

Fiscal Year (FY) 2008/FY 2009 Budget Estimates Office of the Inspector General (OIG)



February 2007

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OFFICE OF THE INSPECTOR GENERAL
Operation and Maintenance, Office of the Inspector General
Fiscal Year (FY) 2008/FY 2009 Budget Estimates

Operation and Maintenance, Office of the Inspector General (Dollars in thousands)

	<u>FY 2006</u>	<u>Price</u>	<u>Program</u>	<u>FY 2007</u>	<u>Price</u>	<u>Program</u>	<u>FY 2008</u>	<u>Price</u>	<u>Program</u>	<u>FY 2009</u>
	<u>Actuals</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
OIG	207,282	6,154	3,019	216,455	5,164	-5,624	215,995	5,727	1,259	222,981

* * The FY 2006 Actual column includes \$1,103.0 thousand of FY 2006 Emergency Supplemental funds for the Global War on Terror and \$213.0 thousand for Hurricane Katrina (PL 109-234), and \$33.0 thousand of FY 2006 Hurricane Supplemental funds (PL 109-148).

* The FY 2007 Estimate column excludes \$3,897.0 thousand (GWOT) and \$113.0 thousand (Hurricane Katrina) a total of \$4,010.0 thousand of FY 2006 Emergency Supplemental carryover funding (PL 109-234).

I. Description of Operations Financed: The Office of Inspector General (OIG) audits, investigates, inspects, and evaluates the programs and operations of the Department of Defense (DoD) and, as a result, recommends policies and process improvements that promote economy, efficiency, and effectiveness in DoD programs and operations. For the last three years, **the OIG has achieved \$27.5 billion in savings and \$1.7 billion in recovery** for the nation. The Inspector General (IG) is the only DoD official qualified to issue opinions on the financial statements of the DoD. The OIG also informs DoD management and Congress about the problems and deficiencies in programs and operations and the progress of corrective actions.

Narrative Explanation of Changes:

FY 2007 to FY 2008: Budgeted civilian full-time equivalents (FTEs) decreased by 12 to stay within Total Obligation Authority (TOA). The aging workforce will increase the number of retirements in the near term which will commensurately increase lump sum leave payouts in the next few years. The OIG will try to mitigate hire lag with more aggressive recruiting and retention efforts. Additional program growth in civilian pay and compensation is a result of increased employer contribution to benefits as the workforce's primary retirement plan shifts from the Civil Service Retirement System

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(CSRS) to the Federal Employee Retirement System (FERS). The OIG expects to realize continued growth in this area as the CSRS workforce retires and is wholly replaced with FERS employees.

The OIG is statutorily responsible for the conduct of audits and investigations for the DoD. In accordance with the Inspector General Act of 1978, as amended¹, the purpose of the OIG is to serve as an independent and objective office to:

- 1) Conduct and supervise audits and investigations relating to the programs and operations of the DoD;
- 2) Provide leadership and coordination and recommend policies for activities designed to
 - a. promote economy, efficiency, and effectiveness in the administration of, and
 - b. prevent and detect fraud and abuse in, such programs and operations; and
- 3) Provide a means for keeping the head of the establishment and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action.²

In addition to the other duties and responsibilities specified in the Act, the Inspector General shall:

¹ Section 1117 of the FY 1983 National Defense Authorization Act (Public Law 97-252) established an Inspector General for the Department of Defense by amending Public Law 95-452, the Inspector General Act of 1978 (5 USC Appendix 3).

² IG Act, as amended, Section 2

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- 1) Be the principal adviser to the Secretary of Defense (SECDEF) for matters relating to the prevention and detection of fraud, waste, and abuse in the DoD programs and operations;
- 2) Initiate, conduct, and supervise such audits and investigations in the DoD (including the Military Departments) as the Inspector General considers appropriate;
- 3) Provide policy direction for audits and investigations relating to fraud, waste, and abuse and program effectiveness;
- 4) Investigate fraud, waste, and abuse uncovered as a result of other contract and internal audits, as the Inspector General considers appropriate;
- 5) Develop policy, monitor and evaluate program performance, and provide guidance with respect to all Department activities relating to criminal investigation programs;
- 6) Monitor and evaluate the adherence of DoD auditors to internal audit, contract audit, and internal review principles, policies, and procedures;
- 7) Develop policy, evaluate program performance, and monitor actions taken by all DoD components in response to contract audits, internal audits, internal review reports, and audits conducted by the Comptroller General of the United States;
- 8) Request assistance as needed from other audit, inspection, and investigative units of the DoD (including Military Departments); and
- 9) Give particular regard to the activities of the internal audit, inspection, and investigative units of the Military Departments with a view toward avoiding duplication and insuring effective coordination and cooperation.³

The Inspector General's vision is 'one professional team strengthening the integrity, efficiency, and effectiveness of Department of Defense programs and operations.' A key tenet of the OIG strategy is to link resources to achieve mission-based results.

³ IG Act, as amended, Section 8(c)

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Auditing: Section 3 (d) of the Inspector General Act establishes the requirement for the audit function within the OIG. The Office of the Deputy Inspector General for Auditing (ODIG-AUD) conducts audits on all facets of DoD operations. The work results in recommendations for reducing costs, eliminating fraud, waste, and abuse of authority; improving performance; strengthening internal controls; and achieving compliance with laws, regulations, and policies. Audit topics are determined by law, requests from the SECDEF and other DoD leadership, Hotline allegations, congressional requests, and OIG risk analyses of DoD programs. In addition to all of the ongoing auditing requirements, OIG auditors continue to focus effort on Base Realignment and Closure (BRAC) by performing additional assessments that are related to the BRAC implementation process, and are also performing unanticipated audits to review the support being provided by DoD to relief efforts related to Hurricane Katrina and how providing such support impacts DoD operations.

In FY 2008 and FY 2009, auditors will place particular emphasis on the President's Management Agenda (PMA) and related SECDEF and congressional interest items, dedicating resources to the high-risk areas of major acquisitions, information technology acquisitions, contracting, human capital, internal controls over financial management systems, information security and privacy, readiness issues, health care costs, and the security clearance process. The National Defense Authorization Act for FY 2006, Title VIII, expanded statutory requirements on major acquisitions programs. As of June 30, 2006, the DoD had approximately 1,300 acquisition category I-IV programs, at a total estimated cost of \$2.4 trillion. The OIG auditors also continue to lead DoD-wide audits as well as joint audits with other Federal IGs. An ongoing effort involves a statutory requirement to review non-DoD agencies (such as the General Services Administration (GSA)) that perform a significant number of contracting actions for DoD. The FY 2006 National Defense Authorization Act expanded this requirement to include

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similar reviews of Department of the Treasury, National Aeronautics and Space Administration, and Department of the Interior. Auditors also continue to assist in investigations and related litigation, and participate as non-member advisors (at DoD management request) on a variety of task forces, process action teams, and studies. OIG auditors will also continue to review issues related to Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) as a result of increased congressional focus on issues related to the Global War on Terror (GWOT) and to properly fulfill the statutory requirement to keep the Secretary of Defense and Congress fully and currently informed.

Defense Financial Auditing Service: In FY 2006, the OIG again limited its financial statement audit work to comply with Section 352 of the FY 2005 National Defense Authorization Act, which prohibited the expenditure of funds on financial improvement initiatives including financial systems audits. The OIG redirected the Defense Financial Auditing Service staff to work on audits related to Hurricane Katrina, Military Interdepartmental Purchase Requests, Pension Funds, and internal controls over systems and property.

