

INSPECTOR GENERAL

U.S. Department of Defense

Semiannual Report to the Congress

APRIL 1, 2017 THROUGH SEPTEMBER 30, 2017



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.



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 http://www.dodig.mil/Components/Administrative-Investigations/Whistleblower-Reprisal-Investigations/Whistleblower-Protection-Ombudsman/



INSPECTOR GENERAL DEPARTMENT OF DEFENSE 4800 MARK CENTER DRIVE ALEXANDRIA, VIRGINIA 22350-1500





Acting Inspector General Glenn A. Fine

This report summarizes the work of the Department of Defense (DoD) Office of Inspector General (OIG) from April 1, 2017, through September 30, 2017. It identifies oversight conducted by the OIG during the past 6 months, which demonstrates the importance of our efforts to detect and deter fraud, waste, and abuse in DoD programs and operations; to seek to improve the economy, efficiency, and effectiveness of DoD programs; and to help ensure ethical conduct throughout the DoD.

During the past 6 months, the OIG issued a total of 55 reports, including several significant audits and evaluations. Of particular note, the OIG issued a "Compendium of Open Office of Inspector General Recommendations to the Department of Defense," which summarized all recommendations issued to DoD Components that remained open as of March 31, 2017. Of the 1,298 open recommendations, 58 have associated

potential monetary benefits, which if implemented, potentially could have saved the DoD billions of dollars. This compendium received significant attention throughout the DoD, and spurred corrective action on many of the open recommendations, which was its intended purpose.

This reporting period, our Audit component issued 40 reports that identified \$202 million in questioned costs and \$3.3 million funds put to better use. Our Policy and Oversight component issued eight evaluation reports addressing its oversight of audit, investigative, and technical issues in the DoD, including a follow up evaluation of military housing inspections in Korea and Japan. Our Special Plans and Operations component issued four reports. Our Intelligence and Special Program Assessments component released three reports, all three of which were classified.

Our Defense Criminal Investigative Service (DCIS) opened 468 cases, closed 465 cases, and has 1,623 ongoing investigations. These criminal cases primarily addressed allegations of procurement fraud, public corruption, product substitution, health care fraud, illegal transfer of technology, and cyber crimes. DCIS cases resulted in total receivables and recoveries of \$1.1 billion. Additionally, DCIS investigations resulted in \$763.7 million in civil judgments and settlements; \$77.5 million in criminal fines, penalties, and restitution ordered; and \$293.1 million in administrative recoveries.

In our Administrative Investigations (AI) component, the DoD Hotline received 7,106 contacts, opened 4,182 cases, and closed 4,056 cases. During the reporting period, AI received 399 senior official complaints and 904 whistleblower reprisal and restriction complaints, and closed 387 senior official and 864 whistleblower reprisal and restriction complaints.

We also continue our important responsibilities as the Lead Inspector General for two overseas contingency operations—Operation Inherent Resolve and Operation Freedom's Sentinel. We work closely with our OIG partners from the U.S. Department of State and the U.S. Agency for International Development, as well as with the Special Inspector General for Afghanistan Reconstruction, to provide coordinated oversight and reporting over these contingency operations. This continuous joint oversight among Federal Inspectors General is unique in the Federal Inspector General community, and is representative of an important "whole of government" approach to oversight of overseas contingency operations.

This report also includes oversight work performed by other members of the Defense Accountability Community. We thank them for their ongoing contributions toward our shared responsibilities to providing effective oversight of DoD operations.

The significant work included in this Semiannual Report demonstrates our commitment to conducting independent and objective oversight throughout the DoD.

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. These semiannual reports are intended to keep the Secretary of Defense and Congress fully informed of significant findings, progress the DoD has made relating to those findings, and recommendations for improvement.

For the reporting period of April 1, 2017, through September 30, 2017, the DoD OIG issued a total of 55 audit, inspection, and evaluation reports, including 40 audit reports that identified \$202 million in questioned costs and \$3 million in funds that could be put to better use.

Audit issued 40 reports identifying \$202 million in questioned costs and \$3.3 million in funds that could be put to better use that addressed the acquisition of goods and services, contract administration and oversight, financial management and audit readiness, improper payments, building partnership capacity, cybersecurity, overseas contingency operations, and readiness. For example, the DoD OIG reported that the U.S. Army did not effectively manage its modernization of the H-60 Black Hawk helicopter fleet, such as not providing adequate funding and training for H-60 pilot new equipment and not conducting required airframe condition evaluations on 460 H-60 helicopters. The DoD OIG also determined that the DoD did not effectively manage or oversee the Global Discovery Program and counternarcotics agreements between the Department of Justice and the DoD. As a result, the DoD wasted at least \$64.8 million on the Global Discovery Program for modifications on the ATR 42-500 aircraft intended for use in Afghanistan. In another audit, the DoD OIG also reported that the Army did not provide sufficient, accurate, and appropriate documentation to support the costs recorded for the statistically sampled Army Working Capital Fund inventory items acquired in the second quarter FY 2016. In another audit report, the DoD OIG identified that DoD components did not report complete and accurate information technology system

data in the DoD Information Technology Portfolio Repository. The DoD spent at least \$30.8 million to operate, maintain, and update the DoD Information Technology Portfolio Repository, but incomplete and inaccurate information technology system data make the information contained in this database unreliable.

Defense Criminal Investigative Service (DCIS)

investigations, including those conducted jointly with other law enforcement organizations, resulted in \$763.7 million in civil judgments and settlements; \$77.5 million in criminal fines, penalties, and restitution ordered; and \$293.1 million in administrative recoveries, such as contractual agreements and military nonjudicial punishment. DCIS has 1,623 ongoing investigations, opened 468 cases, and closed 465 cases during this reporting period. Cases addressed criminal allegations of procurement fraud, public corruption, product substitution, health care fraud, illegal technology transfer, and cyber crimes and computer network intrusions. For example, a DCIS joint investigation with the Health and Human Services OIG resulted in a \$58 million civil settlement with Novo Nordisk to resolve allegations that it violated the False Claims Act when it directed its sales force to not clearly notify physicians of the risks of prescribing Victoza to adult patients without Type II diabetes. Another joint investigation with Homeland Security Investigations resulted in Guan Ying Li, a Chinese businessman, receiving 120 months imprisonment and 60 months supervised release for attempting to provide material support or resources to a designated terrorist organization. A joint investigation with the Federal Bureau of Investigation (FBI) and Army Criminal Investigative Command (commonly known as CID) resulted in Bahram Bordbar, President of Prototype Engineering and Manufacturing, entering into a civil settlement of \$909,000, dissolution of his company, and a lifetime ban on Government contracting for providing nonconforming parts and not following contract requirements for repair work for the AH-64 Apache Helicopter.

Administrative Investigations (AI) completed

19 senior official and reprisal investigations and oversaw 1,303 senior official and reprisal investigations completed by the Service and Defense agency OIGs. During the reporting period, AI received 399 senior official complaints and 904 whistleblower reprisal and restriction complaints, and closed 387 senior official and 864 whistleblower reprisal and restriction complaints, including overseeing 75 senior official cases and 400 reprisal and restriction cases completed by the Service and Defense agency OIGs. The DoD Whistleblower Ombudsman received 165 contacts, and the DoD Hotline's Whistleblower Rights and Protections webpage received 9,880 visits. The DoD Hotline received 7,106 contacts, opened 4,182 cases, and closed 4,056 cases.

Intelligence and Special Program Assessments (ISPA)

issued three classified reports that evaluated intelligence, nuclear, and overseas contingency operations issues. For example, one classified report evaluated the Military Services' continuous monitoring and comprehensive counterintelligence-focused security reviews in the Military Accessions Vital To National Interest (MAVNI) program. Another report examined the capability of the Air Force and Navy to respond to a nuclear weapon accident or incident.

Policy and Oversight (P&O) issued eight evaluation reports addressing its oversight of audit, investigative, and technical issues in the DoD. Two P&O projects followed up on prior report recommendations made in evaluations of the health and safety of military housing in Korea and Japan. In another review of military housing in Camp Lemonnier, Djibouti, P&O determined that existing facilities were not being maintained in accordance with DoD health and safety policies and standards, identifying a total of 691 deficiencies that could affect the health, safety, and well-being of warfighters. P&O also performed peer reviews of the Defense Logistics Agency (DLA) Audit Organization, Army Audit Agency Special Access Program Audits, and the Army Internal Review Program.

Special Plans and Operations (SPO) issued

four reports during the reporting period. One report assessed U.S. and Coalition efforts to train, advise, assist, and equip the Iraqi Counterterrorism Service and the Iraqi Special Operations Forces. Another report evaluated U.S. and Coalition efforts to enable the Afghan Ministry of Defense to develop its oversight and internal control capability. A third report evaluated the European Reassurance Initiative, and the fourth report evaluated DoD efforts to build counterterrorism and stability operations capacity of foreign military forces with section 1206/2282 funding.

Overseas Contingency Operations (OCO) executes Lead IG responsibilities and oversight coordination related to Operation Inherent Resolve (OIR) and Operation Freedom's Sentinel (OFS), including coordination with the OIGs from the U.S. Department of State (DOS), the U.S. Agency for International Development (USAID), the Special Inspector General for Afghanistan Reconstruction, and other agencies. During this reporting period, OCO published two quarterly reports on each of the overseas contingency operations and a legislatively required report on IG oversight activities in Afghanistan. During this reporting period, the DoD OIG published a classified appendix to the quarterly report on OFS. In support of our Lead IG responsibilities, the DoD OIG, DOS OIG, USAID OIG, and its oversight partners are conducting 44 OIR and 44 OFS audits, assessments, and evaluations. Additionally, the OIGs are conducting 90 OIR and 97 OFS investigations.

STATISTICAL HIGHLIGHTS

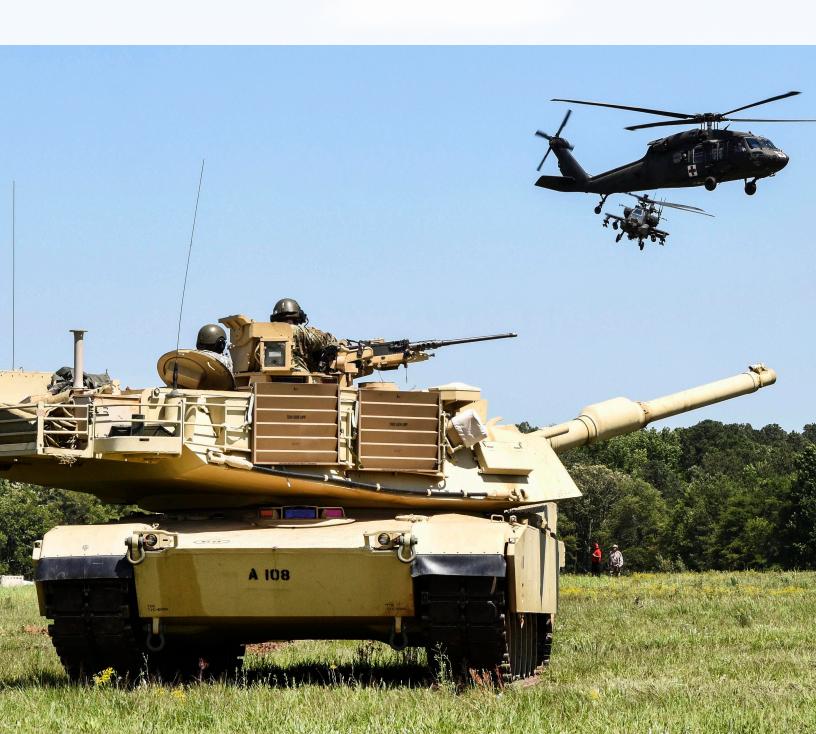
Summary of Activities	Total for the Reporting Period
AUDIT ACTIVITIES	
Reports Issued	40
Recommendations Made With Questioned Costs	\$202 million
Recommendations Made on Funds Put to Better Use	\$3.3 million
Achieved Monetary Benefits	\$11 million
DEFENSE CRIMINAL INVESTIGATIVE SERVICE ACTIVITIES	
Total Investigative Receivables and Recoveries ¹	\$1.135 billion
Recovered Government Property	\$549.7 thousand
Civil Judgments and Settlements	\$763.7 million
Criminal Fines, Penalties and Restitution Ordered (Excludes Asset Forfeitures)	\$77.5 million
Administrative Recoveries ²	\$293.1 million
Investigative Activities	
Arrests	102
Criminal Charges	211
Criminal Convictions	175
Suspensions	86
Debarments	154
Asset Forfeiture Results	
Seized	\$24.78 million
Final Orders of Forfeiture	\$12.78 million
Monetary Judgments	\$34.84 million
ADMINISTRATIVE INVESTIGATIONS	
Publicly Released Reports	2
Complaints Received	1,303
Senior Official	399
Whistleblower Reprisal and Restriction	904
Complaints Closed	1,251
Senior Official	387
Whistleblower Reprisal and Restriction	864
DoD OIG Investigations Closed	19
Senior Official	1
Whistleblower Reprisal and Restriction	18

¹ Includes investigations conducted jointly with other law enforcement organizations.
² Includes contractual agreements and military nonjudicial punishment.

Summary of Activities	Total for the Reporting Period
Service and Defense Agency IG Investigations Closed and Overseen by the DoD OIG	185
Senior Official	67
Whistleblower Reprisal and Restriction	118
Service and Defense Agency IG Cases Closed and Overseen by the DoD OIG (Includes Investigations, Dismissals, and Withdrawals)	475
Senior Official	75
Whistleblower Reprisal and Restriction	400
Whistleblower Ombudsman	
Contacts	165
Visits to Whistleblower Rights and Protections Webpage	9,880
DoD Hotline	
Contacts	7,106
Cases Opened	4,182
Cases Closed	4,056
INTELLIGENCE AND SPECIAL PROGRAM ASSESSMENTS ACTIVITIES	
Reports Issued	3
POLICY AND OVERSIGHT ACTIVITIES	
Existing and Proposed Regulations Reviewed	134
Evaluation Reports Issued	8
Inspector General Subpoenas Issued	572
Contractor Disclosures Received	116
SPECIAL PLANS AND OPERATIONS ACTIVITIES	
Evaluation Reports Issued	4



1. Overview



SERVING THE DEPARTMENT AND THE CONGRESS

Established in 1982, the DoD OIG is an independent office within the 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.

- Recommend policies for and conduct, supervise, or coordinate other activities, for the purpose of promoting economy and efficiency, and preventing and detecting waste, fraud and abuse, in DoD programs and operations.
- Serve as the principal advisor to the Secretary of Defense in matters of DoD fraud, waste, and abuse.
- Provide policy direction for and conduct, supervise, and coordinate audits and investigations relating to the programs and operations of the DoD.
- · Ensure that the Secretary of Defense and Congress are fully informed of problems in the DoD.
- · Review existing and proposed legislation and regulations relating to programs and operations of the DoD with regard to their impact on economy and efficiency and the prevention and detection of fraud, waste, and abuse in the DoD.
- Coordinate relationships with Federal agencies, state and local Government agencies, and non-governmental entities, in matters relating to the promotion of economy and efficiency and detection of fraud, waste, and abuse.
- Transmit a semiannual report to Congress that is available to the public.

The DoD OIG is authorized "to have timely 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 the DoD, as stated in section 6(a)(1) of the IG Act.

Our Mission

The DoD OIG's stated mission is to provide independent, relevant, and timely oversight of the DoD that:

- supports the warfighter;
- promotes accountability, integrity, and efficiency;
- advises the Secretary of Defense and Congress; and
- informs the public.

Our Vision

The DoD OIG's vision is to be a model oversight organization in the 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 50 field offices located in the United States, Europe, Southwest Asia, and South Korea. Over 1,000 DoD OIG employees are assigned to OIG headquarters, and more than 500 OIG employees, primarily auditors and investigators, are assigned to DoD OIG field offices. At any time, approximately 50 employees are temporarily assigned to Southwest Asia.

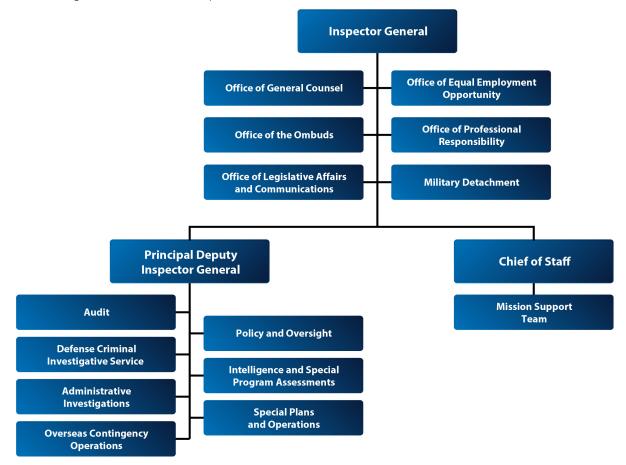
DoD OIG Field Offices Located Within the United States



DoD OIG Field Offices Located Overseas



Table 1.1 OIG Organizational Structure as of Sept. 30, 2017



AUDIT

Audit conducts independent, relevant, and timely audits to detect and deter fraud, waste, and abuse; promote economy, efficiency, and effectiveness; and provide actionable recommendations that can help improve DoD programs, operations, and stewardship of DoD resources.

DEFENSE CRIMINAL INVESTIGATIVE SERVICE (DCIS)

DCIS conducts criminal investigations of matters related to DoD programs and operations, focusing on procurement fraud, public corruption, product substitution, health care fraud, illegal technology transfer, cyber crimes, and computer intrusions.

ADMINISTRATIVE INVESTIGATIONS (AI)

Al investigates and oversees DoD Components' investigations of allegations of misconduct against senior DoD officials and allegations of whistleblower reprisal and restriction from communication with an IG or Member of Congress. Al also manages 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 the DoD.

INTELLIGENCE AND **SPECIAL PROGRAM** ASSESSMENTS (ISPA)

ISPA conducts evaluations regarding the programs, policies, procedures, and functions of the DoD's intelligence and counterintelligence enterprises, special access programs, and nuclear enterprise.

POLICY AND OVERSIGHT (P&O)

P&O provides policy guidance for DoD audit and investigative activities, conducts evaluations 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 (SPO)

SPO conducts evaluations of national security issues, evaluations related to congressional requests, and other evaluations of significant DoD programs and operations.

OVERSEAS CONTINGENCY **OPERATIONS (OCO)**

OCO supports the DoD OIG's Lead IG responsibilities, coordinates the oversight of overseas contingency operations by the DoD OIG and other agencies through joint strategic planning and project management, and produces quarterly reports related to each overseas contingency operation.

SUMMARY OF MANAGEMENT AND PERFORMANCE CHALLENGES WITHIN THE DOD

Each year, the DoD OIG is required to provide an annual statement to the DoD that summarizes what the DoD OIG considers to be the most serious management and performance challenges facing the DoD. This requirement is contained in Public Law 106-531, "Reports Consolidation Act of 2000." This law also mandates that the DoD OIG report assess the DoD's progress in addressing those challenges.

In response, the DoD OIG determined what we consider to be the top 10 DoD management and performance challenges. The top 10 challenges are identified based on DoD OIG oversight work, research, and judgment; oversight work done by other components within the DoD; and oversight projects by the Government Accountability Office (GAO). These top 10 challenges are not necessarily placed in order of importance; rather, all are critical challenges facing the DoD.

The DoD OIG also uses this document as a management tool, because we seek to focus most of our oversight reviews on matters related to these top DoD management and performance challenges.

The full report with details on these challenges can be viewed at: http://www.dodig.mil/Reports/ Top-DoD-Management-Challenges.

Because the DoD OIG's top management challenges document is now forward-looking and outlines the most significant management and performance challenges facing the DoD in the current fiscal year and the future, this year's management challenges report is labelled as the 2018 report, rather than the 2017 report.





2. Core Mission Areas



AUDIT

The DoD OIG's Audit component conducts audits of DoD operations, systems, programs, and functions. The Audit component consists of four operating directorates:

- · Acquisition and Sustainment Management,
- · Contract Management and Payments,
- · Financial Management and Reporting, and
- Readiness and Cyber Operations.

The following are highlights from DoD OIG audit work, by directorate, during the reporting period. Additional audit report summaries in the Lead IG section of this report discuss audit work that relates to the DoD OIG's Lead IG oversight responsibilities.

Acquisition and **Sustainment Management**

Army is Effectively Managing the Armored Multi-Purpose Vehicle, but There Are Concerns That Could Impact Program Cost, Schedule, and Performance

The DoD OIG determined whether the Army effectively managed the Armored Multi-Purpose Vehicle acquisition program. The Armored Multi-Purpose Vehicle is replacing the Armored Personnel Carrier that entered service in 1960. According to the Army, the Armored Multi-Purpose Vehicle will provide sufficient protection, mobility, and network-enabled functions to maneuver with and support combat vehicles throughout a range of military operations.

The DoD OIG determined that the project management office has effectively managed the Armored Multi-Purpose Vehicle acquisition program through the critical design review. Specifically, the project management office has kept the Armored Multi-Purpose Vehicle within cost requirements and met scheduled timeframes. Additionally, the project management office worked with U.S. Army Training and Doctrine Command officials to develop achievable performance requirements. However, project management office officials may not meet entry requirements for initial production and testing (Milestone C) because they have not fully resolved vehicle performance and design demonstration concerns. As a result, the Armored



Armored Multi-Purpose Vehicle

Source: Armv.

Multi-Purpose Vehicle Project Management Office could experience increased costs and schedule delays while addressing concerns with vehicle performance and design demonstration. Project management office officials expected the Armored Multi-Purpose Vehicle program to start developmental testing in June 2017. However, officials stated that the initial test schedule for the program was dependent on a very aggressive production and delivery schedule that did not allow much time to address program delays and design changes that could increase program costs. In addition, the project management office may not procure the correct quantity of Armored Multi-Purpose Vehicles if the Army Acquisition Objective is not updated at Milestone C because U.S. Army Deputy Chief of Staff, Programming, G-8, officials have not revised the procurement quantities to reflect the changes to the Army's equipment and force structure requirements. As a result, the Armored Multi-Purpose Vehicle acquisition program's estimated total cost and Average Procurement Unit Cost is not accurate.

The DoD OIG recommended that the Project Manager, Armored Multi-Purpose Vehicle Project Management Office, monitor and adequately address concerns with performance requirements, vehicle design stability, and issues identified during all future testing events that would prohibit successful completion of entrance criteria before entering Milestone C, which is planned for 2019. In addition, the DoD OIG recommended that the Deputy Chief of Staff, Programming, G-8, update the procurement quantity for inclusion in the capabilities production document using the current Army Modified Table of Organization and Equipment and force structure at Milestone C. Management agreed with the recommendations.

Report No. DODIG-2017-077

Audit of the Training and Airframe Evaluations for the H-60 Black Hawk Helicopter

The DoD OIG determined whether the U.S. Army effectively managed the modernization of its H-60 Black Hawk (H-60) helicopter fleet. Specifically, the DoD OIG reviewed the Army's H-60 new equipment training strategy and airframe condition evaluations. The H-60 helicopter is used by the active duty Army, Army National Guard, and Army Reserve. The H-60M helicopter is the newest helicopter in the H-60 fleet, and has a digital cockpit and autopilot capabilities. The Army is developing the H-60V helicopters by upgrading the H-60L analog cockpit to a digital cockpit.

The DoD OIG determined that the Army did not provide adequate funding and training for H-60 pilots on the new equipment. This occurred because Army officials did not agree which Army organization was responsible for funding and conducting H-60 new equipment training. The Army will need \$152 million more than it has budgeted to provide new equipment training for a total of 1,390 H-60 pilots from FY 2018 through FY 2035. The audit concluded that if no action is taken, the Army National Guard would have a shortage of 160 trained H-60 pilots by FY 2026.

Additionally, Army Aviation and Missile Command officials did not effectively manage airframe condition evaluations for the H-60 fleet. During the annual evaluation period from March 1, 2016, through February 28, 2017, the Army did not conduct an airframe condition evaluation, as required by Army regulation and policy, for 460 of 2,098 H-60 helicopters. This occurred because Army Aviation and Missile Command officials did not require an evaluation for all H-60 helicopters or verify that all exemptions were valid, did not coordinate with unit commanders to ensure all H-60 helicopters were available for evaluation, and did not require evaluations of H-60 helicopters that were less than 3 years old. Evaluators identified safety problems with some H-60 helicopters that required the unit commander to ground (restrict flying) those helicopters. However, the unit commander did not always allow evaluators to finish the evaluation of additional helicopters because the commander did not want to ground more helicopters if additional safety problems were identified. As a result, Army pilots and crew could be flying H-60 helicopters with unidentified structural defects, which could impact the life and safety of the helicopter and its crew.



H-60V Helicopter

Source: Program Executive Office Aviation.

The DoD OIG recommended that the Vice Chief of Staff, Army, provide training capacity for new equipment training to all pilots on H-60M and H-60V helicopters. In addition, the DoD OIG recommended that the Assistant Secretary of the Army (Acquisition, Logistics, and Technology) require the Project Management Utility Helicopters office to fund H-60M and H-60V new equipment training until all new equipment has been fielded. The DoD OIG also recommended that the U.S. Army Aviation and Missile Command ensure that all helicopters are evaluated, communicate to H-60 commanders that they are required to comply with all applicable airframe condition evaluation guidance, and require airframe condition evaluation teams to document and report any unit commander refusal to make a helicopter available for evaluation. Furthermore, the DoD OIG recommended that the Project Management Utility Helicopters office designate an H-60M and H-60V New Equipment Training Manager, evaluate the impact that funding the new equipment training has on the cost of the H-60M and H-60V programs, and update program documentation as needed.

The Vice Chief of Staff, Army; the Commander, U.S. Army Aviation and Missile Command; and the Project Manager Utility Helicopters office agreed with the recommendations.

Report No. DODIG-2017-096

The Missile Defense Agency Can Improve Supply Chain Security for the Ground-Based Midcourse **Defense System**

The DoD OIG determined whether the Missile Defense Agency (MDA) implemented an adequate supply chain risk management program for the Ballistic Missile Defense System. The supply chain is a sequence

CORE MISSION AREAS

of activities, which include design, manufacturing, production, packaging, handling, storage, transportation, mission operation, maintenance, and disposal, that are necessary to provide an end user with a finished product or system (from raw material to finished product).

Specifically, the DoD OIG evaluated the supply chain risk management program for the Ground-based Midcourse Defense System, identified by the MDA as one of the most critical Ballistic Missile Defense System elements. The Ground-based Midcourse Defense System uses multiple sensors, communications systems, fire control capabilities, and ground-based interceptors that are capable of detecting, tracking, and destroying intermediate and long-range ballistic missiles during the midcourse phase of flight. The DoD OIG conducted this audit in response to a reporting requirement contained in House Report 114-537, to accompany the National Defense Authorization Act for Fiscal Year 2017.

DoD supply chain risk management policy requires Defense agencies to identify critical information and communications technology components, purchase those components from trusted suppliers, and test and evaluate critical components for malicious threats. The DoD OIG determined that the MDA established several initiatives to manage supply chain risk for the Ground-based Midcourse Defense System. However, the MDA did not fully implement DoD supply chain risk management policy, and the MDA faces an increased risk that an adversary could infiltrate the supply chain and sabotage, maliciously introduce an unwanted function, or otherwise compromise the design or integrity of the Ground-based Midcourse Defense System's critical hardware, software, or firmware.

The DoD OIG recommended that the Director, MDA, develop a plan of action, with milestones, for the Ground-based Midcourse Defense System program to comply with DoD Instruction 5200.44. The plan should establish controls and oversight of Ground-based Midcourse Defense System critical components and require MDA personnel to develop internal procedures or establish contract requirements to:

- improve the accuracy of the critical components list to manage risks to the Ground-based Midcourse Defense System and maintain an accurate and updated list throughout the system's life cycle;
- identify the suppliers of all critical components for the Ground-based Midcourse Defense System; and

• use rigorous test and evaluation capabilities, including developmental, acceptance, and operational testing for malicious threats, to detect vulnerabilities within critical components of the Ground-based Midcourse Defense System.

Management agreed with the recommendations.

Report No. DODIG-2017-076

Joint Requirements Oversight Council **Procurement Quantity Validation Process for Major Defense Acquisition Programs**

The DoD OIG determined whether the Joint Requirements Oversight Council (JROC) properly validated procurement quantities for Major Defense Acquisition Programs (MDAPs). An MDAP is an acquisition program that is designated as a major acquisition program by the Under Secretary of Defense for Acquisition, Technology, and Logistics or has an estimated total cost of more than \$480 million for research, development, test, and evaluation or \$2.79 billion for procurement. The DoD OIG nonstatistically selected the Navy's Littoral Combat Ship, the Air Force's KC-46A Tanker Modernization, and the Army's Joint Air-to-Ground Missile to review the JROC process for validating their requirements documents. The Military Services develop capability requirements documents and submit the documents to JROC for validation.

The DoD OIG determined that JROC officials accepted MDAP procurement quantities that were included in requirements documents provided by Military Service acquisition officials, but did not obtain input and reviews for procurement quantity from officials within the Office of the Secretary of Defense when validating requirements documents. This occurred because Joint Capabilities Integration and Development System guidance does not define JROC roles and methods for assessing and reviewing procurement quantity. As a result, JROC officials could not ensure that appropriate tradeoffs were made between life-cycle cost, schedule, performance, and procurement quantity in accordance with 10 U.S.C. § 181 (2013). Additionally, JROC officials may validate requirements documents with inaccurate procurement quantities for programs that reached, or will reach, Milestone A, which could result in the Military Services buying more weapon systems than necessary and wasting billions of dollars.

The DoD OIG recommended that for MDAPs that reach Milestone A after October 1, 2017, the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff clearly define the roles and responsibilities for supporting the new investment review process; clearly define the roles for assessing, reviewing, and analyzing procurement quantity; and develop and implement oversight procedures and accountable methods to ensure that procurement quantity is evaluated. Additionally, they should establish expectations and accountability for the Director, Cost Assessment and Program Evaluation, in ensuring appropriate tradeoffs are made among life-cycle cost, schedule, performance, and procurement quantity.

The Vice Chairman's response accepted the recommendations, but did not address the recommendations or identify a completion date. The Vice Chairman provided comments on the finding and stated that requirements oversight is a complex process that includes participation of leaders across the DoD. The Vice Chairman also stated that JROC does not assess nor establish procurement quantities in isolation, but rather considers them in the entire context between cost, schedule, performance, and procurement quantity to determine the most effective means to satisfy the capability need. The DoD OIG agreed with the Vice Chairman that requirements oversight is a complex process that includes participation of leaders across the DoD, but the DoD OIG found a lack of evidence revealing actual consideration by JROC of procurement quantity. The DoD OIG found no instances where JROC obtained input for procurement quantity from stakeholders and advisors. The DoD OIG concluded that the JROC process for validating procurement quantities may result in inaccurate procurement quantities.

Report No. DODIG-2017-117

A Critical Change to the Air Operations Center-Weapon System Increment 10.2 Program **Increased Costs and Delayed Deployment for** 3 Years

The DoD OIG determined the impact of schedule delays on the initial production decision of the Air Operations Center (AOC)—Weapon System Increment 10.2 program. The AOC is a major automated information system used by the Joint Forces Air Component Commander to plan, execute, monitor, and assess air, space, and cyberspace operations. The AOC 10.1, the fielded version of the AOC, combines 43 applications maintained by DoD organizations, including multiple Air Force program offices, Army program offices, and

other joint organizations. An application is a software program located on an information system. The AOC 10.2 is being developed to replace the AOC 10.1 because increasing application integration problems and cybersecurity vulnerabilities will eventually make AOC 10.1 unsustainable.

AOC 10.2 program officials declared a schedule delay and cost increase Critical Change in 2016, during the program's development. Program officials for a major automated information system may declare a Critical Change if one or more of the following occur:

- a schedule delay of 1 year or more past original program estimates;
- costs increase by 25 percent or more than estimates; or
- performance negatively affects the ability of the system to meet the mission as originally intended.

The DoD OIG determined that program officials declared the Critical Change because Air Force officials underestimated the complexity of the program and lacked the appropriate number of contractor personnel with the required skills to manage the program effectively. As a result, the program office delayed the initial production and full deployment decisions by 3 years and research, development, test, and evaluation costs increased by \$370 million.

As part of the Critical Change reporting process, the Air Force has taken corrective actions to address the cause of the Critical Change. However, the DoD OIG will continue to monitor the progress of the AOC 10.2 program as it approaches the initial production and full deployment decisions.

Report No. DODIG-2017-079



Air Operations Center-Weapon System at U.S. Air Forces **Central Command**

Source: U.S. Air Force.

Contract Management and Payments

The Global Discovery Program and **DoD Counternarcotics Agreements**

The DoD OIG determined whether the DoD effectively managed certain counternarcotics requirements agreed upon between the Department of Justice (DOJ) and the DoD. In addition, the DoD OIG determined how the DoD used funding to support those requirements. The DoD OIG conducted this audit in response to congressional requests that followed a March 2016 DOJ OIG audit report on Drug Enforcement Administration (DEA) aviation operations with the DoD in Afghanistan.

The DoD OIG determined that the DoD did not effectively manage or oversee the Global Discovery Program and counternarcotics agreements between the DOJ and the DoD. Specifically, DoD personnel did not track funding on the Global Discovery Program, clearly define requirements and capabilities, or effectively oversee the program. This occurred because Office of the Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats (ODASD CN>) personnel did not have program management experience, and action officers failed to provide the required oversight and make adequate decisions when trying to perform program management for the Global Discovery Program. Despite the DASD CN> knowing in late 2013 that DEA personnel were significantly reducing their presence in Afghanistan in 2014, the DASD CN> stated that she decided not to cancel the program because she believed the ATR 42-500 aircraft was near completion. As a result, the DASD CN> wasted at least \$64.8 million on the Global Discovery Program for modifications on the ATR 42-500 aircraft that DEA personnel never used for missions in Afghanistan. During the more than 7-year program, DoD personnel purchased equipment,



Global Discovery Program ATR 42-500 Aircraft, August 2016 Source: DoD OIG.

contracted for modifications to the aircraft, modified the aircraft, subsequently had the modifications removed from the aircraft, and returned the aircraft to its original form, but without the required Federal Aviation Administration flight certification. Consequently, the DoD received no benefit for its more than 7 years' work and \$64.8 million in funds wasted. Additionally, ODASD CN> personnel did not effectively manage 13 DOJ and DoD counternarcotics agreements, valued at \$41.5 million. Specifically, ODASD CN> personnel did not track all agreements, provide effective oversight, and ensure accountability of funds for counternarcotics agreements. This occurred because the ODASD CN> did not establish processes or controls to manage agreements. The DoD had no assurance that the funds transferred to the DOJ agencies were used to support the counternarcotics agreements reviewed.

The DoD OIG recommended that the Under Secretary of Defense for Policy review the circumstances that led to ineffective management and oversight of the Global Discovery Program and, if appropriate, initiate action to hold personnel accountable. In addition, the DoD OIG recommended that the Under Secretary of Defense for Policy immediately review whether the ODASD CN> has the experienced personnel and controls necessary to effectively oversee the counternarcotics program. To improve management of DOJ and DoD counternarcotics agreements, the DoD OIG recommended that the DASD CN> develop processes and implement procedures that define roles and responsibilities for counternarcotics agreements, to include tracking and oversight of the signed agreements, tracking and reconciliation of funding, and ensuring compliance with existing guidance on performance metrics to measure success. Management agreed with the recommendations.

Report No. DODIG-2017-119



Global Discovery Program ATR 42-500 Aircraft, October 2016 Source: Army Research Laboratory, Adelphi, Maryland.

The DoD Did Not Comply With the Improper **Payment Elimination and Recovery Act** in FY 2016

The DoD OIG determined whether the DoD complied with Public Law 111-204, "Improper Payments Elimination and Recovery Act of 2010" (IPERA), July 22, 2010, in the DoD's FY 2016 improper payment reporting. The audit is required by the IPERA, which mandates that the DoD OIG annually review and determine agency compliance with IPERA.

To determine compliance with IPERA, the DoD OIG reviewed the DoD improper payment programs reported in the Improper Payment and Payment Recapture Program section of the FY 2016 Agency Financial Report. To assess DoD compliance with IPERA, the DoD OIG analyzed the DoD improper payment programs against Public Law, Office of Management and Budget (OMB) guidance, and DoD guidance on improper payments. Additionally, the DoD OIG examined DoD personnel reduction targets, sampling plans, program completeness, and corrective action plans.

The DoD OIG determined that the DoD did not comply with five of the six requirements of IPERA. Specifically, the DoD did not:

- publish the Agency Financial Report by March 1, 2017, due to unresolved discussions between the DoD OIG and DoD management over the accounting treatment of certain transactions; however, the DoD did publish the Improper Payment and Payment Recapture Programs section of the FY 2016 Agency Financial Report on November 15, 2016;
- conduct a risk assessment for the Navy Commercial Bill Pay Office-Singapore payment program and did not report a risk assessment of each program's susceptibility to significant improper payments in accordance with OMB guidance;
- publish statistically valid improper payment estimates for two programs—DoD Travel Pay and U.S. Army Corps of Engineers Travel Pay—and did not ensure that all payments required to be tested were included in the sample plans used to estimate improper payments;

- include planned or actual completion dates for corrective actions for all programs that report improper payments, and did not include information required by the OMB for four programs; or
- meet the requirements to achieve the reduction target for two of the nine programs—DoD Travel Pay and U.S. Army Corps of Engineers Travel Pay with established targets.

Under Secretary of Defense (Comptroller)/Chief Financial Officer (USD[C]/CFO) personnel stated that they relied on internal controls at the Component level. USD(C)/ CFO personnel also stated that they did not comply with all requirements in the DoD Financial Management Regulation (FMR) in completing their oversight and compilation of the Components' improper payment reporting, such as reviewing the Components' statistical sampling plans to ensure completeness.

IPERA establishes congressional reporting requirements when agencies are deemed noncompliant with the law. Because of the DoD's noncompliance with IPERA, the USD(C)/CFO must submit a report to Congress describing the actions the DoD will take to comply with IPERA.

The DoD OIG recommended that the USD(C)/CFO coordinate with DoD IPERA reporting Components to verify and report improper payment results that comply with the requirements of IPERA. In addition, the DoD OIG recommended that the USD(C)/CFO evaluate the actions taken to address prior DoD OIG recommendations related to the DoD's implementation of IPERA requirements regarding improper payments and to make sure that future agency financial reports address the specific instances of noncompliance with OMB guidance. Finally, the DoD OIG recommended that the USD(C)/CFO submit a plan to Congress, in compliance with IPERA Section 3, describing the actions the DoD will take to become compliant with IPERA requirements. Furthermore, the DoD OIG recommended that the Chief Financial Officer, U.S. Army Corps of Engineers, Civil Works, develop procedures to maintain sufficient documentation to support the U.S. Army Corps of Engineers improper payment estimates. Management agreed with the recommendations.

Report No. DODIG-2017-078

Defense Information Systems Agency's Expired Communication Service Authorizations

The DoD OIG determined whether the Defense Information Systems Agency (DISA) implemented adequate controls over communication service authorizations (CSAs). The CSAs are contracts used solely for the acquisition of telecommunication services. The DoD OIG reviewed 29 CSAs with a combined value of \$212 million.

The DoD OIG determined that contracting personnel with the Defense Information Technology Contracting Organization (DITCO), a component of DISA, did not have adequate controls to effectively oversee the 29 CSAs. Specifically, DITCO contracting personnel:

- did not properly re-award 11 expired CSAs;
- did not discontinue, in a timely manner, 3 expired CSAs that were no longer needed by the customer;
- could not determine whether there was still a valid need for 13 expired CSAs;
- improperly extended the performance period of 1 expired CSA; and
- did not discontinue 2 expired CSAs when the services were transferred to another contract.

For 16 CSAs, DITCO contracting personnel did not maintain adequate contract files. In addition, for 19 CSAs, DISA's charges to the customer exceeded disbursements to the vendor and DITCO personnel did not return excess funds to the customers or remedy vendor underpayments in a timely manner. These problems occurred because DITCO contracting personnel did not follow Federal and DoD regulations and internal guidance for awarding and administering contracts. Additionally, DITCO contracting personnel focused on awarding new service contracts and not on managing and overseeing existing CSAs. By allowing expired CSAs to continue after the performance period ended, DITCO contracting personnel did not ensure that a valid need still existed for the services provided by the CSA or that the DoD received the best value through competition.

For example, the DoD continued to pay for services on one expired CSA for nearly 5 years after the military base closed. DITCO contracting personnel made approximately \$215,753 in improper payments for services it did not need after this CSA expired, with \$166,219 in payments made after the base closed

in September 2011. In total, the DoD made at least \$80.9 million in improper payments on expired CSAs, and \$3.3 million could have better supported the warfighter if funds had been returned prior to expiration.

The DoD OIG recommended, among other things, that the Director, DISA, in coordination with the Director, Procurement Services Directorate, DITCO, complete comprehensive reviews of all expired and soon-to-expire CSAs to determine whether they should be discontinued or re-awarded. Additionally, the DoD OIG recommended that they develop a system to track the status of CSAs, develop standard operating procedures for consistent oversight of CSAs, determine if payments on expired CSAs were improper, and, if so, initiate recovery actions. Management agreed with the recommendations.

Report No. DODIG-2017-113

U.S. Army's Management of the Heavy **Lift VII Commercial Transportation Contract** Requirements in the Middle East

The DoD OIG determined whether the Army properly managed the requirements of the Heavy Lift VII (HL7) commercial transportation contracts. The HL7 contracts provide commercial transportation for moving Army equipment, cargo, and personnel throughout the Middle East. The Heavy Lift program supports Operation Inherent Resolve. The Army uses four contractors to fulfill its heavy lift transportation requirements, with each contractor performing under a separate contract. Because the Heavy Lift program is in its seventh iteration, these contracts are referred to as the HL7 contracts.

The DoD OIG determined that the Army did not adequately manage the HL7 contract requirements. Specifically, the Army ordered an average of 39 percent more transportation assets than it needed throughout the life of the HL7 contracts. The 1st Sustainment Command (Theater) (1st TSC) did not analyze HL7 asset usage for movements inside Kuwait, did not continuously evaluate HL7 requirements so it could increase or decrease orders based on operational need, and did not identify and correct the inefficiencies in the Army's planning and execution of theater transportation missions. In addition, Army requirement review boards did not require adequate information to properly validate the number of HL7 assets requested. Also, the Army over-ordered HL7 services because it did not properly plan the Trans-Arabian Network task order and did not take appropriate measures to ensure its full operational

use. Furthermore, Army Contracting Command-Rock Island included excessive guaranteed minimum payments to each of the HL7 contractors, which prompted the Army to order services to meet the guaranteed minimums rather than what was actually required within that period of performance. As a result, the Army wasted \$53.6 million throughout the life of the HL7 contracts on services that it did not require.

The DoD OIG recommended that the Commander, U.S. Central Command, direct supported units to use the Trans-Arabian Network, establish metrics for Trans-Arabian Network movements, and perform quarterly assessments of its performance and effectiveness. In addition, the DoD OIG recommended that the Commander, U.S. Army Central, develop procedures to ensure that requirement review boards not only validate the need for commercial transportation in the Middle East, but also validate the number of heavy lift assets that 1st TSC requests. The DoD OIG also recommended that the Executive Director, Army Contracting Command–Rock Island, establish a reasonable and achievable guaranteed minimum on the future Heavy Lift VIII contracts to ensure the Army does not pay for services that it will not use. Finally, the DoD OIG recommended that the Commander, 1st TSC, implement a systemic process for collecting heavy lift asset usage and establish a consistent schedule for analyzing usage information to use quantitative and qualitative factors when forecasting requirement



HL7 Bus and Flat Bed Assets

Source: DoD OIG.

quantities on future task orders; review instances of poor mission planning and execution that resulted in ordering wasted assets and implement corrective actions to prevent those inefficiencies from reoccurring; and update the requirement review process standard operating procedures to ensure requirements packages that are submitted to the review boards include all information necessary for the board to make an informed decision. Management agreed with the recommendations.

Report No. DODIG-2017-095

U.S. Africa Command's Management of **Acquisition and Cross-Servicing Agreements**

The DoD OIG determined whether U.S. Africa Command (AFRICOM) effectively managed Acquisition and Cross-Servicing Agreement (ACSA) transactions for logistics support, supplies, and services. The ACSAs are bilateral agreements between the United States and authorized foreign entities for the exchange of logistics support, supplies, and services. The ACSAs allow logistical exchanges between the United States and the military forces of eligible countries and international organizations.

The DoD OIG determined that AFRICOM did not effectively manage the ACSA orders it executed and was not required to oversee ACSA orders executed by its subordinate Components in the AFRICOM area of responsibility. Specifically, AFRICOM and its subordinate Components did not include all minimum essential data elements on ACSA orders and upload source documents supporting line items on ACSA orders into the ACSA Global Automated Tracking and Reporting System. In addition, some subordinate Components did not maintain ACSA orders in the system or track ACSA orders under ACSA authorities. The Office of the Under Secretary of Defense (Acquisition, Technology and Logistics) (OUSD[AT&L]) did not monitor compliance with DoD guidance as required or establish training requirements for personnel who execute ACSA orders. Neither the Secretary of the Navy nor the Commander, U.S. Special Operations Command (SOCOM), issued ACSA policy or program guidance, and AFRICOM did not update its ACSA instruction. As a result, the Chairman of the Joint Chiefs of Staff, Secretaries of Military Departments, and Commander, AFRICOM, did not have assurance that logistics support, supplies, and services transactions executed in the AFRICOM area of responsibility were accurate or reimbursed.

The DoD OIG issued various recommendations to the OUSD(AT&L), Navy, Air Force, SOCOM, and AFRICOM to update guidance to define oversight responsibilities and improve implementation and execution of ACSAs, and develop a training program for implementation of the ACSA program. Management agreed with the recommendations.

Report No. DODIG-2017-121

CSTC-A Oversight of Ammunition Provided to Afghanistan National Defense and **Security Forces**

The DoD OIG determined whether the Combined Security Transition Command-Afghanistan (CSTC-A) provided effective oversight of ammunition provided to the Afghanistan National Defense and Security Forces (ANDSF). Specifically, the DoD OIG focused on ammunition that was procured by the DoD and provided to the ANDSF.

The CSTC-A is the DoD command that directs U.S. efforts to organize, train, and equip the ANDSF. The CSTC-A seeks to ensure that adequate controls are in place to safeguard appropriated Afghanistan Security Forces Fund direct contributions that are provided to the Afghan Ministry of Interior and the Afghan Ministry of Defense. The ministries develop, validate, and justify requirements for their annual budgets, including the use of Afghanistan Security Forces Fund direct contributions. The CSTC-A and the ministries sign annual Bilateral Financial Commitment Letters in which the CSTC-A commits to funding specified portions of each ministry's budget and the ministries commit to stated conditions to ensure continued funding. The CSTC-A uses inventory and consumption reports from the ministries to track ammunition demand, identify ammunition requirements, and determine when to procure ammunition.

The DoD OIG determined that the CSTC-A did not provide effective oversight of ammunition that was procured by the DoD and provided to the ANDSF. CSTC-A officials stated that they could not perform physical inspections beyond the corps or zone level to validate ministry-provided ammunition reports due to understaffing and security limitations. Therefore, the CSTC-A limited its oversight to evaluating monthly consumption and inventory reports that the ministries agreed to provide in commitment letters. This occurred because the CSTC-A focused on its advisory mission through mentoring Afghan officials, but did not

develop an effective strategy to oversee the ministries' compliance with commitment letter requirements. In addition, the CSTC-A only enforced one penalty, even though the CSTC-A determined that the ministries did not meet commitment letter reporting requirements on 36 of 55 assessments. This occurred because CSTC-A officials believed enforcing penalties outlined in the commitment letter would have a negative effect on ANDSF operational readiness. The DoD OIG also concluded that without consistent, timely, and accurate reporting from the ministries, the CSTC-A cannot account for all ammunition consumed by the ANDSF. In addition, since the CSTC-A was unable to verify the ministries' consumption data, the CSTC-A did not have assurance that the \$702 million spent to procure ammunition in FYs 2015 and 2016 supported actual requirements and was used for its intended purpose.

The DoD OIG recommended that the Commanding General, CSTC-A, develop and document a longterm strategy to improve the Afghanistan ministries' ammunition reporting. The strategy should include clearly defined roles and responsibilities for the personnel involved with providing oversight of ammunition, criteria to evaluate the ministries' compliance with ammunition commitment letter requirements, and procedures to review Ministry Inspectors General inspection results when assessing the accuracy of ammunition reports. In addition, commitment letters should include consequences for the ministries' noncompliance that would not impact operational readiness and that the CSTC-A would be willing to consistently enforce. Management agreed the report was accurate but did not address whether they agreed or disagreed with the recommendations.

Report No. DODIG-2017-122

Defense Organizations Price Reasonableness Determinations for Federal Supply Schedule Orders for Supplies

The DoD OIG determined whether Defense organizations made determinations of fair and reasonable pricing for General Services Administration (GSA) Federal Supply Schedule orders awarded for purchases of supplies. Supplies purchased from the GSA Federal Supply Schedule are considered commercial items. The Federal Supply Schedule program allows the Government to purchase commercial supplies and services—such as software licenses, batteries, and digital maps—at prices

associated with volume buying. The DoD OIG reviewed a nonstatistical sample of 57 orders, valued at \$48 million, from the Washington Headquarters Services (WHS), the DoD Human Resources Activity (DoDHRA), the Defense Health Agency (DHA), and the Defense Threat Reduction Agency (DTRA).

The DoD OIG determined that WHS, DoDHRA, and DTRA contracting officers made adequate price reasonableness determinations for 10 orders, valued at \$7.7 million. Specifically, WHS, DoDHRA, and DTRA contracting officers compared the only quote against adequately prepared independent Government estimates (IGEs), compared the only quote to historical prices that were specifically identified, or compared prices offered under two quotes. However, WHS, DoDHRA, DHA, and DTRA contracting officers did not adequately document and support whether the prices paid for 47 orders, valued at \$40.3 million, were fair and reasonable. Specifically, the DoD OIG identified that:

- For 40 orders, WHS, DoDHRA, DHA and DTRA contracting officers did not adequately document fair and reasonable pricing. The contracting officers did not make price reasonableness determinations, did not sign the price reasonableness determinations they made, did not approve in writing the price reasonableness determinations made by contract specialists, or made price reasonableness determinations after the contract award.
- For 11 orders, WHS, DoDHRA, and DTRA contracting officers relied on inadequate IGEs that did not identify the source of the information because they relied on the knowledge of the preparers of the IGEs rather than asking the preparers to document and support the estimate and because they were under tight timeframes to award the orders.
- For 10 orders, WHS, DoDHRA, DHA, and DTRA contracting officers relied on the price lists of the same vendor that submitted the only quote. Contracting officers stated that they were too busy to perform additional price analysis, that the orders were sole-source awards, that they performed other price analysis but did not document the other price analysis in the contract file, or that they performed other price analysis but could not locate the documentation.

- For one order involving one quote, a DoDHRA contracting officer relied on a vendor-provided discount as the only price analysis technique.
- For one order involving two quotes, a WHS contracting officer used a quote eliminated from consideration for technical reasons to make the price reasonableness determination without verifying whether the price was still valid for comparison purposes.
- For two orders involving one quote, the WHS contracting officers stated that they performed price analysis, but did not document the price analysis in the contract file.

Additionally, the DoD OIG determined that the Director, DPAP; and WHS, DoDHRA, DHA, and DTRA management had not issued guidance or provided training to contracting officers related to price reasonableness determinations and price analysis for supply orders awarded after Defense Procurement and Acquisition Policy issued the class deviation.

During the audit, the DoD OIG briefed the Deputy Director for Contract Policy and International Contracting, DPAP, on the DoD OIG findings and proposed recommendations. The Deputy Director stated that DPAP is developing a guidebook for purchasing commercial items. The guidebook will address price reasonableness determinations and price analysis for commercial items, including supplies purchased from the GSA Federal Supply Schedule. In addition, the Deputy Director explained that DPAP officials are coordinating with the Defense Acquisition University (DAU) to develop training on the requirements in the guidebook. During this meeting, the DoD OIG suggested that DPAP and the DAU should develop the training instead of each Defense organization developing its own training to ensure consistent training across the DoD. The DPAP official agreed and stated that the recommendations should be directed to DPAP instead of the Defense organizations visited during the audit. The DoD OIG recommended that the Director, DPAP, develop and implement guidance for performing and documenting price analysis and making price reasonableness determinations for GSA Federal Supply Schedule orders for supplies and develop training for contracting personnel on the guidance. Management agreed with the recommendations.

