



NEWSLETTER



Monthly Snapshot



Issued **10**
oversight
products



Made **88**
recommendations
to the DoD



Executed **25**
law enforcement
actions



Received **1,862**
contacts to the
DoD Hotline

OVERSIGHT HIGHLIGHTS

This newsletter summarizes the oversight activities of the DoD Office of Inspector General (OIG) for the previous month. Below are some highlights from May.

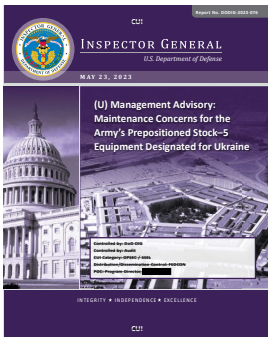
- **Meeting With U.S. Forces Korea Leaders.** During the third week of May, DoD IG Robert P. Storch met with leaders from U.S. Forces Korea to discuss issues impacting strategic competition, recruiting and retaining the civilian workforce, and healthcare in the area of responsibility, garnering insights that will inform the DoD OIG's continuous planning for targeted oversight.
- **Indo-Pacific Fraud Working Group Conference.** While in South Korea, IG Storch delivered the keynote address to the Indo-Pacific Fraud Working Group Conference, hosted by the DoD OIG's Defense Criminal Investigative Service (DCIS) in Seoul. IG Storch highlighted the importance of collaboration among law enforcement and oversight partners in effectively addressing fraud and corruption. Over 150 agents, auditors, prosecutors, and other staff participated in the 3 day conference, during which they learned best practices and shared information and insights with counterparts in this important effort.

RECENTLY ISSUED



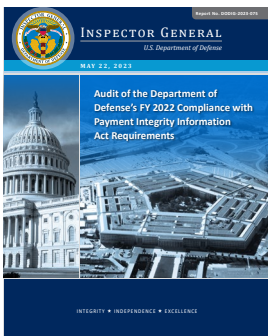
Semiannual Report to the Congress – October 1, 2022, through March 31, 2023

The Inspector General Act of 1978, as amended, requires the DoD OIG to prepare semiannual reports summarizing its activities for the preceding 6-month period. These semiannual reports are intended to keep Congress and the public fully informed of significant findings and recommendations by the OIG, progress the DoD has made in addressing those issues, and recommendations that remain open from prior reporting periods.



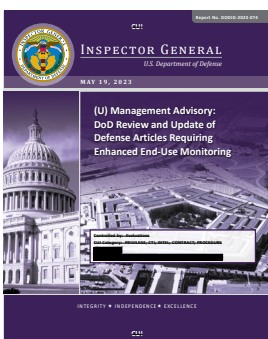
Management Advisory: Maintenance Concerns for the Army's Prepositioned Stock-5 Equipment Designated for Ukraine

This advisory identified issues with poor equipment maintenance that resulted in unanticipated maintenance, repairs, and extended leadtimes to ensure the readiness of the military equipment selected to support the Ukrainian Armed Forces. We determined that the 401st Army Field Support Battalion-Kuwait did not adequately oversee the maintenance of M1167 High-Mobility Multipurpose Wheeled Vehicles and M777 howitzers in the Army's Prepositioned Stock-5 inventory.



Audit of the Department of Defense's FY 2022 Compliance with Payment Integrity Information Act Requirements

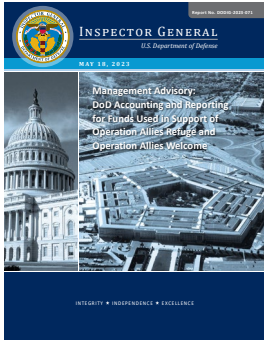
This audit determined that the DoD did not comply with the Payment Integrity Information Act's payment integrity requirements in its FY 2022 reporting of improper payments. Specifically, the DoD published unreliable, improper, and unknown payment estimates for all nine DoD programs required to report estimates in FY 2022.



Management Advisory: DoD Review and Update of Defense Articles Requiring Enhanced End-Use Monitoring

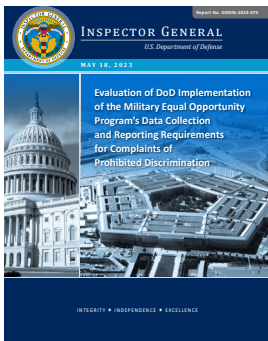
This advisory determined that the current list of Enhanced End-Use Monitoring designated articles is not up to date. Specifically, the Defense Security Cooperation Agency did not include a regular and recurring requirement in the Security Assistance Management Manual to review, update, and remove defense articles designated for Enhanced End-Use Monitoring.