In December 2005, DoD submitted the Financial Improvement and Audit Readiness (FIAR) Plan to congressional defense committees in accordance with the FY 2006 National Defense Authorization Act. An updated FIAR plan was submitted to Congress in September 2006. The FIAR Plan is a roadmap to fix internal controls and correct processes necessary for financial statement audit readiness. The OIG serves in an advisory role to the FIAR Committee in updating and executing the FIAR plan.

In November 2006, the auditors issued an unqualified opinion on the Military Retirement Fund; a qualified opinion on the Medicare Eligible Retiree Health Care Fund, and disclaimers of opinion on the DoD Agency-wide FY 2006 financial statements and seven of

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the components statements that support the Agency-wide statements. In addition, the auditors performed audits or provided contractor oversight on 10 financial systems audits and performed approximately 60 other audits on internal controls, compliance with laws and regulations, and other financial-related issues.

In FY 2008 and FY 2009, the OIG will expand audit work related to financial management and business systems to sustain internal controls over financial statement data. Unless financial management systems contain appropriate internal controls, sustaining the auditability of financial statements will become unaffordable in the Department. The weaknesses that affect the auditability of the financial statements also impact other DoD programs and operations and contribute to waste, mismanagement, and inefficient use of DoD resources. The OIG will continue to work with the DoD components to identify deficiencies and recommend corrective actions, focusing on financial statement, system, internal control, compliance, and other financial-related audits to assist the Department to achieve auditable financial statements. The DoD annually produces at least 65 individual financial statements, many of which are larger and more complex than most public corporations. The OIG is the sole DoD audit organization authorized to review those statements and issue opinions on them. The OIG will, in regard to the reliability of DoD financial statements, conduct audits that are consistent with Public Law 107-107, Section 1008⁴. As more components assert financial statement reliability, more effort will be required to audit financial statements in FY 2008 and future years.

⁴ Section 1008(d) "Limitation on Inspector General Audits," states that "[o]n each financial statement that an official asserts is unreliable . . . The Inspector General of the Department of Defense shall only perform the audit procedures required by generally accepted government auditing standards consistent with any representation by management." Complying with Section 1008(f), "Termination of the Applicability," audits will be conducted "[if] the Secretary of Defense certifies to the Inspector General of the

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In addition, OIG auditors will continue to conduct financial-related audits required by statute (e.g., work related to compliance with the Improper Payment Information Act, Recovery Audit Act, Prompt Payment Act, and Title 10 United States Code 2784, which requires periodic reviews of DoD management of the purchase card program).

Investigations: The Office of the Deputy Inspector General for Investigations (INV) comprises the criminal investigations component of the OIG, the Defense Criminal Investigative Service (DCIS), and the administrative investigations component of the OIG, consisting of Investigations of Senior Officials (ISO), Military Reprisal Investigations (MRI), and Civilian Reprisal Investigations (CRI). The INV's missions have evolved and escalated as a result of the terrorist attacks of September 11, 2001, the increasing sophistication of criminal enterprises, and statutory requirements. In the aftermath of September 11, DCIS' traditional areas of concentration (major procurement fraud, substitution of substandard and defective products, healthcare fraud, and public corruption) were expanded to include anti-terrorism operations and combating illegal technology transfer (mostly U.S. Munitions List articles). For FY 2006 there were 86 open anti-terrorism cases, and 190 illegal technology transfer cases. The DCIS participates with the Federal Bureau of Investigation (FBI) in Joint Terrorism Task Forces (JTTFs) at the FBI headquarters and across the U.S. to protect DoD programs and operations. The DCIS also works with U.S. Immigration and Customs Enforcement to stem the illegal transfer of DoD technology, weapon systems, and equipment through an intense criminal investigative effort and by participation in the Operation Shield America Program, which provides awareness and indicators training regarding this type of criminal

Department of Defense that the financial statement for the Department of Defense or a financial statement for a Component of the Department of Defense, for a fiscal year is reliable"

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activity. The DCIS also provides fraud awareness presentations DoD-wide on the resource and program impacts of fraud.

The DCIS is an active participant in the Law Enforcement/Counterintelligence Center (LECIC), which is part of the Joint Task Force - Global Network Operations (JTF-GNO) established to protect the Global Information Grid. The DCIS provides administrative support to JTF-GNO, LECIC, and serves, in coordination with the Secretaries of the Military Departments, as the Defense law enforcement community focal point for the design, development, and maintenance of information systems and databases that facilitate law enforcement operations and LECIC requirements, and provide data to the JTF-GNO and the common operational picture databases as appropriate.

The DCIS also has a liaison representative at the Counterintelligence Field Activity (CIFA). The CIFA was established within the Department of Defense under the authority, direction, and control of the Undersecretary of Defense (Intelligence) to develop and manage DoD Counterintelligence programs and functions that support the protection of the Department. The DCIS liaison representative also serves as the Chief of the Law Enforcement and Protective Services Operational Support Division, Counterintelligence Law Enforcement Center (CILEC). The CILEC, consisting of contractors, analysts, and military personnel, is responsible for facilitating, integrating and deconflicting DCIS and other DoD law enforcement information within CIFA and at the DoD, National, and International levels.

In FY 2008/2009, the DCIS will continue to pursue GWOT-related cases, strengthen joint warfighting capabilities and security through continued participation in the JTTFs, and focus investigative resources on cyber crimes, computer intrusion, illegal technology transfer, public corruption (including procurement fraud, major theft, bribery, and

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kickbacks), and product substitution/defective parts. The DCIS will continue to aggressively investigate DoD fraud emanating from Iraq and the Southwest Asia area of operations through its offices in Iraq and Kuwait. Additionally, the DCIS is an active member of the President's Council on Integrity and Efficiency (PCIE)/Executive Council on Integrity and Efficiency (ECIE) and the Department of Justice Hurricane Katrina Task Forces which are investigating criminal activities (procurement fraud, public corruption, kickbacks) associated with the multi-year Gulf Coast reconstruction.

The DCIS continues to investigate DoD procurement fraud, including fraud and corruption, and defective and hazardous military equipment. Major fraud investigations, such as the Boeing Tanker Lease case, Health Visions Corporation case in the Philippines, and the Congressman Randy "Duke" Cunningham/MZM case, result in an extensive effort by criminal investigative and audit components that often lead to additional investigations and audit requirements, initiated internally by the IG or externally by Congress and the Departments of Defense and Justice. The publicity of these investigations also leads to an increase in the reporting of similar types of criminal activity. DCIS is a major participant in the National Procurement Fraud Task Force established by the Department of Justice in November 2006 to promote the early detection, prevention, and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

The ODIG-INV is also responsible for all DoD reprisal and senior official investigations, conducted by the non-criminal investigative directorates that are founded on specific statutory directives aimed at enhancing the integrity of the Department and ensuring oversight of senior officials, and protecting whistleblowers:

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- Investigations of Senior Officials (ISO) ensures, through aggressive investigations, that ethical violations, abuses of authority, or misuses of public office do not undermine the credibility of the national command structure. The ISO is the only DoD component that possesses the independence needed to ensure that allegations against top DoD leaders are credibly investigated and to provide effective oversight of Service IG senior official investigations. When faced with congressional and public concerns over senior official conduct, the Department and Members of Congress routinely turn to the ISO to provide authoritative resolution. The close cooperation between ISO and Service IGs on senior official matters effectively leverages OIG resources and facilitates completion of over 400 investigations annually with minimal resources.

