

# Office of the Inspector General Semiannual Report to Congress



October 1, 2009 – March 31, 2010

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## Message From the Inspector General

This semiannual report summarizes the work of the Office of the Inspector General (OIG) from October 1, 2009, through March 31, 2010. The audits, inspections, special reports, and investigations of Department of Justice (Department) programs and operations that the OIG conducted during the past six months have addressed a broad range of Department operations.

The OIG continues to focus significant attention on the Department's national security responsibilities. For example, during this reporting period the OIG reviewed the Federal Bureau of Investigation's (FBI) Foreign Language Translation Program and made recommendations to improve the FBI's efforts to timely translate the large amount of foreign language materials it collects. In addition, we completed a report that provided significant new details about the FBI's use of exigent letters and other informal requests to obtain telephone records without legal process. Our report contained recommendations for additional action to ensure that the FBI's past use of exigent letters and other informal requests for telephone records does not recur.

Other OIG reports issued during this reporting period covered a wide range of management challenges faced by the Department. For example, we completed an evaluation of the coordination of explosives investigations between the FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives; a review of the Department's anti-gang efforts; and a review of the Department's efforts to protect members of the judiciary and employees of the U.S. Attorneys' Offices. We continue to monitor the Department's grant management efforts, both with regard to the Department's regular grants as well as the increased grant funding from the *American Recovery and Reinvestment Act of 2009*.

In addition, our Investigations Division continues to investigate significant allegations of criminal or administrative misconduct related to Department personnel or programs.

I would like to thank the Department and Congress for their continued support of our work. Most important, I would like to express my gratitude for the hard work of OIG employees who help improve the operations of the Department of Justice. They perform their duties with skill and dedication, and they deserve thanks for their outstanding work.

A handwritten signature in cursive script that reads "Glenn A. Fine".

Glenn A. Fine  
Inspector General  
April 30, 2010



# Table of Contents

- Highlights of OIG Activities ..... 1
- OIG Profile ..... 5
- Multicomponent Audits, Reviews, and Investigations ..... 7
- Federal Bureau of Investigation ..... 17
- Federal Bureau of Prisons ..... 25
- U.S. Marshals Service ..... 27
- Drug Enforcement Administration ..... 30
- Bureau of Alcohol, Tobacco, Firearms and Explosives ..... 32
- Office of Justice Programs ..... 34
- Other Department Components ..... 37
  - Office of Community Oriented Policing Services ..... 37
  - Criminal Division ..... 38
  - Environment and Natural Resources Division ..... 39
  - Executive Office for Immigration Review ..... 40
  - Office on Violence Against Women ..... 40
  - U.S. Attorneys’ Offices ..... 41
- American Recovery and Reinvestment Act of 2009* ..... 42
- Top Management and Performance Challenges ..... 46
- Congressional Testimony ..... 47
- Legislation and Regulations ..... 47
- Statistical Information ..... 48
  - Audit Statistics ..... 48
    - Funds Recommended for Better Use ..... 48
    - Questioned Costs ..... 49
    - Management Improvements ..... 49
    - Quality Control ..... 50
    - National Defense Authorization Act Reporting* ..... 50
    - Audit Follow-up ..... 50
  - Evaluation and Inspections Statistics ..... 51
  - Investigations Statistics ..... 52
- Appendices ..... 53
  - Acronyms and Abbreviations ..... 53
  - Glossary of Terms ..... 54
  - Evaluation and Inspections Division Reports ..... 55
  - Oversight and Review Division Report ..... 55
  - Audit Division Reports ..... 56
  - Reporting Requirements Index ..... 62



# Highlights of OIG Activities

The following table summarizes Office of the Inspector General (OIG) activities discussed in this report. As these statistics and the following highlights illustrate, the OIG continues to conduct wide-ranging oversight of Department of Justice (Department) programs and operations.

## Statistical Highlights

October 1, 2009 - March 31, 2010

Allegations Received by the Investigations Division	4,672
Investigations Opened	173
Investigations Closed	125
Arrests	53
Indictments/Informations	48
Convictions/Pleas	48
Administrative Actions	103
Fines/Restitutions/ Assessments/Recoveries	\$232,162
Audit Reports Issued	42
Questioned Costs	\$5,274,155
Recommendations for Management Improvements	135
<i>Single Audit Act</i> Reports Issued	59
Questioned Costs	\$3,998,017
Recommendations for Management Improvements	103

Examples of OIG audits, evaluations, and special reports completed during this semiannual reporting period include:

- ◆ [Coordination of Explosives Investigations between the Federal Bureau of Investigation \(FBI\) and Bureau of Alcohol, Tobacco, Firearms and Explosives \(ATF\)](#). The OIG examined the coordination of explosives investigations between the FBI and ATF and found that jurisdictional disputes regarding which agency is the lead agency for federal explosives investigations continue to occur. We found that Department leadership did not clearly define the jurisdiction between the agencies in explosives incidents and did not implement a formal procedure for the Department to resolve jurisdictional disputes. In addition, we found overlap between the two agencies in their explosives training programs and laboratory resources. As a result of our review, the Department has convened working groups to resolve these issues and to respond to our recommendations.
- ◆ [Protection of the Federal Judiciary and Federal Prosecutors](#). Our review of the protection of the federal judiciary and employees of U.S. Attorneys’ Offices (USAO) identified deficiencies in the U.S. Marshals Service’s (USMS) and the Executive Office for United States Attorneys’ (EOUSA) response to threats that affect their ability to protect these officials. We found that judges, U.S. Attorneys, and Assistant U.S. Attorneys (AUSA) do not consistently and promptly report threats, and that, when threats are reported, the USMS does not consistently perform or document risk assessments or effectively coordinate with other law enforcement agencies in threat

response. In addition, our review determined that EOUSA and the USAOs have not implemented adequate measures to protect USAO personnel against threats. We made 14 recommendations to improve the protection of the judiciary and federal prosecutors, and the USMS and EOUSA agreed to implement those recommendations.