Report No. DODIG-2017-112

Summary of Audits on Assessing Contractor Performance: Additional Guidance and System **Enhancements Needed**

The DoD OIG summarized systemic problems with the preparation of contractor performance assessment reports (PARs) and identified potential improvements for the Contractor Performance Assessment Reporting System (CPARS) and its guidance, based on a series of audits the DoD OIG conducted on DoD officials' evaluation of contractor performance. The purpose of a PAR is to provide source selection officials with information on contractor past performance. Government officials prepare PARs in CPARS. In total, the DoD OIG audited the use of PARs in rating contractor performance in 18 offices across the DoD—five in the Navy, four in the Air Force, five in the Army, and four Defense organizations. At the 18 offices, the DoD OIG nonstatistically selected and reviewed 1,264 contracts, valued at \$168.2 billion, and 238 PARs prepared for those contracts, valued at \$18 billion.

The DoD OIG determined that Navy, Air Force, Army, and Defense organization officials generally registered—or had a valid reason for not registering—contracts, and generally prepared PARs for contracts that required an evaluation. However, DoD officials did not consistently comply with requirements for evaluating contractor performance when preparing PARs from May 2013 through May 2016. Of the 238 PARs the DoD OIG reviewed, DoD officials prepared 83 PARs an average of 73 days late. In addition, DoD officials did not prepare 200 of the 238 PARs in accordance with the Federal Acquisition Regulation (FAR) and the Guidance for the Contractor Performance Assessment Reporting System (CPARS Guide). Specifically, DoD officials did not prepare written narratives sufficient to justify the ratings given; the rate-required evaluation factors; or to prepare sufficient contract effort descriptions. These conditions occurred because assessors were not adequately trained, and organizations lacked effective procedures for timeliness and reviews of the PARs. Additionally, there was a lack of internal controls within CPARS —there was no system requirement to write a narrative and there were insufficient explanations for the different ratings—and the CPARS Guide did not contain sufficient information related to the use of small business. As a result, Federal source selection officials did not have access to timely, accurate, and complete past performance assessment information needed to

make informed decisions related to contract awards. In addition, unreliable data in CPARS may lead to awarding a contract to a poorly performing contractor.

The DoD OIG recommended that the Under Secretary of Defense for Acquisition, Technology, and Logistics:

- issue guidance to emphasize the importance of PARs—specifically, the quality of written narratives;
- issue guidance to remind DoD organizations that they are required to develop procedures to implement CPARS;
- propose system enhancements to CPARS that require a written narrative for each evaluated factor and improve CPARS guidance on rating definitions and written narrative requirements; and
- propose an update to the CPARS Guide and the system to improve the clarity of the utilization of small business sections.

Management agreed with the recommendations.

Report No. DODIG-2017-081

Defense Logistics Agency Compliance With the Berry Amendment and the Buy American Act

The DoD OIG determined whether Defense Logistics Agency (DLA) 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. The Berry Amendment directs DoD personnel to ensure funds appropriated or otherwise available to the DoD are not used to procure covered items if the items were not grown, reprocessed, reused, or produced in the United States. The Buy American Act also requires, with certain exceptions, that only articles, materials, and supplies that were mined, produced, or manufactured in the United States are used to fulfill Federal procurement and construction contracts. The DoD OIG performed this audit in response to Section 1601 of the National Defense Authorization Act (NDAA) for FY 2014.

The DoD OIG determined that, of the 32 Berry Amendment contracts reviewed, valued at \$718.4 million, and 56 Buy American Act contracts reviewed, valued at \$5.3 million, DLA contracting personnel omitted the Berry Amendment implementing clause in 14 contracts, valued at \$385.9 million, and omitted the Buy American Act implementing clause in 12 contracts, valued at \$1.8 million. In addition, personnel at DLA Troop Support Philadelphia did not

notify potential suppliers of the need for domestically produced items for four contracts. Personnel at DLA Troop Support Philadelphia and DLA Maritime Puget Sound also committed potential violations of the Antideficiency Act on two contracts, valued at \$2.5 million, when they purchased nondomestic items or items containing nondomestic components without proper supporting documentation and approval. Finally, personnel at DLA Aviation Richmond erroneously awarded a small business set-aside contract for non-U.S.-manufactured items to an ineligible foreign manufacturer. DLA personnel corrected some of the deficiencies identified during the audit.

The DoD OIG recommended that DLA officials determine whether noncompliant items were delivered and, when appropriate, obtain compliant replacement items; amend standard operating procedures and internal processes to improve compliance with the Berry Amendment and Buy American Act; issue special notices to inform the public on the lack of domestically produced items; require that contracting and technical personnel receive training that incorporates the Buy American Act and Small Business Program requirements when soliciting and awarding an acquisition as a small business set-aside; and review the potential Antideficiency Act violations. Management generally agreed with the recommendations.

Report No. DODIG-2017-098

Navy Leases for Energy Production Projects

The DoD OIG determined whether the Navy properly awarded and obtained fair market value for leases supporting energy production projects. Federal law allows the secretaries of the Military Departments to lease non-excess property when a Military Department secretary determines that the property is not currently needed for public use, that the lease is advantageous to the United States, and that the lease will promote national defense or be in the public interest. However, the law requires that the secretaries of the Military Departments use competitive procedures to select the lessees and that the lessees pay in cash or in-kind consideration greater than or equal to the fair market value of the leased property. In-kind consideration is nonmonetary compensation given as payment for the leased land. As of October 5, 2016, the Navy had executed 11 leases of real property in support of energy projects; the DoD OIG selected 10 of those 11 leases for review.



Solar Panels at Marine Corps Base Camp Lejeune, North Carolina Source: Marine Corps Base Campe Lejeune Public Works Office.



Solar Panels at Naval Submarine Base Kings Bay, Georgia Source: Naval Facilities Engineering Command Southeast.

The DoD OIG determined that Navy Resilient Energy Program Office officials properly awarded the leases supporting energy production projects in accordance with Federal law. Specifically, Navy Resilient Energy Program Office officials issued solicitations, evaluated proposals, and obtained approval to award the leases. In addition, the Navy will obtain fair market value for 10 leases supporting energy production projects if the Navy receives payment in the form of the agreed upon in-kind consideration. However, for 3 of the 10 leases, if the Navy does not receive payment in the form of in-kind consideration, the Navy will not receive cash payments greater than or equal to the fair market value of the land. A Navy real estate contracting officer did not use the correct acreage to develop the rent schedule in 2 of the 10 leases. For the third lease, the Navy real estate contracting officer modified the lease to increase the acreage but did not update the cash payment rent

schedule. As a result, if the Navy does not receive payment in the form of in-kind consideration, the Navy will receive \$290,000 less than the fair market value of the land.

The DoD OIG recommended that the Director, Navy Resilient Energy Program Office, direct the real estate contracting officer to modify the Marine Corps Air Station Yuma, Arizona, lease to either include the revised acreage or to modify the lease to include a revised rent schedule developed using the acreage awarded in the lease. In addition, the DoD OIG recommended that the Director, Navy Resilient Energy Program Office, direct the real estate contracting officer to modify the Marine Corps Logistics Base Albany, Georgia, and Naval Air Station Oceana, Virginia, leases to include a revised rent schedule developed using the acreage awarded in the lease. Furthermore, the DoD OIG recommended that the Director, Navy Resilient Energy Program Office, develop a process to ensure Navy real estate contracting officers update the lease rent schedule when Navy Resilient Energy Program Office officials revise the lease acreage. Management agreed with the recommendations and initiated corrective actions during the audit.

Report No. DODIG-2017-109

Financial Management and Reporting

Documentation to Support Costs for Army Working Capital Fund Inventory Valuation

The DoD OIG determined whether sufficient, accurate, and appropriate documentation existed to support costs for Army Working Capital Fund (AWCF) inventory valuation. The Army uses the AWCF to purchase its inventory. Inventory is defined as tangible personal property that is held for sale, is in the process of production for sale, or is to be consumed in the production of goods for sale or in the provisions of services for a fee. Inventory valuation is the cost the report entity assigns to its inventory. Most inventory is valued at historical cost, which is how much the entity paid for acquiring the inventory. The DoD OIG statistically sampled 970 of 296,839 inventory transactions, valued at \$870.2 million, which were based on historical costs recorded in the Logistics Modernization Program system during the second quarter FY 2016.

The DoD OIG determined that the Assistant Secretary of the Army (Financial Management and Comptroller) (ASA[FM&C]) personnel did not provide sufficient,

accurate, and appropriate documentation to support the costs recorded for 818 of 970 statistically sampled AWCF inventory transactions. The DoD OIG projected that the ASA(FM&C) cannot support at least 291,408 AWCF inventory transactions, valued at \$690.8 million of the \$870.2 million in AWCF inventory items acquired in the second quarter FY 2016. This occurred because the ASA(FM&C) ineffectively performed discovery and corrective action phase activities of the financial environment related to AWCF inventory business processes.

In addition, the U.S. Army Materiel Command did not design the Logistics Modernization Program system with the functionality to identify receiving and invoice documents stored in another system. Finally, ASA(FM&C) personnel could not identify the amounts Army Materiel Command previously credited to customers for inventory items returned for credit or repair.

The DoD OIG recommended that the ASA(FM&C):

- establish detailed standard operating procedures, flowcharts, and narratives for each inventory business process;
- identify key supporting documentation for each inventory process;
- develop a package of supporting documentation for transactions associated with AWCF inventory processes. Perfect packages include all requested journal vouchers and supporting documentation necessary to support a transaction;
- identify and document key positions for each business process;
- ensure that memorandums of understanding with service providers clearly identify who will maintain the documentation, where the documentation will be stored, protocols for requesting and providing documentation, and documentation retention policies;
- develop corrective action plans and milestones to correct the problems; and
- develop a process to maintain credit values given for returns for credit and unserviceable credit transactions.

Management agreed with the recommendations.

Report No. DODIG-2017-114

Independent Auditor's Report on the Examination of the Defense Logistics Agency's DoD **Chief Financial Officer's Statistical Sample Inventory Program**

In response to a DLA request, the DoD OIG examined whether the sampling methodology used in the DLA's DoD Chief Financial Officer's (CFO) Statistical Sample Inventory Program was adequately designed and whether the inventory results reported to the Military Services provided useful information to maintain accurate accountable property systems of record. The DLA is responsible for the development and execution of the DoD CFO Statistical Sample Inventory Program. The purpose of the DoD CFO Statistical Sample Inventory Program is to enable the DLA and the Military Services to estimate the dollar value of the non-fuel inventory held in storage for their annual financial statement reporting.

The DoD OIG determined that the sampling methodology for the DLA's DoD CFO Statistical Sample Inventory Program was not adequately designed and implemented. Although the inventory quantity adjustments reported to the Military Services were useful for updating the accountable property systems of record (property systems), the data provided to the Military Services to estimate the dollar value of Service-owned inventory and equipment items held at DLA storage sites were unreliable for financial statement reporting purposes.

The DoD OIG recommended that the DLA collaborate with Military Service financial managers on the sampling methodology to be used for determining the financial accuracy of Service-owned items in the DLA's custody as part of the DLA's DoD Chief Financial Officer's Statistical Sample Inventory Program. The DoD OIG further recommended that the Director, DLA, determine whether the continued use of the Probability Proportional to Size sampling methodology is appropriate for the DLA's DoD Chief Financial Officer's Statistical Sample Inventory Program. Management agreed with the recommendations.

Report No. DODIG-2017-115

United States Transportation Command Triannual Reviews

The DoD OIG determined whether the U.S. Transportation Command (USTRANSCOM) performed triannual reviews (TARs) of certain financial transactions in accordance with applicable regulations. Specifically, the DoD OIG determined whether the TARs that were performed provided reasonable assurance that unliquidated obligations, accounts payable, unfilled customer orders, and accounts receivable transactions were valid, accurate, and complete.

The DoD OIG focused its review on the May 31, 2016, and September 30, 2016, reviews. The DoD OIG determined that USTRANSCOM did not perform TARs during this period in accordance with the DoD Financial Management Regulation (FMR). This occurred because Program Analysis and Financial Management Directorate personnel did not develop required processes and procedures to complete TARs. In addition, USTRANSCOM personnel stated that Financial Improvement and Audit Readiness workload priorities precluded completion of TAR reporting efforts under DoD FMR guidelines. Instead, Directorate personnel limited their review to actions on a manually created open document list, which did not contain all open obligations as required by the DoD FMR. As a result, USTRANSCOM was unable to determine that unliquidated obligations of \$1.8 billion, accounts payable balances of \$0.7 billion, accounts receivable balances of \$1.3 billion, and unfilled customer orders were valid, accurate, and complete. Furthermore, because USTRANSCOM was unable to provide sufficient supporting documentation, the DoD OIG was unable to obtain reasonable assurance that those balances were properly reported. Because TARs were not completed as required, USTRANSCOM and the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer may not have had reliable financial information to make informed decisions.

The DoD OIG recommended that the Director, Program Analysis and Financial Management Directorate, USTRANSCOM, develop and implement procedures to execute TARs in accordance with DoD Financial Management Regulation requirements. The processes and procedures should ensure that each commitment, obligation, accounts payable, unfilled customer order, and accounts receivable is properly recorded, and reports are prepared for submission in the DoD standard format. Moreover, the processes and procedures should identify staff positions responsible for executing proper TARs. Management agreed with the recommendations.

Report No. DODIG-2017-108

The Troops-to-Teachers Program

The DoD OIG determined whether the Troops-to-Teachers (TTT) program properly paid participants, withheld and reported taxes, collected payments from those who failed to meet program requirements, and managed the grant program that provides funding to support the TTT program. The TTT program provides assistance to eligible military participants interested in becoming teachers. The program provides financial assistance in the form of stipend payments paid to offset the cost of obtaining a teaching certification, as well as bonuses for participants who teach in an eligible or high-needs school. In 2015, the TTT program paid 1,374 participants \$3.7 million in stipends and bonuses. The DoD assigned the daily operations of the TTT program to the Defense Activity for Non-Traditional Education Support (DANTES), an activity within the Naval Education and Training Command. DANTES personnel also manage a grant program that provided \$4.4 million in 2015 to states to support recruiting efforts aimed at prospective participants.

The DoD OIG determined the Office of the Under Secretary of Defense for Personnel and Readiness (OUSD[P&R]), DANTES, and Defense Finance Accounting Service (DFAS) did not adequately manage the TTT program. The DoD OIG nonstatistically sampled 63 stipends and bonuses paid by DANTES personnel, valued at \$212,000, and found that 25 payments, valued at \$87,000, were improperly paid. This occurred because the OUSD(P&R) did not develop policy to implement 10 U.S.C. § 1154 (2015) (TTT Program Law). In addition, DANTES and DFAS personnel reported the TTT stipend and bonus payments as wages to the participants on their Internal Revenue Service Forms W-2s but did not withhold Federal income tax from the payments as required by Internal Revenue Code, U.S.C. Title 26. This occurred because DANTES and DFAS systems were not configured with the capability to withhold taxes. As a result, DFAS may owe penalties for the taxes it failed to withhold. DANTES personnel also did not establish a debt collection process with DFAS for participants who did not fulfill program requirements. This occurred because there was no mutual understanding or communication between DANTES management and DFAS of their roles and responsibilities for collecting debt. As a result, \$381,000 for stipends and bonuses paid to participants who failed to fulfill program requirements remains uncollected. Finally, DANTES management did not establish the TTT grant program in accordance

with DoD grant regulations and compare the states' expenditures and results to the states' desired goals and objectives. As a result, it is unclear whether the TTT grant program achieved the desired results in helping transitioning service members to meet the requirements to become teachers.

The DoD OIG recommended that the Assistant Secretary of Defense for Readiness develop and implement policies to clearly define the TTT program requirements, including the implementation, management, and oversight of the TTT grant program. In addition, the DoD OIG recommended that the Commander, Naval Education and Training Command, direct TTT management to develop procedures aligned with the newly developed policy, provide training on the new policy and procedures, finalize corrective actions to withhold Federal income taxes on payments, and submit debt collection packages to DFAS for outstanding debt. Management agreed with the recommendations.

Report No. DODIG-2017-123

Readiness and **Cyber Operations**

The Army Needs to Improve Controls Over **Chemical Surety Materials**

The DoD OIG determined whether the DoD had effective controls over chemical surety materials in the possession or under the control of the Army and DoD contractors. Specifically, the DoD OIG evaluated accountability and access controls over chemical surety materials at the U.S. Army Pueblo Chemical Depot, U.S. Army Dugway Proving Ground, and a contractor. The DoD OIG also evaluated whether personnel properly documented the destruction of assembled chemical munitions at Pueblo and U.S. Army Deseret Chemical Depot.

The DoD OIG determined that Army officials properly implemented accountability controls, such as inventory management or documenting the destruction of the chemical munition stockpile stored at Pueblo and Deseret. However, Army and contractor personnel did not fully implement accountability controls over chemical surety materials stored at Dugway Proving Ground and a contractor's facility. Specifically, Dugway Proving Ground and contractor officials did not conduct chemical agent inventories by primary container when one or more primary containers were stored in secondary containers.

Under the current process in place at these facilities, the primary containers remained sealed within the secondary containers during inventories; therefore, custodians could not identify and account for leaks, evaporation, or theft that may have occurred. Furthermore, Dugway Proving Ground officials did not immediately notify the chemical materials accountability officer of a 1.5-milliliter shortage of the chemical surety material sarin (GB) identified during an April 19, 2016, inventory, nor did they properly document the results of that inventory.

In addition, the type of secondary containers used to store chemical surety materials varied at Dugway Proving Ground and the contractor's facility, and each location used different materials to seal secondary containers. The Commander, Dugway Proving Ground, also assigned one individual to serve as both the accountable officer and primary agent custodian. Although the DoD OIG did not identify instances of fraud or theft during the audit, not segregating the accountable officer and primary agent custodian duties increases the risk of recordkeeping errors and theft. Not fully implementing accountability controls and insufficient oversight and guidance also increases the risk that Dugway and the contractor personnel will not properly store and account for chemical surety materials.

In addition, personnel at Dugway Proving Ground, the contractor facility, and Pueblo Chemical Depot did not consistently implement their respective chemical personnel reliability program (CPRP) requirements. The DoD OIG determined that Pueblo, the contractor, and Dugway Proving Ground granted access to 22 of the 84 nonstatistically sampled personnel without properly determining whether these personnel met or continued to meet the suitability and reliability standards of the CPRP. This included certifying officials not reporting an individual's prior drug use to reviewing officials, medical authorities not providing potentially disqualifying information to certifying officials, certified individuals not reporting potentially disqualifying information, and officials not conducting personnel security investigations in a timely manner. As a result, there was increased risk that those locations would not meet the purpose of the Army chemical surety program as stated in AR 50-6, which is to ensure that chemical agent operations are conducted in a safe, secure, and reliable manner.

The DoD OIG recommended that the Deputy Assistant Secretary of Defense for Chemical and Biological Defense revise DoD Instruction 5210.65 to provide clear guidance

on appropriate segregation of duties and define acceptable inventory practices.

The DoD OIG also recommended that the Army:

- update chemical surety inspections to align with the revised DoD and Army guidance;
- require chemical material custodians to perform a 100-percent physical inventory of chemical agents, by primary container, to establish a baseline of the chemical agent inventory before implementing any alternate inventory procedures, and update standard operating procedures to include any revised inventory requirements;
- provide refresher training on reporting and resolving inventory discrepancies, and establish adequate segregation of duties over the accountability of chemical surety material inventory; and
- implement additional internal controls to ensure the chemical surety officer provides effective oversight of compliance with Chemical Personnel Reliability Program requirements.

Management agreed with the recommendations.

Report No. DODIG-2017-090

Protection of Electronic Patient Health Information at Army Medical Treatment Facilities

The DoD OIG determined whether the Army designed and implemented effective security protocols to protect electronic health records (EHRs) and individually identifiable health information (patient health information) from unauthorized access and disclosure at three Army medical treatment facilities. An EHR is a digital, patient-centered record that provides real-time information containing medical and treatment histories of patients and comprehensive information related to the patient's care.

The DoD OIG determined that the Defense Health Agency (DHA), U.S. Army Medical Command, and Army medical treatment facilities did not consistently implement effective security protocols to protect systems that stored, processed, and transmitted EHRs and electronic patient health information. Without welldefined and effectively implemented security protocols, the DHA and the Army unnecessarily introduced risks that could compromise the integrity, confidentiality, and availability of patient health information. Security protocols, when not applied or ineffective, increase the

risk of cyber attacks, system and data breaches, data loss or manipulation, and unauthorized disclosures of patient health information. In addition, ineffective security protocols that result in a Health Insurance Portability and Accountability Act (HIPAA) violation could cost military treatment facilities up to \$1.5 million per year in penalties for each category of violation

The DoD OIG recommended that the Chief Information Officers (CIOs) for the Defense Health Agency, U.S. Army Medical Command, and Army medical treatment facilities implement configuration changes to enforce the use of common access cards (CACs) when accessing DoD EHR systems and Army-specific systems and configure passwords for the DoD EHR systems and Army-specific systems to meet DoD complexity requirements. In addition, the DoD OIG recommended that the CIOs for the U.S. Army Medical Command and Army medical treatment facilities review all systems used to process, store, and transmit patient health information; develop a baseline of systems used at each medical treatment facility; and regularly validate the accuracy of the inventory of Army-specific systems. The DoD OIG also recommended that the CIOs of Army medical treatment facilities:

- develop a plan of action and milestones and take appropriate and timely steps to mitigate known network vulnerabilities;
- implement procedures to grant access to DoD EHR systems and Army-specific systems based on roles that align with user responsibilities;
- configure all Army-specific systems to automatically lock after 15 minutes of inactivity;
- configure and regularly review system audit logs to identify user and system activity anomalies; and
- develop standard operating procedures for granting access, assigning and elevating privileges, and deactivating user access.

Furthermore, the DoD OIG recommended that the Army medical treatment facility commanders review the performance of their CIOs and consider administrative action, as appropriate, for not following Federal and DoD guidance for protecting patient health information. Management agreed with the recommendations.

Report No. DODIG-2017-085

The DoD OIG determined that the Defense Health Agency, U.S. Army Medical Command, and Army medical treatment facilities did not consistently implement effective security protocols.

DoD Components Did Not Report Complete and Accurate Data in the DoD Information Technology Portfolio Repository

The DoD OIG determined whether DoD Components reported complete and accurate information technology (IT) systems data into the DoD Information Technology Portfolio Repository (DITPR). DoD guidance states that DITPR is the authoritative unclassified inventory of the DoD's mission-critical and missionessential IT systems. Mission-critical IT systems are necessary to continue warfighter operations and direct mission support of warfighter operations, while mission-essential IT systems are basic and necessary to accomplish an organization's mission. DITPR contains information required for analyzing DoD inventory, portfolios, and capabilities. As of April 2016, DITPR contained system information for 6,169 individual IT systems across 47 DoD Components.

The DoD OIG determined that DoD Components did not report complete and accurate IT system data in DITPR for 19 of the 31 IT systems in the DoD OIG nonstatistical sample. Specifically, the DoD OIG determined that:

- 4 systems had incorrect mission assurance categories;
- 3 systems should not have been reported in DITPR as active IT systems;
- 4 systems were incorrectly categorized as National Security Systems, as defined by the National Institute of Standards and Technology; and
- 11 systems had an inaccurate number of interfacing systems.

Additionally, through reviews of all 6,169 IT systems reported in DITPR as of April 20, 2016, the DoD OIG identified 2,992 IT systems with incomplete data. DoD Components did not report complete and accurate IT system data in DITPR because the DoD CIO did not hold Component CIOs accountable for ensuring the completeness and accuracy of IT system data in DITPR, ensure that DoD Components corrected errors identified during periodic data reviews, or require adequate DITPR training for DoD Component personnel.

As a result, the DoD has spent at least \$30.8 million since 2004 to operate, maintain, and update a system that contains incomplete, inaccurate, and unreliable IT system data. Unless data quality is improved, the DoD cannot effectively plan for the continued operations of missioncritical and mission-essential IT systems, use DITPR for decision making as intended, or support compliance reporting. For example, inaccurate and incomplete interfacing system information limits the DoD's ability to plan for IT system disruptions. Disruptions in one IT system can result in disruptions in interfacing systems. Therefore, it is critical for contingency planning that interface data is accurate and complete.

The DoD OIG recommended that the DoD CIO:

- establish a process that holds DoD Component CIOs accountable for the completeness and accuracy of IT system data in DITPR;
- notify IT system owners of data deficiencies, give deadlines for corrections, and regularly follow up with DoD Components to ensure resolution; and
- require DITPR training for all DITPR users and IT system owners and add training content on DITPR's purpose, requirements, and relationship to DoD feeder systems.

Management agreed with the recommendations.

Report No. DODIG-2017-082

Defense Information Systems Agency Officials Complied With Federal and DoD Policies for Managing the Defense Collaboration Services but Need to Obtain a Full Authorization to Operate

The DoD OIG determined whether the Defense Information Systems Agency (DISA) complied with Federal and DoD mandatory processes for software life cycle management of the Defense Collaboration Services (DCS). Specifically, the DoD OIG examined Defense Hotline allegations indicating that DISA was not effectively following Federal and DoD policies and procedures for defining software development requirements, was using open source software, was not performing software testing, and was not ensuring software security. The DCS is a communication platform for the Services that allows for worldwide collaboration

on the DoD's unclassified and secret networks by offering web conference and chat capabilities.

The DoD OIG did not substantiate the Defense Hotline allegations related to inadequate software development requirements, lack of adherence to DoD CIO direction for open source software use, and inadequate software testing and security. DISA officials complied with Federal and DoD guidance for management of the DCS. Although these Defense Hotline allegations were not substantiated, the DoD OIG determined that the authorizing official, the DISA Chief of Cybersecurity, granted DISA a 1-year authorization to operate (ATO) instead of a full 3-year ATO in May 2016. The authorizing official can grant the ATO based on the level of risk to organizational operations. If overall risk is determined to be acceptable due to mission criticality, but there are noncompliant controls with a high or very high level of risk, a 1-year ATO with conditions can be granted by the authorizing official with permission of the responsible Component CIO. If the risk for the high or very high noncompliant controls is mitigated to an acceptable risk level, a full 3-year ATO can be granted. DISA needs to mitigate the level of risk for high and very high noncompliant controls and obtain a 3-year ATO for the DCS. Mitigating the level of risk for these noncompliant controls will improve security of the DCS and further decrease the risk of unauthorized access.

The DoD OIG recommended that the DISA CIO mitigate the level of risk for high and very high noncompliant controls identified in the May 2016 ATO to be granted a 3-year ATO for the DCS. In response, management has begun actions to implement this recommendation. The DCS program manager stated that the information assurance team and the information systems security officer mitigated the level of risk for noncompliant controls and submitted supporting documentation to the DISA Certification and Assessments Division to support the granting of a 3-year ATO.

Report No. DODIG-2017-073

Defense Logistics Agency Fuel Contract for Al Udeid Air Base, Qatar

The DoD OIG evaluated the effectiveness and oversight of the DLA Energy aviation fuel (JA1) contract, valued at \$754.8 million. JA1 is a kerosene grade cut fuel that is suitable for most turbine aircraft. Specifically, the DoD OIG evaluated the effectiveness of the Al Udeid Air Base (AUAB) fuel requirements process and oversight of the JA1 fuel contract payment process.

The DoD OIG determined the Air Force and DLA Energy officials effectively managed the AUAB fuel requirements process. Specifically, Air Force and DLA Energy officials followed the DoD and Air Force guidance to properly develop fuel requirements and contracted for up to 390.6 million gallons of fuel for January through December 2016. In addition, Air Force fuel service center officials properly collected and stored daily AUAB fuel consumption data in the Fuels Manager Defense and the Joint Chiefs of Staff Bulk Petroleum Contingency and Capabilities Report systems. As a result, fuel delivered from January through December 2016 was sufficient to sustain AUAB mission operations. In addition, Air Force and DLA Energy officials maintained realistic fuel consumption data to continue developing future fuel requirements for AUAB.

However, DLA Energy officials did not provide effective oversight of the contract payment process. As a result, DLA Energy improperly paid \$58,816 in interest charges. Without effective oversight of the contract payment process for the JA1 fuel contract, DLA Energy will continue to make incorrect payments.

The DoD OIG recommended that the Director, DLA, direct the contracting officer to direct the quality assurance representatives to verify that the JA1 fuel delivery quantities stated on the contractor invoices match the amounts stated on the DD Forms 250 before invoices are submitted for payment, recoup the \$58,816 in interest paid improperly, and adjust the payment period when a payment is delayed because of contractor error. Management agreed with the recommendations.

Report No. DODIG-2017-116



Fuel Tanks at Al Udeid Air Base, Qatar

Source: DoD OIG.

Other Audit Work

Compendium of Open Office of Inspector General Recommendations to the Department of Defense

The DoD OIG issued its first Compendium of Open Office of the Inspector General Recommendations to the DoD. The Compendium summarized all recommendations, issued by the DoD OIG to DoD Components that remained open as of March 31, 2017. The Compendium contained a total of 1,298 open recommendations that were issued to 46 DoD Components in 288 DoD OIG audit and evaluation reports. DoD management had previously agreed to take corrective action on 1,251 of those recommendations. For the remaining 47 open recommendations, the DoD OIG and DoD Components had not agreed on an acceptable corrective action that met the intent of the DoD OIG recommendation. Of the 1,298 open recommendations, 58 had associated potential monetary benefits, which, if implemented, could have potentially saved the DoD \$33.6 billion. Collectively, five Components (Army; Air Force; Navy; Under Secretary of Defense for Acquisition, Technology, and Logistics; and the Under Secretary of Defense for Personnel and Readiness) had 733 open recommendations, which represent 56 percent of all open recommendations.

The Compendium noted that timely implementation of agreed-upon corrective actions is critical for DoD Components to improve the efficiency and effectiveness of DoD programs and operations. Furthermore, implementing agreed-upon corrective actions in a timely manner helps DoD Components achieve integrity and accountability goals, reduce costs, manage risks, realize monetary benefits, and improve management processes.

The DoD and its senior managers reacted positively to the Compendium. Because of the Compendium, the DoD OIG received numerous responses discussing actions that DoD organizations are taking, or will take, to address open recommendations. The DoD OIG is evaluating these responses to determine whether the recommendations can be closed or whether additional action is needed to fully address the recommendations.

The DoD OIG intends to issue a Compendium of Open Recommendations on at least an annual basis to highlight open recommendations to the DoD.

Followup Audit: U.S. Naval Academy Museum **Management of Heritage Assets**

The DoD OIG determined whether the U.S. Naval Academy (USNA) Superintendent had implemented recommendations presented in DoD OIG Report No. DODIG-2012-017, "U.S. Naval Academy Officials Did Not Adhere to Contracting and Gift Policies," November 7, 2011.

The DoD OIG determined that the USNA Museum Director implemented recommendations to establish policies and procedures for recording inventory; providing quarterly reports to Naval History and Heritage Command; assigning identification numbers to items in the inventory system; and establishing security access controls to prevent unauthorized modification or deletion of inventory records.

The DoD OIG also determined that the Director had not implemented the Naval History and Heritage Command inventory system as agreed to in the prior report. This occurred because the Director was waiting for system testing and transfer of inventory records to the new system, both of which were scheduled to be completed by July 2017.

The DoD OIG recommended that the USNA implement corrective actions. Management agreed with the recommendations.

Report No. DODIG-2017-107

Ongoing Work

The following are examples of ongoing audits being conducted by the DoD OIG:

• An audit to determine whether DoD Components are adequately correcting deficiencies identified during



Entrance to Preble Hall, USNA Museum

Source: USNA Museum.

The DoD OIG intends to issue a Compendium of Open Recommendations on at least an annual basis to highlight open recommendations to the DoD.

Command Cyber Readiness Inspections and whether DoD Components' Headquarters are using the results to identify systemic deficiencies and improve Component-wide cybersecurity.

- An audit, in response to a legislative request, to determine whether the Army adequately supported and justified the civilian full-time equivalents and pay requirements contained in the Army's FY 2017 Budget Estimate Submission.
- An audit to determine whether DoD purchase card and travel card reporting on fraud, waste, and abuse is complete and accurate.
- An audit to determine whether U.S. Special Operations Command accurately reported general property, plant, and equipment on its financial statements.
- An audit to determine if U.S. Marine Corps aviation squadrons have sufficient fully mission capable aircraft and proficient pilots to meet minimum standards for their mission essential tasks.
- An audit, in response to legislative request, to determine whether initiatives implemented by the National Security Agency are effective to improve security over its systems, network, and data. Specifically, to determine whether the National Security Agency implemented effective security configuration controls and processes to protect its devices, systems, enclaves, and networks from internal and external threats.
- A project to summarize the cybersecurity weaknesses identified in unclassified reports and testimonies issued by the DoD audit community and the GAO between July 1, 2016, and June 30, 2017.

- An audit, in response to a legislative request, to determine the impact of the current local purchase process by the Defense Commissary Agency for fresh produce versus the previous DoD-funded transportation process in the Pacific in Japan and South Korea.
- An audit to determine whether the Office of the Secretary of Defense is effectively managing the Chemical Demilitarization-Assembled Chemical Weapons Alternatives program cost, schedule, and performance.
- An audit to determine whether DoD officials conducted effective financial management and contract award and administration for the Armed Forces Retirement Home.
- An audit to determine whether the DoD paid reasonable prices for breast pumps from selected suppliers in the TRICARE Program.
- An audit to determine whether Army-held Operating Material and Supplies subject to demilitarization are being properly reused and safeguarded, or are being disposed of appropriately, and whether the cost associated with storing and safeguarding the assets exceeds the cost of properly disposing of the assets.
- An audit to determine whether DFAS is properly accumulating and reporting Other Defense Organizations general funds financial data for DoD Agency-wide financial statements.

EVALUATIONS AND INSPECTIONS

The following summaries highlight evaluations and inspections conducted by three components of the DoD OIG that conduct evaluations: Special Plans and Operations (SPO), Intelligence and Special Program Assessments (ISPA), and Policy and Oversight (P&O). Additional summaries on evaluations and inspections that address the DoD OIG's Lead IG oversight responsibilities are contained in the Lead IG section of this Semiannual Report.

Intelligence

Evaluation of Military Services' Compliance With Military Accessions Vital to the National Interest Program Security Reviews and **Monitoring Programs**

The DoD OIG determined whether the Military Services implemented a continuous monitoring and comprehensive counterintelligence (CI)-focused security review program for the length of each recruit's enlistment or service obligation pursuant to the Military Accessions Vital to the National interest (MAVNI) program. In November 2008, the Secretary of Defense authorized the implementation of the MAVNI program. This pilot program expanded military recruiting to include certain legal non-immigrant aliens. In August 2010, the Deputy Secretary of Defense directed the Military Services to establish a comprehensive CI-focused security review and monitoring program for MAVNI recruits and to submit program plans to the Under Secretary of Defense for Intelligence for review and approval. The findings and recommendations in this report are classified. The DoD OIG has briefed congressional committees on the classified results.

Report No. DODIG-2017-089 (classified)

The Nuclear Enterprise

Evaluation of the Air Force and Navy Explosive Ordnance Disposal Capabilities to Respond to a **Nuclear Weapon Accident or Incident**

The DoD OIG evaluated whether Air Force and Navy Explosive Ordnance Disposal teams are organized, trained, and equipped to respond to a nuclear weapon accident or incident. The DoD OIG determined that Air Force and Navy Explosive Ordnance Disposal teams are organized to meet mission requirements for a nuclear weapon accident or incident response. However, Chairman of the Joint Chiefs of Staff and Service guidance is not fully consistent with Presidential Directives. The DoD OIG recommended that the Chairman of the Joint Chiefs of Staff and the Services update guidance to align with Presidential Directives. The DoD OIG also recommended that the Joint Staff develop joint-training standards once guidance is updated and aligned.

Report No. DODIG-2017-106 (classified)

Facilities Inspections

U.S.-Controlled and -Occupied Military Facilities Inspection-Camp Lemonnier, Djibouti

The DoD OIG inspected U.S. military-occupied facilities at Camp Lemonnier, Djibouti, to verify compliance with DoD health and safety policies and standards regarding electrical and fire protection systems. The DoD OIG determined that existing facilities were not being maintained in accordance with DoD health and safety policies and standards. The inspection identified a total of 691 deficiencies that could affect the health, safety, and well-being of warfighters (172 related to electrical systems and 519 related to fire protection systems).

The DoD OIG also determined that new construction of U.S. military-occupied facilities at Camp Lemonnier were generally well built. However, some new construction that was accepted as complete did not fully comply with DoD health and safety policies and standards regarding electrical and fire protection systems.

The deficiencies identified during the inspection resulted from inadequate contractor maintenance, insufficient Government inspection of work performed by the contractor, lack of onsite Government specialized skills in electrical and fire protection inspections, and acceptance of new construction that did not comply with DoD health and safety policies and standards.

The DoD OIG recommended that the Commander, Navy Region Europe, Africa, Southwest Asia, correct the deficiencies, conduct a root cause analysis and implement a corrective action plan for all deficiencies identified in the report. The report also recommended that the Commander prepare and implement a corrective action plan to ensure all construction

projects are reviewed for compliance with applicable electrical and fire protection systems codes and standards before they are accepted by the Government as complete. Management agreed with the findings and recommendations, and has begun taking steps to mitigate the risks to Government personnel and property.

Report No. DODIG-2017-087



Camp Casey, Building 715 Source: DoD OIG

Followup on DoD OIG Report No. DODIG-2015-013, Military Housing Inspections-Republic of Korea, October 28, 2014

The DoD OIG determined whether the DoD had implemented recommendations from a 2014 DoD OIG report concerning deficiencies in fire protection, electrical systems, environmental health and safety, and housing management at U.S. facilities in Korea.

The Army and Air Force collectively reported that 92 percent of deficiencies documented in the prior DoD OIG report were corrected as of August 2016. A DoD OIG team inspected 6 of the 13 installations that were the subject of the previous report to determine whether the deficiencies had in fact been corrected. The DoD OIG determined that the Army had corrected only 62 percent and the Air Force had corrected only 35 percent of the previous 251 deficiencies we examined as part of this followup review.

Both the Army and Air Force agreed to perform oversight and monitor the progress of corrective actions until such are completed.

Report No. DODIG-2017-104

Followup on DoD Office of Inspector General Report No. DODIG-2014-121, "Military Housing" Inspections—Japan," September 30, 2014

The DoD OIG determined whether the DoD had implemented recommendations from a 2014 DoD OIG report concerning deficiencies in fire protection, electrical systems, environmental health and safety, and housing management at U.S. facilities in Japan.

The Military Departments collectively reported that 83 percent of deficiencies documented in the prior DoD OIG report were corrected as of August 2016. A DoD OIG team inspected 5 of the 15 installations that were the subject of the previous report to determine whether the deficiencies had in fact been corrected. The DoD OIG determined that the Army had corrected 93 percent, the Navy corrected 87percent, the Air Force had corrected 70 percent, and the Marine Corps had corrected 54 percent of the previous 218 deficiencies we examined as part of this followup review

As a result, the DoD OIG concluded that Military Departments did not fully implement the recommendations from prior Report No. DODIG-2014-121. Those prior recommendations remain open. The DoD OIG will continue to monitor the DoD's response to these recommendations until the corrective actions are completed.

Report No. DODIG-2017-118

Other Evaluations

Evaluation of Military Criminal Investigative Organizations' Closed Death Investigations Concluding in Suicide as the Manner of Death

The DoD OIG evaluated 188 Military Criminal Investigative Organization (MCIO) death investigations concluding in suicide as the manner of death that were opened on or after January 1, 2014, and closed on or before December 31, 2015. The purpose of this evaluation was to determine whether the investigations were completed in accordance with DoD, Military Service, and MCIO guidance. The evaluation assessed MCIO work and assistance on 146 (78 percent) of the 188 cases that were investigated either solely or primarily by Federal, state, or local law enforcement agencies that had jurisdiction to investigate the service members' deaths.

The DoD OIG found that none of the 188 cases evaluated had significant deficiencies and that 55 (29 percent) of the 188 cases had minor deficiencies. The minor deficiencies revealed one systemic concern—in 20 of the 64 Naval Criminal Investigative Service (NCIS) cases evaluated (31 percent), the case files did not contain copies of death certificates as required by NCIS policy.

The analysis of the remaining minor deficiencies did not reveal evidence of patterns, trends, or systemic concerns. NCIS concurred with the recommendation to implement measures to improve compliance with the death certificate collection requirement.

Report No. DODIG-2017-110

Evaluation of Department of Defense Efforts to Build Counterterrorism and Stability Operations Capacity of Foreign Military Forces with Section 1206/2282 Funding

The DoD OIG evaluated whether the DoD Global Train and Equip Program, initially funded by section 1206 of yearly National Defense Authorization Acts, now authorized by 10 U.S.C. § 2282, resulted in improved partner nation capability to conduct counterterrorism operations and to participate in stability operations with U.S. Armed Forces. These funds are intended to allow Combatant Commanders to provide training and equipment to build the capacity of a foreign country's national military forces to conduct counterterrorism operations and participate in or support ongoing allied or coalition military or stability operations that benefit the national security interests of the United States.

The DoD OIG determined that the DoD had not established section 1206 as a distinct and fully developed program, including developing a programmatic strategy with clear objectives and an overarching execution plan, and had not allocated sufficient personnel and other resources necessary to effectively manage section 1206 programs and activities. The DoD OIG also determined that project proposal guidance, selection criteria, analysis procedures, and metrics for determining results achieved from section 1206 implementation required improvement.

The DoD OIG made 15 recommendations to the DoD. Specifically, the DoD OIG recommended that the Under Secretary of Defense for Policy designate a lead manager with sufficient authority, resources, and staff capacity to effectively plan and execute the mission authorized



Boats provided under section 1206 Authority to the Maltese Maritime Squadron to Support Counterterrorism operations in the Mediterranean Sea

Source: DoD OIG.

by 10 U.S.C. § 2282, and develop a comprehensive implementation plan. Additionally, the DoD OIG recommended that the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict ensure that implementation of 10 U.S.C. § 2282 results in projects based on proposals that fully describe partnernation requirements and the means to sustain the capability provided.

Management agreed with 13 of 15 recommendations, partially agreed with one, and did not respond to one.

Report No. DODIG-2017-099

Evaluation of U.S. and Coalition Plans and Efforts to Train, Advise, Assist, and Equip the Iraqi **Counterterrorism Service and the Iraqi Special Operations Forces**

The DoD OIG evaluated U.S. and Coalition plans and efforts to train, advise, assist, and equip the Iragi Counterterrorism Service (CTS) and the Iraqi Special Operations Forces in support of operations against the Islamic State of Iraq and Syria (ISIS).

The DoD OIG determined that U.S. Forces used the Irag Train and Equip Fund procurement process to equip the CTS for combat operations in accordance with the provisions in the FY 2015 National Defense Authorization Act and title 10 of the United States Code (U.S.C.). However, the DoD OIG identified several areas for improvement in the U.S. and Coalition mission to train, advise, and assist the CTS. For example, U.S. and Coalition advisers had difficulty drawing equipment from CTS warehouses to provide adequate training to

CTS recruits at the CTS training command. In addition, training courses developed by the U.S. and the Coalition did not contain well-defined standards of evaluation for CTS trainees. Moreover, CTS trainees did not receive livefire training on all weapon systems they were expected to use in combat.

The DoD OIG made several recommendations to address these areas, including that the Commander, Combined Joint Special Operations Task Force—Iraq, in coordination with the Chief, Office of Security Cooperation-Iraq, advise and assist the Commander, Iraqi Counterterrorism Service, in developing a plan establishing release authority for Counterterrorism Service equipment and supplies that will specifically improve the responsiveness of the logistic support necessary for CTS training. In addition, the DoD OIG recommended that the Commander, Special Operations Training Command-Iraq, in coordination with Iraqi Counterterrorism Service Academia leadership, develop and incorporate objective and measurable training evaluation criteria and standards for all tasks trained in Academia programs of instruction. Management agreed with our recommendations but did not fully address all specifics of the recommendations.

Report No. DODIG-2017-074

Evaluation of U.S. and Coalition Efforts to Enable the Afghan Ministry of Defense to Develop its Oversight and Internal Control Capability

The DoD OIG evaluated U.S. and Coalition efforts to enable the Afghan Ministry of Defense (MoD) to develop its oversight and internal control capability. This evaluation examined whether the Combined Security Transition Command-Afghanistan and the Afghan MoD and the Ministry of the Interior have established and implemented effective controls over the contract management process.

Report No. DODIG-2017-105 (classified)

Evaluation of the European Reassurance Initiative

The DoD OIG evaluated the extent to which the European Reassurance Initiative (ERI), which focuses on the Operation Atlantic Resolve (OAR) countries of Poland, Bulgaria, Romania, Lithuania, Estonia, and Latvia, has performed several activities to increase their responsiveness, interoperability, and sustainability.

The DoD OIG found that United States European Command (USEUCOM) used ERI funding to support and expand exercises, training, allied and partnernation capacity building, and improvements to military infrastructure. In addition, the ERI enhanced interoperability and responsiveness of OAR country militaries and those of other European allies and partnernations, and supported infrastructure projects to deploy, train, and sustain U.S., allied, and partner-nation forces in response to military threats in Eastern Europe.

However, the DoD OIG identified areas for improvement of ERI support to OAR countries and other European allies and partners. First, the sustainability of the ERI is at risk because support for the ERI imposes new requirements on USEUCOM and its subordinate commands without an increase in force authorizations. Second, OAR countries do not yet have sufficient procedures or transportation infrastructure in place to allow timely U.S., allied, and partner-nation military deployments. Third, USEUCOM has not established specific metrics to assess the impact of ERI-funded activities supporting allied and partnernation exercises and training, improved infrastructure, and military capacity-building activities. Finally, OAR countries did not receive important NATO planning information related to deterrence training and programs funded by the ERI, nor did they receive details of plans for integration of OAR military forces with U.S. theater military operations.

The DoD OIG recommended that the Director, Joint Staff, assess competing mission and personnel priorities relative to the ERI to determine whether USEUCOM and its subordinate commands have sufficient personnel resources to execute the ERI mission. The DoD OIG also recommended that the Office of the Deputy Secretary of Defense develop options for changes to the ERI budgeting cycle to better align with and support allied-and-partner-nation training and capacity-building activities. Lastly, the report included recommendations for Commander, USEUCOM, to perform several activities, some of which are to ensure that future infrastructure facility improvements meet U.S. and NATO operational requirements and, at a minimum, meet NATO infrastructure-related standards. Management agreed with all recommendations.

Report No. DODIG -2017-111

Ongoing Work

The following are examples of ongoing evaluations being conducted by the DoD OIG.

- An evaluation, in response to concerns raised by the staff of the Senate Committee on Armed Services and various Members of Congress, related to alleged child sexual abuse by Afghan National Defense and Security Forces personnel.
- An evaluation of DoD and Coalition planning and implementation of the Train, Advise, and Assist Program supporting development of the Afghan Air Force.
- An evaluation to determine whether the Joint Targeting Toolbox, a web-based software application that provides automated support for DoD targeting capabilities, enables DoD targeting personnel to manage and develop targets in accordance with Joint Staff targeting policies and standards.
- An evaluation, in response to a legislative request, to determine whether the DoD and contractors are protecting classified Long Range Strike-Bomber program information and to determine whether adequate security controls are in place for releasing that program information.
- An evaluation to determine whether the level of DoD intelligence support is adequate to protect U.S. nuclear weapons in Europe.
- An evaluation to determine whether the spacebased segment of the U.S. Nuclear Detonation Detection System meets DoD requirements, such as whether the space-based sensors that may detect nuclear detonations are meeting key performance parameters.
- An evaluation to determine whether each Military Service's intelligence component has adequate controls and processes over training, security background checks, and monitoring and audit computer usage of their privileged users.
- An evaluation, in response to a legislative request, of the Army's Tactical Explosive Detection Dog (TEDD) Program to determine whether the Army complied with criteria for the disposition of TEDD Program dogs.

- An evaluation to determine whether the DoD's actions in response to the 2014 Military Health System Review Final Report to the Secretary of Defense is improving the quality of care across the MHS.
- An evaluation to determine whether the DoD's actions in response to the 2014 Military Health System Review Final Report to the Secretary of Defense improved the general state of patient safety and to determine where emphasis and improvements are needed to ensure the health and readiness of the military.
- An evaluation to determine whether the Armed Forces Retirement Home provided health care services in accordance with applicable national health care standards and met the related quality-oflife needs of the residents of the retirement homes.
- · An evaluation of the DoD's organizational changes to the Past Conflict Personnel Accounting Community, which includes the Defense Prisoner of War/ Missing in Action Agency (DPAA), to determine its compliance with prior recommendations to consolidate the Past Conflict Accounting Community under a new Defense agency
- An evaluation to determine whether the prime contracts and a major subcontractor for the DoD Evolved Expendable Launch Vehicle (EELV) program, which is composed of three space launch vehicles, complied with applicable industry standards for the EELV program.
- An evaluation to determine whether the Military Criminal Investigative Organizations and other DoD law enforcement organizations submitted required Criminal History Data forms for inclusion in the National Crime Information Center database, the FBI's central repository for criminal justice information.
- An evaluation to determine the Pentagon Force Protection Agency's compliance with critical law enforcement management standards in certain areas, such as weapons and evidence management.

- An evaluation to determine if actions of senior Department of Navy officials adversely affected the independence of the Naval Audit Service in connection with its audit of alleged sexual assault victims' career paths.
- An inspection to determine whether U.S. militaryoccupied facilities at Al Udeid Air Base, Qatar, comply with applicable health and safety policies and standards regarding electrical, fire protection systems, and fueling systems.
- · An evaluation to determine if actions to decommission weapons and missiles by the Assembled Chemicals Weapons Alternatives Program Office (ACWA-PO) in Kentucky, complied with Federal and DoD guidance. The ACWA-PO is responsible for destroying stockpiles of lethal chemical weapons at the Blue Grass Army Depot in Kentucky.
- A review of allegations that DoD officials intentionally conveyed inaccurate or misleading information to Congress in connection with the selection of Royal Air Force Croughton, United Kingdom, as the location for a Joint Intelligence Analyses Complex.

DCIS INVESTIGATIONS

The following cases highlight 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, and
- Cyber Crimes and Computer Network Intrusion.

Procurement Fraud

Procurement fraud investigations are a major portion 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. The potential damage from procurement fraud extends well beyond financial losses. This crime poses a serious threat to the DoD's ability to achieve its objectives and can undermine the safety and operational readiness of the warfighter.

Former Government Employee and Defense **Contractors Sentenced for \$53 Million Procurement Fraud and Illegal Gratuities Scheme**

A joint investigation with the Air Force Office of Special Investigations (AFOSI) and the Small Business Administration OIG determined that James Shank, John Wilkerson, and Andrew Bennett engaged in multiple conspiracies that gave the companies they worked for, or owned, an unfair advantage in obtaining Government contracts. In exchange, Shank, a former program manager for the Space and Naval Warfare Systems Command, accepted a job offer from Wilkerson while still a Government employee and further approved more than \$1.1 million worth of invoices that benefited Wilkerson's company. Additionally, Wilkerson paid Shank \$86,000, through secondary shell companies the year after Shank retired from Government service. From 2009 through 2012, Shank, Wilkerson, and Bennett used Wilkerson's company, Superior Communications Solutions, Inc. (Superior), as a subcontractor to benefit from multiple Air Force delivery orders totaling \$48 million that Shank directed between Iron Bow

Technologies, LLC (Iron Bow), and Advanced C4 Solutions (Advanced). Wilkerson was the Government account manager at Iron Bow and Bennett was a program manager at Advanced. Wilkerson and Bennett directed Superior employees to take measures to conceal the arrangement. Superior received nearly \$40 million through the scheme. In February 2011, Bennett left Advanced and accepted a job from Wilkerson at Superior. Bennett received a \$500,000 signing bonus when he joined Superior, which was paid for by profit Wilkerson earned on the Air Force labor contracts.

Advanced C4 Solutions previously entered into a civil settlement agreement with the DOJ and agreed to pay \$4.5 million to the Government to resolve alleged violations of the False Claims Act (FCA). Wilkerson previously pleaded guilty to one count of conspiracy to commit wire fraud. On April 27, 2017, Wilkerson was sentenced to 60 months in prison, followed by 36 months of supervised release, and was ordered to pay \$9.4 million in restitution. Bennett previously pleaded guilty to one count of conspiracy to commit wire fraud. On June 27, 2017, Bennett was sentenced to 30 months in prison, followed by 36 months of supervised release, and was ordered to pay \$500,000 in restitution. Shank previously pleaded guilty to one count of conspiracy to commit wire fraud and was sentenced to 3 months in prison, followed by 30 months of supervised release, and was ordered to pay \$1 million in restitution and \$86,000 in criminal forfeiture.

