



INSPECTOR GENERAL

U.S. Department of Defense

SEMIANNUAL REPORT *to the* CONGRESS

OCTOBER 1, 2018 *through* MARCH 31, 2019



INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE

Required by Public Law 95-452

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



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Whistleblower Protection safeguards DoD employees against
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or contact the Whistleblower Protection Coordinator at
Whistleblowerprotectioncoordinator@dodig.mil



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Principal Deputy Inspector General
Performing the Duties of the
Inspector General, Glenn A. Fine

I am pleased to submit this Semiannual Report summarizing the work of the Department of Defense (DoD) Office of Inspector General (OIG) from October 1, 2018, through March 31, 2019. This report highlights some of the significant oversight the DoD OIG has performed over the past 6 months, and

demonstrates the impact and breadth of the work of the DoD OIG.

This report contains various statistical accomplishments of the DoD OIG during the reporting period. For example, during this period, the DoD OIG issued 66 audit and evaluation reports, with 313 recommendations to the DoD for improvement. The DoD OIG also completed 241 criminal investigations, some conducted jointly with other law enforcement organizations, resulting in 153 arrests, 198 criminal charges, 135 criminal convictions, \$885.3 million in civil judgments and settlements, and \$72.7 million in criminal fines, penalties, and restitution ordered. In addition, the DoD OIG oversaw 224 senior official, reprisal, and restriction investigations completed by the Military Service and Defense agency OIGs. The DoD OIG issued six quarterly reports on overseas contingency operations. These accomplishments are discussed in more detail throughout the report.

In this message, I want to highlight some important initiatives and recent actions taken by the DoD OIG. I am pleased to report that the DoD OIG has continued to show significant improvement in our Federal Employee Viewpoint Survey scores. This survey, conducted by the Office of Personnel

Management, asks employees in agencies throughout the Government about their views of their agency and their engagement with the work of their agency. This year the DoD OIG again showed dramatic improvement in our scores. On most questions, we exceeded the Government and DoD averages. This improvement is the result of the hard work and commitment by many DoD OIG employees, supervisors, and managers who have focused on enhancing employee engagement, reducing attrition, and increasing productivity. We are proud of these results, and we will continue to focus on these important issues.

During this reporting period, the DoD OIG oversaw and completed the first full financial statement audit of the DoD. The overall opinion and audit results were included in the DoD Fiscal Year 2018 Financial Report, released on November 15, 2018. As the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD has stated, this was the largest financial statement audit in history.

On January 8, 2019, the DoD OIG released a report entitled, "Understanding the Results of the Audit of the DoD FY 2018 Financial Statements." The purpose of our report was to describe in terms understandable to non-auditors the findings and potential benefits of the DoD's financial statement audit; the importance of the DoD financial statement audit to DoD operations and financial management; and the DoD OIG's view of further actions the DoD needs to take in the future to improve financial management.

I also want to highlight a recent DoD OIG initiative that has been recognized as a model program. The DoD OIG's Alternative Dispute Resolution (ADR) program seeks to settle whistleblower reprisal complaints voluntarily, through the agreement of the whistleblower and the employer. ADR can help resolve cases to the satisfaction of the parties,

freeing up limited investigative resources for other investigations, which can also help improve the timeliness of our investigations. During the reporting period, the DoD OIG's ADR team facilitated the voluntary resolution of 36 complaints. The Project on Government Oversight has recommended that the DoD OIG's ADR program be considered as a potential model for other OIGs to implement.

In February 2019, I, along with my Inspector General (IG) colleagues from the Department of State and U.S. Agency for International Development (USAID), travelled to Iraq and Afghanistan in support of our Lead IG responsibilities to provide coordinated oversight of overseas contingency operations. This was the third joint trip by the three IGs. During the trip, we received briefings from military commanders and staff; their Coalition partners; U.S. ambassadors, heads of mission, and country teams; and the USAID chiefs of mission related to each overseas contingency operation. These officials briefed the IGs on the policies, strategies, and events related to each overseas contingency operation.

Finally, another significant event occurred just after this reporting period ended. On April 1, 2019, the DoD OIG combined its three separate evaluations components into a single, consolidated Evaluations component. We believe that the DoD OIG has an obligation, like the DoD itself is doing, to review our own organization to ensure that we are optimally organized to perform our critical mission as efficiently and effectively as possible. Establishing a single Evaluations component promotes consistency, provides the DoD and others a single point of contact for evaluations, and establishes a single leader to supervise evaluations. It also allows us to reduce overhead, streamline operations, and allocate more staff to conducting the critical evaluations mission.

These are just a few examples of DoD OIG initiatives and work during this semiannual reporting period. The accomplishments reflected throughout this report are the result of the outstanding work by many DoD OIG employees. I want to thank them for their continued dedication and commitment to the DoD OIG's important mission.



Glenn A. Fine
Principal Deputy Inspector General
Performing the Duties of the Inspector General

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SUMMARY OF ACTIVITIES

The Inspector General Act of 1978, as amended, requires the Department of Defense Office of Inspector General (DoD OIG) to prepare semiannual reports summarizing its activities for the preceding 6-month period. These semiannual reports are intended to keep the Secretary of Defense and Congress fully informed of significant findings, progress the DoD has made relating to those findings, and recommendations for improvement.

For the reporting period of October 1, 2018, through March 31, 2019, DoD OIG components issued 66 audit and evaluation reports.

Audit issued 49 reports identifying \$2.1 billion in questioned costs and \$154 million in funds that could be put to better use. For example, Audit reports addressed the results of the first full audit of the DoD financial statements, issues related to cybersecurity, acquisition of spare parts, contract management, improper payment report, overseas contingency operations, the Military Housing Privatization Initiative, and other important areas of DoD operations.

Of particular note, the DoD OIG completed and oversaw the completion of 21 DoD Component financial statement audits as well as the full audit of the FY 2018 DoD Agency-Wide Basic Financial Statements. This financial statement audit, required by the National Defense Authorization, was the first full audit of the DoD's financial statements. The DoD OIG issued a disclaimer of opinion on the DoD Agency-Wide Basic Financial Statements, and identified 20 material weaknesses and more than 2,500 notices of findings and recommendations related to the DoD's financial statements. The DoD OIG also issued a report, entitled "Understanding the Results of the Audit of the DoD FY 2018 Financial Statements," which summarized the purpose, findings, and potential benefits of the DoD's financial statement audits in terms understandable to non-auditors.

In other audits, the DoD OIG determined that a Government contractor, TransDigm Group, Inc., earned excess profit on 46 of 47 parts purchased by the Defense Logistics Agency and the Army. The DoD OIG determined that TransDigm earned \$16.1 million in excess profit for 46 parts it sold to the Defense Logistics Agency and the Army for \$26.2 million. In another report, the DoD OIG determined that F-35 Program officials did not maintain a Government record of Government furnished property held by the contractor and its subcontractors or coordinate with Defense Contract Management Agency officials

to execute contracting actions to transition contractor acquired property to Government furnished property, as required. As a result, the DoD does not know the actual value of the F-35 Program property held by contractors and does not have an independent record to verify the contractor valuation of \$2.1 billion. In another audit, the DoD OIG determined that DoD officials did not consistently implement security controls and processes to protect ballistic missile defense system technical information. Without well-defined, effectively implemented system security and physical access controls, the Missile Defense Agency and its business partners could disclose critical details that compromise the integrity, confidentiality, and availability of ballistic missile defense system technical information.

Our three evaluation units, which we consolidated into one Evaluations component on April 1, 2019, issued several evaluation reports.

Intelligence and Special Program Assessments (ISPA) issued five classified or restricted reports that evaluated industrial security special access programs, joint special technical operations, procedures for exploiting social media in support of Operation Inherent Resolve, the internal communication within the Combatant Command Intelligence (J2) directorates, and the Defense Threat Reduction Agency's Counterintelligence Program. In addition, on behalf of the CIGIE, ISPA issued an unclassified summary report on U.S. Government compliance to the Over-Classification Act. These six reports resulted in 51 different recommendations that will improve security and operations.

Special Plans and Operations (SPO) issued two unclassified reports and one classified report during the reporting period. In one report, the DoD OIG determined that U.S. Forces' advice and assistance helped the Armed Forces of the Philippines counter violent extremists in the city of Marawi. However, the DoD OIG determined that U.S. Forces did not provide counterterrorism training to the conventional forces of the Armed Forces of the Philippines designed to overcome identified capability gaps. In the second evaluation, the DoD OIG determined that the Army, Marine Corps, and Air Force Inspectors General reported their programs are compliant and effective. However, the DoD OIG determined that the Navy's evaluation of voting assistance program compliance was incomplete and did not include assigning unit voting assistance officers, as required. The DoD OIG reviewed and summarized these reports as required. The third report is classified.

Policy and Oversight (P&O) issued nine evaluation and investigative reports. For example, at the request of the Secretary of Defense, the DoD OIG investigated whether appropriate information regarding former Airman Devin P. Kelley was transmitted to the Federal Bureau of Investigation (FBI). Kelley was dishonorably discharged from the Air Force, which should have prevented him from purchasing a firearm. However, that disqualifying information was not provided to the FBI, and he was able to purchase firearms. On November 5, 2017, Kelley used the firearm to shoot and kill 26 people at the First Baptist Church in Sutherland Springs, Texas. The DoD OIG determined that the Air Force missed four opportunities to collect and submit Kelley's fingerprints to the FBI, and missed two opportunities to submit his final disposition report to the FBI.

Defense Criminal Investigative Service (DCIS) investigations, including those conducted jointly with other law enforcement organizations, resulted in 153 arrests and 135 convictions; \$885.3 million in civil judgments and settlements; \$72.7 million in criminal fines, penalties, and restitution ordered; and \$8.5 million in administrative recoveries, such as contractual agreements and military nonjudicial punishment. This data is current as of March 31, 2019. DCIS had 1,601 ongoing investigations, opened 269 cases, and closed 241 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 34 senior official, reprisal, and restriction investigations, and oversaw 224 senior official, reprisal, and restriction investigations completed by the Military Service and Defense agency OIGs. For example, the DoD OIG determined that a DoD Senior Executive Service member circumvented DoD policy by permitting seven senior officials to downgrade to non-senior official positions for one pay period, and then paying them \$40,000 each as a buyout incentive to leave the agency without obtaining required approval from the Under Secretary of Defense for Personnel and Readiness. During the reporting period, AI received 400 senior official complaints and 1,007 whistleblower reprisal and restriction complaints, and closed 356 senior official and 970 whistleblower

reprisal and restriction complaints, including overseeing 58 senior official cases and 468 reprisal and restriction cases completed by the Military Service and Defense agency OIGs. The DoD Whistleblower Protection Coordinator (WPC) received 110 contacts, and the Coordinator webpage received 1,329 visits. The DoD Hotline received 6,575 contacts, opened 3,367 cases, and closed 3,280 cases.

The DoD's Alternative Dispute Resolution program continued to resolve whistleblower reprisal cases. Alternative dispute resolution allows complainants and management to resolve differences voluntarily to provide resolution of complaints without the need for a full investigation. The number of complaints resolved without an investigation increased to 36, a 33-percent increase over the previous 6-month period.

The DoD OIG WPC began implementing a comprehensive strategy to educate DoD employees about prohibitions on retaliation for protected disclosures, and remedies for retaliation. The strategy includes the use of media platforms, face-to-face engagements, and training packages.

Overseas Contingency Operations (OCO) coordinated the DoD OIG's Lead IG oversight responsibilities. The DoD IG is the Lead IG for six named OCOs: Operation Inherent Resolve (OIR), Operation Freedom's Sentinel (OFS), Operation Pacific Eagle–Philippines (OPE-P), and three overseas contingency operations designated during FY 2018. OCO published two quarterly reports on each of the six named overseas contingency operations, and supplemented the reports with classified appendices. The DoD OIG also issued six individual oversight reports related to the OCOs. For example, the DoD OIG reported on Combined Joint Task Force–OIR's management of Iraqi Border Guard equipment divestment; the DoD's accounting for costs associated with OCOs identified in six Cost of War audit reports; and the DoD's efforts to train, advise, assist, and equip the Armed Forces of the Republic of the Philippines to counter violent extremist organization threats. Lead IG agency investigations also resulted in 6 arrests, 10 criminal charges, 9 convictions, 6 suspensions, 7 debarments, and 1 contract termination, as well as \$1,501,100 in fines and recoveries to the U.S. Government, and \$190,000 in forfeitures.

STATISTICAL HIGHLIGHTS

Summary of Activities	Total for the Reporting Period
AUDIT ACTIVITIES	
Reports Issued	49
Recommendations Made With Questioned Costs	\$2.1 billion
Recommendations Made on Funds Put to Better Use	\$154 million
Achieved Monetary Benefits	\$241 million
DEFENSE CRIMINAL INVESTIGATIVE SERVICE ACTIVITIES (DOLLARS ARE TRUNCATED)	
Total Investigative Receivables and Recoveries¹	\$966.6 million
Recovered Government Property	\$16.5 thousand
Civil Judgments and Settlements	\$885.3 million
Criminal Fines, Penalties, and Restitution Ordered (Excludes Asset Forfeitures)	\$72.7 million
Administrative Recoveries ²	\$8.5 million
Investigative Activities	
Arrests	153
Criminal Charges	198
Criminal Convictions	135
Suspensions	87
Debarments	97
Asset Forfeiture Results	
Seized	\$24.07 million
Final Orders of Forfeiture	\$19.49 million
Monetary Judgments	\$46.26 million
ADMINISTRATIVE INVESTIGATIONS	
Publicly Released Reports	3
Complaints Received	1,407
Senior Official	400
Whistleblower Reprisal and Restriction	1,007
Complaints Closed	1,326
Senior Official	356
Whistleblower Reprisal and Restriction	970
DoD OIG Investigations Closed	34
Senior Official	6
Whistleblower Reprisal and Restriction	28

1. Includes investigations conducted jointly with other law enforcement organizations.

2. Includes contractual agreements and military nonjudicial punishment.

EXECUTIVE SUMMARY

Summary of Activities	Total for the Reporting Period
Service and Defense Agency IG Investigations Closed and Overseen by the DoD OIG	224
Senior Official	58
Whistleblower Reprisal and Restriction	166
Service and Defense Agency IG Cases Closed and Overseen by the DoD OIG (Includes Investigations, Dismissals, and Withdrawals)	526
Senior Official	58
Whistleblower Reprisal and Restriction	468
Whistleblower Protection Coordinator	
Contacts	110
Visits to Whistleblower Rights and Protections Webpage	1,379
DoD Hotline	
Contacts	6,575
Cases Opened	3,367
Cases Closed	3,280
INTELLIGENCE AND SPECIAL PROGRAM ASSESSMENTS ACTIVITIES	
Reports Issued	5
POLICY AND OVERSIGHT ACTIVITIES	
Evaluation Reports Issued	9
Existing and Proposed Regulations Reviewed	205
Inspector General Subpoenas Issued	515
Contractor Disclosures Received	84
SPECIAL PLANS AND OPERATIONS ACTIVITIES	
Evaluation Reports Issued	3

1. OVERVIEW



THE OIG'S MISSION

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 fraud, waste, 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 DoD 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 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. The DoD OIG carries out its mission with a workforce of approximately 1,800 auditors, evaluators, criminal and administrative investigators, attorneys, support staff, and contractors. At any time, approximately 50 employees are temporarily assigned to Southwest Asia.

Figure 1.1 DoD OIG Field Offices Located Within the United States

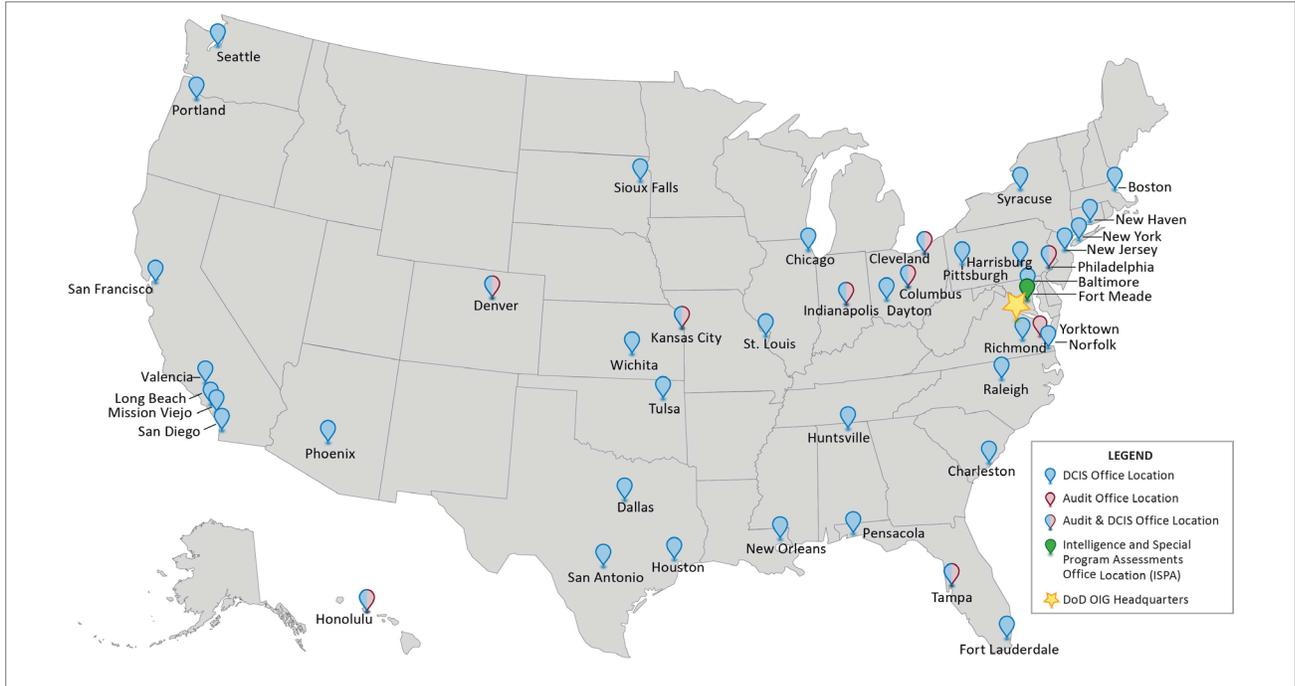
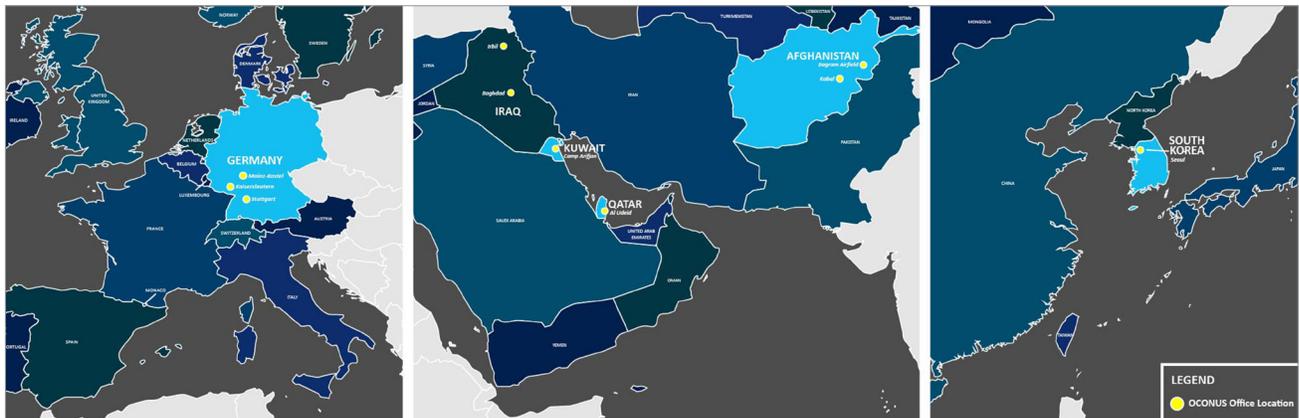
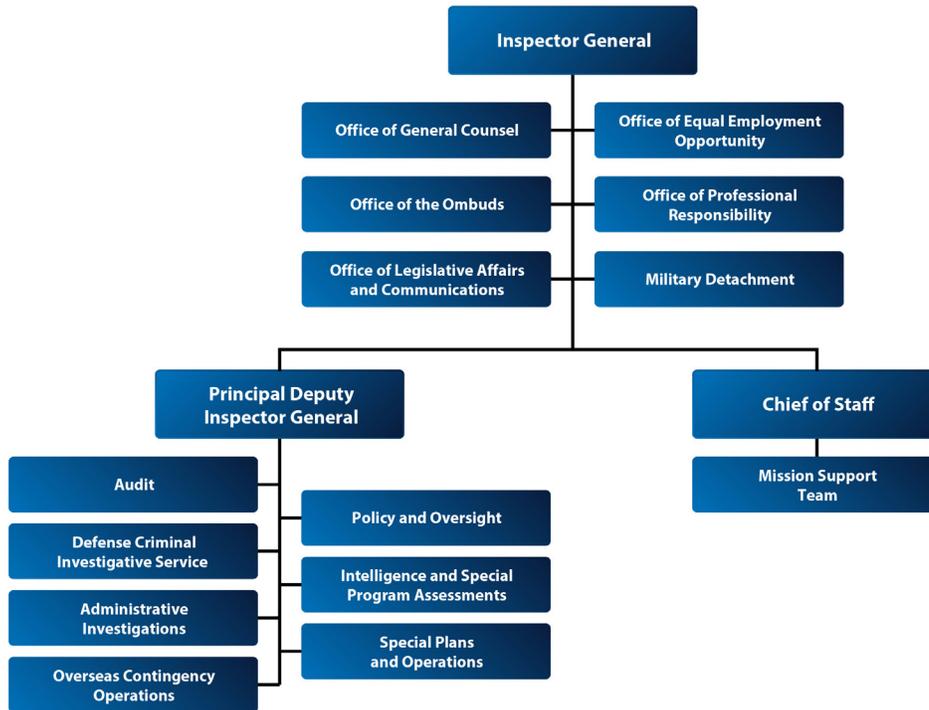


Figure 1.2 DoD OIG Offices Located Overseas



DoD Office of Inspector General



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 the DoD Hotline for confidential reporting of 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)¹

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 related to national security issues, congressional requests, and 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, Department of State OIG, U.S. Agency for International Development OIG, Special Inspector General for Afghanistan Reconstruction, and other partner agencies through joint strategic planning and project management; and produces quarterly reports related to each overseas contingency operation.

¹ ISPA, P&O, and SPO were consolidated into one Evaluations component on April 1, 2019.

SUMMARY OF TOP DOD MANAGEMENT CHALLENGES

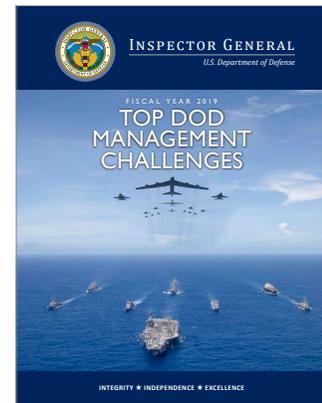
Each Inspector General (IG) is required by the Reports Consolidation Act of 2000 to prepare an annual statement that summarizes what the IG considers to be the “most serious management and performance challenges facing the agency” and to assess the agency’s progress in addressing those challenges. The law also requires the IG’s statement to be included in the agency’s financial report.

The following is the DoD OIG’s list of the top management and performance challenges facing the DoD in FY 2019. The DoD OIG identified these challenges based on a variety of factors, including DoD OIG oversight work, research, and judgment; oversight work done by other DoD Components; oversight work conducted by the Government Accountability Office; and input from DoD officials. While the DoD OIG reviewed DoD statements, documents, and assessments of these and other critical issues, the DoD OIG identified these top challenges independently.

The DoD OIG also uses this document to determine areas of risk in DoD operations and where to allocate DoD OIG oversight resources. This document is forward-looking and identifies the top challenges facing the DoD in FY 2019 and in the future.

As reflected in this document, the top 10 DoD management and performance challenges are:

1. Implementing DoD Reform Initiatives
2. Countering China, Russia, Iran, and North Korea
3. Countering Global Terrorism
4. Financial Management: Implementing Timely and Effective Actions to Address Financial Management Weaknesses Identified During the First DoD-Wide Financial Statement Audit
5. Improving Cyber Security and Cyber Capabilities
6. Ensuring Ethical Conduct
7. Enhancing Space-Based Operations, Missile Detection and Response, and Nuclear Deterrence
8. Improving Readiness Throughout the DoD
9. Acquisition and Contract Management: Ensuring that the DoD Gets What It Pays For On Time, at a Fair Price, and With the Right Capabilities
10. Providing Comprehensive and Cost-Effective Health Care



In the top management challenges document, we discuss each challenge, actions taken by the DoD to address the challenge, and oversight work by the DoD OIG and others related to the challenge.

These challenges are not listed in order of importance or by magnitude of the challenge. All are critically important management 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>.



2. CORE MISSION AREAS



AUDIT

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

- Acquisition, 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.

Acquisition, Contracting, and Sustainment

Review of Parts Purchased From TransDigm Group, Inc.

The DoD OIG determined whether the DoD purchased parts at fair and reasonable prices from TransDigm Group, Inc. TransDigm and its subsidiaries design, produce, and supply specialized parts for aircraft and airframes. The DoD OIG reviewed a sample of 47 parts that the DoD purchased from TransDigm through 113 contracts between January 2015 and January 2017, with a total value of \$29.7 million.

The DoD OIG determined that TransDigm earned excess profit on 46 of 47 parts purchased by the Defense Logistics Agency (DLA) and the Army. The DoD OIG considered profit percentages of 15 percent or below to be reasonable. When the DoD OIG compared the awarded prices for the 47 parts on 113 contracts to TransDigm's uncertified cost data, DoD OIG analysis showed that only one part purchased under one contract was awarded with a profit under 15 percent. Profit percentages for the remaining 46 parts on 112 contracts ranged from 17 to 4,451 percent. The DoD OIG found that contracting officers followed Federal Acquisition Regulation (FAR) and Defense Acquisition Regulation Supplement (DFARS) procedures when they determined that prices were fair and reasonable for the 47 parts at the time of the contract award. Contracting officers used FAR and DFARS-allowed pricing methods, including historical price analysis, competition, and cost analysis, to determine whether prices were fair and reasonable.

The audit determined that performing cost analysis using certified or uncertified cost data was the most reliable way to determine whether a price is fair and reasonable. The only contract in the DoD OIG sample



CH-47 Chinook (top) and C-17 Globemaster III (bottom)

Source: U.S. Air Force and U.S. Army.

that was awarded with a reasonable profit was also the only contract for which the contracting officer was able to obtain cost data to determine price reasonableness. Contracting officers are required to obtain certified cost data before awarding contracts above the Truth in Negotiations Act threshold and can request uncertified costs data for those below it or an exception basis. However, contracting officers often cannot obtain uncertified cost data because: (1) the FAR enables sole-source providers and manufacturers of spare parts to avoid providing uncertified cost data, even when requested, because of the less stringent requirements for awarding small dollar value contracts and commercial item contracts; (2) the FAR and DFARS do not require or compel contractors to provide certified or uncertified cost data to the contracting officer when requested before the contract is awarded; and (3) statutory and regulatory requirements discourage contracting officers from asking for uncertified cost data when determining whether a price is fair and reasonable.

When contracting officers requested cost data for 16 of the 47 parts the DoD OIG reviewed, TransDigm provided certified cost data for only one contract, which was above the Truth in Negotiations Act threshold and had no exceptions. TransDigm denied the other 15 requests and did not provide uncertified cost data for those parts. TransDigm was the sole manufacturer for 39 of the 47 parts in the DoD OIG's sample, including 13 of the 15 parts for which the contracting officers were denied cost data. Therefore, once TransDigm refused to provide the requested cost data for the 15 parts, contracting officers had limited options—either buy the parts

without receiving cost data from TransDigm or do not buy the parts needed to meet mission requirements. As a result, TransDigm earned \$16.1 million in excess profit for 46 parts it sold to the DLA and the Army for \$26.2 million between January 2015 and January 2017.

The DoD OIG recommended that, among other things, the DLA and Army consider available corrective actions with TransDigm, including directing contracting officers to seek a voluntary refund from TransDigm for excess profits identified in this report. Additionally, the DoD OIG recommended that the Defense Pricing and Contracting Principal Director examine Federal regulations and DoD policies to determine changes needed in the acquisition process of parts produced or provided from a sole-source manufacturer to ensure that contracting officers obtain uncertified cost data when requested and that the DoD receives full and fair value in return for its expenditures.

Management agreed with the recommendations. The DLA provided the January 2019 requests to TransDigm for a voluntary refund and the Army Contracting Command planned to issue the requests for refund by February 28, 2019.

Report No. DODIG-2019-060

DoD Task Orders Issued Under One Acquisition Solution for Integrated Services Contracts

The DoD OIG determined whether contractor employees met labor qualifications and whether the DoD was properly charged for task orders issued under One Acquisition Solution for Integrated Services (OASIS) contracts. OASIS contracts provide a full range of service requirements, including program management, management consulting, logistics, engineering, scientific, and financial services. The U.S. General Services Administration Federal Acquisition Services program management office is responsible for awarding, administering, and managing OASIS base contracts. All Federal agencies, including DoD agencies, can issue task orders under OASIS base contracts.

The DoD OIG determined that the DoD was properly charged for 1,175 of 1,287 employees who met the labor category requirements for 12 DoD task orders to purchase program management, engineering, and scientific services. However, DoD contractors improperly charged the DoD for 101 of 112 employees who did not meet the labor category requirements. Furthermore, the DoD was charged for 41 of 1,175 employees who met OASIS base contract requirements but did not have relevant education and work experience. As a result, based on the DoD OIG statistical projection, Army, Air Force, and Defense Advanced Research Projects

Agency contracting officers authorized \$28 million of potential improper payments for incorrect contract costs. Additionally, contracting officers authorized \$574,162 of potential improper payments for employees who did not have qualification documentation. Army and Air Force contracting officers also did not consider potential impacts on the contracts' requirements in terms of performance and price before authorizing \$6.8 million for employees without relevant education and work experience.

The DoD OIG made several recommendations, including that the Defense Pricing and Contracting Director develop policy related to the qualifications of employees performing work on DoD task orders issued under OASIS contracts and other applicable indefinite-delivery indefinite-quantity service contracts. Additionally, the DoD OIG recommended that contracting officers should:

- determine whether employees met the labor categories specified in task orders and, if not, take appropriate corrective action, including the recovery of improper payments; and
- report all improper payments to the Accounting and Finance Policy Directorate at the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, and notify the DoD OIG.

Management agreed with the recommendations.

Report No. DODIG-2019-029

Followup Audit of Delinquent Medical Service Account Audits

The DoD OIG determined whether the Office of the Under Secretary of Defense (Health Affairs), Defense Health Agency, Navy Bureau of Medicine and Surgery, Army Medical Command, and Air Force Surgeon General implemented actions to correct problems identified in six prior DoD OIG reports related to the collection of outstanding balances of medical service accounts for patients authorized to receive care in military medical treatment facilities. The DoD OIG also summarized systemic issues related to medical service accounts identified in these prior reports, as well as new issues identified during the followup audit. The medical service account functions include billing, recording accounts receivable, and collecting funds for medical procedures provided to patients authorized to receive care in military medical treatment facilities. The facilities charge civilian patients who are not eligible beneficiaries for services provided and may also bill insurance, Medicare, or Medicaid on a patient's behalf. An account is considered delinquent if the medical treatment facility has not

received payment within 120 days. Once an account is delinquent, medical treatment facility personnel may transfer the account to the U.S. Treasury for collection.

Between August 2014 and January 2017, the DoD OIG issued six reports containing 47 recommendations to improve the management of delinquent accounts, such as reviewing open delinquent accounts, collecting billing information, and prioritizing delinquent accounts. The reports identified that the Military Services did not effectively manage delinquent accounts and that, in total, 33,859 accounts, valued at \$80.2 million, were delinquent but not transferred to the U.S. Treasury for collection. The DoD OIG determined that medical treatment facilities implemented some of the corrective actions recommended in the prior audit reports and improved billing processes for accounts with the implementation of the DoD medical billing system; collection of patient billing information; and transfer of debt to the U.S. Treasury for collection. Specifically, the Military Services implemented corrective actions for 40 of the 47 recommendations in the prior audit reports; however, the DoD OIG determined that 2 of the corrective actions taken to address the recommendations were not fully implemented. As a result, the Military Services were unable to determine the total number and dollar value of delinquent accounts, and had not fully pursued opportunities to collect a potential \$80.1 million on delinquent accounts and accounts not billed.

The DoD OIG recommended that the Defense Health Agency Director review and process delinquent debt accounts; review and properly terminate uncollectable debt; work with the Department of Health and Human Services to resolve denied reimbursement for medical services; determine how to improve the transfer time of delinquent accounts; develop a strategy to improve Medicare and Medicaid billing; and establish and implement guidance for processing accounts. Management agreed with the recommendations.

Report No. DODIG-2019-038

Navy and Marine Corps Backup Aircraft and Depot Maintenance Float for Ground Combat and Tactical Vehicles

The DoD OIG determined whether the quantities of backup aircraft and depot maintenance float allowance (DMFA) for ground combat and tactical vehicles would impact the readiness of Navy and Marine Corps units. The Navy and Marine Corps provide operational units with replacement aircraft or vehicles, known as backup aircraft and DMFA, to maintain readiness levels when a unit's aircraft or vehicles undergo depot maintenance, modification, or repair. The DoD OIG reviewed the backup aircraft for the F/A-18 aircraft, T-45 aircraft, and MH-60 helicopter and the DMFA for the Assault Amphibious Vehicle, Light Armored Vehicle, and Mine Resistant Ambush Protected vehicle.



F/A-18F Super Hornet, Two-Seat Model, MH-60R Helicopter, and T-45 Goshawk (top, left to right)

Mine Resistant Ambush Protected Vehicle, Light Armored Vehicle, and Assault Amphibious Vehicle (bottom, left to right)

Source: U.S. Marine Corps and U.S. Navy.



MQ-9 Block 5 Aircraft

Source: U.S. Air Force.

The DoD OIG determined that the Navy and Marine Corps did not have a sufficient quantity of operational F/A-18 and T-45 aircraft available to replace all aircraft requiring depot maintenance. The insufficient quantity of available backup aircraft occurred because the squadrons and training wings used the backup inventory to transition squadrons to newer models and replace training aircraft that were damaged to the extent that repair was not economical or practical. The Navy and Marine Corps also extended the service life of the F/A-18 and T-45 aircraft. If aircraft shortages continue, the Navy and Marine Corps could experience a future shortfall of trained pilots, potentially impacting mission readiness. Furthermore, the Navy had more MH-60R and MH-60S helicopters than it required to maintain readiness. As a result, the Navy spent \$1.4 billion to procure 57 helicopters that were in storage and will spend more than \$2 million annually to store these helicopters until at least 2020. The Marine Corps had sufficient quantities of depot maintenance float vehicles for the Assault Amphibious Vehicle, Light Armored Vehicle, and Mine Resistant Ambush Protected vehicle to maintain unit readiness. However, the Marine Corps could not justify all DMFA authorizations. As a result, the Marine Corps may unnecessarily spend funds on depot maintenance float vehicles that are not needed, and other vehicles may have the incorrect DMFA quantity needed to maintain unit readiness.

The DoD OIG recommended that the Navy develop a plan to maintain a sufficient quantity of operational aircraft to allow training and operational missions, typically performed with F/A-18 and T-45 aircraft, to continue without interruption and also prepare and update the life-cycle sustainment plan based on changes to the expected service life. Additionally, the DoD OIG recommended that the Deputy Chief of Naval Operations for Warfare Systems develop a communication plan to keep dependent weapon system's divisions and program offices informed of changes in quantity and

delivery schedule and reassess impacts on procurement quantities. Finally, the DoD OIG recommended that the Marine Corps initiate and complete DMFA annual reviews and approve all DMFA authorization changes according to Marine Corps policy. Management agreed with the recommendations.

Report No. DODIG-2019-047

Defense Hotline Allegations Concerning the MQ-9 Block 5 Reaper Unmanned Aerial System

The DoD OIG determined whether the Air Force was properly: (1) charged for MQ-9 Reaper (MQ-9) Block 5 aircraft repairs prior to the Air Force accepting the aircraft; (2) using the MQ-9 Block 5 aircraft to support operational missions; and (3) estimating and procuring MQ-9 Block 5 aircraft spare parts. The DoD OIG conducted this audit in response to allegations made to the DoD Hotline. The MQ-9 is an armed, medium-altitude, long-endurance unmanned aircraft capable of performing multiple missions, including intelligence, surveillance, reconnaissance, close air support, and combat search and rescue. The MQ-9 Block 5 aircraft provides upgraded communications, avionics, electrical power, and capabilities.

The DoD OIG determined that the Air Force was appropriately charged by General Atomics Aeronautical Systems, Inc., for MQ-9 Block 5 aircraft repairs prior to accepting the aircraft and was using MQ-9 Block 5 aircraft for operational missions. However, the Air Force did not begin using MQ-9 Block 5 aircraft in combat missions until June 2017 and, therefore, did not have enough historical data to determine the accurate quantity of future spare parts needed. As a result, the MQ-9 Project Management Office owned 3,746 excess spare parts, valued at \$30.9 million. In addition, data from the MQ-9 Project Management Office showed that spare parts requested in the past 3 years were not on hand in sufficient quantities to meet projected needs.

The DoD OIG recommended that the MQ-9 Project Management Office incorporate actual spare parts use, as flight hours increase and data becomes available, when forecasting for MQ-9 Block 5 aircraft spare parts, and use the excess MQ-9 Block 5 aircraft spare parts before purchasing additional spare parts. Management agreed with the recommendations.

Report No. DODIG-2019-036

U.S. Army Corps of Engineers Oversight of Temporary Emergency Power Contracts Awarded for Hurricanes Harvey and Irma

The DoD OIG determined whether U.S. Army Corps of Engineers (USACE) properly monitored contractor performance on temporary emergency power contracts, in accordance with applicable Federal and DoD contracting guidance, for the disaster recovery response to Hurricanes Harvey and Irma.

The DoD OIG determined that USACE oversight personnel did not properly monitor and assess contractor performance, in accordance with Federal and DoD contracting guidance, on three service contracts for temporary emergency power, valued at \$19 million, for disaster recovery in response to Hurricanes Harvey and Irma. The DoD OIG determined that the contracting officer's representative for all three Advanced Contracting Initiatives contracts did not properly monitor or document assessments of the contractors' performance and did not maintain required files documenting his oversight efforts. As a result, USACE oversight personnel did not know whether the contractors complied with contract requirements and whether the Government received the services it paid \$19 million for from August to December 2017 to support temporary emergency power for Hurricanes Harvey and Irma.

The DoD OIG recommended that the USACE Commanding General provide training to the contracting officer's representative emphasizing the importance of the responsibilities specified in the contracting officer's representative designation letter, and provide training to the procuring contracting officers emphasizing the importance of monitoring the performance of personnel assigned contracting officer's representative responsibilities. The DoD OIG also recommended that the USACE Commanding General direct contracting officials to update the quality assurance surveillance plan to include specific means for documenting daily quality assurance inspections and require all personnel performing the quality assurance responsibilities to receive appropriate contract quality assurance training. Management agreed with the recommendations.

Report No. DODIG-2019-043

Followup Audit: U.S. Army Corps of Engineers Use of Cooperative Agreements for Environmental Compliance

The DoD OIG determined whether DoD Components implemented appropriate corrective actions in accordance with nine recommendations made in

DoD OIG Report No. DODIG-2015-174, "U.S. Army Corps of Engineers—Alaska District Needs to Improve Competitive Procedures for Cooperative Agreements for Alaska Integrated Natural Resources Management Plans," September 16, 2015.

The prior report found that U.S. Army Corps of Engineers Alaska District grants officers did not properly award or effectively use cooperative agreements issued on a sole-source basis, valued at \$18 million, for the development and implementation of integrated natural resources management plans at Joint Base Elmendorf—Richardson and Fort Wainwright, Alaska. The DoD OIG made nine recommendations to increase competition, improve the awarding and management of cooperative agreements, and develop procedures for giving priority to Federal agencies and the respective state fish and wildlife agencies when awarding cooperative agreement and contracts for integrated natural resources management plans.

In this followup audit, the DoD OIG determined that DoD officials had implemented corrective actions to address the nine recommendations. For example, DoD officials completed training related to issuing grants and cooperative agreements, conducted outreach events with universities to increase interest in entering cooperative agreements for integrated natural resources management plan support, and developed procedures to increase compliance with requirements for DoD grants and cooperative agreements.

In this report, the DoD OIG recommended that the USACE Commanding General develop instructions and best practices for working with grants personnel, including guidance related to developing requirements that allow for maximum competition that can be provided to other DoD Components that request support from USACE for issuing and administering grants and cooperative agreements. Management agreed with the recommendations.

Report No. DODIG-2019-028

DoD Civilian Pay Budgeting Process

The DoD OIG determined whether Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD (OUSD[C]/CFO), management and oversight of the Military Services' civilian pay (CIVPAY) budget process assured that the Services' budgets represented the actual cost of their civilian workforce.

The audit determined that the OUSD(C)/CFO provided guidance for developing budgets and reviewed and analyzed the Military Services' CIVPAY budget

submissions for compliance with Office of Management and Budget Circular No. A-11 and DoD policy. However, as reported in previous audits, the Military Services deviated from Office of Management and Budget and DoD policy when preparing their CIVPAY budgets.

The DoD OIG also determined that the OUSD(C)/CFO did not fully implement internal controls or best practices to reduce the risk of noncompliance and improve the DoD's budget development procedures. Specifically, the OUSD(C)/CFO did not:

- update the DoD Financial Management Regulation budget development sections to provide a single source of clear and consistent guidance to the DoD;
- develop a CIVPAY budget analyst career path or require CIVPAY budget development training;
- document its budget review procedures to include its lessons learned and standard lists of reports for analysis, retain corporate knowledge and competencies, and ensure consistency and repeatability of the OUSD(C)/CFO budget reviews and oversight;
- require the Services and Defense agencies to document their procedures to ensure continuity if budget analysts in key positions leave their positions; or
- create and require the use of a budget development checklist to function as a reminder of important tasks that the Services and Defense agencies should complete during the budget development process.

As a result, the Military Services' CIVPAY budgeted cost per full-time equivalent did not represent the actual cost of their workforce, as the Services' actual costs fluctuated from their budgets.

The DoD OIG recommended that the OUSD(C)/CFO update the CIVPAY budget development sections of the DoD Financial Management Regulation, develop and require CIVPAY budget development training as part of the Defense Financial Management Certification program, require OUSD(C)/CFO analysts and the Military Services to document their procedures and lessons learned, and develop and require a budget submission checklist. Management agreed with the recommendations.

Report No. DODIG-2019-041

Followup Audit on the Army's Business Case Analysis to Transition Human Immunodeficiency Virus Testing In-House

The DoD OIG determined whether the Army Medical Command (MEDCOM) corrected problems identified in DoD OIG Report No. DODIG-2017-066, "Army Did Not Support Business Case Analysis Recommending Transition of Human Immunodeficiency Virus Testing," March 14, 2017. The prior report determined that Walter Reed Army Institute of Research (WRAIR) personnel did not adequately support or document their business case analysis (BCA) for bringing Human Immunodeficiency Virus (HIV) testing in-house.

In this followup audit, the DoD OIG determined that MEDCOM personnel corrected the problems identified in the previous report. Specifically, WRAIR personnel re-performed the BCA, during which MEDCOM personnel did not enter into any leases. Additionally, WRAIR personnel updated leasing costs and assumptions made in the September 2018 BCA. As a result, the September 2018 BCA supported MEDCOM's decision to transfer HIV testing from the current contractor to the Army's HIV Diagnostics and Reference Laboratory.

However, the DoD OIG also determined that, although WRAIR personnel updated leasing costs and assumptions in the September 2018 BCA, they did not consider the changes the Air Force made to its HIV testing platform and automation. If WRAIR personnel had considered this information, the Army's HIV Diagnostics and Reference Laboratory would still outscore the Air Force Epidemiology Laboratory; however, the Air Force laboratory would score higher than continuing testing by the contractor. As a result, MEDCOM may overpay for HIV testing if it continues with the current contractor after the contract ends. The DoD OIG concluded that the Army could save at least \$4.4 million each year if the Army transitions HIV testing to the Air Force Epidemiology Laboratory until the Army moves its HIV Diagnostics and Reference Laboratory into leased space and can accept the full Army HIV testing mission.

The DoD OIG recommended that the MEDCOM Chief of Staff compare HIV testing services provided by the Air Force Epidemiology Laboratory to services performed under the contract and determine whether the Army should transition testing to the Air Force Epidemiology Laboratory when the contract's period of performance ends until the Army HIV Diagnostics and Reference Laboratory is moved into leased space and can accept the full Army HIV testing mission. Management agreed with the recommendations.

Report No. DODIG-2019-050

Cyberspace Operations

Summary of Reports Issued Regarding Department of Defense Cybersecurity From July 1, 2017, Through June 30, 2018

This DoD OIG report summarized unclassified and classified reports issued and testimonies made by the DoD OIG, the DoD oversight community, and the Government Accountability Office (GAO) between July 1, 2017, and June 30, 2018, related to DoD cybersecurity issues. Additionally, the DoD OIG report identified cybersecurity risk areas for DoD management to address based on the five functions of the National Institute of Standards and Technology, “Framework for Improving Critical Infrastructure Cybersecurity,” April 16, 2018 (Cybersecurity Framework), and identified open DoD cybersecurity recommendations. The DoD OIG also used this summary report to address the Federal Information Security Modernization Act of 2014 requirement to provide an annual independent evaluation of the DoD’s information security program by using the identified findings to support the responses made in the DoD OIG’s assessment.

The DoD OIG determined that DoD Components implemented many of the agreed-upon corrective actions necessary to improve system weaknesses identified in prior reports. However, recently issued cybersecurity reports indicate that the DoD still faces challenges managing cybersecurity risk to its network.

As of September 30, 2018, there were 266 open cybersecurity-related recommendations, dating as far back as 2008. This year’s summary includes the results of 20 unclassified and 4 classified reports issued by the DoD oversight community and the GAO between July 1, 2017, and June 30, 2018. The unclassified reports identified improvements in asset management, information protection processes and procedures, identity management and access control, and security continuous monitoring. However, the DoD OIG determined that the DoD needs to continue focusing on managing cybersecurity risks related to governance, asset management, information protection processes and procedures, identity management and access control, security continuous monitoring, detection processes, and communications. The largest number of weaknesses identified in this year’s summary were related to governance, which allows an organization to inform its management of cybersecurity risk through policies, procedures, and processes to manage and monitor the organizations regulatory, legal, risk, environmental, and operational requirements.

As a result, without proper governance, the DoD cannot ensure that it effectively identifies and manages cybersecurity risks as it continues to face a growing variety of cyber threats from adversaries, such as offensive cyberspace operations used to disrupt, degrade, or destroy targeted information systems. The DoD must also ensure that cybersecurity risks are effectively managed to safeguard its reliance on cyberspace to support its operations and implement proper controls and processes where weaknesses are identified to improve its overall cybersecurity.

Report No. DODIG-2019-044

Security Controls at DoD Facilities for Protecting Ballistic Missile Defense System Technical Information

The DoD OIG determined whether DoD Components implemented security controls and processes at DoD facilities to protect ballistic missile defense system (BMDS) technical information on classified networks from insider and external cyber threats. The DoD OIG conducted this audit in response to a congressional requirement to audit the controls in place to protect BMDS technical information, whether managed by cleared Defense contractors or by the Government. Cleared contractors are entities granted clearance by the DoD to access, obtain, or store classified information, to bid on contracts, or conduct activities in support of DoD programs.

The DoD OIG determined that DoD officials did not consistently implement security controls and processes to protect BMDS technical information. Security control weaknesses existed because DoD officials did not consistently verify the effectiveness of implemented security controls and assess the impact of missing security controls. Without well-defined, effectively implemented system security and physical access controls, the Missile Defense Agency and its business partners may disclose critical details that compromise the integrity, confidentiality, and availability of BMDS technical information. The disclosure of technical details could allow U.S. adversaries to circumvent BMDS capabilities, leaving the United States vulnerable to deadly missile attacks. Increasing threats of long-range missile attacks from adversaries requires the effective implementation of system security controls to help reduce the number of exploitable weaknesses that attackers could use to exfiltrate BMDS technical information.

Among other recommendations, the DoD OIG recommended that responsible DoD officials develop and implement a plan to correct the systemic weaknesses identified, enforce the use of the multifactor authentication, and implement intrusion detection capabilities on networks that maintain BDMS technical information. The Missile Defense Agency Director did not agree with all the recommendations. The DoD OIG requested further comments on the recommendations, which remain open.