- ◆ [The Department's Efforts to Combat Identity Theft](#). The OIG assessed the Department's coordination of its efforts to combat identity theft and the specific efforts of several Department components to address the fast growing crime of identity theft. Our audit found that the Department had not adequately coordinated its efforts to combat identity theft and that identity theft initiatives had faded as priorities. We determined that the Department did not have its own internal strategy to combat identity theft and had not appointed any individual or office to have responsibility for coordinating the Department's identity theft efforts. We also identified problems with the Department's data collection efforts, as well as confusion among Department investigators, prosecutors, and victim specialists about their responsibilities under federal law to identify and notify victims of identity theft. Our audit concluded that additional leadership is needed to ensure that the Department's efforts to combat identity theft are coordinated and prioritized.
- ◆ [The Department's Anti-Gang Intelligence and Coordination Centers](#). Our review concluded that these two gang intelligence and coordination centers have not significantly improved the coordination and execution of the Department's anti-gang initiatives. Administered by the FBI, the National Gang Intelligence Center (NGIC) is a multi-

agency center that develops and shares gang-related information. However, NGIC has not established a centralized gang information database as directed by statute due to technological limitations and operational problems, and has not shared gang intelligence and information effectively with other law enforcement organizations. The National Gang Targeting, Enforcement, and Coordination Center (GangTECC), administered by the Criminal Division, is a coordination center for multi-jurisdictional gang investigations. However, we found that the lack of an operating budget prevents it from providing essential coordination and outreach. We recommended that the Department consider merging the two centers or ensure that their activities are better integrated.

- ◆ [The FBI's Use of Exigent Letters and Other Informal Requests for Telephone Records](#). The OIG examined the extent of the FBI's use of exigent letters and other informal requests to obtain telephone records without legal process. We found widespread use of exigent letters and other informal requests for telephone records. Contrary to the statements in the letters, many of the investigations for which the letters were used did not involve exigent circumstances and subpoenas had not been sought for the records. In addition, we found widespread use of other, even more informal requests for telephone records in lieu of appropriate legal process or a qualifying emergency. Our review also found that the FBI's initial attempts at corrective action were seriously deficient, ill-conceived, and poorly executed. Our report also described other troubling practices regarding requests, including improper requests for reporters' telephone records, inaccurate statements made by the FBI to the Foreign Intelligence Surveillance Act (FISA) Court, improper use of administrative subpoenas, and serious lapses in training, supervision, and oversight.

Our report assesses the accountability of FBI employees for these improper practices. The FBI agreed to implement the 13 recommendations made in our report.

- ◆ **Status of the FBI's Implementation of the Sentinel Project.** The OIG completed two additional status reports examining the FBI's ongoing development of its Sentinel information technology upgrade program. Our audit report released in [November 2009](#) found that the FBI's development of Sentinel has continued to progress, but that the delivered portions of Phase 2 of the Sentinel project did not provide the significant functionality as originally planned. Moreover, the budget for the upgrade had increased, and the timeline for completion had slipped. Our report released in [March 2010](#) found that due to serious issues concerning usability, performance, and quality of the deliverables, the FBI issued a partial stop work order for Phases 3 and 4 of the program on March 3, 2010. The OIG report concluded that the FBI must ensure that its revisions of Sentinel's budget, schedule, and requirements are realistic, achievable, and satisfactory to its users and that the FBI should integrate users' concerns and perspectives into the remaining developmental phases of Sentinel.
- ◆ [The FBI's Foreign Language Translation Program.](#) The OIG examined the FBI's Foreign Language Translation Program, focusing on the FBI's progress in improving its ability to translate and review material it collects. Similar to previous audits in 2004 and 2005, this audit found significant amounts of material collected for counterterrorism, counterintelligence, and criminal investigations have not been reviewed. While the FBI had made some improvements, such as in its quality control of translations, the FBI continued

to not meet its goals for hiring linguists proficient in critical languages.

- ◆ [The Department's Financial Statement Audits.](#) The OIG issued the audit report for the Department Annual Financial Statement for FY 2009. The Department and its nine reporting components received unqualified opinions on their financial statements. The audit found that the Department has continued to make progress in its financial management systems and has continued to address major weaknesses identified in our previous annual financial statement audits. For example, at the component level the number of significant deficiencies decreased from 14 in FY 2008 to 8 in FY 2009. However, our audit noted that the Department still does not have a unified financial management system to readily support ongoing accounting operations and preparation of financial statements.

