



INSPECTOR GENERAL

U.S. Department of Defense

SEMIANNUAL REPORT TO THE CONGRESS

OCTOBER 1, 2017 THROUGH MARCH 31, 2018



Required by Public Law 95-452

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE

Mission

*To detect and deter fraud, waste, and abuse
in Department of Defense programs and operations;
Promote the economy, efficiency, and effectiveness of the DoD; and
Help ensure ethical conduct throughout the DoD*

Vision

*Engaged oversight professionals dedicated
to improving the DoD*



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

Whistleblower Protection **U.S. DEPARTMENT OF DEFENSE**

The Whistleblower Protection Ombudsman's role is to educate agency employees about prohibitions on retaliation and employees' rights and remedies available for reprisal.

The DoD Hotline Director is the designated ombudsman.

For more information, please visit

<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



Principal Deputy Inspector General
Glenn A. Fine

I am pleased to submit this report summarizing the work of the Department of Defense (DoD) Office of Inspector General (OIG) from October 1 – March 31, 2018. The OIG, in coordination with other members in the DoD accountability community, is responsible for providing oversight of the approximately \$700 billion in DoD programs and operations in FY 2018.

Our work focused on the top management and performance challenges facing the Department of Defense. During the past 6 months, the OIG issued a total of 97 reports, most of which addressed some aspect of these challenges.

Our Auditing component issued 68 reports that identified \$240 million in questioned costs and \$211 million in funds put to better use.

We also issued significant evaluations during the reporting period. Our Policy and Oversight component issued 13 evaluation reports addressing its oversight of audit, investigative, and technical issues in the DoD, including a report evaluating deficiencies in the submission to the FBI of fingerprint records by DoD components. Our Special Plans and Operations component issued 7 reports, including a report on Implementation of the DoD Leahy Law Regarding Allegations of Child Sexual Abuse by Members of the Afghan National Defense and Security Forces and a report on the Army's Tactical Explosive Detection Dog Disposition Process. Our Intelligence and Special Program Assessments component released 5 classified reports, including an evaluation of the Long Range Strike-Bomber Program Security Controls.

Our Defense Criminal Investigative Service (DCIS) opened 215 cases, closed 254 cases, and has 1,583 ongoing investigations, involving criminal allegations of procurement fraud, public corruption, product substitution, health care fraud, illegal transfer of technology, and cyber-crimes. DCIS investigations, many of which are conducted jointly with other law enforcement

organizations, resulted in \$178.3 million in civil judgments and settlements; \$293.1 million in criminal fines, penalties, and restitution ordered; and \$58.3 million in administrative recoveries.

In our Administrative Investigations (AI) component, the DoD Hotline received 5,776 contacts, opened 2,997 cases, and closed 3,773 cases. During the reporting period, AI received 368 senior official complaints and 940 whistleblower reprisal and restriction complaints, and closed 387 senior official and 928 whistleblower reprisal and restriction complaints.

We also continue our important responsibilities as the Lead Inspector General for two overseas contingency operations—Operation Inherent Resolve (the effort to degrade and defeat ISIS in Iraq and Syria) and Operation Freedom's Sentinel (the effort to build partner capacity within the Afghan National Defense and Security Forces and to counter terrorism in Afghanistan). In addition, during this semiannual period, the DoD IG was appointed as the Lead IG for a new overseas contingency operation—Operation Pacific Eagle – Philippines (the effort to support the Philippine government's fight against ISIS and other extremist groups). To provide coordinated oversight of these overseas contingency operations, 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 other oversight partners, such as the Special Inspector General for Afghanistan Reconstruction, other federal OIGs, the Government Accountability Office, and the Military Service Inspectors General. This continuous coordinated oversight among Federal Inspectors General is unique in the Inspector General community, and is representative of an important "whole of government" approach to oversight of overseas contingency operations.

The oversight work performed by other members of the DoD Accountability Community is also included in this report. We thank them for their important contributions toward our shared responsibilities of providing comprehensive oversight of DoD operations.

Finally, I want to again thank OIG employees for their commitment to the OIG mission. I am privileged to lead this dedicated workforce as they perform their critically important oversight work..

Glenn A. Fine
Principal Deputy Inspector General

CONTENTS

OVERVIEW

SUMMARY OF ACTIVITIES IV

STATISTICAL HIGHLIGHTS VI

SERVING THE DEPARTMENT AND THE CONGRESS 2

 OUR MISSION 2

 OUR VISION 2

 OUR CORE VALUES 2

 ORGANIZATIONAL STRUCTURE 3

SUMMARY OF MANAGEMENT AND PERFORMANCE CHALLENGES WITHIN THE DoD 5

CORE MISSION AREAS

AUDIT 8

 ACQUISITION AND SUSTAINMENT MANAGEMENT 8

 CONTRACT MANAGEMENT AND PAYMENTS 13

 FINANCIAL MANAGEMENT AND REPORTING 22

 READINESS AND CYBER OPERATIONS 26

 OTHER AUDIT WORK 29

 ONGOING WORK 30

EVALUATIONS AND INSPECTIONS 31

 INTELLIGENCE 31

 FACILITIES INSPECTIONS 32

 SPECIAL PLANS AND OPERATIONS 32

 OTHER EVALUATIONS 36

 ONGOING WORK 39

DCIS INVESTIGATIONS 40

 PROCUREMENT FRAUD 40

 PUBLIC CORRUPTION 41

 HEALTH CARE FRAUD 44

 ILLEGAL TECHNOLOGY TRANSFER 46

 ASSET FORFEITURE DIVISION 48

 DCIS INVESTIGATIONS OF CASES INVOLVING SENIOR GOVERNMENT EMPLOYEES 49

ADMINISTRATIVE INVESTIGATIONS 50

 DOD HOTLINE 50

 WHISTLEBLOWER PROTECTION OMBUDSMAN 56

 WHISTLEBLOWER REPRISAL INVESTIGATIONS 56

 INVESTIGATIONS OF SENIOR OFFICIALS 64

 QUALITY ASSURANCE REVIEWS 66

 ADMINISTRATIVE INVESTIGATIONS OUTREACH AND TRAINING 66

POLICY AND OVERSIGHT 67

 AUDIT POLICY AND OVERSIGHT 67

INVESTIGATIVE POLICY AND OVERSIGHT 69

 INVESTIGATION 69

 CRIMINAL INVESTIGATIVE POLICY 70

 SUBPOENA PROGRAM 71

CONTRACTOR DISCLOSURE PROGRAM	72
LEAD INSPECTOR GENERAL	72
LEAD IG ACTIVITIES	73
LEAD IG HOTLINE ACTIVITIES	73
OCO PLANNING AND COORDINATION	74
JOINT STRATEGIC OVERSIGHT PLANS	74
QUARTERLY REPORTING	74
OCO INVESTIGATIONS	74
SELECTED LEAD IG OVERSIGHT WORK	77
ONGOING WORK	82
ENABLING MISSION AREAS	
CONGRESSIONAL TESTIMONY AND BRIEFINGS	86
HEARINGS	86
COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY	87
SERVICES	
MILITARY SERVICE AUDIT AND INVESTIGATIVE AGENCIES	90
ARMY	90
U.S. ARMY AUDIT AGENCY	90
U.S. ARMY CRIMINAL INVESTIGATION COMMAND	92
SIGNIFICANT INVESTIGATIVE CASES	92
NAVY	93
NAVAL AUDIT SERVICE	93
NAVAL CRIMINAL INVESTIGATIVE SERVICE	97
SIGNIFICANT INVESTIGATIVE CASES	97
AIR FORCE	98
AIR FORCE AUDIT AGENCY	98
AIR FORCE OFFICE OF SPECIAL INVESTIGATIONS	100
SIGNIFICANT INVESTIGATIVE CASES	100
APPENDIXES	
APPENDIX A. REPORTING REQUIREMENTS	104
APPENDIX B. AUDIT, INSPECTION, EVALUATION, AND INVESTIGATION REPORTS ISSUED	106
APPENDIX C. REPORTS WITH QUESTIONED COSTS AND FUNDS RECOMMENDED TO BE PUT TO BETTER USE	113
APPENDIX D. FOLLOWUP ACTIVITIES	114
APPENDIX D. STATUS OF ACTION ON CENTRAL INTERNAL AUDITS PERIOD ENDING MARCH 31, 2018	115
APPENDIX E. CONTRACT AUDIT REPORTS ISSUED	116
APPENDIX F. STATUS OF ACTION ON POST-AWARD CONTRACTS	117
APPENDIX G. STATUS OF REPORTS WITH ACTION PENDING (MARCH 31, 2018)	118
APPENDIX H. SECTION 845 ANNEX AUDIT REPORTS WITH SIGNIFICANT FINDINGS	151
APPENDIX I. RESULTS OF PEER REVIEWS	155
APPENDIX J. INVESTIGATIVE REPORTS ISSUED	156
APPENDIX K. ACRONYMS	157

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 October 1, 2017, through March 31, 2018, the DoD OIG issued a total of 88 audit, inspection, and evaluation reports.

Audit issued 68 reports identifying \$240 million in questioned costs and \$211 million in funds that could be put to better use. The reports addressed issues related to the DoD's 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, a DoD OIG audit report determined that the DoD Senior Accountable Official did not certify and submit complete, timely, accurate, and quality DoD second quarter FY 2017 financial and award data for publication on USASpending.gov. In another audit, the DoD OIG determined that Combined Security Transition Command–Afghanistan did not effectively manage and oversee the U.S. direct funding provided to the Afghan Ministries of Defense and Interior to obtain and maintain items, such as fuel, ammunition, vehicles, and other commodities. As a result, Combined Security Transition Command–Afghanistan did not have assurance that \$3.1 billion in U.S. direct funding was used entirely for the intended purposes. In another report, the DoD OIG determined that the Department of Army did not fully justify the FY 2017 civilian pay request in the Army's Budget Estimate Submission. In another report, the DoD OIG reported the system and network administrators at the seven contractors that managed Ballistic Missile Defense System technical information on their classified and unclassified networks did not consistently implement system security controls in accordance with Federal and DoD requirements for safeguarding Defense information.

Intelligence and Special Program Assessments (ISPA) issued five classified reports that evaluated intelligence capabilities, DoD and contractor security controls over classified program information, and overseas contingency operations issues. For example, the U.S. Army Intelligence and Security Command did not fully complete its cybersecurity policy, enhance controls for the Army Training and Certification Tracking System, correct all errors and missing data within the tracking system, and revalidate all privileged users to ensure that their access is commensurate with their current duties. Another evaluation determined whether the Long Range Strike-Bomber (referred to as the B-21 Raider) Program Office and contractors were protecting classified information and had adequate security controls in place for publically releasing B-21 Raider Program information.

Special Plans and Operations (SPO) issued seven reports during the reporting period. Three reports assessed patient safety, quality of care, and health care services in the Armed Forces Retirement Home. In addition, SPO conducted an evaluation in response to concerns raised by several committees and individual members of Congress related to allegations of child sexual abuse by members of the Afghan National Defense and Security Forces (ANDSF). SPO also evaluated the DoD voting assistance programs for 2017, as well as the Army's tactical explosive detection dog disposition process from 2011 to 2014.

Policy and Oversight (P&O) issued 13 evaluation reports addressing audit, investigative, and technical issues in the DoD. For example, in response to a request from Congress, the DoD OIG conducted an extensive investigation concerning the DoD's decision to relocate a Joint Intelligence Analysis Complex in Europe to the United Kingdom rather than Lajes Field in the Azores. The investigation found inaccuracies in the information that the DoD provided to Congress, but none of these inaccuracies were intentional or done with the intent to mislead Congress. Furthermore, with regard to the DoD's cost comparisons, the investigation found that the DoD did rely on some inappropriate assumptions and inaccurate information. However, the inaccuracies would not have changed

the ultimate conclusion of the cost comparisons. In another evaluation, P&O determined that the Military Services did not consistently submit fingerprint cards and final disposition reports for military service members convicted of qualifying offenses to a Federal Bureau of Investigation database. P&O's technical component inspected U.S. military occupied facilities at Al Udeid Air Base in Qatar to verify compliance with DoD health and safety policies and identified a total of 253 deficiencies that could affect the health, safety, and well-being of DoD personnel.

Defense Criminal Investigative Service (DCIS)

investigations, including those conducted jointly with other law enforcement organizations, resulted in \$178.3 million in civil judgments and settlements; \$293.1 million in criminal fines, penalties, and restitution ordered; and \$58.3 million in administrative recoveries, such as contractual agreements and military nonjudicial punishment. DCIS has 1,583 ongoing investigations, opened 215 cases, and closed 254 cases during this reporting period. These cases related to criminal allegations of procurement fraud, public corruption, product substitution, health care fraud, illegal technology transfer, and cyber crimes and computer network intrusions.

Administrative Investigations (AI) completed 28 senior official and reprisal investigations and oversaw 548 senior official and reprisal investigations completed by the Military Service and Defense Agency OIGs. For example, the DoD OIG determined that a senior official violated the Joint Ethics Regulation and Army Regulations, for example when he engaged in unwelcomed and intentional touching of two female employees; made a derogatory comment to an employee that witnesses considered racially offensive and condescending; threw money at an employee during a conference presentation; and made remarks to female employees about belly fat, their need to follow his diet, and to lose weight. During the reporting period, AI received 368 senior official complaints and 940 whistleblower reprisal and restriction complaints, and closed 387 senior

official and 928 whistleblower reprisal and restriction complaints, including overseeing 74 senior official cases and 474 reprisal and restriction cases completed by the Military Service and Defense Agency OIGs. The DoD Whistleblower Protection Ombudsman received 179 contacts, and the Ombudsman webpage received 1,813 visits. The DoD Hotline received 5,776 contacts, opened 2,997 cases, and closed 3,773 cases, including a joint investigation conducted by DCIS, Army CID, DCAA, and the FBI that found that a Defense contractor overcharged the DoD on contracts to supply food for U.S. troops, and an NCIS investigation that substantiated allegations of abuse and mistreatment of recruits by three Marine Corps drill instructors.

Overseas Contingency Operations (OCO) coordinated the OIG's Lead IG oversight responsibilities related to Operation Inherent Resolve (OIR), Operation Freedom's Sentinel (OFS), and Operation Pacific Eagle–Philippines (OPE-P). During this reporting period, OCO published an unclassified and a classified quarterly report on each of the overseas contingency operations. With regard to individual oversight reports, the DoD OIG issued 10 reports during this period. For example, an audit of Army oversight of Logistics Civil Augmentation program Government-furnished property in Afghanistan found that as a result of the Army's poor accountability, at least \$100 million in property was at increased risk of being lost, stolen, or unaccounted for without Army detection. In support of our Lead IG responsibilities, the DoD OIG, DoS OIG, and USAID OIG, and their oversight partners are conducting 64 OIR, 47 OFS, and 3 OPE-P audits, assessments, and evaluations. The DoD OIG began three new reviews related to OPE-P, including an audit of the Philippines operations support contract; an audit of U.S. Pacific Command ranges to support aviation unit readiness; and an evaluation of efforts to train, advise, assist, and equip the Armed Forces of the Republic of the Philippines. Lead IG agency investigations resulted in 3 arrests, 3 criminal charges, 1 misdemeanor conviction, 11 contractor suspensions, 10 debarments, the removal of 5 employees from Federal service, 19 personnel actions, 18 other actions, and the savings or recovery of \$2,053,821.

STATISTICAL HIGHLIGHTS

Summary of Activities	Total for the Reporting Period
AUDIT ACTIVITIES	
Reports Issued	68
Recommendations Made With Questioned Costs	\$240 million
Recommendations Made on Funds Put to Better Use	\$211 million
Achieved Monetary Benefits	\$7.8 million
DEFENSE CRIMINAL INVESTIGATIVE SERVICE ACTIVITIES	
Total Investigative Receivables and Recoveries¹	\$529.9 million
Recovered Government Property	\$120.2 thousand
Civil Judgments and Settlements	\$178.3 million
Criminal Fines, Penalties and Restitution Ordered (Excludes Asset Forfeitures)	\$293.1 million
Administrative Recoveries ²	\$58.3 million
Investigative Activities	
Arrests	23
Criminal Charges	140
Criminal Convictions	126
Suspensions	43
Debarments	73
Asset Forfeiture Results	
Seized	\$26.49 million
Final Orders of Forfeiture	\$15.88 million
Monetary Judgments	\$42.84 million
ADMINISTRATIVE INVESTIGATIONS	
Publicly Released Reports	3
Complaints Received	1,308
Senior Official	368
Whistleblower Reprisal and Restriction	940
Complaints Closed	1,315
Senior Official	387
Whistleblower Reprisal and Restriction	928
DoD OIG Investigations Closed	28
Senior Official	6
Whistleblower Reprisal and Restriction	22

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	225
Senior Official	74
Whistleblower Reprisal and Restriction	151
Service and Defense Agency IG Cases Closed and Overseen by the DoD OIG (Includes Investigations, Dismissals, and Withdrawals)	397
Senior Official	74
Whistleblower Reprisal and Restriction	323
Whistleblower Ombudsman	
Contacts	179
Visits to Whistleblower Rights and Protections Webpage	1,813
DoD Hotline	
Contacts	5,776
Cases Opened	2,997
Cases Closed	3,773
INTELLIGENCE AND SPECIAL PROGRAM ASSESSMENTS ACTIVITIES	
Reports Issued	5
POLICY AND OVERSIGHT ACTIVITIES	
Existing and Proposed Regulations Reviewed	129
Evaluation Reports Issued	13
Inspector General Subpoenas Issued	670
Contractor Disclosures Received	113
SPECIAL PLANS AND OPERATIONS ACTIVITIES	
Evaluation Reports Issued	7



1. OVERVIEW



SERVING THE DEPARTMENT AND THE CONGRESS

Established in 1982, the DoD OIG is an independent office within the DoD that conducts oversight of 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 the Congress are fully informed of problems in the DoD.
- Review existing and proposed legislation and regulations relating to programs and operations of the DoD in 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 the 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 mission is to detect and deter fraud, waste, and abuse in Department of Defense programs and operations; promote the economy, efficiency, and effectiveness of the DoD; and help ensure ethical conduct throughout the DoD.

Our Vision

The DoD OIG’s vision is to be engaged oversight professionals dedicated to improving the DoD.

We are a diverse and engaged team, empowered to help improve DoD programs and operations through timely, credible, relevant, impactful, and actionable oversight. Central to this vision is our people. We strive to be an employer of choice, ensuring our people are well-trained, well-equipped, and engaged. We are committed to a culture of performance, disciplined execution, and tangible results. We work together as One OIG to achieve results.

Our independence is key to fulfilling our mission. We align our work with the critical performance and management challenges facing the DoD. We focus on program efficiency, effectiveness, cost, and impact. We regularly follow up on our recommendations to ensure that the DoD implements these recommendations. Implementation of our recommendations helps promote accountability and continuous improvement in the DoD.

We are agile. To remain relevant and impactful, we continually seek to improve our processes and our organization, and to operate more efficiently and effectively. We value innovation and use technology to help deliver timely results.

We seek to be a leader within the DoD and federal oversight community, collaboratively sharing information, data, and best practices with our oversight colleagues, to help improve oversight within the DoD and the Government as a whole.

Our Core Values

Our values define our organizational character and help guide the behaviors necessary to achieve our vision.

- Integrity
- Independence
- Excellence

Organizational Structure

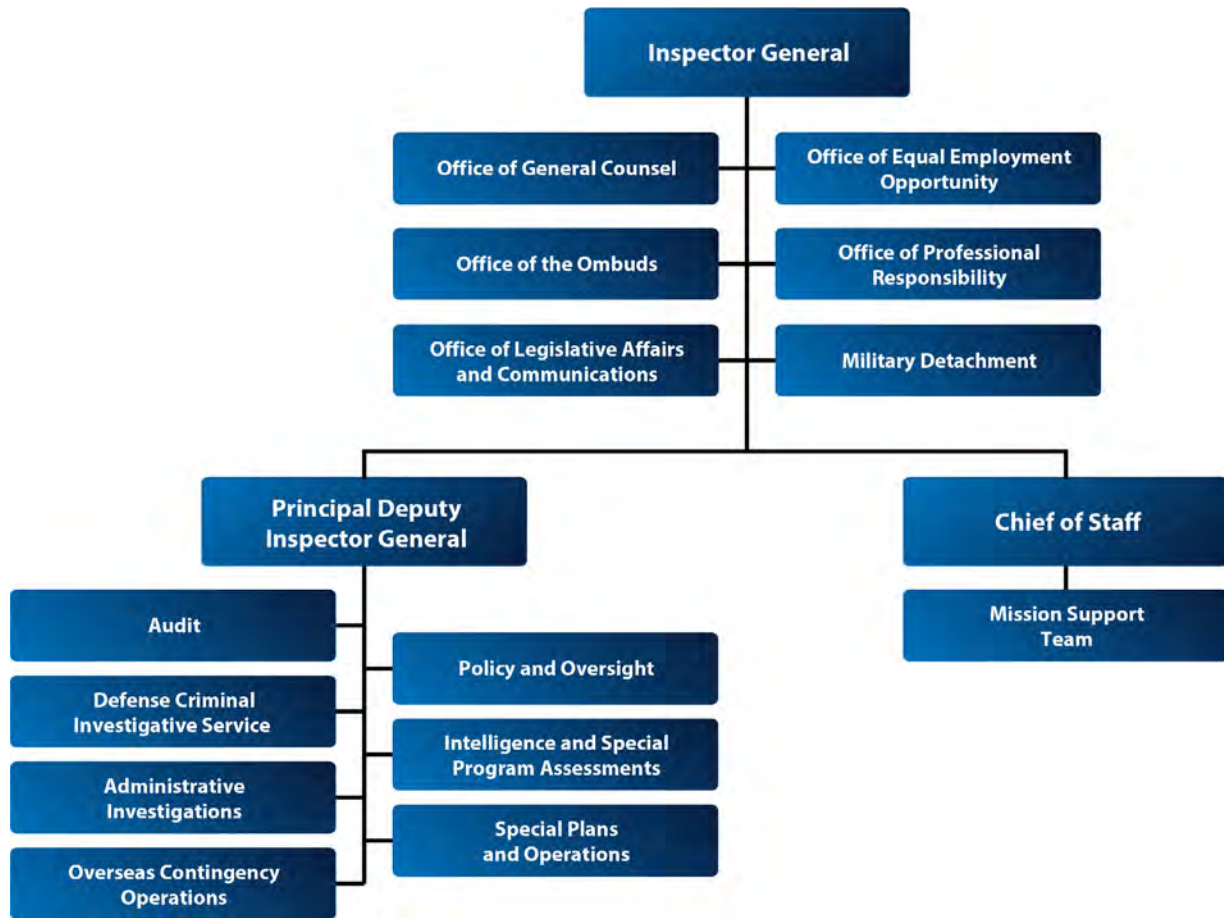
The DoD OIG is headquartered in Alexandria, Virginia, and has more than 50 field offices located in the United States, Europe, Southwest Asia, and South Korea. Over 1,000 DoD OIG employees are assigned to OIG headquarters, and more than 500 OIG employees, primarily auditors and investigators, are assigned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

Figure 1.1 DoD OIG Field Offices Located Within the United States



Figure 1.2 DoD OIG Audit and DCIS Offices Located Overseas





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 resources.

DEFENSE CRIMINAL INVESTIGATIVE SERVICE (DCIS)

DCIS conducts criminal investigations 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)

AI 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. AI 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 DoD programs, operations, and employees.

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, evaluates 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, DoS OIG, USAID OIG, SIGAR, and other partner 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 a 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 full report with details on these challenges can be viewed at: <http://www.dodig.mil/Reports/Top-DoD-Management-Challenges>.

Because the 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 labeled as the 2018 report, rather than the 2017 report.

The top 10 management challenges for the FY 2018 are:



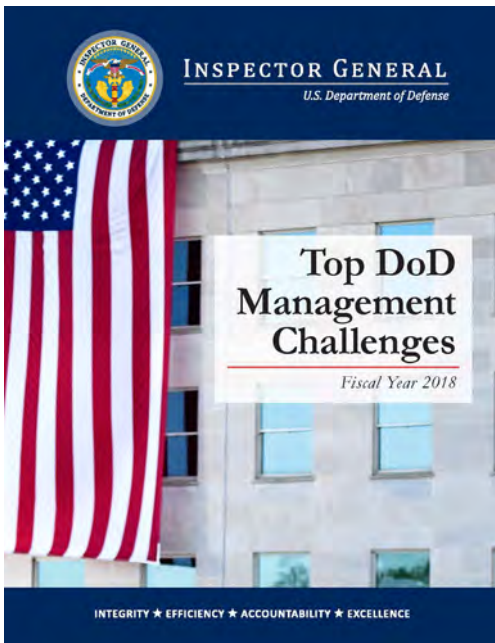
We identify these challenges based on a variety of factors, including OIG oversight work; oversight conducted by other DoD Components; GAO and other IG reports; congressional testimony; and other important documents. We also seek input from DoD leaders on what they consider to be the top challenges they face. However, we identify our top challenges independently.

We use our top management challenges report to identify key areas of risk in the DoD and to decide where to allocate our oversight resources. We also try to ensure that each DoD top challenge receives oversight coverage, and we therefore link our annual Oversight Plan to the Top DoD Challenges.

In addition, we provide our report to new DoD leaders because we believe it provides them a useful summary on risk areas.

The DoD OIG is now in the process of reassessing the DoD's top management challenges for FY 2019. We fully expect that certain challenges will remain, and we continue to assess emerging challenges to make the report forward looking.

PDIG Fine testified about the OIG's Top DoD Management Challenges report in a hearing before the House Committee on Oversight and Government Reform on April 18, 2018. His testimony is available at <http://www.dodig.mil/reports.html/Article/1496627/statement-of-glenn-a-fine-principal-deputy-inspector-general-performing-the-duty/>.



2. CORE MISSION AREAS



AUDIT

The DoD OIG's Audit component conducts audits of DoD operations, systems, programs, and functions. At the beginning of this reporting period the Audit component consisted of four operating directorates:

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

During this reporting period, Audit initiated a reorganization to increase the oversight of the DoD's cyber capabilities and force readiness issues. Audit split Readiness and Cyber Operations into two separate directorates and realigned contract management with its acquisition and sustainment oversight efforts. The new operating directorates are:

- Acquisition, Contracting, and Sustainment,
- Cyberspace Operations,
- Financial Management and Reporting, and
- Readiness and Global Operations.

The following are highlights from DoD OIG audit work 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

The U.S. Army Civilian Pay Budget Process

The DoD OIG determined whether the Army adequately supported and justified the civilian full-time equivalents (FTEs) and pay requirements contained in the Army's FY 2017 Budget Estimate Submission (BES). Budget estimates relating to personnel requirements are determined in terms of FTE employment. FTEs are the total number of regular straight-time hours worked, or to be worked, divided by the total number of hours that agencies can pay employees in a fiscal year, which are called compensable hours.

The DoD OIG determined that the Army had repeatable and documented procedures to calculate its FY 2017

civilian pay budget. However, Army Headquarters (HQDA) budget officials did not fully justify the FY 2017 civilian pay request in the Army's BES. The HQDA budget officials deviated from Office of Management and Budget (OMB) and DoD policy when calculating the civilian pay requirements. Specifically, HQDA budget officials applied adjustments to the basic compensation calculation that were normally not permitted by OMB policy and did not include overtime in the budget request. As a result, the HQDA budget officials overestimated the FY 2017 Operation and Maintenance civilian pay budget request by \$356.8 million. In addition, including overtime paid in the execution data submitted to Congress, but not including it in the Army's budget, caused the Army to appear to over execute its civilian pay budget in FYs 2015 and 2016, while under executing its FTEs.

Additionally, HQDA budget officials over estimated the civilian FTEs in the FY 2017 BES. The HQDA budget and Army Command officials misused civilian pay budget policy to pay for underfunded non-pay operating expenses. Specifically, HQDA budget officials knew that Army Command officials intentionally did not hire up to the Army's authorizations, and thereby created excess civilian pay funding that the Commands used to pay for non-pay expenses, which the President, the OMB, the DoD, and the Secretary of the Army had directed the Army to cut. As a result, the Army under executed FTEs and over executed non-pay expenses from FYs 2014 through 2016.

The DoD OIG recommended that the Under Secretary of Defense (Comptroller) evaluate whether it is appropriate to budget for within-grade increases, and direct the Army to implement procedures to appropriately calculate basic compensation, in accordance with OMB policy. Additionally, the DoD OIG recommended that the Assistant Secretary of the Army (Financial Management and Comptroller) and the Deputy Chief of Staff, G-8, include overtime pay in the Army's BES in accordance with OMB and Army policy; hold the Army Commands accountable for not hiring to their authorization levels; and re-evaluate the Army's civilian pay and non-pay funding requirements to more accurately request funding for the Army's civilian pay and non-pay expenses. Furthermore, the DoD OIG recommended that the Assistant Secretary of the Army (Manpower and Reserve Affairs) issue guidance requiring the Army Commands to either hire personnel based on approved authorization levels, or provide written justification why they cannot hire up to their approved authorization levels. Lastly,

the DoD OIG recommended that the Secretary of the Army review the actions discussed in this report and consider administrative action, if appropriate, for the budget officials involved in the decision to submit inaccurate budget information to Congress regarding the Army's expected civilian pay and non-pay expenses. The Army generally disagreed with the recommendations, and the DoD OIG considered the recommendations unresolved and requested that the Army respond to the final audit report.

Report No. DODIG-2018-055

Joint Air-to-Ground Missile Program

The DoD OIG determined whether the Joint Attack Munition Systems (JAMS) project office adequately assessed the affordability of the Joint Air-to-Ground Missile (JAGM) increment one. The JAGM is an Army-led program with joint requirements from the Navy and Marine Corps. The Army implemented an incremental strategy to fulfill the JAGM requirements. The JAGM is the next generation of aviation-launched, air-to-ground, self-guided missiles that will replace the Hellfire family of missiles. Joint service manned and unmanned aircraft will use the JAGM to destroy enemy targets from a greater distance than current missiles.

The DoD OIG determined that the JAMS project office adequately assessed the affordability of the JAGM increment one. Army and Navy officials concluded that the JAGM program was unaffordable as originally designed because funding was not available to meet program requirements. Therefore, JAMS project office officials restructured the program. Specifically, JAMS project office officials lowered the performance of two primary requirements, substituted proven technology for technology still being developed, and deferred the



Helicopter Firing Hellfire Missile
Source: JAMS project office.

delivery of certain capabilities to future increments to reduce program costs. However, although Army and Navy officials initiated actions to ensure the JAGM program was affordable, JAGM increment one will not provide critical capabilities needed by the warfighter. As a result, JAGM increment one will not provide the warfighter with the capability to launch missiles from fixed-wing aircraft; strike targets from longer distances; and increase the accuracy, lethality, and interoperability over existing air-to-ground missiles.

The DoD OIG recommended that at the JAGM increment one initial production decision, the Commander, U.S. Army Training and Doctrine Command; the Assistant Secretary of the Army (Acquisition, Logistics, and Technology); and the Assistant Secretary of the Navy (Research, Development, and Acquisition) evaluate the costs to achieve full JAGM capability; and determine whether the JAGM incremental strategy provides the most affordable alternative to meet the self-guided missile capability gap. Management agreed with the recommendations.

Report No. DODIG-2018-038

Defense Hotline Allegations on the Surface Electronic Warfare Improvement Program Block 3 Costs

The DoD OIG conducted this audit in response to allegations made to the DoD Hotline. The DoD OIG determined whether the Surface Electronic Warfare Improvement Program (SEWIP) Block 3 experienced significant cost increases over original estimates in the Engineering and Manufacturing Development (EMD) phase of the acquisition program. SEWIP is an upgrade to the AN/SLQ-32 electronic warfare system (AN/SLQ-32). The AN/SLQ-32 provides early detection, signal analysis, threat warning, and protection from anti-ship missiles. SEWIP Block 3 seeks to provide an improved electronic attack capability. Electronic attack neutralizes anti-access systems; suppresses adversarial integrated air defense systems; denies adversarial battlespace awareness sensors; degrades adversarial offensive capabilities; and denies effective adversarial command, control, and communications.

The DoD OIG determined that SEWIP Block 3 experienced significant cost increases. The cost increases occurred because Program Executive Office Integrated Warfare Systems Above Water Sensors (PEO IWS 2.0) officials had Naval Sea Systems Command award the contract

based on the contractor's technical proposal and they did approve an EMD phase cost baseline estimate. As a result, PEO IWS 2.0 officials may pay more than the original estimated cost to complete fewer deliverables than agreed to in the original contract during the EMD phase. Additionally, PEO IWS 2.0 officials could incur a program deviation by exceeding the Acquisition Program Baseline maximum research, development, test, and evaluation cost, which could result in the Department of the Navy requesting additional funds to provide the SEWIP Block 3 improved electronic attack capability.

The DoD OIG recommended that the Program Executive Officer, PEO IWS, finalize negotiations with the contractor and issue a contract modification to restructure the EMD phase if appropriate; establish and approve EMD cost baseline estimate; verify the contractor adequately meets the established EMD baseline; and continue to monitor the research, development, test, and evaluation costs for the need to report a deviation requiring acquisition program baseline revision. Management agreed with the recommendations.

Report No. DODIG-2018-025

Marine Corps Assault Amphibious Vehicle Survivability Upgrade

The DoD OIG determined whether the Marine Corps Assault Amphibious Vehicle (AAV) program office increased the AAV's force protection and whether the survivability upgrade met all program requirements. The AAV is a tracked combat vehicle that can immediately transition from water to land operations. The purpose of the survivability upgrade is to increase the AAV's force protection and provide the Marine Corps an amphibious assault capability until the fielding of the new Amphibious Combat Vehicle.

The DoD OIG determined that the program office achieved its primary requirement to improve the AAV's force protection. However, the program office did not achieve all program requirements, including cost control, tactical egress, and reliability, before beginning initial production. This occurred because vehicle updates and design changes increased costs above the average procurement unit cost objective of \$1.65 million per vehicle. Additionally, the vehicle updates and design changes prevented a troop commander wearing full personal protective equipment from exiting the rear of the vehicle and reduced the vehicle's reliability. The failure of legacy parts also affected the reliability and performance of the AAV survivability upgrade. As a result, program officials began initial production on vehicles that did not meet all program requirements. The AAV survivability upgrade may require future modifications and additional funds if the troop commander cannot safely exit the rear of the vehicle and the program office cannot improve the AAV's reliability and functionality. In addition, reduced vehicle reliability could decrease the number of operational vehicles, increase the number of upgraded vehicles and spare parts needed, or increase maintenance time.

The DoD OIG recommended that the Program Executive Officer Land Systems reestablish a cost control to minimize procurement costs. In addition, the Program Executive Officer Land Systems should test and verify that a troop commander wearing full personal protective equipment can exit the rear of the vehicle. The Program Executive Officer Land Systems should also develop a solution, in coordination with Headquarters Marine Corps, Combat Development and Integration, for the AAV survivability upgrade to demonstrate the required level of reliability before procuring additional low-rate initial production vehicles. Management responded that it is taking action to address the recommendations.



AAV SU

Source: Director, Operational Test and Evaluation FY 2016 Annual Report.

Report No. DODIG-2018-060**Chemical Demilitarization-Assembled Chemical Weapons Alternatives Program**

The DoD OIG determined whether the Program Executive Office for Assembled Chemical Weapons Alternatives (PEO ACWA) effectively managed program cost, schedule, and performance for the Assembled Chemical Weapons Alternatives program. The ACWA program is a major defense acquisition program, estimated to cost \$12.1 billion as of June 2017. Congress tasked the ACWA program with destroying the last 10 percent of U.S.-stockpiled chemical weapons. The final two stockpiles in the United States are located at the Pueblo Chemical Agent-Destruction Pilot Plant (PCAPP) in Pueblo, Colorado, and Blue Grass Chemical Agent-Destruction Pilot Plant (BGCAPP) in Bluegrass, Kentucky. The Army awarded separate contracts for each facility, which required the contractors to destroy the U.S.-stockpiled chemical weapons.

The DoD OIG determined that, as of May 2017, the PEO ACWA was complying with ACWA program requirements. However, the PEO did not effectively manage the ACWA program cost and schedule of the contract phases. Specifically, as of May 2017, the PEO ACWA contracts were projected to be \$653.9 million over budget. In addition, the contractors may not meet the contract schedule completion dates for the PCAPP Operations phase and BGCAPP Systemization phase because of schedule delays. The ACWA program increased in cost and schedule delays occurred because the PEO ACWA and the PCAPP and BGCAPP contracting officers did not provide adequate contract oversight. Specifically, PEO ACWA officials and the PCAPP and BGCAPP contracting officers did not effectively manage contractor performance through incentive fee and award fee contracts, paid about \$23 million to the contractors to correct quality deficiencies, and did not provide sufficient quality assurance oversight. As a result, the ACWA program has significantly exceeded (by 21.6 percent) its baseline cost estimate. In addition, PCAPP has deviated (by 16 months) from its approved baseline schedule estimate to complete destruction of all chemical weapons and close PCAPP. Furthermore, the BGCAPP schedule may not meet the congressionally mandated deadline of December 31, 2023, for the destruction of all U.S.-stockpiled chemical weapons because the PEO ACWA used a lower standard of confidence to estimate the time needed to complete destruction.

The DoD OIG recommended that the Program Executive Officer, ACWA, in coordination with the Executive Director, U.S. Army Contracting Command–Rock Island, determine award fees based on the contractor’s actual performance during the award fee period, analyze all of the rework performed at PCAPP and BGCAPP to determine the cost of additional rework, and either recoup funds paid by the Government or obtain other appropriate consideration. The DoD OIG also recommended that the Director, Cost Assessment and Program Evaluation, prepare an independent cost estimate for the ACWA program. Management generally agreed with the recommendations.

Report No. DODIG-2018-076**Defense Commissary Agency Oversight of Fresh Produce Contracts in Japan and South Korea**

The DoD OIG determined whether Defense Commissary Agency (DeCA) officials provided effective oversight of commissary fresh fruits and vegetables contracts for Japan and South Korea in accordance with Federal and DoD contracting policies.

The DoD OIG determined that DeCA officials did not provide effective oversight of the produce contracts for Japan and South Korea. Specifically, DeCA personnel did not verify produce prices for 35 high-volume core items. High-volume core items, established by the contracts, are mainstream produce items in the typical American diet, such as apples, bananas, carrots, and tomatoes. As a result, commissary customers may not have received the required contractual savings amount for produce because DeCA officials did not know whether the contractors met the price savings requirements. Additionally, DeCA personnel also did not accurately calculate credits for non-conforming produce. This occurred because DeCA officials did not verify that information supporting the credits was correct before processing voucher payments on the contracts. As a result, 27 vouchers submitted for payment, valued at \$2.5 million, were not fully supported. Furthermore, DeCA personnel did not accurately calculate fill rate percentages. As a result, commissary customers may not have had the opportunity to purchase the quantity and variety of produce required under the contract. Finally, the DoD OIG observed security concerns with produce storage and transportation during a site visit to the Japan food storage warehouse in May 2017. Specifically, the DoD OIG identified that the main gate was unlocked and



Fresh Produce on Display at Commissary in Japan

Source: The DoD OIG.

open, no one checked identification, and storage coolers did not have controlled access and were not locked. Trucks delivering produce did not have any security seals to deter unwanted entry and monitor driver access. As a result, produce could become contaminated and DeCA officials have no assurance that the contractor maintained chain of custody during transportation.

The DoD OIG recommended that the DeCA Director develop policies and procedures on how DeCA personnel should oversee and verify produce prices and training for DeCA personnel on contract quality assurance and surveillance. Additionally, the DoD OIG recommended that the Director should require DeCA personnel to review and verify credit information for all produce inspection worksheets previously submitted to support all previously paid vouchers on the Japan and South Korea produce contracts, since the original award in July 2015 and in the future review and verify the accuracy of all future produce inspection worksheets before processing all future vouchers for payment. Management agreed with the recommendations.

Report No. DODIG-2018-078

Contracting Strategy for F-22 Modernization

The DoD OIG reviewed the F-22 Program Office's implementation of Scaled Agile Framework (SAFe). SAFe is a software development method that uses short time periods to develop smaller portions of software that contribute to the final product. The Air Force F-22 is a fighter aircraft that incorporates stealth capability in the performance of air-to-air and air-to-ground missions. In 2003, the Air Force established a modernization program to add enhanced capabilities. The Air Force divided the F-22 modernization program into 10 separate programs, with each providing multiple capabilities that included both hardware and software development.

The DoD OIG determined that the Program Office did not update its contracting strategy for SAFe implementation on F-22 modernization programs. This occurred because Program Office officials have not identified the appropriate contracting strategy to best incentivize the contractor when using SAFe. In addition, the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, and the Assistant Secretary of the Air Force, Acquisition have not issued policy for implementing agile software development methods on weapon system acquisitions. As a result, without an appropriate contracting strategy, the Program Office may not deliver F-22 modernized capabilities necessary to sustain air superiority against rapidly evolving U.S. adversaries.

The DoD OIG recommended that the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics review and revise acquisition guidance to allow for the implementation of agile software development methods on programs that include both hardware and software development and compile lessons learned from DoD programs implementing agile software development methods to share with other DoD programs. Additionally, the DoD OIG recommended that the F-22 Program Office determine the contracting strategy to best incentivize the contractor prior to awarding the order for the next modernization program and document the lessons learned when developing the contracting strategy for use by other programs. Management agreed with the recommendations.

Report No. DODIG-2018-089

Followup Audit: Military Sealift Command Management of Spare Parts Inventory and Purchases for Sealift Program Roll-On/Roll-Off Ships

The DoD OIG conducted this followup audit to determine whether the Military Sealift Command (MSC) implemented recommendations in a prior DoD OIG report related to MSC's Large, Medium-Speed, Roll-On/Roll-Off ship spare parts inventory management and procurement practices, (Report No. DODIG-2014-106, "Military Sealift Command Oversight of Excess Spare Parts Inventory and Purchases for Sealift Program Roll-On/Roll-Off Ships Needs Improvement," September 9, 2014).

The DoD OIG determined that MSC officials did not effectively implement corrective actions to correct all of the problems identified in the prior report. MSC

officials established contract requirements to ensure spare parts are purchased at fair and reasonable prices through competition; however, MSC officials could not provide evidence that the contractor always followed the requirements. Specifically, MSC officials could not provide evidence that the contractor adequately competed or provided justification for not competing 3 of the 9 purchases over \$25,000 or 5 of the 12 purchases between \$3,000 and \$25,000, made during FY 2016. The contract required at least three quotes for transactions over \$3,000 in order to receive reimbursement for supplies. Furthermore, the contracting officer did not modify the contract section that stated that the use of the Defense Supply System was optional despite revising the section that stated the Defense Supply System should be used unless the contractor had a valid reason not to. In addition, MSC officials did not implement corrective actions as agreed for inventory-related recommendations. Specifically, MSC officials did not:

- conduct a 100-percent inventory of spare parts on the four Large, Medium-Speed, Roll-On/Roll-Off ships by December 2014, as stated in their response to Report No. DODIG-2014-106. During the followup audit, the MSC Deputy, Logistics Directorate, reported that a third-party contractor completed a closeout inventory of spare parts aboard the Sealift Program ships May 31, 2017;
- update on-hand quantities in the Shipboard Configuration and Logistics Program based on the 100-percent inventory results; or
- reevaluate allowance levels and reuse, resell, or dispose of all spare parts deemed excess based on the 100-percent inventory results. During the followup audit, an MSC official stated that allowance levels were evaluated based on the closeout inventory results and remaining excess material was offloaded for reuse and disposal between March and May 2017.

The DoD OIG recommended that the MSC Commander establish and direct a cross-functional team of MSC subject matter experts to develop an oversight process to ensure the contractor complies with the contract's updated competition requirements. Additionally, the DoD OIG recommended that the Commander update on hand quantities based on the annual 100-percent inventory, validate authorized allowance levels and ensure all spare parts deemed excess for reuse, resale or disposal are processed appropriately. Finally, the



USNS *Gordon at Sea*
Source: The MSC.

DoD OIG recommended that the Commander direct the contracting officer to modify the contract to clarify and require the use of Defense Supply System, and develop a time-phased plan with goals and metrics to update Shipboard Configuration and Logistics Program, validate allowances, and address excess parts. Management agreed with the recommendations.

Report No. DODIG-2018-004

Contract Management and Payments

Summary Audit of U.S. Direct Funding Provided to Afghanistan

In this summary audit report, the DoD OIG summarized the systemic challenges associated with Combined Security Transition Command–Afghanistan (CSTC-A) oversight of U.S. direct funding provided to the Afghan government as identified in seven prior DoD OIG oversight reports. Additionally, the audit determined whether the DoD had implemented the recommendations from those prior reports. CSTC-A, which is the DoD command that directs the U.S. efforts to train, advise, and assist the Afghan National Defense and Security Forces, provides Afghanistan Security Forces Fund resources directly to the Afghan Ministry of Defense and Ministry of Interior to sustain the Afghan National Defense and Security Forces. The goal of the Afghanistan Security Forces Fund support is to develop ministerial capability and capacity in areas of budget development and execution, acquisition planning, and procurement.

This summary audit concluded, based on the previous findings, that CSTC-A did not effectively manage and oversee the U.S. direct funding provided to the Afghan Ministries of Defense and Interior to obtain and maintain items, such as fuel, ammunition, vehicles, and other

commodities. Systemic problems occurred because CSTC-A did not consistently establish realistic conditions within the commitment letters for the ministries and did not enforce noncompliance penalties included in the commitment letters because of the potential negative effects to the Afghan security's forces operational readiness. As a result, CSTC-A did not have assurance that \$3.1 billion in U.S. direct funding was used entirely for the intended purposes.

The DoD OIG recommended that the Under Secretary of Defense for Policy evaluate whether the commitment letters are the most effective method to manage and oversee the U.S. direct funding provided to the Afghan Ministries of Defense and Interior. If not, the DoD OIG recommended that the Under Secretary of Defense for Policy identify and implement a more effective method. Additionally, the DoD OIG recommended that the Under Secretary of Defense for Policy identify more realistic conditions for the ministries to show incremental improvement, and develop a documented process for assessing penalties. Management agreed with these recommendations.

Report No. DODIG-2018-090

Financial Management and Contract Award and Administration for the Armed Forces Retirement Home

The DoD OIG determined whether DoD and Armed Forces Retirement Home (AFRH) officials conducted effective financial management and contract award and administration for the Armed Forces Retirement Home (AFRH). The AFRH provides residences and medical services for retired and former members of the Armed Services.

The DoD OIG determined that DoD and AFRH officials did not conduct effective financial management of the AFRH. Specifically, DoD and AFRH officials allowed the AFRH Trust Fund to substantially decline from \$186.5 million in FY 2010 to \$54.7 million in FY 2016 without identifying more reliable revenue sources. Based on its FY 2016 Long Range Financial Plan, the AFRH forecasted that the AFRH Trust Fund will have a negative balance by FY 2019 without supplemental funding. As a result, the AFRH is unable to financially sustain its day-to-day operations and meet its mission of taking care of the veterans without annual appropriated funds. According to AFRH officials, for the near future, the AFRH will need annual transfers

of at least \$20 million from the U.S. Treasury to meet its yearly operating expenses and to increase the AFRH Trust Fund balance for its long-term financial obligations.

The DoD OIG also determined that AFRH officials did not adequately perform acquisition planning for the six ongoing contracts and one contract in the award process that the DoD OIG reviewed. As a result, the AFRH needed to award replacement contracts because contractors could not provide required services. Additionally, AFRH contracting officer's representatives performed sufficient surveillance of contractor performance for 21 contracts and 2 food delivery agreements. However, for 3 of 22 contracts, Department of the Treasury, Bureau of the Fiscal Service contracting officers issued 94 modifications from FYs 2012 through 2016. The modifications occurred because AFRH officials did not perform sufficient planning for contract modifications, including identifying additional supplies needed on one contract and funding requirements on two contracts. As a result, the AFRH had assurance that it received the goods and services for which it paid. However, the number of modifications affected the pricing on the interagency agreement with the Bureau of the Fiscal Service. The AFRH paid the Bureau of the Fiscal Service \$80,222 to modify three contracts from FYs 2012 through 2016.

The DoD OIG recommended that the Deputy Chief Management Officer, in coordination with the AFRH Chief Operating Officer:

- establish and implement a long-term strategy for maintaining fiscal solvency at the AFRH;
- review the performance of the Chief Financial Officer as the official responsible for procurement at the AFRH to determine whether administrative action is appropriate;
- follow statutory guidance on avoiding the lowest price technically acceptable selection criteria for knowledge-based acquisitions;
- develop and implement an acquisition strategy to reduce the likelihood of future problems with the nursing contracts and determine whether the AFRH needs to change how it schedules Government nurses;
- review the duties of the Chief Financial Officer and the head of procurement and design and implement appropriate internal controls or segregate the duties;

- develop and implement a plan to regularly evaluate contract funding needs and prevent future unnecessary contract modifications; and
- review contracts to identify areas needing improvement, including a review of the nursing contracts.

Management agreed with the recommendations.

Report No. DODIG-2018-077

Army Oversight of Logistics Civil Augmentation Program Government-Furnished Property in Afghanistan

The DoD OIG determined whether the Army provided effective oversight of Logistics Civil Augmentation Program (LOGCAP) Government-furnished property in Afghanistan. LOGCAP is an Army program that uses contractors to provide logistical and sustainment services to deployed forces. The Army has issued four LOGCAP contracts around the world, including Afghanistan. Services provided in the LOGCAP contract include dining and laundry facilities, housing, construction, transportation, and facilities maintenance.

