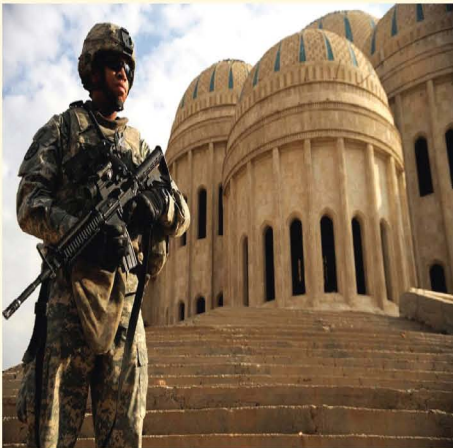


Acting Inspector General
Gordon S. Heddell

DEPARTMENT OF DEFENSE INSPECTOR GENERAL

GLOBAL DEPARTMENT



GLOBAL OVERSIGHT



The Department of Defense Inspector General is responsible for oversight of a global Department. The DoD IG is committed to promoting integrity, accountability, and improvement of DoD personnel, programs and operations. Listed to the right are highlights of DoD IG work and initiatives to provide oversight to the Department as of September 30, 2008.

Comprehensive Audit Plan

In coordination with the Southwest Asia Joint Planning Group, the DoD IG issued a Comprehensive Audit Plan for Southwest Asia. The plan was designed to outline specific areas of oversight responsibility.

Opening of New Field Offices

As part of our plan to increase our global oversight of the Department, we opened field offices in Korea and Germany. The field offices are for the audit component, and are located in Seoul and Stuttgart.

Defective Military Products

Armament & Technical Products (a division of General Dynamics) agreed to pay the U.S. Government \$4.1 million as a result of a qui tam settlement. Based on information from former employees, an investigation found that General Dynamics fraudulently certified test results for heat-treating on High Data Rate masts that are used on U.S. Navy submarines.

DCIS Asset Forfeiture Program

The Defense Criminal Investigative Service has obtained over \$21 million dollars in court ordered forfeitures and an additional \$8.6 million in seizures as of September 30, 2008.

Review of Electrocutions in Iraq

As a result of congressional requests, the DoD IG is conducting a systematic review of electrocution deaths in Iraq that have occurred since 2003. The team has reviewed 75,000 documents and interviewed over 35 witnesses.

Munitions Accountability

The DoD IG evaluated munitions accountability in Afghanistan and followed up on a previous report on munitions accountability in Iraq. The two evaluations further examined the responsiveness of security assistance processes that were providing equipment to the Afghan and Iraqi Security Forces, and the planning, development, and mentoring of logistics and medical sustainment for the Afghan and Iraqi Security Forces.

DoD Funding to Pakistan

The DoD IG is assessing DoD-funded programs in support of the Government of Pakistan, such as Coalition Support Funds. Within three weeks after receiving a request from the Secretary of Defense, the DoD IG deployed a team to Pakistan to visit organizations and individuals who were responsible for the management of these programs.

Oversight Growth Plan

After considerable analysis in looking at the Department and its role in the Global War on Terror among other global responsibilities, the DoD IG developed a growth plan to increase by 33 percent to 1,918 full-time equivalents by FY 2015 in order to boost manpower capability in the face of a continually growing Department.

OIF and OEF Challenges

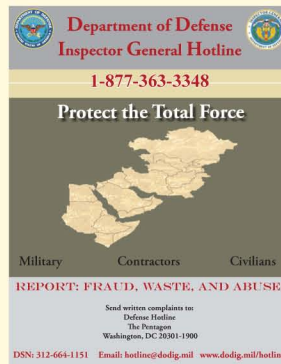
The DoD IG issued a report detailing 302 audit reports and testimonies regarding the challenges impacting Operations Iraqi Freedom and Enduring Freedom reported by major oversight organizations from FY 2003 to 2007.

Global Department

DEPARTMENT OF DEFENSE

PROTECTING THE TOTAL FORCE

Personnel: Over 3 million
Active Duty: Over 1.3 million
Civilian: Over 684 thousand
National Guard
and Reserve: Nearly 1.1 million



FY 2008 DEFENSE BUDGET

Base Budget: \$479 billion
GWOT Supplemental: \$187 billion

DOD MAJOR CHALLENGES

Responding to the war on terrorism's demands, carrying on daily training operations in the United States and around the globe, and transforming to meet the needs of the 21st Century.

DOD CONTRACTOR AUDIT

On May 29, 2008, the DoD IG issued a report on the "Effect of Payments on Boeing Pension Funds on Economic Price Adjustment Clauses in DoD Contracts." The Boeing Company's pension fund contributions were able to abnormally influence an economic price adjustment factor that would have resulted in higher payments to Boeing on three multiyear contracts: the Air Force C-17 Globemaster III aircraft, the Army AH-64D Apache Longbow helicopter, and the Navy F/A-18 E/F Super Hornet aircraft. The Director, Defense Procurement and Acquisition Policy and his negotiating team reached a settlement with Boeing for \$272.3 million resulting in a cost avoidance of \$520.6 million for DoD and the taxpayers.



