



Inspector General
Claude M. Kicklighter

DEPARTMENT OF DEFENSE INSPECTOR GENERAL

HIGH VISIBILITY AUDITS



IRAQ SECURITY FORCES FUND

In the first report, D-2008-026, the DoD IG identified that MNTSC-I could not demonstrate proper accountability for and management of the Fund. There was no reasonable assurance the Fund achieved the intended results, resources were used in manner consistent with the missions and the resources were protected from waste and mismanagement. As a result of the audit, MNTSC-I identified over \$800 million in funds to be deobligated and the DoD IG identified \$1.8 million in funds that could be put to better use.

POTABLE WATER

In the second report, D-2008-060, the DoD IG identified deficiencies in water operations at three contractor-operated facilities and two military-operated facilities, and in the oversight of those operations. From March 2004 to February 2006, the quality of water provided by contractors, through treatment or distribution at three sites, was not maintained in accordance with field water sanitary standards. The DoD IG also found that for military processes for providing potable and nonpotable water from January 2004 through December 2006, the military did not always meet field water sanitary control and surveillance requirements.

HIGH VISIBILITY INVESTIGATIONS



MATERIAL SUPPORT TO A TERRORIST ORGANIZATION

A DCIS, ICE, and FBI investigation resulted in the conviction of a Sri Lankan citizen for conspiracy to provide material support to a designated foreign terrorist organization and attempted exportation of arms and munitions and sentenced to 57 months confinement, followed by three years supervised released and deportation. The Sri Lankan citizen conspired to illegally export machine guns, ammunition, surface-to-air missiles, night vision goggles, and other military equipment to the Liberation Tigers of Tamil Eelam (Tamil Tigers).

CORRUPTION OF GOVERNMENT OFFICIAL

As a result of a DCIS, FBI, CIA OIG, and IRS investigation, Brent Wilkes, president of ADCS, Inc., a DoD contractor, was sentenced to 12 years confinement, 3 years probation, fined \$500,000, assessed a fee of \$1,300, and ordered to forfeit \$636,116 as a result of his involvement in a bribery and corruption scheme. Wilkes was convicted of bribing former U.S. Congressman Randall "Duke" Cunningham in return for Congressional appropriation earmarks by Congressman Cunningham and others to assist Wilkes in obtaining millions of dollars in DoD contracts.

Statistical Highlights

The following statistical data highlights Department of Defense Inspector General activities and accomplishments during the October 1, 2007 to March 31, 2008 reporting period.

Investigations¹

Total returned to the U.S. Government.....	\$57.5 Million
Seizures and Recoveries.....	\$9.3 Million
Civil Judgments.....	\$24.7 Million
Criminal Judgments.....	\$18 Million
Administrative Judgments.....	\$5.5 Million
Investigative Cases	
Indictments.....	188
Convictions.....	118
Suspensions.....	12
Debarments.....	57

Audit

Audit Reports Issued.....	73
Monetary Benefits	
Recommendations Made on Funds Put to Better Use.....	\$697 Million
Achieved Monetary Benefits (Funds Put to Better Use).....	\$128.5 Million

Policy and Oversight

Existing and Proposed Regulations Reviewed.....	157
Evaluation Reports Issued.....	10
Inspector General Subpoenas Issued.....	167
Voluntary Disclosure Program Recoveries.....	\$215,000

Hotline Activities

Contacts.....	6,576
Cases Opened.....	864
Cases Closed.....	995
Dollar Recoveries.....	\$920,897

¹ Includes investigations conducted jointly with other federal and Defense Criminal Investigative Organizations.

