

Newsletter



Recently Issued Reports

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

Audit of the Department of Defense's Controls on Health Information of Well-Known Department of Defense Personnel

This audit determines that the DoD did not effectively control access to health information of well known DoD personnel and potentially of any DoD personnel, as exemplified by the findings regarding well known DoD personnel. Of the 44 individuals in our sample that accessed health information of well-known individuals, 7 individuals were authorized to access the health information and 15 were not authorized to access the health information. These unauthorized views are violations of HIPAA and DoD guidance. Additionally, we could not determine whether 22 individuals were authorized to access the health information of DoD well known personnel; however, it is likely the access was not authorized.

Special Report: The Missile Defense Agency's Access to Information Technology and Communications During the Coronavirus Disease-2019 Pandemic

This special report provides a subset of the results of the survey conducted to support Report No. DODIG-2021-065, "Evaluation of Access to Department of Defense Information Technology and Communications During the Coronavirus Disease-2019 Pandemic," dated March 30, 2021. The March report provided consolidated information for the entire DoD, this special report provides a subset of that information directly related to the Missile Defense Agency.

In Case You Missed It

Lead Inspector General for Operation Freedom's Sentinel I Quarterly Report to the United States Congress April 1, 2021

This Lead Inspector General (Lead IG) report on Operation Freedom's Sentinel (OFS) summarizes historical oversight activities from April 1, 2021 through June 30, 2021, and provides background about events leading up to recent, significant and fast moving developments in Afghanistan. Future Lead IG quarterly reports will further highlight these and other developments in Afghanistan."

Recently Issued Reports *(cont'd)*

Special Report: The Defense Logistics Agency's Access to Information Technology and Communications During the Coronavirus Disease-2019 Pandemic

This special report provides a subset of the results of the survey conducted to support Report No. DODIG-2021-065, "Evaluation of Access to Department of Defense Information Technology and Communications During the Coronavirus Disease-2019 Pandemic," dated March 30, 2021. The March report provided consolidated information for the entire DoD, this special report provides a subset of that information directly related to the Defense Logistics Agency.

Audit of the Department of the Air Force's Actions Taken to Mitigate Physiological Events

This audit determines that the Air Force implemented corrective and preventative actions to improve safety and reduce physiological events (PE) for the aircraft reviewed, the T-6A Texan II, F-15C Eagle, F-15D Eagle, and F-15E Strike Eagle. A PE is any injury, illness, or abnormal physiological condition experienced by aircrew or others because of the flight environment. Among other findings, the DoD OIG concluded the Air Force closed 47 of 79 recommendations resulting from Air Force investigations of mishaps to address safety and reduce PEs in four aircraft; modified aircraft maintenance procedures and upgraded and modified aircraft to improve safety, minimize the number of PEs, and react to PEs while implementing recommendations. In addition, the Air Force provided aircrew training that included identifying potential PE causes, symptoms, prevention, and emergency procedures. While the Air Force has taken actions to address potential causes of PEs, Air Force officials acknowledge they cannot completely eliminate PEs caused by unanticipated aircraft malfunctions or human factors.

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

Audit of Department of Defense Education Activity Controls Related to the Spread of Coronavirus Disease-2019

This audit determines whether the DoD Education Activity developed and implemented controls in accordance with the Centers for Disease Control and Prevention and DoD guidance concerning the spread of coronavirus disease-2019 (COVID-19).

Audit of Navy and Marine Corps Actions to Address Corrosion on F/A-18C-G Aircraft

This audit determines whether Navy and Marine Corps officials performed required inspections and maintenance to identify and address (prevent and correct) corrosion in F/A-18C-G aircraft and implemented, or plan to implement, technical directives to address corrosion on F/A-18C-G aircraft in accordance with DoD requirements.

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

This audit determines whether the Army implemented the recommendations identified in Report No. DODIG-2018-040, "Army Oversight of Logistics Civil Augmentation Program Government-Furnished Property in Afghanistan," December 11, 2017, to improve the accountability of Government-furnished property.

Upcoming Reports (*cont'd*)

Audit of Military Services Special Assignment Airlift Mission Cargo Movement Requests

This audit determines whether the Military Services requested timely airlift cargo movements through the U.S. Transportation Command in accordance with DoD guidance.

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

This audit determines whether the DoD conducted strategic planning to hire a competent overseas civilian workforce in support of the DoD's global mission and ongoing operations.