TOP TEN DEPARTMENT OF DEFENSE CONTRACTORS

1. Lockheed Martin Corporation	\$20,057,965,434
2. The Boeing Company	\$16,808,996,215
3. Northrop Grumman Corporation	\$12,260,235,536
4. Raytheon Company	\$10,552,942,610
5. BAE Systems PLC	\$10,204,758,954
6. General Dynamics Corporation	\$10,153,468,139
7. United Technologies Corporation	\$5,743,210,672
8. L-3 Communications Holdings, Inc.	\$4,806,208,865
9. KBR, Inc.	\$4,033,875,615
10. Navistar	\$3,126,764,708

FY 2008, USA spending.gov

DEPARTMENT PRIORITIES

- Prevail in the War on Terror
- Increase Ground Capabilities
- Improve Force Readiness
- Develop Future Combat Capabilities
- Improve Quality of Life

STATUS OF TRAINING VEHICLES FOR U.S. GROUND FORCES AUDIT

On August 6, 2008, the DoD IG issued a report on "Status of Training Vehicles for U.S. Ground Forces Deploying in Support of Operation Iraqi Freedom." The DoD IG identified that competing requirements for equipment in theater as well as units being reset for redeployment have created challenges for combat training centers.



Buffalo Mine Protection Clearance Vehicle detects improvised explosive devices patrolling in Baghdad, Iraq.

Global Oversight

DOD IG OVERSIGHT... FOCUSING EFFORTS IN SOUTHWEST ASIA



224*
GWOT Projects

* Total ongoing and completed DoD IG GWOT projects and statistics as of September 30, 2008

DOD IG STATISTICS

GWOT Audits

Ongoing \$88 billion
Completed \$15 billion

DCIS GWOT Investigations

Ongoing Cases 1,715
Closed Cases 267

CENTCOM REQUIRED TRAINING FOR OIF AND OEF

1. Country orientation brief	8. First aid
2. Anti-terrorism	9. Unexploded ordnance and improvised explosive device
3. Rules of engagement	10. Land navigation
4. Rules for use of force	11. Combat lifesaver
5. Media awareness	12. Combat stress and suicide prevention
6. Weapons qualification	13. Regulatory briefings
7. Nuclear, biological, and chemical personal protective measures	14. Compliance with law of war and Geneva and Hague conventions

On April 9, 2008, the DoD IG issued a report on "Training Requirements for U.S. Ground Forces Deploying in Support of Operation Iraqi Freedom." The DoD IG identified that U.S. Central Command requires that all personnel deploying in support of Operation Iraqi Freedom be trained in 14 areas, which are listed above. As a result, the services provided realistic, theater inspired training for units deploying in support of OIF.



AEY AMMUNITION INVESTIGATION



Ammunition supplied by AEY

A joint investigation involving the Defense Criminal Investigative Service and other law enforcement agencies led to the indictment of four persons for attempting to defraud the government on a \$298 million contract to supply ammunition to Afghan National Army and Afghan security forces. The contract, issued January 26, 2007, by the U.S. Army to Defense contractor AEY, located in Miami Beach, Florida, stipulated that the company was required to certify that it was providing serviceable and safe ammunition. The contract also prohibited delivery of ammunition acquired, directly or indirectly, from any military companies in China.

Statistical Highlights

The following statistical data highlights Department of Defense Inspector General activities and accomplishments during the April 1, 2008 to September 30, 2008 reporting period.

Investigations¹

Total returned to the U.S. Government.....	\$397.6 million
Seizures and Recoveries.....	\$1.4 million
Civil Judgments.....	\$206.9 million
Criminal Judgments.....	\$180.6 million
Administrative Judgments.....	\$8.6 million

Investigative Cases

Indictments.....	214
Convictions.....	155
Suspensions.....	24
Debarments.....	78

Audit

Audit Reports Issued.....	64
Monetary Benefits	
Recommendations Made on Funds Put to Better Use.....	\$742.7 million
Achieved Monetary Benefits (Funds Put to Better Use).....	\$907.5 million

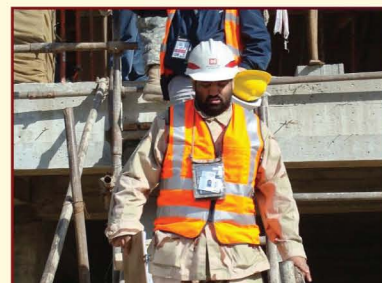
Policy and Oversight

Existing and Proposed Regulations Reviewed.....	193
Evaluation Reports Issued.....	23
Inspector General Subpoenas Issued.....	187
Voluntary Disclosure Program Recoveries.....	\$210,000

Hotline Activities

Contacts.....	6,876
Cases Opened.....	1,064
Cases Closed.....	1,088

Dollar Recoveries.....	\$1.5 million
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¹ Includes investigations conducted jointly with other federal and Defense Criminal Investigative Organizations.