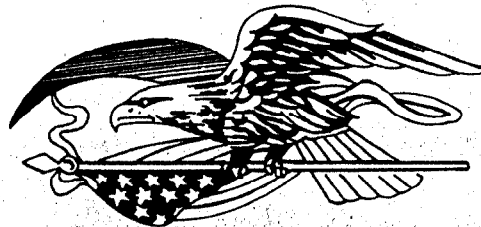


GAO

Office of Special Investigations

SPECIAL REPORT



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Washington, D.C. 20548

Office of Special Investigations

B-252918

April 9, 1993

The Honorable Norman Sisisky
Chairman, Subcommittee on Oversight
and Investigations
Committee on Armed Services
House of Representatives

Dear Mr. Chairman:

This briefing report responds to the former Chairman's request dated July 8, 1992, and subsequent discussions with your office, that we review the Hotline operations of the Department of Defense (DOD) Office of the Inspector General (OIG). The request was prompted by the former Chairman's receipt of a complaint concerning alleged violations of DOD investigative policies during an OIG investigation of a hotline allegation concerning a senior-level DOD official.

As discussed with your office, we agreed to provide information on the OIG's procedures for referring hotline allegations to various DOD components; the number of referrals to those components in 1990 and 1991; the qualifications and training of investigators assigned to the OIG's Special Inquiries Unit, which investigates allegations against senior-level DOD officials; and the overall completeness of its investigations. On October 21, 1992, when this report was requested, we briefed your staff on the results of our review.

In brief, we learned that a Hotline Desk Officer reviews all substantive allegations received and refers them, according to DOD and hotline procedures, to a DOD component for follow-up. Such components include, among others, the various armed services, the Special Inquiries Unit, and the recently formed Program Integrity Unit. The OIG established the Program Integrity Unit, which adopted the policies and procedures of the Special Inquiries Unit, in early 1991 to conduct administrative inquiries of senior-level DOD military and civilian officials. This role was previously the responsibility of the Special Inquiries Unit, which now focuses on other "sensitive and high-level matters." The DOD Hotline made approximately 3,600 referrals to various DOD components in the 1990-91 period. Of these, 170 were to the Special Inquiries and Program Integrity units.

DOD Hotline Referrals GAO/OSI-93-6BR

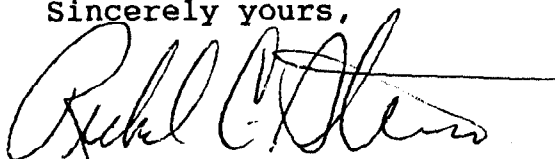
Our review of the qualifications and training of the investigative staff of both the Special Inquiries and Program Integrity units showed that the investigators were qualified to conduct administrative investigations. In addition, our review of the case files of six completed unit investigations indicated that both units had generally followed the investigative policies and procedures for conducting their administrative inquiries and investigations. The policies, in part, state that investigative planning is an investigation's most critical phase. However, three of the six case files lacked a written investigative plan, which would have provided concrete support that planning had occurred. According to a former Director of the Special Inquiries Unit, the lack of investigative plans had been a problem in the unit. To enforce the requirement for written investigative plans on all investigations, he had instituted a policy whereby travel for investigative purposes would not be authorized unless an investigative plan had been prepared.

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As requested, we plan no further distribution of this report until 10 days from the date of this letter. At that time, we will send copies to the DOD and Army Inspectors General and will make copies available to others upon request. We conducted our review between July 10, 1992, and February 4, 1993, at DOD OIG and Army Inspector General (IG) headquarters located in Virginia.

If you have any questions concerning this report, please contact me, or Assistant Director Barney Gomez of my staff, at (202) 512-6722. Major contributors to this report are listed in appendix I.

Sincerely yours,



Richard C. Stiener
Director

SECTION 1

BACKGROUND AND METHODOLOGY OF THIS REVIEW

BACKGROUND

The mission of DOD's Office of Assistant IG for Departmental Inquiries--an administrative investigative component of the OIG--is to inquire into alleged wrongdoing and mismanagement involving sensitive and high-level matters or allegations against senior-level DOD military and civilian personnel. The office does not conduct criminal investigations. Such investigations are conducted by the Defense Criminal Investigative Service (DCIS), DOD's OIG criminal investigative organization.