Huntington Ingalls Industries, Inc., Agreed to Pay \$9.2 Million to Resolve Alleged Violations of the **False Claims Act**

A joint investigation with the Naval Criminal Investigative Service (NCIS) and the Coast Guard Investigative Service (CGIS) examined allegations that Huntington Ingalls Industries, Inc., knowingly overbilled the DoD for labor performed on Navy and Coast Guard ships in Pascagoula, Mississippi, in violation of the FCA. From 2003 through 2015, Huntington Ingalls Industries allegedly mischarged labor costs on DoD shipbuilding contracts.

Three employees of Huntington Ingalls Industries were previously convicted for false statements and misprision of a felony involving labor mischarging. On August 9, 2017, Huntington Ingalls Industries entered into a civil settlement agreement with the DOJ and agreed to pay \$9.2 million to the Government to resolve alleged violations of the FCA.

Public Corruption

Corruption by public officials can undermine public trust in Government, can threaten national security, and can compromise the safety of DoD systems and personnel. Public corruption can also waste tax dollars and undermine the mission of the warfighter. DCIS combats public corruption through its criminal investigations, including using investigative tools, such as undercover operations, court-authorized electronic surveillance, and forensic audits.

U.S. Army Contracting Officer Pleaded Guilty to **Accepting Bribes From South Korean Companies** That Were Paid for Work Not Performed

A joint investigation with the U.S. Army Criminal Investigation Command (Army CID) and the Federal Bureau of Investigation (FBI) determined that Marcus D. Flowers, a former U.S. Army contracting officer representative based at U.S. Army Garrison-Yongsan, Republic of Korea, approved fraudulent invoices issued by South Korean contractors in return for bribe payments totaling at least \$170,000. Specifically, Flowers was responsible for approving invoices issued by various South Korean contractors that installed closed circuit televisions (CCTV) at U.S. military installations in Yongsan. Flowers accepted the bribe payments and other items of value in exchange for approving payments to the contractors despite the non-installation of CCTVs, or the installation of cheaper, inferior CCTV models that did not meet contract specifications.

On June 8, 2017, Flowers pleaded guilty to conspiracy to commit bribery. Flowers agreed to forfeit to the Government any remaining proceeds of the bribery scheme, which included cash and real estate purchased in the Philippines.

Former Navy Employee and Defense Contractor Sentenced for Engaging in Kickback and Fraud Scheme

A joint investigation with the FBI, the NCIS, and the Internal Revenue Service-Criminal Investigations Division determined that Eugene Cioe, a DoD contractor, provided cash payments and other things of value to Joseph Bentley, a former Navy Facilities Engineering Command civilian employee, as part of a scheme to defraud the Navy by filing false claims related to Government contracts. Bentley was responsible for requesting and authorizing the purchase of materials, supplies, and labor from local suppliers and contractors. Bentley arranged for the

Navy to contract with Cioe, the owner of Alcem Fencing Company and Cioe Fencing Consultant and Material Sales. Bentley and Cioe agreed that Bentley would recommend, authorize, or otherwise arrange for Cioe to receive Navy contracts in exchange for Cioe providing Bentley with kickbacks—money in payment for Bentley's assistance in directing business to Cioe's company. In addition, Cioe presented false claims to the Navy for work that was performed by Government employees. Bentley also used the Navy to purchase roofing materials, falsely claiming that they were for a roofing project on Naval Base Coronado, which Bentley then stole to install on his personal residence. After Bentley became aware of the Government's investigation, he asked one of his employees who had installed the roof on his home to give the investigators false information about the roofing order.

Cioe previously pleaded guilty to conspiracy to make false, fictitious, and fraudulent claims. Bentley previously pleaded guilty to false claims and theft of public property. On May 19, 2017, Cioe was sentenced to 5 years of supervised release, and was ordered to pay a \$2,500 fine, and \$4,764 in restitution; and Bentley was sentenced to 6 months in prison followed by 3 years of supervised release, and was ordered to pay a \$10,000 fine.

President of Kansas Ladder Company Sentenced for Bribing a Public Official

A joint investigation with AFOSI and the FBI determined that Jeffrey A. Green, President and Chief Executive Officer, LockNClimb, LLC, a DoD contractor, bribed a public official at Tinker Air Force Base (Tinker), Oklahoma. LockNClimb manufactured and sold specialty ladder systems. In 2016, Green provided U.S. currency to a public official at Tinker in exchange for that official's purchase of ladders for the Air Force from LockNClimb. Green provided the public official cash based on a percentage of LockNClimb's recent ladder sales to Tinker.

Green previously pleaded guilty to bribery of a public official. On April 26, 2017, Green was sentenced to 4 consecutive weekends (12 days total) confinement, followed by 36 months of supervised release and 104 hours of community service, and was ordered to pay a \$22,291 fine.

Product Substitution

DCIS investigates criminal and civil cases involving counterfeit, defective, substandard, or substituted products introduced into the DoD supply chain that do not conform with contract requirements. Nonconforming products can threaten the safety of military and Government personnel and other end users, compromise readiness, and waste economic resources. In addition, when substituted products are provided to the DoD, mission-critical processes and capabilities can be compromised until they are removed from the supply chain. DCIS works with Federal law enforcement partners, supply centers, and the Defense industrial base in working groups and task forces to ensure that DoD contractors provide the correct parts and components to meet contract requirements.

Former Defense Contractor Sentenced for Mail Fraud and Making False Claims for Supplying Nonconforming Parts to the Military

A DCIS investigation determined that Stephan D. Boggs, President, Boggs & Associates, Inc., sold nonconforming parts to the DoD for use by the military. From April 2010 through January 2014, the DLA issued purchase orders to Boggs & Associates, a DoD contractor, for a variety of military parts and components used in various military applications, such as aircraft, vehicles, and vessels. The parts had to meet certain military specifications. The majority of these parts, which are used by the U.S. military around the world, were considered critical application items that were deemed essential to weapon system performance or operation, or the preservation of life or safety of operating personnel. The DLA found that parts from 46 different Government purchase orders were nonconforming. Specifically, the parts were made from unauthorized substituted material, were dimensionally defective, used unauthorized inferior fittings, were not heat-treated properly, were not plated properly, or did not pass specified testing requirements. Boggs signed and submitted false and fraudulent inspection reports and certifications to the Government.

Boggs was previously found guilty of mail fraud and false claims and was debarred from all Government contracting by the DLA for 3 years. On April 21, 2017, Boggs was sentenced to 24 months in prison and was ordered to pay \$280,000 in restitution.

DoD Contractor Agreed to Pay \$909,000 to Resolve Alleged False Claims Related to U.S. **Army Contracts**

A joint investigation with the FBI and the Army CID examined allegations that Prototype Engineering and Manufacturing, Inc., a DoD contractor, supplied the DoD with unapproved substituted parts that did not meet contractual specifications. In 2008 and 2013, the Army awarded Prototype Engineering and Manufacturing contracts to overhaul and repair the linear actuator for the AH-64 Apache helicopter. Prototype Engineering and Manufacturing allegedly failed to submit and obtain Government approval for substituting a jackset and nut assembly from an original equipment manufacturer with a substituted part from an unapproved vendor. The Government conducted tests on the substituted part and found that it did not conform to the contract specifications. From 2008 to 2016, Prototype Engineering and Manufacturing delivered more than 1,000 linear actuators that contained the substituted and nonconforming jackset and nut assembly parts. Additionally, Prototype Engineering and Manufacturing allegedly did not follow contract requirements to replace the DC Motor component within the linear actuator and instead repaired and re-installed the DC Motor components in 105 linear actuators without the Army's approval.

On June 14, 2017, Prototype Engineering and Manufacturing and its president, Bahram Bordbar, entered into a civil settlement agreement with the DOJ and agreed to pay \$909,000 to the Government to resolve alleged violations of the False Claims Act (FCA). Bordbar agreed to sell personally owned property in Lake Arrowhead, California, and pay the Government all net proceeds from the sale. Additionally, Bordbar was ordered to dissolve Prototype Engineering and Manufacturing as a corporation and has agreed to a lifetime ban on Government contracting.

Health Care Fraud

Allegations of health care fraud are increasing throughout the nation, including in DoD health care claims. DCIS conducts a wide variety of investigations involving health care fraud in the DoD's TRICARE system, including investigations of 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 (FDA), and approving unauthorized individuals to receive TRICARE health care benefits. DCIS also proactively targets health care fraud through coordination with other Federal agencies and participation in Federal and state task forces.

Pacific Pulmonary Services Agreed to Pay \$11.4 Million to Resolve Alleged Violations of the **False Claims Act**

A joint investigation with the Health and Human Services OIG, the Office of Personnel Management OIG, and the FBI examined allegations that, in 2004, Pacific Pulmonary Services (Pacific), a durable medical equipment provider, allegedly submitted unauthorized claims to TRICARE, Medicare, and Federal Employee Health Benefits programs for home oxygen and oxygen equipment. Program rules require obtaining a physician authorization for claims. In addition, in 2006 certain Pacific patient care coordinators also allegedly agreed to make patient referrals to sleep testing clinics in exchange for those clinics' agreement to refer patients to Pacific for sleep therapy equipment. This investigation was initiated because 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.

On April 25, 2017, Pacific entered into a civil settlement agreement with the DOJ and agreed to pay \$11.4 million to the Government to resolve alleged violations of the FCA. The Defense Health Agency will receive \$209,523 and the relator will receive \$1.8 million of the settlement amount.

Novo Nordisk Agreed to Pay \$58 Million to **Resolve Alleged Violations of the False Claims** Act and Federal Food, Drug, and Cosmetic Act

A joint investigation with the Health and Human Services OIG, the Office of Personnel Management OIG, the FDA Office of Criminal Investigations, and the FBI examined allegations that pharmaceutical manufacturer Novo Nordisk failed to comply with the FDA-mandated Risk Evaluation and Mitigation Strategy for its type II diabetes medication, Victoza. The Federal Food, Drug, and Cosmetic Act requires pharmaceutical manufacturers to identify potential risks and make proper notification to physicians. Novo Nordisk allegedly failed to comply by misleading physicians when it omitted the potential

risks from the Victoza risk message. From 2010 to 2014, this omission by Novo Nordisk allegedly caused the submission of false claims to Federal health programs, including TRICARE. Novo Nordisk allegedly accomplished this by arming its sales force with seemingly misleading messages, such as downplaying the potential risks of using Victoza. Specifically, adult patients prescribed Victoza, who did not have type II diabetes, were at risk for the development of a cancer known as medullary thyroid carcinoma. The FDA did not approve Victoza as safe and effective for use by adult patients who do not have type II diabetes.

On September 5, 2017, Novo Nordisk entered into a civil settlement agreement with the DOJ and agreed to disgorge approximately \$12 million in profits, pay approximately \$43 million to the Government, and \$3 million to State Medicaid programs to resolve alleged violations of the FCA and provisions of the Federal Food, Drug, and Cosmetic Act. TRICARE will receive \$3.2 million of the settlement amount. The amount recovered by the relators has not been determined.

Blood Testing Laboratory Agreed to Pay \$6 Million to Resolve Allegations of Kickbacks and **Unnecessary Testing**

A joint investigation with the Health and Human Services OIG, the Office of Personnel Management OIG, and the FBI examined allegations that Berkeley HeartLab (Berkeley) violated the FCA by charging for medically unnecessary tests and paying kickbacks to physicians and patients to encourage the use of Berkeley for blood testing services. Berkeley allegedly paid kickbacks to physicians disguised as "process and handling" fees, and allegedly paid kickbacks to patients by routinely waiving copayments owed by certain patients who were legally required to pay for part of their tests. Berkeley allegedly paid the kickbacks to induce both the physicians and patients who received them to choose Berkeley over other laboratories. These illegal practices allegedly resulted in medically unnecessary cardiovascular tests being charged to Federal healthcare programs, including TRICARE.

On April 28, 2017, Berkeley entered into a civil settlement agreement with the DOJ and agreed to pay \$6 million to settle allegations it violated the FCA. TRICARE will receive \$225,000 of the settlement amount. The relator will receive \$1.5 million.

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.

Chinese Businessman Sentenced to 10 Years in U.S. Prison for Attempting to Provide Military **Equipment to Peruvian Terrorist Organization**

A joint investigation with Homeland Security Investigations examined allegations that Guan Ying Li, also known as Henry Li, attempted to provide material support and resources to a Peruvian terrorist organization named Shining Path. Shining Path's goal was to overthrow the government of Peru by force and replace it with a Maoist socialist system. In 2011, Li brokered several deals with a purported Chicago-area businessman (who was actually an undercover law enforcement agent) to provide military equipment to Shining Path, knowing that the equipment would be used to kill Peruvian and U.S. military personnel. Amongst the items Li acquired and sold to the undercover agent were thermal batteries for use in the man-portable, air-defense, surface-to-air missile system known as MANPAD. Li also caused other military equipment to be shipped from China to the United States.

Previously, Li pleaded guilty to attempting to provide material support or resources to a designated foreign terrorist organization. On June 6, 2017, Li was sentenced to 120 months in prison followed by 5 years of supervised release.

Cyber Crime and Computer Network Intrusion

DCIS investigates and computer network intrusions and provides digital exploitation and forensics services in support of traditional investigations. DCIS places emphasis on crimes that involve the compromise and theft of sensitive Defense information contained in Government and DoD contractor information systems. DCIS is particularly focused on cases in which contract fraud by DoD IT contractors has factored in the penetration of DoD networks or the loss of DoD information.

Sean Caffrey, of Sutton Coldfield, United Kingdom, Convicted and Sentenced for **Hacking into Department of Defense Satellite Communications Server**

A joint international investigation with the United Kingdom's National Crime Agency and the FBI determined that Sean Caffrey hacked into the DoD's Enhanced Mobile Satellite Services system in June 2014. This system supports worldwide phone and text communications via satellite. Caffrey obtained sensitive but unclassified information, including names, titles, e-mail addresses, and phone numbers for approximately 800 users and device identification information for over 30,000 satellite phones. Following the intrusion, Caffrey posted screenshots on the Internet showing the dashboard used to control the database. Caffrey's intrusion cost the DoD over \$600,000 to repair. In March 2015, National Crime Agency officers arrested Caffrey after investigators determined the hack originated from his internet connection. Additionally, investigators found the stolen data on Caffrey's hard drive and an online messaging account linked to the attack that was opened and operated under a pseudonym using his computers.

On June 15, 2017, Caffrey pleaded guilty to violating the United Kingdom's Computer Misuse Act. On September 14, 2017, Caffrey was sentenced in the United Kingdom to the maximum 18-month prison term. However, the judge suspended the sentence due to recommendations in Caffrey's medical report.

Asset Forfeiture Program

The DCIS Asset Forfeiture Program provides civil and criminal forfeiture support to DCIS investigations. Forfeiture counts are included in indictments, criminal informations, and consent agreements when warranted by the evidence. The program seeks to deprive criminals of proceeds and property used or acquired through illegal activity, both in the United States and overseas.

During this 6-month reporting period, DCIS seized assets totaling \$24.77 million, consisting of U.S. currency, financial instruments, firearms, heavy machinery, jewelry, real property, vehicles, and vessels. In addition, DCIS obtained final orders of forfeiture totaling \$12.77 million and money judgments in the amount of \$24.84 million.



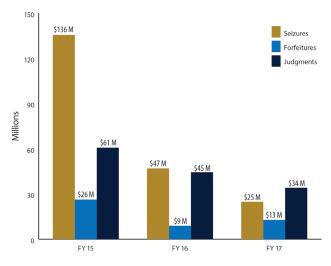
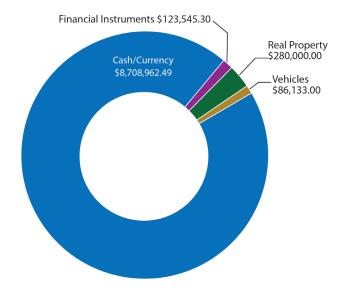


Figure 2.2 Asset Forfeiture Program by Fiscal Year



DCIS Investigations of Cases **Involving Senior Government Employees**

The IG Empowerment Act of 2016 modified the IG Act of 1978 to require reporting of investigations involving senior Government employees (GS-15 or O-6 and above) where the allegations of misconduct were substantiated or closed and not disclosed to the public.

- · A joint investigation with the Army CID and the FBI revealed a GS-15 U.S. Army employee inappropriately used his position to steer subcontract awards to a company he and his wife owned. This investigation resulted in administrative actions and criminal convictions of the Government employee, his wife, and other co-conspirators. This investigation was referred to the DOJ in June 2017.
- An investigation was initiated based on allegations that a Senior Executive Service (SES) employee improperly steered Government contracts to personal acquaintances and used Government official travel funds for personal trips. The allegations were not substantiated. Criminal, civil, or administrative violations were not identified.
- This joint investigation with the Army CID was initiated based on allegations that a GS-15 employee improperly steered Government contracts to personal acquaintances, who were all affiliated to a religious group. The allegations were not substantiated. Criminal, civil, or administrative violations were not identified.
- This joint investigation with the Defense Intelligence Agency OIG, the FBI, and the U.S. Small Business Administration OIG was initiated based on allegations that an SES employee steered Government contracts to a commercial business owned by immediate family members. The allegations were not substantiated. Criminal and civil violations were not identified.

ADMINISTRATIVE INVESTIGATIONS

The DoD OIG's Administrative Investigations (AI) component consists of three directorates:

- · DoD Hotline,
- · Whistleblower Reprisal Investigations, and
- Investigations of Senior Officials.

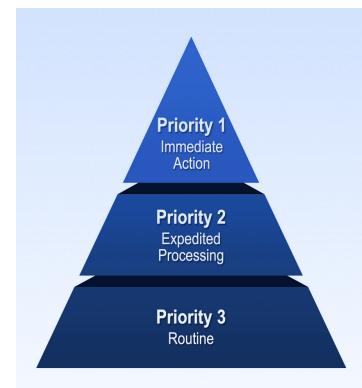
The DoD Hotline Director also serves as the DoD Whistleblower Protection Ombudsman.

Figure 2.3 Priority Referral Process

DoD Hotline

The mission of the DoD Hotline is to provide a confidential, reliable means to report violations of law, rule, or regulation; fraud, waste, and abuse; mismanagement; trafficking in persons; serious security incidents; or other criminal or administrative misconduct that involve DoD personnel and operations, without fear of reprisal.

Because of the Priority Referral Process, the DoD Hotline receives, triages, and refers cases to DoD OIG components, Military Services, Defense agencies, and DoD field activities based on the criteria below.



Priority 1: Immediate Action/Referred Within 1 day:

- Intelligence matters, including disclosures under the Intelligence Community Whistleblower Protection Act.
- 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 OCO area.

Priority 3: Routine/Referred Within 10 days:

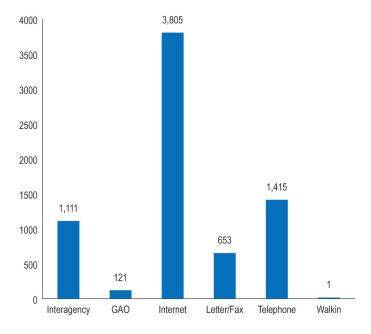
• All other issues.



The DoD Hotline received 342 complaints that met the criteria for a Priority 1 referral for this reporting period. The Hotline saw a 33-percent increase in complaints meeting the Priority 2 and Priority 3 referral criteria over the previous reporting period.

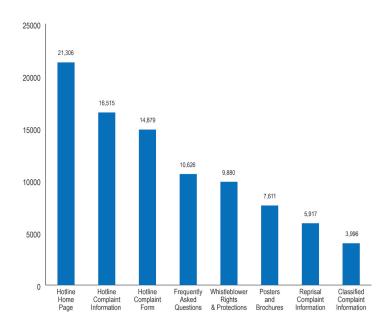
From April 1, 2017, through September 30, 2017, the DoD Hotline received 7,106 contacts. The following chart shows the contacts received by type of source.

Figure 2.4 Hotline Contacts Received By Source April 1 – September 30, 2017



From April 1, 2017, through September 30, 2017, the DoD Hotline webpages received over 167,833 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 the DoD Hotline Website, April 1 – September 30, 2017



CORE MISSION AREAS

A DoD Hotline contact becomes a case when the Hotline opens and refers the case for action or information to DoD OIG components, the Military Services, DoD agencies, DoD field activities, and other agencies outside the DoD. An action case requires the receiving agency to conduct an investigation and is not closed until the DoD Hotline receives and approves a Hotline Completion Report. An information case only requires action that the recipient agency deems appropriate. The DoD Hotline closes information cases upon verifying receipt by the intended agency.

From April 1, 2017, through September 30, 2017, the DoD Hotline opened 4,182 cases, a 27-percent increase over the prior reporting period, and closed 4,056 cases. The following charts show the referrals that the DoD Hotline made to DoD OIG components, the Military Services, DoD agencies, and DoD field activities. The Hotline administratively closed 64 cases, 58 of which were opened during this period. Cases with no DoD

affiliation are transferred to non-DoD agencies. The DoD Hotline transferred 121 cases to non-DoD agencies such as the Secret Service, the DOJ, and the Department of Veterans Affairs (VA).

As indicated below, the DoD Hotline refers cases to:

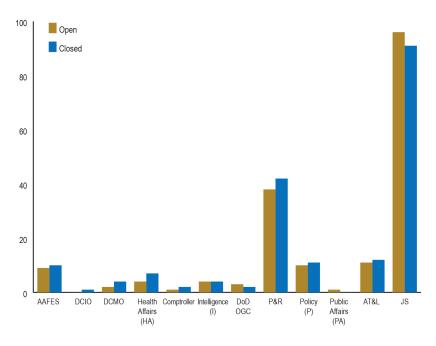
- 9 Office of the Secretary of Defense entities (including the Joint Staff and Combatant Commands);
- 19 DoD agencies;
- 8 DoD field activities;
- 4 Military Services (Army, Marine Corps, Navy, and Air Force); and
- 15 DoD OIG internal components.

Figure 2.6 Hotline Cases Referred



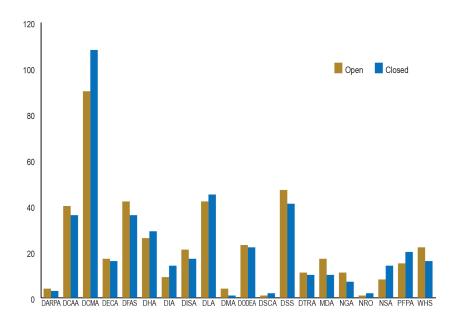
The DoD Hotline opened a total of 179 cases and closed 186 cases referred to the Office of Secretary of Defense.

Figure 2.7 DoD Hotline Cases Opened and Closed—Office of the Secretary of Defense for April 1, 2017, through September 30, 2017



The DoD Hotline opened a total of 451 cases and closed 449 cases referred to DoD agencies and field activities.

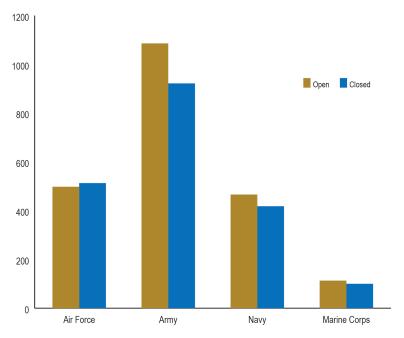
Figure 2.8 DoD Hotline Cases Opened and Closed—DoD agencies and field activities for April 1, 2017, Through September 30, 2017.



Note: The chart shows only the DoD agencies and field activities that received referrals during the reporting period.

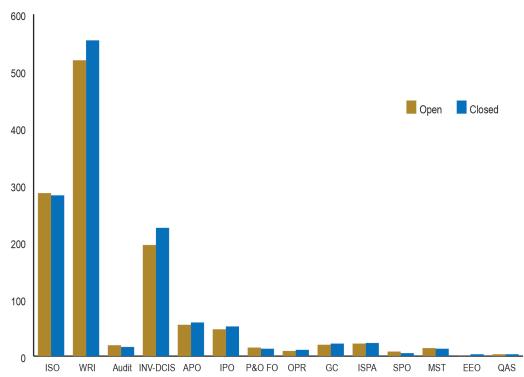
The DoD Hotline opened a total of 2,163 cases and closed 1,953 cases referred to the Military Services.

Figure 2.9 DoD Hotline Cases Opened and Closed—Military Services for April 1, 2017, through September 30, 2017



The DoD Hotline opened 1,210 cases and closed 1,275 cases referred to DoD OIG components.

Figure 2.10 DoD Hotline Cases Opened and Closed—DoD OIG Components for April 1, 2017, through September 30, 2017



The DoD Hotline transferred 121 cases and closed 129 cases to non-DoD agencies. Other agencies to which cases were transferred include the Department of Health and Human Services (HHS), the Department of Transportation (DOT), the Department of Energy (DOE), the OPM, and the Environmental Protection Agency (EPA).

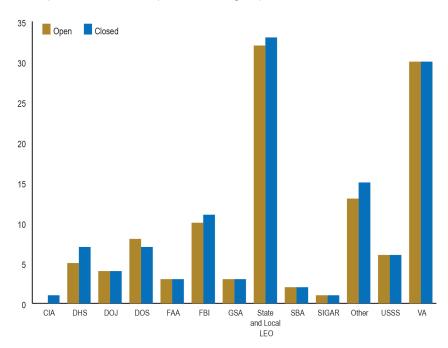


Figure 2.11 Non-DoD Cases Opened and Closed for April 1, 2017, Through September 30, 2017

Allegations relating to personal misconduct, personnel related matters, reprisal, and improper procurement or contract administration were the majority of the allegations received by the DoD Hotline. The following chart reflects the type of allegations in the cases opened by Hotline in this reporting period.

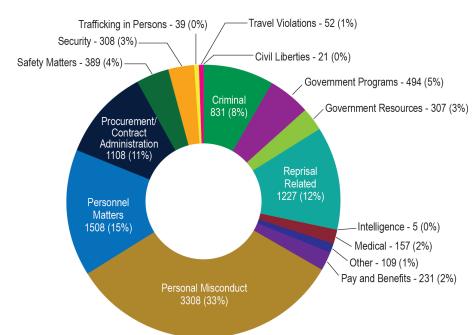


Figure 2.12 Types of Allegations Received by the DoD Hotline From April 1, 2017, Through September 30, 2017

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

Significant DoD Hotline Cases and Cost Savings

The following are examples of significant results from DoD Hotline cases in this semiannual period.

- A Defense Travel Management Office investigation substantiated alleged mismanagement of the DoD Government Charge Card (GTCC). A former Navy civilian employee reported receipt of a GTCC one year after departing the DoD despite having turned in the issued GTCC before transferring to another Federal agency. The Defense Travel Management Office determined this did not reflect a systemic problem or lack of internal controls within the Navy or the DoD. However, consistent with a recommendation from DoD OIG Report 2016-127, Financial Management: "DoD Officials Did Not Take Appropriate Action When Notified of Potential Travel Card Misuse at Casinos and Adult Entertainment Establishments," Defense Travel Management Office officials are conducting a review to determine whether the Defense Manpower Data Center Travel Card Separations Report could be used as a means to automate account cancellation for separated employees. No loss of funds to the DoD occurred and the GTCC account for the former Navy employee was closed.
- A Washington Headquarters Services (WHS) investigation substantiated alleged waste of Government funds resulting from unused phone lines not suspended in a timely manner. WHS implemented new standard operating procedures, improved internal controls, updated payment processes (analyzed usage reports), and conducted staff training. WHS personnel reported that no monetary recovery was possible, but stated the new procedures will result in cost avoidance.
- A 91-year-old annuitant reported to the DoD Hotline that the annuitant had not received survivor payment benefits since October 2016, creating a financial hardship. A Defense Finance and Accounting Service (DFAS) investigation found that the annuitant had been married to more than one service member who participated in the Survivor Benefit Plan. Under the Survivor Benefit Plan, a spouse cannot receive more than one annuity. Accordingly, the annuitant had to choose which annuity to receive. DFAS reconciled the annuitant's account and issued a retroactive credit of \$29,718.60 and a monthly annuity entitlement of \$2,106.
- An Army CID investigation found that an Army service member who medically retired in 2014 fraudulently collected basic allowance for housing from 2004 to 2010. Military trial counsel declined

- criminal prosecution, but DFAS issued a debt collection letter requiring the former service member to repay the U.S. Government \$87,686.63.
- An NCIS investigation substantiated criminal charges of false statements made by a contractor employee. The contractor lied about rust spots on a Navy ship and told an employee not to report it to the Navy. The contractor received 2 years of probation and was fined \$4,000. Defense Contract Audit Agency identified the U.S. Government suffered a loss of \$420,575.38.
- A complainant reported to the DoD Hotline that TRICARE denied a claim for a \$29,000 medical bill. The Defense Health Agency conducted an inquiry and TRICARE determined the bill was not the complainant's responsibility, reprocessed the bill, and paid the \$30,277.68 claim.

Corrective and Remedial Actions Taken on DoD Hotline Cases Closed in Previous **Reporting Periods**

The following are corrective and remedial actions reported to the DoD OIG by components on substantiated DoD Hotline cases that were closed in prior reporting periods.

- A DLA investigation substantiated allegations of loss of funds due to the cancellation of requisitions submitted by Junior Reserve Officer Training Corps (JROTC) programs. As a result, the DLA will change its policy for how requisitions are processed and cancelled. The DLA will notify the JROTC Cadet Command if the DLA is unable to support an order within 30 days and will provide an extended delivery date. The DLA will not cancel orders unless the ordering activity submits a request through DoD FedMall (formerly E-MALL) or to the DLA Call Center.
- A Navy investigation substantiated allegations that an employee failed to notify the Mass Transit Benefit (MTB) office of changes in commuting status and improperly submitted claims for payment under the MTB Program. The commanding officer identified a systemic problem at this command and appointed a reviewing official to provide oversight of the command's MTB program, reminded all personnel of their responsibility to adjust claims according to the actual ridership, and directed the reviewing official to provide training to all MTB participants. The employee received verbal counseling.

Whistleblower Protection Ombudsman

The DoD Whistleblower Protection Ombudsman provides education to agency personnel about prohibitions on retaliation for protected disclosures; and to those employees who have made or are contemplating making a protected disclosure about the rights and remedies against retaliation for protected disclosures. During this period, the Ombudsman received 165 contacts and 9,880 visits to the Ombuds webpage.

Whistleblower Reprisal **Investigations**

The Whistleblower Reprisal Investigations (WRI) Directorate investigates allegations of whistleblower reprisal made by: (1) members of the Armed Forces; (2) appropriated fund (civilian) employees of the DoD, including members of the DoD intelligence community;

(3) employees of DoD contractors, subcontractors, grantees and subgrantees, and personal services contractors; (4) DoD employees with access to classified information; and (5) nonappropriated fund instrumentality employees who 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 Services and Defense agency IGs into these types of allegations. In addition, the WRI Directorate investigates and oversees investigations of allegations that service members were restricted from communicating with a Member of Congress or an IG.

The WRI Directorate conducts these investigations under the authority of the IG Act of 1978; Presidential Policy Directive 19; and 10 U.S.C. §§ 1034, 1587, and 2409.

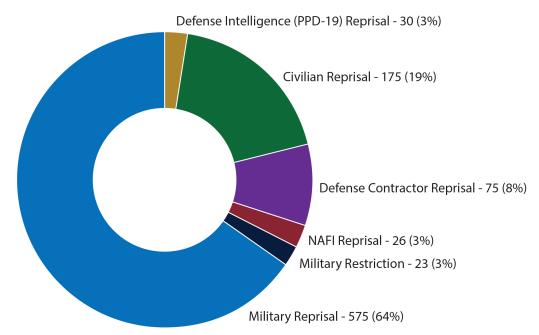


Figure 2.13 Complaints Received DoD-Wide-April 1, 2017, Through September 30, 2017

Reprisal Investigations

During the reporting period, the DoD OIG received a total of 904 complaints involving reprisal and restriction of a service member from communicating with a Member of Congress or an IG.

Table 2.1 shows the status of complaints, as of September 30, 2017, that were received by the DoD OIG and the Service and Defense agency IGs during this reporting period. Of the 904 complaints received this period, 518 were received at the DoD OIG and 386 were received at either a Service or Defense agency IG and then reported to the DoD OIG. Of the 518 received at the DoD OIG:

- 90 were under review or investigation by the DoD OIG,
- 358 were dismissed as having insufficient evidence to warrant an investigation or were withdrawn, and
- 70 were referred to either a Service or Defense agency IG.

Of the 386 received at a Service or Defense agency IG and then reported to the DoD OIG:

- 29 were assumed by the DoD OIG for review and investigation,
- 244 were still being worked in the field,
- 2 were submitted and under review at the DoD OIG,
- 35 were closed by the DoD OIG pending notification to the complainant, and
- 76 were closed by the DoD OIG and the complainant notified.

Table 2.1 Reprisal and Restriction Complaints Received April 1, 2017, Through September 30, 2017

			Status as of Sep	tember 30, 2017	
	Received at the DoD OIG	Open Intake	Dismissed Intake	Retained for DoD OIG Investigation	Referred to Component
Type Complaint	Processed by DoD OIG				
Military Reprisal	218	26	123	1	68
NAFI Reprisal	26	15	9	2	0
Defense Contractor Reprisal	74	26	46	2	0
Civilian Reprisal	174	7	167	0	0
Defense Intelligence (PPD-19) Reprisal	22	7	12	3	0
Subtotal FY 17 (2nd Half)	514	81	357	8	68
Military Restriction	4	0	1	1	2
Total FY 17 (2nd Half)	518	81	358	9	70

			Status as	s of September 30, 2017			
	Received at Component OIG*	Assumed by DoD OIG	Open at Component	Submitted to the DoD OIG for Review	Closed by the DoD OIG (Complainant Notification Pending)	Closed by DoD OIG (Complainant Notified)	
Type Complaint	Processed by Component OIG, With DoD OIG Oversight						
Military Reprisal	357	21	226	2	34	74	
Defense Intelligence (PPD-19) Reprisal	1	1	0	0	0	0	
Subtotal FY 17 (2nd Half)	367	28	228	2	34	75	
Military Restriction	19	1	16	0	1	1	
Total FY 17 (2nd Half)	386	29	244	2	35	76	
Grand Total FY 17 (2nd Half)	944						

^{*} These figures represent all complaints the Components reported to the DoD OIG as having been received.

Table 2.2 shows the number and type of complaints closed by the DoD OIG and the Service and Defense agency IGs during this reporting period. Of the 864 complaints closed this period:

- 651 were dismissed due to insufficient evidence to warrant an investigation,
- 77 were withdrawn, and
- 136 were closed following full investigation by either the DoD OIG or a Service or Defense agency IG.

Of the 136 investigations closed, 126 involved whistleblower reprisal (15 substantiated) and 10 involved restriction from communicating with a Member of Congress or an IG (3 substantiated).

Table 2.2 Reprisal and Restriction Complaints Closed April 1, 2017, Through September 30, 2017

	Total Closed	Dismissed	Withdrawn	Investigated	Substantiated Cases	Substantiated Rate		
Type Complaint		Processed by the DoD OIG						
Military Reprisal	163	147	12	4	0	0%		
NAFI Reprisal	18	11	3	4	0	0%		
Defense Contractor Reprisal	89	71	11	7	2	29%		
Civilian Reprisal	170	168	2	0	0	0%		
Defense Intelligence (PPD-19) Reprisal	22	18	1	3	0	0%		
Subtotal FY 17 (2nd Half)	462	415	29	18	2	11%		
Military Restriction	2	2	0	0	0	0%		
Total FY 17 (2nd Half)	464	417	29	18	2	11%		
Type Complaint	Pro	ocessed by Com	ponent IG With	DoD OIG Overs	sight			
Military Reprisal	379	228	46	105	13	12%		
Defense Intelligence (PPD-19) Reprisal	4	0	1	3	0	0%		
Subtotal FY 17 (2nd Half)	383	228	47	108	13	12%		
Military Restriction	17	6	1	10	3	30%		
Total FY 17 (2nd Half)	400	234	48	118	16	14%		
Grand Total FY 17 (2nd Half)	864	651	77	136	18	13%		

Substantiated Whistleblower Reprisal Cases Closed by the DoD OIG and Service and Defense **Agency IGs**

The following are descriptions of all substantiated allegations of reprisal closed during the period.

· Army command officials relieved an Army National Guard staff sergeant from the sergeant's duty position and issued the sergeant an unfavorable noncommissioned officer evaluation report in reprisal for the sergeant's protected communications to company and battalion Sexual Harassment and Assault Response Program representatives about sexual harassment by the sergeant's supervisor. The

company commander, a captain, also threatened to reduce the sergeant in rank for reporting sexual harassment to the Sexual Harassment and Assault Response Program representative. Corrective action is pending.

• An Army Budget Analyst/GTCC Administrator changed the expiration date on the GTCC for an Army sergeant first class, and an Army unit's Resource Manager removed and reassigned the sergeant first class from his assigned duty position in reprisal for the sergeant's protected communications to members of the chain of command and the IG about potential fraud and ethics violations by the Budget Analyst/ GTCC Administrator. Corrective action is pending.

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- Two separate investigations substantiated that a DoD contractor placed two contractor employees on unpaid administrative leave and discharged the employees in reprisal for their protected disclosures to a National Guard Joint Force Headquarters and to the contractor about not having the proper equipment to perform work under a contract and being assigned tasks outside the scope of the contract. Corrective action is pending in both cases.
- An Army National Guard colonel improperly delayed the processing of a Federal Recognition Board Packet for a subordinate captain in reprisal for the captain's protected communications to the staff judge advocate regarding unfavorable officer performance reports and the delayed processing of officer performance reports. Corrective action is pending.
- An Army major issued an Army staff sergeant an adverse noncommissioned officer evaluation report and actively encouraged a bar to the sergeant's reenlistment in reprisal for the sergeant's "professionally embarrassing" protected communications to members of his chain of command and the IG about mistreatment by the major. Corrective action is pending.
- An Army colonel removed a subordinate master sergeant from the sergeant's assigned position and influenced the sergeant's senior rater and reviewer to issue the master sergeant a downgraded noncommissioned officer evaluation report in reprisal for the sergeant's protected communication to a Sexual Harassment and Assault Response Program representative about harassment by unit members and for making protected communications to members of the chain of command about multiple violations of the Army's Command Supply Discipline Program. Corrective action is pending.
- · An Army Reserve major general directly influenced the removal of an Army Reserve major from Active Duty Operational Support orders in reprisal for making protected communications to members in the chain of command and the IG regarding a false Army Physical Fitness Test scorecard for an Army Reserve brigadier general. Corrective action is pending.

- A Headquarters, U.S. Marine Corps, SES member directly influenced rating officials to issue a Marine Corps major adverse, performanceoriented counselings in reprisal for the major's protected communications to members of the chain of command concerning unfair treatment, mismanagement, fraudulent hiring procedures, and toxic leadership. Corrective action is pending.
- Two National Security Agency (NSA) GS-14s and an Army master sergeant collectively threatened and subsequently removed an Army specialist from the specialist's assigned position in reprisal for making protected communications to the chain of command and the IG about violations of NSA standards. Corrective action is pending.
- An Air National Guard lieutenant colonel removed a subordinate staff sergeant and reassigned the sergeant to another position in reprisal for making protected communications to an investigating officer about the misuse of Government equipment personally witnessed by the sergeant. Corrective action is pending.
- An Army colonel removed an Army major from supervisory responsibilities and issued a less than favorable officer evaluation report in reprisal for the major's protected communications to an IG regarding the colonel's misconduct, which resulted in an investigation that found the colonel culpable of several improprieties. The colonel received a General Officer Memorandum of Reprimand and a referred officer evaluation report.
- · An Army first sergeant issued an Army sergeant first class an unfavorable noncommissioned officer evaluation report in reprisal for the sergeant's equal opportunity complaint against the first sergeant. The first sergeant engaged in disparate treatment by ranking the sergeant first class in the bottom half of rated peers—an action not taken by the first sergeant in 33 other evaluations over the last 6 years. Corrective action is pending.

Substantiated Military Restriction Cases Closed by the DoD OIG and Service and Defense Agency IGs

The following are descriptions of all substantiated allegations of restriction closed during the period.

- An Air Force colonel restricted subordinates from preparing or making protected communications to the IG and Members of Congress by instituting a blanket prohibition against reporting anything outside the chain of command to an IG or a Member of Congress. The colonel received a verbal counseling.
- An Air Force Reserve master sergeant restricted Air Force Reserve enlisted service members from communicating with an IG when the sergeant made a statement to the effect, "If you have issues and you think you can go to the IG, think again ... your complaint will just go down, it will not go anywhere." Corrective action is pending.
- An Army National Guard colonel restricted an Army National Guard chief warrant officer from making lawful communications with the IG by advising the warrant officer during a counseling session to only file an IG complaint if the warrant officer "has proof there was inappropriate behavior...[and to] cease using command programs as a way to advance a personal agenda." Corrective action is pending.
- An Army Reserve sergeant first class e-mailed an Army Reserve sergeant a counseling statement that contained language that the sergeant perceived as restricting the sergeant from communicating with a Member of Congress. Corrective action is pending.

Table 2.3 shows the number and types of reprisal and restriction allegations substantiated since October 1, 2012. Of the 271 substantiated allegations, 185 have had corrective action decisions reported and 86 are still pending reports of corrective actions taken.

Table 2.3 Reprisal Allegations Sustantiated in FYs 2013 Through 2017 With Corrective Action Status

Allegation	Total Substantiated	Decision on Corrective Action Reported	Corrective Action Pending	Percent Pending
Military Reprisal	203	131	72	35%
NAFI Reprisal	6	4	2	33%
Defense Contractor Reprisal	5	1	4	0%
Civilian Reprisal	10	10	0	0%
Defense Intelligence (PPD-19) Reprisal	3	1	2	67%
Subtotal FY 13 to FY 17	227	147	80	35%
Military Restriction	44	38	6	14%
Total FY 13 to FY 17	271	185	86	32%

Note: Allegations against multiple subjects may be involved in a single case.

Table 2.4 shows the number and types of reprisal complaints substantiated since October 1, 2012. Of the 163 substantiated complaints, 30 have had remedy decisions reported and 133 are still pending reports of remedial actions taken.

Table 2.4 Reprisal Complaints Substantiated in FYs 2013 Through 2017 With Remedy Status

Allegation	Total Substantiated	Decision on Remedy Reported	Remedy Pending	Percent Pending
Military Reprisal	145	15	130	90%
NAFI Reprisal	5	5	0	0%
Defense Contractor Reprisal	3	1	2	67%
Civilian Reprisal	8	8	0	0%
Defense Intelligence (PPD-19) Reprisal	2	1	1	50%
Total FY 13 to FY 17	163	30	133	82%

Corrective and Remedial Actions Reported During the Period for Substantiated Reprisal Cases **Closed in Prior Reporting Periods**

The following are remedial and corrective actions reported to DoD OIG by Components for substantiated reprisal cases that were closed in prior reporting periods.

- An Air National Guard senior master sergeant did not recommend a subordinate for a quarterly promotion board and an Air National Guard master sergeant made a negative comment on a promotion feedback letter for the same subordinate in reprisal for the subordinate's protected communication to command officials regarding a theft of military fuel that the subordinate observed. One of the sergeants received a written reprimand and the other retired before the investigation was completed. The subordinate will be allowed to appear before the next promotion board.
- An Air Force colonel and an Air Force major issued a letter of admonishment (subsequently reduced to a letter of counseling) to an Air Force major in reprisal for the major's protected communications to the chain of command regarding a patient safety concern and the failure of a contract employee to report patient complications following surgery. The colonel and major received verbal counseling.
- An Air Force senior master sergeant relieved an Air Force technical sergeant of assigned duties and issued the technical sergeant a letter of reprimand, approved by an Air Force captain, in reprisal for the technical sergeant's protected communications regarding the perceived cover-up of a driving while intoxicated (DWI) incident. One subject received verbal counseling and the other retired before the investigation was completed.
- An Air Force major issued a subordinate staff sergeant a letter of reprimand in reprisal for the sergeant's protected communications to the chain of command that responsible officials were marking partial or incomplete public health assessments as having been completed. The major received a letter of counseling.
- An Army major influenced an Army colonel to reassign an Army captain to a lower operations position, issued the captain an adverse officer evaluation report, influenced a decision to return the captain from active duty early, and withheld an end-of-tour award recommendation for the captain in reprisal for making protected communications to the chain of command,

- the command IG, and command-appointed investigators regarding violations of force protection measures. One subject received a General Officer Memorandum of Reprimand and the other retired before the investigation was completed.
- Two Army Reserve lieutenant colonels issued an adverse officer evaluation report to an Army Reserve lieutenant and denied an end-of-tour award for the lieutenant in reprisal for the lieutenant's protected communications to the command IG regarding security violations and permitting access to unauthorized personnel through an entry control point. The lieutenant colonels received General Officer Memorandums of Reprimand.
- A Navy commander removed and then reassigned a lieutenant to other duties in reprisal for the lieutenant expressing an intent to file a complaint with the IG. Command officials removed and reassigned the commander and submitted a recommendation for the commander to "show cause" to be retained.
- An Air Force chain of command (a colonel, lieutenant colonel, and a major) removed a subordinate technical sergeant from the sergeant's position earlier than planned and denied the sergeant a decoration (medal) in reprisal for the sergeant's protected communications to his chain of command and the IG regarding security violations. The subjects received verbal counseling, a letter of reprimand, and letter of admonishment, respectively.
- An Air Force colonel recommended that a subordinate airman's request for an expedited transfer be denied in reprisal for the airman's protected communications to the Sexual Assault Response Coordinator, the airman's chain of command, and an IG. Command officials took no action because the colonel retired before the investigation was completed.
- An Army National Guard brigadier general issued a referred officer evaluation report to an Army National Guard lieutenant colonel in reprisal for the lieutenant colonel's report of sexual assault, sexual harassment, and a hostile work environment to members of the chain of command and an IG. The brigadier general received a General Officer Memorandum of Reprimand.
- An Army captain issued an Article 15 to an Army staff sergeant in reprisal for reporting violations of the commanding general's Work Hour Policy and violations of command regulations, policies,

and procedures to the command IG and chain of command. The commanding general disagreed with the substantiated finding and declined to take command action against the captain.

- An Air Force Reserve colonel issued a "weak" officer performance report in reprisal for an Air Force Reserve captain reporting the colonel and other unit personnel to the Equal Opportunity office for disregarding discriminatory (racial) behavior that occurred in the unit. The captain perceived that a white sheet left on a desk inferred the complainant was a member of the Ku Klux Klan. The colonel also influenced a subordinate commander's decision to disapprove a waiver for the captain's continued overage status in reprisal for protected communications to the Equal Opportunity office and an investigator for a command-directed investigation. Command officials took no action because the colonel retired before the investigation was completed.
- An Air Force lieutenant colonel reprised against subordinates for making protected communications to the IG by threatening to note a lack of loyalty on their enlisted and officer performance reports. Command officials relieved the lieutenant colonel of command.
- Two Army captains (rater and senior rater) issued an initial and a subsequently revised noncommissioned officer evaluation report to an Army sergeant first class after reporting a false official record to the battalion commander. There was no documentation between the initial and the revised evaluation report to justify lowered senior rater comments. One captain received a General Officer Memorandum of Reprimand and the other captain retired from the Army.
- An Air National Guard brigadier general issued a lieutenant colonel a Notice of Appointment removing the lieutenant colonel from the Air National Guard in reprisal for the lieutenant colonel complaining to the IG and the state Adjutant General about alleged irregularities in a hiring action. On appeal, the Under Secretary of Defense for Personnel & Readiness directed the Air Force Board for Correction of Military Records to update the lieutenant colonel's record to reflect command and to allow the lieutenant colonel to meet a Special Selection Board for promotion to O-6.

Corrective and Remedial Actions Reported During the Period for Substantiated Restriction Cases **Closed in Prior Reporting Periods**

The following are corrective actions reported to DoD OIG by Components for substantiated restriction cases that were closed in prior reporting periods.

- An Air Force master sergeant made comments during a verbal counseling that were intended to restrict an Air Force staff sergeant from making a protected communication to the IG. Command officials took no action because the master sergeant retired before the investigation was completed.
- An Air Force colonel and an Air Force captain created a chilling effect on subordinates that caused the subordinates to fear retaliation for elevating their complaints, concerns, or issues outside the chain of command. The colonel and captain received verbal counseling.
- An Air Force lieutenant colonel made comments that created a chilling effect on subordinates' willingness to contact an IG or leadership about the climate in the unit. Command officials relieved the lieutenant colonel from command.

Tables 2.5 and 2.6 show the number and type of corrective actions reported for reprisal and restriction allegations substantiated against subjects since October 1, 2012. Of the 196 decisions reported, 55 involved declinations to take action, and 141 were corrective actions taken against the subject.

Table 2.5 Corrective Actions Reported for Reprisal and Restriction Allegations Substantiated Against Subjects in FYs 2013 Through 2017

Allegation	Total	Declined to Take Action	Employee Fired or Terminated	Letter of Counseling	Other
Military Reprisal	139	41	0	15	12
NAFI Reprisal	4	2	1	0	1
Defense Contractor Reprisal	1	1	0	0	0
Civilian Reprisal	10	4	0	1	0
Defense Intelligence (PPD-19) Reprisal	1	0	0	1	0
Subtotal FY 13 to FY 17	155	48	1	17	13
Military Restriction	41	7	0	7	2
Total FY 13 to FY 17	196	55	1	24	15

Table 2.6 Corrective Actions Reported for Reprisal and Restriction Allegations Substantiated Against Subjects in FYs 2013 Through 2017 (cont'd)

Allegation	Reduced Rank or Grade	Removed From Assignment	Suspended Without Pay	Verbal Counseling	Written Reprimand
Military Reprisal	2	13	1	12	43
NAFI Reprisal	0	0	0	0	0
Defense Contractor Reprisal	0	0	0	0	0
Civilian Reprisal	0	1	0	1	3
Defense Intelligence (PPD-19) Reprisal	0	0	0	0	0
Subtotal FY 13 to FY 17	2	14	1	13	46
Military Restriction	0	3	0	9	13
Total FY 13 to FY 17	2	17	1	22	59

Note: Multiple corrective actions may be reported for a single subject.

Tables 2.7 and 2.8 show the number and type of remedies reported for reprisal complaints substantiated since October 1, 2012. Of the 39 remedial decisions reported, 6 complaints involved Management declining to take action or the military complainant opting not to petition a board for the correction of military records, and 33 were remedies awarded to make the complainant whole.

Table 2.7 Remedies Reported for Reprisal Complaints Substantiated in FYs 2013 Through 2017

Allegation	Total	Back Pay	Correct Evaluation	Declined to Take Action	Expunge Evaluation	Expunge LOR/LOC/ LOE
Military Reprisal	19	1	1	0	7	2
NAFI Reprisal	5	1	1	1	0	0
Defense Contractor Reprisal	4	1		3	0	0
Civilian Reprisal	10	0	1	1	2	0
Defense Intelligence (PPD-19) Reprisal	1	0		1	0	0
Total FY 13 to FY 17	39	3	3	6	9	2

Table 2.8 Remedies Reported for Reprisal Complaints Substantiated in FYs 2013 Through 2017 (cont'd)

Allegation	Grant Award	Other	Promote	Reinstate	Restore Security Clearance
Military Reprisal	0	6	1	1	0
NAFI Reprisal	0	2	0	0	0
Defense Contractor Reprisal	0	0	0	0	0
Civilian Reprisal	2	3	0	0	1
Defense Intelligence (PPD-19) Reprisal	0	0	0	0	0
Total FY 13 to FY 17	2	11	1	1	1

Note: Multiple remedies may be reported for a single complainant.

Whistleblower Reprisal Complaints Closed as Not Substantiated Involving Subjects in the Grade or Rank of Colonel (0-6) and GS-15, and above¹

The following are all whistleblower reprisal complaints closed as not substantiated involving subjects in the grade or rank of colonel (O-6) and above, and Federal employees in grades GS-15 and above.

