

# **Fiscal Year (FY) 2012 Budget Estimates Office of Inspector General (OIG)**



February 2011

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**OFFICE OF INSPECTOR GENERAL**  
**Operation and Maintenance, Defense-Wide**  
**Fiscal Year (FY) 2012 Budget Estimates**

**Operation and Maintenance, Defense-Wide Summary (\$ in thousands)**  
**Budget Activity (BA) #: Office of Inspector General (OIG)**

	<u>FY 2010</u> <u>Actuals</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2011</u> <u>Annualized</u> <u>CR Amount</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2012</u> <u>Estimate</u>
OIG	295,679	796	501	296,976	977	-8,434	289,519

\* The FY 2010 Actual column includes \$11,710 thousand of FY 2010 OCO Appropriations funding (PL 111-118); and \$0.0 thousand of FY 2010 Supplemental Appropriations Act funding (PL 111-212).

\* The FY 2011 Estimate column excludes \$10,529 thousand requested in the FY 2011 Defense-Wide Overseas Contingency Operations Budget Request.

\* The FY 2012 Estimate column excludes \$11,055 thousand requested in the FY 2012 Defense-Wide Overseas Contingency Operations Budget Request.

**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. During the period April 1, 2008, through September 30, 2010, the OIG has achieved \$6.4 billion in savings and \$4.8 billion in recovery for the nation. Specifically in FY 2010 the OIG achieved \$4.3 billion in savings and \$2.2 billion in recovery. The Inspector General is the only DoD official authorized to issue opinions on the financial statements of the DoD.

The Inspector General also:

- 1) is 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) provides policy direction for audits and investigations relating to fraud, waste, and abuse and program effectiveness;

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- 3) investigates fraud, waste, and abuse uncovered as a result of other contract and internal audits, as the Inspector General considers appropriate;
- 4) develops policy, monitors, and evaluates program performance, and provides guidance with respect to all Department activities relating to criminal investigation programs;
- 5) monitors and evaluate the adherence of DoD auditors to internal audit, contract audit, and internal review principles, policies, and procedures;
- 6) develops policy, evaluates program performance, and monitors actions of audits conducted by the Comptroller General of the United States;
- 7) requests assistance as needed from other audit, inspection, and investigative units of the DoD (including Military Departments); and
- 8) gives particular regard to the activities of the internal audit, inspection, and investigative units of the Military Departments with a view toward avoiding duplication and ensuring effective coordination and cooperation.

The aggregate budget request for the operations of the DoD OIG is \$289,519 million. The portion of this amount needed for OIG training is \$3.448 million, and the amount needed to support the Council of Inspectors General on Integrity and Efficiency (CIGIE) is \$.475 million, which satisfies the OIG requirements for FY 2012.

**Narrative Explanation of Changes:**

FY 2011 to FY 2012: The current Fiscal Guidance for FY 2012 (\$289.519 million) reflects a decrease from FY 2011 (\$296.976 million) of \$7.457 million. This decrease of \$7.457 million for FY 2012 is a result of the price change and efficiencies taken in response to the Secretary of Defense's initiative to Improve Department of Defense Business Operations. The efficiencies consist of a reduction of civilian pay, travel, supplies, service support contracts, and equipment.

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**Auditing:** The work of the Office of the Deputy Inspector General for Auditing (ODIG-AUD) results in recommendations for reducing costs; eliminating fraud, waste, and abuse; improving performance of business operations; strengthening internal controls; improving Military Service member effectiveness or safety; 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 and also include areas of concern for contract pricing, services contracts, contractor overhead costs, and major weapons systems acquisitions.

For additional information regarding Auditing, visit the public website at [www.dodig.mil/Audit/index.html](http://www.dodig.mil/Audit/index.html).

**Investigations:** The Office of the Deputy Inspector General for Investigations (ODIG-INV) comprises the Defense Criminal Investigative Service (DCIS). DCIS traditional areas of concentration are major procurement fraud with emphasis on defective and substandard products, cyber crimes, healthcare fraud, public corruption, anti-terrorism operations, and technology protection investigations (illegal transfer, theft, or diversion of DoD technologies and U.S. Munitions List items to proscribed nations and persons). DCIS participates with the Federal Bureau of Investigation (FBI) on Joint Terrorism Task Forces (JTTFs) at the FBI headquarters and at 45 locations across the U.S. DCIS also works with U.S. Immigration and Customs Enforcement to stem the illegal diversions of DoD technology, weapon systems, and equipment through an intensive criminal investigative effort and awareness training to include tailored briefings designed to encourage DoD and contractor employees to report to DoD law enforcement agencies crimes impacting DoD programs.

DCIS actively participates in the Law Enforcement/Counterintelligence Center (LECIC), which is part of the Joint Task Force - Global Network Operations (JTF-GNO)(now U.S. Cyber Command) established to protect the Global Information Grid (GIG). Additionally,

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DCIS is an active member of the Defense Council on Integrity and Efficiency and is a mainstay on the Department of Justice National Procurement Fraud Task Force. DCIS remains a key member of the Department of Justice International Contract Corruption Task Force (ICCTF), whose mission is to deploy criminal investigative and intelligence assets worldwide to detect, investigate, and prosecute corruption and contract fraud resulting primarily from OCO. DCIS is also an active member of the National Procurement Fraud Task Force (NPFTF), created in October 2006 to promote the prevention, early detection, and prosecution of procurement fraud. The NPFTF is chaired by the Assistant Attorney General for the Criminal Division, and includes DCIS, the FBI, the Inspector General community, federal prosecutors across the country, as well as Department of Justice Criminal, Civil, Antitrust, and Tax Divisions.

For additional information regarding Investigations visit the public website at [www.dodig.mil/INV/index.html](http://www.dodig.mil/INV/index.html).

**Administrative Investigations:** The Office of the Deputy Inspector General for Administrative Investigations (ODIG-AI) composed of: Investigations of Senior Officials (ISO) which ensures that ethical violation, abuses of authority, or misuses of public office do not undermine the credibility of the national command structure; Military Reprisal Investigations (MRI) which conducts and oversees investigations of whistleblower reprisal; and Civilian Reprisal Investigations (CRI) which reviews and investigates whistleblower reprisal allegations submitted to the DoD Hotline by DoD civilian appropriated fund employees.

For more information regarding Administrative Investigations visit the public website at [www.dodig.mil/AI/index.html](http://www.dodig.mil/AI/index.html).

**Policy and Oversight:** The Office of the Deputy Inspector General for Policy and Oversight (ODIG-P&O) provides policy, guidance, and oversight to audit, inspections,

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evaluations, investigations, and hotline activities within the DoD. ODIG-P&O also provides analysis and comments on all proposed draft DoD policy issuances, as well as provides technical assessments to OIG organizations.

- Audit Policy and Oversight (APO) Directorate provides audit policy direction, guidance, and oversight for the ODIG-AUD, the Military Departments audit organizations, 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 6,500 DoD auditors in 24 DoD audit organizations, which is nearly 40 percent of all auditors in Federal Inspector General audit organizations.
- Investigative Policy and Oversight (IPO) Directorate evaluates the performance of and develops policy for the DoD criminal investigative and law enforcement community, as well as the non-criminal investigative offices of the DoD. The IPO Directorate also manages the Inspector General Subpoena Program for investigating fraud and other select criminal offenses, and administers the DoD Voluntary Disclosure Program, which facilitates Defense contractors desiring to self-report potential fraud.
- Technical Assessment Division provides a variety of engineering support functions for the OIG audit, investigative, and evaluation organization and to other DoD organizations as needed.

