

Fiscal Year (FY) 2009 Budget Estimate Office of the Inspector General (OIG)



February 2008

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

Office of the Inspector General (Dollars in Thousands)

	FY 2007	Price	Program	FY 2008	Price	Program	FY 2009
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
OIG	218,132	6,875	15,358	240,365	6,727	753	247,845

* The FY 2007 Actual column includes \$4,344.0 thousand of FY 2007 Emergency Supplemental funds for the Global War on Terror (GWOT) and \$103.0 thousand for Hurricane Katrina (PL 109-234).

** The FY 2008 Estimate column excludes \$4,394.0 thousand of FY 2008 GWOT funding.

I. Description of Operations Financed: The Office of Inspector General (OIG) audits, investigates, inspects, and evaluates all aspects of the Department of Defense (DoD) operations. Based on its findings, the OIG recommends policies and process improvements that promote economy, efficiency, and effectiveness in the Department. The OIG informs Department management and Congress about the problems and deficiencies in programs and operations and the progress of corrective actions. The Inspector General (IG) is the only DoD official authorized to issue opinions on the financial statements of the DoD. Since 2005, **the OIG has identified \$23.9 billion in savings and \$4.9 billion in recovery** for the nation.

Narrative Explanation of Changes:

FY 2008 to FY 2009: In FY 2008, Congress increased OIG funding to provide enhanced contractor oversight. The OIG hired 73 additional auditors, evaluators, criminal investigators, and support staff to meet this need. The OIG implemented an initiative to improve training for combatant command and joint inspectors general. The FY 2009 budget request supports the annualized civilian full-time equivalents (FTEs) (an additional 28 FTEs compared to FY 2008). The FY 2009 program transfers the Intelligence Oversight function with nine FTEs from the Office of the Assistant Secretary of Defense for

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I. Description of Operations Financed (continued):

Intelligence Oversight to the OIG. The purpose of the OIG is to serve as an independent and objective office to:

- Conduct and supervise audits and investigations relating to the programs and operations of the DoD;
- Provide leadership and coordination and recommend policies for activities designed to
 - promote economy, efficiency, and effectiveness in the administration of, and
 - prevent and detect fraud and abuse in, such programs and operations; and
- 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.

The Inspector General shall:

- 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;
- Initiate, conduct, and supervise such audits and investigations in the DoD (including the Military Departments) as the Inspector General considers appropriate;
- Provide policy direction for audits and investigations relating to fraud, waste, and abuse and program effectiveness;
- Investigate fraud, waste, and abuse uncovered as a result of other contract and internal audits, as the Inspector General considers appropriate;

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- Develop policy, monitor, and evaluate program performance, and provide guidance with respect to all Department activities relating to criminal investigation programs;
- Monitor and evaluate the adherence of DoD auditors to internal audit, contract audit, and internal review principles, policies, and procedures;
- 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;
- Request assistance as needed from other audit, inspection, and investigative units of the DoD (including Military Departments); and
- 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 ensuring effective coordination and cooperation.

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 mission-based results.

The IG will continue to target combined efforts on critical issues such as the interagency, inter-service Assessment Team for Munitions Accountability to maximize results. The Munitions Assessment Team is comprised of representatives from the DoD OIG; the Department of State OIG; the Bureau of Alcohol, Tobacco, Firearms, and Explosives; the FBI; the U.S. Army, Navy, and Air Force; as well as other agencies. The team's overall objective is to assess controls over the distribution of conventional military arms, ammunition, and explosives provided to the security forces of Iraq and Afghanistan.

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I. Description of Operations Financed (continued):

Auditing: 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; 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. OIG auditors continue to focus effort on Base Realignment and Closure (BRAC) by performing additional assessments related to the BRAC implementation process and military construction. Auditors continue to address areas of concern for contract pricing, services contracts, contractor overhead costs, and major weapons systems acquisitions.

The OIG leads a Southwest Asia Joint Planning Group with membership from the Military Inspectors General, the Auditors General, the Inspectors General of State, and the Agency for International Development, the Special Inspector General for Iraq Reconstruction, and the Combatant Commands Inspectors General. The Joint Planning Group will facilitate coordination, de-conflict oversight activities in the region, and focus critical resources on key high-risk areas affecting military operations.

Auditors will place particular emphasis on the President's Management Agenda (PMA) and related SECDEF and congressional interest items in FY 2009. The OIG focuses on the high-risk areas of major acquisitions, information technology acquisitions, contracting, congressional earmarks, funds management, internal controls over financial management systems, information security and privacy, readiness issues, and health care costs. The OIG will increase emphasis on preventing and detecting fraud, and on reviewing procurement related internal controls, in both CONUS and overseas operations.

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The OIG auditors lead DoD-wide audits and joint audits with other Federal IGs. An ongoing effort involves a statutory requirement to review non-DoD agencies that perform a significant number of contracting actions for DoD. The FY 2006 National Defense Authorization Act expanded this requirement to include similar reviews of Department of the Treasury, and Department of the Interior. This requirement resulted in the review of the Department of the Interior for FY 2008. The FY 2007 National Defense Authorization Act required reviews of the National Institutes of Health and the U.S. Department of Veterans Affairs that will require additional reviews in FY 2008. Auditors 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.

Defense Financial Auditing Service: The DoD annually produces at least 65 individual financial statements, many of which are larger and more complex than the statements of most public corporations. The OIG is the sole DoD audit organization authorized to review those statements and issue opinions on them. The OIG will conduct audits on the reliability of DoD financial statements consistent with Public law 107-107, Section 1008.

