieces of materiel. At the same time, it executed an increase in personnel in Afghanistan, a land-locked country with inferior transportation infrastructure. This logistics operation is one of the most complex ever undertaken by the United States military. Providing oversight of this complex logistical support mission for Operations New Dawn and Enduring Freedom is a top DoD IG priority.

U.S. Army Logistics Environment Statistics (FY 2010)

- Shipped over 18,000 vehicles back to the United States for Army reset.
- Issued over 12,000 pieces of equipment valued at over \$145 million to the Iraqi Security Forces.
- Redistributed to Afghanistan from Iraq about 69,000 vehicles and items of equipment valued at \$1.12 billion.



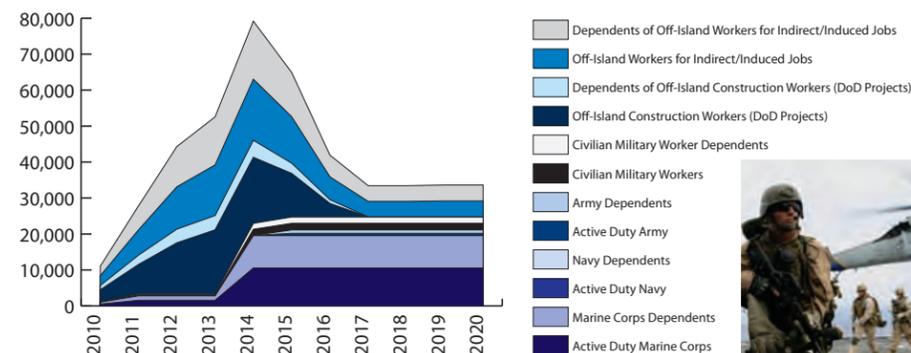
Logistics: Redeployment, Retrograde, and Reposturing



### GUAM REALIGNMENT

DoD IG is providing oversight for one of the largest planned movements of U.S. forces and their associated dependents and military assets in decades - from Okinawa, Japan to Guam. Proposed actions would entail increased operational activities associated with Marine Corps and Army basing, more frequent ship berthing, and the establishment of aviation maintenance operations and facilities.

Projected Population Increase Due to the Guam Realignment 2010-2020



### DoD CONTRACTING

Because of the magnitude of DoD's purchasing power, DoD IG is faced with challenges involving contract oversight, especially in Iraq and Afghanistan. DoD IG audits have covered about 7,300 contracts or contracting actions valued at \$147.6 billion. DoD IG issued the report "Contingency Contracting: Framework for Reform," which identifies systemic areas of weakness in the contracting life cycle. This IG report serves as a tool to assist the Department in focusing on identified weak contract functions. DCIS investigations related to Overseas Contingency Operations have resulted in 157 suspensions and 44 debarments of companies and persons from contracting with the U.S. government.

Obligations by Place of Performance

	Iraq	Afghanistan	Total
FY10	\$6,923,862,499.76	\$11,263,037,954.93	\$18,186,900,454.69
FY09	\$9,204,318,064.26	\$7,146,505,523.86	\$16,350,823,588.12
FY08	\$15,140,815,305.48	\$5,952,398,744.56	\$21,093,214,050.04
FY07	\$12,424,968,872.60	\$3,195,878,216.92	\$15,620,847,089.52

### PROTECTING THE WARFIGHTER

In support of our warfighters' mission, DCIS conducts investigations involving the illegal export, theft, or diversion of sensitive military goods and technologies; as well as investigations involving nonconforming, substituted, counterfeit, and defective products. DCIS prioritizes these investigations so as to ensure U.S. military technology is not utilized against our own service members; and to guarantee our soldiers, sailors, airmen, and Marines are supplied with reliable and safe products. As of September 30, 2010, DCIS has 246 open cases related to product substitution and 199 open cases involving technology protection. One such investigation resulted in a federal jury determining that two Chinese nationals were guilty of illegally conspiring to export controlled electronic equipment from the United States to China. The items illegally exported were primarily used in military phased array radar, electronic warfare systems, military guidance systems, and military satellite communications. Other examples of technologies associated with recent DCIS investigations include the following:

#### TECH PROTECT PARTS

1. Prisms/Technical Data/Optics used in Military Applications
2. RD-180 Rocket Propulsion Systems and Engines
3. Replacement Parts for Fighter Jets and Other Military Aircraft
4. F-5 Canopy Panels/Components/Bolts and Helicopter Engines
5. Communication, Encryption, and GPS Equipment used by the U.S. & NATO Militaries
6. Assault Rifles
7. QRS-11 Gyro Chip Sensors
8. Phase Shifters
9. Digital Air Data Computer 107
10. Advanced Combat Optical Gunsights



### HEALTH & SAFETY

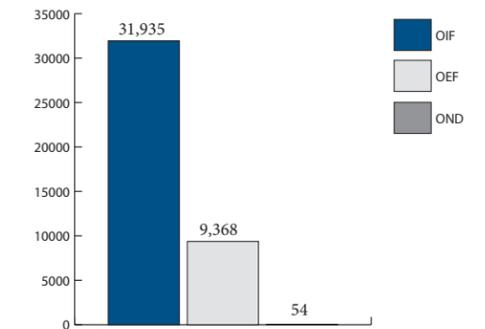
The health and safety of the men and women in uniform – whether referring to the body armor they wear, the vehicles they ride in designed to protect against IEDs, or the medical care they receive – is a priority.

#### WOUNDED WARRIOR REVIEW

DoD IG is reviewing whether the DoD wounded warrior programs for the care, management, and transition of recovering service members wounded during deployment in Operations Enduring Freedom, Iraqi Freedom, and New Dawn are managed effectively and efficiently. How the DoD cares for its tens of thousands of wounded warriors has consequences for our military and veteran health care systems, our national employment rate, and even homelessness. There are 41,357 total wounded in action since start of hostilities in 2001.



U.S. Military Wounded in Action Since 2001

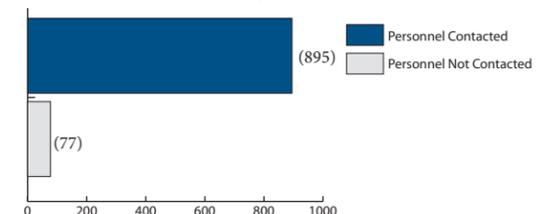


#### SODIUM DICHROMATE REVIEW

DoD IG reviewed DoD efforts to identify, contact, and provide access to health care for civilian and military personnel exposed to industrial hazards, including sodium dichromate, which contains a known carcinogen, while working to restore a water treatment plant at Qarmat Ali, Iraq in 2003. DoD IG found that the Army contacted 895 out of an identified 972 personnel potentially exposed to sodium dichromate as shown in the chart below.



Number of Personnel Potentially Exposed to Sodium Dichromate Contacted



Amount of DoD Contract Awards FY 2004 - FY 2010 (\$ Billions)