The DoD OIG determined that the Army did not perform effective oversight of LOGCAP Government-furnished property in Afghanistan. The Army Sustainment Command property records did not include at least 26,993 items provided to the LOGCAP IV contractors. These accountable records were incomplete because the Army Contracting Command–Rock Island did not properly modify the LOGCAP IV contract for Government-furnished property transfers and did not coordinate Government-furnished property transfers with the property book officer. In addition, Army guidance did not include sufficient controls for identifying and resolving Government-furnished property accountability deficiencies.

As a result of the Army’s poor accountability, at least \$100 million in property was at increased risk of being lost, stolen, or unaccounted for without Army detection. While LOGCAP contractors have self-reported more than \$9.7 million in Government-furnished property losses since 2012, without an accurate list of all Government-furnished property, Army officials cannot be certain that all contractor Government-furnished property losses have been identified, investigated, and reported. In addition, the contractors’ records contained 4,019 controlled inventory items, valued at \$1.5 million that were not

included in the Army’s accountable records. Finally, the lack of accountability of LOGCAP Government-furnished property limited the Army’s ability to plan and execute base sustainment in Afghanistan. Specifically, the Army had to rely on the contractor’s records rather than the Army’s records to make procurement-related decisions.

The DoD OIG recommended that the Commanding General, Army Contracting Command, coordinate with the Commander, Expeditionary Contracting Command–Afghanistan, to review and validate the contractors’ Government-furnished property listings and update the contract; develop a Government-furnished property training manual and train personnel; and ensure corrective actions implemented are effectively included in the establishment and execution of the LOGCAP V contract. The DoD OIG also recommended that the Commanding General, Army Sustainment Command, task the 401st Army Field Support Brigade commander to:

- use the contract modification to update the Army’s official Government-furnished property accountable records; and
- update the Theater-Provided Equipment standard operating procedures to require the theater property book officer coordinate with Expeditionary Contracting Command–Afghanistan to reconcile, at least twice per year, the Army Government-furnished property accountable record with the contractors’ records and address any discrepancies.

Management agreed with the recommendations.

Report No. DODIG-2018-040

TRICARE North Region Payments for Applied Behavior Analysis Services for the Treatment of Autism Spectrum Disorder

The DoD OIG determined whether the DoD appropriately paid for one-on-one applied behavior analysis interventions (ABA services) for the treatment of Autism



Examples of GFP: Shipping Container Mover (Left) and Forklift (Right)
Source: The DoD OIG.

Spectrum Disorder in the TRICARE North Region. The TRICARE Health Plan Director requested the DoD OIG conduct this audit. The TRICARE North Region contractor paid 1,388,073 claim line items for ABA services, valued at \$120.1 million, in 2015 and 2016.

The DoD OIG determined that the DHA made improper payments for ABA services to companies in the TRICARE North Region. The DoD OIG statistically projected that the DHA, through its contractor, improperly paid \$81.2 million of the total \$120.1 million paid to ABA companies in the TRICARE North Region for ABA services performed in 2015 and 2016. The DHA either lacked documentation or had insufficient documentation to support the payment to the ABA companies. The DHA did not detect these improper payments because the DHA did not perform comprehensive medical reviews on a statistically representative sample of ABA claims.

In a prior audit report, Report No. DODIG-2017-064, the DoD OIG had identified that the DHA made improper payments for ABA services to five ABA companies within the same geographic area in the TRICARE South Region that generally billed at the highest possible rate. As a result, the DoD OIG projected that the DHA improperly paid \$1.9 million of the total \$3.1 million paid to the five companies for ABA services performed in 2015. The DoD OIG had recommended in the prior report that the DHA Director conduct comprehensive medical reviews of ABA companies in the TRICARE South Region that show indicators of improper payments, including, but not limited to, companies billing 6 or more hours a day for children 4 years of age or younger, and compare medical records to ABA company claims to determine whether the charges were appropriate.

During the audit of the TRICARE North Region, the DoD OIG again identified systemic improper payments that included not only high-risk ABA companies, but ABA companies with low-risk profiles as well. Because the DoD OIG identified significant improper payments across the TRICARE North Region, the DoD OIG concluded that it is probable that the TRICARE South and West Regions also have ABA companies that are not properly documenting covered ABA services provided to TRICARE beneficiaries.

The DoD OIG recommended that the DHA Director revise policy to require annual comprehensive medical reviews on a statistically representative sample of ABA providers' claims for the TRICARE North, South, and West Regions to ensure that an adequate number of

claims are reviewed. These reviews should compare the beneficiaries' session notes to the providers' claims to determine whether all required documentation exists and adequately supports payments received. The reviews should cover claims from 2015 and all future years. Additionally, the DoD OIG recommended that the Director review and pursue appropriate action, such as recouping any overpayments, on the claims in our sample for which there was insufficient or no documentation from the ABA companies. Management agreed with the recommendations.

Report No. DODIG-2018-084

U.S. Central and U.S. Africa Commands' Oversight of Counternarcotics Activities

The DoD OIG determined whether U.S. Central Command (USCENTCOM) and U.S. Africa Command (USAFRICOM) effectively provided oversight of their counternarcotics activities. The DoD conducts counternarcotics activities, such as evidence collection training and border outpost construction, to help partner nations disrupt the transport and transfer of illegal drugs.

The DoD OIG determined that the commands did not provide effective oversight of their counternarcotics activities in FYs 2014 through 2016. Specifically, neither command maintained reliable data for the completion status and funding of counternarcotics training, equipping, and construction activities. In addition, USCENTCOM could have more effectively planned its counternarcotics activities by identifying the command's theater campaign plan objectives for each counternarcotics activity. As a result, neither command could determine whether their counternarcotics programs effectively used the \$496 million reported as transferred from Office of the Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats in FYs 2014 through 2016 to counter illicit drug trafficking.

The DoD OIG recommended that the Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats define the combatant commanders' and Military Services' roles and responsibilities for counternarcotics activities oversight, including tracking the completion status and funding of individual counternarcotics activities. The DoD OIG also recommended that USCENTCOM J3 and USAFRICOM J5 develop and formalize procedures to track the completion status and funding of counternarcotics activities, and that USCENTCOM J3 develop and formalize procedures

to link each counternarcotics activity to the theatre campaign plan objectives. Management agreed with the recommendations.

Report No. DODIG-2018-059

Defense Health Agency Controls Over High-Risk Pharmaceutical Payments

The DoD OIG determined whether the Defense Health Agency (DHA) had developed controls to identify health care pharmaceutical payments at high risk of fraud or abuse. The DoD OIG focused on controls to prevent and detect potentially fraudulent or abusive claims for pharmaceuticals. The DHA defines “abuse” as any practice that is inconsistent with accepted practice that results in a claim, unnecessary costs, or payment for services or supplies not medically necessary and appropriate, or that fail to meet professionally recognized standards for health care providers. “Abuse” includes deception or misrepresentation by a provider in relation to a TRICARE claim. The DoD OIG also reviewed the process for approving and implementing new controls.

The DoD OIG determined that the DHA used data analytics, trend reports, and industry publications to identify drugs with increasing costs. The DHA also placed quantity limits and prior authorization requirements on high-risk drugs. The DoD OIG tested beneficiary claims for six drugs that the DHA had placed the quantity limits and prior authorization requirements. The DoD OIG determined that the DHA, through the Pharmacy Benefit Manager, effectively implemented the controls for the six drugs.

However, while the DHA reduced the risk for fraudulent claims payments for those drugs, the DHA often took more than 6 months to implement new quantity limits or prior authorization requirements for other drugs. The DHA could further reduce the risk of paying fraudulent claims on drugs by developing an expedited process that uses the authorities provided in Federal regulations to implement new quantity limits in a timely manner to combat rapidly escalating drug costs. The DHA could implement temporary quantity limits when the DHA first identifies rapidly rising costs. Quantity limits could control rising costs in a timely manner until the Pharmacy and Therapeutics Committee develops permanent solutions. Although Federal regulations allow the DHA Director to implement new quantity limits without multiple reviews, the Director did not use this

authority because the Director required a Pharmacy and Therapeutics Committee recommendation for new quantity limits.

The DoD OIG recommended that the DHA Director implement procedures allowing expedited placement of temporary quantity limits to address future instances of rapidly rising drug costs until the Pharmacy and Therapeutics Committee develops solutions that are more permanent. Management agreed with the recommendations.

Report No. DODIG-2018-033

Completeness and Accuracy of U.S. Army Corps of Engineers Improper Payment Estimates

The DoD OIG determined whether the U.S. Army Corps of Engineers (USACE) used a complete universe of payments and accurately identified improper payments when reporting improper payment estimates in the DoD FY 2016 Agency Financial Report (AFR) for the Commercial Pay and Travel Pay programs. Public Law 111-204, “Improper Payments Elimination and Recovery Act of 2010” (IPERA), requires agencies to report in the AFR a statistically valid estimate of improper payments for each program deemed susceptible to significant improper payments.

The DoD OIG determined that USACE Finance Center personnel did not accurately report the total payments, improper payment estimate, or improper payment rate for the Commercial Pay program in the DoD FY 2016 AFR. Specifically, USACE Finance Center personnel:

- inaccurately reported \$18,158.00 million of USACE commercial payments in the DoD FY 2016 AFR when Finance Center personnel should have reported \$17,895.79 million (\$17.90 billion), which is an overstatement of \$262.21 million;
- did not subject 15,165 Government purchase card payments, valued at \$144.53 million, to improper payment testing; and
- did not identify improper payments in 9 of the 62 commercial payment sample items, valued at \$1.79 million, that the DoD OIG reviewed.

As a result, USACE understated the Commercial Pay program’s improper payments in the DoD FY 2016 AFR. The DoD OIG projected that USACE Finance Center personnel made \$2.25 million in improper payments for

the 1,293 sample items reviewed by USACE, which would have resulted in reporting improper payments and an improper payment rate for the Commercial Pay program in the DoD FY 2016 AFR. Instead, USACE reported \$0 in improper payments in the DoD FY 2016 AFR. Until USACE establishes adequate procedures to identify improper payments, USACE will not recover a potential \$2.22 million in questioned costs. Additionally, USACE Finance Center personnel did not accurately report the Travel Pay universe, improper payment estimate, or improper payment rate for the USACE Travel Pay program in the DoD FY 2016 AFR. Specifically, USACE Finance Center personnel:

- understated their total travel payments in the DoD FY 2016 AFR by \$5.20 million;
- did not subject at least 26,400 travel payments, valued at \$14.77 million, to improper payment testing; and
- did not calculate the improper payment estimate in accordance with OMB guidance.

Until USACE corrects these issues with the Commercial Pay and Travel Pay programs, it will not be able to identify and take corrective actions and recover improper payments. Furthermore, the DoD Improper Payment Program will continue to be noncompliant with IPERA requirements.

The DoD OIG recommended that the USACE Finance Center Director establish procedures to identify and include all commercial payments required within the improper payment estimates reported in the DoD AFR. Furthermore, the Director should establish standard operating procedures to identify a complete and accurate universe, review selected payments, and ensure that improper payment estimates for the Travel Pay program are calculated properly. Finally, the Director should implement a process of higher-level reviews before submitting information for inclusion in the DoD AFR to the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD. Management agreed with or initiated action that met the intent of the recommendations for all but one recommendation.

Report No. DODIG-2018-073

Summary Report of DoD Compliance With the Berry Amendment and the Buy American Act

The DoD OIG determined whether the DoD awarded contracts that complied with the Berry Amendment and the Buy American Act when purchasing 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 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 determined that DoD contracting personnel complied with the Berry Amendment for 69 of 109 contracts reviewed, with an obligated value of \$387 million. However, contracting personnel did not comply with the Berry Amendment for the remaining 40 contracts, with an obligated value of \$211.6 million. Contracting officials did not always include the Berry Amendment clause in all contracts, did not prepare award notices containing Berry Amendment exception language when procuring foreign-made items, and improperly purchased foreign made items or items containing nondomestic components. As a result, for 40 of the 109 contracts reviewed, DoD contracting personnel had limited assurance that items purchased on contracts complied with the Berry Amendment; did not notify the public of the lack of domestically-produced products; and committed potential Antideficiency Act violations by using appropriated funds to procure items not grown, reprocessed, reused, or reproduced in the United States. The DoD OIG also determined that DoD contracting personnel complied with the Buy American Act for 130 of 171 contracts reviewed, with an obligated value of \$8.8 million, but did not comply with the Buy American Act for the remaining 41 contracts, with an obligated value of \$2.6 million. Contracting officials omitted the required Buy American Act clause and improperly purchased foreign-made items. As a result, DoD contracting personnel had limited assurance that items purchased on contracts complied with the Buy American Act and committed potential Antideficiency Act violations by using appropriated funds to procure foreign-made items.

The DoD OIG recommended that the Director, Defense Pricing/Defense Procurement and Acquisition Policy, re-emphasize guidance on the requirement to incorporate and enforce the Berry Amendment and the Buy American Act provisions and clauses in applicable solicitations and contracts. The DoD OIG also recommended that the Director re-emphasize the Defense Federal Acquisition Regulation Supplement requirements regarding exceptions to the Berry Amendment. Finally, the DoD OIG recommend that the Director re-emphasize that the various electronic contract writing systems used by the Military Services and the Defense Logistics Agency (DLA) should incorporate the requirements of the Berry Amendment and the Buy American Act. Management agreed with the recommendations.

Report No. DODIG-2018-070

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

Small Business Subcontracting at Two Army Contracting Command Locations

The DoD OIG determined whether Army Contracting Command (ACC)—Redstone and ACC-Warren contracting officials took appropriate actions to ensure prime contractors met their small business subcontracting goals. The DoD OIG reviewed a nonstatistical sample of 50 contracts with estimated completion dates in FYs 2015 or 2016 and 30 contracts awarded in FY 2016. The Federal Acquisition Regulation requires that contracts over \$700,000, awarded to an other than small business must have a small business subcontracting plan and subcontracting goals if there are subcontracting opportunities so that small businesses can work on larger contracts.

The DoD OIG determined that ACC-Redstone and ACC-Warren contracting officials ensured that prime contractors provided small businesses with adequate subcontracting opportunities for 27 of 50 contracts reviewed, valued at \$693.5 million and \$1.6 billion, respectively. However, ACC-Redstone and ACC-Warren contracting officials did not ensure that prime contractors provided small businesses with adequate subcontracting

opportunities for the remaining 23 contracts, valued at \$914.8 million. ACC-Redstone and ACC-Warren contracting officials stated that this occurred because contracting officials did not understand subcontracting plan requirements and because administering subcontracting plans was not a high priority. In addition, ACC-Redstone and ACC-Warren had high turnover among their contracting staffs, and subcontracting plan administration guidance at both locations did not address the transfer of duties from one contracting officer to another. Also, ACC-Redstone contracting management did not provide adequate training or standard operating procedures on requirements for administering subcontracting plans.

As a result, small businesses may have been denied subcontracting opportunities that prime contractors were required to make a good-faith effort to provide. ACC-Redstone and ACC-Warren contracting officials did not obtain subcontracting reports, did not follow up on reports that showed contractors were not meeting their small business goals, and did not determine whether prime contractors made good-faith efforts to comply with negotiated subcontracting goals. Therefore, ACC-Redstone and ACC-Warren may have missed opportunities to recoup liquidated damages (the amount paid by a contractor that fails to make a good-faith effort to comply with its subcontracting plan) of up to \$82.3 million.

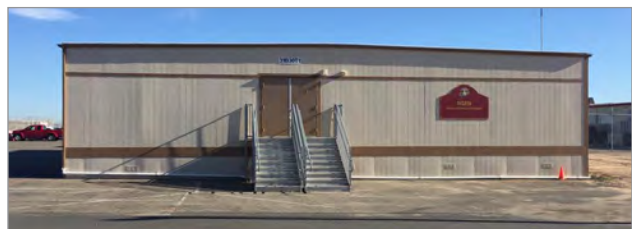
The DoD OIG recommended that the ACC-Redstone and ACC-Warren Executive Directors determine whether the contractor made a good-faith effort to meet its subcontracting goals for 16 contracts and assess liquidated damages, as appropriate. The DoD OIG also recommend that the Deputy Assistant Secretary of the Army for Procurement, in coordination with the Army Office of Small Business Program Director train contracting officials on their responsibilities for administering subcontracting plans, revise Army regulations on administering subcontracting plans and procedures for transferring subcontracting plan administration duties when a contract is transferred from one contracting officer to another contracting official. Management agreed with the recommendations.

Report No. DODIG-2018-086

Navy and Marine Corps Management of Relocatable Buildings

The DoD OIG determined whether the Navy and Marine Corps were properly managing and using relocatable buildings in accordance with appropriate Federal and DoD policies. A relocatable building is a habitable prefabricated structure designed and constructed to be readily moved, erected, disassembled, stored, and reused. Furthermore, the DoD requires that relocatable buildings satisfy the interim facility requirement, which is short term, normally 5 years or less.

The DoD OIG determined that of the 159 facilities reviewed, Navy and Marine Corps Department of Public Works (DPW) personnel correctly classified 45 facilities that met the DoD definition and interim facility requirement of a relocatable building. However, Navy and Marine Corps DPW personnel incorrectly classified 114 facilities as relocatable buildings, which hinders the DoD and the Department of the Navy personnel from accurately assessing space utilization. Also, Navy and Marine Corps DPW personnel potentially misspent \$1.8 million to lease 32 relocatable buildings and an additional \$750,000 to purchase 31 of the 32 relocatable buildings after the leases expired. Furthermore, DPW personnel misclassifying these facilities potentially circumvents the military construction process by using short-term requirements for long-term needs. As a result, Navy and Marine Corps use of relocatable buildings to meet requirements may not be the most effective use of appropriated funds.



Relocatable Building at MCB Camp Pendleton

Source: The DoD OIG.



Relocatable Buildings at MCB Camp Lejeune

Source: The DoD OIG.

The DoD OIG recommended that the Assistant Secretary of Defense for Energy, Installations, and Environment update DoD guidance to include details and illustrated examples on how to properly classify relocatable buildings. The DoD OIG also recommended that the Commander, Navy Installations Command, issue guidance to emphasize tenant organization personnel on Navy installations coordinate the acquisition of relocatable buildings with the installation's DPW personnel, develop procedures to ensure their staff are disposing of excess relocatable buildings through DLA Disposition Services. The DoD OIG recommended that the Commander of Naval Facilities Engineering Command and Chief of Engineers, Chief of Naval Operations, and Commandant of the Marine Corps revise Navy and Marine Corps guidance to reflect updates made to DoD guidance, train DPW personnel on the proper classification of relocatable buildings, and develop procedures to ensure DPW personnel properly apply the interim facility requirement when classifying relocatable buildings. The DoD OIG recommended that the Commandant of the Marine Corps revise guidance to separate non-relocatable buildings within the Internet Navy Facilities Assets Data Store system for tracking facilities if fire and emergency response services are needed. Furthermore, the DoD OIG recommended that the DPW Chiefs for Navy and Marine Corps installations coordinate with the tenant and apply for approval of relocatable buildings that were never submitted, establish exit strategies, and request extensions for relocatable buildings that are past the established expiration date or terminate the use of the relocatable buildings that are no longer needed. In addition, the DoD OIG recommended that the Chiefs develop procedures to ensure personnel are performing the required lease versus buy analysis. Management agreed with the recommendations.

Report No. DODIG-2018-063

The U.S. Navy's Oversight and Administration of the Base Support Contracts in Bahrain

The DoD OIG conducted this audit to determine whether the U.S. Navy provided effective oversight of two base support services contracts in Bahrain—Naval Support Activity Bahrain, the base support services, which was valued at \$87.7 million, and Isa Air Base in Bahrain, the base support services contract, which would be valued at \$114.4 million if all option years are exercised. Both installations provide operational support to U.S. and Coalition forces throughout the U.S. Central command

area of responsibility and directly support OIR through activities such as the aerial missions conducted by the 379th Air Expeditionary Wing at Isa Air Base.

The DoD OIG found that the Navy did not properly oversee or effectively administer base support services in Bahrain and did not train and manage the contracting officer's representatives properly. The Navy did not provide training specific to base operating support services contract and the contracting officer's representatives were allowed to use performance assessment representatives—foreign national direct-hires at Naval Support Activity Bahrain and foreign national contractors at Isa Air Base—to execute all quality assurance of the contractors. The contracting officer's representative did not ensure that the performance assessment representatives possessed the requisite knowledge to complete these tasks, provide adequate performance-assessment procedures, and ensure that the performance assessment representatives oversaw all of the contract requirements.

As a result, the Navy did not have assurance that the \$161.5 million spent on base support resulted in services that complied with the contracts.

In addition, the audit determined that the Navy did not effectively administer base support services and did not update performance assessment plans to explicitly require contact-requirement reviews. Additionally, the Navy did not maintain complete contract files, account for \$1.6 million in Government-furnished property that was provided to contractors, or ensure the contractors complied with combating trafficking in persons requirements. As a result, the Navy did not have adequate evidence to support contractor assessments;



Photo of U.S. Navy Personnel on NSA-Bahrain
Source: U.S. Navy.



Planter Box and Palm Tree at ISA

Source: The DoD OIG.

they were at an increased risk of having \$1.6 million of Navy property being lost, stolen, or unaccounted for, and were at an increased risk of contractors using trafficked persons for services without the Navy’s detection.

The DoD OIG recommended that the Navy summarize contracting officer’s representatives oversight responsibilities; provide contract-specific training; review and monitor the use of performance assessment representatives; improve records management procedures; and institute proactive procedures to ensure compliance with combating trafficking in persons requirements.

The Navy agreed with the recommendations and has initiated actions to address the concerns.

Report No. DODIG-2018-074

Financial Management and Reporting

Independent Auditor’s Report on DoD FY 2017 and 2016 Basic Financial Statements

Public Law 101-576, “Chief Financial Officers Act of 1990,” as amended, requires the DoD OIG to audit the DoD agency-wide consolidated balance sheet as of September 30, 2017, and 2016, and the related consolidated statement of net cost, consolidated statement of changes in net position, combined statement of budgetary resources, and notes to the basic statements (basic financial statements). The Act also requires the DoD OIG to perform or oversee the annual audits of the Army, the Navy, and the Air Force General

Fund and Working Capital Fund, and the U.S. Army Corps of Engineers (USACE), Civil Works, and the Military Retirement Fund financial statements.

During the reporting period, the DoD OIG transmitted the unmodified opinions issued by independent public accountants for the USACE and Military Retirement Fund financial statements.

The DoD OIG also issued a series of disclaimers of opinion on the FY 2017 financial statements because DoD management asserted to the DoD OIG that FY 2017 and FY 2016 Basic Financial Statements would not substantially conform to accounting principles generally accepted in the United States of America and that DoD financial management and feeder systems could not adequately support material amounts on the basic financial statements as of September 30, 2017.

In addition, DoD management acknowledged that previously identified material weaknesses continued to exist. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the DoD’s financial statements will not be prevented, or detected and corrected, on a timely basis. The DoD acknowledged that the following material weaknesses continued to exist:

- Financial Management Systems
- Fund Balance With Treasury
- Accounts Receivable
- Inventory
- Operating Materials and Supplies
- General Property, Plant, and Equipment
- Government Property in Possession of Contractors
- Accounts Payable
- Environmental Liabilities
- Statement of Net Costs
- Intragovernmental Eliminations
- Accounting Entries
- Reconciliation of Net Cost of Operations to Budget

In addition, the DoD did not substantially comply with the Federal Financial Management Improvement Act for FY 2017. The Under Secretary of Defense (Comptroller)/ Chief Financial Officer, DoD, acknowledged to the

DoD OIG that DoD financial management and feeder systems could not provide adequate evidence supporting various material amounts on the financial statements, and that previously identified material weaknesses continue. The DoD has hundreds of financial and feeder systems affecting the financial statements. It is a challenge to ensure that data are completely and accurately feeding between these various systems. Furthermore, the DoD still relies on legacy systems designed and implemented in the 1960s. These legacy systems lack the basic capabilities required to successfully undergo an audit.

Report Nos. DODIG-2018-008, DODIG-2018-009, DODIG-2018-010, DODIG-2018-011, DODIG-2018-012, DODIG-2018-013, DODIG-2018-014, DODIG-2018-015, DODIG-2017-016, DODIG-2018-017, DODIG-2018-030, DODIG-2018-031

DoD Compliance With the Digital Accountability and Transparency Act of 2014

USACE Compliance With the Digital Accountability and Transparency Act of 2014

The DoD OIG conducted two audits related to the Digital Accountability and Transparency Act of 2014 (DATA Act). The DoD OIG determined whether the DoD and USACE complied with Public Law 113-101, “The Digital Accountability and Transparency Act of 2014.” Specifically, the DoD OIG assessed the completeness, timeliness, quality, and accuracy of second quarter FY 2017 financial and award data that the DoD and USACE submitted for publication on USASpending.gov, as well as the DoD’s implementation and use of the Government-wide financial data standards (data elements) established by OMB and the Department of the Treasury (Treasury).

The purpose of the DATA Act is to disclose and link Federal funds to increase accountability and transparency of Government spending to the public. The DATA Act enables taxpayers and policy makers to track these funds at multiple points in the Federal spending life cycle. The DATA Act requires Federal agencies to report financial and award data in accordance with Government-wide data elements by May 2017. Specifically, the DATA Act seeks to improve the quality of data submitted to USASpending.gov by holding Federal agencies accountable for the completeness and accuracy of the data submitted.

The DoD OIG determined that neither the DoD nor USACE complied with the DATA Act. Specifically, for

second quarter FY 2017, the DoD Senior Accountable Official (SAO) did not certify and submit complete award data, timely award data, accurate financial and award data, and quality financial and award data for publication on USASpending.gov. The DoD SAO used Government-wide data elements applicable to the financial data established by OMB and the Treasury. However, the DoD did not implement and use the Government-wide data elements applicable to award data established by OMB and the Treasury. Specifically, the DoD did not submit the required data elements for procurement and grant awards and did not comply with the OMB and the Treasury Government-wide data element definitions.

The DoD OIG also determined that although the USACE SAO certified second quarter FY 2017 financial data within the required timeframe, the USACE SAO did not certify and submit complete award data, complete financial data related to procurement awards, accurate financial data, and quality financial data for publication on USASpending.gov. In addition, the USACE SAO did not implement and use the Government-wide data elements applicable to financial data established by OMB and the Treasury. Specifically, the USACE SAO did not submit 2 of 10 Government-wide data elements applicable to financial data related to procurement awards.

As a result, DoD and USACE spending data displayed on USASpending.gov was inconsistent and unreliable to policymakers and taxpayers. Therefore, taxpayers may not be able to rely on the DoD’s financial and award data displayed on USASpending.gov to track DoD spending effectively. Additionally, policymakers may not be able to rely on the DoD’s financial and award data to make decisions and effectively plan for mission-critical programs and operations.

The DoD OIG made various recommendations to improve DoD and USACE DATA Act reporting, including a recommendation to update internal guidance, policies, and procedures. DoD and USACE management agreed with the recommendations.

Report Nos. DODIG-2018-020 and DODIG-2018-021

The Defense Finance and Accounting Service Financial Reporting Process for Other Defense Organizations General Funds

The DoD OIG determined whether the Defense Finance and Accounting Service (DFAS) was properly accumulating and reporting General Fund financial data of Other Defense Organizations (ODOs) for the DoD Agency-Wide

financial statements. In addition, the DoD OIG followed up on the status of DFAS's implementation of prior recommendations related to the audit objective made by the DoD OIG in three previous reports. DFAS-Indianapolis is responsible for compiling the General Funds financial statements of the ODOs.

The DoD OIG determined that DFAS-Indianapolis personnel did not properly accumulate and report the General Fund financial data of the ODOs for the FY 2015 DoD Agency-Wide Financial Statements. Specifically, DFAS-Indianapolis did not develop a universe of the General Fund transactions of the ODOs, maintain a reconciled list of the General Fund reporting entities and sub-entities of the ODOs, or prepare ODO General Fund financial statements that reflected the current reporting entities.

This occurred because DFAS-Indianapolis personnel did not develop a process narrative (written explanation) of the control activities and a process map (detailed flowchart) of how the General Funds of the ODOs are compiled. In addition, DFAS-Indianapolis personnel did not develop adequate standard operating procedures that identified the ODOs entities and sub-entities to accumulate and report the General Funds' financial data. Additionally, DFAS-Indianapolis personnel continue to prepare unsupported journal vouchers (JVs) to accumulate and report the General Fund financial statements of the ODOs. DFAS-Indianapolis personnel should also improve their process for justifying and reviewing JVs. Furthermore, DFAS-Indianapolis personnel did not prepare the required quarterly metric reports that included all the JVs prepared during the General Fund compilation process of the ODOs. As a result of the DFAS-Indianapolis inability to properly accumulate and report its financial data for ODOs and the large number and dollar amount of unsupported JVs, it is increasingly probable that the General Fund financial statements of the ODOs are materially misstated. Because the General Fund financial statements of the ODOs are part of the DoD Agency-Wide financial statements, there is also the increased risk that these statements are misstated.

The DoD OIG recommended that the Under Secretary of Defense (Comptroller)/Deputy Chief Financial Officer develop a universe of the General Fund transactions of the ODOs. The DoD OIG also recommended that the DFAS-Indianapolis Director develop a process narrative and process map of the General Fund compilation process of the ODOs, adequate standard operating

procedures, a plan to reduce the number of JVs needed to compile the General Funds financial statements of the ODOs, and revise the standard operating procedures for preparing, approving, and reviewing JVs. The DoD OIG recommended that the DFAS Enterprise Solutions and Standards Director:

- categorize all the JVs in accordance with the DoD Financial Management Regulation (FMR) and prepare quarterly JV metric reports that include all of the JVs prepared during the compilation process of the ODOs; and
- monitor the status of the open recommendation and, when appropriate, expedite the implementation of the Department 97 Reconciliation and Reporting Tool and develop milestones for its implementation.

Lastly, the DoD OIG recommended that the DFAS Strategy, Policy, and Requirements Director revise the DoD FMR to include an accurate list of the General Fund reporting entities and sub-entities of the ODOs. Management agreed with the recommendations.

Report No. DODIG-2018-041

The Army Demilitarization Program

The DoD OIG determined whether Army-held Operating Material and Supplies (OM&S) assets subject to demilitarization were properly reused and safeguarded or, when the assets were no longer required, were disposed of appropriately. The DoD OIG also determined whether the cost associated with storing and safeguarding the assets exceeded the cost of properly disposing of the assets. During the audit, the DoD OIG identified an additional objective related to the scope of the audit and discussed it with the Office of the Assistant Secretary of the Army (Financial Management and Comptroller). Specifically, the DoD OIG determined whether the Army reported a liability associated with the cost of disposing of the stockpile of OM&S assets awaiting demilitarization. OM&S assets include ammunition, missiles, and related spare and repair parts. The Army is responsible for storing, safeguarding, and demilitarizing OM&S assets.

The DoD OIG determined that the Army properly reused OM&S assets, safeguarded assets in the demilitarization stockpile, and appropriately disposed of the assets when they were no longer needed. In addition, although the cost to demilitarize assets exceeded the storage cost, the Army appropriately prioritized the

demilitarization workload to focus on safety, policy and legal requirements, and maximizing storage capacity for operational assets. However, the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) did not report the liability associated with the cost of disposing the demilitarization stockpile on the FY 2016 Army General Fund Financial Statements and related notes. Personnel from the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) did not approve a methodology to ensure that the Joint Munitions Command sufficiently supported the disposal estimate. As a result, the Army materially misstated the disposal liability on the FY 2016 Army General Fund Financial Statements and did not provide decision makers adequate information on the funding needed to dispose of the demilitarization stockpile properly.

The DoD OIG recommended that the Assistant Secretary of the Army (Financial Management and Comptroller) develop procedures to annually determine a reasonable estimate for the cost to dispose of the demilitarization stockpile and report the associated liability on the Army General Fund Balance Sheet and related notes. Management agreed with the recommendation.

Report No. DODIG-2018-052

Followup Audit: Prior Recommendations to the Department of Navy Regarding the Triannual Review Process for Financial Transactions

The DoD OIG conducted this followup audit to determine whether the Department of the Navy (DON)¹ implemented recommendations in prior DoD OIG reports relating to the Triannual Review Process which is an internal control practice that checks the timeliness, accuracy, and completeness of commitments, obligations, accounts payable, accounts receivable, and unfilled customer orders (financial transactions) (Report No. DODIG-2015-127, “Triannual Review Processes Need Improvement at Three Naval Budget Submitting Offices,” May 18, 2015, and Report No. DODIG-2015-072, “Improvements Needed for Navy’s Triannual Review,” January 22, 2015). The DoD OIG also determined whether the DON triannual review (TAR) for the period ending January 31, 2017, was performed in accordance

The goal of the TAR is to identify financial obligations that can be canceled or used for another purpose before the associated funds expire.

with the DoD FMR. The TAR is an internal control practice that checks the timeliness, accuracy, and completeness of commitments, obligations, accounts payable, accounts receivable, and unfilled customer orders (financial transactions). The TAR occurs three times per fiscal year, with review periods ending on January 31, May 31, and September 30. The goal of the TAR is to identify financial obligations that can be canceled or used for another purpose before the associated funds expire.

The DoD OIG determined that the DON Office of Budget took corrective actions that implemented 2 of the 11 open recommendations made in DoD OIG prior reports. Specifically, the DON Office of Budget trained Budget Submitting Officers regarding their TAR roles and responsibilities. The DON Office of Budget also developed TAR standard operating procedures; however, it did not implement the procedures and take actions to correct the findings identified in prior DoD OIG reports. Specifically, the DON Office of Budget did not implement its procedure to improve key TAR processes, such as uniformly collecting complete financial transactions and consistently reporting the TAR review results; or conduct reviews of Budget Submitting Office TAR reports. In addition, the DON Office of Budget did not ensure that DON Budget Submitting Offices completed the TAR in accordance with the DoD FMR. Of the 11 Budget Submitting Offices that the DoD OIG reviewed, only 3 complied with the DoD FMR. This occurred because the DON Office of Budget officials focused on developing standard queries needed to extract data from many complex financial systems before developing and implementing a standard operating procedure. The DON has attempted multiple efforts since 2015 to implement tools and capabilities sufficient to remediate the previous recommendations. However, due to the complexities of multiple financial systems, this effort produced minimal results and was put on hold in favor of a manual, labor-intensive effort. The DON Office of Budget officials continue to work with DON system owners to find an automated solution to develop data sets from multiple

¹ The Department of the Navy includes the operating forces of the United States Navy and US Marine Corps, including the Reserve Components of such forces; and all field activities, headquarters, forces, bases, installations, activities, and functions under the control or supervision of the Secretary of the Navy.

DON accounting systems and alleviate the manual data call method currently in use. As a result, the DON may not identify financial obligations that can be canceled or used for another purpose before the funds expire. Additionally, the TAR, as currently implemented, is not an effective internal control for monitoring financial transactions; as a result, the amounts reported on the DON financial statements might be inaccurate.

Although the DoD OIG did not make new recommendations, 9 of the 11 resolved recommendations from the prior reports remain open. Because management did not respond to the draft report, the DoD OIG asked management to respond to the final report.

Report No. DODIG-2018-085

Defense Human Resources Activity Reimbursable Agreements

The DoD OIG determined whether the Defense Human Resources Activity (DHRA) properly prepared, executed, and accounted for reimbursable agreements. The DoD OIG performed this audit in response to a request from DHRA management that the DoD OIG review active reimbursable agreements, as of December 31, 2016, where the DHRA was the service provider. The DHRA provides goods and services, such as providing common access cards or commercial travel support, to Federal organizations through reimbursable agreements.

The DoD OIG determined that, although DHRA personnel correctly prepared 9 of 45 reimbursable agreements, the DHRA did not adequately prepare the remaining 36 reimbursable agreements, valued at \$207.4 million. In addition, DHRA personnel did not perform the required annual review for 27 of the 32 reimbursable agreements that were at least 1 year old and did not perform the required triennial review of all 10 reimbursable agreements that were more than 3 years old. DHRA management did not effectively oversee DHRA reimbursable programs by developing and implementing procedures for preparing and reviewing reimbursable agreements. As a result, DHRA management could not demonstrate that all active reimbursable agreements were adequately prepared to confirm that the DHRA had the appropriate legal and funding authority. In addition, DHRA personnel did not properly execute DHRA reimbursable agreements, resulting in potential Antideficiency Act violations. Furthermore, DHRA personnel did not accurately account

for DHRA reimbursable agreements in a timely manner. As a result, DHRA management did not have completed and accurate financial information needed to oversee the DHRA's reimbursable programs. During this audit, DHRA management implemented new procedures to correct the preparation deficiencies and identified the need for additional procedures to resolve the execution and accounting deficiencies. However, because they only recently implemented them, DHRA personnel could not demonstrate the operating effectiveness of these procedures.

The DoD OIG recommended that the DHRA Director:

- implement procedures to review reimbursable agreements in accordance with DoD guidance,
- complete a preliminary review of the potential Antideficiency Act violations within 14 weeks from the date of initial discovery,
- implement procedures to prevent funding and reimbursement processes that are not cost-effective,
- implement procedures to maintain a centralized database of reimbursable agreements and related funding documents for reimbursable agreements that went into effect before FY 2017, and
- implement an audit infrastructure that allows for the provision of information within 5 business days.

In addition, the DoD OIG recommended that the DHRA Director improve accounting procedures and coordinate with the DFAS-Columbus Director to correct misstated account balances. Management agreed with the recommendations.

Report No. DODIG-2018-095

Readiness and Cyber Operations

Logical and Physical Access Controls at Missile Defense Agency Contractor Locations

The DoD OIG determined whether Missile Defense Agency (MDA) contractors implemented security controls and processes to protect classified and unclassified ballistic missile defense system (BMDS) technical information from internal and external threats. This audit focused on security controls at seven MDA contractor facilities. The DoD OIG conducted this audit in response to a congressional requirement to audit the controls in

place to protect classified and unclassified ballistic missile defense technical information, whether managed by cleared Defense contractors or by the Government. This is the first of two audits to determine whether the MDA effectively protects BMDS technical information from unauthorized access and disclosure.

The DoD OIG determined the seven MDA contractors audited did not consistently implement security controls and processes to protect classified and unclassified BMDS technical information. Specifically, system and network administrators at the seven contractors that managed BMDS technical information on their classified and unclassified networks did not consistently implement system security controls in accordance with Federal and DoD requirements for safeguarding Defense information. Contractor system security controls were ineffective because the MDA did not oversee the contractors' current or planned actions to protect BMDS technical information on classified and unclassified networks and systems before contract award or during the contract period of performance. As a result of the MDA not verifying and monitoring compliance with Defense Federal Acquisition Regulation Supplement (DFARS) and National Industrial Security Program Operating Manual requirements, contractors could inadvertently disclose critical technical details of the DoD's BMDS components to U.S. adversaries and allow them to potentially circumvent the BMDS capabilities, leaving the United States vulnerable to deadly missile attacks.

Among other recommendations, the DoD OIG recommended that the MDA Director for Acquisition:

- establish a separate technical evaluation factor in the source selection process to evaluate whether an offeror's approach to securing its networks and systems complied with DFARS clause 252.204-7012;
- include penalty clauses in awarded contracts to levy monetary sanctions on contractors that fail to implement physical and logical security controls for protecting classified and unclassified BMDS technical information; and
- provide oversight to ensure that contractors comply with the National Institute of Standards and Technology requirements for protecting controlled unclassified information throughout the life cycle of the contract.

Management did not agree with all of the recommendations, and the DoD OIG requested further comments.

Report No. DODIG-2018-094

U.S. Special Operations Command's Management of Excess Equipment

The DoD OIG determined whether U.S. Special Operations Command (USSOCOM) was identifying excess equipment and storing only equipment with valid requirements in its inventory. The DoD OIG nonstatistically selected five Special Operations–Peculiar (SO-P) equipment programs to include in the audit: Binocular Night Vision Device, Future Assault Shell Technology- Helmet, Next Generation Tactical Communication Capability (Handheld Radio), Sensitive Site Exploitation-Biometrics, and Suite of Integrated Radio Frequency Countermeasures.

The DoD OIG determined that USSOCOM did not identify that the Service Component commands' inventory exceeded their allocation for three of the five SO-P programs. Across the three programs with excess equipment, the DoD OIG identified excess SO-P equipment with a value of at least \$ 26.3 million. For example, USSOCOM did not identify that the U.S. Army Special Operations Command had 17,571 handheld radios according to its property records but was allocated only 13,351 in the capability documents, for an excess of 4,220 radios. USSOCOM did not identify excess SO-P equipment because the authorized allowance and allocation data in the USSOCOM Table of Equipment Distribution and Allowances (USTEDA) were not accurate or complete, and could not be reconciled with inventory. In addition, USSOCOM guidance did not require periodic reconciliations between the inventory and the USTEDA to identify excess SO-P equipment for redistribution or disposition. As a result of USSOCOM officials not identifying excess equipment at the Service Component commands, USSOCOM was not aware that there was excess equipment available for redistribution to the Service Component commands or disposal if all the commands had reached their full allocation of authorized allowances. For example, USSOCOM allocated Biometrics kits to the Naval Special Warfare Command. According to the Naval Special Warfare Command accountable property system of record, the command had excess kits in its inventory. Had USSOCOM identified those kits

as excess, the kits could have been redistributed to the U.S. Army Special Operations Command, which had not received its full allocation.

The DoD OIG recommended that the USSOCOM Commander:

- update USSOCOM guidance to include detailed procedures for reporting and updating SO-P equipment authorizations and allocations in the USTEDA;
- direct a review of existing SO-P equipment authorizations and allocations and update the USTEDA and all systems and documents that contain authorizations and allocations accordingly;
- update USSOCOM guidance to include detailed procedures for conducting periodic reconciliations of SO-P equipment authorizations and allocations to inventory; and
- direct a reconciliation of SO-P equipment authorizations and allocations to inventory based on the updated guidance, and if excess equipment is identified, redistribute or dispose of the excess equipment.

Management agreed with the recommendations.

Report No. DODIG-2018-100

Defense Threat Reduction Agency Cooperative Threat Reduction Contract in the U.S. Pacific Command Area of Responsibility

The DoD OIG determined whether the Defense Threat Reduction Agency (DTRA) adequately monitored contractor performance and conducted sufficient invoice reviews for goods and services provided under the Cooperative Threat Reduction contract. For this audit, the DoD OIG reviewed one task order, which was being performed in the Philippines. The DoD uses the Cooperative Threat Reduction program to prevent the proliferation of weapons of mass destruction, and reduce chemical, biological, radiological, and nuclear threats. The Cooperative Threat Reduction program is in over 30 countries, including the Philippines. DTRA is the implementing agency for the DoD Cooperative Threat Reduction program.

The DoD OIG determined that DTRA personnel adequately monitored contractor performance and conducted sufficient invoice reviews for the task order.

However, the DTRA contracting officer did not prepare a quality assurance surveillance plan to document the work requiring surveillance, the method of surveillance, or the process used to review invoices, as required. DTRA contracting officials stated that they did not prepare a quality assurance surveillance plan because the contract included both goods (construction and equipment) and services (training); therefore, a quality assurance surveillance plan was not required. However, the Defense Federal Acquisition Regulation Supplement requires that a quality assurance surveillance plan be prepared for service contracts and does not make a distinction for contracts that provide both goods and services. Without a quality assurance surveillance plan, DTRA cannot ensure that frequent contracting officer's representative rotations and personnel turnover will not adversely affect the consistent, long-term quality assurance methods used to validate contractor performance. DTRA also cannot ensure that systematic quality assurance methods are in place to validate that contractor quality control efforts are timely, effective, and are delivering the results specified in the contract or task order. If properly implemented, a quality assurance surveillance plan should establish a detailed, continuous quality assurance process for rotational contracting officer's representatives, and help ensure consistent high standards of contractor oversight.

The DoD OIG recommended that the Defense Threat Reduction Agency Director, Acquisition, Finance, and Logistics, establish implementing guidance to clarify that all contracts for services require a quality assurance surveillance plan, whether or not goods are also provided under the contract. The DoD OIG also recommended that the Director develop and implement a quality assurance surveillance plan for all ongoing service contracts and task orders, whether or not goods are also provided under the contract. Management agreed with the recommendations.

Report No. DODIG-2018-064

The National Security Agency Enterprise

The DoD OIG conducted this audit in response to a congressional request in the Intelligence Authorization Act of Fiscal Year 2016. The DoD OIG determined whether the National Security Agency had implemented effective security configuration controls and processes to protect its devices, systems, enclaves, and networks from internal and external threats. The findings and

recommendations in this report are classified. The DoD OIG report was provided to NSA officials, DoD officials, and Congress.

Report No. DODIG-2018-043

U.S. European Command Efforts to Integrate Cyberspace Operations Into Contingency Plans

The DoD OIG determined whether the U.S. European Command is integrating offensive and defensive cyberspace operations into its operational and contingency plans. The findings and recommendations in this report are classified. The DoD OIG report was provided to U.S. European Command officials, DoD officials, and Congress.

Report No. DODIG-2018-097

DoD Antiterrorism Programs

The DoD OIG determined the effectiveness of antiterrorism programs at DoD installations. Specifically, whether DoD installations are optimizing existing resources to mitigate risk, achieve efficiencies, and reduce redundancies. The findings and recommendations in this report are classified. The DoD OIG report was provided to DoD officials and Congress.

Report No. DODIG-2018-046

Other Audit Work

Followup Audit: Transfer of Service Treatment Records to the Department of Veterans Affairs

The DoD OIG conducted this followup audit to determine whether the DoD had implemented recommendations in a prior report related to transferring DoD service members medical treatment records to the Department of Veterans Affairs (VA), (Report No. DODIG-2014-097, "Audit of the Transfer of DoD Service Treatment Records to the Department of Veterans Affairs," July 31, 2014). A Service Treatment Record (STR) is a chronological record of all essential medical, dental, and mental health care received by service members during their military careers. The VA uses STRs as the official record to support continuity of clinical care and eligibility for compensation benefits for active duty and Reserve service members and those who have separated or retired.

The DoD OIG determined that, in response to the prior audit, the Under Secretary of Defense for Personnel and Readiness (USD[P&R]) had revised DoD Instruction 6040.45 to clarify procedures to ensure complete STRs are transferred to the VA in a timely manner. U.S. Army Medical Command and U.S. Navy Bureau of Medicine and Surgery also reviewed their processes to transfer STRs to the VA to identify and resolve inefficiencies that delayed STR processing. As a result of their reviews, the Army and Navy improved their timeliness in transferring STRs to the VA. Additionally, the USD(P&R) and the DHA Director relied on the Periodic Health Assessment and Individual Medical Readiness programs, which are used to determine a service member's medical condition and deployability status, to conduct annual STR reviews and ensure their completeness. As part of the Periodic Health Assessment, the USD(P&R) issued DoD Instruction 6200.06 requiring the use of DD Form 3024, "Annual Periodic Health Assessment." This new form includes questions to ensure that all care, including care received outside the military health system, is reported in the service member's STR. While the Army and Navy improved their processes for transferring timely and complete STRs to the VA, the DoD OIG remained concerned by the significant number of STRs that were not transferred to the VA in a timely manner, which could delay the VA in approving benefit claims for service members. Additionally, the Army, Navy, and Marine Corps continue to implement the use of DD Form 3024. Until this form is implemented, the USD(P&R) and the DHA will not be able to ensure STRs include all medical care, including care received from facilities outside the military health system. STRs missing information on care received from facilities outside the military health system may also delay the VA in approving service member benefit claims.

The DoD OIG recommended that the USD(P&R), in coordination with the DHA Director:

- develop a plan and timeline to ensure the Military Departments implement DD Form 3024 if it has not been implemented by December 31, 2017;
- determine, once DD Form 3024 is implemented, whether the Periodic Health Assessment and Individual Medical Readiness programs are adequate to satisfy the service members' STR annual review requirement; and

- conduct periodic checks of STRs transferred by all services to the VA in order to ensure compliance with the timeliness and completeness requirements in DoD Instruction 6040.45. The periodic checks should include STRs of separated personnel from every Military Department.

Management agreed with the recommendations.

Report No. DODIG-2018-079

Interagency Coordination Group of Inspectors General for Guam Realignment Annual Report

Public Law 111-84, “National Defense Authorization Act for Fiscal Year 2010,” section 2835, October 28, 2009, designates the Department of Defense Inspector General as the chairperson of the Interagency Coordination Group of Inspectors General for Guam Realignment. The chairperson is required to provide an annual report to the congressional defense committees, the Secretary of Defense, and the Secretary of the Interior on the activities of the Interagency Coordination Group and the programs and operations funded with amounts appropriated or otherwise made available for military construction (MILCON) on Guam. The report contained data collected from multiple DoD organizations and agencies, including the Military Services, the Department of Transportation, Environmental Protection Agency, and the Government of Japan. The DoD OIG did not independently verify, analyze, or validate the data provided.

This report identified the programs and operations funded with appropriated amounts or funds otherwise made available for MILCON on Guam in FY 2017.