- A Defense agency SES member allegedly removed an Army colonel from the colonel's position and reassigned the colonel to a position not commensurate with the colonel's rank and an Air Force major general allegedly downgraded the colonel's retirement award in reprisal for the colonel having made nine protected communications. Additionally, a different SES member allegedly attempted to restrict the colonel from communicating with an IG.
- An Army colonel serving at the United States Military Academy (USMA) allegedly denied a former cadet's request to meet with the Medical Evaluation Board Council at the USMA in reprisal for the cadet's protected communications.
- An Air Force civilian employee alleged that an Air Force colonel established a Security Information File; suspended access to all classified information, Government computer networks, and facilities; and recommended revocation of eligibility for classified access in reprisal for the employee's complaints to the chain of command and the AFOSI regarding violations of laws, rules, and regulations.
- An Army Reserve major general and colonel allegedly issued an Army Reserve lieutenant colonel lowered ratings on two officer evaluation reports and relieved the lieutenant colonel for cause in reprisal for making protected communications to members of

the chain of command and a Member of Congress about a flawed, inaccurate, and biased commanddirected Army Regulation 15-6 investigation into an Equal Opportunity complaint.

- An Army colonel alleged that an Army SES member serving as senior rater and an Army colonel serving as rater issued a less than favorable officer evaluation report in reprisal for providing a witness statement to an Army Regulation 15-6 investigating officer.
- An Air Force Reserve colonel allegedly removed an Air Force Reserve lieutenant colonel from command and issued the lieutenant colonel a letter of reprimand in reprisal for reporting violations of Air Force instructions to an IG.
- An Air Force lieutenant colonel alleged that the submission of an officer performance report into the officer's personnel file at the Air Force Personnel Center was deliberately delayed in reprisal by the rater, an Air Force colonel, after the lieutenant colonel filed complaints against the rater with the command Equal Opportunity officials for gender discrimination, harassment, and the creation of a hostile work climate.
- An Air Force Reserve technical sergeant alleged that a colonel issued a written order to bar the technical sergeant from entering an installation for a period of 5 years in reprisal for reporting an alleged abuse of authority by the colonel to an IG.
- An Army National Guard lieutenant colonel alleged that an Army National Guard brigadier general imposed a suspension of favorable personnel actions (flag) on the lieutenant colonel and temporarily relieved the lieutenant colonel of command, pending an Army Regulation 15-6 investigation, in reprisal for reporting alleged abuse of authority by the Adjutant General to the chain of command.

One whistleblower restriction complaint was closed as "not substantiated" that involved subjects in the grade or rank of colonel (O-6) and above, and civilian employees in grades GS-15 and above, during this reporting period.

Investigations of Senior Officials

The DoD OIG's Investigations of Senior Officials (ISO) Directorate investigates allegations of misconduct against the senior DoD officers (lieutenant general and above and equivalents), political appointees, senior officials in the Joint or Defense Intelligence Community, and members of the SES, as well as allegations not suitable for assignment to Military Services or Defense agency IGs. The ISO Directorate also conducts oversight reviews of Service and Defense agency IG investigations of misconduct involving active duty, retired, Reserve, or National Guard military officers in the rank of one-star (brigadier general) and above; officers selected for promotion to brigadier general whose names are on the brigadier general promotion board report forwarded to the Military Department Secretary; members of the SES; senior civilian officials in the grade of SES in the Joint or Defense Intelligence Community, including the DoD; and DoD political appointees.

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

From April 1, 2017, through September 30, 2017, the DoD OIG received 399 complaints of senior official misconduct and closed 387 complaints. Of the 387 complaints closed, 319 were dismissed due to the lack of a credible allegation of misconduct and 68 were closed following investigation. Of the 68 investigations closed, 1 was closed by the DoD OIG and 67 were closed by component IGs with oversight by the DoD OIG. Of the 68 investigations closed, 25 included substantiated allegations of misconduct. The ISO Directorate queried the Defense Case Activity Tracking System to obtain the data for the following statistical tables and charts.

Table 2.9 Senior Official Complaints Closed in FY 2017

	Total Closed	Dismissed	Investigated	Substantiated Cases	Substantiation Rate	
Service or Agency	Closed by the DoD OIG					
Air Force	54	54	0	0	0%	
Army	101	101	0	0	0%	
COCOM/Defense Agency/Other	111	110	1	0	0%	
Marine Corps	10	10	0	0	0%	
Navy	36	36	0	0	0%	
Subtotal FY 17 (2nd Half) Closed by the DoD OIG	312	311	1	0	0%	
Service or Agency	Clo	sed By Compone	nt IG With Oversi	ght by the DoD O	IG	
Air Force	12	0	12	8	67%	
Army	37	6	31	9	29%	
COCOM/Defense Agency/Other	13	2	11	5	45%	
Marine Corps	3	0	3	3	100%	
Navy	10	0	10	0	0%	
Subtotal FY 17 (2nd Half) Oversight Review by the DoD OIG	75	8	67	25	37%	
Total FY 17 (2nd Half)	387	319	68	25	37%	

Senior Official Name Checks

When senior officials are pending confirmation by the Senate, or are considered for promotion, awards (including Presidential Rank awards), assignments, and retirements, DoD officials must submit name check requests to the DoD OIG to determine whether there is any reportable information. The DoD OIG processed requests on a total of 5,835 names during this reporting period.

Substantiated or Significant Senior Official Cases Closed by the DoD OIG

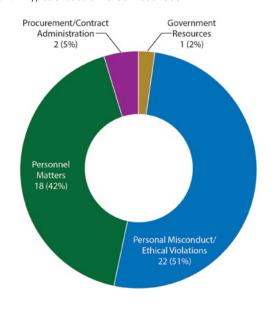
There were no substantiated or significant senior official cases closed by the DoD OIG during the second half of FY 2017.

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

- An Army National Guard major general engaged in an inappropriate relationship with a subordinate (lieutenant colonel) and improperly accepted a gift from the lieutenant colonel in excess of \$2,500. The investigation concluded that the extremely personal nature of the relationship was inconsistent with Army standards and had an adverse impact on the command. Corrective action is pending.
- An Army major general failed to treat subordinates with dignity and respect, routinely belittled people in meetings, and used sarcastic humor to insult subordinates. The Vice Chief of Staff counseled the major general.
- A DISA SES member improperly granted an advantage to a former colleague regarding an application for employment with DISA. Corrective action is pending.
- An Air Force brigadier general-select was derelict in his duties when he failed to vigilantly inspect the conduct of a subordinate before taking personnel actions. Corrective action is pending.2
- A National Geospatial-Intelligence Agency (NGA) Defense Intelligence SES member failed to follow correct procedures for requesting and receiving tuition assistance for Ph.D. studies, committed the

- An Army National Guard major general improperly used IG records as the basis for issuing a General Officer Memorandum of Reprimand to a subordinate, improperly directed the revocation of a subordinate's promotion, and failed to flag a subordinate's personnel file for two adverse actions he initiated on the subordinate. Corrective action is pending.
- An Air Force SES member engaged in an unprofessional relationship with a subordinate employee and used his public office for private gain by increasing the employee's compensation by over \$1,900 per year. Corrective action is pending.
- A Marine lieutenant general failed to report allegations involving a subordinate officer's misconduct to the Commandant of the Marine Corps. The officer's misconduct allegedly consisted of excessive drinking, drunk driving, sending a picture of a subordinate's wife in lingerie to an officer in a foreign navy, requesting nude photos and a pair of the wife's underwear, and unauthorized use of a foreign civilian's Government computer. The lieutenant general considered the allegations vague and untrustworthy and did not direct an investigation.

Figure 2.14 Types of Substantiated Misconduct



NGA to spending appropriated funds for the Ph.D. studies without proper authority, and inappropriately used the GTCC to pay for the Ph.D. studies. The charges totaled over \$11,000. Corrective action is pending.

This entry was corrected for accuracy after publication of the SAR.

Senior Official Complaints Closed by the DoD OIG as Not Substantiated Involving Subjects in the Grade or Rank of Colonel (0-6) and GS-15 and Above

A GS-15 employee alleged that an SES member (prior to joining the SES) used his public office for his private gain by modifying a position description to make himself eligible to apply for the position and advantage his application. The DoD OIG determined that the organization's leadership desired a candidate pool that was not restricted to current SES members and directed revisions to the position description to expand the potential candidate pool. There was no evidence that the SES member attempted to influence organizational leadership to revise the position description to make himself eligible to apply for the position. The SES member revised the position description as part of his normal duties and at his organizational leadership's direction. The DoD OIG found no evidence that the SES member revised the position description to match his specific experience, skills, or resume, or that he influenced changes to the position description for his private gain. Accordingly, the DoD OIG did not substantiate the allegation that the SES member used his public office for his private gain.

Corrective Actions Reported for Senior Official Cases Closed During Prior Reporting Periods

The following are examples of corrective actions reported during the reporting period for cases closed in prior reporting periods. The following cases were closed by Service and Defense agency IGs with oversight by the DoD OIG.

- An NSA official performed nonessential temporary duty (TDY) travel to facilitate personal travel plans, used public office for private gain, failed to put forth an honest effort in the performance of duties, failed to avoid actions creating the appearance of violating the law or ethical standards, and knowingly submitted false and inaccurate timesheets. The NSA proposed removal of the official from Federal service; however, the official retired in lieu of termination.
- An Air Force major general wrongfully used public office for private gain by using TDY travel for personal benefit, misused Government property, and committed waste. The major general received a letter of counseling from the Major Command commander.3
- This entry was corrected for accuracy after publication of the SAR.

- An SES member knowingly and willingly made false statements about academic credentials on his resume for his Senior Level position. The SES member resigned from Federal service.
- An SES member frequented bars with subordinates and junior officers, had dinner at the home of another subordinate, and failed to take appropriate action to create an environment free from harassment. The SES member received a 15-calendar day suspension.

Quality Assurance Reviews

During the reporting period, AI completed a quality assurance review of the Air Force IG Hotline and a quality assessment of the Air Force IG operations, policies, and procedures for the senior official and whistleblower reprisal investigations units.

Administrative Investigations **Outreach and Training**

During this period, AI conducted more than 190 hours of external outreach engagements involving 1,202 personnel. Outreach included training of personnel assigned to Joint Staff, Army, Marine, Navy, Air Force, National Guard, and Reserve Component IG billets on DoD whistleblower reprisal and senior official investigations and DoD oversight responsibilities. Al also conducted more than 3,400 hours of internal training for OIG employees during the reporting period on topics such as Change Management, Managing Multiple Priorities, Critical Thinking, Emotional Intelligence, Understanding the Personnel Security System, Listening and Memory Development, Cognitive Interviewing, How to Write Better and Faster, and Implicit Bias.

Federal Hotline Working Group

The Federal Hotline Working Group held its quarterly meeting at the Mark Center in Alexandria, Virginia, on May 11, 2017, and included 35 personnel from 27 agencies who attended virtually or in person. The agenda included Whistleblower Protection law updates, matters not appropriate for hotlines, and preparations for the Worldwide Hotline Outreach event.

Worldwide Hotline Outreach and Observance of National Whistleblower Appreciation Day

On July 27, 2017, the DoD Hotline hosted the Fifth Annual Worldwide Hotline Outreach Conference at the Mark Center in Alexandria, Virginia. More than 170 personnel, from inside and outside the DoD OIG, attended virtually or in person. The agenda included speakers from the EPA, National Science Foundation (NSF), the DOJ, Office of Special Counsel, and Naval Sea Systems Command (NAVSEA).

Administrative Investigations Training Symposium

AI held its semiannual Administrative Investigations Symposium on May 17, 2017. Approximately 232 participants from the Defense agencies, Service Components, and Intelligence Community OIGs attended. The keynote speaker was Vice Admiral Herman Shelanski, Naval Inspector General. A Harvard University professor presented a 2-hour lecture on Implicit Bias. Additional sessions covered conducting oversight reviews, establishing "inference" in reprisal cases, and a session on how to write better and faster.

Basic Whistleblower Reprisal Investigation Course

During this reporting period, AI held six Basic Whistleblower Reprisal Investigations Courses for Service and Defense agency IG representatives—two courses were held at the Mark Center in Alexandria, Virginia, and four Mobile Training Team courses were held at Fort Gordon, Augusta, Georgia; U.S. Bureau of Naval Personnel, Millington, Tennessee; 129th Rescue Wing, California Air National Guard, Moffett Federal Airfield, Mountain View, California; and U.S. Army Pacific Command, Fort Shafter, Honolulu, Hawaii. The training covered the entire life cycle of a whistleblower reprisal investigation. The presentations discussed the history and content of whistleblower statutes, how to conduct a thorough complaint intake, gather evidence, interview, write reports, and procedures for closing a case.

Hotline Investigator Course

Al conducted the Hotline Investigator Training Course on May 16, 2017. In attendance were 35 hotline investigators from the DoD OIG, the Service Components, and other Defense agencies. The course included significant areas of the complaint process and included the DoD Hotline mission, responsibilities, and best practices used to coordinate referrals. Group exercises enabled participants to screen mock complaints and apply DoD Hotline standards to determine the best course of action for the referral.

POLICY AND OVERSIGHT

The DoD OIG provides policy, guidance, and oversight for DoD audits and investigations. 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

Reviews of Single Audit Reports

In accordance with Public Law 98-502, "Single Audit Act of 1984," as amended by Public Law 104-156, "The Single Audit Amendments of 1996," the DoD OIG's Single Audit Program provides 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 DoD OIG also provides technical audit advice to auditors and auditees, conducts reviews of audit reports, advises auditors and auditees of audit report deficiencies, and conducts quality control reviews of selected single audits.

The DoD OIG completed 57 reviews of single audit reports, involving \$4.7 billion in DoD funds. The reviews resulted in the issuance of 54 memorandums to DoDawarding components identifying 84 single audit report findings, including \$12.3 million of questioned costs that require DoD resolution actions.

The DoD OIG also issued the following report on a quality control review performed to determine compliance with auditing standards.

 Report No. DODIG-2017-084, "Quality Control Review of the PricewaterhouseCoopers LLP FY 2015 Single Audit of the RAND Corporation," May 22, 2017, reported that RAND complied with OMB Circular No. A-133 requirements in preparing the schedule of expenditures of Federal awards, the summary schedule of prior audit findings, and the corrective action plan for the FY 2015 single audit. PricewaterhouseCoopers complied with the auditing standards and OMB Circular No. A-133 requirements in performing the RAND Corporation FY 2015 single audit.

Review of Army Internal Review Program

The DoD OIG evaluated the system of quality control for the Army Internal Review (IR) Program in effect for the year ended December 31, 2015. A system of quality control encompasses the Army IR Program's organizational structure and policies adopted and procedures established to provide it with reasonable assurance of conforming to Government Auditing Standards.

In the DoD OIG's opinion, as a result of the significant deficiencies found, the system of quality control for the Army IR Program in effect for the year ended December 31, 2015, was not suitably designed and complied with to provide the audit organization with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of pass, pass with deficiencies, or fail. The Army IR Program received an External Peer Review rating of fail. The DoD OIG recognized that some of the Army IR offices would not have received a fail rating if they had been reviewed separately; however, when reviewed as a collective program, the Army IR Program received a fail rating.

The Army disagreed with the DoD OIG methodology to classify Army IR as a single audit organization and requested a separate rating for each office visited. The DoD OIG did not agree that the Army IR Program should receive a separate rating for each office visited. At the project's entrance conference with senior Army officials on February 2, 2016, the DoD OIG stated that one peer review rating would be issued for the Army IR Program. At that time, there was no objection raised concerning the issuance of one consolidated rating.

Army policy designates the Assistant Secretary of the Army (Financial Management and Comptroller) as the single office in the Army for establishing policy for and directing the implementation of the Army's IR and Audit Compliance Programs.

As a result, the DoD OIG concluded that there should be one peer review rating for the Army IR Program.

Report No. DODIG-2017-100

Investigative Policy and Oversight

Criminal Investigative Policy

The DoD OIG evaluates the performance of, and develops policy for, DoD criminal investigative components, such as the Army CID, NCIS, AFOSI, and other DoD agencies that have criminal investigators, such as the Pentagon Force Protection Agency and the NSA. During the reporting period, the DoD OIG issued one policy and canceled one policy that affected DoD criminal investigative agencies.

DoD Instruction 5505.16, "Investigations by DoD Components," June 23, 2017

DoD Instruction (DoDI) 5505.16 was reissued to identify the agencies within the DoD with statutory law enforcement authority that are authorized to conduct criminal investigations. The policy also outlined procedures for handling criminal allegations for DoD Components without law enforcement authority.

DoDI 5100.86, "DoD Forensic Science Committee," April 18, 2014

To remove duplicative issuances within the DoD, the DoD OIG canceled DoDI 5100.86, "DoD Forensic Science Committee," April 18, 2014, because the functions were addressed in DoD Directive 5205.15E, "DoD Forensic Enterprise (DFE)."

Subpoena Program

The DoD OIG authority to issue subpoenas is based on sections 6 and 8 of the IG Act of 1978, as amended. A DoD OIG subpoena request must meet three criteria:

- the subpoena can only be issued for investigations within the legal authority of the IG;
- the information sought must be reasonably relevant to the IG investigation, audit, or evaluation; and
- the subpoena cannot be unreasonably broad or burdensome.

According to 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 April 1, 2017, through September 30, 2017, the DoD OIG issued 572 subpoenas. This is a 26-percent increase in subpoena production compared to the same reporting period in 2016.

Figure 2.15 DoD OIG Subpoenas Issued in FY 2017

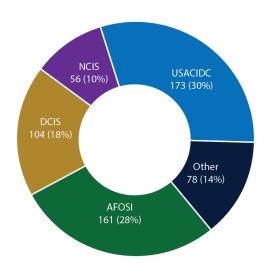
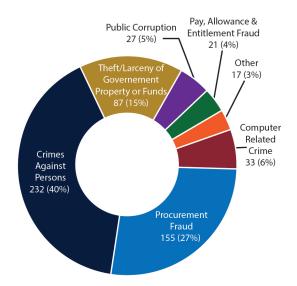


Figure 2.16 Subpoenas Requested by Type of Investigation

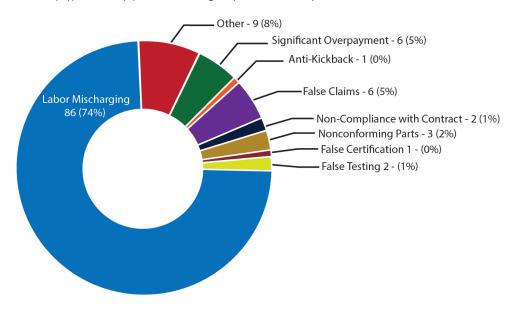


Contractor Disclosure Program

A contractor disclosure is a written disclosure by a DoD contractor or subcontractor to the DoD OIG that provides 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. Such disclosures are required by FAR Rule 2007-006, which implements Public Law 110-252, "The Close the Contractor Fraud Loophole Act."

From April 1, 2017, through September 30, 2017, the DoD OIG received 116 contractor disclosures, which identified potential monetary recoveries of approximately \$3,695,422.

Figure 2.17 Contractor Disclosures by Type FY 2017 (April 1, 2017, through September 30, 2017)



LEAD INSPECTOR GENERAL

The DoD OIG's Overseas Contingency Operations (OCO) component supports the DoD OIG's Lead IG responsibilities and oversight coordination related to named OCOs. The Lead IG coordinates with the senior representatives from the DOS OIG, the USAID OIG, and other OIGs to fulfill responsibilities to coordinate OCO oversight, develop interagency strategic oversight plans, and produce quarterly reports on the operations and oversight of each OCO.

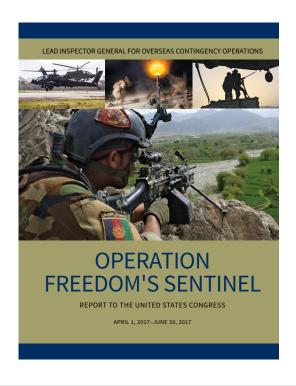
According to the FY 2013 National Defense Authorization Act (NDAA), the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Chair must designate a Lead IG for an OCO no later than 30 days after the commencement or designation of the military operation as an OCO that exceeds 60 days. The Lead IG for an OCO must be designated from among the IGs for the DoD, the DOS, and the USAID. The OIGs for these agencies are responsible for staffing and supporting the Lead IG, ensuring that comprehensive oversight is conducted, and reporting is provided over all aspects of the contingency operation.

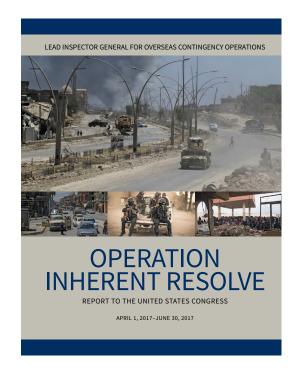
Quarterly reports to Congress for each OCO and related oversight activities are submitted separately and can be accessed online at

http://www.dodig.mil/Components/OCO/. There are currently two designated OCOs—Operation Inherent Resolve (OIR) and Operation Freedom's Sentinel (OFS).

OIR is dedicated to countering the terrorist threat posed by the Islamic State of Iraq and Syria (ISIS) in Iraq, Syria, the region, and the broader international community. The U.S. counter-ISIS strategy includes support to military operations associated with OIR, as well as diplomacy, governance, security programs and activities, and humanitarian assistance. The Secretary of Defense announced the initiation of OIR on October 17, 2014. On December 17, 2014, the CIGIE Chair designated the DoD IG as the Lead IG for OIR.

OFS has two complementary missions: (1) the U.S. counterterrorism mission against al Qaeda, the Islamic State of Iraq and Syria-Khorasan (ISIS-K), and their affiliates in Afghanistan, and (2) the North Atlantic Treaty Organization (NATO)-led Resolute Support mission to train, advise, and assist Afghan security forces. The Resolute Support mission objective is to help the Afghan National Army and Police forces become self-sustaining and capable of maintaining security in Afghanistan under responsible Afghan ministries. The Secretary of Defense announced the initiation of OFS on December 28, 2014. On April 1, 2015, the CIGIE Chair designated the DoD IG as the Lead IG for OFS.





Lead IG Hotline Activities

Each Lead IG agency has dedicated a Lead IG Hotline to receive complaints and contacts specific to its agency. The DoD OIG Hotline provides a confidential, reliable means for individuals to report violations of law, rule, or regulation; mismanagement; gross waste of funds; and abuse of authority for independent review.

DoD OIG hotline representatives process the complaints they receive and refer these complaints to the appropriate entity in accordance with their respective protocols. Any hotline complaint that merits referral is sent to the responsible organization for investigation or informational purposes.

A DoD OIG investigator coordinates the hotline contacts received from among the Lead IG agencies and others as appropriate. During the reporting period, the investigator opened 138 OIR and 87 OFS cases, totaling 225 cases during the third and fourth quarters of FY 2017. These cases were referred within the DoD OIG to the Lead IG agencies or to other investigative organizations for review and, as appropriate, investigation.

OCO Planning and Coordination

The Lead IG agencies use several processes to coordinate oversight and reduce redundancies in requests for information from U.S. Government officials executing programs under OIR and OFS. Initially, the Southwest Asia Joint Planning Group, which began in 2008, served as the primary vehicle to coordinate audits, inspections, and evaluations throughout Southwest Asia. Upon the designation of the Lead IG for OIR in October 2014 and OFS in April 2015, the three Lead IG agencies began developing and carrying out joint strategic plans for comprehensive oversight of the two contingencies. Through this coordination, OCO identifies gaps, overlaps in oversight projects, and annually develops a Joint Strategic Oversight Plan for each OCO.

The Deputy IG for OCO is also the Chair of the interagency Southwest Asia Joint Planning Group, which publishes an annual compendium of all ongoing and planned oversight projects conducted within the U.S. Central Command area of responsibility, called the Comprehensive Oversight Plan for Overseas Contingency Operations. The Comprehensive Oversight Plan contains the Joint Strategic Oversight Plans for OIR and OFS.

The Southwest Asia Joint Planning Group sponsors a complementary forum for coordinating the broader Federal oversight community's efforts in Iraq, Syria, Afghanistan, and Southwest Asia, including oversight by the Services IGs, the GAO, and Service IGs audit agencies.

In addition to these formal planning processes, the Lead IG agencies have established supplemental systems to coordinate their planning activities in theater and to prevent duplication of efforts in gathering information for their congressionally-mandated quarterly reports. Lead IG agencies also conduct investigations into allegations of fraud, waste, and abuse. They coordinate these investigative efforts through the International Contract Corruption Task Force and the Fraud and Corruption Investigative Working Group.

Quarterly Reporting

The three Lead IG agencies publish quarterly reports involving each OCO and current, ongoing, and future oversight work conducted by the Lead IG and its partner agencies throughout the year. During this reporting period, the three Lead IG agencies published two quarterly reports on each of the OCOs, totaling 23 quarterly reports since its inception. In support of the Lead IG, the OIGs of the DoD, the DOS, and the USAID are conducting 44 OIR and 44 OFS audits, assessments, and evaluations. Furthermore, the three Lead IG agencies have published a total of eight reports on completed oversight projects.

OCO Investigations

The investigative components of the Lead IG agencies, and their partner agencies, also conduct investigative activity related to OIR and OFS. During the reporting period, the Lead IG agencies used forwarddeployed investigators in Kuwait, Qatar, Iraq, Saudi Arabia, United Arab Emirates, and Afghanistan, as well as in Germany and Washington, D.C., to conduct these investigations. Together, the OIGs are conducting 90 OIR and 97 OFS investigations.

As of September 30, 2017, the Lead IG agencies had 90 ongoing OIR-related investigations. The OIR-related investigations involved allegations of procurement, grant, and other program fraud; corruption involving U.S. Government officials; theft and diversion of Government funds or equipment; and other offenses, including trafficking in persons.

As of September 30, 2017, the Lead IG agencies had 97 ongoing OFS-related investigations. These investigations involved allegations of procurement, grant, and other program fraud; corruption involving U.S. Government officials; theft and diversion of Government funds or equipment; and other offenses, including trafficking in persons.

The following are OFS-related investigations completed during the period.

Former Employee of U.S. Government Contractor in Afghanistan Pleads Guilty to Accepting over \$250,000 in Kickbacks from Subcontractor

The Defense Criminal Investigative Service (DCIS), along with the Special Inspector General for Afghanistan and the Army Criminal Investigation Command/Major Procurement Fraud Unit, investigated Nebraska McAlpine, a former project manager for an American Defense contractor (the prime contractor) in Kabul, Afghanistan. McAlpine admitted that he and an Afghan executive agreed that, in exchange for kickbacks, McAlpine would ensure that the prime contractor awarded lucrative subcontracts to the executive's companies. McAlpine repeatedly told his supervisors that these companies should be awarded "sole source" subcontracts—allowing them to supply services to the prime without having to competitively bid. This arrangement, McAlpine admitted, caused the prime contractor to pay over \$1.6 million to the subcontractor to assist with maintaining the Afghanistan Ministry of the Interior ultra-high frequency radio communications system. McAlpine, who accepted over \$250,000 in kickbacks, pleaded guilty in Federal Court on July 18, 2017. He was sentenced on October 18, 2017.

Former Employee of U.S. Army Corps of **Engineers in Afghanistan Pleads Guilty to** Soliciting Approximately \$320,000 in Bribes from Contractors

DCIS, along with the FBI, the Special Inspector General for Afghanistan, and the Army Criminal Investigation Command-Major Procurement Fraud Unit, investigated Mark Miller, a former U.S. Army Corps of Engineers (USACE) employee based in Afghanistan, for seeking and receiving bribe payments.

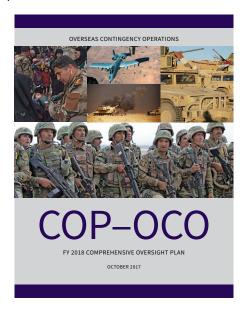
Miller worked for the USACE from 2005 until 2015, including in Afghanistan from 2009 to 2012. While in Afghanistan, Miller was the site manager and a

contracting officer representative for several construction projects. On July 26, 2017, Miller pleaded guilty to soliciting approximately \$320,000 in bribes from Afghan contractors in return for his assistance with U.S. Government contracts. Miller admitted that on December 10, 2009, the USACE awarded a contract worth approximately \$2.9 million to an Afghan construction company for the construction of a road from eastern Afghanistan to the Pakistani border. Miller oversaw the Afghan company's work on this road project and verified that the company performed the work called for by the contract and authorized USACE progress payments to the company. This contract later increased in value to approximately \$8 million.

Miller admitted that in the course of overseeing the contract with the Afghan company, he solicited approximately \$280,000 in bribes from the owners of the company in return for assisting the company in connection with the road project, including making sure the contract was not terminated. Furthermore, after the contract was no longer active, he solicited an additional \$40,000 in bribes in return for the possibility of future contract work and other benefits. Miller is scheduled to be sentenced on November 30, 2017.

Selected Lead IG **Oversight Work**

The following are summaries of examples of Lead IG oversight work conducted by the DoD OIG during the reporting period for OIR and OFS. The summaries below are also included in the Audit and Evaluation sections of this report.



U.S. Army's Management of the Heavy Lift **VII Commercial Transportation Contract** Requirements in the Middle East

The DoD OIG determined whether the Army properly managed the requirements of the Heavy Lift VII (HL7) commercial transportation contracts. The HL7 contracts provide commercial transportation for moving Army equipment, cargo, and personnel throughout the Middle East. The Heavy Lift program supports OIR. The Army uses four contractors to fulfill its heavy lift transportation requirements, with each contractor performing under a separate contract. The Heavy Lift program is in its seventh iteration, so these contracts are referred to as the HL7 contracts.

The DoD OIG determined that the Army did not adequately manage the HL7 contract requirements. Specifically, the Army ordered an average of 39 percent more transportation assets than it needed throughout the life of the HL7 contracts. The 1st Sustainment Command (Theater) (1st TSC) did not analyze HL7 asset usage for movements inside Kuwait, did not continuously evaluate HL7 requirements so it could increase or decrease orders based on operational need, and did not identify and correct the inefficiencies in the Army's planning and execution of theater transportation missions. In addition, Army requirement review boards did not require adequate information in order to properly validate the number of HL7 assets requested. Also, the Army over-ordered HL7 services because it did not properly plan the Trans-Arabian Network task order and did not take appropriate measures to ensure its full operational use. Furthermore, Army Contracting Command-Rock Island included excessive guaranteed minimum payments to each of the HL7 contractors, which prompted the Army to order services to meet the guaranteed minimums rather than what was actually required within that period of performance. As a result, the Army wasted \$53.6 million throughout the life of the HL7 contracts on services that it did not require.

The DoD OIG recommended that the Commander, U.S. Central Command, direct supported units to use the Trans-Arabian Network, establish metrics for Trans-Arabian Network movements, and perform quarterly assessments of its performance and effectiveness. In addition, the DoD OIG recommended that the Commander, U.S. Army Central, develop procedures to ensure that requirement review boards not only validate the need for commercial transportation in the Middle East, but also validate the number of heavy lift assets

that 1st TSC requests. The DoD OIG also recommended that the Executive Director, Army Contracting Command-Rock Island, establish a reasonable and achievable guaranteed minimum on the (future) Heavy Lift VIII contracts to ensure the Army does not pay for services that it will not use. Finally, the DoD OIG recommended that the Commander, 1st TSC, implement a systemic process for collecting heavy lift asset usage and establish a consistent schedule for analyzing usage information in order to use quantitative and qualitative factors when forecasting requirement quantities on future task orders; review instances of poor mission planning and execution that resulted in ordering wasted assets and implement corrective actions to prevent those inefficiencies from re-occurring; and update the requirement review process standard operating procedures to ensure requirements packages that are submitted to the review boards include all information necessary for the board to make an informed decision.

Management agreed with the recommendations.

Report No. DODIG-2017-095

CSTC-A Oversight of Ammunition Provided to Afghanistan National Defense and **Security Forces**

The DoD OIG determined whether the Combined Security Transition Command—Afghanistan (CSTC-A) provided effective oversight of ammunition provided to the Afghanistan National Defense and Security Forces (ANDSF). Specifically, the DoD OIG focused on ammunition that was procured by the DoD and provided to the ANDSF.

The CSTC-A is the DoD command that directs U.S. efforts to organize, train, and equip the ANDSF. The command seeks to ensure adequate controls are in place to safeguard appropriated Afghanistan Security Forces Fund direct contributions provided to the Afghan Ministry of Interior and Ministry of Defense. The ministries develop, validate, and justify requirements for their annual budgets, including the use of Afghanistan Security Forces Fund direct contributions. The CSTC-A and the ministries sign annual Bilateral Financial Commitment Letters in which the CSTC-A commits to funding specified portions of each ministry's budget and the ministries commit to stated conditions to ensure continued funding. The CSTC-A uses inventory and consumption reports from the ministries to track ammunition demand, identify ammunition requirements, and determine when to procure ammunition.

The DoD OIG determined that the CSTC-A did not provide effective oversight of ammunition that was procured by the DoD and provided to the ANDSF. CSTC-A officials stated that they could not perform physical inspections beyond the corps or zone level to validate ministry-provided ammunition reports due to understaffing and security limitations. Therefore, the CSTC-A limited its oversight to evaluating monthly consumption and inventory reports the ministries agreed to provide in commitment letters. This occurred because the CSTC-A focused on its advisory mission through mentoring Afghan officials but did not develop an effective strategy to oversee the ministries' compliance with commitment letter requirements. In addition, the CSTC-A only enforced one penalty, even though the CSTC-A determined the ministries did not meet commitment letter reporting requirements on 36 of 55 assessments. This occurred because CSTC-A officials believed enforcing penalties outlined in the commitment letter would have a negative effect on ANDSF operational readiness. The DoD OIG also concluded that without consistent, timely, and accurate reporting from the ministries, the CSTC-A cannot account for all ammunition consumed by the ANDSF. In addition, since the CSTC-A was unable to verify the ministries' consumption data, the CSTC-A did not have assurance that the \$702 million spent to procure ammunition in FYs 2015 and 2016 supported actual requirements and was used for its intended purposes.

The DoD OIG recommended that the Commanding General, CSTC-A develop and document a longterm strategy to improve the Afghanistan ministries' ammunition reporting. The strategy should include clearly defined roles and responsibilities for the personnel involved with providing oversight of ammunition, criteria to evaluate the ministries' compliance with ammunition commitment letter requirements, and procedures to review Ministry Inspectors General inspection results when assessing the accuracy of ammunition reports. In addition, commitment letters should include consequences for the ministries' noncompliance that would not impact operational readiness and that the CSTC-A would be willing to consistently enforce. Management agreed the report was accurate but did not address whether they agreed or disagreed with the recommendations.

Report No. DODIG-2017-122

Evaluation of the DoD Process for Allocating Intelligence, Surveillance, and Reconnaissance **Capability in Support of Operation** Inherent Resolve

The DoD OIG determined whether the DoD allocation process for Intelligence, Surveillance, and Reconnaissance (ISR) capability effectively supported the Combined Joint Task Force-Operation Inherent Resolve commander's intelligence requirements. Although the results are classified, in unclassified reporting, the DoD OIG recommended that the Joint Staff revise the Chairman Joint Chiefs of Staff Manual 3130.06B, "Global Force Management Allocation Policies and Procedures," October 12, 2016, to include periodic reviews of the entire ISR Global Force Management Allocation Plan throughout an extended contingency operation.

The Director, Joint Staff, did not agree with the DoD OIG recommendation to revise the policy to include conducting periodic reviews of the entire ISR Global Force Management Allocation Plan throughout an extended contingency operation. The DoD OIG will continue to follow up on this recommendation.

Report No. DODIG-2017-097

Evaluation of U.S. and Coalition Plans and Efforts to Train, Advise, Assist, and Equip the Iragi Counterterrorism Service and the Iraqi Special **Operations Forces**

The DoD OIG evaluated U.S. and Coalition plans and efforts to train, advise, assist, and equip the Iraqi Counterterrorism Service (CTS) and the Iraqi Special Operations Forces in support of operations against the Islamic State of Iraq and Syria (ISIS).

The DoD OIG determined that U.S. Forces used the Iraq Train and Equip Fund procurement process to equip the CTS for combat operations in accordance with the provisions in the FY 2015 NDAA and title 10 of the U.S.C. However, the DoD OIG identified several areas for improvement in the U.S. and Coalition mission to train, advise, and assist the CTS. For example, U.S. and Coalition advisers had difficulty drawing equipment from CTS warehouses to provide adequate training to CTS recruits at the CTS training command. In addition, training courses developed by the U.S. and the Coalition did not contain well-defined standards of evaluation for CTS trainees. Moreover, CTS trainees did not receive livefire training on all weapon systems they were expected to use in combat.

The DoD OIG made several recommendations to address these areas including that the Commander, Combined Joint Special Operations Task Force—Iraq, in coordination with Chief, Office of Security Cooperation-Iraq, advise and assist the Commander, Iraqi Counterterrorism Service, to develop a plan establishing release authority for Counterterrorism Service equipment and supplies that will specifically improve the responsiveness of the logistic support necessary for CTS training. Another recommendation was that the Commander, Special Operations Training Command-Iraq, in coordination with Iraqi Counterterrorism Service Academia leadership, develop and incorporate objective and measurable training evaluation criteria and standards for all tasks trained in Academia programs of instruction. Management agreed with our recommendations but did not fully address all specifics of the recommendations.

Report No. DODIG-2017-074

Evaluation of U.S. and Coalition Efforts to Enable the Afghan Ministry of Defense to Develop its **Oversight and Internal Control Capability**

The DoD OIG evaluated U.S. and Coalition efforts to enable the Afghan MoD to develop its oversight and internal control capability. This evaluation examine whether the Combined Security Transition Command-Afghanistan and the Afghan MoD and the MoI have established and implemented effective controls over the contract management process.

This report is classified.

Report No. DODIG-2017-105

Evaluation of Department of Defense Efforts to Build Counterterrorism and Stability Operations Capacity of Foreign Military Forces with Section **1206/2282 Funding**

The DoD OIG evaluated whether the DoD Global Train and Equip Program, initially funded by section 1206 of yearly National Defense Authorization Acts, now authorized by 10 U.S.C. § 2282, resulted in improved partner nation capability to conduct counterterrorism operations and to participate in stability operations with U.S. Armed Forces. These funds are intended to allow Combatant Commanders to provide training and equipment to build the capacity of a foreign country's national military forces to conduct counterterrorism operations and participate in or support ongoing allied or coalition military or stability

operations that benefit the national security interests of the United States.

The DoD OIG determined that the DoD had not established section 1206 as a distinct and fully developed program, including developing a programmatic strategy with clear objectives and an overarching execution plan, and had not allocated sufficient personnel and other resources necessary to effectively manage section 1206 programs and activities. The DoD OIG also determined that project proposal guidance, selection criteria, analysis procedures, and metrics for determining results achieved from section 1206 implementation required improvement.

The DoD OIG made 15 recommendations to the DoD. Specifically, the DoD OIG recommended that the Under Secretary of Defense for Policy designate a lead manager with sufficient authority, resources, and staff capacity to effectively plan and execute the mission authorized by 10 U.S.C. § 2282, and develop a comprehensive implementation plan. Additionally, the DoD OIG recommended that the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict ensure that implementation of 10 U.S.C. § 2282 results in projects based on proposals that fully describe partnernation requirements and the means to sustain the capability provided.

Management agreed with 13 of 15 recommendations, partially agreed with one, and did not respond to one.

Report No. DODIG-2017-099

Ongoing Work

The following are examples of ongoing evaluations being conducted by the DoD OIG and other Lead IG agencies regarding the OIR and OFS:

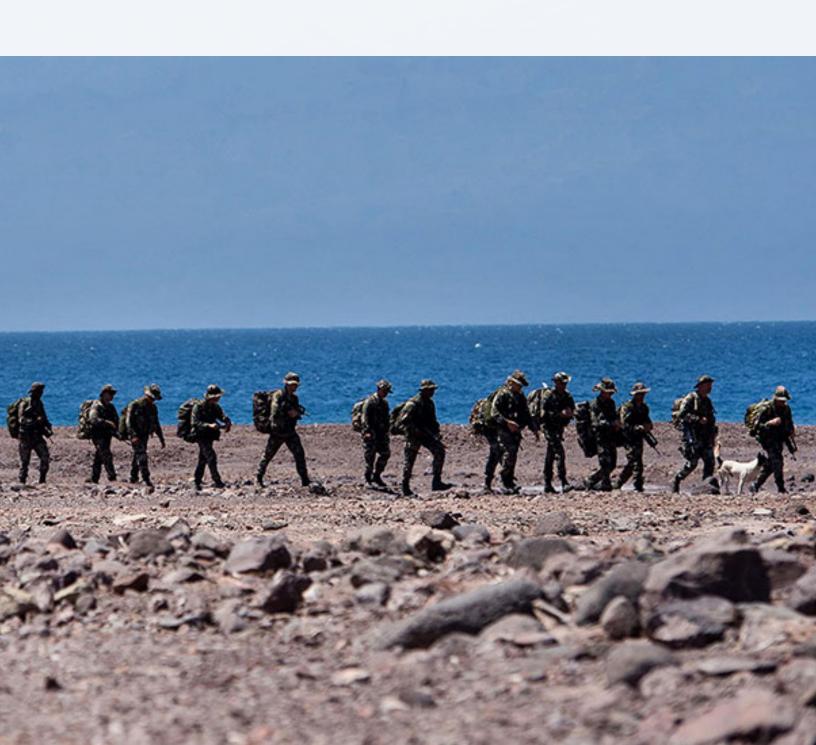
- An evaluation of airborne intelligence, surveillance, and reconnaissance supporting counterterrorism operations in Afghanistan to determine whether U.S. Forces-Afghanistan's airborne intelligence, surveillance, and reconnaissance allocation process effectively supports U.S. counterterrorism operations;
- An evaluation of airborne intelligence surveillance reconnaissance processing, exploitation, and dissemination process for OIR to determine whether the OIR Commander's intelligence requirements are being satisfied by the current airborne intelligence, surveillance, and reconnaissance processing, exploitation, and dissemination process;

CORE MISSION AREAS

- An assessment of allegations of child sexual abuse by members of the ANDSF intended to answer a number of specific questions, including the DoD implementation of title 10 Leahy Laws regarding human rights violations, raised by several Members of Congress and congressional staff;
- A performance audit of DoD efforts to combat trafficking in persons at DoD facilities in Kuwait to determine whether DoD contracts in Kuwait comply with combating trafficking in persons requirements in statutes, the FAR, Defense Acquisition Regulations System, and other DoD guidance; and if DoD officials are providing effective oversight in accordance with command responsibility and contracting regulations, including taking measures to address any instances of non-compliance;
- An audit to summarize systemic challenges with the Combined Security Transition Command-Afghanistan's oversight of the direct funding provided to the Government of Islamic Republic of Afghanistan. Additionally, the DoD OIG will follow up on the status of the implementation of recommendations from six prior reports;
- A performance audit to determine whether the Army provided effective oversight of Logistics Civil Augmentation Program Government-furnished property in Afghanistan;
- An audit of the Bureau of International Narcotics and Law Enforcement Affairs Aviation Program to determine whether the Bureau is administering its aviation program—including key internal controls, such as inventory management, aviation asset usage, aircraft maintenance, and asset disposal in accordance with Federal requirements and departmental guidelines;
- An audit of the Antiterrorism Assistance Program in countries under the DOS Bureaus of Near Eastern Affairs and South and Central Asian Affairs to determine the extent to which the Bureaus of Diplomatic Security and Counterterrorism have developed specific, measureable, and outcomeoriented goals and objectives; developed and implemented an evaluation process to assess host country performance; established letters of agreement with host countries for sustaining the antiterrorism assistance programs; assessed the Bureaus' contract monitoring and oversight, and invoiced review processes:
- An evaluation to assess U.S. and Coalition efforts to train, advise, assist, and equip an Iraqi Police Hold Force in support of stability operations;

- An audit of assistance to internally displaced persons in Iraq to determine whether the Bureau of Population, Migration, and Refugees has effective controls in place to ensure that U.S. funds provided for internally displaced persons in Iraq are used for their intended purposes;
- An audit of selected obligations and costs incurred under the USAID's overseas contingency operations relating to the USAID's humanitarian assistance in Syria and neighboring countries to determine whether the USAID awarded, obligated, modified, monitored, and reported funds according to established requirements and the costs incurred were supported, allowable, allocable, and reasonable in accordance with established requirements and award provisions;
- A followup audit of Syrian implementers under investigation to determine what corrective actions the selected Syria-response implementer has taken to remedy internal control weaknesses identified by investigations if the USAID eliminated oversight gaps identified by investigations of the selected Syriaresponse implementer; and
- An audit of the USAID's Assistance to Public International Organizations to evaluate the risk assessments the USAID is conducting before awarding funds to public international organizations and how those risks are mitigated; how the programs and funds are overseen by the USAID; and if other vulnerabilities exist with USAID assistance provided to public international.

3. Enabling Mission Areas



CONGRESSIONAL TESTIMONY AND BRIEFINGS

The DoD OIG participates in congressional hearings and briefings, and responds to letters, phone calls, and e-mails from congressional committees, individual Members of Congress, and congressional staff.

Hearings

On June 29, 2017, Acting DoD IG Glenn Fine testified before the House Permanent Select Committee on Intelligence (HPSCI) at a closed hearing on "Insider Threats Facing the U.S. Intelligence Agencies and Department of Defense."

On July 25, 2017, Acting DoD IG Fine appeared before a closed briefing requested by the House Armed Services Subcommittee on Military Personnel to discuss the DoD OIG's evaluation relating to the administration of the MAVNI recruitment pilot program.

On July 25, 2017, Assistant Inspector General for Contract Management and Payments Michael Roark testified before the House Armed Services Subcommittee on Oversight and Investigations at a hearing on "Evaluating DoD Equipment and Uniform Procurement in Iraq and Afghanistan." Mr. Roark's testimony focused on two recent audits that were initiated based on concerns identified during previous audits of property accountability in Kuwait for OIR. Mr. Roark testified that the audits focused on controls for equipment provided to the government of Iraq to combat ISIS. The audits identified weakness in tracking and protecting the equipment from theft or damage. The DoD OIG made recommendations to address deficiencies identified in the audit. Mr. Roark's written statement is available at http://www.dodig.mil/reports.html/Article/1277185/ statement-of-michael-roark-assistant-inspector-general-contract-management-and/.

Meetings With Congressional Members and Staff

During the reporting period, the DoD OIG conducted 59 meetings and participated in numerous phone calls with congressional staff and Members of Congress. Topics of discussion included pending legislation and DoD OIG oversight efforts, including:

- several briefings related to the report on Evaluation of Military Services' Compliance with Military Accessions Vital to the National Interest Program Security Reviews and Monitoring Programs;
- a meeting regarding whether the DoD properly assessed commerciality and fair and reasonable pricing determinations for ammonium perchlorate;
- a briefing on the results of an audit of DoD Compliance with the Improper Payment Elimination and Recovery Act in FY 2016;
- a briefing to discuss the Compendium of Open Office of Inspector General Recommendations to the Department of Defense; and
- several briefings related to financial statement audit reports.

Congressional Requests

The DoD OIG's Office of Legislative Affairs and Communications (OLAC) serves as the point of contact in the DoD OIG for communications with Congress. During the reporting period, OLAC received 92 congressional inquiries and reported on audits and reviews in response to congressional interest and legislative mandates. In addition, OLAC regularly informs congressional staffers about DoD OIG reports and DoD OIG work.



Council of the Inspectors General on Integrity and Efficiency

The CIGIE was established as an independent entity within the Executive Branch by the "The Inspector General Reform Act of 2008." Its purpose 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 welltrained and highly skilled workforce in the offices of the inspectors general.

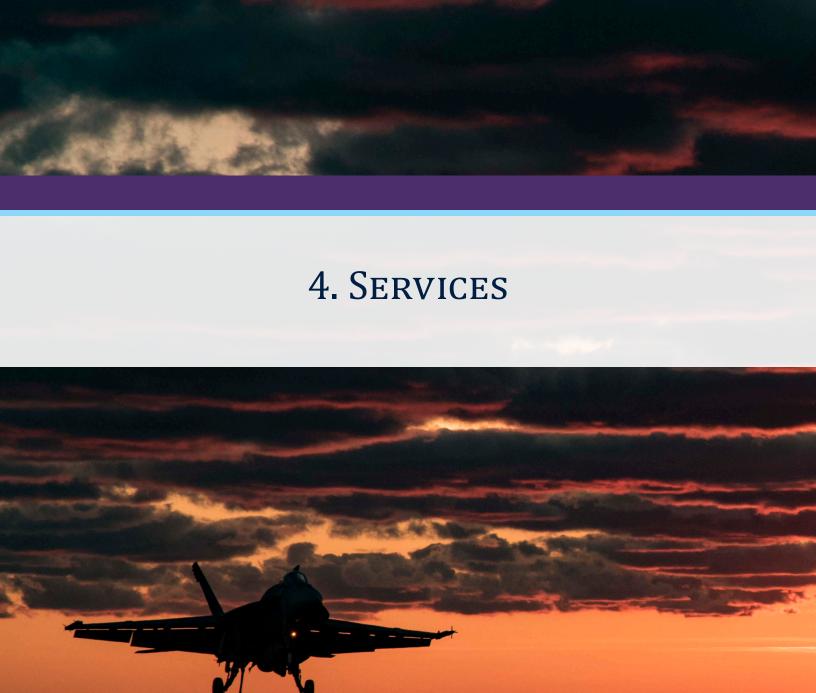
During the reporting period, Acting DoD IG Fine continued to chair the CIGIE Presidential Transition Working Group. This group produced a Presidential Transition Handbook for transition teams, as well as new Administration officials, who may not be familiar with the role of IGs. It is designed to provide a quick overview of the role of IGs, their processes, the types of reports they issue, their mandatory reporting requirements, their unique roles and responsibilities, and their potential role in the Presidential transition. The report can be accessed online at the CIGIE's website at https://www.ignet.gov. Acting DoD IG Fine also served on CIGIE's Audit, Inspections and Evaluations, and Investigations 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 among the DoD oversight community, to include the DoD OIG; the Defense agencies; and the internal audit, inspection, and investigative organizations of the Military Departments. The DCIE has six standing committees: Audit, Administrative Investigations, Criminal Investigations, Information Technology, Inspections and Evaluations, and the Defense Intelligence and Special Programs Oversight Committee.

During the reporting period, the DCIE committees focused on issues such as professional training, coordinating oversight work and joint planning groups, standardizing reprisal investigations, increasing transparency, administration transition, summarizing management and performance challenges facing the DoD, and coordinating OCO oversight and reporting.







MILITARY SERVICE AUDIT AND INVESTIGATIVE AGENCIES

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

This section also includes submissions by the military criminal investigative organizations (MCIOs) describing the results of significant investigations performed by the MCIOs that resulted in criminal, civil, and administrative actions. The MCIOs are the Army Criminal Investigation Command (Army CID), the Naval Criminal Investigative Service (NCIS), and the Air Force Office of Special Investigations (AFOSI).

ARMY

U.S. Army Audit Agency

To accomplish its mission, the USAAA relies on a workforce of highly trained professional auditors, many with advanced degrees and professional certifications. The USAAA's staff consists of approximately 525 employees and is organized into 16 functional audit teams that provide audit support to all aspects of Army operations.

The USAAA's goal is to be an 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, the 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 second half of FY 2017, USAAA published 52 reports, made 203 recommendations, and identified about \$931 million in potential monetary benefits. A few of USAAA's significant reports are described in the following paragraphs.



Army network defense manager and intelligence analyst conduct

Source: Army.

Baseline Information Technology Support at 7th Army Training Command

At the request of the previous Chief of Staff, the USAAA audited 7th Army Training Command's (ATC) IT support operations in Europe. The USAAA issued a separate report to address the 7th ATC's internal IT support structure. The objective of the audit was to verify that 5th Signal Command (Theater) (5th SC[T]) provided all baseline IT services to the 7th ATC, as required by AR 25-1 and its Army in Europe supplement.

The USAAA determined that the 5th SC(T) did not provide all baseline IT services to 7th ATC. The USAAA analysis concluded that 7th ATC IT personnel provided the support to fix the reported problems for about 38 percent of baseline IT workload tracked in the enterprise ticketing system during FY 2015. Additionally, 7th ATC IT personnel performed all the required support for the workload items not entered into the ticketing system, which the USAAA determined was a significant amount. This occurred because actions related to European theater transformation limited the 5th SC(T)'s capability to fulfill all of the 7th ATC's baseline IT support requirements; agreements were not in place to outline each command's role in providing sustained IT support to garrison tenant units, rotational forces, and multinational partners; and 7th ATC IT personnel believed it was inefficient to route tickets through the enterprise ticketing system when they believed they

would eventually end up performing the baseline IT support. As a result, USAAA estimated that the 7th ATC will use about \$729,000 of its own resources each year to provide baseline IT support and this estimate is likely understated significantly. For example, one of seven organizations subordinate to the 7th ATC spent about \$1.6 million annually to contract for baseline IT support. Additionally, because funding requirements for the 5th SC(T) are derived from data from the enterprise ticketing system, the command could take further cuts, resulting in further service degradation if the 7th ATC does not start entering all baseline IT workload into the system.