The ISO was established in 1991 after members of Congress expressed concern about the quality of senior officials investigative work conducted by the Service IGs. Congressional committee language at the time specified that the ISO should be staffed with 18 investigators to enable greater involvement in DoD senior official matters. In FY 2008/2009, the ISO will continue to address allegations of senior official misconduct that demoralize warfighters and undermine public confidence in DoD leadership. The ISO will focus on alleged use of Government resources for personal benefit, conflicts of interest, mismanagement/waste of Government funds, abuses of authority, and behavior that fails to meet standards for exemplary conduct established by Congress in Sections 3583 (Army), 5947 (Navy), and 8583 (Air Force) of Title 10, United States Code. A primary objective is to reduce investigative cycle time on senior official investigations so that results are provided to top DoD officials and Members of Congress in a more timely manner.

- Military Reprisal Investigations (MRI) conducts and oversees investigations of whistleblower reprisal under three federal whistleblower protection statutes:

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10 U.S.C. 1034 (military members); 10 U.S.C. 1587 (nonappropriated fund employees); and 10 U.S.C. 2409 (DoD Contractor employees). The MRI conducts or oversees investigations of alleged violations of DoD Directive 6490.1, "Mental Health Evaluations of Members of the Armed Forces." For military reprisal allegations, which comprise more than 80 percent of the MRI's workload, the MRI has the statutory responsibility to determine the sufficiency of all investigative conclusions of the military departments regarding reprisal and improper mental health evaluation referral allegations. The MRI will continue to aggressively investigate allegations of reprisal against DoD whistleblowers, who risk personal career damage to disclose fraud, waste, and abuse within DoD. Most significantly, improved timeliness in resolving an ever-increasing number of reprisal allegations will continue to be the MRI focus. The MRI also seeks to expand outreach and training to the Military Departments to improve the thoroughness and timeliness of reprisal investigations.

- Civilian Reprisal Investigations (CRI) reviews and investigates whistleblower reprisal allegations submitted to the DoD Hotline by DoD civilian appropriated fund employees. The CRI remains the sole centralized resource for investigating reprisals against DoD intelligence and counter-intelligence whistleblowers. In FY 2008/2009, the CRI will continue the aggressive investigation of alleged reprisal against DoD whistleblowers and will take proactive measures to emphasize the protection available to DoD employees who report fraud, waste and abuse, and violations of rule, law, and/or regulation. The CRI's first cases in the DoD Intelligence and Counterintelligence Communities have made it the center of compliance oversight and investigation with respect to whistleblower reprisal in the National Security Agency (NSA), Defense Intelligence Agency (DIA), National Geospatial-Intelligence Agency (NGA), National Reconnaissance Office (NRO), and the service intelligence communities. In FY 2008/2009, the CRI will expand its

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investigation of whistleblower reprisal allegations by employees in the intelligence community.

Policy and Oversight: The Office of the Deputy Inspector General for Policy and Oversight (ODIG-P&O) conducts inspections and evaluations, manages the DoD Hotline, and provides oversight, policy, and technical assessments for Audit and Investigative activities within DoD as required by Section 8 of the IG Act.

- Inspections and Evaluations (IE) Directorate inspects and evaluates DoD-wide programs to facilitate improved management efficiency and enhanced program effectiveness at the request of Congress, the SECDEF, the IG, and other senior DoD officials. The IE Directorate conducts a wide array of systemic assessments of joint operations, homeland defense, Reserve Component forces, safety, occupational health, environment, engineering, and transformational programs. The IE reviews stability operations and DoD activities including doctrine, organizations, training, education, exercises, materiel, leadership, personnel, facilities, and planning. The process includes the analyses of the interagency efforts to promote the security of the United States through improved coordination, planning, and implementation for reconstruction and stabilization assistance for foreign states and regions at risk during transition from conflict or civil strife.
- Audit Policy and Oversight (APO) Directorate Unique in the Federal IG community, the APO provides audit policy direction, guidance, and oversight for the ODIG-AUD, the Military Departments, the Defense Contract Audit Agency (DCAA), other Defense audit organizations and public accounting firms under the Single Audit Act. The APO provides guidance and oversight for over 6,000 auditors in DoD, which is nearly 40 percent of all auditors in Federal IG audit organizations. The APO reinforces and oversees the

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implementation of the highest professional auditing standards within the DoD audit community. The APO directorate also develops policy, provides guidance, monitors actions, and evaluates program performance taken because of contract audit report recommendations, and reports the results as required to the SECDEF. As of September 30, 2006, the APO provided oversight of 1,112 open contract audit reports with over \$4 billion in potential savings.

- Investigative Policy and Oversight (IPO) Directorate evaluates the performance and develops policy for the DoD law enforcement community and the non-criminal investigative offices of the DoD. The IPO Directorate also manages the IG Subpoena Program for the Defense Criminal Investigative Organizations (DCIOs) and administers the DoD Voluntary Disclosure Program, which allows contractors a means to report potential civil or criminal fraud matters. Recently, this office has responded to complex congressional and other agency requests to determine accountability for problems throughout the Department's criminal justice system (e.g., sexual assault policy at the Air Force Academy, and sufficiency of detainee abuse investigations).
- DoD Hotline receives reports from DoD personnel and the public on allegations of mismanagement, fraud, waste and abuse of authority. The Hotline conducts inquiries and tracks cases referred to other DoD investigative, audit, and operational organizations resulting from DoD Hotline contacts. The Hotline also provides oversight of hotlines operated by Inspectors General of other DoD components.
- Quantitative Methods Directorate ensures that quantitative methods, analyses and results used in DoD OIG products are defensible by providing expert statistical/quantitative support and advice to DoD OIG projects, and by assessing the quantitative aspects of DoD OIG products prior to release. Quantitatively defensible

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products employ methodology that is technically sound and appropriate for the objectives of the project, reflect analyses that are performed correctly and are consistent with the methodology, and appropriately present the quantitative results.

- Data Mining Directorate is charged with the expanded use of data mining through computer assisted auditing techniques as enhanced analysis tools to combat fraud, waste and abuse in DoD programs. These techniques are then passed on to DoD management to assist in their oversight of programs such as the charge card program. As of August 2006, the Directorate has been directly responsible for \$40 million in administrative and criminal recovery. The Data Mining Directorate mined data from the Smart Pay Program (purchase cards, travel cards), fleet cards, aviation cards, and third party payments (Power Track logistics and household goods). The DoD expends over \$35 billion annually through these programs. Since March 2003, the Directorate has been working with the DoD Program Management Offices to develop a data mining model which allows business rules to be applied to identify potentially high risk transactions that warrant further scrutiny, thereby allowing DoD to focus scarce resources on higher risk transactions. The DoD Program Management Office plans to implement some of the procedures and techniques used in the pilot program on a Department-wide basis.
- Report Followup and Government Accountability Office Liaison (RFGL) Directorate provides follow-up on audit and evaluation recommendations to ensure effectiveness of remedies; mediation of disputes regarding recommendations; and liaison with GAO regarding GAO activities within the Department.

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- Technical Assessment Directorate (TAD) provides assessment support to auditors, investigators, and evaluators in engineering (e.g., systems, mechanical, and electrical), information assurance/security, acquisition, and computer science.

Due to increased congressional interest, the ODIG-P&O expects an increase in FY 2007 in the number of independent reviews relating to the Department's criminal justice system. Inspections and evaluations of DoD-wide programs will increase in order to improve management efficiency and enhance program effectiveness. Additionally, increased oversight of audit activities is critical to prevent significant deficiencies.

