Top audit officials repeatedly and consistently told my investigators that doing genuine contract audits was ''impossible, we can't do it, it's too difficult.''

One audit appears to illustrate and typify the seemingly impassable obstacle, or brick wall, perceived by the auditors. The report is entitled ''The U.S. Air Force's Central War Reserve Material Contract.'' It is report No. D–2009–108.

Instead of attempting to verify payments at the primary source, which is the Defense Finance and Accounting Service, the audit team opted for an unauthorized shortcut. When you are following the taxpayers' money to see if there is fraud involved, you are going to find some shortcut?

They chose, then, to rely on payment data provided by who? The contractor, DynCorp, the target of the audit. Even using this flawed audit procedure, examiners were unable to match contract requirements with payments. Then when they could not do it, they just give up. The report concluded:

> The government did not know what it was paying for. . . . It may have paid for services DynCorp did not perform.

The auditors then simply turned a blind eye to the potential fraud here in this instance.

One hundred sixty-one million dollars went out the door, and for what, we don't know. The report does not tell us. It does not nail down all of the pertinent facts. It is inconclusive and unfinished. The auditors just kicked the can down the road, bucking it to another Defense Department audit agency.

Clearly, auditing large, complicated Defense Department contracts where there is no audit trail to follow is, we have to admit, a daunting task. But that does not mean it is a mission impossible. It can be done. It has to be done. Senior managers refer to this task as ''audit trail reconstruction work. It is labor intensive pick and shovel work.''

Today, the inspector general relies on small rinky-dink 5- or 10-member audit teams. That doesn't cut it. The IG needs to deploy much larger teams consisting of 25, 50, or even 100 auditors or more to tackle the most egregious contract jobs. And I don't mean hire more than the 675 employees who are already there eating up $90 million.

Let me make one point crystal clear right now—and I am repeating because I think it is important. I am not suggesting the IG needs to hire more auditors. This should be done within available resources. What I am saying is this: The audit office needs to switch from a large number of small teams to a small number of large teams. That would be a reallocation of audit resources. The top audit office official said it would be possible ''to cobble together such an audit team to look at one of the big weapons programs.'' However, doing that would ''deplete resources needed to meet other priorities.''

The ''other priorities'' referenced by this top official are probably wasteful reviews of the Department's policy and procedures—in other words, doing policy auditing instead of doing financial auditing.

In 2009, the audit office did not conduct one in-depth contract audit of a major weapon system or contract. Aren't major weapon systems an audit priority? The record suggests that it is not an audit priority.

To this Senator from Iowa, this is an astonishing revelation. The inspector general is not doing contract audits. How can this be? If the IG is doing contract audits, then the office of the IG is not or should not be open for business—ought not to be spending that $90 million.

The core IG mission is to detect and report fraud, waste, and abuse to the Secretary and to the Congress and to recommend corrective action. To detect and verify fraud and waste, auditors need to be on the money trail 24/7. That is where most fraud occurs. They need to be connecting all the dots between contract signing over here and the last payment being made over here.

Instead of trying to do contract audits, the audit office gave up and moved to greener, easier pastures. Most audits now focus on policies and procedures. In moving in this direction, the inspector general has strayed far from a core mission costing $90 million. Today's preference for policy audits yields zero benefits to the taxpayers. These reports cost about $800,000 apiece. Cranking out worthless policy audits may not qualify as misconduct, but it surely is a blatant waste of precious tax dollars, at $90 million a year.

The current focus on policy audits helps me understand why 765 auditors—with an annual budget of $90 million—could not root out any measurable fraud or waste last year. The IG there at the Department of Defense needs to hit the reset button and refocus the audit effort on the core IG mission.

First, he needs to resume full-scope contract audits to root out fraud and waste. Second, the audit office needs to aggressively review all the Defense Department's plans and programs for deploying a modern accounting system. It needs to offer specific recommendations that would help the Department reach the 2020 readiness goals.

I am receiving assurances from the IG at the Department of Defense that he is moving smartly in the right direction. The signals from that office are very encouraging. Yet I remain skeptical. The audit office still seems to think that full-scope contract audits are a nonstarter and policy reviews are highly relevant. We need a change of course.

Mr. President, I yield the floor.

MORNING BUSINESS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate proceed to a period of morning business with Senators permitted to speak for up to 10 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

REPORT ON FOREIGN TRAVEL

Mr. SPECTER. Mr. President, It has been my custom to make a report to the Congress, my constituents, and the general public when I return from a trip. I have sought recognition to speak about foreign travel I made to Beijing, Hanoi and Taipei from August 6, 2010, to August 16, 2010.

We departed Dulles International Airport on United Airlines on Friday morning, August 6 en route to Beijing, China. This was my sixth visit to China, with the most recent taking place in 2006.

On Sunday, August 8, we had a meeting with Mr. William Farris, Managing Counsel for Google. Mr. Farris had previously served as general counsel for the Congressional-Executive Commission on China, which was created by congressional statute in 2001 to oversee human rights and the rule of law. Especially with his background in these critical issues, Mr. Farris offered his views on the potential for unfettered access to the internet in China, the recent cyber attack against Google, and an overview of the Chinese business environment. Although Google initially censored its search engine in China, I was pleased that it has decided to offer a reroute through Hong Kong servers in order to provide uncensored access. China continues to put pressure on international firms over the nature of content produced. The Chinese government maintains a block on many U.S. Websites, including Facebook, Twitter, and YouTube. The pressure that the Chinese government places on firms has already led to the departure of major foreign ventures. Go Daddy, a leading U.S. Web site registration firm, has recently left the Chinese market. Increasing freedom will facilitate economic growth and attract investment.

In my fiscal year 2011 appropriations request letter to the State and Foreign Operations Subcommittee on the Senate Appropriations Committee, I urged the provision $50 million from the democracy fund to promote widespread, secure Internet use by individuals residing in countries with Internet monitoring, censorship, and control. This is a low-cost method of allowing people, especially those living under repressive regimes, to access all-source, unfiltered information. This capability enables freedom of thought, expression, and the unimpeded flow of ideas and information. One group, the Global Internet Freedom Consortium—an alliance of several organizations specializing in anti-censorship technologies—has submitted several important proposals. This group has been particularly effective in China, neutralizing the Chinese government's ''Golden Shield'' and ''Green Dam'' barriers.