



OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

January 12, 2026

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE NAVY

SUBJECT: Audit of the Shipbuilding Industrial Base Contract Incentives for the Arleigh Burke-Class Destroyer Program (Project No. D2026-D000AU-0052.000)

The purpose of this memorandum is to notify you that we are initiating the subject audit. The objective of this audit is to determine whether the Navy effectively used and monitored contract incentives for the Arleigh Burke-class destroyer program. Specifically, we will focus on capital expenditure (CAPEX) incentives and surface combatant industrial base (SCIB) incentives. We may revise the objective as the audit proceeds, and we will also consider suggestions from management for additional or revised objectives. We plan to perform this audit in accordance with the Government Accountability Office's generally accepted government auditing standards.

We will perform the audit at the Navy Yard, Washington, D.C.; Supervisor of Shipbuilding, Conversion & Repair (SUPSHIP) – Gulf Coast, Pascagoula, Mississippi; and SUPSHIP – Bath, Maine. We may identify additional locations during the audit.

We request that you designate two points of contact for this audit within **5 days** of this memorandum. One point of contact should be a Government employee—a GS-15, pay band equivalent, or military equivalent—who is knowledgeable of how CAPEX and SCIB contract incentives for the Arleigh Burke-class destroyer program affect the shipbuilding industrial base. The second point of contact should be a member of the Senior Executive Service or a General/Flag Officer who is familiar with the subject and could serve as a point of engagement with DoD Office of Inspector General senior leaders, if necessary. Send each contact's name, title, grade/pay band, phone number, and email address to [REDACTED].

The Inspector General Act of 1978, 5 U.S.C. §§ 401-424, as amended, authorizes us to have access to personnel and materials as we determine necessary to perform our oversight in a timely manner. You can obtain information about the DoD Office of Inspector General from DoD Directive 5106.01, "Inspector General of the Department of Defense (IG DoD)," April 20, 2012, as amended, and DoD Instruction 7050.03, "DoD Office of Inspector General Access to Records and Information," November 13, 2024. Our website is www.dodig.mil.

If you have any questions, please contact [REDACTED].

Carmen J. Malone
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Acquisition, Contracting, and Sustainment