Intelligence: The Office of the Deputy Inspector General for Intelligence (ODIG-INTEL) audits, reviews, evaluates, and monitors the programs, policies, procedures, and functions of the DoD Intelligence Community, including intelligence-related activities within the DoD components and Combatant Commands, Special Access Programs, and Nuclear Surety Issues within the DoD, to ensure proper, effective, and efficient management of intelligence and intelligence-related resources. The ODIG-INTEL provides independent, objective and relevant information to the Department, Congress, and other Government agencies and is the OIG's primary advisor to the SECDEF on intelligence audit and evaluation matters. ODIG-INTEL provides recommendations to improve the efficiency and effectiveness of DoD intelligence personnel, programs and operations; reduce costs, strengthen internal controls, and achieve compliance with laws and regulations. The ODIG-INTEL external audit, review, and evaluation topics are determined by law, requests from the SECDEF and other DoD leadership, Hotline allegations, congressional requests, and internal analyses of risk in DoD programs. The ODIG-INTEL strategically focuses its reviews based on goals of the PMA, SECDEF Priorities, DoD Management Challenges, and Government Accountability Office (GAO) High Risk Areas.

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In FY 2007, ODIG-INTEL personnel will review issues related to Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) including a review of Intelligence Support to U.S. Central Command and U.S. Special Operations Command in Support of the GWOT. The ODIG-INTEL will also focus other efforts, such as Special Access Program reviews, and on GWOT issues to the maximum extent practicable.

The ODIG-INTEL personnel also assist the Office of the Director of National Intelligence Inspector General (ODNI-IG) to administer, coordinate, and oversee the functions of the Intelligence Community Inspectors General (ICIG) Forum. The ICIG Forum promotes and improves information sharing among those Inspectors General whose duties include audits, inspections, evaluations, or investigations associated with programs and operations of Intelligence Community elements within their respective Departments and agencies. It also enables each Inspector General to carry out the duties and responsibilities established under the Inspector General Act of 1978, as amended, to avoid duplication and ensure effective coordination and cooperation. As the advisor to the DoD Inspector General, the ODIG-INTEL advocates developing and assessing metrics to measure the performance of the Intelligence Community's programs and operations in attaining the President's National Security Strategy and the SECDEF's pronouncements on improving intelligence. Along with information sharing and coordination, the ICIG Forum members conduct projects of mutual interest, such as the procurement and contracting working group. The ODIG-INTEL anticipates that the requirement for joint projects will increase, especially until the ODNI-IG is staffed to a sufficient level to enable it to conduct meaningful audits and evaluations. Topics under deliberation for joint projects include Procurement and Contracting, Counterespionage Information Sharing, Counterterrorism Information Sharing, Human Intelligence Information Sharing, Open Source Intelligence, and other Intelligence Community issues critical to national security.

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As the issue area coordinator for the DoD Joint Intelligence Oversight Coordination Group (JIOCG), the ODIG-INTEL advocates improving the effectiveness and efficiency of DoD intelligence oversight activities by identifying areas needing more emphasis and eliminating redundancy. The JIOCG is planning to conduct joint projects that will enable the DoD intelligence oversight activities to leverage limited resources. Examples include DoD Intelligence agencies' review on the security status of the Federal Information Security Management Act (FISMA) and the reviews of counterintelligence at DoD laboratories.

As the DoD coordinator on all Intelligence Community Whistleblower Protection Act (ICWPA) cases, the ODIG-INTEL serves a time-sensitive role in the determination process for alleged wrongdoings of urgent concern. The ICWPA provides a means for intelligence and counterintelligence employees of the four Defense intelligence organizations to communicate complaints or information on an urgent concern involving classified information to the Congress. The ODIG-INTEL transmits the initial determination, together with the complaint information, to the SECDEF within 14 days of receipt; the SECDEF forwards the transmittal to the congressional intelligence committees within seven days. There has been a significant increase in the number of inquiries about the ICWPA process. With continued scrutiny of intelligence community activities, the ODIG-INTEL anticipates an ICWPA workload increase.

Other Components, OIG:

The Office of Communications and Congressional Liaison (OCCL) also includes the Freedom of Information Act (FOIA)/Privacy Act Office, the OIG Web Development Team, and Strategic Planning. The Assistant Inspector General for Communications and Congressional Liaison has also been designated as the OIG Public Affairs Officer. The OCCL personnel review

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and analyze pending and proposed legislation that affect the Department and the OIG, provide support for OIG witnesses who testify at congressional hearings, process responses to congressional correspondence, coordinate meetings with congressional staff, manage and maintain the OIG internet and intranet operations, implement a communication plan regarding external communication issues, process FOIA requests, and oversee the development and implementation of the OIG strategic plan. The OCCL also provides staff support and serves as the liaison for the OIG to the PCIE and the Defense Council on Integrity and Efficiency (DCIE). The OCCL will be providing support to the Acting Inspector General in his new role as the Chairman of the PCIE Information Technology Committee. The Inspector General established the DCIE in 2002 to ensure effective coordination and cooperation between and among the activities of the OIG and Defense agencies. The OCCL is also responsible for providing input into the Department's annual Performance and Accountability Report (PAR) and for publishing the Semiannual Report to Congress.

The Office of General Counsel (OGC) provides independent and objective advice and legal counsel to the Inspector General and the OIG. The OGC Attorneys render advice and legal opinions on policy matters, participate in planning and policy deliberations, and review for legal sufficiency all directives, instructions, regulations and other significant policy issuances and correspondence. The scope of OGC advice and legal opinions includes criminal and administrative investigation, procurement, fiscal, personnel, ethics, international, and intelligence matters. The OIG General Counsel serves as the OIG Designated Agency Ethics Official (DAEO) and OGC manages the OIG Ethics Program.

The Office of Administration and Management (OA&M) provides common support for personnel, security, training, administration, logistics, information technology and financial management. The OA&M's customer service helps the operational components reduce cycle

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times, increase efficiency, and improve both the quality and effectiveness of their resulting audits, investigations, inspections and evaluations in the National Capital Region and sixty-six field offices located throughout the world. The OA&M also conducts proactive liaison and coordination with various DoD components to ensure timely resolution of personnel, security, training, logistical, budget and information technology issues. The OA&M is comprised of six directorates: Human Capital Advisory Services; Office of Security; Training Services; Administration and Logistics Services; Office of the Comptroller; and Information Systems. These directorates supervise and carry out administrative and logistical functions in support of the OIG's day-to-day operations.

II. Force Structure Summary: N/A

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III. Financial Summary: (Dollars in Thousands)

A. <u>Subactivities</u>	FY 2007							
	<u>FY 2006 Actuals</u>	<u>Budget Request</u>	<u>Congressional Action</u>			<u>Current Estimate</u>	<u>FY 2008 Estimate</u>	<u>FY 2009 Estimate</u>
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>			
Financial Statement Audits	24,306	34,736	-133	-0.4%	34,603	34,603	25,586	26,174
Audits - Other	51,902	58,561	-225	-0.4%	58,336	58,336	54,635	55,892
Investigations	66,327	68,484	-263	-0.4%	68,221	68,221	69,505	71,103
Policy and Oversight	13,105	10,097	-39	-0.4%	10,058	10,058	15,944	16,311
Intelligence	3,965	4,350	-17	-0.4%	4,333	4,333	4,852	4,964
Other OIG	44,934	38,669	-149	-0.4%	38,520	38,520	44,473	47,137
GWOT/Hurricane Katrina	1,316	0	0			0	0	0
Procurement	1,427	1,400	-5	-0.4%	1,395	2,384	1,000	1,400
Total	207,282	216,297	-831	-0.4%	215,466	216,455	215,995	222,981

* * The FY 2006 Actual column includes \$1,103.0 thousand of FY 2006 Emergency Supplemental funds for the Global War on Terror and \$213.0 thousand for Hurricane Katrina (PL 109-234), and \$33.0 thousand of FY 2006 Hurricane Supplemental funds (PL 109-148).