The DoD submitted the latest version of the Financial Improvement and Audit Readiness (FIAR) Plan to congressional defense committees in October 2007, in accordance with the FY 2006 National Defense Authorization Act. The FIAR Plan is a roadmap to fix internal controls and correct processes necessary for financial statement audit readiness. Through participation in the Financial Management Leadership Council and various other meetings, the OIG serves in an advisory role to the FIAR Directorate in updating and executing the FIAR plan.

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In November 2007, the auditors issued disclaimers of opinion on the DoD Agency-wide FY 2007 financial statements and nine of the components' statements that support the Agency-wide statements. In December 2007, the auditors issued an unqualified opinion on the Military Retirement Fund, and a qualified opinion on the Medicare Eligible Retiree Health Care Fund. In addition, the auditors performed audits or provided contractor oversight on three financial systems audits and performed approximately 80 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 has announced audits or attestation engagements, as appropriate. During FY 2007, the ODIG-AUD performed specific audits or reviews related to Military Equipment Valuation, Overseas Environmental and Other Liabilities, and Cash and Other Monetary Assets and Inventory and related Property. The ODIG-AUD conducted audits related to the Foreign Military Sales Trust Fund.

In FY 2009, the OIG will expand audit work on financial management procedures and business systems, particularly those developed as enterprise resource planning systems that sustain internal controls over financial statement data. The weaknesses that affect the auditability of the financial statements influence other DoD programs and operations. This contributes to waste, mismanagement, and inefficient use of DoD resources. The OIG will work with the DoD components to identify deficiencies and recommend corrective actions. The 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).

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Investigations: The Office of the Deputy Inspector General for Investigations (ODIG-INV) comprises the investigations components of the OIG - the Defense Criminal Investigative Service (DCIS) and the Office of the Assistant Inspector General for Administrative Investigations, the latter consisting of Investigations of Senior Officials (ISO), Military Reprisal Investigations (MRI), and Civilian Reprisal Investigations (CRI). The terrorist attacks of September 11, 2001, the increasing sophistication of criminal enterprises and new and developing statutory requirements all contribute to the evolution and escalation of INV's mission. In the aftermath of September 11, DCIS' traditional areas of concentration (major procurement fraud, substitution of defective products, healthcare fraud, and public corruption) expanded to include anti-terrorism operations and technology transfer investigations (illegal transfer, theft, or diversion of DoD technologies and U.S. Munitions List items to proscribed nations and persons). In FY 2007, there were 82 open anti-terrorism cases and 189 illegal technology transfer cases. 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. to protect DoD programs and operations. DCIS 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 regarding this criminal activity. DCIS provides mission awareness presentations DoD-wide. These briefings encourage DoD and contractor employees to report to DoD law enforcement agencies fraud, waste, abuse and any crimes affecting DoD programs.

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. DCIS provides support to JTF-GNO, LECIC, and serves, in coordination with the Secretaries of the Military Departments, as the focal point of Defense law enforcement community for the design, development, and maintenance

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of information systems and databases that facilitate law enforcement operations and LECIC requirements. The DCIS assigned a senior agent as liaison to the Counterintelligence Field Activity (CIFA), which is under the authority, direction, and control of the Under Secretary of Defense (Intelligence). The CIFA develops and manages DoD Counterintelligence programs that support the protection of the Department. The DCIS' liaison also serves as the Chief of the Law Enforcement and Protective Services Operational Support Division, Counterintelligence Law Enforcement Center (CILEC), which is responsible for facilitating, integrating, and de-conflicting DCIS and other DoD law enforcement information within CIFA and at the DoD, National, and International levels.

The DCIS is a member of the President's Council on Integrity and Efficiency (PCIE), supports the Executive Council on Integrity and Efficiency (ECIE,) and is a mainstay on the Department of Justice Hurricane Katrina Task Force, which investigates criminal activities, mainly fraud, associated with the multi-year Gulf Coast reconstruction.

The DCIS continues to investigate DoD procurement fraud, including corruption and defective and hazardous military equipment. Major fraud investigations, such as the **Purdue Pharma (\$635 million recovery)** and **ITT Night Vision Division (\$100 million recovery)** investigations, 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 causes increased crime reporting. The DCIS continues aggressively investigating DoD-related fraud originating from Iraq and other SWA areas of operations through its offices in Iraq, Kuwait, Germany, and the U.S. In October 2006, DOJ formed the International Contract Corruption Task Force (ICCTF), of which DCIS is a key member. The mission of the ICCTF is to deploy criminal investigative and intelligence assets worldwide to detect, investigate, and

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prosecute corruption and contract fraud resulting primarily from GWOT. A Board of Governors comprised of senior representatives from agencies conducting GWOT investigations (including a DCIS representative) leads the ICCTF.

The DCIS is 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 Assistant Attorney General for the Criminal Division chairs the Task Force. It includes DCIS, the FBI, the IG community, federal prosecutors across the country, and the Criminal, Civil, Antitrust, and Tax Divisions of the DOJ. The Task Force fulfills DOJ's desire to emphasize civil and criminal prosecution of investigations involving defective pricing, product substitution, misuse of classified and procurement sensitive information, false claims, grant fraud, labor mischarging, fraud involving foreign military sales, ethics and conflict of interest violations, and public corruption associated with acquisition.