The office is responsible for the operations of the DOD Hotline and the Special Inquiries and Program Integrity units. It is also responsible for ensuring that all complaints referred by the DOD Hotline for resolution are investigated objectively and thoroughly and that appropriate action is taken. The DOD Hotline receives, reviews, and evaluates written and verbal allegations and refers allegations that need further investigation to the proper DOD component, such as the U.S. Army, DCIS, or Special Inquiries Unit. As explained in DOD's IGDG 5106.1, Organization and Functions Guide, the Special Inquiries Unit conducts inquiries into "sensitive and high-level matters" within DOD. As described in the same manual, the Program Integrity Unit conducts administrative inquiries into allegations implicating senior-level military (rank of O-7 and above) and civilian (Grade SES-1 and above) DOD officials.

METHODOLOGY

To assess the investigative policies and practices of the Special Inquiries and Program Integrity units, we selected and reviewed a sample of cases investigated by the units. We selected six closed cases--three from both units--that were conducted in 1990 or 1991 and involved senior-level officials or sensitive issues.

During our review, we interviewed DOD OIG and Army IG officials and gathered information at their headquarters in Virginia. We interviewed officials and staff and obtained pertinent documentation from the Office of the Assistant IG for Departmental Inquiries, DOD Hotline, Special Inquiries and Program Integrity units, IG Personnel Office, and DCIS. At the Pentagon, we interviewed military officials with the Army IG's Investigations Division and reviewed a joint Program Integrity and Army IG investigative case file, one of the six cases selected for review.

We reviewed the Special Inquiries' Investigative Policies and Procedures Manual (IG-DOD 5501.1.H), supporting documentation in

the case files, and information published in the investigative reports to determine whether investigators had properly conducted their administrative inquiries and to assess the validity of the investigative findings. We also reviewed statistical data, organizational and investigative policy manuals, personnel information, and official personnel folders.

SECTION 2

REVIEW FINDINGS

DOD Hotline staff evaluate allegations received and frequently--approximately 3,600 times in 1990-91--refer them to other DOD units for handling. Those referred to the Special Inquiries and Program Integrity units were handled by trained military and civilian investigators. Our review of six completed case files indicated that, in general, these investigators followed their assigned policies and procedures when conducting the six investigations. However, although unit policy states that planning is the most critical part of an investigation, three of the six files did not contain a written investigative plan.

REFERRAL PROCEDURES AND STATISTICS FOR HOTLINE ALLEGATIONS

The DOD Hotline operation, which averaged approximately 10,500 contacts annually in 1990 and 1991, is one source of allegations received by the Special Inquiries and Program Integrity units.¹ The Hotline Desk Officer, usually a GS-13 Investigator, screens allegations received by telephone or mail for substance and identifies² the DOD component that should receive the allegation for follow-up. The Hotline Desk Officer also establishes and maintains the required procedural controls, files, and records necessary for tracking the allegations.

The DOD component to which the allegation is referred is responsible for the final case disposition. That component is also responsible for reporting the final disposition back to the Hotline.

The Hotline does not refer all hotline allegations outside the DOD OIG. Some remain with the OIG and may be referred to Special Inquiries, Program Integrity, or DCIS, depending on the type of investigation. The Special Inquiries Unit does not investigate criminal matters. Instead, DCIS investigates such matters, under the direction of the DOD Assistant IG for Investigations. The Program Integrity Unit may assist DCIS if a criminal case involves a senior-level DOD civilian or military officer. The IG may task the Hotline Director to perform a cursory inquiry to determine whether an allegation warrants further investigation. Table 1.1 illustrates the number of referrals the Hotline made to various DOD components during 1990-91.

¹Other sources of allegations include DOD's Office of Congressional Liaison and correspondence.

²Hotline referral procedures are outlined in DOD Directive 7050.1 of Mar. 20, 1987, and the Hotline's Standard Operating Procedures of Feb. 16, 1988.

