

Newsletter



Recently Issued Reports (to view report, if available, please click on title)

Audit of U.S. Army Corps of Engineers Compliance With the Digital Accountability and Transparency Act of 2014

This audit determined that the U.S. Army Corps of Engineers (USACE) did not comply with all Digital Accountability and Transparency Act of 2014 (DATA Act) requirements for its fourth quarter FY 2020 submission. Although USACE used the Government-wide data standards and the Senior Accountable Official certified the USACE DATA Act submission in a timely manner, the submission was not accurate or complete. In addition, USACE did not report any of the 105 coronavirus disease–2019 (COVID-19) outlays that should have been reported in its fourth quarter FY 2020 File C submission. As a result, the USACE DATA Act submission on USAspending.gov cannot be fully relied upon. The better USACE’s data quality, the more effectively taxpayers and policy makers can track Federal spending and the closer USACE is to meeting the DATA Act objective of providing transparent Federal spending data for publication on USAspending.gov.

Audit of the Department of Defense’s Compliance With the Digital Accountability and Transparency Act of 2014

This audit determined that the DoD did not comply with all DATA Act requirements. Although the DoD implemented and used the Government-wide data standards and the DoD Senior Accountable Official certified the DoD fourth quarter FY 2020 DATA Act submission by the DoD deadline, some data elements included in the submission were not accurate, complete, or timely. Furthermore, of the 21 reported coronavirus COVID-19 outlays we reviewed, none used COVID-19 supplemental funding. In addition, the DoD Data Quality Plan was not updated before the fourth quarter FY 2020 submission to address the new reporting requirements related to reporting the Disaster Emergency Fund Code for outlays in the File C submission. Although the quality of the financial and award data that the DoD submitted for the fourth quarter FY 2020 submission had improved when compared to the DoD’s DATA Act submission for first quarter FY 2019, the DoD’s DATA Act submission on USAspending.gov cannot be fully relied upon.

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The moderate quality of the data submission does not allow taxpayers and policy makers to track Federal spending effectively and undermines the DATA Act objective of providing quality and transparent Federal spending data published on USAspending.gov.

Audit of the U.S. Army Corps of Engineers Border Infrastructure Contract

This audit determined that USACE contracting officials properly awarded contract W912PL-20-C-0004 (Yuma 3 Project) to Fisher Sand and Gravel. USACE contracting officials solicited and awarded the Yuma 3 Project contract to design and build border infrastructure in accordance with Federal procurement laws and regulations. We reviewed Fisher Sand and Gravel's proposal, compared it to the solicitation, and agreed with USACE's assessment that it was the Lowest Price Technically Acceptable and was properly awarded the contract. USACE officials testified that there was no undue influence, and none of the information and documents that the DoD OIG reviewed provided evidence that there was undue influence from the White House or Members of Congress that affected the award of the Yuma 3 Project contract to Fisher Sand and Gravel. However, as a condition for us to interview certain USACE employees, the White House Counsel's Office insisted that DoD Office of General Counsel attorneys attend in order to instruct witnesses on whether to answer our questions. For 6 of 13 USACE witnesses interviewed, the DoD Office of General Counsel attorney instructed them not to answer our specific questions about communications between the White House and senior USACE officials, including not only the substance of the communications but the fact that those communications occurred. In addition, the USACE employees who solicited and awarded the Yuma 3 Project contract answered all the questions under oath and testified that they were not influenced by the White House, Members of Congress, or senior USACE officials during the solicitation and award of the Yuma 3 Project contract. Although the DoD Office of General Counsel attorneys, on behalf of the White House Counsel's Office, would not allow 6 of the key USACE officials to answer our questions about White House communications regarding the contract, we were able to review the e-mails of all 13 key USACE employees and did not find any evidence of undue influence on the USACE employees who awarded the Yuma 3 Project contract.

Department of Defense Education Activity Grant Oversight

This audit determined that the Department of Defense Education Activity (DODEA) did not verify that grantees were meeting the grant terms and conditions on a projected 70 of 186 grants. On a projected 100 of 139 grants, DODEA did not verify whether grantees met the interim goals. As a result, the DoD OIG projected that DODEA potentially wasted \$49.9 million provided to grantees from FY 2016 through FY 2020 that did not meet the grant terms and conditions, did not meet the interim goals, are not on track to meet overall goals by the end of the grant, or all of the above.