For more information regarding Policy and Oversight visit the public website at [www.dodig.mil/Inspections/Index.htm](http://www.dodig.mil/Inspections/Index.htm).

**Intelligence:** The Office of the Deputy Inspector General for Intelligence (ODIG-INTEL) audits, evaluates, monitors, and reviews the programs, policies, procedures, and functions of the DoD Intelligence Community, special access programs, the Defense nuclear program and operations, and other highly classified programs and functions within the DoD (hereafter referred to collectively as DoD intelligence). The DIG-INTEL is the primary advisor to the DoD Inspector General on intelligence audit and evaluation matters. The

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ODIG-INTEL audits, reviews, and evaluates topics determined by law, requests from the SECDEF and other DoD leadership, Hotline allegations, congressional requests, and internal analyses of risk in DoD Intelligence programs. The ODIG-INTEL also works closely with other Federal agency and organization Inspectors General, such as the Central Intelligence Agency, Director National Intelligence, and Department of Justice, coordinating and collaborating on projects to ensure proper operation, performance and results for national intelligence activities.

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 Inspectors General of the Intelligence community. 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.

For more information regarding Intelligence visit the public website at [www.dodig.mil/Ir/Index.html](http://www.dodig.mil/Ir/Index.html).

**Special Plans and Operations:** The Office for Special Plans and Operations (SPO) facilitates informed decision-making by senior leaders of the DoD, U.S. Congress and other Government organizations by providing timely, high-value assessment reports on strategic challenges and issues, with a special emphasis on OCO funding issues and operations in Southwest Asia (SWA). Its work complements the efforts of the other DoD OIG components. Within SPO, the Inspections and Evaluations (I&E) Directorate conducts objective and independent customer-focused management and program inspections and evaluations that address areas of interest to Congress, DoD, and the Inspector General, and provides timely findings and recommendations to improve DoD programs and operations.



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SPO is staffed with a core combination of civilian and military personnel who must be deployable to the SWA Theater of Operations.

For more information regarding Special Plans and Operations visit the public website at [www.dodig.mil/spo/index.html](http://www.dodig.mil/spo/index.html).

**Other Components, OIG:**

The Office of Communications and Congressional Liaison (OCCL) supports the OIG by serving as the primary point of contact for external communications between the OIG, the public and the Congress and by serving as the public affairs office. OCCL includes the Defense Hotline, Freedom of Information Division, Government Accountability Office (GAO) Liaison Office, the OIG Web Development Team, and digital media support.

For more information regarding Office of Communications and Congressional Liaison visit the public website at [www.dodig.mil/occl/index.html](http://www.dodig.mil/occl/index.html).

The Office of General Counsel (OGC) provides independent and objective advice and legal counsel to the Inspector General and the OIG. 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 manages the OIG Ethics Program.

The Office of Administration and Management (OA&M) provides mission essential support for personnel, security, training, administration, logistics, and information technology through its five Directorates: Human Capital Advisory Services; Office of Security; Training Services; Administration and Logistics Services; and Information Systems. OA&M supervises and provides mission critical functions in support of the OIG's day-to-day operations at headquarters and 74 field offices located throughout the world. The OA&M

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also supports Combatant Command and Joint Inspector General Training and Doctrine development.

II. Force Structure Summary: n/a

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**III. Financial Summary (\$ in thousands)**

	FY 2011						
	FY 2010 <u>Actuals</u>	FY 2011 Budget <u>Request</u>	<u>Congressional Action</u>			Annual CR <u>Amount</u>	FY 2012 <u>Estimate</u>
<u>Amount</u>			<u>Percent</u>	<u>Appropriated</u>			
<b>A. <u>BA Subactivities</u></b>							
1. Auditing	111,499	111,840				116,062	112,821
2. Investigations	92,470	91,338				95,714	93,567
3. Administrative Investigations	9,312	9,765				10,233	9,422
4. Policy and Oversight	14,568	14,468				15,164	14,741
5. Intelligence	7,923	8,007				8,247	8,017
6. Special Plans and Operations	5,525	3,761				5,751	5,591
7. Other OIG	38,382	38,361				39,953	38,837
8. Council of Inspectors General on Integrity and Efficiency (CIGIE)	288	656				772	475
9. OIG - Training	3,653	4,158				4,080	3,448
10. OCO Funding	11,710	0				0	0
11. RDT&E Supplemental	0	0				0	1,600
12. Procurement	349	1,000				1,000	1,000
<b>Total</b>	<b>295,679</b>	<b>283,354</b>				<b>296,976</b>	<b>289,519</b>

\* The FY 2010 Actual column includes \$11,710 thousand of FY 2010 OCO Appropriations (PL 111-118); and \$0.0 thousand of FY 2010 Supplemental Appropriations Act funding (PL 111-212).

\* The FY 2011 Estimate column excludes \$10,529 thousand requested in the FY 2011 Defense-Wide Overseas Contingency Operations Budget Request.

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III. Financial Summary (\$ in thousands)

<u>B. Reconciliation Summary</u>	<u>Change</u> <u>FY 2011/FY 2011</u>	<u>Change</u> <u>FY 2011/FY 2012</u>
<b>Baseline Funding</b>	283,354	296,976
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Annualized CR Amount	13,622	
Congressional Adjustments (General Provisions)		
<b>Subtotal Appropriated Amount</b>	<b>296,976</b>	
Fact-of-Life Changes (CY to CY Only)		
<b>Subtotal Baseline Funding</b>	<b>296,976</b>	
Anticipated Supplemental	10,529	
Reprogrammings		
Price Changes		977
Functional Transfers		
Program Changes		-8,434
<b>Current Estimate</b>	<b>307,505</b>	<b>289,519</b>
Less: Wartime Supplemental	<b>-10,529</b>	
<b>Normalized Current Estimate</b>	<b>296,976</b>	

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III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
<b>FY 2011 President's Budget Request (Amended, if applicable)</b>		<b>283,354</b>
1. Congressional Adjustments		13,622
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to meet Congressional Intent	13,622	
d. General Provisions		
e. Congressional Earmarks - Indian Lands Environmental Impact		
<b>FY 2011 Appropriated Amount</b>		<b>296,976</b>
2. War-Related and Disaster Supplemental Appropriations		
3. Fact of Life Changes		
<b>FY 2011 Baseline Funding</b>		<b>296,976</b>
4. Reprogrammings (requiring 1415 Actions)		0
<b>Revised FY 2011 Estimate</b>		<b>296,976</b>
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings, Iraq Freedom Fund Transfers		
<b>FY 2011 Normalized Current Estimate</b>		<b>296,976</b>
6. Price Change		977
7. Functional Transfers		0
8. Program Increases		0
a. Annualization of New FY 2011 Program		
b. One-Time FY 2012 Increases		