## Investigations

As shown in the statistics in the table at the beginning of this section, the OIG investigates many allegations of misconduct involving Department employees or contractors or grantees who receive Department money. Examples of the OIG's investigations discussed in this semiannual report include:

- ◆ A joint investigation by the OIG's Washington Field Office and the FBI Internal Investigations Section resulted in the arrest of an FBI supervisory special agent in the District of Columbia on charges of making false statements. The investigation revealed that the agent submitted travel vouchers over a 15-month period claiming more than \$41,000 for lodging expenses while on temporary duty

in Virginia. The claimed expenses, supported by fictitious rental agreements and receipts, were fraudulent because the agent actually permanently resided at two locations in Maryland that were within the same metropolitan area as his temporary duty assignment in Virginia. The agent pled guilty and was sentenced to 180 days of home monitoring and 5 years of probation. He was also ordered to perform 400 hours of community service and pay \$41,658.57 in restitution. He resigned his position with the FBI as a result of our investigation.

- ◆ An OIG investigation led to the arrest of a Federal Bureau of Prison's (BOP) correctional counselor on charges of conspiracy, providing contraband in prison, tampering with witnesses, and soliciting to commit a crime of violence. The investigation found that the correctional counselor maintained a cadre of inmate enforcers who assaulted other inmates at his request. The correctional counselor also sought to have two of his enforcers maimed or killed because they had information about his own misconduct.
- ◆ A joint investigation by the OIG's New York Field Office and the FBI resulted in the arrest of a USMS analyst on charges of bankruptcy fraud, wire fraud, bank fraud, and illegally obtaining information from a government computer. The investigation determined that the analyst misused a USMS computer to access information from the FBI's National Crime Information Center (NCIC) database to assist her husband's gang-related criminal activities.

- ◆ A joint investigation by the OIG's Fraud Detection Office and the FBI led to the arrest of the chief of police for the Law Enforcement Department of the Sault Tribe of Chippewa Indians and his office manager on grant fraud conspiracy charges. As a result of the investigation, the chief of police was charged with conspiring with his office manager to steal \$242,230 in grant funds for his personal use. The office manager pled guilty to grant fraud conspiracy charges and judicial proceedings against the police chief continue.

## Ongoing Work

This report also describes ongoing OIG reviews throughout the Department, including:

- ◆ The Department's preparations for responding to a weapons of mass destruction attack
- ◆ The FBI's efforts to combat national security cyber threats
- ◆ The FBI's efforts to reduce its backlog of forensic DNA samples
- ◆ ATF's implementation of Project Gunrunner, an initiative to reduce firearms trafficking to Mexico and associated violence along the Southwest border
- ◆ The operations of the Drug Enforcement Agency's (DEA) El Paso Intelligence Center
- ◆ The Department's use of material witness warrants

# OIG Profile

The OIG is a statutorily created, independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct involving Department programs and personnel and promote economy and efficiency in Department operations. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of Department employees in their numerous and diverse activities. The OIG also audits and inspects Department programs and assists management in promoting integrity, economy, efficiency, and effectiveness. The OIG has jurisdiction to review the programs and personnel of the FBI, ATF, BOP, DEA, USAOs, USMS, and all other organizations within the Department, as well as contractors of the Department and organizations receiving grant money from the Department.

The OIG consists of the Immediate Office of the Inspector General and the following divisions and office:

- ◆ **Audit Division** is responsible for independent audits of Department programs, computer systems, and financial statements. The Audit Division has field offices in Atlanta, Chicago, Dallas, Denver, Philadelphia, San Francisco, and Washington, D.C. Its Financial Statement Audit Office and Computer Security and Information Technology Audit Office are located in Washington, D.C. Audit Headquarters consists of the immediate office of the Assistant Inspector General for Audit, Office of Operations, Office of Policy and Planning, Advanced Audit Techniques Group, and Office of Research and Non-Federal Audits.
- ◆ **Investigations Division** is responsible for investigating allegations of bribery, fraud, abuse, civil rights violations, and violations of other criminal laws and administrative procedures governing Department employees, contractors, and grantees. The Investigations Division has field offices in Chicago, Dallas, Denver, Los Angeles, Miami, New York, and Washington, D.C. The Fraud Detection Office is located in Washington, D.C. The Investigations Division has smaller, area offices in Atlanta, Boston, Detroit, El Paso, Houston, New Jersey, San Francisco, and Tucson. Investigations Headquarters in Washington, D.C., consists of the immediate office of the Assistant Inspector General for Investigations and the following branches: Operations, Special Operations, Investigative Support, Research and Analysis, and Administrative Support.
- ◆ **Evaluation and Inspections Division** conducts program and management reviews that involve on-site inspection, statistical analysis, and other techniques to review Department programs and activities and makes recommendations for improvement.
- ◆ **Oversight and Review Division** blends the skills of attorneys, investigators, program analysts, and paralegals to review Department programs and investigate sensitive allegations involving Department employees and operations.
- ◆ **Management and Planning Division** provides advice to OIG senior leadership on administrative and fiscal policy and assists OIG

components in the areas of budget formulation and execution, security, personnel, training, travel, procurement, property management, information technology, computer network communications, telecommunications, records management, quality assurance, internal controls, and general support.