To improve baseline IT support services in Europe, the USAAA recommended that the Commanding General, U.S. Army Europe (CG, USAREUR), revise the command's supplement to AR 25-1 to align roles and responsibilities for providing IT support with changes caused by the European theater's transformation. The USAAA further recommended that the CG, USAREUR, design a manpower study to capture data collection efforts for 7th ATC baseline IT workload requirements. The USAAA also recommended that the Commanding General, U.S. Army Cyber Command (CG, ARCYBER), incorporate workload data provided by USAREUR into the OCONUS portion of ARCYBER's network enterprise center manpower study. Finally, the USAAA recommended that the Commanding General, U.S. Army Network Enterprise Technology Command (CG, NETCOM), establish an agreement with USAREUR to specify their respective roles in providing IT support to 7th ATC. USAREUR, ARCYBER, NETCOM, and 7th ATC concurred with the findings and recommendations. The Chief Information Officer, G-6, provided the official Army position and agreed with the recommendations and the commands' corrective action plans.

Report No. A-2017-0058-IEX

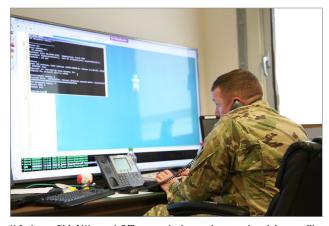
DoD Information Network Operations Tools

The USAAA audited the inventory of tools running on the 2nd Regional Cyber Center network. The USAAA focused on identifying capabilities that were redundant and unauthorized at four locations. The USAAA audit objective was to verify that subordinate Army information technology network management organizations had controls in place to optimize network operations.

The USAAA determined that Army information technology network management organizations were primarily using the same tools. However, the Army still needed to improve the standardization of network operation tools, establish enforcement controls, and establish stronger controls for tools acquisition. The USAAA identified 32 of 196 confirmed instances at CONUS Army installations and depots in which personnel purchased network operation tools that duplicated the capabilities of Army-approved enterprise tools. Additionally, multiple versions of both redundant and enterprise network operation tools were running at most CONUS installations. As a result, organizations spent, on average, about \$1.6 million in both FYs 2015 and 2016 for network operation tools that duplicated capabilities of tools already purchased and compromised network security by having unauthorized versions on the information network.

The USAAA made four recommendations, two for the Chief Information Officer, G-6, and two for the CG, ARCYBER. The recommendations included standardization of network operation tools combined with enforcement controls and stronger controls for the acquisition of tools to improve network security. The Chief Information Officer, G-6, and the CG, ARCYBER, both agreed with the findings. They also agreed that implementing the recommendations will improve network security and that the audited organizations could potentially better use \$8 million between FYs 2018 and 2022.

Report No. A-2017-076-IET



U.S. Army Chief Warrant Officer works to resolve a network issue with a user

Source: Army

Internal Use Software Accountability and **Audit Readiness**

The USAAA conducted this audit to verify that the Army had processes and procedures in place to account for and report internal use software (IUS) on its General Fund balance sheet. The USAAA determined that the Army did not have processes and procedures in place to account for and report IUS on its General Fund balance sheet. Specifically, the Army did not have processes to establish a supportable and reliable population, create the documentation required to address the five assertions needed to achieve audit readiness, or record funds expended to the correct general ledger accounts for capitalization. This occurred because:

- Army policy did not define IUS as a reportable asset or identify an accountable property system of record for the IUS;
- Army policy did not designate a proponent for IUS and outline each pertinent organization's roles and responsibilities for accountability and financial reporting;
- contract actions to acquire software were not structured or worded to identify purchases as IUS or provide the necessary documentation showing the Army's ownership;
- contract actions did not identify associated costs that asset owners would need to make capitalization or expense decisions and assign proper values; and
- information technology-designated commitment item codes did not distinguish IUS from other information technology categories, and these codes defaulted to an operating expense account instead of the required general ledger accounts designated for capitalized IUS.

The lack of an established process and associated procedures required Army personnel to manually enter estimated and unsupported IUS values on the Army General Fund balance sheet for FYs 2010 through 2015. These unsupported values did not meet audit readiness requirements for IUS.

Overall, the USAAA helped the Army establish IUS as a nonexpendable item for accountability purposes and set the framework for proper recording and reporting in the Army General Fund balance sheet. The USAAA recommended that the Assistant Secretary of the Army (Acquisition, Logistics, and Technology)

(ASA[ALT]) establish IUS property accountability policy and assign the Office of the Army Chief Information Officer, G-6, as the proponent for IUS. The USAAA also recommended that the Deputy Assistant Secretary of the Army (Procurement) (DASA[P]) require the use of a contract line item number structure that separates expensed and capitalized IUS activities and associated costs. In addition, the USAAA recommended that the Army Chief Information Officer, G-6, designate an accountable property system of record that will meet requirements laid out by DoD guidance, establish policies and procedures for managing IUS accountability, and create commitment item codes specific to IUS purchases. Finally, the USAAA recommended that the Deputy Chief of Staff, G-4, update property accountability guidance to reclassify IUS as a nonexpendable item. The commands agreed with the recommendations and the Office of the Secretary of the Army (Financial Management and Comptroller) provided the official Army position concurring with the recommendations and commands comments and planned corrective actions.

Report No. A-2017-0063-FMR

Real Property-Existence and Completeness (Active Army and Reserves)

At the request of the Deputy Assistant Secretary of the Army (Financial Operations) (DASA–FO), the USAAA performed the Army's internal validation of real property. The USAAA verified that the Army had processes and procedures to properly identify and report real property assets in the Army's financial statements. The USAAA focused on the existence and completeness of real property assets reported on the Army's General Fund balance sheet and tested for third quarter FY 2016. The USAAA also tested internal controls over real property transactions during this same timeframe.

The USAA determined that the Army had a process to provide a real property asset universe that matched the amount reported on its third guarter FY 2016 General Fund balance sheet, but that the universe was not accurate or complete. The Army:

- should not have reported 4,904 non-Army-owned assets valued at about \$3.2 billion,
- did not correctly categorize 67 assets valued at about \$205 million, and
- did not include 1,733 Army-owned assets in the universe.

The USAAA also determined that about 93 percent of sampled real property assets passed existence testing. For completeness testing, although command personnel had recorded about 96 percent of the sampled assets in the General Fund Enterprise Business System (GFEBS), only about 67 percent passed testing without exception. This occurred because command personnel did not perform sufficient inventory reviews to ensure that all data fields in GFEBS were accurate and complete. Furthermore, DASA-FO's financial statement data pull excluded incorrectly recorded assets from the universe. Army commands passed about 54 percent of sampled acceptance and transfer real property transactions. However, only 32 percent of the sampled disposals passed internal control testing. Specifically, the USAAA determined that:

- documentation provided did not support the transactions,
- appointment memos did not cover the correct transaction period, and
- · acquisition costs and placed-in-service dates on DD Forms 1354 (Transfer and Acceptance of DoD Real Property) did not match costs in GFEBS.

This occurred primarily because DASA-FO did not provide clear guidance, and land-holding commands did not perform sufficient reviews. If uncorrected, these issues could impede the Army's ability to receive a favorable opinion during full financial statement audits starting in FY 2018.

Overall, the USAAA helped the Army focus its real property audit readiness efforts on the most critical areas for improvement prior to the FY 2018 audit. The USAAA recommended that DASA-FO coordinate with the Assistant Chief of Staff for Installation Management to develop and document an approach to provide a complete and accurate universe of reportable real property assets. USAAA also recommended that the Assistant Chief of Staff for Installation Management update policy to require all land-holding commands to validate data elements included in DoD guidance to ensure that corresponding GFEBS data fields are accurate and complete. In the official Army position responses, both DASA-FO and the Assistant Chief of Staff for Installation Management concurred with the recommendations and initiated corrective actions before report publication.

Report No. A-2017-0087-FMR

Use of Emergency Supplemental Funding: Hurricane Katrina

The Assistant Secretary of the Army for Civil Works (ASA[CW]) requested that the USAAA conduct this audit to determine whether, more than 10 years after Hurricane Katrina hit the Gulf Coast of the United States, the U.S. Army Corps of Engineers (USACE) had a sufficient plan to obligate and expend more than \$2 billion in remaining emergency supplemental funds.

The USAAA determined that USACE's Mobile and New Orleans Districts developed detailed plans to obligate and expend the remaining \$2 billion in Katrina funding. Overall, both districts had more total requirements than the \$15.9 billion in program funding received by the seven public laws. Specifically, both districts had an additional \$1.5 billion in valid but unfunded requirements. Also, both districts experienced some unexpected delays, such as subsequent hurricanes and the Deepwater Horizon oil spill of 2010. These events caused more damage requiring debris removal and cleanup and additional assessments of damages. Nevertheless, because the districts generally followed the intent of the laws and established processes and procedures for the transactions reviewed, Mobile and New Orleans districts had assurance they could obligate and expend the remaining funds. However, the USAAA identified the following areas requiring improvements.

- USACE Headquarters had about \$10.1 million in unobligated Katrina funding, and the New Orleans District had \$912,000 with no planned use.
- The Corps of Engineers Financial Management System (CEFMS) had errors with data valued in excess of \$969 million, which may result in dollar amounts linked to the wrong public laws.



U.S. Army Corps of Engineers personnel attend a hurricane exercise Source: Army

These conditions primarily occurred because program personnel did not review unobligated balances and CEFMS data sufficiently. As a result, about \$11.1 million in unobligated Katrina funding could be used to satisfy other unfunded program requirements. In addition, the \$969 million of data inaccuracies in CEFMS— USACE's official financial data system of record—should be corrected to avoid negatively affecting USACE's financial statements.

The USAAA recommended that USACE reprogram and use about \$11.1 million in unobligated Katrina funding to satisfy other unfunded program requirements. In addition, the USAAA recommended that USACE review and correct the \$969 million of data inaccuracies in CEFMS and use any excess funding to satisfy unfunded program requirements. The USAAA further recommended that USACE establish oversight controls that require program personnel to review both unobligated balances of supplemental funds and the accuracy of CEFMS data on a quarterly basis. USACE agreed with the report's conclusion and potential monetary benefit, and the ASA(CW) provided the official Army position agreeing with their comments and planned actions.

Report No. A-2017-0053-IEE

Time-Sensitive Report, Audit of the Army's Marketing and Advertising Program-Support **Services Contract**

At the request of the former Under Secretary of the Army, the USAAA reviewed the Army's marketing and advertising program to determine whether the Army realized any noticeable return on its marketing and advertising investment. Also, due to the significant dollar value of the Army's primary marketing and advertising contracts, the USAAA reviewed the Army Marketing and Research Group's (AMRG) contract oversight processes and procedures. At the time of the USAAA audit, the AMRG executed its responsibilities with assistance provided primarily through three contracts: U.S. Army Marketing and Advertising Program, Marketing and Event Planning Support Services, and Creative Technology Support.

During the USAAA's review of AMRG's contract oversight, the USAAA identified overlapping, non-value-added, and inherently governmental deliverables. Specifically, 12 of 18 (67 percent) deliverables specified in the Marketing and Event Planning Support Services contract were also in the primary marketing and advertising program contract. AMRG personnel did not conduct a detailed analysis to ensure there were not overlapping tasks in the two contracts. Since the primary contractor performed these same tasks, AMRG's requirements should have been met. Additionally, 5 of 18 deliverables in the support services contract did not result in any recognizable value. The deliverables did not satisfy any identified AMRG requirement and provided only administrative support to the support services contract. Finally, the USAAA identified one deliverable in the support services contract that required the performance of a function that was closely associated with an inherently governmental function and therefore required special consideration for in-sourcing.

The USAAA recommended that AMRG not award a follow-on contract for marketing and event planning support services. Awarded annually, the contract's most recent period of performance was from May 15, 2016, to May 14, 2017. To allow consideration of the results in this report as part of the current contract award process, Mission and Installation Contracting Command and AMRG extended the period of performance to July 14, 2017. The Army could put about \$10 million of funds to better use in FY 2017 and FYs 2018 through 2022 Program Objective Memorandum by not awarding a follow-on contract. The Army Marketing and Research Group generally agreed with USAAA's conclusion and recommendation.

Report No. A-2017-0088-MTH

Army Family Housing Korea

At the request of the former Chief of Staff, U.S. Forces Korea (USFK), the USAAA audited whether effective controls and sufficient plans were in place to ensure housing was available for the military and civilian population relocating to U.S. Army Garrison (USAG) Humphreys, Pyeongtaek, South Korea.

The USAAA determined that USFK and Eighth Army will not be able to house 40 percent of USAG Humphreys command sponsored personnel on post until third quarter 2021. This occurred because USFK did not sufficiently adjust its movement plans to align with construction completion dates. As a result, USFK's and Eighth Army's ability to execute their mission effectively during a contingency may be negatively impacted. In addition, housing studies contracted by the Assistant Chief of Staff for Installation Management and the

USACE determined that there will not be enough suitable off-post housing units for the remaining personnel relocating to USAG Humphreys. In response, the Army took some actions to mitigate these shortfalls, but the actions were not sufficient. As a result, USFK and Eighth Army did not have assurance that all military and civilian personnel relocating to USAG Humphreys will be able to find suitable housing within the required 30-minute commuting area.

The USAAA recommended that the Commander, USFK, develop a plan to mitigate the risks associated with housing less than 40 percent of commandsponsored Service members on post. The USAAA also recommended that the Commander, USFK, ensure personnel relocating to USAG Humphreys can find suitable off-post housing within the 30-minute commuting area by continually monitoring and assessing the housing market, and developing a contingency plan to activate if a shortfall in off-post housing is likely. USFK generally agreed with the recommendations and stated that it was taking action to assess the risk to its mission during a contingency and to monitor housing availability. The Office of the Assistant Secretary of the Army (Installations, Energy, and Environment) (ASA[IE&E]) agreed with the recommendations and stated that the U.S. Army Installation Management Command-Pacific continuously evaluates the availability of off-post housing to ensure adequate housing is available to support the current troop migration schedule.

Report No. A-2017-0092-FMP

Stryker Vehicle Fleet Requirements

The USAAA audited the processes in place to identify the number of Stryker vehicle variants to be upgraded or modernized.

The USAAA determined that the Army had processes in place to manage and upgrade the Stryker fleet. Specifically, the Army developed an exchange program to convert flat-bottom hull vehicles into double-V hull (DVH) vehicles to provide enhanced underbelly protection. In addition, the Army used engineering change proposals to restore lost platform capabilities, support current embedded systems, and execute lethality upgrades. However, USAAA identified opportunities to improve Stryker fleet management processes. The Army:

 did not properly develop the Stryker Army acquisition objective (AAO), did not have supporting documentation for the methodology used to develop the AAO, and the AAO was not approved; and

• did not properly calculate or document operational readiness float requirements for Stryker Brigade Combat Teams.

In addition, the Army had numerous vehicles stored at Joint Base Lewis-McChord, Washington without future mission requirements. The vehicles were displaced when the Army procured and fielded DVH vehicles to address the changing threat. As a result, the Army could not identify the optimal number of Stryker vehicles required to support its missions. By reducing planned quantities associated with operational readiness float for the DVH exchange program, the Army could reallocate about \$74.7 million for other higher priority needs.

The USAAA recommended and the ASA(ALT) agreed to reduce the Stryker operational readiness float requirements (CONUS) by 70 vehicles if the Deputy Chief of Staff, G-4's, course-of-action assessment determines the operational readiness float program is not needed. In addition, the ASA(ALT) agreed with the methodology used to calculate the reduction of the DVH exchange program by 36 Stryker vehicles valued at about \$74.7 million.

In addition, the USAAA recommended and the Deputy Chief of Staff, G-3/5/7, agreed to recalculate the Stryker AAO in accordance with the Army's formal execution order to determine and maintain the AAO and obtain Army approval. The USAAA recommended and the Deputy Chief of Staff, G-8, agreed to develop and issue disposition instructions for the Stryker vehicles stored at Joint Base Lewis-McChord.

Report No. A-2017-0082-ALA



U.S. Soldiers cross the German and Polish border Source: Army

Management of Rotary-Wing Flight **Operations-Funding**

At the request of the Director of Army Staff, the USAAA audited the process to develop requirements and manage funding for rotary-wing training. The USAAA determined that the Army had sufficient processes to plan, program, and budget funding requirements for rotary wing operational tempo and undergraduate flight training requirements. However, the Army could not fully justify increasing U.S. Army Forces Command's (FORSCOM's) funding for the rotary-wing flying hour program in FYs 2018 through 2022 Program Objective Memorandum (POM). This occurred because the Training General Officer Steering Committee approved an incremental increase in funding of about \$383.6 million even though combat aviation brigades historically have not fully executed their flying hour program. Increasing flying hour program funding above what has historically been unattainable creates the risk that the Office of the Secretary of Defense will reduce the funding below what is needed to maintain mission readiness. Additionally, the Army could not fully support reducing command critical requirements for undergraduate flight training by about \$97.7 million over FYs 2018 through 2022 POM. Personnel from the Office of Deputy Chief of Staff, G-3/5/7, reduced the requirements because they believed U.S. Army Training and Doctrine Command (TRADOC) personnel used the funding to support other unfunded requirements. The reductions lowered the program's funding and may impede the Army's ability to provide rotary-wing flight instruction. TRADOC personnel disagreed with this assertion, and the USAAA could not verify that aviation requirements were used in support of other unfunded requirements.

The USAAA recommended and the office of Deputy Chief of Staff, G-3/5/7, agreed to implement an incremental approach to increasing flying hour program funding contingent on an assessment of FY 2017 execution rates and completion of an Army cost of training readiness pilot. The office also agreed to remove undergraduate flight training adjustments of about \$97.7 million to restore critical funding to the program.

Report No. A-2017-0057-ALA

U.S. Army Head of Contracting Activity Process

At the request of the former DASA(P), the USAAA reviewed the laws and regulations that pertain to Army Heads of Contracting Activities (HCAs) and Army contracting, and examined controls for holding HCAs accountable.

The USAAA determined that the Army's process for appointing HCAs was in accordance with applicable laws and regulations. However, the process did not best promote efficient and effective Army contracting. The appointment process did not include verification of whether each HCA had the proper contracting knowledge and work experience needed to successfully execute HCA responsibilities. Also, Army HCA positions were not designated as critical acquisition positions. Without this designation, the training, knowledge, and work experience required by law and regulatory guidance for the acquisition workforce did not apply to the Army's appointed HCAs. This occurred because the Army determined that the HCA position was an "other duties as assigned" function. This position was typically assigned to the commanding general of major commands with contracting and requiring activities, instead of a standalone position within the acquisition workforce. As such, there was not a separation between command and contract authority, which could place undue influence over contracting decisions at the expense of full compliance with contracting legal and regulatory requirements. As a result, the Army appointed senior leaders without the necessary acquisition training or contracting experience as HCAs. Because Army HCAs generally did not have training and work experience, it was difficult to hold HCAs accountable for ensuring contracting operations were executed to meet mission objectives in accordance with laws and regulatory guidance.

Key recommendations to the ASA(ALT) were to appoint trained and experienced senior contracting leaders as HCAs and to appoint commanders and other senior leaders at requiring activities as a "Head of Requiring Activity (HRA)" with clearly defined roles, responsibilities, and mechanisms to ensure senior leaders are held accountable for managing and overseeing the cradle-tograve contracting process.

The ASA(ALT) concurred with both recommendations and took actions to appoint senior contracting leaders as HCAs. Although the ASA(ALT) agreed with appointing or designating a new HRA position, based on input

from the Office of the Army General Counsel, ASA(ALT) did not believe it had the authority to create the new HRA position. Accordingly, ASA(ALT) agreed to work with the Secretary of the Army to create the new HRA position as well as associated roles, responsibilities and mechanisms to hold senior leaders accountable for managing contracting operations. If fully implemented, the new structure will establish a key control to oversee individual and collective accountability for contracting and requiring activity senior leaders during the cradle-tograve contracting process.

Report No. A-2017-0061-ALC

U.S. ARMY CRIMINAL INVESTIGATION COMMAND

Significant Investigative Cases

U.S. Army Civilian Employee Sentenced to 25 years Imprisonment for Production of Child Pornography, Extortion, and Attempted **Enticement of a Minor**

The CID initiated this joint investigation with the Illinois State Police (ISP) in July 2014 after ISP requested assistance locating and identifying a U.S. Army Internet protocol (IP) address that was used to send and receive child pornography. Between January 2011 and October 2014, Mr. Ian Ritzer, an Army civilian employee at Fort Huachuca, Arizona, used his U.S. Army-issued computer to request and receive sexually explicit images from 32 separate juveniles between the ages of 12 and 17. Mr. Ritzer threatened to either kill himself or publicly post the images of the victims if the victims did not comply with his requests to send more explicit images. Mr. Ritzer sent some of the images to another individual to post to the Internet and then provided the link to the online images to the victims.

On September 9, 2016, in the U.S. District Court for the District of Arizona, Tucson, Arizona, Mr. Ritzer pleaded guilty to production of child pornography, extortion, and attempted enticement of a minor. On June 12, 2017, Mr. Ritzer was sentenced to 25 years imprisonment, a lifetime term of supervised probation, forfeiture of personal property, and was required to register as a sex offender.

Army Private First Class sentenced to 25 Years for Crimes Against Children

The CID initiated this joint investigation in August 2016 after notification from the Pinal County Sheriff's Office, Florence, Arizona, that Private First Class Jason Rogers had engaged in sexual acts with two non-DoD affiliated juvenile males on multiple occasions over a 10-year period throughout Arizona. A search of PFC Rogers' residence in Germany, through a military magistrate search authorization, resulted in the seizure of several items of digital media. Forensic analysis of the seized evidence revealed suspected child pornography. PFC Rogers admitted he engaged in sexual acts with the two juvenile males and touched them in a sexual manner on numerous occasions.

On January 27, 2017, PFC Rogers was extradited from Germany to the Maricopa County Jail, Phoenix, Arizona, for prosecution under the Arizona State Statute. On June 15, 2017, PFC Rogers was discharged from the U.S. Army under other than honorable conditions.

On July 26, 2017, in the Maricopa County Superior Court of Arizona, Phoenix, Arizona, former PFC Rogers pleaded guilty and was convicted of continuous sexual abuse and attempted sexual conduct with a minor. He was sentenced to 20 years imprisonment, a lifetime term of supervised probation, \$855 in fees, a monthly fee of \$65, and was required to register as a sex offender.

National Guard Captain Sentenced for Defrauding the Government

The CID initiated this joint investigation in September 2014 upon notification from the Social Security Administration (SSA) OIG that Captain Darryl Wright possibly submitted fraudulent information to obtain a Purple Heart medal. This investigation involved the VA, Social Security Administration, U.S. Department of Commerce, Washington State Employment Security, the GSA, the OPM, the FBI, Washington National Guard, and other Washington State entities. Between 2006 and 2014, Captain Wright misrepresented a series of events he encountered while deployed to Iraq, lied about being injured in a rocket attack, submitted pictures of destruction with no connection to his service in Iraq, and provided false statements to obtain a Purple Heart medal. Captain Wright then created, forged, and fabricated documents to support his fraudulent claims for benefits and accommodations.

Specifically, he defrauded a Veterans Caregiver program by claiming he needed a full-time caregiver, even as he was travelling, playing basketball, caring for his child, and serving as the chairman of the City of Snoqualmie, Washington, Planning Commission. He defrauded Social Security Disability, claiming he was too injured to work, while being employed full-time by the Department of Commerce. Captain Wright defrauded the OPM by claiming disability from his job at the Department of Commerce. He further defrauded Washington State Employment Security by collecting unemployment benefits, claiming he was fully disabled and unable to be employed. He then used this disability status to avoid repayment of student loans to the Department of Education. Finally, Captain Wright defrauded his employer, the Department of Commerce, by submitting fake orders claiming he was on military leave. In total, Captain Wright victimized 16 different Federal, state, local, and private entities, including agencies, programs, organizations, individuals, and benevolent institutions, such as Disabled American Veterans, of approximately \$737,539.

Captain Wright pleaded guilty in February 2016 in the U.S. District Court for the Western District of Washington, Tacoma, Washington, to two counts of wire fraud and admitted to defrauding the VA, Social Security Disability, Washington State Employment Security, Department of Commerce, and other Federal and state agencies with claims of being injured while serving in Iraq with the Army National Guard.

On June 1, 2017, Captain Wright was sentenced to three years of imprisonment, three years of supervised probation, and was ordered to pay restitution of \$646,300. The Army stripped Captain Wright of the Purple Heart medal and Army Combat Action Badge (CAB).



Naval Research Laboratory Building

Source: Navy

NAVY

Naval Audit Service

The mission of the NAVAUDSVC is to provide independent and objective audit services and products to assist Department of the Navy (DON) leadership in assessing risk to improve efficiency, accountability, and program effectiveness. Each year, the NAVAUDSVC develops an audit plan based on DON-wide input. All of the NAVAUDSVC audit work is designed to address significant DON issue areas that merit additional oversight. In the past 6 months, the NAVAUDSVC has published audits that address such critical areas as contracting; receipt and acceptance of goods and services; and controls to prevent fraud, waste, and abuse related to travel. In the year ahead, the NAVAUDSVC will continue to provide DON commands with an expert and impartial assessment of critical issues, and, when needed, make recommendations to help DON achieve greater efficiency and effectiveness in its operations.

Internal Controls Over the Office of Naval Research Assistance Awards and **Closeout Procedures**

The NAVAUDSVC audit objective was to verify that internal controls over the Office of Naval Research (ONR) assistance awards and closeout procedures complied with laws and regulations. Annually, the ONR issues about 900 grants and cooperative agreements (grants), worth \$500 million, to universities and nonprofit organizations to conduct research and scientific discovery. To test for legal and regulatory compliance, the NAVAUDSVC selected 48 ONR-funded and 2 Naval Research Laboratory (NRL)-funded awards, administered and closed by three ONR regions from FYs 2013 through 2015. The NAVAUDSVC identified opportunities for the ONR to improve the efficiency and effectiveness of its grant administration processes and ensure compliance with laws and regulations. Specifically, the NAVAUDSVC found undocumented pre-award selection processes, inconsistent grant award documentation processes, missing grant award files, incomplete and inconsistent closeout processes, improperly marked privacy and business sensitive documents, and lack of maintenance of Managers' Internal Control program support for the 2013 and 2014 Statements of Assurance. In general, these conditions occurred because the ONR did not have a policy that assigned functional responsibilities and that integrated each part of the process. The ONR also did not have sufficient procedures to ensure grants were consistently and appropriately administered, as required by the Government Accountability Office's "Standards of Internal Control in the Federal Government." NAVAUDSVC made recommendations to establish policy and procedures related to the assistance award and closeout process, to improve controls over privacy information, and to maintain support for the Managers' Internal Control Program. Management agreed to take appropriate corrective action.

Report No. N2017-0019

Defense Travel System-Commander, U.S. Pacific Fleet

The NAVAUDSVC audit objective was to determine whether approvals of Defense Travel System (DTS) travel vouchers for Commander, U.S. Pacific Fleet (COMPACFLT), were in compliance with applicable guidance, and that internal controls were in place and functioning as intended. The NAVAUDSVC found that opportunities existed to improve processes in the areas of travel voucher approvals, DTS user accounts, and Separation of Duties waivers. These conditions occurred because COMPACFLT personnel did not provide sufficient oversight to ensure that authorizing officials (AOs) approved travel vouchers in accordance with applicable guidance, or did not hold AOs accountable for improper payments certified. Additionally, the DTS allowed certain users to pass along their permission levels and access types to other users without a justification, and there was no readily available report for managers to determine that the changes were allowable and proper. The DTS also did not alert travelers when their e-mail address or banking information was changed. Furthermore, COMPACFLT did not have sufficient controls to ensure that the justifications for Separation of Duties waivers were valid and that the management controls established to monitor users with approved waivers were implemented as required. A lack of effective internal controls can create an environment where fraud, waste, and abuse could go undetected and undeterred. In the NAVAUDSVC opinion, a portion of COMPACFLT's budget may have been lost to internal fraud and misuse of the DTS.

Internal controls over travel voucher approvals include improved oversight to ensure that AOs approve travel vouchers in accordance with applicable guidance and

are held accountable for any improper payments they certify. Internal controls over DTS user accounts include requiring the DTS to have a readily available report for managers and travel administrators to monitor significant changes (such as banking information and e-mail addresses) made to users' accounts and to alert users when these changes are made to their accounts. Internal controls over users with Separation of Duties waivers include improved oversight to ensure that users are only issued waivers when warranted and that users are continuously monitored, as required. Improving processes in these areas will allow COMPACFLT and the DoD to greatly reduce the risk of monetary losses due to fraud, waste, and mismanagement. The NAVAUDSVC made recommendations to improve these processes. Management agreed to take appropriate corrective actions.

Report No. N2017-0038

Receipt and Acceptance of Goods and Services Purchased at Selected Commands within Marine Corps Installations-West

The NAVAUDSVC audit objective was to determine whether purchases made at selected commands within Marine Corps Installations (MCI)-West for goods and services were properly received, accepted, and accounted for, and that adequate documentation was maintained to support the value of those purchased goods and services. The NAVAUDSVC found opportunities for MCI–West to improve management controls to ensure that FY 2015 purchases were for a legitimate Government need, that there was independent receipt and acceptance documentation providing reasonable assurance that the command received the items for which it paid, and that proper accountability had been established for purchases of personal property. These conditions existed because MCI-West lacked internal controls to ensure that proper substantiating documentation was produced and retained. In the NAVAUDSVC opinion, this exposed resources to fraud, waste, and abuse and may have negatively impacted MCI–West's efforts to become compliant with the DoD's Financial Improvement Audit Readiness goals. Additionally, the NAVAUDSVC determined that the Marine Corps executed 43,740 DoD Electronic Mall Military Standard Requisitioning and Issue Procedures purchases, totaling \$48.2 million, that were prohibited by Marine Corps policy, including all 134 transactions, totaling \$880,162, executed by MCI–West. This occurred because MCI–West and Marine Corps management did not have sufficient controls in place to track and prevent these types of purchases. As a result, purchases made through the DoD Electronic Mall Military Standard Requisitioning and Issue Procedures may not have reflected proper commitment, obligation, and liquidation of Navy funds. NAVAUDSVC made recommendations to establish controls over Government Commercial Purchase Card management and minor/ sub-minor property accountability, and to prohibit future Military Standard Requisitioning and Issue Procedures purchases. Management agreed to take appropriate corrective action.

Report No. N2017-0040

Marine Corps Systems Command Program Manager for Training Systems Use of Appropriated Funds for Training Systems Contracts

The NAVAUDSVC audit objective was to determine whether the Marine Corps Systems Command's (MARCORSYSCOM's) Program Manager for Training Systems (PM TRASYS) used the proper appropriated funds for training system contracts in compliance with applicable laws and regulations. Additionally, the NAVAUDSVC determined whether internal controls over the use of the proper appropriated funds were in place and functioning effectively. The NAVAUDSVC determined that MARCORSYSCOM, in conjunction with PM TRASYS, did not use the proper appropriated funds for training system contracts. Specifically, 27 of the 48 (56 percent) contracts that NAVAUDSVC reviewed did not fund military construction (MILCON), equipment, or services in support of training systems with appropriations consistent with their authorized purpose, in accordance with U.S.C., DoD FMR, and DoD instructions. This resulted in potential violations of \$33.1 million of the Antideficiency Act (ADA). Potential ADA violations resulted from not adhering to:

- MILCON funding sources and monetary thresholds authorized by law;
- requirements for the use and funding of relocatable buildings when classified as personal or real property; and
- expense and investment cost criteria for funding the acquisition of equipment and services.

As a result, funding personnel who are not fully aware of the correct procedures to fund training systems could continue to take actions that could create potential ADA violations. Moreover, MARCORSYSCOM did not have assurance that appropriated funds were being used for their intended purposes or were within statutory limitations, and that potential ADA violations were being detected and prevented. NAVAUDSVC made recommendations to conduct reviews of potential ADA violations, and to establish policies and procedures and update guidance related to funding for training systems. Management took or agreed to take appropriate corrective actions.

Report No. N2017-0020

Internal Controls Over Contract Administration at Naval Surface Warfare Center Carderock **Division's Combatant Craft Division**

The NAVAUDSVC audit objective was to determine whether contracting processes at Naval Surface Warfare Center Carderock Division's (NSWCCD) Combatant Craft Division (CCD) were executed in accordance with applicable laws and regulations and that internal controls were in place and functioning effectively. The NAVAUDSVC identified weaknesses with the retention of contract file documentation, improper communication between Government and contract personnel, and questionable billing practices that resulted in potential overbilling of \$4,066,170 at CCD. These conditions occurred due to insufficient oversight of NSWCCD contracting personnel, overly broad technical instructions and lack of clearly defined responsibilities, and a lack of proper review of invoices by CCD contracting officer representatives. As a result, contract files were not in compliance with Federal Acquisition Regulation requirements, which hindered the auditability of the files; unauthorized Government employees were inappropriately providing direction to contractors, which could have been outside the scope of the original contract; contracting processes and procedures were not conducted in accordance with applicable laws and regulations; and an increased potential for fraud, waste, and abuse exists. NAVAUDSVC made recommendations to improve oversight, controls, communication, and training related to contract administration. Management agreed to take appropriate corrective action.

Report No. N2017-0041

NAVAL CRIMINAL **INVESTIGATIVE SERVICE**

Significant Investigative Cases

U.S. Navy Members Targeted by Beauty School to **Defraud of Millions of Tuition Assistance Funding**

The Naval Criminal Investigative Service (NCIS) initiated this joint investigation in February 2016 after notification from the U.S. Department of Veteran Affairs OIG and the Internal Revenue Service Criminal Investigations Division that they suspected Willexi Enterprises Incorporated, College of Beauty and Barber Culture (CBBC), Chesapeake, Virginia, of exploiting U.S. Navy active duty members, civilians, and contractors for their educational benefits. Willexi Enterprises Incorporated, CBBC, was owned and operated by William Grobes (W. Grobes) and Katherine Grobes (K. Grobes). A review of the student enrollment revealed the majority of the students were U.S. Navy active duty service members, civilians, and contractors.

NCIS led a proactive undercover operation and investigation that identified over \$4.5 million in fraudulent tuition payments to CBBC. An interview of W. Grobes resulted in a confession and the cash seizure of almost \$200,000 from his residence.

W. Grobes pleaded guilty to conspiracy to commit wire fraud and engaging in monetary transactions in property derived from specific unlawful activity. On March 8, 2017, in the Eastern District of Virginia, Norfolk Division, W. Grobes was sentenced to 63 months imprisonment, 3 years of supervised release, 150 hours of community service, forfeiture of property and bank accounts, and restitution of \$4,526,653.64 paid jointly with K. Grobes.

K. Grobes pleaded guilty to conspiracy to commit wire fraud. On March 10, 2017, in the Eastern District of Virginia, Norfolk Division, K. Grobes was sentenced to 60 months imprisonment, 3 years of supervised release, 400 hours of community service at high-risk schools, and restitution of \$4,526,653.64 to be paid jointly with W. Grobes.

Navy Seaman Sentenced to 7 years Confinement for Sexual Abuse and Drug Use

NCIS initiated this investigation in October 2015 after a referral from the National Center for Missing and Exploited Children that "Aharon Molina," who was identified as Seaman Aharon McGhee, provided obscene material to a 14-year-old girl on Facebook. When the victim was interviewed, she reported Seaman McGhee was aware of her age and sent a picture of what he purported was his genitalia despite her objections. Seaman McGhee admitted to sending obscene photographs to multiple underage females, and two additional victims were subsequently identified. While awaiting trial, Seaman McGhee tested positive for marijuana use, attempted to purchase lysergic acid diethylamide (LSD), and attempted to engage underage females to send obscene photographs. He was caught in an undercover operation and confessed to these activities.

On June 23, 2017, at a general judge-alone court martial at Navy Region Southeast, Jacksonville, Florida, Seaman McGhee pleaded guilty to sexual abuse of a child, wrongful use of marijuana, attempts to commit a lewd act on a child, and attempts to use LSD. Seaman McGhee was sentenced to 9 years of confinement, forfeiture of all pay and allowances, and a dishonorable discharge, and was required to register as a sex offender.

Civilian Sentenced for Attempted Extortion on a U.S. Navy Contract at Pentagon Food Court

NCIS initiated this investigation in May 2012 following notification from Loss Prevention, Navy Exchange Service Command (NEXCOM), that Mr. Gaspare Dimaria, a Foodnet Franchising, Inc., employee in kiosk operations in the Pentagon, demanded \$5,000 from a franchisee for the sale of a franchise related to a U.S. Navy contract. Foodnet Franchising, Inc., held a U.S. Navy contract for leasing space from NEXCOM and the Department of Defense Concession Committee in the Pentagon. Interviews, recorded telephone calls, monitored pretext phone calls, and extensive source work corroborated the allegations. Mr. Dimaria ultimately accepted \$2,000 as a partial payment for the extortion of funds from a confidential NCIS source.

On November 10, 2016, in the Eastern District of Virginia, Mr. Dimaria pleaded guilty to one count of attempted extortion. On April 28, 2017, Mr. Dimaria was sentenced to 12 months and 1 day of imprisonment and 3 years of supervised release, and was ordered to pay \$226,085.67 in restitution.

AIR FORCE

Air Force Audit Agency

The AFAA mission is to provide timely, relevant, and quality audit services enabling Air Force leadership to make informed decisions. 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 to assist management with 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, while installation-level audit teams provide audit services and support to installation commanders. The AFAA has 635 personnel authorized at nearly 50 worldwide locations to execute its mission.

During this semiannual period, the Air Force transferred responsibility for all Air Force audit liaison and recommendation tracking functions from the Assistant Secretary of the Air Force, Financial Management and Comptroller, and the Deputy Undersecretary of the Air Force, Management, respectively, to the Auditor General of the Air Force. The new centralized process aligns Air Force and audit resources to focus on critical Air Force priorities; improves the AFAA's ability to provide timely, relevant, and quality audit services; and provides greater coordination and oversight for the status and implementation of all GAO, DoD OIG, and AFAA audit report recommendations made to Air Force officials.

During the second half of FY 2017, the AFAA identified 14 reports with potential material weakness issues to management. The AFAA published 43 Air Force-level audit reports, including an Opinion Report on the U.S. Army Audit Agency's quality control system for the audit function, year ended December 31, 2016. The AFAA provided 242 recommendations and \$268.46 million in audit-estimated potential monetary benefits to Air Force senior officials. Furthermore, installation-level

audit teams published 335 audit reports with 1,147 recommendations and an additional \$48.39 million in audit-estimated potential monetary benefits to installation commanders. The following paragraphs highlight a few of the most significant AFAA Air Forcelevel audit reports issued during the period.

Sexual Assault Prevention and Response Program Operations

The AFAA evaluated whether Air Force Sexual Assault Prevention and Response (SAPR) personnel complied with requirements for SAPR personnel assignments and training, program awareness and response, and operations support and record maintenance. The SAPR Program reinforces the Air Force's commitment to eliminate incidents of sexual assault through awareness and prevention training, education, reporting, and victim advocacy. The Air Force promotes sensitive care and confidential reporting for victims of sexual assault and accountability for those who commit these crimes. Air Force members reported 1,312 sexual assault cases during FY 2015, a decrease from the 1,350 cases members reported during FY 2014.

The AFAA determined that Air Force SAPR personnel, commanders, and responders did not comply with personnel assignment and training requirements (a repeat condition); SAPR personnel did not comply with program awareness and response requirements; and Air Force personnel did not comply with operations support and records maintenance requirements. Compliance with program requirements is essential to help prevent sexual assaults and provide effective support to victims.

The AFAA made three recommendations to define program requirements in Air Force guidance and establish controls related to training and oversight requirements. Management officials agreed with the overall results, and the corrective actions taken and planned were responsive to the recommendations.

Report No. F2017-0001-040000



U.S. Air Force structural repair technician, installs fasteners into the newly replaced 626 bulkhead of an F-15C

Source: Air Force

Core Depot Maintenance Workload

The AFAA evaluated whether the Assistant Secretary of the Air Force for Acquisition and Air Force Materiel Command properly computed and planned core, depotlevel maintenance workload required to sustain core maintenance capability. Title 10 United States Code, Section 2464, Core Depot-Level Maintenance and Repair Capabilities, requires DoD components, including the Air Force, to maintain core, Government-owned and Government-operated depot maintenance and repair capabilities. These core capabilities ensure a ready and controlled source of technical competence and resources necessary for the Air Force to respond to National Defense contingency and other emergency requirements. For FY 2015, the Air Force reported a core capability requirement of 18.3 million Direct Labor Hours valued at approximately \$5.1 billion.

The AFAA determined that Air Force Materiel Command personnel did not accurately compute core capability requirements for 18 of the 24 (75 percent) tasked platforms. Also, Assistant Secretary of the Air Force (Acquisition) and Air Force Materiel Command personnel did not properly plan depot maintenance workload to sustain and support core capability and mitigate shortfalls. As a result, personnel overstated the total adjusted core requirements by more than 500,000 Direct Labor Hours, valued at \$169 million. In addition, the Air Force did not appropriately resource 1.8 million Direct Labor Hours of core depot maintenance workload. Accurately computing core requirements and properly planning depot maintenance workload helps identify what depot maintenance workload the Air Force must perform organically to ensure a ready and controlled

source of skills and resources necessary for Air Force response. Accurate computation of core requirements also allows the Air Force to correct core shortfalls and address required capital investment, timing, and planned workarounds until the capability is available.

The AFAA made 11 recommendations to improve management of the core, depot-level maintenance workload and adjust program funding related to core shortfalls. Management officials agreed with the overall results, and the corrective actions taken and planned were responsive to the recommendations.

Report No. F2017-0005-L20000

Launch and Test Range Systems Integrated Support Contract Management

The AFAA evaluated whether Air Force Space Command (AFSPC) personnel effectively managed the Launch and Test Range Systems (LTRS) Integrated Support Contract (LISC). Space and Missile Systems Center personnel awarded the LISC in November 2014 to meet the AFSPC vision of improving launch and test range systems efficiency and effectiveness, continuing mission success, and keeping the Eastern and Western Ranges operational today and in the future. The 10-year, fixed-price, incentive firm-target contract has a \$2 billion ceiling price and consolidated three legacy LTRS service contract requirements into a single effort.

The AFAA determined personnel did not effectively structure incentives to motivate contractor performance beyond baseline requirements, did not properly administer government furnished property and equipment (GFP/E), allowed 22 of 28 (79 percent) LTRS to operate on Air Force networks without current Authority to Operate, and did not validate contractor-submitted launch costs or reconcile reimbursements to ensure that the government did not pay for commercial use activity. As a result, Air Force personnel did not have adequate visibility and validation of at least \$93 million of LISC GFP/E recorded in the property records. Proper accountability and controls over GFP/E and security controls over cybersecurity operations helps:

- ensure that the warfighter receives intended results from contractor performance;
- prevent potential theft, loss, misuse, and unnecessary acquisition of Government property;

- protect the Air Force space mission, space systems, and the entire Air Force information network from cyber threats from adversaries and other malicious intruders; and
- ensure that AFSPC personnel do not mischarge launch customers or charge the Air Force for commercial range use.

The AFAA made 15 recommendations to improve the management of the LISC, to include improving contract incentives, administering GFP/E, cybersecurity controls, and launch reimbursements. Management officials agreed with the overall results, and the corrective actions taken and planned were responsive to the recommendations.

Report No. F2017-0009-L30000

Justification and Approval of Non-Competitive Acquisitions

The Deputy Assistant Secretary for Contracting, Office of the Secretary of the Air Force for Acquisition, in coordination with the Air Force Office of Small Business Programs, requested this audit in an effort to enhance competition within the Air Force. Competition is the most effective motivator for industry to reduce costs and improve performance. The Competition in Contracting Act, enacted in 1984, established full and open competition as the standard for most procurement actions while allowing non-competitive exceptions. Contracting personnel use the Justification and Approval (J&A) process to justify, support, and approve exceptions to full and open competition. During FY 2015, the Air Force executed over 40,000 non-competitive actions valued at over \$32 billion. In FY 2015, these noncompetitive actions made up over 60 percent of total Air Force obligated dollars.

The AFAA determined that Air Force personnel did not effectively manage the J&A process. Specifically, personnel did not include all required details in noncompetitive contract justifications and did not always complete required actions to increase competition in future acquisitions. Properly supported and detailed J&As provide complete and accurate information necessary for approving authorities to make informed decisions. Furthermore, without follow through on planned actions to increase competition, the Air Force risks missing opportunities to increase competition and foregoing the potential benefits of competition, including reduced prices, higher quality products and services, and performance improvements.

The AFAA made five recommendations to improve processes and ensure compliance with J&A related guidance. Management officials agreed with the overall results, and the corrective actions taken and planned were responsive to the recommendations.

Report No. F2017-0010-L30000

Suicide Prevention Program

The AFAA evaluated whether Air Force medical personnel managed Suicide Prevention Program planning, training, and reporting in accordance with Air Force guidance. Air Force officials developed a comprehensive, communitybased, suicide prevention initiative that emphasizes leadership involvement, community awareness, and promotion of an environment that encourages airmen in distress to seek help. In 2015, the Air Force lost 63 airmen to suicide and 325 airmen attempted suicide higher than the statistics reported in 2014 when the Air Force lost 60 airmen to suicide and 247 airmen attempted suicide.

The AFAA determined medical personnel did not develop an executable Suicide Prevention Strategic Plan, implement or report suicide prevention training as required, or submit complete suicide and suicide attempt reports within required timeframes. Developing an executable strategic plan and performing required suicide prevention training helps ensure implementation of a community-based approach to reduce suicides across the Air Force and improves the resilience of airmen. Furthermore, submitting complete reports within required timeframes enables effective trend analysis and annual reporting to support the overall DoD suicide prevention effort.



September is Suicide Prevention Month throughout the United States

Source: Air Force.

The AFAA made seven recommendations to the Air Force Surgeon General to improve suicide prevention program planning, training, and reporting. Management officials agreed with the overall results, and the corrective actions taken and planned were responsive to the recommendations.

Report No. F2017-0002-040000

Chemical Warfare Defense Equipment Management

The Air Force Civil Engineer requested this audit to evaluate the Air Force enterprise-wide management of Chemical Warfare Defense Equipment (CWDE). The AFAA evaluated whether Air Force personnel effectively authorized, distributed, maintained, and accounted for CWDE. The CWDE is designed to protect an individual from chemical, biological, and some nuclear effects in a warfare environment. As of May 2015, the Air Force maintained 7.8 million CWDE items valued at over \$717 million.

The AFAA determined that Air Force personnel did not effectively manage CWDE enterprise-wide. Specifically, the CWDE requirements were overstated by at least \$37 million, over \$310 million of excess CWDE was accumulated and stored, CWDE was not effectively maintained, and 10,598 serviceable CWDE items were incorrectly coded as unserviceable or suspended. Effectively managing CWDE ensures that airmen are protected with serviceable CWDE. Furthermore, as of April 2016, the Air Force could have saved up to \$13 million of FYs 2012 through 2016 funds for on-order CWDE by reducing authorizations for pre-positioned assets and redistributing excess CWDE.



Routine Mopp 4 training at Hickam Air Force Base, Hawaii

Source: Air Force.

The AFAA made six recommendations to correct inventory records, revise guidance, reevaluate planned purchases, and develop and implement an enterprisewide plan. Management agreed with the overall audit results, and the corrective and alternative actions taken and planned were responsive to the recommendations.

Report No. F2017-0004-020000

AIR FORCE OFFICE **OF SPECIAL INVESTIGATIONS**

Significant Investigative Cases

Air Force Senior Airman Sentenced to 280 months for Attempting to Produce **Child Pornography**

AFOSI initiated this joint investigation with the Federal Bureau of Investigation (FBI) in December 2016 after being notified that Senior Airman Brandon Carrier solicited child pornography and sex from a minor online using the screen name "Jeremy Hayes." Senior Airman Carrier was arrested by the FBI and interviewed jointly by AFOSI and the FBI. A search warrant executed at Senior Airman Carrier's on-base dormitory resulted in the seizure of multiple items of digital media. The analysis of this media revealed Senior Airman Carrier solicited child pornography and attempted to solicit sex with a minor. An interview with the victim revealed he met Senior Airman Carrier on an online dating website when the victim was 15 years old. Senior Airman Carrier travelled to the victim's residence to engage in sex with him and requested nude photographs of the victim, which were later discovered on Senior Airman Carrier's cellphone. AFOSI and the FBI conducted multiple interviews at local schools and youth centers and of Senior Airman Carrier's friends, relatives, and coworkers, which did not identify additional victims.

On March 24, 2017, in the U.S. District Court of the Southern District of Florida, Senior Airman Carrier pleaded guilty to attempting to produce child pornography. On June 30, 2017, Senior Airman Carrier was sentenced to 280 months of imprisonment and supervised release for 10 years, and was required to register as a sex offender.

Air Force Senior Airman Sentenced for Rape and Battery

AFOSI initiated this investigation in January 2017 after the victim reported Senior Airman LT Moore III raped her twice in his dormitory room. The first incident occurred in spring of 2016, when the victim tried to pull away and said "stop" multiple times; however, Senior Airman Moore used his body weight and hands to hold her down. The second incident occurred in September 2016, when the victim again told Senior Airman Moore to stop; however, he refused. AFOSI interviewed the victim, who explained she and Senior Airman Moore had a romantic relationship from approximately August 2014 through October 2016. The victim also described Senior Airman Moore's physical abuse during their relationship, resulting in bruising and other injuries.

AFOSI conducted a pretext telephone call from the victim to Senior Airman Moore, during which he apologized, admitted to hearing the victim tell him to stop, and acknowledged that he raped the victim. Following an interview with AFOSI, Senior Airman Moore was issued a verbal no-contact order not to contact the victim by any means, which he violated by texting, sending a Facebook message, and attempting to call the victim.

On July 27, 2017, during a judge-alone general court martial at Buckley Air Force Base, Colorado, Senior Airman Moore was found guilty of rape, assault by battery, and failure to obey an order. He was sentenced to 3 years confinement, reduction in rank to E-1, forfeiture of all pay and allowances, and a dishonorable discharge, and was required to register as a sex offender.

USAF Security Forces Airman Convicted of Conspiracy to Commit a Robbery, Physical **Assault, and Drug Distribution**

AFOSI initiated this investigation in November 2015 following an allegation that Airman First Class Christian Flores physically and sexually assaulted his estranged spouse. Airman First Class Flores confessed to physically assaulting his spouse on multiple occasions but denied sexually assaulting her.

AFOSI initiated an additional investigation with the Colorado Springs Police Department (CSPD) concerning Airman First Class Flores's involvement in a housebreaking and attempted robbery. The preliminary investigation by CSPD revealed that Airman First Class Flores had been shot and was the victim of an attempted murder. Due to the lack of cooperation of Airman First Class Flores and other witnesses, CSPD terminated its investigation. AFOSI continued the investigation and identified Airman First Class Flores's involvement in drug distribution and gangs in the Colorado Springs area. Further investigation revealed that Airman First Class Flores was shot during an aggravated robbery of a known civilian drug dealer. AFOSI coordinated with CSPD to obtain cell phone tower and text message data to build a timeline of Airman First Class Flores's locations on the night of the shooting. AFOSI identified the individual who allegedly shot Airman First Class Flores, gathered key information, and collected evidence that identified where Airman First Class Flores was shot. Finally, the investigation identified Airman First Class Flores used, possessed, and trafficked cocaine, oxycodone, and psilocybin mushrooms on multiple occasions to airmen and several Colorado Springs civilians.

On March 20, 2017, in a judge-alone general court martial at the U.S. Air Force Academy, Colorado Springs, Colorado, Airman First Class Flores pleaded guilty to wrongful distribution of a controlled substance, conspiracy to commit a robbery, and physical assault. Airman First Class Flores was sentenced to 8 years of confinement, forfeiture of all pay and allowances, a reduction in rank to E-1, and a dishonorable discharge.





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. The Inspector General Empowerment Act of 2016, Public Law 114-317, Section 4(c), amended Section 5(a) of the IG Act to require additional reporting requirements.