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**III. Financial Summary (\$ in thousands)**

<b><u>C. Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
c. Program Growth in FY 2012		
9. Program Decreases		-8,434
a. Annualization of FY 2011 Program Decreases		
b. One-Time FY 2011 Increases		
c. Program Decreases in FY 2012		
1) Efficiencies Initiative: Manpower Reduction (Baseline: \$212,452.0 thousand)	-527	
2) Efficiencies Initiative: Travel (Baseline: \$8,074.0 thousand)	-1,831	
3) Efficiencies Initiative: Pentagon Rent Adjustment (Baseline: \$20,260.0 thousand)	-896	
4) Efficiencies Initiative: Reducing Reliance on DoD Service Support Contractors (Baseline: \$12,000.0 thousand)	-259	
5) Efficiencies Initiative: Overhead and Administration Reduction (Baseline: \$39,953.0 thousand)	-28	
6) Efficiencies Initiative: Reduction to Public Affairs Staff (Baseline: \$431.0 thousand)	-4	
7) Efficiencies Initiative: Transfer of Common IT Services (Baseline: \$18,818.0 thousand)	-4	
8) Auditing - Decrease in personnel compensation, and contracts (Baseline: \$116,062.0 thousand)	-1,577	
9) Investigations - Decrease in personnel compensation, supplies and contracts (Baseline: \$95,714.0 thousand)	-1,308	
10) Administrative Investigations - Decrease in contracts (Baseline: \$10,233.0 thousand)	-132	

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III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
11) Policy and Oversight - Decrease in equipment and supplies (Baseline: \$15,164.0 thousand)	-206	
12) Intelligence - Decrease in contracts and supplies (Baseline: \$8,247.0 thousand)	-112	
13) Special Plans and Operations - Decrease in supplies (Baseline: \$5,751.0 thousand)	-78	
14) Other OIG - Decrease in personnel compensation, supplies, equipment, and contracts (Baseline: \$39,953.0 thousand)	-543	
15) CIGIE - Decrease due to planned execution. (Baseline: \$772 thousand)	-297	
16) OIG - Training - Decrease in training (Baseline: \$4,080.0 thousand)	-632	
<b>FY 2012 Budget Request</b>		<b>289,519</b>

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**IV. Performance Criteria and Evaluation Summary**

**Auditing:** The Audit component assists the Department by supporting fundamental imperatives of the Department identified in the Quadrennial Defense Review Report. These imperatives are to continue to transform the Department's warfighting capabilities and to implement enterprise-wide changes to ensure that organizational structures, processes, and procedures support DoD's strategic direction. The ODIG-AUD conducts oversight efforts that provide benefits to the Department by addressing critical life and safety issues, improving business operations, compliance with statute or regulations, improving national security, and/or identifying potential monetary benefits. 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. Two of the key measurements of Audit success are identification of potential monetary benefits and concurrence rate on audit recommendations that correct identified deficiencies. In FY 2010, the ODIG-AUD produced 91 reports, which identified potential monetary benefits totaling \$4.394 billion. Additionally, during FY 2010, Audit achieved \$4.353 billion in monetary benefits from reports issued in FY 2010 and earlier (i.e., funds were put to better use because of actions completed on audit recommendations). Numerous other audits provide value to the Department, but do not lend themselves to identification of specific monetary benefits. These audits address critical issues such as improvements related the quality assurance and testing of DoD body armor, redistribution and accountability of assets from the field, improvements in contingency contracting practices to reduce the potential for fraud, waste, and abuse, and the management and training of Afghanistan Security Forces to counter the growing insurgency threat in Afghanistan.

In FY 2010, fundamental contract deficiencies continue to plague the Department, particularly in the areas of requirements definition, competition, contract oversight and



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**IV. Performance Criteria and Evaluation Summary**

surveillance, and contract pricing. To strengthen oversight within this area, the ODIG-AUD created and filled a new Senior Leader (SES-equivalent) position.

In 2010, in addition to OCO and ARRA efforts, auditors prepared highly visible reports including a joint audit with the Department of State regarding the training of Afghan National Police; a timely and value-added assessment of living conditions in Okinawa, Japan, for U.S. Marines and their families; the potential duplication of existing capabilities by an acquisition program; ineffective use of inventory; and a report on contingency contracting which received congressional interest and was leveraged by DoD components as a tool to improve their contracting practices in a contingency environment.

The DoD annually produces financial statements based on financial data from at least 65 individual entities and funds, many of which are larger and more complex than most public corporations. The OIG is the sole DoD audit organization authorized to audit those statements and issue opinions on them. In FY 2010 the OIG again limited its financial statement audit work based on management representations concerning financial statement reliability and redirected the Defense Business Operations staff to work on audits related to the controls over unliquidated obligations, improper payments, and internal control and compliance reviews over systems and property. In addition, because of increased concerns over funding spent on OCO and in response to the FY 2008 National Defense Authorization Act Section 842, "Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan," the OIG is performing several financial audits to determine whether OCO funds are being used for their intended purpose.

As a result of the requirements outlined in P.L. 111-84, the Department made changes to its Financial Improvement and Audit Readiness (FIAR) plan. Specifically, the May 2010

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**IV. Performance Criteria and Evaluation Summary**

update included the refinement of the FIAR priorities to focus on improving controls and processes supporting information that is most often used to manage the Department while continuing to work toward financial, information technology, and supporting documentation improvements that facilitate the achievement of unqualified audit opinions on its financial statements. The FIAR Plan is a roadmap to fix internal controls and correct processes necessary for financial statement audit readiness. Through participation in the FIAR governance board and various other meetings, the OIG serves in an advisory role to the FIAR Directorate in updating and executing the FIAR plan and FIAR guidance. In FY 2010, auditors reviewed three assertion packages from DoD Components.

In FY 2011, the auditors will issue disclaimers of opinion on the DoD Agency-wide FY 2010 financial statements and seven of the components' statements that support the Agency-wide statements; an unqualified opinion on the U.S. Army Corps of Engineers; endorse an independent public accounting firm's unqualified opinion on the Military Retirement Fund and disclaimers of opinion on the Medicare Eligible Retiree Health Care Fund and Contract Resource Management. In addition, the auditors will perform audits or provided contractor oversight on 14 financial systems audits and perform approximately 20 other audits on internal controls, compliance with laws and regulations, and other financial-related issues. As OSD and Components have identified segments of financial statements that are ready for review, DoD OIG audit staff will announce audits or attestation engagements, as appropriate. For example, the OIG continues to oversee an audit of the U.S. Marine Corps Statement of Budgetary Responses. This audit resulted in the ODIG-AUD issuing a disclaimer of opinion on the FY 2010 statement, but work continues to determine whether remediation completed by the Marine Corps is sufficient to justify a FY 2011 audit of the statement. The ODIG-AUD also continues to perform internal control and compliance reviews over systems and property and attestation reviews of the DoD Counterdrug program.

