

Newsletter



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

Audit of Active Duty Service Member Alcohol Misuse Screening and Treatment

This audit determined that Military Service health care providers did not perform annual Alcohol Use Disorder Identification Test–Consumption screenings (alcohol disorder screenings) in a timely manner for 163 of 210 Service members in the seven units selected for review in accordance with DoD policy. On average, the untimely alcohol disorder screenings in the units the DoD OIG reviewed were 66 to 200 days past the annual requirement. However, 15 Service members did not receive their alcohol screening for more than 300 days past the due date. Furthermore, personnel within the DoD medical treatment facilities, substance abuse centers, and units expressed concerns about the effectiveness of the alcohol screenings. The audit also determined that the Defense Health Agency and Military Services did not provide timely intake assessments or treatment for alcohol misuse in accordance with Defense Health Agency or Service guidance. As a result, Service members experienced delays in receiving alcohol use diagnoses required to determine the appropriate care, potentially affecting physical, social, psychological, familial, and employment health. In addition, without timely access to the appropriate level of care, the DoD risks the health and readiness of Service members who may benefit from treatment and are at an increased risk of harming themselves, others, or military operations. The DoD OIG made 12 recommendations, including that the Under Secretary of Defense for Personnel and Readiness revise DoD guidance to align the frequency with which Military Service health care providers conduct alcohol disorder screenings and periodic health assessments. In addition, the DoD OIG recommended that the DHA Director implement a standard mechanism for tracking when Service members are due for their annual alcohol disorder screening.

In Case You Missed It

FNN interview with Greg Crawford

Gregory Crawford, Project Manager for Audit, discussed protection of military information and technologies developed by DoD academic and research contractors with Federal News Network.

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Audit of Department of Defense Small Business Subcontracting

This audit determined that DoD contracting personnel awarded small business set-aside and sole-source contracts to contractors that complied with established contracting limitations for 21 of the 31 contracts that were subject to subcontracting limitations. However, DoD contracting personnel actions were not effective for ensuring compliance with established limitations and requirements. Among other findings, the audit determined that DoD contracting personnel did not ensure compliance with subcontracting limitations by tracking and monitoring the amounts prime contractors paid to subcontractors for 27 contracts, valued at \$514.1 million. In addition, DoD contracting personnel could not provide documentation to support compliance with subcontracting limitations for 10 of those contracts, did not confirm whether prime contractors for 34 contracts reported first-tier subcontract award information in the Federal Funding Accountability and Transparency Act Subaward Reporting System, and did not review first-tier subcontract reports for 35 contracts. As a result, the funds the DoD awarded through contracts set aside for small businesses may not have provided the intended benefit to programs established to support socially and economically disadvantaged individuals when adequate documentation did not exist to support contractors' compliance with subcontracting limitations. Without adequate controls in place, DoD contracting activities will continue to be unable to ensure that small business contractors are complying with the subcontracting limitations or subcontract award reporting requirements. The DoD OIG made 12 recommendations, including that the Director of the Office of Small Business Programs issue supplemental guidance to increase contracting personnel understanding of Federal Acquisition Regulation requirements related to determining small business prime contractor compliance with subcontracting limitations and compliance with first-tier subcontract award reporting requirements. The DoD OIG also recommended that the Director issue supplemental guidance to implement procedures for DoD contracting personnel to pursue the collection of penalties from contractors that do not comply with subcontracting limitations and require training to ensure compliance with subcontracting requirements.

Audit of Department of Defense Hotline Allegations Concerning the Defense Ordnance Technology Consortium Award Process

This audit determined that Army contracting personnel, in coordination with the DoD Ordnance Technology Consortium (DOTC) Program Office, awarded other transactions (OT) in accordance with the United States Code based on the limited criteria governing OTs and the flexibilities afforded by Federal laws and DoD policies. However, this audit identified deficiencies in the execution of the DOTC award process that will require the Army to mandate that contracting personnel use competitive procedures to the maximum extent practicable when awarding OTs. Furthermore, Army contracting and DOTC Program Office personnel did not maintain adequate documentation to support source selection decisions. As a result, contracting officials made award decisions without seeing all of the technical evaluations and the OTs awarded did not have documentation to support fair and transparent competition fully, as required by DoD guidance. The DoD OIG made five recommendations, including that the DOTC Program Office, in coordination with Army Contracting Command–New Jersey, implement controls over the source selection and award processes and require training to improve source selection decision making.