DoD IG Initiatives

SECTION 1206, “GLOBAL TRAIN AND EQUIP PROGRAM”

The Departments of Defense and State IGs announced an interagency “Section 1206” project on March 14, 2008. The Director of the Joint Staff and the Principal Deputy under Secretary of Defense for Policy requested this assessment to review program management and to identify opportunities for program and process improvements. Section 1206 is a program to provide training, equipment, and supplies to foreign militaries to bolster their capacity to combat terrorism or to participate with the U.S. military in joint operations. Initially, legislated in the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2006, Congress has authorized additional funding for FYs 2007 and 2008. Section 1206 supports the National Security Presidential Directive 44, “Management of Interagency Efforts Concerning Reconstruction and Stabilization,” and DoD Directive 3000.05, “Support for Stability, Security, Transition and Reconstruction (SSTR) Operations,” November 28, 2005. So far, the U.S. Government has partnered with 44 Section 1206 nations.

U.S. ARMY CORPS OF ENGINEERS PROCUREMENT OF NEW ORLEANS FLOOD CONTROL PUMPS

The Technical Assessment Directorate is conducting an assessment addressing allegations forwarded to the Secretary of Defense by Senator Mary L. Landrieu and the U.S. Office of Special Counsel. The allegations questioned the integrity of the pumping equipment installed in three main structures in New Orleans by the Corps of Engineers. Our objective is to assess the validity of the allegations, including the adequacy of design, testing, installation and operational capability. A report is planned for issuance this summer.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FY 2008, SECTION 842

Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan: The DoD IG, in response to the National Defense Authorization Act for FY 2008, Section 842, is preparing a comprehensive plan for a series of audits of contracts, subcontracts, and task and delivery orders for the support of coalition forces. The plan will include audits designed to identify potential abuses and defects in contracts, systems, and processes that can be promptly remedied. Within the Department, the DoD IG is coordinating with the Service audit agencies to develop this comprehensive DoD oversight plan. External to the Department, the DoD IG has begun coordinating with the Department of State OIG and U.S. Agency for International Development OIG and met with the Special Inspector General for Iraq Reconstruction to discuss roles and responsibilities. The DoD IG will coordinate the final comprehensive DoD plan through the Southwest Asia Joint Planning Group and other relevant organizations.

U.S. ARMY CORPS OF ENGINEERS FINANCIAL STATEMENT AUDIT

On March 31, 2008, the DoD IG issued a qualified opinion on the FY 2007 and FY 2006 U.S. Army Corps of Engineers, Civil Works, Financial Statements. This is a significant financial management improvement for the Department in working towards obtaining and sustaining reliable financial data.”

MUNITIONS ACCOUNTABILITY

The assessment team is planning a follow-up trip (Phase II) to Iraq in April 2008 to review the status of actions taken on the report’s recommendations and to assess the current status of munitions accountability and control, the FMS program, the development of the logistics sustainment base for the ISF, and contract operations.

The DoD IG and It's Customers

THE CONGRESS

The DoD IG works together with the Congress in its shared mission of preventing fraud, waste, and abuse in the Department of Defense. Members of Congress can direct the DoD IG through legislation or make inquiries in writing to the DoD IG.

THE DEPARTMENT

One of the DoD IG's primary responsibilities is to protect the military and civilian employees of the Department of Defense. As a result, through the Defense Hotline we are able to process any requests in an anonymous manner, protecting employees from any reprisal related to that request. The IG also considers requests from DoD management to review programs and operations of the Department.

THE PUBLIC

As part of the federal government, the DoD IG is designed to serve the American people. Any persons who believe they have witnessed instances of fraud, waste, and abuse can contact the Defense Hotline. If the request is validated, the incident will be investigated. The IG promotes public awareness by making reports available on its website and responding to FOIA requests.

HOW TO CONTACT THE DOD IG

Defense Hotline: 1-800-424-9098
SWA Hotline: 1-877-363-3348
Web site: www.dodig.mil/hotline
Email: hotline@dodig.mil

Office of Communications and Congressional Liaison

Phone: (703) 604-8324
Fax: (703) 604-8325

Media Inquiries

Phone: (703) 604-2028

FOIA/PA Requests

Phone: (703) 604-9785
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To order a copy of unclassified audit reports:

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