* The FY 2007 Estimate column excludes \$3,897.0 thousand (GWOT) and \$113.0 thousand (Hurricane Katrina) a total of \$4,010.0 thousand of FY 2006 Emergency Supplemental carryover funding (PL 109-234).

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III. Financial Summary: (Dollars in Thousands) (continued)

	<u>Change</u> <u>FY 2007/FY 2007</u>	<u>Change</u> <u>FY 2007/FY 2008</u>	<u>Change</u> <u>FY 2008/FY 2009</u>
Baseline Funding	216,297	216,455	215,995
Congressional Adjustments (Distributed)	n/a	n/a	n/a
Congressional Adjustments (Undistributed)	n/a	n/a	n/a
Adjustments to Meet Congressional Intent	n/a	n/a	n/a
Congressional Adjustments (General Provisions)	-831	n/a	n/a
Subtotal Appropriated Amount	215,466	n/a	n/a
Fact-of-Life Changes (CY to CY Only)	4,999	n/a	n/a
Subtotal Baseline Funding	220,465	n/a	n/a
Anticipated Supplemental	n/a	n/a	n/a
Reprogrammings	n/a	n/a	n/a
Price Changes	n/a	5,164	5,727
Functional Transfers	n/a	n/a	n/a
Program Changes	n/a	-5,624	1,259
Current Estimate	220,465	215,995	222,981
Less: Wartime Supplemental	4,010	n/a	n/a
Normalized Current Estimate	216,455	215,995	222,981

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III. Financial Summary: (Dollars in Thousands) (continued)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2007 President's Budget Request (Amended, if applicable)		216,297
<i>Memo: FY 2007 Procurement appropriation: \$1,400</i>		
1. Congressional Adjustments		-831
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to meet Congressional Intent		
d. General Provisions		
1) Sec 8106 - Economic Assumptions (Includes -\$5 thousand procurement)	-831	
e. Congressional Earmarks		
FY 2007 Appropriated Amount		215,466
2. War-Related and Disaster Supplemental Appropriations (Carryover)	4,010	
3. Fact of Life Changes: Carryover Procurement	989	
FY 2007 Baseline Funding		220,465
4. Reprogrammings (requiring 1415 Actions)		0
Revised FY 2007 Estimate		220,465
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations (Carryover)		-4,010
FY 2007 Normalized Current Estimate		216,455
<i>Memo: Procurement 2,384 thousand(+ \$1,400 thousand FY 2007 appropriation, -\$5 thousand Economic Assumptions, +\$989 thousand carryover)</i>		
6. Price Change		5,164
7. Functional Transfers		
8. Program Increases		2,326
a. Annualization of New FY 2007 Program		

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III. Financial Summary: (Dollars in Thousands) (continued)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
b. One-Time FY 2008 Increases		
c. Program Growth in FY 2008		
1) Increase in personnel compensation is the net of an increase for two additional paid days (\$646.0 thousand), an increase of one military to civilian conversion FTE (\$43.0 thousand), an increase to start NSPS awards compensation after FY 2007 pause (\$2,867.0 thousand), and a decrease for reduction in FTEs (\$-1,438.0 thousand) (FY 2007 Base: \$162,113.0 thousand)	2,118	
2) Increased costs associated with Worker's Compensation (FY 2007 Base: \$600.0 thousand)	208	
9. Program Decreases		-7,950
a. Annualization of FY 2007 Program Decreases		
b. One-Time FY 2007 Decrease		
c. Program Decreases in FY 2008		
1) Decreased equipment purchases due to cyclical nature of procurement-funded acquisitions (\$1,439.0 thousand), decreased equipment purchase costs due to cyclical nature of replacement (\$4,464.0 thousand), contractor to civilian conversions (\$1,050.0 thousand) and NSPS Implementation contract decreases (\$350.0 thousand) (FY 2007 Base: \$10,749.0 thousand)	-7,303	
2) Change of payment method for alarm monitoring service from GPPC to contractor invoicing. (FY 2007 Base: \$3,269.0 thousand)	-113	
3) Minor Construction for renovation (FY 2007 Base: \$760.0 thousand)	-238	
4) Protective Services Guard Contract decrease (FY 2007 Base: \$842.0 thousand)	-222	
5) Reduction in travel because of decrease in FTE execution (FY 2007 Base: \$7,346.0 thousand)	-41	
6) General decrease to other support costs (FY 2007 Base: \$1,085 thousand)	-33	

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III. Financial Summary: (Dollars in Thousands) (continued)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2008 Budget Request		215,995
<i>Memo: Procurement 1,000</i>		
10. Price Change		5,727
11. Functional Transfers		
12. Program Increases		
a. Annualization of New FY 2008 Program		
b. One-Time FY 2009 Increases		
c. Program Growth in FY 2009		1,787
1) Cyclical replenishment of equipment (FY 2008 Base: \$3,353 thousand)	1,680	
2) Increased dispersion and use of GPC at field offices (FY 2008 Base: \$3,235 thousand)	107	
13. Program Decreases		-528
a. Annualization of FY 2008 Program Decreases		
b. One-Time FY 2008 Increases		
c. Program Decreases in FY 2009		
1) Decrease in personnel compensation due to FTE decrease (FY 2008 Base: \$168,203 thousand)	-508	
2) General decrease to other support costs), (FY 2008 Base: \$1,094 thousand)	-20	
FY 2009 Budget Request		222,981
<i>Memo: Procurement 1,400</i>		

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IV. Performance Criteria and Evaluation Summary:

The OIG's Strategic Plan supports the PMA and the Department's mission. Its key goal is to improve DoD operations by promoting efficient, effective, and economical operations, including full and timely implementation of the PMA's primary goals and objectives, the Secretary's top priorities, and the GAO's High Risk Areas.

The OIG Strategic Plan includes goals to improve the economy, efficiency and effectiveness of Department of Defense personnel, programs, and operations; eliminate fraud, waste, and abuse in the programs and operations of the Department; and improve the efficiency and effectiveness of OIG products, processes and operations. Key objectives include: providing independent, objective, and relevant information to the Department, Congress, other government agencies and the public; promoting ethics and integrity within the Department; preventing and detecting fraud, waste, and abuse; achieving the PMA initiatives; ensuring accountability for mission accomplishment and strategic human capital management and merit system principles; and improving the planning and use of OIG resources to ensure relevant and timely information to senior-level decision makers on critical issues. To monitor performance against the plan, the OIG complies with the Government Performance and Results Act of 1993, as amended, and tracks goal attainment to help ensure progress and results are realized to ensure a return on investment of taxpayer dollars.

Auditing: The Audit component assists the Department in managing institutional risk in accordance with the strategic tenets supporting the Department's policy goals as identified in the Quadrennial Defense Review Report. A prime objective of the OIG Strategic Plan and the Audit Strategic Plan is to assess the risks and weaknesses in the Department and recommend the development or strengthening of management practices and controls to ensure the efficient use of resources and promote effective operations. One

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IV. Performance Criteria and Evaluation Summary:

of the key measurements of Audit success is identifying potential monetary benefits. In FY 2006, the ODIG-AUD produced 122 reports which claimed potential monetary benefits

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IV. Performance Criteria and Evaluation Summary: (continued)

totaling \$204 million. In FY 2006, Audit also achieved \$21 billion in monetary benefits from reports issued in FY 2006 and earlier (i.e., funds were put to better use because of actions completed on audit recommendations). **Since FY 2004, there has been an average return on investment of \$15.4 million in monetary benefits achieved per OIG auditor each year.** As of June 30, 2006, the Department has approximately 1,300 acquisition category I-IV programs with an estimated total cost of \$2.4 trillion. Increased audit coverage of major acquisition programs and contracting issues could lead to greater monetary benefits for the Department and the mitigation of institutional risk. The Congress and senior DoD officials requested and used the IG audit products on BRAC, Homeland Security, information system projects, readiness, chemical and biological defense, acquisition processes, information assurance, maintenance, supply management, use of government credit cards, financial management, health care, and environmental issues. One initiative in progress is the implementation of customer satisfaction surveys to ensure that the result of Audit's work adds maximum value to the Department.