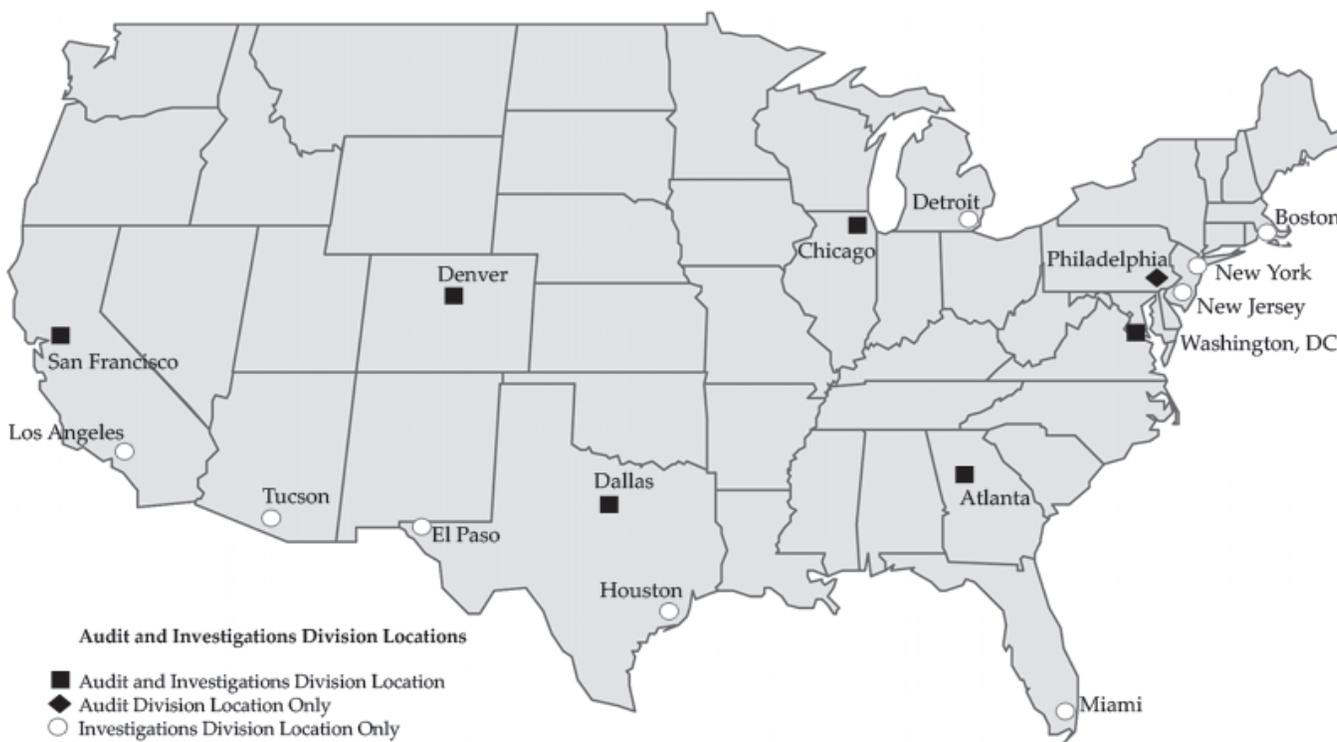
- ◆ **Office of the General Counsel** provides legal advice to OIG management and staff. It also drafts memoranda on issues of law; prepares administrative subpoenas; represents the OIG in personnel, contractual, and legal matters; and responds to Freedom of Information Act requests.

The OIG has a nationwide workforce of approximately 435 special agents, auditors, inspectors, attorneys, and support staff. For FY 2010, the OIG’s direct appropriation was

\$84 million, and the OIG expects an additional \$4 million in reimbursements.

As required by Section 5 of the *Inspector General Act of 1978* (IG Act), as amended, this Semiannual Report to Congress reviewing the accomplishments of the OIG for the 6-month period of October 1, 2009, through March 31, 2010, is to be submitted no later than April 30, 2010, to the Attorney General for his review. The Attorney General is required to forward the report to Congress no later than May 31, 2010, along with information on the Department’s position on audit resolution and follow-up activity in response to matters discussed in this report.

Additional information about the OIG and full-text versions of many of its reports are available at [www.justice.gov/oig](http://www.justice.gov/oig).



# Multicomponent Audits, Reviews, and Investigations

While many of the OIG's audits, reviews, and investigations are specific to a particular component of the Department, other work covers more than one component and, in some instances, extends to Department contractors and grant recipients. The following describes OIG audits, reviews, and investigations that involve more than one Department component.

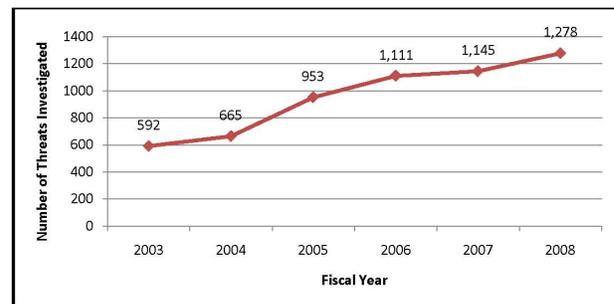
## Reports Issued

### Protection of the Federal Judiciary and Federal Prosecutors

The OIG's Evaluation and Inspections Division examined the Department's protection of federal judges and prosecutors, the third in a series of reviews on the issue. During the past several years, threats and inappropriate communications to federal judges, U.S. Attorneys, and AUSAs have increased dramatically, growing from 592 in FY 2003 to 1,278 in FY 2008. Overall, during this 6-year period, there were 5,744 threats directed at these federal officials. Although no federal judge or AUSA was killed or seriously injured during the time period we reviewed, we found deficiencies in the USMS's and EOUSA's response to threats that affect their ability to protect federal officials.