Report No. DODIG-2019-034

Followup Audit on the Military Departments' Security Safeguards Over SIPRNET Access Points

The DoD OIG determined whether the actions Army, Navy, and Air Force officials took to correct the problems identified in prior DoD OIG reports had improved logical and physical security safeguards that protect SECRET Internet Protocol Router Network (SIPRNET) access points.

The DoD OIG determined that Army, Navy, and Air Force officials did not correct problems identified in prior DoD OIG reports related to the improvement of logical or physical security safeguards that protect SIPRNET access points. Because the SIPRNET supports classified warfighting and planning applications, the problems the DoD OIG identified with the logical or physical security safeguards could pose a risk to the life and safety of DoD personnel, impact military programs and operations, and lead to accidental or negligent exposure of classified information on the SIPRNET.

The DoD OIG made recommendations to the Army, Navy, and Air Force Chief Information Officers to correct the issues the DoD OIG identified. The report and recommendations are classified. Management generally agreed with the recommendations.

Report No. DODIG-2019-063

DoD Management of Software Applications

The DoD OIG determined whether DoD Components rationalized their software applications by identifying and eliminating any duplicative or obsolete applications. A software application is a program that performs a specific function for a user, such as office automation, e-mail, or web services. Software application rationalization is the process of optimizing an enterprise's information technology portfolio by identifying all software applications owned and in use on the enterprise networks; determining whether existing software applications are needed, duplicative, or obsolete based

on mission objectives and costs; and determining whether a software application already exists within the enterprise before purchasing applications.

The DoD OIG determined that the Marine Corps, Navy, and Air Force commands and divisions that the DoD OIG reviewed did not consistently rationalize their software applications. The U.S. Fleet Forces Command was the only command the DoD OIG reviewed that established a process for eliminating duplicative or obsolete software applications it owned. Furthermore, none of the commands or divisions reviewed maintained accurate software inventories to facilitate that process. These deficiencies occurred because the DoD Chief Information Officer (CIO) did not implement an enterprise-wide solution for software application rationalization in response to Federal Information Technology Acquisition Reform Act requirements and, instead, limited rationalization to data center consolidation efforts.

As a result, DoD Components exposed the DoD Information Network to unnecessary cybersecurity risks because they lacked visibility over software application inventories and were unable to identify the extent of existing vulnerabilities associated with their owned software applications. In addition, the DoD did not realize cost savings associated with eliminating duplicate and obsolete software applications that it had already procured and was paying to maintain.

The DoD OIG recommended that the DoD CIO, in coordination with the DoD Chief Management Officer:

- develop an enterprise-wide process for conducting the software application rationalization process throughout the DoD;
- establish guidance requiring DoD Components to conduct software application rationalization and require DoD Component CIOs to develop implementing guidance that outlines responsibilities and processes for software application rationalization within their Components; and
- conduct periodic reviews to ensure that DoD Components regularly validate the accuracy of their inventory of owned and in-use software applications and that DoD Components eliminate duplicate and obsolete software applications.

Management agreed with the recommendations.

Report No. DODIG-2019-037

DoD Actions to Implement the Cybersecurity Information Sharing Act of 2015 Requirements

The DoD OIG determined whether the DoD took actions to implement the Cybersecurity Information Sharing Act of 2015 (CISA) requirements, including whether selected DoD Components:

- had sufficient policies and procedures for sharing cyber threat indicators or defensive measures with Federal and non-Federal entities;
- verified the status of security clearances for private sector individuals authorized to share cyber threat indicators or defensive measures with the DoD;
- shared cyber threat indicators or defensive measures in a timely manner and removed irrelevant personally identifiable information when sharing the information with Federal and non-Federal entities; and
- assessed and mitigated barriers to sharing cyber threat indicators and defensive measures with Federal and non-Federal entities.

CISA encourages public and private sector entities to share cyber threat indicators and defensive measures while protecting classified information, intelligence sources and methods, and privacy. The DoD OIG reviewed the implementation of CISA requirements by four DoD Components—the National Security Agency (NSA), Defense Information Systems Agency (DISA), DoD Cyber Crime Center, and U.S. Cyber Command.

The DoD OIG determined that the DoD took limited actions to implement CISA requirements for sharing cyber threat indicators and defensive measures within the DoD and with other Federal and non-Federal entities. For example, the NSA and DoD Cyber Crime Center developed agency-level policies and procedures for sharing cyber threat indicators or defensive measures. The NSA, DISA, and DoD Cyber Crime Center also shared cyber threat indicators or defensive measures within the DoD and with other Federal and non-Federal entities in a timely manner, and ensured that cyber threat indicators or defensive measure reports shared did not include irrelevant personally identifiable information. However, none of the four DoD Components implemented all of the CISA requirements. The DoD OIG determined that the DoD Chief Information Officer (CIO) did not issue a DoD-wide policy on CISA implementation or require DoD Components to comply with the CISA requirements.

As a result, the DoD limited its ability to gain a more complete understanding of cybersecurity threats since it did not fully leverage the collective knowledge and capabilities of sharing entities, or disseminate internally generated cyber threat indicators and defensive measures

with other Federal and non-Federal entities. Using the shared information, entities can improve their security posture by identifying affected systems, implementing protective measures, and responding to and recovering from incidents. This is critical because cyber attackers continually adapt their tactics, techniques, and procedures to evade detection, circumvent security controls, and exploit new vulnerabilities.

The DoD OIG recommended that the DoD CIO, in coordination with the Under Secretary of Defense for Policy, issue DoD-wide policy on CISA implementation, including a requirement for DoD Components to document barriers to sharing cyber threat indicators and defensive measures and take appropriate actions to mitigate the identified barriers. The DoD OIG also made recommendations to the NSA, DoD Cyber Crime Center, and DISA that are For Official Use Only. Management agreed with the recommendations.

Report No. DODIG-2019-016

Financial Management and Reporting

DoD Financial Statements Audits

The DoD OIG conducted and oversaw the first full audit of the DoD's financial statements in FY 2018. Required by the Chief Financial Officers Act of 1990 and National Defense Authorization Act of 2014, this audit effort was a massive and expensive undertaking. More than 1,000 auditors from the DoD OIG and five independent public accounting (IPA) firms overseen by the DoD OIG performed audits of many DoD Components' financial statements, as well as the consolidated DoD Agency-Wide Basic Financial Statements.

As part of this effort, during FY 2018, the DoD OIG completed or oversaw the completion of 21 DoD Component financial statement audits and the audit of the FY 2018 DoD Agency-Wide Basic Financial Statements. On November 15, 2018, the DoD OIG issued a disclaimer of opinion on the FY 2018 Agency-Wide Basic Financial Statements, meaning an overall opinion could not be expressed on the financial statements under audit. This was not surprising, given that the DoD stated in its FY 2018 assertion of audit readiness that it was not certifying that the agencywide or DoD Component financial statements were reliable. Therefore, the most important outcome this year was not the overall opinion, but that the audit identified specific deficiencies in DoD financial management and reporting processes, and that the DoD makes progress in fixing those deficiencies.

As a result of site visits, testing, and reviews of DoD documents, the DoD OIG and IPA auditors issued over 2,500 notices of finding and recommendations (NFRs) related to the DoD financial statements. The auditors issued NFRs throughout the audits to communicate to management in a timely manner any identified weaknesses and inefficiencies in financial processes, the reason the weaknesses and inefficiencies exist, the impact of these weaknesses and inefficiencies, and recommendations to management for how to correct the weaknesses and inefficiencies.

Of the 21 DoD reporting entities, 5 received unmodified opinions, 1 received a qualified opinion, and 15 received disclaimers of opinion. Table 2.1 provides a list of DoD reporting entities and the results of the audits overseen by the DoD OIG in FY 2018.

Table 2.1 FY 2018 Financial Statement Opinions for DoD Reporting Entities

Reporting Entity	Opinion
U.S. Army Corps of Engineers–Civil Works	Unmodified ¹
Defense Health Agency–Contract Resource Management	Unmodified
Military Retirement Fund	Unmodified
Army Sub-Allotted	Unmodified
Defense Logistics Agency Sub-Allotted	Unmodified
Medicare-Eligible Retiree Health Care Fund	Qualified ²
Department of the Army General Fund	Disclaimer ³
Department of the Army Working Capital Fund	Disclaimer
U.S. Navy General Fund	Disclaimer
Department of the Navy Working Capital Fund	Disclaimer
Department of the Air Force General Fund	Disclaimer
Department of the Air Force Working Capital Fund	Disclaimer
U.S. Marine Corps General Fund	Disclaimer
Defense Health Program General Fund	Disclaimer
Defense Information Systems Agency General Fund	Disclaimer
Defense Information Systems Agency Working Capital Fund	Disclaimer
Defense Logistics Agency General Fund	Disclaimer
Defense Logistics Agency Working Capital Fund	Disclaimer
Defense Logistics Agency Transaction Fund	Disclaimer
U.S. Special Operations Command General Fund	Disclaimer
U.S. Transportation Command Working Capital Fund	Disclaimer

1. An unmodified opinion, sometimes referred to as a clean opinion, is expressed when the auditor concludes that management has presented the financial statements fairly and in accordance with Generally Accepted Accounting Principles.
2. A qualified opinion is expressed when the auditor concludes that there are misstatements in the financial statements that are material to the financial statement but are not significant to the overall presentation of the financial statements.
3. A disclaimer of opinion is expressed when the auditor is unable to obtain sufficient appropriate audit evidence on which to base an opinion.

Source: The DoD OIG.

CORE MISSION AREAS

As a result of the site visits, testing, and reviews of DoD documents, the DoD OIG and IPA auditors issued 2,578 NFRs to the DoD and its Components. Table 2.2 presents the number of NFRs issued by DoD Component.

Table 2.2 Number of Notifications of Finding and Recommendations by Component

Reporting Entity	Financial NFRs	IT NFRs	Total Issued FY 2018 NFRs
Department of the Army	262	177	439
Department of the Navy	212	316	528
Department of the Air Force	178	169	347
U.S. Marine Corps	87	70	157
U.S. Army Corps of Engineers	75	18	93
Defense Health Program	72	52	124
Defense Information Systems Agency	27	20	47
Defense Logistics Agency	303	50	353
U.S. Special Operations Command	49	52	101
U.S. Transportation Command	111	54	165
Defense Health Agency—Contract Resource Management	1	13	14
Medicare-Eligible Retiree Health Care Fund	2	14	16
Military Retirement Fund	2	8	10
Agency-Wide	25	159	184
Total	1,406	1,172	2,578

Source: The DoD OIG.

The DoD OIG classified the NFRs based on the severity of the weaknesses. The classifications resulted in the identification of 137 material weaknesses across the Components. In addition, DoD Components had 43 instances of noncompliance with laws and regulations. Many of the material weaknesses and instances of noncompliance with laws and regulations were similar between Components. For example, most Components did not fully comply with the Federal Managers' Financial Integrity Act of 1982 or the Federal Financial Management Improvement Act of 1996. Table 2.3 shows the number of material weaknesses and instances of noncompliance by DoD Component.

Table 2.3 Component Audit Results

Entity	Material Weakness	Noncompliance
Department of the Army General Fund	12	3
Department of the Army Working Capital Fund	12	2
U.S. Navy General Fund	14	2
Department of the Navy Working Capital Fund	10	2
Department of the Air Force General Fund	11	2
Department of the Air Force Working Capital Fund	12	2
U.S. Marine Corps General Fund	9	4
U.S. Army Corps of Engineers-Civil Works	2	2
Defense Health Program General Fund	13	4
Defense Information Systems Agency General Fund	4	3
Defense Information Systems Agency Working Capital Fund	4	3
Defense Logistics Agency General Fund	6	2
Defense Logistics Agency Working Capital Fund	8	2
Defense Logistics Agency Transaction Fund	6	2

Table 2.3 Component Audit Results Cont'd

Entity	Material Weakness	Noncompliance
U.S. Special Operations Command General Fund	5	2
U.S. Transportation Command Working Capital Fund	5	1
Defense Health Agency-Contract Resource Management	0	0
Medicare-Eligible Retiree Health Care Fund	1	1
Military Retirement Fund	0	0
Army Sub-Allotted	2	2
Defense Logistics Agency Sub-Allotted	1	2
Total	137	43

Source: The DoD OIG.

After compiling over 2,500 DoD Component NFRs and identifying 129 DoD Component material weakness, the DoD OIG identified 20 agencywide material weaknesses. Most of these weaknesses affect most of the DoD Components. Each material weakness can hinder the DoD's efforts to improve its business processes and achieve auditable financial statements and is critically important to correct. Table 2.4 provides a list of the 20 agencywide material weaknesses and a brief summary of each weakness.

Table 2.4 Agencywide Material Weaknesses Identified During the FY 2018 Financial Statement Audit

Material Weakness	Description
Financial Management Systems and Information Technology	The DoD had wide-ranging weaknesses in financial management systems that prevented the DoD from collecting and reporting financial and performance information that is accurate, reliable, and timely.
Universe of Transactions	The DoD was unable to provide a complete universe of transactions that reconciled to its accounting records.
Financial Statement Compilation	The DoD lacked sufficient processes and internal controls to ensure that complete and accurate Component financial statements, including related note disclosures, were prepared prior to the compilation of the Agency-Wide Annual Financial Report.
Fund Balance With Treasury	The DoD had ineffective processes and controls for reconciling its Fund Balance With Treasury.
Accounts Receivable	The DoD did not have proper controls to record and report transactions that should have been labeled as a receivable.
Operating Material & Supplies	The DoD was unable to report Operating Material and Supplies in accordance with Generally Accepted Accounting Principles.
Inventory and Related Property	The DoD lacked the systems and controls necessary to provide assurance over the existence, completeness, and valuation of inventory recorded in the financial statements.
General Property, Plant & Equipment	The DoD could not record General Property, Plant, and Equipment at acquisition or historical cost, establish or support ownership of the assets, or determine the value.
Government Property in Possession of Contractors	The DoD lacked policies, procedures, controls, and supporting documentation over the acquisition, disposal, tracking, and inventory processes of Government property in the possession of contractors.
Accounts Payable	The DoD did not have the financial management system capabilities to properly record accounts payable transactions.
Environmental and Disposals Liabilities	The DoD was unable to develop accurate estimates and account for Environmental Liabilities in accordance with Generally Accepted Accounting Principles.
Legal Contingencies	The DoD did not provide the necessary supporting documentation for auditors to determine whether the legal contingences were accurately presented in the notes to the financial statements.

CORE MISSION AREAS

Table 2.4 Agencywide Material Weaknesses Identified During the FY 2018 Financial Statement Audit Cont'd

Material Weakness	Description
Beginning Balances	The DoD did not have the historical data to support beginning balances or the ability to reconcile beginning balances to closing balances at the end of the reporting period.
Journal Vouchers	The DoD recorded over 1,200 journal vouchers, totaling over \$175 billion, that were not fully supported and that directly affected the financial statements.
Intragovernmental Eliminations	The DoD could not accurately identify, provide supporting documentation for, or fully reconcile its intragovernmental transactions.
Statement of Net Costs	The DoD did not accumulate cost information and record transactions in compliance with Generally Accepted Accounting Principles.
Reconciliation of Net Cost of Operations to Budget	The DoD was unable to reconcile its budgetary and proprietary data.
Budgetary Resources	The DoD was unable to accurately determine its total budgetary resources available or the status of those resources.
Entity-Level Controls	The DoD did not have sufficient entity-level controls to establish an internal control system that would produce reliable financial reporting.
Oversight and Monitoring	The DoD did not have effective oversight and monitoring to ensure that the DoD Components developed and implemented corrective action plans for all material weaknesses.

Most of the weaknesses identified in Table 4 affect most of the DoD Components. In the DoD OIG's judgment, the following six material weaknesses are the most significant.

1. Financial Management Systems and Information Technology
2. Universe of Transactions
3. Inventory
4. Property, Plant, and Equipment
5. Fund Balance With Treasury
6. Financial Statement Compilation

The DoD OIG reported that continued progress toward a clean opinion requires sustained effort and attention throughout the DoD. DoD leadership has stressed the impact of the financial statement audits, as well as the need to develop efficient and effective business processes that can lead to accurate financial information and improve DoD operations. It is critical that the DoD and its Components fix the weaknesses and deficiencies identified through the development, implementation, and monitoring of corrective actions plans. In addition, the DoD must continue its commitment to improving DoD business processes.

Report Nos. DODIG-2019-005, DODIG-2019-006, DODIG-2019-007, DODIG-2019-008, DODIG-2019-009, DODIG-2019-010, DODIG-2019-011, DODIG-2019-012, DODIG-2019-013, DODIG-2019-014, DODIG-2019-015, DODIG-2019-017, DODIG-2019-018, DODIG-2019-020, DODIG-2019-021, DODIG-2019-022, DODIG-2019-023, DODIG-2019-024, DODIG-2019-025, DODIG-2019-026, DODIG-2019-045, DODIG-2019-046

Accounting and Financial Reporting for the Military Housing Privatization Initiative

The DoD OIG determined whether the DoD's Military Housing Privatization Initiative (MHPI) program was properly accounted for in DoD financial and property systems and reported in the FY 2017 DoD Agency-Wide Financial Statements. The MHPI program was intended to improve the condition of military family housing and provide necessary housing more efficiently. Since the program was established in FY 1996, the Military Departments have privatized 99 percent of military family housing.

The DoD OIG determined that Defense Finance and Accounting Service–Indianapolis (DFAS-Indianapolis) personnel did not properly account for and summarize MHPI transactions in DoD financial systems. MHPI financial management personnel also did not report \$2.6 billion of real property (such as housing units and other structures) ownership transferred to equity investment projects, \$489.5 million of equity investment net losses allocated to the Military Departments, and all required information about the financial risks to the MHPI projects. As a result, the FY 2017 DoD Agency-Wide Financial Statements, as related to the MHPI program, were misstated and unsupported. Without effective funds management and privatized housing accountability controls, MHPI program management personnel may not be able to efficiently manage and oversee the MHPI program and related projects or obtain necessary MHPI-related information, including information for required reports to Congress.

The DoD OIG made several recommendations, including that the DoD develop and update guidance to improve accounting for equity investments, loan information, real property ownership transfers, and subsidy costs, and that the Military Departments reconcile their privatized housing inventories with the private partners' housing inventories and the DoD inventory system. The DoD OIG also recommended that the DoD coordinate with the Department of Treasury and the Office of Management and Budget to update accounting policy with guidance on whether funds should be considered expended when initially invested and whether any portion of equity investment sales proceeds are available for use without a new appropriation. Management generally agreed with the recommendations.

Report No. DODIG-2019-056

Reporting of Improper Payments for the Defense Finance and Accounting Service Commercial Pay Program

The DoD OIG determined whether the DoD developed accurate and complete improper payment estimates for the Defense Finance and Accounting Service (DFAS) Commercial Pay Program during the first two quarters of FY 2018.

The DoD OIG determined that the DoD produced an incomplete and inaccurate improper payment estimate for the DFAS Commercial Pay Program during the first two quarters of the FY 2018 Improper Payment Elimination and Recovery Act reporting period. The calculation of the improper payment estimate did not include the results of improper payment reviews for \$2.2 billion of DoD transportation payments, \$2.4 billion in government purchase card payments, or \$1.1 billion in Army payments made at selected overseas offices. In addition, DFAS Enterprise Solutions and Standards personnel did not have sufficient controls in place to validate the accuracy and completeness of the commercial payments population used for developing the DFAS portion of the improper payment estimate. Specifically, DFAS Enterprise Solutions and Standards personnel incorrectly:

- excluded \$221 million in payments when combining the payment data files from 3 of 15 systems, and
- included \$783.6 million in intragovernmental payments in the population of payments tested for improper payments.

As a result, the DoD did not comply with the statutory requirements and will continue to produce unreliable estimates if it does not improve its internal control system. Also, the DFAS Commercial Pay program may miss the opportunity to promptly detect, prevent, and recover improper payments of Federal funds.

The DoD OIG recommended that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD:

- develop and implement procedures to ensure that estimates of transportation and government purchase card improper payments are included in the DoD estimate for the Agency Financial Report;
- evaluate the Army's Improper Payments Elimination and Recovery Act compliance procedures and sampling plan to determine whether it would be more cost-effective to incorporate improper payments testing at overseas locations into the DFAS Commercial Pay sampling plan;

- conduct an annual review within all Components to identify all types of commercial payments and verify that existing risk assessments and sampling plans encompass all payments; and
- update the DoD Financial Management Regulation to define the types of payments in the DFAS Commercial Pay program and identify which Components are responsible for testing and reporting improper payment estimates within the DFAS Commercial Pay program.

The DoD OIG also recommended that the DFAS Enterprise Solutions and Standards Director, in coordination with the USD(C)/CFO, develop a memorandum of understanding for each payment system, documenting the payment data requirements from each system. Management agreed with the recommendations.

Report No. DODIG-2019-039

Readiness and Global Operations

Audit of the Management of Government-Owned Property Supporting the F-35 Program

The DoD OIG determined whether DoD personnel managed Government property supporting the F-35 Program in accordance with Federal Acquisition Regulation, Defense Federal Acquisition Regulation Supplement, and DoD Instruction 5000.64 requirements for property accountability. As a part of F-35 aircraft production, the prime contractor acquires and maintains Government property for use in the production of the F-35 aircraft. The Federal Acquisition Regulation defines Government property as all property owned or leased by the Government, including material, equipment, special tooling (for example, fixtures and molds), special test equipment, and real property.

The DoD OIG determined that F-35 Program officials did not maintain a Government record of Government furnished property; award contracts with complete Government furnished property lists; or coordinate with Defense Contract Management Agency officials to execute contracting actions to transition contractor acquired property to Government furnished property, as required. The only record of Government property for the F-35 Program is with the contractor and its subcontractor, which valued the 3.45 million pieces of property at \$2.1 billion. The DoD OIG determined that DoD officials failed to implement procedures, and failed to appoint and hold officials responsible, to account for and manage Government property for more than

16 years. As a result, the DoD does not know the actual value of the F-35 Program property held by the prime and subcontractors and does not have an independent record to verify the contractor valuation of \$2.1 billion. In addition, without accurate records, the F-35 Program officials have no visibility over the property and have no metrics to hold the prime contractor accountable for how it manages Government property. The lack of asset visibility affects the DoD's ability to ensure that the prime contractor is managing and spending F-35 Program funds in the Government's best interest. These deficiencies could also impact the DoD's ability to meet its operational readiness goals for the F-35 aircraft. In addition, the lack of a DoD record of Government furnished property for the F-35 Program could result in an understatement of either the assets or expenses on DoD financial statements, depending on how the contractor used the property on the contract.

The DoD OIG recommended that the Under Secretary of Defense for Acquisition and Sustainment review the accounting and management actions of the F-35 Program Office for F-35 Program Government property and, if warranted, hold the necessary officials accountable. The DoD OIG also recommended that F-35 Program officials resolve Government furnished property list inaccuracies, appoint a component property lead and accountable property officer, reconcile all F-35 Program Government furnished property, and establish procedures for property to be inputted into the accountable property system of record. Additionally, before a decision is made on full-rate production F-35 Program officials, the Defense Contract Management Agency, and the prime contractor need to agree to implement required procedures to transition F-35 Program contractor acquired property from past contracts to Government furnished property, account for special tooling and test equipment, and properly account for it in the accountable property system of record. Management agreed with the recommendations.

Report No. DODIG-2019-062



F-35 Aircraft in Flight

Source: F-35 Program Office.



Seven Categories of Equipment Included in Deployable Air Base Kits
Source: The DoD OIG.

U.S. Air Forces in Europe Plans for the Procurement and Pre-Positioning of Deployable Air Base Kits

The DoD OIG determined whether U.S. Air Forces in Europe (USAFE) developed a plan for procuring and pre-positioning 24 Deployable Air Base System—Facilities, Equipment, and Vehicles Kits (Deployable Air Base Kits) within the U.S. European Command (USEUCOM) area of responsibility. USAFE developed the Deployable Air Base Kits program, focusing on pre-positioning Air Force equipment, such as tents, vehicles, medical supplies, and airfield repair equipment, at 10 storage locations throughout the USEUCOM area of responsibility. The Deployable Air Base Kits enhance the capability to stand up an air base in the event of a contingency, thereby reducing the time and cost of transporting equipment from either the continental United States or other existing bases in the USEUCOM area of responsibility.

The DoD OIG determined that the USAFE European Deterrence Initiative Branch, which supports USAFE contingency planning efforts, developed an overall plan indicating when storage facility construction and procurement of Deployable Air Base Kits could be completed. However, the overall plan was based on estimated funding and did not take into consideration individual procurement and construction schedules in order to establish achievable milestones. In addition, the overall plan indicated that there would be enough equipment procured for the first five full Deployable Air Base Kits in FY 2018. However, in July 2018, USAFE officials stated that they did not expect to have the equipment procured to fulfill the first complete

Deployable Air Base Kit until FY 2020 or 2021. The Air Force did not develop an achievable plan because it did not designate a single program manager for the Deployable Air Base Kits program. Additionally, without a plan that ensures that equipment is not procured in excess of available storage space, the program may require supplemental funding to pay for interim storage facilities.

The DoD OIG recommended that the Air Force ensure a program manager is designated at least at the Director level for the Deployable Air Base Kits program so that a single organization maintains responsibility for tracking overall program execution. The DoD OIG also recommended that the program manager review and update the overall plan for the Deployable Air Base Kits program at least semiannually. Additionally, the DoD OIG recommended that USEUCOM, in coordination with USAFE, establish an end date for pre-positioning the 24 Deployable Air Base Kits in the USEUCOM area of responsibility. Management agreed with the recommendations.

Report No. DODIG-2019-040

Iraqi Border Guard Equipment

The DoD OIG determined whether the Combined Joint Task Force—Operation Inherent Resolve (CJTF-OIR) and the 1st Theater Sustainment Command (1st TSC) validated the requirements for Iraqi Border Guard equipment against demonstrated needs, and accounted for border guard equipment before divestment to the Government of Iraq. Border security is a critical capability of the Government of Iraq to prevent Islamic State of Iraq and Syria movement between Iraq and Syria



Pre-packaged Essential Equipment for Iraqi Border Guard

Source: The Defense Logistics Agency.

and protect western Iraqi communities. The equipment divested to the Iraqi Border Guard provides the means to secure the border against localized and changing Islamic State of Iraq and Syria threats. Iraqi Border Guard equipment included a standardized shipping container pre-packaged with essential equipment for border enforcement and security, including two vehicles, defensive barriers, night vision equipment, radios, metal detectors, first aid, checkpoint supplies, a tent, and a generator.

The DoD OIG determined that CJTF-OIR and 1st TSC validated requirements for Iraqi Border Guard equipment against demonstrated needs. However, 1st TSC divestment packages for the equipment did not match CJTF-OIR equipping requests, and CJTF-OIR and 1st TSC did not maintain complete accountability records of divested equipment, including Leahy and Section 1236 vetting documentation. As a result, CJTF-OIR does not have evidence that Iraqi Border Guard personnel received the equipment needed to secure Iraq's borders against localized and changing Islamic State of Iraq and Syria threats. In addition, CJTF-OIR risks unnecessary spending of Counter-ISIS Train and Equip Fund—Iraq funds to procure equipment that is already on hand, but is identified as already divested. Furthermore, without adequate documentation to validate vetting compliance as required by public law, the DoD cannot be certain that equipment, including lethal weapons and explosives, was not provided to individuals who have committed gross violations of human rights or are associated with terrorist groups or groups associated with the Government of Iran.

The DoD OIG recommended that the CJTF-OIR Commanding General update the standard operating procedures for the training and equipping of Iraq to require U.S. Government personnel to conduct annual reviews of divestment packages for completeness and accuracy, and maintain the review results and divestment packages in a central repository. In addition, the DoD OIG recommended that the CJTF-OIR Commanding General and 1st TSC Commander develop, document, and implement a joint process for the accountability and divestment of Counter-Islamic State of Iraq and Syria Train and Equip Fund-Iraq equipment. Furthermore, the DoD OIG recommended that the CJTF-OIR Commanding General update the Leahy and Section 1236 vetting policy to include requirements to maintain vetting documentation with divestment packages, and requirements to use a unique identifier for individual vetted recipients of Counter-Islamic State of Iraq and Syria Train and Equip Fund equipment. Management agreed with recommendations.

Report No. DODIG-2019-057

Summary and Followup Report on Audits of DoD Energy Savings Performance Contracts

The DoD OIG summarized systemic problems with the contract administration of energy savings performance contracts (ESPCs) reported in eight GAO, DoD OIG, and U.S. Army Audit Agency (USAAA) reports issued since 2013. The DoD OIG also determined whether DoD, Army, Navy, Air Force, and DLA officials implemented the recommendations in the eight reports.

The ESPC is a contract type through which an energy services contractor designs, finances, acquires, installs, and maintains energy-saving equipment and systems for a Federal agency. ESPCs allow Federal agencies to procure energy savings and facility improvements with no up-front capital costs or special appropriations from Congress. Federal law mandates that ESPCs include an annual energy audit of contractor energy savings using measurement and verification techniques based on sound engineering and financial practices. The verification ensures that Government payments to the contractor are supported by equivalent energy savings.

Since FY 2013, the GAO, DoD OIG, and USAAA issued eight reports on the administration of the ESPCs by the DoD and the Army, Navy, Air Force, and DLA (the DoD Components) and determined that the Government did not know whether it received contractor-claimed energy savings and whether the ESPC program was cost-effective. The eight reports identified the following five systemic problems.

- Contracting officers did not delegate contract administration responsibilities for the ESPCs to contracting officer's representatives because some DoD Component officials did not emphasize the need for contracting officer's representatives or did not have qualified staff to designate and perform contract administration functions.
- Contracting officers did not develop and tailor quality assurance surveillance plans for the ESPCs because DoD Component officials did not monitor or evaluate contracting officers to ensure that they developed quality assurance surveillance plans, or emphasize the need to develop a quality assurance surveillance plans tailored to the ESPCs.
- Contracting officer's representatives and contracting officers did not review or verify annual contractor-claimed energy savings and associated Government contract payments. Instead, contracting officer's representatives and contracting officers relied on the contractor to self-administer and report energy savings.

- ESPC program managers did not accumulate and use ESPC project data to determine project effectiveness because ESPC project data was decentralized and program managers did not consistently request ESPC project data.
- Assistant Secretary of Defense for Energy, Installations, and Environment and DoD Component ESPC program officials did not develop guidance for ESPC training, data management, contract administration, and disagreement resolution. The officials stated that they did not develop ESPC guidance because it was not their responsibility or they were not aware of ESPC statutory requirements.

The DoD OIG determined that the DoD took action to implement and close 62 of the 70 recommendations made in the 8 reports, resulting in improved ESPC oversight. Eight recommendations are resolved but remain open because the Assistant Secretary of Defense for Energy, Installations, and Environment, the Air Force, and the Navy continue to work on implementation of the corrective actions.

The DoD OIG made one additional recommendation in this report to the Navy to obtain the information required to calculate and validate currency conversions for an ESPC in Japan, and three additional recommendations to the Air Force to identify Air Force ESPCs not previously subject to Government validation; validate contractor-claimed energy savings; and take appropriate contractual action (if necessary) based on the result of the validation. Management agreed with the recommendations.

Report No. DODIG-2019-058

Summary of Cost of War Reporting

The DoD OIG summarized systemic weaknesses in the DoD's accounting for costs associated with ongoing overseas contingency operations (OCOs) identified in six Cost of War (CoW) audit reports issued by the DoD OIG, Army Audit Agency, Naval Audit Service, and Air Force Audit Agency from 2016 through 2018. The DoD OIG considered a weakness systemic when the same or similar issue occurred in two or more DoD Components involved in the CoW reporting process. In addition, the DoD OIG determined the status of recommendations from six CoW audit reports and the actions DoD Components took in response to those recommendations. The CoW report summarizes obligation data by DoD Component, appropriation, and operation. It also includes the details of the obligations and disbursements for the Military Personnel and Operation and Maintenance appropriations.

Based on a review of the six CoW audit reports issued from 2016 through 2018, the DoD OIG determined that Deputy Comptroller (Program/Budget) personnel issued unreliable and outdated CoW reports for FYs 2015 and 2016 to Congress, DoD decision makers, the Government Accountability Office, and the Office of Management and Budget. Specifically, the DoD OIG and Service audit agencies identified that Army, Navy, and Air Force personnel underreported and overreported costs for Operation Inherent Resolve and Operation Freedom Sentinel in the CoW reports, Navy and Marine Corps personnel could not provide transaction-level detail to support their OFS obligations and disbursements, and Deputy Comptroller (Program/Budget) and Army personnel did not submit CoW data by the required milestones.

In addition, the DoD OIG and Service audit agencies made 26 recommendations to DoD Components to address weaknesses in the DoD's accounting for war-related OCO costs. The DoD OIG and Service audit agencies had closed 19 of the 26 recommendations. The DoD OIG concluded that the actions taken to close the 19 recommendations should result in more accurate CoW reports.

Seven recommendations remained open. Of those, four recommendations were significant to the systemic internal control weaknesses identified in this CoW summary audit report. The DoD OIG concluded that, if DoD Components do not implement the four remaining recommendations and take corrective actions to address the systemic internal control weaknesses in the CoW reporting process, Congress, DoD decision makers, the GAO, and the Office of Management and Budget may not be able to make informed budgetary decisions, maintain accountability of war-related OCO funds, or determine precise war-related OCO execution trends.

The DoD OIG recommended that the DoD develop and implement review process to verify that DoD Components develop, update, and implement standard operating procedures, management tools, and accounting systems for accurate war-related OCO cost reporting and submit the CoW within 45 days of the end of the reporting period; the Navy develop and implement procedures to capture the required level of detail of war-related OCO costs in the respective accounting system; and the Auditors General for the Army, Navy, and Air Force include followup audits that verify the accuracy of the CoW data in their FY 2020 audit plans. Management agreed with all but one recommendation.

Report No. DODIG-2019-066

DoD Oversight of Bilateral Agreements With the Republic of the Philippines

The DoD OIG determined whether the DoD has proper oversight of logistical support provided through a bilateral agreement with the Republic of the Philippines. The DoD OIG focused on whether the Joint Staff Directorate for Logistics had visibility of logistical support, such as military equipment, weapons, and ammunition, sold through a bilateral agreement to the Republic of the Philippines from October 1, 2016, through May 31, 2018. An Acquisition and Cross Servicing Agreement (ACSA) is a bilateral agreement between the United States and authorized foreign countries to acquire or provide expedited or real-time logistic support, supplies, and services in exchange for reimbursement. Reimbursement may take the form of cash payments, the exchange of supplies or services of equal value, or an in-kind replacement. ACSAs are used primarily to benefit forward-deployed commands and forces and are not a routine source of supply for a foreign country.

The DoD OIG determined that the Joint Staff Directorate for Logistics did not have visibility of the logistical support sold to the Republic of the Philippines through the use of the bilateral agreement. Specifically, the Directorate was unaware of 76 of the 77 transactions, valued at \$13 million, that were executed with the Republic of the Philippines from October 1, 2016, through May 31, 2018. Additionally, the Directorate did not request that U.S. Indo-Pacific Command provide quarterly summary reports of all ACSA transactions within its area of responsibility. The lack of visibility in logistical support occurred because ACSA officials for U.S. Marine Corps Forces, Pacific; U.S. Pacific Fleet; and Pacific Air Forces did not understand how to build, track, and manage transactions in the ACSA Global Automated Tracking Reporting System (AGATRS), and did not designate a primary ACSA Finance Program Manager to assist with processing transactions in AGATRS.

As a result, the Directorate did not have assurance that the ACSA transactions for logistic support, supplies, and services with the Republic of the Philippines were accurate and were reimbursed.

The DoD OIG recommended that:

- The Director for Logistics, Joint Staff, update Joint Knowledge Online Training to reflect the most recent updates to AGATRS, and request that U.S. Indo-Pacific Command report all of the ACSA transactions with the Republic of the Philippines from October 1, 2016, through July 31, 2018, to the Joint Staff Directorate for Logistics.

- The Commanders of U.S. Marine Corps Forces, Pacific; U.S. Pacific Fleet; and Pacific Air Forces designate an ACSA Finance Program Manager and complete the proper Joint Knowledge Online Training, and input and track all ACSA transactions from October 1, 2016, to present and future transactions in AGATRS.
- The Commanders of U.S. Pacific Fleet and Pacific Air Forces develop Service component-specific training programs for all ACSA command officials.
- The Commander of Pacific Air Forces designate an ACSA Program Manager and ensure that the individual completes the proper Joint Knowledge Online Training.

Management agreed with the recommendations.

Report No. DODIG-2019-004

Audit of the DoD's Implementation of Recommendations on Screening and Access Controls for General Public Tenants Leasing Housing on Military Installations

The DoD OIG determined whether actions taken by the Military Departments in response to a prior DoD OIG report, Report No. DODIG-2016-072, "DoD Needs to Improve Screening and Access Controls for General Public Tenants Leasing Housing on Military Installations," April 1, 2016, improved controls over the Military Housing Privatization Initiative (MHPI) program's screening and access-related procedures for general public tenants. The MHPI program is a public private partnership through which private sector developers may own, operate, maintain, improve, and assume responsibility for military family housing located inside military installation gates or in the surrounding community. According to the FY 2019 Defense-Wide Department's Budget Request, the Military Departments partnered with private developers on 81 projects with over 200,000 housing units under the MHPI program.

The DoD OIG determined that the Military Departments implemented some corrective actions that improved controls over the MHPI program's screening and access-related procedures for general public tenants. Army and Air Force personnel implemented corrective actions for four recommendations by drafting revised guidance to include the exact query codes used in the National Crime Information Center database for conducting background checks and establishing access badge expiration dates for general public tenants that align with the tenants' lease expiration dates. The remaining five recommendations—requiring reviews

of background checks and access badge expiration dates for all general public tenants leasing privatized housing on military installations—remain open because the Army did not review background checks and access badge expiration dates for general public tenants; the Navy did not provide sufficient documentation to support its reviews of completed background checks and reviews of access badges expiration dates for general public tenants; and the Air Force did not provide documentation to support the results of access badge reviews conducted by the Air Force Major Commands. However, the DoD OIG decided to close these five recommendations because the recommendations require the Military Departments to provide results of reviews performed using outdated guidance for general public tenants who may no longer be tenants. Therefore, the DoD OIG made new recommendations to review background checks and access badge expiration dates for all general public tenants using the updated guidance related to conducting background checks and issuing access badges.

In addition, because the Military Departments did not provide sufficient documentation to close the remaining five recommendations, the DoD OIG reviewed lease agreements, background check records, and screenshots of access badges issued at an Army, Navy, and Air Force installation. The DoD OIG determined that security personnel had improved their performance of background checks and reviews of access badge expiration dates for general public tenants by using the proper query codes when conducting background checks and ensuring that badge expiration dates did not exceed expiration dates of lease agreements. However, the DoD OIG also determined that security personnel for the Navy did not document that they performed background checks for general public tenants renewing their leases, and did not consistently conduct complete background checks for general public tenants because personnel did not have updated guidance to follow when conducting reviews. As a result, the safety and security of military personnel, dependents, civilians, and assets remain at preventable risk because unescorted access is granted to general public tenants without complete background checks and for periods that extend beyond their lease expiration dates.

The DoD OIG recommended that the Army and Air Force conduct a review of all general public tenants leasing privatized housing on military installations as of January 1, 2019, to ensure that those tenants receive complete and adequate background checks and that access badge expiration dates do not exceed lease expiration dates, in accordance with current Military Department guidance. The DoD OIG also recommended that the Navy update guidance requiring installations to document the background check approval process to include the process to be followed when renewing lease

agreements. Additionally, the DoD OIG recommended that the Navy conduct a review of all general public tenants leasing privatized housing on military installations as of January 1, 2019, to ensure that those tenants receive complete and adequate background checks and that access badge expiration dates do not exceed lease expiration dates in accordance with Navy Installations Command guidance. Management agreed with the recommendations.

Report No. DODIG-2019-061

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 DoD IG 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 on Guam. This report contains data collected from multiple organizations, and 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 military construction on Guam in FY 2018.

- The DoD obligated \$302.9 million and expended \$117.3 million. Other Federal agencies obligated \$2.8 million and expended \$10.5 million.
- The DoD identified 189 military construction projects and programs, totaling \$107.5 million, with estimated completion costs of \$1.1 billion. Other Federal agencies identified 39 projects and programs, totaling \$10.5 million, with estimated completion costs of \$68 million.
- The Government of Japan provided revenues of \$521.4 million and earned \$17.1 million in interest associated with revenues.
- The DoD identified operating expenses of \$56 million. Other Federal agencies identified operating expenses of \$75,438.
- The DoD identified a total of 102 contracts, grants, agreements, or other funding mechanisms, totaling \$2.2 billion. Other Federal agencies identified a total of 28 contracts, grants, agreements, or other funding mechanisms, totaling \$2.8 million.

Ongoing Audit Oversight

Ongoing Work

The DoD OIG is conducting other ongoing audits, including audits to determine whether:

- DoD personnel assess and mitigate cybersecurity risks when purchasing and using select commercial items;
- selected military treatment facilities overprescribed opioids for DoD beneficiaries;
- DoD contractors have security controls in place to protect the DoD-controlled unclassified information maintained on their systems and networks from internal and external cyber threats;
- Defense Security Cooperation Agency and DFAS personnel implemented effective controls over financial reporting for the Foreign Military Sales Trust Fund;
- the DoD paid higher prices than necessary for selected health care services and supplies without TRICARE maximum allowable reimbursement rates;
- implementation of Joint Regional Security Stacks, a major component of the Joint Information Environment, reduced the DoD's exposure to internal and external cybersecurity threats;
- the DoD complied with Public Law No. 107-300, "Improper Payments Information Act of 2002," November 26, 2002, as amended by Public Law No. 111-204 and Public Law No. 112-248, which requires agencies to review all programs and activities they administer and identify those that may be susceptible to significant improper payments;
- the DoD is receiving ready-for-issue spare parts for the F-35 Joint Strike Fighter and is paying sustainment incentive fees according to the incentive fee plan;
- ranges in the U.S. Indo-Pacific Command area of responsibility effectively support aviation unit readiness; and
- controls governing the Commercial and Government Entity Code Process are adequate and effective in managing vendor access.

EVALUATIONS

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

On April 1, 2019, the DoD OIG combined its three separate evaluations components into a single, consolidated Evaluations component. The DoD OIG has an obligation to ensure it is optimally organized to perform its critical mission as efficiently and effectively as possible. Establishing a single Evaluations component promotes consistency, provides the DoD and others a single point of contact for evaluations, and establishes a single leader to supervise evaluations products. It also allows the DoD OIG to reduce overhead, streamline operations, and allocate more staff to conducting evaluations.

Intelligence

Evaluation of Integrated Joint Special Technical Operations

The DoD OIG evaluated the efficiency and effectiveness of Integrated Joint Special Technical Operations, and reviewed Integrated Joint Special Operations program oversight and compliance with applicable laws and DoD policies. Management generally agreed with the findings and recommendations. The DoD OIG requested additional comments for the few unresolved recommendations. The findings and recommendations in this report are classified.

Report No. DODIG-2019-055

Evaluation of Special Access Programs Industrial Security Program

At the request of the Director of the DoD Special Access Program Central Office, the DoD OIG determined whether special access program industrial security inspections conducted by DoD Components are effectively ensuring the protection and security of defense contractor facilities, information, and technology. The DoD OIG performed this evaluation at Government offices and subordinate contractor sites. Management generally agreed with the findings and recommendations.

The DoD OIG requested additional comments for the few unresolved recommendations. The findings and recommendations in this report are classified.

Report No. DODIG-2019-054

Evaluation of Social Media Exploitation Procedures Supporting Operation Inherent Resolve

The DoD OIG determined whether the 513th Military Intelligence Brigade, a supporting element for Combined Joint Task Force—Operation Inherent Resolve, conducted open source intelligence—such as social media exploitation—in accordance with DoD Directives. Management agreed with most of the findings and recommendations. The DoD OIG requested additional comments for the few unresolved recommendations. The findings and recommendations in this report are classified.

Report No. DODIG-2019-042

Evaluation of Combatant Command Intelligence Directorate Internal Communications Processes

The DoD OIG determined whether the internal communication processes of the geographic combatant command joint intelligence operations centers had weaknesses similar to the flaws in management processes that the DoD OIG previously identified at U.S. Central Command (USCENTCOM) in DoD OIG Report No. DODIG-2017-049, “Unclassified Report of Investigation on Allegations Relating to USCENTCOM Intelligence Products,” January 31, 2017.

The DoD OIG determined that U.S. Africa Command, U.S. European Command, U.S. Indo-Pacific Command, North American Aerospace Defense Command/ U.S. Northern Command (NORAD/USNORTHCOM), and U.S. Southern Command Intelligence Directorates and joint intelligence operations centers used a variety of internal communication processes to communicate with their workforces. These internal communication processes were used to assess intelligence production, raise analytic integrity issues, and provide feedback on intelligence production.

However, the DoD OIG found that improvements were needed in the following areas to better support communications and analytical integrity.

- Many military analysts lacked formal training on Intelligence Community Directive 203, “Analytic Standards,” when they arrived at their commands.
- U.S. Africa Command, U.S. European Command, and NORAD/USNORTHCOM did not have formal analytic integrity policies, and their Intelligence Directorates

lacked introductory education regarding the analytic ombudsman program. They also did not routinely promote the analytic ombudsman program.

- NORAD/USNORTHCOM’s internal intelligence production review process was inconsistent across its Intelligence Directorate.

The DoD OIG recommended that the Under Secretary of Defense for Intelligence examine current DoD intelligence training and education policies and mandate, as necessary, training standards based on a common essential body of knowledge. In addition, the DoD OIG recommended that U.S. Africa Command, U.S. European Command, and NORAD/USNORTHCOM establish formal analytic integrity policies. The DoD OIG also recommended that U.S. Africa Command establish a second collateral duty analytic ombudsman or assistant analytic ombudsman at Royal Air Force Station Molesworth, United Kingdom. In addition, the DoD OIG recommended that the Director of the Defense Intelligence Agency notify the combatant command analytic ombudsmen of dispute resolution and mediation training opportunities and that NORAD/USNORTHCOM’s Intelligence Directorate ensure that similar product lines have a standard approval and release processes across divisions. Management agreed with the recommendations and, in some instances, had already taken action to close the recommendations by the time the report was issued. Further details of this report are For Official Use Only.

Report No. DODIG-2019-032

Evaluation of the Defense Threat Reduction Agency’s Counterintelligence Program

The DoD OIG determined whether the Defense Threat Reduction Agency’s Counterintelligence Office adhered to applicable statutory requirements, policies, guidance, and authorities when conducting counterintelligence inquiries and supporting counterintelligence investigations.

The DoD OIG found that the Defense Threat Reduction Agency Counterintelligence Division did not comply with all applicable statutory requirements, policies, guidance and authorities when conducting counterintelligence inquiries and supporting counterintelligence investigations. In addition, the DoD OIG found that the Defense Threat Reduction Agency Counterintelligence Division exceeded its authorities, had no system of record, failed to report questionable intelligence activities, and did not coordinate the use of code words and nicknames. The DoD OIG also found that the Defense Threat Reduction Agency Counterintelligence Division did not have an assigned Defense Intelligence Component Head or a supporting Military Department Counterintelligence Organization. This occurred because

of limited oversight by the Defense Threat Reduction Agency Security and Counterintelligence Department, inadequate management of counterintelligence inquiry activities, insufficient policy on counterintelligence inquiries, and poor management of the Defense Threat Reduction Agency counterintelligence inquiry program.

Additionally, the Office of the Under Secretary of Defense for Intelligence conducted only limited intelligence oversight inspections of the Defense Threat Reduction Agency's counterintelligence inquiry activities.

The DoD OIG recommended the Office of the Under Secretary of Defense for Intelligence assign an Intelligence Component head to the Defense Threat Reduction Agency Security and Counterintelligence Department; create a definition for "Counterintelligence Inquiries" by revising DoD Instruction O-5240.21; issue interim guidance on when a counterintelligence inquiry becomes a counterintelligence investigation; assign a Military Department Counterintelligence Organization to the Defense Threat Reduction Agency to support Defense Threat Reduction Agency counterintelligence inquiries by revising DoD Instruction 5240.10; and conduct a counterintelligence inquiry case file review when conducting intelligence oversight inspections. In addition, the DoD OIG recommended that the Defense Threat Reduction Agency Counterintelligence Division create a System of Records Notice and have it published to the Federal Register; ensure that Defense Threat Reduction Agency counterintelligence personnel are trained on DoD intelligence oversight procedures; and coordinate use of all code words and nicknames used for counterintelligence inquiry cases with the Code Word, Nicknames, and Exercise Terms office. Management agreed with the recommendations. Further results and details of this report are classified.