Priority demands on audit resources include:

- The Chief Financial Officer's Act of 1990, as amended by the Federal Financial Management Act of 1994;
- The Intelligence Authorization Act for FY 2002 which requires the OIG to audit the form and content of the financial statements of the National Security Agency, National Geospatial-Intelligence Agency, and Defense Intelligence Agency;
- Reports required or requested by Congress and senior DoD officials, or resulting from Hotline allegations; and
- Efforts to improve DoD processes which, while beneficial, do not result in reports that can be reflected in IG productivity statistics.

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IV. Performance Criteria and Evaluation Summary: (continued)

DoD operations are experiencing a period of higher than normal risks due to the disruptions caused by ongoing military operations; continued restructuring; ever-increasing reliance on automated information systems; security vulnerabilities; and the introduction of new processes, many of which are untried in DoD settings and not well understood by the workforce. The OIG will focus its audit efforts on high-risk areas including weapon and information systems acquisition, contract management, information security and privacy, health care costs, the security clearance process, and inventory management, within the limits of available resources.

Investigations: Investigative Operations have previously used the following criteria for evaluating performance: the number of indictments, convictions, fines; the amount of recoveries and restitutions; and the number of administrative investigations conducted or overseen. Using those criteria, cases in which DCIS participated in FY 2005 and FY 2006, resulted in 770 criminal indictments, 644 convictions; and over \$3.42 billion in criminal, civil, and administrative recoveries (excluding headquarters and field managers, an average of \$6.84 million per agent, per year. These investigative results exceed all previous accomplishments. Since inception, DCIS has been responsible for over \$12.4 billion in criminal, civil and administrative recoveries. The current measure of DCIS' effectiveness is to conduct significant criminal investigations in support of crucial national defense priorities. The DCIS accomplishes this by: ensuring that investigative resources are used effectively and efficiently; placing primary emphasis on investigations of terrorism, product substitution/defective parts, computer crimes targeting the Global Information Grid, illegal technology transfer, and public corruption; and identifying offenders and/or detecting, disrupting, or dismantling the associated criminal activities.

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IV. Performance Criteria and Evaluation Summary: (continued)

It is difficult to quantify the results of criminal investigative operations. For example, in bribery and kickback cases, the dollar impact on the cost of a major contract is not readily identifiable; yet bribes and kickbacks undermine the integrity and efficiency of departmental programs and operations. The OIG also identifies areas of criminal vulnerability regarding DoD activities and ensures that the Department takes action to correct deficiencies. Another valuable byproduct of criminal investigative activities is the deterrent effect, which results from an awareness of the vigorous pursuit of violations of the law and was patently demonstrated in the Gulf coast after Hurricane Katrina when a Zero Tolerance policy was pursued on fraud. The OIG also impels the Department toward appropriate administrative action, whether or not prosecutions are obtained. The IG promotes the use of suspensions and debarments of disreputable contractors and the administrative recovery of monies due the Department.

Whistleblower protection for military service members, DoD nonappropriated fund employees, and DoD contractor employees is the statutorily-mandated mission of the Directorate for Military Reprisal Investigations. In FY 2006, MRI closed 506 cases that included in-house cases and oversight reviews of Service IG cases. Of these, 308 cases were closed after preliminary inquiries and 191 cases received full investigations. Forty full investigations resulted in one or more substantiated reprisal allegations, and 20 investigations found procedural violations under the DoD directive pertaining to referral of military members to involuntary mental health evaluations. Faced with a continuing increase in whistleblower reprisal allegations received by both the OIG and the Military Department Inspectors General (from 320 complaints received in FY 1997 to 554 complaints received in FY 2006), the MRI strives to implement policies and procedural efficiencies to improve the timeliness in processing and resolving such allegations. The Directorate conducts training workshops on the conduct of military whistleblower reprisal

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IV. Performance Criteria and Evaluation Summary: (continued)

investigations for representatives of the Military Services, the Joint Chiefs of Staff, and other defense agencies.

Whistleblower protection for civilian appropriated fund personnel is the primary mission of the Directorate for Civilian Reprisal Investigations (CRI). In FY 2005, its first year of operation, the Directorate closed two cases, and docketed 18. The two cases closed included the first case under a joint protocol with the NSA IG for the review of security clearance decisions alleged to be a pretext for reprisal. In FY 2006, CRI conducted 37 preliminary inquiries and accepted 18 cases, with the highest priority given to contractor fraud and abuse within the Defense Intelligence and counter-intelligence communities.

The Directorate for Investigations of Senior Officials (ISO) completed 52 inquiries or investigations in FY 2006. The ISO also oversaw 364 investigations by DoD components. The ISO is also evaluated by the impact that those investigations may have on public confidence in DoD leaders and ultimately on national security. Investigative impact may be evaluated by the percentage of investigations that were of significance to DoD or congressional leaders, and the percentage of investigations that substantiated alleged misconduct. Twenty-eight percent of investigations conducted by the ISO in FY 2006 had significant media, SECDEF, or congressional interest, with results provided directly to the SECDEF or members of Congress. Examples include investigations into alleged conflicts of interest on the part of senior DoD officials, alleged mismanagement of an aircraft procurement program, and the alleged failure to use intelligence data obtained by the Able Danger anti-terrorist program. Over 18 percent of the investigations substantiated allegations against senior officials and resulted in immediate removal from command, reprimands, reductions in rank, and reimbursement to the Government, thereby demonstrating that the Department holds senior leaders accountable for misconduct. Both

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IV. Performance Criteria and Evaluation Summary: (continued)

statistics indicate the increasing complexity of allegations involving senior officials and associated requirement for comprehensive, manpower intensive investigative work. Recent examples in the area of senior official inquiries include substantiated allegations of using Government property for unauthorized purposes, violation of fraternization regulations, taking official action for private gain, accepting of gifts from prohibited sources, and taking unauthorized personnel actions. As part of its responsibility to fully inform the President and Senate of adverse information concerning senior officials being nominated for promotion, reassignment, or other action, the office conducted over 3,400 name checks on DoD senior officials in the past year. The Senate Armed Services Committee relies exclusively on checks completed by the ISO before confirming military officer promotions.