Table 1.1: Hotline Referral Statistics

	<u>1990</u>	<u>1991</u>
Navy	320	448
Army	404	552
USAF	209	240
DOD Logistics Agency	155	184
U.S. Marine Corps	49	78
DCIS	59	115
DOD Hotline	39	15
Program Integrity	^a	21
Special Inquiries	65	84
Other ^b	<u>215</u>	<u>318</u>
Total	1,515	2,055

^aOIG Program Integrity Unit was formed in early 1991.

^bThese include other DOD components, such as the Defense Contract Audit Agency, Defense Investigative Service, and Office of the Secretary of Defense.

The OIG has established a Defense Hotline Advisory Group with one of its objectives, as stated in DOD Directive 7050.1, being to review hotline allegations involving senior-level DOD military and civilian officials and sensitive matters. The Advisory Group is made up of the IG; Deputy IG; and Assistant IGs for Audits, Investigations, Departmental Inquiries, and Inspections. According to the DOD Assistant IG for Departmental Inquiries, he advises members of the Advisory Group about such allegations only if he declines to investigate an allegation received by one of the units he oversees and, instead, elects to refer the case outside the Departmental Inquiries Unit for investigation. The Advisory Group can overrule the Assistant IG's decision.

INVESTIGATOR STAFFING, QUALIFICATIONS, AND TRAINING

At the time of our review, all staff investigators in the Special Inquiries and Program Integrity units, except specialist personnel assigned to the units, were GS-1801 General Investigators. Some staff were former GS-1811 Criminal Investigators. According to the Director, Special Inquiries Unit, military officers assigned to the Special Inquiries Unit need not be trained investigators or have investigative experience. While the assigned military officers need not be trained investigators, we noted that they had expertise, in such areas as supply or personnel, that could be useful to the unit's possible investigations.

Special Inquiries Unit

Staffing in the Special Inquiries Unit consisted of 17 military and civilian investigators. The unit had 11 GS-1801-13 and -14 Special Inquiries Investigators; a GS-343-14 Management Analyst; a GS-1102-13 Contract Management Specialist; and a military staff of 2 Navy Captains, an Air Force Major, and an Army Lieutenant Colonel. The unit's Director was a Navy Captain.

Special Inquiries staff were divided into four investigative teams that specialized in matters involving contracting; fraud, waste, and abuse; military personnel; or civilian personnel. Their position descriptions required that personnel conducting contract inquiries be skilled in all areas of contract management procedures and know investigative, audit, and analytical techniques. Those involved in fraud, waste, and abuse inquiries were required to know investigative policy, procedures, and techniques and be able to extract evidence from sources and analyze and weigh this evidence to develop an investigative report. Those who conducted inquiries concerning civilian or military personnel were required to have knowledge in DOD civilian and military personnel principles and practices and in investigative techniques.

Of the military staff, one Navy Captain was, as required, a Supply Corps Officer; and the Army Lieutenant Colonel was, as required, a Medical Corps Officer. The Special Inquiries Unit had no specialty requirements for the remainder of its military staff, which was, as required, composed of a Navy Captain and an Air Force Major.

According to the Director, Special Inquiries Unit, the unit conducted a 1-week Investigator's Training Course for its investigators on such topics as conflict of interest, investigative planning, interviewing techniques, and report writing. This course was last given in June 1990. Because he was unsatisfied with the course, the Assistant IG for Departmental Inquiries canceled it in September 1990 in favor of the Department of the Army's IG Investigator's Training Course.

We reviewed the training and qualifications of the investigators involved in the three Special Inquiries investigations that we selected. The following staff conducted the investigations:

- An Air Force Captain, with 8 years experience in the Air Force's Office of Special Investigations. This officer had been Chief of an Overseas Fraud Unit and had received training at the Air Force's Special Investigations Academy.
- A GS-1801-09 Special Inquiries Investigator, with 2 years experience as a GS-1810-07/09 General Investigator with

the Defense Investigative Service. This investigator had received Inspector General and Interviewer Training.