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**IV. Performance Criteria and Evaluation Summary**

In FY 2011 and 2012, in addition to its OCO and Guam efforts, the ODIG-AUD will place particular emphasis on SECDEF and congressional interest items, dedicating resources to high-risk/high impact areas. The OIG will focus its audit efforts on high-risk areas including weapon systems acquisition, contract oversight to include overseas contingency contracting, depot purchases of spare parts through partnership agreements with private firms, financial management and systems, improper payments, health care, critical infrastructure, cyber security, readiness, and OCO within the limits of available resources. ODIG-AUD will continue to increase its presence in Southwest Asia in FY 2011, focusing on associated challenges with force restructuring, and asset accountability; acquisition; logistics; financial management including Afghanistan Security Forces Fund and the Commander's Emergency Response Program. Auditors will increase emphasis on preventing and detecting fraud and on procurement related internal controls in both CONUS and overseas operations. Additionally, in FY 2011 and FY 2012, auditors will continue the review of funds and construction efforts related to Guam relocation efforts.

In FY 2011, the ODIG-AUD will continue to staff the Hawaii field office and expand the Tampa, Florida, field office. The Hawaii field office will provide oversight of planned force restructure of the Marines from Japan to Guam and in strengthening and rebalancing U.S. forces in the Pacific. The Tampa staff will continue to provide oversight and support to CENTCOM for its efforts in Southwest Asia as well as providing oversight of SOCOM's increased funding to support an expanded mission and increased size of forces.

The OIG auditors also continue to lead DoD-wide audits as well as joint audits with other Federal IGs. Ongoing efforts involve a statutory requirement to review non-DoD agencies that perform a significant number of contracting actions for DoD. The ODIG-AUD is currently reviewing the Department of the Interior and has planned future required audits of U.S. Department of Veteran Affairs and the National Institutes of Health. Auditors

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**IV. Performance Criteria and Evaluation Summary**

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.

In FY 2011 and 2012, the OIG will continue to expand audit work related to financial management procedures and business systems such as the Defense Enterprise Accounting and Management System (DEAMS); improper payments to include identifying systems or payment processes that may be vulnerable to making improper payment transactions, information technology acquisition, and cyber security. Unless financial management procedures and 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 improve its overall financial management operations and, as a result prepare auditable financial statements. As more components assert that their financial statements are audit-ready in order to meet the requirement of the FY 2010 National Defense Authorization Act that DoD financial statements be validated as ready for audit not later than September 30, 2017, more effort will be required to audit financial statements in FY 2011 and future years. 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 as amended by the Improper Payments Elimination and Recovery Act of 2010, American Recovery and Reinvestment Act, Prompt Payment Act, and Title 10 United States Code 2784, which requires periodic reviews of DoD management of the purchase card program).

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**IV. Performance Criteria and Evaluation Summary**

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.

**Investigations:** The Defense Criminal Investigative Service (DCIS) uses several methods to evaluate performance. The most significant of which is the importance of the matter under investigation ("priorities"), e.g., significant fraud and corruption impacting DoD operations throughout Southwest Asia; significant procurement and acquisitions fraud; investigations of fraud, waste, and abuse of funds related to the American Recovery and Reinvestment Act (ARRA) of 2009; defective, substituted, or substandard products that compromise safety and mission-readiness; or theft and diversion of critical DoD technologies, systems, and equipment that may be used by adversaries against American warfighters. In addition, DCIS established an evaluation standard that 80 percent of investigations initiated must be in its priority areas of criminal activity. DCIS also monitors indictments, convictions, fines, recoveries, restitution, and the percentage of cases accepted for prosecution to ensure consistency in effort and historical output and the resourceful use of assets.

In FY 2010, DCIS investigations resulted in 301 criminal indictments, 241 convictions, and over \$2.228 billion in criminal, civil, and administrative recoveries (excluding headquarters and field managers, an average of \$8.22 million per agent, for the year). Since its inception, DCIS has participated in cases that have resulted in about \$17.8 billion in criminal, civil, and administrative recoveries. Further, DCIS provided effective support to crucial national defense priorities through the efficient use of limited investigative resources.

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In FY 2011, DCIS will: (1) continue vigorous investigative support to Overseas Contingency Operations (OCO) as it affects the Department of Defense at home and abroad; (2) maintain a high priority on significant procurement fraud investigations with emphasis on defective, substituted, and substandard products that impact the safety and mission-readiness of our warfighters; (3) continue focus on combating corruption by ferreting out and uncompromisingly investigating major DoD Procurement Fraud, including bribery, corruption, kickbacks, conflicts of interest, and major thefts; (4) continue concentration on investigations, training, and awareness aimed at the illegal transfer of technology, systems, and equipment critical to DoD and dangerous if in the hands of proscribed persons and nations; (5) continue defense against Cyber Crimes and Computer intrusions that impact DoD, with emphasis on Computer Network Defense to protect the Global Information Grid; and (6) support the OIG's efforts in oversight and investigation of significant fraud in relation to DoD expenditures of ARRA funds.

Major fraud investigations, such as Pfizer, Incorporated (\$1.3 billion recovery), BAE Systems (\$400 million recovery), Dubois (\$72 million recovery), AlphaPharma, Incorporated (\$28.3 million recovery), Sikorsky Aircraft Corporation (\$20 million recovery) and the Body Armor Civil Fraud Task Force (\$10.8 million recovery) require extensive efforts by criminal investigative and audit components. Fraud investigations often lead to additional endeavors initiated by the OIG or directed by Congress, the Office of the Secretary of Defense, and the Department of Justice (DoJ). The publicity of these major investigations also results in increased crime reporting.

**ADMINISTRATIVE INVESTIGATIONS:** The Office of the Deputy Inspector General for Administrative Investigations (ODIG-AI) promotes public confidence in the integrity and accountability of DoD leadership by investigating, and conducting oversight of

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investigations, into allegations of misconduct by senior DoD officials and whistleblower reprisal. The ODIG-AI is comprised of three directorates: Civilian Reprisal Investigations (CRI), Military Reprisal Investigations (MRI), and Investigations of Senior Officials (ISO). The MRI and CRI Directorates are an integral part of the DoD whistleblower protection program that encourages personnel to report fraud, waste, and abuse to appropriate authorities; provides mechanisms for addressing complaints of reprisal; and recommends remedies for whistleblowers who encounter reprisal, consistent with applicable laws, regulations, and policies. In FY 2009, the DoD IG significantly increased the investigative staff of ODIG-AI demonstrating commitment to the expeditious resolution of allegations without compromising independence or quality.

The MRI Directorate has statutory responsibility to investigate complaints of reprisal for making disclosures protected by three Federal Statutes: 10 U.S.C. 1034 for members of the Armed Services, 10 U.S.C. 1587 for DoD nonappropriated fund employees, and 10 U.S.C. 2409 for DoD contractor employees (the latter also protected under the Federal Acquisition Regulation and Defense Supplement). MRI also has the regulatory requirement to investigate or oversee allegations of improper referral of members of the Armed Forces for mental health evaluations. MRI uses the number of reprisal complaints closed and the case cycle time to evaluate performance; and includes cases investigated in-house and those conducted by Military Department IGs forwarded to MRI for oversight review and final approval. In FY 2010, MRI received 679 reprisal and improper mental health evaluation complaints and closed 698 complaints, of which 326 were investigated by Military Department or Defense Agency IG under MRI oversight. Of the 698 complaints, 547 cases were closed after the preliminary inquiry stage. MRI and the Military Department/Defense Agency IGs currently have 324 open cases and continue to refine policies and procedures to improve the timeliness in resolving such allegations. MRI

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also conducts extensive outreach to the Military Departments, the Combatant Commands, and other Defense agencies through mobile training teams and formal training workshops.