Audit of the Defense Logistics Agency Award and Management of Fuel Contracts in Areas of Contingency Operations

This audit determines whether Defense Logistics Agency Energy personnel awarded and met requirements of bulk fuel contracts in areas of contingency operations, as required by Federal and DoD guidance. In addition, we determined whether the Defense Logistics Agency had processes in place to ensure contractors met contractual obligations and followed anticorruption practices.

Audit of Department of Defense Selection of Middle-Tier Acquisition Rapid Prototyping and Rapid Fielding Programs

This audit determines whether DoD Component acquisition officials managed programs for the middle tier of acquisition rapid prototyping or rapid fielding in accordance with DoD guidance.

Audit of Department of Defense Education Activity Grant Oversight

This audit determines whether the Department of Defense Education Activity was verifying that grantees met the terms and conditions of grants. This audit will also determine whether the Department of Defense Education Activity was verifying that grantees met the grant interim goals.

Evaluation of the Department of Defense's Mitigation of Foreign Suppliers in the Pharmaceutical Supply Chain

This evaluation determines whether the DoD mitigated the risks of disruptions to the pharmaceutical supply chain in accordance with DoD instruction 4140.01. This instruction requires the DoD to identify, monitor, and assess the security and potential disruptions within and outside of the DoD supply chain to mitigate risk to supply chain operations.

Evaluation of U.S. Special Operations Command's Supply Chain Risk Management for the Security, Acquisition, and Delivery of Specialized Equipment

This evaluation determines the extent to which the U.S. Special Operations Command (USSOCOM) developed and implemented supply chain risk management procedures in accordance with DoD policy to identify, assess, and mitigate risk during the acquisition and development of USSOCOM specialized equipment. Specialized equipment is equipment, material, supplies, and services required for special operations missions for which there is no Military Service common requirement.

Upcoming Reports (cont'd)

Quality Control Review of the BKD LLP Fiscal Year 2020 Single Audit of MRIGlobal and Related Entities

This quality control review on the single audit of the MRIGlobal and Related Entities fiscal year ended September 30, 2020, determines whether the audit was performed in accordance with Federal requirements and applicable auditing standards. The single audit is required by title 2 U.S.C of Federal Regulations part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."

Defense Criminal Investigative Service Highlights

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



Army National Guardsman and DoD Subcontractors Indicted for Conspiring to Steal Military Gear

On August 19, 2021, in East Saint Louis, Illinois, a Federal grand jury returned an indictment charging Brandon Schulte, Jody Stambaugh, and Gary Stambaugh with conspiring to steal and sell sensitive equipment and other property belonging to the U.S. military. The men are accused of conspiring with one another and unnamed individuals to steal military uniforms, tactical robots, night vision sights, high frequency radios, and other functional military equipment. The Stambaughs co-owned a scrap metal company, which operated as a subcontractor for the DoD and recycled scrap metal items from multiple Government facilities in Illinois and Missouri. The men allegedly removed truckloads of military property from DoD facilities but did not destroy or mutilate every item, in violation of their contracts. Instead, they transported the military property to their place of business and sorted through the items to determine what could be converted for their own use or sold. Jody Stambaugh allegedly provided an unnamed person with many of these items to be sold for profit, while falsely representing that the property was properly mutilated and destroyed. Further, Schulte, an Army National Guardsman responsible for properly storing and disposing of DoD property, provided the Stambaughs with military uniforms and other sensitive property, while knowing they were only authorized to receive scrap metal. The DoD Office of Inspector General, Defense Criminal Investigative Service (DCIS) conducted this investigation jointly with the U.S. Army Criminal Investigation Command (CID), the Department of Homeland Security Homeland Security Investigations, the Federal Bureau of Investigation (FBI), the Defense Logistics Agency, and the Department of Commerce.

U.S. Defense Contractor and Employees Sentenced for Procurement Fraud Scheme

On August 18 and 19, 2021, in Newport News, Virginia, Beyung Kim, owner of Iris Kim, a U.S. Defense contractor, and four of his employees were sentenced for engaging in an extensive fraud scheme involving more than \$7 million in Government contracts. Beyung Kim, was sentenced to 58 months in prison, while his employees Seung Kim, Dongjin Park, Chang You, and Pyongkon Park were sentenced to a combined total of 93 months. According to prosecutors, these individuals engaged in a scheme involving Government contracts for which Iris Kim acted as a supplier of goods for the U.S. military, various state National Guards, and other Government agencies. The conspirators fraudulently imported goods into the U.S. that were made in China, then relabel these goods to appear to have been manufactured in the U.S. Kim and his employees also acted through a separate company to conceal the importing of goods from China. The conspirators also submitted false documents and falsely classified the value of the goods imported into the U.S. to avoid

Defense Criminal Investigative Service Highlights (cont'd)

higher duties and taxes. DCIS conducted this investigation jointly with the Department of Homeland Security Homeland Security Investigations, the Naval Criminal Investigative Service, and the Defense Contract Audit Agency.