Report No. DODIG-2019-031

In addition, on behalf of CIGIE, the DoD OIG performed and issued the following report, "Council of the Inspectors General on Integrity and Efficiency (CIGIE) Summary Report of Inspectors General Efforts Under the Evaluation of the Implementation of Public Law 111-258, 'Reducing Over-Classification Act-Phase III,' March 6, 2019

The Reducing Over-Classification Act (the Act), Public Law 111-258, Section 6(b), requires the IG of each department or agency of the United States with an officer or employee authorized to make original classifications to carry out, not later than September 30, 2016, no less than two evaluations of that department or agency. The reports should assess

whether applicable classification policies, procedures, rules, and regulations have been adopted, followed, and effectively administered. In addition, the reports should identify policies, procedures, rules, regulations, or management practices that may be contributing to persistent misclassification of material within such department, agency, or component. Also, the Act requires that the respective Inspectors General should coordinate with each other and with the Information Security Oversight Office (ISOO) to ensure that evaluations follow a consistent methodology, as appropriate, that allows for cross-agency comparisons. The first report was due September 30, 2013, and the second report was due September 30, 2016, to be provided to select congressional committees, agency heads, and the Director of the ISOO.

The CIGIE developed a working group, led by the DoD OIG, and began a collaborative effort to ensure evaluations followed a consistent methodology that allowed for cross-agency comparisons. This effort began in July 2012, with the outcome being the creation of an evaluation guide, which the team completed on January 13, 2013—"A Standard User's Guide for Inspectors General Conducting Evaluations Under Public Law 111-258, the Reducing Over-Classification Act." The efforts of the working group helped ensure that agency reports had a common framework, while also maintaining the ability to adapt to agency unique requirements. The DoD OIG developed a working summary report in 2013 of participating agencies results so that they could compare results, prior to conducting followup audits and evaluations for their 2016 reports.

The March 2019 CIGIE report is a summary of the key findings and progress reported by 13 OIGs, in consultation with the ISOO, that audited or evaluated their agencies' implementation of classified national security information programs: the Departments of Agriculture, Commerce, Defense, Energy, Health and Human Services, Homeland Security, Justice, State, Transportation, and Treasury; Environmental Protection Agency; Nuclear Regulatory Commission; and U.S. Agency for International Development. To bring the level of effort into sharper focus, in 2013 and 2016, the 13 participating OIGs reviewed 3,797 documents, conducted 2,742 interviews and surveys, and issued 94 findings and 159 recommendations. As of the last OIG report in January 2017, 60 recommendations were closed and 99 recommendations were still either open or unresolved. The current summary report was unanimously approved by the CIGIE Executive Council on March 6, 2019.

SPECIAL PLANS AND OPERATIONS

DoD Efforts to Train, Advise, Assist, and Equip the Armed Forces of the Republic of the Philippines

The DoD OIG determined whether DoD efforts to train, advise, assist, and equip the Armed Forces of the Philippines (AFP) increased the AFP's capability to counter existing violent extremist organization threats and built sustainable AFP capabilities to disrupt, defeat, and deny safe haven to current and future violent extremist organizations in the Philippines.

The DoD OIG determined that U.S. Forces' advice and assistance helped the AFP counter violent extremists who attacked the city of Marawi. In 2017, a U.S. Special Operations task force provided advice and assistance to the AFP as it fought a 5-month battle with Islamic State of Iraq and Syria (ISIS) Philippines forces in Marawi, returning the city to the Philippine government's control. The U.S. advise and assist forces did not participate in AFP operations or directly train the AFP. However, U.S. force advisers identified critical AFP capability gaps, and advised and assisted AFP counterparts to help them overcome capability challenges during Marawi counterterrorism operations. The DoD OIG also determined that U.S. Indo-Pacific Command and the Joint U.S. Military Advisor Group at the U.S. Embassy in the Philippines complied with requirements to vet individuals and units for gross human rights violations.

However, the DoD OIG determined that U.S. Forces did not provide counterterrorism training to AFP conventional forces, as directed in the U.S. Indo-Pacific Command Operation Pacific Eagle–Philippines Execute Order, dated October 5, 2017. U.S. Indo-Pacific Command components did not have the resources to train AFP conventional forces on capabilities specified in the U.S. Indo-Pacific Command execute order. Finally, U.S. Indo-Pacific Command components did not develop project proposals to provide training and equipment to AFP conventional forces using provided funding authority.

The DoD OIG recommended that the Commander of U.S. Indo-Pacific Command, in coordination with AFP leadership:

- determine the priorities and resources required to develop the counterterrorism capacity of AFP conventional forces;

- determine training responsibilities within U.S. Indo-Pacific Command for developing programs to build the capacity of AFP conventional forces; and
- consider developing proposals for 10 U.S.C. § 333 (2017) authority to build the capacity of AFP conventional forces to support counterterrorism operations.

Management did not agree or disagree with the recommendations. This report is classified with an unclassified "Results in Brief" section.

Report No. DODIG-2019-048

U.S. Africa Command's Special Purpose Marine Air Ground Task Force's Ability to Meet Deployment Timelines

The DoD OIG evaluated whether the Marine Corps' Special Purpose Marine Air-Ground Task Force Crisis Response–Africa met U.S. Africa Command's operational requirements for crisis response. Management agreed with the recommendations. The findings and recommendations in this report are classified.

Report No. DODIG-2019-059

Evaluation of DoD Voting Assistance Programs for 2018

The DoD OIG determined whether the Military Services' voting assistance programs for military personnel, their dependents, and eligible overseas voters complied with Federal law and policy. Voting assistance programs help absentee voters register, vote, and have their votes counted. Federal law requires the Inspectors General of the Army, Navy, Air Force, and Marine Corps to annually review the compliance and effectiveness of their respective voting assistance programs, and report the results to the DoD OIG to be included in the DoD OIG's annual report to Congress.

The Inspectors General of the Army, Marine Corps, and Air Force reported that their Services' voting assistance programs were compliant and effective. The Naval IG reported that its voting assistance program was noncompliant but "effective where implemented."

The DoD OIG determined that the Navy's evaluation of its voting assistance program was incomplete and did not include assigning unit voting assistance officers, as required. The Navy relied on a survey with a 49-percent response rate, counting any command that did not respond as noncompliant, likely underreporting unit compliance. In addition, the DoD OIG determined that only 2 of the 10 combatant commands (U.S. Africa Command and U.S. Transportation Command) had a

written Federal Voting Assistance Program policy, as required by DoD Instruction 1000.04. The remaining eight combatant commands relied on a Service component or host installation policy, and guidance was not standardized.

The DoD OIG made recommendations to the Naval IG addressing potential underreporting, and to the Navy Senior Service Voting Representative regarding the frequency of inspections and assignment of unit voting assistance officers. The DoD OIG also recommended that the eight combatant commands that did not have written voting policies develop and implement these policies, as required by DoD Instruction 1000.04, to support military personnel and their family members. Management agreed with the recommendations.

Report No. DoDIG-2019-065

Ongoing Work

The DoD OIG is conducting other ongoing evaluations, including evaluations to determine whether:

- the DoD has established adequate policies and programs to treat opioid use disorder, and implemented outcome measures for opioid use disorder treatment to inform improvements to quality of care;
- DoD contracts in Kuwait complied with combating trafficking in persons requirements in statutes, the Federal Acquisition Regulation, the Defense Federal Acquisition Regulation Supplement, and other DoD guidance;
- the Army National Military Cemeteries maintain gravesite accountability, implement Federal laws, and have reliable information management system, and whether the Army National Military Cemeteries implemented recommendations from a prior DoD OIG report on military cemeteries;
- the Military Services responsible for the 38 military cemeteries maintain gravesite accountability, have appropriate regulations, and operate and maintain the cemeteries to appropriate standards, and whether the Services implemented recommendations from DoD OIG Report No. DODIG-2013-098, "Assessment of U.S. Cemeteries," June 28, 2013;
- U.S. and Coalition efforts to train, advise, assist, and equip Afghan tactical air coordinators, air liaison officers, and Afghan air targeting officers meet air-to-ground integration objectives identified in operational plans and applicable policies;
- DoD Components are collecting and submitting qualifying information, such as fingerprints, DNA, Defense Incident Based Reporting System criminal incident data, and registered sex offender data, to the Federal Bureau of Investigation for inclusion in its databases, as required by Federal law and DoD policy;
- Military Criminal Investigative Organizations and other military investigative agencies respond to domestic assault (non-sexual) incidents in accordance with DoD, Service, and installation guidance;
- the U.S. Air Force Academy Sexual Assault Prevention and Response Program Office and the Air Force Office of Special Investigations respond to, support, and provide victim care to cadet victims of sexual assault as required by DoD policies and procedures;
- the DoD and DoD Education Activity have adequate policies and procedures to respond to incidents of serious student misconduct, including sexual assault and sexual harassment, and the DoD Education Activity's referrals to DoD law enforcement organizations and military and civilian child advocacy and health services. This evaluation is in response to requirements in a Senate Armed Services Committee report to the FY 2019 National Defense Authorization Act;
- the V-22 Program Office developed the Engine Air Particle Separator to protect the V-22 Osprey engines in desert environments;
- the Defense Contract Audit Agency's system of quality control for audits in effect for the year ended June 30, 2019, provided reasonable assurance of conforming to Government auditing standards;
- the U.S. Central Command target development and prosecution processes, as well as post-strike collateral damage and civilian casualty assessment activities;
- the Air Force has implemented weather support capabilities on the MQ-1 and MQ-9 unmanned aircraft systems;
- the Algorithmic Warfare Cross-Functional Team (Project Maven) has developed internal controls to oversee the integration of artificial intelligence into intelligence collection platforms to improve the Processing, Exploitation, and Dissemination of intelligence; and
- In addition, DoD OIG is performing followup evaluations on findings and recommendations from past issued reports that pertain to Oversight of Privileged Users Within the Army's Intelligence Component, foreign officer involvement at U.S. Special Operations Command, and the F-35 Autonomic Logistics Information System.

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 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 reviews of selected single audits.

The DoD OIG completed 55 reviews of single audit reports, involving \$3.3 billion in DoD funds. The reviews resulted in the issuance of 50 memorandums to DoD-awarding components identifying 55 single audit report findings, including \$559,245 of questioned costs that require DoD resolution actions.

The DoD OIG also issued the following reports on quality control reviews performed to determine compliance with auditing standards.

- In Report No. DODIG-2019-033, “Quality Control Review of the Grant Thornton LLP FY 2017 Single Audit of Concurrent Technologies Corporation,” December 6, 2018, the DoD OIG determined that Grant Thornton generally complied with auditing standards and Single Audit Uniform Guidance requirements. However, Grant Thornton’s review of the Reporting and Cash Management compliance requirements was not adequate to achieve the audit objectives identified in the Single Audit Compliance Supplement. Grant Thornton did not review financial reports to support conclusions

on the Reporting compliance requirement, or document audit procedures that were sufficient to support conclusions that Concurrent Technologies requested reimbursement in compliance with the Federal Acquisition Regulation (FAR) for the Cash Management compliance requirement. The DoD OIG performed additional analysis to verify and accept Grant Thornton’s conclusions that Concurrent Technologies complied with the Reporting and Cash Management compliance requirements. Therefore, Grant Thornton did not need to perform additional audit work on the FY 2017 single audit, but should correct the deficiencies in future single audits. The DoD OIG made two recommendations to correct and prevent future deficiencies noted during the review. Management agreed with the recommendations.

- In Report No. DODIG-2019-067, “Quality Control Review of the PricewaterhouseCoopers LLP FY 2017 Single Audit of the CNA Corporation,” March 22, 2019, the DoD OIG reviewed the FY 2017 single audit of the CNA Corporation and determined that PricewaterhouseCoopers generally complied with auditing standards and Uniform Guidance requirements when performing the FY 2017 single audit of the CNA Corporation. The report contained no recommendations.

Evaluation of Contracting Officer Actions on Contractor Price Proposals Deemed Inadequate by Defense Contract Audit Agency

The DoD OIG evaluated whether contracting officer actions were appropriate and consistent with the FAR when the Defense Contract Audit Agency (DCAA) determined that a contractor price proposal was inadequate. As part of the evaluation, the DoD OIG selected 23 contractor price proposals, valued at \$6.4 billion, that Air Force, Army, Navy, and DLA contracting officers negotiated and that the DCAA determined were inadequate because they did not comply with FAR Subpart 15.4, “Contract Pricing.”

The DoD OIG determined that, for all 23 contractor price proposals, the contracting officers took appropriate actions to address the proposal inadequacies that the DCAA identified. However, for 9 of the 23 proposals, contracting officers did not comply with the FAR requirements for documenting their negotiation. Specifically, they did not adequately document the contractor price proposal inadequacies or the actions taken to address the inadequacies in the contract file. As a result, the contracting officers could not readily demonstrate that they had appropriately addressed

the contractor price proposal inadequacies before they negotiated a fair and reasonable price with the contractor. The negotiation memorandum is a critical part of the contract file because it serves as the primary means of contracting officers documenting the actions they took during price negotiations. The DoD OIG determined that a lack of DoD policy and instruction contributed to contracting officers not adequately documenting their actions.

For 10 of 23 proposals, the DoD OIG determined that contracting officers did not comply with the FAR requirement to distribute negotiation memorandums to the agencies that provided support. Furthermore, for 8 of 23 proposals, the contracting officers did not comply with the Defense Federal Acquisition Regulation Supplement (DFARS) requirement to upload negotiation memorandums to the DoD's Contract Business Analysis Repository. A majority of the contracting officers were not aware of the FAR and DFARS requirements for distributing and uploading the negotiation memorandum.

The DoD OIG recommended that the Defense Pricing and Contracting Office develop and issue guidance to ensure that contracting officials document actions taken to address contractor price proposal inadequacies. The DoD OIG also recommended that the Army Contracting Command–Rock Island Commander implement controls to ensure that contracting actions are adequately documented and supported in accordance with FAR, and review the Logistics Civil Augmentation Program Chief's actions to determine whether administrative action should be taken. Management agreed with the recommendations.

Report No. DODIG-2019-019

System Review Report on the Defense Commissary Agency Internal Review

The DoD OIG conducted an external peer review of the system of quality control for the Defense Commissary Agency (DeCA) Internal Review Office in effect for the period ending January 31, 2018.

The DoD OIG determined that, due to significant deficiencies found, the system of quality control for the DeCA Internal Review Office was not suitably designed and complied with to provide the DeCA Internal Review Office with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. As a result, the DeCA Internal Review Office received a rating of fail. Deficiencies noted included a structural threat to the DeCA Internal Review Office's independence; outdated policies and procedures to address recommendations

from the previous peer review; policies and procedures did not include certain Government Auditing Standards requirements; ineffective quality control procedures and monitoring of its quality control system; and lack of audit planning.

The DoD OIG made 23 recommendations to improve the DeCA Internal Review Office's system of quality control compliance with applicable professional standards. Management agreed with the recommendations.

Report No. DODIG-2019-035

Investigative Policy and Oversight

The DoD OIG evaluates the performance of, and develops policy for, DoD criminal investigative components, such as the U. S. Army Criminal Investigation Command (CID), Naval Criminal Investigative Services (NCIS), Air Force Office of Special Investigations (AFOSI), and other DoD agencies that have criminal investigators, such as the Pentagon Force Protection Agency and the National Security Agency (NSA).

Report of Investigation Into the U.S. Air Force's Failure to Submit Devin Kelley's Criminal History Information to the Federal Bureau of Investigation

The DoD OIG investigated the circumstances surrounding the Air Force's failure to submit Devin Patrick Kelley's fingerprints and final disposition report to the Federal Bureau of Investigation's (FBI) Criminal Justice Information Services (CJIS) Division for inclusion in its databases after he was convicted of a crime of domestic violence by an Air Force general court-martial. On November 5, 2017, Kelley shot and killed 26 people and wounded 22 others at the First Baptist Church of Sutherland Springs in Sutherland Springs, Texas, with weapons he purchased from Federal Firearms Licensed dealers. The Air Force's failure to submit Kelley's fingerprints and final disposition information allowed Kelley to pass federally mandated background checks and enabled him to purchase the firearms he used in the church shooting.

The DoD OIG determined that multiple organizations and individuals in the Air Force did not submit Kelley's fingerprints or final disposition report to the FBI CJIS Division, as required by DoD, Air Force, and AFOSI policy. The Air Force had four opportunities to collect and submit Kelley's fingerprints to the FBI CJIS Division and two opportunities to submit his final disposition report to the FBI CJIS Division, as required, but never did so.

Multiple factors contributed to this reporting oversight, including inconsistent and ineffective training at AFOSI and Air Force Security Forces; incomplete and ineffective AFOSI supervisory reviews of Kelley's investigative case file; and inexperienced special agents, individual personal issues, and leadership gaps. These factors provide context for the failures to submit the fingerprints and final disposition report to the FBI CJIS Division. However, they do not excuse the failures. The investigators and confinement personnel had a duty to know, and should have known, the DoD and Air Force fingerprint policies, and should have followed them. These failures had drastic consequences and should not have occurred. As a result, the DoD OIG concluded that there was no valid reason for the Air Force's failures to submit Kelley's fingerprints and final disposition report to the FBI CJIS Division.

The DoD OIG made eight recommendations to the Office of the Under Secretary of Defense for Personnel and Readiness and the Air Force. The Office of the Under Secretary of Defense for Personnel and Readiness agreed with our recommendation to consider pursuing legislation amending the Gun Control Act, Section 922(g)(8) to include commander-issued no contact orders and Military Protective Orders as disqualifiers in determining eligibility to purchase firearms from a Federal Firearms Licensed dealer, but did not provide a plan to satisfy and implement the recommendation. The Office of the Under Secretary of Defense for Personnel and Readiness also agreed to consult with the Office of the Under Secretary of Defense for Intelligence and the DoD Office of General Counsel as recommended in the report.

The USAF agreed with seven recommendations concerning the need for performing National Crime Information Center and local criminal history record checks before an applicant's formal entry into the Air Force on active duty; retaining original investigative and confinement facility records for 15 years; reviewing the AFOSI formal training programs on the procedures and requirements for the collection and submission of fingerprints and final disposition reports to the FBI; adopting the Air Force Security Forces formal training programs on the procedures and requirements for the collection and submission of fingerprints to the FBI; and reviewing the DoD OIG report and any other relevant factors to determine if administrative, performance, or disciplinary actions are appropriate against individuals described in the report.

The Air Force, however, did not provide specific actions it had taken, or would take, to address each of the recommendations.

The DoD OIG is currently conducting a followup review to assess progress throughout the DoD in ensuring that all fingerprints required to be submitted to the FBI are, in fact, submitted. This review will also assess whether DoD law enforcement agencies submit DNA to the FBI's Combined DNA Index System, as well as criminal history data, mental health information, and sex offender information, as required. The DoD OIG expects to issue that report in summer 2019.

Report No. DODIG-2019-030

Criminal Investigative Policy

The DoD OIG establishes policy for DoD criminal investigative components, including 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 one policy that affected DoD criminal investigative agencies.

DoD Instruction 5505.18, "Investigation of Adult Sexual Assault in the Department of Defense," March 22, 2017, (Incorporating Change 2, January 31, 2019)

DoD Instruction 5505.18 was changed to clarify eligibility for the "Catch a Serial Offender Program," update the definition of sexual assault in accordance with Executive Order 13825, and change the retention of physical and forensic evidence to at least 20 years.

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 unduly 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, 2018, through March 31, 2019, the DoD OIG issued 515 subpoenas.

Figure 2.1 DoD OIG Subpoenas Issued in FY 2019

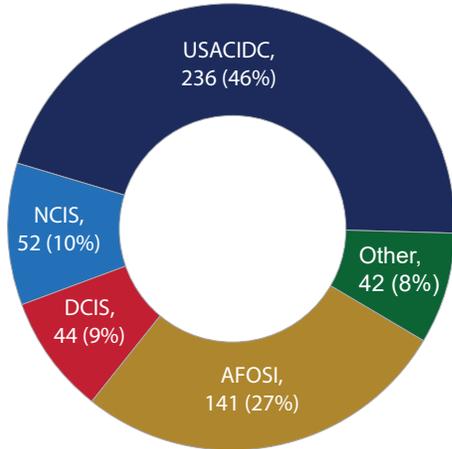
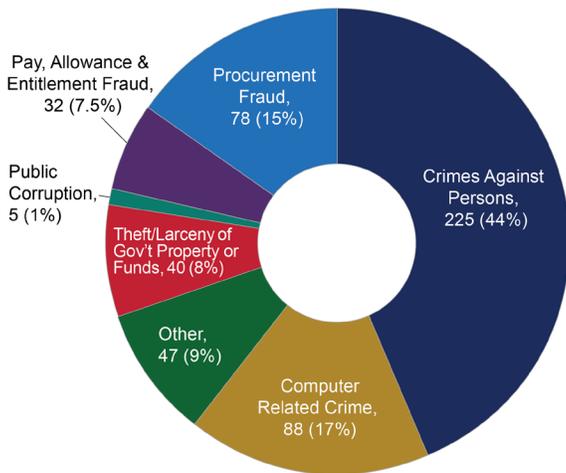


Figure 2.2 Subpoenas Requested in FY 2019 by Type of Investigation

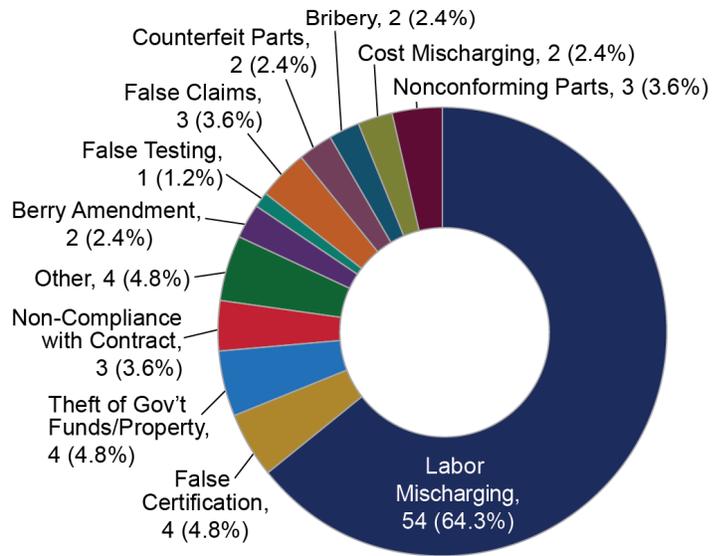


Contractor Disclosure Program

A contractor disclosure is a written disclosure by a DoD contractor or subcontractor to the DoD OIG that addresses 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, 2018, through March 31, 2019, the DoD OIG received 84 contractor disclosures, which identified approximately \$3,857,599 of potential monetary recovery for the Government.

Figure 2.3 Contractor Disclosures by Type FY 2019 (October 1, 2018 – March 31, 2019)



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.

E.M. Photonics and Its CEO Agreed to Pay \$2.75 Million to Resolve Alleged Violations of the False Claims Act

A joint investigation with the Army Criminal Investigation Command (CID), Air Force Office of Special Investigations (AFOSI), Naval Criminal Investigative Service, National Aeronautics and Space Administration (NASA), and Department of Energy (DOE) investigated allegations that E.M. Photonics and its Chief Executive Officer, Eric Kelmelis, violated the False Claims Act.

E.M. Photonics was awarded grants and contracts through the DoD Small Business Innovation Research and Small Business Technology Transfer programs. These programs provide small businesses with Federal research and development opportunities. E.M. Photonics allegedly received funding for work that it previously performed for another Government agency, then falsely certified that the work was original. Kelmelis and E.M. Photonics allegedly directed employees, or caused others to direct employees, to falsely complete timesheets for labor that the employees did not perform and submit false invoices and public vouchers to the Government for payment.

On December 27, 2018, E.M. Photonics and Kelmelis entered into a civil settlement agreement with the Department of Justice (DOJ) and agreed to pay the Government \$2.75 million to resolve alleged violations of the False Claims Act.

Explo Employees Sentenced for Their Roles in the Largest Illegal Dumping of Explosive Hazardous Waste in U.S. History

A joint investigation with Army CID, the Environmental Protection Agency Criminal Investigation Division, the Department of Transportation (DOT) Office of Inspector General (OIG), and the Louisiana State Police investigated allegations that Explo Systems conspired to defraud the Army and illegally dumped 15.6 million pounds of explosives at locations on Camp Minden, Louisiana.

The Army awarded Explo an \$8.6 million contract to demilitarize and dispose of explosive materials. Beginning in January 2010, Explo personnel provided the Army with documentation that indicated that Explo sold demilitarized explosive material, when the material was never sold. Explo improperly dumped explosives at locations on Camp Minden and in landfills to prevent the Government learning of the conspiracy. The Louisiana State Police discovered the illegal activity after an Explo-leased munitions bunker on Camp Minden exploded in October 2012. The Defense Criminal Investigative Organizations initiated investigations after national media reports of the explosion at a DoD facility.

On November 29, 2018, David Alan Smith, co-owner of Explo, and William Terry Wright, an Explo vice president, were sentenced for their roles in the criminal conspiracy. Smith was sentenced to 55 months in prison and ordered to pay over \$34 million in restitution. Wright was sentenced to 60 months in prison and ordered to pay over \$149,000. Three other Explo employees were sentenced to prison for their participation in the conspiracy.

VMJ Construction and Vigil Contracting Agreed to Pay \$3.6 Million to Resolve Alleged Violations of the False Claims Act

A joint investigation with Army CID and the Small Business Administration (SBA) Office of Inspector General (OIG) investigated allegations that VMJ Construction (VMJ) and Vigil Contracting (Vigil) violated the False Claims Act by defrauding the Small Business Association's 8(a) Business Development Program.

The Small Business Association's 8(a) program offers socially and economically disadvantaged small businesses the opportunity to obtain Federal contracts. VMJ used the 8(a) program to obtain several contracts from the Army, Navy, and Department of Agriculture.

VMJ allegedly provided false information to the Small Business Association in order to participate in the 8(a) program by concealing the fact that Vigil performed most of VMJ's work and managed VMJ's day-to-day operations. Vigil was a graduate of the 8(a) program and was ineligible to bid on the program's contracts.

On December 28, 2018, VMJ and Vigil entered into a civil settlement agreement with the DOJ and agreed to pay the Government \$3.6 million to resolve alleged violations of the False Claims Act.

Northrop Grumman Systems Corporation Signs Non-Prosecution Agreement and Agrees to Pay \$30 Million to Resolve Alleged Violations of the False Claims Act

A joint investigation with the Federal Bureau of Investigation (FBI) and AFOSI investigated allegations that Northrop Grumman violated the False Claims Act. Between July 1, 2010, and December 31, 2013, Northrop Grumman allegedly misrepresented the number of hours that its personnel in the Middle East worked on two Air Force communications contracts.

On November 1, 2018, Northrop Grumman signed a criminal non-prosecution agreement regarding corporate culpability for labor mischarging violations. On November 2, 2018, Northrop Grumman entered into a civil settlement agreement with the DOJ and agreed to pay the Government \$25.8 million, and agreed to administratively forfeit another \$4.2 million. Altogether, Northrop Grumman will pay approximately \$30 million to resolve alleged violations of the False Claims Act.

Five South Korean Companies Agreed to Plead Guilty and to Enter Into Civil Settlements for Rigging Bids for DoD Fuel Contracts

A joint investigation with the FBI, AFOSI, Army CID, and the DLA OIG investigated allegations that five South Korean companies—SK Energy, GS Caltex Corporation, Hanjin Transportation, Hyundai Oilbank, and S-Oil Corporation—conspired to rig bids for contracts to supply fuel to U.S. military installations in South Korea.

The DLA and the Army and Air Force Exchange Service contract with South Korean companies to supply fuel to U.S. military installations throughout South Korea. Between about March 2005 and 2016, South Korean petroleum and gas companies participated in a conspiracy to suppress and eliminate competition during the bidding process for fuel supply contracts. As a result of this alleged conduct, the DoD overpaid for fuel services in South Korea.

On December 12, 2018, SK Energy, GS Caltex Corporation, and Hanjin Transportation pleaded guilty to conspiracy charges and agreed to pay approximately \$82 million in criminal fines. Additionally, on March 14, 2019, all three companies were ordered to pay the U.S. Government approximately \$154 million to resolve alleged civil antitrust and False Claims Act violations.

On March 14, 2019, in separate civil resolutions, Hyundai Oilbank and S-Oil Corporation agreed to pay the U.S. Government approximately \$41 million to resolve alleged False Claims Act violations related to the bid-rigging conspiracy.

In addition to the payments, the five companies agreed to cooperate with the ongoing civil investigation and to abide by antitrust compliance program requirements.

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.

Former Government Contracting Officer Representative Sentenced to 60 Months in Prison for Bribery

A joint investigation with AFOSI and the Air Force Audit Agency investigated allegations that Jerry Vertefeuille, a contracting officer's representative for the 96 Test Wing Maintenance Group, and Christopher Carter, owner of TCC Services, conspired to defraud the Air Force.

In 2007, Vertefeuille helped Carter win a maintenance contract. Vertefeuille received kickbacks for approving and altering fraudulent TCC invoices and recommending the renewal of the company's contract. Carter paid Vertefeuille 50 percent of the profits generated by the contract. Between FYs 2013 and 2016, TCC fraudulently charged the Air Force approximately \$188,399.

Vertefeuille and Carter pleaded guilty to conspiracy to commit theft of honest services, wire fraud, and bribery of a public official. Vertefeuille also pleaded guilty to disclosing procurement information. On February 12, 2019, Vertefeuille was sentenced to 60 months in prison and 3 years of supervised release. On February 15, 2019, Carter was sentenced to 3 years of supervised release. Vertefeuille and Carter were ordered to jointly pay \$143,000.04 in restitution, and they were each ordered to forfeit \$80,544.44.

Former Army Civilian Engaged in a Conflict of Interest

A joint investigation with Army CID investigated allegations that an Army civilian employee, Mary Jean Hastings, engaged in a conflict of interest.

Hastings was employed by the Army and oversaw the compliance of an environmental waste contract at Fort Irwin, California. Chenega Global Services (Chenega) simultaneously employed Hastings as a manager. Both positions required Hastings to supervise the work of Chenega employees because Chenega, a Government contractor, employed personnel to work on Fort Irwin's environmental waste contracts.

On October 11, 2018, Hastings pleaded guilty to receiving compensation for representational services in matters affecting the Government. On December 20, 2018, Hastings was sentenced to 3 years of supervised release and ordered to pay \$354,499 in restitution as well as a \$100 assessment fee.

Three Individuals Sentenced for Theft of Government Property Conspiracy

A joint investigation with the FBI and the General Services Administration OIG investigated allegations that Roy Friend and John Berry, former Aviation and Missile Command employees, conspired with Francis Roach to steal Government property from Fort Eustis, Virginia. Friend and Berry used their positions in the Aviation and Missile Command and Army funds to fraudulently procure power tools and other equipment through the General Services Administration Advantage program, and Roach sold the items on the internet and from his business. Friend placed 666 orders, worth approximately \$2.3 million, for items such as table saws and plasma cutters.

Friend and Berry pleaded guilty to one count of conspiracy to commit mail and wire fraud. Friend was sentenced to 33 months in prison and 3 years of supervised release. Friend was ordered to pay over \$715,000 in restitution, and he forfeited over \$189,000 in cash and property. Friend was also debarred from Government contracting for 5 years. Berry was sentenced to 6 months in prison and 3 years of supervised release, and he was ordered to pay over \$63,000 in restitution (jointly and severally with Friend).

On October 19, 2018, Roach pleaded guilty to theft of Government property and was sentenced to 21 months in prison and 36 months of supervised release. Roach was also ordered to pay a \$5,000 fine and over \$86,000 in restitution (jointly and severally with Friend). Roach was also ordered to forfeit over \$86,000.

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.

Owners of Sleep Study Businesses Were Sentenced for Healthcare Fraud

A joint investigation with the FBI, Internal Revenue Service, Department of Health and Human Services OIG, and Office of Personnel Management OIG investigated allegations that Young Yi and Dannie Ahn, owners of 1st Class Sleep Diagnostic Center, violated the False Claims Act.

From approximately 2005 to 2014, Yi and Ahn submitted fraudulent health insurance claims to Government healthcare programs and private insurance companies. Yi and Ahn directed 1st Class Sleep employees to encourage patients to undergo additional and medically unnecessary sleep studies. Employees were paid to undergo medically unnecessary studies and to refer friends and family members to the sleep center for unnecessary studies. The defendants concealed the results of sleep studies from the physicians that referred patients to the center and fraudulently used physicians' information on health insurance claims. The sleep center waived required copayments and coinsurance charges and billed through other entities owned by the defendants to receive out-of-network reimbursements for in-network services.

Yi pleaded guilty to conspiracy to commit healthcare fraud, wire fraud, conspiracy to defraud the United States, and filing a false tax return. On December 7, 2018, Yi was sentenced to 84 months in prison and 3 years of supervised release. On December 7, 2018, Ahn was sentenced to 36 months in prison and 3 years of supervised release. The two defendants were ordered to pay \$10,696,447.86 in restitution.

Walgreen's Agreed to Pay \$60 Million to Resolve Alleged Violations of the False Claims Act

A joint investigation with the FBI, Department of Health and Human Services OIG, U.S. Postal Service OIG, and Office of Personnel Management OIG investigated allegations that Walgreen's, a national pharmacy chain, overbilled Federal healthcare programs by failing to charge the Government the lowest available prices for prescription drugs.

Customers enrolled in the Walgreen's Prescription Savings Club received discounts on prescription medications. Walgreen's withheld this program's prices from Federal healthcare benefits programs and billed the Government for prescription drugs at higher rates. This investigation was initiated as a result of a civil lawsuit filed under the qui tam provisions of the False Claims Act. The False Claims Act permits private individuals, known as relators, to sue on behalf of the Government those who claim Federal funds and receive a share of any funds recovered through the lawsuit.

On January 15, 2019, Walgreen's agreed to pay \$60 million to settle alleged violations of the False Claims Act. Walgreen's agreed to pay approximately \$28 million to state governments and approximately \$32 million to the U.S. Government. The relator will receive approximately \$6.7 million.

Florida Doctor and Sales Representative Were Sentenced for Their Roles in Kickback Scheme

A joint investigation with the FBI and AFOSI investigated allegations that QMedRX, Inc., a compound pharmacy operating under the name Home Care Solutions, violated the False Claims Act. The investigation identified a conspiracy to defraud Federal healthcare programs.

From May 2013 through April 2014, Homer Zulaica, a sales representative for QMedRX, paid kickbacks to Christopher Devine, a physician, for prescribing medically unnecessary compounded medications to TRICARE beneficiaries. Devine prescribed compounded medications without meeting or examining patients and referred patients with compounded medication prescriptions to QMedRX. TRICARE paid QMedRX approximately \$1.3 million for compounded medications that were prescribed by Devine.

Zulaica pleaded guilty to one count of conspiracy to defraud the Government through the payment or receipt of kickbacks. On October 1, 2018, Zulaica was sentenced to 6 months in prison followed by a year of supervised release. He was further ordered to pay a \$7,500 fine as well as a special assessment of \$100. Devine pleaded guilty to conspiracy to commit health

care fraud. On February 11, 2019, Devine was sentenced to 36 months of supervised release and ordered to pay approximately \$1.3 million in restitution to TRICARE.

OK Compounding Scheme Resulted in Indictments and Civil Settlements

A joint investigation with the FBI, Internal Revenue Service, Department of Health and Human Services OIG, Veterans Administration OIG, Department of Labor OIG, and U.S. Postal Service OIG investigated allegations that OK Compounding, LLC, a pharmacy, paid kickbacks to various third-party marketers in exchange for those marketers referring prescriptions for compounded drugs to OK Compounding. The scheme allegedly violated the Anti-Kickback Statute, conspiracy to commit healthcare fraud, and the False Claims Act.

Beginning in 2012, a network of health care professionals allegedly conspired to pay physicians for referring compounded medication prescriptions to OK Compounding and related pharmacies. The conspiracy caused TRICARE to pay \$3.2 million in fraudulent claims.

Between November 2018 and February 2019, four medical professionals agreed to pay the Government a total of \$344,260 to resolve alleged violations of the False Claims Act. On December 4, 2018, a physician was indicted for allegedly receiving over \$860,000 in kickbacks from health care marketers for referring prescription for compounded medication to pharmacies. In February 2019, two marketers agreed to pay the Government a total of \$753,520 to resolve alleged violations of the False Claims Act and the Anti-Kickback Statute.

Owner of a Therapy Facility Was Sentenced for Healthcare Fraud

A joint investigation with the FBI investigated allegations that Sheila Harris submitted false reimbursement claims to Government healthcare programs. Harris's company, Harris Therapy, provided speech, physical, and occupational therapy services.

From approximately 2008 to 2012, Harris falsified treatment dates and services rendered on TRICARE reimbursement forms. Harris directed speech pathologists to falsify invoices and reimbursement documents that were submitted to TRICARE. Harris Therapy billed TRICARE \$339,628 for speech therapy services that never took place.

On May 10, 2018, a Federal jury found Harris guilty and convicted her of 11 counts of wire fraud, 2 counts of aggravated identity theft, and 4 counts of false statements relating to healthcare matters. On October 30, 2018, Harris was ordered to forfeit \$320,641. On January 8, 2019, Harris was sentenced to 70 months in prison and 3 years of supervised release. Harris was ordered to pay \$403,079 in restitution to the Defense Health Agency. Harris was also ordered to reimburse the Government \$23,341.61 for the travel costs of witnesses who testified at her trial.

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.

Arms Trafficker Was Found Guilty of Conspiring to Provide Surface-to-Air Missiles

A joint investigation with Homeland Security Investigations and the Department of Commerce Office of Export Enforcement investigated allegations that a naturalized U.S. citizen residing in Egypt conspired to traffic in missiles to customers around the world. As a result of the investigation, a U.S. jury later found Rami Najm Asad-Ghanem guilty of missile trafficking.

Ghanem conspired to transfer a wide array of different surface-to-air missile systems to customers around the world, including clients in Libya, the United Arab Emirates, Iraq, and other countries. In particular, evidence showed that, in 2015, Ghanem conspired with mercenary missile operators of a militant faction in Libya to use Russian-made Igla and Strela surface-to-air missiles to shoot down airplanes flown by the internationally recognized government of Libya. Ghanem negotiated the mercenaries' terms of employment, including a \$50,000 bonus if an aircraft was shot down.

The investigation was initiated in mid-2014, after Ghanem attempted to procure a number of armaments from a U.S. supplier of military equipment. He stated that his purchases had to be "under the table" and professed to have Iranian clients interested in helicopters and fighter jets, and relationships with Hezbollah in Iraq. Over the course of the investigation, Ghanem made two payments for military grade equipment (including sniper rifles, pistols, silencers, and ammunition) that was to be shipped to Libya. Ghanem was arrested in Athens in December 2015, and he was extradited to the United States in April 2016.

On October 29, 2018, Ghanem pleaded guilty to attempted exportation of defense articles without a license, smuggling, money laundering, illegal arms brokering, and conspiracy to illegally broker a wide range of weapons. On November 15, 2018, a jury found Ghanem guilty of missile trafficking.

Cyber Crimes and Computer Network Intrusion

North Carolina Man Agreed to Pay \$10,000 to Resolve Alleged Violations of Trademark Infringement

DCIS investigated allegations that Bryan David Dowse operated multiple websites that fraudulently used trademarks that are owned by the Army and the Navy. Dowse allegedly operated the websites to obtain the Common Access Card login credentials of DoD personnel.

On November 6, 2018, Dowse entered into a civil settlement agreement with the DOJ and agreed to pay the Government \$10,000 to resolve the trademark infringement allegations. Dowse agreed not to use trademarked or copyrighted Military Service tags (keywords used by search engines to identify websites) on websites that imitate DoD websites, and he also agreed to place prominent disclaimers on his websites to indicate that his websites are not affiliated with the DoD.

Asset Forfeiture Division

The DCIS Asset Forfeiture Division provides civil and criminal forfeiture support to DCIS investigations. Forfeiture counts are included in indictments, criminal information, 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 \$24.07 million, consisting of U.S. currency, financial instruments, and real property. In addition, DCIS obtained final orders of forfeiture totaling \$19.49 million, and money judgments in the amount of \$46.26 million. This data is valid as of March 31, 2019.

Figure 2.4 Asset Forfeiture Program as of March 31, 2019

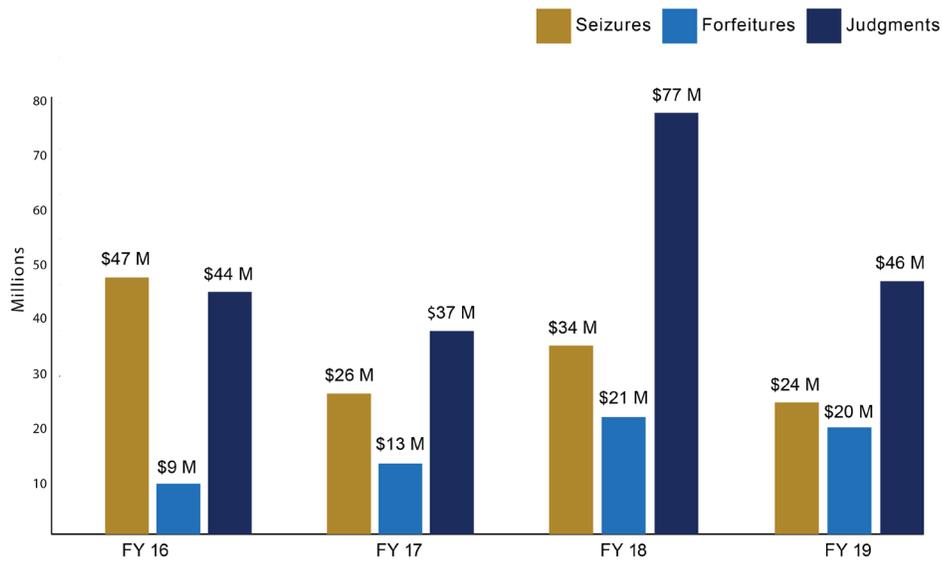
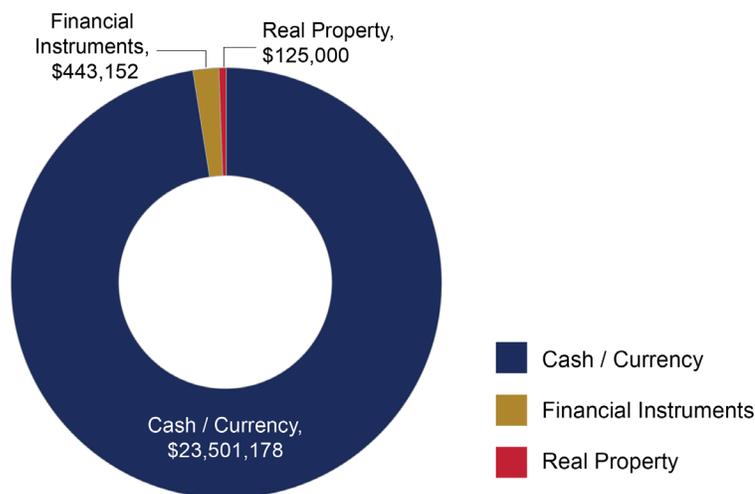


Figure 2.5 Seized Assets by Type October 1, 2018 through March 31, 2019



DCIS Investigations of Cases Involving Senior Government Employees

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

- A joint investigation with the General Services Administration OIG, Internal Revenue Service—Criminal Investigation, National Aeronautics and Space Administration OIG, Small Business Association OIG, and Department of Homeland Security OIG determined that a GS-15 employee with the Department of Homeland Security accepted bribes, in the form of consultant fees, in exchange for using his official position and influence and steered Government contracts to a company. The GS-15 employee pleaded guilty to one count of conspiracy to commit bribery, and he was sentenced to 15 months in prison, 12 months of supervised release, and ordered to forfeit \$12,500.
- A complaint alleged that a GS-15 employee with the National Geospatial-Intelligence Agency inappropriately awarded a contract to a company that employed her husband. The investigation did not substantiate the allegations against the GS-15 employee.
- A complaint alleged that a Senior Executive Service employee with the National Reconnaissance Office violated the Procurement Integrity Act. The complaint alleged that the Senior Executive Service employee improperly disclosed sensitive contract information. An investigation determined that the alleged Procurement Integrity Act violation was not substantiated because the National Reconnaissance Office awarded the contract through a sole-source award, and the Procurement Integrity Act only applies to competitive acquisitions.

ADMINISTRATIVE INVESTIGATIONS

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

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

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 involves 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 Hotline referral metrics criteria.

Priority 1: Immediate Action/Referred Within 1 Day:

- Intelligence matters, including disclosures under the Intelligence Community Whistleblower Protection Act.
- Significant issues dealing with the DoD nuclear enterprise.
- Substantial and specific threats to public health or safety, DoD critical infrastructure, or homeland defense.
- Unauthorized disclosure of classified information.



Priority 2: Expedited Processing/Referred Within 3 Days

- Misconduct by DoD auditors, evaluators, inspectors, investigators, and IGs.
- Senior official misconduct.
- Whistleblower reprisal.
- Allegations originating within a designated Overseas Contingency Operation area.

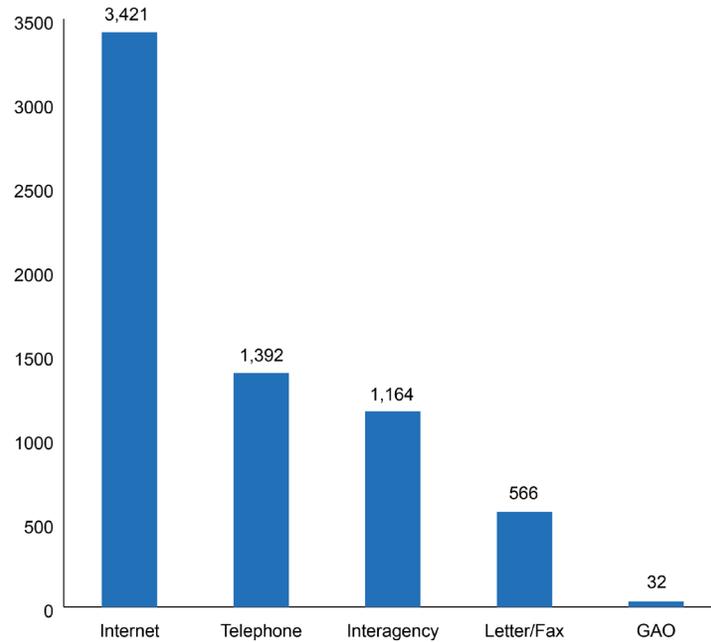
Priority 3: Routine/Referred Within 10 Days

- All other issues.

CORE MISSION AREAS

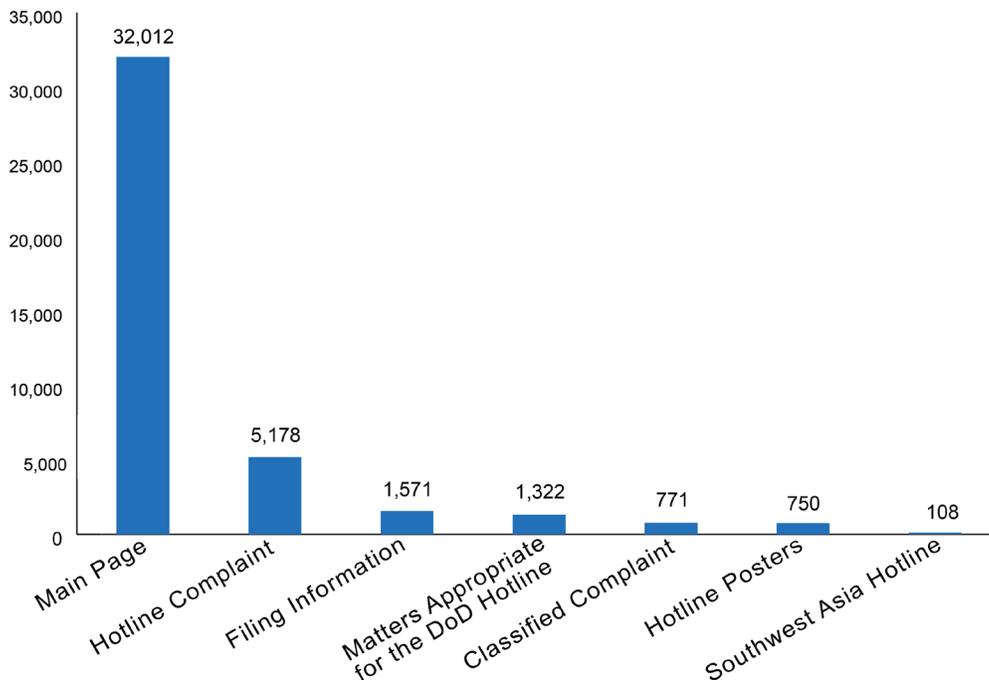
From October 1, 2018, through March 31, 2019, the DoD Hotline received 6,575 contacts. The figure below shows the contacts received by source type.