We found that judges, U.S. Attorneys, and AUSAs do not consistently and promptly report threats, which hampers the ability of the USMS to protect these federal court officials from harm. Although we could not determine the precise number of unreported threats, our interviews and surveys

**Number of Threats Against Federal Court Officials Investigated by the USMS, FY 2003 Through FY 2008**



Sources: USMS FY 2008 Budget and [www.ExpectMore.gov](http://www.ExpectMore.gov)

indicate that as many as 25 percent of all threats or inappropriate communications were not reported to the USMS. We also found that in about one-quarter of the reported threats made in FY 2007 and FY 2008, 2 or more days elapsed between receipt of the threat by the judge or AUSA and when they reported the threat to the USMS. Our review recommended that the Department provide additional guidance to ensure that threats are reported promptly.

We found that when threats are reported, the USMS does not consistently perform or document its risk assessments, and the USMS cannot ensure that protective measures are commensurate with the threats or that even the minimum protective measures are implemented. In reviewing a selected sample of threat cases involving 25 judges and AUSAs, we determined that the USMS did not record the risk level ratings for any of these threats in its threat database. Through our interviews and database review, we also determined that only 1 of the 25 judges and AUSAs received all four protective measures called for by USMS protocols. In addition, five judges and AUSAs were not provided any of the low risk level protective measures they should have received.

We also found that the USMS does not fully or effectively coordinate with other law enforcement agencies to respond to threats against federal judicial officials. Our review determined that 639 (40 percent) of the 1,587 threats in the USMS database contained no information regarding notification to the FBI, even though such notification is required by USMS policy. USMS policy also requires USMS district offices to contact local law enforcement agencies to request that the USMS be notified whenever a police agency responds to any emergency call at a judge's residence. However, when we tested the USMS contact numbers contained in three of the letters the USMS district offices provided to local law enforcement agencies, two of the letters had non-working USMS contact numbers.

In addition, EOUSA and the USAOs have not implemented adequate measures to protect USAO personnel against threats. For example, we determined that many USAO staff members assigned security duties lack threat response expertise and training similar to that of the USMS's judicial security staff members, who are specifically trained in threat response procedures.

USAO and USMS staff responsible for responses to threats against U.S. Attorneys and AUSAs did not consistently share important information with each other and were not cognizant of each other's roles and responsibilities. Moreover, the USAOs were not consistently notifying EOUSA of threats against or protective measures provided to U.S. Attorneys and AUSAs. This lack of notification prevents EOUSA from providing emergency support or tracking trends in threats against USAO personnel.

In this report, the OIG made 14 recommendations to improve the protection of federal judges and prosecutors, including recommendations to improve the guidance given to federal judges, U.S. Attorneys, and AUSAs on the need for prompt reporting of threats; to ensure that the USMS provides federal judicial officials with protective measures that are commensurate with the risk level of the threat; and to ensure better coordination between the USMS, the USAOs, and other law enforcement agencies who share responsibility for protecting federal judicial officials. The USMS and EOUSA stated that they concurred with all of our recommendations and have begun implementing corrective action.

### Explosives Investigation Coordination between the FBI and ATF

The OIG's Audit Division examined the coordination between the FBI and ATF on explosives investigations. Our review found inadequate coordination between these two agencies and a lack of effective management by the Department of these agencies' coordination efforts. We also found that conflicts occurred throughout the country regarding which agency is the lead agency for federal explosives investigations and about their differing explosives-handling techniques.

Federal law gives the FBI and ATF concurrent jurisdiction to investigate most federal explosives crimes. Despite attempts at coordination, these components have developed separate and often conflicting approaches to explosives investigations and activities such as explosives training, information sharing, and forensic analysis.

After ATF was transferred from the Department of the Treasury to the Department of Justice in 2003, the Attorney General issued a memorandum (the 2004 Memorandum) that attempted to define the roles of the FBI and ATF in explosives investigations and related activities. However, our audit found that the Department, the FBI, and ATF did not implement the 2004 Memorandum's procedures for explosives information sharing and database consolidation, training, and laboratory resources. In addition, the 2004 Memorandum contained ambiguous directives for determining lead agency authority for explosives matters. A subsequent 2008 Memorandum of Understanding between the FBI and ATF did not clarify investigative jurisdiction and instead reiterated many of the ambiguous elements of the 2004 Memorandum.

We surveyed FBI and ATF explosives specialists, field managers, and state and local bomb squads and found that 33 percent of ATF explosives specialists and 40 percent of FBI bomb technicians reported having been involved in disputes with their counterparts at explosives incidents. The disputes primarily involved which agency should lead federal explosives investigations or which techniques should be used to neutralize explosives. These disputes can delay investigations, confuse local first responders about which agency is the federal lead on explosives matters, and undermine federal and local relationships.

The FBI and ATF maintain separate explosives-related databases to manage laboratory forensic reports, incident reporting, and technical

explosives-related information and intelligence, even though the 2004 Memorandum required the FBI and ATF to consolidate their records of criminal explosives incidents reported by federal, state, and local agencies into ATF's Bombing and Arson Tracking System (BATS). The agencies' separate explosives databases caused a duplication of effort, and the lack of reporting to the BATS database undermined the database's ability to accurately determine trends in explosives incidents.