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

- Investigations of Senior Officials (ISO) ensures 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 investigate credibly allegations against top DoD leaders 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

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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 Department established the ISO in 1991 after members of Congress expressed concern about the quality of senior officials' investigative work conducted by the Service IGs. In FY 2009, the ISO will continue to address allegations of senior official misconduct that demoralizes warfighters and undermines 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.

- Military Reprisal Investigations (MRI) conducts and oversees investigations of alleged whistleblower reprisal. The MRI conducts or oversees investigations of alleged violations of DoD Directive 6490.1, "Mental Health Evaluations of Members of the Armed Forces." Congress recently broadened statutory protections for Defense contractor employees designed to increase the number of reprisal complaints submitted to the DoD IG. The MRI has the statutory responsibility to determine the sufficiency of all investigative conclusions of the Military Departments regarding reprisal and allegations of improper mental health evaluation referrals. The MRI will investigate allegations of reprisal against DoD whistleblowers, who risk personal career damage to disclose fraud, waste, and abuse within DoD. The MRI conducts preliminary assessments of reprisal complaints to determine whether sufficient evidence exists to warrant a full investigation.
- Civilian Reprisal Investigations (CRI) reviews and investigates whistleblower reprisal allegations submitted to the DoD Hotline by DoD civilian appropriated fund employees.

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The CRI is the sole centralized resource for investigating reprisals against DoD intelligence and counter-intelligence whistleblowers. The CRI's demonstrable experience over the past two fiscal years has made it the DoD subject-matter expert in the investigation of security clearance decision-making alleged to be a pretext for reprisal. As a leader in the whistleblower protection field, it has become the mentor to programs at the National Security Agency (NSA), Defense Intelligence Agency (DIA), National Geospatial-Intelligence Agency (NGA), National Reconnaissance Office (NRO), and within the service intelligence communities. The CRI has met, and exceeded, its established metric of allocating 25 percent of its resources to cases of congressional interest. In FY 2009, the CRI will stand up a Procurement Fraud Reprisal Team with the same capacity as its existing National Security Reprisal Team.

Policy and Oversight: The Office of the Deputy Inspector General for Policy and Oversight (ODIG-P&O) provides policy, guidance, and oversight to audit and investigative activities within the DoD and provides analysis and comments on all proposed draft DoD policy issuances. The ODIG-P&O provides technical support to audit, investigative, and other OIG organizations; provides the report follow-up function for the DoD OIG, and does evaluations of DoD programs and functions. The ODIG-P&O responds to congressional and management requests to review investigations, audits, and inquiries conducted by the DoD or others in support of the DoD mission.

- 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 6,000 auditors in DoD, which is nearly 40 percent of all auditors in Federal IG audit organizations. The APO reinforces and oversees the implementation of the

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I. Description of Operations Financed (continued):

highest professional auditing standards within the DoD audit community. The Directorate develops policy, provides guidance, monitors actions, and evaluates actions taken in response to contract audit report recommendations, and reports the results, as required, to the SECDEF. In FY 2009, the APO will continue its oversight of the DoD audit community to ensure appropriate consideration of contract audit findings and recommendations by contracting officers. The APO will address governance issues and guidance for auditors in identifying potential fraud.

- 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 manages the IG Subpoena Program for investigating fraud and other select criminal offenses, and reviews for adequacy and processes subpoenas for the military criminal investigative organizations and the DCIS. It administers the DoD Voluntary Disclosure Program allowing contractors to self-report potential fraud. The IPO responds to complex congressional and other agency requests to determine accountability for problems attracting international notoriety; for example in FY 2007, these reviews included the fratricide of a former professional football player, and the jailing of an Army Muslim chaplain from Guantanamo Bay. In FY 2009, the IPO will develop guidance for the criminal investigative community on such issues as adequate subpoena requests, expanding the voluntary disclosure program in line with proposed changes to the Federal Acquisition Regulation (FAR) related to required disclosure of wrong-doing.
- Inspections and Evaluations (I&E) Directorate inspects and evaluates DoD-wide programs to facilitate improved management efficiency and enhanced program effectiveness at the request of Congress, the Secretary, the IG, and other senior DoD officials. The evaluations address a wide array of programs concerning joint operations; homeland

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defense; Reserve Component forces; safety; occupational health; environment; engineering; and transformational programs. The I&E Directorate works closely with DoD partners in other agencies to leverage resources and provide cross-agency perspectives where appropriate. The I&E will pay particular attention to issues raised related to the care of wounded war fighters.

- ODIG-P&O Technical Support Operations (ODIG-P&O) provides a variety of support functions for the OIG audit, investigative, and evaluation organizations and to other DoD organizations as needed. These support functions include statistical and quantitative analysis, engineering support, and data-mining large databases to identify areas of potential wrongdoing.
- The Report Follow-up and Government Accountability Office (GAO) Liaison (R&GL) Directorate provides follow-up on audit and evaluation recommendations to ensure effectiveness of remedies; mediation of disputes regarding recommendations; and manages and oversees liaison with GAO regarding GAO activities within the Department.

Intelligence: The Office of the Deputy Inspector General for Intelligence (ODIG-INTEL) audits, reviews, evaluates, and monitors the DoD Intelligence Community. This includes 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. ODIG-INTEL is the OIG's primary advisor to the SECDEF on intelligence audit and evaluation matters. The ODIG-INTEL provides recommendations to improve the efficiency and effectiveness of DoD intelligence personnel, programs and operations, reduce costs, strengthen internal controls, and

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I. Description of Operations Financed (continued):

achieve compliance with laws and regulations. Law, requests from the Secretary and other DoD leadership, Hotline allegations, congressional requests, and internal analyses of risk in DoD programs determine the ODIG-INTEL external audit, review, and evaluation topics. The ODIG-INTEL strategically focuses its reviews based on goals of the PMA, Secretary's Organizational Priorities, DoD Management Challenges, and Government Accountability Office (GAO) High Risk Areas. The ODIG-INTEL will place particular emphasis on the DoD organizational priorities of Win the Global War on Terror, significantly improve military intelligence capabilities, and improve effectiveness and efficiency across the board.