Figure 2.6 Hotline Contacts Received By Source October 1, 2018 – March 31, 2019



From October 1, 2018, through March 31, 2019, DoD Hotline webpages received 41,712 views. The figure below shows the number of visits to various fraud, waste, abuse, and reprisal information pages.

Figure 2.7 Most Visited Pages on the DoD Hotline Website, October 1, 2018 – March 31, 2019



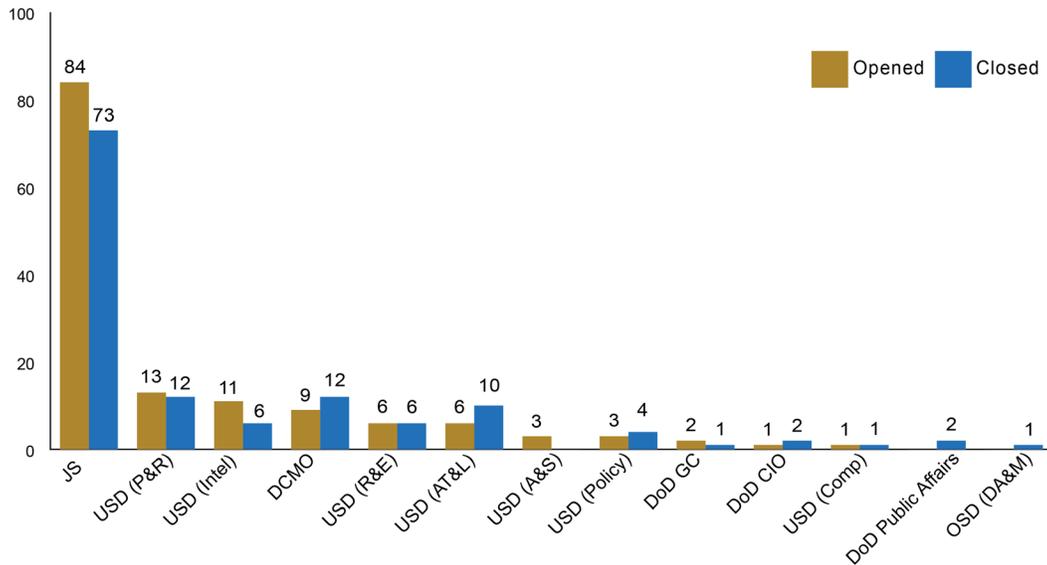
A DoD Hotline contact becomes a case when the Hotline opens and refers the case for action or information to a DoD OIG component, a Military Service, DoD agency, DoD field activity, or other agency outside the DoD. An action referral requires the receiving agency to conduct an inquiry. The Hotline case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

From October 1, 2018, through March 31, 2019, the DoD Hotline opened 3,367 cases and closed 3,280 cases.

The following charts show the referrals that the DoD Hotline made to the Office of the Secretary of Defense, DoD agencies and field activities, the Military Services, and DoD OIG components. Cases with no DoD affiliation are transferred to non-DoD agencies.

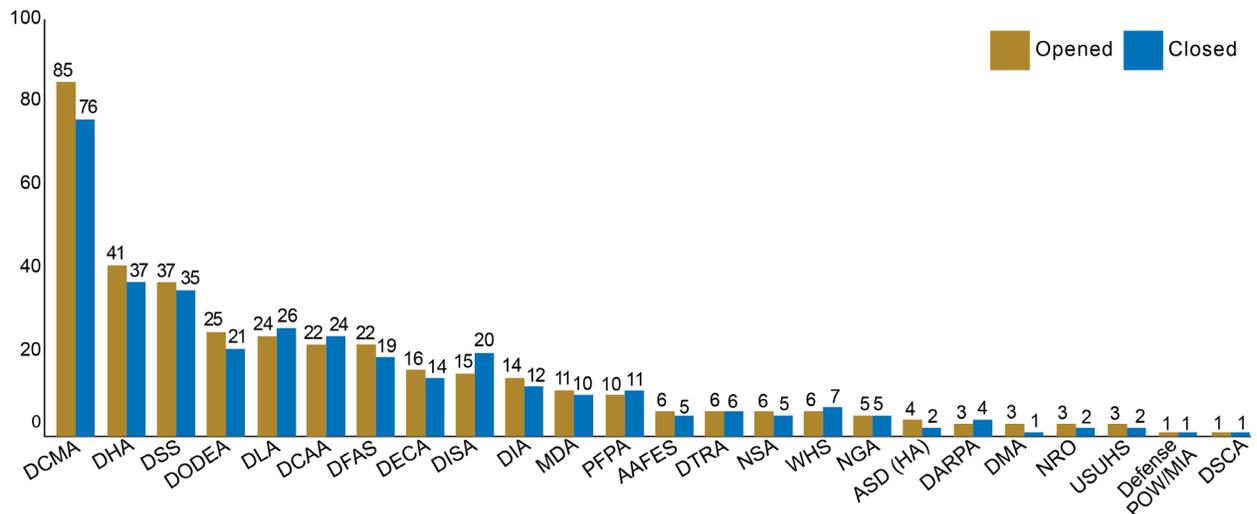
The DoD Hotline opened 139 cases and closed 132 cases referred to the Office of the Secretary of Defense.

Figure 2.8 DoD Hotline Cases Opened and Closed—Office of the Secretary of Defense for October 1, 2018 – March 31, 2019



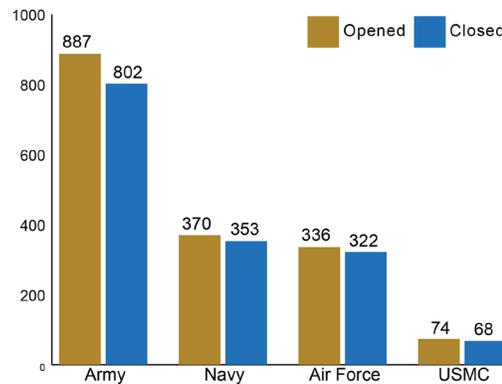
The DoD Hotline opened a total of 369 cases and closed 346 cases referred to DoD agencies and field activities.

Figure 2.9 DoD Hotline Cases Opened and Closed—DoD Agencies and Field Activities for October 1, 2018 – March 31, 2019



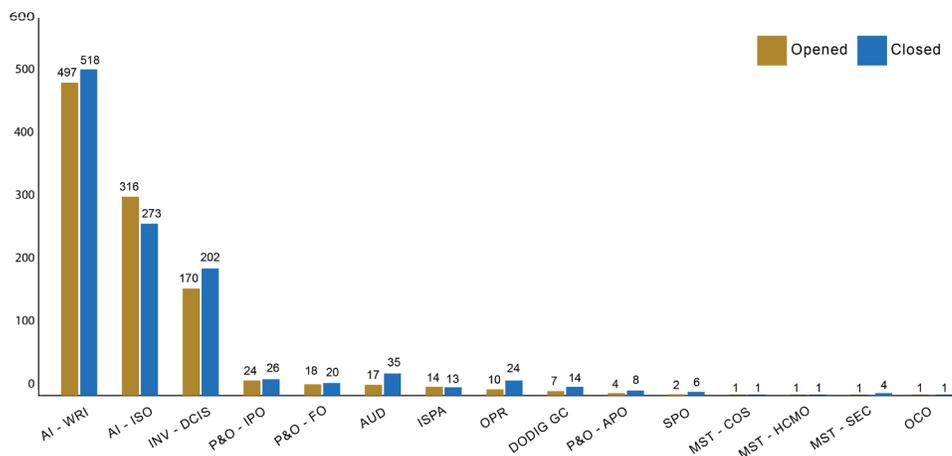
The DoD Hotline opened a total of 1,667 cases and closed 1,545 cases referred to the Military Services.

Figure 2.10 DoD Hotline Cases Opened and Closed—Military Services for October 1, 2018 – March 31, 2019



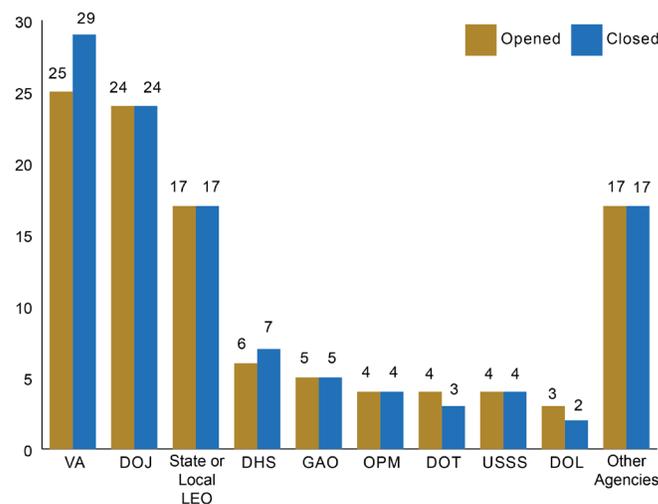
The DoD Hotline opened 1,083 cases and closed 1,146 cases referred to DoD OIG components.

Figure 2.11 DoD Hotline Cases Opened and Closed—DoD OIG Components for October 1, 2018 – March 31, 2019



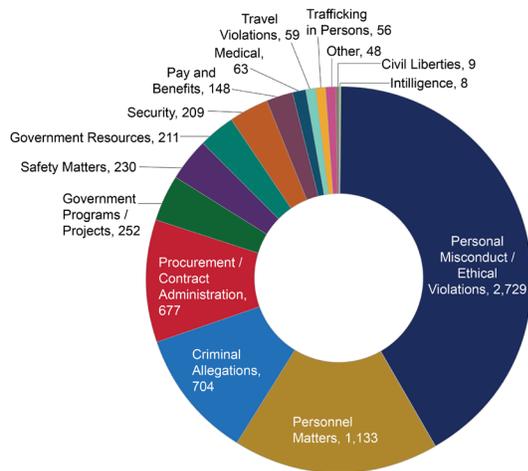
The DoD Hotline transferred 109 cases and closed 112 cases to non-DoD agencies. Some of the other agencies not listed, to which cases were transferred, included the Environmental Protection Agency, Department of Labor, and Small Business Administration.

Figure 2.12 Non-DoD Cases Opened and Closed for October 1, 2018 – March 31, 2019



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

Figure 2.13 Types of Allegations Received by the DoD Hotline From October 1, 2018 – March 31, 2019



Significant DoD Hotline Cases and Cost Savings

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

- A joint investigation with the Naval Inspector General and the Naval Criminal Investigative Service substantiated an allegation that a recent Naval Academy graduate (ensign) falsified a DoD Hotline complaint and local police report he filed against a midshipman. The false complaint alleged that the midshipman sent nude photographs via social media. The ensign pleaded guilty at a special court-martial for hacking the midshipman’s social media account and sending nude photographs of her to himself. He was sentenced to a punitive letter of reprimand and forfeiture of \$1,800 per month for 12 months. The record of trial was forwarded to Navy Personnel Command for a determination to discharge the ensign from the Navy.
- A joint investigation by the National Aeronautics and Space Administration OIG, DCIS, and the Air Force Office of Special Investigations substantiated allegations that two Defense contractors conspired to defraud the U.S. Government by submitting false claims and making false official statements. Despite being unqualified and ineligible, the pair fraudulently represented their companies as Service-Disabled Veteran-Owned Small Businesses to the U.S. Government to receive contracts or

serve as a subcontractor on contracts requiring this Service-Disabled Veteran-Owned Small Business status. A U.S. District Court sentenced the Defense contractor employees to 3 years’ probation and levied fines totaling \$150,100. The Suspension and Debarment Office also debarred them from U.S. Government contracting and from directly or indirectly receiving the benefits of Federal assistance programs until February 22, 2021.

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 service contractors; and
- (4) nonappropriated fund instrumentality employees who are paid from nonappropriated funds generated by Military Service clubs, bowling centers, golf courses, and other activities.

The WRI Directorate also conducts oversight reviews of whistleblower reprisal investigations of these types of allegations, which are performed by the Services and Defense agency OIGs.

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

The DoD OIG has established an alternative dispute resolution (ADR) program in the WRI 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 resolve a complaint together, prior to an otherwise lengthy investigative process, or at any point during the handling of the complaint. Settling complaints through ADR can help reduce the time for resolving cases, and can also allow limited investigative resources to be allocated to

completing other investigations in a timely manner. In addition, early resolution through settlements can provide voluntary relief for whistleblowers in a timely fashion.

The ADR process is facilitated by an ADR attorney, who assists the parties in resolving the complaint. If both parties in a complaint (the complainant and employer) agree to participate in ADR, the ADR attorney works with the parties to facilitate negotiations or a mediation. During this process, parties have the opportunity to explain their interests and concerns, explore possible solutions, and negotiate a resolution. WRI ADR attorneys serve as neutral third parties, assisting complainants and employers who voluntarily agree to participate in ADR with the goal of reaching settlement agreement to resolve reprisal complaint cases. Notably, settlements provide beneficial outcomes, including, but not limited to, time and financial factors. Examples of resolution 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.

During the reporting period, the ADR team helped 36 complainants and their employers reach favorable outcomes to their whistleblower reprisal complaints through voluntary, self-determined ADR processes. This is approximately a 33-percent increase over the previous 6-month period. As of the end of the reporting period, the DoD OIG had 44 cases in the ADR process.

The DoD OIG's ADR program was recently praised in the Project on Government Oversight's July 9, 2018 report, "The Watchdogs After Forty Years: Recommendations for Our Nation's Federal Inspectors General." That report stated, "It can take years to resolve whistleblower reprisal claims, and, in the meantime, the whistleblower is often forced to wait with their life on hold. To increase efficiency, [the Council of Inspectors General on Integrity and Efficiency] should assess the DoD IG's recent alternative dispute resolution initiative as a potential model for larger OIGs."

Whistleblower Protection Coordinator

The Whistleblower Protection Coordinator (WPC) began implementing a comprehensive strategy to educate DoD employees about prohibitions on retaliation for protected disclosures and remedies for retaliation. The strategy includes the use of media platforms, face-to-face engagements, and training packages to:

- educate DoD employees about retaliation, including the means by which employees may seek review of any allegation of reprisal, and educate employees about the roles of the OIG, Office of Special Counsel,

Merit Systems Protection Board, and other Federal agencies that review whistleblower reprisal;

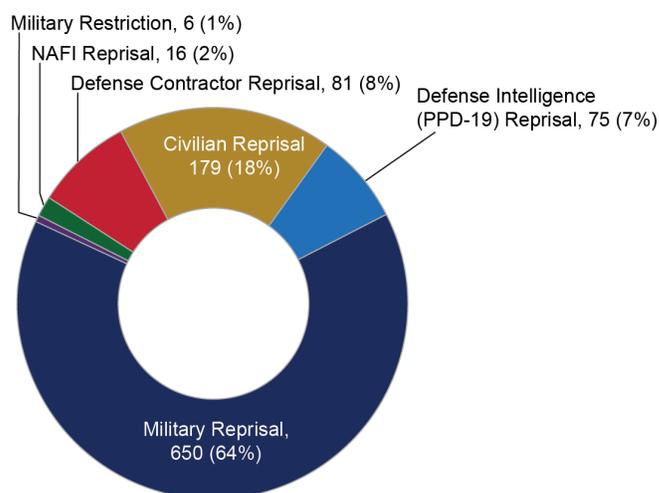
- provide general information about the timeliness of such cases, the availability of any alternative dispute mechanisms, and avenues for potential relief;
- assist the DoD OIG in promoting the timely and appropriate handling and consideration of protected disclosures and allegations of reprisal, to the extent practicable; and
- assist the DoD OIG in facilitating communication and coordination with the Office of Special Counsel, the Council of the Inspectors General on Integrity and Efficiency, Congress, and other agencies that review whistleblower reprisals, regarding the timely and appropriate handling and consideration of protected disclosures, allegations of reprisal, and general matters regarding the implementation and administration of whistleblower protection laws, rules, and regulations.

During this reporting period, the WPC continued to provide information to DoD employees regarding the whistleblower protection statutes and avenues they may seek for review of reprisal allegations. Additionally, the WPC received 110 contacts and 1,379 visits to the WPC webpage.

Reprisal Investigations

During the reporting period, the DoD OIG received a total of 1,007 complaints alleging reprisal and restriction of a service member from communicating with a Member of Congress or an IG.

Figure 2.14 Complaints Received DoD-Wide



Tables 2.5 and 2.6 show the status of complaints, as of March 31, 2019, that were received by WRI through the Hotline at the DoD OIG and the Service and Defense agency OIGs during this reporting period. Of the 1,007 complaints received this period, 495 were received at the DoD OIG and 512 were received at either a Service or Defense agency OIG and then reported to the DoD OIG.

Of the 495 complaints received by the DoD OIG during this reporting period:

- 72 were under review or investigation by the DoD OIG,
- 345 were dismissed as having insufficient evidence to warrant an investigation or were withdrawn,
- 7 were resolved through the alternative dispute resolution process,
- 35 were in the ADR process, and
- 36 were referred to either a Service or Defense agency OIG.

Table 2.5 Reprisal and Restriction Complaints Processed by the DoD OIG Received October 1, 2018 – March 31, 2019

Complaint Type	Reprisal and Restriction Complaints Open in FY 2019 (1st Half) ¹			
	Total Open	ADR ²	Intake	Investigation
	Processed by the DoD OIG			
Military Reprisal	53	1	47	5
NAFI Reprisal	14	5	6	3
Defense Contractor Reprisal	58	36	17	5
Civilian Reprisal	8	0	6	2
Defense Intelligence (PPD-19) Reprisal	28	2	21	5
Subtotal FY 19 (1st Half)	161	44	97	20
Military Restriction	3	0	1	2
Total FY 19 (1st Half)	164	44	98	22

1. Open complaints include those received during this reporting period as well as prior reporting periods.
2. Alternative dispute resolution is an optional process that both the complainant and the employer may choose to enter to settle the complaint.

Table 2.6 Reprisal and Restriction Complaints Processed by Component OIG, With DoD OIG Oversight Received October 1, 2018 – March 31, 2019

Complaint Type	Received at Component OIG*	Status as of March 31, 2019				Open at Component
		Assumed by DoD OIG	Submitted to the DoD OIG for Review	Closed by the DoD OIG (Complainant Notification Pending)	Closed by the DoD OIG (Complainant Notified)	
	Processed by Component OIG, With DoD OIG Oversight					
Military Reprisal	443	32	24	8	85	294
Civilian Reprisal	8	1	0	0	0	7
Defense Intelligence (PPD-19) Reprisal	19	14	1	1	1	2
Subtotal FY 19 (1st Half)	470	47	25	9	86	303
Military Restriction	42	1	1	4	5	31
Total FY 19 (1st Half)	512	48	26	13	91	334
Grand Total FY 19 (1st Half)	1007					

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

CORE MISSION AREAS

Of the 512 complaints received at a Service or Defense agency OIG and then reported to the DoD OIG, as of March 31, 2019:

- 48 were assumed by the DoD OIG for review and investigation,
- 26 were submitted to and under review at the DoD OIG,
- 13 were closed by the DoD OIG pending notification to the complainant,
- 91 were closed by the DoD OIG and the complainant notified, and
- 334 were still open.

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

Table 2.7 shows the number and type of complaints closed by the DoD OIG and the Service and Defense agency OIGs during this reporting period. Of the 970 complaints closed this period:

- 668 were dismissed without an investigation,
- 72 were withdrawn,
- 36 were resolved through the alternative dispute resolution process, and
- 194 were closed following full investigation by either the DoD OIG or a Service or Defense agency OIG.

Of the 194 investigations closed, 173 involved whistleblower reprisal (16 substantiated) and 21 involved restriction from communicating with a Member of Congress or an IG (6 substantiated).

Table 2.7 Reprisal and Restriction Complaints Closed October 1, 2018 – March 31, 2019

Complaint Type	Reprisal and Restriction Complaints Closed in FY 2019 (1st Half)						
	Total Closed	Dismissed	Withdrawn	Resolved*	Investigated	Substantiated Cases	Substantiated Rate
Processed by the DoD OIG							
Military Reprisal	189	169	11	0	9	2	22%
NAFI Reprisal	20	6	3	9	2	0	0%
Defense Contractor Reprisal	85	44	5	27	9	0	0%
Civilian Reprisal	156	154	2	0	0	0	0%
Defense Intelligence (PPD-19) Reprisal	48	37	3	0	8	1	13%
Subtotal FY 19 (1st Half)	498	410	24	36	28	3	11%
Military Restriction	4	4	0	0	0	0	0%
Total FY 19 (1st Half)	502	414	24	36	28	3	11%
Processed by Component IG, with DoD OIG Oversight							
Military Reprisal	425	238	46	0	141	12	9%
Defense Intelligence (PPD-19) Reprisal	6	2	0	0	4	1	25%
Subtotal FY 19 (1st Half)	431	240	46	0	145	13	9%
Military Restriction	37	14	2	0	21	6	29%
Total FY 19 (1st Half)	468	254	48	0	166	19	11%
Grand Total FY 19 (1st Half)	970	668	72	36	194	22	11%

* 'Resolved' denotes cases that underwent the newly-established alternative dispute resolution process, and resulted in a settlement between the complainant and the employer.

Tables 2.8 and 2.9 show the number and type of open complaints with the DoD OIG and the Service and Defense agency OIGs at the end of this reporting period. Of the 999 total complaints as of March 31, 2019:

- 44 were being reviewed under the ADR process at the DoD OIG,
- 120 were being analyzed or investigated by the DoD OIG,
- 772 were being analyzed or investigated by a Service or Defense agency OIG, and
- 63 were submitted by a Service or Defense agency OIG to the DoD OIG for review.

Table 2.8 Reprisal and Restriction Complaints Processed by the DoD OIG Open at the End of This Reporting Period* on September 30, 2018

Complaint Type	Reprisal and Restriction Complaints Open in FY 2019 (1st Half) ¹			
	Total Open	ADR ²	Intake	Investigation
	Processed by the DoD OIG			
Military Reprisal	53	1	47	5
NAFI Reprisal	14	5	6	3
Defense Contractor Reprisal	58	36	17	5
Civilian Reprisal	8	0	6	2
Defense Intelligence (PPD-19) Reprisal	28	2	21	5
Subtotal FY 19 (1st Half)	161	44	97	20
Military Restriction	3	0	1	2
Total FY 19 (1st Half)	164	44	98	22

1. Open complaints include those received during this reporting period as well as prior reporting periods.
2. Alternative dispute resolution is an optional process that both the complainant and the employer may choose to enter to settle the complaint.

Table 2.9 Reprisal and Restriction Complaints Processed by Component IG, With DoD OIG Oversight Open at the End of This Reporting Period* on March 31, 2019

Complaint Type	Processed by Component IG, With DoD OIG Oversight			
	Total Open	Ongoing Inquiry		Submitted for Oversight Review
		Referred from the DoD OIG	Received at Component IG	
	Status as of March 31, 2019			
Military Reprisal	747	115	575	57
Defense Intelligence(PPD-19) Reprisal	11	4	5	2
Civilian Reprisal	14	0	13	1
Subtotal FY 19 (1st Half)	772	119	593	60
Military Restriction	63	2	58	3
Total FY 19 (1st Half)	835	121	651	63
Grand Total FY 19 (1st Half)	999			

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

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

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

- An Air Force colonel denied or canceled multiple career-broadening training and temporary duty opportunities in reprisal for an Air Force master sergeant raising concerns about toxic leadership within the unit and providing testimony in investigations. The protected communications were made to the master sergeant's chain of command and to an IG. The colonel received verbal counseling.
- An Air Force master sergeant issued a letter of reprimand to an Air Force technical sergeant in reprisal for the technical sergeant complaining to the chain of command and the IG that the master sergeant was malingering to get out of a deployment. Corrective action is pending.
- An Army first sergeant recommended that an Army sergeant be denied leave in reprisal for the sergeant filing an unrestricted sexual assault complaint to the Sexual Harassment and Assault Response Program representative, U.S. Army Criminal Investigation Command, and the chain of command. The first sergeant received a General Officer Memorandum of Reprimand.
- A Navy lieutenant junior grade issued a subordinate enlisted sailor an unfavorable evaluation and an unfavorable counseling in reprisal for the sailor reporting a sexual assault by individuals within the command to the Equal Opportunity officer, the chain of command, and the Sexual Harassment and Assault Response Program victim advocate. The unfavorable evaluation and unfavorable counseling were expunged from the sailor's record. The lieutenant junior grade received a non-punitive letter of caution.
- An Air Force Reserve colonel removed an Air Force Reserve master sergeant from a position of responsibility and initiated a curtailment to the master sergeant's Active Guard Reserve tour in reprisal for the master sergeant mailing a protected communication to the wing safety office regarding shooting range safety violations. The Air Force Reserve Command Staff Judge Advocate and Deputy Commander disapproved the curtailment request, no action was taken against the master sergeant, and no record of the curtailment request is in the master sergeant's permanent Air Force personnel record. Corrective action is pending for the colonel.
- An Air Force lieutenant colonel and technical sergeant issued a lowered enlisted performance report to a subordinate staff sergeant in reprisal for the staff sergeant identifying leadership failures to an IG during an Airman-to-IG session. Corrective action is pending.
- An Air Force lieutenant colonel and technical sergeant removed two subordinate staff sergeants from their positions and issued them lowered enlisted performance reports in reprisal for the staff sergeants identifying leadership failures to an IG during an Airman-to-IG session. Corrective action is pending.
- An Air Force lieutenant colonel and technical sergeant removed a subordinate technical sergeant as a rater of subordinates and downgraded the technical sergeant's enlisted performance report. The actions were taken in reprisal for the technical sergeant's refusal to downgrade evaluations of NCOs who had identified leadership failures to an IG during an Airman-to-IG session and because leadership perceived that the technical sergeant had made protected communications. Corrective action is pending.
- A GS-15 civilian employee supervisor threatened to move a subordinate GS-15 employee to another position in reprisal for the subordinate's complaint to an IG that a contract was improperly awarded and that the supervisor may have committed ethics violations. A change of position requested by the complainant at the time of the investigation was granted. Corrective action is pending.
- An Army Reserve major threatened a subordinate Army Reserve captain with a negative officer evaluation report and caused an award to be downgraded in reprisal for the captain filing a discrimination and hostile work environment complaint with the Equal Opportunity representative. Corrective action is pending.
- An Air Force senior master sergeant influenced command officials to deny a career-enhancing recognition award to an Air Force master sergeant in reprisal for the master sergeant reporting Air Force time and attendance policies violations by unit members to members of the chain of command. The senior master sergeant retired.

- An Air Force master sergeant influenced an Air Force lieutenant colonel to remove another master sergeant from a position of responsibility in reprisal for the master sergeant reporting a hostile working environment to the wing Equal Opportunity representative. Corrective action is pending.
- A Marine Corps first lieutenant lowered a subordinate staff sergeant's fitness report in reprisal for the staff sergeant complaining to the commander about unfair treatment. The lieutenant also threatened the staff sergeant with written counseling and other possible repercussions because the staff sergeant requested to speak with the commanding officer. Corrective action is pending.
- An Air Force colonel serving in a joint command position threatened to terminate a civil service GS-15 subordinate in reprisal for reporting an alleged security violation to the chain of command, the U.S. Office of Special Counsel, and to an IG outside of the agency. Corrective action is pending.
- An Air Force master sergeant issued a memorandum for record that resembled a letter of counseling and lowered an enlisted performance report rating for an Air Force technical sergeant in reprisal for filing complaints with the chain of command against the master sergeant for promoting a hostile work environment and against a civilian coworker for a hostile work environment and uninvited physical contact (choking). Corrective action is pending.
- An Air Force lieutenant colonel and master sergeant made restrictive statements to noncommissioned officers during an Airman-to-IG session. The statements were intended to dissuade the noncommissioned officers from contacting the IG. Corrective action is pending.
- An Air Force master sergeant attempted to restrict an Air Force technical sergeant from going to the IG to report concerns. The investigating officer found it reasonable that the complainant perceived the master sergeant as restricting the complainant from making future lawful communications to an IG. The master sergeant received a letter of reprimand.
- An Air National Guard lieutenant colonel made comments at a unit training assembly that gave unit members the impression that the IG would not be able to resolve their problems. The report of investigation noted that the unit chaplain revealed that members reported that they feared bullying and that, if they said anything, it would be suppressed. This created an adverse effect and restricted the unit members from contacting the IG. Corrective action is pending.
- An Air Force technical sergeant told a subordinate senior airman not to go to a scheduled appointment with the wing IG "period." The technical sergeant testified the intent of continued questioning of the senior airman about the purpose of the IG appointment was an attempt to resolve the issue at the lowest level of command. The technical sergeant assumed the appointment was to discuss alleged sexual harassment comments made to the complainant by a subordinate sergeant that had already been addressed by the IG and members of the chain of command. Corrective action is pending.

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

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

- Two Air Force civilian employees restricted an Air Force master sergeant when they told the master sergeant that "all issues" needed to remain within their immediate organization. Corrective action is pending.
- An Army sergeant major made repeated comments and exhibited behaviors over a period of several years that were intended to restrict subordinate soldiers from preparing or making protected communications. This restricted unit members from reporting issues outside of the unit or contacting the IG. Corrective action is pending.

CORE MISSION AREAS

Table 2.10 shows the number and types of reprisal and restriction allegations substantiated since October 1, 2012. Of the 384 substantiated allegations, 271 have had corrective action decisions reported and 113 are still pending reports of corrective actions taken.

Table 2.10 Reprisal and Restriction Allegations Substantiated in FY 2013 – FY 2019 (First Half) With Corrective Action Status

Reprisal and Restriction Allegations Substantiated in FY 2013 to FY 2019 (1st Half)				
Allegation	Total Substantiated	Decision on Corrective Action Reported	Corrective Action Pending	Pending Rate
Military Reprisal	257	167	90	35%
NAFI Reprisal	11	11	0	0%
Defense Contractor Reprisal	6	6	0	0%
Civilian Reprisal	12	11	1	8%
Defense Intelligence (PPD-19) Reprisal	12	10	2	17%
Subtotal FY 13 to FY 19 (1st Half)	298	205	93	31%
Military Restriction	86	66	20	23%
Total FY 13 to FY 19 (1st Half)	384	271	113	29%

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

Table 2.11 shows the number and types of reprisal complaints substantiated since October 1, 2012. Of the 210 substantiated complaints, 46 have had remedy decisions reported and 164 are still pending reports of remedial actions taken.

Table 2.11 Reprisal Complaints Substantiated in FY 2013 – FY 2019 (First Half) With Remedy Status

Reprisal Complaints Substantiated in FY 2013 to FY 2019 (1st Half)				
Allegation	Total Substantiated	Decision on Remedy Reported	Remedy Pending	Pending Rate
Military Reprisal	182	23	159	87%
NAFI Reprisal	8	8	0	0%
Defense Contractor Reprisal	4	4	0	0%
Civilian Reprisal	8	8	0	0%
Defense Intelligence (PPD-19) Reprisal	8	3	5	63%
Total FY 13 to FY 19 (1st Half)	210	46	164	78%

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

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

- An Air National Guard colonel did not recommend a subordinate major for retention in reprisal for participation in a timecard fraud audit directed by the Idaho National Guard Adjutant General. The colonel relinquished command and retired.
- An Army captain and two command sergeants major were responsible for threatening an Army first sergeant's career, hindering access to documents, and the first sergeant's receiving a General Officer Memorandum of Reprimand in reprisal for filing a formal Sexual Harassment and Assault Response Program complaint. The captain received a letter of admonishment. One sergeant major received a letter of counseling and the other received a letter of concern.
- An Air Force senior master sergeant and a master sergeant downgraded a technical sergeant's enlisted performance report in reprisal after the technical sergeant made protected communications to the chain of command regarding procedural and administrative deficiencies within the squadron. Supervisors also attempted to cover up the deficiencies during a U.S. State Department audit. The senior master sergeant received a letter of reprimand and the master sergeant received verbal counseling.
- A Marine Corps lieutenant colonel downgraded the fitness reports of three Marine Corps captains after they made protected communications to an IG. Command officials notified the captains of their right to petition the Board for Correction of Naval Records. The lieutenant colonel received a non-punitive letter of caution.
- A Marine Corps first sergeant made several threats to a Marine Corps corporal's career in reprisal for the corporal's protected communications to the chain of command and the IG regarding mismanagement or misconduct by command officials. Specifically, the first sergeant provided misinformation to various members within the corporal's chain of command that resulted in three letters of counseling, removal of instructor certification, removal from a position of responsibility, and recommendation for administrative separation. The corporal

petitioned the Board for Correction of Naval Records and was promoted to sergeant. Also, the corporal's instructor certification was reinstated. The first sergeant retired.

Substantiated Reprisal Cases Closed in Prior Reporting Periods for which Corrective Action Was Not Taken

The following cases were substantiated by the DoD OIG in previous reporting periods, but the DoD declined to take corrective action because DoD officials did not agree that the allegations were substantiated.

- In a previous reporting period, the DoD OIG determined that a Federal civilian supervisor at an Air Force base discharged a nonappropriated fund instrumentality employee in reprisal for the employee reporting violations of rules and regulations to the chain of command and an IG. The DoD OIG recommended that the employee be reinstated with compensation (including back pay), employment benefits, and other terms and conditions of employment applicable to the employee in that position as if the reprisal had not been taken. The Director of the Office of the Chief Management Officer disagreed with the substantiation of the complaint and declined to take further action.
- In a previous reporting period, the DoD OIG determined that a DoD contractor, Leidos, 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. The Under Secretary of Defense for Acquisition and Sustainment disagreed with the substantiation of the complaint and declined to take further action.
- In a previous reporting period, the DoD OIG determined that three management officials at a Marine Corps base issued a warning notice and terminated a nonappropriated fund employee in reprisal for the employee making protected disclosures to senior management officials regarding mismanagement and abuse of authority by one of the three management officials. The Acting Director of the Office of the Chief Management Officer disagreed with the substantiation of the complaint and declined to take further action.

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

The following are corrective actions that Military Service components reported to the DoD OIG for substantiated restriction cases that were closed in prior reporting periods.

- An Air Force major made restrictive comments to an Air Force staff sergeant and other flight members by directing the entire flight (while the flight was standing at the position of attention) “not to go outside the chain of command” and stating that those who did would be reprimanded, as well as those who didn’t report the complainers. The major received a letter of admonishment.
- An Air Force senior master sergeant and a master sergeant made restrictive comments over several months in an attempt to restrict an Air Force technical sergeant from preparing or making protected communications outside of the chain of command, including to the IG and Members of Congress. The senior master sergeant received a letter of reprimand. The master sergeant received verbal counseling.
- An Air Force master sergeant made restrictive comments to a subordinate technical sergeant by asking, “Why did you go to the IG?” and “Do you know that the IG will ruin people’s careers?” The master sergeant received a letter of reprimand.
- An Air Force senior master sergeant made restrictive comments to a subordinate senior airman, creating an adverse effect and restricting the airman from going to the IG. The senior master sergeant made the comment, “There’s nothing (a supervisor) can do to me, I used to work with the IG.” The senior master sergeant received a letter of reprimand.
- A Marine Corps chief warrant officer warned subordinates not to complain outside of the unit by stating that, if any of them were to “go out of the building” to complain about the chief warrant officer, the chief warrant officer would lower their evaluation scores. The chief warrant officer received a memorandum of counseling.

Tables 2.12 and 2.13 show the number and type of corrective actions reported for reprisal and restriction allegations substantiated against subjects since October 1, 2012. Of the 278 decisions reported, 62 involve declinations to take action, and 216 were corrective actions taken against the subject.

Table 2.12 Corrective Actions Reported for Reprisal and Restriction Allegations Substantiated Against Subjects in FY 2013 – FY 2019 (First Half)

Reprisal and Restriction Allegations Substantiated in FY 2013 to FY 2019 (1st Half)						
Allegation	Total	Declined to Take Action	Employee Fired or Terminated	Letter of Counseling	Other	Reduced Rank or Grade
Military Reprisal	177	43	0	27	13	2
NAFI Reprisal	11	6	1	0	4	0
Defense Contractor Reprisal	5	1	0	0	4	0
Civilian Reprisal	11	5	0	1	0	0
Defense Intelligence (PPD-19) Reprisal	9	0	0	3	0	0
Subtotal FY 13 to FY 19 (1st Half)	213	55	1	31	21	2
Military Restriction	65	7	0	10	2	0
Total FY 13 to FY 19 (1st Half)	278	62	1	41	23	2

Note: A single complaint may involve multiple subjects, and each subject may receive multiple corrective actions.

Table 2.13 Corrective Actions Reported for Reprisal and Restriction Allegations Substantiated Against Subjects in FY 2013 – FY 2019 (First Half) Cont'd

Reprisal and Restriction Allegations Substantiated in FY 2013 to FY 2019 (1st Half) Cont'd					
Allegation	Removed From Assignment	Retired	Suspended Without Pay	Verbal Counseling	Written Reprimand
Military Reprisal	14	5	1	19	53
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	3	1	0	2
Subtotal FY 13 to FY 19 (1st Half)	15	8	2	20	58
Military Restriction	3	1	0	17	25
Total FY 13 to FY 19 (1st Half)	18	9	2	37	83

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

Tables 2.14 and 2.15 show the number and type of remedies reported for reprisal complaints substantiated since October 1, 2012. Of the 41 remedial decisions reported, no complaints involved the military complainant opting not to petition a board for the correction of military records. Forty-nine complaints resulted in remedies implemented to make the complainant whole.

Table 2.14 Remedies Reported for Complainants in Substantiated Reprisal Cases in FY 2013 – FY 2019 (First Half)

Reprisal Complaints Remedies in Substantiated Reprisal Cases in FY 2013 to FY 2019 (1st Half)					
Allegation	Total	Back Pay	Correct Evaluation	Declined to Take Action	Expunge Evaluation
Military Reprisal	11	0	1	0	3
NAFI Reprisal	11	1	0	5	0
Defense Contractor Reprisal	11	0	0	11	0
Civilian Reprisal	8	0	1	0	2
Total FY 13 to FY 19 (1st Half)	41	1	2	16	5

Table 2.15 Remedies Reported for Complainants in Substantiated Reprisal Cases in FY 2013 to FY 2019 (First Half) Cont'd

Reprisal Complaints Remedies for Complainants in Substantiated Reprisal Cases in FY 2013 to FY 2019 (1st Half) Cont'd					
Allegation	Grant Award	Other	Promote	Cancel Bar to Enlistment	Restore Security Clearance
Military Reprisal	1	4	1	1	0
NAFI Reprisal	0	5	0	0	0
Defense Contractor Reprisal	0	0	0	0	0
Civilian Reprisal	2	2	0	0	1
Total FY 13 to FY 19 (1st Half)	3	11	1	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 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.

- A Marine Corps major alleged that a Navy captain changed the reason for the major's relief from command from "loss of trust and confidence" to "for cause," recommended a board of inquiry for retention, and withheld the major's relief for cause rebuttal letter from a report of misconduct that the captain submitted against the major. The major reported alleged command improprieties and alleged Equal Opportunity violations after a command-directed investigation of the major and the relief for cause action occurred.
- An Army major alleged that an Army colonel downgraded an end-of-tour award, rendered an inaccurate officer evaluation report, denied a training request, and rescinded a tour extension, all in reprisal for making protected communications to the chain of command. The major alleged that the personnel actions were a result of alleged protected communications made to the commanding general related to duties performed as the Sexual Assault Response Coordinator and Victim Advocate.
- An Air Force Reserve master sergeant alleged that an Air Force Reserve colonel suspended the master sergeant's security clearance for making protected disclosures to the American Federation of Government Employees Local 1869, Equal Opportunity representative, Equal Employment Opportunity Commission representative, and the Air Force Reserve Command IG. The master sergeant reported alleged violations of a memorandum of agreement between the Local 1869 and the Air Force base by a chief master sergeant in the chain of command. The master sergeant also filed a discrimination complaint based on race with Equal Opportunity representatives, and filed a reprisal complaint with an IG regarding personnel actions taken because of the master sergeant's filing of the Equal Opportunity complaints.

- A Federal civilian employee (GG-14) working for the U.S. Intelligence Community alleged that two Army civilian employees (GS-15s) and two Army colonels transferred the GG-14 to a position of lesser responsibility, initiated an Army 15-6 investigation of the GG-14, placed the GG-14 employee on administrative leave, relieved the GG-14 from a supervisory position, and rendered a downgraded performance appraisal that resulted in the GG-14 not receiving a bonus. The GG-14 alleged that these actions were in reprisal for the GG-14 reporting another employee's alleged threats of physical violence against coworkers to the chain of command.
- A Federal civilian employee (NH-4) working for an Army command alleged that four Army civilian employees (GS-15s) and an Army colonel directed that the complainant be suspended from special access programs, suspended from position, and placed on administrative leave; recommended the revocation of the NH-4 employee's security clearance; issued a notice of proposed indefinite suspension; and recommended leave without pay status in reprisal for making protected disclosures to the chain of command regarding another employee's improper transfer of classified information between computer networks.
- A Navy senior chief petty officer alleged that a Navy captain suspended his access to classified information for reporting \$500,000 worth of inventory that was unaccounted for.
- An Air Force Reserve master sergeant alleged that an Air Force Reserve colonel and lieutenant colonel created a security information file and suspended the master sergeant's access to classified material in reprisal for making protected communications to the chain of command regarding alleged misconduct by a coworker.

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 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, 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 and flag officers and above), DoD 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 the rank of one-star general or flag officer and above; officers selected for promotion to the grade of one-star general or flag officer whose names are on a 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 March 31, 2019, the DoD OIG had 204 open senior official cases. From October 1, 2018, through March 31, 2019, the DoD OIG received 400 complaints of senior official misconduct and closed 356 cases. Of the 356 cases closed, 292 were closed after an intake review was performed, including complaints dismissed after the initial review and complaints closed after a complaint clarification interview with the complainant and other limited investigative work.

Of the 356 cases closed, 64 investigations were closed—6 investigations were conducted by the DoD OIG and 58 were conducted by Component IGs with oversight review by the DoD OIG. Allegations of misconduct were substantiated in 27 of the closed investigations.

Table 2.16 Senior Official Complaints October 1, 2018 – March 31, 2019

Service or Agency in which the Allegations Occurred	DoD OIG Workload		Cases Closed from October 1, 2018 - March 31, 2019				Cases Remaining Open as of March 31, 2019			
	Cases Open on October 1, 2018	Complaints Received Since October 1, 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	23	79	64	0	9	5 (56%)	13	0	3	12
Army	64	116	87	2	30	9 (28%)	24	0	7	30
Marine Corps	1	17	12	0	0	0 (0%)	3	1	0	3
Navy	24	49	35	1	6	1 (14%)	11	0	2	18
COCOM/ Defense Agency/ Other	48	139	94	3	13	12 (75%)	36	6	5	30
Total	160	400	292	6	58	27 (42%)	87	7	17	93

1. These include both DoD OIG and Component IG Investigations.

2. The substantiation rate is a percentage which consists of the Substantiated Investigations divided by the total number of DoD OIG Investigations and DoD OIG Oversight Reviews 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 4,495 names during this reporting period.

Substantiated or Significant Senior Official Cases Closed by the DoD OIG

There were two substantiated or significant senior official cases closed by the DoD OIG during the first half of FY 2019.

- A Senior Executive Service member engaged in an inappropriate and unprofessional relationship with a subordinate. The married member and the subordinate, who is also married, engaged in sexual intercourse during official travel and in the member's office during the duty day. Additionally, after they began their sexual relationship, the member approved two favorable personnel actions benefiting the subordinate instead of recusing himself from those personnel actions as required by agency standards. Corrective action is pending.
- A Defense Intelligence Senior Executive Service member circumvented DoD policy and wasted Government resources in the management of an agency's Voluntary Early Retirement Authority and Voluntary Separation Incentive Payments program. The member circumvented DoD policy by permitting seven senior officials to downgrade to non-senior official positions for one pay period, and then paying them \$40,000 each as a buyout incentive to leave the agency without obtaining required approval from the Under Secretary of Defense for Personnel and Readiness. The Senior Executive Service member's actions cost the Government \$280,000. Corrective action is pending.

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

- A Navy rear admiral engaged in an inappropriate sexual relationship with an assigned executive assistant. The admiral also failed to promote a positive and professional work environment by not taking the necessary steps to end the assigned executive assistant's harassing and abusive behavior toward coworkers and make clear to the executive

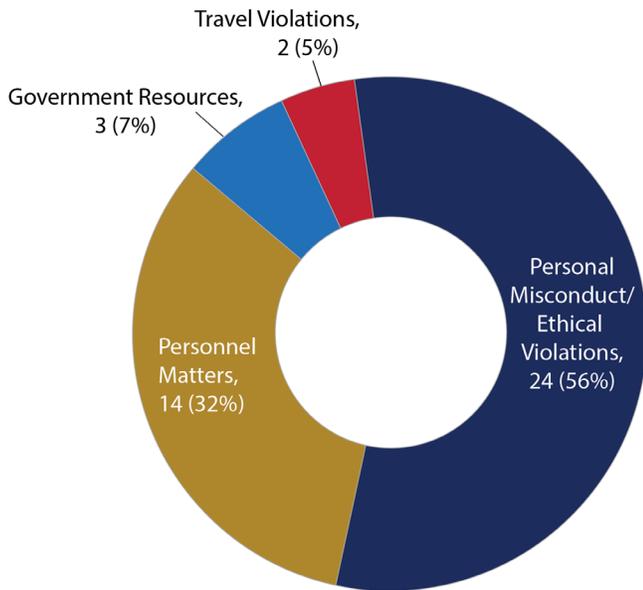
assistant the admiral's disapproval of this behavior. This enabled a toxic work environment. The admiral also extended preferential treatment to the assigned executive assistant and failed to acknowledge the impact of this preferential treatment on the office work environment. Corrective action is pending.

- A command sergeant major misused subordinates' official time to have them conduct non-official duties and improperly endorsed non-Federal entities. Corrective action is pending.
- An Army brigadier general failed to render two noncommissioned officer evaluation reports for a soldier within required timelines. This failure caused the soldier to be selected for non-retention by the Qualitative Retention Board and precluded the soldier from serving in the U.S. Army Reserve. It also caused the soldier to lose benefits to which the soldier would have been entitled if the soldier was retained and continued to serve in a National Guard unit. Corrective action is pending.
- A Defense Intelligence Senior Executive Service member abused authority and engaged in a conflict of interest with regard to the employment of the member's spouse by: (1) improperly advocating for the spouse's detailing and subsequent lateral transfer; (2) wrongfully approving compensatory time requests and airline seat upgrades for the spouse's personal travel; and (3) improperly editing and providing input for the spouse's performance appraisals. The Senior Executive Service member was suspended without pay.
- A Senior Executive Service member created a toxic work environment and failed to treat employees with dignity and respect. The member used inappropriate language and profanity in the workplace, made derogatory racial and sexual remarks, told inappropriate sexual stories, and discussed unsuitable topics in office meetings and general office conversations. The Senior Executive Service member was suspended without pay.
- An Army major general failed to exhibit exemplary conduct when the major general engaged in an inappropriate relationship with a woman who was not his wife. The major general voluntarily admitted to the inappropriate relationship following work-related travel with the woman to Hawaii in August 2018. The major general received a written reprimand.
- A Defense Intelligence Senior Executive Service member misused subordinates' official time by requesting them to perform personal activities for

other than official purposes. Activities included: (1) requesting subordinates to get coffee 4 to 6 times per month; (2) obtaining ice for the member’s sore arm; (3) warming up the member’s frozen meals at lunch; (4) obtaining personal products from the building convenience store; and (5) retrieving items from the member’s car. The member also committed waste by expending funds for unnecessary travel by arranging to attend a training course that enabled the member to attend the member’s daughter’s swearing-in ceremony for a state bar association. The training vendor offered the same course in the member’s home duty station on numerous dates. Corrective action is pending.

- An Air Force Senior Executive Service member failed to treat subordinates with dignity and respect by publicly berating and verbally abusing an employee. The member screamed at the employee, threw papers and a pen across a desk, and aggressively jumped from a chair toward the employee. Corrective action is pending.