In FY 2011 thru FY 2012, MRI will continue to expand its outreach, training, and oversight role with the Military Department IGs and ensure prominence and effectiveness of the DoD whistleblower protection program.

The CRI Directorate has the primary mission of whistleblower protection for civilian appropriated fund personnel. CRI receives and investigates complaints of reprisal made by civilian appropriated-fund employees consistent with Subchapter II, Chapter 12 of 5 U.S.C. and Section 2302. CRI provides the sole whistleblower protection program for civilian appropriated fund employees in the Defense Intelligence Components, complementary with but not limited by Subchapter II, Chapter 12 of 5 U.S.C. and Section 2302. The basic criteria for evaluating CRI operations is the number of investigations conducted or oversights. Oversight cases are those in which a DoD component investigated and CRI reviews the final product for sufficiency. In FY 2010, CRI reviewed 92 cases. Of those 22 (24 percent) were accepted, 53 (58 percent) were referred to Office of Special Counsel or Merit System Protection Board, and 17 (18 percent) were referred to the EEOC or responsible agency for action. In FY 2010, CRI closed 10 full investigations and substantiated four for a 40 percent substantiation rate. CRI also conducted 2 oversight reviews and exceeded its established metric of allocating 25 percent of its resources to cases of congressional interest. CRI began FY 2011 with 22 open actions and is giving highest priority to allegations of reprisal involving procurement fraud whistleblowing and whistleblower protection within the Defense Intelligence and counterintelligence communities. CRI refer complainants for which it does not open an investigation to other federal agencies, as appropriate.



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The ISO Directorate has the primary mission of investigating allegations of misconduct against general/flag officers, members of the Senior Executive Service, and Presidential Appointees. In FY 2010, ISO and the Military IGs received 484 senior official cases and closed 433 cases, of which 60 (14 percent) contained substantiated allegations during FY 2010. ISO performed oversight on 204 investigations conducted by DoD components and evaluated the impact of those investigations on public confidence in DoD leaders and ultimately on national security. Investigative impact may be evaluated by the overall number of investigations conducted or oversights, cycle time to complete an investigation, the percentage of investigations of significance/interest to DoD or congressional leaders, and the percentage of cases with substantiated allegations. Forty-five percent of investigations conducted by ISO in FY 2010 had significant media, SECDEF, or congressional interest, with results provided directly to the SECDEF or Members of Congress and involved complicated issues of public interest. Examples of ISO work products include investigations into alleged ethics violations, conflicts of interest on the part of senior DoD officials, misuse of position and resources, mismanagement of major Defense programs, and travel/contracting irregularities. The severity of corrective actions in cases with substantiated findings -- immediate removal from command, reprimand, reduction in rank, and reimbursement to the Government -- demonstrates that the Department holds senior leaders accountable for their 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 10,000 name checks on DoD senior officials in the past year. The Senate Armed Services Committee relies exclusively on checks completed by ISO before confirming military officer promotions.

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In FY 2011 thru FY 2012, ISO will continue to positively impact the warfighter and the public through timely investigations of senior official misconduct. In addition to improving timeliness and responsiveness to top Defense officials and Members of Congress, the ISO Directorate plans to engage in education and outreach to keep the senior official population apprised of the types of issues that give rise to allegations of misconduct and adversely affect the economy, efficiency, and integrity of the Department.

**Policy and Oversight:** The Office of the Deputy Inspector General for Policy and Oversight (ODIG-P&O) is unique in that it has varied responsibilities, including establishing audit and investigative policy, performing oversight of DoD auditors and investigators, and providing engineering support to the OIG DoD and other Defense and Federal agencies. The ODIG-P&O is also responsible, per the Inspector General Act of 1978, as amended, for coordinating draft DoD policy issuances. Policy and Oversight operations are evaluated based on reviews conducted, as measured by the significance and quality of audit, evaluation, and investigative policies provided; oversight and evaluation reports issued; contractor disclosures processed; subpoenas processed; timeliness and quality of technical support provided; positive impact on draft DoD policy issuances; follow-up of DCAA report recommendations; and outcomes from evaluations of significant DoD programs and operations. In FY 2010, Policy and Oversight issued six reports and provided technical support to approximately 37 audit and investigative projects. ODIG-P&O managed the OIG's policy coordination process for 334 draft DoD policy issuances and coordinated/processed for publication the following three DoD Issuances: (1) DoDI 5505.14, "Deoxyribonucleic Acid (DNA) Collection Requirements for Criminal Investigations," May 27, 2010; (2) DoDI 5505.15, "DoD Contractor Disclosure Program," June 16, 2010; and (3) DoDI 5505.11, "Fingerprint Card and Final Disposition Report Submission Requirements," July 9, 2010.

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In FY 2010, Audit Policy and Oversight (APO) issued three oversight reports, completed reviews of 16 hotlines, 5 Notices of Concern and 1 Preliminary Results Memorandum. We reviewed and commented on 277 single audit reports and issued 106 memorandums for grant/contracting officer follow-up. APO commented on 7 exposure draft policy documents, and reviewed 41 and commented on 2 Federal Acquisition Regulation and Defense Federal Acquisition changes. Exposure draft policy documents were from within and outside DoD, including the Federal Accounting Standards Advisory Board, and the Office of Management and Budget. APO administered the peer review program for DoD audit organizations, encompassing oversight of peer reviews of two DoD audit organizations, including one DoD intelligence audit organization. Oversight was provided by APO on 2,028 open and closed contract audit reports with over \$5.4 billion in potential savings. Also, APO issued 40 recommendations, 33 (82.5 percent) of which were agreed upon or provided acceptable alternatives. APO monitored the Defense Contract Audit Agency (DCAA) on the quality of audit work in response to two GAO reviews, completed review on 15 DCAA-related Hotline complaints, and started reviews on 35 other DoD Hotline complaints concerning DCAA audit operations.

APO participated in the DoD OIG Human Capital Advisory Committee and identified P&O issues related to management of human capital, including staff recruitment and retention. Training presentations on external peer reviews of IG Audit Operations were provided by APO to 90 people from 55 government agencies. Participated on at least 15 working groups, including the Procurement Fraud Working Group Steering Committee, Financial Statement Audit Network, DoD OIG Peer Review Working Group, Single Audit Roundtable, DoD Contracting Oversight & Quality Assurance Joint Planning Group, DoD Council of Small Audit Organizations, National Single Audit Coordinator Workgroup (Single Audit), Federal Audit Executive Council External Peer Review Guide Update working Group, OMB/CIGIE task

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force to address recommendations from the National Single Audit Sampling Initiative, Federal Audit Executive Council Audit Committee, Audit Chief's Council, IG DoD Audit Advisory Committee, Single Audit Compliance Supplement Core Team, and Federal Audit Liaison Council.