On August 28, 2007, the Secretary of Defense assigned the Intelligence Oversight function to the Inspector General of the Department of Defense. The Acting Assistant to the Secretary of Defense for Intelligence Oversight previously performed the function. The Intelligence Oversight function provides the Secretary of Defense with independent oversight of all intelligence, counterintelligence, and intelligence-related activities in the Department of Defense. It ensures that all activities performed by intelligence, counterintelligence, and intelligence related units are conducted in accordance with Federal law, Executive Orders, DoD directives, regulations, and policies. The aim of the DoD program is to institutionalize the orientation and training of all intelligence personnel in intelligence oversight concepts, an internal inspection program, and a channel for the reporting of questionable or improper intelligence activities to the Secretary and Deputy Secretary of Defense and the Intelligence Oversight Board of the President's Foreign Intelligence Advisory Board.

In 2009, ODIG-INTEL personnel will review issues related to intelligence support to the Combatant Commanders. The ODIG-INTEL will focus reviews on issues such as Special Access Programs; acquisition and contracting within the DoD intelligence community; intelligence and counterintelligence programs and systems; and of the Defense Security Service,

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including the security clearance process. The ODIG-INTEL will fully integrate the intelligence oversight function and implement a comprehensive intelligence oversight inspection process.

The ODIG-INTEL personnel 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 enables each IG 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. The ICIG Forum members conduct projects of mutual interest, such as the procurement and contracting working group. Topics under deliberation for joint projects include Procurement and Contracting, Counterespionage Information Sharing, Counterterrorism Information Sharing, Security Clearance Reciprocity, Open Source Intelligence, and other Intelligence Community issues critical to national security.

Other Components, OIG:

The Office of Communications and Congressional Liaison (OCCL) is the primary point of contact for external communications between the OIG and the public and the Congress.

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OCCL includes the Freedom of Information Act (FOIA)/Privacy Act Office, the OIG Web Development Team, the DoD Hotline, and Strategic Planning. The Assistant Inspector General for Communications and Congressional Liaison is the OIG Public Affairs Officer. The 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 provides oversight of Hotlines operated by Inspectors General of other DoD components. .

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 OGC manages the OIG Ethics Program.

The Office of Administration and Management (OA&M) provides mission essential support for personnel, security, training, administration, logistics, financial management, and information technology. The OA&M is composed 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 provide mission critical functions in support of the OIG's day-to-day operations at headquarters and 67 field offices located throughout the world. The OA&M supports the Combatant Command and Joint Inspector General Training Academy. The OIG, supported by the Joint Staff and Service Inspectors General, established the first-ever joint training dedicated to developing a professional corps of Inspectors General. The Academy has prepared over 150 mission-ready Combatant Command and Joint Inspectors General in addition to selected individuals from the Department of State, Department of

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Homeland Security, and the Central Intelligence Agency. Current plans call for a doubling of capacity and significant curriculum expansion in FY 2009.

II. Force Structure Summary: N/A

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III. Financial Summary: (Dollars in Thousands)

	FY 2008						
	FY 2007 <u>Actuals</u>	Budget <u>Request</u>	<u>Congressional Action</u>			Current <u>Estimate</u>	FY 2009 <u>Estimate</u>
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>		
A. BA Subactivities							
Audit - Total	87,184	80,221	15,514	19.0	95,736	95,143	97,795
Financial Statement Audits	22,451	25,586	197	.7	25,783	25,783	24,692
Other Audits	64,733	54,635	15,318	28.0	69,953	69,360	73,103
Investigations	78,644	69,505	19,091	27.5	88,596	88,596	88,987
Policy and Oversight	18,363	15,944	1,788	11.0	17,732	17,732	18,749
Intelligence	5,149	4,852	1,780	36.0	6,632	6,632	6,585
Intelligence Oversight							2,700
Other OIG ^{1, 2}	22,335	44,473	-14,174	-31.0	30,299	30,892	31,629
GWOT, Hurricane Katrina	4,447	-	-	-	-	-	-
Procurement	2,010	1,000	-	-	1,000	1,370	1,400
Total	218,132	215,995	24,000	11.0	239,995	240,365	247,845

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** The FY 2008 Estimate column excludes \$4,394.0 thousand of FY 2008 GWOT funding.