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Audit of Contracts Awarded and Administered by the Defense Media Activity

This audit determined that Defense Media Activity (DMA) officials did not provide adequate management or oversight of contract award and administration in accordance with Federal and DoD requirements, and identified contracting noncompliance deficiencies similar to those identified in prior reviews conducted by the Defense Logistics Agency, Defense Contract Management Agency, and DMA Inspector General between 2009 and 2020. Specifically, DMA contracting personnel did not maintain accurate and complete contract files, properly use funds on a \$25 million service contract, or include required Federal Acquisition Regulation contract clauses. In addition, DMA contracting personnel did not perform or document oversight of contractor performance, ensure acceptable contractor performance before exercising options, or complete and input reviews of contractor performance into the Contractor Performance Assessment Reporting System. As a result, DMA personnel potentially violated the Antideficiency Act for four task orders by obligating \$1.7 million in Operations and Maintenance funds for a period greater than 12 months for severable services. In addition, Government contracting officials will not have a complete past performance history to assess whether the contractor performed satisfactorily before awarding future contracts or exercising option periods. The DoD OIG made 14 recommendations, including that the DMA Director for Acquisition and Procurement provide DMA contracting officers training and implement corrective actions identified in this audit and other previous management reviews. In addition, the DoD OIG recommended that the DMA Chief Financial Officer initiate a preliminary review in accordance with the DoD Financial Management Regulation to determine whether reportable violations of the Antideficiency Act occurred.

Audit of Entitlements for Activated Army National Guard and Air National Guard Members Supporting the Coronavirus Disease–2019 Mission

This audit determined that, although Army National Guard (ARNG) and Air National Guard (ANG) officials used appropriate authorities to activate Reserve Component members in support of coronavirus disease–2019 (COVID-19) missions, the activation process did not include steps to consistently validate and accurately process Basic Allowance for Housing (BAH), Family Separation Allowance (FSA), and Basic Allowance for Subsistence (BAS) entitlements. Among other findings, this audit determined that the ARNG and ANG did not validate the dependency status used to determine the amount of BAH entitlements, validate FSA eligibility, or confirm the accuracy of BAH, FSA, and BAS transactions manually entered into the payment system. In addition, the National Guard Bureau did not develop communication and dissemination methods for ARNG and ANG officials to provide all 54 locations with applicable entitlement processing policies. Finally, the ARNG and ANG did not implement sufficient controls to verify that BAH, FSA, and BAS entitlements were properly paid, and ANG officials did not comply with the guidance for timely processing of FSA payments. Without clear activation processing guidance and controls, some ARNG and ANG members supporting COVID-19 missions are not receiving accurate and timely payments for BAH, FSA, and BAS entitlements. Additionally, inadequate BAH primary residence validation procedures could place the ARNG and ANG at risk for potential fraud when establishing members' BAH rates. The DoD OIG made eight recommendations, including that the National Guard Bureau Chief develop and implement policies and procedures to require the ARNG and ANG to complete a review of proof of residency documentation when

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the member's primary residency is established or changed for the BAH entitlement. The DoD OIG also recommended that to the Chief establish formal dissemination and communication procedures for policies related to entitlements provided to the ARNG and ANG.

Audit of U.S. Africa Command's Execution of Coronavirus Aid, Relief, and Economic Security Act Funding

This audit determined that U.S. Africa Command (USAFRICOM) officials used Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to support the coronavirus disease-19 (COVID-19) pandemic response and operations in accordance with Federal laws and DoD policies. Specifically, for 28 of 29 projects the DoD OIG reviewed, USAFRICOM officials used \$26.07 million in CARES Act funds to prepare for, prevent, and respond to the COVID-19 pandemic, as intended by the CARES Act. However, for 1 of the 29 projects reviewed, USAFRICOM officials initially used \$74,000 in CARES Act funds for overseas natural disaster relief, which was not a purpose specified in the CARES Act. During the audit, USAFRICOM officials confirmed that CARES Act funds were incorrectly used to execute the project and retroactively adjusted the project's funding source to the DoD overseas humanitarian assistance and disaster relief funds, correcting the error. The proper execution of USAFRICOM's CARES Act funds strengthens public trust in the DoD's ability to safeguard taxpayer dollars and provides Congress with greater assurance that CARES Act funds were spent to address DoD requirements and partner nation requests for the COVID-19 pandemic response. The DoD OIG did not make any recommendations in this report.