The 2004 Memorandum also directed ATF to coordinate all Department post-blast explosives training and certify all explosive detection canines deployed by Department components. However, the FBI and ATF have not implemented either directive and continued to separately operate explosives-training facilities and programs and disagree on certain aspects of explosives training. In addition, the FBI and ATF each maintain separate laboratories for explosives-related analyses. The Department has not developed the guidance directed by the 2004 Memorandum on how resources and workloads should be allocated between the two agencies' laboratories.

The OIG audit made 15 recommendations to the Department, the FBI, and ATF to improve explosives-related coordination, including: implementing a new Department directive that clearly defines jurisdiction between the agencies; establishing a formal procedure for the Department to resolve jurisdictional disputes; requiring reviews of the most efficient uses of Department explosives training programs and laboratory resources; and issuing new agency guidelines to promote explosives-incident reporting and information sharing by both agencies. The Department said it agreed in concept with each of our recommendations, and it has established four working groups, composed of representatives from the Deputy Attorney General's Office, the FBI, and ATF, to address the recommendations of our report.

## Combating Gangs and Gang Violence

The OIG's Evaluation and Inspections Division examined two gang intelligence and coordination centers the Department established in 2006 to combat gang-operated criminal networks in the United States – the National Gang Intelligence Center (NGIC) and the National Gang Targeting, Enforcement, and Coordination Center (GangTECC).

In January 2006, NGIC was established as a multi-agency center administered by the FBI, where intelligence analysts from federal, state, and local law enforcement could work together to develop and share gang-related information. In June 2006, the Department formed GangTECC to coordinate multi-jurisdictional gang investigations. GangTECC is administered by the Criminal Division.

We concluded that the two centers have not significantly improved the coordination and execution of the Department's anti-gang initiatives. In particular, the NGIC has not established a centralized gang information database for collecting and disseminating gang intelligence, as directed by statute, due to technological limitations and operational problems. In addition, the communications infrastructure that would allow NGIC to access gang-related information from state databases had not progressed beyond the development phase. Also, NGIC has few regular users outside of the FBI and GangTECC, receives few requests for information, and produces reports that are of limited usefulness. In discussions with NGIC and GangTECC personnel and other law enforcement officials about why NGIC was not used more frequently, we found that NGIC was not perceived as an independent, multi-agency center by many law enforcement personnel, and was repeatedly referred to as being "FBI-centric" in the products it generates and the intelligence analysis it provides.

GangTECC has a broad, multi-purpose mission but no operating budget. The lack of an operating budget has prevented GangTECC managers from taking some actions essential to its operations, including hosting case coordination meetings and conducting effective outreach to the law enforcement community. Also, GangTECC has not established itself as the central coordination and deconfliction entity as envisioned because GangTECC member agencies and federal prosecutors are not required to inform GangTECC of their gang-related investigations and prosecutions.

In examining the relationship between NGIC and GangTECC, we found that the two entities have not worked together effectively because of differing leadership and management philosophies, funding sources, and investigative priorities. While the two centers share an office suite, their co-location has not led to the anticipated partnership of NGIC and GangTECC, and communication between the two centers remains limited and ad hoc.

We made 15 recommendations to improve the Department's anti-gang efforts, including that the Department consider merging the NGIC and GangTECC under common leadership. The Department agreed in concept with all of our recommendations. In addition, the Department stated that it is considering establishing a partnership between NGIC, GangTECC and the Organized Crime Drug Enforcement Task Force Fusion Center and the DEA's Special Operations Division.

## The Department's Efforts to Combat Identity Theft

The OIG's Audit Division assessed the Department's coordination of its identity theft efforts and the specific efforts of several Department components to address the fast

growing crime of identity theft. Our audit found that the Department had not taken a coordinated approach to combating identity theft and that, to some degree, identity theft initiatives had faded as priorities.

Specifically, we determined that the Department did not have its own internal strategy to combat identity theft and instead relied on a strategic plan issued by the President's Identity Theft Task Force in April 2007. Yet, the President's Identity Theft Task Force ceased operations in September 2008, and the Department had not appointed any individual or office to have responsibility for coordinating the Department's identity theft efforts or ensuring further implementation of the President's Task Force recommendations.

We found that in the absence of Department leadership and oversight, the implementation of the President's Task Force recommendations by Department components was inconsistent. For example, one recommendation of the President's Task Force was that Department prosecutors reevaluate their monetary thresholds for prosecuting identity theft cases. However, 53 of the 94 USAOs did not report on whether they had considered or implemented this recommendation. In addition, the audit determined that 28 of the 94 USAOs did not participate in local identity theft task forces or working groups, despite the President's Task Force recommendation that these offices increase their use of these task forces as a way to increase identity theft prosecutions.

Our audit also determined that the Department's Bureau of Justice Statistics (BJS), which annually conducts the National Crime Victimization Survey, was not timely in its reporting on identity theft victimization, with delays of up to 4 years in reporting data.

In 2005, the FBI created an identity theft file in the NCIC database accessible to all law enforcement agencies. The file was intended to help protect victims and identify imposters when

they were encountered by state and local law enforcement. However, this feature of NCIC was underutilized and most FBI and other Department personnel we interviewed during the audit were unaware of its existence.