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	<u>Change</u> <u>FY 2008/FY 2008</u>	<u>Change</u> <u>FY 2008/FY 2009</u>
B. <u>Reconciliation Summary</u>		
Baseline Funding	215,995	240,365
Congressional Adjustments (Distributed)	24,000	
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount	239,995	240,365
Fact-of-Life Changes (CY to CY Only)	370	
Subtotal Baseline Funding	240,365	240,365
Anticipated Supplemental Reprogrammings		
Price Changes		6,727
Functional Transfers		2,700
Program Changes		-1,947
Current Estimate	240,365	247,845
Less: Wartime Supplemental		
Normalized Current Estimate	240,365	247,845

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C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2008 President's Budget Request (Amended, if applicable)		215,995
<i>Memo: Includes FY 2008 Procurement appropriation: \$1,000</i>		
1. Congressional Adjustments Distributed - Contracted Services and Acquisition Management		24,000
FY 2008 Appropriated Amount		239,995
2. War-Related and Disaster Supplemental Appropriations		
3. Fact of Life Changes:		370
a. Functional Transfers		
b. Technical Adjustments - Procurement carryover (\$292 from FY 2006 and \$78 from FY 2007)	370	
FY 2008 Baseline Funding		240,365
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2008 Estimate		240,365
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations		
FY 2008 Normalized Current Estimate		240,365
6. Price Change		6,727
7. Functional Transfers		
a. Transfers In		
Intelligence Oversight Function from OSD		2,700
a) Additional 9 FTEs	1,499	
b) Travel	292	
c) Rental Payments	138	
d) Purchased Communications	87	
e) Other Contracts	679	
f) Supplies	5	
8. Program Increases		
a. Annualization of New FY 2008 Program		
b. One-Time FY 2009 Increases		
c. Program Growth in FY 2009		3,683
1) Increase of 28 FTEs (FY 2008: 182,209)	3,552	

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

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
2) Increase in Defense Publication & Printing Service related to additional audit reports (FY 2008: 188)	16	
3) Increase in Supplies & Materials related to additional personnel. (FY 2008: 3,697)	115	
9. Program Decreases		-5,630
a. Annualization of FY 2008 Program Decreases		
b. One-Time FY 2008 Increases		
c. Program Decreases in FY 2009		
1) Decrease in Cilian Personnel due to a decrease in overtime (FY 2008 Base: \$182,209)	-1,170	
2) One less paid day (FY 2008 182,209)	-607	
3) Decrease in Workers Compensation (FY 2008: 808)	-144	
4) Decrease in PCS Benefits based on estimated decrease in number of PCS moves (FY 2008: 606)	-112	
5) Decrease in Travel costs based on more usage of VTC capability (FY 2008: 8,714)	-565	
6) Decrease in Commercial Transportation related to decreased PCS moves (FY 2008: 706)	-53	
7) Decrease in Communications costs: (FY 2008 Base: \$2,973)	-55	
8) Decrease in Furniture and Equipment purchases due to offset of FY 2008 start up purchases for increased staff and other reductions. year for life cycle replacement (FY 2008: 6,216)	-2,422	
9) Decrease in Government Services for cancellation and/or decrease in Interservice Support Agreements (FY 2008: 5,640)	-290	
10) Decrease in Other Contracts due to reduction in start up training costs and other services. (FY 2008 Base: \$5,640)FY	-212	
FY 2009 Budget Request		247,845

Memo: Procurement 1,400

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IV. Performance Criteria and Evaluation Summary:

The OIG's Strategic Plan supports the Department's mission and the PMA. The OIG mission is to promote integrity, accountability, and improvement of DoD personnel, programs, and operations to support the Department's mission. These missions include achieving the Secretary of Defense's top priorities, full and timely implementation of the PMA's primary goals and objectives, and addressing management challenges identified by the OIG 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 track 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 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. A prime objective of the OIG Strategic

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IV. Performance Criteria and Evaluation Summary: (continued)

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 2007, the ODIG-AUD produced 131 reports that claimed potential monetary benefits totaling \$1.158 billion. During FY 2007, Audit achieved **\$697 million 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 2005, there has been an average return on investment of \$12.8 million in monetary benefits achieved per OIG auditor each year.** Numerous audits do not lend themselves to identification of specific monetary benefits. The ODIG-AUD goal is for **ninety-five percent of completed audits** to provide at least one of the following five benefits: improve business operations, comply with statute or regulations, improve national security, identify potential monetary benefits, and improve effectiveness of the safety of service members.

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. Two initiatives in progress are the implementation of customer satisfaction surveys and improvement of reporting venues to ensure that the result of Audit's work adds maximum value to the Department.

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IV. Performance Criteria and Evaluation Summary: (continued)

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;
- Reports focused on improving contract surveillance, funds management, and other accountability issues;
- Reports on improving weapons acquisition and general contract management with emphasis on identifying potential procurement fraud; and
- Efforts to improve DoD processes that, while beneficial, do not result in reports that can be reflected in IG productivity statistics.

Investigations:

- Defense Criminal Investigative Service (DCIS) uses several methods to evaluate performance. The most significant of which is the importance of the matter under investigation, e.g., stopping the attempt to export aircraft parts that may be used by adversaries against American warfighters, preventing infiltration of military installations by suspected terrorists, or stopping a doctor from conducting unnecessary surgeries on DoD family members. The DCIS 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

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IV. Performance Criteria and Evaluation Summary: (continued)

FY 2007, DCIS investigations resulted in **329 criminal indictments, 273 convictions, and over \$883.8 million** in criminal, civil, and administrative recoveries (excluding headquarters and field managers, an **average of \$2.86 million per agent, per year**). These investigative results exceeded all previous accomplishments. Since its creation, DCIS has participated in cases that have resulted in over **\$13.1 billion in criminal, civil, and administrative recoveries**. Further, DCIS ensures its criminal investigations support crucial national defense priorities by: ensuring effective and efficient use of investigative resources, 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.