- A GS-1801-13 Special Inquiries Investigator, with 9 years experience as a Special Agent with the U.S. Army Criminal Investigation Command. This investigator had received Criminal Investigator Training for Warrant Officers, Advanced Fraud Investigator Training, and Criminal Intelligence Training.
- A GS-1801-13 Special Inquiries Investigator, with 4 years experience as a Special Agent for the Federal Bureau of Investigation (FBI) in the mid-1960s. Since the FBI tenure, the investigator's experience had been in Personnel Management and Labor Relations.

Program Integrity Unit

At the time of our review, the Program Integrity Unit consisted of a smaller staff than that of the Special Inquiry Unit: an Air Force Major who was a Program Integrity Investigator; a GS-1801-13 Program Integrity Investigator; and a GS-1801-15, the Director. Previously, a GS-1811 DCIS Criminal Investigator had been temporarily detailed to the unit.

According to position descriptions, a Program Integrity Investigator was required to have experience in and knowledge of (1) conducting sensitive and complex inquiries, (2) DOD organizational structure and administrative and investigative techniques, and (3) analyzing complaints and weighing evidence.

The Director and the GS-1801-13 investigator were trained federal and state Criminal Investigators, respectively. The Director, a former State Department Foreign Service Special Agent, had attended the basic GS-1811 Criminal Investigator's Course at the Federal Law Enforcement Training Center (FLETC). The investigator, a former Special Agent of the Illinois Bureau of Investigation, had received basic criminal investigative training at the Illinois State Police Academy. The investigator had also received training at FLETC, the FBI Academy, and the Drug Enforcement Administration. Before joining the DOD OIG, the investigator had worked as a General Investigator with the U.S. Office of Special Counsel and the U.S. Department of Labor. This investigator had conducted two of the three Program Integrity investigations in our review. The detailed DCIS Criminal Investigator had conducted the third investigation.

The Air Force Major was an attorney formerly with the Air Force's Office of Judge Advocate General. This was her first investigative assignment.

COMPLETENESS OF SPECIAL INQUIRIES AND PROGRAM INTEGRITY INVESTIGATIONS

The six closed cases we reviewed in the Special Inquiries and Program Integrity units appeared to be the types of cases that the units would normally investigate, according to DOD IG policy. In general, both units followed the internal investigative policies and procedures established for the conduct of their inquiries and investigations. However, three of the six case files that we reviewed were somewhat inconsistent with their policies and procedures in that they contained no investigative plan.

The three Special Inquiries cases involved allegations that (1) an Army unit's IG had breached the confidentiality of an informant; (2) an Air Force Colonel had abused his authority in awarding a contract; and (3) a senior-level civilian employee had abused his authority regarding time and attendance, travel, and government vehicle usage matters. The Special Inquiries Unit investigated these cases in 1990, prior to Program Integrity's formation.

The three Program Integrity cases in our review concerned allegations of (4) a Commanding General of a large midwestern military installation using appropriated funds on frivolous items, (5) conflict of interest by a DOD consultant who was a former Deputy Assistant Secretary of Defense, and (6) a Vice Admiral abusing government travel and telephone lines.

We determined that the units' administrative investigative procedures and policies, as stated in IG-DOD 5501.1-H, were generally followed in these six cases.

In part, the units' investigative policies and procedures state that investigative planning is the most critical phase of an investigation. However, during our case review, we noted the following inconsistencies in three of the six case files:

- Investigations 1 and 2 lacked a written investigative plan. The files did contain interview notes and taped interviews. However, the notes were incomplete and difficult to interpret. After listening to the taped interviews and reviewing the notes, we determined that the investigations were sufficient to support the final reports.
- Investigation 4 was a joint investigation between Program Integrity and the Army IG. The bulk of the investigative file remained with the Army IG. We reviewed the Army IG file as well. No written investigative plan or other indication of investigative planning was evident in the case file, although after a cursory check the supporting documentation and information reported appeared proper.

According to the Assistant IG for Departmental Inquiries, his office is attempting to rectify these inconsistencies.

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