In addition, our audit found confusion among Department investigators, prosecutors, and victim specialists about their responsibilities under federal law to identify and notify victims of identity theft.

Our audit recommended that additional leadership is needed to ensure that the Department's efforts to combat identity theft are coordinated and prioritized. In this regard, our report made 14 recommendations to the Department and its components, including that the Department better coordinate its identity theft efforts and that all Department components involved in identity theft issues designate an official or office with responsibility for monitoring their agency's identity theft efforts. The Department and each of its components involved in the review concurred with the recommendations and stated that it would implement them.

## [The Department's Financial Statement Audits](#)

The Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994 require annual financial statement audits of the Department. The OIG's Audit Division oversees and issues the reports based on the work performed by independent public accountants. During this reporting period, we issued the audit report for the Department's Annual Financial Statement for FY 2009.

The Department received an unqualified opinion on its FY 2009 financial statements. At the consolidated level the Department had two significant deficiencies, both of which were repeat

issues. The first significant deficiency related to weaknesses in the general controls environment over the financial management system for two of the Department's nine reporting components. The Department's other significant deficiency related to financial reporting and consists of several serious but isolated issues, including the USMS's funds management controls; the Assets Forfeiture Fund and Seized Asset Deposit Fund's seized and forfeited property reporting controls; OJP's recording of budgetary upward and downward adjustments; the DEA's process for deobligation of funds; UNICOR's inventory count controls; and the Offices, Boards and Divisions' process for considering economic factors in its funding analysis of its earmarked funds.

The audit found that the Department has continued to make progress in its financial management systems and has continued to address major weaknesses identified in our previous annual financial statement audits. For example, at the component level the number of significant deficiencies decreased from 14 in FY 2008 to 8 in FY 2009. The Department and its components deserve credit for these substantial improvements.

Yet, our audit noted that the Department still does not have a unified financial management system to readily support ongoing accounting operations and preparation of financial statements. As discussed in past years, we believe the most important challenge facing the Department in its financial management is to successfully implement an integrated financial management system to replace the disparate and, in some cases, antiquated financial systems used by Department components.

In the FY 2009 consolidated *Independent Auditors' Report on Compliance and Other Matters*, no instances of significant non-compliance with applicable laws and regulations or other matters were identified. Although instances of non-compliance were reported at some of the components, the consolidated auditors determined that none of the component-level non-compliance issues caused the Department as a whole to be in significant non-compliance.

### **Federal Information Security Management Act Audits**

The *Federal Information Security Management Act* (FISMA) requires the Inspector General for each agency to perform an annual independent evaluation of the agency's information security programs and practices. The evaluation includes testing the effectiveness of information security policies, procedures, and practices of a representative subset of agency systems. To oversee the implementation of policies and practices relating to information security, the Office of Management and Budget (OMB) has issued guidance to agencies for their FISMA requirements.

For FY 2009, the OIG is reviewing the security programs of five Department components: the BOP, FBI, UNICOR, Justice Management Division (JMD), and USMS. Within these components, we selected for review two classified systems within the FBI and four sensitive but unclassified systems in the other components: BOP's Hires System, UNICOR's Services Business Group, JMD's Interim Procurement System, and USMS's Automated Prisoner Scheduling System. The OIG plans to issue separate reports evaluating each of these systems.

## Comparison of FY 2009 and 2008 Audit Results

Reporting Entity	Auditors' Opinion on Financial Statements		Number of Material Weaknesses <sup>1</sup>				Number of Significant Deficiencies <sup>2</sup>			
			Financial		Information Systems		Financial		Information Systems	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Consolidated Department of Justice	U <sup>3</sup>	U	0	0	0	0	1	1	1	1
Offices, Boards and Divisions	U	U	0	0	0	0	1	1	0	0
Assets Forfeiture Fund and Seized Asset Deposit Fund	U	U	0	0	0	0	1	3	0	1
Federal Bureau of Investigation	U	U	0	0	0	0	0	1	0	0
Drug Enforcement Administration	U	U	0	0	0	0	1	0	0	0
Office of Justice Programs	U	U	0	0	0	0	1	1	0	1
U.S. Marshals Service	U	U	1	1	0	0	0	1	1	1
Federal Bureau of Prisons	U	U	0	0	0	0	0	0	1	1
Federal Prison Industries, Inc.	U	U	0	0	0	0	1	0	0	1
Bureau of Alcohol, Tobacco, Firearms and Explosives	U	U	0	0	0	0	0	1	0	0
<b>Component Totals</b>			<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>8</b>	<b>2</b>	<b>5</b>

<sup>1</sup> *Material weakness* – A significant deficiency (see below), or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.

<sup>2</sup> *Significant deficiency* – A control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's consolidated financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

<sup>3</sup> *Unqualified opinion* – An auditor's report that states the financial statements present fairly, in all material respects, the financial position and results of operations of the reporting entity, in conformity with generally accepted accounting principles.

## Civil Rights and Civil Liberties Complaints

Section 1001 of the USA Patriot Act directs the OIG to receive and review complaints of civil rights and civil liberties abuses by Department employees, to publicize how people can contact the OIG to file a complaint, and to submit a semiannual report to Congress discussing our implementation of these responsibilities. On February 18, 2010, the OIG issued its 16th report summarizing its Section 1001 activities covering the period from July 1, 2009, to December 31, 2009. The report described the number of complaints we received under this section and the status of investigations conducted by the OIG and Department components.