Policy and Oversight: Policy and Oversight operations are evaluated on the reviews conducted, as measured by the number of reports issued; the Hotline activities reported; voluntary disclosures processed; subpoenas processed; and outcomes achieved. Policy and Oversight conducts evaluations of DoD-wide programs and reviews to ensure the quality of the performance of other DoD audit agencies, outside public accounting firms, DoD law enforcement and criminal investigative agencies, and other Defense activities. Inspectors and evaluators consult to identify recommendations to prevent fraud, waste, abuse and mismanagement. The follow-up phase of every evaluation project emphasizes measuring the impact of the recommendations implemented by management. Inspectors and evaluators also facilitate process improvement activities that do not result in separate formal reports, such as advising the Iraqi Ministry of Defense Inspector General, assisting the coalition forces in Afghanistan build self-sustaining Afghan institutions, developing joint doctrine and training for Combatant Command IGs, advising DoD managers, and promoting communications and collaboration among the various DoD IG communities. The Inspections and Evaluations (IE) Directorate is conducting a multi-year evaluation of the

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IV. Performance Criteria and Evaluation Summary: (continued)

DoD Safety Program to develop and recommend a roadmap for overcoming identified challenges to improve the effectiveness of the DoD Safety Program. Specifically, the IE is evaluating the safety climate within DoD through research, interviews and perception surveys to recommend a vision for change to achieve the Secretary of Defense's goal to reduce mishaps and accidents by 75 percent by 2008. Further, the evaluation encompasses reviews of policy, resourcing, organization, and internal and external exceptional practices. An integral element in the safety improvement roadmap is the establishment of a Defense Inspector General Commission on Safety. This commission will exclusively support the OIG's DoD Safety Program Evaluation, and address long-term areas of concern including national security, readiness, safety, and health. The commission differs from the Defense Safety Oversight Council which separately provides governance on DoD-wide efforts to reduce preventable mishaps. It is estimated that the operating costs for the commission will be \$600,000 to fund contract support (three employee work years), travel and per diem costs for 15 commission members, and commission materials.

In FY 2006, Audit Policy and Oversight (APO) commented on 14 exposure draft policy documents, reviewed 43 Federal Acquisition Regulation and Defense Federal Acquisition changes and commented on 10 of these changes, and issued one policy within established timeframes. The draft policy documents were from within DoD and outside DoD including comments on Government Auditing Standards, American Institute of Certified Public Accountant (AICPA) standards, Federal Accounting Standards Advisory Board standards and Office of Management and Budget Circulars and Bulletins. The APO detailed one staff member for five months to the GAO as part of a training assignment to work on the Government Auditing Standards and standards related tools and training course development. The APO also issued three single audit reports on Certified Public Accountant (CPA) firms' reviews of non-profit organizations and referred one CPA firm to the AICPA for substandard work. The APO also issued reports on Hotline reviews with

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IV. Performance Criteria and Evaluation Summary: (continued)

recommendations for improvement and issued the overall report on the external reviews of the quality control systems of the Military Department Audit Agencies (which consist of over 1,500 auditors). The APO provided training to over 180 personnel from various President's Council on Integrity and Efficiency (PCIE) and Executive Council on Integrity and Efficiency organizations on the PCIE external peer review process and reporting, and to 30 Army Internal Review evaluators on attest services. In addition, the APO provided advice assistance on the DoDIG external peer review of the Department of Homeland Security Office of Inspector General, the Base Realignment and Closure Naval Air Station Oceana report to the President and Congress, and Veterans Administration Office of Inspector General on external peer reviews. The APO also published a pamphlet on "What Makes a DoD Audit Organization World Class?", IGDPH 7600.2.

Investigative Policy and Oversight (IPO) In FY 2006 IPO accepted six voluntary disclosures, closed eight cases and issued 204 subpoenas. The IPO reviewed criminal investigations of prisoner and detainee abuse in Iraq, Afghanistan, and Cuba; the investigation, arrest, and imprisonment of a Muslim military chaplain that touches a broad range of US Government agencies; the Department's response and investigation of a friendly fire death of Pat Tillman, a soldier and former professional football player; and the investigation of a reported suicide of an Army soldier in Afghanistan. Each of these projects regularly captures keen congressional and national media interest. They are referred to this office after dissatisfaction with previous investigations or responses because the Office of the Inspector General is considered an honest broker of information.

DoD Hotline. In FY 2006, the DoD Hotline handled an average of 1,200 calls and letters per month, reflecting approximately a workload increase of 35 percent since September 11, 2001.

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IV. Performance Criteria and Evaluation Summary: (continued)

Quantitative Methods Directorate (QMD) In FY 2006, the QMD analysts have provided expert technical support to 59 projects and have certified the technical defensibility of 135 reports.

Intelligence. The ODIG-INTEL focuses on assessing the efficient, effective, and appropriate use of intelligence personnel and resources with emphasis on support to the warfighter and national command authority. In FY 2006, the ODIG-INTEL provided DoD leadership and Congress 17 intelligence evaluation and audit reports on topics such as Nuclear Command and Control; Defense Human Intelligence; Testimony to the 9-11 Commission; National Security Agency programs and initiatives; National Geospatial-Intelligence Agency system acquisitions; Detainee Abuse; Special Access Programs; and Counterintelligence. Congressionally directed actions or requests, management requests, or DoD Hotline complaints initiate 71 percent of ongoing projects. The other 29 percent comes from a proactive process of identifying projects to promote effective operations and ensure efficient use of resources in vital intelligence and related mission areas in support of the Department's goals and the OIG Strategic Plan.

In FY 2006, the ODIG-INTEL developed and implemented a DIG-INTEL Strategic Plan to supplement the OIG Strategic Plan that included performance measures and metrics. The ODIG-INTEL also met its performance measure to plan, staff, and manage projects so that projects are completed within an average of 330 days (actual average was 248 days, which is 23 percent less than the average of 323 days for the prior period). While this performance was, in part, a result of an unusual large number of projects with small timeframes, the ODIG-INTEL will continue to define project scope and objectives for FY 2007 and FY 2008 projects to effect additional efficiencies in project cycle time. The ODIG-INTEL will continue participating in quarterly meetings of the Intelligence Community Inspectors General (ICIG) Forum and chair the Joint Intelligence Oversight

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Coordination Group (JIOCG) to prevent duplication and overlap between the OIG, Service audit agencies, Military IGs, and other Intelligence Agencies components, or jointly with DoD intelligence agency IGs and Intelligence Community IG Forum members.

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IV. Performance Criteria and Evaluation Summary: (continued)

	<u>FY 2006</u> <u>Actual</u>	<u>FY 2007</u> <u>Estimate</u>	<u>FY 2008</u> <u>Estimate</u>	<u>FY 2009</u> <u>Estimate</u>
<u>AUDIT</u>				
Reports issued	122	125	125	125
Potential monetary benefits (\$ millions)	\$204	*	*	*
(* Monetary benefits can not be estimated)				
Achieved monetary benefits (\$ millions)	\$21,009	-	-	-
 <u>CRIMINAL INVESTIGATIONS</u>				
Indictments and Charges	355	362	362	362
Convictions	282	2644	264	264
Fines/penalties/restitutions, etc. (\$ millions)	\$2,491	\$800	\$800	\$800
 <u>NONCRIMINAL INVESTIGATIONS</u>				
Civilian Reprisal - Investigations opened	18	20	20	20
Civilian Reprisal - Investigations closed	2	15	15	15
Civilian Reprisal - Investigations oversight	1	5	10	10
Military Reprisal - Investigations opened	567	575	600	600
Military Reprisal - Investigations closed	447	500	550	550
Military Reprisal - Investigations oversight	263	300	300	300
Investigations of Senior Officials - opened	41	70	70	70
Investigations of Senior Officials - closed	52	70	70	70
Investigations of Senior Officials - oversight	364	450	450	450

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	<u>FY 2006</u> <u>Actual</u>	<u>FY 2007</u> <u>Estimate</u>	<u>FY 2008</u> <u>Estimate</u>	<u>FY 2009</u> <u>Estimate</u>
<u>POLICY and OVERSIGHT</u>				
Audit oversight reports	7	8	8	8
Investigative policy and oversight reports	3	8	8	8
Hotline calls/letters received	14,000	14,500	14,500	14,500
Substantive cases generated	3,100	3,500	4,000	4,000
Voluntary disclosures-new disclosures	8	8	10	10
Voluntary disclosures-admitted	8	6	6	6
Annual monetary benefits from disclosures (\$ millions)	.060	1.0	1.2	1.2
Subpoenas issued	240	275	300	300
Inspection & Evaluation Reports	6	6	6	6
Improved program effectiveness	*	*	*	*
GAO surveys and reviews processed	225	220	220	220
GAO draft and final reports processed	364	360	360	360
<u>INTELLIGENCE</u>				
Reports issued	17	15	15	15
Potential monetary benefits (\$ millions)	0	0	0	0