- The DoD obligated \$417.2 million and expended \$150.4 million. Other Federal agencies obligated (\$748,864) and expended \$2.3 million.²
 - The DoD identified 167 MILCON projects and programs, totaling \$76.6 million, with estimated completion costs of \$895.5 million. Other Federal agencies identified 37 projects and programs, totaling \$2.3 million, with estimated completion costs of \$75.6 million.
 - The Government of Japan provided revenues of \$235.8 million and earned \$7.1 million in interest associated with revenues.
- The DoD identified operating expenses of \$30.4 million. Other Federal agencies identified operating expenses of \$109,947.
 - The DoD identified a total of 80 contracts, grants, agreements, or other funding mechanisms totaling \$439.4 million. Other Federal agencies identified a total of 28 contracts, grants, agreements, or other funding mechanisms totaling (\$213,587).³

Ongoing Work

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

- An audit to determine whether the DHA properly awarded and provide oversight of noncompetitive information technology contracts.
- An audit to determine whether DoD Components are adequately correcting deficiencies identified during Command Cyber Readiness Inspections and whether DoD Components’ Headquarters are using the results to identify systemic deficiencies and improve Component-wide cybersecurity.
- 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 DoD and contractor personnel are effectively managing F-35 assets.
- 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 whether the Treasury Index 97 Cash Management Report is complete, accurate, and supported by the details necessary to perform Fund Balance With Treasury reconciliations. Treasury Index 97 is an account designation that includes Other Defense Organizations, Defense-wide appropriations and programs, and trust funds.
- An audit to determine whether the Navy is effectively managing the development of a mine countermeasures mission package that will allow the Littoral Combat Ship to detect and neutralize or avoid mines in support of fleet operations.

² The net negative total is due to a portion of funds returned to the Marine Corps from the Department of Transportation.

³ The net negative total is due to a portion of funds returned to the Marine Corps from the Department of Transportation.

- An audit to determine whether the DoD has an effective program to detect, report, and respond to security incidents on mission-critical control systems. A control system is a device or set of devices to manage, command, direct, or regulate behavior of other devices or systems. On DoD installations, control systems ensure that essential infrastructure services, such as electricity, water, natural gas, and fuel distribution, are delivered.
- An audit to determine whether Marine Corps aviation squadrons have sufficient fully mission capable aircraft and proficient pilots to meet minimum standards for their mission-essential tasks.
- 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 required by Public Law No, 111-201, “Improper Payments Elimination and Recover Act of 2010,” July 22, 2010, to determine whether the DoD is in compliance with the requirements of the Improper Payments Elimination and Recover Act of 2010, including the accuracy and completeness of agency reporting, and the agency’s ability to reduce and recapture improper payments
- An audit to determine whether the DoD paid reasonable prices for breast pumps from selected suppliers in the TRICARE Program.
- An audit, required by the National Defense Authorization Act to determine whether the DoD effectively managed the United States Strategic Command Headquarters Facility Construction Project.
- An audit, required by the National Defense Authorization Act to determine whether the DoD effectively managed the Fort Bliss Hospital Replacement construction project.
- An audit to determine whether the DoD adequately monitored contractor performance and conducted sufficient invoice reviews for services provided under the Logistics Civil Augmentation Program IV contract.

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 that address the DoD OIG’s Lead IG oversight responsibilities are contained in the Lead IG section of this Semiannual Report.

Intelligence

Evaluation of the Joint Targeting Toolbox

The DoD OIG evaluated the Joint Targeting Toolbox. The DoD OIG evaluated the Joint Targeting Toolbox. The Joint Targeting Toolbox is a suite of software applications specifically engineered to optimize joint targeting throughout the full spectrum of conflict. The Joint Targeting Toolbox integrates historical data with real-time intelligence and allows collaborative, joint user sessions to provide timely and accurate target development. The Joint Targeting Toolbox fuses analytical data with operational strategies and tasks as well assisting in the identification of target system vulnerabilities, resulting in high-value/high-payoff targets, as well as no-strike targets and facilities sensitive to collateral damage. The software also helps assess physical and functional target damage resulting from applied air, ground, and maritime forces. The specific objective and findings are classified. The specific objective and findings are classified.

Report No. DODIG-2018-087

Evaluation of Privileged Users Within the Army’s Intelligence Component

The DoD OIG determined whether the Army’s intelligence component had controls and processes in place, according to DoD policies and procedures, to reduce the risk of privileged users’ collecting intelligence information outside the scope of their official duties. The evaluation also determined whether the Army had conducted proper security background checks for privileged users, monitored and audited privileged users’ computer usage, and verified that privileged users completed and documented all required training.

While the specific findings and recommendations in this report are classified, the DoD OIG made five recommendations. The DoD OIG issued one recommendation to the U.S. Army Cyber Command and four recommendations to the U.S. Army Intelligence and Security Command. The recommendation to the U.S. Army Cyber Command centered on completing its “Army User Activity Program Concept of Operations” to more clearly establish roles and responsibilities, and to strengthen the Army’s authorities, program oversight, and governance. The four recommendations to the U.S. Army Intelligence and Security Command included recommendation to complete its cybersecurity policy, enhancing controls for the Army Training and Certification Tracking System, correcting all errors and missing data within the tracking system, and revalidating all privileged users to ensure that their access is commensurate with their current duties. Management concurred with the recommendations.

Report No. DODIG-2018-068 (classified)

Followup to USD (Intelligence) Evaluation

The DoD OIG conducted this followup evaluation to determine the status of recommendations made in a prior report (Report No. DODIG-2015-085, March 2, 2015) which related to a classified intelligence function. The findings and recommendations in this report are classified.

Report No. DODIG-2018-047 (classified)

Evaluation of the Long Range Strike-Bomber Program Security Controls

The DoD OIG determined whether the Department of the Air Force, the Long Range Strike-Bomber (the B-21 Raider) Program Office, and contractors are protecting classified information and have adequate security controls in place for publically releasing B-21 Raider Program information. In addition, the DoD OIG addressed allegations involving B-21 Raider Program security at a contractor site. The evaluation was performed in response to a congressional reporting requirement and allegations reported to the DoD Hotline. The findings and recommendations in this report are classified. The DoD OIG has briefed congressional staffers on the classified results.

Report No. DODIG-2018-037 (classified)

Facilities Inspections

U.S. Military-Occupied Facilities Evaluation – Al Udeid Air Base, Qatar

The DoD OIG inspected U.S. military-occupied facilities at Al Udeid Air Base to verify compliance with DoD health and safety policies and standards regarding indoor air quality, electrical systems, fire protection systems, and active and inactive fuel systems. The DoD OIG determined that the active fuel systems at Al Udeid Air Base were generally maintained in accordance with DoD health and safety policies and standards. However, the indoor air quality, electrical systems, fire protection systems, and inactive fuel systems were not being maintained in accordance with DoD health and safety policies and standards.

The DoD OIG identified a total of 253 deficiencies, which resulted from acceptance of new construction that did not comply with DoD health and safety policies and standards, moisture intrusion into facilities, and inadequate facility maintenance. The deficiencies could affect the health, safety, and well-being of DoD personnel. Of the deficiencies, 13 related to indoor air quality, 105 related to electrical systems, 49 related to fire protection systems, and 86 related to inactive fuel systems.

The DoD OIG recommended that a root cause analysis be performed and implement a corrective action plan for all deficiencies identified in the inspection; and to ensure that all construction projects are reviewed for compliance with applicable fire protection and fuel systems codes and standards before they are accepted by the Government as complete. Management agreed with the recommendations but did not fully address all specifics of the recommendations. The DoD OIG therefore asked for an additional response to the final report.

Report No. DODIG-2018-049

Special Plans and Operations

Implementation of the DoD Leahy Law Regarding Allegations of Child Sexual Abuse by Members of the Afghan National Defense and Security Forces

The DoD OIG evaluated the implementation of the DoD Leahy Law about child sexual abuse as it applies to DoD interaction with, and Title 10 support of, the Afghan Security Ministries and the Afghan National Defense and Security Forces.

The DoD OIG determined that the laws, regulations, guidance, and DoD policy did not identify any official guidance that discouraged DoD-affiliated personnel from reporting incidents of child sexual abuse. However, the DoD did not conduct training for personnel deployed or deploying to Afghanistan before 2015 on identifying, responding to, or reporting suspected instances of child sexual abuse. In September 2015, the Staff Judge Advocate for U.S. Forces-Afghanistan prepared training for use in theater titled “Mandatory Reporting of Suspected Human Rights Abuses,” which states that Operation Resolute Support and U.S. Forces-Afghanistan personnel are required to report any suspected human-rights abuse, including suspected child sexual abuse.

The DoD OIG also determined that the DoD provides Cultural Awareness Training, Combating Trafficking in Persons Training, and Sexual Assault Prevention Training for personnel deploying to or assigned in Afghanistan, although this training does not specifically instruct U.S. personnel to report allegations of child sexual abuse. The DoD OIG also identified 16 allegations of child sexual abuse involving Afghan government officials that were reported, between 2010 and 2016, to the DoD by the Government of the Islamic Republic of Afghanistan personnel. However, the DoD OIG could not confirm that the 16 allegations were the total number reported to U.S. or Coalition Forces Commands in Afghanistan, due to inconsistent DoD reporting procedures and the overall lack of unified guidance on reporting and record keeping about child sexual abuse.

In addition, the DoD OIG determined that 11 of the 16 allegations reported to the DoD between 2010 and 2016 were reported to officials of the Government of the Islamic Republic of Afghanistan by DoD-affiliated personnel. Furthermore, under the DoD Law of War Program, and consistent with bilateral and international agreements governing U.S. operations in Afghanistan, when observing a member of the ANDSF sexually abusing a child, U.S. forces personnel are not prohibited from intervening and using reasonable force as may be necessary to prevent or stop such sexual abuse. However, members of the U.S. forces are not under any obligation to intervene. DoD personnel also have the authority to control access to “Agreed Facilities and Areas,” which are identified in the “Status of NATO [North Atlantic Treaty Organization] Forces and NATO Personnel Conducting Mutually Agreed NATO-Led Activities in

Afghanistan” and the “Security and Defense Cooperation Agreement between the United States of America and the Islamic Republic of Afghanistan.”

The DoD OIG additionally determined that, before the existence of the specific command guidance issued in September 2015, U.S. personnel in Afghanistan may not have known to report allegations of child sexual abuse to their chains of command; the OUSD(P) did not have standard guidance or a standard process for determining whether information supporting an allegation of a gross violation of human rights is credible; DoD decisions to withhold funding or to apply the notwithstanding authority for gross violation of human rights, including instances of child sexual abuse committed by ANDSF personnel under the color of law, occur only about once a year; and inconsistencies existed in the data provided to the DoD OIG, as well as in records maintained by DoD components about reported allegations of child sexual abuse involving ANDSF personnel in Afghanistan.

The DoD OIG made eight recommendations to the Secretary of Defense to develop procedures for the application of the DoD Leahy Law with respect to allegations of gross violations of human rights involving members of the ANDSF. Management agreed with the recommendations.

Report No. DODIG-2018-018

The Army’s Tactical Explosive Detection Dog Disposition Process from 2011 to 2014

The DoD OIG evaluated whether the Department of the Army complied with DoD and individual Service criteria for the disposition of Tactical Explosive Detection Dogs (TEDDs), and whether the Air Force, as the Executive Agent for the DoD Military Working Dog Program, provided the required management and policy oversight of the TEDD disposition plan.

The DoD OIG determined that, when the Army disposed of its TEDD dogs, DoD policy did not prioritize the order in which adoption applicants could receive TEDDs. The DoD OIG also determined that the Secretary of the Air Force, as the Executive Agent for the DoD Military Working Dog Program, did not provide sufficient management and oversight of the Army’s plan and process to dispose of its TEDDs.

The DoD OIG determined that the Department of the Army did not allot sufficient time to dispose of TEDDs when the program ended. The Army had not planned

effectively for eventual TEDD disposition. When the program ended, the Army Provost Marshal General did not exercise the option to extend the contract, or implement other contract methods, to provide the time needed to adequately vet and dispose of the remaining dogs in the program.

Finally, the DoD OIG determined that the Army did not use the DoD Working Dog Management System, as required by the Joint Military Working Dog Instruction and Army Regulation 190-12 (“Military Working Dogs”). As a result, the Army’s Office of the Provost Marshal General did not ensure accuracy in the tracking of some TEDDs through final disposition.

The DoD OIG recommended that the Secretary of the Army revise Army Regulation 190-12 to ensure that it complied with Joint Instructions, and also recommended that the Secretary of the Army include nontraditional working-dog capabilities in the DoD Working Dog Management System.

The DoD OIG also recommended that the Secretary of the Air Force update the Joint Military Working Dog Instruction to better address vetting of adoption applicants and overall guidance for Military Working Dogs, and that the Secretary of the Air Force ensure that the Services maintain mandatory records in the DoD Working Dog Management System.

The DoD OIG further recommended that the Under Secretary of Defense for Personnel and Readiness revise and clarify the regulations on Military Working Dog executive management and oversight authorities. Management agreed with the recommendations.

Report No. DODIG-2018-081

The DoD’s Response to the Quality of Care Elements in the 2014 Military Health System Review

The DoD OIG determined whether the DoD adequately responded to all 44 quality of care recommendations in the August 2014 “Final Report to the Secretary of Defense, Military Health System [MHS] Review,” which examined underperforming quality measures specific to established milestones in the national standards of care.

The DoD OIG determined that the DoD had responded to all of the MHS Review’s quality of care recommendations. Additionally, the DoD OIG determined that performance had improved at military treatment facilities.

The Defense Health Agency (DHA) data showed that the identified military treatment facilities were no longer considered outliers for the National Perinatal Information Center measures and the National Surgical Quality Improvement Program’s morbidity measure. Additionally, policy developed and implemented by the DHA adequately addressed the Primary Care continuity measure.

The DoD OIG also determined that the DoD developed an adequate quality-of-care governance structure with common policy, procedure, and direction, in accordance with the National Defense Authorization Act for FY 2017. In addition, the DoD OIG found that the MHS developed the Partnership for Improvement performance-management system, which is used to monitor quality-of-care areas for improvement, including those described in this report.

The DoD OIG recommended that the DHA Director notify the DoD OIG when all actions in the MHS Review Action Plans regarding quality of care have been implemented. Management agreed with the recommendation.

Report No. DODIG-2018-067

The DoD’s Response to the Patient Safety Elements in the 2014 Military Health System Review

The DoD OIG determined whether the DoD response to the August 2014 “Final Report to the Secretary of Defense, Military Health System [MHS] Review” improved the general state of patient safety. The DoD OIG also determined what areas the MHS needs to emphasize to further improve the health and readiness of the military.

The DoD OIG determined that the MHS Action Plans contained courses of actions to resolve all 28 relevant findings in the patient-safety section of the MHS Review. However, as of October 2017, the MHS had not yet implemented all actions in the MHS Review Action Plans regarding Patient Safety.

The DoD OIG also determined that all eight military treatment facilities identified in the MHS Review as underperforming in health care-associated infection measures were no longer underperforming. Moreover, the MHS improved in six of the seven areas of the “Hospital Survey on Patient Safety Culture” identified in the MHS Review as lower than the national average; however, the area of staffing became worse for MHS, and it performed significantly below the national average.

Additionally, the DoD OIG determined that the DoD had developed governance for common policy, procedure, and direction, but had not yet issued specific patient-safety guidance. Additionally, the MHS developed a performance-management system, referred to as the Partnership for Improvement, which the MHS used to monitor patient safety for areas requiring improvement.

The DoD OIG recommended the Under Secretary of Defense for Personnel and Readiness establish and implement specific DoD policy on fatigue risk management for MHS staff. The DoD OIG also recommended that the Director of the Defense Health Agency determine the root causes in the area of staffing in the “Hospital Survey on Patient Safety Culture,” and improve those factors that pose a risk to patient safety. Management agreed with all recommendations.

Report No. DODIG-2018-036

Armed Forces Retirement Home Health Care Services

The DoD OIG determined whether the Armed Forces Retirement Home (AFRH) provided health care services to its residents in accordance with applicable national health care standards and met the related quality-of-life needs of the residents. This evaluation was conducted in response to the statutory requirement for the DoD OIG to complete a periodic comprehensive inspection of the AFRH under 24 U.S.C. § 418.

The DoD OIG determined that the AFRH medical staff generally provided health care services that met national health care standards and the quality-of-life needs of its residents. However, AFRH medical providers did not conduct visits to residents in long-term-care units at the frequency required by national health care standards. Additionally, AFRH medical administrators did not effectively implement all facility-level controls to identify deficiencies in health care practices, such as documenting medication and treatment administration, documenting infection-control rounds, and recording temperatures for refrigerators where resident medications were stored. As a result, AFRH residents did not always receive the appropriate level of care at the frequency required by national health care standards, and AFRH medical staff did not always document health care practices in accordance with established AFRH facility-level standard operating procedures.

In addition, the DoD OIG determined that AFRH Wellness Centers demonstrated adequate physical controls over controlled substances handled and stored by Wellness Center personnel. However, AFRH Wellness Centers did not have adequate administrative controls to demonstrate the accountability of controlled substances transported, handled, and stored by Wellness Center personnel or to ensure that access to medication storage areas was limited to authorized personnel only. As a result, controlled substances transported, handled, and stored by AFRH Wellness Center personnel are at a higher risk for diversion.

The DoD OIG made several recommendations to address these areas. Among them were that the Chief Operating Officer, AFRH, require that the Chief, Healthcare Services at each facility develop and implement a process for regular reviews of medical-provider visits, review and align current health-care practices with approved facility-level standard operating procedures, and develop and implement administrative controls over controlled substances at the AFRH Wellness Centers.

In addition, the DoD OIG recommended that the DHA Deputy Director, in accordance with the Deputy Director’s responsibilities as the AFRH Senior Medical Advisor, advise the Chief, Healthcare Services of each facility on the development and implementation of the OIG report’s recommendations, and review identified deficiencies as a part of their quarterly oversight responsibilities. Management agreed with the recommendations.

Report No. DODIG-2018-034

Progress of U.S. and Coalition Efforts to Train, Advise, and Assist the Afghan Air Force

The DoD OIG determined the extent of progress U.S. and Coalition efforts have made towards developing the Afghan Air Force into a professional, capable, and sustainable force. The Afghan Air Force is a subordinate entity of the Afghan National Army, which uses a mix of U.S. and non-U.S. rotary wing (helicopters) and fixed-wing aircraft. The United States is one of 13 nations contributing resources to the train, advise, assist mission in support of Command-Air (TAAC-Air), the NATO organization responsible for training the Afghan Air Force.

The DoD OIG determined that the train, advise, and assist efforts had resulted in notable accomplishments in three broad areas: A-29 aircraft mission performance,

night-vision capability, and air-ground integration between the Afghan Air Force and the Afghan National Army.

However, the DoD OIG determined that TAAC-Air had not completed its planning for developing the Afghan Air Force, had not identified the desired end state capabilities and capacities for the Afghan Air Force, and had not established metrics to track the development of the Afghan Air Force.

In addition, the DoD OIG determined that TAAC-Air did not fully integrate its planning with NATO Air Command – Afghanistan’s defined end states or Operation Resolute Support campaign plans, thereby risking the inefficient and ineffective use of U.S. and Coalition advisor train, advise, and assist resources.

The DoD OIG also determined that the Contractor Logistic Support agreements for Afghan Air Force aircraft limited the maintenance-training opportunities for Afghan Air Force mechanics, delaying the transfer of maintenance responsibilities to Afghan Air Force. The DoD OIG determined that TAAC-Air has not identified the desired or envisioned long-term workload distribution between the contractors and the Afghan Air Force.

In addition, the DoD OIG determined that Afghan Air Force mission support and aircraft-maintenance personnel did not receive standard or consistent training from the Afghan National Army schools, nor did the Afghan Air Force leverage existing training opportunities within the Afghan National Army functional schools.

The DoD OIG recommended that the Commander, TAAC-Air, complete and publish its strategic plan, coordinate with the Commander of NATO Air Command – Afghanistan on the strategic plan, and coordinate with Combined Security Transition Assistance Command – Afghanistan during the revision of logistic-support agreements.

The DoD OIG also recommended that the Commander, Resolute Support, coordinate with the Afghan Ministry Of Defense and General Staff to identify and create the necessary follow-up institutional aviation-specific and mission support training capability, and closely monitor progress and provide additional advice and other help to the Afghan Ministry of Defense, as required.

Management agreed with the recommendations.

Report No. DODIG-2018-058

Evaluation of DoD Voting Assistance Programs for Calendar Year 2017

The objective of this evaluation was to determine whether DoD Military Services’ voting assistance programs complied with federal law and policy. We also established a self-initiated objective to determine whether DoD Agencies complied with the DoD requirement that all DoD Components “develop written voting-related policies to support all eligible uniformed services personnel and their family members, including those in deployed, dispersed, and tenant organizations.”

The DoD OIG determined that the Army and Marine Corps voting-assistance programs had complied, but that Navy and Air Force voting assistance programs had not complied, with Federal law and DoD policy that require at least 1 trained military member to be appointed as a unit voting assistance officer in every military unit of 25 or more permanently assigned personnel. The evaluation also determined that only 3 of 19 DoD agencies had written voting-related policies, as required by DoD policy. In addition, DoD policy did not provide sufficient clarity and guidance to the services and agencies regarding what written voting-related policies should contain.

The DoD OIG recommended that the Director, Federal Voting Assistance Program, in coordination with the Under Secretary of Defense for Personnel and Readiness, coordinate with the Navy and Air Force senior service voting representatives to bring their respective voting-assistance programs into compliance with the law and regulations, clarify or revise DoD Instruction 1000.04, specify what guidance “written voting-related policies” should contain, and clarify or revise DoD Instruction 1000.04 to require that the Inspectors General of the Military Services complete their annual reviews and report the results to the DoD OIG by December 1 of each year.

Management agreed with the recommendations.

Report No. DODIG-2018-093

Other Evaluations

Evaluation of Fingerprint Card and Final Disposition Report Submissions by Military Service Law Enforcement Organizations

The objective of this followup evaluation was to determine whether the Military Services were submitting fingerprint cards and final disposition reports for Military

Service members convicted of qualifying offenses to the FBI's Criminal Justice Information Services (CJIS) for inclusion in the FBI's Next Generation Identification database, as required by DoD instruction. The DoD OIG reviewed these submissions for the period from January 1, 2015, to December 31, 2016.

The DoD OIG determined that there were continued, significant deficiencies in submitting required fingerprints and final disposition reports for convicted offenders across the Military Services. Overall, of the 2,502 fingerprint cards required to be submitted, 601 (24 percent) were not submitted. Of the 2,502 final disposition reports required to be submitted, 780 (31 percent) were not submitted.

The results differed by Military Service. The Army, Navy, and Marine Corps failed to submit many such fingerprint cards and final disposition reports. The Air Force performed better, but still had missing fingerprint cards and final disposition reports.

The Army had 262 (28 percent) missing fingerprint cards and 385 (41 percent) missing final disposition reports. The Navy had 197 (29 percent) missing fingerprint cards and 243 (36 percent) missing final disposition reports. The Marine Corps had 37 (29 percent) missing fingerprint cards and 46 (36 percent) missing final disposition reports. The Air Force had 105 (14 percent) missing fingerprint cards and 106 (14 percent) missing final disposition reports.

The report contained a series of specific recommendations to address these serious deficiencies. First, the report recommended that the Secretaries of the Army, Navy, and Air Force ensure that all fingerprint cards and final disposition reports that the DoD OIG identified as not submitted during the period of the review, from 2015 through 2016, be promptly submitted to the FBI CJIS Division.

More broadly, the report recommended that the Secretaries, the Under Secretary of Defense for Intelligence, and the Deputy Chief Management Officer immediately perform a comprehensive review of their criminal investigative databases and files to ensure that all required fingerprint cards and final disposition reports for qualifying offenses at least to 1998 have been submitted to the FBI CJIS Division in compliance with DoD and FBI requirements.

In addition, the report recommended that the Military Services take prompt action to institute command,

supervisory, and management oversight controls to verify compliance with fingerprint card and final disposition report submission requirements, in the past and in the future, and also ensure that such compliance is included as a special interest item in Military Service Inspector General inspections.

Finally, the report recommended that the Secretaries, the Under Secretary of Defense for Intelligence, and the Deputy Chief Management Officer also ensure that other required investigative and criminal history information, such as criminal incident data and DNA samples, has been submitted for inclusion in FBI databases.

Management agreed with the recommendations.

Report No. DODIG-2018-035

Evaluation of the Pentagon Force Protection Agency's Critical Law Enforcement Programs

The DoD OIG determined whether the Pentagon Force Protection Agency (PFPA) conducted criminal investigations in accordance with DoD and PFPA policy. In addition, the DoD OIG evaluated the PFPA Evidence and Weapons Programs to determine whether the PFPA complied with DoD and PFPA policy.

The DoD OIG determined that the PFPA did not complete investigations as required by DoD and agency policy and did not manage its Evidence Program as required by agency policy.

Specifically, the DoD OIG determined that the PFPA: (1) did not enter 33 (100 percent) of the 33 subjects identified in 45 criminal investigations into the Defense Central Index of Investigations (DCII) database, (2) did not submit required criminal incident information into the Defense Incident-Based Reporting System (DIBRS) database for 45 (100 percent) of 45 criminal investigations, (3) did not collect and submit fingerprints for 1 (3 percent) of 33 subjects identified in 45 criminal investigations to the FBI, (4) did not collect and submit Deoxyribonucleic Acid (DNA) for 3 (7 percent) of 33 subjects identified in 45 criminal investigations, and (5) did not notify the appropriate Defense Criminal Investigative Organization at the onset of investigations, as required, in 5 (11 percent) of the 45 criminal investigations. The PFPA also did not fully investigate two sexual assault allegations out of the 45 criminal investigations reviewed. As a result, the DoD OIG found that 100 percent of all 45 cases had deficiencies.

The DoD OIG also found that the PFFA did not manage its evidence program as required by PFFA Pentagon Police Department General Order 5016.01, “Evidence Management and Storage Procedures,” April 20, 2005. The DoD OIG found that 55 (13 percent) of the 414 items of evidence we examined had deficiencies. For example, some evidence tags were illegible, item descriptions were inaccurate, and the PFFA did not count or weigh controlled substance evidence. The DoD OIG also found that the PFFA did not conduct semiannual evidence inventories as required by PFFA Pentagon Police Department General Order 5016.01. Finally, the DoD OIG found that the PFFA used four different evidence-tracking systems, which led to evidence accounting and tracking errors.

The DoD OIG recommended that the Office of the Chief Management Officer revise DoD Directive 5105.68, “Pentagon Force Protection Agency (PFFA),” December 5, 2013, to direct the PFFA to comply with the provisions of DoD Instruction 5505.18, “Investigation of Adult Sexual Assault in the Department of Defense.”

In addition, the DoD OIG recommended that the PFFA Director revise PFFA policies to align with DoD Instruction 5505.18, which requires criminal investigators to receive specialized training before responding to, or acting in a supporting investigative role during investigations of, sexual assault allegations; require the PFFA to collect and submit fingerprints and DNA samples from subjects of their investigations, index subjects into the DCII, and submit criminal incident information to DIBRS; direct the entry of subject and victim data of all prior criminal investigations is entered into the DCII database, criminal incident information is reported into DIBRS, and fingerprints from subjects of all criminal investigations are collected and submitted; refer the two sexual assault investigations to the FBI for it to complete the investigative steps not previously conducted; and direct compliance with PFFA Pentagon Police Department General Order 5016.01 concerning collecting, processing, inventorying, and disposing of evidence; direct the training of evidence custodians to ensure the integrity of collection, processing, inventorying, and disposing of evidence.

Management agreed with two recommendations and partially concurred with one.

Report No. DODIG-2018-071

Evaluation of CJITF - Syria Vetting Process for New Syrian Forces

The DoD OIG conducted an evaluation and follow-up of the Syria Train and Equip program. The FY 2015 continuing appropriations resolution, enacted on September 19, 2014, authorized the DoD to provide overt assistance (for example, training, equipment, supplies, and sustainment) to vetted members of the Syrian opposition and other vetted Syrians for select purposes, through the Syria Train and Equip program.

This report is classified.

Report No. DODIG-2018-075

Evaluation of the Evolved Expendable Launch Vehicle Program Quality Management System

The DoD OIG determined whether the DoD Evolved Expendable Launch Vehicle (EELV) prime contractors, United Launch Alliance (ULA) and Space Exploration Technologies (SpaceX), and the ULA major subcontractor, Aerojet Rocketdyne (AR), performed adequate quality assurance management for the EELV program. Specifically, the DoD OIG evaluated EELV contractors’ compliance with the contractually required Aerospace Standard (AS) 9100C, “Quality Management Systems – Requirements for Aviation, Space, and Defense Organizations.”

The DoD created the EELV program in response to the National Defense Authorization Act for Fiscal Year 1994, which directed the Secretary of Defense to develop and submit to Congress a plan for the “modernization of space launch capabilities for the DoD or, if appropriate, for the Government as a whole.” The EELV System Program Office acquires launch services for U.S. military and intelligence spacecraft from ULA and SpaceX. AR provides ULA the RL-10 engine for use on the Delta IV and Atlas V. The EELV System Program Office delegates day-to-day contract and quality assurance management to the Defense Contract Management Agency (DCMA) through a memorandum of agreement.

The DoD OIG determined that ULA, SpaceX, and AR did not perform adequate quality assurance management of the EELV program as evidenced by the 181 nonconformities to the AS9100C standard at the EELV contractor production facilities. For example, ULA, SpaceX, and AR failed to comply with AS9100C, section 7.5.5, Preservation of Product. Specifically, at ULA, the DoD OIG found nonconformities related to Electrostatic

Sensitive Device protection in the avionics production area. Inadequate ESD controls and mitigation could result in the premature failure of electronic components in the EELV system. At SpaceX, the OIG found an inadequately protected Merlin engine on the test stand.

At AR, the DoD OIG determined that the RL-10 rocket engine test stand, used to test both the Delta IV and Atlas V second stage engine, had significant foreign object debris issues. Inadequate control of foreign object debris significantly increases the risk of damage to EELV hardware. As a result, ULA's, SpaceX's, and AR's inadequate quality assurance management could increase program costs, delay launch schedules, and increase the risk of mission failure.

The DoD OIG recommended that the EELV System Program Office Director, and the DCMA Director: (1) develop a corrective action plan to improve EELV quality assurance management to ensure that the EELV contractors comply with all AS9100C requirements; and (2) conduct a root cause analysis, and corrective actions taken, for the 181 nonconformities identified.

DoD management agreed with the recommendation to develop an action plan to improve EELV quality assurance management, and partially agreed with performing root cause analyses and corrective action for the 181 nonconformities identified stating that minor nonconformities do not warrant formal root cause analyses and corrective action.

Report No. DODIG-2018-045

Technology Readiness of the Navy's Next Generation Jammer Program

The DoD OIG determined whether the Navy adequately planned and performed a technology readiness assessment of the critical technologies for the Next Generation Jammer program before it progressed into the engineering and manufacturing development phase of the acquisition. The Next Generation Jammer is an external, aircraft-mounted tactical jamming system intended to disrupt enemy air defenses and communications networks. A technology readiness assessment is a systematic assessment of the critical technologies to be incorporated into a weapon system. A critical technology is an enabling technology that is deemed critical to meet operational performance of the system being acquired.

The DoD OIG determined that the Navy adequately planned and performed a technology readiness assessment of the critical technologies used on the Next Generation Jammer. The Navy established an independent team of subject matter experts who determined which of the program's technologies were critical and needed to be demonstrated (through test events) in a relevant environment before entry into the engineering and manufacturing development phase of the acquisition. After the test events were completed, the Assistant Secretary of Defense for Research and Engineering established a separate independent team of subject matter experts who reviewed the critical technologies identified by the Navy subject matter experts, along with the test results, and completed the technology readiness assessment. The subject matter experts from the Office of the Assistant Secretary of Defense for Research and Engineering determined that the critical technologies in the Next Generation Jammer were adequately demonstrated in a relevant environment and were ready to proceed to the engineering and manufacturing development phase. The DoD OIG evaluated the test results for the critical technologies and determined that the test results met performance requirements under the stresses of the relevant environment. The report contained no recommendations.

Report No. DODIG-2018-098

Ongoing Work

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

- An evaluation in response to a congressional reporting requirement to determine whether the Integrated Tactical Warning and Attack Assessment system properly characterizes ballistic missile events and threats to ensure the system provides reliable data to national decision makers.
- An evaluation to determine whether Combatant Commands' have developed and implemented adequate processes and procedures to ensure the effectiveness of their Insider Threat Programs in accordance with applicable DoD policies and guidelines.

- 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 space-based 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 the intelligence component in each Military Service has adequate controls and processes over training, security background checks, and monitoring and audit computer usage of their privileged users.
- An evaluation of the DoD organizational changes to the Past Conflict Personnel Accounting Community, which includes the Defense Prisoner of War/Missing in Action Agency, 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 Armed Forces Retirement Home support functions operate in accordance with applicable Federal standards.
- An evaluation to determine whether the U.S. and Coalition training, advising, and equipping of the Iraqi Police Hold Force supports plans to consolidate gains, secure liberated territories, and mitigate threats in Iraq.
- An evaluation to determine whether DoD contracts in Kuwait comply with combating trafficking in persons requirements in the Federal Acquisition Regulations and whether DoD officials are conducting oversight of those requirements.
- An investigation to determine the circumstances surrounding the U.S. Air Force's failure to submit Mr. Devin Patrick Kelley's criminal history information to the FBI for inclusion in its databases. In November 2017, Kelley shot and killed 26 people in a church in Sutherland Springs, Texas, with a weapon he purchased at a licensed firearms dealer.
- An evaluation to determine whether DoD Components are collecting and submitting offender qualifying information, such as fingerprints, DNA, Defense Incident Based Reporting System criminal

incident data, and registered sex offender data to the FBI for inclusion in applicable FBI databases as required by Federal law and DoD policy.

- An evaluation to determine whether the Military Criminal Investigative Organizations (MCIO) and non-MCIO investigative agencies respond to domestic assault (non-sexual) incidents in accordance with DoD, Service, or installation guidance.
- An evaluation to determine whether allegations that the Assembled Chemical Weapons Alternatives Program Executive Office, with the primary contractor, failed to comply with safety requirements at the Blue Grass Chemical Agent Destruction Pilot Plant during its design and construction phases.
- An evaluation to determine whether U.S. Central Command implemented recommendations in Report No. DODIG-2013-099, "Compliance with Electrical and Fire Protection Standards of U.S. Controlled and Occupied Facilities in Afghanistan," July 18, 2013, at Kandahar Airfield.
- An evaluation to determine whether allegations have merit concerning the improper acceptance of defective products for the MQ-9 Reaper program by U.S. Air Force and DCMA personnel. The MQ-9 Reaper is an armed, multi-mission, medium-altitude, long-endurance remotely piloted aircraft.

DCIS INVESTIGATIONS

The following cases highlight investigations conducted by DCIS and its Federal law enforcement partners during the reporting period. DCIS investigative priorities include cases in the following areas:

- Procurement Fraud
- Public Corruption
- Product Substitution
- Health Care Fraud
- Illegal Technology Transfer
- 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.

Mercer Transportation Company Agreed to Pay \$4.4 Million to Resolve Alleged Violations of the False Claims Act

A joint investigation with the U.S. Army Criminal Investigation Command (Army CID) and the Naval Criminal Investigative Service (NCIS) examined allegations that Mercer Transportation Company (Mercer) submitted false and fraudulent claims related to shipments originating at the Marine Corps Logistics Base in Albany, Georgia, due to Mercer's involvement in a bribery scheme with Government officials.

From October 2006 through May 2012, Mercer, through its agents, employees, and representatives, allegedly bribed two Government employees who were responsible for awarding contracts for the shipment of Government freight. Because of the bribe payments, Mercer was awarded contracts for shipments out of the Marine Corps Logistics Base that it would not have otherwise received.

This investigation was initiated as a result of a civil lawsuit filed under the qui tam provisions of the False Claims Act. 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 November 8, 2017, Mercer entered into a civil settlement agreement with the Department of Justice (DOJ) and agreed to pay \$4.4 million to the Government to resolve alleged violations of the False Claims Act. The relator will receive \$814,000 of the settlement amount.

TrellisWare Technologies, Inc. Agreed to Pay Over \$12 Million to Settle Alleged Violations of the False Claims Act

A joint investigation with the Army CID, NCIS, Air Force Office of Special Investigations (AFOSI), and the Small

Business Administration OIG examined allegations that TrellisWare Technologies, Incorporated (TrellisWare) was ineligible to receive multiple DoD Small Business Innovation and Research (SBIR) contracts.

The SBIR program is a Federal initiative designed to stimulate technological innovation by funding small businesses to allow them to engage in Federal research and development efforts. To be eligible for an SBIR award, a small business must not be majority-owned by another company. TrellisWare was not eligible for SBIR contracts because it was a majority-owned subsidiary of ViaSat, Inc., a global broadband services and technology company.

From September 2008 through October 2014, TrellisWare was awarded 38 DoD SBIR contracts, which were worth over \$15 million. TrellisWare self-certified that it met the Small Business Administration's size requirements for eligibility to receive SBIR funding when, in fact, it did not.

On March 9, 2018, TrellisWare entered into a civil settlement agreement with the DOJ and agreed to pay over \$12 million to the Government to resolve the alleged violations of the False Claims Act.

Public Corruption

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

Owner of Defense Contracting Firm Sentenced to 5 Years in Prison for Paying Bribes to Civilian Employee at Aberdeen Proving Ground

A joint investigation with the Federal Bureau of Investigation (FBI) and Army CID examined allegations that Rainier Ramos, a civilian information technology professional at the U.S. Army Public Health Command at Aberdeen Proving Ground accepted bribes in exchange for favorable actions on contracts to Link Solutions, Inc. (LSI).

The investigation determined that, beginning in September 2009, Ramos and Bhupesh Wadhawan, former owner and Chief Executive Officer of LSI, engaged in a bribery scheme in which Wadhawan

provided Ramos things of value totaling approximately \$33,000, in exchange for Ramos's favorable treatment of Wadhawan's business interests in contracting with the U.S. Army Public Health Command under contract W81XWH-11-R-0348, referred to as "MEDCOM." The bribe payments included meals, gift cards, rounds of golf, tickets to sporting events, including courtside seats to Washington Wizards basketball games and access to the LSI luxury suite for Washington Redskins football games at FedEx field.

Ramos made a number of decisions that favored LSI in the awarding of the high-value Information Technologies MEDCOM contract. Some of the decisions included stipulating the contract be reserved for competition by companies that were part of the Small Business Administration's 8(a) program; providing a copy of the winning proposal of the previous contractor, which included sensitive proprietary pricing data; and recommending that LSI be awarded the contract while Ramos was the Chairman of the Source Selection Board. Because of Ramos' actions, LSI was awarded the MEDCOM contract in 2012. As of July 2016, LSI had been paid \$37 million by the Government for invoices submitted under the contract.

Previously, Ramos and Wadhawan both pleaded guilty to one count of bribery of a public official. On October 11, 2017, Wadhawan was sentenced to 60 months in prison, \$2 million in restitution, and 3 years of supervised release. On November 7, 2017, Ramos was sentenced to 12 months in prison, followed by 12 months of home detention, 2 years of supervised release, and was ordered to pay \$2,215,779 in restitution.

Large Scale Theft at Defense Logistics Agency Disposition Services

A joint investigation with the FBI and Homeland Security Investigations examined allegations that Philip Tomac, U.S. Army Civilian GS-12, Director of Logistics Readiness Center, U.S. Army Dugway Proving Ground, Utah, stole military equipment from DLA Disposition Services. The investigation determined that from June 25, 2012, to January 25, 2017, Phillip Tomac knowingly and willfully stole military-grade optics or rifle scopes from DLA Disposition Services of a value exceeding \$1 million. DLA Disposition Services is responsible for the disposal of the military's excess property. Approximately 2,000 rifle scopes, with an acquisition value of approximately

\$1 million were seized during the execution of a search warrant at Tomac's residence. The investigation identified over \$4million of stolen Government property.

On September 15, 2017, Tomac pleaded guilty to theft of Government property. On November 30, 2017, Tomac was sentenced to 24 months in prison, followed by 2 years of supervised release, and was ordered to pay \$3.4 million in restitution. A final order of forfeiture money judgment was obtained in the amount of \$200,000.

Large Scale Theft Committed by Former Special Forces Specialists Stationed at Camp Dyer, Jalalabad, Afghanistan

A joint investigation with the FBI, Army CID, and Special Inspector General for Afghanistan Reconstruction (SIGAR) disclosed that between 2012 and 2014, former Specialist Michael Banks, 3rd Special Forces Group, Fort Bragg, and former Specialist Kenneth Blevins conspired to steal food supplies from the Camp Dyer, Jalalabad Afghanistan dining facility and sell the goods in the local market with the assistance of local Afghan workers. Both Blevins and Banks were responsible for managing the Camp Dyer dining facility. Blevins and Banks split the proceeds from the sale of the stolen goods and wired a portion of the stolen monies back to the United States using Western Union. Blevins also smuggled cash back home hidden inside of a flat screen television. The total loss from the stolen food items was estimated at \$289,000.

Previously, Blevins and Banks both pleaded guilty to a criminal information charging them with one count of theft and conversion of Government property and aiding and abetting. On September 13, 2017, Blevins was sentenced to 51 months of imprisonment, 36 months of probation, and monetary forfeiture of \$34,500. On November 6, 2017, Banks was sentenced to 36 months of probation and monetary forfeiture of \$5,000. Banks and Blevins were ordered to pay, joint and severally, a restitution of \$289,276.40. On November 17, 2017, Blevins and Banks were debarred from Government contracting.

Former Employee of U.S. Government Contractor in Afghanistan Pleads Guilty to Accepting Kickbacks From Subcontractor

A joint investigation with SIGAR, Army CID, the FBI, and AFOSI examined allegations that Christopher McCray, Country Manager, accepted illegal kickbacks from an Afghan subcontractor in return for his assistance in

obtaining U.S. Government contracts. From 2012 to 2014, McCray admitted that he was employed as the country manager for a subcontractor of an American company that was moving cargo for the Army and Air Force Exchange Service from Bagram Airfield to military bases through Afghanistan. When the prime contractor needed McCray's employer to take a much bigger role in the distribution, McCray had the chance to influence the choice of the necessary Afghan trucking company as a subcontractor to his employer.

McCray's employer entered into a subcontract with an Afghan company but before the choice of the subcontractor was made, the Afghan trucking company secretly agreed to kick back to McCray 15 percent of the revenues it would receive on the contract. Furthermore, McCray admitted that he was the only representative of his employer responsible for checking the accuracy of the invoices submitted to McCray's employer and the quality of the Afghan company's work, all while secretly receiving the kickbacks. McCray admitted that he and the Afghan trucking company also maintained a separate set of invoices, which showed the amounts charged to McCray's employer and the amounts kept by the Afghan company and the amounts sent to McCray. McCray initially accepted cash payments, then wires sent to his bank in Atlanta, and then Western Union payments sent to his mother, who would deposit the funds, mostly in cash, into McCray's bank accounts.

Christopher McCray pleaded guilty to one count of accepting illegal kickbacks on March 5, 2018. He is scheduled to be sentenced on June 14, 2018.

Defense Contractor Pocketed Millions Through Fraud

A joint investigation with the FBI and NCIS examined allegations that Kenneth Deines, former Controller, Global Services Corporation (GSC); Philip Mearing, Owner, GSC; and Kenneth Bricker, Owner of Tempo Consulting Services Inc. (TCSI) and Bricker Property Management (BPM) conspired to defraud the United States. From 2004 until 2014, TCSI and BPM caused GSC to submit fraudulent invoices to Government for payment. Neither TCSI nor BPM owned or leased any real property, and neither business performed any work or services in regard to the invoices submitted to GSC. These invoices were subsequently entered into the accounting records of GSC and eventually submitted to the U.S. Government. In addition, from 2010 until September 2014, William

Hutsenpiller, former civilian GS-15 Financial Department Head/Comptroller for Norfolk Ship Support Activity, conspired with Mearing and Deines to steer work to GSC, which resulted in Hutsenpiller obtaining approximately \$35,870 in gratuities from GSC.

Previously, Deines and Bricker were sentenced to 18 and 48 months confinement, respectively, followed by 3 years of supervised release, and were ordered to pay restitution jointly and severally with co-conspirator, Philip Mearing. Furthermore, Deines was debarred from Federal Government contracting for 8 years (April 2017 to April 2025), and Bricker and his companies, TCSI and BPM, were each debarred for a period of 10 years (April 2017 to April 2027). Hutsenpiller entered a plea of guilty to a one count criminal information charging him with conspiracy to receive gratuities by a public official. Mearing also pleaded guilty to a one count criminal information charging him with conspiracy to commit wire fraud. On October 13, 2017, Hutsenpiller was sentenced to 40 months confinement to be followed by 3 years supervised release, and was ordered to forfeit \$35,000 and to pay restitution jointly and severally with Deines, Bricker, and any other co-conspirators. Hutsenpiller was debarred from Federal Government contracting for 10 years. On December 1, 2017, Mearing was sentenced to 60 months confinement followed by 3 years of supervised release. On December 21, 2017, Mearing was ordered to pay restitution jointly and severally with Deines, Bricker, and Hutsenpiller. He was also ordered to forfeit \$13,614,648 in assets. The total amount of restitution ordered in this case from Deines, Bricker, Hutsenpiller, and Mearing was \$15,413,029.

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 partners with Federal law enforcement partners, supply centers, and the Defense industrial base in working groups and task forces to investigate allegations that DoD contractors are not providing the correct parts and components to meet contract requirements.

Army Reserves Lt. Col. Convicted for Fraudulently Supplying Chinese-Made Army Promotional Gear as Made in USA

A joint investigation with the Army CID disclosed that Frederick Burnett, owner, Lamar International Inc., used his company in a scheme to defraud the DoD on three contracts worth \$6.2 million. Between 2005 and 2009, Lamar International was awarded three DoD contracts to provide promotional items, such as baseball caps and backpacks, to be given to Army recruits. The contracts stipulated that the products were made in the United States, meeting the requirements of the Buy American Act and the Berry Amendment be 100 percent made in the United States. The Buy American Act requires the Federal Government to buy domestic articles, materials, and supplies, primarily to protect American labor. The Berry Amendment prohibits the DoD from buying clothing, fabrics, fibers, and yarns that are not grown, reprocessed, reused, or produced in the United States.

Burnett certified that the products met the requirements. However, instead of providing American made-products, Burnett provided products that were made in China. Some of the products he negotiated and procured directly from China, and others he purchased from resellers who supplied products made in China. Furthermore, Burnett attempted to conceal the origin of the products. Burnett hired workers, paid in cash, to remove the labels and repackage the items he sent to the Army Recruiting Command. In total, Burnett provided 799,748 baseball caps and 146,375 Army Combat Uniform backpacks that were made in China.

Burnett was previously found guilty of wire fraud. On November 28, 2017, Burnett was sentenced to 4 years in prison and ordered to forfeit \$4.4 million to the Government for fraudulently supplying hundreds of thousands of Chinese-produced baseball caps and backpacks to the Army Recruiting Command and passing them off as American-made products.

Chief Executive Officer of Armored Vehicle Company Convicted of Defrauding the United States

A joint investigation with the FBI examined allegations that William Whyte, owner and Chief Executive Officer of Armet Armored Vehicles (Armet), executed a scheme to defraud the Government by providing armored gun trucks that were deliberately under-armored. Armet contracted to provide armored gun trucks for use by the

U.S. Military and its allies as part of the efforts to rebuild Iraq in 2005. Despite providing armored gun trucks that did not meet contractual specifications, Whyte and his employees falsely represented that the armored gun trucks were adequately armored and met the ballistic and blast protection requirements in accordance with the contract. Armet was paid over \$2 million over the course of the fraud scheme, including an advance payment of \$824,000, which the Government made after Whyte personally promised the Government that he would use the money in furtherance of the contract.

Whyte was previously found guilty of major fraud against the Government, wire fraud, and criminal false claims. On February 20, 2018, Whyte was sentenced to 70 months in prison, followed by 3 years of supervised release, and was ordered to pay \$2 million in restitution to the Government.

United Technologies Corporation Pays More Than \$1 Million to Resolve False Claims Violations

A joint investigation with the U.S. Department of Transportation OIG examined allegations that Goodrich Pump and Engine Controls Systems (GPECS), which United Technologies Corporation indirectly owned from July 2012 through March 2013, provided false certifications regarding the authenticity of Full Authority Digital Engine Control Units, which includes the Engine Control Unit (FADEC/ECU). Rolls-Royce was a prime contractor to the U.S. Army, and GPECS was a subcontractor to Rolls-Royce. GPECS sold its FADEC/ECU to Rolls-Royce for installation into its M-250 series engines. The M-250 series engines were then sent to the U.S. Army for installation into U.S. Army helicopters, specifically the OH-58 Kiowa Warrior aircraft and A/MH-6M Mission Enhanced Little Bird. From 2005 to 2012, GPECS purchased, shipped, and caused counterfeit microprocessors to be integrated into FADEC/ECU assemblies, which were then incorporated into the M-250 series engine, ultimately for the Kiowa Warrior aircraft and Mission Enhanced Little Bird. It is further alleged that from 2005 through 2012, GPECS provided numerous false certifications to Rolls-Royce as to the authenticity of the FADEC/ECU assemblies, and that 172 false certifications occurred between 2011 and 2012, alone.

On December 19, 2017, United Technologies Corporation entered into a civil settlement agreement with the DOJ and agreed to pay \$1,060,000 to the Government

to resolve alleged violations of the False Claims Act, the Program Fraud Civil Remedies Act, and the Contract Disputes Act.

Health Care Fraud

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, 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.