Evaluation of Department of Defense Components' Use of the National Industrial Security Program Contract Classification System

This evaluation determined whether DoD Components are using the National Industrial Security Program Contract Classification System in accordance with the requirements of the Office of the Under Secretary of Defense for Intelligence and Security (OUSD[I&S]) memorandum, "Use of the National Industrial Security Program Contract Classification System," issued on February 8, 2018. The results of this evaluation are controlled unclassified information. The DoD OIG made two recommendations, including that the Director of the Critical Technology Protection Directorate at the OUSD(I&S) update DoD Manual 5220.32, Volume 1, to reflect the Federal Acquisition Regulation, requiring the use of the National Industrial Security Program Contract Classification System.

Evaluation of Department of Defense Voting Assistance Programs for Calendar Year 2021

This evaluation summarized the annual review by the Inspectors General of the Military Services on the effectiveness and compliance with Federal statute of their Service's voting assistance programs. This evaluation determined that the Federal Voting Assistance Program (FVAP) Office generally provided effective outreach assistance to eligible Uniformed and Overseas Absentee Voting Act voters and their family members, as well as external stakeholder agencies, such as the Election Assistance Commission, and the Departments of Commerce, Health and Human Services, Justice, State, and Transportation. In addition, the FVAP Office coordinated with the Services, election officials, eligible voters, and Congress to ensure that Service members, their eligible family members, and overseas citizens were aware of their right to vote and

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had the tools and resources to exercise that right. As a result of the FVAP Office's actions and coordination with stakeholder agencies, eligible voters had the information necessary to participate in the voting process. DoD organizations and leaders also had the necessary tools to ensure access to vote and comply with Federal law and DoD Instruction 1000.04. The DoD OIG did not make any recommendations in this report.

Evaluation of the Office of Net Assessment

This evaluation determined the extent to which the Office of Net Assessment has developed policies and procedures to conduct its assessment mission in accordance with DoD Directive 5111.11, "Director of Net Assessment." The results of this evaluation are classified.

Evaluation of Combatant Commands Communication Challenges With Foreign Nation Partners During the Coronavirus Disease–2019 Pandemic and Mitigation Efforts

This evaluation determined how U.S. Africa Command, U.S. Central Command, U.S. European Command, U.S. Indo-Pacific Command, U.S. Southern Command, and their Component Commands mitigated communication problems with partner nations during the COVID-19 pandemic, document those mitigation strategies, and consider whether these strategies should be employed in future operations where personal interaction is not possible. The results of this evaluation are classified.

Evaluation of Integrated Undersea Surveillance System Capabilities

The objective and results of this evaluation are classified.

Management Advisory: Department of Defense Support for the Relocation of Afghan Nationals at Camp Atterbury, Indiana

This management advisory provided DoD officials responsible for receiving, housing, supporting, and preparing Afghan evacuees for movement to their final resettlement location with the results from a DoD OIG site visit to Task Force Camp Atterbury, Indiana (TF CAIN) at Camp Atterbury. The DoD OIG reviewed TF CAIN operations at Camp Atterbury as part of the "Audit of DoD Support for the Relocation of Afghan Nationals (Project No. D2021-D000RJ-0154.000)." While TF CAIN housed and sustained Afghan evacuees, TF CAIN personnel experienced challenges, such as communicating with Afghan evacuees, tracking medical records, and addressing security incidents. The DoD OIG did not make any recommendations in this advisory.