Evaluation of the Department of Defense's Implementation of Oversight Provisions of Privatized Military Housing

This evaluation determined that the DoD has taken steps to implement some of the requirements from the FY 2020 NDAA Military Housing Privatization Initiative (MHPI) for privatized military housing. However, the DoD has not implemented all of the FY 2020 NDAA MHPI provisions to improve the oversight of privatized military housing. For example, the DoD has not issued comprehensive oversight guidance to the landlords for implementation of all of the rights in the Tenant Bill of Rights; established a publically available complaint database; developed a uniform checklist for Housing Management Offices to validate completion of all health and safety maintenance work; or submitted a civilian personnel shortage report to Congress. As a result of the DoD's phased approach to implementing the FY 2020 NDAA oversight provisions, 9 of 14 landlords

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requested the DoD provide a comprehensive proposal for implementation of all relevant MHPI provisions. The DoD is unlikely to obtain agreement from the landlords to implement the MHPI oversight provisions without fully developing policy and an implementation proposal for the FY 2020 NDAA MHPI oversight provisions. Therefore, the DoD's ability to provide oversight of privatized military housing is limited, and the DoD's assurance that safe and quality living conditions are available to Service members and families is reduced.

Followup Report on the Trans-Africa Airlift Support Contract Report

This evaluation determined that the actions taken in response to recommendations made in Report No. DODIG-2018-116, "The Trans-Africa Airlift Support Contract," May 8, 2018, resolved the underlying problems related to the U.S. Africa Command's (USAFRICOM) training, conduct of Services Requirements Review Boards (SRRB), and the U.S. Transportation Command's (USTRANSCOM) policies and procedures for planning and executing service acquisitions for external requiring activities. As a result, USAFRICOM and USTRANSCOM are in compliance with the policies and procedures for planning and executing service acquisitions for external requiring activities. The actions of both combatant commands resulted in changes in operations at the combatant command level for the acquisition of services, and resolved and closed all recommendations from the previous report.

Review of the Selection Process and Administrative Leave of the Former National Security Agency General Counsel

This report presents the results of the review of the selection of Mr. Michael J. Ellis, then-Deputy Assistant to the President and Senior Director for Intelligence Programs, National Security Council (NSC), for the civil service position of the National Security Agency (NSA) General Counsel (GC). Specifically, this review examined the process of selecting Mr. Ellis as the NSA GC and the placement of Mr. Ellis on administrative leave pending an NSA inquiry into alleged security incidents involving Mr. Ellis by General (GEN) Paul M. Nakasone, U.S. Army, U.S. Cyber Command, Commander, and NSA Director. This report concluded that there was no improper influence or failure to comply with DoD guidance in the process and decision to select Mr. Ellis as the NSA GC. Additionally, this report concluded that GEN Nakasone's placement of Mr. Ellis on administrative leave pending the results of an inquiry into the alleged security incidents was appropriate and within his authority.

Evaluation of Special Victim Investigation and Prosecution Capability Within the Department of Defense

This evaluation determined that Military Criminal Investigative Organizations (MCIOs) did not consistently assign certified lead investigators in investigations of covered offenses, as required by DoD policy. The evaluation also determined that the MCIOs generally provided victims of covered offenses with information on available advocacy resources; MCIO investigators did not consistently document communications with SVIP members about covered offenses; and the Services did not consistently assign specially trained prosecutors to cases involving covered offenses. As a result, an uncertified lead investigator or a prosecutor lacking special training in covered offenses may not understand how to effectively communicate with, and obtain cooperation from, a sexual assault or domestic violence victim, or how to communicate properly with Special Victim Investigation and Prosecution (SVIP) specially trained prosecutors and victim advocates.

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Evaluation of the Department of Defense's Implementation of Suicide Prevention Resources for Transitioning Uniformed Service Members

This evaluation determined that the DoD did not screen for suicide risk or provide uninterrupted mental health care to transitioning Service members as required by Federal and DoD guidance. Specifically, we determined that the DoD did not establish and implement oversight of Mental Health Assessment (MHA) and suicide risk screening processes for transitioning Service members. As a result, the overall DoD approaches and services for arranging continuity of mental health care are not resulting in uninterrupted care for all Service members. Failure to identify suicide risk and arrange uninterrupted mental health care for transitioning Service members may result in a lack of mental health care for transitioning Service members and jeopardize patient safety.

Upcoming Reports Significant reports expected to be issued within the next 30 days include:

Audit of TRICARE Telehealth Payments

This audit determines whether the Defense Health Agency paid for telehealth services in accordance with Federal and DoD guidance.

Audit of the Office of Net Assessment's Contract Administration Procedures

This audit determines whether Washington Headquarters Services and the DoD Office of Net Assessment administered Office of Net Assessment contracts in compliance with applicable Federal and DoD policies.