It is often 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 at times not readily or clearly identifiable; yet, bribes and kickbacks undermine the integrity and efficiency of departmental programs and operations. The DCIS consistently identifies vulnerabilities regarding DoD activities and ensures that the Department takes action to correct deficiencies. A valuable byproduct of criminal investigative activities is deterrence, which was patently demonstrated in the Gulf coast after Hurricane Katrina when DoD pursued a Zero Tolerance policy on fraud. The DCIS encourages DoD components to take administrative action, such as suspensions and debarments of disreputable contractors or the administrative recovery of monies, regardless of whether they prosecute alleged offenders.

- Military Reprisal Investigations (MRI) has the statutorily mandated mission of Whistleblower protection for military service members, DoD nonappropriated fund

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IV. Performance Criteria and Evaluation Summary: (continued)

employees, and DoD contractor employees. The basic criteria for evaluating MRI is the number of reprisal complaints closed, both those investigated in-house and those conducted by Military Department IGs and submitted to MRI for oversight review. During FY 2007, **MRI closed 527 reprisal complaints**, of which Military Department IGs examined 367 examined under MRI oversight. Of the 527 complaints, **MRI closed 311 cases after preliminary inquiries**. The MRI **conducted full investigations for 216 cases**, of which **28 investigations substantiated reprisal allegations and 29 investigations found procedural violations** of the DoD directive for referral of military members to commander-directed mental health evaluations. Faced with a continuing increase in whistleblower reprisal allegations received by both the OIG and the Military Department IGs (from 320 complaints received in FY 1997 to 528 complaints received in FY 2007), 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 investigations for representatives of the Military Services, the Joint Chiefs of Staff, and other defense agencies.

- Civilian Reprisal Investigations (CRI) has the primary mission of Whistleblower protection for civilian appropriated fund personnel and carries out this mission by reviewing and investigating whistleblower reprisal allegations submitted to the DoD Hotline. The basic criterion for evaluating CRI operations is the number of investigations conducted or oversights. Oversight cases are those in which a DoD Component has done the investigation and CRI reviews the final product for sufficiency. In FY 2007, the Directorate **closed nine cases and oversights five others**. One of the closed cases addressed a matter of national integrity relating to the handling of DoD intelligence before September 11, 2001. The CRI **conducted 38 preliminary inquiries** of incoming complaints to identify those with investigative merit or those that another

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IV. Performance Criteria and Evaluation Summary: (continued)

forum could better address. The CRI maintains an average case inventory of 20 cases, and **expects to increase its case closure rate in the future**, giving highest priority to contractor fraud and abuse within the Defense Intelligence and counter-intelligence communities.

- Investigations of Senior Officials (ISO) Directorate **completed 64 inquiries or investigations** during FY 2007. The ISO **oversaw 267 investigations by DoD components** and evaluated the impact that those investigations may have on public confidence in DoD leaders and ultimately on national security. The overall number of investigations conducted or overseen, the percentage of investigations that were of significance to DoD or congressional leaders, and the percentage of investigations that substantiated alleged misconduct may evaluate investigative impact. Thirty-two percent of investigations conducted by the ISO in FY 2007 had significant media, SECDEF, or congressional interest, with results provided directly to the SECDEF or members of Congress. Those investigations involved complicated issues of public interest and were labor intensive because of the extensive fieldwork required. 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 14 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.** The actions **demonstrate that the Department holds senior leaders accountable for misconduct.** Recent examples in the area of senior official inquiries include substantiated allegations of using Government property for unauthorized purposes, taking official action for private gain, conducting official travel for personal benefit, accepting of gifts from prohibited sources, improperly supporting a non-Federal entity, and taking unauthorized personnel actions. As part of

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IV. Performance Criteria and Evaluation Summary: (continued)

its responsibility to inform the President and Senate fully of adverse information concerning senior officials nominated for promotion, reassignment, or other action, the office **conducted over 11,000 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 significant and quality of audit and investigative policy provided; oversight and evaluation reports issued; voluntary disclosures processed; subpoenas processed; timeliness and quality of technical support provided; positive impact on draft DoD policy issuances; follow-up of DoD report recommendations; and outcomes from evaluations of significant DoD programs and functions. In FY 2007, Policy and Oversight **issued 28 reports, commented and coordinated on 260 draft DoD policies** for the IG, **provided technical support to 195 audit and investigative projects**, and facilitated the **follow-up on over 240 OIG and GAO reports.**

- **Audit Policy and Oversight (APO).** In FY 2007, APO issued **seven oversight reports, four memoranda on follow-up reviews, and three hotline completion reports on unsubstantiated hotline allegations;** reviewed and **commented on 90 preliminary reviews** of single audits. One preliminary review resulted in **repayment of over \$300 thousand** to the Air Force. In addition, APO **commented on 18 exposure draft policy documents, reviewed 59, commented on five Federal Acquisition Regulation and Defense Federal Acquisition changes, and issued a DoD Instruction on audit policies within established timeframes.** The APO developed a plan to accomplish the external peer review of over 15 small DoD audit organizations, including DoD intelligence audit organizations. The APO provided **oversight of 1,391 open contract audit reports with over \$4.6 billion in potential savings.**

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IV. Performance Criteria and Evaluation Summary: (continued)

- Investigative Policy and Oversight (IPO). The IPO helped **recover \$8 million dollars** during FY 2007 through voluntary disclosures of fraud against DoD. The office **issued 308 subpoenas** for DoD investigations of fraud, and other select criminal offenses, a 34 percent increase over last year while significantly decreasing the time to process the subpoenas. In oversight work, IPO completed reviews on cases attracting international notoriety, including the fratricide of a former professional football player, and the jailing of an Army Muslim chaplain from Guantanamo Bay. The work involved hundreds of interviews and the analysis of thousands of pages of previous investigative work. The IPO's work products captured strong interest in Congress and the media, and withstood detailed, aggressive oversight by external sources. The office's reputation as an honest broker of information resulted in the referral of a sensitive complaint about the shooting death and injury of international news service employees in Baghdad by US forces, allowing DoD to solve DoD problems.