Management Advisory: Department of Defense Support for the Relocation of Afghan Nationals at Holloman Air Force Base, New Mexico

This management advisory provided DoD officials responsible for receiving, housing, supporting, and preparing Afghan evacuees for movement to their final resettlement location with the results from a DoD OIG site visit to TF Holloman at Holloman Air Force Base, New Mexico. The DoD OIG reviewed TF Holloman

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operations at Holloman Air Force Base as part of the “Audit of DoD Support for the Relocation of Afghan Nationals (Project No. D2021-D000RJ-0154.000).” While TF Holloman housed and sustained Afghan evacuees, TF Holloman personnel experienced challenges, such as purchasing needed supplies and providing medical care for Afghan evacuees due to limited resources in the local economy. Additionally, the base operations and support services contractor had challenges hiring personnel. The DoD OIG did not make any recommendations in this advisory.

Management Advisory on the Lack of Memorandums of Agreement for Department of Defense Support for the Relocation of Afghan Nationals

This management advisory informed DoD leadership of the lack of memorandums of agreement (MOAs) between the DoD and the Department of Homeland Security (DHS) and the Department of State (DOS) for DoD support for Operation Allies Welcome. As part of the “Audit of DoD Support for the Relocation of Afghan Nationals (Project No. D2021-D000RJ-0154.000),” the DoD OIG visited eight DoD Task Forces at eight installations, between September 16 and November 12, 2021. During those site visits, the DoD OIG identified the lack of MOAs as a systemic issue. The DoD OIG determined that the lack of MOAs caused confusion concerning the roles and responsibilities of DoD, DOS, and DHS personnel, limiting the effectiveness of task force operations. The DoD OIG identified several areas where roles and responsibilities between the DoD, DOS, and DHS were unclear, including decision making at the task force level, accountability of Afghan evacuees, law enforcement jurisdiction, and provision of services beyond basic sustainment. In addition, not establishing an overarching MOA at the department level, or MOAs at the installation level, created confusion and put the DoD at risk of not receiving reimbursement for all or part of the costs incurred on behalf of the interagency partners. The DoD OIG made one recommendation, that the Under Secretary of Defense for Policy establish MOAs with the appropriate interagency partners to clarify roles and responsibilities and to define cost sharing and reimbursement terms and conditions for Operation Allies Welcome, in accordance with DoD policy and the Economy Act.

Upcoming Reports

Audit of Sole-Source Depot Maintenance Contracts

This audit determines whether the Military Services and Defense agencies negotiated fair and reasonable prices for sole-source depot maintenance contracts performed at contractor facilities.

Understanding the Results of the Audit of the Department of Defense FY 2021 Financial Statements

This report summarizes the results of the audit of the DoD FY 2021 Financial Statements in terms understandable to non-auditors. It also discusses significant material weaknesses and shares the DoD OIG’s perspective on what the DoD should do to continue its progress towards clean audit opinions and stronger financial management. In addition, the report describes the contents of the DoD Agency Financial Report, the purpose and importance of the financial statement audits, and the roles and responsibilities of DoD management and the auditors who reviewed the financial statements.

Upcoming Reports (cont'd)

Audit of Medical Conditions of Residents in Privatized Military Housing

This audit determines the percentage of privatized military housing units that the DoD OIG considered unsafe, unhealthy, or both. The audit also attempts to determine the association of exposure to certain unsafe or unhealthy conditions in these privatized units and the rate of occurrence of associated medical conditions. Finally, this audit assesses the DoD's efforts to track relationships between exposures and adverse health impacts.

Audit of the Reuse of Defense Logistics Agency Disposition Services Excess Property

This audit determines whether DoD Components used excess Defense Logistics Agency-managed property to fill existing needs (known as reutilization) before initiating new procurements for the same items.

Audit of the Army's Integrated Visual Augmentation System

This audit determines whether Army officials effectively managed the Integrated Visual Augmentation System program to meet user needs.

Evaluation of the Department of Defense's Transition from a Trusted Foundry Model to a Quantifiable Assurance Model for Procuring Custom Microelectronics

This evaluation determines how the DoD will transition from a "Trusted Foundry" model to a "Quantifiable Assurance" model for procuring microelectronics from the commercial market. Specifically, the evaluation determines whether the DoD has plans, procedures, processes, standards, and the technology necessary for this transition.

