

September 28, 2005



Statement  
of  
Mr. Thomas F. Gimble  
Acting Inspector General  
Department of Defense

before the  
Subcommittee on Oversight and Investigations  
House Committee on Energy and Commerce  
on  
"DoD Audit and Investigative Efforts Regarding the  
Hurricane Katrina Relief and Recovery"

Mr. Chairman and Members of the House Energy and Commerce Subcommittee on Oversight and Investigations:

Thank you for the opportunity to appear before the committee today to address the DoD audit and investigative oversight efforts regarding the Hurricane Katrina relief and recovery. The DoD and Army Corps of Engineers were provided direct appropriations and Federal Emergency Management Agency (FEMA) mission assignments for recovery, repairs, and protection of shorelines in the affected Gulf States. We are working in close coordination with all Inspectors General through the PCIE Homeland Security Roundtable on Hurricane Katrina to ensure effective utilization of DoD oversight resources in the relief and recovery efforts. Specifically for DoD, the DoD Office of Inspector General, the Army Audit Agency, the Naval Audit Service, the Air Force Audit Agency, the Defense Contract Audit Agency, and the Defense criminal investigative organizations will employ a cadre of auditors, investigators, and inspectors who will provide immediate and professional oversight of DoD contracts, grants, and operations related to Hurricane Katrina relief and recovery efforts. To fulfill our statutory oversight responsibilities, we have either started or plan to start the following efforts. Our oversight effort for Hurricane Katrina relief and recovery will be on a “real-time” basis and provide immediate feedback as issues are identified.

## **DoD Office of Inspector General --Auditing**

The DoD Office of Inspector General is initially planning five specific audit areas regarding the Hurricane Katrina relief and recovery efforts – contract support and administration, increased purchase card limits, use of DoD resources in readiness and logistics support, contingency of information technology systems, and the accounting and oversight of obligations and expenditures. The “Audit of DoD Contract Support for the Hurricane Katrina Recovery Effort” will review the award and administration of DoD contracts used for the Hurricane Katrina recovery effort. The “Audit of Expanded Micro-Purchase Authority for Purchase Card Transactions Related to Hurricane Katrina” will focus on the reasonableness and appropriateness of expenditures and the early identification of questionable spending issues and determine whether DoD policies and procedures need to be changed regarding the Hurricane Katrina related effort. Thirdly, we will conduct an “Audit of the Use of DoD Resources Supporting the Hurricane Katrina Disaster” and determine the impact on readiness and logistics support. Additionally, we will perform an “Audit of the Effects of Hurricane Katrina on DoD Information Technology Resources in Affected Areas.” Lastly, the DoD Office of Inspector General will conduct an “Audit of Accounting and Oversight of Obligations and Expenditures related to the Department of Defense Hurricane Katrina Reconstruction Effort” to determine whether DoD obligations and expenditures related to the construction effort are timely and efficiently executed and in accordance with applicable laws and regulations.

### **Army Audit Agency**

The U.S. Army Audit Agency is in the process of providing audit oversight of the funds the U.S. Army received for support provided by Active Army and Army National Guard units and the U.S. Army Corps of Engineers. The overall objective is to determine whether the Army appropriately used funds it received for Hurricane Katrina relief and recovery efforts. They met with the Corps of Engineers to initiate this effort. In addition, the Assistant Secretary of the Army (Financial Management and Comptroller) has requested audit support with the financial accounting and reporting of the Hurricane Katrina relief funds.

### **Naval Audit Service**

The Naval Audit Service has been tasked by senior Navy management to provide audit oversight of the Navy and Marine Corps roles in the recovery effort. The Naval Audit Service plans audits on cash accountability, purchase cards, contracts, reimbursable arrangements, as well as financial accounting and reporting. In addition, the Naval Audit Service will provide independent, objective advice and oversight concerning relief for Navy and Marine Corps families.

### **Air Force Audit Agency**

The Undersecretary of Defense (Comptroller) assigned the Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller) as the Financial Manager for Joint Task Force Katrina. The Air Force Audit Agency has been tasked with

auditing the financial management activities related to the Hurricane Katrina relief operations. Auditors will review the Air Force procedures for receiving and disbursing funds in support of Hurricane Katrina relief operations and the tracking and requesting of FEMA reimbursements.

### **Defense Contract Audit Agency**

The Defense Contract Audit Agency has been requested by the Army Corps of Engineers Internal Review Team to provide contract audit and financial advisory services to the Corps of Engineers in support of the relief and reconstruction contracting activities. Fourteen Defense Contract Audit Agency auditors are currently in Louisiana and Mississippi providing contract audit assistance on Corps of Engineers contracts regarding debris removal and temporary roofing missions. Coordination is underway to identify other contract audit requirements relating to Army Corps of Engineers relief and recovery missions. Defense Contract Audit Agency is also examining potential contract cost and pricing issues directly related to Hurricane Katrina such as loss of equipment and facilities, equitable adjustment claims, loss of in-process items, and loss of accounting records.

### **Criminal Investigative Services Efforts**

The Defense Criminal Investigative Service has 43 agents in its Southeast Field Office who are prepared to assist in investigation of fraud, abuse, corruption, and other crimes associated with the use of DoD funds designated for Hurricane Katrina relief and

recovery efforts. The Defense Criminal Investigative Service could augment that force with resources from five other field offices if the volume and complexity of investigations warrants. Initial activities, some of which have already begun, include coordinating with the DoD procurement agencies (i.e., the U.S. Army Corps of Engineers, the Defense Logistics agency, and the Defense Contract Management Agency) and the FEMA Office of Inspector General, partnering with various Federal, state, and local law enforcement agencies relative to the Joint Task Force Katrina, and conducting fraud awareness briefings to DoD contractors and procurement officials.

The Army Criminal Investigative Command, the Navy Criminal Investigative Service, and the Air Force Office of Special Investigations have been performing missions in support of law enforcement and military personnel and the overall Force Protection of DoD military and civilian personnel involved in the relief efforts. Additionally, the Army Criminal Investigative Command is performing general crimes investigations.

In addition, DoD Hotline is supporting Department of Homeland Security and other agencies by standing up a Hurricane Fraud Hotline which will log, relay, and track incoming complaints and allegations of wrongdoing.