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V. Personnel Summary

						Change	
	<u>F</u>	<u>F</u>	<u>F</u>	<u>F</u>		<u>FY</u>	<u>FY</u>
	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>FY</u>	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>200</u>	<u>7/</u>	<u>8/</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6/</u>	<u>FY</u>	<u>FY</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>FY</u>	<u>2</u>	<u>2</u>
	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>200</u>	<u>00</u>	<u>00</u>
	<u>7</u>	<u>8</u>	<u>9</u>	<u>0</u>	<u>7</u>	<u>8</u>	<u>9</u>
<u>Active Military End Strength (E/S)</u>	2	2	2	2			
<u>-Total</u>	9	9	8	8	0	0	0
Officer	2	2	2	2			
Enlisted	7	7	7	7	0	0	0
	2	2	1	1	0	-1	0
	1	1	1	1			
	,	,	,	,			
	3	4	3	3			
	9	1	8	8		-	
<u>Civilian End Strength - Total</u>	8	1	6	6	13	25	0
	1	1	1	1			
	,	,	,	,			
	3	4	3	3			
	9	1	8	8		-	
U.S. Direct Hire	7	0	5	5	13	25	0
		1	1	1			
Total Direct Hire	1	,	,	,		-	
	,	4	3	3	13	25	0

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	3	1	8	8			
	9	0	5	5			
	7						
Foreign National Indirect Hire	1	1	1	1	0	0	0
Memo: Reimb Civilians Included Above	1	0	0	0	-1	0	0
<u>Active Military Average Strength (A/S)-</u>	2	2	2	2			
<u>Total</u>	9	9	9	9	0	-1	0
	2	2	2	2			
Officer	7	7	7	7	0	-1	0
Enlisted	2	2	1	1	0	-1	0
	1	1	1	1			
	'	'	'	'			
	3	4	3	3			
	7	0	8	8		-	
<u>Civilian FTEs -Total</u>	1	7	9	9	36	18	0
	1	1	1	1			
	'	'	'	'			
	3	4	3	3			
	7	0	8	8		-	
U.S. Direct Hire	0	6	8	8	36	18	0
	1	1	1	1			
	'	'	'	'			
	3	4	3	3			
	7	0	8	8		-	
Total Direct Hire	0	6	8	8	36	18	0
Foreign National Indirect Hire	1	1	1	1	0	0	0
Average Annual Civilian Salary	1	1	1	1	2,2	5,	3,

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1	1	2	2	24	00	02
4	6	1	4		2	6
/	/	/	/			
5	7	7	7			
1	4	4	6			
7	1	3	9			

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VI.	<u>OP 32 Line Items as Applicable (Dollars in thousands):</u>	FY 2006 <u>ACTUALS</u>	Change <u>FY 2006/FY 2007</u>		FY 2007 <u>ESTIMATE</u>	Change <u>FY 2007/FY 2008</u>		FY 2008 <u>ESTIMATE</u>	Change <u>FY 2008/FY 2009</u>		FY 2009 <u>ESTIMATE</u>
			<u>PRICE</u>	<u>PROGRAM</u>		<u>PRICE</u>	<u>PROGRAM</u>		<u>PRICE</u>	<u>PROGRAM</u>	
<u>CIVILIAN PERSONNEL COMPENSATION</u>											
101	Executive, General and Spec. Schedules	156,290	5,001	822	162,113	3,974	2,116	168,203	4,710	-508	172,405
103	Wage Board	33	1	-34	0	0	0	0	0	0	0
111	Disability Compensation	479	0	121	600	0	208	808	0	0	808
199	Total Civilian Personnel Compensation	156,802	5,002	909	162,713	3,974	2,324	169,011	4,710	-508	173,213
<u>TRAVEL</u>											
308	Travel of Persons	7,925	190	-769	7,346	210	-41	7,515	165	0	7,680
399	Total Travel	7,925	190	-769	7,346	210	-41	7,515	165	0	7,680
<u>DEFENSE WCF SUPPLIES & MATERIALS PURCHASES</u>											
507	GSA Managed Equipment	4,037	97	-3,528	606	14	0	620	14	-1	633
599	Total Fund Equipment Purchases	4,037	97	-3,528	606	14	0	620	14	-1	633
<u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>											
633	Defense Publication & Printing Service	77	3	-2	78	6	-5	79	3	-2	80
671	Communications Svcs (DISA) Tier 2 Pentagon Reservation Maintenance	216	6	0	222	23	0	245	9	0	254
672	Revolving Fund	525	110	207	842	-40	-222	580	42	1	623
673	Defense Finance & Accounting Svc	1,434	-138	100	1,3*96	-67	0	1,329	-70	0	1,259
699	Total Purchases	2,252	-19	305	2,538	-78	-227	2,233	-16	-1	2,215
<u>TRANSPORTATION</u>											
771	Commercial Transportation	428	9	0	437	10	-1	446	9	1	456
799	Total Transportation	428	9	0	437	10	-1	446	9	1	456
<u>OTHER PURCHASES</u>											
901	Foreign National Indirect Hire	86	2	0	88	2	0	90	2	0	92
912	Rent Payments to GSA (SLUC)	14,830	371	597	15,798	395	0	16,193	405	-1	16,597
914	Purchased Communications (Non-Fund)	2,566	62	-29	2,599	62	-2	2,659	58	0	2,717
915	Rents (Non-GSA)	118	3	0	121	3	-5	119	3	0	122
917	Posat Services (USPS)	20	0	0	20	0	0	20	0	0	20
920	Supplies & Materials (Non-Fund)	3,122	75	72	3,269	79	-113	3,235	71	107	3,413
921	Printing & Reproduction	25	1	0	26	1	1	28	1	0	29
922	Equipment Maintenance - Contract	1,585	38	102	1,725	40	0	1,765	39	0	1,804
023	Facility Maintenance - Contract	514	12	234	760	17	-238	539	12	-1	550

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VI. <u>OP 32 Line Items as</u> <u>Applicable (Dollars</u> <u>in thousands):</u>	FY 2006 <u>ACTUALS</u>	Change <u>FY 2006/FY 2007</u>		FY 2007 <u>ESTIMATE</u>	Change <u>FY 2007/FY 2008</u>		FY 2008 <u>ESTIMATE</u>	Change <u>FY 2008/FY 2009</u>		FY 2009 <u>ESTIMATE</u>
		<u>PRICE</u>	<u>PROGRAM</u>		<u>PRICE</u>	<u>PROGRAM</u>		<u>PRICE</u>	<u>PROGRAM</u>	
		925 Equipment Purchases (Non-Fund)	3,895		93	6,761		10,749	247	
932 Management & Professional Support Svc	1,306	31	3	1,340	31	0	1,371	30	0	1,401
987 Other Intra-government Purchases	3,918	94	-1,276	2,736	63	1	2,800	62	-1	2,861
989 Other Contracts	3,079	74	-314	2,839	65	0	2,904	64	0	2,968
998 Other Costs	774	19	292	1,085	29	-20	1,094	24	-16	1,102
999 Total Other Purchases	35,838	875	6,876	43,588	1,034	-7,679	36,170	845	1,768	38,783
9999 TOTAL	207,282	6,154	3,019	216,455	5,164	-5,624	215,995	5,727	1,259	222,981