Follow-up Evaluation of Report No. DODIG-2019-088, "Evaluation of DoD Efforts to Combat Trafficking in Persons in Kuwait," June 11, 2019

This evaluation determines whether the DoD implemented corrective actions for report recommendations in Report No. DODIG-2019-088, "Evaluation of DoD Efforts to Combat Trafficking in Persons in Kuwait," June 11, 2019.

Evaluation of Department of Defense Lifetime Buys of Parts Used in Intelligence, Surveillance, and Reconnaissance Systems

This evaluation determines whether DoD Components are complying with DoD policy and guidance when conducting lifetime buys of parts used in intelligence, surveillance, and reconnaissance systems and whether the use of lifetime buys reduces DoD supply chain risks.

Upcoming Reports (cont'd)

Evaluation of the Department of Defense's Efforts to Address the Climate Resilience of United States Military Installations in the Arctic and Sub-Arctic

This evaluation determines the extent to which the DoD has addressed the climate resilience of U.S. military installations in the Arctic and sub-Arctic.

Defense Criminal Investigative Service Highlights

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



Former Company Owner Pleads Guilty in \$6 Million Compounded Prescription Drug Scheme

On March 16, 2022, the former owner of a New Jersey marketing company pleaded guilty to conspiracy to commit health care fraud. Between April 2014 and January 2017, Michael Drobish conspired with others to submit fraudulent prescriptions for compounded medications to public and private insurance plans. The scheme centered on the discovery that certain insurance plans paid for prescription compounded medications at exorbitant reimbursement rates. Drobish hired sales representatives through his marketing company to target individuals who had insurance plans that covered compounded medications. The prescribing physicians at the telemedicine companies

would then write the prescriptions without performing any examination or after deliberately conducting cursory examinations that were insufficient to legitimately deem a compounded drug medically necessary. The DoD OIG Defense Criminal Investigative Service (DCIS) investigated this matter jointly with the Federal Bureau of Investigation (FBI).

Woman Charged With Falsifying Military Service, Fraudulently Collecting Charitable Contributions Earmarked for Veterans

On March 14, 2022, Sarah Jane Cavanaugh, who allegedly fraudulently claimed to be a wounded U.S. Marine Corps (USMC) veteran and recipient of a Purple Heart and Bronze Star, was charged with using forged or counterfeit military discharge certificates, wire fraud, fraudulently holding herself out to be a medal recipient with intent to obtain money, and aggravated identity theft. Cavanaugh used the personal identifying information of an actual Marine, and falsely claimed that she served in the USMC from 2009 to 2016 and was wounded in action. She also used an official Veterans Administration (VA) e-mail account issued to her as a VA employee to purchase and later display on a Marine uniform a Purple Heart and Bronze Star she had not been awarded. Posing as a combat veteran, Cavanaugh contacted the Code of Support Foundation, a non-profit organization for Service members and veterans, and collected \$18,472 in financial assistance for mortgage payments and other unspecified bills. Furthermore, she collected approximately \$4,700 from an internet-based fundraising website, approximately \$16,000 from a charity that provides therapy for veterans through art programs, and \$207,000 from the Wounded Warrior organization. DCIS investigated this matter jointly with the FBI, U.S. Naval Criminal Investigative Service, U.S. Postal Inspection Service, and Internal Revenue Service Criminal Investigations.

Defense Criminal Investigative Service Highlights (cont'd)

Former Company Owner Pleads Guilty in Multimillion-Dollar Scheme to Defraud Health Care Benefit Programs

On March 14, 2022, the former owner and operator of two marketing companies involved in the sales and marketing of compounded medications, IntegriMed Solutions LLC (IntegriMed) and KA Compounding LLC (KA Compounding), pleaded guilty to conspiracy to defraud the United States by committing health care fraud and violating the Anti-Kickback Statute. From July 2014 through July 2016, Kent Courtheyn ran a large-scale scheme to defraud federally funded health care benefit programs, such as TRICARE, as well as privately funded health care benefit programs. Through IntegriMed and KA Compounding, Courtheyn recruited individuals to submit fraudulent claims for medically unnecessary compounded medications, such as pain creams, scar creams, wound creams, and metabolic vitamins, without regard to medical necessity. In total, Courtheyn defrauded health care benefit programs of at least \$5.8 million. DCIS investigated this matter jointly with the FBI.