RECENTLY ISSUED (CONT'D)



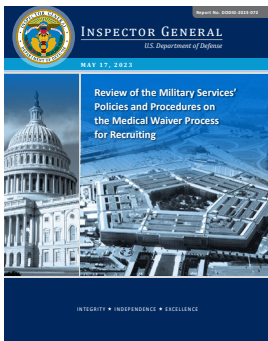
Management Advisory: DoD Accounting and Reporting Funds Used in Support of Operation Allies Refuge and Operation Allies Welcome

This audit determined that DoD Components did not properly record Operation Allies Welcome (OAW) obligations and expenditures in the February 1, 2022 report to Congress. Additionally, officials from the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD did not establish a uniform process for DoD Components to report the execution of OAW funding in weekly flash reports.



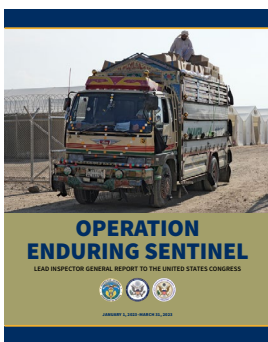
Evaluation of DoD Implementation of the Military Equal Opportunity Program's Data Collection and Reporting Requirements for Complaints of Prohibited Discrimination

This evaluation determined that the Office for Diversity, Equity, and Inclusion (ODEI) and the Military Services did not fully implement the data collection and reporting requirements for Military Equal Opportunity (MEO) complaints in accordance with DoD Instruction 1350.02. Additionally, the components did not use an approved, automated database for FY 2021, and the FY 2021 MEO complaints data included errors that the ODEI and the Military Services did not identify or resolve because they performed ineffective quality reviews and the data collection template lacked controls and clear instructions.



Review of the Military Services' Policies and Procedures on the Medical Waiver Process for Recruiting

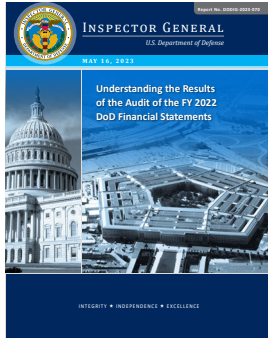
This review determined that the Military Services' processes to review and approve medical waivers were similar. However, the Services' processes did not include tracking whether active duty enlisted applicants who were permanently disqualified requested a waiver, or were encouraged to pursue one, nor did the Services track the reason a waiver was not requested.



Operation Enduring Sentinel – Lead Inspector General Report to the United States Congress – January 1, 2023 – March 31, 2023

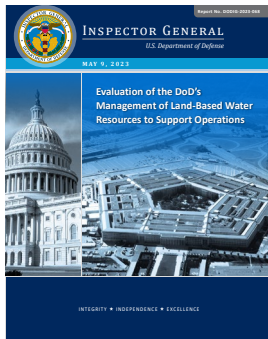
This Lead Inspector General (Lead IG) report to Congress is the 6th report on Operation Enduring Sentinel (OES). The report summarizes significant events involving OES that took place in Afghanistan this quarter, including the status of terrorist organizations such as ISIS-Khorasan (ISIS-K) and al-Qaeda, as well as U.S. diplomatic and humanitarian efforts related to Afghanistan, and describes completed, ongoing, and planned Lead IG and partner agency oversight work.

RECENTLY ISSUED (CONT'D)



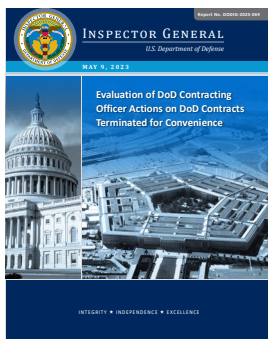
Understanding the Results of the Audit of the FY 2022 DoD Financial Statements

During FY 2022, the DoD underwent its 5th financial statement audit. As in prior years, the DoD OIG issued a disclaimer of opinion on the DoD Agency-Wide Basic Financial Statements, meaning the DoD could not provide sufficient evidence for the auditors to conclude whether the DoD presented the financial statements fairly and in accordance with accounting guidance. In the interest of transparency, and because the DoD budget is large and of substantial public importance, this report is intended to summarize our findings in terms understandable to non-auditors.



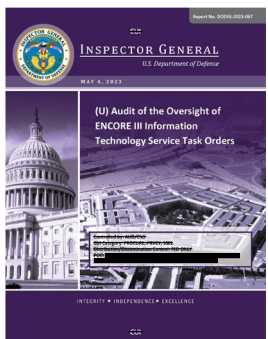
Evaluation of the DoD's Management of Land-Based Water Resources to Support Operations

This evaluation determined that the DoD executive agent for land-based water resources, which are some of the most common and important strategic resources required to sustain military operations, did not perform six of eight assigned responsibilities in accordance with DoD Directive 4705.01E because the Army Deputy Chief of Staff for Logistics did not provide appropriate support and oversight, and the Under Secretary of Defense for Acquisition and Sustainment did not define clear responsibilities and processes in support of the DoD executive agent.