In FY 2011 through 2012, APO will focus on oversight reviews of DCAA high-risk areas and monitor, review, and report on DCAA audit compliance with GAGAS. Additionally, APO will focus on at least 35 Defense Hotlines of DCAA audits, management, and personnel. APO will also perform administration of peer reviews of 24 DoD audit organizations. APO will continue to update the IG Fraud website, including adding approximately 40 additional contract audit fraud scenarios, and monitor DCAA fraud referrals and efforts on contractor disclosures. In the Single Audit area, APO will perform six single audit quality control reviews, two follow-up reviews and continue to review all single audit reports for audit findings that require grant/contracting officer follow-up actions. The six quality control reviews cover \$1.2 billion (30 percent) of the \$8.3 billion in DoD research and development funds associated with the 33 cognizant organizations. In the contract audit follow-up area, APO will review contracting officer actions on DCAA contract audit reports which currently number over 2,000 and include approximately \$5 billion in questioned costs. For example, APO will complete a second review in a series of reviews of contracts related to Iraq Reconstruction.

In FY 2010, Investigative Policy and Oversight (IPO) coordinated/published the following three DoD Issuances: DoDI 5505.11, "Fingerprint Card and Final Disposition Report Submission Requirements," July 9, 2010, DoDI 5505.14, "Deoxyribonucleic Acid (DNA) Collection Requirements for Criminal Investigations," May 27, 2010, and DoDI 5505.12, "DoD Contractor Disclosure Program," June 16, 2010. The Contractor Disclosure Program received and effectively responded to 202 disclosures by Defense contractors and

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subcontractors of procurement-related crimes mandated by Federal Acquisition Regulations. The program coordinated the disclosures through the Department of Justice and Defense investigative, audit and suspension/debarment authorities. The success of the program can be partly attributed to aggressive marketing by the Program Manager to both government and industry officials. IPO has also worked diligently to resolve seven voluntary disclosures under the previous program. The OIG Subpoena Program coordinated and issued 590 subpoenas to defense investigators and auditors this fiscal year. It also issued the first IG testimonial subpoena, authorized by the National Defense Authorization Act of Fiscal Year 2010, in support of an IPO evaluation project. The OIG Subpoena Program developed a capability to digitally process subpoenas in an effort to speed up the review and coordination time. The new DoD IG Subpoena Database Management system was fully implemented and has been essential in tracking the status of subpoenas and supporting the production of internal management reports. IPO has a robust subpoena training program. During FY 2010, IPO trained 958 DoD OIG personnel and 458 Defense Criminal Investigative Organization (DCIO) personnel. IPO also hosted the Federal Law Enforcement Training Center Continuing Legal Education Training Program Course for DoD investigators and attorneys. In oversight projects, IPO published a report on DoD response to sexual assault involving U.S. civilian employees and contractors in contingency operations. The DoD program office accepted our recommendations and initiated policy coordination to incorporate our ideas in DoD regulatory guidance. A response to a Hotline complaint concerning the failure to autopsy a detainee was fully resolved and closed. IPO completed and published a review of a particularly heinous murder/suicide in Iraq in which parents said Command failed to protect their daughter from a known threat. Through a compelling array of investigative activity, IPO proved a negative, i.e., the command had not failed the murdered soldier. And IPO identified the source of the disturbingly inaccurate information provided to the parents. In a separate matter concerning the death of a sailor in the custody of law enforcement, we resolved

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congressional complaints about the Navy's response. IPO found effective investigations concerning the death incident and military justice actions, but a deficient line of duty investigation which ignored significant indicators that suicide was a real threat. In other work IPO completed a review of the Navy Court of Criminal Appeals that was sparked by congressional concerns that automatic courts-martial appeals for Sailors and Marines were in some cases effectively ignored. We identified cultural problems dating back a generation that degraded the statutory obligation to provide military justice in the Navy and Marine Corps. In another area, significantly outside our lane, IPO reviewed a public affairs outreach program highlighted in a Pulitzer Prize winning New York Times article. A previous Inspector General report on the program was scorned by the Senate and subsequently disavowed by the Inspector General. We obtained cooperation from witnesses who previously refused cooperation, and wherein one category of witness only 7 were previously interviewed, we obtained cooperation from 68. We restarted an evaluation of the DoD, Navy and Marine Corps response to a Marine's complaint that a fellow Marine raped her. Later, the accused rapist murdered her. North Carolina officials asked the Inspector General to stop our evaluation until the conclusion of the state's murder trial. Our work continues.

The Voluntary Disclosure Program was superseded by the Contractor Disclosure in December 2008. There are not/and will not be any new voluntary disclosures. IPO is working to resolve the remaining 17 voluntary disclosures.

In FY 2011 through 2012, IPO will field revised investigative policy addressing (a) oral, wire and electronic intercepts for law enforcement; (b) acquisition of information concerning persons and organizations not affiliated with DoD; and (c) initiation of investigations by Defense Criminal Investigative Organizations; among others. The Subpoena Program will seek to continuously improve the subpoena processing time while

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marketing subpoenas as a viable investigative tool within the DoD Law Enforcement and Audit communities. The Contractor Disclosure Program will continue to work with the Department of Justice, DCIOs, and the Defense Acquisition Community to refine the Contractor Disclosure process. They will also work with the Defense Contract Audit Agency (DCAA) to improve and manage the process of DCAA fraud referrals (DCAA Form 2000) to DCIOs for potential criminal investigations. In oversight projects, we will conclude our review of the Navy-Marine Corps Court of Criminal Appeals and offer substantive recommendations to cure a generation of neglect. We will also publish a credible report on the Public Affairs Outreach program which we expect will vividly portray the Office of the Inspector General as a determined, honest broker of information. While we expect the wars to significantly influence our mission in exigent ways that are difficult to predict, we expect to continue to receive complaints about the thoroughness of death investigations, and incidents where Congress raises concerns about the actions leaders took before or after a death. In other proactive matters, we expect to solicit our constituent communities for systemic evaluation ideas which hold the promise to improve the investigative community's ability to interact and efficiently cooperate on shared interests. Informed by our work over the last seven years of war, we plan to design a systemic review of unsolved serious crimes focused on the thoroughness of the investigation and the exhaustion of logical investigative steps.

In FY 2011 and 2012, TAD will continue to provide technical support for audits, investigations, and other OIG components. It will also complete technical assessment projects on the Guam realignment infrastructure requirements.