Figure 2.15 Types of Substantiated Misconduct



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

Investigations

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 Air Force major general failed to treat subordinates with dignity and respect by displaying anger, aggression, and intimidation while berating civilian and contract employees during a Family Advocacy Program meeting. The major general received a letter of counseling.
- An Air Force brigadier general displayed conduct unbecoming an officer by stating publicly, in reference to an enlisted female subordinate, “Isn’t she such a beautiful young lady?” and “If only she didn’t sleep with married men.” On a separate occasion, the brigadier general made an inappropriate remark regarding a part of a woman’s anatomy and made comments about how “beautiful” and “hot” a woman and her daughter looked. The following allegations were also substantiated against the brigadier general: (1) dereliction in the performance of his duties when he failed to report attempted suicides of personnel at the Air Force base; (2) misuse of Government motor vehicles for travel to and from transportation terminals; and (3) improper gift acceptance of autographed photographs from celebrities at a base event. The brigadier general received a letter of admonishment.
- A former Air Force Audit Agency Senior Executive Service member misused subordinates’ time by having assigned military personnel pick up the member’s lunch and give Pentagon tours for the member’s family. The member also used Government funds on official travel for primarily personal reasons by directing and authorizing needless temporary duty to Europe and the Middle East. The Senior Executive Service member retired.

- An Air Force Senior Executive Service member improperly requested the release of confidential information concerning the identity of anonymous survey participants; improperly influenced an Air Force civilian employee not to make a protected disclosure; improperly attempted to retrieve e-mails belonging to an Air Force civilian employee; publicly disrespected subordinates and engaged in unsuitable conduct that adversely affected climate or morale; improperly directed personnel to authorize the travel of an Intergovernmental Personnel Act candidate for house hunting; and improperly served as a keynote speaker without having received approval from the Air Force. The Senior Executive Service member retired.

Administrative Investigations Outreach and Training

During this period, AI conducted more than 179 hours of external outreach engagements involving 316 personnel. Outreach events included an office call with the Office of Special Counsel to discuss the WRI Alternative Dispute Resolution Program and attendance at a whistleblower reprisal workshop hosted by the Air Mobility Command Inspector General. Other outreach events included Basic Whistleblower Reprisal Investigations Courses held at the Mark Center in Alexandria, Virginia, and at U.S. Indo-Pacific Command at Joint Base Pearl Harbor-Hickam, Hawaii.

AI also conducted more than 2,596 hours of internal training for DoD OIG employees during the reporting period, including courses such as The Ability to Research, Analyze, and Solve Problems; How to Be an Effective Team Leader; the Laboratory for Scientific Interrogation, Inc., Scientific Content Analysis Statement Analysis Course; training on the DoD OIG Administrative Investigations Manual; AI Interview Training; the Association of Inspectors General's Certified IG Investigator Course; CIGIE IG Authorities; CIGIE Critical Thinking; and CIGIE Writing Fundamentals.

Military Reprisal High-Level Working Group

The Military Reprisal High-Level Working Group, which includes 20 senior-level officials from the DoD OIG and Service OIGs, held a series of meetings to discuss ways to improve the timeliness of whistleblower reprisal investigations. The group recommended improvements to the intake, investigation, report writing processes, which were approved by the DoD OIG Principal Deputy Inspector General Performing the Duties of Inspector General and the Military Service IGs.

The DoD OIG and the Military Service IGs implemented several of the process improvements immediately, including the use of standardized notification and investigation determination forms, an improved complaint intake process, a pilot Alternative Dispute Resolution process for military reprisal cases, and the use of summary reports for not-substantiated investigations. The DoD OIG has also drafted language to amend DoD Directive 7050.06 to extend the timeframes for complaint notifications and investigation determinations, and to amend the definition of personnel action. The DoD OIG also drafted a DoD Instruction to prescribe Uniform Standards for Military Whistleblower Investigations.

Basic Whistleblower Reprisal Investigations Course

AI held two Basic Whistleblower Reprisal Investigations courses for DoD Service components, Defense agencies, and other Federal agency IG representatives. AI conducted one course at the Mark Center in Alexandria, Virginia, and a mobile training team course at U.S. Indo-Pacific Command at Joint Base Pearl Harbor-Hickam, Hawaii. The courses 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 14, 2018, which was attended by 38 personnel from 18 commands. The course covered 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 referral.

LEAD INSPECTOR GENERAL

The DoD OIG's Overseas Contingency Operations component supports the DoD OIG's Lead IG responsibilities and oversight coordination related to designated contingency operations. The Lead IG coordinates with the senior representatives from the Department of State (DoS) OIG, the U.S. Agency for International Development (USAID) OIG, and other OIGs to fulfill responsibilities to coordinate oversight, develop interagency strategic oversight plans, and produce quarterly reports.

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 no later than 30 days after the commencement or designation of the military operation as an overseas contingency operation that exceeds 60 days. The Lead IG 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.

There are currently six designated overseas contingency operations—Operation Inherent Resolve (OIR), Operation Freedom's Sentinel (OFS), Operation Pacific Eagle–Philippines (OPE-P), and three classified operations related to counterterrorism.

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 this operation.

OFS has two complementary missions: (1) the U.S. counterterrorism mission against al Qaeda, the Islamic State of Iraq and Syria–Khorasan, and their affiliates in Afghanistan, and (2) the North Atlantic Treaty Organization (NATO)-led Resolute Support mission to train, advise, and assist Afghan security forces. 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 this operation.

OPE-P supports the Philippine government and military in their efforts to isolate, degrade, and defeat affiliates of the 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 this operation.

On May 29, 2018, the DoD IG was designated as the Lead IG for three new operations. Two are in Africa, and one is in the Middle East. These operations, which are classified, seek to degrade al Qaeda and ISIS affiliated terrorists in specific sub-regions of these areas.

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 157 cases in support of OIR and 93 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, trafficking in persons, reprisal, and security.

Oversight 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.

The three Lead IG agencies develop and carry out joint strategic plans for comprehensive oversight of each contingency operation. Through this coordination, the agencies annually develop a joint strategic oversight plan for each operation.

The Deputy IG for Overseas Contingency Operations 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 also sponsors a forum for coordinating the broader Federal oversight community's efforts in Africa, Southwest Asia, Southeast Asia, and the Middle East, including oversight by the Service IGs, the GAO, the Special Inspector General for Afghanistan Reconstruction, and Service IG 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.

Lead Inspectors General Travel to Iraq and Afghanistan in Support of Overseas Contingency Operations

In February 2019, the IGs from the DoD, the DoS, and USAID travelled to Iraq and Afghanistan in support of their mandate to provide oversight of OIR and OFS. This was the third joint trip by the three IGs responsible for Lead IG oversight of overseas contingency operations. The three IGs previously visited Iraq, Afghanistan, and Qatar together in January 2018.

During their 2019 trip, the IGs received briefings from OIR and OFS military commanders and staff; their Coalition partners; U.S. ambassadors, heads of mission, and country teams; and the USAID chiefs of mission. These officials briefed the IGs on the policies, strategies, and events on the ground related to each overseas contingency operation.

Joint Strategic Oversight Plans

Pursuant to section 8L of the Inspector General Act, the Lead IG develops and implements a joint strategic plan to guide comprehensive oversight of programs and operations for each operation. 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 issued the most recent plan, "The FY 2019 Comprehensive Oversight Plan for Overseas Contingency Operations," to Congress in October 2018. This plan included a classified appendix to discuss oversight related to the three new classified operations.

Quarterly Reporting

The three Lead IG agencies publish quarterly reports involving each operation and current, ongoing, and future oversight work conducted by the Lead IG and its partner agencies throughout the year. Quarterly reports to Congress for each operation and related oversight activities are submitted separately and can be accessed online at—

<https://www.dodig.mil/Reports/Lead-Inspector-General-Reports/>

During this reporting period, the three Lead IG agencies published two quarterly reports on each of three overseas contingency operations, OIR, OFS, and OPE-P. In addition, the Lead IG agencies published classified appendixes related to all six overseas contingency operations.

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 1, 2018, to March 31, 2019, Lead IG agency investigations resulted in 6 arrests, 10 criminal charges, 9 convictions, 6 suspensions, 7 debarments, and 1 contract termination, as well as \$1,501,100 in fines and recoveries to the U.S. Government, and \$190,000 in forfeitures.

The Lead IG investigative agencies opened 31 new cases, closed 28 cases, and are conducting 118 OIR-related investigations. The 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 16 new cases, closed 16 cases, and are conducting 57 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.

The Lead IG agencies are also coordinating two open investigations in support of OPE-P. The Lead IG investigative agencies coordinated on 15 open investigations related to other overseas contingency operations that are classified. 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 143 fraud briefings with 1,176 attendees.

Arms Trafficker Was Found Guilty of Conspiring to Provide Surface-to-Air Missiles

A joint investigation with Homeland Security Investigations and the Department of Commerce Office of Export Enforcement investigated allegations that a naturalized U.S. citizen residing in Egypt conspired to traffic in missiles to customers around the world. As a result of the investigation, a U.S. jury later found Rami Najm Asad-Ghanem guilty of missile trafficking.

According to Homeland Security officials, Ghanem conspired to transfer a wide array of different surface-to-air missile systems to clients in Libya, the United Arab Emirates, Iraq, and other countries. In particular, evidence showed that in 2015 Ghanem conspired with mercenary missile operators of a militant faction in Libya to use Russian-made Igla and Strela surface-to-air missiles to shoot down airplanes flown by the internationally recognized government of Libya. Ghanem negotiated the mercenaries' terms of employment, including a \$50,000 bonus if an aircraft was shot down.

Authorities initiated the investigation in mid-2014, after Ghanem attempted to procure armaments from a U.S. supplier of military equipment. He stated that his purchases had to be "under the table" and professed to have Iranian clients, interested in helicopters and fighter jets, and relationships with Hezbollah in Iraq. Over the course of the investigation, Ghanem made two payments for military grade equipment (including sniper rifles, pistols, silencers, and ammunition) that was to be shipped to Libya. Ghanem was arrested in Athens in December 2015, and he was extradited to the United States in April 2016.

On October 29, 2018, Ghanem pleaded guilty to attempted exportation of defense articles without a license, smuggling, money laundering, illegal arms brokering, and conspiracy to illegally broker a wide range of weapons. On November 15, 2018, a jury found Ghanem guilty of missile trafficking.

Air Force Contracting Officer Convicted of Bribery

A joint investigation with the DCIS-Qatar office and Air Force Office of Special Investigations, and Emirate of Abu Dhabi authorities investigated a suspected attempted bribery of an Air Force contracting officer at Al Udeid Air Base, Qatar.

The investigation revealed that Rohin Sherzai (an Afghan national), Chief Executive Officer of the United Arab Emirates-based Green Capital Logistics Services Company, contacted the contracting officer and offered a bribe in exchange for his company obtaining contracts at Al Udeid Air Base, Qatar.

DCIS and the Air Force Office of Special Investigations conducted the joint investigation with the Emirate of Abu Dhabi, Criminal Investigative Department, in Abu Dhabi, United Arab Emirates (UAE), in a first-of-its-kind joint operation. UAE authorities arrested Sherzai, who was sentenced to 1 year in prison in the UAE in October 2018. UAE authorities also ordered Sherzai to be deported upon completion of his sentence.

Former Contractor Indicted for Allegedly Selling Falsified Resumes and Counterfeit Training Certificates

A joint investigation with DCIS and the Special Inspector General for Afghanistan Reconstruction investigated U.S. Government contractor Antonio Jones for selling falsified resumes and counterfeit U.S. Government training certificates to individuals seeking employment on U.S. Government contracts in Afghanistan between 2012 and 2015.

In a December 12, 2018 indictment, the U.S. District Court for the District of South Carolina charged Jones with one count of conspiracy to defraud Government contractors and the United States, nine counts of wire fraud, and three counts of false statements. The indictment stated that Jones created Wolverine Inc., a company through which he offered job placement services to clients seeking employment with U.S. Government contractors in Afghanistan and elsewhere. Jones allegedly falsified resumes and manufactured counterfeit U.S. Government training certificates for his clients to make them appear more qualified than they actually were. Jones and his clients then used the falsified documents in job applications that were submitted to U.S. Government contractors. At least two contractors, including a contractor based in South Carolina that is working on a DoD contract worth billions of dollars, hired personnel based on false documents that Jones allegedly created and supplied or caused to be supplied to them.



A U.S. Marine learns how to use a recoilless rifle near At Tanf Garrison, Syria

Source: U.S. Marine Corps.

Lead IG Oversight Work

The three Lead IG agencies conduct individual audits, evaluations, and assessments. As of the end of this reporting period, the OIGs of the DoD, the DoS, and USAID are conducting 11 OIR, 15 OFS, and 3 OPE-P audits, assessments, and evaluations. Furthermore, the three Lead IG agencies have published a total of 11 reports on completed oversight projects during this semiannual reporting period.

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

Operation Inherent Resolve

Evaluation of Social Media Exploitation Procedures Supporting Operation Inherent Resolve

The DoD OIG determined whether the 513th Military Intelligence Brigade, a supporting element for Combined Joint Task Force—OIR, conducted open source intelligence—such as social media exploitation—in accordance with DoD Directives. Management agreed with most of the findings and recommendations. The DoD OIG requested additional comments for the few unresolved recommendations. The findings and recommendations in this report are classified.

Report No. DODIG-2019-042

Iraqi Border Guard Equipment

The DoD OIG determined whether the Combined Joint Task Force—OIR (CJTF—OIR) and the 1st Theater Sustainment Command (1st TSC) validated the requirements for Iraqi Border Guard equipment against demonstrated needs, and accounted for border guard equipment before divestment to the Government of Iraq. Border security is a critical capability of the Government of Iraq to prevent ISIS movement between Iraq and Syria and protect western Iraqi communities. The equipment divested to the Iraqi Border Guard provides the means to secure the border against localized and changing ISIS threats. Iraqi Border Guard equipment included a standardized shipping container pre-packaged with essential equipment for border enforcement and security, including two vehicles, defensive barriers, night vision equipment, radios, metal detectors, first aid, checkpoint supplies, a tent, and a generator.

The DoD OIG determined that CJTF-OIR and 1st TSC validated requirements for Iraqi Border Guard equipment against demonstrated needs. However, 1st TSC divestment packages for the equipment did not match CJTF-OIR equipping requests, and CJTF-OIR and 1st TSC did not maintain complete accountability records of divested equipment, including Leahy and Section 1236 vetting documentation. As a result, CJTF-OIR does not have evidence that Iraqi Border Guard personnel received the equipment needed to secure Iraq's borders against localized and changing ISIS threats. In addition, CJTF-OIR risks unnecessary spending of Counter-ISIS Train and Equip Fund—Iraq funds to procure equipment that is already on hand, but is identified as already divested. Furthermore, without adequate documentation to validate vetting compliance as required by public law, the DoD cannot be certain that equipment, including lethal weapons and explosives, was not provided to individuals who have committed gross violations of human rights or are associated with terrorist groups or groups associated with the Government of Iran.

The DoD OIG recommended that the CJTF-OIR Commanding General update the standard operating procedures for the training and equipping of Iraq to require U.S. Government personnel to conduct annual reviews of divestment packages for completeness and accuracy, and maintain the review results and divestment packages in a central repository. In addition, the DoD OIG recommended that the CJTF-OIR Commanding General and 1st TSC Commander develop, document, and implement a joint process for the accountability and divestment of Counter-Islamic State of Iraq and Syria Train and Equip Fund—Iraq equipment. Furthermore, the DoD OIG recommended that the CJTF-OIR Commanding General update the Leahy and Section 1236 vetting policy to include requirements to maintain vetting documentation with divestment packages, and requirements to use a unique identifier for individual vetted recipients of Counter-Islamic State of Iraq and Syria Train and Equip Fund equipment. Management agreed with recommendations.

Report No. DODIG-2019-057

U.S. Air Forces in Europe Plans for the Procurement and Pre-Positioning of Deployable Air Base Kits

The DoD OIG determined whether U.S. Air Forces in Europe (USAFE) developed a plan for procuring and pre-positioning 24 Deployable Air Base System—Facilities, Equipment, and Vehicles Kits (Deployable Air Base Kits) within the U.S. European Command (USEUCOM) area of responsibility. USAFE developed the Deployable Air Base

Kits program, focusing on pre-positioning Air Force equipment, such as tents, vehicles, medical supplies, and airfield repair equipment, at 10 storage locations throughout the USEUCOM area of responsibility. The Deployable Air Base Kits enhance the capability to stand up an air base in the event of a contingency, thereby reducing the time and cost of transporting equipment from either the continental United States or other existing bases in the USEUCOM area of responsibility.

The DoD OIG determined that the USAFE European Deterrence Initiative Branch, which supports USAFE contingency planning efforts, developed an overall plan indicating when storage facility construction and procurement of Deployable Air Base Kits could be completed. However, the overall plan was based on estimated funding and did not take into consideration individual procurement and construction schedules in order to establish achievable milestones. In addition, the overall plan indicated that there would be enough equipment procured for the first five full Deployable Air Base Kits in FY 2018. However, in July 2018, USAFE officials stated that they did not expect to have the equipment procured to fulfill the first complete Deployable Air Base Kit until FY 2020 or 2021. The Air Force did not develop an achievable plan because it did not designate a single program manager for the Deployable Air Base Kits program. Additionally, without a plan that ensures that equipment is not procured in excess of available storage space, the program may require supplemental funding to pay for interim storage facilities.

The DoD OIG recommended that the Air Force ensure a program manager is designated at least at the Director level for the Deployable Air Base Kits program so that a single organization maintains responsibility for tracking overall program execution. The DoD OIG also recommended that the program manager review and update the overall plan for the Deployable Air Base Kits program at least semiannually. Additionally, the DoD OIG recommended that USEUCOM, in coordination with USAFE, establish an end date for pre-positioning the 24 Deployable Air Base Kits in the USEUCOM area of responsibility. Management agreed with the recommendations.

Report No. DODIG-2019-040

Operation Freedom's Sentinel

Summary of Cost of War Reporting

The DoD OIG summarized systemic weaknesses in the DoD's accounting for costs associated with ongoing overseas contingency operations (OCOs) identified in six Cost of War (CoW) audit reports issued by the DoD OIG, Army Audit Agency, Naval Audit Service, and Air Force Audit Agency from 2016 through 2018. The DoD OIG considered a weakness systemic when the same or similar issue occurred in two or more DoD Components involved in the CoW reporting process. In addition, the DoD OIG determined the status of recommendations from six CoW audit reports and the actions DoD Components took in response to those recommendations. The CoW report summarizes obligation data by DoD Component, appropriation, and operation. It also includes the details of the obligations and disbursements for the Military Personnel and Operation and Maintenance appropriations.

Based on a review of the six CoW audit reports issued from 2016 through 2018, the DoD OIG determined that Deputy Comptroller (Program/Budget) personnel issued unreliable and outdated CoW reports for FYs 2015 and 2016 to Congress, DoD decision makers, the Government Accountability Office, and the Office of Management and Budget. Specifically, the DoD OIG and Service audit agencies identified that Army, Navy, and Air Force personnel underreported and overreported costs for OIR and OFS in the CoW reports, Navy and Marine Corps personnel could not provide transaction-level detail to support their OFS obligations and disbursements, and Deputy Comptroller (Program/Budget) and Army personnel did not submit CoW data by the required milestones.

In addition, the DoD OIG and Service audit agencies made 26 recommendations to DoD Components to address weaknesses in the DoD's accounting for war-related OCO costs. The DoD OIG and Service audit agencies had closed 19 of the 26 recommendations. The DoD OIG concluded that the actions taken to close the 19 recommendations should result in more accurate CoW reports.

Seven recommendations remained open. Of those, four recommendations were significant to the systemic internal control weaknesses identified in this CoW summary audit report. The DoD OIG concluded that, if DoD Components do not implement the four remaining recommendations and take corrective actions to address the systemic internal control weaknesses in the CoW reporting process, Congress, DoD decision makers, the Government Accountability Office, and the Office

of Management and Budget may not be able to make informed budgetary decisions, maintain accountability of war-related OCO funds, or determine precise war-related OCO execution trends.

The DoD OIG recommended that the DoD develop and implement review process to verify that DoD Components develop, update, and implement standard operating procedures, management tools, and accounting systems for accurate war-related OCO cost reporting and submit the CoW within 45 days of the end of the reporting period; the Navy develop and implement procedures to capture the required level of detail of war-related OCO costs in the respective accounting system; and Auditors General for the Army, Navy, and Air Force include followup audits that verify the accuracy of the CoW data in their FY 2020 audit plans. Management agreed with all but one recommendation.

Report No. DODIG-2019-066

Operation Pacific Eagle–Philippines

DoD Efforts to Train, Advise, Assist, and Equip the Armed Forces of the Republic of the Philippines

The DoD OIG determined whether DoD efforts to train, advise, assist, and equip the Armed Forces of the Philippines (AFP) increased the AFP's capability to counter existing violent extremist organization threats and built sustainable AFP capabilities to disrupt, defeat, and deny safe haven to current and future violent extremist organizations in the Philippines.



U.S. soldiers load onto a Chinook helicopter to execute missions across the Combined Joint Operations Area–Afghanistan

Source: The DoD.



A U.S. and a Philippine Marine clear a room during a training exercise as part of Kamandag 2 in the Philippines

Source: U.S. Marine Corps.

The DoD OIG determined that U.S. forces' advice and assistance helped the AFP counter violent extremists who attacked the city of Marawi. In 2017, a U.S. Special Operations task force provided advice and assistance to the AFP as it fought a 5-month battle with ISIS Philippines forces in Marawi, returning the city to the Philippine government's control. The U.S. advise and assist forces did not participate in AFP operations or directly train the AFP. However, U.S. force advisers identified critical AFP capability gaps, and advised and assisted AFP counterparts to help them overcome capability challenges during Marawi counterterrorism operations. The DoD OIG also determined that U.S. Indo-Pacific Command and the Joint U.S. Military Advisor Group at the U.S. Embassy in the Philippines complied with requirements to vet individuals and units for gross human rights violations.

However, the DoD OIG determined that U.S. Forces did not provide counterterrorism training to AFP conventional forces, as directed in the U.S. Indo-Pacific Command OPE-P Execute Order, dated October 5, 2017. U.S. Indo-Pacific Command components did not have the resources to train AFP conventional forces on capabilities specified in the U.S. Indo-Pacific Command execute order. Finally, U.S. Indo-Pacific Command components did not develop project proposals to provide training and equipment to AFP conventional forces using provided funding authority.

The DoD OIG recommended that the Commander of U.S. Indo-Pacific Command, in coordination with AFP leadership:

- determine the priorities and resources required to develop the counterterrorism capacity of AFP conventional forces;
- determine training responsibilities within U.S. Indo-Pacific Command for developing programs to build the capacity of AFP conventional forces; and
- consider developing proposals for 10 U.S.C. § 333 (2017) authority to build the capacity of AFP conventional forces to support counterterrorism operations.

Management provided comments, but did not agree or disagree with the recommendations. This report is classified.

Report No. DODIG-2019-048

DoD Oversight of Bilateral Agreements With the Republic of the Philippines

The DoD OIG determined whether the DoD has proper oversight of logistical support provided through a bilateral agreement with the Republic of the Philippines. The DoD OIG focused on whether the Joint Staff Directorate for Logistics had visibility of logistical support, such as military equipment, weapons, and ammunition, sold through a bilateral agreement to the Republic of the Philippines from October 1, 2016, through May 31, 2018. An Acquisition and Cross Servicing Agreement (ACSA) is a bilateral agreement between the United States and authorized foreign countries to acquire or provide expedited or real-time logistic support, supplies, and services in exchange for reimbursement. Reimbursement may take the form of cash payments, the exchange of supplies or services of equal value, or an in-kind replacement. ACSAs are used primarily to benefit forward-deployed commands and forces and are not a routine source of supply for a foreign country.

The DoD OIG determined that the Joint Staff Directorate for Logistics did not have visibility of the logistical support sold to the Republic of the Philippines through the use of the bilateral agreement. Specifically, the Directorate was unaware of 76 of the 77 transactions, valued at \$13 million, that were executed with the Republic of the Philippines from October 1, 2016, through May 31, 2018. Additionally, the Directorate did not request that U.S. Indo-Pacific Command provide quarterly summary reports of all ACSA transactions within its area of responsibility. The lack of visibility in logistical support occurred because ACSA officials for U.S. Marine Corps



U.S. Marines conduct an amphibious raid during Kamandag 2 at Philippine Marine Corps Base Gregorio Lim, Philippines

Source: U.S. Marine Corps.

Forces, Pacific; U.S. Pacific Fleet; and Pacific Air Forces did not understand how to build, track, and manage transactions in the ACSA Global Automated Tracking Reporting System (AGATRS), and did not designate a primary ACSA Finance Program Manager to assist with processing transactions in AGATRS.

As a result, the Directorate did not have assurance that the ACSA transactions for logistic support, supplies, and services with the Republic of the Philippines were accurate and were reimbursed.

The DoD OIG recommended that:

- The Director for Logistics, Joint Staff, update Joint Knowledge Online Training to reflect the most recent updates to AGATRS, and request that U.S. Indo-Pacific Command report all of the ACSA transactions with the Republic of the Philippines from October 1, 2016, through July 31, 2018, to the Joint Staff Directorate for Logistics.
- The Commanders of U.S. Marine Corps Forces, Pacific; U.S. Pacific Fleet; and Pacific Air Forces designate an ACSA Finance Program Manager and complete the proper Joint Knowledge Online Training, and input and track all ACSA transactions from October 1, 2016, to present and future transactions in AGATRS.
- The Commanders of U.S. Pacific Fleet and Pacific Air Forces develop Service component-specific training programs for all ACSA command officials.
- The Commander of Pacific Air Forces designate an ACSA Program Manager and ensure that the individual completes the proper Joint Knowledge Online Training.

Management agreed with the recommendations.

Report No. DODIG-2019-004

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 evaluating the DoD's efforts to combat trafficking in persons at DoD facilities in Kuwait to determine whether DoD contracts comply with combating trafficking in persons regulations and other guidance, and whether DoD officials are providing oversight in accordance with Federal regulations.
- The DoD OIG is evaluating DoD intelligence programs to determine whether the Office of the Under Secretary of Defense for Intelligence and Defense intelligence Agency adhered to DoD policies and regulations in their oversight of the combatant commands' methods for special intelligence interrogation.
- The DoS OIG is auditing DoS grants and cooperative agreements intended for countering violent extremism in the Middle East to determine whether the DoS has developed goals and objectives for its strategy to counter violent extremism, and has monitored funds provided to support those objectives.
- The USAID OIG is auditing USAID humanitarian assistance programs in Syria to determine what corrective actions the Syria-response contractor has taken to remedy internal control weaknesses identified by investigations, and whether the USAID eliminated oversight gaps identified by the investigations.



Armed Forces of the Philippines Receiving Equipment from the United States

Source: Joint U.S. Military Assistance Group.

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.

Meetings With Congressional Members and Staff

During the reporting period, the DoD OIG conducted over 50 in-person meetings and telephonic briefings with congressional staff and Members of Congress. Topics of discussion included:

- several briefings related to the audit of the FY18 DoD Agency-Wide Basic Financial Statements;
- discussions with congressional staff related to a congressionally required evaluation of lead paint in military family housing as part of an evaluation of health and safety hazards in Government-owned and Government-controlled military family housing;
- a briefing on Report No. DODIG-2019-034, “Security Controls at DoD Facilities for Protecting Ballistic Missile Defense System Technical Information,” issued December 10, 2018;
- a meeting with House Armed Services and House Foreign Affairs Committee staff regarding a congressionally required audit of the development process for DoD foreign military sales agreements;
- meetings with congressional staff related to Report No. DODIG-2019-030, “Report of Investigation into the United States Air Force’s Failure to Submit Devin Kelley’s Criminal History Information to the Federal Bureau of Investigation,” issued December 6, 2018;
- briefings to House and Senate Military Legislative Aides for Members of Congress serving in Committees of Jurisdiction; and
- briefings on the results of Report No. DODIG-2019-060, “Review of Part Purchased from TransDigm Group, Inc.,” issued February 25, 2019.

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 101 congressional inquiries, and reported on audits and evaluations and investigations in response to congressional interest and legislative mandates. In addition, OLAC informs congressional staff about DoD OIG reports and DoD OIG work and produces a monthly newsletter summarizing the reports and investigations released by the DoD OIG in the previous month and reports that are anticipated to be released in the coming month. The newsletter also includes project announcements and additional news releases highlighting investigations conducted by the Defense Criminal Investigative Service. The newsletters are available at—

<http://www.dodig.mil/Reports/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 Inspectors General.



Defense Council on Integrity and Efficiency

The Defense Council on Integrity and Efficiency (DCIE) is chaired by the DoD Inspector General and meets on a periodic basis to ensure coordination and cooperation among the DoD oversight community, including 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 matters such as following up on open OIG recommendations, planning for the Hotline Annual Worldwide symposium, coordinating criminal investigations within the DoD, initiating an internal certification program for cybersecurity and information technology auditors, and coordinating overseas contingency operations 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).

OFS

- The DoD OIG is evaluating whether U.S. Forces–Afghanistan has effective procedures for conducting force protection counter-intelligence screening, biometrics, and vetting operations.
- The DoD OIG is evaluating theater linguist support for OFS to determine whether U.S. Central Command and U.S. Army Intelligence Security Command have developed and implemented processes for satisfying contract linguist requirements.
- The DoS OIG is conducting a followup audit of the Embassy Kabul physical security features to determine whether the Bureau of Overseas Building Operations and other DoS stakeholders managed the construction of these physical security features to ensure that they met industry standards and contract requirements.

OPE-P

- The DoD OIG is auditing the U.S. Indo-Pacific Command ranges to support aviation unit readiness to determine whether ranges in the U.S. Indo-Pacific Command area of responsibility effectively support aviation unit readiness.
- The DoS OIG is auditing antiterrorism assistance programs in the Philippines to determine whether the DoS has developed specific, measurable, and outcome-oriented objectives for the programs; whether the DoS has established program sustainment goals; and how well the DoS is effectively monitoring and evaluating program participants’ progress toward attaining program goals.

ARMY

U.S. Army Audit Agency

To accomplish its mission, the U.S. Army Audit Agency (USAAA) relies on a workforce of highly trained professional auditors, many with advanced degrees and professional certifications. The USAAA’s staff consists of approximately 520 employees and is organized into three directorates with 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 that 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 2019, the USAAA published 58 reports, made 211 recommendations, and identified about \$643.1 million in potential monetary benefits. The following are summaries from a few of the USAAA’s significant reports.

Management of Rotary-Wing Flight Operations— U.S. Army National Guard Maintenance

At the request of the Director of the Army Staff, the USAAA audited the resources required to support rotary-wing flight operations. The USAAA evaluated whether Army National Guard (ARNG) aviation activities maintained aircraft at intended readiness levels to meet mission and training requirements.

The USAAA determined that ARNG aviation activities in three ARNG states—California, Minnesota, and Texas—effectively managed aircraft bank time and generally met the Army’s operational readiness goal of having 10 percent or less of their aircraft in maintenance waiting for supplies. However, two states did not meet readiness goals, and none of the three states met the goal of having 10 percent or less of their aircraft in maintenance. This occurred mainly because the:

- fleet age, civil support missions, and aircraft transfers increased maintenance requirements;
- Army did not have goals for completing inspections as aircraft accrue an appointed number of flying hours, known as phase maintenance; and
- ARNG states had significant maintenance personnel shortages and hiring and retention challenges.

As a result, the three ARNG states had reduced hours of aircraft availability and the ARNG aviation units were not ready to deploy without sufficient pre-deployment resources and preparation. Further, the three states had almost \$18 million in excess serviceable repair parts because some supply technicians did not perform demand analysis and some locations kept excess parts. Consequently, those parts were not available to other aviation units and activities to meet supply demands.

The USAAA recommended that the ARNG Director incorporate a metric for phase maintenance inspections to evaluate the performance of Army aviation support facilities and to identify systemic issues causing delays. The USAAA also recommended that the three ARNG states turn in all verified excess serviceable repair parts to their theater aviation sustainment maintenance group for return to the Army supply system. Management agreed with the recommendations.

Report No. A-2019-0014-ALM

Army’s Transitional Compensation Program

At the request of the Acting Deputy Assistant Chief of Staff for Installation Management, the USAAA reviewed the Army’s Transitional Compensation Program to determine whether transitional compensation cases were supported and processed in a timely manner. The program provides transition assistance for dependents of soldiers discharged for dependent abuse. The assistance consists of monthly payments, commissary and exchange benefits, and medical benefits.

The USAAA determined that U.S. Army Installation and Management Command (IMCOM) ensured initial decisions for transitional compensation cases were supported. However, IMCOM, in conjunction with the Defense Finance and Accounting Service (DFAS), did not ensure that recipients remained eligible for payments. Specifically, DFAS paid about \$1.4 million to recipients without proof that the recipients had annual letters of recertification stating their continued eligibility. Of the 128 cases that the USAAA reviewed, 76 required annual letters of recertification during the period of its review; those 76 cases required 118 different recertification letters. DFAS could provide only 40 (about 34 percent) of these 118 letters to prove that recipients remained eligible for payments. The unsupported payments occurred because Headquarters IMCOM personnel did not coordinate sufficiently with DFAS to monitor cases and ensure that payments were not made to ineligible recipients.

In addition, in FY 2017, processing times for standard eligibility cases increased 100 percent, and exceptional eligibility cases submitted in May 2017 were not processed until December 2017. As a result, cases were not processed in a timely manner because Headquarters IMCOM and garrison personnel did not have a common understanding about required documentation for case submissions or about status monitoring of cases being processed. Additionally, there were not performance metrics to measure and report case processing timeliness.

The USAAA recommended that IMCOM add wording to the military interdepartmental purchase request with DFAS requiring DFAS to report periodically on the status of recipient recertifications. The USAAA also recommended that IMCOM offer training to garrison personnel who process eligibility cases, pursue options for a formal case tracking process, and establish metrics for processing cases. Management agreed with the recommendations.

Report No. A-2019-021-MTH

Cyber Security of Medical Devices

The USAAA determined whether cybersecurity of Army medical devices was in place and operating. After the Army discovered multiple cyber vulnerabilities in 2017, the USAAA reviewed the Army's cybersecurity to ensure that the Army had visibility over the cybersecurity of its medical devices.

The USAAA determined that U.S. Army Medical Command (MEDCOM) had sufficient processes to ensure that medical treatment facilities received notifications of cyber threats, software updates, and recalls. However, the USAAA identified several vulnerabilities that increased the risk of cyber attacks on the devices.

The USAAA recommended that the Defense Health Agency update the Defense Medical Logistics Standard Support System to establish controls for connectable medical devices. The USAAA also recommended that the system allow for easy querying capabilities on medical devices. In addition, the USAAA recommended that MEDCOM improve monitoring and oversight of connected devices. Management agreed with the recommendations, and MEDCOM planned to implement the recommendation until the Defense Health Agency officially takes over the medical treatment facilities.

Report No. A-2019-0038-MTM

Class VIII Supply Readiness

At the request of the U.S. Army Forces Command (FORSCOM) Surgeon General, the USAAA determined whether both active duty and Reserve Component units had Class VIII supplies within standards for deployment. The USAAA reviewed durable and expendable medical supplies for 20 active duty units and 9 Reserve Component units.

The USAAA determined that medical units did not have the required Class VIII supplies to meet standards for deployment. This occurred because FORSCOM did not have sufficient oversight of its units' Class VIII supplies because units did not consistently update their inventories. MEDCOM also lacked a sufficient supply chain management process for units to receive Class VIII supply orders within deployment standards. As a result, units risked not having all their Class VIII supplies if they deployed in an emergency.

The USAAA recommended that FORSCOM update its policies concerning how often units should update their Class VIII supply inventories. The USAAA also recommended that FORSCOM reiterate to units that Class VIII durables and expendables with a shelf life of 60 months or more should be on hand at all times.

FORSCOM agreed with the recommendations and began updating its requirements. In addition, the USAAA recommended that MEDCOM and FORSCOM develop a strategy to ensure that units could acquire Class VIII expendables consistent with regulatory requirements. As part of the Army's medical reform initiative, the Secretary of the Army transitioned medical logistics to the U.S. Army Materiel Command. The U.S. Army Materiel Command agreed to work with FORSCOM to develop a strategy so the Army can effectively and efficiently ensure units obtain Class VIII expendables to meet deployment standards.

Report No. A-2019-0026-MTM

Information Technology Requirements for NATO Special Operations Headquarters

At the request of the Commander of NATO Special Operations Headquarters (NSHQ), the USAAA determined whether NSHQ had an effective and efficient process to determine its information technology (IT) requirements. Led by the United States, NSHQ supports and coordinates NATO special operations forces. As an international military headquarters, NSHQ's staff includes personnel from the 29 participating nations that established NSHQ. During FY 2017, NSHQ spent about \$18.4 million on IT solutions using Operation and Maintenance, Army funds.

The USAAA determined that NSHQ did not have sufficient processes to determine effective and efficient solutions to satisfy its IT requirements. Rather than following a structured process to determine these requirements (similar to those inherent in the DoD's Joint Capabilities Integration and Development System), NSHQ personnel annually renewed contracted IT services that were already in place. The organization had no records to support how staff originally developed IT solutions, and it did not conduct periodic reviews to determine whether the solutions addressed capability gaps and satisfied IT needs. This occurred because NSHQ personnel did not have sufficient expertise in determining organizational IT requirements needed to develop and implement processes that ensured IT solutions best supported mission needs. In addition, NSHQ did not receive resources, manpower, personnel, funding, or acquisition support from U.S. Special Operations Command as originally planned to overcome these organizational deficiencies.

Furthermore, NSHQ's status as an international military headquarters created uncertainty over which regulatory procedures applied when it planned for and acquired IT solutions. This prevented NSHQ from implementing

an internal control program that could have detected deficiencies in the organization's processes to develop and acquire IT requirements. As a result, NSHQ purchased an unclassified network capability under a separate contract when it could have gotten the support at a much lower cost through a NATO organization that provides IT services NATO-wide. NSHQ also acquired more satellite bandwidth than necessary to support its operations. The USAAA estimated that getting these services more cost-effectively could save NSHQ about \$6.9 million a year and about \$34.8 million during the period covered by the FYs 2019–2023 Program Objective Memorandum.

The USAAA recommended that the Assistant Secretary of Defense for Special Operations/Low-Intensity Conflict assign a DoD Component responsible for assisting NSHQ in establishing an improved control environment for IT operations. In addition, the USAAA recommended that the NSHQ Command assess NSHQ's unclassified network requirements to identify a more cost-effective solution, stop procuring commercial-grade bandwidth and use military-grade bandwidth to satisfy bandwidth requirements, and conduct a formal review to determine the most cost-effective and efficient ground station solution for military-grade bandwidth and implement this solution. Management agreed with the recommendations.

Report No. A-2019-0049-IEX

Controls Over Personal Property Shipments

The USAAA determined whether Army-controlled joint personal property shipping offices (JPPSOs) reviewed and approved invoices properly. The U.S. Army Sustainment Command (ASC) operates and maintains two JPPSOs in the Mid-Atlantic and Northwest regions. In FY 2017, the ASC approved 269,000 separate lines of accounting with costs totaling \$272 million associated with personal property shipments.

The USAAA determined that the ASC did not establish controls for monitoring inspections, to include sampling invoices properly, and did not consistently record sampling results on required checklists. As a result, JPPSOs could not ensure that the transactions they paid for were proper and supported audit readiness or that they could identify invoicing errors. In addition, the requirement to review all invoices valued at \$2,500 or more created an unrealistic workload for JPPSOs based on their staffing.

The USAAA recommended that the Deputy Chief of Staff, G-4, work with the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD,

to help decrease the oversight workload for JPPSOs by increasing the dollar threshold for a mandatory 100-percent review of invoices to a value greater than \$2,500. The USAAA also recommended that the ASC Commanding General improve oversight by issuing guidance that: (1) defines how transportation officers should sample prepayment invoices and certifying officers should sample post-payment invoices; and (2) requires JPPSOs to submit sampling checklists to a central repository for audit readiness purposes. Management agreed with the recommendations.

Report No. A-2019-0032-FMF

Operational Energy Initiatives for Army Vehicles

The USAAA audited the Army's actions to include operational energy initiatives in the acquisition process for Army ground vehicle systems to enhance readiness, and the process used for reporting initiative investments to the DoD.

The USAAA determined that the Army included energy capability requirements during the acquisition process for ground vehicle systems that were replacing existing systems or undergoing upgrades or modernization efforts. Additionally, responsible program executive offices generally tracked and reported operational energy initiative investments for the required ground vehicle systems in accordance with the DoD's annual reporting requirements. However, personnel responsible for the armored multi-purpose vehicle did not report investments tied to the vehicle's power generation capability requirement. This occurred because criteria for reporting applicable investments in the Army's annual tasker were not clear. As a result, the Army's overall reporting of ground vehicle systems was understated in the DoD's annual reporting to Congress.

The USAAA recommended that the Assistant Secretary of the Army for Acquisition, Logistics, and Technology update guidance for the operational energy tri-chart tasker to ensure that the Army's overall reporting is complete in future DoD operational energy annual reports and budget certification reports. Management agreed with the recommendation and took corrective action during the audit.

Report No. A-2019-0022-IEE

U.S. ARMY CRIMINAL INVESTIGATION COMMAND

Significant Investigative Cases

Two Army Soldiers Found Guilty of Raping 12-Year-Old Juvenile

U.S. Army Criminal Investigation Command (CID) initiated this investigation in May 2017 upon notification by the Honolulu Police Department that a 12-year-old girl reported she was sexually assaulted by two soldiers on Schofield Barracks, Hawaii. Investigation revealed that Private Second Class Justin Vega and Private First Class Donovan Brooks transported the victim on post in their vehicle, provided her with alcohol, and took her to a barracks room where they sexually assaulted her. Both soldiers were interviewed and admitted that they provided the victim with alcohol and that the sexual acts were consensual. A sexual assault forensic examination kit was collected from the victim, which identified DNA profiles from Private Second Class Vega, Private First Class Brooks, and a third unknown individual.

On October 18, 2018, in a general court-martial at Fort Shafter, Hawaii, Private First Class Brooks was found guilty of rape of a child under 16. Private First Class Brooks was sentenced to confinement for 25 years, reduction in rank from E-3 to E-1, and a dishonorable discharge, and was required to register as a sex offender. On January 7, 2019, in a judge-alone general court-martial at Fort Shafter, Hawaii, Private Second Class Vega was found guilty of rape of a child under 16, adultery, and making false official statements. Private Second Class Vega was sentenced to 12 years' confinement, reduction in rank to E-1, forfeiture of all pay and allowances, and a dishonorable discharge, and was required to register as a sex offender.

Army Soldier Sentenced to 25 Years for Attempting to Support ISIS

CID initiated this joint investigation in August 2016 with the Federal Bureau of Investigation (FBI) upon notification that Sergeant First Class Ikaika Erik Kang made comments in support of the Islamic State of Iraq and Syria (ISIS). A preliminary inquiry conducted by the 500th Military Intelligence Brigade at Schofield Barracks, Hawaii, revealed that

Sergeant First Class Kang made anti-American comments in support of the Islamic State of Iraq and al-Sham and stated that, if he went to war, he would not engage ISIS. During the investigation, the FBI, CID, and Military Intelligence conducted surveillance and introduced numerous undercover agents. During various meetings with the undercover agents, Sergeant First Class Kang swore an oath of loyalty to ISIS and its leader, Abu Bakr al Baghdadi. Sergeant First Class Kang also provided classified and unclassified military documents, expressed interest in training ISIS members in military-style combat and military tactics, and noted his desire to contribute to the purchase of an unmanned aerial system, all of which he believed would benefit ISIS forces.

On December 4, 2018, in the District of Hawaii, Sergeant First Class Kang pleaded guilty to attempting to provide material support or resources to a designated foreign terrorist organization and was sentenced to 25 years confinement, a \$400 fine, and 20 years supervised release upon discharge from confinement. Sergeant First Class Kang was reduced in rank from E-7 to E-1 and administratively separated from the Army.

Contractor Ordered to Pay \$1.5 Million to U.S. Army

CID initiated this investigation in December 2014 upon notification from the Defensive Cyber Operations Division, 2nd Regional Cyber Center, Western Hemisphere at Fort Huachuca, Arizona, that the U.S. Army Reserve Command's Regional Level Application System (RLAS) had been compromised. The RLAS, which is responsible for processing Reserve pay and worldwide mobilization orders, stopped functioning on December 3, 2014. An investigation revealed that, on November 21 and 23, 2014, Mr. Mittesh Das, Chief Executive Officer of MD Consulting, Inc., added malicious software code to the RLAS database resulting in the alteration of login user names for all RLAS users, effectively disabling access to the system worldwide. The aforementioned dates coincided with the expiration of Mr. Das's contract to perform various IT support functions for the U.S. Army Reserve Command, as well as the award of that contract to a different company. On December 27, 2014, as Mr. Das attempted to leave the country, agents from U.S. Customs and Border Protection interdicted Mr. Das at Newark International Airport in Newark, New Jersey, for secondary screening. Customs and Border Protection personnel seized a computer from Mr. Das and collected additional digital evidence from his residence. Forensic examinations of the digital evidence and network logs revealed that

Mr. Das's user account was used to download the malicious code to the RLAS database. The cost to recover and repair the RLAS system was estimated at \$2.6 million.

On September 20, 2017, in the Eastern District of North Carolina, Mr. Das was found guilty of intentionally damaging without authorization a protected computer used by and for an entity of the U.S. Government for national defense and national security. On September 11, 2018, Mr. Das was sentenced to 24 months confinement, followed by 3 years of supervised release, and ordered to pay \$1.5 million in restitution. On 27 September 2018, Mr. Das and MD Consulting, Inc., were debarred from providing services for the Government until September 11, 2023.

NAVY

Naval Audit Service

The mission of the Naval Audit Service (NAVAUDSVC) is to provide independent and objective audit services and products to assist Navy leadership in assessing risk to improve efficiency, accountability, and program effectiveness. Each year, the NAVAUDSVC develops an audit plan based on Navy enterprise risk assessment. All of the NAVAUDSVC audit work is designed to address significant Navy issue areas that merit additional oversight. From October 1, 2018, through March 31, 2019, the NAVAUDSVC published audits that address significant and potentially high-profile areas, such as husbanding services, antiterrorism, controls over expired/unusable controlled pharmaceutical drugs, and more.

Antiterrorism and Force Protection for Navy Recruiting Stations

The NAVAUDSVC determined whether Navy recruiting stations complied with antiterrorism and force protection security requirements.

The NAVAUDSVC determined that the Navy did not establish antiterrorism and force protection security requirements and standards for Navy recruiting stations and other off-base activities. In addition, the Bureau of Naval Personnel did not conduct higher headquarters reviews of the Commander, Navy Recruiting Command's (CNRC's) Antiterrorism Program as required. The CNRC did not conduct comprehensive program reviews as required by the DoD. Furthermore, Navy recruiting districts did not have executable antiterrorism plans for FYs 2016 and 2017. This occurred because Navy regulations did not provide specific antiterrorism

requirements and standards for off-base activities rated as Required Operation Capability Level 5, which includes Navy recruiting stations; the Bureau of Naval Personnel did not have controls or reporting procedures to ensure that higher headquarters program reviews were conducted; and the CNRC did not publish an antiterrorism plan with command-specific guidance until April 2017. As a result, without tailored security requirements, executable antiterrorism plans, and program reviews, Navy recruiting station personnel, resources, facilities, and civilians may be at risk and vulnerable to terrorism and other violent acts.

The NAVAUDSVC recommended that the Office of the Chief of Naval Operations update Navy instructions and establish security requirements for Navy recruiting stations. The NAVAUDSVC also recommended that the Chief of Naval Personnel at the Bureau of Naval Personnel conduct higher headquarters reviews, and establish controls and reporting procedures to ensure that reviews conducted by the CNRC are tracked. Additionally, the NAVAUDSVC recommended that the CNRC conduct comprehensive program reviews, establish a mechanism to report the status of its review, and ensure the Navy recruiting districts publish their local antiterrorism plans. Management agreed with the recommendations.

Report No. N2019-0008

Navy Transition Assistance Program

The NAVAUDSVC determined whether the Navy complied with public law when providing Transition Assistance Program assistance for sailors released from active duty.

The NAVAUDSVC determined that the Navy did not comply with public law when providing Transition Assistance Program assistance for sailors released from active duty. Guidance requires mandatory participation in the Transition Assistance Program for every service member separating after serving 180 continuous days or more of active duty, with few exceptions. However, the Navy's Veterans Opportunity to Work to Hire Heroes Act reported a compliance rate of 76.3 percent for FY 2016 and 80.4 percent for FY 2017 (October 2016 through June 2017). This condition existed due to incomplete and inaccurate information on the transition form, lack of oversight on the thorough completion of the information, and a sense that command career counselors needed more training. As a result, sailors may not be prepared for civilian life if they are not provided information on gaining employment, seeking education, budgeting finances, and obtaining entitlement benefits. In addition, inaccurate reporting of the Navy's Veterans Opportunity

to Work compliance numbers affects the compliance numbers reported through the Office of the Secretary of Defense and ultimately to Congress.