Evaluation of DoD Contracting Officer Actions on DoD Contracts Terminated for Convenience

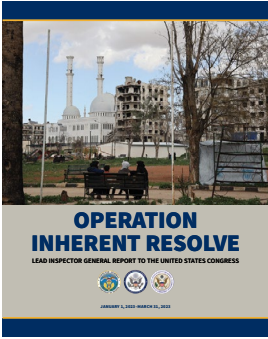
This evaluation determined that DoD contracting officers did not document adequate rationale for settling termination costs of 17 of 63 terminated contracts as required. Additionally, for 21 of the 38 terminations that the Defense Contract Audit Agency (DCAA) audited, the DoD contracting officers did not complete the disposition of the DCAA audit report in a timely manner as required. Finally, for 46 of 63 terminations, DoD contracting officers did not perform an important duty, such as estimate funds required to settle the termination or release excess funds.



Audit of the Oversight of ENCORE III Information Technology Service Task Orders

This audit determined that DoD Component contracting officer's representatives (CORs) did not oversee contractor performance in accordance with Federal and DoD guidance for the ENCORE III task orders we reviewed. Specifically, the CORs did not consistently maintain documentation of inspections of contractor performance, submit timely surveillance reports to contracting officers, or review contractor interim vouchers to prevent improper payments. Furthermore, six of the eight CORs for the ENCORE III task orders did not meet technical experience requirements to oversee the contracted cybersecurity services.

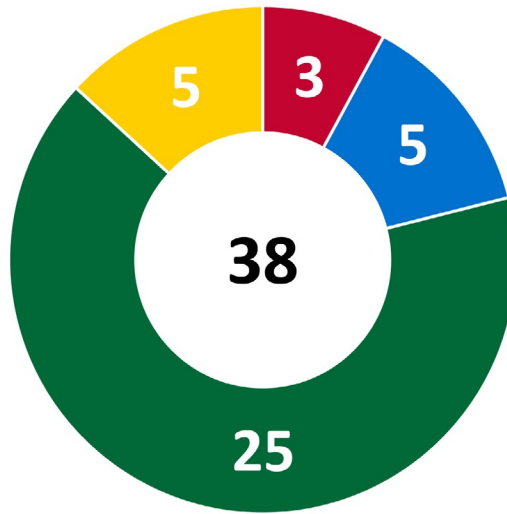
RECENTLY ISSUED (CONT'D)



Operation Inherent Resolve – Lead Inspector General Report to the United States Congress – January 1, 2023 – March 31, 2023

This is the 33rd Lead IG report to Congress on Operation Inherent Resolve (OIR), the overseas contingency operation to advise, assist, and enable local partner forces until they can independently defeat ISIS in designated areas of Iraq and Syria, thereby setting conditions for the implementation of long-term security cooperation frameworks.

UKRAINE-RELATED OVERSIGHT.....



The DoD OIG continues to prioritize Ukraine-related oversight. Since Russia’s invasion of Ukraine in February 2022, the DoD OIG produced the following related to Ukraine:

- 3 reports
- 5 management advisories
- 25 ongoing projects
- 5 planned projects

Get the latest on our planned, ongoing, and completed work related to Ukraine and our ongoing coordination with the State and USAID OIGs at www.dodig.mil/Ukraine.

INVESTIGATIONS

The Defense Criminal Investigative Service (DCIS) investigates criminal matters related to DoD programs and operations. Below are examples of cases DCIS investigated jointly with its federal law enforcement partners. Indictments, Criminal Informations, and Complaints are only allegations. *All persons charged are presumed to be innocent unless and until found guilty in court.*



Former Department of the Army Employee Indicted for Theft of Government Property

On May 10, 2023, Tamilo Pale Fe'a, a former Department of the Army employee, was indicted for theft of government property and access device fraud. According to court documents, it is alleged that from November 1, 2021, through approximately December 31, 2021, Mr. Fe'a stole military heavy equipment, including vehicles, semi-trailers, generator trailers, flatbed trailers, refrigerator trailers, armored office trailers, tractors, and box vans from Hawthorne Army Depot in Hawthorne, Nevada. The total value of the stolen property was over \$800,000.