**Intelligence:** The ODIG-INTEL focuses on assessing the efficient, effective, and appropriate use of intelligence personnel, systems and resources with emphasis on support to the warfighter and national command authority. ODIG-Intel also provides oversight of

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the DoD Nuclear Enterprise and special access programs. In FY 2010, the ODIG-INTEL provided DoD leadership and Congress with 15 intelligence evaluation and audit reports on topics such as a "Review of Intelligence Joint Task Force Guantanamo Inclusion of Mental Health Information in Intelligence Information Reports," "Audit of the National Assessment Group," "Field Verification-Interrogation & Survival, Evasion, Resistance and Escape Techniques - Recommendation," and "DoD Efforts to Protect Critical Program Information The Army's Warfighter Information Network-Tactical." Of these reports issued, it is noteworthy that we continue to address issues dealing with DoD involvement with detainees. In the "Review of Intelligence Joint Task Force Guantanamo Inclusion of Mental Health Information in Intelligence Information Reports," we examined how present regulatory guidance authorizes health-care providers to share detainee medical information with interrogators, but does not provide specific guidance on how to do so, resulting in confusion for both health-care providers and interrogation elements. In the "Field Verification-Interrogation & Survival, Evasion, Resistance and Escape Techniques - Recommendation" report, we were able to validate that all accredited DoD SERE training facilities have included provisions in student briefings and academic curriculum to formalize Oversight of special access programs continues to be a focus of our efforts as we provide a valuable assessment of some of the Departments most highly sensitive programs. Nuclear surety concerns, previously identified by this office also continue to require our attention. Our project planning process remains a critical process for focusing our limited resources in the oversight of intelligence community programs and the FY 2011 plan will highlight our efforts. Our focus is on identifying relevant projects that can be accomplished in shorter periods and thereby meeting our second goal of making reporting of our projects more timely.

In FY 2011, the ODIG-INTEL Annual Plan shows continued work on ongoing projects that were implemented through the FY 2010 plan or responded to emergent external requirements



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from the Secretary of Defense, Inspector General management, and Congress. As these projects are completed, the FY 2011/2012 Annual Plan will be executed that supports four focus areas through 12 new projects to begin in 2011 and 9 in 2012. In total, all projects support one or more priorities delineated by SECDEF and Inspector General as mission priorities or management challenges. The ODIG-INTEL will also continue to refine project scope and objectives to improve cycle time. The ODIG-INTEL will continue participating in quarterly meetings of the Intelligence Community Inspectors General (IC IG) Forum and chair the Joint Intelligence Oversight Coordination Group (JIOCG) to prevent duplication and overlap between the OIG, Service audit agencies, Military Inspectors General, and other Intelligence agencies components, or jointly with DoD Intelligence agency Inspectors General and Intelligence Community Inspector General Forum members.

In FY 2012, besides executing the projects remaining from the FY 2011 and 2012 plan, ODIG-INTEL personnel will continue to reassess defense priorities and congressional perspectives to ensure resources provide the best coverage. This will include projects that support both Operation New Dawn (OND) and Operation Enduring Freedom (OEF). The ODIG-INTEL will also focus reviews on issues such as cyber security; special access programs; acquisition and contracting within the DoD Intelligence community; intelligence and counterintelligence programs and systems. The ODIG-INTEL will continue to reduce the number of open recommendations in a number of key areas and follow up on recommendations made concerning the nuclear enterprise with the goal of maintaining a critical presence in evaluating and monitoring the activities within DoD in this high visibility area.

**Special Plans and Operations:** In FY 2010 a SPO medical assessment issued a report concerning whether U.S. Government, coalition, and Afghan Ministry of Defense and

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Ministry of Interior goals, objectives, plans, and guidance to develop and sustain the Afghan National Security Force (ANSF) health care system were effective. In response to the announcement by President Obama in February 2009 that the US combat mission in Iraq would end by August 31, 2010, SPO deployed a team to Southwest Asia to review Intra-Theater Transportation Planning, Capabilities, and Execution for the Drawdown from Iraq. The objective of the assessment was to determine whether USCENTCOM and its supporting and subordinate organizations' intra-theater logistical planning and selected capabilities were sufficient to support and manage the movement of materiel being drawn down from Iraq. The resulting report was published in FY 2010. The DoD Military Injury Prevention Priorities Working Group analyzed a sample of the 1,874,826 injuries recorded in the calendar year 2004 medical databases. The Working Group reported a large disparity between military medical records for accident-related injuries and Service safety center records for accidents. At the request of the Assistant Deputy Under Secretary of Defense for Environment, Safety, and Occupational Health, SPO evaluated the DoD injury reporting process for reportable injury-causing accidents involving civilian and military personnel. SPO also reviewed DoD and Component policies, reporting requirements, and recording systems for injury-causing accidents. As a result of a congressional request for assistance, SPO announced the "Wounded Warriors Matters" project in the Spring of 2010. This assessment initiative will determine whether the DoD programs for the care, management, and transition of recovering service members wounded during deployment in Operation Iraqi Freedom or Iraqi Enduring Freedom are managed effectively and efficiently. Field work so far completed, includes visits to the Wounded Warrior Battalions of Ft. Sam Houston, Texas, Ft. Drum, New York, and Camp Lejeune, North Carolina. Individual reports pertaining to these visits are expected in the 2nd and 3rd Quarters FY-2011. Additional field assessments are planned for Camp Pendleton, California, Joint Base Lewis-McChord, Washington, Ft. Carson, Colorado and Ft. Riley,

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Kansas. This series of assessments will end with a review of systemic problems identified in the DoD Wounded Warrior Programs.

In FY 2011-2012, in response to a growing need to assess priority national security objectives globally, SPO intends to expand its scope to include a variety of non-SWA topics in FY 2011 thru FY 2012.

Areas of interest include, but are not limited to:

- a. Assignment of a team of 8-10 personnel to assess National defense infrastructure and policies - such as readiness to support operations led by the Department of Homeland Security.
- b. SPO will also continue to assign teams for each of its CONUS-based and mandated subject areas pertaining to:
  1. The Federal Voting Assistance program (4 personnel team).
  2. Review of DoD compliance with Section 847 of the National Defense Authorization Act (4 personnel team).
  3. The DoD Combating Trafficking in Persons (CTIP) program (6 personnel team).
  4. The Armed Forces Retirement Home (6-8 personnel team).

**Other Components, OIG:** The Office of Communication and Congressional Liaison (OCCL) supports the mission of the OIG by keeping the Congress, senior OIG and DoD personnel, and the public fully and currently informed of the work and accomplishments of the OIG regarding the programs and operations of the Department. The OCCL also includes

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Strategic Planning, the Freedom of Information Division, the Managers' Internal Controls Program, the DoD OIG web team, Whistleblowing & Transparency directorate, the Defense Hotline and GAO Affairs. In fulfillment of its mission to keep Congress informed, the OCCL seeks to ensure that requests from Congress for information are responded to completely and in a timely manner. During FY 2010, the OIG opened 179 cases based on inquiries received from congressional offices; the FOIA/PA office received 416 requests for information and completed 352 requests; the DoD Hotline received 16,982 contacts (composed of telephone calls, letters, and email) and initiated 2,412 action/information cases and 1,767 non-referral cases; and, GAO affairs processed 361 GAO Draft and final reports and 250 GAO review announcements. There is an anticipated increase in FY 2011 and 2012 for Hotline contacts and cases, congressional inquiries, FOIA requests, and GAO reports.