Audit of the Department of Defense Foreign Military Sales Acquisition Process

This audit determines whether the DoD managed the acquisition of Defense articles and services to meet partner nation foreign military sales requirements, and whether the metrics used by DoD components maximize the results of the foreign military sales acquisition process. In addition, the audit focuses on the timeliness of the DoD foreign military sales acquisition process and the accuracy of foreign military sales acquisition data that the DoD reported to Congress.

Audit of the Department of Defense's Implementation of Cybersecurity Reciprocity Within the Risk Management Framework Process

This audit determines whether DoD Components leveraged cybersecurity reciprocity to reduce redundant test and assessment efforts when authorizing information technology through the Risk Management Framework process. Reciprocity is an agreement to accept and reuse another organization's (either internal or external to the DoD) security assessments to share information, thereby reducing the time and resources required for authorizing information technology systems to operate on the DoD Information Network.

Audit of the Department of Defense Strategic Planning for Overseas Civilian Positions

This audit determines whether the DoD conducted strategic planning to hire an overseas civilian workforce in support of its global mission and ongoing operations.

Defense Criminal Investigative Service Highlights

(to view DOJ press release, if available, please click on title)



United States Reaches \$1.25 Million Settlement With Carolina Family Practice Clinics for Billing Unnecessary Service to Federal Health Programs

On October 20, 2021, the Department of Justice (DOJ) announced that Colonial Family Practice (Colonial), a physician-owned primary and urgent care practice with multiple clinics in South Carolina, has agreed to a \$1.25 million settlement to resolve allegations that it violated the False Claims Act by billing Medicare, Medicaid, and TRICARE for medically unnecessary services. Specifically, the Government alleged that Colonial filed claims for medically unnecessary nuclear stress tests between February 2012 and November 2019. Further, the Government alleged the practice systematically billed for unnecessary Cystatin-C laboratory tests, a test to detect kidney dysfunction that is only payable in a narrow set of patients. The allegations settled arose from two whistleblower lawsuits, one by a Physician Assistant formerly employed by Colonial and the other by a former clinical manager at the practice. The former clinical manager alleged that physicians at the practice falsified symptoms in medical records to support unnecessary procedures. In addition, the Physician Assistant alleged that Colonial took specific deliberate actions to improperly add Cystatin-C laboratory tests to its regular practices, which led to systematic billing for the medically unnecessary tests. This was a joint investigation involving the Defense Health Agency and the South Carolina Attorney General's Medicaid Fraud Enforcement Unit.

Former Security Services Executives Plead Guilty to Rigging Bids for Department of Defense Security Contracts

On October 18, 2021, two former employees of G4S Secure Solutions NV (G4S) pleaded guilty to criminal antitrust charges stemming from their involvement in a conspiracy to rig bids, fix prices, and allocate customers for defense-related security services contracts. Bart Verbeeck, former Director of Sales, and Robby Van Mele, former Director of Operations, admitted that they, with their co-conspirators at competing firms, colluded to allocate security services contracts and to fix the prices at which the firms bid for contracts. The allocated contracts included those for guarding, mobile monitoring, and surveillance services with the DoD and the North Atlantic Treaty Organization Communications and Information Agency. As a result, the customers of the security services providers were deprived of a competitive bidding process and paid inflated prices for services. Earlier this year, G4S pleaded guilty as a company and was sentenced for its involvement in the conspiracy. The DOJ has also indicted several other members of the conspiracy. This was a joint investigation with several partner agencies of the DOJ's Procurement Collusion Strike Force (PCSF), a joint law enforcement effort to combat antitrust crimes and related fraud schemes that impact Government procurement, grant, and program funding.

CEO of Major Defense Contractor Charged With Bribery

On October 18, 2021, the chief executive officer (CEO) of Multinational Logistics Services (MLS), a large ship husbanding company that has received over \$1 billion in Navy contracts since 2010, appeared in the United States to face a criminal charge for his alleged participation in a bribery scheme. Frank Rafaraci, a U.S. citizen who resides abroad, has been the CEO of MLS since at least 2005. MLS is a defense contractor that provides ship husbanding services, such as refueling and stocking provisions, to Navy ships at ports worldwide. From approximately 2010 to the present, the Navy and other Government civilian agencies awarded husbanding services contracts to MLS worth approximately \$1.3 billion. Beginning in 2011,

Defense Criminal Investigative Service Highlights (cont'd)

Rafaraci was involved in a wide-ranging scheme to bribe Navy officials, defraud the Navy using inflated invoices, and launder the proceeds of the scheme through shell companies Rafaraci had set up in the United Arab Emirates, all in an effort to enrich MLS. Rafaraci was arrested in Malta on September 27, 2021, at the request of the U.S. Government. A grand jury in the District of Columbia Refract indicted Rafarci on September 30, 2021, and charged him with one count of bribery. This was a joint investigation with the Naval Criminal Investigative Service, Internal Revenue Service Criminal Investigation Division, Army Criminal Investigative Division, Federal Bureau of Investigation, Department of State Diplomatic Security Service, Malta Police Force, Malta Office of the Attorney General, Essex Police, and the United Kingdom International Crime Cooperation Center.