Pine Creek Medical Center Agreed to Pay \$7.5 Million to Resolve Alleged Violations of the False Claims Act

A joint investigation with the Health and Human Services OIG, the United States Postal Service OIG, and the FBI examined allegations that Pine Creek Medical Center (PCMC), a physician-owned hospital serving the Dallas/Fort Worth area, violated the False Claims Act by paying kickbacks to physicians in the form of marketing services in exchange for surgical referrals. Allegedly between 2009 and 2014, PCMC engaged in an illegal kickback scheme whereby the hospital would pay for marketing or advertising services on physicians' behalf and, in return, the physicians would refer their patients, including TRICARE and Medicare beneficiaries, to PCMC. This investigation was initiated as a result of a civil lawsuit filed by whistleblowers under the qui tam provisions of the False Claims Act, which allow private parties to bring suit on behalf of the Government and share in any recovery.

On November 16, 2017, PCMC agreed to pay approximately \$7.5 million to resolve claims that it violated the False Claims Act. The Defense Health Agency (DHA) program received approximately \$478,000, and the whistleblowers received approximately \$1.125 million of the settlement amount.

New York Spine and Wellness Center Agreed to Pay \$2 Million to Resolve False Claims Act Exposure

A joint investigation with the Health and Human Services OIG and the New York State Attorney General's Office examined allegations that the New York Spine and Wellness Center (NYSWC), a medical practice focusing on pain management and spine and back procedures with locations in the Syracuse, New York area, violated the False Claims Act. During certain procedures, NYSWC physicians placed patients under moderate sedation. In October 2011, the American Medical Association released guidance on the billing requirements for moderate sedation services to clarify that the services are billable only when the physician spends at least 16 minutes face-to-face with the patient.

The investigation revealed that NYSWC routinely billed and was reimbursed for moderate sedation services where the documentation did not support that the procedure met the billable requirements. These moderate sedation claims were submitted in connection with claims for underlying therapeutic or diagnostic services for which NYSWC was reimbursed by government health benefit programs including TRICARE.

On October 3, 2017, NYSWC entered into a civil settlement agreement with the DOJ and agreed to pay approximately \$2 million to the Government to resolve alleged violations of the False Claims Act. The DHA program received approximately \$31,100 of the settlement amount.

Florida Business Owner Charged With TRICARE Fraud

A DCIS investigation determined that Bobbi Gibson, owner and operator of the Agency for Behavioral Services, located in Homosassa, Florida, defrauded the DHA's TRICARE program. From approximately 2009 through 2013, Gibson fraudulently certified that paraprofessional providers she employed had received the required training necessary to properly provide Applied Behavior Analysis therapy techniques. Gibson then assigned these unqualified individuals to provide one-on-one autism services to military family members diagnosed with Autism Spectrum Disorders, and billed TRICARE for these services.

Bobbi Gibson previously pleaded guilty to one count of wire fraud. On October 19, 2017, Bobbi Gibson was sentenced to 16 months in prison, followed by 36 months of supervised release, and was ordered to pay restitution

in the amount of \$1.5 million to the DHA. On October 25, 2017, a forfeiture money judgment in the amount of \$1.5 million was obtained against Bobbi Gibson as a result of her wire fraud scheme affecting a health care benefit program, to which she pleaded guilty.

DaVita Rx Agrees to Pay \$63.7 Million to Resolve False Claims Act Exposure

A joint investigation with the Health and Human Services OIG examined allegations that DaVita Rx engaged in improper billing practices and unlawful inducements to referral healthcare program beneficiaries. DaVita Rx, a nationwide pharmacy that specializes in serving patients with severe kidney disease, billed Federal health care programs for prescription medications that were never shipped, shipped but returned, and that did not comply with proof of delivery requirements, as well as requirements relating to refill requests and patient consent. The investigation also inquired into allegations that DaVita Rx paid kickbacks to Federal health care program beneficiaries in violation of the Anti-Kickback Statute. Specifically, it was alleged DaVita Rx accepted manufacturer copayment discount cards rather than accepting copayments from beneficiaries, wrote off unpaid financial debt, and extended discounts to beneficiaries who paid for their medications via credit card. This investigation was initiated as a result of a civil lawsuit filed under the qui tam provisions of the False Claims Act. The improper billing and unlawful financial inducement allegations were the subject of self-disclosures by DaVita Rx and subsequent whistleblowers of the lawsuit. The False Claims 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 December 5, 2017, DaVita Rx entered into a civil settlement agreement and agreed to pay approximately \$63.7 million to the U.S. Government and Medicaid participating states to resolve False Claims Act violations. The DHA program received approximately \$103,000 and the qui tam relators received approximately \$2.1 million of the settlement amount.

Illegal Technology Transfer

DCIS investigates 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.

Three Miami Residents Plead Guilty to Conspiracy to Illegally Export Prohibited Articles to Syria in Violation of U.S. Export Control Laws

A joint investigation with AFOSI, Homeland Security Investigations, the FBI and the Department of Commerce—Bureau of Industry and Security determined that three Florida residents, Ali Caby, aka “Alex Caby,” Arash Caby, aka “Axel Caby,” and Marjan Caby, conspired to defraud the United States and to illegally export aviation parts and equipment to Syria in violation of the International Emergency Economic Powers Act. The exports were sent to Syrian Arab Airlines, aka “Syrian Air,” which had been designated as a Specially Designated National (SDN) by the U.S. Department of the Treasury, Office of Foreign Assets Control for transporting weapons and ammunition to Syria in conjunction with Hizballah, a terrorist organization, and the Iranian Revolutionary Guard Corps. U.S. persons and entities are prohibited from doing business with SDNs, such as Syrian Air, without obtaining a license from the Office of Foreign Assets Control.

Ali Caby ran the Bulgaria office of AW-Tronics, a Miami export company that was managed by Arash Caby, which shipped and exported various aircraft parts and equipment to Syrian Air. Ali Caby and Arash Caby closely supervised and encouraged subordinate employees of AW-Tronics in the willful exportation of the parts and equipment to SDN Syrian Air, whose activities have assisted the Syrian government’s violent crackdown on its people. Marjan Caby, as AW-Tronics’ export compliance officer and auditor, facilitated these exports by submitting false and misleading electronic export information to Federal agencies.

On December 19, 2017, Ali Caby, Arash Caby, and Marjan Caby, were sentenced. Ali Caby was sentenced to 24 months incarceration and 2 years of supervised release. Arash Caby was sentenced to 24 months incarceration, 2 years of supervised release, and a fine of \$10,000. Marjan Caby was sentenced to 1 year and 1 day of incarceration and 2 years of supervised release.

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 provided material support or resources to a designated terrorist organization. In 2011, Guan Ying Li, also known as “Henry Li,” (Li), 50, of Hong Kong, brokered several deals with a purported Chicago-area businessman to provide military equipment to Shining Path, knowing that the equipment was to be used to kill Peruvian and U.S. Government personnel. Unbeknownst to Li, the purported Chicago-area businessman was actually an undercover law enforcement agent. Li acquired and sold to the undercover agent five thermal batteries designed for use in the man-portable air-defense system known as MANPAD. These surface-to-air missiles would allow Shining Path members to shoot down helicopters, including those carrying U.S. personnel. According to Li’s plea agreement, Li directed shipment of the batteries from Hong Kong to an address in Central America provided by the undercover agent. Li also sold eight Paratrooper Assault Harnesses, eight Paratrooper backpacks, eight shovels, two VHF radios and four night vision systems, the plea agreement states. Li arranged for this equipment to be shipped from China to an address in Elmhurst, Illinois, provided by the undercover agent.

On February 27, 2018, the Department of the Navy’s Acquisition Integrity Office debarred Li from Federal Government contracting for 20 years. Li’s debarment term ranges between November 30, 2017, and November 29, 2037. On June 6, 2017, Li was sentenced to 120 months incarceration, followed by 5 years of supervised release.

Arlington Heights, Illinois, Company and its Owner and Employee Charged with Illegal Export and Import of Military Articles

A joint investigation with Homeland Security Investigations and the Internal Revenue Service examined allegations that Vibgyor Optical Systems, Inc. (Vibgyor) violated the Arms Export Control Act (AECA) and International Traffic in Arms Regulations in manufacturing military articles for the DoD. Between November 2006 and March 2014, Vibgyor, an Arlington Heights company, its president, Bharat “Victor” Verma, and a former Vibgyor employee, Urvashi “Sonia” Verma,

were unlawfully exporting and importing military articles, including components used in night vision systems equipped on the M1A1 Abrams tank, the primary battle tank used by the U.S. Armed Forces.

Vibgyor purported to manufacture optics and optical systems. Instead of manufacturing the items in Illinois, as Vibgyor claimed, Vibgyor, Victor, and Sonia conspired and illegally sent the technical data for, and samples of, the military articles to manufacturers in China, then imported the items from China to sell to its customers—including DoD prime contractors. The AECA prohibits the export or import of defense articles and defense services without first obtaining a license from the Department of State and is one of the principal export control laws in the United States. Under the International Traffic in Arms Regulations, any person seeking to import items designated as defense articles on the United States Munitions Import List is required to obtain a permit to do so from the Bureau of Alcohol, Tobacco, Firearms and Explosives. The defendants did not possess or attempt to acquire the required license or permit to export technical data and military articles to China or import the Chinese manufactured optics and optical systems for resell to customers and DoD prime contractors.

This investigation involved individuals and a company unlawfully exporting and importing defense articles, including DOD technical drawings and components used in night vision systems on the M1A1 Abrams tank.

On October 24, 2017, Victor pleaded guilty, on his behalf and on behalf of his company, Vibgyor, to conspiracy to violate the AECA and defraud the United States, defrauding the United States, violations of the AECA, and money laundering.

On November 15, 2017, Sonia was convicted of conspiracy to violate the AECA and defraud the United States, violation of the AECA, and conspiracy.

Asset Forfeiture Division

The DCIS Asset Forfeiture Division 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. Asset forfeiture 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 \$26.49 million, consisting of U.S. currency, financial instruments, heavy machinery, real property, vehicles, and vessels. In addition, DCIS obtained final orders of forfeiture totaling \$15.88 million, and money judgments in the amount of \$42.84 million.

Figure 2.1 Asset Forfeiture Program as of March 31, 2018

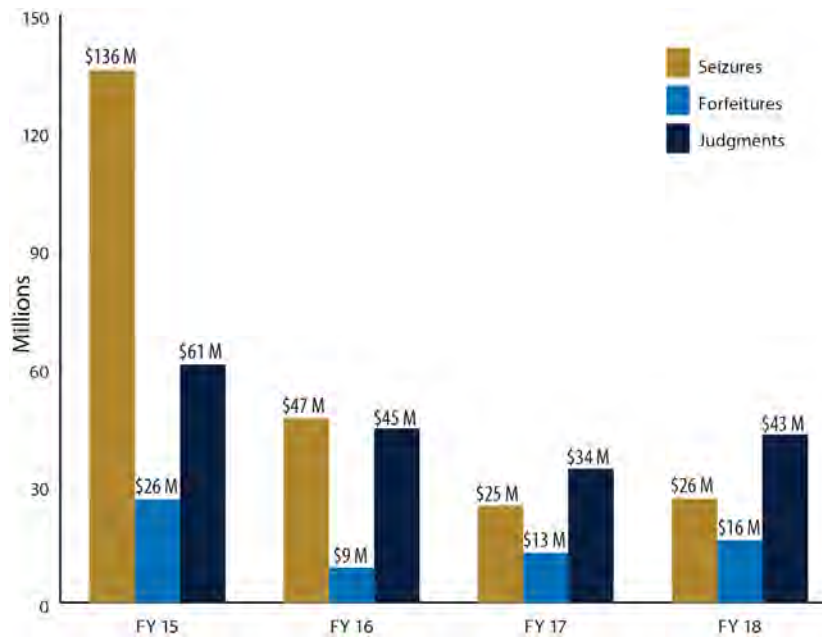
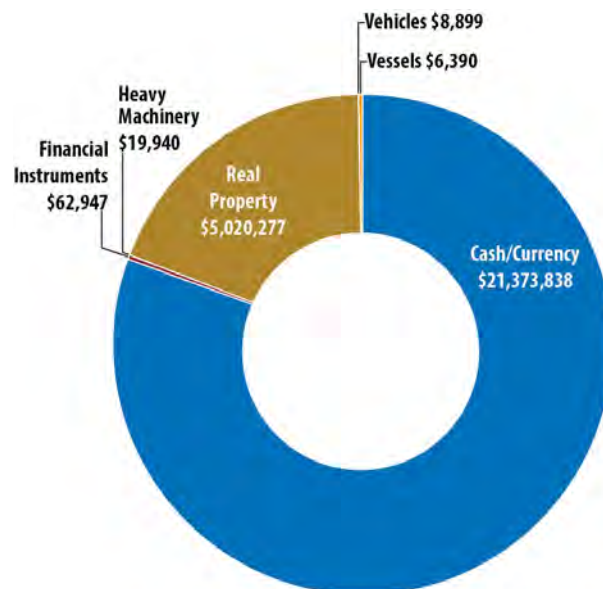


Figure 2.2 Seized Assets by Type October 01, 2017 – March 31, 2018



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 complaint alleged that a U.S. Army contractor, who was hired to provide climate-controlled storage services for the vehicles of deployed Army active military service members, submitted false claims in relation to a settlement claim on one of its contracts. The complaint further alleged that an Army Brigadier General over the Army contracting command involved in the T4C settlement exercised undue command influence in relation to the T4C settlement claim. During the T4C settlement process, the Army contracting command initially determined that it only owed the contractor approximately \$45,000 of its \$258,967 claim. However, after the contractor's Chief Executive Officer, a retired Army Brigadier General, met one on one with the Army contracting command Brigadier General, the T4C settlement was moved to a different Army contracting division, and the contractor was offered a \$158,472 T4C settlement, which it accepted. The investigation did not substantiate the allegations against the Army Brigadier General.
- A complaint alleged that a GS-15 Product Director with the U.S. Army influenced the award of contracts to specific companies for his own financial benefit. Specifically, the complaint alleged that a company owned by the GS-15 Army Product Director received 33 percent of the subcontract work awarded under the U.S. Army program managed by the GS-15 Product Director. The investigation did not substantiate the allegations against the GS-15 Army Product Director.
- A complaint alleged that a GS-15 official with the U.S. Army engaged in the misappropriation of government resources by directing an Army component to construct a \$6,300 cake table for the GS-15's personal use. The complaint further alleged that the Army GS-15 official allowed a subordinate whom he was allegedly in a relationship with to submit excessive overtime requests. The investigation did not substantiate the allegations against the Army GS-15.
- A complaint alleged that a GS-15 official with the Defense Contract Audit Institute (DCAI) made false statements in the course of a firearms purchase through the Ruger Law Enforcement Sales Program. Specifically, the complaint alleged that the DCAI GS-15 illegally purchased firearms for others through the Ruger Law Enforcement Sales Program and falsified on the Bureau of Alcohol, Tobacco, Firearms and Explosives documents that the firearms were for his personal use. The investigation did not substantiate the allegations against the DCAI GS-15.
- The complaint alleged that a retired GS-15 U.S. Air Force Civilian and his wife, a civil servant with the National Aeronautics and Space Administration, were engaged in cash structuring, possibly in an attempt to circumvent financial reporting requirements. The investigation did not substantiate allegations of misconduct against the GS-15 and his wife.
- An investigation examined allegations of money laundering, cash structuring and possible tax violations by a Lieutenant General. The investigation did not substantiate the allegations against the Lieutenant General.
- A complaint alleged that a GS-15 official with the Defense Advanced Research Projects Agency (DARPA) was engaged in a potential conflict of interest and procurement fraud. Specifically, the complaint alleged that the DARPA official had an improper relationship with a subcontractor providing consulting services to DARPA and was providing sensitive procurement information to the subcontractor. The investigation did not substantiate the allegations against the DARPA official.

ADMINISTRATIVE INVESTIGATIONS

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

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

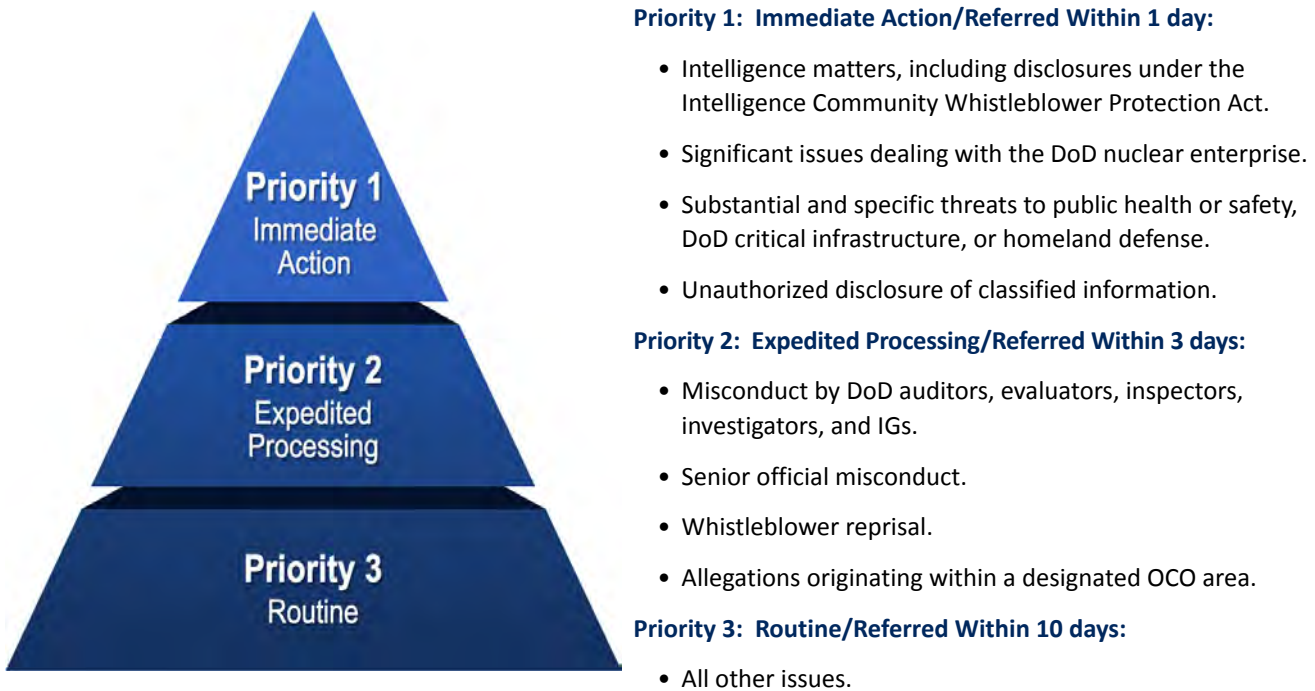
The DoD Hotline Director also serves as the DoD Whistleblower Protection Ombudsman.

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.

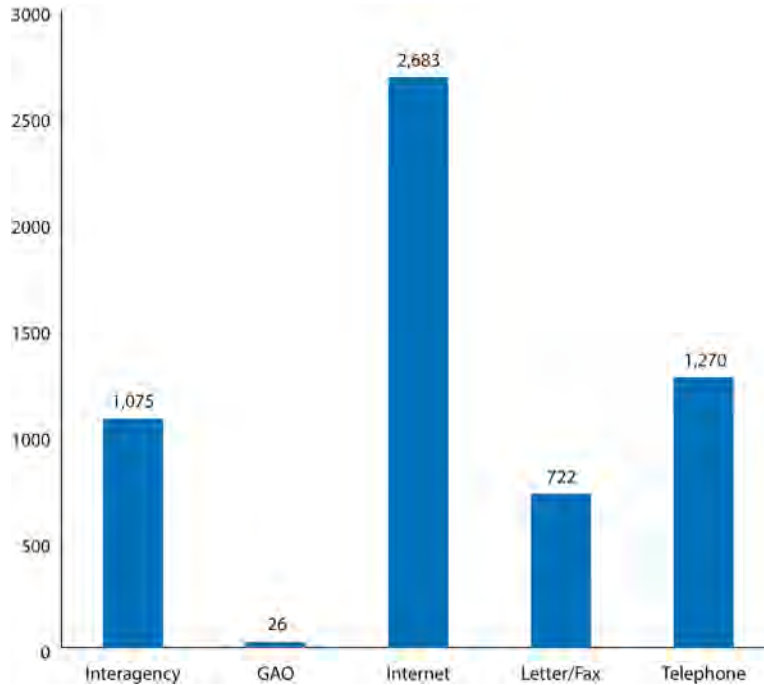
Using a Priority Referral Process, the DoD Hotline receives, triages, and refers cases to DoD OIG components, Military Services, Defense agencies, and DoD field activities based on the following criteria.

Figure 2.3 Priority Pyramid



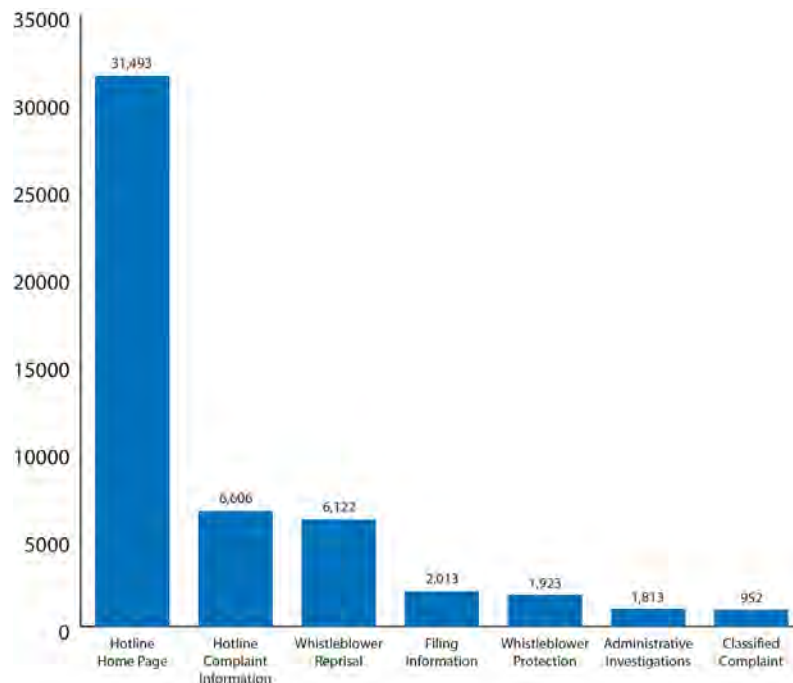
From October 1, 2017, through March 31, 2018, the DoD Hotline received 5,776 contacts. The following chart shows the contacts received by type of source.

Figure 2.4 Hotline Contacts Received By Source October 1, 2017 – March 31, 2018



From October 1, 2017, through March 31, 2018, the DoD Hotline webpages received over 54,750 views. The figure 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, October 1, 2018 - March 31, 2018



CORE MISSION AREAS

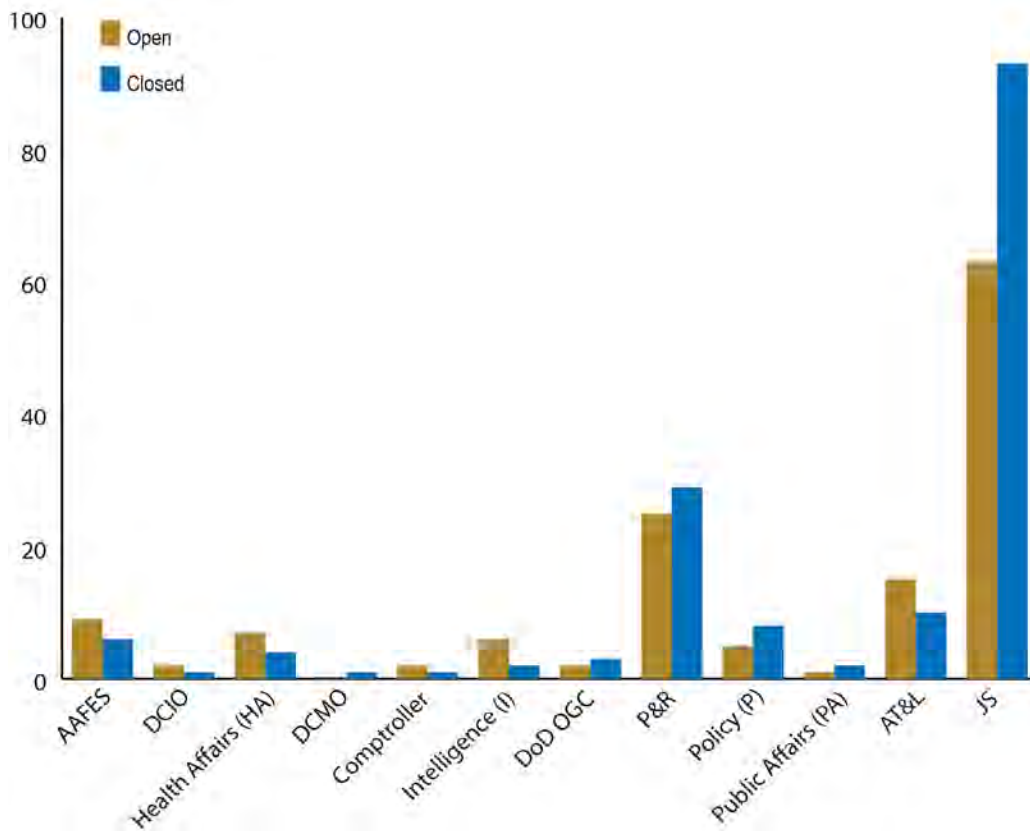
A DoD Hotline contact becomes a case when the Hotline opens and refers the case for action or information to a DoD OIG component, a Military Service, DoD agency, DoD field activity, or other agency outside the DoD. An action case referral requires the receiving agency to conduct an investigation. The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

From October 1, 2017, through March 31, 2018, the DoD Hotline opened 2,997 cases, and closed 3,773 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. Cases with no DoD affiliation are transferred to non-DoD agencies. The DoD Hotline transferred 75 cases to non-DoD agencies such as the Secret Service, the DOJ, and the Department of Veterans Affairs (VA).

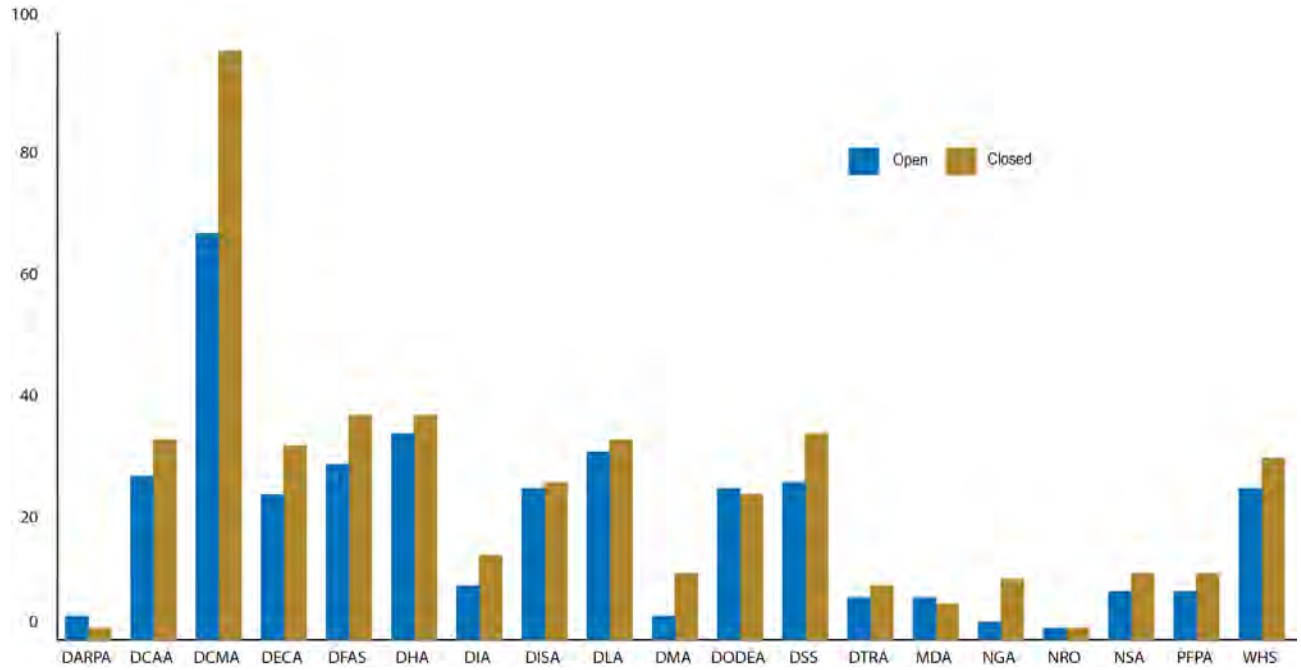
The DoD Hotline opened a total of 134 cases and closed 160 cases referred to the Office of Secretary of Defense.

Figure 2.6 DoD Hotline Cases Opened and Closed—Office of the Secretary of Defense for October 1, 2017, Through March 31, 2018



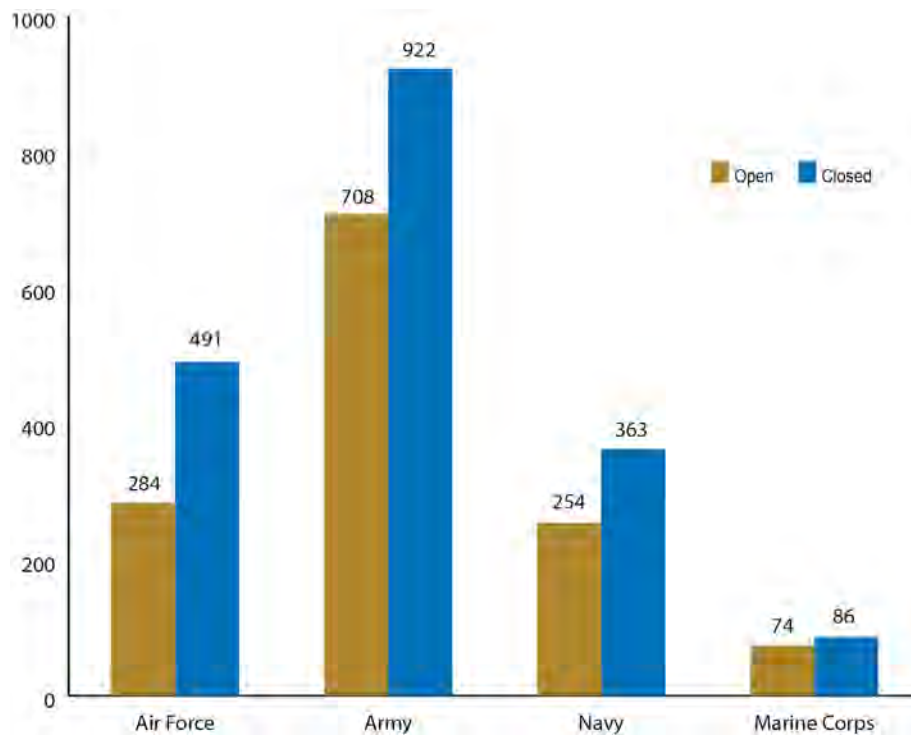
The DoD Hotline opened a total of 365 cases and closed 459 cases referred to DoD agencies and field activities.

Figure 2.7 DoD Hotline Cases Opened and Closed—DoD Agencies and Field Activities for October 1, 2017, Through March 31, 2018.



The DoD Hotline opened a total of 1,320 cases and closed 1,862 cases referred to the Military Services.

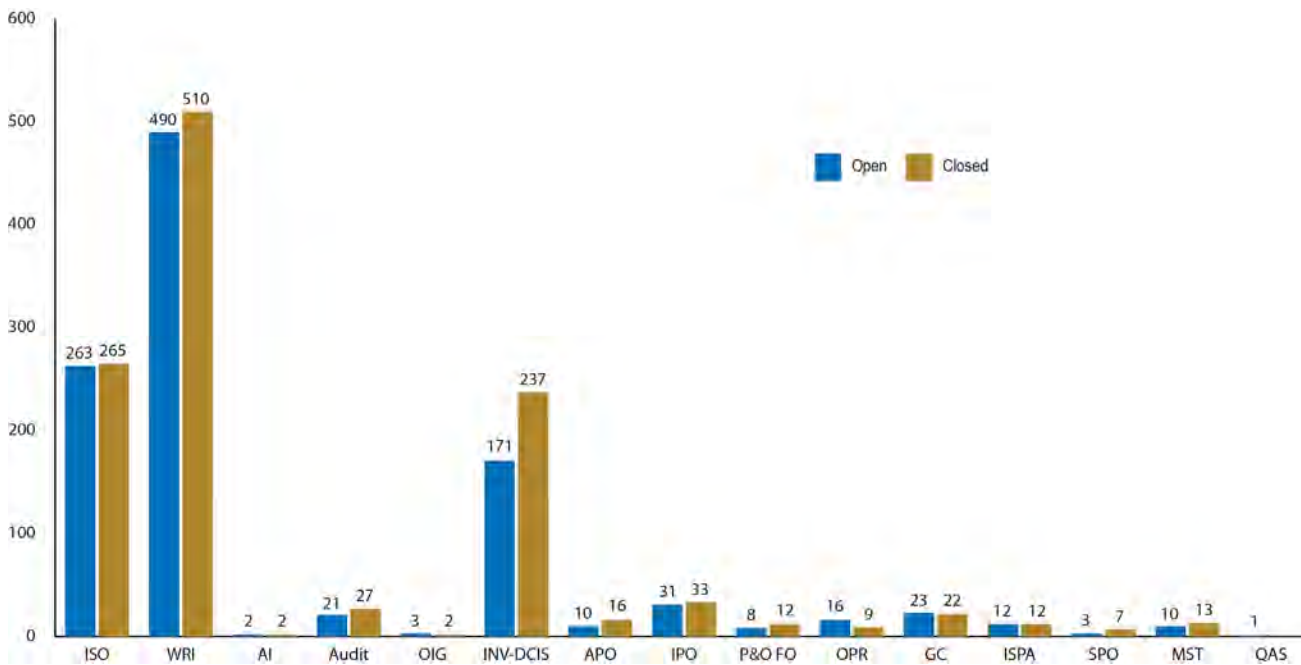
Figure 2.8 DoD Hotline Cases Opened and Closed—Military Services for October 1, 2017, Through March 31, 2018.



CORE MISSION AREAS

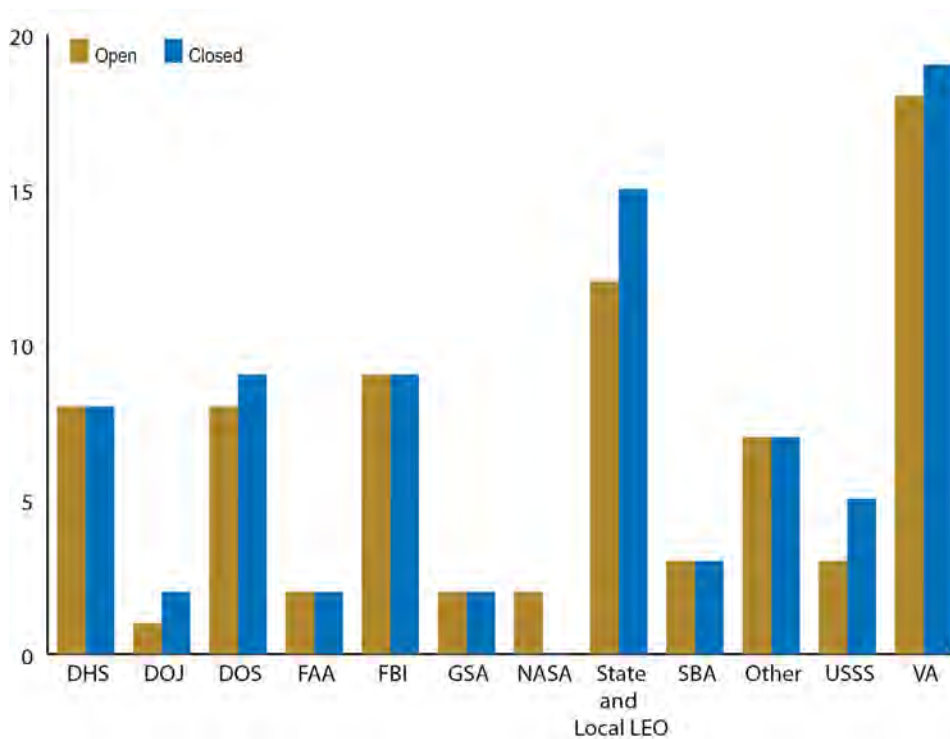
The DoD Hotline opened 1,064 cases and closed 1,167 cases referred to DoD OIG components.

Figure 2.9 DoD Hotline Cases Opened and Closed—DoD OIG Components for October 1, 2017, Through March 31, 2018.



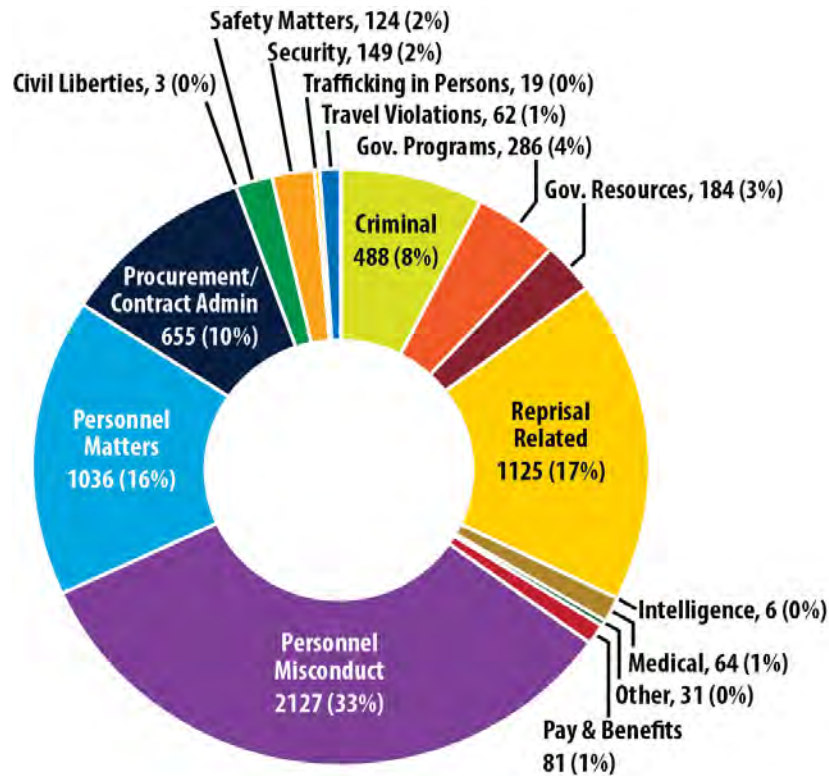
The DoD Hotline transferred 75 cases and closed 81 cases to non-DoD agencies. Some other agencies not listed, to which cases were transferred, include the Department of Energy, the Department of Commerce, the Office of the Director of National Intelligence, and the Securities and Exchange Commission.

Figure 2.10 Non-DoD Cases Opened and Closed for October 1, 2017, Through March 31, 2018.



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 the DoD Hotline in this reporting period.

Figure 2.11 Types of Allegations Received by the DoD Hotline From October 1, 2017, Through March 31, 2018.



Significant DoD Hotline Cases and Cost Savings

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

- A joint investigation conducted by DCIS, Army CID, DCAA, and the FBI found that a Defense contractor overcharged the DoD on contracts to supply food for U.S. troops from 2003 thru 2010. The contractor agreed to pay \$95 million to resolve civil fraud claims and agreed to forgo \$249 million in claims for additional payments in an administrative agreement with the DLA. The company is required to have independent oversight and maintain an ethics and compliance program for 2 years.
- An NCIS investigation substantiated allegations of abuse and mistreatment of recruits by three Marine Corps drill instructors. Two of the drill instructors entered into pre-trial agreements to testify against the third. One of the instructors separated from the service while the other remains on active duty. A general court-martial found the third instructor guilty of nine specifications of violating Article 92 (Failure to Obey an Order or Regulation), three specifications of violating Article 93 (Cruelty and Maltreatment), one specification of violating Article 107 (False Official Statement), and two specifications of violating Article 134 (Drunk and Disorderly, Obstruction of Justice). The drill instructor was reduced in rank to E-1, forfeited all pay and allowances, and received 10 years confinement and a dishonorable discharge.
- An Air Force investigation found that the Air Force Board for Correction of Military Records abused its authority by taking longer than 18 months to render a decision on disability retirement status. As a result, the Board has modified its review process. Instead of reviewing cases that arrived in a “first in, first out” process, the Board now adjudicates cases giving priority to applicants who are on active duty. While the improved process would not have helped one applicant, the Board determined this best serves those who request immediate assistance for a time-critical request (for example, amend personnel records before a promotion board).

Whistleblower Protection Ombudsman

The DoD Whistleblower Protection Ombudsman provides education to DoD employees about prohibitions on retaliation for protected disclosures and to 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 179 contacts and 1,813 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 and DoD employees with access to classified information; (3) employees of DoD contractors, subcontractors, grantees, subgrantees, and personal services contractors and; (4) nonappropriated fund instrumentality employees who are paid from nonappropriated funds generated by Military Service clubs, bowling centers, golf courses, and other activities⁴.

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 .

Alternative Dispute Resolution Program

In September 2017, the DoD OIG implemented an alternative dispute resolution (ADR) program in the Whistleblower Reprisal Investigations Directorate, similar to the program used by the Office of Special Counsel.

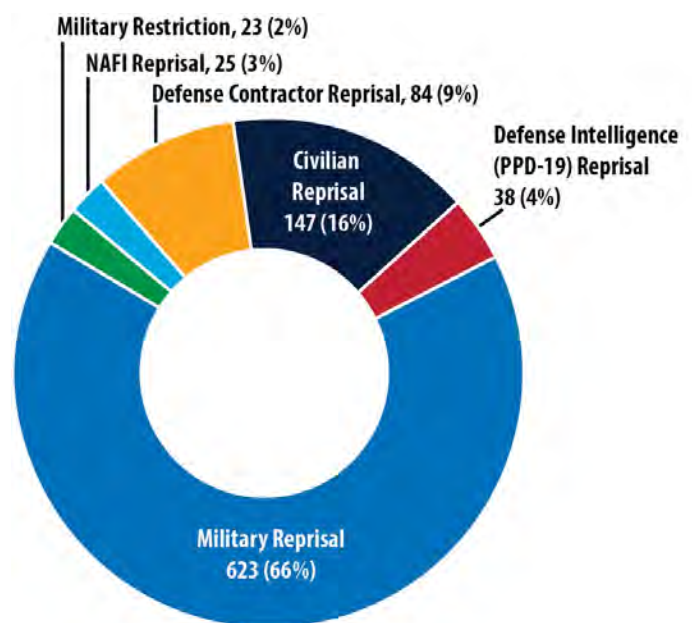
ADR is a voluntary process in which parties use mediation or facilitated settlement negotiations to seek resolution of a complaint prior to an otherwise lengthy investigative process, or at any point in the process. Voluntary resolutions through ADR can help reduce the time for resolving cases, and it can also allow limited investigative resources to be allocated to completing other investigations in a timely manner. In addition, early resolution through settlements also saves time on the back end. Instead of waiting for remedial action to be taken in response to recommendations made in a report of investigation, complainants are made whole quickly.

Our program has already shown positive effects. The ADR staff helped whistleblower reprisal complainants and their employers resolve 19 cases. Examples of resolutions include monetary relief, expungement of negative personnel records, neutral references, re-characterizing discharge as resignation, temporary reinstatement until new employment is secured, training of agency personnel, debt forgiveness, reassignment, leave restoration, and reportedly improved working relationships.

Reprisal Investigations

During the reporting period, the DoD OIG received a total of 940 complaints alleging reprisal and restriction of a service member from communicating with a Member of Congress or an IG.

Figure 2.12 Complaints Received DoD Wide



⁴ 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, 2409, and 1587, respectively.

Table 2.1 shows the status of complaints, as of March 31, 2018, that were received by the DoD OIG and the Service and Defense agency IGs during this reporting period. Of the 940 complaints received this period, 491 were received at the DoD OIG and 449 were received at either a Service or Defense agency IG and then reported to the DoD OIG.

Of the 491 received at the DoD OIG, as of March 31, 2018, at the end of the reporting period:

- 103 were under review or investigation by the DoD OIG,
- 314 were dismissed as having insufficient evidence to warrant an investigation or were withdrawn
- 10 were resolved through the alternative dispute resolution process, and

- 64 were referred to either a Service or Defense agency IG.

Of the 449 received at a Service or Defense agency IG and then reported to the DoD OIG, as of March 31, 2018, at the end of the reporting period:

- 25 were assumed by the DoD OIG for review and investigation,
- 274 were still open,
- 6 were submitted and under review at the DoD OIG,
- 32 were closed by the DoD OIG pending notification to the complainant, and

112 were closed by the DoD OIG and the complainant notified.

Table 2.1 Reprisal and Restriction Complaints Received October 1, 2017, Through March 31, 2018.

Type Complaint	Received at the DoD OIG	Status as of March 31, 2018				
		Resolved*	Dismissed Intake	Retained for DoD OIG Investigation	Referred to Component	Open Intake
		Processed by DoD OIG				
Military Reprisal	202	0	109	0	59	34
NAFI Reprisal	25	4	10	0	0	11
Defense Contractor Reprisal	84	6	41	1	0	36
Civilian Reprisal	146	0	139	0	0	7
Defense Intelligence (PPD-19) Reprisal	31	0	14	1	3	13
Subtotal FY18 (1st Half)	488	10	313	2	62	101
Military Restriction	3	0	1	0	2	0
Total FY18 (1st Half)	491	10	314	2	64	101

Type Complaint	Received at Component OIG*	Status as of March 31, 2018				
		Assumed by DoD OIG	Submitted to the DoD OIG for Review	Closed by the DoD OIG (Complainant Notification Pending)	Closed by DoD OIG (Complainant Notified)	Open at Component
		Processed by Component OIG, With DoD OIG Oversight				
Military Reprisal	421	18	6	31	107	259
Civilian Reprisal	1	1	0	0	0	0
Defense Intelligence (PPD-19) Reprisal	7	6	0	0	0	1
Subtotal FY 17 (2nd Half)	429	25	6	31	107	260
Military Restriction	20	0	0	1	5	14
Total FY 17 (2nd Half)	449	25	6	32	112	274
Grand Total FY 17 (2nd Half)	940					

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

CORE MISSION AREAS

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 928 complaints closed this period:

- 667 were dismissed due to insufficient evidence to warrant an investigation,
- 19 were resolved through the alternative dispute resolution process,
- 69 were withdrawn, and
- 173 were closed following full investigation by either the DoD OIG or a Service or Defense agency IG.

Of the 173 investigations closed, 163 involved whistleblower reprisal (15 substantiated) and 10 involved restriction from communicating with a Member of Congress or an IG (6 substantiated).

Table 2.2 Reprisal and Restriction Complaints Closed October 1, 2017, Through March 31, 2018.

	Total Closed	Dismissed	Withdrawn	Resolved*	Investigated	Substantiated Cases	Substantiated Rate
Type Complaint	Processed by DoD OIG						
Military Reprisal	156	147	6	0	3	0	0%
NAFI Reprisal	37	20	1	9	7	2	29%
Defense Contractor Reprisal	82	56	7	10	9	1	11%
Civilian Reprisal	150	150	0	0	0	0	0%
Defense Intelligence (PPD-19) Reprisal	27	22	2	0	3	1	33%
Subtotal FY 17 (1st Half)	452	395	16	19	22	4	18%
Military Restriction	2	1	1	0	0	0	0%
Total FY 17 (1st Half)	454	396	17	19	22	4	18%
Type Complaint	Processed by Component IG, with DoD OIG Oversight						
Military Reprisal	449	261	49	0	139	10	7%
Defense Intelligence (PPD-19) Reprisal	2	0	0	0	2	1	50%
Subtotal FY 17 (1st Half)	451	261	49	0	141	11	8%
Military Restriction	23	10	3	0	10	6	60%
Total FY 17 (1st Half)	474	271	52	0	151	17	11%
Grand Total FY 17 (1st Half)	928	667	69	19	173	21	12%

*Resolved denotes cases that underwent the newly established Alternative Dispute Resolution process and resulted in a settlement between the complainant and the employer.

Table 2.3 shows the number and type of complaints open at the end this reporting period by the DoD OIG and the Service and Defense agency IGs. Of the 1,057 complaints as of March 31, 2018:

- 46 were being reviewed under the ADR process,
- 188 were under inquiry by the DoD OIG,
- 769 were under inquiry by a Service or Defense agency IG, and
- 54 were submitted by a Service or Defense agency IG to the DoD OIG for review.

Table 2.3 Reprisal and Restriction Complaints Open at the End of This Reporting Period* on March 31, 2018.

	Total Open	ADR*	Withdrawn	Investigation
Type Complaint	Processed by DoD OIG			
Military Reprisal	104	0	69	35
NAFI Reprisal	26	9	6	11
Defense Contractor Reprisal	65	34	14	17
Civilian Reprisal	7	0	7	0
Defense Intelligence (PPD-19) Reprisal	31	3	17	11
Subtotal FY 18 (1st Half)	233	46	113	74
Military Restriction	1	0	0	1
Total FY 18 (1st Half)	234	46	113	75
Type Complaint	Processed by Component IG, with DoD OIG Oversight			
	Total Open	Ongoing Inquiry		Submitted for Oversight Review
		Referred from DoD OIG	Received at Component IG	
Military Reprisal	771	151	567	53
Defense Intelligence (PPD-19) Reprisal	3	1	2	0
Civilian Reprisal	12	8	4	0
Subtotal FY 18 (1st Half)	786	160	573	53
Military Restriction	37	4	32	1
Total FY 18 (1st Half)	823	164	605	54
Grand Total FY 18 (1st Half)	1,057			

* Open complaints include those received during this reporting period as well as prior reporting periods.