	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
	<b><u>Actual</u></b>	<b><u>Estimate</u></b>	<b><u>Estimate</u></b>
<b><u>AUDIT</u></b>			
Reports issued	91	130	130
Potential monetary benefits (\$ millions)	\$4,394.0	*	*
(* Monetary benefits cannot be estimated)			
Achieved monetary benefits (\$ millions)	\$4,353.0	*	*
(*Monetary benefits cannot be estimated at this time)			
<b><u>CRIMINAL INVESTIGATIONS</u></b>			
Indictments and Charges	301	360	370
Convictions	241	260	273
Fines/penalties/restitutions, etc. (\$ millions)	\$2,228.4	\$430	\$452
<b><u>ADMINISTRATIVE INVESTIGATIONS</u></b>			

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	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Military Reprisal - Investigations opened	679	687	694
Military Reprisal - Investigations closed	698	682	687
Military Reprisal - Investigations oversight	326	335	345
Civilian Reprisal - Investigations opened	22	25	28
Civilian Reprisal - Investigations closed	10	15	20
Civilian Reprisal - Investigations oversight	2	5	8
Investigations of Senior Officials - opened	484	501	510
Investigations of Senior Officials - closed	433	435	440
Investigations of Senior Officials - oversight	204	206	215
 <b><u>POLICY and OVERSIGHT</u></b>			
Audit oversight reports	3	10	10
Investigative Policy and Oversight reports	3	5	7
Contractor Disclosures Submitted	202	212	225
Subpoenas issued	590	600	610
 <b><u>INTELLIGENCE</u></b>			
Reports issued	15	12	12
 <b><u>SPECIAL PLANS and OPERATIONS</u></b>			
SPO reports	7	6	7
 <b><u>COMMUNICATIONS &amp; CONGRESSIONAL LIAISON</u></b>			
Hotline calls/letters received	16,982	20,000	20,000
Hotline action/information cases generated	2,412	3,000	3,000

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	FY 2010	FY 2011	FY 2012
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Hotline non-referral cases generated	1,767	2,500	2,500
Opened congressional inquiries	179	250	250
Closed congressional inquiries	188	250	250
FOIA requests received	416	450	450
FOIA requests processed	352	400	425
FOIA Appeals Received	29	27	27

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<b>V. <u>Personnel Summary</u></b>	<b><u>FY 2010</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b>Change FY 2010/ FY 2011</b>	<b>Change FY 2011/ FY 2012</b>
<u>Active Military End Strength (E/S)</u>					
(Total)					
Officer	21	27	27	6	0
Enlisted	1	1	1	0	0
<u>Civilian End Strength (Total)</u>					
U.S. Direct Hire	1,597	1,613	1,613	16	0
Foreign National Direct Hire					
Total Direct Hire	1,597	1,613	1,613	16	0
Foreign National Indirect Hire	1	1	1	0	0
<u>Active Military Average Strength (A/S)</u>					
(Total)					
Officer	21	27	27	6	0
Enlisted	1	1	1	0	0
Civilian FTEs (Total)					
U.S. Direct Hire	1,597	1,613	1,613	16	0
Foreign National Direct Hire					
Total Direct Hire	1,597	1,613	1,613	16	0
Foreign National Indirect Hire	1	1	1	0	0
Memo: Military Technician Included					
Memo: Reimbursable Civilians Included					
Average Annual Civilian Salary (\$ in thousands)	\$143	\$141	\$135	-2	-6
Contractor FTEs (Total)	77	69	40	-8	-29

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**VI. OP 32 Line Items as Applicable (Dollars in thousands):**

<u>OP 32 Line</u>	FY 2010 <u>Actuals</u>	Change <u>FY 2010/FY 2011</u>		FY 2011 <u>Estimate</u>	Change <u>FY 2011/FY 2012</u>		FY 2012 <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	225,305	0	1,765	227,070	0	-10,087	216,983
111 Disability Compensation	779	0	225	1,004	0	-300	704
121 Perm Change of Station	115	0	16	131	0	-59	72
<b>199 Total Civ Compensation</b>	<b>226,199</b>	<b>0</b>	<b>2,006</b>	<b>228,205</b>	<b>0</b>	<b>-10,446</b>	<b>217,759</b>
308 Travel of Persons	9,045	127	-2,601	6,571	99	-427	6,243
<b>399 Total Travel</b>	<b>9,045</b>	<b>127</b>	<b>-2,601</b>	<b>6,571</b>	<b>99</b>	<b>-427</b>	<b>6,243</b>
633 DLA Document Services	300	9	-9	300	18	-18	300
647 DISA Info Svcs	1,081	-151	166	1,096	-142	159	1,113
673 Def Fin & Accounting Svc	621	2	7	630	111	-101	640
<b>699 Total DWCF Purchases</b>	<b>2,002</b>	<b>-140</b>	<b>164</b>	<b>2,026</b>	<b>-13</b>	<b>40</b>	<b>2,053</b>
771 Commercial Transport	491	7	-275	223	3	-2	224
<b>799 Total Transportation</b>	<b>491</b>	<b>7</b>	<b>-275</b>	<b>223</b>	<b>3</b>	<b>-2</b>	<b>224</b>
901 FN Indirect Hires	107	3	-2	108	3	-3	108
912 GSA Leases (SLUC)	19,705	276	0	19,981	300	14,000	34,281
913 Purch Util (non fund)	141	2	0	143	2	-20	125
914 Purch Com (non fund)	2,996	42	-34	3,004	45	-50	2,999
915 Rents, Leases (non GSA)	153	2	-56	99	1	-50	50
917 Postal Svc (USPS)	96	1	-15	82	1	1	84
920 Supplies/Matl (non fund)	2,497	35	-86	2,446	37	-570	1,913
922 Eqt Maint Contract	1,211	17	-17	1,211	18	-10	1,219
923 Facilities Maint by Contr	95	1	0	96	1	0	97
925 Eqt Purch (non fund)	4,128	53	1,959	6,140	91	-2,761	3,470
932 Mgt Prof Support Svcs	37	1	3	41	1	-8	34
933 Studies, Analysis & Eval	805	11	-816	0	0	0	0



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**VI. OP 32 Line Items as Applicable (Dollars in thousands):**

<u>OP 32 Line</u>	FY 2010 <u>Actuals</u>	Change FY 2010/FY 2011		FY 2011 <u>Estimate</u>	Change FY 2011/FY 2012		FY 2012 <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
960 Interest and Dividends	4	0	-4	0	0	0	0
961 Other Costs (Unvouchered)	340	0	360	700	0	-300	400
987 Other IntraGovt Purch	5,315	74	400	5,789	87	-378	5,498
989 Other Services	11,607	162	-478	11,291	169	-4,600	6,860
990 IT Contract Support Ser	8,705	122	-7	8,820	132	-2,850	6,102
<b>999 Total Other Purchases</b>	<b>57,942</b>	<b>802</b>	<b>1,207</b>	<b>59,951</b>	<b>888</b>	<b>2,401</b>	<b>63,240</b>
<b>Total</b>	<b>295,679</b>	<b>796</b>	<b>501</b>	<b>296,976</b>	<b>977</b>	<b>-8,434</b>	<b>289,519</b>

\* The FY 2010 Actual column includes \$11,710.0 thousand of FY 2010 OCO Appropriations funding (PL 111-118); and \$0.0 thousand of FY 2010 supplemental Appropriations Act funding (PL 111-212).

\* The FY 2011 Estimate column excludes \$10,529.0 thousand requested in the FY 2011 Defense-Wide Overseas Contingency Operations Budget Request.

\* The FY 2012 Estimate column excludes \$11,055.0 thousand requested in the FY 2012 Defense-Wide Overseas Contingency Operations Budget Request.

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