Pharmaceutical Companies Pay Over \$400 Million to Resolve Alleged False Claims Act Liability for Price-Fixing

On October 1, 2021, generic pharmaceutical manufacturers Taro Pharmaceuticals USA, Sandoz, and Apotex Corporation, agreed to pay a total of \$447.2 million to resolve alleged violations of the False Claims Act arising from conspiracies to fix the price of various generic drugs. These conspiracies allegedly resulted in higher drug prices for Federal health care programs and beneficiaries according to the DOJ. All three companies paid and received compensation prohibited by the Anti-Kickback Statute through arrangements on price, supply, and allocation of customers with other pharmaceutical manufacturers for certain generic drugs manufactured by the companies. Taro agreed to pay \$213.2 million, Sandoz agreed to pay \$185 million, and Apotex agreed to pay \$49 million to resolve the allegations. In connection with its settlement agreement, each company also entered a five-year corporate integrity agreement. This agreement includes unique internal monitoring and price transparency provisions, while requiring the companies to implement compliance measures including risk assessment programs, executive recoupment provisions, and compliance-related certifications from company executives and board members. All three companies previously entered into deferred prosecution agreements with the DOJ Antitrust Division to resolve related criminal charges, with the companies paying a combined criminal penalty of \$424.7 million. This was a joint investigation with the Department of Health and Human Services OIG, Department of Veterans Affairs OIG, and the Defense Health Agency.

Announced Projects (to view the announcement letters, if available, please click on the title)

Audit of Defense Critical Infrastructure Improvements at Military Installations in the Southeastern Continental United States to Mitigate the Effects of Extreme Weather Events

The objective of this audit is to determine the extent to which military installations in the southeastern continental United States have assessed the potential for extreme weather events and identified improvements needed to mitigate potential damage to Defense critical infrastructure.

Audit of Management and Oversight of Department of Defense Vulnerability and Mitigation Programs for Protecting the Department of Defense Information Network

The objective of this audit is to determine the extent to which the DoD is managing and overseeing its vulnerability and mitigation programs for protecting the DoD Information Network from insider and external threats.

Announced Projects (cont'd)

Followup Audit of the Reliability of Army Spare Parts Forecasts Submitted to the Defense Logistics Agency

The objective of this followup audit is to determine whether the actions taken by the Army in response to Report No. DODIG-2014-124, "Army Needs to Improve the Reliability of the Spare Parts Forecasts It Submits to the Defense Logistics Agency," September 29, 2014, improved the accuracy of the Army's spare parts forecasts.

Followup Audit of Screening and Access Controls for General Public Tenants Leasing Housing on Military Installations

The objective of this followup audit is to determine whether actions that the Military Departments implemented in response to Report No. 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," March 7, 2019, improved controls over the Military Housing Privatization Initiative program's screening and access-related procedures for general public tenants.

Audit of the Army's Integrated Visual Augmentation System

The objective of this audit is to determine whether Army officials are producing and fielding Integrated Visual Augmentation System (IVAS) units that meet capability requirements and user needs. The IVAS will provide a single platform that will allow Soldiers to fight, rehearse, and train. It is designed to improve decision making, target acquisition, and target engagement through a next generation, 24/7 situational awareness tool. The IVAS includes an augmented reality heads up display goggle, a body-worn computer, a network radio, and batteries.

Evaluation of DoD Voting Assistance Programs for Calendar Year 2021

This evaluation is statutorily required by section 1566, title 10, United States Code (2014), and requires the DoD OIG to report annually to Congress, no later than March 31 each year, about the effectiveness and level of compliance of the Military Services' voting assistance programs for the preceding calendar year.

Evaluation of the DoD's Management of Traumatic Brain Injury

The objective of this evaluation is to determine the extent to which the Defense Health Agency and Military Service medical departments implemented policies and procedures, and provided oversight to ensure Service members who sustained a traumatic brain injury were identified and screened to determine the appropriate level of care. The evaluation will also determine the extent to which the U.S. Central Command Service Components screened, identified, and documented signs and symptoms of traumatic brain injury.