+ The Alternate Dispute Resolution is an optional process that both the complainant and the employer may choose to enter to settle the complaint.

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.

- An Army lieutenant colonel recommended revocation of a subordinate Army civilian employee's security clearance in reprisal for the employee's reports of alleged misconduct and violations of regulations by the lieutenant colonel to the lieutenant colonel's chain of command and an IG. Corrective action is pending.
- A Department of Navy GS-11 civilian employee admonished a non-appropriated fund instrumentality (NAFI) employee in reprisal for making protected disclosures to NAFI management officials about unsanitary conditions in a fitness center exercise room. Corrective action is pending.
- A DoD contractor did not renew a subcontractor's contract in reprisal for the subcontractor disclosing violations of the Defense Federal Acquisition Regulation to a Contractor Program Manager and the Government Deputy Director of the program responsible for the contract. Corrective action is pending.
- A NAFI manager terminated an employee in reprisal for the employee reporting violations of laws, rules, and regulations to the NAFI Area Manager. Corrective action is pending.
- Two Air Force captains co-wrote and issued a Letter of Counseling to an Air Force technical sergeant in reprisal for an e-mail the sergeant sent to his chain of command regarding evidence of gross mismanagement in a medical clinic. Corrective action is pending.
- An Air Force technical sergeant threatened a subordinate staff sergeant with adverse personnel actions if the sergeant continued to report excessive absences by the technical sergeant to the chain of command without obtaining prior approval. The

staff sergeant feared receipt of adverse personnel actions if additional protected communications were made. Corrective action is pending.

- An Air Force technical sergeant threatened a subordinate sergeant with adverse personnel action and ordered the sergeant not to speak with the squadron commander regarding interpersonal office issues (reported excessive absences by the supervisor to his chain of command). The subordinate feared the technical sergeant would take adverse personnel actions if additional protected communications to the squadron commander were made. Corrective action is pending.
- An Air Force major, who was the commander of an Air Force Office of Special Investigations (AFOSI) detachment, improperly influenced a subordinate master sergeant to issue a staff sergeant a letter of reprimand and recommend revocation of the staff sergeant's qualifications as a special agent in reprisal for the staff sergeant reporting breaches of AFOSI instructions and policy to the detachment commander. The master sergeant issued the letter of reprimand in reprisal for the staff sergeant reporting violations of AFOSI instructions and policy by detachment personnel. The major and the master sergeant misrepresented the facts within the AFOSI decertification memorandum in order to justify their decision and recommendation to disqualify the staff sergeant as a special agent. Corrective action is pending.
- An Army National Guard major threatened an Army National Guard sergeant first class with nonjudicial punishment (Article 15, Uniform Code of Military Justice), directed the sergeant to undergo a mental health evaluation, removed the sergeant from the promotion list, and issued the sergeant an unfavorable non-commissioned officer evaluation report in reprisal for reporting the major for ethical violations. Corrective action is pending.
- An Air Force chief master sergeant threatened to remove a subordinate master sergeant and return the master sergeant early from deployment in reprisal for the master sergeant's reporting of safety and regulatory violations to the chain of command. Corrective action is pending.
- An Air National Guard colonel recommended that an Air National Guard major not be retained in

reprisal for the major's participation in a United States Property and Fiscal Office audit. Corrective action is pending.

- An Air Force lieutenant colonel reassigned an Air Force captain to another squadron without changing the captain's rater and omitted favorable information in the captain's Officer Performance Report in reprisal for the captain reporting a negative and toxic work environment, abuse of authority, and bullying of unit personnel to the chain of command and an IG. No corrective action taken as the lieutenant colonel retired prior to completion of the investigation.
- An Army colonel reassigned and issued an unfavorable Officer Evaluation Report to an Army major in reprisal for the major's reports of ethics violations and unfair treatment of civilian employees to the chain of command. Corrective action is pending.
- An Army staff sergeant issued an unfavorable evaluation report to a subordinate in reprisal for reporting allegations of hazing and unfair treatment to an Equal Opportunity counselor, an IG, the chain of command, and to a Member of Congress.
- A Defense Intelligence Agency division chief and a branch chief recommended that an intelligence officer be terminated during the officer's probationary period in reprisal for reporting that the branch chief was not working an 8-hour workday and for criticizing the division and branch chief's leadership. The intelligence officer was terminated. 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 lieutenant colonel restricted an Air Force master sergeant from contacting an IG by making repeated statements about the lieutenant colonel's experience as an IG and that there was no point in filing an IG complaint. The lieutenant colonel's comments had a chilling effect on the master sergeant's protected communications activity. Corrective action is pending.

- An Air Force lieutenant colonel restricted a subordinate Air Force senior airman from contacting an IG by requiring the airman to use the chain of command prior to contacting an IG. Corrective action is pending.
- An Air Force master sergeant restricted a senior airman and other subordinates from contacting an IG by making comments intended to inhibit the subordinates from preparing or making protected communications to an IG. The master sergeant commented, “It’s never okay to go to the IG; come to us.” Corrective action is pending.
- An Air Force senior civilian manager restricted an Air Force major from communicating with an IG by making statements that inhibited the major from communicating with an IG. Corrective action is pending.
- An Air National Guard major made restrictive comments to a subordinate staff sergeant during a witnessed counseling session that were intended to restrict the staff sergeant from preparing or making future protected communications to the IG. Corrective action is pending.

Table 2.4 shows the number and types of reprisal and restriction allegations substantiated since October 1, 2012. Of the 296 substantiated allegations, 191 have had corrective action decisions reported and 105 are still pending reports of corrective actions taken.

Table 2.4 Reprisal and Restriction Allegations Substantiated in FY 2013 Through FY 2018 (1st Half) With Corrective Action Status.

Allegation	Total Substantiated	Decision on Corrective Action Reported	Corrective Action Pending	Pending Rate
Military Reprisal	214	135	79	37%
NAFI Reprisal	8	4	4	50%
Defense Contractor Reprisal	6	1	5	83%
Civilian Reprisal	11	11	0	0%
Defense Intelligence (PPD-19) Reprisal	5	1	4	80%
Subtotal FY13 to FY18 (1st Half)	244	152	92	38%
Military Restriction	52	39	13	25%
Total FY13 to FY18 (1st Half)	296	191	105	35%

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

Table 2.5 shows the number and types of reprisal complaints substantiated since October 1, 2012. Of the 174 substantiated complaints, 28 have had remedy decisions reported and 146 are still pending reports of remedial actions taken.

Table 2.5 Reprisal Complaints Substantiated in FY 2013 Through FY 2018 (1st Half) With Remedy Status.

Allegation	Total Substantiated	Decision on Remedy Reported	Remedy Pending	Pending Rate
Military Reprisal	151	15	136	90%
NAFI Reprisal	7	4	3	43%
Defense Contractor Reprisal	4	1	3	75%
Civilian Reprisal	8	7	1	13%
Defense Intelligence (PPD-19) Reprisal	4	1	3	75%
Total FY13 to FY18 (1st Half)	174	28	146	84%

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 the DoD OIG by components for substantiated reprisal cases that were closed in prior reporting periods.

- An Army lieutenant colonel issued a Memorandum of Reprimand to a staff sergeant and disapproved the staff sergeant’s Release from Active Duty realignment packet in reprisal for the staff sergeant’s protected communications to an IG. The lieutenant colonel received a General Officer Memorandum of Reprimand.

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

There were no corrective actions reported to the DoD OIG by components for substantiated restriction cases that were closed in prior reporting periods.

Tables 2.6 and 2.7 show the number and type of corrective actions reported for reprisal and restriction allegations substantiated against subjects since October 1, 2012. Of the 202 decisions reported, 56 involve declinations to take action, and 146 were corrective actions taken against the subject.

Table 2.6 Corrective Actions Reported for Reprisal and Restriction Allegations Substantiated Against Subjects in FY 2013 Through 1st Half of FY 2018 (1st Half).

Allegation	Total	Declined to Take Action	Employee Fired or Terminated	Letter of Counseling	Other	Reduced Rank or Grade
Military Reprisal	143	41	0	17	12	2
NAFI Reprisal	4	2	1	1	1	0
Defense Contractor Reprisal	1	1	0	0	0	0
Civilian Reprisal	11	5	0	0	0	0
Defense Intelligence (PPD-19) Reprisal	1	0	0	1	0	0
Subtotal FY13 to FY18 (1st Half)	160	49	1	19	13	2
Military Restriction	42	7	0	7	2	0
Total FY13 to FY18 (1st Half)	202	56	1	26	15	2

Table 2.7 Corrective Actions Reported for Reprisal and Restriction Allegations Substantiated Against Subjects in FY 2013 Through FY 2018 (1st Half) Cont'd.

Allegation	Removed From Assignment	Retired	Suspended Without Pay	Verbal Counseling	Written Reprimand
Military Reprisal	13	1	1	12	44
NAFI Reprisal	0	0	0	0	0
Defense Contractor Reprisal	0	0	0	0	0
Civilian Reprisal	1	0	0	1	3
Defense Intelligence (PPD-19) Reprisal	0	0	0	0	0
Subtotal FY13 to FY18 (1st Half)	14	1	1	13	47
Military Restriction	3	0	0	10	13
Total FY13 to FY18 (1st Half)	17	1	1	23	60

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

Tables 2.8 and 2.9 show the number and type of remedies reported for reprisal complaints substantiated since October 1, 2012. Of the 43 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 37 were remedies awarded to make the complainant whole.

Table 2.8 Remedies Reported for Reprisal Complaints Substantiated in FY 2013 to FY 2018 (1st Half).

Allegation	Total	Back Pay	Correct Evaluation	Declined to Take Action	Expunge Evaluation	Expunge LOR/LOC/LOE
Military Reprisal	25	2	1	0	8	3
NAFI Reprisal	4	1	0	1	0	0
Defense Contractor Reprisal	3	0	0	3	0	0
Civilian Reprisal	10	0	1	1	2	0
Defense Intelligence (PPD-19) Reprisal	1	0	0	1	0	0
Total FY13 to FY18 (1st Half)	43	3	2	6	10	3

Table 2.9 Remedies Reported for Reprisal Complaints Substantiated in FY 2013 to FY 2018 (1st Half) Cont'd.

Allegation	Grant Award	Other	Promote	Reinstate	Restore Security Clearance
Military Reprisal	1	7	2	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 FY13 to FY18 (1st Half)	3	12	2	1	1

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

Whistleblower Reprisal Investigations 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

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 Navy lieutenant alleged a Navy captain recommended that the lieutenant receive a Navy Achievement Medal instead of a Navy Commendation Medal as an end-of-tour award in reprisal for making an unrestricted report of sexual assault.
- An Army captain alleged an Army colonel recommended that an Army general officer issue the captain a General Officer Memorandum of Reprimand in reprisal for making an unrestricted report of sexual assault and other violations of law and regulation to the chain of command.

Whistleblower Restriction Investigations 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

There were no whistleblower restriction 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 during the reporting period.

Investigations of Senior Officials

The DoD OIG’s Investigations of Senior Officials (ISO) directorate investigates allegations of misconduct against the most senior DoD officers (three-star general officers and above), political appointees, senior officials in the Joint or Defense Intelligence Community, and members of the Senior Executive Service, 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 rank of one-star and above; officers selected for promotion to the grade of O-7 whose names are on the promotion board report forwarded to the Military Department Secretary; members of the Senior Executive Service; senior civilian officials in the grade of Senior Executive Service 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.

As of October 1, 2017, the DoD OIG had 186 open senior official cases. From October 1, 2017, through March 31, 2018, the DoD OIG received 368 complaints of senior official misconduct and closed 387 cases. Of the 387 cases closed, 307 were closed after an intake review was performed, which includes complaints that are dismissed upon the initial review and complaints that are closed after a complaint clarification interview with the complainant and other limited investigative work.

Of the 387 cases closed, 80 investigations were closed—6 investigations were conducted by the DoD OIG and 74 were conducted by Component IGs with oversight review by the DoD OIG. In 27 of the investigations closed, allegations of misconduct were substantiated. As of March 31, 2018, the DoD OIG had 167 open senior official cases.

Table 2.10 Senior Official Complaints Closed October 1, 2017, Through March 31, 2018

Services or Agency in which the Allegations Occurred	DoD OIG Workload		Cases Closed from October 1, 2017 - March 31, 2018				Cases Remaining Open as of March 31, 2018			
	Cases Open at Start of FY 2018	Complaints Received in FY 2018	Closed at DoD OIG after Intake Review	DoD OIG Investigations	DoD OIG Oversight Review of Component IG Investigations	Substantiated Investigations ¹ (Substantiation Rate ²)	DoD OIG Intake	DoD OIG Investigations	DoD OIG Oversight Review of Component IG Investigations	Component IG Investigations
Air Force	27	56	44	1	9	4 (40%)	6	1	2	20
Army	75	123	99	2	33	12 (34%)	4	0	1	59
Marine Corps	4	14	11	1	1	0	2	1	0	2
Navy	37	51	37	0	18	2 (11%)	0	2	8	23
COCOM/ Defense Agency/ Other	43	124	116	2	13	9 (60%)	3	6	1	26
Total	186	368	307	6	74	27 (34%)	15	10	12	130

¹These include both DoD IG and Component IG Investigations.

²The substantiation rate is a percentage, which consists of the Substantiated Investigations divided by the total number of DoD OIG Investigations and DoD OIG Oversight Review of Component IG Investigations.

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 the DoD OIG has any reportable information. The DoD OIG processed requests on a total of 3,920 names during this reporting period.

Substantiated or Significant Senior Official Cases Closed by the DoD OIG

There were 27 substantiated or significant senior official cases closed by the DoD OIG during the first half of FY 2018.

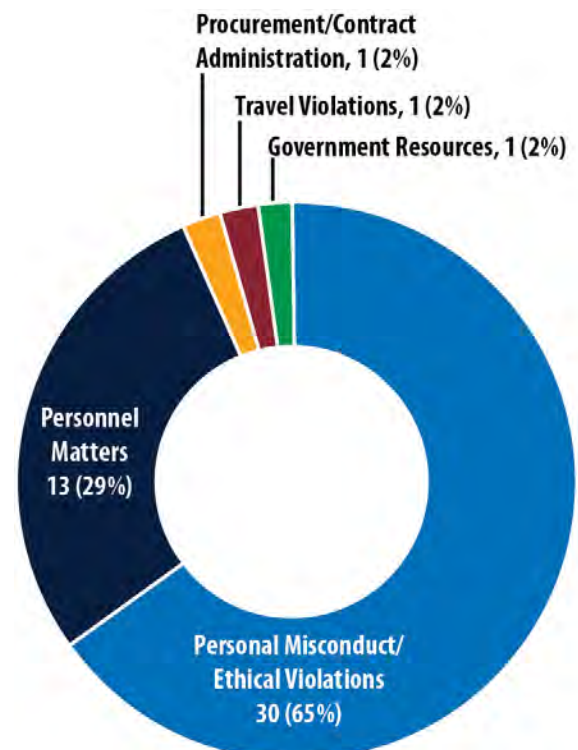
- The DoD OIG initiated an investigation to address the allegation that a member of the Senior Executive Service failed to treat employees with dignity and respect. The DoD OIG determined that the senior official violated the Joint Ethics Regulation and Army Regulations when he: (1) engaged in unwelcomed and intentional touching of two female employees; (2) made a derogatory comment to an employee that witnesses considered racially offensive and condescending; (3) threw money at an employee during a conference presentation; and (4) made remarks to female employees about belly fat, their need to follow his diet, and to lose weight. Corrective action is pending.

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

- An Air Force brigadier general: (1) failed to establish and maintain a healthy command climate; (2) misused subordinates' official time to schedule personal appointments and provide personal transportation; (3) abused authority by reassigning staff duties; (4) misused position by directing subordinates to perform personal services and directing official travel for personal benefit; (5) failed to follow travel regulations; and (6) committed waste by needlessly expending Air Force funds for Temporary Duty Travel. The brigadier general received a letter of reprimand and was relieved of command.

- An Army major general failed to treat a congressional staff delegation member with dignity and respect by using the term "sweetheart" when addressing the member. The major general received a Memorandum of Concern.
- An Air Force lieutenant general misused a government motor vehicle without authorization or approval for domicile-to-duty transportation. The lieutenant general received a letter of counseling.
- An Army major general failed to display exemplary conduct by engaging in inappropriate online conversations with an enlisted soldier's spouse (not a direct subordinate) using flirtatious language and sexual innuendo. The major general received a General Officer Memorandum of Reprimand.
- A National Geospatial-Intelligence Agency official failed to treat subordinates with dignity and respect and displayed conduct unbecoming of a senior official. The official used profanity, told sexual jokes, and made disparaging and inappropriate comments toward females regarding their weight and appearance. The official received a suspension without pay.

Figure 2.13 Types of Substantiated Misconduct



Note: Multiple allegations may be reported for a single case.

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

- The DoD OIG initiated an investigation to determine whether the Defense POW/MIA Accounting Agency (DPAA) recovered the remains of Corporal Joseph Hargrove, U.S. Marine Corps, from Koh Tang, Cambodia, in 2008, and whether the DPAA lied about recovering Corporal Hargrove's remains. The DoD OIG interviewed 24 witnesses, reviewed more than 8,000 pages of classified and unclassified records related to recovery and investigation operations concerning Corporal Hargrove and other Koh Tang losses. The DoD OIG also reviewed the book the complainant, a cousin of Corporal Hargrove, wrote concerning his efforts to find his cousin's remains, and three YouTube videos of media interviews the complainant gave on the matter. Additionally, the DoD OIG visited DPAA facilities, including the laboratory, where we viewed four sets of remains and material evidence recovered from Koh Tang in 2008. The DoD OIG's review concluded that these four sets of remains were Asian and not the remains of Corporal Hargrove. The DoD OIG also determined that the DPAA has not recovered Corporal Hargrove's remains, and that the DPAA did not lie about recovering Corporal Hargrove's remains. However, the DoD OIG provided 12 recommendations for improvements in the DPAA's management processes, some of which could avoid the communication issues and misunderstandings in the future that occurred with Corporal Hargrove's family members in this case. The DPAA Director concurred with the report's conclusions and recommendations. The DoD OIG will monitor the DPAA's progress toward implementing the 12 recommendations.

Corrective Actions for Senior Official Cases Reported in Prior Semiannual Reports

The following are 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 Army National Guard major general engaged in an inappropriate relationship and improperly accepted a gift from a subordinate. The investigation concluded that the officer and subordinate were of different grades, the extremely personal nature

of their relationship was inconsistent with Army standards, and the relationship had an adverse impact on the command. The gift's value exceeded \$2,500. The major general received a Memorandum of Reprimand.

- An Army National Guard major general improperly used IG records as the basis for issuing a General Officer Memorandum of Reprimand, improperly directed the revocation of a subordinate's promotion, and failed to flag a subordinate's personnel file for two adverse actions initiated on the subordinate. The major general received a written reprimand.

Quality Assurance Reviews

During the reporting period, the DoD OIG Administrative Investigations (AI) initiated a quality assurance review of the Army IG Hotline and a quality assessment of the Army 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 270 hours of external outreach engagements involving 691 personnel. Outreach venues included learning forums, training of personnel assigned to Joint Staff, Army, Marine, Navy, Air Force, National Guard, and Reserve Component, and external Federal IG billets on whistleblower reprisal, senior official investigations, and DoD oversight responsibilities. One outreach event included a National Guard Bureau panel discussion with 50 State IGs on sexual assault reprisal cases and another was sponsored by the Council of Inspectors General for Integrity and Efficiency regarding whistleblower reprisal investigations. AI also conducted more than 2,260 hours of internal training for OIG employees during the reporting period on topics such as Cybersleuth: Using the Internet for Investigative Research; Case Soft Case Management System, LSI SCAN Statement Analysis Training.

Administrative Investigations Component Pilots New Course

AI also piloted a new course on October 23 focused specifically on the AI interview process to help their investigators prepare and plan, as well as gather best practices.

The class was designed by the AI Training Officer, who designed the course specifically for DoD OIG AI investigators. The course objectives included application of both the Council of Inspectors General for Integrity and Efficiency (CIGIE) standards and procedures in the DoD OIG AI Manual.

The 3-day class included 12 participants from AI's Investigations of Senior Officials (ISO) and Whistleblower Reprisal Investigations (WRI) directorates. The students took turns role-playing different interview scenarios with Defense Criminal Investigative Service (DCIS) personnel acting as the subjects of investigations.

All of the interview scenarios were videotaped, which allowed the participants to self-critique their performance during the interviews. The critiques were facilitated by the AI Training Officer and another person outside the supervisory chain.

At the conclusion of the class, the students provided a plan of action for their own improvement, which will be monitored by the AI Training Officer. AI intends offer the new interview course quarterly to staff, and also opening enrollment to the Service branches and other Defense Components.

Federal Hotline Working Group

The Federal Hotline Working Group held its quarterly meeting at the Mark Center in Alexandria, Virginia, on October 12, 2017. Sixty-one personnel from 23 agencies (13 DoD and 10 Non-DoD) attended the meeting virtually or in person. The agenda included feedback from the 2017 Worldwide Outreach, planning for the 2018 outreach event, finalizing CIGIE Best Practices, and a briefing from How to Set Up a Hotline Sub-Committee. In addition, the Federal Hotline Working Group met on October 26, 2017, to discuss the update to DoD Instruction 7050.01, "DoD Hotline Program," published October 17, 2017. Participants discussed the impact of changes on the DoD Components.

Basic Whistleblower Reprisal Investigation Course

During this reporting period, AI held four Basic Whistleblower Reprisal Investigations Courses for DoD Service Components, Defense agencies, and other Federal agency IG representatives. Two courses were held at the Mark Center in Alexandria, Virginia; and two Mobile Training Team courses were held at Kirtland Air Force Base, 77th Air Base Wing, Albuquerque,

New Mexico; and U.S. Army Europe, Wiesbaden, Germany. 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, and write reports; and procedures for closing a case.

Hotline Investigator Course

AI conducted the Hotline Investigator Training Course on November 8, 2017, attended by 44 personnel from 28 commands. The course included significant areas of the complaint process and the DoD Hotline mission, responsibilities, and best practices used to coordinate referrals. In group exercises participants screened mock complaints and applied 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 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 71 reviews of single audit reports, involving \$2.4 billion in DoD funds. The reviews resulted in the issuance of 46 memorandums to DoD-awarding components identifying 30 single audit report findings, including \$14.8 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.

- In Report No. DODIG-2018-005, “Quality Control Review of the Deloitte & Touche LLP FY 2015 Single Audit of Battelle Memorial Institute,” October 27, 2017, the DoD OIG determined that the Deloitte & Touche (D&T) single audit contained quality deficiencies that required corrective action. Specifically, although D&T reported that Battelle had one major program—the research and development cluster—the D&T auditors did not include an opinion paragraph in the audit report on Battelle’s compliance with requirements that are direct and material to Battelle’s research and development cluster. In addition, D&T did not always properly define the population of transactions when performing audit sampling and did not adequately document audit procedures performed to support conclusions on cash management, reporting, and key personnel requirements. The DoD OIG recommended that the Partner, D&T, revise the audit report to include an audit opinion paragraph on Battelle’s compliance with the requirements that are direct and material to the research and development cluster. Also, the DoD OIG made recommendations to D&T for consideration for future audits. The Partner, D&T, concurred with all report recommendations.

Peer Review of the Defense Contract Audit Agency

The DoD OIG reviewed the system of quality control for the Defense Contract Audit Agency (DCAA) in effect for the year ended June 30, 2016. A system of quality control encompasses the DCAA’s organizational structure, policies, and procedures established to provide it with reasonable assurance of conforming to Government Auditing Standards. The DoD OIG determined that the system of quality control for the DCAA in effect for the year ended June 30, 2016, was suitably designed and complied with to provide the DCAA 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 DCAA received a rating of pass with deficiencies. The deficiencies identified related to evidence, reporting, documentation, supervision, and professional judgment.

Report No. DODIG-2018-028

Hotline Allegations Regarding the Actions of Department of the Navy Officials on the Naval Audit Service Audit of Alleged Sexual Assault Victims’ Career Paths.

In response to five DoD Hotline allegations, the DoD OIG evaluated whether the actions of senior Department of the Navy officials violated Government Auditing Standards and adversely impacted the independence of the Naval Audit Service (NAVAUDSVC) and its auditors concerning NAVAUDSVC Audit Project #2012-128, “Alleged Sexual Assault Victims’ Career Paths.” The DoD OIG did not substantiate the most serious allegation that actions of the Auditor General of the Navy and the Navy Deputy General Counsel violated and required auditors to violate Government Auditing Standards GAS independence standards. However, the DoD OIG identified a structural threat to the NAVAUDSVC’s independence that resulted from the Auditor General reporting through the Navy General Counsel to the Secretary of the Navy. To comply with Government Auditing Standards, the Auditor General should report directly to the Secretary or Undersecretary of the Navy. The DoD OIG also substantiated the allegation that the Auditor General of the Navy violated Government Auditing Standards and NAVAUDSVC requirements by not issuing an audit report in a timely manner. The DoD OIG recommended that the Secretary of the Navy update Secretary of the Navy Instruction 7510.7G, “Department of the Navy Internal Audit,” January 12, 2017, to remove the reference to a designee to avoid a future structural independence threat. In addition, the DoD OIG recommended that the Acting Auditor General determine whether to complete two other NAVAUDSVC audits and issue an audit suspension letter or curtailment letter, as required by the NAVAUDSVC Handbook. Management agreed with the findings and recommendations.

Report No. DODIG-2018-091

INVESTIGATIVE POLICY AND OVERSIGHT

Investigation

Report of Investigation on Allegations Related to the Department of Defense's Decision to Relocate a Joint Intelligence Analysis Complex

This DoD OIG investigation related to the DoD's decision to relocate a Joint Intelligence Analysis Complex (JIAC) at Royal Air Force Station (RAF) Croughton, United Kingdom. Several members of Congress raised concerns that, allegedly, senior DoD officials intentionally provided inaccurate or misleading information to Congress pertaining to the selection of RAF Croughton as the location for a consolidated U.S. European Command (USEUCOM) and U.S. Africa Command JIAC. The allegations, in essence, were that inaccurate or misleading information was intentionally provided to Congress to inflate the cost estimates to relocate the JIAC to Lajes Field, Azores, Portugal.

Specifically, the allegations were that the DoD's estimate to build a JIAC at Lajes Field was approximately \$1 billion more than DoD's estimated cost to construct a JIAC at RAF Croughton, and the House Permanent Select Committee on Intelligence Chairman questioned the accuracy of the DoD cost estimates; that despite repeated assurances to Congress from a senior DoD official that during the European Infrastructure Consolidation, the DoD would reassess RAF Croughton as the site selection for the JIAC, the House Permanent Select Committee on Intelligence Chairman and his staff stated that they found no evidence that the European Infrastructure Consolidation had reviewed the decision to locate the JIAC at RAF Croughton or that the European Infrastructure Consolidation had reviewed Lajes Field as a possible location for the JIAC; the DoD had provided inaccurate information to Congress about Lajes Field's communications infrastructure; and the DoD had based its housing analysis for Lajes Field on an outdated study.

The DoD OIG found inaccuracies in the information that DoD provided to Congress, but concluded that none of these inaccuracies were intentional or done with the intent to mislead Congress. Specifically, with regard to

the DoD's cost comparisons, the DoD OIG concluded that while the assumptions and methodologies used by the DoD were reasonable and generally contained accurate information, the DoD did rely on some inappropriate assumptions and inaccurate information. However, the inaccuracies would not have changed the ultimate conclusion of the cost comparisons that it would take many years before lower operating costs at Lajes Field would offset the significantly higher initial costs of locating the JIAC there.

Regarding the specific allegation that locating the JIAC at RAF Croughton was not substantively reviewed by the DoD's European Infrastructure Consolidation process, the DoD OIG determined that the DoD did review locating the JIAC to RAF Croughton. Several witnesses connected to the European Infrastructure Consolidation stated, and the evidence showed, that the European Infrastructure Consolidation did review and reassess RAF Croughton as the site for the JIAC. Additionally, the European Infrastructure Consolidation briefing slides, as well as the European Infrastructure Consolidation final report, confirmed that the European Infrastructure Consolidation did reassess RAF Croughton as the location for the JIAC.

With regard to the allegation that DoD officials assured the House Permanent Select Committee on Intelligence that the European Infrastructure Consolidation would consider Lajes Field as the location for the JIAC, the evidence was less clear. The House Permanent Select Committee on Intelligence Chairman said that a senior DoD official made assurances to him that the European Infrastructure Consolidation would review Lajes Field as a location for the JIAC. The senior DoD official said he did not make that assurance. The DoD OIG found that the European Infrastructure Consolidation reviewed the streamlining of Lajes Field, but European Infrastructure Consolidation did not consider whether the JIAC should be located there. While the senior DoD official may have unintentionally left the House Permanent Select Committee on Intelligence Chairman with the impression that the European Infrastructure Consolidation considered many options for Lajes Field, including locating the JIAC at Lajes Field, the DoD OIG does not believe that the senior DoD official directly stated that the European Infrastructure Consolidation would consider the JIAC for Lajes Field. In short, the DoD OIG found no evidence that the senior DoD official—or anyone else—intended to mislead the House Permanent Select Committee on Intelligence Chairman

about whether Lajes Field had been considered as the location for the JIAC.

The DoD OIG also investigated the allegation that DoD officials intentionally provided inaccurate information to the House Permanent Select Committee on Intelligence and several congressional delegations concerning the communications infrastructure at Lajes Field, specifically the number of submarine fiber optic cables serving Lajes Field. The DoD OIG determined that beginning in May 2015, on at least 10 separate occasions, DoD officials reported to congressional delegations and staff that one submarine fiber optic cable served Lajes Field, when in fact, two submarine fiber optic cables served Lajes Field. The DoD OIG determined that these inaccuracies were primarily caused by miscommunications and misunderstandings among the USEUCOM officials.

The DoD OIG also investigated the allegation that the DoD used an outdated, inaccurate study regarding off-base housing available for Lajes Field personnel in the DoD's cost comparisons. The DoD OIG determined that when calculating its cost comparisons in 2015, USEUCOM officials relied on a 2007 Lajes Field Housing Requirements Market Analysis, which was the most recent Housing Requirements Market Analysis conducted related to Lajes Field housing. The DoD OIG agreed that the DoD's decision to not conduct another Housing Requirements Market Analysis study after 2007 was appropriate, given the changes facing Lajes Field and the likely reduction in staffing. However, the DoD OIG also concluded that the DoD should not have simply used the 2007 Housing Requirements Market Analysis, an 8-year-old study, when assessing housing costs in its 2015 cost comparisons without any attempt to seek updated numbers, such as contacting the Lajes Field Housing Office to determine if more recent data were available.

In sum, the DoD OIG found inaccuracies in the information that the DoD provided to Congress, but none of these inaccuracies were intentional. The DoD OIG also concluded that these inaccuracies would not have changed the ultimate conclusion of the cost comparisons that it would take many years before lower operating costs at Lajes Field would offset the significantly higher initial costs of locating the JIAC there. However, this does not excuse or justify the inaccuracies.

The DoD OIG recommended that:

- the USEUCOM Commander and other DoD officials should ensure that when responding to congressional requests and inquiries, DoD personnel provide accurate information, and if any inaccuracies are discovered, those inaccuracies are promptly corrected with the appropriate committees;
- the USEUCOM Commander, the Defense Intelligence Agency Director, and the Defense Information Systems Agency Director should ensure that when providing information to Congress, particularly technical information, the information is reviewed and validated by appropriate offices that have technical expertise or primary area of responsibility and the authority to approve such a release on behalf of the DoD organization;
- the Office of the Assistant Secretary of Defense for Energy, Installations, and Environment should review the records retention standards used by the DoD during basing decision processes, including those used in the Base Realignment and Closure 2005 process, and publish guidelines to ensure that the methodologies, decision processes, and supporting documentation used are retained for future overseas basing decisions; and
- the DoD, including the Office of the Deputy Secretary of Defense, the USEUCOM Commander, the Defense Intelligence Agency Director, and the Defense Information Systems Agency Director review this report, the facts described in it, and any other relevant factors to assess the overall performance of the individuals described in this report during the time period of this investigation.

Management agreed with the report recommendations.

Report No. DODIG-2018-003

Criminal Investigative Policy

The DoD OIG established 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 National Security Agency. During the reporting period, the DoD OIG issued two policies that affected DoD criminal investigative agencies.

DoD Instruction 5505.07, “Titling and Indexing in Criminal Investigations,” February 28, 2018

DoD Instruction 5505.07 was reissued to provide procedures to create a process for individuals listed as subjects in a criminal investigation or indexed in the Defense Central Index of Investigations to obtain a review of that decision. It also provided correction and expungement procedures when entry was made contrary to DoD policy.

DoD Instruction 5505.18, “Investigation of Adult Sexual Assault in the Department of Defense,” March 22, 2017 (Incorporating Change 1, February 13, 2018)

DoD Instruction 5505.18 was changed to incorporate a threshold of credible information and a requirement of a DoD nexus for the initiation of an adult sexual assault investigation.

Subpoena Program

The DoD OIG’s 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 October 1, 2017, through March 31, 2018, the DoD OIG issued 670 subpoenas. This is a 16-percent increase in subpoena production compared to the same reporting period in 2017.

Figure 2.14 DoD OIG Subpoenas Issued in FY 2017

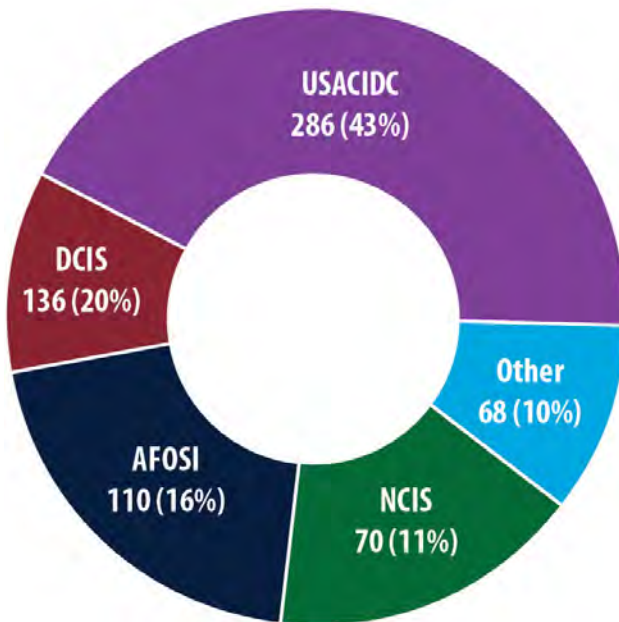
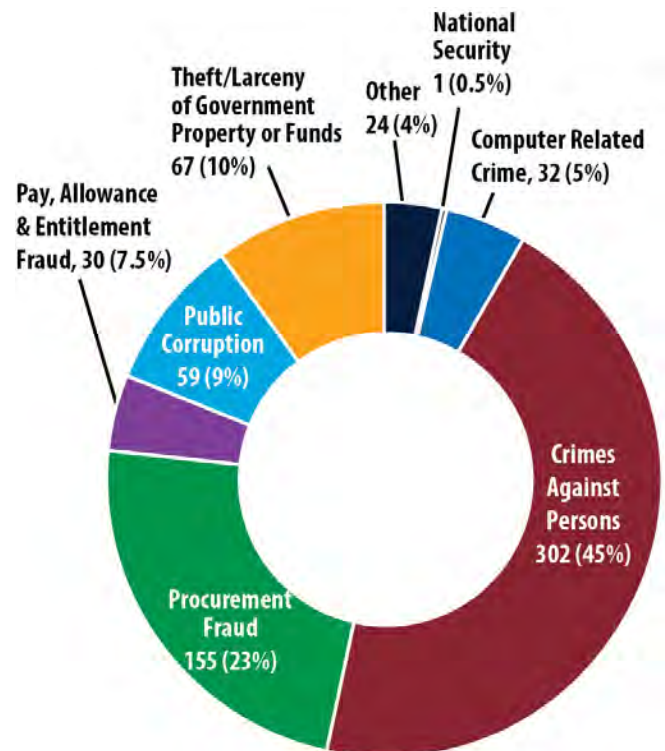


Figure 2.15 Subpoenas Requested by Type of Investigation

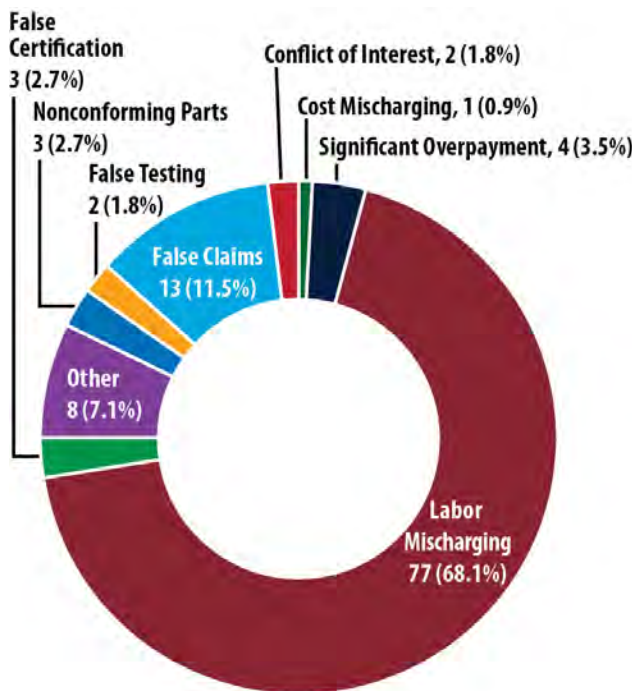


Contractor Disclosure Program

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 October 1, 2017, through March 31, 2018, the DoD OIG received 113 contractor disclosures, which identified potential monetary recoveries of approximately \$3.3 million.

Figure 2.17 Contractor Disclosures by Type FY 2018 (October 1, 2017 through March 31, 2018)



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, 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 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 three designated OCOs—Operation Inherent Resolve (OIR), Operation Freedom’s Sentinel (OFS), and Operation Pacific Eagle–Philippines (OPE-P).

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, and on December 17, 2014, the CIGIE Chair designated the DoD IG as the Lead IG for the OCO.

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 (“Resolute Support”) to train, advise, and assist Afghan

security forces. Resolute Support's 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, and on April 1, 2015, the CIGIE Chair designated the DoD IG as the Lead IG for the OCO.

OPE-P supports the Philippine government and military in their efforts to isolate, degrade, and defeat affiliates of the Islamic State of Iraq and Syria (ISIS) and other terrorist organizations in the Philippines. The Secretary of Defense announced the initiation of OPE-P on September 1, 2017, and on November 16, 2017, the CIGIE Chair designated the DoD IG as the Lead IG for the OCO.

Lead IG Activities

Lead Inspectors General Travel Together in Support of Overseas Contingency Operations

In January 2018, in support of their mandate to provide oversight of Operation Inherent Resolve (OIR) and Operation Freedom's Sentinel (OFS), the three Lead IGs traveled to Iraq, Afghanistan, and Qatar. The IGs previously visited Iraq and Afghanistan in February 2017.

During their recent trip, the IGs met with senior U.S. and Coalition officials, including the military leadership, the U.S. ambassadors, the U.S. country teams, and the U.S. chiefs of mission for humanitarian assistance. They also met with Iraqi and Afghan officials, including President Ashraf Ghani of Afghanistan. The officials briefed the IGs on the policies, strategies, and events on the ground related to each overseas contingency operation.

This trip allowed the IGs to see firsthand the challenges and the progress in these operations, as well as the strategies for the future. These briefings also helped them better fulfill their role in overseeing coordinated oversight and the quarterly reports on each OCO.

Lead IG Team Travels to Southwest Asia

In November 2017, the Lead Inspector General for Overseas Contingency Operations team traveled to Afghanistan, Kuwait, and Iraq to meet with senior military, diplomatic, and development officials executing U.S. interagency strategy in OIR and OFS. The key members of the delegation were the DoD Deputy Inspector General for Overseas Contingency

Operations, the USAID Deputy Inspector General, and the DoS Assistant Inspector General for Overseas Contingency Operations.

The OIG delegation stopped first at Bagram Air Field, Afghanistan, where the team learned about current military operations. In Kabul, the team received several classified operational and intelligence briefings with senior U.S. and NATO officials, and met with U.S. Embassy officials. DoS and USAID officials at the embassy provided the delegation with a series of briefings regarding political, economic, and anti-corruption initiatives in Afghanistan.

After their time in Afghanistan, the team members traveled to Camp Arifjan, Kuwait, where they met with senior staff from the Combined Joint Task Force—OIR. The staff provided an operational status update of activities meant to defeat ISIS in Iraq and Syria. The members of the delegation then proceeded to Baghdad, where they met with the OIR Commander and with the Deputy Chief of Mission, U.S. Embassy Baghdad. That discussion covered the planned Iraqi elections, as well as economic and development initiatives undertaken by the United States, Coalition partners, and the United Nations, including the care of internally displaced persons returning to area liberated from ISIS.

Lead IG Hotline Activities

Each Lead IG agency has a dedicated 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 112 cases in support of OIR and 61 cases in support of OFS. (There was no hotline activity for OPE-P during the reporting period.) These cases were referred within the DoD OIG to the Lead IG agencies or to other investigative organizations for review and, as

appropriate, investigation. The majority of the cases opened during the reporting period were related to procurement and contract administration, criminal allegations, personal misconduct, personnel matters, Government resources, safety, combating trafficking in persons, reprisal, and security.

OCO Planning and Coordination

The Lead IG agencies coordinate their oversight through the quarterly Overseas Contingency Operations Joint Planning Group (formerly the Southwest Asia Joint Planning Group). This quarterly meeting, which began in 2008, informs the planning activities and coordinates projects among oversight entities. It serves as a primary venue to coordinate audits, inspections, and evaluations for OIR, OFS, and OPE-P. The group is a forum for information sharing and coordination of the broader whole of government oversight community, including the Military Service IGs and Service audit agencies, the GAO, and OIGs from the Departments of Justice, Treasury, and Homeland Security.

Upon the designation of the Lead IG for OIR in October 2014, OFS in April 2015, and OPE-P in September 2017, the three Lead IG agencies began developing and carrying out joint strategic plans for comprehensive oversight of the three 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 Overseas Contingency Operations 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, OFS, and OPE-P.

The Overseas Contingency Operations Joint Planning Group sponsors a complementary forum for coordinating the broader Federal oversight community's efforts in Iraq, Syria, Afghanistan, Southwest Asia, and the Philippines, 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.

Joint Strategic Oversight Plans

Pursuant to Section 8L of the Inspector General Act, the Lead IG is required to develop and carry out a joint strategic plan to guide comprehensive oversight of programs and operations for each OCO. This effort includes reviewing and analyzing completed oversight, management, and other relevant reports to identify systemic problems, trends, lessons learned, and best practices to inform future oversight projects. The Lead IG submitted the most recent plan for each OCO, "The FY 2018 Comprehensive Oversight Plan for Overseas Contingency Operations" to Congress in September 2018.

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 25 quarterly reports since the inception of the OCOs. In support of the Lead IG, the OIGs of the DoD, the DoS, and the USAID are conducting 64 OIR, 47 OFS, and 3 OPE-P audits, assessments, and evaluations. Furthermore, the three Lead IG agencies have published a total of 9 reports on completed oversight projects.

OCO Investigations

The investigative components of the Lead IG agencies are members of the Fraud and Corruption Investigative Working Group, which promotes and coordinates the detection, investigation, and prevention of fraud and corruption related to OIR and OFS. The Lead IG agencies use forward-deployed 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.

From October 2017 to March 2018, multiple Lead IG agency investigations resulted in 3 arrests, 3 criminal charges, 1 misdemeanor conviction, 11 contractor suspensions, 10 debarments, the removal of 5 employees from Federal service, 19 personnel actions, 18 other actions, and savings or recovery of \$2,053,821.

The Lead IG investigative agencies opened 17 new cases, closed 29 cases, and are conducting 86 OIR-related investigations. The OIR-related investigations involve 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 Lead IG investigative agencies opened 13 new cases, closed 15 cases, and are conducting 41 OFS-related investigations. These investigations involve 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.

Additionally, during this reporting period, the Fraud and Corruption Investigative Working Group conducted 66 fraud briefings with 708 attendees.

Northern Virginia Company Settles False Claim Allegations

In October 2017, a Virginia-based company, Triple Canopy Inc. (TCI), agreed to pay the U.S. Government \$2,600,000 to settle civil False Claims Act allegations. The allegations stemmed from a qui tam lawsuit, which involved a contract awarded to TCI by Joint Contracting Command Iraq. The contract was to provide security at various forward operating bases in Iraq and Kuwait and required TCI security personnel to be proficient in the use of firearms, as required by U.S. Army regulations. Specifically, the complaint alleged that records submitted by TCI were allegedly falsified to cover up substandard security guard firearms qualifications. This settlement was the result of a joint investigation between DCIS and the U.S. Army Criminal Investigation Division, Major Procurement Fraud Unit.

Ongoing Investigation into Non-Governmental Organization Fraud Ring Results in Debarment

An ongoing USAID OIG investigation into bid rigging, collusion, bribery, and kickbacks between Turkish vendors and procurement staff from four non-governmental organizations in southeastern Turkey resulted this quarter in the debarment of an individual in December 2017. The investigation has thus far uncovered evidence of rings of Turkish vendors who colluded with corrupt procurement staff among USAID's implementers conducting cross-border programs to provide humanitarian assistance to Syrian internally displaced persons.

This investigation previously resulted in the termination of 7 employees, 1 employee suspension, 5 employee resignations, 16 debarments of individuals and companies, 13 systemic changes by USAID offices affecting award management, program oversight, internal processes, and fraud prevention efforts, and the suspension of \$239 million in program funds for the non-governmental organizations under investigation.

Former Employee of U.S. Army Corps of Engineers in Afghanistan Pleads Guilty, Then Forfeits Property and Funds for Soliciting Approximately \$320,000 in Bribes from Contractors

On November 30, 2017, Mark Miller, a former employee of the U.S. Army Corps of Engineers (USACE) based in Afghanistan, was ordered the U.S. District Court for the Central District of Illinois to forfeit \$180,000 and his motorcycle. The forfeiture was based on Miller's July 26, 2017, guilty plea and agreement that Miller solicited in bribes from Afghan contractors in return for his assistance in U.S. Government contracts.

Miller worked for 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 a number of construction projects. Specifically, Miller admitted that on December 10, 2009, USACE awarded a contract worth approximately \$2.9 million to an Afghan construction company to build a road from eastern Afghanistan to the Pakistani border. The contract later increased in value to \$8,142,300. Miller oversaw the work of the Afghan company on the road project, which included verifying that the company performed the work called for by the contract and authorizing progress payments to the company by USACE. Miller admitted that 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, Miller 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 in February 2018. DCIS, SIGAR, the FBI, and the Army Criminal Investigation Command investigated this matter.

DoD Contractor Defrauds U.S. Government and Pays \$249 Million in Fines, Penalties, and Loses Final Appeal

In a joint investigation with the FBI and the Army Criminal Investigation Command, Agility Public Warehousing Co. KSC (Agility), a Kuwaiti company, agreed to globally resolve criminal, civil, and administrative cases arising from allegations that Agility overcharged the United States when performing contracts with the DoD to supply food for U.S. troops from 2003 through 2010. As part of the global resolution, Agility paid \$95 million to resolve civil fraud claims, to forego administrative claims against the United States seeking \$249 million in additional payments under its military food contracts, and plead guilty to a criminal misdemeanor offense for theft of government funds.

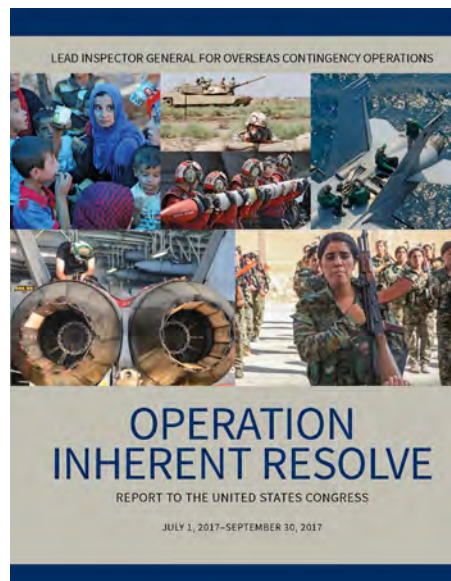
Since 2006, Agility has filed contract claims seeking additional payments of \$249 million, alleging that the DLA owed Agility payments for its performance under a series of military contracts, which the DLA contested in protracted litigation. Following Agility's criminal indictment by a grand jury, on November 16, 2009, the DLA suspended Agility from Government contracting because of the criminal indictment. This suspension was subsequently extended to Agility's more than 300 affiliated entities. In August 2017, Agility lost its final appeal and must release all claims against the DLA related to the contracts.

Sentenced to Prison for Accepting \$250,000 in Kickbacks from Subcontractor

In November 2017, Nebraska McAlpine, an employee of a U.S. Government contractor in Afghanistan, was sentenced to 21 months in prison for accepting more than \$250,000 in illegal kickbacks from an Afghan subcontractor in return for his assistance in obtaining subcontracts on U.S. Government contracts.