The NAVAUDSVC recommended that the Office of the Chief of Naval Operations establish oversight responsibility to ensure that forms are correctly completed and accurate; a mechanism to complete periodic reviews to ensure that forms are correctly completed; and mandatory continual training for command career counselors, including assigning responsibility for ensuring that training is completed. Management agreed with the recommendations and initiated a plan of action to implement corrective actions.

Report No. N2019-0010

Department of the Navy Husbanding and Port Services Provider Program

The NAVAUDSVC determined whether: (1) processes and internal controls over management, execution, and oversight of the Navy Husbanding and Port Services Provider (HSP) Program were in place, functioning effectively, and in compliance with applicable laws and DoD and Department of the Navy regulations; and (2) agreed-to corrective actions on closed recommendations in the NAVAUDSVC report, N2014-0048, “Navy Husbanding and Port Services Contracts,” September 30, 2014, were properly implemented.

The NAVAUDSVC determined that the Navy took substantial action and made progress addressing weaknesses within the HSP Program identified in NAVAUDSVC Report N2014-0048. However, the NAVAUDSVC found that significant internal controls weaknesses within the Navy HSP Program remain.

The NAVAUDSVC identified internal control weaknesses in critical areas, such as requirement generation and approval, task order award and modification, surveillance and receipt/acceptance, and invoicing and payment.

In addition, the Navy was unable to demonstrate that it had established an effective combination of internal control activities and supporting documentation to validate that necessary goods and services were ordered, sufficient surveillance was performed, and sufficient audit trails existed to support payments. These internal control weaknesses occurred because responsible commands did not provide sufficient written guidance, training, and oversight to ensure the Navy’s HSP Program was operating as intended. As a result of not implementing sufficient internal controls and maintaining key supporting documents, the Navy is at risk of receiving a modified opinion on its financial statements; cannot

provide assurance that it acquired necessary goods and services, or received the goods or services for which it paid; and is vulnerable to fraud, waste, abuse, and mismanagement.

The Naval Audit Service made 25 recommendations to address weaknesses and to enhance the management, execution, and oversight of the Navy’s HSP Program. Management agreed with the recommendations.

Report No. N2019-0013

Navy Traumatic Injury Service Members’ Group Life Insurance

The NAVAUDSVC determined whether payments for selected Navy Traumatic Injury Service Members’ Group Life Insurance (TSGLI) claims were proper and complied with laws and regulations.

The NAVAUDSVC determined that opportunities existed to improve the TSGLI claim approval process. The NAVAUDSVC estimated with a 95-percent confidence level that the Navy Personnel Command (NPC) improperly approved and paid \$10.5 million to claimants for TSGLI claims received between January 1, 2014, and June 30, 2017. This occurred because the NPC did not have sufficient internal controls and oversight to ensure that: (1) payments were supported by medical documentation; (2) service members met the basic requirements to qualify for TSGLI benefits; (3) disqualifying injuries sustained by service members were excluded from payment; and (4) measures were in place to prevent TSGLI claim forms from being altered. Insufficient internal controls and oversight can create an environment where fraud, waste, and abuse could go undetected and undeterred.

The NAVAUDSVC made recommendations to improve controls and oversight to ensure that payments are properly approved and paid, certifiers exercise due professional care and skepticism when approving a claim, and TSGLI claim forms are properly protected from alterations. Management agreed with the recommendations.

Report No. N2019-0006

Navy Medicine East’s Management of Expired or Unusable Controlled Pharmaceutical Drugs at Selected Military Treatment Facilities

The NAVAUDSVC determined whether internal controls over expired or unusable controlled pharmaceutical drugs were operating as intended at selected Navy military treatment facilities.

The NAVAUDSVC determined that internal controls over expired or unusable controlled pharmaceutical drugs were not operating as intended at selected military treatment facilities within Navy Medicine East (NAVMEDEAST). Specifically, the NAVAUDSVC found that:

- expired and unusable drugs may not be properly accounted for or disposed of;
- inventory management processes for expired and unusable drugs were not conducted as required; and
- internal controls intended to mitigate or prevent diversion were not operating as intended.

Furthermore, when the NAVAUDSVC expanded the analysis of Controlled Substance Inventory Board inspections and Drugs With High Potential for Diversion lists to all military treatment facilities within NAVMEDEAST, the NAVAUDSVC found the same internal control deficiencies, indicating a significant, systematic, and material internal control weakness for NAVMEDEAST.

These conditions occurred because NAVMEDEAST military treatment facilities had inadequate internal controls, and NAVMEDEAST did not provide sufficient oversight to ensure compliance with laws, regulations, and policies for the accountability and safeguarding of controlled substances. As a result, NAVMEDEAST did not have reasonable assurance that expired or unusable controlled drugs were accounted for or properly disposed of. The lack of compliance with policy increases the potential for fostering an environment where fraud, waste, and abuse may go undetected and undeterred. Therefore, there is an increased risk for diversion of controlled substances, and an increased risk of sailors obtaining and abusing controlled substances not prescribed to them.

The NAVAUDSVC made six recommendations to the NAVMEDEAST Commander. Management agreed with the recommendations.

Report No. N2019-0021

NAVAL CRIMINAL INVESTIGATIVE SERVICE

Significant Investigative Cases

Marine Corps Lance Corporal Found Guilty of Sexually Assaulting Two Children

NCIS initiated this investigation in September 2017 upon notification from the Third Marine Regiment's Legal Officer at Kaneohe Bay, Hawaii, of allegations that Lance Corporal Joseph Lewis sexually assaulted two children in Michigan between 2011 and 2016, at which time the children were between the ages of 6 and 13. The victims' mother contacted both the Third Marine Regiment and St. Clair County Sheriff's Office in Clyde, Michigan, after learning of the allegations. Both victims mentioned the most recent sexual assault was in November 2016. Lance Corporal Lewis was a friend of the victims' family and would periodically babysit the victims. Lance Corporal Lewis was interviewed and confessed to assaulting both children and provided agents with a rough sketch of the location where the sexual assaults occurred.

On October 26, 2018, in a judge-alone general court-martial at Kaneohe Bay, Hawaii, Lance Corporal Lewis pleaded guilty to rape and sexual assault of a child and was sentenced to 24 years confinement (a pretrial agreement suspended all confinement in excess of 9 years), reduction in rank to E-1, forfeiture of all pay and allowances, and a dishonorable discharge, and was required to register as a sex offender.

Chief Petty Officer Pleaded Guilty to Sex Trafficking

NCIS initiated this investigation in September 2017 during an operation designed to identify DoD personnel involved in trafficking in persons. Chief Petty Officer Jayson Grant of the Transient Personnel Unit in Norfolk, Virginia, was identified as having an interest in trafficking third-country national females from Thailand into the Kingdom of Bahrain for sexual exploitation purposes. While Chief Petty Officer Grant was stationed in Juffair, Kingdom of Bahrain, he met with an undercover NCIS special agent and discussed trafficking of females from Thailand for financial profit, as well as to receive sexual favors from the trafficked women. Upon interview,

Chief Petty Officer Grant confessed to attempting to transport females from Thailand into the Kingdom of Bahrain for prostitution purposes.

On February 12, 2019, in a judge-alone general court-martial at Naval Support Activity in Naples, Italy, Chief Petty Officer Grant pleaded guilty to attempted sex trafficking and labor trafficking and was sentenced to 4 years confinement, reduction in rank to E-1, forfeiture of all pay and allowances, a dishonorable discharge, and a requirement to register as a sex offender.

Contractor Repays Over \$3.5 Million in Civil Settlement

NCIS initiated this joint investigation with the Defense Contract Audit Agency in May 2013 upon notification from the Naval Air Warfare Center Aircraft Division that Indal Technologies knowingly substituted a different, less expensive type of steel in numerous Recovery, Assist, Secure, and Traverse (RAST) system track plates delivered to the Navy from approximately 2000 to 2010. Since the 1970s, Indal Technologies has produced RAST systems attached to *Arleigh Burke*-class destroyers, which allow helicopters to land during rough seas and high winds. The Navy’s contracts for RAST systems specifically required the track plates be made of HY100 steel due to the material’s increased strength, combat ruggedness, and protection from corrosion. Following reports from surface fleet vessels indicating corrosion on some of the track plates, the Naval Air Warfare Center Aircraft Division in Lakehurst, New Jersey, conducted an engineering investigation and determined that the track plates were manufactured and delivered by Indal Technologies. Contract reviews determined that the noncompliant track plates were installed on 29 Navy vessels. As result of a DoD OIG subpoena, a review of the production documents revealed that, from 2002 through 2005, Indal requested to use a substitute for the HY100 steel for RAST plate construction, which created a potential safety hazard. There was no evidence of an approved contract modification for the use of the HY100 steel.

On October 15, 2018, in the District of New Jersey, the Department of Justice announced that Indal Technologies agreed to pay \$3.5 million to resolve allegations that they violated the False Claims Act by knowingly selling the defective helicopter landing systems.

AIR FORCE

Air Force Audit Agency

The Air Force Audit Agency’s (AFAA’s) 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. To execute its mission, the AFAA has 635 personnel authorized at nearly 50 worldwide locations.

During FY 2019, the AFAA continued to focus audit planning efforts on top Air Force priorities. The FY 2019 AFAA Audit Plan provided prioritized audit topics that align with the Secretary of the Air Force and senior leader goals and priorities, 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 partnerships 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.

Since the Air Force centralized audit liaison and recommendation tracking functions under the Auditor General of the Air Force, the Air Force has more efficiently allocated audit resources to focus on critical Air Force priorities. The centralization improves the AFAA’s ability to provide greater coordination and oversight for the status and implementation of all Government Accountability Office, DoD OIG, and AFAA audit report recommendations made to Air Force

officials. By partnering with Air Force and DoD OIG officials, AFAA facilitated closure of 79 DoD OIG recommendations, reducing the average age of open recommendations from 27 months to 16 months.

From October 1, 2018, through March 31, 2019, the AFAA published 39 Air Force-level audit reports that included 152 recommendations and over \$150 million in audit-estimated potential monetary benefits. The AFAA identified potential material weakness issues in 5 of the 39 reports. Furthermore, installation-level audit teams published 297 audit reports with 1,323 recommendations and an additional \$40 million in audit-estimated potential monetary benefits. The following paragraphs highlight a few of the most significant AFAA Air Force-level audit reports issued during the period.

Review of Unmatched and Problem Disbursements

The AFAA reviewed selected problem disbursements, which are recorded in DoD accounting systems but not properly matched to corresponding obligations. As the DoD's accounting service provider, the Defense Finance and Accounting Service (DFAS) is responsible for notifying Air Force fund holders of these disbursements. In turn, Air Force fund holders are responsible for taking prompt corrective action upon notification. As of August 31, 2017, DFAS reported 58,815 Air Force problem disbursements, valued at \$1.7 billion.

The AFAA determined that Air Force personnel did not record transactions to reduce the risk of problem disbursements or research and correct the identified problem disbursements in accordance with the DoD Financial Management Regulation. The review of 130 unmatched disbursements showed fund holders incorrectly recorded 21 (16 percent) obligations. Additionally, fund holders did not coordinate with DFAS to research and correct any of the 130 sampled unmatched disbursements. This finding was a material Federal Managers' Financial Integrity Act issue, and the AFAA will include this weakness in its annual memorandum of material internal control weaknesses to the Assistant Secretary of the Air Force, Financial Management and Comptroller. These conditions occurred because Air Force personnel did not use the correct template to set up payments in the job accounting system, validate effectiveness of remediation actions concerning transaction mismatches in two financial management systems, or obtain problem disbursement listings from DFAS with information to enable identification of the Air Force fund holder. Effective management of problem disbursements helps ensure the integrity and accuracy of Air Force financial reporting data and timely notification and resolution

of problem disbursements, while proper matching of disbursements to obligations allows a more accurate representation of available funds.

The AFAA recommended that the Assistant Secretary of the Air Force, Financial Management and Comptroller, require the Air Force Accounting and Finance Office to validate the job accounting system template; verify the effectiveness of remediation actions concerning the transaction mismatches; and periodically obtain problem disbursement listings from the DFAS with the required fund holder information. Management agreed with the recommendations.

Report No. F2019-0001-L10000

Economic Analysis

The AFAA reviewed economic analysis for military construction projects, which helps decision makers make informed choices among competing alternatives. The analysis compares competing alternatives and weighs the costs, benefits, and risks of each alternative. This systematic approach reduces the incidence of serious omissions or the introduction of personal bias. Installation personnel are required to complete an economic analysis for all new construction projects costing more than \$2 million, which the Air Force normally funds through the Military Construction Program. During FYs 2016 and 2017, the Air Force appropriated \$4.4 billion toward military construction projects requiring this type of analysis.

The AFAA determined that Air Force personnel did not complete an economic analysis when required for 2 (13 percent) of 15 projects, valued at \$113 million. Additionally, personnel did not properly document the economic analysis for 12 (92 percent) of 13 projects, valued at \$638 million. These conditions occurred because Air Force personnel did not implement sufficient oversight procedures and guidance for economic analysis performance.

The AFAA recommended that the Assistant Secretary of the Air Force, Financial Management and Comptroller, establish oversight procedures and to update guidance. Management agreed with the recommendations.

Report No. F2019-0001-L30000

F-35 Spare Parts Management

The AFAA reviewed the Air Force's management of F-35 spare parts. According to F-35 Joint Program Office guidance, the Air Force has custodial responsibility for all spare parts in its possession. Furthermore, when Air Force personnel require resolution on a sustainment management issue, they submit an action request

to the contractor. As of April 2018, the Air Force maintained possession of 4,384 reparable spare parts, and initiated 4,216 action requests from March 2017 through April 2018.

The AFAA determined that Air Force personnel could not locate 10 (3 percent) of 375 sampled parts and did not record 43 (14 percent) of 300 sampled on-hand parts on an accountable record. Furthermore, of 2,373 sampled action requests, Air Force personnel did not submit 311 (13 percent) within required timeframes or close 694 (29 percent) in a timely manner. These conditions occurred due to a lack of formal F-35 logistics training, oversight controls regarding spare parts accountability, and oversight controls and policy requirements for action requests processing. Maintaining accountability over spare parts ensures compliance with governing documents, reduces the risk of additional costs, and can improve mission performance. In addition, timely action request submission ensures the Air Force prevents unnecessary delays in identifying sustainment issues to the contractor. Monitoring action requests enables the Air Force to evaluate contractor-provided responses and ensure solutions are adequate and timely implemented.

The AFAA recommended that the Deputy Chief of Staff for Logistics, Engineering, and Force Protection require personnel to correct the audit-identified errors; establish formal F-35 logistics training and oversight controls; and establish oversight controls and policy requirements for action requests processing. Management agreed with the recommendations.

Report No. F2019-0001-L40000

Information Technology Investment Portfolio Suite Accuracy

The AFAA reviewed information technology system and initiative data in the Information Technology Investment Portfolio Suite. The Federal Information Security Management Act requires the Air Force to develop and maintain an inventory of all major information systems. In April 2017, the Air Force replaced the legacy information system with the Information Technology Investment Portfolio Suite as the system of record to maintain the Air Force information technology systems inventory. The system of record supports the Air Force Chief Information Officer's responsibility to report information technology information to Congress, the Office of Management and Budget, the DoD, the Secretary of the Air Force, and the Chief of Staff of the Air Force. As of November 29, 2017, the Air Force had 2,154 systems and initiatives registered in the Information Technology Investment Portfolio Suite and spent \$5.1 million annually to operate the suite.

The AFAA determined that Air Force personnel reported incomplete data or inaccurate responses for 129 (91 percent) of 141 sampled repository systems and initiatives. This condition occurred because there was either no guidance or insufficient guidance regarding validation processes, business rules, and process and system updates; guidance mandating the use of the portfolio suite; and insufficient oversight of program managers. An accurate repository will enable the Air Force to make informed technology decisions and support statutory reporting requirements to the Office of Management and Budget and Congress.

The AFAA recommended that the Secretary of the Air Force, Chief, Information Dominance and Chief Information Officer, develop and document guidance regarding validation processes, business rules, and process and system updates; update guidance to mandate the use of the portfolio suite; and improve oversight of program managers. Several of these recommendations address corrective actions needed to improve the effectiveness of information security controls, and therefore, meets the requirement for establishing an Air Force plan of action and milestone or operational deferment. Accordingly, the AFAA will include these material weaknesses in its annual Federal Information Security Management Act input to the Secretary of the Air Force and the DoD IG. Management agreed with the recommendations.

Report No. F2019-0001-O10000

Workplace Head Strike Injuries

The AFAA reviewed the Air Force's processes for management and prevention of workplace head strike injuries. Air Force guidance requires personnel to complete a thorough investigation of workplace injuries within 30 days of an incident. Further, the Occupational Safety and Health Administration requires the Air Force to furnish each employee a workplace free from recognized hazards that are likely to cause death or serious physical harm to the employees. Finally, Air Force guidance states that Air Force personnel must provide protective gear to airmen when they are working in a hazardous area. From October 2015 through March 2017, the Air Force reported 802 on-duty head strike injuries with costs totaling \$2.5 million.

The AFAA determined that, although Air Force personnel investigated 124 (98 percent) of 126 head strike injuries, personnel did not implement measures to protect workers and reduce head strike injuries in hazardous areas at four (80 percent) of five locations reviewed. Installation commanders did not provide head strike injury protection by placing foam guards around aircraft or provide personal head protection equipment as required by guidance. These conditions primarily occurred because, contrary to

Occupational Safety and Health Administration mandatory requirements, Air Force personnel accepted operational risk by not providing Airmen head strike injury protection based on mission benefits. Compliance with Federal Occupational Safety and Health Administration standards, Code of Federal Regulations, and Air Force guidance protects the health and safety of all Airmen and reduces head injuries and associated costs.

The AFAA recommended that the Air Force Chief of Safety instruct personnel to implement required Occupational Safety and Health Administration measures to protect airmen from head strike injuries while working in hazardous areas. Management agreed with the recommendations.

Report No. F2019-0001-020000

Medical Personnel Off-Duty Employment for Medical Services

The AFAA reviewed the off-duty employment program for compliance with Federal law regarding reimbursements and locally established rest standards. The off-duty employment program allows Air Force medical providers to perform medical services at civilian medical facilities (sometimes referred to as “moonlighting”) to improve medical proficiencies. Federal law prohibits the DoD-managed healthcare program, TRICARE, from reimbursing Air Force medical providers, or their off-duty employers, for off-duty medical services rendered. Furthermore, Air Force policy mandates 24-hour military treatment facilities to establish minimum rest standards and maximum consecutive work hours. In FY 2017, TRICARE paid over \$1.2 million for medical services provided by 496 Air Force medical providers.

The AFAA determined that TRICARE incorrectly paid over \$68,000 for 1,269 (23 percent) of 5,436 claims of Air Force off-duty employment. The AFAA estimated that the Department of the Treasury could achieve more than \$534,000 in potential monetary benefit by recouping all incorrect FY 2017 payments and implementing corrective actions preventing future incorrect payments over the next 6 years. Furthermore, Air Force personnel at five (83 percent) of six locations did not have reasonable assurance that medical providers complied with locally established rest standards. These conditions occurred due to insufficient guidance to require annual certification from off-duty employers regarding TRICARE and patient reimbursements; ineffective procedures to identify incorrect billings paid to medical providers; and lack of guidance regarding the development of local internal control processes to monitor rest standards. Recouping the FY 2017 incorrect payments provides \$76,413 back to

the Treasury and implementing corrective actions prevents future incorrect payments of \$458,478 over 6 years (execution year and the Future Years Defense Program). In addition, compliance with rest standards fosters trusted care of patients, supports medical readiness, and protects the Air Force from unnecessary risks.

The AFAA recommended that the Air Force Surgeon General coordinate with the Defense Health Agency to recoup the \$68,244 audit-identified error; update guidance to require annual certification; establish a documented process to identify incorrect billings paid to medical providers; and update guidance to require local units develop internal control processes to monitor compliance with rest standards. Management agreed with the recommendations.

Report No. F2019-0003-040000

AIR FORCE OFFICE OF SPECIAL INVESTIGATIONS

Significant Investigative Cases

Airman Found Guilty of Murder

The Air Force Office of Special Investigations (AFOSI) initiated this investigation in March 2018 when Air Force Security Forces responded to a 911 call from the dormitories on Barksdale Air Force Base, Louisiana. When personnel from Security Forces and Emergency Medical Services arrived, Airman First Class Isaiah Edwards told them that he killed his roommate by stabbing him. Security camera footage from the Base Exchange showed Airman First Class Edwards purchasing a knife a few days before the murder that was consistent with the knife found next to the victim’s body. Laboratory analysis of DNA recovered from the knife determined that blood recovered from the blade portion was from the victim and blood recovered from the handle portion was a mixture of blood from the victim and Airman First Class Edwards.

On January 22, 2019, in a general court-martial at Barksdale Air Force Base, Airman First Class Edwards was found guilty of murder and sentenced to 35 years’ confinement, forfeiture of all pay and allowances, reduction in rank to E-1, and a dishonorable discharge.

Airman Apprehended During an Internet Crimes Against Children Operation

AFOSI initiated this investigation in November 2016 after Captain Sean Miller responded to a Craigslist advertisement that was posted as part of an Internet Crimes Against Children operation targeting active duty military members engaged in child exploitation. Captain Miller engaged in sexually explicit online chats with AFOSI undercover agents, whom he believed were two 14-year-old females. Captain Miller also sent sexually explicit photographs and videos of himself and requested sexually explicit photographs. Captain Miller did not attempt to schedule a meeting, as he was at a temporary duty location and would then be deploying. In February 2017, AFOSI agents apprehended Captain Miller and seized his electronic devices at Al Udeid Air Base, Qatar. A review of his electronic devices showed the explicit conversations he was having with the undercover AFOSI agents, as well as the photographs of himself that he sent.

On December 4, 2018, in a judge-alone general court-martial at Lucius D. Clay Kaserne, Germany, Captain Miller was found guilty of solicitation to produce and distribute child pornography and attempts to commit lewd acts upon a child. Captain Miller was sentenced to 18 months' confinement, dismissed from the Air Force, and required to register as a sex offender.

Contractor Repays Over \$1.6 Million in Settlement Agreement

AFOSI initiated this joint investigation with DCIS, the Federal Bureau of Investigation, and the Internal Revenue Service in February 2013 in response to allegations made to the DoD Hotline. The complainant alleged potential bid rigging by a government employee at Robins Air Force Base, Georgia, involving improper disposal of hazardous material and improperly awarding a contract to U.S. Technology Corporation (UST). In 2004 or 2005, Mr. Raymond Williams, Chief Executive Officer and owner of UST, requested that Mr. Mark Cundiff, a Government employee at Robins Air Force Base, help UST win contracts at the base. Mr. Williams and Mr. Cundiff had both a professional and personal relationship. Mr. Cundiff, who was responsible for preparing statements of work when Robins Air Force Base solicited bidders for new contracts, prepared contract requirements that only UST could fulfill. In return, Mr. Williams made cash payments to Mr. Cundiff ranging from \$2,000 to \$20,000. In 2008, Mr. Cundiff approached the NATO Support and Procurement Agency concerning the use of its contracting vehicle to procure a long-term \$25 million supply contract for Robins Air Force Base.

Mr. Cundiff prepared the contract requirements to ensure that UST was awarded the contract. Investigation revealed that these funds were transferred from the Air Force to NATO for the purpose of steering contracts to Williams's companies, UST and U.S. Technology Aerospace Engineering Corporation (USTAE). In 2009, Mr. Williams began making kickback payments to Mr. Cundiff through intermediaries, including Mr. Christopher Reynolds, owner of Reynolds Engineering Corporation in Macon, Georgia. Mr. Williams directed UST to make payments totaling \$870,000 to pay bribes to Mr. Cundiff and to reward other individuals for serving as intermediaries to assist in paying the bribes.

On April 17, 2017, in the Middle District of Georgia, Macon Division, Mr. Cundiff pleaded guilty to conspiracy to bribe a public official and filing a false tax return. Mr. Cundiff received bribes totaling \$274,000 and failed to report this income to the Internal Revenue Service. On February 25, 2019, Mr. Cundiff was sentenced to 36 months of imprisonment and 2 years of supervised release, and was ordered to pay restitution of \$110,058 to the Internal Revenue Service. He was also ordered to jointly pay \$274,000 to the U.S. Treasury.

On April 19, 2017, in the Middle District of Georgia, Macon Division, Mr. Reynolds pleaded guilty to aiding and abetting the giving of a gratuity to a public official. On August 21, 2018, Mr. Reynolds was sentenced to imprisonment for 12 months and 1 day, 1 year of supervised release, a \$100 assessment, and a \$50,000 fine. On January 17, 2019, the Air Force debarred Mr. Reynolds until November 2022.

On March 14, 2018, in the Middle District of Georgia, Macon Division, Mr. Williams pleaded guilty to conspiracy to bribe a public official. Mr. Williams also pleaded guilty on behalf of UST and USTAE for conspiracy to launder the proceeds of unlawful activity. On January 8, 2019, Mr. Williams was sentenced to 60 months of imprisonment and 3 years of supervised release, and was ordered to pay a \$100 assessment, a \$250,000 fine, and \$870,000 in restitution jointly with UST and USTAE. Mr. Williams was also recommended for a substance abuse program. On February 19, 2019, the Air Force debarred Mr. Williams until January 2029. On January 8, 2019, UST was sentenced to probation for 5 years, a \$400 assessment, \$1.5 million fine, and \$870,000 restitution to be paid jointly with Mr. Williams and USTAE. On January 8, 2019, USTAE was sentenced to probation for 5 years, a \$400 assessment, \$1.5 million fine, and \$870,000 restitution to be paid jointly with Mr. Williams and UST. On February 19, 2019, UST and USTAE were debarred by the Air Force until January 2022.

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..."	84-85
Section 5(a)(1)	"description of significant problems, abuses, and deficiencies..."	8-82
Section 5(a)(2)	"description of recommendations for corrective action...with respect to significant problems, abuses, and deficiencies..."	8-82
Section 5(a)(3)	"identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed..."	122-155
Section 5(a)(4)	"a summary of matters referred to prosecutive authorities and the prosecution and convictions which have resulted."	40-47
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.	117
Section 5(a)(7)	"a summary of each particularly significant report..."	8-82
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..."	117
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..."	118
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."	122-155
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..."	171
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..."	171
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..."	171

REFERENCES	REQUIREMENTS	PAGE
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...”	172
Section 5(a)(18)	“a description of the metrics used for developing the data for the statistical tables under paragraph (17)...”	172
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]	48-172
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...”	54-67
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...”	118
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...”	118
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...”	122-155
Section 5 note	“an annex on final completed contract audit reports...containing significant audit findings...”	156-170
Section 8(f)(1)	“(A) information concerning the number and types of contract audits...” “(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...”	120-171

AUDIT, INSPECTION, EVALUATION, AND INVESTIGATION REPORTS ISSUED

DoD OIG

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

Naval Audit Service

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

Army Audit Agency

www.army.mil/aaa

Air Force Audit Agency

www.afaaf.af.mil

	DoD OIG	Military Departments	Total
Implementing DoD Reform Initiatives	4	6	10
Countering Global Terrorism	5	2	7
Financial Management	31	28	59
Improving Cyber Security and Cyber Capabilities	5	11	16
Ensuring Ethical Conduct	3	3	6
Enhancing Space-Based Operations, Missile Detection and Response, and Nuclear Deterrence	0	1	1
Improving Readiness Throughout the DoD	3	28	31
Acquisition and Contract Management	10	12	22
Providing Comprehensive and Cost-Effective Health Care	1	5	6
Other	7	29	36
Total	69	125	194

Implementing DoD Reform Initiatives

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2019-030	Report of Investigation into the United States Air Force's Failure to Submit Devin Kelley's Criminal History Information to the Federal Bureau of Investigation	12/6/2018
DoD OIG	DODIG-2019-056	Accounting and Financial Reporting for the Military Housing Privatization Initiative	2/12/2019
DoD OIG	DODIG-2019-061	Audit of the DoD's Implementation of Recommendations on Screening and Access Controls for General Public Tenants Leasing Housing on Military Installations	3/7/2019
DoD OIG	DODIG-2019-065	Evaluation of DoD Voting Assistance Programs for 2018	3/26/2019
USAAA	A-2019-0002-ALA	Audit of Army Software License Management	10/10/2018
USAAA	A-2019-0005-ALC	Audit of Interagency Acquisitions	10/16/2018
USAAA	A-2019-0006-FMR	Audit of Manager's Internal Control Program, Office of the DCS, G-2	10/19/2018
USAAA	A-2019-0010-FMR	Independent Auditor's Attestation Review of the FY 18 Army Managers' Internal Control Program	10/29/2018
USAAA	A-2019-0032-FMF	Audit of Controls Over Personal Property Shipments	1/23/2019
AFAA	F2019-0004-L40000	Leased Vehicle Programming	3/18/2019

Countering Global Terrorism

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2019-004	DoD Oversight of Bilateral Agreements With the Republic of the Philippines	11/2/2018
DoD OIG	DODIG-2019-042	Evaluation of Social Media Exploitation Procedures Supporting Operation Inherent Resolve	12/28/2018
DoD OIG	DODIG-2019-048	DoD Efforts to Train, Advise, Assist, and Equip the Armed Forces of the Republic of the Philippines	1/31/2019
DoD OIG	DODIG-2019-057	Iraqi Border Guard Equipment	2/13/2019
DoD OIG	DODIG-2019-059	U.S. Africa Command's Special Purpose Marine Air Ground Task Force's Ability to Meet Deployment Timelines	2/28/2019
USAAA	A-2019-0049-IE	Audit of Information Technology Requirements for NATO Special Operations Headquarters	2/26/2019
USAAA	A-2019-0051-IE	Audit of Property Accountability at NATO Special Operations Headquarters	3/18/2019

Financial Management

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2019-005	Transmittal of Independent Auditor's Report on the Defense Logistics Agency Military Construction Funds Sub-Allotted to the U.S. Army Corps of Engineers—Military Programs' Financial Statements and Related Notes for FY 2018 and FY 2017	11/5/2018
DoD OIG	DODIG-2019-006	Transmittal of Independent Auditor's Report on the U.S. Army Corps of Engineers—Civil Works' Financial Statements and Related Notes for FY 2018 and FY 2017	11/13/2018
DoD OIG	DODIG-2019-007	Transmittal of the Independent Auditor's Report on the Army Military Construction Funds Sub-Allotted to the U.S. Army Corps of Engineers—Military Programs' Financial Statements and Related Notes for FY 2018	12/3/2018
DoD OIG	DODIG-2019-008	Transmittal of the Independent Auditor's Report on the Defense Health Program Enterprise Financial Statements and Related Notes for FY 2018	11/9/2018
DoD OIG	DODIG-2019-009	Transmittal of the Independent Auditor's Report on the DoD Medicare-Eligible Retiree Health Care Fund Financial Statements and Related Notes for FY 2018 and FY 2017	11/7/2018
DoD OIG	DODIG-2019-010	Transmittal of the Independent Auditor's Report on the Defense Health Agency Contract Resource Management Financial Statements and Related Notes for FY 2018 and FY 2017	11/7/2018
DoD OIG	DODIG-2019-011	Transmittal of the Independent Auditor's Report on the U.S. Marine Corps General Fund Financial Statements and Related Notes for FY 2018 and FY 2017	11/7/2018
DoD OIG	DODIG-2019-012	Transmittal of the Independent Auditor's Report on the DoD Military Retirement Fund Financial Statements and Related Notes for FY 2018 and FY 2017	11/6/2018
DoD OIG	DODIG-2019-013	Transmittal of the Independent Auditor's Report on the U. S. Transportation Command Working Capital Fund Financial Statements and Related Notes for FY 2018	11/15/2018
DoD OIG	DODIG-2019-014	Transmittal of the Independent Auditor's Report on the U.S. Air Force General Fund Financial Statements and Related Notes for FY 2018	11/14/2018
DoD OIG	DODIG-2019-015	Transmittal of the Independent Auditor's Report on the U.S. Air Force Working Capital Fund Financial Statements and Related Notes for FY 2018	11/14/2018
DoD OIG	DODIG-2019-017	Independent Auditor's Report on the Department of Defense FY 2018 and FY 2017 Basic Financial Statements	11/15/2018
DoD OIG	DODIG-2019-018	Transmittal of the Independent Auditor's Report on U.S. Special Operations Command General Fund Financial Statements and Related Notes for FY 2018	11/14/2018
DoD OIG	DODIG-2019-020	Transmittal of the Independent Auditor's Report on the U.S. Department of the Army General Fund Financial Statements and Related Notes for FY 2018	11/15/2018
DoD OIG	DODIG-2019-021	Transmittal of the Independent Auditor's Report on the U.S. Department of the Army Working Capital Fund Financial Statements and Related Notes for FY 2018	11/15/2018
DoD OIG	DODIG-2019-022	Transmittal of the Disclaimer of Opinion on the U.S. Department of the Navy Working Capital Fund Financial Statements and Related Notes for FY 2018	11/13/2018

APPENDIX B

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2019-023	Transmittal of the Disclaimer of Opinion on the U.S. Navy General Fund Financial Statements and Related Notes for FY 2018	11/13/2018
DoD OIG	DODIG-2019-024	Transmittal of the Independent Auditor's Report on the Defense Logistics Agency General Fund Financial Statements and Related notes for FY 2018	11/14/2018
DoD OIG	DODIG-2019-025	Transmittal of the Independent Auditor's Report on the Defense Logistics Agency Working Capital Fund Financial Statements and Related Notes for FY 2018	11/14/2018
DoD OIG	DODIG-2019-026	Transmittal of the Independent Auditor's Report on the Defense Logistics Agency National Defense Stockpile Transaction Fund Financial Statements and Related Notes for FY 2018	11/14/2018
DoD OIG	DODIG-2019-027	Independent Auditor's Report on the Department of Defense FY 2018 Closing Package Financial Statements	11/16/2018
DoD OIG	DODIG-2019-033	Quality Control Review of the Grant Thornton LLP FY 2017 Single Audit of Concurrent Technologies Corporation	12/6/2018
DoD OIG	DODIG-2019-038	Followup of Delinquent Medical Service Account Audits	12/19/2018
DoD OIG	DODIG-2019-039	Reporting of Improper Payments for the Defense Finance and Accounting Service Commercial Pay Program	12/21/2018
DoD OIG	DODIG-2019-041	DoD Civilian Pay Budgeting Process	1/3/2019
DoD OIG	DODIG-2019-045	Transmittal of the Independent Auditor's Report on the Defense Information Systems Agency Working Capital Fund Financial Statements and Related Notes for FY 2018	1/18/2019
DoD OIG	DODIG-2019-046	Transmittal of the Independent Auditor's Report on the Defense Information Systems Agency General Fund Financial Statements and Related Notes for FY 2018	1/18/2019
DoD OIG	DODIG-2019-049	Independent Auditor's Report on the FY 2018 DoD Detailed Accounting Report for the Funds Obligated for National Drug Control Program Activities	1/31/2019
DoD OIG	DODIG-2019-051	Independent Auditor's Report on the FY 2018 DoD Performance Summary Report for the Funds Obligated for National Drug Control Program Activities	1/31/2019
DoD OIG	DODIG-2019-066	Summary Audit of Systemic Weaknesses in the Cost of War Reports	3/22/2019
DoD OIG	DODIG-2019-067	Quality Control Review of the PricewaterhouseCoopers LLP FY 2017 Single Audit of the CNA Corporation	3/22/2019
USAAA	A-2019-0008-FMX	Independent Auditor's Report on the Agreed-Upon Procedures Attestation of Nonprofit Funds	10/17/2018
USAAA	A-2019-0024-FMX	Nonaudit Service: Government Purchase Card Transactions, U.S. Property and Fiscal Office, California Army National Guard	12/17/2018
USAAA	A-2019-0027-ALA	Audit of Funding for Capability Development Enterprise	1/2/2019
USAAA	A-2019-0031-FMF	Audit of General Fund Enterprise Business System Self-Supplier Service Pilot Participation, ASA (FM&C)	1/11/2019
USAAA	A-2019-0035-FMX	Audit of Overseas Housing Allowance, Puerto Rico Army National Guard	1/28/2019
USAAA	A-2019-0044-FMX	Audit of Defense Travel System and Government Travel Charge Card Transactions	2/14/2019
USAAA	A-2019-0056-FMR	Audit of Fund Balance With Treasury (Army Working Capital Fund)	3/19/2019
USAAA	A-2019-0057-FMF	Independent Auditor's Report on the Examination of the Material Weakness With the Second Destination Transportation Centrally Managed Account – Phase II: Commercial Freight and Over-Ocean Transportation	3/20/2019
NAVAUDSVC	N2019-0004	Allocation of Depot Maintenance Workload Between Public and Private Sectors Within the Department of the Navy – Summary Report	11/8/2018
NAVAUDSVC	N2019-0005	Electric Billing Practices for U.S. Marine Corps On-Base Housing at Marine Corps Base Camp Pendleton	12/4/2018
NAVAUDSVC	N2019-0006	Navy's Traumatic Injury Servicemembers' Group Life Insurance Program	12/11/2018
NAVAUDSVC	N2019-0014	Marine Forces Pacific Flying Hour Program	1/16/2019
NAVAUDSVC	N2019-0015	Agreed-Upon Procedures Attestation Engagement of the Time and Attendance Procedures at Norfolk Naval Shipyard	1/16/2019
NAVAUDSVC	N2019-0016	Agreed-Upon Procedures Attestation Engagement of the Time and Attendance Procedures at Pearl Harbor Naval Shipyard and Intermediate Maintenance Facility	1/16/2019

Agency	Report Number	Report Title	Date
NAVAUDSVC	N2019-0017	Agreed-Upon Procedures Attestation Engagement of the Time and Attendance Procedures at Portsmouth Naval Shipyard	1/16/2019
NAVAUDSVC	N2019-0018	Agreed-Upon Procedures Attestation Engagement of the Time and Attendance Procedures at Puget Sound Naval Shipyard and Intermediate Maintenance Facility	1/16/2019
NAVAUDSVC	N2019-0019	Agreed-Upon Procedures Attestation Engagement of the Time and Attendance Procedures at the Naval Shipyards-Summary Report	1/25/2019
NAVAUDSVC	N2019-0020	Managing Unliquidated Obligations at Naval Air Systems Command	2/6/2019
AFAA	F2019-0001-R00000	Disbursements for Contingency Operations	10/24/2018
AFAA	F2019-0002-O40000	Air Reserve Component Basic Allowance for Housing	11/9/2018
AFAA	F2019-0001-L20000	F-15 Foreign Military Sales Program Management (Case Development)	11/13/2018
AFAA	F2019-0001-L10000	Review of Unmatched and Problem Disbursements	12/3/2018
AFAA	F2019-0002-L10000	Official Representation Funds	12/14/2018
AFAA	F2019-0001-L40000	F-35 Spare Parts Management	12/19/2018
AFAA	F2019-0003-L20000	F-15 Foreign Military Sales Program Management (Funds Management)	1/18/2019
AFAA	F2019-0003-L10000	Reimbursements from Foreign Governments	2/12/2019
AFAA	F2019-0004-L10000	Agreed Upon Procedures, Military Pay – Test of Effectiveness	3/14/2019
AFAA	F2019-0005-L10000	Agreed Upon Procedures, Real Property – Test of Design	3/27/2019

Improving Cyber Security and Cyber Capabilities

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2019-016	DoD Actions to Implement the Cybersecurity Information Sharing Act of 2015 Requirements	11/8/2018
DoD OIG	DODIG-2019-034	Security Controls at DoD Facilities for Protecting Ballistic Missile Defense System Technical Information	12/10/2018
DoD OIG	DODIG-2019-037	DoD Management of Software Applications	12/13/2018
DoD OIG	DODIG-2019-044	Summary of Reports Issued Regarding Department of Defense Cybersecurity From July 1, 2017, Through June 30, 2018	1/9/2019
DoD OIG	DODIG-2019-063	Followup Audit on the Military Departments' Security Safeguards Over SIPRNET Access Points	3/18/2019
USAAA	A-2019-0013-IET	Audit of Risk Management Framework for Systems with Authorization Termination Dates	11/8/2018
USAAA	A-2019-0037-IET	Audit of Defensive Cyberspace Operations Mission Requirements	1/29/2019
USAAA	A-2019-0038-MTM	Audit of Cybersecurity of Medical Devices	2/1/2019
USAAA	A-2019-0045-IET	Audit of Circuit Reauthorizations, U.S. Army Cyber Command	2/7/2019
USAAA	A-2019-0046-IET	Audit of Risk Management Framework for Systems without Authorization Termination Dates	2/7/2019
NAVAUDSVC	N2019-0002	Department of the Navy's Insider Threat Program	10/12/2018
NAVAUDSVC	N2019-0007	Management of Personally Identifiable Information at Selected Commander, U.S. Pacific Fleet Activities	12/17/2018
AFAA	F2019-0001-O10000	Information Technology Investment Portfolio Suite Accuracy	10/24/2018
AFAA	F2019-0002-O10000	Cybersecurity of Network Component Purchases	1/22/2019
AFAA	F2019-0003-O10000	Unit Command and Control	2/28/2019
AFAA	F2019-0004-O10000	Cloud Computing Security	3/28/2019

Ensuring Ethical Conduct

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2019-002	Report of Investigation: John M. Richardson Admiral United States Navy	10/10/2018
DoD OIG	DODIG-2019-053	Report of Investigation: Ms. Ellen Ardrey Defense Intelligence Senior Executive Service National Geospatial-Intelligence Agency	2/21/2019
DoD OIG	DODIG-2019-068	Report of Investigation: Ms. Jill Vines Loftus Senior Executive Service Department of the Navy Sexual Assault Prevention and Response Office	3/15/2019
USAAA	A-2019-0054-MTH	Audit of Reporting of Disciplinary Actions	3/11/2019
AFAA	F2019-0001-O40000	Defense Equal Opportunity Management Institute Training	10/24/2018
AFAA	F2019-0018-RA0000	Sexual Assault Prevention and Response Program	1/17/2019

Enhancing Space-Based Operations, Missile Detection and Response, and Nuclear Deterrence

Agency	Report Number	Report Title	Date
AFAA	F2019-0006-A00900	Eagle Vision Program	3/13/2019

Improving Readiness Throughout the DoD

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2019-031	Evaluation of the Defense Threat Reduction Agency's Counterintelligence Program	11/21/2018
DoD OIG	DODIG-2019-032	Evaluation of the Combatant Command Intelligence Directorate Internal Communications Processes	12/4/2018
DoD OIG	DODIG-2019-040	U.S. Air Forces in Europe Plans for the Procurement and Pre-Positioning of Deployable Air Base Kits	12/27/2018
USAAA	A-2019-0001-FMP	Audit of Soldier Readiness, Korea	10/10/2018
USAAA	A-2019-0004-ALM	Audit of Depot Maintenance Requirements—Missile Systems, U.S. Army Aviation and Missile Life Cycle Management Command	10/18/2018
USAAA	A-2019-0003-FMP	Audit of Ammunition Facilities Management—Lualualei Annex, Joint Base Pearl Harbor, Hickam, Hawaii	10/19/2018
USAAA	A-2019-0009-MTT	Audit of Management of Rotary-Wing Flight Operations-Governance	10/19/2018
USAAA	A-2019-0011-IEO	Audit of Municipal Services Agreements—Directorates of Emergency Services	11/7/2018
USAAA	A-2019-0015-FMP	Audit of Basic Allowance for Housing, Pacific	11/13/2018
USAAA	A-2019-0014-ALM	Audit of Management of Rotary-Wing Flight Operations—U.S. Army National Guard Maintenance	11/14/2018
USAAA	A-2019-0016-ALS	Audit of Annual Review Process for Program Manager (PM) Stocks	11/26/2018
USAAA	A-2019-0020-ALS	Audit of Near Real Time Identity	12/7/2018
USAAA	A-2019-0021-MTH	Audit of the Army's Transitional Compensation Program	12/17/2018
USAAA	A-2019-0022-IEE	Audit of Operational Energy Initiatives for Army Vehicles	12/18/2018
USAAA	A-2019-0026-MTM	Audit of Class VIII Supply Readiness	12/31/2018
USAAA	A-2019-0030-MTI	Audit of Accountable Property System of Record Transition—U.S. Army Special Operations Command	1/21/2019
USAAA	A-2019-0034-MTT	Audit of Home Station Training—Armored Brigade Combat Team	1/16/2019
USAAA	A-2019-0039-MTI	Audit of Special Operations Forces—Peculiar (SOF-P) Weapons Chain of Custody	1/30/2019
USAAA	A-2019-0040-MTH	Audit of Army Reserve Aviation and Hazardous Duty Incentive Pay	1/31/2019
USAAA	A-2019-0047-ALS	Followup Audit of Weapons Accountability at the Retail Level	2/13/2019

Agency	Report Number	Report Title	Date
USAAA	A-2019-0043 MTT	Audit of Management of Rotary-Wing Flight Operations—Summary Report	2/25/2019
USAAA	A-2019-0048-MTH	Audit of Army Suicide Prevention Program in the Reserve Components	3/4/2019
USAAA	A-2019-0053-MTT	Audit of Reserve Component Drill Sergeants in Support of the Initial Entry Training Mission	3/13/2019
NAVAUDSVC	N2019-0008	Antiterrorism and Force Protection for Navy Recruiting Stations	12/18/2018
NAVAUDSVC	N2019-0027	Navy Reserve Contract Field Teams	2/27/2019
AFAA	F2019-0001-RA0000	Munitions Management	11/7/2018
AFAA	F2019-0003-O30000	Mobilization and Demobilization of Air Reserve Command Forces	11/9/2018
AFAA	F2019-0004-L20000	Whole Engine Repair Requirements	1/25/2019
AFAA	F2019-0002-L40000	Readiness Spares Package Management	2/4/2019
AFAA	F2019-0003-L40000	Depot Equipment Allowance Standards	2/25/2019
AFAA	F2019-0002-R00000	Numeric Stockage Objective Items	3/15/2019

Acquisition and Contract Management

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2019-019	Evaluation of Contracting Officer Actions on Contractor Pricing Proposals Deemed Inadequate by Defense Contract Audit Agency	11/14/2018
DoD OIG	DODIG-2019-028	Followup Audit: U.S. Army Corps of Engineers Use of Cooperative Agreements for Environmental Compliance	11/19/2018
DoD OIG	DODIG-2019-029	DoD Task Orders Issued Under One Acquisition Solution for Integrated Services Contracts	11/27/2018
DoD OIG	DODIG-2019-036	Defense Hotline Allegations Concerning the MQ-9 Block 5 Reaper Unmanned Aerial System	12/12/2018
DoD OIG	DODIG-2019-043	U.S. Army Corps of Engineers Oversight of Temporary Emergency Power Contracts Awarded for Hurricanes Harvey and Irma	1/3/2019
DoD OIG	DODIG-2019-047	Navy and Marine Corps Backup Aircraft and Depot Maintenance Float for Ground Combat and Tactical Vehicles	1/18/2019
DoD OIG	DODIG-2019-058	Summary and Follow-up Report on Audits of DoD Energy Savings Performance Contracts	2/14/2019
DoD OIG	DODIG-2019-060	Review of Parts Purchased from TransDigm Group, Inc.	2/25/2019
DoD OIG	DODIG-2019-062	Audit of Management of Government-Owned Property Supporting the F-35 Program	3/13/2019
DoD OIG	DODIG-2019-070	Report on Evaluation of Defense Contract Management Agency Contracting Officer Actions on DoD Contractor Executive Compensation Questioned by the Defense Contract Audit Agency	3/29/2019
USAAA	A-2019-0012-ALA	Audit of Unmanned Ground Vehicle Requirements	11/7/2018
USAAA	A-2019-0018-ALC	Audit of Contract Lead Times	11/29/2018
USAAA	A-2019-0023-ALA	Audit of Cost Analyses in Support of Program Objective Memorandum Planning—Precision Sniper Rifle	12/18/2018
USAAA	A-2019-0025-ALC	Audit of the Army's Strategic Management of the Defense Acquisition Workforce Development Fund	12/31/2018
USAAA	A-2019-0033-ALA	Audit of Resources for Maneuver Support Vessel-Light	1/22/2019
USAAA	A-2019-0055-ALC	Audit of Procurement Management Review Program	3/14/2019
NAVAUDSVC	N2019-0011	Military Interdepartmental Purchase Request Process at Space and Naval Warfare Systems Command Systems Center Atlantic	12/21/2018
NAVAUDSVC	N2019-0013	Department of the Navy Husbanding and Port Services Provider Program	1/9/2019
NAVAUDSVC	N2019-0023	Technology Readiness Assessments at Space and Naval Warfare Systems Command and Affiliated Program Executive Offices	2/20/2019
NAVAUDSVC	N2019-0026	Naval Criminal Investigative Service's Special Operations Fund Account	3/15/2019
AFAA	F2019-0001-L30000	Economic Analysis	1/3/2019
AFAA	F2019-0005-L20000	F-15 Foreign Military Sales Program Management (Contract Management)	2/12/2019