REFERENCES	REQUIREMENTS	PAGE
Section 4(a)(2)	"review existing and proposed legislation and regulationsmake recommendations"	70
Section 5(a)(1)	"description of significant problems, abuses, and deficiencies"	8-68
Section 5(a)(2)	"description of recommendations for corrective actionwith respect to significant problems, abuses, and deficiencies"	8-68
Section 5(a)(3)	"identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed"	106
Section 5(a)(4)	"a summary of matters referred to prosecutive authorities and the prosecution and convictions which have resulted."	34-39
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.	101
Section 5(a)(7)	"a summary of each particularly significant report"	8-68
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"	101
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"	102
Section 5(a)(10)	"a summary of each audit report, inspection report, and evaluation report issued before the commencement of the reporting period (A) for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report; (B) for which no establishment comment was returned within 60 days of providing the report to the establishment; and (C) for which there are any outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations.	106- 138
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 804(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"	151
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;"	151

REFERENCES	REQUIREMENTS	PAGE
Section 5(a)(16)	"a list of any peer reviews conducted by [DoD OIG] of another Office of Inspector General during the reporting period, including a list of any outstanding recommendations made from any previous peer reviewthat remain outstanding or have not been fully implemented;"	151
Section 5(a)(17)	"statistical tables showing (A) the total number of investigative reports issued during the reporting period; (B) the total number of persons referred to the DOJ for criminal prosecution during the reporting period; (C) the total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period; and (D) the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities;"	152
Section 5(a)(18)	"a description of the metrics used for developing the data for the statistical tables under paragraph (17);"	152
Section 5(a)(19)	"a report on each investigation conducted by the Office involving a senior Government employee where allegations of misconduct were substantiated, including a detailed description of – (A) the facts and circumstances of the investigation; and (B) the status of the disposition of the matter, including – (i) if the matter was referred to the DOJ, the date of the referral; and (ii) if the DOJ declined the referral, the date of the declination;" [Senior Government Employee – GS-15 or O-6 and above]	51 52-53 152
Section 5(a)(20)	"a detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation, and what, if any, consequences the establishment imposed to hold the official accountable;"	47-55
Section 5(a)(21)	"a detailed description of any attempt by the establishment to interfere with the independence of the Office, including (A) with budget constraints designed to limit capabilities of the Office; and (B) incidents where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly delayed access to information, including the justification of the establishment for such action; and"	N/A
Section 5(a)(22)	"detailed description of the particular circumstances of each— (A) inspection, evaluation, and audit conducted by the Office that is closed and was not disclosed to the public; and (B) investigation conducted by the Office involving a senior Government employee that is closed and was not disclosed to the public.	N/A
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"	103
Section 5(b)(3)	"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 agreed to in a management decision"	103
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"	106- 138
Section 5 note	"an annex on final completed contract audit reportscontaining significant audit findings"	139- 150
Section 8(f)(1)	"(A) information concerning the number and types of contract audits" "(B) information concerning any Department of Defense audit agency thatreceived a failed opinion from an external peer review or is overdue for an external peer review"	105 151

AUDIT, INSPECTION, EVALUATION, AND INVESTIGATION REPORTS ISSUED

DoD OIG

http://www.dodig.mil/reports.html/

Naval Audit Service

www.secnav.navy.mil/navaudsvc/Pages/default.aspx

Army Audit Agency

www.hqda.army.mil/aaaweb

Air Force Audit Agency

www.afaa.af.mil

	DoD OIG	Military Departments	Total
Countering the Terrorist Threat	5	0	5
Enabling Effective Acquisition and Contract Management	19	21	40
Increasing Cybersecurity and Cyber Capabilities	4	11	15
Improving Financial Management	14	52	66
Protecting Key Defense Infrastructure	5	15	20
Developing Full Spectrum Total Forces Capabilities	3	5	8
Building and Maintaining Force Readiness	1	14	15
Ensuring Ethical Conduct	2	4	6
Other	4	5	9
Total	57	127	184

Countering the Terrorist Threat

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-074	Assessment of U.S. and Coalition Plans and Efforts to Train, Advise, Assist, and Equip the Iraqi Counterterrorism Service and the Iraqi Special Operations Forces	04/19/2017
DoD OIG	DODIG-2017-089	Evaluation of Military Services' Compliance with Military Accessions Vital to the National Interest Program Security Reviews and Monitoring Programs	06/28/2017
DoD OIG	DODIG-2017-099	Evaluation of Department of Defense Efforts to Build Counterterrorism and Stability Operations Capacity of Foreign Military Forces with Section 1206/2282 Funding	07/21/2017
DoD OIG	DODIG-2017-105	Evaluation of U.S./Coalition Efforts to Enable the Afghan Ministry of Defense to Develop its Oversight and Internal Control Capability (MoD OICC)	08/04/2017
DoD OIG	DODIG-2017-111	Evaluation of the European Reassurance Initiative	08/22/2017

Enabling Effective Acquisition and Contract Management

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-075	The Army Needs to More Effectively Prepare for Production of the Common Infrared Countermeasure System	04/26/2017
DoD OIG	DODIG-2017-077	Army is Effectively Managing the Armored Multi-Purpose Vehicle, but There Are Concerns That Could Impact Program Cost, Schedule, and Performance	04/28/2017
DoD OIG	DODIG-2017-079	A Critical Change to the Air Operations Center–Weapon System Increment 10.2 Program Increased Costs and Delayed Deployment for 3 Years	05/04/2017
DoD OIG	DODIG-2017-080	The Army's Corrective Actions Improved Cost Measures for Stryker Vehicle Contracts	05/09/2017
DoD OIG	DODIG-2017-081	Summary of Audits on Assessing Contractor Performance: Additional Guidance and System Enhancements Needed	05/09/2017

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-084	Quality Control Review of the PricewaterhouseCoopers LLP FY 2015 Single Audit of the RAND Corporation	05/19/2017
DoD OIG	DODIG-2017-092	Audit of the Defense Contract Audit Agency Field Detachment	06/14/2017
DoD OIG	DODIG-2017-095	U.S. Army's Management of the Heavy Lift VII Commercial Transportation Contract Requirements in the Middle East	06/26/2017
DoD OIG	DODIG-2017-096	Audit of the Training and Airframe Evaluations for the H-60 Black Hawk Helicopter	06/26/2017
DoD OIG	DODIG-2017-098	Defense Logistics Agency Compliance With the Berry Amendment and the Buy American Act	07/07/2017
DoD OIG	DODIG-2017-103	Under-Vehicle Force Protection Requirement for the Army Paladin Integrated Management Program	07/21/2017
DoD OIG	DODIG-2017-112	Defense Organizations Price Reasonableness Determinations for Federal Supply Schedule Orders for Supplies	08/15/2017
DoD OIG	DODIG-2017-113	Defense Information Systems Agency's Expired Communication Service Authorizations	08/25/2017
DoD OIG	DODIG-2017-116	Defense Logistics Agency Fuel Contract for Al Udeid Air Base, Qatar	09/05/2017
DoD OIG	DODIG-2017-117	Joint Requirements Oversight Council Procurement Quantity Validation Process for Major Defense Acquisition Programs	09/06/2017
DoD OIG	DODIG-2017-119	The Global Discovery Program and DoD Counternarcotics Agreements	09/11/0217
DoD OIG	DODIG-2017-121	U.S. Africa Command's Management of Acquisition and Cross-Servicing Agreements	09/21/2017
DoD OIG	DODIG-2017-122	CSTC-A Oversight for Ammunition Provided to Afghanistan National Defense and Security Forces	09/22/2017
DoD OIG	DODIG-2017-125	Naval Facilities Engineering Command Southwest and Marine Corps Base Camp Pendleton Officials' Use of Utility Energy Services Contracts	09/28/2017
USAAA	A-2017-0053-IEE	Use of Emergency Supplemental Funding: Hurricane Katrina	04/24/2017
USAAA	A-2017-0055-FMX	Independent Auditor's Report on the Agreed-Upon Procedures Attestations of U.S. Army Construction Contract Awards	04/11/2017
USAAA	A-2017-0056-ALA	Audit of U.S. Army Materiel Command-Managed Line Item Number	04/13/2017
USAAA	A-2017-0061-ALC	U.S. Army Head of Contracting Activity Process	05/08/2017
USAAA	A-2017-0068-ALC	Exportable Combat Training Capability Program Contracts, U.S. Army National Guard	06/08/2017
USAAA	A-2017-0072-ALC	Service Contract JustificationsHeadquarters, DA Consulting Contracts	06/14/2017
USAAA	A-2017-0073-ALC	Warfighter Field Operations Customer Support Contract	06/22/2017
USAAA	A-2017-0077-ALS	Audit of Acquisition Strategy for Logistics Management Services	07/13/2017
USAAA	A-2017-0082-ALA	Stryker Vehicle Maintenance Requirements	07/19/2017
USAAA	A-2017-0088-MTH	Time Sensitive Report, Audit of the Army's Marketing and Advertising Program—Support Services Contract	07/24/2017
USAAA	A-2017-0095-FMP	Management of Supply and Services Contracts, Korea	09/29/2017
USAAA	A-2017-103-ALA	Tactical Wheeled Vehicle Protection Kits	09/29/2017
NAVAUDSVC	N2017-0020	Marine Corps Systems Command Program Manager for Training Systems Use of Appropriated Funds for Training Systems Contracts	05/11/2017
NAVAUDSVC	N2017-0024	Life-Cycle Sustainment for Selected Non-Programs of Record at Naval Air Forces	06/13/2017
NAVAUDSVC	N2017-0031	Management of Undefinitized Contract Actions at Naval Air Systems Command	06/28/2017
NAVAUDSVC	N2017-0041	Internal Controls over Contract Administration at Naval Surface Warfare Center Carderock Division's Combatant Craft Division	08/29/2017
NAVAUDSVC	N2017-0043	Service Contracts Awarded in Support of the Marine Corps Distance Learning Program	09/14/2017
AFAA	F-2017-0007-L30000	Worldwide Environmental Restoration and Construction Contract Management, Phase II	05/31/2017
AFAA	F-2017-0008-L30000	Air Force Contract Augmentation Program	06/15/2017
AFAA	F-2017-0009-L30000	Launch and Test Range Systems Integrated Support Contract Management	07/19/2017
AFAA	F-2017-0010-L30000	Justification and Approval of Non-Competitive Acquisitions	08/08/2017

Increasing Cybersecurity and Cyber Capabilities

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-073	Defense Information Systems Agency Officials Complied With Federal and DoD Policies for Managing the Defense Collaboration Services but Need to Obtain a Full Authorization to Operate	04/07/2017
DoD OIG	DODIG-2017-082	DoD Components Did Not Report Complete and Accurate Data in the DoD Information Technology Portfolio Repository	05/10/2017
DoD OIG	DODIG-2017-085	Protection of Electronic Patient Health Information at Army Military Treatment Facilities	07/06/2017
DoD OIG	DODIG-2017-093	Control Systems Supporting Tier I Task critical Assets Lacked Basic Cybersecurity Controls	06/15/2017
USAAA	A-2017-0058-IEX	Baseline Information Technology Support at 7th Army Training Command	04/24/2017
USAAA	A-2017-0064-IET	Authorizing Official Restructure Initiative	05/24/2017
USAAA	A-2017-0076-IET	DoD Information Network Operations Tools	06/30/2017
USAAA	A-2017-0083-MTI	Sensitive Compartmented Information Facility Information Technology	07/24/2017
USAAA	A-2017-0099-IET	Army Data Center Closure Reports	09/28/2017
NAVAUDSVC	N2017-0017	United States Navy's Freedom of Information Act Reporting Process	04/11/2017
NAVAUDSVC	N2017-0030	Followup of Managing Personally Identifiable Information at Navy Operational Support Centers	06/23/2017
NAVAUDSVC	N2017-0036	Management of Personally Identifiable Information at Naval Shipyards	08/17/2017
AFAA	F-2017-0007-010000	United States Air Forces Central Command Area of Responsibility Security Programs	09/14/2017
AFAA	F-2017-0008-010000	United States Air Forces Central Command Area of Responsibility Communications Security Assets	09/20/2017
AFAA	F-2017-0015-A00900	Real Time Response to Cyber Warfare	09/29/2017

Improving Financial Management

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-005	Independent Auditor's Report on the Air Force Working Capital Fund FY 2016 and FY 2015 Basic Financial Statements	05/03/2017
DoD OIG	DODIG-2017-006	Independent Auditor's Report on the Air Force General Fund FY 2016 and FY 2015 Basic Financial Statements	05/03/2017
DoD OIG	DODIG-2017-017	Independent Auditor's Report on the Department of Defense FY 2016 and FY 2015 Basic Financial Statements	05/04/2017
DoD OIG	DODIG-2017-018	Independent Auditor's Report on the Department of Defense FY 2016 Closing Package Financial Statements	05/04/2017
DoD OIG	DODIG-2017-078	DoD Did Not Comply With the Improper Payment Elimination and Recovery Act for FY 2016	05/08/2017
DoD OIG	DODIG-2017-101	Transmittal of the Qualified Opinion on the Defense Information Systems Agency General Fund Financial Statements for FY 2016	07/17/2017
DoD OIG	DODIG-2017-102	Transmittal of the Qualified Opinion on the Defense Information Systems Agency Working Capital Fund Financial Statements for FY 2016	07/17/2017
DoD OIG	DODIG-2017-107	Followup Audit: U.S. Naval Academy Museum Management of Heritage Assets	08/07/2017
DoD OIG	DODIG-2017-108	United States Transportation Command Triannual Reviews	08/09/2017
DoD OIG	DODIG-2017-114	Documentation to Support Costs for Army Working Capital Fund Inventory Valuation	08/24/2017
DoD OIG	DODIG-2017-115	Independent Auditor's Report on the Examination of the Defense Logistics Agency's DoD Chief Financial Officer's Statistical Sample Inventory Program	08/25/2017
DoD OIG	DODIG-2017-120	Independent Auditor's Report of Department of State Funds Transferred to DoD for Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome Prevention	09/14/2017
DoD OIG	DODIG-2017-123	The Troops-to-Teachers Program	09/28/2017
DoD OIG	DODIG-2017-124	Independent Auditor's Report on the Agreed-Upon Procedures for Reviewing the FY 2017 Civilian Payroll Withholding Data and Enrollment Information	09/28/2017
USAAA	A-2017-0052-FMF	Audit of Controls Over Tuition Assistance Program	05/31/2017

Agency	Report Number	Report Title	Date
JSAAA	A-2017-0062-FMX	Government Purchase Card—Army-wide	05/09/2017
JSAAA	A-2017-0063-FMR	Internal Use Software Accountability and Audit Readiness	05/16/2017
JSAAA	A-2017-0065-FMR	Operating Materials and Supplies—B5A Asset Reporting	05/19/2017
JSAAA	A-2017-0067-FMF	Operation and Maintenance, Army Budget Execution, Operating Agency, Secretary of the Army	06/05/2017
JSAAA	A-2017-0078-FMF	Independent Auditor's Examination Attestation of the Army Wide Transportation/Centrally Managed Account, Phase I (Military Interdepartmental Purchase Request, Work Breakdown Structure, and Army Post Office Mail)	07/12/2017
JSAAA	A-2017-0081-IEX	Mobility Funds Management at U.S. Army Europe	07/21/2017
JSAAA	A-2017-0084-FMX	Audit of Government Purchase Card—Casino-Related Business Transactions	07/25/2017
JSAAA	A-2017-0085-FMX	Independent Auditor's Report on the Agreed-Upon Procedure Attestation of 335th Signal Command	07/31/2017
JSAAA	A-2017-0087-FMR	Real Property Existence and Completeness—Active Army and Reserves	08/28/2017
JSAAA	A-2017-0091-FMF	Pay for Soldiers in an Absent Without Leave Status	09/05/2017
JSAAA	A-2017-101-FMX	Army Reserve Incentive Payments, U.S. Army Reserve Command	09/29/2017
NAVAUDSVC	N2017-0019	Internal Controls over the Office of Naval Research Assistance Awards and Close-out Procedures	05/01/2017
NAVAUDSVC	N2017-0021	Marine Corps Accountability of Issued Ammunition	05/31/2017
NAVAUDSVC	N2017-0023	Internal Controls over Navy Casualty Travel Claims	06/06/2017
NAVAUDSVC	N2017-0025	United States/United Kingdom Polaris/Trident Trust Fund Financial Reports	06/15/2017
IAVAUDSVC	N2017-0026	Opinion on the United States/United Kingdom Polaris/Trident Trust Fund Financial Reports	06/15/2017
IAVAUDSVC	N2017-0029	Navy Prevention and Recoupment of Unearned-Bonus Debts	06/22/2017
NAVAUDSVC	N2017-0032	Auditor General Advisory—Naval Audit Service Input for the Fiscal Year 2017 Statement of Assurance	07/28/2017
NAVAUDSVC	N2017-0033	Allocation of Depot Maintenance Between Public and Private Sectors at U.S. Fleet Forces Command	08/03/2017
NAVAUDSVC	N2017-0035	Allocation of Depot Maintenance Workload at Public and Private Sectors at United States Marine Corps	08/11/2017
NAVAUDSVC	N2017-0038	Defense Travel System—Commander, U.S. Pacific Fleet	08/22/2017
NAVAUDSVC	N2017-0039	Allocation of Depot Maintenance Between Public and Private Sectors at U.S. Pacific Fleet	08/22/2017
NAVAUDSVC	N2017-0040	Receipt and Acceptance of Goods and Services Purchased at Selected Commands within Marine Corps Installations—West	08/29/2017
NAVAUDSVC	N2017-0042	Allocation of Depot Maintenance Between Public and Private Sectors at Naval Supply Systems Command	09/12/2017
NAVAUDSVC	N2017-0044	Independent Attestation—Agreed-Upon Procedures Attestation Engagement for Property Accountability at Naval Facilities Engineering Command Southwest	09/15/2017
NAVAUDSVC	N2017-0046	Oversight of Foreign Allowance and Differentials Paid to Naval Criminal Investigative Service Civilian Employees	09/29/2017
NAVAUDSVC	N2017-0047	Policy Compliance for Reimbursable Encounters at Selected Military Treatment Facilities' Uniform Business Offices	09/29/2017
FAA	F-2017-0002-L40000	Inventory Balance Management	04/13/2017
FAA	F-2017-0002-010000	Air Force Mail Transportation Billing	04/25/2017
FAA	F-2017-0002-020000	Facilities Sustainment, Restoration, and Modernization Centralization Management	04/25/2017
FAA	F-2017-0003-010000	Reserve Travel System Data Interface Reliability	04/25/2017
AFAA	F-2017-0007-L20000	Close-Out Audit, Foreign Military Sales Cooperative Training	04/28/2017
AFAA	F-2017-0005-L40000	Follow-Up Audit, Requirement Computations for Items Without Recent Procurement	05/02/2017
AFAA	F-2017-0004-L10000	Close-Out Audit, Air Force Working Capital Fund Spending Authority from Offsetting Collections-Integrated Logistics System-Supply and Financial Inventory Accounting and Billing System	05/03/2017

Agency	Report Number	Report Title	Date
AFAA	F-2017-0004-010000	Risk Management Framework Implementation—Financial Systems	05/15/2017
AFAA	F-2017-0006-L40000	Follow-On Audit, Automated Budget Compilation System Non-Programmed Repair Additive	06/05/2017
AFAA	F-2017-0005-L10000	Government Travel Charge Card Program and Related Travel Expenses	06/14/2017
AFAA	F-2017-0006-L10000	Air Force Funds Execution	08/16/2017
AFAA	F-2017-0007-040000	Civilian Overtime and Compensatory Time	08/24/2017
AFAA	F-2017-0011-L30000	Military Interdepartmental Purchase Request Management	08/28/2017
AFAA	F-2017-0007-L10000	Air Force Working Capital Fund General Equipment	08/31/2017
AFAA	F-2017-0007-L40000	Automated Budget Compilation System Buy Additives	09/01/2017
AFAA	F-2017-0014-A00900	Combat Survivor Evader Locator	09/05/2017
AFAA	F-2017-0005-O10000	Accounting Conformance Summary	09/06/2017
AFAA	F-2017-0003-020000	Dormitory Utilization	09/11/2017
AFAA	F-2017-0008-L20000	Distribution of Depot Maintenance Workload, Fiscal Years 2015 through 2017	09/12/2017
AFAA	F-2017-0009-010000	Financial System Authority to Operate	09/20/2017
AFAA	F-2017-0008-L10000	Air Force Working Capital Fund, Consolidated Sustainment Activity Group-Maintenance Division, Cost Accounting Standards	09/25/2017
AFAA	F-2017-0012-L30000	Government Purchase Card Purchases	09/26/2017
AFAA	F-2017-0009-L20000	Distribution of Depot Maintenance Workload, Fiscal Year 2016	09/29/2017
AFAA	F-2017-0010-L20000	Depot Maintenance Public-Private Partnerships	09/29/2017

Protecting Key Defense Infrastructure

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-076	The Missile Defense Agency Can Improve Supply Chain Security for the Ground-Based Midcourse Defense System	04/27/2017
DoD OIG	DODIG-2017-087	U.SControlled and -Occupied Military Facilities Inspection—Camp Lemonnier, Djibouti	06/02/2017
DoD OIG	DODIG-2017-104	Followup on DoD OIG Report No. DODIG-2015-013, "Military Housing Inspections–Republic of Korea," October 28, 2014	06/20/2017
DoD OIG	DODIG-2017-109	Navy Leases for Energy Production Projects	08/11/2017
DoD OIG	DODIG-2017-118	Followup Evaluation on DoD Office of Inspector General Report No. DODIG-2014-121, "Military Housing Inspections – Japan," September 30, 2014	09/08/2017
USAAA	A-2017-0059-IEO	Trainee Barracks Requirements, Office of the Assistant Chief of Staff for Installation Management	05/09/2017
USAAA	A-2017-0066-IEX	Service Agreement Reimbursements at Forward Operating Sites in Romania and Bulgaria, U.S. Army Installation Management Command-Europe	06/01/2017
USAAA	A-2017-0074-IEX	Service Contracts at Forward Operating Sites in Romania and Bulgaria, U.S. Army Installation Management Command-Europe	06/26/2017
USAAA	A-2017-0080-IEX	Army Family Housing at U.S. Army Garrison Wiesbaden	07/19/2017
USAAA	A-2017-0092-FMP	Audit of Army Family Housing—Korea	09/07/2017
USAAA	A-2017-0093-FMP	Audit of Unit Transportation and Movement Control—Korea Relocation Program Phase I: Furniture Redistribution Process	09/08/2017
USAAA	A-2017-0094-IEP	Army's Implementation of Fort Hood Recommendations, Insider Threat and Background Investigations	09/19/2017
USAAA	A-2017-0100-1EE	Financial Management of Army Qualified Recycling Programs	09/29/2017
USAAA	A-2017-0102-IEO	Installation Support Services Reimbursement	09/28/2017
NAVAUDSVC	N2017-0018	Summary of Selected Regional Audits of Antiterrorism Force Protection—Commander, Navy Installations Command Security Force Personnel	04/14/2017

Agency	Report Number	Report Title	Date
NAVAUDSVC	N2017-0022	Base Operating Support Safety Services at Selected Installations within Naval District Washington	06/01/2017
NAVAUDSVC	N2017-0027	Naval Undersea Warfare Center and Naval Surface Warfare Center Divisions' Sustainment, Restoration, and Modernization Process and Project Management	06/16/2017
NAVAUDSVC	N2017-0028	Security Equipment for Navy Security Forces Personnel at Selected Installations within Commander, Navy Region Southwest	06/20/2017
NAVAUDSVC	N2017-0045	Antiterrorism Force Protection—Commander, Navy Region Mid-Atlantic Security Force Personnel	09/26/2017
NAVAUDSVC	N2017-0048	Base Operating Support Safety Services at Selected Installations within Navy Region Southeast	09/29/2017

Developing Full Spectrum Total Forces Capabilities

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-090	The Army Needs to Improve Controls Over Chemical Surety Materials	06/07/2017
DoD OIG	DODIG-2017-097	Evaluation of the DoD Process for Allocating Intelligence, Surveillance, and Reconnaissance Capability in Support of Operation Inherent Resolve	06/28/2017
DoD OIG	DODIG-2017-106	Evaluation of the Air Force and Navy Explosive Ordnance Disposal Capabilities to Respond to a Nuclear Weapon Accident or Incident	07/28/2017
USAAA	A-2017-0057-ALA	Time-Sensitive Report: Audit of Management of Rotary-Wing Flight Operations—Funding	04/20/2017
USAAA	A-2017-0069-MTI	Foundry Intelligence Training Program, Deputy Chief of Staff, G-2 Army Depot	06/07/2017
USAAA	A-2017-0071-ALM	Overseas Contingency Operations Requirements for Post-Production Software Support	06/12/2017
USAAA	A-2017-0075-ALS	Line Replaceable Units	06/27/2017
USAAA	A-2017-0086-ALM	Operational Readiness Float Requirements in Korea, Eighth Army	08/08/2017

Building and Maintaining Force Readiness

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-094	Audit of Air Force Munitions Requirements and Storage Facilities in the Republic of Korea	06/26/2017
USAAA	A-2017-0054-FMP	Equipment Management, Eighth Army, Korea	04/13/2017
USAAA	A-2017-0070-ALM	Audit of Automatic Reset Induction—Requirements	06/12/2017
USAAA	A-2017-0079-MTM	Audit of Training of Clinical Engineering Personnel	07/13/2017
USAAA	A-2017-0096-ALM	Helicopter Parts ManagementFort Rucker, Aviation Center Logistics	09/28/2017
USAAA	A-2017-0104-MTM	Healthcare Specialist (68W) Sustainment Training. U.S. Army Medical Command	09/29/2017
NAVAUDSVC	N2017-0037	Wait Time at Navy Military Treatment Facilities	08/21/2017
AFAA	F-2017-0005-L20000	Core Depot Maintenance Workload	04/28/2017
AFAA	F-2017-0006-L30000	Follow-On Audit, Acquisition Professional Development Program Management	05/02/2017
AFAA	F-2017-0013-A00900	Personnel Support to Remotely Piloted Aircraft	06/13/2017
AFAA	F-2017-0002-O40000	Suicide Prevention Program	08/15/2017
AFAA	F-2017-0004-040000	Air Reserve Component Drug Demand Reduction Program	08/15/2017
AFAA	F-2017-0005-O40000	Total Force Recruiting Security	08/24/2017
AFAA	F-2017-0006-040000	Telework	08/24/2017
AFAA	F-2017-0004-020000	Chemical Warfare Defense Equipment Management	09/26/2017

Ensuring Ethical Conduct

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-083	Whistleblower Reprisal Investigation: Bio-Medical Personnel Services Missouri National Guard Public Affairs Office	06/06/2017
DoD OIG	DODIG-2017-088	Whistleblower Reprisal Investigation: Bio-Medical Personnel Services Missouri National Guard Public Affairs Office	06/06/2017
NAVAUDSVC	N2017-0034	Alleged Sexual Assault Victims' Navy Career Paths	08/10/2017
AFAA	F-2017-0001-040000	Sexual Assault Prevention and Response Program Operations	04/25/2017
AFAA	F-2017-0003-O40000	Foreign Government Employment	05/16/2017
AFAA	F-2017-0008-040000	Sexual Assault Prevention and Response Program Operations at Deployed Locations	09/20/2017

Other

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2017-086	External Peer Review Report on the Defense Logistics Agency Audit Organization	05/20/2017
DoD OIG	DODIG-2017-091	External Peer Review Report on the Army Audit Agency Special Access Program Audits	06/09/2017
DoD OIG	DODIG-2017-100	External Peer Review Report on the Army Internal Review Program	07/14/2017
DoD OIG	D)DIG-2017-110	Evaluation of Military Criminal Investigative Organizations' Closed Death Investigations Concluding in Suicide as the Manner of Death	08/17/2017
USAAA	A-2017-0060-ALS	Independent Attestation Examination of the Army Historical Collection Accountability System	05/02/2017
USAAA	A-2017-0090-FMR	Independent Auditor's Report on the Review Attestation of FY 17 Army Managers' Internal Control Program	09/06/2017
USAAA	A-2017-0097-FMR	Personnel and Finance Record Review Process	09/26/2017
USAAA	A-2017-0098-ALS	Property Accountability, U.S. Army Space and Missile Defense Command/Army Forces Strategic Command	09/27/2017
AFAA	F-2017-0001-A13000	Opinion Report on the 2017 External Quality Control Peer Review of the Army	09/20/2017

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

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

Reports Issued	Date	Questioned Costs	Funds Put to Better Use
DODIG-2017-095 Army's Management of the Heavy Lift VII Commercial Transportation Contract Requirements in the Middle East	6/26/2017	\$53,574,444	
DODIG-2017-098 Defense Logistics Agency Compliance With the Berry Amendment and the Buy American Act	7/07/2017	\$2,472,456	
DoDIG-2017-109 Navy Leases for Energy Production Projects	8/11/2017	\$290,000	
DODIG-2017-113 Defense Information Systems Agency's Expired Communication Service Authorizations	8/25/2017	\$80,900,000	\$3,300,000
DODIG-2017-116 Defense Logistics Agency Fuel Contract for Al Udeid Air Base, Qatar	9/05/2017	\$58,816	
DODIG-2017-119 The Global Discovery Program and DoD Counternarcotics Agreements	9/11/2017	\$64,777,864	
Total		\$202,073,580	\$3,300,000

Note: Partially fulfills the requirement of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 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	\$60,696
B. Which were issued during the reporting period.	55	\$205,3731
Subtotals (A+B)	96	\$266,069
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.	62	\$266,069 ^{2,3}
D. For which no management decision has been made by the end of the reporting period.	34	0
Reports for which no management decision was made within 6 months of issue (as of September 30, 2017).	0	0

^{1.} The DoD OIG issued audit reports during the period involving \$202 million in "questioned costs."

Note: Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, §\$ 5(a)(8),(9) and (10).

^{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 \$261 million in "questioned costs."

STATUS OF ACTION ON CENTRAL INTERNAL **AUDITS PERIOD ENDING SEPTEMBER 30, 2017**

Status	Number	Funds Put to Better Use (in thousands)
DoD OIG		
Action in Progress - Beginning of Period	259	\$0
Action Initiated - During Period	62	\$266,069 ¹
Action Completed - During Period	36	\$11,331 ²
Action in Progress - End of Period	285	\$0 ³
Military Departments		
Action in Progress - Beginning of Period	579	\$10,326,199
Action Initiated - During Period	126	\$269,388,209
Action Completed - During Period	237	\$228,087,607
Action in Progress - End of Period	469 ⁴	\$7,028,8034

 $^{1. \ \ \}text{The DoD OIG opened audit reports during the period involving $261 million in ``questioned costs.''}$

^{2.} Included are recouped "questioned costs" of \$6.4 million.

^{3.} On certain reports with audit estimated monetary benefits of \$33.5 billion, the DoD OIG agreed that the resulting monetary benefits can only be estimated after completion of management action, which is ongoing.

^{4.} Incorporates retroactive adjustments.

CONTRACT AUDIT REPORTS ISSUED¹

April 1, 2017, through September 30, 2017

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	1,655	\$154,233.6	\$1,668.1	\$—4
Forward Pricing Proposals	422	\$31,377.8	_	\$3,077.95
Cost Accounting Standards	115	\$72.9	\$26.4	_
Defective Pricing	17	(Note 6)	\$58.8	_
Totals	2,209	\$185,684.4	\$1,753.3	\$3,077.9

- 1. This schedule represents Defense Contract Audit Agency (DCAA) contract audit reports issued during the six months ended September 30, 2017. 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 September 30, 2017, was 6,434. 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
- 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.

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

Truth in Negotiations Act).

STATUS OF ACTION ON POST-AWARD CONTRACTS¹

	Number of Reports	Costs Questioned ⁶ (in millions)	Costs Sustained ⁷ (in millions)
Open Reports			
Within Guidelines ²	605	\$2,450.0	N/A ⁸
Overage, greater than 6 months ³	710	\$3,902.4	N/A
Overage, greater than 12 months ⁴	488	\$4,034.2	N/A
In Litigation⁵	163	\$1,412.2	N/A
Total Open Reports	1,966	\$11,798.8	N/A
Closed Reports	575	\$2,983.9	\$915.6 (30.7%) ⁹
All Reports	2,541	\$14,782.7	

- 1. The status of action on significant post-award contract audits is reported in accordance with DoD Instruction 7640.02, "Policy for Followup on Contract Audit Reports," April 15, 2015. This schedule represents the status of Defense Contract Audit Agency reports on incurred costs, defective pricing, equitable adjustments, accounting and related internal control systems, and Cost Accounting Standard noncompliances reported by DoD Components. We have not verified the accuracy of the reported data.
- 2. These reports are within the time frames established by OMB Circular A-50, "Audit Followup," 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 report 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 been resolved, but these reports have not been dispositioned and the 12-month DoD Instruction 7640.02 deadline has passed.
- 5. Of the 163 reports in litigation, 23 are under criminal investigation.
- 6. Cost Questioned represents 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 6-month reporting period ended September 30, 2017, and, as a result, would not be applicable to open reports.
- 9. During the reporting period, contracting officers sustained \$915.6 million (30.7 percent) of the \$2,983.9 million questioned in the closed post-award audit reports. The contracting officer sustention rate of 30.7 percent represents an increase from the sustention rate of 25.5 percent for the prior reporting period ended March 31, 2017.

Note: Fulfills requirement of DoD Instruction 7640.02, "Policy for Follow-up on Contract Audit Reports," April 15, 2015, Enclosure 2, Section (1)(d).

STATUS OF REPORTS WITH **ACTION PENDING (SEPTEMBER 30, 2017)**

Report: D-2006-077, DoD Personnel Security Clearance Process at Requesting Activities, 4/19/2006 **Description of Action:** Update Department of Defense 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: Awaiting the issuance of revised Army and Air Force related guidance, Army Regulation 380-67 and Air Force Instruction 16-1405. Principal Action Office: Army and Air Force

Report: D-2009-062, Internal Controls Over DoD Cash

and Other Monetary Assets, 3/25/2009

Description of Action: Revise the DoD Financial Management Regulation to reflect implementation of the related changes.

Reason Action Not Completed: Extensive time required to revise the DoD Financial Management Regulation, Volume 5, to reflect implementation of the new U.S. Treasury accounts symbols. Revised target completion date is June 2018.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer

Report: 10-INTEL-004, Review of Joint Task Force Guantanamo Inclusion of Detainee Mental Health Information in Intelligence Information Reports, 5/4/2010

Description of Action: Report is classified. Reason Action Not Completed: Extensive time required to coordinate and issue guidance. Principal Action Office: Joint Chiefs of Staff

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: The Office of Management and Budget issued interim guidance on implementation of Presidential Executive Order 13711, "Reducing Regulations and Controlling Regulatory Costs," and the Defense Procurement and Acquisition Policy office is working with the OMB to develop a path forward for publication of all Federal Acquisition Regulation system regulations given the evolving guidance. Target completion date extended to fourth quarter FY 2018.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology and Logistics

Report: D-2010-026, Joint Civilian Orientation

Conference Program, 12/9/2009

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:** Extensive time required to coordinate rewrite of DoD Instruction

Principal Action Office: Assistant Secretary of Defense for Public Affairs

Report: D-2010-081, Army Use of Time-and-Materials

Contracts in Southwest Asia, 8/27/2010 **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 reviews of task orders and audits of incurred costs.

Principal Action Office: Army

Note: Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(b)(4). For this reporting period, there were disallowed costs of \$22.6 billion on reports over 12 months old with final action pending.

Report: SPO-2011-005, Assessment of Allegations Concerning Traumatic Brain Injury Research Integrity in Iraq (Redacted), 3/31/2011

Description of Action: Review and update Navy guidance to specify that an Investigational New Drug application must be filed with the Food and Drug Administration prior to using dietary supplements in medical research.

Reason Action Not Completed: The revised guidance is in the final staffing process for Secretary of the Navy signature.

Principal Action Office: Navy

Report: D-2011-060, Marine Corps Inventory of Small Arms Was Generally Accurate but Improvements Are Needed for Related Guidance and Training, 4/22/2011 **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 Directive 5210.56 "Arming and the Use of Force," DoD Instruction (DoDI) 5200.08, "Security of DoD Installations and Resources," and DoDI 5200.08-R "Physical Security Program." These DoD policy documents provide Department of Defense-level physical security policy to the Services and influence the entire content of Marine Corps Order 5530.14A.

Principal Action Office: Marine Corps

Report: D-2011-104, Pricing and Escalation Issues Weaken the Effectiveness of the Army Contract With Sikorsky to Support the Corpus Christi Army Depot, 9/8/2011

Description of Action: Obtain refunds from contractor for pricing and excessive escalation.

Reason Action Not Completed: The Army Contracting Command-Redstone Arsenal is pursuing recoupment from Sikorsky on parts covered by the Defense

Contract Audit Agency audit report. **Principal Action Office:** Defense Contract Management Agency 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, 11/3/2011

Description of Action: Obtain a refund from Sikorsky for the material cost reduction incentive, and request that Sikorsky provide a refund of excessive profits charged on purchases from the Defense Logistics

Reason Action Not Completed: Long-term corrective

actions are ongoing.

Principal Action Office: Army

Report: DODIG-2012-017, U.S. Naval Academy Officials Did Not Adhere to Contracting and Gift Policies, 11/7/2011

Description of Action: Record all in-kind gifts into the Naval History and Heritage Command inventory system and require the U.S. Naval Academy Museum

Director to use the system. **Reason Action Not Completed:** The U.S. Naval Academy Museum does not have access to the Department of Navy Heritage Asset Management System (DONHAMS). The U.S. Naval Academy will migrate to DONHAMS upon approval from the Naval

History and Heritage Command. Principal Action Office: Navy

Report: DODIG-2012-039, Summary Report on DoD's Management of Undefinitized Contractual Actions, 1/13/2012

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 Defense Procurement and Acquisition Policy Office opened Defense Federal Acquisition Regulation Supplement Case 2015-D024 to develop a transparent means to document incurred costs and reduced cost risk related to substantial incurred cost during the undefinitized periods. The DFARS Pricing Committee is adjudicating the public comments, finalizing responses, and preparing the final rule. Target completion date extended to second quarter FY 2018.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology and Logistics

Report: DODIG-2012-041, Evaluation of DoD Contracts Regarding Combating Trafficking in Persons: U.S. European Command and U.S. Africa Command, 1/17/2012

Description of Action: Modify deficient contracts to include appropriate Federal Acquisition Regulation Combating Trafficking in Persons clauses. **Reason Action Not Completed:** Extensive time required to coordinate and implement corrective

actions.

Principal Action Office: Army

APPENDIX G

Report: DODIG-2012-057, Guidance Needed to Prevent Military Construction Projects From Exceeding

the Approved Scope of Work, 2/27/2012

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: Lack of management emphasis.

Principal Action Office: Air Force

Report: DODIG-2012-064, Vulnerability and Risk Assessments Needed to Protect Defense Industrial Base Critical Assets, 3/13/2012

Description of Action: Report is For Official Use Only. Reason Action Not Completed: Draft Defense Industrial Base instruction will be incorporated into DoD Instruction 3020.45 with a December 2017 target publication date.

Principal Action Office: Assistant Secretary of Defense for Homeland Defense and Global Security

Report: DODIG-2012-066, General Fund Enterprise Business System Did Not Provide Required Financial Information, 3/26/2012

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-2012-079, Review of U.S. Air Force Nuclear Weapon Security Program, 4/20/2012 **Description of Action:** Report is classified.

Reason Action Not Completed: Long-term corrective

actions are ongoing.

Principal Action Office: Air Force

Report: DODIG-2012-082, DoD Can Improve Its Accounting for Residual Value From the Sale of U.S. Facilities in Europe, 5/4/2012

Description of Action: Revise DoD Instruction 4165.69 to require that future residual value settlement negotiations analyze and document how the residual value settlement amount was determined.

Reason Action Not Completed: Delayed efforts to revise a Directive-type Memorandum have postponed the associated update of DoD Instruction 4165.69. **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, 5/29/2012 **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

Reason Action Not Completed: Long-term corrective

actions are still ongoing. Principal Action Office: Army

business rules.

Report: DODIG-2012-098, Controls Governing the Procurement Automated Contract Evaluation System

Need Improvement, 6/5/2012

Description of Action: Cease the current process of automated affixing of contracting officers' electronic signatures to fully automated awards in the Procurement Automated Contract Evaluation System and develop an alternate method compliant with Public Law and the Federal Acquisition Regulation. **Reason Action Not Completed:** One recommendation is in the resolution process.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2012-107, Defense Finance and Accounting Service Needs to Improve the Process for Reconciling the Other Defense Organizations' Fund Balance with Treasury, 7/9/2012

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' (ODO) accounting systems; and monthly transaction level reconciliations for the ODOs.

Reason Action Not Completed: Department 97 Reconciliation and Reporting Tool (DRRT) Increment 3 is under development and will add six new reconciliations, funding/receipt/suspense data, and be hosted on a Defense Information Systems Agency (DISA) Secure Internet Protocol Router platform to support sensitive activities' data. Implementation date is dependent on when DISA can provide the platform and the appropriate accreditation can be acquired.

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, 7/2/2012

Description of Action: Develop a written oversight plan in coordination with personnel from each Joint Force Headquarters-State 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: Chief National Guard Bureau manual that governs the Weapons of Mass Destruction Civil Support Teams management continues to be staffed.

Principal Action Office: National Guard Bureau

Report: DODIG-2012-117, General Fund Enterprise Business System Project Office Contract Modifications, 8/14/2012

Description of Action: Ensure that the Defense Federal Acquisition Regulation Supplement properly references the DoD Financial Management Regulation as the appropriate policy mechanism for financing Economy Act Orders with non-DoD agencies. Update the Procedures, Guidance, and Information to include a section on how to properly monitor interagency acquisitions.

Reason Action Not Completed: Lack of management

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, 8/29/2012

Description of Action: Establish a requirement for the heads of DoD Components to report semiannually to the Under Secretary of Defense for Intelligence on the number of physical access control systems that comply with Federal Information Processing Standard 201.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Under Secretary of Defense for Intelligence, and Navy

Report: DODIG-2012-124, DoD Efforts to Protect Critical Program Information: The Navy's EA-18G "Growler", 8/30/2012

Description of Action: Review policy to ensure that the use of the Foreign Visits System-Confirmation Module is mandatory for DoD Components, as originally required by the Deputy Secretary of Defense. Reason Action Not Completed: Reissuance of DoD

Directive 5230.20 will not meet anticipated date and must be rewritten to reflect provisions of the FY 2017 National Defense Authorization Act, and implementation of 10 U.S.C. 311.

Principal Action Office: Under Secretary of Defense for Intelligence, Under Secretary of Defense for Policy, and Navy

Report: DODIG-2012-135, Counter Narcoterrorism Technology Program Office's Mi-17 Overhaul Contracts, 9/27/2012

Description of Action: Withhold payments on additional costs associated with two contractors' requests for equitable adjustments until all costs have been determined to be reasonable, allowable, and allocable, and the head of the contracting activity has reviewed the requisite analyses.

Reason Action Not Completed: Corrective actions are suspended due to ongoing Department of Justice criminal investigations.

Principal Action Office: Army

Report: DODIG-2012-137, U.S. Pacific Command's Petroleum War Reserve Requirements and Stocks, 9/26/2012

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 biennially.

Reason Action Not Completed: DoD Manual 4140-25 is expected to be issued in FY 2018.

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/Low Intensity Conflict

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: Lack of management

emphasis.

Principal Action Office: Air Force

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, 1/14/2013 **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, 2/22/2013 **Description of Action:** Complete the records review and perform final adjudication of unreturned Organizational Clothing and Individual Equipment issued to civilians and contractors.

Reason Action Not Completed: Ongoing review on four open cases.

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, 3/20/2013

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: Defense Logistics Agency

Report: DODIG-2013-070, Defense Agencies Initiative Did Not Contain Some Required Data Needed to Produce Reliable Financial Statements, 4/19/2013 **Description of Action:** Revise DoD Financial Management Regulation 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: Extensive time required to revise and coordinate policy guidance. **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, 4/24/2013

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-2013-078, TRICARE Management Activity Needs to Improve Oversight of Acquisition Workforce, 5/1/2013

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-2013-079, Advanced Combat Helmet Technical Assessment, 5/29/2013

Description of Action: Fully characterize the performance of all helmet designs included in the combat helmet test protocols. Performance characterization should consider threat, historical test data, prototype test data, and manufacturing capabilities. Based on helmet performance characterizations, determine if modification to the first article test and lot acceptance test protocols are appropriate.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Director, Operational Test and

Evaluation, and Army

Report: DODIG-2013-082, Hotline Allegation Regarding the Failure to Take Action on Material Management and Accounting System (MMAS) Audit Findings, 5/29/2013

Description of Action: Reevaluate the determination that the costs of complying with Standard 2 outweigh the benefits, and document adequate rationale for any disagreements with the auditor in accordance with DoD Instruction 7640.02. Reassess the appropriateness of the March 15, 2013, agreement with the contractor on the master production schedule accuracy calculation.

Reason Action Not Completed: Two recommendations are in the resolution process. Principal Action Office: Navy

Report: DODIG-2013-084, Increased Procurement Quantity for CH-53K Helicopter Not Justified, 5/31/2013

Description of Action: Conduct an affordability assessment, using the results obtained in Recommendation 1, to determine the most economical procurement objective and make sure that it fits within the overall Marine Corps plan for modernization, force structure, and manpower.

Reason Action Not Completed: Marine Corps needs to provide documentation supporting the number of aircraft that is the approved Program of Record and the complete affordability assessment that aligns with DoD Instruction 5000.02, Enclosure 8. Also provide documentation that identifies and supports the validated procurement quantity and confirms the Joint Requirements Oversight Council was informed on the increased CH-53K quantity, program cost, and associated impacts for 44 additional aircraft.

Principal Action Office: Marine Corps

Description of Action: Report is classified.

Report: DODIG-2013-085, Cryptographic Modernization of Critical Nuclear command, Control, and Communications Systems, 5/29/2013

Reason Action Not Completed: Long-term corrective

actions are ongoing.

Principal Action Office: National Security Agency

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, 6/26/2013 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: Army regulation expected to be published by January 1, 2018.

Principal Action Office: Army

Report: DODIG-2013-098, Assessment of U.S. Military Cemeteries, 6/28/2013

Description of Action: Update Office of the Secretary of Defense guidance and Military Service regulations, instructions, manuals, and inspection procedures to improve and standardize cemetery management across Services.

Reason Action Not Completed: Office of the Secretary of Defense-level guidance is in draft form and in coordination with the agencies impacted. Once issued, the Services will finish updating their regulations, instructions, manuals, and inspection procedures. **Principal Action Office:** Under Secretary of Defense for Acquisition, Technology and Logistics, Under Secretary of Defense for Personnel Readiness, Army, Navy, and Air Force

Report: DODIG-2013-099, Compliance with Electrical and Fire Protection Standards of U.S.-Controlled and -Occupied Facilities in Afghanistan, 7/18/2013 **Description of Action:** Review the Government oversight and inspection requirements for electrical and fire protection systems and ensure that sufficient qualified resources are available and deployed to meet the requirements throughout the U.S. Forces Afghanistan area of responsibility.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2013-100, Contract Administration of the Subsistence Prime Vendor Contract for Afghanistan Improved, but Additional Actions are Needed, 7/2/2013

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: Defense Logistics Agency

Report: DODIG-2013-102, Improved Oversight of Communications Capabilities Preparedness Needed for Domestic Emergencies, 7/1/2013

Description of Action: Establish oversight procedures, including performance metrics, to verify that National Guard units report the readiness status of personnel and equipment for the Joint Incident Site

Communications Capability system in a timely manner. Reason Action Not Completed: Action to complete the required standard operation procedures has been delayed due to significant turnover and transition over the past 2 years. Contractor delivery of the final

product is expected by June 30, 2017.

Principal Action Office: National Guard Bureau

Report: DODIG-2013-103, Boeing Overstated Contract Requirements for the CH-47F Helicopter, 7/16/2013 **Description of Action:** Determine a use for the existing CH-47F Government-furnished property stored at New Breed.

Reason Action Not Completed: Items remaining to be dispositioned by Boeing.

Principal Action Office: Army

Report: DODIG-2013-119, Better Procedures and Oversight Needed to Accurately Identify and Prioritize Task Critical Assets, 8/16/2013

Description of Action: Develop or update policies and procedures to include all Defense Critical Infrastructure Program requirements and critical asset identification process steps in DoD Instruction 3020.45.

Reason Action Not Completed: DoD Instruction 3020.45 is under development with a December 2017 target publication date.

Principal Action Office: Assistant Secretary of Defense for Homeland Defense and Global Security

Report: DODIG-2013-123, Army Needs To Improve Mi-17 Overhaul Management and Contract Administration, 8/30/2013

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, 9/13/2013

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, 9/16/2013

Description of Action: Initiate a review of the inappropriate contracting practices related to the Navy Commercial Access Control System and establish a corrective action plan to resolve the contracting improprieties.

Reason Action Not Completed: Lack of management

emphasis.

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, 9/23/2013 **Description of Action:** Revise DoD Financial Management Regulation guidance to clarify the reporting requirement for nonmonetary gifts. **Reason Action Not Completed:** Extensive time required to revise DoD Financial Management Regulation, 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: Request financial assistance from either the U.S. Fleet Forces Command or Defense Finance and Accounting Service to review all 17 humanitarian and civic assistance projects to verify whether expenditures were properly accounted for and supported and correct errors. If errors cannot be resolved, determine whether a loss of funds investigation is required and, if appropriate, hold individuals accountable for any improper expenditures. **Reason Action Not Completed:** Lack of management emphasis.

Principal Action Office: U.S. Africa Command

Report: DODIG-2014-019, Assessment of Continental United States-Based Nuclear Response Task Force

Programs, 12/3/2013

Description of Action: Report is classified.

Reason Action Not Completed: Long-term corrective

actions are ongoing.

Principal Action Office: U.S. Northern Command

Report: DODIG-2014-026, Assessment of Arlington and Soldiers' and Airmen's Home National Cemeteries, 12/20/2013

Description of Action: Develop and implement a single data entry record management system. **Reason Action Not Completed:** Army actions still ongoing toward completing the development of the new Enterprise Interment Services System that will include the new module for the processing of scheduling requests.

Principal Action Office: Army

Report: DODIG-2014-037, Title is For Official Use Only, 2/10/2014

Description of Action: Develop time-phased plans of action and milestones to verify whether U.S. Army Corps of Engineers Commanders and District Engineers, operations project managers, operations managers, and information assurance managers assessed the applicability of the weaknesses, and implemented procedures to identify and remediate systemic cybersecurity weaknesses by designing appropriate platforms for testing vulnerability patches. **Reason Action Not Completed:** Corrective actions are ongoing.

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, 2/10/2014

Description of Action: Complete a Business Case Analysis, including a review of the F119 supply chain and item management methdology, and incorporate the results into the 2018 follow-on sustainment contract.

Reason Action Not Completed: Actions to incorporate the 2015 Business Case Analysis recommendations into the 2018 follow-on F119 sustainment contract are ongoing.

Principal Action Office: Air Force

Report: DODIG-2014-040, Assessment of DoD Wounded Warrior Matters: Managing Risks of

Multiple Medications, 2/21/2014

Description of Action: Review and update policies and procedures for medication reconciliation to ensure appropriateness to address the unique needs of the Wounded Warrior population.

Reason Action Not Completed: Air Force Instruction 44-119, "Medical Quality Operations," remains in coordination.

Principal Action Office: Air Force

Report: DODIG-2014-049, DoD Considered Small Business Innovation Research Intellectual Property Protections in Phase III Contracts, but Program Improvements Are Needed, 3/27/2014

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:** Small Business Administration is developing a policy directive on intellectual property and published a Notice of Proposed Amendments in the Federal Register. Once comments are adjudicated, a rule is published in the Federal Register, and the policy directive is finalized, the DoD will make any necessary changes to the DoD Federal Acquisition Regulation Supplement.

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, 4/1/2014 **Description of Action:** Conduct a study under the follow-on TRICARE Overseas Program contract, to determine the feasibility of negotiating rates or implementing a reduced payment schedule in South Korea and the United Kingdom and expanding the review to include Bahrain, Turkey, and Japan. Reason Action Not Completed: Extensive time required to conduct study and evaluate alternatives.

for Health Affairs **Report:** DODIG-2014-059, DoD Efforts to Meet the Requirements of the Improper Payments Elimination

Principal Action Office: Assistant Secretary of Defense

and Recovery Act in FY 2013, 4/15/2014 **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, 4/17/2014

Description of Action: Review and analyze the storage locations of Basic Expeditionary Airfield Resources assets to ensure they are in the most efficient location to support U.S. Pacific Command Operation Plan requirements.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Air Force

Report: DODIG-2014-066, Logistics Modernization Program System Not Configured to Support Statement of Budgetary Resources, 5/5/2014

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, 5/6/2014

Description of Action: Develop guidance for effectively performing Executive Agent responsibilities in accordance with DoD Directive 5101.1.