The DoD OIG reported on this case last quarter, when McAlpine pleaded guilty to one count of accepting illegal kickbacks. As part of his guilty plea, McAlpine admitted that while he was employed as a project manager for an American defense contractor (the Prime Contractor) in Kabul, Afghanistan, he and an Afghan executive agreed that in exchange for illicit kickbacks, McAlpine would ensure that the Prime Contractor awarded lucrative subcontracts to the executive's companies. McAlpine admitted that he repeatedly told his supervisors that these companies should be awarded "sole source" subcontracts, which allowed them to supply services to the Prime Contractor without having to competitively bid on them. Because of the kickback scheme, the Prime Contractor paid more than \$1.6 million to the subcontractor to assist with maintaining a radio communication system used by the Ministry of Interior in Kabul, McAlpine admitted.

McAlpine further admitted that the Afghan executive agreed to pay kickbacks to McAlpine totaling approximately 15 percent of the value of the subcontracts, and that in 2015 and 2016, he accepted over \$250,000 in kickbacks from the Afghan executive. McAlpine also admitted that he hid the kickbacks from his employer by storing the cash payments in his personal effects and by physically transporting the cash to the United States. McAlpine then deposited the majority of these funds into his accounts at bank branches in the Atlanta metropolitan area, he admitted. DCIS, SIGAR, and the Army Criminal Investigation Command jointly investigated the case.



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.

Operation Inherent Resolve

Evaluation of CJITF - Syria Vetting Process for New Syrian Forces

The DoD OIG conducted an evaluation and follow-up of the Syria Train and Equip program. The FY 2015 continuing appropriations resolution, enacted on September 19, 2014, authorized the DoD to provide overt assistance (for example, training, equipment, supplies, and sustainment) to vetted members of the Syrian opposition and other vetted Syrians for select purposes, through the Syria Train and Equip program.

This report is classified.

Report No. DODIG-2018-075

The U.S. Navy's Oversight and Administration of the Base Support Contracts in Bahrain

The DoD OIG conducted this audit to determine whether the U.S. Navy provided effective oversight of two base support services contracts in Bahrain—Naval Support Activity Bahrain, the base support services, which was valued at \$87.7 million, and Isa Air Base in Bahrain, the base support services contract, which would be valued at \$114.4 million if all option years are exercised. Both installations provide operational support to U.S. and Coalition forces throughout the U.S. Central command area of responsibility and directly support OIR through activities such as the aerial missions.

The DoD OIG found that the Navy did not properly oversee or effectively administer base support services in Bahrain and did not train and manage the contracting officer's representatives properly. The Navy did not provide training specific to base operating support services contract and the contracting officer's representatives were allowed to use performance assessment representatives—foreign national direct-hires at Naval Support Activity Bahrain and foreign

national contractors at Isa Air Base—to execute all quality assurance of the contractors. The contracting officer's representative did not ensure that the performance assessment representatives possessed the requisite knowledge to complete these tasks, provide adequate performance-assessment procedures, and ensure that the performance assessment representatives oversaw all of the contract requirements.

As a result, the Navy did not have assurance that the \$161.5 million spent on base support resulted in services that complied with the contracts.

In addition, the audit determined that the Navy did not effectively administer base support services and did not update performance assessment plans to explicitly require contact-requirement reviews. Additionally, the Navy did not maintain complete contract files, account for \$1.6 million in Government-furnished property that was provided to contractors, or ensure the contractors complied with combating trafficking in persons requirements. As a result, the Navy did not have adequate evidence to support contractor assessments; they were at an increased risk of having \$1.6 million of Navy property being lost, stolen, or unaccounted for, and were at an increased risk of contractors using trafficked persons for services without the Navy's detection.

The DoD OIG recommended that the Navy summarize contracting officer's representatives oversight responsibilities; provide contract-specific training; review and monitor the use of performance assessment representatives; improve records management procedures; and institute proactive procedures to ensure compliance with combating trafficking in persons requirements.

The Navy agreed with the recommendations and has initiated actions to address the concerns.

Report No. DODIG-2018-074

Army's Emergency Management Program in Kuwait

The DoD OIG performed an audit to determine whether the DoD established and maintained a comprehensive emergency management program for Army installations in Kuwait.

This report is classified.

Report No. DODIG-2018-019

U.S. Military-Occupied Facilities Evaluation – Al Udeid Air Base, Qatar

The DoD OIG inspected U.S. military-occupied facilities at Al Udeid Air Base to verify compliance with DoD health and safety policies and standards regarding indoor air quality, electrical systems, fire protection systems, and active and inactive fuel systems. The DoD OIG determined that the active fuel systems at Al Udeid Air Base were generally maintained in accordance with DoD health and safety policies and standards. However, the indoor air quality, electrical systems, fire protection systems, and inactive fuel systems were not being maintained in accordance with DoD health and safety policies and standards.

The DoD OIG identified a total of 253 deficiencies, which resulted from acceptance of new construction that did not comply with DoD health and safety policies and standards, moisture intrusion into facilities, and inadequate facility maintenance. The deficiencies could affect the health, safety, and well-being of DoD personnel. Of the deficiencies, 13 related to indoor air quality, 105 related to electrical systems, 49 related to fire protection systems, and 86 related to inactive fuel systems.

The DoD OIG recommended that a root cause analysis be performed and implement a corrective action plan for all deficiencies identified in the inspection; and to ensure that all construction projects are reviewed for compliance with applicable fire protection and fuel systems codes and standards before they are accepted by the Government as complete. Management agreed with the recommendations but did not fully address all specifics of the recommendations. The DoD OIG therefore asked for an additional response to the final report.

Report No. DODIG-2018-049



Storage of combustible material in mechanical room

Source: DoD OIG.

U.S. Central and U.S. Africa Commands' Oversight of Counternarcotics Activities

The DoD OIG determined whether U.S. Central Command (USCENTCOM) and U.S. Africa Command (USAFRICOM) effectively provided oversight of their counternarcotics activities. The DoD conducts counternarcotics activities, such as evidence collection training and border outpost construction, to help partner nations disrupt the transport and transfer of illegal drugs.

The DoD OIG determined that the commands did not provide effective oversight of their counternarcotics activities in FYs 2014 through 2016. Specifically, neither command maintained reliable data for the completion status and funding of counternarcotics training, equipping, and construction activities. In addition, USCENTCOM could have more effectively planned its counternarcotics activities by identifying the command's theater campaign plan objectives for each counternarcotics activity. As a result, neither command could determine whether their counternarcotics programs effectively used the \$496 million reported as transferred from Office of the Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats in FYs 2014 through 2016 to counter illicit drug trafficking.

The DoD OIG recommended that the Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats define the combatant commanders' and Military Services' roles and responsibilities for counternarcotics activities oversight, including tracking the completion status and funding of individual counternarcotics activities. The DoD OIG also recommended that USCENTCOM J3 and USAFRICOM J5 develop and formalize procedures to track the completion status and funding of counternarcotics activities, and that USCENTCOM J3 develop and formalize procedures to link each counternarcotics activity to the theatre campaign plan objectives. Management agreed with the recommendations.

Report No. DODIG-2018-059

Operation Freedom’s Sentinel

Summary Audit of U.S. Direct Funding Provided to Afghanistan

In this summary audit report, the DoD OIG summarized the systemic challenges associated with Combined Security Transition Command–Afghanistan (CSTC-A) oversight of U.S. direct funding provided to the Afghan government as identified in seven prior DoD OIG oversight reports. Additionally, the audit determined whether the DoD had implemented the recommendations from those prior reports. CSTC-A, which is the DoD command that directs the U.S. efforts to train, advise, and assist the Afghan National Defense and Security Forces, provides Afghanistan Security Forces Fund resources directly to the Afghan Ministry of Defense and Ministry of Interior to sustain the Afghan National Defense and Security Forces. The goal of the Afghanistan Security Forces Fund support is to develop ministerial capability and capacity in areas of budget development and execution, acquisition planning, and procurement.

This summary audit concluded, based on the previous findings, that CSTC-A did not effectively manage and oversee the U.S. direct funding provided to the Afghan Ministries of Defense and Interior to obtain and maintain items, such as fuel, ammunition, vehicles, and other commodities. Systemic problems occurred because CSTC-A did not consistently establish realistic conditions within the commitment letters for the ministries and did not enforce noncompliance penalties included in the commitment letters because of the potential negative

effects to the Afghan security’s forces operational readiness. As a result, CSTC-A did not have assurance that \$3.1 billion in U.S. direct funding was used entirely for the intended purposes.

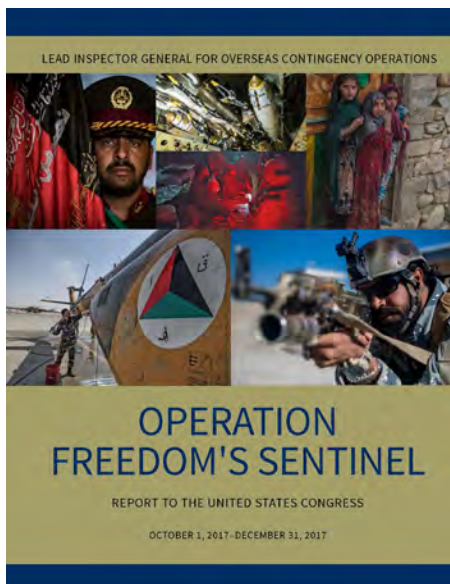
The DoD OIG recommended that the Under Secretary of Defense for Policy evaluate whether the commitment letters are the most effective method to manage and oversee the U.S. direct funding provided to the Afghan Ministries of Defense and Interior. If not, the DoD OIG recommended that the Under Secretary of Defense for Policy identify and implement a more effective method. Additionally, the DoD OIG recommended that the Under Secretary of Defense for Policy identify more realistic conditions for the ministries to show incremental improvement, and develop a documented process for assessing penalties. The Deputy Assistant Secretary of Defense (Afghanistan, Pakistan, and Central Asia), responding for the Under Secretary of Defense for Policy, agreed with these recommendations.

Report No. DODIG-2018-090

Progress of U.S. and Coalition Efforts to Train, Advise, and Assist the Afghan Air Force

The DoD OIG determined the extent of progress U.S. and Coalition efforts have made towards developing the Afghan Air Force into a professional, capable, and sustainable force. The Afghan Air Force is a subordinate entity of the Afghan National Army, which uses a mix of U.S. and non-U.S. rotary wing (helicopters) and fixed-wing aircraft. The United States is one of 13 nations contributing resources to the train, advise, assist mission in support of Command-Air (TAAC-Air), the NATO organization responsible for training the Afghan Air Force.

The DoD OIG determined that the train, advise, and assist efforts had resulted in notable accomplishments in three



Afghan Air Force A-29

Source: DoD Report to Congress.

broad areas: A-29 aircraft mission performance, night-vision capability, and air-ground integration between the Afghan Air Force and the Afghan National Army.

However, the DoD OIG determined that TAAC-Air had not completed its planning for developing the Afghan Air Force, had not identified the desired end state capabilities and capacities for the Afghan Air Force, and had not established metrics to track the development of the Afghan Air Force.

In addition, the DoD OIG determined that TAAC-Air did not fully integrate its planning with NATO Air Command – Afghanistan’s defined end states or Operation Resolute Support campaign plans, thereby risking the inefficient and ineffective use of U.S. and Coalition advisor train, advise, and assist resources.

The DoD OIG also determined that the Contractor Logistic Support agreements for Afghan Air Force aircraft limited the maintenance-training opportunities for Afghan Air Force mechanics, delaying the transfer of maintenance responsibilities to Afghan Air Force. The DoD OIG determined that TAAC-Air has not identified the desired

or envisioned long-term workload distribution between the contractors and the Afghan Air Force.

In addition, the DoD OIG determined that Afghan Air Force mission support and aircraft-maintenance personnel did not receive standard or consistent training from the Afghan National Army schools, nor did the Afghan Air Force leverage existing training opportunities within the Afghan National Army functional schools.

The DoD OIG recommended that the Commander, TAAC-Air, complete and publish its strategic plan, coordinate with the Commander of NATO Air Command – Afghanistan on the strategic plan, and coordinate with Combined Security Transition Assistance Command – Afghanistan during the revision of logistic-support agreements.

The DoD OIG also recommended that the Commander, Resolute Support, coordinate with the Afghan Ministry of Defense and General Staff to identify and create the necessary follow-up institutional aviation-specific and mission support training capability, and closely monitor progress and provide additional advice and other help to the Afghan Ministry of Defense, as required.

Management agreed with the recommendations.

Report No. DODIG-2018-058

Army Oversight of Logistics Civil Augmentation Program Government-Furnished Property in Afghanistan

The DoD OIG determined whether the Army provided effective oversight of Logistics Civil Augmentation Program (LOGCAP) Government-furnished property in Afghanistan. LOGCAP is an Army program that uses contractors to provide logistical and sustainment services to deployed forces. The Army has issued four LOGCAP contracts around the world, including Afghanistan. Services provided in the LOGCAP contract include dining and laundry facilities, housing, construction, transportation, and facilities maintenance.

The DoD OIG determined that the Army did not perform effective oversight of LOGCAP Government-furnished property in Afghanistan. The Army Sustainment Command property records did not include at least 26,993 items provided to the LOGCAP IV contractors. These accountable records were incomplete because the Army Contracting Command–Rock Island did not properly modify the LOGCAP IV contract for



Afghan Air Force C-208
Source: DoD Report to Congress.



Afghan Air Force C-130H
Source: DoD Report to Congress.

Government-furnished property transfers and did not coordinate Government-furnished property transfers with the property book officer. In addition, Army guidance did not include sufficient controls for identifying and resolving Government-furnished property accountability deficiencies.

As a result of the Army's poor accountability, at least \$100 million in property was at increased risk of being lost, stolen, or unaccounted for without Army detection. While LOGCAP contractors have self-reported more than \$9.7 million in Government-furnished property losses since 2012, without an accurate list of all Government-furnished property, Army officials cannot be certain that all contractor Government-furnished property losses have been identified, investigated, and reported. In addition, the contractors' records contained 4,019 controlled inventory items, valued at \$1.5 million that were not included in the Army's accountable records. Finally, the lack of accountability of LOGCAP Government-furnished property limited the Army's ability to plan and execute base sustainment in Afghanistan. Specifically, the Army had to rely on the contractor's records rather than the Army's records to make procurement-related decisions.

The DoD OIG recommended that the Commanding General, Army Contracting Command, coordinate with the Commander, Expeditionary Contracting Command–Afghanistan, to review and validate the contractors' Government-furnished property listings and update the contract; develop a Government-furnished property training manual and train personnel; and ensure corrective actions implemented are effectively included in the establishment and execution of the LOGCAP V contract. The DoD OIG also recommended that the Commanding General, Army Sustainment Command, task the 401st Army Field Support Brigade Commander to:

- use the contract modification to update the Army's official Government-furnished property accountable records; and
- update the Theater-Provided Equipment standard operating procedures to require the theater property book officer to coordinate with Expeditionary Contracting Command–Afghanistan to reconcile, at least twice per year, the Army Government-furnished property accountable record with the contractors' records and address any discrepancies.

Management agreed with the recommendations.

Report No. DODIG-2018-040

Implementation of the DoD Leahy Law Regarding Allegations of Child Sexual Abuse by Members of the Afghan National Defense and Security Forces

The DoD OIG evaluated the implementation of the DoD Leahy Law about child sexual abuse as it applies to DoD interaction with, and Title 10 support of, the Afghan Security Ministries and the Afghan National Defense and Security Forces.

The DoD OIG determined that the laws, regulations, guidance, and DoD policy did not identify any official guidance that discouraged DoD-affiliated personnel from reporting incidents of child sexual abuse. However, the DoD did not conduct training for personnel deployed or deploying to Afghanistan before 2015 on identifying, responding to, or reporting suspected instances of child sexual abuse. In September 2015, the Staff Judge Advocate for U.S. Forces-Afghanistan prepared training for use in theater titled "Mandatory Reporting of Suspected Human Rights Abuses," which states that Operation Resolute Support and U.S. Forces-Afghanistan personnel are required to report any suspected human-rights abuse, including suspected child sexual abuse.

The DoD OIG also determined that the DoD provides Cultural Awareness Training, Combating Trafficking in Persons Training, and Sexual Assault Prevention Training for personnel deploying to or assigned in Afghanistan, although this training does not specifically instruct U.S. personnel to report allegations of child sexual abuse. The DoD OIG also identified 16 allegations of child sexual abuse involving Afghan government officials that were reported, between 2010 and 2016, to the DoD by the Government of the Islamic Republic of Afghanistan personnel. However, the DoD OIG could not confirm that the 16 allegations were the total number reported to U.S. or Coalition Forces Commands in Afghanistan, due to inconsistent DoD reporting procedures and the overall lack of unified guidance on reporting and record keeping about child sexual abuse.

In addition, the DoD OIG determined that 11 of the 16 allegations reported to the DoD between 2010 and 2016 were reported to officials of the Government of the Islamic Republic of Afghanistan by DoD-affiliated personnel. Furthermore, under the DoD Law of War Program, and consistent with bilateral and international agreements governing U.S. operations in Afghanistan, when observing a member of the ANDSF sexually abusing a child, U.S. forces personnel are not prohibited from intervening and using reasonable force as may

be necessary to prevent or stop such sexual abuse. However, members of the U.S. forces are not under any obligation to intervene. DoD personnel also have the authority to control access to “Agreed Facilities and Areas,” which are identified in the “Status of NATO [North Atlantic Treaty Organization] Forces and NATO Personnel Conducting Mutually Agreed NATO-Led Activities in Afghanistan” and the “Security and Defense Cooperation Agreement between the United States of America and the Islamic Republic of Afghanistan.”

The DoD OIG additionally determined that, before the existence of the specific command guidance issued in September 2015, U.S. personnel in Afghanistan may not have known to report allegations of child sexual abuse to their chains of command; the OUSD(P) did not have standard guidance or a standard process for determining whether information supporting an allegation of a gross violation of human rights is credible; DoD decisions to withhold funding or to apply the notwithstanding authority for gross violation of human rights, including instances of child sexual abuse committed by ANDSF personnel under the color of law, occur only about once a year; and inconsistencies existed in the data provided to the DoD OIG, as well as in records maintained by DoD components about reported allegations of child sexual abuse involving ANDSF personnel in Afghanistan.

The DoD OIG made eight recommendations to the Secretary of Defense to develop procedures for the application of the DoD Leahy Law with respect to allegations of gross violations of human rights involving members of the ANDSF. Management agreed with the recommendations.

Report No. DODIG-2018-018

Operation Pacific Eagle-Philippines

There were no completed oversight projects for OPE-P during this reporting period.

Ongoing Work

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

OIR

- The DoD OIG is auditing the Military Sealift Command’s maintenance of prepositioning ships to determine whether the Command ensured that prepositioning ships received required maintenance.
- The DoD OIG is auditing controls over the disposition of equipment at the DLA Disposition Services in Kuwait.
- The DoD OIG is auditing DoD Components’ integration of operational contract support to determine whether the combatant commands have effectively integrated operational contracting support into ongoing operations.
- The DoD OIG is auditing the Defense Information Technology Contracting Organization’s contract awards to determine whether they are properly awarding telecommunications contracts.
- The DoD OIG is auditing the Trans-Africa Airlift Support contract to determine whether DoD Components effectively developed requirements for the contract.
- The DoD OIG is auditing the management of Army equipment in Kuwait and Qatar to determine whether the Army is effectively managing equipment in Kuwait and Qatar.
- The DoD OIG is auditing U.S. Air Force C-5 Galaxy readiness to determine whether the U.S. Air Force C-5 squadrons have adequate mission-capable aircraft and training to support U.S. Transportation Command readiness mission requirements. This is also an OFS project.
- The DoD OIG is evaluating U.S. and Coalition efforts to train, advise, assist, and equip an Iraqi police hold force in support of stability operations.
- The DoD OIG is evaluating the DoD’s efforts to combat trafficking in persons at DoD facilities in Kuwait.
- The DoD OIG is evaluating OIR’s airborne intelligence, surveillance, and reconnaissance (ISR) processing, exploitation, and dissemination process to determine whether the OIR commander’s intelligence requirements are being satisfied by the current ISR processing, exploitation, and dissemination process.

OFS

- The DoD OIG is auditing U.S. Air Force C-5 Galaxy readiness to determine whether the U.S. Air Force C-5 squadrons have adequate mission-capable aircraft and training to support U.S. Transportation Command readiness mission requirements. This is also an OIR project.
- The DoD OIG is auditing DoD oversight of the Logistics Civil Augmentation Program invoice review and payment process to determine whether DoD adequately monitored contract performance and conducted sufficient invoice reviews for services provided under the Logistics Civil Augmentation Program IV contract.
- The DoD OIG is auditing the DoD's management of the Enhanced Army Global Logistics Enterprise maintenance contract in Afghanistan to determine whether the Army monitored contractor performance and costs of the Enhanced Army Global Logistics Enterprise maintenance contract to ensure the contractor is properly maintaining tactical vehicles and weapons while keeping costs to a minimum.
- The DoD OIG is inspecting military facilities on Kandahar Air Field in Afghanistan to determine whether U.S. military-occupied facilities supporting OFS comply with DoD health and safety policies and standards regarding electrical distribution and fire protection systems.

OPE-P

- The DoD OIG is auditing of the Philippines operations support contract to determine whether U.S. Pacific Command and subordinate commands developed, reviewed, and validated requirements for the Philippines operations support contract to ensure the adequate provision of services.
- The DoD OIG is also auditing U.S. Pacific Command ranges to support aviation until readiness to determine whether ranges in the U.S. Pacific Command area of responsibility effectively support aviation until readiness.
- The DoD OIG is assessing security cooperation programs in the Philippines to evaluate the extent that the DoD security cooperation with the Armed Forces of the Philippines (AFP) improved interoperability between the United States and the AFP; decreased AFP capability gaps through exercises, training, and capacity building; promoted long-term modernization of the AFP; and increased U.S. and AFP defense and humanitarian assistance capabilities through upgrade of locations agreed to in the Enhanced Defense Cooperation Agreement.



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 December 6, 2017, Glenn A. Fine, Principal Deputy Inspector General Performing the Duties of the Inspector General, testified before the Senate Judiciary Committee on “Firearm Accessory Regulation and Enforcing Federal and State Reporting to the National Instant Criminal Background Check System.” The testimony discussed the DoD’s submission of fingerprints and final disposition reports for entry into the Federal Bureau of Investigation databases. The DoD OIG has repeatedly found deficiencies with Military Services’ submission of required fingerprints, final disposition reports, and other criminal history information to the FBI for inclusion in its databases. Mr. Fine’s written statement is available at - <http://www.dodig.mil/reports.html/Article/1389652/statement-of-glenn-a-fine-principal-deputy-inspector-general-performing-the-dut/>.

On February 7, 2018, Glenn A. Fine, Principal Deputy Inspector General Performing the Duties of the Inspector General, testified before the Subcommittee on Military Personnel, House Armed Services Committee, regarding “Senior Leader Misconduct: Prevention and Accountability.” Mr. Fine described how the DoD OIG investigates senior official misconduct and oversees Military Service and Component Inspector General investigations of senior official misconduct. He also provided statistics and trends on the number of misconduct complaints, the types of misconduct, the number of investigations, the timeliness of investigations, and substantiation rates for both the DoD OIG and the Service Inspectors General. Mr. Fine’s written statement is available at - <http://www.dodig.mil/reports.html/Article/1434411/statement-of-glenn-a-fine-principal-deputy-inspector-general-performing-the-dut/>.

Meetings With Congressional Members and Staff

During the reporting period, the DoD OIG conducted 46 meetings and phone calls with congressional staff and Members of Congress. Topics of discussion included pending legislation and DoD OIG oversight efforts, including:

- several briefings discussing the results of the report on the evaluation of Fingerprint Card and Final Disposition Report Submissions by Military Service Law Enforcement Organizations
- several meetings related to the investigation on allegations related to the DoD’s decision to relocate a Joint Intelligence Analysis Complex in Europe
- a briefing on a series of audits related to Reports on U.S. Direct Funding Provided to Afghanistan
- a briefing on the evaluation of the Army’s Tactical Explosive Detection Dog Disposition Process
- a meeting on the audit of the U.S. Army Civilian Pay Budget Process

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 112 congressional inquiries, assisted in the preparation for two congressional hearings, and reported on audits and reviews in response to congressional interest and legislative mandates. In addition, OLAC regularly proactively informs congressional staff about DoD OIG reports and DoD OIG work and produces a monthly newsletter.



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 well-trained and highly skilled workforce in the offices of the inspectors general.

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.



4. SERVICES



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

According to the U.S. Army Audit Agency (USAAA), it relies on a workforce of highly trained professional auditors, many with advanced degrees and professional certifications, to accomplish its mission. 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 a highly sought after and integral part of the Army by providing timely and valued services that focus on the evolving needs of Army leadership. To ensure its audits are relevant to the needs of the Army, 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 first 6 months of FY 2018, the USAAA published 38 reports, made over 120 recommendations, and identified about \$235 million in potential monetary

benefits. A few of the USAAA's significant reports are described in the following summaries.

Enlisted Recruiting and Retention Incentive Programs

The USAAA verified whether the Army sufficiently managed its enlisted recruiting and retention incentive programs, specifically its enlistment bonus (EB) and selective retention bonus (SRB) programs.

The USAAA determined that the Deputy Chief of Staff, G-1's Directorate of Military Personnel Management (DMPM) generally managed the Army's SRB program through sound analysis; however, there was limited support for why DMPM made changes to the military occupational specialties identified for EBs and how much the Army would pay for bonuses. Specifically, while the Army was able to meet its recruiting and retention missions, the number of Army positions identified for critical skill EBs grew from 38 military occupational specialties in 2015 to 54 in 2017. Moreover, the number of military occupational specialties identified for a quick-ship EB grew from 41 in 2015 to 136 in 2017. This occurred because there was insufficient oversight of the EB program, DMPM did not update its spend plans with accurate information, and DMPM did not standardize and sufficiently justify its requests for additional funding.

As a result, the total amount spent on EBs increased by \$111.8 million between FYs 2015 and 2016 without sufficient assurance that the increase was justified and adequate funding was available. Additionally, DMPM miscalculated the estimated monthly expenses for the EB and SRB programs. Specifically, for the first 5 months of FYs 2016 and 2017, DMPM miscalculated the EB expenses by about \$19.5 million and \$10.5 million, respectively. Similarly, for SRBs, DMPM miscalculated the first 6 months of FYs 16 and 17 by about \$35.5 million and \$900,000, respectively. Thus, the Office of the Deputy Assistant Secretary of the Army (Army Budget) recorded inaccurate obligations in the General Fund Enterprise Business System for both programs. Underestimations could lead to violations of the appropriation's limit, and overestimations could cause a reduction in future program funding.

The USAAA recommended that the Deputy Assistant Secretary of the Army (Military Personnel & Quality of Life) reestablish the roles and responsibilities of the Enlistment Incentive Review Board. In addition, the USAAA recommended that the Deputy Assistant Secretary of the Army (Army Budget) direct the issuance of policy for requesting additional funding. Furthermore, the USAAA recommended that the Military Personnel Management Director direct operations research and systems analysts to complete monthly spend plans for the EB program and request approval from the Deputy Chief of Staff, G-1's Plans and Resources Directorate. Management agreed with the recommendations.

Report No. A-2018-0021-MTH

Site Closures Korea

At the request of the former U.S. Forces Korea Chief of Staff the USAAA audited the process for managing sites scheduled for closure under the Korea Relocation Program.

The USAAA determined that some site closure controls were not operating effectively. Specifically, garrison personnel sometimes did not ensure facilities were secured, limit access to closed sites, justify the need for contract security guards on closed sites, modify electricity contracts in a timely manner, develop a structured plan to harvest and account for harvested equipment, and document actions taken to close sites. This occurred because garrison personnel permitted unauthorized personnel access to closed sites, sometimes did not sufficiently coordinate contract modifications, harvested equipment on an ad hoc basis, and did not follow prescribed procedures for documenting site closures.

As a result, the garrisons increased their risks of: (1) liability if injuries occurred at closed sites, (2) environmental damages that could delay the return of the sites back to the Republic of Korea, (3) waste if they purchased equipment instead of harvesting it, and (4) fraud due to the lack of accountability of harvested equipment. Finally, the garrisons could have saved about \$2.2 million if they had removed security guards when they put the sites in caretaker status and about \$6,000 if they had promptly modified electricity contracts.

The USAAA recommended that U.S. Installation Management Command–Pacific require garrison commanders to inspect closed sites quarterly to ensure facilities are properly secured; obtain U.S. Installation



Workers remove the signage and unit combat service identification badge

Source: Army

Management Command–Pacific approval before allowing activities to use closed sites; implement harvesting plans; establish documentation procedures for site closures and certify closure documentation. The USAAA also recommended that U.S. Army Garrison Humphreys secure open facilities and remove contract security guards at Camps Long and Eagle. U.S. Installation Management Command–Pacific and U.S. Army Garrison Humphreys agreed with the USAAA's conclusions and recommendations. The Office of the Assistant Chief of Staff for Installation Management provided the Army's official position concurring with the recommendations, and commands' planned corrective actions.

Report No. A-2018-0015-FMP

Army Equipment Divestment

At the request of the former Principal Military Deputy to the Assistant Secretary of the Army (Acquisition, Logistics and Technology), the USAAA audited the process to identify and divest excess and obsolete equipment.

The USAAA determined that the Army had processes to identify and remove equipment no longer required to support the current or future force. However, the Army did not have a holistic portfolio-based approach to prioritize and divest equipment and did not ensure that responsible commands properly executed divestiture decisions. This occurred because the Army had not identified an overall proponent for divestiture to enforce the development of critical analyses, track divestiture efforts, and to develop a divestiture strategy. Without an overall proponent to promote a portfolio-based approach, the Army missed opportunities to realize efficiencies and better use its funding to support

higher priority requirements. As a result, the Army did not have assurance that it was effectively executing divestment decisions.

Additionally, the Army had not established sufficient processes to review sustainment requirements against the Master Divestiture List. As a result, the U.S. Army National Guard and the life-cycle management commands mistakenly programmed depot maintenance requirements of about \$74.6 million to support equipment identified for divestment.

The USAAA recommended and the Office of Deputy Chief of Staff, G-4, agreed to develop guidance to codify the requirement to institutionalize a process to identify excess equipment for divestiture from the Army's inventory. The Office of Deputy Chief of Staff, G-4, also agreed to prioritize actions identified on the Master Divestiture List to ensure the most efficient strategy for resourcing and executing divestiture decisions. Additionally, the U.S. Army National Guard and U.S. Army Materiel Command agreed to reprioritize about \$74.6 million in depot maintenance funding requirements to support higher priority requirements.

Report No. A-2018-0010-ALA

Use of the General Services Administration Advantage Program

General Services Administration (GSA) Advantage is an online ordering system that Federal activities use to order millions of products and services for official business. The USAAA evaluated whether Army internal controls were sufficient to prevent potentially fraudulent purchases made through the program. This audit reviewed Army purchases made through GSA Advantage from October 1, 2014, through April 26, 2017. During the period, 11,466 shoppers Army shoppers made 495,656 purchases valued at about \$198 million.

A small number of individuals used GSA Advantage to ship items directly to their residences and other nongovernmental addresses, resulting in potential fraud. In total, the audit identified 27 shoppers who made potentially fraudulent transactions valued at \$315,259. These shoppers purchased and shipped items to their residence, other residences, or commercial addresses. Past investigations and audits have shown such actions were a strong indicator of potential fraud. These conditions occurred because Army policy did not establish appropriate internal controls to prohibit

shipment of items to a shopper's residence or require a justification and approval for shipments to other nongovernmental addresses. The audit resulted in 27 referrals to Army Criminal Investigation Command. The potential loss to the Government could be as high as \$315,000.

Report A-2018-0027-ALS

U.S. ARMY CRIMINAL INVESTIGATION COMMAND

Significant Investigative Cases

Army Soldier Sentenced to 18 Years Confinement for Rape and Sexual Assault

CID initiated this joint investigation with the Tulsa Police Department, Oklahoma, and Russellville Police Department, Arkansas, in August 2016 upon notification that Private First Class (PFC) Jerry Barnes raped his cousin while visiting her family. PFC Barnes threatened the victim that if she told anyone, he would harm her and her family. A second victim was identified and reported that PFC Barnes sexually assaulted her when she was 14 years old.

PFC Barnes denied committing the rapes with the victim, due to alcohol intoxication. PFC Barnes admitted to engaging in sexual acts with the second victim, which he said were consensual and occurred before he enlisted in



A U.S. Army Criminal Investigation Command Special Agent processing evidence

Source: Army

the U.S. Army. The Tulsa Police Department, Oklahoma, investigated these offenses.

On October 23, 2017, in a judge-alone general court martial in Germany, PFC Barnes was found guilty of rape and sexual assault. He was sentenced to 18 years confinement, forfeiture of all pay and allowances, reduction in rank to E-1, and a dishonorable discharge, and was required to register as a sex offender.

Army Dependent Sentenced to 78 Months Imprisonment

CID initiated this joint investigation with the FBI in January 2017, following notification that the victim was admitted to the William Beaumont Army Medical Center Emergency Room, Texas, with a gunshot wound he sustained while cleaning his weapon at his residence. The victim's wife, Mrs. Arely Ruiz, reported that she heard a loud bang, found her husband in the residence holding his abdomen, and took him to the hospital to be treated for his injuries. Following a consent to search, an examination of the residence found blood stains in the main bathroom, the shell casing, and the weapon. A couple days later, when the victim was stabilized and communicative, he informed medical personnel that his wife shot him after he told her he wanted a divorce. Mrs. Ruiz was re-interviewed by the FBI and admitted to shooting her husband.

On October 16, 2017, Mrs. Ruiz pleaded guilty to assault resulting in serious bodily injury. On December 20, 2017, in the Western District of Texas, U.S. District Court, Mrs. Ruiz was sentenced to 78 months imprisonment, supervised release for 3 years, participation in mental health treatment program, participation in a cognitive behavioral treatment program, a \$500 fine, and a \$100 assessment.

Civilian Sentenced for Public Disclosure of DoD Members' Personally Identifiable Information

CID initiated this joint investigation with the FBI and the U.S. Secret Service in October 2015 upon notification from the U.S. Secret Service of the public disclosure of personally identifying information of several high-ranking Government officials, including the Deputy Secretary of Defense, the Secretary of the Army, and their families. The information was posted to publicly available websites by unknown individuals using the moniker Crackas With Attitude (CWA). Using social engineering and victim impersonation to unlawfully access victim personal

accounts, CWA furthered their activities by improperly accessing a Federal law enforcement database. The investigation identified Mr. Justin Liverman, a civilian, as the subject conducting these activities.

On September 8, 2016, Mr. Liverman was arrested for gaining unlawful access to the personal online accounts of senior U.S. Government officials and their families, and several U.S. Government computer systems. On September 8, 2017, in the Eastern District of Virginia, U.S. District Court, Mr. Liverman pleaded guilty to conspiracy. Mr. Liverman was sentenced to 5 years imprisonment, 3 years of supervised release, 100 hours of community service, a \$100 assessment, and restitution of \$72,951.80.

NAVY

Naval Audit Service

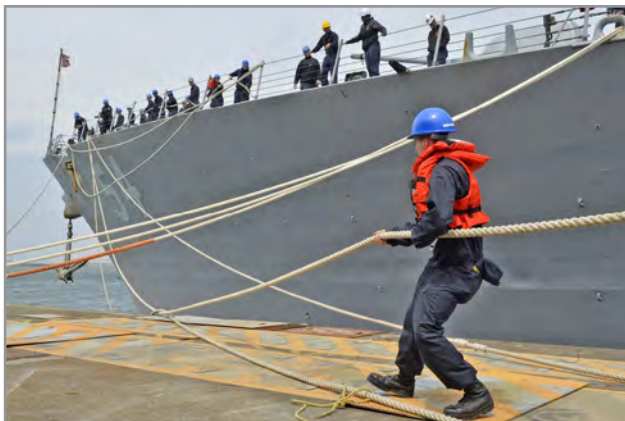
The mission of the Naval Audit Service (NAVAUDSVC) is to provide independent and objective audit services and products to assist Department of the Navy (DON) leadership in assessing risk to improve efficiency, accountability, and program effectiveness. Each year, the NAVAUDSVC develops an audit plan based on DON-wide input. All of our 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 information security, accountability over controlled pharmaceuticals, immunization verifications, and more. The NAVAUDSVC military construction (MILCON) audits identified approximately \$87.9 million in funds potentially available for other use by rescoping Navy and Marine Corps MILCON projects. In the year ahead, NAVAUDSVC will continue to provide DON commands with an expert and impartial assessment of critical issues, and, when needed, make recommendations to help the DON achieve greater efficiency and effectiveness in its operations.

Navy Reservist Non-Participants

The NAVAUDSVC objective was to verify that the Navy was managing non-participant Navy Enlisted Selected Reservists (SELRESs) as required. The NAVAUDSVC initiated this audit after a series of Army audits found issues with their Reservists' drill attendance.

The NAVAUDSVC found that SELRESs in a non-participant status were not properly managed as required by Federal law and DoD and DON policies. Specifically, the NAVAUDSVC found that the Navy Reserve did not always adjudicate drills as required. The NAVAUDSVC also found that the selected Navy Reserve Activities (NRAs)/Wings did not always notify SELRESs of their missed inactive duty training (IDT) drills via official correspondence, initiate administrative separations as required, and complete administrative separations in a timely manner. Furthermore, the NAVAUDSVC found that the selected NRAs/Wings did not maintain required documents in members' IDT folders. Finally, the NAVAUDSVC found that the Navy Reserve accumulated \$7.1 million in unreimbursed life insurance premiums for the entire drilling Navy Reserve Force, from FYs 2012 through 2016. Federal law and DoD policy require the Navy Reserve to maintain an adequate and current personnel record of Reservists who have participated satisfactorily in IDT with pay. In addition, Navy policies and procedures require that the Navy Reserve adjudicate IDT drills within 3 working days of a drill, and send a notification via official correspondence for every drill missed. After a non-participant's ninth unexcused absence, NRAs/Wings shall take an action based on their Commanding Officer's recommendation. These actions include initiating administrative separations, placing a non-participant on probation, or transferring a non-participant to the Individual Ready Reserve.

The NAVAUDSVC made 11 recommendations to strengthen controls and oversight for the management of Navy Reservist non-participants, such as ensuring NRAs maintain an accurate and timely record of inactive duty training participation and notify the SELRESs of



USS Blue Ridge Sailors assist in the mooring of USS Curtis Wilbur

Source: Navy

every unexcused absence via official correspondence. Management agreed to take appropriate corrective actions.

Report No. N2018-0008

Information Security Controls at Fleet Readiness Centers

The NAVAUDSVC objective was to verify that information security controls were operating effectively and information assurance was sufficient at Fleet Readiness Centers (FRCs). Naval Air Systems Command Depot Maintenance Systems (NDMS) is the Fleet Readiness Centers (COMFRCs) enterprise-wide system that has a functional scope over depot-level maintenance, repair, and overhaul of aircraft, engines, and aviation components. NDMS is the only information technology system owned by COMFRC and is primarily used by the three depot-level FRCs (FRC Southeast, FRC East, and FRC Southwest). NDMS information technology teams are located at COMFRC in Patuxent River, Maryland; FRC Southeast in Jacksonville, Florida; FRC East in Cherry Point, North Carolina; and FRC Southwest in Coronado, California. NDMS is centrally hosted at Defense Information Systems Agency, Mechanicsburg, Pennsylvania. NDMS was formerly an Acquisition Category I program, and is now an Acquisition Category III program.

The NAVAUDSVC audit found that COMFRC was operating with a reduced level of information security and information assurance. Specifically, at the three depot-level FRCs reviewed, the NAVAUDSVC found deficiencies regarding information security plans, operations security assessments, separation of duties, revocation of access, information assurance training, and the Managers' Internal Control program. The NAVAUDSVC made seven recommendations to COMFRC to establish enterprise wide-controls relating to information security and information assurance. Management agreed to take appropriate corrective actions.

Report No. N2018-0001

Accountability Over Controlled Pharmaceuticals Onboard Selected U.S. Pacific Fleet Ships

The NAVAUDSVC objective was to verify that pharmaceutical control processes for selected U.S. Pacific Fleet ships were effective and executed in accordance with applicable laws and regulations. Specifically, the

audit focused on the selected ships' accountability for controlled pharmaceuticals.

The NAVAUDSVC determined that all controlled pharmaceutical inventories were accurately accounted for at each selected ship, carrier, and submarine (hereinafter collectively referred to as vessels). However, the NAVAUDSVC identified opportunities for U.S. Pacific Fleet Type Commands, and the selected vessels, to improve their internal control processes for accountability of controlled pharmaceuticals in the following areas: separation of duties in ordering and receiving; signed receipt documents; transferring inventory; destruction; safe combination changes; pharmacy key accountability; pharmacy door lock changes; and Controlled Substances Inventory Board (CSIB) processes (such as inventory performance and reporting). The NAVAUDSVC also determined that the Navy Bureau of Medicine discontinued the required CSIB training; thus, no available course existed to ensure CSIB members were properly trained prior to commencing their duties. Furthermore, the NAVAUDSVC found that the selected vessels exceeded the quantities in the Authorized Medical Allowance List (AMAL) without obtaining required approvals, and one vessel did not obtain required approval for non-AMAL drugs. As a result, the lack of compliance with policy increases the potential for fostering an environment where fraud, waste, and abuse can go undetected and undeterred. Furthermore, without sufficient training, the CSIB members may not be aware of the required processes for conducting inventories. In addition, for vessels that are not obtaining approvals for excess AMAL and non-AMAL controlled pharmaceuticals, the Navy has no assurance that only approved controlled pharmaceuticals are onboard vessels. Lastly, vulnerability exists for waste and abuse from storing excess and non-AMAL-controlled pharmaceuticals onboard ships. Management agreed to take appropriate corrective actions.

Report No. N2018-0015

Marine Corps Child and Youth Program Immunization Verification

The NAVAUDSVC objective was to verify that children attending, and professionals working at, the United States Marine Corps Child and Youth Programs had their required immunizations and that immunization records were received and maintained.

The NAVAUDSVC initiated the Marine Corps Child and Youth Program Immunization Verification audit after completing a similar audit of the Navy's Child and Youth Programs Immunization program (Report N2016-0037), which found that 42 percent of children attending the Navy Child and Youth Programs at the installations visited did not have their required immunization support documents. In addition, the American Academy of Pediatrics determined that 28 percent of military dependent children ages 19-35 months were not current on the recommended Centers for Disease Control and Prevention vaccination series.

The NAVAUDSVC observed that 16 percent of the selected children attending, and 25 percent of the professionals working at, the Marine Corps Child and Youth Programs at the installations visited, did not have their required immunizations, and immunization records were not maintained for FY 2017. This occurred due to a lack of policy enforcement and management oversight, and conflicts with issued guidance regarding school age care immunization documentation. Based on these results, the NAVAUDSVC statistically project that 1,020 children and 505 professionals do not have their required immunization support documentation. Any child or professional without up-to-date immunizations poses a risk to other children within the Child and Youth Programs.

The NAVAUDSVC made four recommendations to the Commandant of the Marine Corps to update the policy to specifically state the requirement to maintain influenza vaccinations for school age care children when influenza vaccinations are not a local school requirement; develop a tracking system to ensure that children enrolled in the school age care program obtain the influenza vaccination where the influenza vaccination is not a local school requirement; verify that all children and professionals identified as noncompliant with immunization requirements have their age-appropriate and influenza immunizations; and establish controls to ensure all immunization series are completed within the required timeframe as recommended by the Advisory Committee on Immunization Practices. Management agreed to take appropriate corrective actions.

Report No. N2018-0022

United States Marine Corps Process for Determining Dependent Incapacitation

The NAVAUDSVC objective was to verify that the United States Marine Corps had adequate supporting documentation for the financial and medical incapacitated dependent determinations. The former Deputy Assistant Commandant of the Marine Corps for Manpower and Reserve Affairs requested this audit. The requestor wanted a review of the Marine Corps dependent determination process for incapacitation to ensure the process for determining incapacitation is accurate and required documentation is submitted.

The NAVAUDSVC determined that U.S. Marine Corps dependent incapacitation supporting documentation was not fully in compliance with policy and internal controls and could be improved. The NAVAUDSVC reviewed all 88 of the dependent incapacitated children over age 21 claims submitted in calendar year 2016. Specifically, the NAVAUDSVC found that the U.S. Marine Corps did not have adequate supporting documentation for the financial incapacitated dependent determinations as required. Some of the reviewed claims did not have adequate documentation to create an audit trail to determine whether the incapacitated child over 21 was supported 50 percent or more by his or her sponsor. Also, the NAVAUDSVC found that the U.S. Marine Corps did not always provide the Bureau of Medicine and Surgery with complete medical supporting documentation for making medical recommendations in initial incapacitated dependent claims.

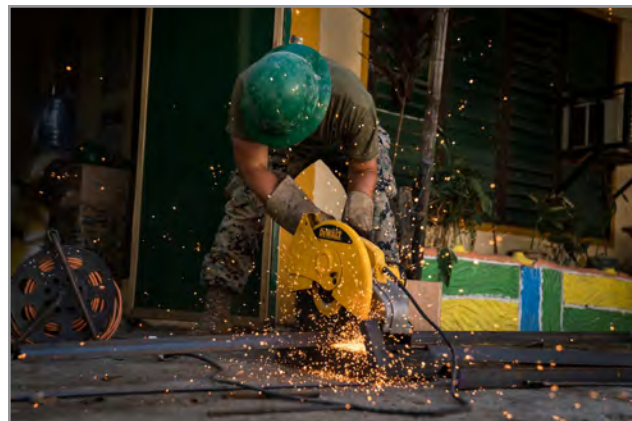
The NAVAUDSVC made three recommendations to the Commandant of the Marine Corps. First, establish a process to retain all documentation used to support the financial dependent incapacitated determinations. Second, update internal standard operating procedures with a process to maintain all records used to support the financial incapacitated dependent determinations. Third, establish internal controls and provide oversight to ensure all required medical documentation to support medical incapacitated dependent determinations is complete. Management agreed to take appropriate corrective actions.

Report No. N2018-0020

United States Marine Corps Military Construction Projects Proposed for Fiscal Year 2019

The NAVAUDSVC audit objective was to verify that the project scope requirements were sufficiently supported for selected U.S. Marine Corps MILCON projects contained in the DON-proposed FY 2019 MILCON program. The planning and programming process for the typical U.S. Marine Corps MILCON program includes the development, review, and approval of DD Forms 1391 (MILCON Project Data forms) to validate projects before submission to the Office of the Secretary of Defense. During this process, the U.S. Marine Corps prioritizes projects and determines which projects will be submitted for funding. Annually, NAVAUDSVC coordinates with the Headquarters, Marine Corps, and Naval Facilities Engineering Command to provide additional review and evaluation of final DD Forms 1391 being proposed for submission to the Office of the Secretary of Defense.

For FY 2019, the U.S. Marine Corps submitted 28 MILCON projects, valued at about \$957.160 million. The NAVAUDSVC determined that the six projects reviewed, with a total cost of \$355.530 million, for the proposed U.S. Marine Corps MILCON projects for FY 2019 funding, were over-scoped by \$28.292 million and under-scoped by \$8.8996 million. The NAVAUDSVC made two recommendations to reduce the over-scoped projects and obtain supporting documentation for the under-scoped projects. The NAVAUDSVC determined that the six MILCON projects reviewed had a valid need; however, the projects were not sized in accordance with appropriate criteria or included items that were not required or authorized. The Navy provided sufficient guidance for the preparation of MILCON project requests;



U.S. Marine Cpl. Matthew Moore saws metal during construction

Source: Marine Corps

however, the NAVAUDSVC found cases in which project scoping was incorrect because of insufficient supporting documentation, incorrect application of criteria, and inclusion of unnecessary line items. Management agreed to the \$28.292 million in funds potentially available for other use, and agreed to take appropriate corrective actions.

Report No. N2018-0005

Navy Military Construction Projects Proposed for Fiscal Year 2019

The NAVAUDSVC audit objective was to verify that the project scope requirements were sufficiently supported for selected U.S. Navy (Navy) MILCON projects contained in the DON proposed FY 2019 MILCON program. The planning and programming process for the typical Navy MILCON program includes the development, review, and approval of DD Forms 1391 (MILCON Project Data form) to validate projects before submission to the Office of the Secretary of Defense. During this process, the Navy prioritizes projects and determines which projects will be submitted for funding. Annually, the NAVAUDSVC coordinates with the Commander, Navy Installations Command, and Naval Facilities Engineering Command to provide additional review and evaluation of final DD Forms 1391 being proposed for submission to the Office of the Secretary of Defense.

For FY 2019, the Navy submitted 34 MILCON projects valued at about \$1.559 billion. The NAVAUDSVC determined the 11 projects reviewed, with a total cost of \$739.390 million for proposed MILCON projects for FY 2019 funding, were over-scoped by \$59.704 million and under-scoped by \$12.052 million. The NAVAUDSVC made two recommendations to reduce the over-scoped projects and obtain supporting documentation for the under-scoped projects. The NAVAUDSVC determined that the 11 Navy MILCON projects reviewed had a valid need; however, the projects were not sized in accordance with appropriate criteria or included items that were not required or authorized. Navy provided sufficient guidance for the preparation of MILCON project requests; however, the NAVAUDSVC found cases in which project scoping was incorrect because of insufficient supporting documentation, incorrect application of criteria, and inclusion of unnecessary line items. Management agreed to the \$59.704 million in funds potentially available for other use, and agreed to take appropriate corrective actions.