Providing Comprehensive and Cost-Effective Health Care

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2019-050	Followup Audit on Army's Business Case Analysis To Transition Human Immunodeficiency Virus Testing In-House	1/29/2019
NAVAUDSVC	N2019-0001	Audit Followup of the United States Marine Corps' Post-Deployment Health Reassessment Program	10/3/2018
NAVAUDSVC	N2019-0021	Navy Medicine East's Management of Expired or Unusable Controlled Pharmaceutical Drugs at Selected Military Treatment Facilities	2/13/2019
AFAA	F2019-0001-O20000	Workplace Head Strike Injuries	11/21/2018
AFAA	F2019-0003-O40000	Medical Personnel Off-Duty Employment for Medical Services	12/14/2018
AFAA	F2019-0005-O40000	Medical Encounter Coding	3/14/2019

Other

Agency	Report Number	Report Title	Date
DoD OIG	DODIG-2019-001	System Review Report on the Air Force Audit Agency	10/10/2018
DoD OIG	DODIG-2019-003	System Review Report on the Defense Contract Management Agency Office of Internal Audit and Inspector General	10/22/2018
DoD OIG	DODIG-2019-035	System Review Report on the Defense Commissary Agency Internal Review	12/13/2018
DoD OIG	DODIG-2019-052	System Review Report for the External Peer Review of the National Guard Bureau Internal Review Office	2/7/2019
DoD OIG	DODIG-2019-054	Evaluation of Special Access Programs Industrial Security Programs	2/11/2019
DoD OIG	DODIG-2019-055	Evaluation of Integrated Joint Special Technical Operations (IJSTO)	2/11/2019
DoD OIG	DODIG-2019-064	Audit of DoD Efforts to Consult with Victims of Sexual Assault Committed by Military Personnel in the United States Regarding the Victim's Preference for Prosecution	3/20/2019
USAAA	A-2019-0007-ALM	Audit of Depot-Level Maintenance Workload Reporting—FY 17	10/17/2018
USAAA	A-2019-0017-FMX	Nonaudit Assist—Criminal Investigation Command Assist for Investigation, Fort Benning Dining Facility	11/27/2018
USAAA	A-2019-0019-IEX	Time Sensitive Report: Notification of a Potential Antideficiency Act Violation—Audit of the Army's Participation in the Department of State Housing Pool	11/28/2018
USAAA	A-2019-0028-FMR	Audit of Managers' Internal Control Program, U.S. Army Central	1/4/2019
USAAA	A-2019-0029-FMR	Audit of Army Managers' Internal Control Program for FY 17, TRADOC	1/8/2019
USAAA	A-2019-0036-FMF	Audit of U.S. Army Audit Agency Independent Review of the Independent Auditor's Report of the American Red Cross FY 2018 Financial Statements	1/16/2019
USAAA	A-2019-0041-FMX	Nonaudit Service: Government Purchase Card Transactions, Melbourne, Florida	1/28/2019
USAAA	A-2019-0042-FMX	Independent Auditor's Report on the Agreed-Upon Procedures Attestation of Suspected Larceny of Government Funds	1/28/2019
USAAA	A-2019-0050-MTZ	Independent Auditor's Report on the Agreed-Upon Procedures Attestation of Joint Individual Augmentees, Deputy Chief of Staff, G-3/5/7	2/11/2019
USAAA	A-2019-0052-IEE	Audit of 2017 California Fires—Southern Mission	3/12/2019
USAAA	A-2019-0058-IEE	Workload Survey of Southern Florida Ecosystem Restoration Program	3/25/2019
NAVAUDSVC	N2019-0003	Agreed-Upon Procedures Attestation Engagement of Career Paths of Sailors Who Made Unrestricted Reports of Sexual Assault to Include Expedited Transfer	11/7/2018
NAVAUDSVC	N2019-0009	U.S. Fleet Forces Command (Budget Submitting Office 60) Major Headquarters Activities Reduction Plan	12/20/2018
NAVAUDSVC	N2019-0010	Navy Transition Assistance Program	12/20/2018
NAVAUDSVC	N2019-0012	Agreed-Upon Procedures Attestation Engagement of Navy and Marine Corps Marketing Group	1/8/2019

Agency	Report Number	Report Title	Date
NAVAUDSVC	N2019-0022	Facility Support Contracts within Commander, Navy Region Hawaii	2/13/2019
NAVAUDSVC	N2019-0024	Office of the Chief of Naval Operations (Assistant for Field Support Activity) (Budget Submitting Office 11) Major Headquarters Activities Reduction Plan	2/27/2019
NAVAUDSVC	N2019-0025	Physical Security of U.S. Navy Museums Located Outside Installation Fence Lines	3/14/2019
NAVAUDSVC	N2019-0028	U.S. Marine Corps Civilian Employee Time and Attendance	3/29/2019
AFAA	F2019-0001-O30000	Classified Report	10/19/2018
AFAA	F2019-0001-A00900	Classified Report	11/2/2018
AFAA	F2019-0002-A00900	Classified Report	11/7/2018
AFAA	F2019-0003-A00900	Classified Report	11/13/2018
AFAA	F2019-0002-L20000	Depot Maintenance Interservice Support Agreements	12/7/2018
AFAA	F2019-0002-O30000	Classified Report	1/18/2019
AFAA	F2019-0004-A00900	Classified Report	2/14/2019
AFAA	F2019-0004-O40000	Water Use Reduction and Conservation	2/21/2019
AFAA	F2019-0005-A00900	Classified Report	2/22/2019
AFAA	F2019-0007-A00900	Classified Report	3/15/2019

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

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

Reports Issued	Date	Questioned Costs	Unsupported Costs	Funds Put to Better Use
DODIG-2019-004 DoD Oversight of Bilateral Agreements With the Republic of the Philippines	11/2/2018	\$13,006,825	\$13,006,825	\$0
DODIG-2019-029 DoD Task Orders Issued Under One Acquisition Solution for Integrated Services Contracts	11/27/2018	\$28,574,162	\$574,162	\$0
DODIG-2019-036 Defense Hotline Allegations Concerning the MQ-9 Block 5 Reaper Unmanned Aerial System	12/12/2018	\$0	\$0	\$30,900,000
DODIG-2019-038 Followup of Delinquent Medical Service Account Audits	12/19/2018	\$0	\$0	\$2,400,000
DODIG-2019-047 Navy and Marine Corps Backup Aircraft and Depot Maintenance Float for Ground Combat and Tactical Vehicles	1/18/2019	\$0	\$0	\$103,000,000
DODIG-2019-050 Followup Audit on Army's Business Case Analysis to Transition Human Immunodeficiency Virus Testing In-House	1/29/2019	PMBs are anticipated by cannot quantified or estimated		
DODIG-2019-056 Accounting and Financial Reporting for the Military Housing Privatization Initiative	2/12/2019	\$0	\$0	\$1,800,000
DODIG-2019-058 Summary and Follow-up Report on Audits of DoD Energy Savings Performance Contracts	2/14/2019	PMBs are anticipated by cannot quantified or estimated		
DODIG-2019-060 Review of Parts Purchased From TransDigm Group, Inc.	2/25/2019			\$16,108,457
DODIG-2019-062 Audit of the Management of Government-Owned Property Supporting the F-35 Program	3/13/2019	\$2,087,515,481	\$2,087,515,481	\$0
Total		\$2,129,096,468	\$2,101,096,468	\$154,208,457

Partially fulfills the requirement of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, § 5(a)(6).

FOLLOWUP ACTIVITIES

Decision status of DoD OIG issued audit, inspection, and evaluation reports and dollar value of recommendations that funds be put to better use.

Status	Number	Funds Put to Better Use (in thousands)
A. For which no management decision had been made by the beginning of the reporting period.	37	\$0
B. Which were issued during the reporting period.	69	\$2,283,304 ¹
Subtotals (A+B)	106	
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.	99	\$2,283,304 ^{2,3}
D. For which no management decision has been made by the end of the reporting period.	7	0
Reports for which no management decision was made within 6 months of issue (as of March 31, 2019).	0	0

1. The DoD OIG issued audit reports during the period involving \$2.1 billion 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 \$2.1 billion in "questioned costs."

STATUS OF ACTION ON CENTRAL INTERNAL AUDITS AS OF MARCH 31, 2019

Status	Number	Funds Put to Better Use (in thousands)
DoD OIG		
Action in Progress - Beginning of Period	308	\$0
Action Initiated - During Period	109	\$2,283,304 ¹
Action Completed - During Period	100	\$241,115 ²
Action in Progress - End of Period	317	\$0 ³
Military Departments		
Action in Progress - Beginning of Period	485	\$6,306,849
Action Initiated - During Period	125	\$151,347,045
Action Completed - During Period	110	\$284,443,971
Action in Progress - End of Period	500	\$6,089,379

1. The DoD OIG opened audit reports during the period involving \$2.1 billion in “questioned costs.”
2. Included are recouped “questioned costs” of \$615 thousand.
3. On certain reports with audit estimated monetary benefits of \$2.6 billion, the DoD OIG agreed that the resulting monetary benefits can only be estimated after completion of management action, which is ongoing.

Partially fulfills requirements of the Inspector General Act of 1978, as amended, 5 U.S.C., Appendix, §§ 5(b)(2) and (3).

CONTRACT AUDIT REPORTS ISSUED¹

October 1, 2018 through March 31, 2019

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	650	\$34,884.1	\$270.7	\$--- ⁴
Forward Pricing Proposals	334	\$60,546.2	---	\$4,638 ⁵
Cost Accounting Standards	67	\$18.8	\$3.2	---
Defective Pricing	2	(Note 6)	\$0.3	---
Total	1,053	\$95,409.1	\$274.2	\$4,638

- This schedule represents Defense Contract Audit Agency (DCAA) contract audit reports issued during the 6 months ended March 31, 2019. This schedule includes any audits that DCAA performed on a reimbursable basis for other Government agencies and the associated statistics may also be reported in other OIGs' Semiannual Reports to Congress. Both "Questioned Costs" and "Funds Put to Better Use" represent potential cost savings. Because of limited time between availability of management information system data and legislative reporting requirements, there is minimal opportunity for DCAA to verify the accuracy of reported data. Accordingly, submitted data is subject to change based on subsequent DCAA authentication. The total number of assignments completed during the 6 months ending March 31, 2019 was 5,639. 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.
- This schedule represents audits performed by 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 cash 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).
- Questioned costs represent costs that DCAA has questioned because they do not comply with rules, regulations, laws, and/or contractual terms.
- Represents presents recommendations associated with Operations Audits where DCAA has presented to a contractor that funds could be used more effectively if management took action to implement cost reduction recommendations.
- Represents potential cost reductions that may be realized during contract negotiations.
- Defective pricing dollars examined are not reported because the original value was included in the audits associated with the original forward pricing proposals.

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

STATUS OF ACTION ON POST-AWARD CONTRACT AUDITS¹

	Number of Reports	Costs Questioned ⁷ (in millions)	Costs Sustained ⁸ (in millions)
Open Reports			
Within Guidelines ²	490	\$3,294.3	N/A ⁸
Overage, greater than 6 months ³	857	\$4,466.6	N/A
Overage, greater than 12 months ⁴	455	\$3,133.7	N/A
Under Criminal Investigation ⁵	47	\$259.7	N/A
In Litigation ⁶	192	\$1,828.3	N/A
Total Open Reports	2,041	\$12,982.6	N/A
Dispositioned (Closed) Reports	302	\$1,367.8	\$352.8 (25.8%) ⁹
All Reports	2,343	\$14,350.4	N/A

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. We have not verified the accuracy of the provided data.
2. Contracting officers assigned to these reports met the resolution and disposition time frames 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 2,041 open reports, 47 are under criminal investigation and 192 are in litigation.
6. Costs Questioned represents the amount of audit exception, potential cost avoidance, or recommended price adjustment in the audit report.
7. Costs 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. For the 6-month period ended March 31, 2019, contracting officers sustained \$352.8 million (25.8 percent) of the \$1,367.8 million questioned in the dispositioned reports. The 25.8 percent sustention rate represents a decrease from the 32.1 percent rate reported for the 6-month period ended March 31, 2019.

Fulfills requirement of DoD Instruction 7640.02, Enclosure 2, Section (1)(d).

STATUS OF REPORTS WITH ACTION PENDING AS OF MARCH 31, 2019

Report: D-2006-077, DoD Personnel Security Clearance Process at Requesting Activities, 4/19/2006

Description of Action: Update DoD 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 related guidance, Army Regulation 380-67.

Principal Action Office: Army

Report: D-2009-062, Internal Controls Over DoD Cash and Other Monetary Assets, 3/25/2009

Description of Action: Develop policy to ensure the U.S. Treasury account symbols are used only as intended and revise the DoD Financial Management Regulation to reflect implementation of the related changes.

Reason Action Not Completed: Awaiting the revision of DoD guidance to reflect the implementation of the new U.S. Treasury accounts symbols.

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

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 revision of DoD Instruction 5410.19.

Principal Action Office: Assistant Secretary of Defense for Public Affairs

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 DoD-level physical security policy to the Services and influence the entire content of Marine Corps Order 5530.14A.

Principal Action Office: Marine Corps

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 because a cloud-based server was lost due to a major hardware failure. Navy 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-2012-041, 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-2012-082, 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 DoD Instruction 4165.69 due to legislative changes.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

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

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 \$443 million on reports over 12 months old with final action pending.

between transactions supporting the amounts on the Cash Management Report and Other Defense Organizations' (ODO) accounting systems; and monthly transaction-level reconciliations for the ODOs.

Reason Action Not Completed: Department 97 Reconciliation and Reporting Tool Increment 3 is under development and will add six new reconciliations, funding/receipt/suspense data, and be hosted on a Defense Information Systems Agency Secure Internet Protocol Router platform to support sensitive activities' data. Implementation date is dependent on when Defense Information Systems Agency 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 management of Weapons of Mass Destruction Civil Support Teams continues to be staffed.

Principal Action Office: National Guard Bureau

Report: DODIG-2012-117, DoD Needs to Improve Controls Over Economy Act Orders with U.S. Agency for International Development, 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: Updates to Defense Federal Acquisition Regulation Supplement Procedures, Guidance, and Information is ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

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: Revise Chief of Naval Operations Instruction 5530.14E to require installation security personnel to be involved during the site surveys.

Reason Action Not Completed: Corrective actions are ongoing to revise Chief of Naval Operations Instruction 5530.14E.

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

Report: DODIG-2012-135, Mi-17 Overhauls Had Significant Cost Overruns and Schedule Delays, 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: Analyses to determine whether costs are reasonable, allowable, and allocable, and the requisite analyses to be reviewed by the Head of the Contracting Activity is still ongoing.

Principal Action Office: Army

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, Combined Security Transition Command–Afghanistan

Report: DODIG-2013-031, Audit of the F-35 Lightning II Autonomic Logistics Information Systems (ALIS), 12/10/2012

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: F-35 Joint Program Office

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: Report is classified.

Principal Action Office: Air Force

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: DoD OIG has not received evidence that demonstrates the implementation of corrective actions.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

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: Assistant Secretary of Defense for Health Affairs

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 whether modification to the first article test and lot acceptance test protocols are appropriate.

Reason Action Not Completed: Characterization of the Integrated Head Protection System has not yet occurred.

Principal Action Office: Director, Operational Test and Evaluation

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

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

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

Principal Action Office: Navy

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

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

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 is expected to be published by fourth quarter FY 2019.

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 the 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 this guidance is issued, the Services will finish updating their regulations, instructions, manuals, and inspection procedures.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Under Secretary of Defense for Personnel Readiness, Army, Navy, Air Force

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: Awaiting supporting documentation to verify distribution of updated standard operating procedures to the 54 states, territories, and Washington, D.C.

Principal Action Office: National Guard Bureau

Report: DODIG-2013-112, Assessment of DoD Long-Term Intelligence Analysis Capabilities, 8/5/2013

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Under Secretary of Defense for Intelligence

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: Army has been unable to obtain enough usable data to accomplish recoupments. Waiting for support documentation on parts recovered by Army in support of the recommendations to verify that they were in an acceptable condition and were authentic parts.

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: Real property assets that failed specific business rules that were subject to a specific action needs to be provided and validated. The Installation Management community is still validating and correcting the nine plant replacement value data elements. Final costs that were reported in the General Fund Enterprise Business System as depreciation expense is yet to be provided.

Principal Action Office: Army

Report: DODIG-2014-001, MV-22 Squadrons Could Improve Reporting of Mission Capability Rates and Readiness, 10/23/2013

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Navy, 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: Report is classified.

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-2014-038, 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: Develop a process to identify and document actual spare part costs for 2010 and each subsequent year for use in determining fair and reasonable prices.

Reason Action Not Completed: Actions to implement the Defense Property Accountability System with the contractor's Special Access Program system (System, Applications & Products in Data Processing) that the Air Force will use to capture actual historical cost/price information are ongoing. According to the Air Force, the system is expected to be implemented in third quarter calendar year 2019.

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: Address inconsistencies between the Defense Federal Acquisition Regulation Supplement and the Small Business Administration Policy Directive regarding intellectual property, and coordinate proposed revisions to the Defense Federal Acquisition Regulation Supplement clauses to clarify and better implement the initiation and extension of the protection period as provided in the Small Business Administration Small Business Innovation Research Policy Directive.

Reason Action Not Completed: Small Business Administration is developing a policy directive on intellectual property protections 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 and Sustainment

Report: DODIG-2014-055, Investigation of a Hotline Allegation of a Questionable Intelligence Activity Concerning the Joint Improvised Explosive Device Defeat Organization Counter-Improvised Explosive Device Operations/Intelligence Integration Center, 4/4/2014

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Defense Threat Reduction Agency

Report: DODIG-2014-060, An Assessment of Contractor Personnel Security Clearance Processes in the Four Defense Intelligence Agencies, 4/14/2014

Description of Action: Develop and issue an overarching policy governing operation of the System of Record for Personnel Security Clearances, including identification of the categories of investigations to be titled and indexed, and the retention criteria.

Reason Action Not Completed: DoD OIG awaits a status report on actions taken to finalize the overarching policy that addresses the agreed-upon recommendations.

Principal Action Office: Under Secretary of Defense for Intelligence, Office of the Secretary of Defense General Counsel, Defense Intelligence Agency

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: The Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, is in the process of implementing procedures within the DoD Enterprise Funds Distribution system to track Fund Center recipients (budget offices) of funding of comptroller allotments and record the U. S. Standard General Ledger behind the budgetary related business event. The Office of the Under Secretary of Defense (Comptroller) is also implementing an interface within the Enterprise Funds Distribution system to communicate budget balances to reporting and accounting systems. Target completion date is October 2019.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer, 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: Long-term corrective actions are ongoing.
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: Report is classified.
Principal Action Office: Navy

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 posting logic documentation is accurate and complete, and use it to validate General Fund Enterprise Business System general ledger account postings.
Reason Action Not Completed: Long-term corrective actions are ongoing.
Principal Action Office: Army

Report: DODIG-2014-093, Inspection of the Armed Forces Retirement Home, 7/23/2014
Description of Action: Under the authority given to the Secretary of Defense in section 411(d)(3), title 24, United States Code, issue a directive type memorandum for immediate action (followed by a revision of DoD Instruction 1000.28, "Armed Forces Retirement Home," February 1, 2010) to codify the results.
Reason Action Not Completed: Revision of DoD Instruction 1000.28 is in the process of being finalized and published.
Principal Action Office: DoD Chief Management Officer

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: Long-term 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: Corrective actions are ongoing.
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 followup review to verify the implementation of corrective actions is ongoing. DoD OIG is assessing recently completed U.S. Army Medical Command corrective actions.
Principal Action Office: Assistant Secretary of Defense for Health Affairs, 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-2014-118, 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: Awaiting results of review on locally issued policies and corrective actions taken or updated guidance issued. Final legal decision on whether the \$216,345 identified as potential monetary benefits will be recouped from the contractor has not been determined.

Principal Action Office: Army

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

Description of Action: Issue DoD guidance to resolve inconsistencies among the Military Services for assessing, remediating, and preventing mold, and assessing and mitigating radon.

Reason Action Not Completed: Extensive amount of time required to properly coordinate and publish DoD guidance.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Army, Navy, 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: 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: Under Secretary of Defense for Policy, 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, 10/8/2014

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: Publication of Defense Health Agency procedural instruction has been impacted by section 702 of the FY 2017 National Defense Authorization Act, which resulted in changes to responsibilities and authorities of the Defense Health Agency and the Military Department Surgeons General, and required further updates to Department Health Agency guidance. Publication of the Department Health Agency Procedural Instruction and issuance of new line-of-duty forms is anticipated by April 2019.

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

Report: DODIG-2015-004, Assessment of DoD Long-Term Intelligence Analysis, 10/10/2014

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Under Secretary of Defense for Intelligence, Joint Chiefs of Staff, Defense Intelligence Agency

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 as training is being offered and awaiting submittal of training records to support implementation.

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 with the current or future DoD electronic health care system of choice.

Reason Action Not Completed: Implementation of new electronic health system (MHS Genesis) is underway. Therefore, the recommended corrective actions remain unimplemented until Defense Health Agency officials can demonstrate MHS Genesis has controls in place to ensure blood products are not double counted and how it will interface with current or future DoD electronic health care systems.

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: DoD 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 Defense Manpower Data Center notifications and are tracked to completion as required by DoD Manual 7730.47-M, volume 1.

Reason Action Not Completed: Deployment of the Naval Justice Information System (NJIS) has been delayed due to data migration issues between Consolidated Law Enforcement Operations Center (CLEOC) and NJIS. Defense Criminal Investigative Service is working on the ability to input required Defense Incident-Based Reporting data into the Case Reporting Information Management System.

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

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

Description of Action: Issue DoD guidance to resolve inconsistencies among the Military Services for assessing, remediating, and preventing mold, and assessing and mitigating radon.

Reason Action Not Completed: Extensive amount of time required to properly coordinate and publish DoD guidance.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Army, 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," published in November 2017, does not address requiring suicide event boards or multidisciplinary approach to obtain data for Department of Defense Suicide Event Report submissions. Corrective actions are ongoing due to the Military Departments 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, 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. 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: DoD Manual 4160.28, volume 1, "Defense Demilitarization: Program Administration," does not contain required elements that fully address the recommendation. Corrective actions are ongoing due to the Services developing or updating their own departmental guidance.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

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-2015-045, 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 the 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: Report is classified.

Principal Action Office: Joint Chiefs of Staff, U.S. Strategic Command, U.S. Cyber 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: F-22/F119 Program Office will develop a plan with the Defense Contract Management Agency to formally accept all Government-owned property when contract performance ends, and ensure that this plan clarifies current Defense Contract Management Agency acceptance responsibilities. Develop and implement guidance that removes the nonrepair costs from the stabilized rate when calculating incentive fees for future contracts.

Reason Action Not Completed: Clarification of Defense Contract Management Agency acceptance responsibilities of Government-owned property is still being reviewed. Air Force Life Cycle Management Center is not authorized to implement guidance without Air Force (Acquisition) or higher headquarters approval. Awaiting Air Force (Acquisition) review and position regarding policy and clarifying guidance.

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, DoD, 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: The Under Secretary of Defense (Comptroller)/Chief Financial Officer and the Defense Finance and Accounting Service are revising the DoD Financial Management Regulation. In addition, the Under Secretary of Defense (Comptroller)/Chief Financial Officer is revising DoD Instruction 4000.19 in collaboration with the acquisition community.

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

Report: DODIG-2015-057, Title is Classified, 12/19/2014
Description of Action: Report is classified.
Reason Action Not Completed: Report is classified.
Principal Action Office: Classified

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: Establish DoD dam safety inspection policy that is in accordance with the Federal Guidelines for Dam Safety, which define inspection frequency, scope, and inspector qualifications and outline the need to develop and maintain inspection support documentation.

Reason Action Not Completed: DoD OIG is coordinating with DoD and Air Force officials as they finalize their respective corrective actions to ensure they meet the intent and conclude with the closure of their respective DoD OIG recommendations.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Air Force

Report: DODIG-2015-064, Assessment of Intelligence Support to In-Transit Force Protection, 1/2/2015

Description of Action: Update the Force Protection Detachment Joint Standard Operating Procedure to ensure it contains current and clear guidance for Force Protection Detachment operations. Also, update the 2003 Memorandum of Understanding to reflect DoD policy and requirements with the Force Protection Detachment program and the Embassy's Country Team environment. Ensure that the Joint Counterintelligence Training Academy completes and fields the Force Protection Detachment computer-based training course.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Intelligence, Joint Chiefs of Staff, Defense Intelligence Agency, Army, Navy, Air Force

Report: DODIG-2015-070, Evaluation of Alternative Compensatory Control Measures Program, 1/28/2015

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Under Secretary of Defense for Policy

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 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: Navy Office of Budget officials continue to work with Navy system owners to find an automated solution to develop data sets from multiple Navy 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

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 in the Integrated Automated Fingerprint Identification System.

Reason Action Not Completed: Actions are ongoing toward finalizing efforts to obtain and submit the remaining missing fingerprints and final disposition reports to the Federal Bureau of Investigation for inclusion in the Integrated Automated Fingerprint Identification System/Next Generation Identification database.

Principal Action Office: Navy

Report: DODIG-2015-085, Title is Classified, 3/2/2015

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Classified

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 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 expected to be completed by fourth quarter FY 2019.

Principal Action Office: Navy, Air Force

Report: DODIG-2015-092, F-35 Lightning II Program Quality Assurance and Corrective Action Evaluation, 3/11/2015

Description of Action: Conduct periodic Critical Safety Item Program evaluations of Lockheed Martin and its suppliers to ensure compliance with public law and the Joint Service Critical Safety Item Instruction.

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: 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: Pending issuance of the Defense Pricing and Contracting Director's request to the Senior Procurement Executives of the Military Services and Defense agencies and their responses on how they plan to implement the pricing policies and guidance in future inspections and reviews.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

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: Actions are ongoing to reconcile information in the Operational Verification of Reliable Logistics Oversight Database against information in the Security Cooperation Information Portal to ensure vehicle information is accurate and complete. Actions are also ongoing to verify the accuracy of property transfer records pending the Security Assistance Office's completion of its reconciliation process.

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 business units to complete Contractor Performance Assessment Reports within 120 days of the end of the contract performance period. It will also require Naval Sea Systems Command offices responsible for any contract requiring Contractor Performance Assessment Reports to ensure the contract is properly registered in Contractor Performance Assessment Reports. Additionally, it will require first-line managers above the contracting officer's representative to review the Contractor Performance Assessment Reports prior to sending them to the contractor for review, and that all contracting officer's representatives complete Contractor Performance Assessment Reports 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: Report is classified.

Principal Action Office: Air Force, 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: 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 develop standard naming conventions and formats for triannual review reporting.

Reason Action Not Completed: DoD OIG followup review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Navy

Report: DODIG-2015-128, Army Needs to Improve Processes Over Government-Furnished Material Inventory Actions, 5/21/2015

Description of Action: Develop a business process and the Logistics Modernization Program posting logic to identify and track Army Working Capital Fund inventory provided to contractors as Government-furnished material within the Logistics Modernization Program system.

Reason Action Not Completed: There is a delay caused by upgrading the system and posting logic. Estimated completion date is September 30, 2019.

Principal Action Office: Army

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: Report is classified.

Principal Action Office: Joint Chiefs of 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 when appropriate.

Reason Action Not Completed: Corrective actions were scheduled to be completed by March 29, 2019.

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-2015-142, 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: DoD OIG is coordinating with Navy officials to determine the current status of efforts toward gathering cost estimates to fund and schedule the necessary system changes. The design phase was originally 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: Implement controls in the Defense Travel System regarding checking Patriot Express availability, and implement controls in the Defense Travel System to automatically route all travel orders for travel outside of the continental United States to transportation office personnel to check Patriot Express availability.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy, Marine Corps

Report: DODIG-2015-148, Rights of Conscience Protections for Armed Forces Service Members and Their Chaplains, 7/22/2015

Description of Action: Ensure that programs of instruction for commissioned and noncommissioned officers include the updated guidance regarding religious accommodations contained in DoD Instruction 1300.17.

Reason Action Not Completed: Coordination to update Secretary of the Navy Instruction to include the updated guidance regarding religious accommodations contained in DoD Instruction 1300.17 is ongoing.

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

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; and 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 and Sustainment

Report: DODIG-2015-151, Followup Audit: DoD Military Treatment Facilities Continue to Miss Opportunities to Collect on Third Party Outpatient Claims, 7/24/2015

Description of Action: Conduct an analysis to determine the sufficient time needed to conduct adequate followup; ensure that military treatment facilities refer outstanding third party claims to the appropriate legal office; 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-2015-157, Assessment of the Nuclear Warhead Unsatisfactory Report Process, 8/5/2015

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: 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: Pending submission of the contracting file review to determine whether any administrative actions are warranted.

Principal Action Office: Marine Corps

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 Act violations and, if a violation occurred, determine which officials are responsible and recommend corrective actions.

Reason Action Not Completed: DoD OIG followup review to verify the implementation of corrective actions is 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, 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: Report is classified.

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: Revise Secretary of the Navy Instruction 5000.2E, "Department of the Navy Implementation and Operation of the Defense

Acquisition System and the Joint Capabilities Integration and Development System,” September 1, 2011, after the Vice Chairman, Joint Chiefs of Staff, revises the Joint Capabilities Integration and Development System Manual in response to Recommendation 1.

Reason Action Not Completed: Revision of Navy Instruction 5000.2E is delayed pending completion of changes to the Joint Capabilities Integration and Development System Manual.

Principal Action Office: Joint Chiefs of Staff, 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: Report is classified.

Principal Action Office: U.S. Central Command

Report: DODIG-2015-181, Continental United States Military Housing Inspections – Southeast, 9/24/2015

Description of Action: Improve heating, ventilation, and air conditioning maintenance in unaccompanied housing facilities at Fort Gordon, Georgia; establish a radon assessment and mitigation program in accordance with updated Department of the Army guidance; and ensure that buildings previously identified to have elevated radon levels are retested and mitigated as necessary. Conduct an effective root cause analysis and perform corrective actions for all fire protection deficiencies identified.

Reason Action Not Completed: Corrective actions for all deficiencies identified in the report are ongoing. The Army is in the process of incorporating radon mitigation techniques in construction plans to prevent excessive radon migration into new structures and will retest those facilities identified in the report to be above radon standards to develop remediation actions as required. In addition, lack of available funding has prevented the Navy from completing corrective actions for unaccompanied housing fire protection deficiencies.

Principal Action Office: Office of the Under Secretary of Defense for Acquisition and Sustainment, Army, Navy

Report: DODIG-2015-184, Assessment of Military Services Insider Threat Programs, 9/29/2015

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Under Secretary of Defense for Intelligence, Army, Air Force, Navy, Marine Corps

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. Revise policies and procedures and integrate existing programs to develop a comprehensive DoD-wide approach to address prevention and response to workplace violence.

Reason Action Not Completed: Awaiting updates to the Defense Federal Acquisition Regulation Supplement case and to issue updated policy addressing workplace violence.

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

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 to 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 the Office of the Deputy Assistant Secretary of the Army for Procurement 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 Contract Management Agency will implement the Price and Negotiation eTool corrective actions items 1 through 8 identified on the Defense Contract Management Agency’s original Execution Plan.

Reason Action Not Completed: Corrective actions are ongoing to revise Defense Contract Management Agency Instruction 120 and update the Mission Review Team’s pricing case review.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Defense Contract Management Agency

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 verifying contractors submit the required subcontracting reports to the Electronic Subcontracting Reporting System.

Reason Action Not Completed: Revision of standard operating procedures for small business subcontracting is ongoing.

Principal Action Office: Marine Corps

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: Report is classified.

Principal Action Office: Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict, U.S. Africa Command

Report: DODIG-2016-026, Combat Mission Teams and Cyber Protection Teams Lacked Adequate Capabilities and Facilities to Perform Missions, 11/24/2015

Description of Action: Develop a doctrine, organization, training, materiel, leadership and education, personnel, facilities, and policy framework that addresses 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: Navy, Marine Corps, U.S. Cyber Command

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: Report is classified.

Principal Action Office: Joint Chiefs of Staff

Report: DODIG-2016-035, External Peer Review Report on the National Guard Bureau Internal Review Office, 12/18/2015

Description of Action: Clarify National Guard Bureau Internal Review quality control policies and procedures, and prepare a plan for monitoring and summarizing the quality of the work performed at the National Guard Bureau Internal Review Office.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: National Guard Bureau

Report: DODIG-2016-036, Management of Items in the Defense Logistics Agency's Long-Term Storage Needs Improvement, 12/22/2015

Description of Action: Update the automated recoupment process in the Enterprise Business System to include all categories of inventory to ensure all condition code A items are appropriately recouped from the long-term storage inventory, and determine why eligible long-term storage inventory items are not automatically recouped and correct those deficiencies in the Enterprise Business System.

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-2016-045, 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.

Principal Action Office: Air Force

Report: DODIG-2016-046, Title is Classified, 2/19/2016

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Classified

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 the Defense Enrollment Eligibility Reporting System that prevented automatic deactivation of accounts for departing personnel. The DoD OIG awaits evidence that demonstrate that interface issues have

been resolved, and the automated control for inactive users is working properly and ensuring separated employees' user accounts were automatically disabled.

Principal Action Office: Navy

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 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: Establishment of the engine sustainment baseline has not been finalized due to contract delays. Air Force actions still ongoing to complete the baseline.

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 documentation to the vendor.

Principal Action Office: U.S. Transportation Command

Report: DODIG-2016-064, Other Defense Organizations and Defense Finance and Accounting Service Controls Over High-Risk Transactions Were Not Effective, 3/28/2016

Description of Action: The DoD 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. Also, 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 Financial Officer, DoD; Assistant Secretary of Defense for Health Affairs; Defense Security Cooperation Agency

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. Also, 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: DoD management has taken action to address the recommendation and provided supporting documentation to the DoD OIG that is currently under review.

Principal Action Office: DoD Chief Information Officer

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: Updated guidance is in draft and in the process of being published.

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: DoD management has taken action to address the recommendation and provided supporting documentation to the DoD OIG that is currently under review.

Principal Action Office: Army

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 management has taken action to address the recommendation and provided supporting documentation to the DoD OIG that is currently under review.

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: Long-term corrective actions are ongoing. The DoD OIG has not received evidence that demonstrates the Army's use of existing Defense Logistics Agency inventory before purchasing parts from the contractor.

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: Report is classified.

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

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 and whether they are subject to improper payment reporting requirements.

Reason Action Not Completed: Corrective actions are still ongoing to determine the source of all disbursed obligations not reviewed for improper payments and whether they are subject to improper payment reporting requirements.

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: Validate Joint Base Charleston energy savings performance contract savings achieved for performance years 2 through 8 as statutorily mandated, and recommend the contracting officer take appropriate contractual action, such as recovering unrealized guaranteed energy savings or buying out the remaining portion of the contract.

Reason Action Not Completed: DoD OIG completed followup review to verify the implementation of corrective actions. DoD management provided supporting documentation to the DoD OIG that is currently under review.

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 monthly report list of reportable audits, and to help ensure that contracting officers complete their required actions on all Defense Contract Audit Agency findings before they record the audit report as "dispositioned" in the Contract Audit Follow-up System.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Defense Contract Audit Agency, Defense Contract Management Agency

Report: DODIG-2016-094, Audit of the 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 and Sustainment

Report: DODIG-2016-098, Evaluation of Foreign Officer Involvement at the United States Special Operations Command, 6/15/2016

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Under Secretary of Defense for Policy, U.S. Special Operations Command, Defense Intelligence Agency

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 to 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-2016-102, 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: DoD OIG followup review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer, 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: Legislative proposal to establish the special and deposit fund accounts and update the DoD Financial Manual Regulation 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 to draft a directive memorandum and establish a strategy to properly execute programs within Operation and Maintenance appropriations.

Principal Action Office: Navy

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: Navy has not provided the approved Acquisition Decision Memorandum to verify implementation of recommendation.

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: Long-term corrective actions are ongoing. U.S. Army Materiel Command expects to issue Army Materiel Command Regulation 750-XX by March 30, 2020.

Principal Action Office: Army

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: DoD management has taken action to address the recommendation and provided supporting documentation to the DoD OIG that is currently under review.

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: DoD OIG has not received Army evidence that the organization-wide procedures identify specific timeframes for completing and providing the performance assessment reports to the contractor.

Principal Action Office: Army

Report: DODIG-2016-113, Army General Fund Adjustments Not Adequately Documented or Supported, 7/26/2016

Description of Action: Track system-generated adjustments within the Defense Departmental Reporting System Journal Voucher metrics. Using the enhanced metrics, the Journal Voucher Working Group will identify, research, and resolve root causes that will include system-generated entries.

Reason Action Not Completed: Awaiting signature of revised Journal Voucher Working Group charter.

Principal Action Office: 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: Perform quarterly reconciliation, and 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. Disclose in the financial statements that assets categorized as Excess, Obsolete, and Unserviceable Operating Material and Supplies

were valued at zero dollars based on Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, interim policy until appropriate Statements of Federal Financial Accounting Standards No. 3 compliant guidance is issued.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer, Army, 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. Awaiting award of 2019 Navy contract to determine whether the recommendation has been addressed.

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: Report is classified.

Principal Action Office: Army

Report: DODIG-2016-120, Joint Improvised-Threat Defeat Agency 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-2016-125, 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 Office, and DoD OIG reports, or reports produced by other task forces.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Under Secretary of Defense for Intelligence, Cost Assessment, and Program Evaluation

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.

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

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: Report is classified.

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: Awaiting revision to DoD Instruction 4170.11 along with timeline and parameters for the post hoc review of existing large-scale renewable energy projects to assess compliance with policies.

Principal Action Office: Navy

Report: DODIG-2016-131, Designation of Contracting Officer's Representatives and Oversight Framework Could Be Improved for Contracts in Afghanistan, 8/30/2016

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, Kuwait, and other locations where the Area Support Group Kuwait Commander 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, and Assist Afghan National Army Special Operations Forces, 9/29/2016

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

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: Awaiting finalized cost benefit analysis study results. Estimated completion date is third quarter FY 2019.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2017-004, Summary Report – Inspections of DoD Facilities and Military Housing and Audits 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 and Sustainment, Army, Air Force

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 the 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. Demonstrate that supervisors, information owners and Business Enterprise Information Services representatives, and center administrators have been trained to ensure that requested access levels to perform sensitive activities are appropriate before approving System Authorization Access Requests.

Reason Action Not Completed: Followup Report No. DODIG-2018-136, “Followup Audit: Application Level General Controls for the Defense Cash Accountability System,” July 10, 2018, determined that the Defense

Finance and Accounting Service implemented corrective actions for 18 of 20 recommendations issued under DODIG-2017-015. Corrective actions are still ongoing for the remaining two recommendations.

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: 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: Defense Finance and Accounting Service resubmitted a legislative proposal requesting special fund accounts for revenue-generating programs and discussions are ongoing with the Office of the Secretary of Defense and the Services. The impacted chapters of the DoD Financial Management Regulation are the responsibility of the Office of the Under Secretary of Defense/Chief Financial Officer, DoD; therefore, once solutions are identified, the Defense Finance and Accounting Service will work with the Office of the Under Secretary of Defense/Chief Financial Officer to update the DoD Financial Management Regulation. Target completion date is November 30, 2019.

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 U.S. Special Operations Command (USSOCOM) 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: Target publication dates for revised USSOCOM Directive 700-2, “Special Operations Major Force Program-11 Material Management,” and USSOCOM Directive 700-33, “Supply Chain Reports and Metrics,” are May 2019, and mid to early fourth quarter FY 2019, respectively. USSOCOM continues working to implement the Defense Property Accountability System warehouse module to account for all wholesale level inventory. USSOCOM has initiated planning for the implementation of the 100-percent baseline inventory to ensure only those inventory items that are physically on hand are captured and input into the Inventory Accountable Property System of Record in the Defense Property Accountability System.

Principal Action Office: U.S. Special Operations Command

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 items, 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: U.S. Central Command

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.

Reason Action Not Completed: The Office of the Deputy Assistant Secretary of Defense for Health Services Policy and Oversight continues to work on updating DoD Instruction 1300.24.

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

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: 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: Combined Security Transition Command–Afghanistan (CSTC-A) is gathering documentation to support their audit division's assessment of the CSTC-A's General Staff, Chief of Logistics, and General Staff, Inspector General processes of consumption report collection and verification, as well as provide the DoD OIG with a copy of the CSTC-A audit division's final report.

Principal Action Office: U.S. Central Command

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: Update Naval Supply Systems Command Publication 485 to require users requisitioning material to use the Navy Enterprise Resource Planning system before using the alternative methods, which

should ensure the Navy maximizes use of excess consumable material available in the Real-Time Reutilization Asset Management facilities.

Reason Action Not Completed: The Naval Supply Systems Command Commander is awaiting full implementation of the updated Naval Supply Systems Command Publication 485, volume 1.

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: U.S. Army Medical Command continues working with the Assistant Secretary of the Army (Financial Management and Comptroller) to obtain Secretary of the Army approval to terminate medical service accounts deemed uncollectible.

Principal Action Office: Army

Report: DODIG-2017-049, Unclassified Report of Investigation on Allegations Relating to U.S. Central Command Intelligence Products, 1/31/2017

Description of Action: Update Joint Publication 2-0 to bring it into compliance with the 2015 version of Intelligence Community Directive 203. The Expressions of Uncertainties in Appendix A and Figure A-1 should match Intelligence Community Directive 203's expressions of likelihood or probability (Para D.6.e.(2)(a)). Clarify the relationship, reporting responsibilities, and intelligence requirements that apply to Defense Intelligence Agency analysts detailed to combatant commands so that Defense Intelligence Agency employees and their supervisors clearly understand their roles and responsibilities.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Intelligence, Joint Chiefs of Staff, Defense Intelligence 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 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: DoD management has taken action to address the recommendation and provided supporting documentation to the DoD OIG that is currently under review.

Principal Action Office: Defense Contract Management Agency

Report: DODIG-2017-056, U.S. 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: Pending completion of the End-Use Monitoring policy guidance in the Security Assistance Management Manual to provide the Security Cooperation Organization additional guidance regarding the use of the security checklists. In addition, the Defense Security Cooperation Agency plans to draft and publish through the Security Cooperation Information Portal detailed instructions for Security Cooperation Organization regarding when, where, and how the checklists should be used; who should use the checklists; and how that person should verify the recipient country complied with the security checklists requirements. Additionally, pending update of the Defense Institute of Security Cooperation Studies' Security Cooperation Management Overseas training course to address the use of security checklists.

Principal Action Office: Defense Security Cooperation Agency

Report: DODIG-2017-057, Army Officials Need to Improve the Management of Relocatable Buildings, 2/16/2017

Description of Action: Revise Army Regulation 420-1 to align the Army's definition of relocatable buildings to the definition in DoD Instruction 4165.5, which would eliminate the requirement for the analysis pertaining to the disassembly, repackaging, and nonrecoverable costs of relocatable buildings. Develop additional policy for circumstances in which requirements would dictate that relocatable buildings are appropriate instead of modular facilities or other minor construction. Convert

six non-relocatable buildings identified in the DoD OIG final report from relocatable to real property at Joint Base Lewis-McChord, Washington.

Reason Action Not Completed: Corrective actions are ongoing to update Army Regulation 420-1 to align the Army's definition of relocatable buildings. Reclassification of the six relocatable buildings as real property will be performed once the Army issues the updated relocatable policy.

Principal Action Office: Army

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-2017-065, 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-2017-067, 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: DoD OIG followup review to verify the implementation of corrective actions is ongoing.

Principal Action Office: Navy

Report: DODIG-2017-069, Ineffective Fund Balance With Treasury Reconciliation Process for Army General Fund, 3/23/2017

Description of Action: Army and Defense Finance and Accounting Service—Indianapolis personnel will work with Office of the Under Secretary of Defense/Chief Financial Officer, DoD, personnel to review the number of days required to perform the Army General Fund Balance With Treasury reconciliation and update the DoD Financial Management Regulation.

Reason Action Not Completed: Update to the DoD Financial Management Regulation is targeted for May 31, 2019.

Principal Action Office: Army, 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: Report is classified.

Principal Action Office: Joint Chiefs of Staff, Air Force

Report: DODIG-2017-074, Assessment of U.S. and Coalition Plans and Efforts to Train, Advise, Assist, and Equip the Iraqi Counterterrorism Service and the Iraqi Special Operations Forces, 4/19/2017

Description of Action: Develop a plan for improving the refit process for the Iraqi Counterterrorism Service. Identify all training requirements to support live fire of the AT-4, M-72, and SPG-9 weapons by Academia trainees and develop the training programs of instruction to support these requirements.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2017-075, The Army Needs to More Effectively Prepare for Production of the Common Infrared Countermeasure System, 4/26/2017

Description of Action: Revise the capability development document for the Common Infrared Countermeasure system to clarify that the requirements developer and the acquisition milestone decision authority must have concurrence from the Joint Requirements Oversight Council, as validation authority, before lowering threshold (minimum) values of any primary system requirement.

Reason Action Not Completed: Changes to the capability development document for the Common Infrared Countermeasure system are still under revision.

Principal Action Office: Joint Chiefs of Staff, Army

Report: DODIG-2017-076, The Missile Defense Agency Can Improve Supply Chain Security for the Ground-Based Midcourse Defense System, 4/27/2017

Description of Action: Missile Defense Agency is developing internal procedures and establishing contract requirements to improve the accuracy of the critical components list to manage risks to the Ground-based Midcourse Defense System throughout its life cycle and require identification of all critical logic-bearing hardware components and critical software and firmware.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Missile Defense Agency

Report: DODIG-2017-078, The DoD Did Not Comply With the Improper Payment Elimination and Recovery Act in FY 2016, 5/8/2017

Description of Action: Coordinate with the DoD Improper Payments Elimination and Recovery Act reporting components to verify that all payments are assessed for the risk of improper payments or are reporting estimated improper payments, and to report consistent, accurate, complete, and statistically valid improper payment estimates in compliance with all Improper Payments Elimination and Recovery Act and Office of Management and Budget requirements.

Reason Action Not Completed: DoD OIG is conducting a followup audit on DoD compliance with the Improper Payments and Recovery Act requirements.

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

Report: DODIG-2017-085, Protection of Electronic Patient Health Information at Army Military Treatment Facilities, 7/6/2017

Description of Action: Implement configuration changes to enforce the use of Common Access Cards to access the Armed Forces Health Longitudinal Technology Application, Composite Health Care System, and Clinical Information System/Essentris Inpatient System or obtain a waiver of exemption. Develop and maintain standard operating procedures for granting access, assigning and elevating privileges, and deactivating user access.

Reason Action Not Completed: The Procedural Instruction encouraging compliance with DoD Common Access Cards usage and DoD password complexity requirements at military treatment facilities is in the Defense Health Agency approval process. The DoD OIG awaits a status report on actions taken by the Army to develop procedures for granting access, assigning and elevating privileges, and deactivating user access.

Principal Action Office: Assistant Secretary of Defense for Health Affairs, Army

Report: DODIG-2017-087, U.S.-Controlled and -Occupied Military Facilities Inspection – Camp Lemonnier, Djibouti, 6/2/2017

Description of Action: Conduct a root cause analysis and implement a corrective action plan for all electrical deficiencies identified in this report. Ensure that all facility operations and maintenance comply with Unified Facilities Criteria and National Fire Protection Association standards. Provide the DoD OIG a copy of the analysis and corrective action plan within 90 days of the issuance of this report.

Reason Action Not Completed: Corrective actions are ongoing to correct all electrical deficiencies identified in the DoD OIG report.