Arkansas Man Sentenced to Prison and Ordered to Pay Nearly \$6 Million in Restitution for TRICARE Fraud Scheme

On August 18, 2021, in Waco, Texas, Theodis Lamond Jefferson was sentenced to 24 months in prison and ordered to pay nearly \$6 million in restitution for his role in a scheme to defraud TRICARE, a health care program of the DoD. Jefferson, a former Army Service member, allegedly received these funds over a six month period in 2015 from pharmacies and groups that provided and marketed compounded medications. Compounded medications are personalized dosages or formulas normally made for patients who cannot tolerate certain ingredients in commercially manufactured medications. Jefferson defrauded TRICARE by making and receiving unlawful payments for the prescription of compounded drugs to TRICARE beneficiaries. Jefferson paid bribes to prescribing physicians and provided kickbacks to TRICARE beneficiaries, who unlawfully enriched themselves from TRICARE reimbursements for covered compounded drugs. These sentencing actions follow Jefferson's December 8, 2020 guilty plea to one count of receipt of illegal payment and one count of payment of an illegal fee. DCIS conducted this investigation jointly with the U.S. Army Criminal Investigation Command (CID).

Georgia Company Admits Guilt in Scheme to Evade U.S. National Security Trade Sanctions

On August 2, 2021, in Savannah, Georgia, Dali Bagrou and his company, World Mining and Oil Supply (WMO), admitted guilt in a scheme to evade U.S. national security laws. Bagrou pleaded guilty to one count of conspiracy, and WMO entered a guilty plea for violation of the Export Control Reform Act. The conspiracy began when an unnamed Russian government-controlled business began working with Oleg Nikitin, director of Russian-based energy company KS Engineering (KSE), to purchase a power turbine from a U.S.-based manufacturer for approximately \$17.3 million. The unnamed Russian company intended to use the turbine without a license, an act prohibited by the Department of Commerce. Nikitin admitted that he conspired with Gabrielle Villone, and Villone's business partner Bruno Caparini, to obtain the turbine on their behalf. Villone and Caparini then employed Bagrou to procure the turbine from a U.S.-based manufacturer and have it shipped overseas. The parties submitted false documentation stating the turbine would be used by a U.S. company in the Atlanta area. Nikitin, Villone, and Bagrou were all arrested in Savannah in 2019 while attempting to complete the illegal transaction. Villone is currently serving a 28-month prison sentence after pleading guilty to conspiracy, while the other named defendants await sentencing after pleading guilty. DCIS is conducting this investigation jointly with the Department of Commerce Bureau of Industry and Security, FBI, U.S. Customs and Border Protection, and Georgia Department of Natural Resources.

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

Audit of Department of Defense Compliance With Whistleblower Protection Requirements in FY 2020 Contracts

The objective of this audit is to determine whether DoD contracting officials include the required whistleblower clauses in contracts and ensure Defense contractors and subcontractors comply with the requirement to inform employees, in writing, of their whistleblower rights and remedies, as required by Public Law 112-239, "National Defense Authorization Act for Fiscal Year 2013," section 827(D).

Audit of the Defense Digital Service Support of Department of Defense Programs and Operations

The objective of this audit is to determine whether Defense Digital Service engagements achieved their intended purpose and were executed in accordance with DoD and Federal policies.

Audit of Cybersecurity of Department of Defense Classified Mobile Devices

The objective of this audit is to determine whether DoD Components implemented Federal and DoD requirements to protect classified mobile devices and classified information accessed, transmitted, or stored on classified mobile devices.

Joint Evaluation of the National Security Agency Integration of Artificial Intelligence

The objective of this joint evaluation with the National Security Agency Office of Inspector General is to assess the National Security Agency's integration of artificial intelligence into signals intelligence operations in accordance with DoD and Intelligence Community guidance for artificial intelligence.

Evaluation of Department of Defense Military Medical Treatment Facility Challenges During the Coronavirus Disease-2019 Pandemic in Fiscal Year 2021

The objective of this evaluation is to determine the challenges, concerns, and needs encountered by medical personnel working at DoD Military Medical Treatment Facilities during the COVID-19 pandemic in Fiscal Year 2021 and Fiscal Year 2022.