Report No. N2018-0010

NAVAL CRIMINAL INVESTIGATIVE SERVICE

Significant Investigative Cases

Navy Contractor and Employees Involved in Product Substitution Scheme

NCIS initiated this joint investigation in October 2010 with the FBI and the Internal Revenue Service Criminal Investigation Division upon notification from a source that Veterans Logistics Inc. (VLI) was involved in an extensive product substitution scheme involving supply purchases through the DoD Electronic Mall (EMALL) system. The DoD EMALL allows military customers and authorized Government customers to order items from Government and commercial sources. Federal search warrants were executed at VLI and the residence of Mr. Michael Mayer, co-owner of VLI, and DoD EMALL audits identified approximately \$2.3 million in additional false claims from VLI and its affiliated companies. The investigation identified the co-owners, Mr. Jeffrey Harrington and Mr. Mayer, Ms. Kimberlee Hewitt, and Ms. Natalee Hewitt, VLI employees, along with their network of logistics companies, including Boston Laser Technologies and Industrial Xchange Inc., participated in an extensive product substitution scheme involving supply purchases through the DoD EMALL system.

On October 16, 2017, in the Southern District of California, U.S. District Court, Ms. K. Hewitt was sentenced to 3 years of probation and was ordered to pay a \$100,000 criminal forfeiture, a \$3000 fine, and \$100 assessment.

On October 16, 2017, in the Southern District of California, U.S. District Court, Ms. N. Hewitt was sentenced to 3 years of probation and was ordered to pay a \$100,000 criminal forfeiture, a \$3000 fine, and \$100 assessment.

On December 14, 2017, in the Southern District of California, U.S. District Court, Mr. Harrington was sentenced to 15 months of imprisonment, 3 years of supervised release, and was ordered to pay a \$200 assessment, a \$10,000 fine, restitution of \$141,113, and a criminal forfeiture of \$708,679. On December 14, 2017, in the Southern District of California, U.S. District Court,

Mr. Mayer was sentenced to 15 months of imprisonment, 3 years of supervised release, and was ordered to pay a \$200 assessment, a \$10,000 fine, restitution of \$299,511, and a criminal forfeiture of \$708,678. On December 14, 2017, in the Southern District of California, U.S. District Court, VLI, Boston Laser Technologies, Inc., and Industrial Xchange Inc. were sentenced to 3 years of probation and a \$400 assessment for each company. Additionally, VLI was required to pay a fine of \$1 million.

Navy Lieutenant Commander Sentenced to 10 Years for Attempted Enticement of a Minor

NCIS initiated this joint investigation with the San Diego Internet Crimes Against Children task force in July 2017 upon notification that an individual made a Craigslist posting entitled “daddy looking for daughter – m4w.” Information obtained from Craigslist and law enforcement databases identified that Lieutenant Commander Matthew Maples posted the information. During a conversation with an undercover agent identifying as a 13-year-old female, Lieutenant Commander Maples claimed that he booked a hotel room to meet and engage in sexual activity with who he believed to be a 13-year-old female. On July 21, 2017, agents from the Homeland Security Investigations San Diego Child Exploitation Group, NCIS, and the United States Marshals Service arrested Lieutenant Commander Maples in the hotel lobby. During his interview, Lieutenant Commander Maples admitted to chatting with what he believed to be a 13-year-old female for approximately 2 weeks, stating that his intent was to engage in sexual activity with her.

On December 18, 2017, in the Southern District of California, U.S. District Court, Lieutenant Commander Maples was sentenced to 10 years imprisonment for the attempted enticement of a minor. He was also sentenced to 5 years of supervised release, a \$100 assessment, and a \$5000 special assessment for the Justice for Victims of Trafficking Act, and was required to register as a sex offender.

Contractor Repays Over \$4 Million in Civil Settlement

NCIS initiated this joint investigation with DCIS and Army CID in April 2009 after a Defense Contract Audit Agency (DCAA) audit indicated potential defective pricing by Telephonics Corporation in Army and Navy contracts. The audit revealed that Telephonics Corporation had charged significantly lower labor and material costs

and that Telephonics Corporation did not disclose the actual costs they incurred. Telephonics Corporation submitted cost information that showed a cost reduction of approximately \$8 million, but did not pass the savings to the U.S. Navy.

On November 17, 2017, in the Eastern District of New York, a final civil settlement agreement with Telephonics Corporation was reached where Telephonics Corporation was required to repay \$4.25 million.

AIR FORCE

Air Force Audit Agency

The Air Force Audit Agency (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 Under Secretary of the Air Force, Management, respectively, to the Auditor General of the Air Force. The new centralized process better 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. The AFAA continued to focus audit planning efforts on top Air Force priorities. The FY 2018 AFAA Audit Plan

provided prioritized audit topics that align with Secretary of the Air Force, senior leader priorities and address Major Command concerns and Air Force operational priorities. The AFAA's primary focus is to provide Air Force leadership continual updates and assessments on the enterprise portfolio perspective by providing ongoing status of open audit recommendations; identifying conditions impacting the Air Force enterprise; and highlighting continuing issues within the portfolio requiring attention. To help meet this focus, the AFAA established agreements with Air Force Major Command officials to provide an AFAA audit liaison at each Major Command location. These new partnerships will further enhance audit communication and help ensure all Air Force leaders are able to properly capture, track, and report the status of open audit recommendations falling within their purview. Lastly, since the DoD OIG issued the "Compendium of Open Office of Inspector General Recommendations to the Department of Defense," July 11, 2017, the AFAA partnered with Air Force officials to reduce the number of open DoD OIG recommendations from 167 to 99 (41 percent closed) and will continue to facilitate future resolutions by submitting documentation to the DoD OIG for validation.

During the first half of FY 2018, the AFAA identified five reports with potential material weakness issues to management. From October 1 through March 31, 2018, the AFAA published 23 Air Force-level audit reports. The AFAA provided 113 recommendations and \$5.8 million in audit-estimated potential monetary benefits to Air Force senior officials. Furthermore, installation-level audit teams published 241 audit reports with 1,148 recommendations and an additional \$15.7 million in audit-estimated potential monetary benefits to installation commanders. The following paragraphs highlight a few of the most significant AFAA Air Force-level audit reports issued during the period.

Wireless Networks

The overall objective was to determine whether Air Force personnel effectively managed wireless network security, wireless asset accountability and wireless physical security, and wireless network requirements. Air Force personnel did not effectively manage wireless network security, wireless asset accountability and physical security, and wireless network requirements. Specifically, Air Force personnel neither performed periodic security assessments nor monitored wireless network security. Furthermore, Air Force personnel did not account for

8,852 (99 percent) of 8,951 wireless assets, could not locate 274 (27 percent) of 1,019 assets, and did not physically secure 462 (45 percent) of 1,019 statistically selected wireless network access points. Finally, Air Force personnel did not effectively manage initial or ongoing wireless network requirements and could save \$4.69 million by identifying unneeded wireless devices prior therefore avoiding future upgrade expenses. Effectively managing wireless networks helps identify and mitigate security vulnerabilities and would save the Air Force \$4.69 million by reducing costs to upgrade the network. The AFAA made nine recommendations to Air Force officials to improve wireless network management. Management concurred with the audit results and recommendations, and actions planned are responsive to the issues in this report. Management also agreed with the potential monetary benefits.

Report No. F2018-0001-O10000

Electronic Records Cyber Hygiene

The overall objective was to determine whether Air Force personnel performed backup and protection of electronic records, and disposed of and archived electronic records in accordance with Air Force guidance. Air Force personnel did not perform backup and protection of electronic records, or dispose of and archive electronic records. Specifically, for 11 systems reviewed, Air Force officials did not implement effective backup procedures, develop contingency plans, or test contingency plans. Effective backup procedures decrease the risk for lost or inaccessible data and ensure continuity of mission. The AFAA made five recommendations to Air Force officials to improve electronic record cyber hygiene. Management concurred with the audit results and recommendations, and actions planned are responsive to the issues in this report.

Report No. F2018-0005-O10000

HH-60G Joint Depot Level Maintenance

The overall objective was to determine whether Air Force personnel planned and implemented HH-60G joint depot-level maintenance in the most cost-effective manner. Air Force personnel did not plan and implement aspects of HH-60G joint depot-level maintenance in the most cost-effective manner. Specifically, Air Force personnel did not ensure consistent application of work specifications across depots and effectively manage selected aspects of depot evaluation. To illustrate, all

depots received the same statement of work; however, in a review of depot maintenance performed for 20 aircraft, one organic facility replaced over 6,000 parts compared to a contractor facility that replaced less than 1,000 parts. Furthermore, although personnel established an integrated product team to evaluate depot performance and hold depots accountable, personnel did not define the metrics associated with the depot evaluation. Additionally, Air Force personnel did not properly justify interagency acquisitions. Specifically, program officials used a pre-existing interagency contract vehicle to satisfy repair requirements without performing required analysis to determine whether the contract represented the most advantageous procurement approach. Finally, personnel did not properly establish formal depot-level maintenance interservice support agreements. Effective and efficient depot maintenance minimizes variations between depots, decreases costs and schedule delays, and maximizes fleet readiness and aircraft availability. The AFAA made seven recommendations to the Assistant Secretary of the Air Force for Acquisition to improve processes related to HH-60G joint depot-level maintenance. Management concurred with the audit results and recommendations, and actions planned are responsive to the issues in this report.

Report No. F2018-0002-L30000

Air Force Information Network and Air Force Network Data Call Validation

The overall objective was to determine whether Air Force personnel accurately identified the universe of information technology that comprises the Air Force Information Network. Air Force personnel did not accurately identify the universe of information technology that comprises the Air Force Information Network. The audit identified over 2400 systems not included in the Air Force officials’ universe. Accurately identifying the universe of information technology that comprises the Air Force Information Network would lead to an effective cybersecurity posture and the ability to achieve mission assurance across the enterprise. The AFAA made three recommendations to develop procedures to accurately identify the universe of information technology that comprises the Air Force Information Network. Management concurred with the audit results and recommendations, and actions planned are responsive to the issues in this report.

Report No. F2018-0002-O10000

CV-22 Osprey Spare Parts Management

The overall objective was to determine whether Air Force personnel could identify or quantify the CV-22 spare part budgetary requirements and maintained adequate additive supporting documentation. Logistics budget personnel can manually insert budgetary additives into the Automated Budget Compilation System to compensate for shortfalls in the Secondary Item Requirements System computed spare part requirements. Air Force logistics and logistics budget personnel could not identify or quantify the total CV-22 spare part budgetary requirement and did not maintain adequate additive supporting documentation. As a result, the AFAA could not assess the validity or accuracy of the September 2015 or March 2016 CV-22 spare part requirements. Properly identifying and supporting CV-22 requirements would enhance budget accuracy. The AFAA made two recommendations to improve the management of CV-22 spare part requirements and associated budget accuracy. Management concurred with the audit results and recommendations, and actions planned are responsive to the issues in this report.

Report No. F2018-0001-L40000

AIR FORCE OFFICE OF SPECIAL INVESTIGATIONS

Significant Investigative Cases

Air Force Command Chief Sentenced to 10 Months for Sexual Misconduct, Obstruction of Justice, False Official Statements, and Willfully Disobeying

AFOSI initiated this investigation in October 2016 upon notification that Command Chief Master Sergeant (CMSgt) Jose Barraza inappropriately touched a female coworker. The investigation identified additional allegations of sexual assault and inappropriate relationships between CMSgt Barraza and his subordinates. During his interview with AFOSI, CMSgt Barraza denied participating in any inappropriate relationships and denied committing sexual assault. The victim interviews indicated he maintained at least 16 inappropriate relationships over 18 years of his career. A review of digital evidence obtained during

the investigation showed CMSgt Barraza surreptitiously recorded his victims while engaged in sexual activity with them. CMSgt Barraza also violated no-contact orders and impeded the Federal investigation by directing individuals involved in the investigation on how to factory re-set their cellular telephones in an effort to destroy evidence. Finally, CMSgt Barraza instructed associated personnel involved in the investigation to remain loyal and lie to the AFOSI agents, stating they only had a professional relationship with him.

On October 12, 2017, during a judge-alone general court-martial at Davis-Monthan Air Force Base, Arizona, CMSgt Barraza pleaded guilty to disobeying a lawful command, failure to maintain a professional relationship with seven individuals, false official statements to AFOSI agents, impeding the investigation, and digitally recording two victims without their consent. One of the conditions of the pre-trial agreement was that CMSgt Barraza would not be given a punitive discharge. CMSgt Barraza was sentenced to a reduction in rank to E-4 and military confinement of 10 months, and was required to register as a sex offender.

Army Sergeant Sentenced to 121 Months for Attempted Coercion and Enticement of a Minor

AFOSI initiated this joint investigation with Army CID, Air Force Security Forces, and the FBI in June 2016 after Sergeant Mark Pazmino responded to an online advertisement posted by an undercover AFOSI agent, posing as a 14-year-old female. During his online discussions with the undercover agent, Sergeant Pazmino disclosed his age, military affiliation, and duty location. Sergeant Pazmino requested nude photographs and expressed his intent to meet with the female, whom he believed to be underage, to participate in sexual activity. Sergeant Pazmino made arrangements to meet at an establishment on Lackland Air Force Base, Texas, telling the undercover agent he would bring condoms and alcohol for her. When Sergeant Pazmino arrived to the pre-arranged location, he was apprehended by law enforcement and found with alcohol, a loaded firearm, and condoms.

During an interview with AFOSI, Sergeant Pazmino confessed to planning to meet an underage female to provide her alcohol and participate in sexual activity. Sergeant Pazmino also admitted he engaged in similar activity previously and possessed child pornography at his residence.


On May 16, 2017, in the Western District of Texas, U.S. District Court, Sergeant Pazmino pleaded guilty to attempted coercion and enticement of a minor. On January 29, 2018, Sergeant Pazmino was sentenced to 121 months in Federal prison, 20 years of supervised release, and a \$100 assessment, and was required to register as a sex offender. This investigation was part of Project Safe Childhood, a nationwide initiative to combat the growing epidemic of child sexual exploitation and abuse launched in May 2006 by the DOJ.

USAF Contractor Repays over \$10 Million for Overpayment

AFOSI initiated this joint investigation with DCIS and the DCAA in July 2015 following a mandatory contractor disclosure from CH2M Hill Incorporated (CH2M) to the DoD OIG. CH2M is a contract company providing engineering services to the DoD. In the contractor disclosure, CH2M notified the DoD OIG that an external review of the company's billing system identified weaknesses in validating their employees' qualification requirements when billing the Air Force for work performed. The Air Force originally awarded CH2M two architectural and engineering contracts supporting construction efforts at multiple Air Force installations across the continental United States. The DCAA conducted an audit of CH2M's FY 2008 billings on these contracts and confirmed at least eight engineering employees did not meet labor qualification requirements. CH2M also conducted an internal audit and discovered more than 300 instances of unqualified labor billed against the two contracts.

In August 2017, CH2M and the Defense Contract Management Agency entered into a memorandum of understanding for repayment. On September 19, 2017, CH2M voluntarily repaid \$10,567,760.00 to the Air Force. The payment included the \$8.3 million in overpayments and \$2.2 million in interest.



An aerial photograph of a ship's wake in the ocean. The water is a deep blue, and the wake is a white, frothy trail. A semi-transparent white rectangular box is centered over the middle of the image, containing the text "5. APPENDIXES".

5. APPENDIXES



REPORTING REQUIREMENTS

The Inspector General Act of 1978, as amended, states that each Inspector General shall no later than April 30 and October 31 of each year prepare semiannual reports summarizing the activities of the office during the immediately preceding 6-month periods ending March 31 and September 30. The IG Act specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages. 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 regulations...make recommendations...”	86
Section 5(a)(1)	“description of significant problems, abuses, and deficiencies...”	8-83
Section 5(a)(2)	“description of recommendations for corrective action...with respect to significant problems, abuses, and deficiencies...”	8-83
Section 5(a)(3)	“identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed...”	118
Section 5(a)(4)	“a summary of matters referred to prosecutive authorities and the prosecution and convictions which have resulted.”	40-49
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.	
Section 5(a)(7)	“a summary of each particularly significant report...”	8-83
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...”	113
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...”	114
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.	118-150
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...”	155
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;”	155

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 review...that remain outstanding or have not been fully implemented;”	155
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;”	156
Section 5(a)(18)	“a description of the metrics used for developing the data for the statistical tables under paragraph (17);”	156
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]	56 57-63 156
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;”	56-63
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— inspection, evaluation, and audit conducted by the Office that is closed and was not disclosed to the public; and 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...”	114
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...”	114
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...”	118- 150
Section 5 note	“an annex on final completed contract audit reports...containing significant audit findings...”	151
Section 8(f)(1)	“(A) information concerning the number and types of contract audits...”	117
	“(B) information concerning any Department of Defense audit agency that...received a failed opinion from an external peer review or is overdue for an external peer review...”	155

AUDIT, INSPECTION, EVALUATION, AND INVESTIGATION REPORTS ISSUED¹

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.affaa.af.mil

	DoD OIG	Military Departments	Total
Countering Strategic Challenges: North Korea, Russia, China, Iran and Transnational Terrorism	2	0	2
Addressing Challenges in Overseas Contingency Operations in Iraq, Syria, and Afghanistan	6	0	6
Enabling Effective Acquisition and Contract Management	17	16	33
Increasing Cybersecurity and Cyber Capabilities	4	7	11
Improving Financial Management	37	18	55
Maintaining the Nuclear Enterprise	0	1	1
Optimally Balancing Readiness, Modernization, and Force Structure	5	23	28
Ensuring Ethical Conduct	7	0	7
Providing Effective, Comprehensive, and Cost Effective Health Care	5	4	9
Identifying and Implementing Efficiencies in the DoD	2	6	8
Other	12	9	21
Total	97	84	181

Countering Strategic Challenges: North Korea, Russia, China, Iran, and Transnational Terrorism

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-046	DoD Antiterrorism Programs	12/21/2017
DoD OIG	DODIG-2018-092	DoD Emergency Management Programs in the U.S. Africa Command	03/28/2018

Addressing Challenges in Overseas Contingency Operations in Iraq, Syria, and Afghanistan

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-018	Implementation of the DoD Leahy Law Regarding Allegations of Child Sexual Abuse by Members of the Afghan National Defense and Security Forces	11/16/2017
DoD OIG	DODIG-2018-019	Army's Emergency Management Program in Kuwait	11/07/2017
DoD OIG	DODIG-2018-058	Progress of U.S. and Coalition Efforts to Train, Advise, and Assist the Afghan Air Force	01/04/2018
DoD OIG	DODIG-2018-059	U.S. Central and U.S. Africa Commands' Oversight of Counternarcotics Activities	12/26/2017
DoD OIG	DODIG-2018-075	Follow-Up Evaluation: Combined Joint Interagency Task Force – Syria Vetting Process for New Syrian Forces	02/26/2018
DoD OIG	DODIG-2018-090	Summary Report on U.S. Direct Funding Provided to Afghanistan	03/21/2018

Enabling Effective Acquisition and Contract Management

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-004	Followup Audit: Military Sealift Command Management of Spare Parts Inventory and Purchases for Sealift Program Roll-On/Roll-Off Ships	10/20/2017
DoD OIG	DODIG-2018-025	Defense Hotline Allegations on the Surface Electronic Warfare Improvement Program Block 3 Costs	11/09/2017
DoD OIG	DODIG-2018-038	Joint Air-to-Ground Missile Program	12/07/2017
DoD OIG	DODIG-2018-040	Army Oversight of Logistics Civil Augmentation Program Government-Furnished Property in Afghanistan	12/11/2017
DoD OIG	DODIG-2018-045	Evaluation of the Evolved Expendable Launch Vehicle Program Quality Management System	12/20/2017
DoD OIG	DODIG-2018-050	Naval Facilities Engineering Command Administration of Selected Energy Savings Performance Contracts	12/19/2017
DoD OIG	DODIG-2018-060	Marine Corps Assault Amphibious Vehicle Survivability Upgrade	01/04/2018
DoD OIG	DODIG-2018-064	Defense Threat Reduction Agency Cooperative Threat Reduction Contract in the U.S. Pacific Command Area of Responsibility	02/01/2018
DoD OIG	DODIG-2018-069	Navy's Single-Award Indefinite-Delivery Indefinite-Quantity Contracts	02/01/2018
DoD OIG	DODIG-2018-070	Summary Report of DoD Compliance With the Berry Amendment and the Buy American Act	02/06/2018
DoD OIG	DODIG-2018-072	Defense Commissary Agency's Purchases of Fresh Produce for Japan and South Korea	02/12/2018
DoD OIG	DODIG-2018-074	The U.S. Navy's Oversight and Administration of the Base Support Contracts in Bahrain	02/13/2018
DoD OIG	DODIG-2018-076	Chemical Demilitarization-Assembled Chemical Weapons Alternatives Program	02/22/2018
DoD OIG	DODIG-2018-078	Defense Commissary Agency Oversight of Fresh Produce Contracts in Japan and South Korea	02/22/2018
DoD OIG	DODIG-2018-086	Small Business Subcontracting at Two Army Contracting Command Locations	03/19/2018
DoD OIG	DODIG-2018-089	Contracting Strategy for F-22 Modernization	03/21/2018
DoD OIG	DODIG-2018-098	Technology Readiness of the Navy's Next Generation Jammer Program	03/30/2018
USAAA	A-2018-0007-ALA	Audit of Mobile Tower System	11/07/2017
USAAA	A-2018-0010-ALA	Army Equipment Divestment Strategy	11/16/2017
USAAA	A-2018-0010-ALA	Acquisition Strategy for Logistics Management Services Phase II, U.S. Army Forces Command	11/29/2017
USAAA	A-2018-0018-ALA	Follow-up Audit of Munitions Expenditures - Testing and Training	12/06/2017
USAAA	A-2018-0031-ALC	Follow-up Audit of Visibility and Oversight of Service Contracts	02/14/2018
USAAA	A-2018-0032-FMP	Nonaudit Service Review of International Stevedoring Corporation Support--Korea	02/27/2018
NAVAUDSVC	N2018-0002	Management of Conventional Ordnance Inventory at Select Navy Activities - Atlantic	10/19/2017
NAVAUDSVC	N2018-0007	Administration of Services Contract for Base, Test, and Business Operations at the Atlantic Undersea Test and Evaluation Center	11/29/2017
NAVAUDSVC	N2018-0011	Management of Conventional Ordnance Inventory at Select Naval Activities – Continental United States West Division and East Asia Division	01/09/2018
NAVAUDSVC	N2018-0012	Government Commercial Purchase Card Program at Navy Engineering Logistics Office	01/11/2018
NAVAUDSVC	N2018-0017	Contract Administration Over the East and West Coast United States Marine Corps Regional Garrison Food Service Contract	02/20/2018
NAVAUDSVC	N2018-0023	Internal Controls over Contract Administration at Navy Warfare Development Command	03/14/2018
AFAA	F2018-0001-L40000	CV-22 Osprey Spare Parts Management	11/01/2017
AFAA	F2018-0001-L20000	F-15 Foreign Military Sales Program Management	12/05/2017
AFAA	F2018-0001-L30000	Management of Battlefield Airborne Communications Node Conversion to a Program of Record	12/18/2017
AFAA	F2018-0003-L30000	Contract Support for Non-Air Force Customers	3/13/2018

Increasing Cybersecurity and Cyber Capabilities

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-043	The National Security Agency Enterprise	12/19/2017
DoD OIG	DODIG-2018-094	Logical and Physical Access Controls at Missile Defense Agency Contractor Locations	03/29/2018
DoD OIG	DODIG-2018-096	Followup Audit: The Defense Enrollment Eligibility Reporting System Security Posture	03/30/2018
DoD OIG	DODIG-2018-097	U.S. European Command Efforts to Integrate Cyberspace Operations into Contingency Plans	03/30/2018
NAVAUDSVC	N2018-0001	Information Security Controls at Fleet Readiness Centers	10/11/2017
NAVAUDSVC	N2018-0021	Navy Data Strategy	03/08/2018
AFAA	F2018-0001-O10000	Wireless Network	10/10/2017
AFAA	F2018-0002-O10000	Air Force Information Network and Air Force Network Data Call Validation	11/08/2017
AFAA	F2018-0003-O10000	Cybersecurity Program Management Configuration	12/22/2017
AFAA	F2018-0004-O10000	Electronic Records Cyber Hygiene	12/27/2017
AFAA	F2018-0005-O10000	Social Media	12/22/2017

Improving Financial Management

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-006	Transmittal of the Independent Auditor's Report on United States Army General Fund Schedule of General Equipment as of May 31, 2017	11/20/2017
DoD OIG	DODIG-2018-008	Transmittal of Independent Auditor's Report on the FY 2017 Financial Statements of the Defense Logistics Agency Military Construction Funds Sub-Allotted to the U.S. Army Corps of Engineers—Military Programs	11/08/2017
DoD OIG	DODIG-2018-009	Independent Auditor's Report on the Department of the Navy General Fund FY 2017 and FY 2016 Basic Financial Statements	11/07/2017
DoD OIG	DODIG-2018-010	Independent Auditor's Report on the Department of the Navy Working Capital Fund FY 2017 and FY 2016 Basic Financial Statements	11/07/2017
DoD OIG	DODIG-2018-011	Independent Auditor's Report on the Army Working Capital Fund FY 2017 and FY 2016 Basic Financial Statements	11/07/2017
DoD OIG	DODIG-2018-012	Transmittal of the Independent Auditor's Report on the DoD Military Retirement Fund FY 2017 and FY 2016 Basic Financial Statements	11/06/2017
DoD OIG	DODIG-2018-013	Independent Auditor's Report on the Army General Fund FY 2017 and FY 2016 Basic Financial Statements	11/07/2017
DoD OIG	DODIG-2018-014	Independent Auditor's Report on the Air Force General Fund FY 2017 and FY 2016 Basic Financial Statements	11/13/2017
DoD OIG	DODIG-2018-015	Independent Auditor's Report on the Air Force Working Capital Fund FY 2017 and FY 2016 Basic Financial Statements	11/13/2017
DoD OIG	DODIG-2018-016	Transmittal of the Independent Auditor's Report on the Defense Health Agency Contract Resource Management FY 2017 and FY 2016 Basic Financial Statements	11/07/2017
DoD OIG	DODIG-2018-017	Transmittal of the Independent Auditor's Report on the DoD Medicare-Eligible Retiree Health Care Fund FY 2017 and FY 2016 Basic Financial Statements	11/07/2017
DoD OIG	DODIG-2018-020	DoD Compliance With the Digital Accountability and Transparency Act of 2014	11/08/2017
DoD OIG	DODIG-2018-021	USACE Compliance With Digital Accountability and Transparency Act of 2014	11/08/2017
DoD OIG	DODIG-2018-022	Transmittal of Independent Auditor's Report on the United States Army Corps of Engineers, Civil Works, FY 2017 and FY 2016 Basic Financial Statements	11/13/2017
DoD OIG	DODIG-2018-023	Transmittal of Independent Service Auditor's Report on the Ammunition/Material Management Process as of August 31, 2017	11/13/2017
DoD OIG	DODIG-2018-024	Transmittal of the Disclaimer of Opinion on the United States Marine Corps General Fund Financial Statements and Related Footnotes for FY 2017	11/09/2017
DoD OIG	DODIG-2018-026	Transmittal of Independent Auditor's Report on United States Army Working Capital Fund Statement of Budgetary Resources for FY 2017	11/15/2017

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-027	Transmittal of Independent Auditor's Report on United States Army General Fund Statement of Budgetary Resources for FY 2017	11/15/2017
DoD OIG	DODIG-2018-030	Independent Auditor's Report on the Department of Defense FY 2017 and FY 2016 Basic Financial Statements	11/15/2017
DoD OIG	DODIG-2018-031	Independent Auditor's Report on the Department of Defense FY 2017 Closing Package Financial Statements	11/15/2017
DoD OIG	DODIG-2018-032	Transmittal of the Disclaimer of Opinion on United States Air Force General Fund Schedule of Budgetary Activity for FY 2017	11/17/2017
DoD OIG	DODIG-2018-033	Defense Health Agency Controls Over High-Risk Pharmaceutical Payments	11/16/2017
DoD OIG	DODIG-2018-039	Independent Auditor's Report on the Examination of Existence and Completeness of U.S. Air Force Inventory and Operating Materials and Supplies Base-Possessed Assets	12/04/2017
DoD OIG	DODIG-2018-041	The Defense Finance and Accounting Service Financial Reporting Process for Other Defense Organizations' General Funds	12/15/2017
DoD OIG	DODIG-2018-048	Transmittal of Independent Auditor's Report on United States Army General Fund Schedule of Operating Material and Supplies as of August 31, 2017	12/19/2017
DoD OIG	DODIG-2018-051	Transmittal of the Disclaimer Opinion on the Defense Logistics Agency General Fund Financial Statements and Related Footnotes for FY 2017	12/12/2017
DoD OIG	DODIG-2018-053	Transmittal of the Disclaimer of Opinion on the Defense Logistics Agency National Defense Stockpile Transaction Fund Financial Statements and Related Footnotes for FY 2017	12/12/2017
DoD OIG	DODIG-2018-054	Transmittal of the Disclaimer of Opinion on the Defense Logistics Agency Working Capital Fund Financial Statements and Related Footnotes for FY 2017	12/12/2017
DoD OIG	DODIG-2018-055	The U.S. Army Civilian Pay Budget Process	03/08/2018
DoD OIG	DODIG-2018-057	Classified Report	12/21/2018
DoD OIG	DODIG-2018-065	Independent Auditor's Report on the FY 2017 DoD Detailed Accounting Report for the Funds Obligated for National Drug Control Program Activities	01/31/2018
DoD OIG	DODIG-2018-066	Independent Auditor's Report on the FY 2017 DoD Performance Summary Report for the Funds Obligated for National Drug Control Program Activities	01/31/2018
DoD OIG	DODIG-2018-073	Completeness and Accuracy of U.S. Army Corps of Engineers Improper Payment Estimates	02/13/2018
DoD OIG	DODIG-2018-077	Financial Management and Contract Award and Administration for the Armed Forces Retirement Home	02/21/2018
DoD OIG	DODIG-2018-085	Followup Audit: Prior Recommendations to the Department of Navy Regarding the Triannual Review Process for Financial Transactions	03/19/2018
DoD OIG	DODIG-2018-095	Defense Human Resources Activity Reimbursable Agreements	03/27/2018
DoD OIG	DODIG-2018-099	Army Internal Controls Over Foreign Currency Accounts and Payments	03/29/2018
USAAA	A-2018-0001-FMR	Audit of Valuation of Army Working Capital Fund Real Property and General Equipment	10/06/2017
USAAA	A-2018-0023-ALA	Audit of Management of Rotary-Wing Flight Operations--Use of Aviation Operational Tempo Funding	01/18/2018
USAAA	A-2018-0025-FMF	Independent Examination of Federal Financial Management Improvement Act Baseline Requirements, Integrated Personnel and Pay System-Army Release 2	01/19/2018
USAAA	A-2018-0028-FMF	U.S. Army Audit Agency Independent Review of the Independent Auditor's Report of the American Red Cross FY17 Financial Statements	01/24/2018
USAAA	A-2018-0037-FMF	The Army Gift Program	03/23/2018
USAAA	A-2018-0039-IEX	Reporting Expenditures for Operation Inherent Resolve	03/26/2018
USAAA	A-2018-0040-FMF	Passport and Visa Office Operations	03/27/2018
NAVAUDSVC	N2018-0003	Allocation of Depot Maintenance Between Public and Private Sectors at Naval Air Systems Command	10/25/2017
NAVAUDSVC	N2018-0009	Allocation of Depot Maintenance Between Public and Private Sectors within the Department of the Navy – Summary Report	12/12/2017
NAVAUDSVC	N2018-0013	Managing and Monitoring Open Defense Travel System Debt	01/12/2018
NAVAUDSVC	N2018-0015	Accountability over Controlled Pharmaceuticals Onboard Selected U.S. Pacific Fleet Ships	02/01/2018

Agency	Report Number	Report Title	Date
NAVAUDSVC	N2018-0016	Marine Corps Financial Data for Operation Freedom's Sentinel	02/02/2018
NAVAUDSVC	N2018-0018	Independent Attestation – Agreed Upon Procedures Attestation Engagement of Marine Corps Installations Pacific Funding Transfers to Marine Corps Base Hawaii Utilities and Civilian Law Enforcement Program	02/21/2018
NAVAUDSVC	N2018-0024	Personal Property Accountability at Surface Combat Systems Center, Wallops Island, VA	03/15/2018
NAVAUDSVC	N2018-0027	Agreed-upon Procedures Attestation Engagement for Budget Formulation at the Department of the Navy Office of Small Business Programs	03/23/2018
AFAA	F2018-0002-O30000	Air Reserve Component Full Time Requirements	01/26/2018
AFAA	F2018-0001-L10000	Real Property Assertion Validation	02/02/2018
AFAA	F2018-0002-L40000	Special Purpose Recoverables Authorized Maintenance	02/14/2018

Maintaining the Nuclear Enterprise

Agency	Report Number	Report Title	Date
AFAA	F2018-0001-020000	Nuclear Certified Support Equipment	12/29/2017

Optimally Balancing Readiness, Modernization, and Force Structure

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-029	Followup Audit: Basic Expeditionary Airfield Resources Support and Repair Spare Kits	11/16/2017
DoD OIG	DODIG-2018-049	U.S. Military-Occupied Facilities Evaluation – Al Udeid Air Base, Qatar	12/21/2017
DoD OIG	DODIG-2018-052	The Army Demilitarization Program	12/19/2017
DoD OIG	DODIG-2018-063	Navy and Marine Corps Management of Relocatable Buildings	01/29/2018
DoD OIG	DODIG-2018-100	U.S. Special Operations Command's Management of Excess Equipment	03/29/2018
USAAA	A-2018-0006-IEO	Training Range Management	11/07/2017
USAAA	A-2018-0008-FMP	Audit of Unit Transportation and Movement Control--Korea Relocation Program, Phase II	11/07/2017
USAAA	A-2018-0012-MTM	Sustainment of Medical Devices	11/28/2017
USAAA	A-2018-0014-FMP	Management of Rotary-Wing Operations, U.S. Army Pacific	12/01/2017
USAAA	A-2018-0016-MTM	Medical Device Life-Cycle Replacement	12/06/2017
USAAA	A-2018-0021-MTH	Enlisted Recruiting and Retention Incentive Programs	12/22/2017
USAAA	A-2018-0022-ALM	Depot-Level Maintenance Workload Reporting--FY 16	01/03/2018
USAAA	A-2018-0026-ALM	Audit of Management of Rotary-Wing Flight Operations: Maintenance	01/25/2018
USAAA	A-2018-0029-MTH	Audit of Tracking and Monitoring of Medically Nondeployable Soldiers--Active Component	01/30/2018
USAAA	A-2018-0030-MTH	Reimbursable Services in Army Civilian Hiring Actions	01/31/2018
USAAA	A-2018-0038-MTI	Joint Combined Exchange Training Funds Management, U.S. Army Special Operations Command	03/27/2018
NAVAUDSVC	N2018-0004	Followup on "Reporting of Safety Mishaps" Audit Recommendations	11/01/2017
NAVAUDSVC	N2018-0005	United States Marine Corps Military Construction Projects Proposed for Fiscal Year 2019	11/01/2017
NAVAUDSVC	N2018-0006	Security Equipment for Navy Security Forces Personnel at Selected Installations within Commander, Navy Region Southeast	11/17/2017
NAVAUDSVC	N2018-0008	Navy Reservist Non-Participants	11/29/2017
NAVAUDSVC	N2018-0010	Navy Military Construction Projects Proposed for Fiscal Year 2019	12/14/2017
NAVAUDSVC	N2018-0014	The Navy's Sustainment Budget Estimates and Allocation for Selected Navy Activities	01/30/2018
NAVAUDSVC	N2018-0019	Management of Infrastructure Projects at Naval Air Warfare Center Divisions	03/05/2018
NAVAUDSVC	N2018-0025	Navy Career Sea Pay	03/15/2018

Agency	Report Number	Report Title	Date
NAVAUDSVC	N2018-0026	Management of Infrastructure Projects at Naval Research Laboratory	03/16/2018
AFAA	F2018-0002-L30000	HH-60G Joint Depot Level Maintenance	01/01/2018
AFAA	F2018-0003-L40000	Close-Out, Air Force Special Operations Command Equipment Management	03/16/2018
AFAA	F2018-0001-O40000	New Air Force Civilian Hiring and Selection Policies	11/08/2017

Ensuring Ethical Conduct

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-002	Blue Grass Chemical Activity Richmond, KY	10/17/2017
DoD OIG	DODIG-2018-003	Report of Investigation on Allegations Related to the Department of Defense's Decision to Relocate a Joint Intelligence Analysis Complex	10/30/2017
DoD OIG	DODIG-2018-044	Department of Defense Office of Economic Adjustment, Arlington, VA	01/03/2017
DoD OIG	DODIG-2018-061	Report of Investigation: Defense POW/MIA Accounting Agency Interactions with Family Members of Corporal Joseph Hargrove, U.S. Marine Corps	01/22/2018
DoD OIG	DODIG-2018-062	Report of Investigation: Mr. Joseph F. Guzowski, Senior Executive Service U.S. Army	01/09/2018
DoD OIG	DODIG-2018-081	The Army's Tactical Explosive Detection Dog Disposition Process from 2011-2014	03/01/2018
DoD OIG	DODIG-2018-091	Hotline Allegations Regarding the Actions of Department of the Navy Officials on the Naval Audit Service Audit of Alleged Sexual Assault Victims' Career Paths	03/28/2018

Providing Effective, Comprehensive, and Cost Effective Health Care

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-034	Armed Forces Retirement Home Healthcare Services	12/14/2017
DoD OIG	DODIG-2018-036	DoD's Response to the Patient Safety Elements in the 2014 Military Health System Review	12/14/2017
DoD OIG	DODIG-2018-067	The DoD's Response to the Quality of Care Elements in the 2014 Military Health System Review	02/08/2018
DoD OIG	DODIG-2018-079	Followup Audit: Transfer of Service Treatment Records to the Department of Veterans Affairs	02/22/2018
DoD OIG	DODIG-2018-084	TRICARE North Region Payments for Applied Behavior Analysis Services for the Treatment of Autism Spectrum Disorder	03/14/2018
USAAA	A-2018-0035-IEE	Workers' Compensation Program--Return to Work Programs, U.S. Army Installation Management Command	03/08/2018
NAVAUDSVC	N2018-0020	United States Marine Corps Process for Determining Dependent Incapacitation	03/05/2018
NAVAUDSVC	N2018-0022	Marine Corps Child and Youth Program Immunization Verification	03/12/2018
AFAA	F2018-0003-O40000	Air Force Wounded, Ill, and Injured Recovery Coordination Program	03/06/2018

Identifying and Implementing Efficiencies in the DoD

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-035	Evaluation of Fingerprint Card and Final Disposition Report Submissions by Military Service Law Enforcement Organizations	12/04/2017
DoD OIG	DODIG-2018-093	DoD Voting Assistance Programs for Calendar Year 2017	03/30/2018
USAAA	A-2018-0003-ALS	Weapons Accountability at the National Level	10/19/2017
USAAA	A-2018-0015-FMP	Site Closures, Korea	12/04/2017
USAAA	A-2018-0024-ALS	Credits for Unserviceable Parts, U.S. Army Tank-automotive and Armaments Command	02/01/2018
USAAA	A-2018-0027-ALS	Use of General Services Administration Advantage	01/24/2018

Agency	Report Number	Report Title	Date
AFAA	F2018-0002-O20000	Air Force Inspection System Management	02/12/2018
AFAA	F2018-0002-O40000	Close-Out Audit, Community Action Information Board and Integrated Delivery System	02/13/2018

Other

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2018-001	External Peer Review Report on the Defense Information Systems Agency, Office of the Inspector General Audit Organization	10/12/2017
DoD OIG	DODIG-2018-005	Quality Control Review of the Deloitte & Touche LLP FY 2015 Single Audit of Battelle Memorial Institute	10/27/2017
DoD OIG	DODIG-2018-028	External Peer Review on the Defense Contract Audit Agency System Review Report	11/17/2017
DoD OIG	DODIG-2018-037	Evaluation of the Long Range Strike-Bomber Program Security Controls	12/01/2017
DoD OIG	DODIG-2018-042	Evaluation of Army Recovered Chemical Warfare Materiel Response Actions	12/14/2017
DoD OIG	DODIG-2018-047	Followup to USD (Intelligence) Evaluation	12/18/2017
DoD OIG	DODIG-2018-056	Enhanced End-Use Monitoring	12/27/2017
DoD OIG	DODIG-2018-068	Evaluation of Oversight of Privileged Users Within the Army's Intelligence Component	01/30/2018
DoD OIG	DODIG-2018-071	Evaluation of the Pentagon Force Protection Agency's Critical Law Enforcement Programs	02/14/2018
DoD OIG	DODIG-2018-082	External Peer Review on the Defense Finance and Accounting Service Internal Review Organization	03/06/2018
DoD OIG	DODIG-2018-083	System Review Report for the Army Audit Agency	03/07/2018
DoD OIG	DODIG-2018-087	Evaluation of the Joint Targeting Toolbox	03/15/2018
USAAA	A-2018-0002-FMR	Workload Survey of Financial Reporting of Intellectual Property Rights	10/06/2017
USAAA	A-2018-0004-IEO	Followup Audit of Child, Youth, and School Services Background Investigations	10/27/2017
USAAA	A-2018-0005-IET	Workload Survey of Defensive Cyberspace Operations Requirements and Funding	10/30/2017
USAAA	A-2018-0009-IEE	Independent Auditor's Report on the Agreed-Upon Procedures Attestation of Tobyhanna Army Depot Vending Machine Program	11/17/2017
USAAA	A-2018-0011-IEO	Audit of Army Security Clearance Processes--Eligibility and In- and Out-Processing	11/17/2017
USAAA	A-2018-0017-IEO	U.S. Army National Guard Sustainment Funding	12/07/2017
USAAA	A-2018-0019-IEP	Army's Implementation of Fort Hood Recommendations, Army Protection Program Oversight	12/14/2017
USAAA	A-2018-0020-MTI	Army Foreign Liaison Fund	12/14/2017
USAAA	A-2018-0034-IEP	Army's Implementation of Fort Hood Recommendations, Emergency Management and Services	03/08/2017

¹ 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 USE¹

Reports Issued	Date	Questioned Costs	Funds Put to Better Use
DODIG-2018-040 Army Oversight of Logistics Augmentation Program Government-Furnished Property in Afghanistan	12/11/2017	\$99,868,956	\$0
DODIG-2018-050 Naval Facilities Engineering Command Administration of Selected Energy Savings Performance Contracts	12/19/2017	\$28,700,000	\$1,010,000
DODIG-2018-059 U.S. Central and U.S. Africa Commands' Oversight of Counternarcotics Activities	12/26/2017	\$0	\$128,000,000
DODIG-2018-063 Navy and Marine Corps Management of Relocatable Buildings	01/29/2018	\$2,546,203	\$0
DODIG-2018-073 Completeness and Accuracy of U.S. Army Corps of Engineers Improper Payment Estimates	02/13/2018	\$2,200,000	\$0
DODIG-2018-074 The U.S. Navy's Oversight and Administration of the Base Support Contracts in Bahrain	02/13/2014	\$25,524,094	\$0
DODIG-2018-077 Financial Management and Contract Award and Administration for the Armed Forces Retirement Home	02/21/2018	\$0	\$80,222
DODIG-2018-084 TRICARE North Region Payments for Applied Behavior Analysis Services for the Treatment of Autism Spectrum Disorder	03/14/2018	\$81,200,000	\$0
DODIG-2018-086 Small Business Subcontracting at Two Army Contracting Command Locations	03/19/2018	\$0	\$82,263,314
Total		\$240,039,253	\$211,353,356

¹ Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(a)(6).

FOLLOWUP ACTIVITIES¹

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.	34	\$0
B. Which were issued during the reporting period.	93	\$451,392 ¹
Subtotals (A+B)	127	\$451,392
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.	95	\$451,392 ^{2,3}
D. For which no management decision has been made by the end of the reporting period.	32	0
Reports for which no management decision was made within 6 months of issue (as of March 31, 2018).	0	0

1 The DoD OIG issued audit reports during the period involving \$240 million in "questioned costs."

2 On these audit reports management has agreed to take the recommended actions, but the amount of agreed monetary benefits cannot be determined until those actions are completed.

3 Includes \$240 million in "questioned costs."

¹ Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(a)(6).

STATUS OF ACTION ON CENTRAL INTERNAL AUDITS PERIOD ENDING MARCH 31, 2018¹

Status	Number	Funds Put to Better Use (in thousands)
DoD OIG		
Action in Progress - Beginning of Period	285	\$0
Action Initiated - During Period	97	\$451,392 ¹
Action Completed - During Period	74	\$7,859 ²
Action in Progress - End of Period	308	\$0 ³
Military Departments		
Action in Progress - Beginning of Period	468 ⁴	\$7,028,803
Action Initiated - During Period	106	\$241,286,052
Action Completed - During Period	99	\$535,729,867
Action in Progress - End of Period	475	\$7,439,145

1. The DoD OIG opened audit reports during the period involving \$240 million in "questioned costs."
2. Included are recouped "questioned costs" of \$307,000.
3. On certain reports with audit estimated monetary benefits of \$2.4 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.

¹ Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(a)(6).

CONTRACT AUDIT REPORTS ISSUED¹

October 1, 2017 through March 31, 2018

Type of Audit ²	Reports Issued	Dollars Examined (in millions)	Questioned Costs ³ (in millions)	Funds Put to Better Use (in millions)
Incurring Costs, Ops Audits, Special Audits	704	\$76,137.7	\$257	\$--- ⁴
Forward Pricing Proposals	366	\$28,437.0	---	\$2,368.7 ⁵
Cost Accounting Standards	96	\$91.1	\$44.6	---
Defective Pricing	10	(Note 6)	\$61.6	---
Totals	1,176	\$104,665.8	\$363.20	\$2,368.7

NOTES

Note 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 the 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 the 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 6 months ended March 31, 2018, was 4,727. 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.

Note 2. This schedule represents audits performed by the DCAA summarized into four principal categories, which are defined as: Incurring 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 Cost Accounting Standards regulation.

Defective Pricing – A review to determine whether contracts are based on current, complete, and accurate cost or pricing data (the Truth in Negotiations Act).

Note 3. Questioned costs represent costs that the DCAA has questioned because they do not comply with rules, regulations, laws, and/or contractual terms.

Note 4. Represents recommendations associated with Operations Audits where the DCAA has presented to a contractor that funds could be used more effectively if management took action to implement cost reduction recommendations.

Note 5. Represents potential cost reductions that may be realized during contract negotiations.

Note 6. Defective pricing dollars examined are not reported because the original value was included in the audits associated with the original forward pricing proposals.

¹ Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(a)(6).

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	337	\$1,637.2	N/A ⁸
Overage, greater than 6 months ³	791	\$3,908.7	N/A
Overage, greater than 12 months ⁴	450	\$3,831.9	N/A
Under Criminal Investigation ⁵	29	\$369.6	N/A
In Litigation ⁵	160	\$1,314.4	N/A
Total Open Reports	1,767	\$11,061.8	N/A
Dispositioned (Closed) Reports	344	\$1,126.0	\$327.2 (29.1%) ⁹
All Reports	2,111	\$12,187.8	

1. We are reporting on the status of significant post-award contract audits in accordance with DoD Instruction 7640.02, "Policy for Follow-up on Contract Audit Reports," April 15, 2015. The data in the table represents the status of Defense Contract Audit Agency post-award reports, including reports on incurred costs, defective pricing, equitable adjustments, accounting and related internal control systems, and Cost Accounting Standard noncompliances. The DoD Components provided the data in the table. We have not verified the accuracy of the provided data.
2. Contracting officers assigned to these reports met the resolution and disposition timeframes established by OMB Circular A-50, "Audit Follow-up," and DoD Instruction 7640.02. OMB Circular A-50 requires that contracting officers resolve audit reports within 6 months. Generally, contracting officers resolve an audit when they determine a course of action that they document in accordance with agency policy. DoD Instruction 7640.02 requires that a contracting officer disposition an audit report within 12 months. Generally, contracting officers disposition a report when they negotiate a settlement with the contractor, or they issue a final decision pursuant to the Disputes Clause.
3. Contracting officers have not resolved these overage reports within the 6-month resolution requirement.
4. Contracting officers have not dispositioned these overage reports within the 12-month disposition requirement.
5. Of the 1,767 open reports, 29 are under criminal investigation and 160 are in litigation.
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. Contracting officers report Cost Sustained when they disposition a report.
8. Not applicable
9. During the reporting period, contracting officers sustained \$327.2 million (29.1 percent) of the \$1,126.0 million questioned in the dispositioned reports. The 29.1 percent sustention rate represents a decrease from the 30.7 percent rate reported for the period ended September 30, 2017.

¹ Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(a)(6).

STATUS OF REPORTS WITH ACTION PENDING (MARCH 31, 2018)¹

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: Awaiting the revision of DoD Financial Management Regulation, Volume 5, to reflect the 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 is 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 5410.19.

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

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 5200.08, "Security of DoD Installations and Resources," and DoD Instruction 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: 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 Agency.

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 software 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) because a cloud-based server was lost due to a major hardware failure. Chief Information Officer and Space and Naval Warfare Systems Command technicians and the contractor are in the process of installing and reconfiguring the system software to ensure the application is available to all system users.