- Inspections and Evaluations Directorate (I&E). The I&E Directorate is completing a multi-year evaluation of the DoD Safety Program responding to the Secretary of Defense's goal to reduce mishaps and accidents by 75 percent by FY 2008. The evaluation will develop and recommend a roadmap for overcoming identified challenges to improve the effectiveness of the DoD Safety Program. In FY 2007, I&E **issued six reports, including two interagency reports:** Evaluation of the Afghan National Police done jointly with the State Department and Evaluation of the U.S. Counter Narcotics Program in Afghanistan done jointly with the Departments of State and Justice.

- P&O Technical Support. The P&O provided technical support to 195 audits, investigations, and evaluations including high visibility projects such as the transit subsidy and purchase card programs, the Corps of Engineers financial statement audit

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IV. Performance Criteria and Evaluation Summary: (continued)

and the Air Force KC-X Aerial Refueling Tanker Aircraft Program. In addition, the **technical support resulted in \$45 million in recoveries** in FY 2007, more than doubling the FY 2006 total.

- Report Follow-up and GAO Liaison (RF/GL). The RF/GL Directorate established effective liaison between GAO and DoD officials on 230 GAO reviews; ensured appropriate processing including comments on 371 GAO Draft and final reports; facilitated resolution of 10 OIG reports with DoD management officials; and closed 218 OIG and GAO reports and 1,113 recommendations; and **documented \$677.6 million in achieved monetary benefits.**

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 2007, the ODIG-INTEL provided DoD leadership and Congress **14 intelligence evaluation and audit reports** on topics such as Nuclear Testing and Survivability issues, National Security Agency programs and initiatives, and Special Access Programs. Specific high-interest issues included Pre-Iraqi War Activities of the Under Secretary of Defense for Policy, the Threat and Local Observation Notice (TALON) Program Reporting, and DoD's involvement with the Rendon Group. Congressionally directed actions or requests, management requests, or DoD Hotline complaints initiate 78 percent of ongoing projects. The other 22 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.

For FY 2007, the ODIG-INTEL included a performance measure in its Strategic Plan to plan, staff, and manage projects so that **projects complete within an average of 300 days**, a ten

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IV. Performance Criteria and Evaluation Summary: (continued)

percent reduction from FY 2006. **For FY 2007, the actual average was 295 days.** The ODIG-INTEL will continue to define project scope and objectives for FY 2009 projects to effect additional efficiencies in project cycle time. The ODIG-INTEL will fully integrate the Intelligence Oversight function and implement a comprehensive Intelligence Oversight inspection process. The ODIG-INTEL will continue participating in quarterly meetings of the Intelligence Community Inspectors General (ICIG) Forum and chair the Joint Intelligence Oversight 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.

Other Components, OIG:

Communication and Congressional Liaison/DoD Hotline The Office of Communication and Congressional Liaison (OCCL) supports the mission of the IG 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 includes Strategic Planning, the Freedom of Information Act Requestor Service Center/Privacy Act (FOIA/PA) office, the DoD IG web team, and the Defense Hotline. In fulfillment of its mission to keep Congress informed, the OCCL seeks to ensure that requests for information from Congress receive complete, timely responses. During FY 2007, the **IG opened 200 cases based on inquiries received from congressional offices.** The FOIA/PA office **received 303 requests for information and processed 308 requests in FY 2007.** The DoD Hotline received, in FY 2007, **13,812 contacts (comprised of telephone calls, letters, and email) and initiated 1,888 cases.**

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	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<u>AUDIT</u>			
Reports issued	131	140	140
Potential monetary benefits (\$ millions)	1,158	*	*
(* Monetary benefits can not be estimated)			
Achieved monetary benefits (\$ millions)	697	*	*
(*Monetary benefits can not be estimated at this time)			
<u>CRIMINAL INVESTIGATIONS</u>			
Indictments and Charges	329	362	362
Convictions	273	249	249
Fines/penalties/restitutions, etc. (\$ millions)	884	800	800
<u>NONCRIMINAL INVESTIGATIONS</u>			
Military Reprisal - Investigations opened	528	600	600
Military Reprisal - Investigations closed	527	550	550
Military Reprisal - Investigations oversight	357	375	375
Civilian Reprisal - Investigations opened	3	10	10
Civilian Reprisal - Investigations closed	9	15	15
Civilian Reprisal - Investigations oversight	5	10	10
Investigations of Senior Officials - opened	60	65	70
Investigations of Senior Officials - closed	64	65	70
Investigations of Senior Officials - oversight	267	350	400