Principal Action Office: Navy

Report: DODIG-2017-089, Evaluation of Military Services' Compliance with Military Accessions Vital to the National Interest Program Security Reviews and Monitoring Programs, 6/27/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

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

Report: DODIG-2017-090, The Army Needs to Improve Controls Over Chemical Surety Materials, 6/7/2017

Description of Action: Revise DoD Instruction 5210.65 to define acceptable inventory practices and to provide guidance on appropriate segregation of duties. Update contractor's standard operating procedures as necessary to include revised inventory requirements.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Army

Report: DODIG-2017-092, Audit of the Defense Contract Audit Agency Field Detachment, 6/14/2017

Description of Action: Conduct a risk assessment on the missing Defense Contract Audit Agency security incident information and work with the Defense Contract Audit Agency Security Officer to prioritize security vulnerabilities for remediation and establish timelines for completion. Develop and implement a formalized automated process to request, initiate, approve, debrief, and maintain personnel special access program accesses. Perform an annual assessment of field detachment staffing and facility requirements for audit oversight of classified and special access programs operations based on established criteria.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Defense Contract Audit Agency

Report: DODIG-2017-093, Control Systems Supporting Tier I Task Critical Assets Lacked Basic Cybersecurity Controls, 6/15/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Air Force

Report: DODIG-2017-094, Audit of Air Force Munitions Requirements and Storage Facilities in the Republic of Korea, 6/26/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Air Force

Report: DODIG-2017-095, U.S. Army's Management of the Heavy Lift VII Commercial Transportation Contract Requirements in the Middle East, 6/26/2017

Description of Action: Implement a systemic process for collecting Heavy Lift asset usage and establish a consistent schedule for analyzing usage information in order to use quantitative and qualitative factors when forecasting requirement quantities on future task orders. Update the requirement review process standard operating procedures to ensure requirements packages that are submitted to the review boards include all information that is necessary for the validation authority to make an informed decision.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command, Army

Report: DODIG-2017-099, Evaluation of Department of Defense Efforts to Build Counterterrorism and Stability Operations Capacity of Foreign Military Forces with Section 1206/2282 Funding, 7/21/2017

Description of Action: Designate a lead manager and management office with the responsibility to coordinate, synchronize, and integrate relevant activities, with sufficient operating authority over DoD implementing components, to ensure effective management control in program execution. Issue updated instructions to support effective program implementation, execution, and management oversight. Ensure that DoD Components responsible for implementing 10 U.S.C. § 2282 comply with DoD security cooperation directives and procedures for documenting and retaining records pursuant to that authority.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Policy, Assistant Secretary of Defense for Special Operations and Low Intensity Conflict

Report: DODIG-2017-103, Under-Vehicle Force Protection Requirement for the Army Paladin Integrated Management Program, 7/21/2017

Description of Action: Redesign the Paladin ammunition stowage and floor mats to protect soldiers on combat missions that require increased under-vehicle protection.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2017-104, Followup on DoD OIG Report No. DODIG-2015-013, "Military Housing Inspections – Republic of Korea," October 28, 2014, 7/20/2017

Description of Action: Conduct an effective root cause analysis and perform corrective actions for 646 deficiencies identified; ensure that the deficiencies do not exist in other housing units; ensure inspection, maintenance, and repair programs are in compliance with applicable codes and standards for fire protection systems, electrical systems, and environmental health and safety; ensure sufficient qualified resources are assigned and available to inspect and verify that all housing buildings and units are in compliance with fire protection, electrical, and environmental health and safety requirements; and ensure that housing management policies are implemented and procedures are followed.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Air Force

Report: DODIG-2017-105, Evaluation of U.S. and Coalition Efforts to Enable the Afghan Ministry of Defense to Develop Its Oversight and Internal Control Capability, 8/4/2017

Description of Action: Review the capacity of the Resolute Support Defense National Logistics Directorate to train, advise, and assist the transparency, accountability, and oversight effort at Ministry of Defense national-level logistic institutions to ensure that current advisory staffing is sufficient to support development of internal controls.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2017-106, Evaluation of the Air Force and Navy Explosive Ordnance Disposal Capabilities to Respond to a Nuclear Weapon Accident or Incident, 7/28/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Under Secretary of Defense for Research and Engineering, Joint Chiefs of Staff, Navy, Air Force, U.S. European Command

Report: DODIG-2017-107, Followup Audit: U.S. Naval Academy Museum Management of Heritage Assets, 8/7/2017

Description of Action: Complete a baseline inventory of all U.S. Naval Academy Museum assets and document the inventory results. Also, provide progress updates to the U.S. Naval Academy Superintendent on completion of the baseline inventory. Prepare and complete a transfer agreement for any artifacts that were physically transferred to the Smithsonian Museum. If the artifacts are not permanently transferred, then these artifacts should be recorded as loaned items in the U.S. Naval Academy Museum inventory.

Reason Action Not Completed: Full reconciliation of Found-in-Collection artifacts will not be completed until the baseline inventory is complete. Estimated completion date is third quarter FY 2020.

Principal Action Office: Navy

Report: DODIG-2017-108, United States Transportation Command Triannual Reviews, 8/9/2017

Description of Action: Develop and implement procedures to execute triannual reviews in accordance with DoD Financial Management Regulation, volume 3, chapter 8. The processes and procedures requirements, at a minimum, should include detailed review requirements to ensure that each commitment, obligation, accounts payable, unfilled customer order, and accounts receivable is properly recorded in the general ledger, and ensure reports are prepared for submission in the DoD standard format and contain the valid, accurate, and complete status of each fund balance. Additionally, the processes and procedures should identify staff positions responsible for executing proper triannual reviews.

Reason Action Not Completed: Corrective actions are ongoing to develop and implement processes and procedures to execute triannual reviews as recommended.

Principal Action Office: U.S. Transportation Command

Report: DODIG-2017-113, Defense Information Systems Agency's Expired Communication Service Authorizations, 8/25/2017

Description of Action: Defense Information Systems Agency Director, in coordination with the Director of the Procurement Services Directorate, Defense Information Technology Contracting Office, develop and maintain a system to enable Defense Information Systems Agency personnel and customers to track the status of communication services authorizations, to include automatic alerts to the customer at specific intervals

prior to communication service authorization expiration which requires a customer response to discontinue or re-award the service.

Reason Action Not Completed: Corrective actions are ongoing to implement the Communication Service Authorization Management Module.

Principal Action Office: Defense Information Systems Agency

Report: DODIG-2017-114, Documentation to Support Costs for Army Working Capital Fund Inventory Valuation, 8/24/2017

Description of Action: Establish detailed standard operating procedures, flowcharts, and narratives for each significant inventory process, including how to maintain and access key supporting documentation that key personnel and service providers are responsible for retaining and providing in response to audit requests. Ensure that memorandums of understanding with service providers clearly identify what office would maintain the documentation, where the documentation would be stored, protocols for requesting and providing documentation, and documentation retention policies. Develop a process to maintain credit values given for returns for credit and unserviceable credit transactions. Incorporate data fields within the Logistics Modernization Program system to identify the receiving reports (shipment) and invoice documents in the Invoicing, Receipt, Acceptance, and Property Transfer system.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Army

Report: DODIG-2017-117, Joint Requirements Oversight Council Procurement Quantity Validation Process for Major Defense Acquisition Programs, 9/6/2017

Description of Action: Require subordinate boards to obtain input and reviews from advisers and stakeholders to assess and review procurement quantity.

Reason Action Not Completed: Actions are ongoing to update the Joint Requirements Oversight Council Administrative Guide to require subordinate boards to obtain input and reviews from advisers and stakeholders to assess and review procurement quantity.

Principal Action Office: Joint Chiefs of Staff

Report: DODIG-2017-121, U.S. Africa Command's Management of Acquisition and Cross-Servicing Agreements, 9/21/2017

Description of Action: Review the current implementation and execution of the Acquisition and Cross-Servicing Agreement program and update

DoD Directive 2010.9, “Acquisition and Cross-Servicing Agreements,” November 24, 2003. Develop a training program for the implementation of the Acquisition and Cross-Servicing Agreement program and execution of Acquisition and Cross-Servicing Agreement authorities.

Reason Action Not Completed: Pending final approval of a congressionally mandated organizational restructuring plan.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Navy

Report: DODIG-2017-123, The Troops-to-Teachers Program, 9/28/2017

Description of Action: Develop and implement policies to define Troops-to-Teachers program requirements for participant eligibility, and implement, manage, and oversee the Troops-to-Teachers grant program to ensure the planned way forward complies with regulations. Develop procedures for reviewing participant applications that align with newly developed Troops-to-Teachers policy and provide training for all Government and contract employees working with the Troops-to-Teachers program after new policy and procedures are created.

Reason Action Not Completed: Long-term corrective actions are on schedule. The Office of the Assistant Secretary of Defense for Readiness, Force Education and Training, Voluntary Education has begun drafting a DoD Instruction to establish policy, assign responsibilities, and prescribe procedures for determining participant eligibility, and to implement, manage, and oversee grants for the Troops-to-Teachers program in accordance with 10 U.S.C. 1154. The new instruction is targeted to be completed by September 2019. In the meantime, the Office of the Under Secretary of Defense for Personnel and Readiness plans to issue an interim guidance for implementing the Troops-to-Teachers program.

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

Report: DODIG-2017-125, Naval Facilities Engineering Command Southwest and Marine Corps Base Camp Pendleton Officials’ Use of Utility Energy Service Contracts, 9/28/2017

Description of Action: Direct the Installation Energy Manager of the Marine Corps Base Camp Pendleton Energy Office to develop and implement a process to track realized energy savings for Utility Energy Services Contracts.

Reason Action Not Completed: Corrective actions are ongoing to adopt contracting procedures and energy project guidance that specifically recommends the use of

performance assurance plans to guarantee achievement of the annual estimated savings for Utility Energy Services Contracts.

Principal Action Office: Navy, Marine Corps

Report: 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

Description of Action: Establish the specific process by which DoD Leahy Law credible information determinations are made and implement a records management policy for all alleged gross violations of human rights in Afghanistan.

Reason Action Not Completed: Corrective actions are ongoing to issue a clarification memorandum on the application of the DoD Leahy Law in Afghanistan that includes the checklist for the gross violation of human rights credibility determination process.

Principal Action Office: Under Secretary of Defense for Policy

Report: DODIG-2018-020, DoD Compliance With the Digital Accountability and Transparency Act of 2014, 11/8/2017

Description of Action: Allocate adequate resources for the Digital Accountability and Transparency Act efforts; develop Digital Accountability and Transparency Act processes and procedures ensuring DoD financial and award data are collected, validated, reconciled, and reported in compliance with Office of Management and Budget Memorandum No. M-17-04; and maintain documentation as required by section 3101, title 44, United States Code, and the DoD Financial Management Regulation.

Reason Action Not Completed: Corrective actions are ongoing to update the Digital Accountability and Transparency Act guidance.

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

Report: DODIG-2018-021, U.S. Army Corps of Engineers Compliance With the Digital Accountability and Transparency Act of 2014, 11/8/2017

Description of Action: Develop policies, procedures, and criteria to address the 90-day delay in the Federal Procurement Data System for DoD procurement award data to ensure all required data elements applicable to the U.S. Army Corps of Engineers financial data related to procurement and grant awards are submitted in accordance with Digital Accountability and Transparency Act requirements.

Reason Action Not Completed: Corrective actions are ongoing to provide additional DoD, Office of Management and Budget, or Treasury policies and procedures addressing the 90-day delay in Federal Procurement Data System that ensure U.S. Army Corps of Engineers' financial data related to procurement and grant awards are submitted in compliance with the Digital Accountability and Transparency Act requirements.

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

Report: DODIG-2018-025, Defense Hotline Allegations on the Surface Electronic Warfare Improvement Program Block 3 Costs, 11/9/2017

Description of Action: Establish an approved Engineering and Manufacturing Development phase cost baseline estimate to consistently measure and control costs for Surface Electronic Warfare Improvement Program Block 3 and verify that Northrop Grumman adequately meets the established Engineering and Manufacturing Development phase baseline estimate to minimize existing or future problems.

Reason Action Not Completed: Coordination and approval of the Engineering and Manufacturing Development phase baseline is ongoing.

Principal Action Office: Navy

Report: DODIG-2018-028, External Peer Review on the Defense Contract Audit Agency System Review Report, 11/17/2017

Description of Action: Assess the Defense Contract Audit Agency's (DCAA) quality control procedures for providing reasonable assurance that auditors obtain sufficient and appropriate evidence in support of reported conclusions. The DCAA should assess and improve their procedures for performing independent reference reviews to ensure adequate coverage of completed audits. Consider requiring a minimum number of additional independent reference reviews that field audit offices must perform, and monitoring field audit offices to ensure compliance with the requirements.

Reason Action Not Completed: DCAA has not provided evidence that support the development of internal policy on independent reference reviews policy and that each of their field audit office has a documented plan in place that expands the use of independent reference reviews, and that the plan is being properly monitored for compliance.

Principal Action Office: Defense Contract Audit Agency

Report: DODIG-2018-029, Followup Audit: Basic Expeditionary Airfield Resources Support and Repair Spare Kits, 11/16/2017

Description of Action: Revise Air Force Instruction 25-101 to add a process to reconcile Basic Expeditionary Airfield Resources and repair spare part kit inventories with requirements.

Reason Action Not Completed: Air Force Guidance Memorandum 2019-01 to Air Force Instruction 25-101 did not include the process for reconciling Basic Expeditionary Airfield Resources support and repair spare kit-on-hand inventories with requirements.

Principal Action Office: Air Force

Report: DODIG-2018-034, Armed Forces Retirement Home Healthcare Services, 12/14/2017

Description of Action: Require that the Healthcare Services Chief at each facility develop and implement a process for regular reviews of provider visits to ensure that providers see residents in long-term care at the required frequency, and that resident healthcare needs are met.

Reason Action Not Completed: Armed Forces Retirement Home has not provided evidence that supports the development and implementation of a process for regular reviews of provider visits has been completed.

Principal Action Office: DoD Chief Management Officer

Report: DODIG-2018-035, Evaluation of Fingerprint Card and Final Disposition Report Submissions by Military Service Law Enforcement Organizations, 12/4/2017

Description of Action: Secretaries of the Army, Navy, and Air Force; the Under Secretary of Defense for Intelligence; and the DoD Chief Management Officer perform a comprehensive review of their criminal investigative databases and files to ensure all required fingerprint cards and final disposition reports for qualifying offenses have been submitted to the Federal Bureau of Investigations Criminal Justice Information Services, complying with DoD and Federal Bureau of Investigations requirements.

Reason Action Not Completed: Actions are still ongoing towards completing the analysis and ensuring 100 percent of the required fingerprint data is submitted as appropriate.

Principal Action Office: Army, Air Force, Navy, Marine Corps, Pentagon Force Protection Agency

Report: DODIG-2018-036, DoD's Response to the Patient Safety Elements in the 2014 Military Health System Review, 12/14/2017

Description of Action: Determine the actionable root causes for the staffing survey results being below national average in the "Hospital Survey on Patient Safety Culture" and take appropriate actions to improve those factors that pose a risk to patient safety.

Reason Action Not Completed: Corrective actions are ongoing to finalize a Patient Safety Program's plan to identify Military Health System-wide (direct care system) actionable causal factors underlying the low staffing dimension scores and to design, implement, and evaluate improvement strategies.

Principal Action Office: Under Secretary of Defense for Personnel and Readiness, Assistant Secretary of Defense for Health Affairs, Army, Air Force

Report: DODIG-2018-038, Joint Air-to-Ground Missile Program, 12/7/2017

Description of Action: Evaluate the costs to achieve full Joint Air-to-Ground Missile capability and determine whether the Joint Air-to-Ground Missile incremental strategy provides the most affordable alternative to meet the self-guided missile capability gap.

Reason Action Not Completed: As resources become available to develop additional Joint Air-to-Ground Missile capabilities, the Navy will evaluate the current acquisition strategy to determine whether an incremental approach is the most affordable alternative to address the capability gaps and the overall program costs to achieve full Joint Air-to-Ground Missile capabilities.

Principal Action Office: Navy

Report: DODIG-2018-040, Army Oversight of Logistics Civil Augmentation Program Government-Furnished Property in Afghanistan, 12/11/2017

Description of Action: Review and validate the contractors' Government-furnished property listings, modify Logistics Civil Augmentation Program task orders 0004 and 0005 to ensure all Government-furnished property currently possessed by the Logistics Civil Augmentation Program contractors is properly reflected by modifications to the contract, and provide the property book officer with the updated contract attachment.

Reason Action Not Completed: U.S. Army Contracting Command has not provided evidence that supports the Government-furnished equipment listing was modified, which would indicate a change in the equipment, and reflected by modification to the contract.

Principal Action Office: Army

Report: DODIG-2018-041, The Defense Finance and Accounting Service Financial Reporting Process for Other Defense Organizations' General Funds, 12/15/2017

Description of Action: Manage the development of a universe of Other Defense Organizations' General Fund transactions through a Universe of Transaction database, and develop a process narrative and process map that describes the detailed processes for the Other Defense Organizations' General Fund compilation process.

Reason Action Not Completed: Resolution of agreed-upon corrective actions to implement report recommendation remains ongoing.

Principal Action Office: Under Secretary of Defense (Comptroller)/Chief Financial Officer, Defense Finance and Accounting Service

Report: DODIG-2018-042, Evaluation of Army Recovered Chemical Warfare Materiel Response Actions, 12/14/2017

Description of Action: Issue policy to replace the Army Interim Guidance and direct the Commander of the U.S. Army Corps of Engineers to update Engineering Pamphlet 75-1-3 to comply with Army Regulation 25-30.

Reason Action Not Completed: Awaiting issuance of DoD Manual 5101.17 and Army Corps of Engineers update to Engineering Pamphlet 75-1-3.

Principal Action Office: Army

Report: DODIG-2018-043, The National Security Agency Enterprise, 12/19/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: National Security Agency

Report: DODIG-2018-049, U.S. Military-Occupied Facilities Evaluation – Al Udeid Air Base, Qatar, 12/21/2017

Description of Action: Conduct a root cause analysis and implement a corrective action plan for all close air support ramp fuel hydrant system deficiencies identified in this report. Ensure that all current and future facility operations and maintenance comply with Unified Facilities Criteria and National Fire Protection Association standards. Prepare a corrective action plans for multiple identified deficiencies.

Reason Action Not Completed: Corrective action is ongoing to address identified deficiencies.

Principal Action Office: Air Force

Report: DODIG-2018-050, Naval Facilities Engineering Command Administration of Selected Energy Savings Performance Contracts, 12/19/2017

Description of Action: Require oversight of the energy savings performance contracts by developing quality assurance surveillance plans tailored to the specific energy conservation measures in the energy savings performance contracts, and monitor energy savings performance contract programs to ensure consistent award and administration throughout the DoD.

Reason Action Not Completed: The Office of the Deputy Assistant Secretary of Defense for Energy is finalizing its Oversight of Third-Party Financed Energy Projects guidance, which will direct DoD Components to strengthen post-award oversight of third party-financed energy projects, particularly measurement and verification and performance assurance programs and processes.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Navy

Report: DODIG-2018-052, The Army Demilitarization Program, 12/19/2017

Description of Action: Office of the Assistant Secretary of the Army (Financial Management and Comptroller) work with the Army Materiel Command and Joint Munitions Command to review the current disposal estimation methodology, make improvements as needed, and disclose a supported estimate in the yearend FY 2018 financial statements and related notes.

Reason Action Not Completed: Pending development of procedures to annually determine a reasonable and supportable estimate for the cost to dispose of the demilitarization stockpile and report the associated liability in the Army General Fund Financial Statements and related notes.

Principal Action Office: Army

Report: DODIG-2018-055, The U.S. Army Civilian Pay Budget Process, 3/8/2018

Description of Action: Include overtime pay in the Army's Budget Estimate Submission, starting with the FY 2019 Budget Estimate Submission, to accurately and completely present the Army's funding needs to the Office of the Secretary of Defense and Congress, in accordance with Office of Management and Budget Circular No. A-11, "Preparation, Submission, and Execution of the Budget," and Army Regulation 570-4, "Manpower and Equipment Control Manpower Management," February 8, 2006.

Reason Action Not Completed: Overtime pay factor will be incorporated in the programming and budgeting of civilian pay cost estimates in the FY 2021 Budget Estimate Submission, which is part of the next available Planning, Programming, Budgeting, and Execution cycle.

Principal Action Office: Army

Report: DODIG-2018-057, The [Redacted] Financial Statement Compilation Adjustments and Information Technology Corrective Action Plan Validation Process, 1/27/2017

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Classified

Report: DODIG-2018-058, Progress of U.S. and Coalition Efforts to Train, Advise, and Assist the Afghan Air Force, 1/4/2018

Description of Action: Identify requirements and modify aircraft Contractor Logistic Support contracts as appropriate to increase emphasis on building the Afghan aircraft maintenance capability, increasing the Afghan responsibility for daily aircraft maintenance, and identifying the transition criteria for Afghan-led maintenance within the Afghan Air Force.

Reason Action Not Completed: Implementation of transition criteria for both the Afghanistan Air Force-led maintenance and related contract modifications are ongoing.

Principal Action Office: U.S. Central Command

Report: DODIG-2018-061, Report of Investigation: Defense POW/MIA Accounting Agency Interactions With Family Members of Corporal Joseph Hargrove, U.S. Marine Corps, 1/22/2018

Description of Action: Fully implement a case management system that will enable end-to-end tracking of a case from research to mission to accession and lab work, and improve internal and external communications. Develop a policy for medical and dental records, which includes guidance for when to obtain those records for each unaccounted-for Service member or document the unavailability of those records. Ensure all Defense Prisoner of War/Missing in Action Accounting Agency personnel working on cases have access to all relevant information and reports, and implement a process to require employees to coordinate and share case information throughout the organization.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Policy

Report: DODIG-2018-063, Navy and Marine Corps Management of Relocatable Buildings, 1/29/2018
Description of Action: Update DoD Instruction 4165.56, "Relocatable Buildings," to include details and illustrated examples on how to properly classify relocatable buildings based on the definition and interim facility requirement.
Reason Action Not Completed: Actions are ongoing to update DoD Instruction 4165.56.
Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Navy, Marine Corps

Report: DODIG-2018-067, The DoD's Response to the Quality of Care Elements in the 2014 Military Health System Review, 2/8/2018
Description of Action: Notify the DoD OIG when the Military Health System has implemented all the Military Health System Review Action Plans regarding quality of care.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Assistant Secretary of Defense for Health Affairs

Report: DODIG-2018-068, Evaluation of Oversight of Privileged Users Within the Military Services Intelligence Community, 1/30/2018
Description of Action: Report is classified.
Reason Action Not Completed: Report is classified.
Principal Action Office: Army

Report: DODIG-2018-069, Navy's Single-Award Indefinite-Delivery Indefinite-Quantity Contracts, 2/1/2018
Description of Action: Provide updated instructions to the workforce, through training or updated guidance, on any areas requiring clarification to ensure the application of Federal and DoD requirements. The updated instructions should clearly define what information must be in the determination and findings document to ensure that the standalone document fully supports a single-award determination, and the processes used to report a determination and findings document to Congress and Defense Procurement and Acquisition Policy.
Reason Action Not Completed: Corrective actions are ongoing to update the DoD Federal Acquisition Regulation and create a Navy-Marine Corps Acquisition Regulations Supplement annex. Navy standards of procedures are complete, detailing how the determination and findings document is to be reported.
Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Navy

Report: DODIG-2018-070, Summary Report of DoD Compliance With the Berry Amendment and the Buy American Act, 2/6/2018
Description of Action: Update guidance to 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; on the Defense Financial Acquisition Regulation Supplement requirements regarding exceptions to the Berry Amendment; and that the various electronic contract writing systems used by the Military Services and Defense Logistics Agency should incorporate the requirements of the Berry Amendment and the Buy American Act, such as including clauses and posting award and exceptions notices, into their electronic systems.
Reason Action Not Completed: Corrective actions are ongoing.
Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment

Report: DODIG-2018-071, Evaluation of the Pentagon Force Protection Agency's Critical Law Enforcement Programs, 2/14/2018
Description of Action: Revise DoD Directive 5105.68, "Pentagon Force Protection Agency (PFPA)," December 5, 2013, (Incorporating Change 1, December 6, 2017), to direct the Pentagon Force Protection Agency to comply with the provisions of DoD Instruction 5505.18.
Reason Action Not Completed: Corrective actions are ongoing to revise DoD Directive 5105.68.
Principal Action Office: DoD Chief Management Officer

Report: DODIG-2018-072, Defense Commissary Agency's Purchases of Fresh Produce for Japan and South Korea, 2/12/2018
Description of Action: Conduct a business case analysis or detailed market research on the current Pacific fresh produce purchase process to identify potential opportunities to lower fresh produce prices and to improve produce quality for customers.
Reason Action Not Completed: Awaiting receipt of business case analysis or detailed market research on the current Pacific fresh produce purchase process.
Principal Action Office: Defense Commissary Agency

Report: DODIG-2018-073, Completeness and Accuracy of U.S. Army Corps of Engineers Improper Payment Estimates, 2/13/2018

Description of Action: Implement a review process to verify that accurate testing for improper payments is being performed by U.S. Army Corps of Engineers Finance Center personnel.

Reason Action Not Completed: The DoD OIG is waiting for documentation providing evidence that the review process was implemented and used prior to the next Improper Payments Elimination and Recovery Act submission.

Principal Action Office: Army

Report: DODIG-2018-074, The U.S. Navy's Oversight and Administration of the Base Support Contracts in Bahrain, 2/13/2018

Description of Action: Update delegation procedures to ensure the procuring contracting officer explicitly assigns all contract administration functions immediately after award; train contracting officer's representatives on contract file contents; and institute proactive procedures to ensure the contractor's compliance with Combating Trafficking in Persons requirements.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Navy

Report: DODIG-2018-076, Chemical Demilitarization-Assembled Chemical Weapons Alternatives Program, 2/22/2018

Description of Action: DoD plans to prepare an independent cost estimate for the revised Assembled Chemical Weapons Alternatives Program with an anticipated October 2019 issuance date.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Cost Assessment and Program Evaluation, Army

Report: DODIG-2018-077, Financial Management and Contract Award and Administration for the Armed Forces Retirement Home, 2/21/2018

Description of Action: Develop and implement an acquisition strategy to reduce the likelihood of future problems with the nursing contracts. Determine whether the Armed Forces Retirement Home needs to change how it schedules Government nurses.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: DoD Chief Management Officer

Report: DODIG-2018-078, Defense Commissary Agency Oversight of Fresh Produce Contracts in Japan and South Korea, 2/22/2018

Description of Action: Develop policies and procedures defining roles and responsibilities regarding contract quality assurance and surveillance on the Japan and South Korea produce contracts. The policies and procedures should provide guidance on how Defense Commissary Agency personnel should oversee and verify the surveys, and calculate and verify contract fill rates before the information is used for contract performance evaluation.

Reason Action Not Completed: Defense Commissary Agency has not provided evidence to support that they have developed defined policies and procedures that provide guidance on how Defense Commissary Agency personnel should oversee and conduct the market basket surveys, as well as calculating and verifying contract fill rates.

Principal Action Office: Defense Commissary Agency

Report: DODIG-2018-079, Followup Audit: Transfer of Service Treatment Records to the Department of Veterans Affairs, 2/22/2018

Description of Action: Develop a plan and timeline to ensure the Military Departments implement DD Form 3024. Once DD Form 3024 has been implemented, determine whether the Periodic Health Assessment and Individual Medical Readiness programs are adequate to satisfy service members' Service Treatment Record annual review requirement. Conduct periodic checks of Service Treatment Records transferred to the Department of Veterans Affairs in order to ensure compliance with the timeliness and completeness requirements in DoD Instruction 6040.45. The periodic checks should include Service Treatment Records of separated personnel from every Military Department.

Reason Action Not Completed: Pending verification of DoD Form 3024 implementation and awaiting evidence of periodic checks conducted of Service Treatment Records to ensure completeness.

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

Report: DODIG-2018-081, The Army's Tactical Explosive Detection Dog Disposition Process from 2011 to 2014, 3/1/2018

Description of Action: Review, revise, and ensure Accountable Unit Commanders enforce Army Regulation 190-12, "Military Working Dogs," March 11, 2013, to ensure it complies with the

requirements of Air Force Instruction 31-126, AR 700-81, OPNAVINST 5585.2C, MCO 5585.6, “DoD Military Working Dog (MWD) Program,” February 28, 2017, particularly with respect to the disposition process.

Reason Action Not Completed: Army actions still ongoing toward revising regulation, which is in draft.

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

Report: DODIG-2018-086, Small Business Subcontracting at Two Army Contracting Command Locations, 3/19/2018

Description of Action: Revise Army Federal Acquisition Regulation Supplement Subpart 5119.7 and issue a policy alert to notify contracting officials of the revision to Army Federal Acquisition Regulation Supplement Subpart 5119.7.

Reason Action Not Completed: Corrective actions are ongoing to revise the Army Federal Acquisition Regulation Supplement and to issue a policy alert to notify all contracting officials and small business professionals of the revision.

Principal Action Office: Army

Report: DODIG-2018-087, Evaluation of the Joint Targeting Toolbox, 3/15/2018

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Joint Chiefs of Staff

Report: DODIG-2018-089, Contracting Strategy for F-22 Modernization, 3/21/2018

Description of Action: F-22 Program Office continues to document lessons learned with F-35 and the enterprise, such as assembling various pertinent documentation and awaiting completion of the first award fee evaluation period and the documentation for the award fee evaluation and the Fee Determining Official’s final determination. The Program Office has held and continues to hold discussions with multiple weapons platforms (including multiple discussions on F-35 alone) and subsystem programs on its contracting approach to agile software development.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Air Force

Report: DODIG-2018-090, Summary Report on U.S. Direct Funding Provided to Afghanistan, 3/21/2018

Description of Action: Determine the most effective way to manage and oversee the administration and expenditure of U.S. direct funding to the Afghan Ministry of Defense and Ministry of Interior.

Reason Action Not Completed: Actions are still ongoing to identify and implement a more effective approach.

Principal Action Office: Under Secretary of Defense for Policy

Report: DODIG-2018-092, DoD Emergency Management Programs in the U.S. Africa Command, 3/28/2018

Description of Action: Establish an Emergency Management Working Group in accordance with DoD Instruction 6055.17, “DoD Emergency Management Program,” February 13, 2017, and develop a multi-year exercise plan and establish an exercise evaluation team.

Reason Action Not Completed: Corrective actions are ongoing and expected to be completed in May 2019, including to schedule quarterly meetings, draft meeting minutes, and develop an annual emergency exercise plan.

Principal Action Office: Under Secretary of Defense for Acquisition and Sustainment, Air Force, Navy, U.S. Africa Command

Report: DODIG-2018-093, DoD Voting Assistance Programs for Calendar Year 2017, 3/30/2018

Description of Action: Clarify or revise DoD Instruction 1000.04 to ensure that all elements of the Uniformed and Overseas Citizens Absentee Voting Act population, including all eligible civilian U.S. citizens residing outside the United States, are included in all provisions of DoD Instruction 1000.04 “Federal Voting Assistance Program (FVAP).”

Reason Action Not Completed: Corrective actions to modify DoD Instruction 1000.04 are ongoing.

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

Report: DODIG-2018-094, Logical and Physical Access Controls at Missile Defense Agency Contractor Locations, 3/29/2018

Description of Action: 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 ballistic missile defense system technical information. 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, and take corrective actions against contractors that failed to meet the National Institute of Standards and Technology and DoD requirements for protecting classified and unclassified ballistic missile defense system technical information.

Reason Action Not Completed: Corrective actions are ongoing.

Principal Action Office: Missile Defense Agency

Report: DODIG-2018-095, Defense Human Resources Activity Reimbursable Agreements, 3/27/2018

Description of Action: Implement procedures to maintain a centralized database containing reimbursable agreements and related funding documents for reimbursable agreements that went into effect before FY 2017. Develop and implement a plan to identify and correct all misstated account balances converted from the Defense Business Management System.

Reason Action Not Completed: Corrective actions are ongoing.

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

Report: DODIG-2018-096, Followup Audit: The Defense Enrollment Eligibility Reporting System Security Posture, 3/30/2018

Description of Action: Update the Defense Enrollment Eligibility Reporting System server anti-virus software in accordance with National Institute of Standards and Technology Special Publication 800-53 requirements. Establish a centralized procedure for out-processing terminated personnel. Identify and appoint trusted agents responsible for revoking access for out-processing terminated personnel. Identify and disable all unused ports supporting the Defense Enrollment Eligibility Reporting System servers and establish a standardized schedule for ports and protocol scans.

Reason Action Not Completed: Corrective actions for all deficiencies identified in the report are ongoing.

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

Report: DODIG-2018-097, U.S. European Command Efforts to Integrate Cyberspace Operations Into Contingency Plans, 3/30/2018

Description of Action: Report is classified.

Reason Action Not Completed: Report is classified.

Principal Action Office: Joint Chiefs of Staff, Under Secretary of Defense for Intelligence, Under Secretary of Defense for Policy, U.S. Cyber Command

Report: DODIG-2018-099, Army Internal Controls Over Foreign Currency Accounts and Payments, 3/29/2018

Description of Action: Update the Army accounting systems once the Under Secretary of Defense (Comptroller), Office of the Deputy Chief Financial Officer, DoD, issues DoD standard general ledger transactions and guidance for recording foreign currency exchange rate gains and losses as required by DoD Regulation 7000.14-R, "DoD Financial Management Regulation," volume 6a, chapter 7. Develop and implement procedures to maintain alternate certifying officials for each payment system to ensure continuity of payment operations at the Finance Offices. Implement controls to ensure the Italy Finance Office maintains proper separation of duties between personnel responsible for payroll system maintenance and personnel in the Local National Payroll Office and Accounting Office. Implement controls to ensure senior management is directly involved in oversight of the payroll process.

Reason Action Not Completed: Corrective actions for all deficiencies identified in the report are ongoing.

Principal Action Office: Army

Report: DODIG-2018-100, U.S. Special Operations Command's Management of Excess Equipment, 3/29/2018

Description of Action: Update U.S. Special Operations Command guidance to include detailed procedures for reporting and updating Special Operations-Peculiar equipment authorizations and allocations in the U.S. Special Operations Command Table of Equipment Distribution and Allowance.

Reason Action Not Completed: Corrective actions to modify and implement new policies and procedures are ongoing.

Principal Action Office: U.S. Special Operations Command

SECTION 845 ANNEX AUDIT REPORTS WITH SIGNIFICANT FINDINGS

DoD OIG

Audit Report No. DODIG-2019-029	Date: November 27, 2018
Subject: DoD Task Orders Issued Under One Acquisition Solution for Integrated Services Contracts	
Report: \$28.5 Million Questioned Costs (\$574,162 Unsupported Costs)	
<p>The DoD OIG determined that the DoD was properly charged for 1,175 of 1,287 employees who met the labor category requirements for the 12 task orders. However, the DoD was improperly charged for 101 of 112 employees who did not meet the labor category requirements. In addition, the Air Force was unable to provide qualification documentation for 11 of 112 employees. This occurred because contracting officers from the Army, Air Force, and Defense Advanced Research Projects Agency (DARPA) did not validate 1,219 of 1,287 employee qualifications through resume reviews. Furthermore, the DoD was charged for 41 of 1,175 employees who met OASIS base contract requirements but did not have relevant education and work experience. As a result, based on the DoD OIG statistical projection, Army, Air Force, and DARPA contracting officers authorized \$28 million of potential improper payments for incorrect contract costs. Additionally, contracting officers authorized \$574,162 of potential improper payments for employees who did not have qualification documentation.</p>	

Audit Report No. DODIG-2019-036	Date: December 12, 2018
Subject: Defense Hotline Allegations Concerning the MQ-9 Block 5 Reaper Unmanned Aerial System	
Report: \$30.9 Million in Funds Put to Better Use	
<p>The DoD OIG determined the MQ-9 Program Management Office officials procured an available inventory of 5,456 MQ-9 Block 5 aircraft spare parts, valued at \$92.6 million, including 3,746 excess spare parts, valued at \$30.9 million.</p>	

Audit Report No. DODIG-2019-060	Date: February 25, 2019
Subject: Review of Parts Purchased From TransDigm Group, Inc.	
Report: \$16.1 Million in Funds Put to Better Use	
<p>The DoD OIG determined that TransDigm earned excess profit on 46 of 47 parts purchased by the Defense Logistics Agency and the Army, even though contracting officers followed Federal Acquisition Regulation and Defense Acquisition Regulation Supplement procedures when they determined that prices were fair and reasonable for the 47 parts at the time of the contract award. As a result, TransDigm earned \$16.1 million in excess profit for 46 parts it sold to the Defense Logistics Agency and the Army for \$26.2 million between January 2015 and January 2017.</p>	

Audit Report No. DODIG-2019-062	Date: March 13, 2019
Subject: Audit of the Management of Government-Owned Property Supporting the F-35 Program	
Report: \$2.1 billion in Funds Put to Better Use	
<p>The DoD OIG determined that F-35 Program officials did not maintain a Government record of Government furnished property; award contracts with complete Government furnished property lists; or coordinate with Defense Contract Management Agency officials to execute contracting actions to transition contractor acquired property to Government furnished property, as required. As a result, the DoD does not know the actual value of the F-35 Program property and does not have an independent record to verify the contractor valuation of \$2.1 billion.</p>	

Fulfills requirements of the National Defense Authorization Act of FY 2008, section 845.

DCAA

Audit Report No. 09721-2014A10100001 and 09721-2015A10100001	Date: November 9, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2014 and 2015	
Prepared For: Defense Contract Management Agency (DCMA)	
Reported Findings: \$40 Million Questioned Costs	
The FY 2014 and FY 2015 incurred costs audit resulted in \$40 million in questioned costs. Significant questioned costs totaling \$18.7 million were identified in association with unallowable employee bonuses per FAR 31.205-6(f) Bonuses and Incentive Compensation. Other questioned costs included costs associated with corporate allocations, consultant costs, fringe expenses pools, overhead, and other direct costs.	

Audit Report No. 01281-2017A17100002	Date: November 26, 2018
Subject: Independent Audit Report on Proposed Amounts in a Revised Termination Settlement Proposal	
Prepared For: U.S. Department of State	
Reported Findings: \$15.2 Million Questioned Costs	
The audit of the Proposed Termination Settlement Proposal resulted in \$15.2 million in questioned costs. Significant questioned costs were not identified in any one cost category. However, questioned costs were identified in relation to direct material, general and administrative costs, settlement expenses, and settlements with Subcontractors. These costs were questioned in accordance with various FAR requirements including FAR 31.201-2 Determining Allowability and FAR 31.205-42 Termination Costs.	

Audit Report No. 04581-2018A17200001	Date: December 11, 2018
Subject: Independent Audit Report on Claimed Amounts in a Price Adjustment Claim	
Prepared For: Defense Health Agency	
Reported Findings: \$32.4 Million Questioned Costs	
The audit of the contractor's certified price adjustment claim resulted in a total of \$32.4 million questioned costs. Significant questioned costs of \$22.0 million were identified in association with claimed cost increases in excess of the amount incurred for authorization processing. Since these costs were not incurred in association with the contract, these costs were determined unreasonable per FAR 31.201-3 Determining Reasonableness. Additional claimed cost increases were also questioned in relation to field referral and referral management costs.	

Audit Report No. 4981-2014I10100002 and 4981-2015I10100001	Date: December 13, 2018
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2014 and 2015	
Prepared For: DCMA	
Reported Findings: \$32.8 Million Questioned Costs	
The audit of FY 2014 and FY 2015 incurred cost proposals resulted in a total of \$32.8 million in questioned costs. Significant questioned costs of \$17.0 million and \$10.8 million in other direct costs were identified for FY 2014 and FY 2015 due to noncompliance with various FAR requirements and the Department of State R&R travel regulation 3 FAM 3725.3-1, "Travel to Relief Point Abroad." Other questioned costs included fringe, overhead, general and administrative, and direct labor costs.	

Audit Report No. 7631–2016T10100001	Date: December 21, 2018
Subject: Independent Audit Report on Administrative and Centrally Managed Allocation Proposed Amounts for Calendar Year 2016	
Prepared For: DCMA	
Reported Findings: \$93.6 Million Questioned Costs	
<p>The FY 2016 incurred cost audit resulted in a total of \$95.5 million in questioned costs related to proposed corporate allocations. Significant questioned costs included \$54.8 million in administrative costs, \$13.9 million in annual incentive plan costs, \$15.4 million in corporate liability insurance costs, and \$10 million in pension costs. These costs were identified as noncompliant with various FAR sections including, but not limited to, FAR 31.205-6, “Compensation for Personal Services”; FAR 31.201-3, “Determining Reasonableness”; FAR 31.201-2, “Determining Allowability”; and FAR 31.201-6, “Accounting for Unallowable Costs.”</p>	

RESULTS OF PEER REVIEWS

Peer Review of Department of Defense Office of the Inspector General Evaluations by U.S. Department of Health and Human Services Office of Inspector General

The U.S. Department of Health and Human Services OIG led an external peer review of DoD OIG evaluation operations. The September 25, 2018, summary report concluded that the DoD OIG evaluation operations' policies and procedures generally met the nine quality standards addressed in evaluation peer reviews (independence, quality control, planning, data collection and analysis, evidence, reporting, timeliness, records maintenance and followup). In addition, the ten reports reviewed generally met applicable "Quality Standards for Inspection and Evaluation" established by the Council of the Inspectors General on Integrity and Efficiency. One recommendation is outstanding.

Peer Review of Department of Defense Office of the Inspector General by U.S. Department of Housing and Urban Development Office of Inspector General

The U.S. Department of Housing and Urban Development OIG conducted an external peer review of DoD OIG audit operations and issued a final report on September 27, 2018. The DoD OIG received a peer review rating of pass. The system review report contained no recommendations.

Peer Review of the Air Force Audit Agency

The DoD OIG and the Naval Audit Service conducted an external peer review of the system of quality control for the Air Force Audit Agency (AFAA) in effect for December 31, 2016. The AFAA organization received a rating of pass. The system review report contained no recommendations.

Peer Review of the Defense Contract Management Agency Office of Internal Audit and Inspector General

The DoD OIG reviewed the system of quality control for the Defense Contract Management Agency, Office of Internal Audit and Inspector General (DCMA OIA-IG) audit office in effect for the period ending May 31, 2018. The DCMA OIA-IG received a rating of pass. The system review report contained no recommendations.

Peer Review of the Defense Commissary Agency Internal Review

The DoD OIG conducted an external peer review of the system of quality control for the Defense Commissary Agency (DeCA) Internal Review (IR) Office in effect for the period ending January 31, 2018. The DeCA IR Office received a rating of fail. Deficiencies noted included a structural threat to the DeCA IR Office's independence; outdated policies and procedures to address recommendations from the previous peer review; policies and procedures that did not include certain Government Auditing Standards (GAS) requirements; ineffective quality control procedures and monitoring of its quality control system; and lack of audit planning. Applicable recommendations were made to correct such deficiencies. There are 23 outstanding recommendations.

Peer Review of the National Guard Bureau Internal Review Office

The DoD OIG reviewed the system of quality control for the National Guard Bureau Internal Review (NGB IR) Office in effect for the period ending February 28, 2018. The NGB IR Office received an External Peer Review rating of pass with deficiencies. Deficiencies noted included insufficient audit documentation, inadequate supervisory review and finding development, and noncompliance with Government Auditing Standards and American Institute of Certified Public Accountants Standards when performing an attestation engagement. Applicable recommendations were made to correct such deficiencies. There are seven 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 one outstanding recommendation.

INVESTIGATIVE REPORTS ISSUED

IG Empowerment Act of 2016 Additional Semiannual Report to Congress SAR Reporting Requirements

17. Statistical Table		
17A	the total number of investigative reports issued during the reporting period	240
17B	the total number of persons referred to the Department of Justice for criminal prosecution during the reporting period	79
17C	the total number of person referred to State and local prosecuting authorities for criminal prosecution during the reporting period	2
17D	the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	136

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 10/1/2018 through 3/31/2019. There are instances when DCIS does not authorize 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	DCIS tracks referrals to DOJ at the investigation level and not the suspect/person/entity level. The number reported is the total number of investigations referred to the Department of Justice for criminal prosecution during the reporting period. There were 79 investigations referred to DOJ for criminal prosecution. These investigations involved 247 suspects, (100) businesses and (147) individuals.
17C	DCIS tracks referrals for prosecution 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 18 suspect(s), (2) businesses and (16) individuals.
17D	Includes any Federal Indictment, Federal Information, State/Local Charge, Foreign Charge, Article 32 UCMJ, or Federal Pre-Trial Diversion occurring between 10/1/2018 through 3/31/2019. This excludes any sealed charges. Only validated charges are included. Precluding Adjudicative Referral may have occurred in current SAR period or in previous period. This differs from Criminal Charges as reported in SAR Highlights section because the SAR Highlights includes a 6 month “look back” period to include previously unreported criminal charges (charges occurring between 4/1/2018 and 9/30/18 but were not previously reported).

Partially fulfills requirements of the Inspector General Act of 1978, as amended, 5. U.S.C., Appendix, §§ 5(17), (18), (19).

ACRONYMS

ACSA	Acquisition and Cross Servicing Agreement	FMR	Financial Management Regulation
ADR	Alternative Dispute Resolution	FORSCOM	U.S. Army Forces Command
AFAA	Air Force Audit Agency	GAO	Government Accountability Office
AFOSI	Air Force Office of Special Investigations	HIV	Human Immunodeficiency Virus
AFP	Armed Forces of the Philippines	HSP	Navy Husbanding and Port Services Provider
AGATRS	Acquisition and Cross Servicing Agreement Global Automated Tracking Reporting System	IG	Inspector General
AI	Administrative Investigations	IMCOM	U.S. Army Installation and Management Command
Army CID	Army Criminal Investigation Command	IPA	Independent Public Accounting
ARNG	U.S. Army National Guard	IRS	Internal Revenue Service
ASC	Army Sustainment Command	ISIS	Islamic State of Iraq and Syria
BCA	Business Case Analysis	ISO	Investigations of Senior Officials
BMDS	Ballistic Missile Defense System	ISOO	Information Security Oversight Office
CID	Criminal Investigation Command. Criminal Investigation Division when not referring to Army Criminal Investigation Command	ISPA	Intelligence and Special Program Assessments
CIGIE	Council of the Inspectors General on Integrity and Efficiency	IT	Information Technology
CIO	Chief Information Officer	JPPSO	Joint Personal Property Shipping Office
CISA	Cybersecurity Information Sharing Act	MCIO	Military Criminal Investigative Organization
CIVPAY	Civilian Pay	MEDCOM	U.S. Army Medical Command
CJIS	Criminal Justice Information Services	MHPI	Military Housing Privatization Initiative
CJTF-OIR	Combined Joint Task Force—Operation Inherent Resolve	NATO	North Atlantic Treaty Organization
CNRC	Commander, Navy Recruiting Command	NAVAUDSVC	Naval Audit Service
CoW	Cost of War	NAVMEDEAST	Navy Medicine East
DCAA	Defense Contract Audit Agency	NCIS	Naval Criminal Investigative Service
DCIE	Defense Council on Integrity and Efficiency	NFR	Notice of Finding and Recommendations
DCIO	Defense Criminal Investigative Organization	NORAD/ USNORTHCOM	North American Aerospace Defense Command/ U.S. Northern Command
DCIS	Defense Criminal Investigative Service	NSA	National Security Agency
DCMA	Defense Contract Management Agency	NSHQ	North Atlantic Treaty Organization Special Operations Headquarters
DeCA	Defense Commissary Agency	OASIS	One Acquisition Solution for Integrated Services
DFARS	Defense Federal Acquisition Regulation Supplement	OCO	Overseas Contingency Operations
DFAS	Defense Finance and Accounting Service	OFS	Operation Freedom’s Sentinel
DHA	Defense Health Agency	OIG	Office of Inspector General
DISA	Defense Information Systems Agency	OIR	Operation Inherent Resolve
DMFA	Depot Maintenance Float Allowance	OLAC	Office of Legislative Affairs and Communications
DOJ	Department of Justice	OPE-P	Operation Pacific Eagle—Philippines
DOS	Department of State	P&O	Policy and Oversight
ESPC	Energy Savings Performance Contract	RAST	Recovery, Assist, Secure, and Traverse
FAR	Federal Acquisition Regulation	RLAS	Regional Level Application System
FBI	Federal Bureau of Investigation	SAR	Semiannual Report
		SIPRNET	SECRET Internet Protocol Router Network
		SPO	Special Plans and Operations

TSC	Theater Sustainment Command
TSGLI	Traumatic Injury Service Members' Group Life Insurance
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
UAE	United Arab Emirates
USAFE	U.S. Air Forces in Europe
USAID	U.S. Agency for International Development
U.S.C.	United States Code
USCENTCOM	U.S. Central Command

USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD
USEUCOM	U.S. European Command
USINDOPACOM	U.S. Indo-Pacific Command
UST	U.S. Technology Corporation
USTAE	U.S. Technology Aerospace Engineering Corporation
WPC	Whistleblower Protection Coordinator
WRAIR	Walter Reed Army Institute of Research
WRI	Whistleblower Reprisal Investigations

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE



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