Reason Action Not Completed: The proposed draft Army regulation does not assign responsibility for maintaining and preserving records that document the business transaction of the Executive Agent or responsible official.

Principal Action Office: Army

Report: DODIG-2014-073, Northrop Grumman Improperly Charged Labor for the Counter Narco-terrorism Technology Program, 5/13/2014 **Description of Action:** Report is For Official Use Only. **Reason Action Not Completed:** Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2014-079, Evaluation of the Department of Defense Combating Trafficking in Persons Program, 6/16/2014

Description of Action: Review and comment on DoD Components' self-assessments of their Combating Trafficking in Persons programs, and develop and implement specialized training in Combating Trafficking in Persons training for legal counsel and strategic planners.

Reason Action Not Completed: Under Secretary of Defense for Personnel and Readiness has not provided support to substantiate their review of DoD Components Combating Trafficking in Persons Program self-assessments and specialized training for strategic planners is available to DoD personnel.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2014-081, Army Integrated Air and Missile Defense Program Needs to Improve Software, Test, and Requirements Planning, 6/9/2014

Description of Action: Revise the draft capability production document to ensure the requirements are defined to comply with DoD Instruction 5000.02. Also prepare a follow-on capability production document to support the Terminal High Altitude Area Defense integration.

Reason Action Not Completed: The Increment 2 capability production document is on track to support a Milestone C decision. The Increment 3 capability production document that supports the Terminal High Altitude Area Defense integration is scheduled for worldwide staffing by first quarter FY 2018.

Principal Action Office: Army

Report: DODIG-2014-083, Insufficient Infrastructure Support to the Fixed Submarine Broadcast System, 6/23/2014

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Navy

Report: DODIG-2014-087, Army's Audit Readiness at Risk Because of Unreliable Data in the Appropriation Status Report, 6/26/2014

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: Long-term corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2014-090, Improvements Needed in the General Fund Enterprise Business System Budgetto-Report Business Process, 7/2/2014

Description of Action: Verify that the General Fund Enterprise Business System (GFEBS) posting logic documentation is accurate and complete, and use it to validate GFEBS general ledger account postings.

Reason Action Not Completed: Long-term 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, 7/7/2014 **Description of Action:** Develop and implement a verification and validation plan for Risk Assessment and Mitigation Framework for Strategic Material Rare Earth Elements (REE) data inputs, in accordance with DoD requirements. The plan should include procedures to analyze, mitigate, and track risks that could adversely affect REE supply data inputs, through the use of probabilistic tools in the analysis and mitigation procedure steps.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2014-092, Navy and Marine Corps Have Weak Procurement Processes for Costreimbursement Contract Issuance and Management,

Description of Action: Develop checklists and guides that can be used by contracting personnel regarding the extra planning, approval, and oversight of costreimbursement contracts and update contracting policies.

Reason Action Not Completed: Update of the Naval Sea Systems Command Contracting Handbook is still ongoing.

Principal Action Office: Navy and Marine Corps

Report: DODIG-2014-093, Inspection of the Armed

Forces Retirement Home, 7/23/2014

Description of Action: Modify Armed Forces Retirement Home Agency Directive 8-13 to reflect the established Armed Forces Retirement Home practice and the Armed Forces Retirement Home Legal Team opinion, with respect to determining eligibility of those deemed incapable of earning a livelihood. Review and revise directive to ensure it clarifies the methodology

livelihood determinations.

Reason Action Not Completed: The directive still needs to be revised for clarity on Armed Forces Retirement Home methodology and criteria for making incapable of earning a livelihood determinations. **Principal Action Office:** Armed Forces Retirement

and criteria used to make incapable of earning a

Home

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:** Corrective actions delayed due to the continued lack of sufficient

manpower.

Principal Action Office: Army

Report: DODIG-2014-100, Assessment of DoD Wounded Warrior Matters: Selection and Training of Warrior Transition Unit and Wounded Warrior

Battalion Leaders and Cadre, 8/22/2014

Description of Action: Provide the action plan on future Wounded Warrior Regiment staffing and

manning requirements.

Reason Action Not Completed: Lack of Management

Principal Action Office: Marine Corps

Report: DODIG-2014-101, Delinquent Medical Service Accounts at Brooke Army Medical Center Need Additional Management Oversight, 8/13/2014 **Description of Action:** 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 meet with Department of Health and Human Services to discuss difficulties Brooke Army Medical Center has encountered with denied claims and reimbursement levels from the Texas Medicaid and Healthcare Partnership.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Assistant Secretary of Defense for Health Affairs and Army

Report: DODIG-2014-102, Government of the Islamic Republic of Afghanistan Needs to Provide Better Accountability and Transparency Over Direct Contributions, 8/29/2014

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-Army Did Not Comply With Treasury and DoD Financial Reporting Requirements, 9/3/2014 **Description of Action:** Develop and implement processes to validate Global Combat Support System-Army compliance with Financial Management Regulations by annually validating Global Support System-Army's timely compliance with Treasury and DoD guidance for account attributes, chart of accounts, and posting logic.

Reason Action Not Completed: The Joint Interoperability Test Command assessment of the Global Combat Support System-Army compliance measures has been postponed.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer

Report: DODIG-2014-114, Independent Auditor's Report on Agreed-Upon Procedures for DoD Compliance With Service Contract Inventory Compilation and Certification Requirements for FY 2012, 9/18/2014

Description of Action: Provide an update on the status, including time frames, for staffing the Total Force Management Support Office.

Reason Action Not Completed: Actions toward fully staffing the Total Force Management Support Office are still ongoing.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2014-116, Assurance Policy Evaluation - Spacecraft and Strategic Systems, 9/17/2014 **Description of Action:** Update the Defense Acquisition Guidebook to recommend that the Major Defense Acquisition Programs review, tailor, and apply applicable mission assurance concepts and principles, such as those found in the Mission Assurance Guide, when developing Systems Engineering Plans and contract requirements to promote a higher probability of mission success.

Reason Action Not Completed: Corrective actions are ongoing to complete the revision of the Defense Acquisition Guidebook. Once finalized, it will be posted on the Defense Acquisition University website. **Principal Action Office:** Under Secretary of Defense for Acquisition, Technology and Logistics

Report: DODIG-2014-118, Improvements Needed in Contract Award of Mi-17 Cockpit Modification Task Order, 9/19/2014

Description of Action: Review all locally issued policies for consistency, currency, accuracy, elimination and streamlining.

Reason Action Not Completed: Detailed review has been deferred until the Army Contracting Policy Council is established and can review and streamline policies across the contracting enterprise. Efforts are expected to begin in the first quarter FY 2018.

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, 9/22/2014

Description of Action: Establish and monitor C-130Junique, performance-based, logistics inventory control metrics on the performance-based logistics contracts. Also, establish a contract clause for performancebased logistics contracts that requires contractors in coordination with the buying DoD Component to comply with the revised DoD Manual 4140.01, Volume 6. **Reason Action Not Completed:** Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology and Logistics and Air Force

Report: DODIG-2014-123, Air Force Did Not Justify the Need for MQ-9 Reaper Procurement Quantities, 9/30/2014

Description of Action: Perform and document comprehensive analyses to determine the necessary quantity of MQ-9 aircraft, and update and submit the MQ-9 production document to the Air Force Requirements Oversight Council and the Joint Requirements Oversight Council, and request validation that the cost and quantity changes are necessary prior to making any FY 2015 procurement decisions.

Reason Action Not Completed: Additional documentation is needed to determine the rationale and validate the corrective actions taken.

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, 9/29/2014

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 the Defense Logistics Agency. Also, develop Army-wide policy and establish controls on monitoring and updating depot overhaul factors consistently.

Reason Action Not Completed: Extensive time required to coordinate and issue guidance.

Principal Action Office: Army

Report: DODIG-2015-001, Assessment of the Department of Defense Prisoner of War/Missing in Action Accounting Community, 10/17/2014 **Description of Action:** The Director of the new Defense Prisoner of War/Missing In Action Accounting Agency will establish standard operating procedures across the accounting community organizations, and the Under Secretary of Defense for Personnel and Readiness will establish DoD-wide policy regarding the disinterment of unknowns from past conflicts. Reason Action Not Completed: New standard operating procedures and an updated Mortuary Affairs policy will be developed upon completion of ongoing efforts to update pertinent DoD directives and instructions, and administrative instructions. Principal Action Office: Secretary of Defense, Under

Secretary of Defense for Policy, and Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2015-002, Assessment of DoD-Provided Healthcare for Members of the U.S. Armed Forces Reserve Components, 10/9/2014

Description of Action: Develop Defense Health Affairs line-of-duty forms to provide procedural instructions to implement controls outlined in DoD Instruction 1241.01. Update DoD Instruction 1200.15 to include revisions regarding members meeting individual medical readiness requirements when transferring from an Active Component to the Selected Reserve.

Reason Action Not Completed: Defense Health Agency is drafting new line-of-duty forms and procedural guidance, and DoD Instruction 1200.15 is under revision.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2015-006, Policy Changes Needed at Defense Contract Management Agency to Ensure Forward Pricing Rates Result in Fair and Reasonable Contract Pricing, 10/9/2014

Description of Action: Revise Defense Contract Management Agency Instruction 130 to address the Federal Acquisition Regulation 15.404-2(a)(1) requirement that the administrative contracting officer tailor the request for audit services to reflect the minimum essential supplementary information needed to conduct a cost analysis. Also, provide training to the administrative contracting officer community on the use of cost analysis to determine fair and reasonable forward pricing rate recommendations and forward pricing rate agreement rates.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Contract

Management Agency

Report: DODIG-2015-008, Followup Audit: Enterprise Blood Management System Not Ready for Full Deployment, 10/23/2014

Description of Action: Ensure that in-transit inventory is not double counted in the Enterprise Blood Mangement System, and develop and implement the Blood Management Blood Bank Transfusion Services interface capability between the Composite Health Care System and the Enterprise Blood Management System.

Reason Action Not Completed: Development and implementation of the Composite Health Care System interface with the Enterprise Blood Management System is anticipated by third quarter FY 2018. **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 the Defense Logistics Agency's Procure-to-Pay phases affected by the Enterprise Business System and EProcurement.

Reason Action Not Completed: Corrective actions are

Principal Action Office: Defense Chief Management Officer

Report: DODIG-2015-011, Evaluation of the Defense Criminal Investigative Organizations' Defense Incident-Based Reporting System Reporting and Reporting Accuracy, 10/29/2014

Description of Action: Ensure Defense Incident-Based Reporting System data submitters provide accurate and complete data submissions within 15 workdays after the end of each month, and that error corrections are completed within 30 days of the Defense Manpower Data Center notifications and are tracked to completion as required by DoD Manual 7730.47-M, Volume 1.

Reason Action Not Completed: Corrective actions are

Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Navy, and the Defense Criminal Investigative Service

Report: DODIG-2015-016, Department of Defense Suicide Event Report (DoDSER) Data Quality Assessment, 11/14/2014

Description of Action: Revise DoD and Service guidance to provide policy and procedures for data collection, and for submission and reporting of suicide events data.

Reason Action Not Completed: Draft DoD Instruction 6490.xx is undergoing formal coordination, and the Services are waiting for its issuance before developing their own departmental guidance.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Assistant Secretary of Defense for Health Affairs, Army, Navy, Air Force, and Marine Corps

Report: DODIG-2015-031, The Services Need To Improve Accuracy When Initially Assigning Demilitarization Codes, 11/7/2014

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: Additional time needed to complete DoD Office of General Counsel legal sufficiency review of DoD Manual 4160.28, Volume 1.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology and Logistics

Report: DODIG-2015-037, Exoatmospheric Kill Vehicle Quality Assurance and Reliability Assessment-Part B, 11/13/2014

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are

on schedule.

Principal Action Office: Missile Defense Agency

Report: DODIG-2015-039, C-5 Reliability Enhancement and Re-engining Program Hotline Evaluation, 11/18/2014

Description of Action: Update or generate all required memorandums of agreement, memorandums of understanding, and letters of delegation to ensure level of authority, training, roles, and responsibilities are properly documented for the Government on-site representative. Ensure the contractor's procedures are in compliance with Federal Acquisition Regulations Subpart 46.407 (d) to require Government approval and review all open Corrective Action Requests and raise the level of any that meet the elevation criteria of Defense Contract Management Agency Instruction 1201.

Reason Action Not Completed: Corrective actions are

Principal Action Office: Defense Contract Management Agency and Air Force

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 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, 12/1/2014 **Description of Action:** Develop new DoD Internet Protocol Version 6 (IPv6) transition milestones, roles and responsibilities of each DoD office involved with the migration, and enforcement mechanisms to ensure successful migration to IPv6; and update the DoD IPv6 Transition Plan to reflect these changes.

Reason Action Not Completed: The DoD IPv6 Steering Group did not meet to discuss results of the initial limited IPv6 deployment and has been disolved. IPv6 implementation is now guided by the Joint Information Environment Executive Committee and a DoD IPv6 Readiness Working Group was established in June 2017. In August 2017, the DoD Chief Information Officer directed the development of an updated Plan of Actions and Milestones to achieve Office of Management and Budget IPv6 mandates.

Principal Action Office: DoD Chief Information Officer

Report: DODIG-2015-045, DoD Cloud Computing Strategy Needs Implementation Plan and Detailed Waiver Process, 12/4/2014

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:** DoD Instruction 8010. dd, "DoD Information Network Transport," is expected to be issued in 2017.

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: Update Navy policy to implement at least the minimum requirements for performing a risk assessment as required by DoD Manual 5200.01, Volume 3.

Reason Action Not Completed: Update of Secretary

of the Navy Manual 5510.36 is still ongoing.

Principal Action Office: Navy

Report: DODIG-2015-048, Title is For Official Use Only,

12/9/2014

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are

Principal Action Office: Joint Staff, U.S. Africa Command, U.S. Strategic Command, U.S. Cyber Command, U.S. European Command, and U.S.

Southern Command

Report: DODIG-2015-051, Air Force Leadership Action is Required to Sustain the Minuteman III Intercontinental Ballistic Missile Through 2030, 12/17/2014

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Air Force

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:** The F-22/F119 Program Office will work with Air Force Materiel Command/A4 to ensure contractor managed inventory and spare parts are reported on the annual Air Force financial statements in accordance with DoD guidance. The F-22/F119 Program Office will develop a plan with the Defense Contract Management Agency (DCMA) to formally accept all Government-owned property when contract performance ends, and ensure that this plan clarifies current DCMA acceptance responsibilities. **Reason Action Not Completed:** Lack of management

emphasis. 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: The Business Integration Office will create a full cost estimate for full implementation of the Invoice Processing Platform (now G-Invoicing) across the DoD. Also, the Under Secretary of Defense (Comptroller)/Chief Financial Officer will revise DoD Financial Management Regulation Volume 6B, Chapter 13, to mandate the use of G-Invoicing for Buy/Sell transactions.

Reason Action Not Completed: Long-term 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: Perform a quality review of Air Force Life Cycle Management Center contracting officials' compliance with the Federal and Defense acquisition regulations for commerciality determinations and, based on that review, consider corrective actions as appropriate.

Reason Action Not Completed: Lack of management emphasis.

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: Issue policy to implement the Federal Guidelines for Dam Safety.

Reason Action Not Completed: The Office of the 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-2015-066, U.S. Military Academy, West Point, Controls Over Gift Funds Need Improvements, 1/14/2015

Description of Action: Update Army Regulation 150-1, "United States Military Academy, Organization, Administration, and Operation" to reflect the DoD Financial Management Regulation and Army requirements related to the management and disbursement of gift funds.

Reason Action Not Completed: Publication of Army Regulation 150-1 is anticipated in first quarter FY 2018.

Principal Action Office: Army

Report: DODIG-2015-068, DoD Methodologies to Identify Improper Payments in the Military Health Benefits and Commercial Pay Programs Need Improvement, 1/14/2015

Description of Action: Develop a methodology to assess risk for all contracts that is not limited to prior year sampling results but also considers other risk

Reason Action Not Completed: Awaiting publication of Defense Health Agency new risk assessment of all payment types that includes a list of factors considered.

Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2015-072, Improvements Needed for Navy's Triannual Review, 1/22/2015

Description of Action: Develop standard queries for the budget submitting offices to ensure completeness of data extracted for triannual reviews. Develop and implement Navy triannual review standard procedures, based on U.S. Marine Corps best practices, to compile a universe of obligations for the budget submitting offices to use in performing the triannual review. Conduct comprehensive reviews, including reconciliations, of the triannual review results and followup on inconsistencies.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2015-078, Evaluation of the Defense Criminal Investigative Organizations' Compliance with the Lautenberg Amendment Requirements and Implementing Guidance, 2/6/2015

Description of Action: Revise DoD Instruction 6400.06 and Navy guidance to develop policy to ensure employees who have a qualifying conviction comply with federal law to dispose of privately owned firearms and ammunition and to certify compliance annually.

Reason Action Not Completed: The Office of Management and Budget issued a freeze on rulemaking until late spring 2017 and the coordination of DoD Instruction 6400.06 was extended. The reissuance of DoD Instruction 6400.06 is expected in FY 2019.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness and Navy

Report: DODIG-2015-081, Evaluation of Department of Defense Compliance with Criminal History Data Reporting Requirements, 2/12/2015

Description of Action: Submit the missing 304 fingerprints and 334 final disposition reports to the Federal Bureau of Investigation for inclusion into the Integrated Automated Fingerprint Identification System.

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, 3/4/2015 **Description of Action:** Meet with Department of Health and Human Services and the Department of Veterans Affairs to discuss the difficulties Naval Medical Center Portsmouth has encountered with receiving reimbursement for services provided to Medicare and Veterans Affairs beneficiaries to identify a way forward to improve collections.

Reason Action Not Completed: Finalizing a long-term solution to ensure reimbursements for DoD medical services are handled uniformly and expeditiously. **Principal Action Office:** Assistant Secretary of Defense for Health Affairs and Navy

Report: DODIG-2015-090, Evaluation of Aircraft Ejection Seat Safety When Using Advanced Helmet Sensors, 3/9/2015

Description of Action: Ensure consistent documentation of aircraft ejection data to increase the data available for ejections with Helmet Mounted Devices and/or Night Vision Goggles to improve the safety risk analysis. Also, review and update the Joint Service Specification Guide 2010-11 to reflect changes in policy and technology that have occurred in the last 16 years.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy and Air Force

Report: DODIG-2015-092, F-35 Lightning II Program Quality Assurance and Corrective Action Evaluation, 3/11/2015

Description of Action: Realign the quality assurance organization to report directly to the Program Executive Officer, define the organization roles and responsibilities, and staff the organization appropriately.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: F-35 Joint Program Office

Report: DODIG-2015-102, Additional Actions Needed to Effectively Reconcile Navy's Fund Balance With Treasury Account, 4/3/2015

Description of Action: Develop a reconciliation process that is based on detail-level transaction data from the Navy's general ledger systems.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Navy

Report: DODIG-2015-103, Summary of DoD Office of Inspector General Spare-Parts Pricing Audits: Additional Guidance is Needed, 3/31/2015

Description of Action: Issue policies to the Military Services and Defense Agencies that reiterate and strengthen the Federal Acquisition Regulation and the Defense Federal Acquisition Regulation Supplement requirements to obtain fair and reasonable prices when purchasing spare parts. Also, require the Military Services and Defense Agencies to provide plans on how they intend to verify the consistent implementation of pricing policies, guidance, and training issued by the Office of the Secretary of Defense.

Reason Action Not Completed: Defense Acquisition Regulation Council received draft final Defense Federal Acquisition Regulation Supplement (DFARS) rule on commercial item procurement (DFARS Case 2016-D006) from Pricing committee. Further discussions on proposed final DFARS rule are scheduled. The Director, Defense Pricing, will also issue revised policy guidance that will request that each Component explain how it plans to implement pricing policies and guidance in future inspections or reviews.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology and Logistics

Report: DODIG-2015-106, Independent Auditor's Report on Agreed-Upon Procedures for DoD Compliance With Service Contract Inventory Compilation and Certification Requirements for FY 2013, 4/15/2015

Description of Action: Issue clarifying guidance related to the inventory of contracts for services certification letters.

Reason Action Not Completed: DoD issuance of

clarifying guidance is still ongoing.

Principal Action Office: Deputy Secretary of Defense

Report: DODIG-2015-107, Challenges Exist for Asset Accountability and Maintenance and Sustainment of Vehicles Within the Afghan National Security Forces, 4/17/2015

Description of Action: Perform a reconciliation to ensure vehicle information is accurate and complete; assess the accuracy of property transfer records; obtain a complete inventory of vehicles received by the Afghan National Security Force; and advise Ministry of Defense and Ministry of Interior officials to maintain consolidated property book records for all vehicles received from DoD and Coalition forces.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2015-110, The Air Force's Information Technology Contracts Awarded Without Competition

Were Generally Justified, 4/24/2015

Description of Action: Provide comprehensive training on sole-source acquisitions and contract documentation retention and disposition timelines during recurring weekly squadron training. Solesource training will include selecting the appropriate authority to issue sole-source contracts and synopsis requirements.

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: Air Force

Report: DODIG-2015-111, F-35 Engine Quality

Assurance Inspection, 4/27/2015

Description of Action: Report is For Official Use Only. Reason Action Not Completed: Long-term corrective

actions are ongoing.

Principal Action Office: F-35 Joint Program Office

Report: DODIG-2015-114, Navy Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance, 5/1/2015

Description of Action: Policy memorandum is being drafted that will require Naval Sea Systems Command (NAVSEA) business units to complete Contractor Performance Assessment Reports (CPARs) within 120 days of the end of the contract performance period. It will also require NAVSEA offices responsible over any contract requiring CPARs to ensure the contract is properly registered in the Contractor Performance Assessment Reporting System (CPARS). Additionally, it will require first line managers above the contracting officer's representative (COR) to review the CPARs prior to sending them to the contractor for review, and that all CORs complete CPARS training.

Reason Action Not Completed: Policy memorandum continues to be staffed.

Principal Action Office: Navy

Report: DODIG-2015-117, U.S. Cyber Command and Military Services Need to Reassess Processes for Fielding Cyber Mission Force Teams, 4/30/2015 **Description of Action:** Report is classified.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Army, Navy, Air Force, and Marine Corps

Report: DODIG-2015-120, Defense Logistics Agency Did Not Obtain Fair and Reasonable Prices From Meggitt Aircraft Braking Systems for Sole-Source Commercial Spare Parts, 5/8/2015

Description of Action: Issue guidance to establish a percentage of commercial sales that is sufficient to determine fair and reasonable prices when commercial items are acquired on a sole-source contract. Also, issue guidance to prohibit contracting officers from placing clauses in sole-source commercial contracts limiting their ability to obtain cost data.

Reason Action Not Completed: Defense Federal Acquisition Regulation Supplement (DFARS) proposed final rule (DFARS Case 2016-D006, Procurement of Commercial Items) is expected to be published during 2017.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology and Logistics

Report: DODIG-2015-121, DoD Met Most Requirements of the Improper Payments Elimination and Recovery Act in FY 2014, but Improper Payment Estimates Were Unreliable, 5/12/2015

Description of Action: Issue policy memorandum, "Preventing Travel Pay Improper Payments and Enforcing Recovery," as well as the Travel Pay Remediation Plan to address internal controls and post payment recovery efforts within the DoD Travel Pay Program. Also, a memorandum to address DoD Travel Pay deficiencies and corrective actions implemented will be provided to Congress.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer

Report: DODIG-2015-122, Naval Air Systems Command Needs to Improve Management of Waiver Requests, 5/15/2015

Description of Action: Update Secretary of the Navy Instruction 5000.2E and Secretary of the Navy Manual, M-5000.2 to emphasize that program managers must request waivers whenever they do not meet any of the 20 criteria the Navy guidance requires programs to meet to certify readiness for initial operational test and evaluation.

Reason Action Not Completed: The Director, Test and Evaluation, developed draft language for the Integrated Test and Evaluation chapter in the new Secretary of the Navy Instruction 5000.2E and Secretary of the Navy Manual, M-5000.2, which among other policy updates, will incorporate Recommendation A.1 of DODIG-2015-122. Review of the new policy language is being conducted by key stakeholders within the Navy Test and Evaluation community.

Principal Action Office: Navy

Report: DODIG-2015-127, Triannual Review Processes Need Improvement at Three Naval Budget Submitting Offices, 5/18/2015

Description of Action: Develop and implement procedures based on updates to the DoD Financial Management Regulation, Volume 3, Chapter 8, and perform reviews of all budget submitting offices to determine the effectiveness of implementation of the triannual review.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2015-128, Army Needs to Improve Processes Over Government-Furnished Material Inventory Actions, 5/21/2015

Description of Action: Develop a business process and the Logistics Modernization Program posting logic to identify and track Army Working Capital Fund inventory provided to contractors as Governmentfurnished material within the Logistics Modernization Program system.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Army

Report: DODIG-2015-132, Opportunities Exist to Improve the Inventory Management for Defense Logistics Agency Aviation C-130 Spare Parts, 6/11/2015 **Description of Action:** Implement controls that assess supply chain risks, and evaluate and improve procedures that review purchase requests and orders of parts that may be excessive.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2015-133, Evaluation of the Integrated Tactical Warning and Attack Assessment's Mobile

Ground System, 6/18/2015

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Air Force

Report: DODIG-2015-134, Assessment of the U.S. Theater Nuclear Planning Process, 6/18/2015 **Description of Action:** Report is classified.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Joint Staff

Report: DODIG-2015-137, Improvements Needed on DoD Procurements from Robertson Fuel Systems, 6/25/2015

Description of Action: Issue guidance to clarify the commercial item definition in a sole-source environment when no evidence of commercial sales exists for an item being purchased and provide additional clarification as to when a modification to a commercial item is minor.

Reason Action Not Completed: Defense Federal Acquisition Regulation Supplement proposed final rule (DFARS Case 2016-D006, Procurement of Commercial Items) and the draft Commercial Item Handbook are expected to be published during calendar year 2017. **Principal Action Office:** Under Secretary of Defense for Acquisition, Technology, and Logistics and Navy

Report: DODIG-2015-138, The Air Force Did Not Monitor the Energy Savings Performance Contract at Joint Base McGuire, 6/29/2015

Description of Action: Develop and implement baselevel controls covering contract voucher analysis and certification responsibilities. Validate actual energy savings achieved, and review payments to determine whether the contractor's performance warranted the energy savings paid to the contractor.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Air Force

Report: DODIG-2015-140, Defense Logistics Agency Can Improve Its Product Quality Deficiency Report Processing, 7/1/2015

Description of Action: Develop an action plan with milestones to improve product quality deficiency report processing and ensure that the revised policy and controls are implemented at all Defense Logistics Agency Supply Chains that process Product Quality Deficiency Reports.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2015-141, Naval Facilities Engineering Command Needs to Improve Controls Over Task Order Administration, 7/2/2015

Description of Action: The Commander, Naval Facilities Engineering Command, Marianas, evaluate the requirements for the helipad and hazardous waste storage for the P-528 project and ensure they are built

to meet applicable standards and guidance.

Reason Action Not Completed: Helipad construction

project is still ongoing. Principal Action Office: Navy

Report: DODIG-2015-142, Navy's Contract/Vendor Pay

Process Was Not Auditable, 7/1/2015

Description of Action: Update the Navy's system business processes to ensure transactions are processed in compliance with the Statement of Federal

Financial Accounting Standards 1.

Reason Action Not Completed: System changes required to improve timely recognition and posting of liabilities remain on track to have the planning and analysis phase completed by end fourth guarter FY 2017.

Principal Action Office: Navy

Report: DODIG-2015-143. Patriot Express Program Could Be More Cost-Effective for Overseas Permanent Change of Station and Temporary Duty Travel, 7/6/2015

Description of Action: Establish and implement guidance to ensure that transportation office personnel check Patriot Express availability before booking commercial flights for overseas travel, and implement controls in the Defense Travel System regarding checking Patriot Express availability. **Reason Action Not Completed:** Corrective actions are

ongoing.

Principal Action Office: Army, Navy, Air Force, and Marine Corps

Report: DODIG-2015-148, Rights of Conscience Protections for Armed Forces Service Members and Their Chaplains, 7/22/2015

Description of Action: Update DoD Instruction 1300.17 and, when completed, update Service regulations and procedures.

Reason Action Not Completed: Update of DoD Instruction 1300.17 is still undergoing coordination. Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Army, Navy, and Air Force

Report: DODIG-2015-150, Theater Blood Application Was Not Effectively Developed and Implemented, 7/17/2015

Description of Action: Ensure policies and procedures to manage future requirements for medical information systems are documented, reviewed, and updated as necessary; develop a long-term strategy; and not invest additional money in the continued development of the Theater Blood Application until the application's sustainability is determined. In addition, develop policies and procedures for training requirements and establish and implement a program to ensure users receive initial training prior to deployment, followed by refresher training.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2015-151, Followup Audit: DoD Military Treatment Facilities Continue to Miss Opportunities to Collect on Third Party Outpatient Claims, 7/24/2015

Description of Action: Conduct an analysis to determine the sufficient time needed to conduct adequate followup; develop a plan to review Uniform Business Office resource issues for the Military Treatment Facilities; ensure that the Military Treatment Facilities refer outstanding third party claims to the appropriate legal office; update and comply with the Uniform Business Office Manual; and establish a quality assurance program and new protocols or procedures.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2015-155, U.S. Forces Korea Service Components Can Improvement Management of Individual Protective Equipment, 7/31/2015 **Description of Action:** Report is classified.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army, Navy, Air Force, and Marine Corps

Report: DODIG-2015-157, Assessment of the Nuclear Warhead Unsatisfactory Report Process, 8/5/2015 **Description of Action:** Report is classified.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics and Defense Threat Reduction Agency

Report: DODIG-2015-159, Followup Audit: More Improvements Needed for the Development of Wounded Warrior Battalion-East Marines' Recovery Plans, 8/7/2015

Description of Action: Initiate a performance review of the Wounded Warrior Regiment contracting officers for the Recovery Care Coordinator contract to determine whether administrative actions are warranted. Conduct a thorough review of the contracting file to determine whether any further courses of action are warranted.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Marine Corps

Report: DODIG-2015-160, U.S. Army Generally Designed Adequate Controls to Monitor Contractor Performance at the King Abdullah II Special Operations Training Center, but Additional Controls Are Needed, 8/7/2015

Description of Action: Require U.S. Government subject matter experts to perform regular electrical service inspections to ensure facilities are maintained and are operating according to applicable standards. Reason Action Not Completed: Corrective actions are ongoing

Principal Action Office: Army

Report: DODIG-2015-161, Naval Personnel Can Improve Compliance With the Berry Amendment and Buy American Act, 8/12/2015

Description of Action: Review potential Antideficiency violations and, if a violation occurred, determine which officials are responsible and recommend corrective

Reason Action Not Completed: Time needed to review transactions and determine any violations of the Berry Amendment.

Principal Action Office: Navy

Report: DODIG-2015-162, Continental United States Military Housing Inspections—National Capital Region, 8/13/2015

Description of Action: Conduct an effective root cause analysis and implement a corrective action plan for all identified electrical, fire protection, and environmental health and safety deficiencies. Also, execute a plan for performing ongoing inspection and maintenance of all housing units to attain compliance with applicable electrical and fire protection codes and standards.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army and Navy

Report: DODIG-2015-168, Air Force Commands Need to Improve Logical and Physical Security Safeguards That Protect SIPRNET Access Points, 9/10/2015 **Description of Action:** Report is classified.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Air Force

Report: DODIG-2015-172, Naval Sea Systems Command Needs to Improve Management of Waiver and Deferral Requests, 9/14/2015

Description of Action: Require sponsors of Acquisition Category I programs, or programs of interest to the Joint Chiefs of Staff, to notify the Joint Chiefs when deferrals will delay demonstrating primary system requirements beyond the scheduled date for initial operational capability. Revise Navy policy, after the Vice Chairman, Joint Chiefs of Staff, revises guidance, and revise Naval Sea Systems Command policy incorporating updated Navy policy on managing waivers and deferrals from operational test requirements.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Joint Chiefs of Staff and Navy

Report: DODIG-2015-174, U.S. Army Corps of Engineers-Alaska District Needs to Improve Competitive Procedures for Cooperative Agreements for Alaska Integrated Natural Resources Management Plans, 9/16/2015

Description of Action: The Office of the Secretary of Defense will issue a policy memorandum that clarifies the DoD's responsibilities when entering into contracts and other agreements to implement Integrated Natural Resources Management Plan (INRMP) actions on military installations and state-owned National Guard installations. The memorandum also establishes policy and specifies minimum evaluative criteria requiring competition for task orders when multiple cooperative agreements exist.

Reason Action Not Completed: Policy memorandum continues to be staffed.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics and Army

Report: DODIG-2015-177, Assessment of DoD/ USCENTCOM and Coalition Plans/Efforts to Train, Advise, and Assist the Iraqi Army to Defeat the Islamic State of Iraq and the Levant, 9/30/2015

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are

Principal Action Office: U.S. Central Command

Report: DODIG-2015-181, Continental United States Military Housing Inspections-Southeast, 9/24/2015 **Description of Action:** Conduct an effective root cause analysis and perform corrective actions for all deficiencies identified. Verify or create a plan for ongoing inspection and maintenance of all housing units, including privatized housing, to applicable electrical, fire protection, and environmental health and safety codes and standards. Address the inconsistencies between the applicability of Unified Facilities Criteria (UFC) 3-600-01 and the position taken by the Assistant Secretary of Defense for Energy, Installations, and Environment regarding fire protection requirements for privatized military housing and initiate appropriate changes to the UFC or other applicable policy and guidance.

Reason Action Not Completed: Corrective actions are on schedule.

Principal Action Office: Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, Army, Navy, and Air Force

Report: DODIG-2016-002, DoD Needs a Comprehensive Approach to Address Workplace Violence, 10/15/2015

Description of Action: Revise the Defense Federal Acquisition Regulation Supplement to address interim and final contractor requirements for the prevention of workplace violence.

Reason Action Not Completed: Defense Procurement and Acquisition Policy will open a Defense Federal Acquisition Regulation Supplement case to finalize implementation of DoD policy after DoD guidance addressing workplace violence and covering all DoD military and civilian personnel and defense contractor personnel is published.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2016-004, Army Needs to Improve Contract Oversight for the Logistics Civil Augmentation Program's Task Orders, 10/28/2015

Description of Action: Army Contracting Command develop procedures that require experienced Contracting Officer's Representatives be identified before contractor work begins; trained before deployment; and provided adequate guidance to perform their duties. Issue guidance that requires all Procurement Contracting Officers to create a Quality Assurance Surveillance Plan specific for each LOGCAP-

issued task order.

Execution Plan.

Reason Action Not Completed: Army Execution Order 222-16 designated the Deputy Assistant Secretary of the Army for Procurement as the only authority for contracting policy. As a result, Headquarters, Army Contracting Command will elevate the update of the Expeditionary Contracting Command policy memorandum 12-8 to the ODASA(P) for resolution. Principal Action Office: Army

Report: DODIG-2016-005, Followup on the Actions to Improve the Defense Contract Management Agency's Cost Analysis Function, 10/29/2015

Description of Action: Defense Procurement and Acquisition Policy (DPAP) and Defense Pricing will monitor and work with the Defense Contract Management Agency (DCMA) to ensure it provides and can reliably report on its cost analysis function for requirements valued below the threshold for Defense Contract Audit Agency (DCAA) audits. DCMA will implement the Price and Negotiation eTool corrective actions items 1 through 8 identified on DCMA's original

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics and Defense **Contract Management Agency**

Report: DODIG-2016-011, The Navy Needs to Improve the Management of Parts Required to Sustain the AN/SPY-1 Phased Array Radar System, 11/6/2015

Description of Action: The Type Commander require personnel on board Arleigh Burke-class destroyers to identify excess inventory when they conduct annual inventories of parts and turn in all parts identified as excess. The Commander of Naval Supply System Command, in coordination with the Commander of Naval Sea System Command use any excess parts identified to offset the future procurement of SPY-1 radar or other weapon system part requirements. If the parts are determined no longer needed and cannot be used to support the SPY-1 radar or another weapon system, dispose of the parts.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2016-018, Followup Audit: Navy Access Control Still Needs Improvement, 11/9/2015 **Description of Action:** Accelerate the implementation of the OpenFox system for all Navy Pass and ID Offices and Dispatch Centers.

Reason Action Not Completed: Long-term corrective

actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2016-019, Small Business Contracting at Marine Corps Systems Command Needs Improvement, 11/10/2015

Description of Action: Establish guidance for contracting officers for reviewing, approving, and administering subcontracting plans, and to verify contractors submit the required subcontracting reports to the Electronic Subcontracting Reporting System. **Reason Action Not Completed:** Revision of Small Business Subcontracting standard operating

procedures is ongoing.

Principal Action Office: Marine Corps

Report: DODIG-2016-023, Improvements Needed in the Defense Logistics Agency's Evaluation of Fair and Reasonable Prices for C-130 Aircraft Spare Parts, 11/16/2015

Description of Action: Perform market research, including requesting engineering reviews, to determine whether a commercial item determination is appropriate before a solicitation is issued for the follow-on contract. Training will be updated to include additional information on procedures to require the use of contractors' actual rates when Defense Contract Management Agency rates are not available.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Logistics Agency

Report: 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, 11/23/2015

Description of Action: Report is classified

Reason Action Not Completed: Corrective actions are

ongoing

Principal Action Office: U.S. Africa Command

Report: DODIG-2016-026, Cyber Mission Force Teams Need Resources to Perform Missions, 11/24/2015 **Description of Action:** Develop a doctrine, organization, training, materiel, leadership and education, personnel, facilities, and policy framework that address strategies to build, grow, and sustain the Cyber Mission Force. Formalize an agreement to focus capability development on functional and mission areas consistent with results of the mission alignment board.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army, Navy, Air Force, Marine Corps, and U.S. Cyber Command

Report: DODIG-2016-027, Defense Logistics Agency's Materiel Returns Program Could Be Managed More Effectively, 12/2/2015

Description of Action: Develop Materiel Returns Program guidance that includes return procedures for all categories of materiel.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2016-032, DoD's Range Capabilities to Conduct Cyber Exercises, 12/18/2015

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Joint Chiefs of Staff

Report: DODIG-2016-035, External Peer Review Report on the National Guard Bureau Internal Review Office, 12/18/2015

Description of Action: Clarify National Guard Bureau Internal Review quality control policies and procedures, and prepare a plan for monitoring and summarizing the quality of the work performed at the National Guard Bureau Internal Review Office.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: National Guard Bureau

Report: DODIG-2016-036, Management of Items in the Defense Logistics Agency's Long-Term Storage Needs Improvement, 12/22/2015

Description of Action: Update the automated recoupment process to eliminate excluded categories and ensure all items are appropriately recouped from Long-Term Storage inventory; and determine why eligible Long-Term Storage inventory, items are not automatically recouped and correct those deficiencies in the automated recoupment process.

Reason Action Not Completed: Defense Logistics Agency is reviewing the business rules and making system changes in the Enterprise Business System. **Principal Action Office:** Defense Logistics Agency

Report: DODIG-2016-038, DoD Needs an Effective Process to Identify Cloud Computing Service Contracts, 12/28/2015

Description of Action: Issue guidance to either establish a standard, Department-wide cloud computing definition or clarify the National Institute of Standards and Technology definition to consistently identify DoD Component cloud computing service

Reason Action Not Completed: DoD Chief Information Officer still working with the National Institute of Standards and Technology (NIST) to clarify the definition for "cloud computing" and include it in proposed NIST publication.

Principal Action Office: DoD Chief Information Officer

Report: DODIG-2016-043, Air Force Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance, 1/29/2016

Description of Action: Develop or improve procedures for preparing performance assessment reports (PARs) within 120 days; ensuring assessors take initial and periodic refresher training for writing PARs; evaluating PARs for quality; or registering contracts.

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: Air Force

Report: DODIG-2016-044, U.S. TRANSCOM Needs Further Improvements to Address Performance Concerns Over the Global Privately Owned Vehicle Contract III, 2/3/2016

Description of Action: Review all invoices that were not prepared in accordance with the Federal Acquisition Regulation and DoD regulations to verify if the invoices and payment amounts were accurate and if performance met contract requirements. Take appropriate action to ensure that all overpayments are recouped.

Reason Action Not Completed: Review of invoices and recoupment of potential overpayments are still

Principal Action Office: U.S. Transportation Command

Report: DODIG-2016-045, DoD Could Save Millions in Profit Paid to Contractors in DoD Depot Labor, 2/8/2016

Description of Action: The C-17 program office will prepare a comprehensive business case analysis that will include an assessment that evaluates the partnership type that best supports the overall sustainment strategy for the C-17 program. At a minimum, it will include the analysis of cost and benefits, core workload requirements, and best use of public and private sector capabilities.

Reason Action Not Completed: Corrective actions are ongoing due to a comprehensive business case analysis that will be initiated in early FY 2018.

Principal Action Office: Air Force

Report: DODIG-2016-047, Defense Logistics Agency Did Not Appropriately Determine Fair and Reasonable Prices for F108 Engine Sole-Source Commercial Parts, 2/16/2016

Description of Action: Review the parts with no commercial sales and determine whether the commercial off-the-shelf classification is appropriate before awarding the next contract.

Reason Action Not Completed: Contracting officer review of parts with no commercial sales and decision on appropriateness of commercial off-the-shelf classification is still ongoing.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2016-051, Air Force Personnel Can Improve Compliance With the Berry Amendment and

the Buy American Act, 2/24/2016

Description of Action: Establish procedures or additional training for procurements subject to the Buy American Act.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Air Force

Report: DODIG-2016-054, Navy Controls for Invoice, Receipt, Acceptance, and Property Transfer System

Need Improvement, 2/25/2016

Description of Action: Review the Invoice, Receipt, Acceptance, and Property Transfer system to verify that the DLA's automated control for inactive users is working properly and ensure separated employees user accounts were automatically disabled.

Reason Action Not Completed: Interface issues occurred between Invoice, Receipt, Acceptance, and Property Transfer and Defense Enrollment Eligibility Reporting System that prevented automatic deactivation of accounts for departing personnel. Navy is working with Defense Procurement and Acquisition Policy and Defense Logistics Agency to resolve the post-production Engineering Change Proposal #921 interface issues.

Principal Action Office: Navy

Report: DODIG-2016-055, U.S. and Coalition Efforts to Train, Advise, Assist, and Equip Iraqi Sunni Popular Mobilization Forces, 2/29/2016

Description of Action: Report is classified.

Reason Action Not Completed: Long-term corrective

actions are ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2016-058, Army Warfighter Information Network Tactical Increment 2 Procurement Quantity Not Supported for Future Army Forces, 3/1/2016

Description of Action: Use an approved Army force structure to calculate procurement quantity, and update acquisition documents with any changes based on the results of refining the Mission Command portfolio.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Army

Report: DODIG-2016-059, U.S. Air Force Spent Billions on F117 Engine Sustainment Without Knowing What a Fair Price Was, 3/11/2016

Description of Action: Establish a baseline for the performance and costs of the F117 engine sustainment services, and obtain and use actual cost data from the Globemaster III Integrated Sustainment Program contract to support any future sole-source performance-based logistics contracts for F117 engine sustainment to ensure a fair and reasonable price is negotiated.

Reason Action Not Completed: Lack of management

emphasis.

Principal Action Office: Air Force

Report: DODIG-2016-060, DoD Actions Were Not Adequate to Reduce Improper Travel Payments, 3/10/2016

Description of Action: Include a summary of the root causes for the improper payments and associated corrective actions in the DoD Agency Financial Report. **Reason Action Not Completed:** The senior officials are working to identify the root causes that caused the improper payment errors and develop corrective actions.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer

Report: 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, 3/16/2016 **Description of Action:** Recoup charges for time charged as safety briefings erroneously charged as labor detention time. Review time records for ongoing Stevedore & Related Terminal Service contracts to identify labor detention charges subject to recoupment, and take action to recoup these costs. **Reason Action Not Completed:** U.S. Transportation Command issued a debt notification letter to the vendor requesting repayment of the total overpayment amounts and is in the process of

providing additional documentation to the vendor. Principal Action Office: U.S. Transportation Command Report: DODIG-2016-064, Other Defense Organizations and Defense Finance and Accounting Service Controls Over High-Risk Transactions Were Not Effective, 3/28/2016

Description of Action: The Deputy Chief Financial Officer and Deputy Chief Management Officer, through the Financial Improvement Audit Readiness Governance Board, will review the strategy's implementation plan to track progress and assist with addressing implementation challenges. Develop a supplemental Memorandum of Understanding to further define specific roles and responsibilities, audit response, internal controls, performance metrics, and quality assurance plans.

Reason Action Not Completed: Corrective actions are still ongoing.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Management Officer

Report: 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, 3/23/2016 **Description of Action:** Request a periodic schedule of maintenance from the contractor that contains all the periodic maintenance required by the contract and ensure that the contractor is completing facility repairs and periodic maintenance.

Reason Action Not Completed: The quality control plan and quality assurance surveillance plan have not been updated to include the schedule maintenance covering all 18 areas identified in the audit report finding and the quality assurance surveillance plan has not been updated accordingly with these 18 areas. Principal Action Office: Army

Report: DODIG-2016-066, Improvements Could Be Made in Reconciling Other Defense Organizations Civilian Pay to the General Ledger, 3/25/2016 **Description of Action:** Develop a formal plan to reconcile civilian pay records or review reconciliations for the remaining 14 Other Defense Organizations (ODOs). Revise existing Standard Operating Procedures to clearly describe the civilian pay reconciliation process. Centralize the ODOs civilian pay reconciliation process, and coordinate with the Financial Improvement Audit Readiness Directorate to ensure there is an accurate assessment of the audit readiness of the ODO General Fund financial statements

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Defense Finance and

Accounting Service

Report: DODIG-2016-068, DoD's Efforts to Consolidate Data Centers Need Improvement, 3/29/2016 **Description of Action:** Perform a review of installations with multiple Installation Processing Nodes and work with executive agents at installations to select a single Installation Processing Node. Provide guidance for Data Center Inventory Management database and data center reporting requirements to ensure the accuracy and completeness of information reported to the DoD Chief Information Officer. Reason Action Not Completed: The DoD has not yet performed a review of installations with multiple Installation Processing Nodes. Data Center Inventory

Management and data center reporting requirements draft guidance is being coordinated.

Principal Action Office: DoD Chief Information Officer, Army, Navy, and Defense Information Systems Agency

Report: DODIG-2016-071, Assessment of DoD Voting Assistance Programs for Calendar Year 2015, 3/31/2016

Description of Action: Coordinate with the Service Inspector Generals to initiate a dialogue with the Senior Service Voting Representatives to consider establishing a standard DoD definition of voting assistance program compliance.

Reason Action Not Completed: Establishment of a standard cross-service definition of voting assistance compliance is ongoing.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2016-072, DoD Needs to Improve Screening and Access Controls for General Public Tenants Leasing Housing on Military Installations, 4/1/2016

Description of Action: Issue or update guidance specifying the queries required to access the National Crime Information Center and the Interstate Identification Index files and conduct background checks in accordance with Service regulations.

Reason Action Not Completed: Corrective actions are

Principal Action Office: Army, Navy, and Air Force

Report: DODIG-2016-074, Army Contracting Officials Could Have Purchased Husky Mounted Detection System Spare Parts at Lower Prices, 3/31/2016 **Description of Action:** Determine and document whether it is appropriate to request a \$27 million voluntary refund from the contractor for sole-source Husky Mounted Detection System spare parts in accordance with Defense Federal Acquisition Regulation Supplement Subpart 242.71, "Voluntary Refunds." Reason Action Not Completed: U.S. Army Contracting

Command determined that it is appropriate to request a voluntary refund and plans to issue a request to the contractor.

Principal Action Office: Army

Report: DODIG-2016-075, Evaluation of the Air Force Office of Special Investigations' Conduct of Internet-Based Operations and Investigations, 4/25/2016 **Description of Action:** Revise DoD Instruction 3025.21, "Defense Support of Civilian Law Enforcement Agencies," to reflect the holding in United States v. Dreyer, 767 F.3d 826, and ensure it is consistent with DoD Instruction 5505.03, "Initiation of Investigations by Defense Criminal Investigative Organizations."

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Policy

Report: DODIG-2016-077, San Antonio Mission and Installation Contracting Command and Presidio of Monterey Personnel Properly Awarded and Administered the Presidio of Monterey Unity Energy Services Contract, but Improved Procedures and Guidance are Needed, 4/8/2016

Description of Action: Establish guidance with specific thresholds for review and approval of projects and for the award and administration of Utility Energy Service Contracts.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2016-078, Evaluation of DoD Biological Safety and Security Implementation, 4/27/2016 **Description of Action:** Appoint a single Executive Agent responsible for biosafety and biosecurity, and develop implementing guidance that requires sitespecific laboratory security vulnerability assessment findings be included during Biological Select Agent and Toxins laboratory inspections.

Reason Action Not Completed: Corrective action are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2016-079, Delinquent Medical Service Accounts at Landstuhl Regional Medical Center Need Additional Management Oversight, 4/28/2016 **Description of Action:** Review, research, and pursue collection on the delinquent medical service accounts that remain open.

Reason Action Not Completed: Efforts to review, research, and transfer delinquent accounts to Defense Finance and Accounting Service and FedDebt for collection are ongoing.

Principal Action Office: Army

Report: DODIG-2016-080, Army's Management of Gray Eagle Spare Parts Needs Improvement, 4/29/2016

Description of Action: Use existing Defense Logistics Agency inventory, when possible, before purchasing spare parts from the contractor. Assess and determine whether overpayments were made and implement available options to seek recovery, including voluntary refunds in accordance with Defense Federal Acquisition Regulation Supplement 242.71 of the overpayments identified on 31 of 37 sample parts. **Reason Action Not Completed:** Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2016-081, Evaluation of U.S. Intelligence and Information Sharing with Coalition Partners in Support of Operation Inherent Resolve, 4/25/2016

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are

still ongoing.

Principal Action Office: Under Secretary of Defense for Policy and Under Secretary of Defense for Intelligence

Report: DODIG-2016-084, Evaluation of DoD Ammunition Data Cards, 4/29/2016

Description of Action: Create instructions for ammunition data card review that include the specific information fields to verify on the ammunition data cards and what material pedigree data that ammunition data card information is verified against, and ensure that Military Standard 1168 B and C requirements are incorporated in the Quality Assurance Surveillance Plan for the ammunition data card process.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Contract

Management Agency and Army

Report: DODIG-2016-086, DoD Met Most Requirements of the Improper Payments Elimination and Recovery Act in FY 2015, but Improper Payment Estimates Were Unreliable, 5/3/2016

Description of Action: Coordinate with all reporting activities to determine the source of all disbursed obligations not reviewed for improper payments and whether they are subject to improper payment reporting requirements.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer

Report: DODIG-2016-087, Air Force Civil Engineer Center Management of Energy Savings Performance Contracts Needs Improvement, 5/4/2016

Description of Action: Conduct a review of existing electronic data management systems to determine if there is a system capable of tracking energy savings and project status. Develop and maintain a process to distribute and coordinate Department of Energy-Federal **Energy Management Program Energy Savings** Performance Contract training for Air Force stakeholders. **Reason Action Not Completed:** Lack of management emphasis.

Principal Action Office: Air Force

Report: DODIG-2016-091, Evaluation of the Accuracy of Data in the DoD Contract Audit Follow-Up System, 5/13/2016

Description of Action: Develop a corrective action plan to ensure compliance with DoD Instruction 7640.02, enclosure 4, paragraph 2.j.

Reason Action Not Completed: Defense Contract Audit Agency is waiting for Defense Contract Management Agency confirmation that the Contract Audit Followup system has been updated to accept the Qualifications or Unresolved Cost data field.

Principal Action Office: Defense Contract Audit Agency and Defense Contract Management Agency Report: DODIG-2016-092, Independent Auditor's Report on Agreed-Upon Procedures for DoD Compliance With Service Contract Inventory Compilation and Certification Requirements for FY 2014, 5/19/2016

Description of Action: Revise DoD guidance for the Submission and Review of the FY 2016 inventory of contracted services to provide the recommended clarifications and explanation.

Reason Action Not Completed: DoD guidance for the FY 2016 inventory and review of contracted services is being revised to address changes to the governing statute enacted by the FY 2017 National Defense Authorization Act.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness

Report: DODIG-2016-093, The Naval Air Systems Command Did Not Obtain Fair and Reasonable Prices on ScanEagle Spare Parts, 5/31/2016

Description of Action: Define spare-part requirements for contracting officials' use in negotiating more advantageous prices for the Navy on future contracts. Reason Action Not Completed: Individual Contract Line Item Pricing negotiations are still ongoing. Principal Action Office: Navy

Report: DODIG-2016-094, DoD Healthcare Management System Modernization Program, 5/31/2016

Description of Action: Perform a schedule analysis to determine the DoD Healthcare Management System Modernization Program's ability to meet the December 2016 National Defense Authorization Act deadline for initial operational capability. Monitor the DoD Healthcare Management System Modernization program risks and report to Congress quarterly on the progress of the program.