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	<u>FY 2007</u> <u>Actual</u>	<u>FY 2008</u> <u>Estimate</u>	<u>FY 2009</u> <u>Estimate</u>
<u>POLICY and OVERSIGHT</u>			
Audit oversight reports	14	10	10
Investigative policy and oversight reports	8	8	8
Inspection & Evaluation Reports	6	6	6
Voluntary disclosures-new disclosures	8	10	10
Voluntary disclosures-admitted	6	6	6
P&O Annual monetary benefits (\$ millions)	8.3	1.2	0
Subpoenas issued	308	300	300
GAO surveys and reviews processed	230	230	230
GAO draft and final reports processed	371	380	380
 <u>INTELLIGENCE</u>			
Reports issued	14	15	15
Potential monetary benefits (\$ millions)	0	0	0
 <u>COMMUNICATIONS & CONGRESSIONAL LIAISON</u>			
Hotline calls/letters received	13,812	14,000	14,000
Substantive cases generated	1,883	2,000	2,000
Opened congressional inquiries	233	250	250
Closed congressional inquiries	230	250	250
FOIA requests received	303	350	350
FOIA requests processed	308	380	380

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V. Personnel Summary

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Change</u> <u>FY 2007/</u> <u>FY 2008</u>	<u>Change</u> <u>FY 2008/</u> <u>FY 2009</u>
<u>Active Military End Strength (E/S) (Total)</u>	30	28	28	-2	0
Officer	28	27	27	-1	0
Enlisted	2	1	1	-1	0
<u>Civilian End Strength (Total)</u>	1,398	1,487	1,477	89	-10
U.S. Direct Hire	1,397	1,486	1,476	89	-10
Total Direct Hire	1,397	1,486	1,476	89	-10
Foreign National Indirect Hire	1	1	1	0	0
Memo: Reimb Civilians Included Above	0	0	0	0	0
<u>Active Military Average Strength (A/S) (Total)</u>	29	28	28	-1	0
Officer	27	27	27	-1	0
Enlisted	2	1	1	-1	0
<u>Civilian FTEs (Total)</u>	1,388	1,438	1,475	+50	+37
U.S. Direct Hire	1,387	1,437	1,474	+50	+37
Total Direct Hire	1,387	1,437	1,474	+50	+37
Foreign National Indirect Hire	1	1	1	0	0
Average Annual Civilian Salary (\$)	118,867	127,821	130,439	8,954	2,618

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VI. OP 32 Line Items as Applicable
(\$ in Thousands):

	FY 2007 <u>ACTUALS</u>	Change FY 2007/FY 2008		FY 2008 <u>ESTIMATE</u>	Change FY 2008/FY 2009		FY 2009 <u>ESTIMATE</u>
		<u>PRICE</u>	<u>PROGRAM</u>		<u>PRICE</u>	<u>PROGRAM</u>	
<u>CIVILIAN PERSONNEL COMPENSATION</u>							
101 Executive, General and Spec. Schedules	163,894	5,168	13,147	182,209	5,568	3,274	191,051
111 Disability Compensation	600		208	808		-144	664
121 PCS	350		256	606		-112	494
199 Total Civilian Personnel Compensation	164,844	5,168	13,611	183,623	5,568	3,018	192,209
<u>TRAVEL</u>							
308 Travel of Persons	8,890	169	-345	8,714	174	-273	8,615
399 Total Travel	8,890	169	-345	8,714	174	-273	8,615
<u>OTHER FUND PURCHASES (EXCLUDE TRANSPORTATION)</u>							
633 Defense Publication & Printing Service	170	13	5	188	-12	16	192
671 Communications Svcs (DISA) Tier 2	190	20		210	8		218
673 Defense Finance & Accounting Svc	682	-33	71	720	-38		682
699 Total Purchases	1,042		76	1,118	-42	16	1,092
<u>TRANSPORTATION</u>							
702 AMC SAAM	200		-200	0			
771 Commercial Transportation	402	8	296	706	15	-53	668
799 Total Transportation	602	8	96	706	15	-53	668
<u>OTHER PURCHASES</u>							
901 Foreign National Indirect Hire	93	3		96	2		98
912 Rent Payments to GSA (SLUC)	16,090	1,023	658	17,771	444	138	18,353
914 Purchased Communications (Non-Fund)	2,928	56	-47	2,937	59	32	3,028
915 Rents (Non-GSA)	173	3	1	177	3		180
917 Postal Services (USPS)	25			25			25
920 Supplies & Materials (Non-Fund)	3,520	67	110	3,697	74	120	3,891
921 Printing & Reproduction	12			12			12
922 Equipment Maintenance - Contract	217	4	-4	217	4		221
923 Facility Maintenance - Contract	1,390	26	500	1,916	38		1,954
925 Equipment Purchases (Non-Fund)	6,553	124	-461	6,216	125	-2,422	3,919
932 Management & Professional Support Svc	28	1	5	34	1		35

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VI. OP 32 Line Items as Applicable
(\$ in Thousands):

	FY 2007 <u>ACTUALS</u>	Change FY 2007/FY 2008		FY 2008 <u>ESTIMATE</u>	Change FY 2008/FY 2009		FY 2009 <u>ESTIMATE</u>
		<u>PRICE</u>	<u>PROGRAM</u>		<u>PRICE</u>	<u>PROGRAM</u>	
987 Other Intra-government Purchases	4,890	93	657	5,640	113	-290	5,463
989 Other Contracts	6,827	130	509	7,466	149	467	8,082
998 Other Costs	8		-8	0			
999 Total Other Purchases	42,754	1,530	1,920	46,204	1,012	-1,955	45,261
9999 TOTAL	218,132	6,875	15,358	240,365	6,727	753	247,845

* * The FY 2007 Actual column includes \$4,344.0 thousand of FY 2007 Emergency Supplemental funds for the Global War on Terror (GWOT) and \$103.0 thousand for Hurricane Katrina (PL 109-234).

* The FY 2008 Estimate column excludes \$4,394.0 thousand of FY 2008 GWOT funding.