Former CEO Charged with Unlawful Exportation of Defense Articles

On March 4, 2022, the former owner and chief executive officer (CEO) of Tungsten Heavy Powder & Parts (THPP) and his brother were charged in a Federal grand jury indictment with violations of Federal export laws pursuant to the International Traffic in Arms Regulations (ITAR). THPP is a company that provides tungsten fragments, sub-assemblies, and other weapons-grade components for U.S. military contracts. According to the indictment, between January 1, 2016, and December 12, 2019, former CEO Joe Sery entered into contracts with various aerospace and defense companies on behalf of THPP. He then obtained ITAR-controlled technical data and drawings from these companies to allow THPP to fulfill the contracted order. These drawings contained information required for the design, development, and operation of defense articles. The indictment further alleges that Joe Sery's brother, Dror Sery, created a non-THPP email address to receive ITAR-controlled documents, after which Joe Sery provided Dror Sery with administrative-level access to THPP's "ShareFile system." This system contained ITAR-controlled data. Subsequently, the brothers exported technical drawings from the United States in e-mail messages to each other, including while Dror Sery was located in India and the People's Republic of China. DCIS investigated this matter jointly with the Homeland Security Investigations, U.S. Army Criminal Investigation Division, and the National Security Division of the Department of Justice.

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

Audit of the Development and Testing for the MQ-25 Stingray Performance Requirements

The objective of this audit is to determine whether Navy officials are effectively managing the MQ-25 Stingray program to meet operational capability requirements and user needs.

Audit of B-52 Supply Chain Management

The objective of this audit is to determine whether the DoD effectively managed the B-52 supply chain to meet sustainment requirements.

Announced Projects (cont'd)

Audit of the U.S. Air Force Three-Dimensional Expeditionary Long-Range Radar

The objective of this audit is to determine whether the U.S. Air Force is effectively using the middle tier acquisition pathways for the development and fielding of the Three-Dimensional Expeditionary Long-Range Radar Program.

Audit of Military Departments' Processing of Coronavirus Disease–2019 Vaccination Exemptions and Disciplinary Actions for Active Duty Service Members

The objective of this audit is to determine whether the Military Departments are processing exemption requests for the Coronavirus Disease–2019 vaccination and taking disciplinary actions for active duty Service members in accordance with Federal and DoD guidance.

Audit of Army Oversight of the Department of Defense Language Interpretation and Translation Enterprise II Contract

The objective of this audit is to determine whether the Army provided effective oversight of and appropriately staffed the DoD Language Interpretation and Translation Enterprise II contract in the U.S. Central Command area of responsibility to ensure that the contractors fulfilled requirements.

Evaluation of Department of Defense Security and Life Support for Afghan Evacuees at Camp Bondsteel

The objective of this evaluation is to determine the extent to which the DoD has provided adequate lodging, security, and medical care for Afghan evacuees diverted to Camp Bondsteel, Kosovo, for further processing.

Evaluation of the Transition Effort Between the U.S. European Command and U.S. Central Command for Israel Oversight

The objective of this evaluation is to determine whether the U.S. European Command (USEUCOM) and U.S. Central Command (USCENTCOM) are planning, coordinating, and conducting tasks and activities to transition responsibilities for operations with Israel from USEUCOM to USCENTCOM in accordance with Secretary of Defense and Joint Staff requirements.

External Peer Review of the Naval Audit Service Special Access Program Audits

The objective of this review is to determine, for the 3-year period that ended December 31, 2021, whether the quality control system for Naval Audit Service Special Access Program audits was designed to provide reasonable assurance that the policies and procedures related to the system of audit quality were suitably designed, operating effectively, and complied with in practice. The Government Auditing Standards require that an audit organization performing audits in accordance with the Government Auditing Standards undergo an external peer review every 3 years by an organization that is independent of the organization being reviewed.