Principal Action Office: Navy

Report: DODIG-2012-039, Summary Report on DoD's Management of Unfinalized 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 third 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

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: Corrective actions are ongoing.

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

Report: DODIG-2012-079, Review of United States 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 has postponed the associated update of DoD Instruction 4165.69.

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

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 (ODOs) 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. Publication of the management procedures is expected by September 2018.

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 emphasis.

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: Reassess and require DoD Components office responsible for the full implementation of DoD Homeland Security Presidential Directive-12 to provide oversight and accountability including the reprogramming of funding when appropriate or necessary.

Reason Action Not Completed: 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: DoD Directive 5230.20 must be rewritten to reflect provisions of the FY 2017 National Defense Authorization Act, and implementation of 10 U.S.C. § 311. DoD Directive 5230.20 will be reissued after the Deputy Secretary of Defense determines the way ahead on responsibilities for assignment of foreign exchange officers and the coordination is completed.

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 ongoing.

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: Corrective actions are ongoing.

Principal Action Office: Assistant Secretary of Defense for Special Operations/Low Intensity Conflict and Combined Security Transition Command-Afghanistan

Report: DODIG-2013-035, Better Reporting and Certification Processes Can Improve Red Teams' Effectiveness, 12/21/2012

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are ongoing.

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-2013-070, 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: Develop a plan and funding to move the disaster recovery site outside of the National Capital Region.

Reason Action Not Completed: Defense Manpower Data Center is working with the National Background Investigation System and Defense Information System Agency to setup the permanent continuity of operations infrastructure at the Defense Information System Agency Defense Enterprise Computing Center.

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: Operational Test and Evaluation and Army Director

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

Description of Action: Report is classified.

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 May 31, 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.

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: Corrective actions are ongoing.

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 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: Review all real property data in the General Fund Enterprise Business System to ensure the system contains the correct data going forward and track the costs associated with this effort and other data cleansing efforts so they can be calculated as part of the cost of the General Fund Enterprise Business System implementation or as part of the Army's audit readiness efforts.

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: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2013-138, The U.S. Air Force Academy Lacked Effective Controls Over Heritage Assets and Guest House Inventories, and Inappropriately Solicited and Accepted Monetary Gifts, 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-2014-001, MV-22 Squadrons Could Improve Reporting of Mission Capability Rates and Readiness, 10/23/2013

Description of Action: Implement mandatory training and establish refresher training for all MV-22 maintenance personnel on how to complete aircraft inventory reports and work orders outlined in Commander, Naval Air Forces Instruction 4790.2A, "Naval Aviation Maintenance Program," November 10, 2009.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy and Marine Corps

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 cyber security weaknesses by designing appropriate platforms for testing vulnerability patches.

Reason Action Not Completed: Long-term 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 methodology, 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: Awaiting an acceptable technical proposal from the contractor; once received and evaluated, the Contracting Officer will finalize the contract modification.

Principal Action Office: Assistant Secretary of Defense for Health Affairs

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-2014-073, 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 fourth 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 Budget-to-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-2014-092, Navy and Marine Corps Have Weak Procurement Processes for Cost-reimbursement Contract Issuance and Management, 7/11/2014

Description of Action: Revise the Naval Sea Systems Command Contracts Handbook to reflect the updated acquisition regulations regarding cost-reimbursement contracts.

Reason Action Not Completed: Update of the Naval Sea Systems Command Contracts 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 and criteria used to make incapable of earning a livelihood determinations.

Reason Action Not Completed: Lack of management emphasis.

Principal Action Office: Armed Forces Retirement 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 are ongoing.

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 emphasis.

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: DoD OIG follow up review to verify the implementation of corrective actions is 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 is planned to begin second quarter FY 2018. The assessment is expected to be completed third quarter FY 2018.

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

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. Also recoup payments made to contractor for Mi-17 manuals not accepted or delivered to the Government.

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.

Principal Action Office: Army

Report: DODIG-2014-121, Military Housing Inspections - Japan, 9/30/2014

Description of Action: Conduct an effective root cause analysis and corrective action for all 1,057 deficiencies identified; ensure that these deficiencies do not exist in other housing units; and ensure the inspection, maintenance, and repair program is in compliance with applicable codes and standards for fire protection systems, electrical systems, and environmental health and safety.

Reason Action Not Completed: Military Departments' corrective action plans have not effectively corrected all deficiencies noted in the 2014 inspection and lessons learned were not extended to other housing units. Corrective actions are ongoing to address these deficiencies.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics, U.S. Pacific Command, Army, Navy, and 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 United States 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: 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. Also, provide training on the Federal Acquisition Regulation requirement to tailor the request for audit services.

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 Management 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 ongoing.

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 ongoing.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Army, Navy, Air Force, and Defense Criminal Investigative Service

Report: DODIG-2015-013, Military Housing Inspections - Republic of Korea, 10/28/2014

Description of Action: Conduct an effective root cause analysis and corrective action for all 646 deficiencies identified; ensure that these deficiencies do not exist in other housing units; and ensure the inspection, maintenance, and repair program is in compliance with applicable codes and standards for fire protection systems, electrical systems, and environmental health and safety.

Reason Action Not Completed: Military Departments' corrective action plans have not effectively corrected all deficiencies noted in the 2014 inspection and lessons learned were not extended to other housing units. Corrective actions are ongoing to address these deficiencies.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics, U.S. Pacific Command, Army, and Air Force

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: DoD Instruction 6490.16, "Defense Suicide Prevention Program," was published in November 2017. Corrective actions are ongoing due to the Services developing or updating their own departmental guidance.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Assistant Secretary of Defense for Health Affairs, Army, Navy, 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: Change 1 to DoD Manual 4160.28, Volume 1, "Defense Demilitarization: Program Administration," was published in January 2018. Corrective actions are ongoing due to the Services developing or updating their own departmental guidance.

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

Report: DODIG-2015-039, C-5 Reliability Enhancement and Re-engining Program Hotline Evaluation, 11/18/2014

Description of Action: Revise contract to require Lockheed Martin to accumulate and report costs in the appropriate Cost Accounting Standard-compliant manner.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: 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: Development and coordination of the Internet Protocol Version 6 memorandum is ongoing.

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 in formal coordination, comments are being adjudicated.

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 Department of the 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, Personnel and Support Needed for Joint Cyber Center Operations at Combatant Commands, 12/9/2014

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are ongoing.

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-2015-052, 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 Department of the 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 DoD 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-2015-062, 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 third quarter FY 2018.

Principal Action Office: Army

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 follow up on inconsistencies.

Reason Action Not Completed: Department of the Navy (DON) Office of Budget officials continue to work with DON system owners to find an automated solution to develop data sets from multiple DON accounting systems and alleviate the manual data call method currently in use.

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 re-issuance 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: DoD OIG follow up review to verify the implementation of corrective actions is ongoing.

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: Ensure that the F-35 Critical Safety Item (CSI) Program is compliant with Public Law 108-136, Section 802, "Quality control in procurement of aviation CSIs and related services," and the Joint Service CSI Instruction, "Management of Aviation Critical Safety Item." Also, conduct periodic CSI Program evaluations of Lockheed Martin and its suppliers to ensure compliance with public law and the Joint Service CSI Instruction. 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 Department of the Navy's general ledger systems. Design and implement controls within the end-to-end Fund Balance With Treasury business process for resolving amounts reported on the "Statement of Differences-Disbursements."

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: Publication of the final Defense Federal Acquisition Regulation Supplement rule and issuance of the associated guidebook is anticipated by second quarter FY 2018.

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

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 and assess the accuracy of property transfer records.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command

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 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 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: Air Force and Marine Corps

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 Test and Evaluation Director 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: Department of the Navy (DON) Office of Budget officials continue to work with DON system owners to find an automated solution to develop data sets from multiple DON accounting systems and alleviate the manual data call method currently in use.

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 Government-furnished 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: 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: Require contracting officers to obtain the necessary documentation to support the commerciality of any product from Robertson Fuel Systems, as defined by Federal Acquisition Regulation Subpart 2.101. If adequate support is not obtained, deem the item noncommercial and obtain certified cost or pricing data in accordance with Federal Acquisition Regulation Part 15 or obtain a waiver where appropriate.

Reason Action Not Completed: Corrective actions are scheduled to be completed by September 2018.

Principal Action Office: 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 base-level 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-2015-142, Navy's Contract/Vendor Pay Process Was Not Auditable, 7/1/2015

Description of Action: Update the Department of 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: Cost estimates are being gathered to fund and schedule the necessary system changes. Design phase is targeted to begin in second quarter FY 2018, with a tentative production implementation in first quarter FY 2019.

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: Perform a review to determine the primary reasons why passengers do not show up for, or cancel, booked Patriot Express flights and implement any necessary changes to the program, such as developing cancellation guidelines, to minimize the burden of no-show passengers. Also, 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 for medical information systems are documented, reviewed, and updated as necessary; develop a long-term sustainment strategy and discontinue investing additional money in the development of the Theater Blood Application until the application's sustainability is determined; develop policies and procedures for Theater Blood Application training requirements; establish and implement a training program, 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 follow up; 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; and coordinate with the Services and the third party insurance providers to establish an agreement to accept their claims for 90-day prescription disbursements due.

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 Improve 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 actions.

Reason Action Not Completed: Corrective actions are ongoing.

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, 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-2015-177, 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 ongoing.

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 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 criteria 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: 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 Logistics Civil Augmentation Program-issued task order.

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 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 audits. DCMA will implement the Price and Negotiation eTool corrective actions items 1 through 8 identified on DCMA's original Execution Plan.

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-2016-019, 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, 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: Lack of management emphasis.

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-2016-043, Air Force Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance, 1/29/2016

Description of Action: Establish command-wide written procedures for performing reviews of performance assessment reports and monitor reviews of the written narratives to verify compliance. Also train assessors on the performance assessment report evaluation factors and performance assessment report rating definitions as outlined in the Federal Acquisition Regulation.

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 ongoing.

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 is scheduled to be completed by December 2018.

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 Defense Logistics Agency'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 de-activation 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: Update acquisition documentation to align with changes to the requirements documents for the Warfighter Information Network-Tactical Increment 2 based on the results of refining the Mission Command portfolio.

Reason Action Not Completed: Long-term 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-2016-061, 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 documentations 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 and Assistant Secretary of Defense for Health Affairs

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

Report: DODIG-2016-068, DoD's Efforts to Consolidate Data Centers Need Improvement, 3/29/2016

Description of Action: Develop or revise processes for validating data center information to ensure the accuracy and completeness of information reported to the DoD Chief Information Officer.

Reason Action Not Completed: Corrective actions are still ongoing

Principal Action Office: DoD Chief Information Officer, Navy, and Defense Information Systems Agency

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: Long-term Corrective actions are ongoing.

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 plans to complete its analysis to determine if a contractual remedy exists before requesting a voluntary refund.

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: Awaiting publication of DoD Directive 3025.18, since there are policy changes that will affect the revision of DoD Instruction 3025.21.

Principal Action Office: Under Secretary of Defense for Policy

Report: DODIG-2016-078, Evaluation of DoD Biological Safety and Security Implementation, 4/27/2016

Description of Action: Issue DoD Directive for the DoD biological select agents and toxins (BSAT) Biosafety and Biosecurity Program that establishes policy and designates and defines the role of the Secretary of the Army as the DoD Executive Agent for the DoD BSAT Biosafety and Biosecurity Program. The DoD Directive will also require site-specific laboratory security vulnerability assessment findings be included during BSAT laboratory inspections.

Reason Action Not Completed: Corrective actions 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: DoD OIG follow up review to verify the implementation of corrective actions is 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: Long-term 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 still 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: Air Force has not provided support to substantiate their energy-savings performance-contract mechanism to track energy savings and project status

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: Revise agency procedures and internal controls to include the “Qualifications or Unresolved Cost” data field in the Defense Contract Audit Agency (DCAA) monthly report list of reportable audits; and to help ensure that contracting officers complete their required actions on all DCAA findings before they record the audit report as “dispositioned” in the Contract Audit Follow-up System.

Reason Action Not Completed: Awaiting confirmation that the Contract Audit Follow-up system has been updated to accept the “Qualifications or Unresolved Cost” data field and pursue a class deviation to the Defense Acquisition Regulation System to allow administrative contracting officers to settle direct costs questioned on cost type DoD contracts.

Principal Action Office: Defense Contract Audit Agency and Defense Contract Management Agency

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 their statement that the DoD Healthcare Management System Modernization program achieved the initial operational capability deadline, and 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: 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 is updating training for the acquisition workforce to better understand the mandatory purchase requirements under AbilityOne. Also an update to Defense Procurement and Acquisition Policy memorandum that informs the acquisition workforce of the AbilityOne training course once it becomes available is being coordinated.

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: Coordination to update U.S. Special Operations Command Directive 415.1 is 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: Coordination to issue policy guidance is ongoing.

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: Examine options for automating the preparation of the Cost of War report's summary charts and corresponding footnotes to complete them more efficiently and enabling the report to be issued by the submission deadline.

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 used.

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 Department of 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-2016-106, 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; 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: Lack of management emphasis

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: A complete update to DoD Instruction 3020.46 is targeted for release in September 2019 and continued discussions are being held to determine what is required for this policy update.

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: Coordination on the development and implementation of organization-wide policies 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 Operating Materials and Supplies-Ammunition.

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 performance-based logistics contracts.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

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

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, and 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: Revise the DoD Financial Management Regulation so that it is consistent with the Treasury Financial Manual and Office of Management and Budget guidance, and it instructs agencies on how to properly account for revenue-generating, Thrift Savings Plan, and tax transactions.

Reason Action Not Completed: Extensive revisions to the DoD Financial Management Regulation are required. Target completion date extended to November 2018.

Principal Action Office: Under Secretary of Defense Comptroller/Chief Financial Officer, and 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: Establish a working group with Citibank, component program managers, and the Defense Manpower Data Center to identify whether automated tools exist or could be developed to deactivate and close the travel card account automatically when cardholders separate.

Reason Action Not Completed: Waiting for completion of the working group meeting and the development of an automated process to close accounts upon cardholder separation.

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

Report: DODIG-2016-128, XM25 Schedule Delays, Cost Increases, and Performance Problems Continue, and Procurement Quantity Not Justified, 8/29/2016

Description of Action: Determine whether to proceed with the XM25 program and the initial production decision after Government testing is completed. 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 ongoing.

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 cost-effectiveness 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, 8/26/2016

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

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Air Force

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 ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2017-002, Consolidation Needed for Procurements of DoD H-60 Helicopter Spare Parts, 10/12/2016

Description of Action: Perform a cost-benefit analysis to determine whether the procurement responsibility for all H-60 spare parts, including those procured under performance-based logistics and contractor logistics support contracts, should be transferred to the Defense Logistics Agency, as originally required by Base Realignment and Closure Act 2005 Recommendation 176.

Reason Action Not Completed: The cost benefit analysis study is expected to be finalized by May 2018.

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

Report: DODIG-2017-003, The Air Force Needs to Improve Cost-Effectiveness and Availability of the Joint Surveillance Target Attack Radar System, 11/1/2016

Description of Action: Revise the Total System Support Responsibility contract clause to establish a procedure for the contracting officer to verify the appropriateness of all contractor-proposed over and above work before performance of the work as required by the Defense Federal Acquisition Regulation Supplement 252.217-7028. Also, establish evaluation criteria in the award-fee plan for Total System Support Responsibility contract option period 17 that adequately motivate Northrop Grumman to reduce cost and that discourage inefficiency, in accordance with Federal Acquisition Regulation 16.401(a)(2)(ii).

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Air Force

Report: DODIG-2017-004, Summary Report- Inspections of DoD Facilities and Military Housing and Audit of Base Operations and Support Services Contracts, 10/14/2016

Description of Action: Perform comprehensive, independent inspections of installations to verify compliance with all applicable health and safety requirements. Also, establish a joint-Service working group that meets periodically to identify improvements in facility inspection and maintenance programs.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition, Technology, and Logistics, Army, Air Force, and Navy

Report: DODIG-2017-014, Acquisition of the Navy Surface Mine Countermeasure Unmanned Undersea Vehicle (Knifefish) Needs Improvement, 11/8/2016

Description of Action: Develop capability requirements in the Knifefish capability production document relating to communication interface and launch and recovery operations between the Knifefish system and the Littoral Combat Ship, unless Knifefish is no longer required.

Reason Action Not Completed: Capability production document is being developed.

Principal Action Office: Navy

Report: DODIG-2017-015, Application Level General Controls for the Defense Cash Accountability System Need Improvement, 11/10/2016

Description of Action: Develop and implement procedures that require Information System Security Officers to comply with certification requirements at an organizational level consistent with those established in DoD Manual 8570.01-M, "Information Assurance Workforce Improvement Program." Develop and implement procedures to validate that only authorized changes, including all configuration items, are approved and moved to the Defense Cash Accountability System production environment.

Reason Action Not Completed: DoD OIG follow up review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Defense Finance and Accounting Service

Report: DODIG-2017-019, Improvements Needed in Managing Air Force Suspense Accounts, 11/10/2016

Description of Action: Implement a formal process to track, monitor, age, and resolve Air Force suspense account transactions to ensure that the transactions are cleared within 60 business days. Also, revise the DoD Financial Management Regulation to account for the revenue-generating programs, Uniformed Services Thrift Savings Plan contributions and payroll tax withholdings.

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

Principal Action Office: Defense Finance and Accounting Service

Report: DODIG-2017-030, U.S. Special Operations Command Needs to Improve Management of Sensitive Equipment, 12/12/2016

Description of Action: Update guidance to include specific procedures for establishing sensitive equipment accountability. Also, conduct a 100-percent inventory of sensitive equipment to establish a sensitive equipment baseline and reconcile inventory discrepancies.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Special Operations Command

Report: DODIG-2017-031, Fleet Logistics Center Norfolk Price Reasonableness Determinations for Federal Supply Schedule Orders for Supplies Need Improvement, 12/7/2016

Description of Action: Train contracting personnel on the procedures for making price reasonableness determinations and performing price analysis for General Services Administration Federal supply schedule orders for supplies

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2017-032, Evaluation of Contracting Officer Actions on Cost Accounting Standard Noncompliances Reported by Defense Contract Audit Agency, 12/8/2016

Description of Action: Review the appropriateness of the delegation of contracting officer actions to Defense Contract Management Agency (DCMA) team supervisors allowed by DCMA memorandum, "Supervisory and Peer Review Process for Contracting Officers Action," and revise DCMA Instruction 108 to eliminate the inconsistency.

Reason Action Not Completed: Corrective actions are ongoing to consolidate DCMA instructions 108 and 126 into specific manuals for publication.

Principal Action Office: Defense Contract Management Agency

Report: DODIG-2017-033, Assessment of U.S. and Coalition Efforts to Train, Advise, Assist, and Equip the Kurdish Security Forces in Iraq, 12/14/2016

Description of Action: Review distribution procedures to ensure all equipment items, including Iraq Train and Equip Fund-purchased and Coalition-donated, are tracked and monitored through the supply chain to ensure accountability throughout the distribution process.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Central Command

Report: DODIG-2017-037, Defense Logistics Agency Disposition Services Needs to Improve Demilitarization Program Self-Assessment Evaluations, 12/20/2016

Description of Action: Update Defense Logistics Agency Disposition Services Standard Operating Procedure 4155.01 to require Disposition Services Compliance Branch personnel to review all protocol results for accuracy and inclusion of supporting documentation.

Reason Action Not Completed: Additional time needed to revise Defense Logistics Agency Standard Operating Procedure 4155.01.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2017-038, Assessment of Warriors in Transition Program Oversight, 12/31/2016

Description of Action: Revise DoD Instruction 1300.24, "Recovery Coordination Program" to delineate the Office of Warrior Care Policy's role in providing Recovery Coordination Program oversight reports to effectively monitor program performance and promote accountability and DoD Instruction 1332.18, "Disability Evaluation System" to formally address DoD standards for record-of-proceedings for Disability Evaluation System cases.

Reason Action Not Completed: Corrective actions are ongoing

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

Report: DODIG-2017-039, Requirements for the Air Force Civilian Pay Budget Still Need Improvement, 1/5/2017

Description of Action: Update Air Force Instruction 65-601 to require civilian pay budget decisions to be documented in Personnel and Budget Committee meeting minutes.

Reason Action Not Completed: Air Force Instruction 65-601 is expected to be issued in FY 2018.

Principal Action Office: Air Force

Report: DODIG-2017-041, Combined Security Transition Command Afghanistan Improved Controls Over U.S.-Funded Ministry of Defense Fuel Contracts, but Further Improvements are Needed, 1/11/2017
Description of Action: Verify awarded fuel contracts include a provision that the U.S. Government will fully administer the contract to include conducting physical inspections of fuel deliveries. Conduct physical inspections of fuel deliveries and coordinate with local Afghanistan National Defense Security Forces fuel officers to train them in inspection and fuel testing techniques.
Reason Action Not Completed: Corrective actions are ongoing
Principal Action Office: U.S. Central Command

Report: DODIG-2017-042, Army Contracting Command-Redstone and Space and Missile Defense Command Need to Improve Contract Oversight for the Web-Based Military Information Support Operations Contract, 1/18/2017
Description of Action: Report is classified
Reason Action Not Completed: Report is classified
Principal Action Office: Army

Report: DODIG-2017-043, Management of Excess Material in the Navy's Real-Time Reutilization Asset Management Facilities Needs Improvement, 1/23/2017
Description of Action: Develop procedures for disposition and retention of material based on demand; and update guidance requiring users to use the Navy Enterprise Resource Planning system before using the alternative methods,
Reason Action Not Completed: Update of Naval Supply Systems Command Publication 485 is underway.
Principal Action Office: Navy

Report: DODIG-2017-045, Medical Service Accounts at U.S. Army Medical Command Need Additional Management Oversight, 1/27/2017
Description of Action: Review uncollectible medical service accounts to ensure all collection efforts have been exhausted.
Reason Action Not Completed: DoD OIG follow up review to verify the implementation of corrective actions is ongoing.
Principal Action Office: Army

Report: DODIG-2017-050, Defense Logistics Agency Aviation Negotiated Fair and Reasonable Prices for F402 Engine Spare Parts, but Pricing Errors and Late Deliveries Occurred, 1/31/2017
Description of Action: Establish standard operating procedures and internal controls to ensure that contracting officials enter and maintain accurate unit prices in the Supplier Relationship Management System, verify that delivery order unit prices are correct, and proactively determine whether additional delivery orders require correction after a pricing error is identified.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Defense Logistics Agency

Report: DODIG-2017-055, Evaluation of Defense Contract Management Agency Contracting Officer Actions on Defense Contract Audit Agency Incurred Cost Audit Reports, 2/9/2017
Description of Action: Improve controls for ensuring the completeness and accuracy of negotiation documents in accordance with Federal Acquisition Regulation 42.705-1(b)(5), DoD Instruction 7640.02, and the Defense Contract Management Agency Instruction 125. Improve the management review of contracting officer actions to better ensure contracting officers assess penalties for expressly unallowable costs or document a waiver of penalties that complies with Federal Acquisition Regulation 42.709-5.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Defense Contract Management Agency

Report: DODIG-2017-056, United States European Command Needs to Improve Oversight of the Golden Sentry Program, 2/17/2017
Description of Action: Update the security checklists to include instructions on how Security Cooperation Organization Golden Sentry program managers should verify that the recipient country complied with the security checklist requirements; and update the Defense Institute of Security Cooperation Studies' Security Cooperation Management Overseas training course to address the use of security checklists.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: U.S. European Command and Defense Security Cooperation Agency

Report: DODIG-2017-057, Army Officials Need to Improve the Management of Relocatable Buildings, 2/16/2017

Description of Action: Develop and implement policies for streamlining the disposal of relocatable buildings. In addition, submit extensions for the relocatable buildings for which disposal is not imminent.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2017-059, Defense Logistics Agency Land and Maritime Can Improve Its Processes to Obtain Restitution From Contractors That Provide Defective Spare Parts, 2/23/2017

Description of Action: Require the Defense Logistics Agency Land and Maritime to review all contracts with associated product quality deficiency reports for which the report investigations concluded that the contractor provided defective parts.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Logistics Agency

Report: DODIG-2017-060, Defense Commissary Agency Purchases of Fresh Produce in Guam, 2/28/2017

Description of Action: Reevaluate transportation options to address the price increase of bagged salads at the Guam commissaries. Also revise Defense Commissary Agency Directive 40-4 to require the documentation of quality reviews on fresh produce in the Pacific.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Commissary Agency

Report: DODIG-2017-061, Evaluation of the National Security Agency Counterterrorism Tasking Process Involving Second Party Partners, 3/1/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: National Security Agency

Report: DODIG-2017-063, Surface Electronic Warfare Improvement Program, 3/13/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Navy

Report: DODIG-2017-064, The Defense Health Agency Improperly Paid for Autism-Related Services to Selected Companies in the TRICARE South Region, 3/10/2017

Description of Action: Conduct comprehensive medical records reviews to applied behavior analysis companies in the TRICARE South Region to determine whether the charges claimed were appropriate. Review claims from the five applied behavior analysis companies and provide results to the Defense Health Agency Program Integrity Office for appropriate actions.

Reason Action Not Completed: Defense Health Agency Program Integrity Office is reviewing four company cases/one pending referral for possible fraudulent billing. Recoupment for improper payment will occur following the publication of revised TRICARE Operations Manual, Chapter 18.

Principal Action Office: Army

Report: DODIG-2017-065, The Army Needs to Improve Processes for Single-Award, Indefinite-Delivery Indefinite-Quantity Contracts, 3/14/2017

Description of Action: Issue internal guidance addressing the preparation, review, and submission of Determinations and Findings documents for single-award, indefinite-delivery indefinite-quantity contracts. Also, direct contracting officials to prepare and submit for approval a Determination and Findings document for contract W91CRB-15-D-0022.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2017-066, Army Did Not Support Business Case Analysis Recommending Transition of Human Immunodeficiency Virus Testing, 3/14/2017

Description of Action: Re-perform a Business Case Analysis for Human Immunodeficiency Virus testing and ensure the analysis includes only scope cited in the problem statement; uses accurate assumptions and current information and costs; includes three or more courses of actions and alternatives; consistently uses total costs associated with the project; uses well-defined and measurable alternative selection criteria; and is adequately documented and supported.

Reason Action Not Completed: Development of new Business Case Analysis is ongoing.

Principal Action Office: Army

Report: DODIG-2017-067, Navy Inaccurately Reported Costs for Operation Freedom’s Sentinel in the Cost of War Reports, 3/16/2017

Description of Action: Develop and implement standard operating procedures that cover end-to-end Cost of War reporting processes. These standard operating procedures should include, at a minimum, procedures for the receipt, review, and reporting of obligations and disbursements for Operation Freedom’s Sentinel to ensure costs are accurately reflected in the Cost of War reports.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2017-068, Strategic Plan Needed for Navy Financial Management Systems, 3/16/2017

Description of Action: Develop and implement milestones and performance measures for a Navy-wide information technology strategic plan that will provide cost benefit analysis of system capabilities to determine which systems can provide reliable financial data in a cost effective manner.

Reason Action Not Completed: Corrective actions toward developing the Navy’s strategic implementation plan and roadmap for financial management systems, including milestones and performance measures, are ongoing.

Principal Action Office: Navy

Report: DODIG-2017-069, Ineffective Fund Balance With Treasury Reconciliation Process for Army General Fund, 3/27/2017

Description of Action: Reengineer Army and Defense Finance and Accounting Service reconciliation process to meet the 10-workday deadline or coordinate with the Under Secretary of Defense (Comptroller)/Chief Financial Officer, to determine whether DoD Financial Management Regulation 7000.14-R, volume 4, chapter 2, needs to be revised to increase the number of days for the reconciliation process.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army and Defense Finance and Accounting Service

Report: DODIG-2017-070, Evaluation of the National Airborne Operations Center Mission Sustainment and Modernization, 3/23/2017

Description of Action: Report is classified.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Joint Chiefs of Staff and Air Force

Report: DODIG-2017-071, Assessment of DoD Voting Assistance Programs for Calendar Year 2016, 3/31/2017

Description of Action: Develop and issue voting assistance policy that includes a contingency voting assistance program and a current-year voting assistance plan that complies with DoD Instruction 1000.04, “Federal Voting Assistance Program,” and Army Regulation 608-20, “Army Voting Assistance Program.”

Reason Action Not Completed: Development of National Guard Bureau voting assistance program policy is in its final stages of adjudication and will be staffed for a legal review.

Principal Action Office: National Guard Bureau

¹ 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 \$418 million on reports over 12 months old with final action pending.

SECTION 845 ANNEX AUDIT REPORTS WITH SIGNIFICANT FINDINGS

DoD OIG

Audit Report No. DODIG-2018-050	Date: December 19, 2017
Subject: Naval Facilities Engineering Command Administration of Selected Energy Savings Performance Contracts	
Report: \$22 Million in Questioned Costs	
<p>Naval Facilities Engineering Command (NAVFAC) officials did not properly administer seven energy savings performance contracts (ESPCs), valued at \$822.7 million. Specifically, for two ongoing performance-phase ESPC projects, NAVFAC officials did not validate the contractor-claimed energy savings in a contractor post-installation report and 13 of 21 contractor measurement and verification reports, and they did not perform higher-level reviews for 4 of 8 base-level validation reports. This occurred because NAVFAC officials and base-level public works office officials did not prioritize validating the contractor's post-installation and measurement and verification reports. As a result, the two ESPC projects include \$22 million in questionable ESPC payments and did not fully comply with section 8287, title 42, United States Code.</p>	

Audit Report No. DODIG-2018-074	Date: February 13, 2018
Subject: The U.S. Navy's Oversight and Administration of the Base Support Contracts in Bahrain	
Report: \$25.4 Million in Questioned Costs	
<p>NAVFAC did not provide effective oversight of the base support contracts in Bahrain. As a result, NAVFAC did not have assurance that the \$161.5 million spent on base support resulted in adequately performed or contractually compliant services. For example, by not performing any assessments of the base security requirements, the U.S. Navy may have spent \$25.4 million for services that the contractor never executed. In addition, the U.S. Navy paid more than \$74,000 for unfulfilled grounds maintenance services.</p>	

Audit Report No. DODIG-2018-086	Date: March 19, 2018
Subject: Small Business Subcontracting at Two Army Contracting Command Locations	
Report: \$82.3 Million in Funds Put to Better Use	
<p>Army Contracting Command-Redstone and Army Contracting Command-Warren contracting officials did not determine whether prime contractors made good-faith efforts to comply with negotiated subcontracting goals on 17 contracts and whether up to \$82.3 million in potential liquidated damages should be assessed. FAR 19.705-7 states that when a contractor does not make a good-faith effort to comply with a subcontracting plan, the contractor will pay liquidated damages equal to the amount by which the contractor failed to achieve its subcontracting goals.</p>	

¹ Fulfills requirements of the National Defense Authorization Act for FY 2008, section 845.

DCAA

Audit Report No. 02761-2010M10100003 and 02761-2011M10100003	Date: September 27, 2017
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Years 2010 and 2011	
Prepared For: U.S. Navy, Mid-Atlantic Regional Maintenance Center	
Report: \$38 Million Questioned Costs	
The audit of the FY 2010 and FY 2011 incurred cost proposal resulted in \$38 million in questioned costs—\$13 million in FY 2010 and \$25 million in FY 2011. Significant questioned costs totaling \$26.4 million were identified in the Subcontract Costs – Temporary Labor account. The costs were questioned primarily due to the contractor’s inability to provide supporting documentation to demonstrate the costs were allowable. Additional costs were questioned in direct material – stock inventory costs, safety expenses, allocation of business insurance costs, temporary service rental and executive compensation.	
Audit Report No. 09881-2014G10100010	Date: October 2, 2017
Subject: Independent Audit Report on Proposed Amounts Allocable to Unsettled Flexibly Priced Contracts for Fiscal Year (FY) 2014	
Prepared For: Defense Contract Management Agency (DCMA), Corporate Administrative Contracting Officer	
Report: \$13.1 Million Questioned Costs	
The audit of the FY 2014 corporate allocation incurred cost proposal resulted in \$13.1 million in questioned indirect costs. The significant questioned costs included \$9.7 million in Consultant and Professional Services and Travel costs that were in noncompliance with FAR 31.205-27, Organization Costs. Other questioned costs included unallowable stock bonuses paid to the CEO.	
Audit Report No. 07631-2013I10100001 and 07631-2014I10100001	Date: November 20, 2017
Subject: Independent Audit Report on Proposed Home Office Amounts for Contractor Fiscal Years 2013 and 2014	
Prepared For: Defense Contract Management Agency (DCMA)	
Report: \$63.3 Million Questioned Costs	
The audit resulted in a total of \$63.3 million questioned costs—\$31.5 million in FY 2013 and \$31.8 million in FY 2014. Significant questioned costs totaling \$10.0 million were identified in the Professional Services account for FY 2013. The costs were questioned primarily due to the contractor’s inability to provide supporting documentation to demonstrate the costs were allowable. Additional costs were questioned in travel, indirect labor and fringe, supplemental employee retirement income plans, employee layoff benefit plans, relocation, other compensation, outside services, other product promotions, and depreciation.	
Audit Report No. 04951-2017H17100002	Date: January 23, 2018
Subject: Independent Audit Report on Termination Settlement Proposal	
Prepared For: Defense Contact Management Agency (DCMA) Terminations Group	
Report: \$13.4 Million Questioned Costs	
The audit of the Proposed Termination Settlement Proposal resulted in \$13.4 million in questioned costs based on various FAR requirements including FAR 31.201-2 Determining Allowability, FAR 31.201-3 Determining Reasonableness, FAR 31.205-42 Termination Costs, and FAR 49.108-3 Settlement Procedures. Questioned costs included direct material, direct labor, idle facility and idle capacity costs, indirect factory expenses, general and administrative costs, settlement expenses, and settlements with Subcontractors.	

Audit Report No. 07421-2016M19500001	Date: February 27, 2018
Subject: Independent Audit Report on Cost Impact Proposal for Contractor Fiscal Year 2015 Unilateral Cost Accounting Practice Changes	
Prepared For: Defense Contract Management Agency (DCMA)	
Report: \$28.6 Million Increased Costs	
<p>The audit of the General Dollar Magnitude Cost Impact Proposal for unilateral cost accounting practice changes identified increased costs to the Government totaling \$28.6 million. The audit identified numerous noncompliances with the contractor's detailed 3-year change in cost accumulations computations, including noncompliances with the proposed base hours and noncompliances with the methodology used to compute the impact. Further, the proposal did not separately identify the cost impact for each cost accounting change as required by FAR 30.606(a)(3)(ii)(A), Resolving Cost Impacts, and did not properly calculate the increased or decreased costs to the Government and profit in accordance with FAR 52.230-6(f)(2), Administration of Cost Accounting Standards.</p>	

Audit Report No. 07601-2015S42000003	Date: February 27, 2018
Subject: Independent Audit Report on Certified Cost or Pricing Data Resulting in Price Agreement	
Prepared For: U.S. Navy, Naval Air Systems Command	
Report: \$26.1 Million Recommended Price Adjustment	
<p>The audit of the contractor's compliance with 10 U.S.C. § 2306a, Truth in Negotiations Act, resulted in a recommended price adjustment of \$26.1 million because the contractor did not submit current, accurate, and complete cost or pricing data for engineering hours. The recommended adjustments to engineering hours resulted in a significant recommended price adjustment of \$12.5 million to direct labor costs. The recommended price adjustment for engineering hours also impacted associated costs including other direct costs, indirect costs, facilities cost of money, and profit.</p>	

Audit Report No. 02331-2012T10100001 and 02331-2013T10100001	Date: February 28, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2012 and 2013	
Prepared For: Defense Contract Management Agency (DCMA)	
Report: \$48.7 Million Questioned Costs	
<p>The audit resulted in total of \$48.7 million in questioned costs—\$36 million in FY 2012 and \$12.7 million in FY 2013. Significant questioned costs of \$14.7 million in indirect costs were identified in Leadership Success Bonus Plan (B&P) due to noncompliance with FAR 31.205-6(f)(1)(ii). Significant questioned costs of \$16.4 million were also identified in direct labor due to the contractor's inability to provide adequate supporting documentation for subcontract labor hours. Other questioned costs included bonus costs, selling costs, independent research and development costs, bid and proposal costs, corporate expenses, home office expenses, direct materials, and travel costs.</p>	

Audit Report No. 06851-2012A10100001, 06851-2013A10100002, and 06851-2014A10100001	Date: February 28, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for CY's 2012, 2013 and 2014	
Prepared For: Defense Contract Management Agency (DCMA)	
Report: \$64 million questioned costs	
The audit resulted in a total of \$64 million questioned costs—\$ 21 million in FY 2012, \$22 million in FY 2013, and \$21 million in FY 2014. Significant questioned costs of \$35 million were identified in the Professional Services - Legal account. The costs were questioned primarily due to the contractor's inability to provide supporting documentation to demonstrate the costs were allowable. Additional costs were questioned in airfare, facilities, litigation settlements, other direct costs, and severance salaries.	

Audit Report No. 01191-2018I17200001	Date: March 1, 2018
Subject: Independent Audit Report on Certified Claims	
Prepared For: U.S. Army Corps of Engineers	
Report: \$15.2 Million Questioned Costs	
The audit of certified claims resulted in \$15.2 million in questioned costs based on DFARS 252.243-7002, Request for Equitable Adjustment. The claimed costs were questioned in their entirety due to the contractor's denial of access to records including actual data and evidential matters required to support the claims.	

Audit Report No. 05511-2015L42000003	Date: March 2, 2018
Subject: Independent Audit Report on Certified Cost or Pricing Data Resulting in Price Agreement	
Prepared For: U.S. Army Contracting Command – Redstone	
Report: \$32.3 Million Recommended Price Adjustment	
The audit of the contractor's compliance with 10 U.S.C. § 2306a, Truth in Negotiations Act, resulted in a recommended price adjustment of \$32.3 million. The significant recommended adjustments included \$24.2 million in material costs. These costs were questioned because the contractor did not submit current, accurate, and complete cost or pricing data in support of its proposed subcontractors. Additional recommended adjustments were due to application of the indirect rates and profit to the subcontractor recommended adjustments.	

Audit Report No. 01141-2018F17200001	Date: March 22, 2018
Subject: Independent Audit Report on Claimed Amounts in Claim dated December 22, 2015 Related to Termination for Convenience Contract	
Prepared For: U.S. Army Legal Services Agency	
Report: \$40.2 Million Questioned Costs	
The audit of the claims associated with the contract termination resulted in \$40.2 million in questioned costs based on FAR 52.249-6(h), Termination (Cost Reimbursement). Significant questioned costs of \$38 million were found in Compensatory Consequential Damages. These costs were questioned because the costs and fees were either not in compliance with the prime contract terms or did not represent a cost or fee permitted within the termination of a cost reimbursable contract. Other questioned costs included Fixed Fee, Severance, Subcontractor, Rent, Equipment and Software, Indirect Labor, Reimbursements by the Government, Recruiting, Travel and Other Expenses, and Attorney and Legal Fees.	

RESULTS OF PEER REVIEWS¹

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 of the Defense Contract Audit Agency

The DoD OIG conducted an external peer review of the system of quality control for the Defense Contract Audit Agency (DCAA) in effect for the year ended June 30, 2016. The DCAA received a rating of pass with deficiencies. The deficiencies noted were in the areas of evidence, reporting, documentation, supervision, and professional judgment. Applicable recommendations were made to correct such deficiencies. There is 1 outstanding recommendation.

Peer Review of the Defense Information Systems Agency Audit Organization

The DoD OIG conducted an external peer review of the system of quality control for the Defense Information Systems Agency OIG (DISA OIG), audit organization's system of quality control in effect for the period ended May 31, 2017. The DISA OIG audit organization received a rating of pass. There are no outstanding recommendations.

Peer Review of the Defense Finance and Accounting Service Internal Review Organization

The DoD OIG conducted an external peer review of the system of quality control for the Defense Finance and Accounting Service Internal Review Organization's (DFAS IR) system of quality control in effect for the period ended June 30, 2017. The DFAS IR organization received a rating of pass. A Letter of Comment was also issued that provided findings and recommendations for certain noted findings. The findings however, were not considered significant enough to affect the pass opinion expressed in the report. There are no outstanding recommendations.

System Review Report for the Army Audit Agency

The DoD OIG, in conjunction with the Air Force Audit Agency, reviewed the results, conclusions, and recommendations of the Army Audit Agency peer review in coordination with the DoD OIG's review of the Special Access Program audits that addressed the system of quality control for the Army Audit Agency in effect for the year ended December 31, 2016. The Army Audit Agency received an External Peer Review rating of pass. 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 no outstanding recommendations.

¹Fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, §§ 5(a)(14),(15),(16).

INVESTIGATIVE REPORTS ISSUED¹

IG Empowerment Act of 2016 Additional Semiannual Report to Congress SAR Reporting Requirements

17. Statistical Table		DCIS	AI
17A	the total number of investigative reports issued during the reporting period	253	24
17B	the total number of persons referred to the Department of Justice for criminal prosecution during the reporting period	49	0
17C	the total number of person referred to State and local prosecuting authorities for criminal prosecution during the reporting period	2	0
17D	the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	93	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 October 1, 2017, through March 31, 2018. 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	Due to recent data model changes in the case management system, referrals to the DOJ are now tracked at the investigation level and not the suspect/person/entity level. The number reported is the total number of investigations referred to the DOJ for criminal prosecution during the reporting period. There were 49 investigations referred to DOJ for criminal prosecution. These investigations involved 273 suspects/persons/entities (80 businesses and 193 individuals).
17C	Due to recent data model changes in the case management system, referrals for prosecution are now tracked at the investigation level and not the suspect/person/entity level. The number reported is the total number of investigations referred to State and Local prosecuting authorities for criminal prosecution during the reporting period. There were 2 investigations referred to State/Local prosecuting authorities for criminal prosecution. These investigations involved 13 suspects/persona/entities (0 businesses and 13 individuals).
17D	Includes any Federal Indictment, Federal Information, State/Local Charge, Foreign Charge, Article 32 Uniform Code of Military Justice, or Federal Pre-Trial Diversion during the reporting period. 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 April 1, 2017, and September 30, 2017, but were not previously reported).

* The actual count of ROIs/Case Terminations/Case Closure reports is different from 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.

¹Partially fulfills requirements of the Inspector General Empowerment Act of 2016, as amended, Appendix, section 5(17) and (18) and (19).

ACRONYMS

AAV	Assault Amphibious Vehicle	DFARS	Defense Federal Acquisition Regulation Supplement
ABA	Applied Behavior Analysis	DFAS	Defense Finance and Accounting Service
ACC	U.S. Army Contracting Command	DHA	Defense Health Agency
ACWA	Assembled Chemical Weapons Alternatives	DHRA	Defense Human Resources Activity
ADR	Alternative Dispute Resolution	DIBRS	Defense Incident-Based Reporting System
AECA	Arms Export Control Act	DISA	Defense Information Systems Agency
AFAA	Air Force Audit Agency	DLA	Defense Logistics Agency
AFOSI	Air Force Office of Special Investigations	DMPM	Directorate of Military Personnel Management
AFP	Armed Forces of the Philippines	DOJ	Department of Justice
AFR	Agency Financial Report	DON	Department of the Navy
AFRH	Armed Forces Retirement Home	DOS	Department of State
AI	Administrative Investigations	DPAA	Defense POW/MIA Accounting Agency
AMAL	Authorized Medical Allowance List	DPW	Department of Public Works
ANDSF	Afghan National Defense and Security Forces	DTRA	Defense Threat Reduction Agency
AR	Aerojet RocketDyne	EB	Enlistment Bonus
Army CID	Army Criminal Investigation Command	ECU	Engine Control Unit
BES	Budget Estimate Submission	EELV	Evolved Expendable Launch Vehicle
BGCAPP	Blue Grass Chemical Agent-Destruction Pilot Plant	EMD	Engineering and Manufacturing Development
BMDS	Ballistic Missile Defense System	ESPC	Energy Savings Performance Contract
BPM	Bricker Property Management	FADEC	Full Authority Digital Engine Control
BSAT	Biological Select Agents and Toxins	FAR	Federal Acquisition Regulation
CID	Criminal Investigation Command. Criminal Investigation Division when not referring to Army Criminal Investigation Command.	FBI	Federal Bureau of Investigation
CIGIE	Council of the Inspectors General on Integrity and Efficiency	FBWT	Fund Balance With Treasury
CJIATF-S	Combined Joint Interagency Task Force–Syria	FLC	Fleet Logistics Center
CJIS	Criminal Justice Information Services	FMR	Financial Management Regulation
COMFRC	Commander, Fleet Readiness Centers	FTE	Full-Time Equivalent
COR	Contracting Officer's Representative	GAO	Government Accountability Office
CPARS	Contractor Performance Assessment Reporting System	GFEBs	General Fund Enterprise Business System
CSIB	Controlled Substances Inventory Board	GPECS	Goodrich Pump and Engine Controls Systems
CSTC-A	Combined Security Transition Command–Afghanistan	GSA	General Services Administration
D&T	Deloitte & Touche	GSC	Global Services Corporation
DARPA	Defense Advanced Research Projects Agency	GVHR	Gross Violations of Human Rights
DATA Act	Digital Accountability and Transparency Act of 2014	HQDA	Army Headquarters
DCAA	Defense Contract Audit Agency	IDT	Inactive Duty Training
DCAI	Defense Contract Audit Institute	IG	Inspector General
DCIE	Defense Council on Integrity and Efficiency	IPERA	Improper Payments Elimination and Recovery Act of 2010
DCII	Defense Central Index of Investigations	IR	Internal Review
DCIS	Defense Criminal Investigative Service	ISIL	Islamic State of Iraq and the Levant
DCMA	Defense Contract Management Agency	ISIS	Islamic State of Iraq and Syria
DeCA	Defense Commissary Agency	ISPA	Intelligence and Special Program Assessments
		ISR	Airborne Intelligence, Surveillance, and Reconnaissance

ISO	Investigations of Senior Officials
IWS	Integrated Warfare Systems
JAGM	Joint Air-to-Ground Missile
JAMS	Joint Attack Munition System
JIAC	Joint Intelligence Analysis Complex
JV	Journal Voucher
LOGCAP	Logistics Civil Augmentation Program
MCIO	Military Criminal Investigative Organization
MDA	Missile Defense Agency
MHS	Military Health System
MEDCOM	U.S. Army Medical Command
MILCON	Military Construction
MSC	Military Sealift Command
NAFI	Nonappropriated Fund Instrumentality
NATO	North Atlantic Treaty Organization
NAVAUDSVC	Naval Audit Service
NAVFAC	Naval Facilities Engineering Command
NCIS	Naval Criminal Investigative Service
NDMS	Naval Air Systems Command Depot Maintenance Systems
NRA	Navy Reserve Activity
NYSWC	New York Spine and Wellness Center
OCO	Overseas Contingency Operations
ODO	Other Defense Organization
OFS	Operation Freedom's Sentinel
OIG	Office of Inspector General
OIR	Operation Inherent Resolve
OLAC	Office of Legislative Affairs and Communications
OMB	Office of Management and Budget
OM&S	Operating Material and Supplies
OPE-P	Operation Pacific Eagle–Philippines
PCAPP	Pueblo Chemical Agent-Destruction Pilot Plant
PCMC	Pine Creek Medical Center
PEO	Program Executive Office
PFPA	Pentagon Force Protection Agency
P&O	Policy and Oversight
RAF	Royal Air Force Station
ROI	Report of Investigation
SAFe	Scaled Agile Framework
SAO	Senior Accountable Official
SAR	Semiannual Report
SBIR	Small Business Innovation and Research
SDN	Specially Designated National
SELRES	Selective Reservist

SEWIP	Surface Electronic Warfare Improvement Program
SIGAR	Special Inspector General for Afghanistan Reconstruction
SO-P	Special Operations–Peculiar
SPO	Special Plans and Operations
SRB	Selective Retention Bonus
STR	Service Treatment Record
TAAC-Air	Train, Advise, Assist Command-Air
TAR	Triannual Review
TCI	Triple Canopy Inc.
TCSI	Tempo Consulting Services, Inc.
TEDD	Tactical Explosive Detection Dog
ULA	United Launch Alliance
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
USAFRICOM	U.S. Africa Command
USAID	U.S. Agency for International Development
U.S.C.	United States Code
USCENTCOM	U.S. Central Command
USD(P&R)	Under Secretary of Defense for Personnel and Readiness
USFOR-A	U.S. Forces-Afghanistan
USEUCOM	U.S. European Command
USSOCOM	U.S. Special Operations Command
USTEDA	USSOCOM Table of Equipment Distribution and Allowances
VA	U.S. Department of Veterans Affairs
VLI	Veterans Logistics Inc.
WRI	Whistleblower Reprisal Investigations

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE



**For more information about DoD OIG reports
or activities, please contact us:**

Congressional Liaison

Legislative.affairs@dodig.mil; 703.604.8324

Media Contact

public.affairs@dodig.mil; 703.604.8324

Sign up for E-mail Updates:

To receive information about upcoming reports, recently issued reports of interest, the results of significant DCIS cases, recently announced projects and recent congressional testimony, subscribe to our mailing list at:

<http://www.dodig.mil/Mailing-Lists/>

Twitter 

twitter.com/DoD_IG

DoD Hotline

<http://www.dodig.mil/Components/Administrative-Investigations/DoD-Hotline/>



4800 Mark Center Drive
Alexandria, VA 22350-1500
www.dodig.mil
Defense Hotline 1.800.424.9098