Reason Action Not Completed: The Program Executive Officer for Defense Healthcare Management Systems has not provided sufficient documentation to support his statement that the DoD Healthcare Management System Modernization program would meet the December 2016 initial operational capability deadline, or that the Program Executive Officer is providing quarterly briefings to Congress on the progress of the DoD Healthcare Management System Modernization program.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2016-097, DoD Generally Provided Effective Oversight of AbilityOne(R) Contracts, 6/17/2016

Description of Action: Issue a policy memorandum requiring DoD contracting officers to ensure all products and services procured under AbilityOne are on the AbilityOne Procurement List before contract award. Update existing training to clearly define DoD contracting officers' roles and responsibilities when awarding contracts under AbilityOne, and require that all contracting personnel planning to procure under AbilityOne complete the updated AbilityOne training. **Reason Action Not Completed:** Defense Procurement and Acquisition Policy memorandum issued in support of National Disability Employment Awarenss Month does not require contracting officers to ensure all products and services procured under AbilityOne are on the AbilityOne Procurement List before contract award. Defense Procurement and Acquisition Policy is updating training for the acquisition workforce to better understand the mandatory purchase requirements under AbilityOne.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2016-099, U.S. Special Operations Command Controls Over the Requirements Development Process for Military Construction Projects Need Improvement, 6/17/2016

Description of Action: Revise U.S. Special Operations Command Directive 415-1 to require Components maintain documentation to fully support scope calculations and cost estimates for military construction requirements.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Special Operations Command

Report: DODIG-2016-100, Contract Awards at Naval Oceanographic Office Need Improvement, 6/17/2016 **Description of Action:** Develop guidance that addresses the difference between multiple award contracts versus single award contracts, structuring of multiple award contracts, ordering procedures, fair opportunity consideration, and contract administration.

Reason Action Not Completed: Corrective actions ongoing to coordinate and issue policy guidance.

Principal Action Office: Navy

Report: DODIG-2016-102, Additional Controls Needed to Issue Reliable DoD Cost of War Reports That Accurately Reflect the Status of Air Force Operation Inherent Resolve Funds, 6/23/2016

Description of Action: Coordinate with Congress to adjust the legal requirements related to the frequency and reporting timetable of the 2017 Cost of War reports or provide the resources necessary to review and issue the Cost of War report, prioritizing its completion to meet the submission deadline of 45 days after the reporting period.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer and Air Force

Report: DODIG-2016-103, Improvements Needed in Managing Army Suspense Accounts, 6/27/2016 **Description of Action:** Determine and obtain approval to establish special and deposit fund accounts that will replace account 3875.002 and revise the DoD Financial Management Regulation to reflect the changes in how the special fund and deposit fund accounts are to be

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Finance and Accounting Service

Report: DODIG-2016-104, Improvements Needed in Managing Department of the Navy Suspense Accounts, 6/30/2016

Description of Action: Draft legislative proposal will be submitted to ensure revenue activities related to the Navy recycling, agricultural leasing, forestry, and trademark program transactions are properly recorded and presented in appropriate Treasury accounts.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2016-105, Controls Over Compound Drugs at the Defense Health Agency Reduced Costs Substantially, but Improvements Are Needed, 7/1/2016

Description of Action: Conduct a review of all paid compound drug claims with prior authorizations and paid claims with Medicare coverage, and initiate action to collect improper payments if necessary.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2016-106, U.S. Military-Occupied Facilities Inspection-King Abdullah II Special Operations Training Center, 7/7/2016

Description of Action: Conduct a root cause analysis and implement a corrective action plan for all electrical deficiencies identified, and create and execute a plan for ongoing inspection and maintenance of all U.S. military-occupied facilities at the King Abdullah II Special Operations Training Center and other Combined Joint Operations Center supported locations. Ensure that inspection and maintenance of these locations complies with applicable electrical codes.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2016-107, Advanced Arresting Gear Program Exceeded Cost and Schedule Baselines, 7/5/2016

Description of Action: Perform cost-benefit analyses to determine whether the Advanced Arresting Gear is an affordable solution for Navy aircraft carriers before deciding to go forward with the system on future aircraft carriers.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2016-108, Army Needs Greater Emphasis on Inventory Valuation, 7/12/2016 **Description of Action:** Establish policies and procedures focused on computing inventory valuation at moving average cost (MAC), including monitoring MAC values for National Item Identification Numbers at plants and making supported corrections of MAC values.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2016-109, Assessment of the Department of Defense Militarily Critical Technologies Program, 7/8/2016

Description of Action: Determine if the requirement in the Export Administration Act for a critical technologies list is currently being met by means other than the Militarily Critical Technologies List, and adjust policy to reflect that determination.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics

Report: DODIG-2016-111, DoD Effectively Planned and Executed Military Information Support Operations for Operation Inherent Resolve but Needs to Develop Formal Processes and Procedures for Web-Based Operations, 7/20/2016

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2016-112, Army Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance, 7/25/2016

Description of Action: Develop and implement organization-wide procedures that identify specific timeframes and steps for Contractor Performance Assessment Reporting System officials to perform to ensure they prepare performance assessment reports within 120-days, and include the 60-day contractor comment period.

Reason Action Not Completed: Development of standard operating procedures to reinforce required timeframes are ongoing.

Principal Action Office: Army

Report: DODIG-2016-113, Army General Fund Adjustments Not Adequately Documented or Supported, 7/26/2016

Description of Action: Determine if any journal voucher adjustments can be eliminated and develop corrective actions with milestones for when they will be eliminated. Identify the necessary documentation to support the journal voucher adjustments that cannot be eliminated.

Reason Action Not Completed: Long-term corrective actions are ongoing.

Principal Action Office: Defense Finance and Accounting Service and Army

Report: DODIG-2016-114, Actions Needed to Improve Reporting of Marine Corps, Navy, and Air Force Operating Materials and Supplies, 7/26/2016 **Description of Action:** Develop new guidance for the valuation of Excess, Obsolete, and Unserviceable (EOU) Inventory and Operating Materials and Supplies (OM&S). Develop and issue policies and procedures to require the Army and other Services to specify and define the codes the Army and other Services use to indicate ownership of OM&S.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer, Army, and Air Force

Report: DODIG-2016-116, Navy Needs to Establish Effective Metrics to Achieve Desired Outcomes for SPY-1 Radar Sustainment, 8/1/2016

Description of Action: Consult and establish an agreement with Advanced Traceability and Control and the operational commands when reevaluating the SPY-1 radar's product support strategy and designing the performance metrics included in future performancebased logistics contracts.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2016-118, Army Justified Initial Production Plan for the Paladin Integrated Management Program but Has Not Resolved Two Vehicle Performance Deficiencies, 8/5/2016

Description of Action: Include a clear maximum rateof-fire requirement for different firing conditions in the capability production document before operational testing.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2016-119, Army Commands Need to Improve Logical and Physical Security Safeguards That Protect SIPRNet Access Points, 8/5/2016

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2016-120, Joint Improvised-Threat Defeat Agency Processes and Procedures for Managing Needs to Improve Assessment and Documentation of Counter-Improvised Explosive Device Initiatives, 8/9/2016

Description of Action: Conduct a review to ensure the Checkpoint database includes supporting documentation for each initiative at each management decision point.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Joint Chiefs of Staff and **Defense Threat Reduction Agency**

Report: DODIG-2016-124. DoD Freedom of Information Act Policies Need Improvement, 8/18/2016

Description of Action: Update DoD Directive 5400.07 and DoD Regulation 5400.7-R to comply with DoD Instruction 5025.01 and include requirements of Executive Order 13392 and the "OPEN Government Act of 2007." Incorporate the notification procedures for "significant" Freedom of Information Act releases into DoD Regulation 5400.7-R.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Deputy Chief Management Officer

Report: DODIG-2016-125, Evaluation of the DoD Nuclear Enterprise Governance, 9/19/2016 **Description of Action:** Codify the Nuclear Deterrent Enterprise Review Group in DoD Directive 5105.79, "DoD Senior Governance Councils." Update and reissue the Joint Nuclear Operations Doctrine. Document and track nuclear enterprise deficiencies or recommendations identified in Federal Advisory Committee, Government Accountability, DoD Office of Inspector General reports, or reports produced by other task forces.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Deputy Secretary of Defense, Under Secretary of Defense for Acquisition, Technology, and Logistics, Under Secretary of Defense for Intelligence

Report: DODIG-2016-126, Improvements Needed In Managing the Other Defense Organizations' Suspense Accounts, 8/25/2016

Description of Action: Obtain the complete universe of detailed transactions supporting the suspense account balances, perform regular and recurring reconciliations of the data, and remediate any deficiencies that impact the accuracy of the balances. Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Finance and

Accounting Service

Report: DODIG-2016-127, DoD Officials Did Not Take Appropriate Action When Notified of Potential Travel Card Misuse at Casinos and Adult Entertainment Establishments, 8/30/2016

Description of Action: Revise DoD 5200.2-R to require commanders or supervisors, in coordination with security personnel, to report the following using the appropriate personnel security system: Incidents of travel card misuse under investigation or management review to the appropriate adjudicative facility; and the outcome of the travel card misuse investigation and incidents of travel card personal use, misuse, abuse, or fraud under investigation or management review.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness and Under Secretary of Defense for Intelligence

Report: DODIG-2016-128, XM25 Schedule Delays, Cost Increases, and Performance Problems Continue, and Procurement Quantity Not Justified, 8/29/2016 **Description of Action:** Develop policies for the retention of supporting documentation for basis of issue plans developed during the acquisition process, including the identification of the data source and the rationale for selection, as required by Army Regulation 71-32. Verify and validate the comprehensive analysis supporting the recommended XM25 basis of issue plan and corresponding procurement quantity, prior to approving the basis of issue plan.

Reason Action Not Completed: Additional documentation is needed to determine the rationale and validate the corrective actions taken.

Principal Action Office: Army

Report: DODIG-2016-129, The National Security Agency Should Take Additional Steps to Effectively Implement Its Privileged Access-Related Secure-the-Net Initiatives, 8/29/2016

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are

Principal Action Office: National Security Agency

Report: DODIG-2016-130, The Navy Needs More Comprehensive Guidance for Evaluating and Supporting Cost-Effectiveness of Large-Scale Renewable Energy Projects, 8/25/2016

Description of Action: Develop guidance to include the Navy's best practices for assessing the costeffectiveness of large-scale renewable energy projects financed through third parties in the U.S. Pacific Command area of responsibility and develop a timeline and establish parameters for the post hoc review of existing large-scale renewable energy projects.

Reason Action Not Completed: Long-term corrective

actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2016-131, Designation of Contracting Officer's Representatives and Oversight Framework Could Be Improved for Contracts in Afghanistan,

Description of Action: Direct contracting officers to review all current Contracting Officer's Representative designation letters for contracts in Afghanistan produced since the issuance of DoD Instruction 5000.72 and before the implementation of their revised contracting policies for compliance with DoD Instruction 5000.72, and issue updated designation letters to address all requirements in the Instruction. **Reason Action Not Completed:** Corrective actions are

ongoing.

Principal Action Office: Army

Report: DODIG-2016-133, Evaluation of Integrated Tactical Warning/Attack Assessment Ground-Based

Radars, 9/8/2016

ongoing.

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Air Force

Report: DODIG-2016-138, Quality Control Review of Dixon Hughes Goodman FY 2014 Single Audit of Logistics Management Institute, 9/29/2016 **Description of Action:** Perform additional audit procedures for the FY 2014 single audit, at no additional cost to the Government, to determine the adequacy of Logistics Management Institute's internal control over and compliance with the procurement, suspension, and debarment compliance requirement. **Reason Action Not Completed:** Corrective actions are

Principal Action Office: Single Audit Act

Report: DODIG-2016-139, Military Housing Inspection-Camp Buehring, Kuwait, 9/30/2016 **Description of Action:** Create and execute a plan for ongoing inspection and maintenance of all U.S. military-occupied facilities at Camp Buehring and other locations where the Commander, Area Support Group Kuwait, provides base operations support and inspections to ensure that inspections and maintenance of these locations complies with applicable electrical codes. Revise the contract Performance Work Statement to ensure that the contract requires the contractor to maintain the electrical and fire protection systems to the National Electrical Code and Unified Facilities Criteria 3-601-02. **Reason Action Not Completed:** Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2016-140, Assessment of U.S. and Coalition Efforts to Train, Advise, Assist, and Equip the Afghan National Army Special Operations Forces, 9/29/2016

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are

Principal Action Office: U.S. Central Command

Report: DODIG-2016-141, Improvements Needed in Managing Scope Changes and Oversight of Construction Projects at Camp Lemonnier, Djibouti, 9/30/2016

Description of Action: Establish local policies and procedures at Camp Lemonnier, Djibouti, for contracting officials and quality assurance representatives to execute their quality assurance oversight roles and responsibilities to include, but not limited to, developing and implementing complete quality assurance plans at project inception and update the plan as needed during the project.

Reason Action Not Completed: Corrective actions are

ongoing.

Principal Action Office: Navy

SECTION 845 ANNEX AUDIT REPORTS WITH SIGNIFICANT FINDINGS

DoD OIG

Audit Report No. DODIG-2017-095 Date: June 26, 2017

Subject: U.S. Army's Management of the Heavy Lift VII Commercial Transportation Contract Requirements in the

Middle East

Report: \$53.6 million in questioned costs

The Army did not adequately manage the Heavy Lift VII contract requirements. Specifically, the Army ordered an average of 39 percent more assets than it needed throughout the life of the Heavy Lift VII contracts. As a result, the Army wasted \$53.6 million throughout the life of the Heavy Lift VII contracts on services that it did not require.

Audit Report No. DODIG-2017-113 Date: August 25, 2017

Subject: Defense Information Systems Agency's Expired Communication Service Authorizations

Report: \$80.9 million in questioned costs

Defense Information Technology Contracting Organization contracting personnel did not have adequate controls to effectively oversee 29 CSAs, valued at \$212.2 million, and did not follow competition requirements. As a result, Defense Information Technology Contracting Organization contracting personnel did not ensure that a valid need existed and that the DoD received the best value by allowing CSAs to continue after the performance period ended without competition. Additionally, the DoD made at least \$80.9 million in improper payments on expired CSAs, and \$3.3 million could have better supported the warfighter.

DCAA

Audit Report No. 07611-2012E10100001 and 2013E10100001 Date: March 30, 2017

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Years 2012 and 2013

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$74.6 Million Questioned Costs

The audit resulted in \$74.6 million in questioned home office and administrative costs that were allocated to enterprise business segments. Total questioned costs included \$16.4 million and \$58.2 million in FYs 2012 and 2013, respectively. The significant questioned costs include unrecorded insurance credits for settlement proceeds in the amount of \$10.6 million in FY 2012 and \$49.2 million in FY 2013. These costs were questioned as unallowable because the contractor did not record and apply the settlement proceeds to the cost account period in which the refund was actually received.

Audit Report No. 04281-2016E17200002

Date: April 12, 2017

Subject: Independent Audit of Price Adjustment Claim, dated June 23, 2016

Prepared For: U.S. Army, Corps of Engineers Europe District

Report: €10.5 Million or \$13.1 Million Questioned Costs

The audit of the Price Adjustment Claim resulted in € 10.5 million, or approximately \$13.1 million, in questioned costs. The majority of the questioned costs relate to other direct costs and subcontract costs that did not comply with the requirements of FAR Part 31, Contract Cost Principles and Procedures. As a result, the contractor's claimed amounts did not comply with contract terms and conditions, DFARS 252.243-7001, Pricing of Contract Modifications, and DFARS 252.243-7002, Request for Equitable Adjustment.

Audit Report No. 01191-2016K17200001

Date: April 14, 2017

Subject: Independent Audit Report on Request for Equitable Adjustment Costs for Premium Transportation Claim dated July 27, 2016

Prepared For: Defense Logistics Agency (DLA) Troop Support

Report: \$13.9 Million Questioned Costs

The audit resulted in total guestioned costs of \$13.9 million for the \$18.1 million claimed for added premium transportation costs. The significant questioned costs included \$10.6 million in direct costs associated with leased trucks that were identified as part of the original contract and were not allocable to the premium transportation claim. Other questioned costs include facilities, security, labor, and fuel costs that were determined to be unreasonable.

Audit Report No. 01161-2010G10100002 and 2011G10100001 Date: April 27, 2017

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2010 and 2011

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$52.5 Million Questioned Costs

The audit of the incurred cost proposal resulted in \$52.5 million in questioned costs, which included \$15.0 million in direct costs and \$37.5 million in indirect costs. Cost guestioned included \$12.9 million and \$2.1 million in direct costs in FYs 2010 and 2011, respectively. These costs were questioned in various cost elements including direct labor, other direct costs, subcontracts, and interdivisional costs. Cost questioned also included \$26.3 million and \$11.1 million of claimed indirect pool costs in FYs 2010 and 2011, respectively, because the costs were not supported by the contractor's books and records in accordance with FAR.

Audit Report No. 07611-2012H10100001 and 2013H10100001 Date: April 28, 2017

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2012 and 2013

Prepared For: Defense Contact Management Agency (DCMA)

Report: \$157.1 Million Questioned Costs

The audit of the proposed indirect expenses resulted in \$26 million and \$131.1 million in questioned costs in contractor FY 2012 and 2013, respectively. The significant questioned costs included \$11.2 million in depreciation, \$12.7 million in communication services, \$66.2 million in purchased services, \$13.9 million in software purchases and maintenance, and \$20 million in vendor services. These proposed expenses were identified as unallowable in accordance with FAR 31.202-2, Determining Allowability.

Audit Report No. 07631-2012T10100001 and **Date:** May 5, 2017

07631-2013T10100001

Subject: Independent Audit Report Corporate Administrative, Centrally Managed, and Cost of Money Corporate Allocation Proposals for Calendar Years 2012 and 2013

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$173 Million Questioned Costs

The audit of the CY 2012 and 2013 Administrative and Centrally Managed corporate allocations proposals resulted in \$173 million in questioned costs—\$84 million in in CY 2012 and \$89 million CY 2013. The significant questioned costs included \$68.7 million and \$67.4 in corporate administrative costs in CY 2012 and CY 2013 respectively and \$10 million in pension costs in CY 2013.

Audit Report No. 04371-2013C10100001 Date: May 10, 2017

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly-Priced Contracts for Fiscal Year 2013

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$76.6 Million Questioned Costs

The audit of the FY 2013 incurred cost proposal resulted in \$32.6 million in questioned costs—\$31.6 million in indirect costs and \$1.0 million in direct costs. The significant questioned costs included \$11.3 million in Bonuses and Incentives that were part of indirect pool accounts and either awarded or paid without an established plan or policy. Other questioned indirect pool account costs include consultant, independent research an development, bid and proposal, fringe, and information technology costs.

Audit Report No. 01191-2011S10100002, 2012S10100002, Date: May 19, 2017 2013S10100002, and 2014S10100002

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2011, 2012, 2013, and 2014

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$100.2 Million Questioned Costs

The audit of the FYs 2011, 2012, 2013, and 2014 incurred cost proposals resulted in \$100.2 million in questioned costs—\$83.5 million in direct costs and \$16.7 million in indirect costs. The significant questioned costs included \$82.2 million in direct material costs where the contractor did not meet FAR requirements to establish the price reasonableness of incurred costs. Specifically, the contractor did not perform and document its required price analysis to provide sufficient data that established the reasonableness of the direct material costs or compute a decrement factor that could be used to establish the reasonableness of these costs. Other questioned costs included other direct costs and indirect costs which were found to be unreasonable and unallocable per FAR.

Audit Report No. 04951-2010W10100002, 2011W10100002,

and 2012W10100002

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Calendar Years (CYs) 2010, 2011, and 2012

Date: May 19, 2017

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$206.7 Million Questioned Costs

The audit of the CYs 2010, 2011, and 2012 incurred cost proposal resulted in \$206.7 million questioned indirect costs. Of the questioned indirect costs, \$64 million, \$72.9 million, \$43.4 million were allocable to Government contracts in CYs 2010, 2011, and 2012, respectively. The significant questioned costs included \$16.4 million and \$17.2 million in incentive compensation in CY 2011 and \$11.9 million in severance costs in CY 2011. Additionally, \$10.2 million in CY 2010 and \$20.8 million in CY 2011 was questioned as costs associated with a Government settlement reached in 2014. Although these costs were part of a previous settlement, the costs were questioned because the contractor did not recertify its CYs 2010 and 2011 incurred cost proposals to exclude the disallowed costs.

Audit Report No. 09721-2011B10100015 Date: June 30, 2017

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year (FY) 2010 and FY 2011

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$63.5 Million Questioned Costs

The audit of the FY 2010 and 2011 incurred cost proposal resulted in \$63.5 million questioned—\$17 million direct and \$46.5 million indirect costs. The significant questioned costs included \$10.8 million in direct labor costs. Other questioned costs included subcontractor costs, the incorporation of corporate indirect allocation costs, and other segment indirect allocation costs.

Audit Report No. 05211-2011A1010100001 and Date: June 27, 2017 2012A10100001

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Calendar Years 2011 and 2012

Prepared For: Prepared For: Defense Contract Management Agency (DCMA)

Report: \$56.8 Million Questioned Costs

The audit of the CYs 2011 and 2012 incurred cost proposal resulted in total of \$56.8 million in questioned indirect costs—\$28.1 million in CY 2011 and \$28.7 million in CY 2012. The significant questioned costs included \$23.9 million and \$4.6 million of the proposed CYs 2011 and 2012 Freight costs that were determined to be unallowable in accordance with FAR 31.201-2. Other questioned costs included proposed CYs 2011 and 2012 Marketing General & Administrative costs based on various FAR clauses; proposed CYs 2011 and 2012 Engineering New Hire and Interdivisional Transfer costs based on FAR 31.205-35, Relocation Costs; Residual and Marketing questioned costs based on Audit Report No. 6631-2011C10100599 and 6631-2012C10100003, dated September 30, 2016.

Audit Report No. 07181-2011H10100001, 2012H10100001, Date: June 30, 2017

and 2013H10100001

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for

Fiscal Years 2011-2013

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$43.1 Million Questioned Costs

The audit disclosed a total of \$43.1 million in questioned costs. The significant questioned costs included a total of \$31.9 million in questioned direct material costs including \$9.2 million in FY 2011, \$11.8 million in FY 2012, and \$10.9 million in FY 2013. These costs were questioned based on the contractor's failure to obtain written approval for material purchases as required by the terms of the contract. Other significant questioned costs included an employee layoff benefit plan with duplicated years of service, overlapping severance and contract labor dates, and costs allocable to other business units; allocations from other segments inappropriately allocated as a direct benefit to one segment; and direct labor that was either unreasonable or incurred outside of the period of performance.

Audit Report No. 07821-2014H10100001 Date: June 30, 2017

Subject: Independent Audit Report on Proposed Segment Costs on Unsettled Flexibly Priced Contracts for

Fiscal Year 2014

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$15.0 Million Questioned Costs

The audit disclosed a total of \$15.0 million in questioned costs. The significant questioned costs included a total of \$11.1 million in guestioned direct material costs including that was guestioned based on the contractor failing to obtain written approval for material purchases as required by the terms of the contract. Other questioned costs included direct labor that was either unreasonable or incurred outside of the period of performance.

Audit Report No. 03381-2017H17100002 **Date:** July 17, 2017

Subject: Independent Audit Report on Termination Settlement Proposal

Prepared For: Defense Contact Management Agency (DCMA)

Report: \$17.2 Million Questioned Costs

The audit of the Proposed Termination Settlement Proposal resulted in \$17.2 million in questioned costs. The significant questioned costs included \$12.2 million in questioned direct material costs due to the contractor not satisfying the first article approval requirement detailed in the contract. Other questioned costs included costs associated with unsettled contract changes or unapproved requests for modification of the negotiated contract terms.

Audit Report No. 04951-2011C10100001, 2012C10100001, **Date:** August 18, 2017 and 2013C10100001

Subject: Independent Audit Report on Proposed Amount on Unsettled Flexibly Priced Contracts for Fiscal Years 2011, 2012, and 2013

Prepared For: U.S. Department of Energy

Report: \$15.4 Million Questioned Costs

The audit resulted in a total of \$15.4 million dollars in questioned costs, including \$11.6 million dollars in questioned costs in FY 2011. Costs questioned primarily related to overhead rates that were claimed in excess of the rate cap identified in a flexibly priced contract, questioned General and Administrative rates, questioned intercompany Engineering and Technology overhead rates, questioned direct costs for unallowable subcontract costs, and questioned costs associated with Time and Material contracts where the contractor failed to support the claimed costs.

Audit Report No. 06391-2011D10100001, 2012D10100001, and 2013D10100001

Date: August 31, 2017

Date: August 31, 2017

Date: August 31, 2017

Subject: Independent Audit Report on Final Indirect Overhead Cost Allocations, Segment Executive Compensation, Central Office Payments, Shared Resources, and Health and Welfare Costs for Fiscal Years 2011, 2012, and 2013

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$202 Million Questioned Costs

The audit of the indirect incurred costs, including corporate final indirect cost allocations, segment executive compensation, various central office payments, shared resources overhead cost allocations, central office payments, and health and welfare costs disclosed \$61.2 million, \$55.3 million and \$85.5 million of guestioned amounts for FYs 2011, 2012, and 2013, respectively. The significant questioned costs primarily relate to questioned facilities capital cost of money (FCCOM) including a total of \$57.2 million, \$52.2 million, and \$73.6 million questioned costs in FYs 2011, 2012, and 2013, respectively. This included questioned costs in each year related to corporate aircraft assets which were unallowable based on the terms of a Corporate Aircraft Advance Agreement and questioned costs in 2011 and 2012 related to artwork assets which did not meet the definition of facilities capital based on CAS 414, and Cost of Money as an Element of the Cost of Capital Facilities. An additional \$11 million in significant questioned was identified in FY 2013 for corporate overhead indirect costs related to consultant fees and expenses; membership fees; corporate executive compensations, legal fees and expenses; and corporate aircraft operating costs.

Audit Report No. 01321-2011P10100032

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year Ended December 31, 2011

Prepared For: U.S. Department of State Report: \$13.7 Million Questioned Costs

The audit of the certified final incurred cost proposal for FY 2011 resulted in total questioned costs of \$13.7 million including \$3.0 million in questioned indirect pool costs, \$8.3 million in direct costs, and \$2.3 million in costs that were incurred in excess of the General & Administrative expense ceiling identified in the contract. Questioned costs were identified related to general bonus costs, direct bonus costs, paid time off, and meal expenses.

Audit Report No. 04981-2011I10100001

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2011

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$17.4 Million Questioned Costs

The audit resulted in a total of \$17.4 questioned costs, including \$1.4 million in questioned indirect costs and \$16.0 million in questioned direct costs which is offset by an upward adjustment. The significant questioned costs included \$17.1 million in direct subcontract costs that were identified as unallowable when the contractor either could not provide adequate supporting documentation for the claimed costs or claimed costs in excess of previously identified as allowable in accordance with an approved Schedule of Allowable Cost by Contract dated September 30, 2015.

Audit Report No. 09821-2012C10100001 Date: September 14, 2017

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Calendar Year (CY) 2012

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$18.8 Million Questioned Costs

The audit of the CY 2012 incurred cost proposal resulted in \$18.8 million in questioned costs—\$1.3 million in direct costs and \$17.5 million in indirect costs. The direct questioned costs related to direct labor for employees on Time and Material contracts who did not meet the minimum requirements for education and experience in the contract. The significant indirect questioned costs included \$10.9 million in Independent Research & Development and Bid & Proposal Costs. The questioned costs represent unallowable costs for projects that do not comply with DFARS 231.205-18 in that they are not of potential interest to the DoD. Other questioned indirect costs included All Other Employee Benefits; Depreciation of Plant and Equipment; Amortization of Leasehold Improvements; Employee Welfare; Memberships; Other Professional Fees; Contracted Services; Cafeteria cost; BS003 Intercompany Transactions and Non-Patent Legal Fees.

Audit Report No. 09821-2013C10100001 Date: September 15, 2017

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Calendar Year (CY) 2013

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$14.3 Million Noncompliant Costs

The audit of the FY 2013 incurred cost proposed resulted in \$14.3 million dollars in noncompliant indirect costs. The indirect questioned costs primarily related to Independent Research & Development and Bid & Proposal Costs. Theses questioned costs represent unallowable costs for projects that do not comply with DFARS 231.205-18 in that they are not of potential interest to the DoD. Other questioned indirect costs include All Other Employee Benefits; Depreciation of Plant and Equipment; Amortization of Leasehold Improvements; Employee Welfare; Memberships; Other Professional Fees; Contracted Services; Cafeteria cost and Non-Patent Legal Fees.

Audit Report No. 04901-2016C17200002 Date: September 15, 2017

Subject: Independent Audit Report on Claimed Amounts in Constructive Change, Delay, and Interference Claim Dated October 19, 2015

Prepared For: U.S. Marine Corp Systems Command

Report: \$11.2 Million Questioned Costs

The audit of the Constructive Change, Delay, and Interference Claim resulted in \$14.2 million in questioned costs based on various FAR requirements including FAR 31.201-2 Determining Allowability, FAY 31.201-3 Determining Reasonableness, and FAR 31.201-4 Determining Allocability. Questioned costs included Overhead and General and Administrative costs, claimed direct labor, claimed concrete costs, and other costs associated with standby labor.

Audit Report No. 01321-2012Y10100008 Date: September 19, 2017

Subject: Independent Audit Report on Proposed Amount on Unsettled Flexibly Priced Contracts for Fiscal Year 2012

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$12.7 Million Questioned Costs

The audit of the FY 2012 final incurred cost proposal resulted in total questioned costs of \$12.7 million, including \$3.8 million in indirect costs and \$8.9 million in direct costs. Questioned indirect costs related primarily to bonus costs that were noncompliant with FAR 31.205-6(f)(1), Compensation for Personal Services. Questioned direct costs related to Time and Material labor costs that were erroneously proposed as both direct labor and subcontract/consultant costs.

Audit Report No. 04371-2014C10100002

Date: September 22, 2017

Subject: Independent Audit Report on Proposed Amount on Unsettled Flexibly Priced Contracts for Fiscal Year 2014

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$11.2 Million Questioned Costs

The audit of the FY 2014 final indirect rate proposal resulted in \$11.2 million in questioned costs—\$2.6 million in direct costs and \$8.6 million in indirect costs. Questioned direct costs related to materials, labor, and other direct costs. Questioned indirect costs related to bonus and incentive pay, obsolescence, consultants and legal, purchase cards, and directly associated costs that were included in various indirect cost pools associated with Government contracts.

Audit Report No. 04261-2012F10100080 and 2013F10100074 Date: September 25, 2017

Subject: Independent Audit Report on Proposed Amount on Unsettled Time and Materials Contracts for Fiscal Years 2012 and 2013

Prepared For: U.S. Department of State **Report:** \$31.1 Million Questioned Costs

The audit of the proposed Time and Material costs resulted in total questioned costs of \$31.1 million, including \$30.1 million questioned direct costs and \$1.0 million questioned indirect costs. The significant questioned costs included \$16.6 million in guestioned direct labor costs and \$13.5 million in guestioned direct ravel, Defense Base Act insurance, and direct materials. These costs were questioned due to the contractor claiming costs in excess of the contract ceilings for FY 2012 and 2013.

Audit Report No. 06421-2013N10100008 and 2014N10100005 | Date: September 26, 2017

Subject: Independent Audit Report on Proposed Indirect Expense Allocations for Fiscal Year 2013 and 2014

Prepared For: Defense Contract Audit Management (DCMA)

Report: \$25.7 Million Questioned Costs

The audit resulted in total questioned indirect costs of \$25.7 million. The significant questioned costs are related to proposed professional services legal costs of \$9.5 million in FY 2013 and \$16.2 million in FY 2014. These costs were determined to be unallowable in accordance with FAR 31.205-33(f), Consultant and Professional Services, because the contractor did not provide evidence of the nature and scope of the services furnished.

Audit Report No. 05911-2017A42098001

Date: September 26, 2017

Subject: Independent Audit Report on Certified Cost or Pricing Data Resulting in Price Agreement

Prepared For: U.S. Army Contracting Command - Redstone

Report: \$34.4 Million Recommended Price Adjustment

DCAA audited the contractor's certified cost or pricing data that resulted in a price agreement and recommended a price adjustment of \$34.4 million. The contractor did not comply with 10 U.S.C §2306a and did not submit accurate, complete, and current cost or pricing data for fixed sustaining hours, direct material dollars, and "make or buy" labor hours and material costs. Direct materials accounted a significant recommended adjustment and noncompliances in this area resulted in \$13.9 million of defectively priced material costs.

Audit Report No. 06891-2012M10100001, 2013M10100001,

Date: September 27, 2017

and 2014M10100001

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for FYs 2012, 2013,

and 2014

Prepared For: Classified

Report: \$252.8 Million Questioned Costs

The audit of the incurred costs proposals for FYs 2012, 2013, and 2014 resulted in total questioned costs of \$252.8 million—\$121.2 million, \$81.4 million, and \$50.2 million in FYs 2012, 2013, and 2014, respectively. The significant questioned costs in each year included labor costs the contractor was unable to support with the necessary records to demonstrate proposed purchased labor costs were incurred as required by FAR 31.201-2(d).

Audit Report No. 01321-2011Y10100001

Date: September 27, 2017

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2011

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$64.8 Million Questioned Costs

The audit of the certified final incurred cost proposal for FY 2011 resulted in a total of \$64.8 million questioned costs, including \$5.6 million in questioned indirect costs and \$59.2 million in questioned direct costs. Significant questioned costs were identified for in direct costs accounts. Specifically, \$34.3 million in Subcontract costs and \$23.5 million in Other Direct Costs were questioned due to the contractor's inability to provide supporting documentation to demonstrate the costs were allowable.

Audit Report No. 9521-2016B42098002

Date: September 28, 2017

Subject: Independent Audit Report on Certified Cost or Pricing Data Resulting in Price Agreement

Prepared For: U.S. Department of Energy

Report: \$10.7 Million Recommended Price Adjustment

The audit of the contractor's compliance with 10 USC § 2306a, Truth in Negotiations Act, resulted in a recommended price adjustment of \$10.7 million—\$3.2 million in direct costs, \$6.2 million in indirect costs, and \$1.3 million in profit. These price adjustments were recommended due to 10 U.S.C. §2306a non-compliance in the presentation of labor hours, direct material, other direct material costs, and indirect rates.

Audit Report No. 05111-2013K10100001 and 2014K10100001 Date: September 28, 2017

Subject: Independent Audit Report on Proposed Amount on Unsettled Flexibly Priced Contracts for Fiscal Years Ending December 31, 2013 and December 31, 2014

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$11.6 Million Noncompliant Costs

The audit resulted in total questioned costs of \$16.3 million. Indirect questioned costs of \$2.6 million in FY 2013 and \$14.5 million in FY 2014 represent the majority of questioned costs. Cost were questioned in various indirect accounts including fringe benefits, severance, employee morale, employee benefits, outside general professional services, and other indirect accounts.

Audit Report No. 05111-2013C10100001 and 2014C10100001 Date: September 28, 2017

Subject: Independent Audit Report on Proposed Amount Allocated to Business Units for Inclusion on Unsettled Flexibly Priced Contracts for 2013 and 2014

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$51.3 Million Questioned Costs

The audit resulted in total indirect questioned costs of \$51.3 million, including \$23.8 million in questioned costs for 2013 and \$27.5 million questioned costs for 2014. Significant questioned costs included \$17.1 million and \$19.3 million in corporate overhead for 2013 and 2014 respectively. Costs were questioned related to labor and fringe, legal, consulting services, severance pay, service and occupancy, independent research and development, interdivisional assists, departmental/other meetings, trade dues and memberships, miscellaneous income or credits, and the officer post retirement/executive death benefit. Additional corporate administrative costs questioned included pension, group insurance, long term incentive cash, and umbrella/excess liability insurance costs.

Audit Report No. 03451-2010D10100001 Date: September 28, 2017

Subject: Independent Audit Report on Proposed Amount on Unsettled Flexibly Priced Contracts for Fiscal Year 2010

Prepared For: U.S. Navy

Report: \$17.8 Million Questioned Costs

The audit resulted in a total of \$17.8 million in questioned costs—\$7.3 million in direct costs and \$10.5 million in indirect costs. Costs were questioned in various accounts. The majority of costs questioned related to Material Acquisition Pool expenses, General and Administrative expenses, direct common material, direct subcontract costs, direct Interdivisional Work Orders, executive compensation, and expenses associated with a project associated with a corporate separation.

Audit Report No. 02331-2012B10100014, 2013A10100021, and | Date: September 28, 2017 2014H10100012

Subject: Independent Audit Report on Proposed Amount on Unsettled Flexibly Priced Contracts for Fiscal Years 2012, 2013, and 2014

Prepared For: U.S. Navy, Mid-Atlantic Regional Maintenance Center

Report: \$11.6 Million Noncompliant Costs

DCAA was not able to obtain sufficient appropriate audit evidence on which to base an opinion of the proposed amounts for contract reimbursement on the unsettled flexibly priced contracts/subcontracts contained in the FYs 2012, 2013, and 2014 final indirect rate proposals. As a result, DCAA issued a disclaimer of opinion and reported on material noncompliance. Significant material noncompliance was identified in FY 2012 related to \$11.1 million in proposed subcontract costs. These costs were noncompliant with FAR 31.201-2, Determining Allowability, because the contractor did not provide adequate support for the proposed costs to demonstrate the proposed costs were incurred and complied with the purchase order's terms and rates.

Audit Report No. 02811-2013E10100001 Date: September 28, 2017

Subject: Independent Audit Report on Proposed Amount on Unsettled Flexibly Priced Contracts for Fiscal Year 2013

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$20.7 Million Questioned Costs

The audit resulted in \$20.7 million in questioned costs. The significant questioned costs included \$19.3 million of flexibly priced subcontract and inter-organizational costs that were questioned due to insufficient supporting documentation per FAR 31.201-2(d), Determining Allowability. Other questioned costs included contractor claimed unallowable gifts, entertainment, tuition reimbursement, employee morale, and legal settlement costs.

Audit Report No. 03451-2011D10100001 Date: September 28, 2017

Subject: Independent Audit Report on Proposed Amount on Unsettled Flexibly Priced Contracts for Fiscal Year 2011

Prepared For: U.S. Navy

Report: \$27.8 Million Questioned Costs

The audit resulted in a total of \$27.8 million in questioned costs—\$8.7 million in direct costs and \$19.1 million in indirect costs. Costs were questioned in various accounts. The majority of costs questioned related to Material Acquisition Pool expenses, General and Administrative expenses, direct common material, direct subcontract costs, direct Interdivisional Work Orders, executive compensation, telecommunication expenses, and expenses associated with a project associated with a corporate separation.

Audit Report No. 9741-2012A10100001 Date: September 29, 2017

and 9741-2013A10100001

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for CFY 2012 and CFY 2013

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$24.1 Million Questioned Costs

The audit of the CFY's 2012 and 2013 incurred cost proposal resulted in \$24.1 million in questioned costs—\$22.3 million in direct costs and \$1.8 million in indirect costs. The significant questioned costs included \$20.9 million Time and Material costs pursuant to FAR 52.232-7(a)(3), Payments Under Time-and-Materials and Labor-Hour Contracts, FAR 31.201-2(d), Determining Allowability, and FAR 4.703(a)(1), Contractor Records Retention, respectively. Other questioned costs included indirect costs for CFY 2012 and 2013 subject to the penalties in accordance with FAR 42.709-3, Indirect Cost Rates—Assessing the Penalty.

Audit Report No. 01161-2011G10100003 and 2012G10100001 | Date: September 29, 2017

Subject: Independent Audit Report on Proposed Amount on Residual and Direct Allocations for FY 2011 (2 months) and FY 2012

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$63.6 Million Questioned Costs

The audit resulted in \$63.6 million in questioned costs, including a total of \$18.3 million in questioned residual indirect expense and \$45.3 million in questioned direct charge allocation expenses. The significant questioned costs were identified in FY 2012. Significant questioned costs included: \$11.0 million in questioned costs related to discontinued operations from former and current segments of the corporation which resulted in an inequitable allocation of costs to the Government; \$21.0 million in direct costs the contractor failed to adequately support with actual costs documentation and a methodology for allocating those costs to the Government; and \$12.3 million in restricted stocks costs the contractor failed to adequately support.

Audit Report No. 06821-2012F10100001, 2013F10100001, and

Date: September 29, 2017

2014F10100001

Subject: Independent Audit Report on Proposed Amounts Allocated to Unsettled Flexibly Priced Contracts for Calendar Years 2012, 2013, and 2014

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$63.1 Million Questioned Costs

The audit resulted in a total of \$63.1 million questioned costs—\$18.9 million in CY 2012, \$20.9 million in CY 2013, and \$23.3 million in CY 2012. Costs were questioned in each year for legal services, consulting/professional services, net book value, environmental remediation, post-retirement benefits, and pension plan costs. These costs did not comply with FAR, CAS, and all agencies supplements pertaining to accumulating and billing incurred amounts and were allocated for contract reimbursement on unsettled flexibly price contracts contained in FY 2012, FY 2013, and FY 2014.

Audit Report No. 03631-2012A10100001 and 2013A10100001 Date: September 29, 2017

Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2012 and 2013

Prepared For: Defense Contract Management Agency (DCMA)

Report: \$28.9 Million Questioned Costs

The audit resulted in a total of \$28.9 million questioned costs, including \$6.7 million in direct costs and \$22.2 million in questioned indirect costs. The significant questioned cost included indirect costs of \$10.8 million in FY 2012 and \$11.4 million in FY 2013 as a result of unallowable healthcare, relocation, non-executive and executive compensation, and other indirect costs. These costs were questioned due to inadequate supporting records and costs claimed that were not in accordance with FAR principles or the contractor's accounting practices. Other questioned costs included out of period costs and intercompany costs and overtime premiums in labor related costs.

Note: Fulfills requirements of the National Defense Authorization Act for FY 2008, Section 845.

RESULTS OF PEER REVIEWS

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

The United States Postal Service OIG conducted an external peer review of DoD OIG audit operations and issued a final report on January 4, 2016. The DoD OIG received a peer review rating of pass, and there are no outstanding recommendations.

Peer Review Report on the Army Internal Review Program

The DoD OIG conducted an external peer review of the system of quality control for the Army Internal Review (IR) Program for the year ended December 31, 2015. The Army IR Program received a fail opinion because significant deficiencies in the operation and design of the Army IR quality control system, as well as in areas of independence, professional judgment, competence, fieldwork, and reporting, were found. There are six outstanding recommendations from the current peer review.

Peer Review of the Defense Logistics Agency Audit Organization

The DoD OIG conducted an external peer review of the system of quality control for the Defense Logistics Agency OIG Audit Organization in effect for the year ended September 30, 2016. The DLA OIG audit organization received an External Peer Review 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 are no outstanding recommendations.

Peer Review of the Army Audit Agency Special Access Program Audits

The DoD OIG conducted an external peer review of the system of quality control for the Army Audit Agency's Special Access Program (SAP) audits in effect for the year ended December 31, 2016. The Army Audit Agency SAP audits received a rating of pass. The report contained no recommendations.

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

INVESTIGATIVE REPORTS ISSUED

17. Statistical Table		DCIS	Al
17A	the total number of investigative reports issued during the reporting period	211	24
17B	the total number of persons referred to the Department of Justice for criminal prosecution during the reporting period	146	0
17C	the total number of person referred to State and local prosecuting authorities for criminal prosecution during the reporting period	1	0
17D	the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	95	0

18. Description of the Metrics Used for Developing the Data for the Statistical Tables Under Paragraph (17)		
17A	In accordance with DCIS policy (SAM Ch. 28.18.a), each investigation is concluded with a "Report of Investigation" (ROI). Hence, this metric is actually the count of the investigations closed during the reporting period. This includes Regular Investigations only with Case Close Dates between 4/1/2017 through 9/30/2017. There are instances when DCIS does not author the ROI, in such events, a Case Termination should be used (also in accordance with written DCIS policy). This metric does NOT include other types of reports authored by DCIS to include Information Reports, Case Initiation Reports, Case Summary Updates, Interview Form 1s, Significant Incident Reports, etc.*	
17B	Includes total "entities" referred to DOJ for criminal prosecution between 4/1/2017 through 9/30/2017. This includes both Individuals (93) and Businesses (53). The subject may have been referred to main DOJ or a district office.	
17C	Includes total "entities" referred to any state or local entities for criminal prosecution between 4/1/2017 through 9/30/2017. This includes both Individuals (1)	
17D	Includes any Federal Indictment, Federal Information, State/Local Charge, Foreign Charge, Article 32 UCMJ, or Federal Pre-Trial Diversion occurring between 4/1/2017 through 9/30/2017. This excludes any sealed charges. Only validated charges are included. Precluding Adjudicative Referral may have occurred in current SAR period or in previous period. This differs from Criminal Charges as reported in SAR Highlights section because the SAR Highlights includes a 6 month "look back" period to include previously unreported criminal charges (charges occurring between 4/1/2016 and 09/30/16 but were not previously reported).^	

^{*} The actual count of ROIs/Case Terminations/Case Closure reports is different than the number of cases closed during the period. Furthermore, for cases with closing documents, the number of documents with Document Dates within the period is fewer than the number of cases closed within the period. See tabs 17A Closed and 17A Closed w ROI

Note: Partially fulfills requirements of the Inspector General Empowerment Act of 2016, as amended, Appendix, section 5(17) and (18) and (19).

ACRONYMS

AAFES	Army and Air Force Exchange Service
AAG	Advanced Arresting Gear
ABA	Applied Behavior Analysis
ACC-RI	U.S. Army Contracting Command–Rock Island
AFAA	Air Force Audit Agency
AFB	Air Force Base
AFCEC	Air Force Civil Engineer Center
AFCOLS	Air Force Common Output Level Standards
AFEMS	Air Force Equipment Management System
AFLCMC	Air Force Life Cycle Management Center
AFOSI	Air Force Office of Special Investigations
AFR	Agency Financial Report
AGEAR	After Government Employment Advice Repository
AGF	Army General Fund
AGF	Army General Fund
AHCAS	Army Historical Collection Accountability System
Al	Administrative Investigations
AMRAAM	Advanced Medium Range Air-to-Air Missile
ANASOF	Afghan National Army Special Operations Forces
Army CID	Army Criminal Investigation Command
ARNG	U.S. Army National Guard
ASF	Auxiliary Security Force
ATO	Authorization to Operate
AWCF	Army Working Capital Fund
BSAT	Biological Select Agents and Toxins
BSO	Budget Submitting Office
CAFU	Contract Audit Follow-Up System
CCTT	Close Combat Tactical Trainer
CCTV	Closed Circuit Television
CENTCOM	U.S Central Command
CID	Criminal Investigation Command.* Criminal Investigation Division when not referring to Army Criminal Investigation Command.
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CLS	Contractor Logistics Support
CMH	U.S. Army Center of Military History
COR	Contracting Officer's Representative
CoW	Cost of War
CPARS	Contractor Performance Assessment Reporting System
CSTC-A	Combined Security Transition Command–Afghanistan

DCAA	Defense Contract Audit Agency
DCIE	Defense Council on Integrity and Efficiency
DCIO	Defense Criminal Investigative Organization
DCIS	Defense Criminal Investigative Service
DCMA	Defense Contract Management Agency
DCS	Defense Collaboration Services
DeCA	Defense Commissary Agency
DFARS	Defense Federal Acquisition Regulation Supplement
DFAS	Defense Finance and Accounting Service
DHA	Defense Health Agency
DISA	Defense Information Systems Agency
DISL	Defense Intelligence Senior Leader
DITPR	DoD Information Technology Portfolio Repository
DLA	Defense Logistics Agency
DMDC	Defense Manpower Data Center
DOJ	Department of Justice
DON	Department of the Navy
DOS	Department of State
EHR	Electronic Health Records
ESPC	Energy Savings Performance Contract
FAA	Federal Aviation Administration
FAR	Federal Acquisition Regulation
FBI	Federal Bureau of Investigation
FBWT	Fund Balance With Treasury
FCA	False Claims Act
FLC	Fleet Logistics Center
FMR	Financial Management Regulation
FOIA	Freedom of Information Act
FTE	Full-Time Equivalent
GCPC	Government Commercial Purchase Card
GDMA	Glenn Defense Marine Asia PTE, LTD
GFE	Government-Furnished Equipment
GFEBS	General Fund Enterprise Business System
GIRoA	Government of Islamic Republic of Afghanistan
GSA	General Services Administration
GTCC	Government Travel Charge Card
HIV	Human Immunodeficiency Virus
HSI	Homeland Security Investigations
ICAC	Internet Crimes Against Children
ICS	Contracts for Services
IDIQ	Indefinite-Delivery Indefinite-Quantity

APPENDIX K

IG	Inspector General
IPERA	Improper Payments Elimination and Recovery Act of 2010
iRAPT	Invoice, Receipt, Acceptance, and Property Transfer
IRS	Internal Revenue Service
ISIL	Islamic State of Iraq and the Levant
ISIS	Islamic State of Iraq and Syria
ISPA	Intelligence and Special Program Assessments
IT	Information Technology
JIDA	Joint Improvised-Threat Defeat Agency
JSTARS	Joint Surveillance Target Attack Radar System
KASOTC	King Abdullah II Special Operations Training Center
KSF	Kurdish Security Forces
LAMPS	Large Advanced Mobile Power Source
LCCA	Life-Cycle Cost Analysis
LMP	Logistics Modernization Program
MCIO	Military Criminal Investigative Organization
MCSC	Marine Corps Systems Command
MDA	Missile Defense Agency
MICC	Mission and Installation Contracting Command
MEDCOM	U.S. Army Medical Command
MILCON	Military Construction
MIPR	Military Interdepartmental Purchase Requests
MoD	Ministry of Defense
MOI	Ministry of Interior
MOTSU	Military Ocean Terminal Sunny Point
MTB	Mass Transit Benefit
NAOC	National Airborne Operations Center
NAVAUDSVC	Naval Audit Service
NAVFAC	Naval Facilities Engineering Command
NCIS	Naval Criminal Investigative Service
NDAA	National Defense Authorization Act
NDMC	Non-Disability Mental Conditions
NET/DET	New Equipment Training and Displaced Equipment Training
NGA	National Geospatial Intelligence Agency
NSA	National Security Agency
NSF	Navy Security Force
NTV	Nontactical Vehicle
OASA(FM&C)	Office of the Assistant Secretary of the Army (Financial Management and Comptroller)
OCIE	Organizational Clothing and Individual Equipment
ОСО	Overseas Contingency Operations
OFS	Operation Freedom's Sentinel
OGE	Office of Government Ethics
OIG	Office of Inspector General

OIR	Operation Inherent Resolve
OMB	Office of Management and Budget
PAR	Performance Assessment Report
PEO	Program Executive Office
PIM	Paladin Integrated Management
PMF	Popular Mobilization Force
P&O	Policy and Oversight
POM	Presidio of Monterey
RECBN	Reception Battalion
RSP	Recruit Sustainment Program
SAR	Semiannual Report
SBIRE	Small Business Innovation Research Engineering Companies
SCIF	Sensitive Compartmented Information Facility
SDDC	U.S. Army Military Surface Deployment and Distribution Command
SICA	Secondary Inventory Control Activities
SIGAR	Special Inspector General for Afghanistan Reconstruction
SPO	Special Plans and Operations
STEP	Small Tactical Electric Power
TEDD	Tactical Explosive Detection Dog
UESC	Army Utility Energy Services Contract
ULA	United Launch Alliance
ULO	Unliquidated Obligation
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
USAFA	U.S. Air Force Academy
USAID	U.S. Agency for International Development
USARCENT	U.S. Army Central
USASOC	U.S. Army Special Operations Command
U.S.C.	United States Code
USCENTCOM	U.S. Central Command
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics
USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer
USD(P&R)	Under Secretary of Defense for Personnel and Readiness
USFK	U.S. Forces Korea
USEUCOM	U.S. European Command
USSOCOM	U.S. Special Operations Command
USPFO	U.S. Property and Fiscal Office
USTRANSCOM	U.S. Transportation Command
WIN-T	Warfighter Information Network–Tactical
WCP	Warrior Care Policy
WRI	Whistleblower Reprisal Investigations



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