Texas Man who Lied about Origin of Chinese-Made Products Sentenced to 4 Years in Prison, Ordered to Pay \$1.15 Million

On May 5, 2023, Suhaib Allababidi was sentenced to 4 years in Federal prison, 3 years of supervised release, and ordered to pay \$1.15 million in restitution for lying to the Federal government about where his company's products were manufactured. According to court documents, Mr. Allababidi, the owner and president of 2M, admitted that the company, which provided security cameras, solar-powered light towers, digital video recorders, and other electronics to various U.S. government agencies, claimed that its products were manufactured in the United States, when in actuality Chinese companies manufactured the products in China.

Founder and Former CEO of Sustainable Fuel Company Charged in Multimillion-Dollar Embezzlement Scheme

On May 4, 2023, Bryan Sherbacow, the former Chief Executive Officer of Alder Fuels, was charged with three counts of wire fraud and two counts of engaging in monetary transactions in property derived from unlawful activity. According to court documents, Mr. Sherbacow allegedly engaged in a scheme to defraud the company he founded, which was awarded contracts from the Defense Logistics Agency, by fraudulently transferring company funds to a personal bank account and making unauthorized personal expenditures from a company bank account. Mr. Sherbacow allegedly attempted to conceal his embezzlement of at least \$5.9 million by emailing altered bank statements and other falsified financial records to a company accountant and members of the company's board.

Georgia Woman Sentenced to Prison, Ordered to Pay More than \$1 Million in Restitution for COVID Fraud

On May 2, 2023, Salmat Deyji was sentenced to 26 months in Federal prison, 3 years of supervised release, and ordered to pay \$1,073,307 in restitution for conspiracy to commit wire fraud and money laundering. According to court documents, Ms. Deyji admitted to filling out and submitting fraudulent Paycheck Protection Program (PPP) loan applications for herself and other individuals who otherwise did not meet the qualifications for the program. Her scheme included soliciting information from Army Service members as well as friends and family whom she recruited to receive PPP funding in exchange for kickbacks.

INVESTIGATIONS (CONT'D)

Ohio Man Admits Role in \$24 Million Health Care Fraud and Kickback Scheme

On May 2, 2023, Mark Belter pleaded guilty to an information charging him with conspiracy to violate the Federal Anti-Kickback statute and conspiracy to commit health care fraud. According to court documents, from June 2017 through September 2020, Belter participated in a scheme with pharmacies, telemedicine companies, and doctors to submit false claims to health care benefit programs, including Medicare and TRICARE, based on a circular scheme of kickbacks and bribes. Mr. Belter and his conspirators caused the submission of false and fraudulent claims to health care benefit programs totaling in excess of \$24 million of prescription drugs, and received kickbacks and bribes totaling more than \$6 million.

ANNOUNCED PROJECTS

We list project announcements in chronological order. An asterisk denotes a project related to Ukraine oversight.

Audit of Naval Facilities Engineering Command Military Construction Projects

The objective of this audit is to determine why the U.S. Naval Facilities Engineering Command had cost increases or schedule delays of Navy and Marine Corps military construction projects and what actions the U.S. Naval Facilities Engineering Command took to mitigate future cost increases and schedule delays.

Audit of the DoD's Efforts to Build Partner Capacity in the U.S. Indo-Pacific Command Area of Responsibility

The objective of this audit is to determine whether the DoD established program objectives, met performance metrics, developed an assessment framework, and met congressional reporting requirements for the effective execution of building partner capacity activities within the U.S. Indo-Pacific Command area of responsibility in accordance with laws and DoD regulations.

Audit of Munitions Storage in the U.S. Indo-Pacific Command

The objective of this audit is to determine whether the DoD stores and secures munitions in the U.S. Indo-Pacific Command area of responsibility in accordance with applicable safety and security policies.

Audit of Remote Maintenance and Distribution Cell-Ukraine Restructuring Contract*

The objective of this audit is to determine whether Army contracting personnel, in accordance with Federal and DoD policies: (a) properly awarded the U.S. Army Tank-Automotive and Armaments Command contract for the maintenance of equipment at Remote Maintenance and Distribution Cell-Ukraine; (b) appropriately planned for and established controls to conduct surveillance of contractor performance; and (c) effectively monitored contractor performance.

ANNOUNCED PROJECTS (CONT'D)

Audit of the Planning and Execution of USINDOPACOM Offensive Cyberspace Operations

The objective of this audit is to determine the effectiveness of the U.S. Indo-Pacific Command and U.S. Cyber Command's planning for and execution of offensive cyberspace operations in support of the U.S. Indo-Pacific Command's operational plans.

Audit of the DoD's Development and Implementation of the Digital Modernization Strategy

The objective of this audit is to determine whether the DoD developed and implemented the Digital Modernization Strategy in accordance with Office of Management and Budget Circular No. A-130.