## Department Grant Funds Received by ACORN and Its Affiliates

In response to a congressional request, the OIG's Audit Division examined whether the Association of Community Organizations for Reform Now, Inc. (ACORN) and its affiliates received any federal funds through grant programs administered by the Department since FY 2002.

The OIG review found that the Department did not award any direct grants to ACORN. We found that a recipient of a Department grant had entered into a sub-award agreement with ACORN. In addition, ACORN affiliates received one direct grant from the Department and three sub-awards from grantees of Department funds. In total, these grants and sub-awards to ACORN or its affiliates totaled approximately \$200,000 between FY 2002 and FY 2009.

Our review determined that the Department components that awarded the funds did not conduct any audits or financial reviews of the five grants or sub-awards made to ACORN or

its affiliates. However, the OIG issued an audit in 2008 of the National Training and Information Center (NTIC) in Chicago, Illinois, which included its \$20,000 sub-award agreement with an ACORN affiliate, the American Institute for Social Justice (AISJ). Our audit found that NTIC had mismanaged the grant and did not properly oversee some of its 36 sub-grantees, including the ACORN affiliate, AISJ. The OIG audit included the full \$20,000 sub-award to AISJ in the total amount of NTIC's questioned costs.

Finally, we determined that ACORN affiliates submitted five applications for Department grant funds from FY 2003 to FY 2009 that were denied.

## Audit of OJP and COPS Grants

During this reporting period, the OIG continued to audit grants awarded by the OJP and the Office of Community Oriented Policing Services (COPS). We found that the use of some grant funds were not supported by documentation, were unallowable based on the terms and conditions of the grant, or were not used for appropriate grant expenditures.

For example, we audited the Fond du Lac Tribal and Community College in Cloquet, Minnesota, which had received \$789,548 of Department grant funds as of October 28, 2009, to provide training and education to American Indians and other under-represented group members interested in a law enforcement career. Our audit found that the College's grant records inaccurately accounted for grant-related costs, lacked adequate detail concerning an employee's grant-funded activities, and did not implement monitoring procedures to evaluate contractor performance. Additionally, the grantee expended funds in unapproved budget categories without receiving OJP approval. In total, we identified \$205,836 in unallowable or unsupported expenditures.

OJP agreed with our recommendations and is working with the College to remedy these questioned costs.

## Accounting and Authentication of Drug Control Funds and Related Performance

The OIG is required by 21 U.S.C. § 1704(d) to perform an annual attestation review of detailed accounting of funds expended by each drug control program and related performance summary, as implemented by the Office of National Drug Control Policy Circular, *Drug Control Accounting*, dated May 1, 2007. The OIG's Audit Division oversees and issues the reports based on the work performed by independent public accountants. An attestation review is less in scope than an examination and, therefore, does not result in the expression of an opinion. However, the accountants reported that nothing came to their attention that caused them to believe the submissions were not presented in all material respects in accordance with the requirements of the Office of National Drug Control Policy Circular.

### *Single Audit Act Reports*

OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, establishes audit requirements for state and local governments, colleges and universities, and nonprofit organizations receiving federal financial assistance. Entities that expend more than \$500,000 in federal financial assistance must have a "single audit" performed annually covering all federal funds received by the entity. Single audits are conducted by state and local government auditors and by independent public accounting (IPA) firms. The OIG reviews these audit reports to determine whether they meet

the requirements of OMB Circular A-133 and whether they contain any audit findings related to Department grants. The OIG then issues the single audit to the Department. During this semiannual period, the OIG reviewed and issued to the Department's granting agencies 59 single audit reports encompassing 489 contracts, grants, and other agreements totaling approximately \$660 million. The OIG also monitors these audits through the resolution and closure process.

The single audits disclosed that costs charged to Department grants were not always adequately supported and that required financial reports were inaccurate and frequently were not filed in a timely manner. The state and local government auditors and IPA firms who conducted the single audits also found examples of inadequate controls over the procurement process and the equipment and assets purchased with Department grant funds. They also reported that grantees often did not adequately monitor their grant sub-recipients to ensure that the sub-grantees were properly accounting for the grant funds and ensuring compliance with the terms and conditions of the grant.

## Ongoing Work

### The Department's Preparations for Responding to a WMD Incident

The OIG is reviewing the Department's preparations for responding to an incident involving a weapon of mass destruction (WMD). The review is assessing whether the Department is prepared to fulfill its responsibilities in response to a WMD attack and also whether Department components' field offices in the National Capital Region are prepared to carry out a coordinated response if a WMD incident occurs in the Washington, D.C., area.

## FBI and DEA Aviation Operations

The OIG is examining the FBI's and DEA's management of their aviation operations. Among other issues, this audit is reviewing the controls and criteria for deploying air-based services.

## Audit of the Electronic Intergovernmental Agreement System

The OIG is evaluating whether the Electronic Intergovernmental Agreement (eIGA) system, used by the Office of the Federal Detention Trustee and the USMS to determine compensation for state and local detention facilities who house federal detainees, results in equitable reimbursement rates.

## The Department's Use of Material Witness Warrants

The OIG has initiated a review of the Department's use of the material witness warrant statute, 18 U.S.C. 3144. The review is examining trends in the Department's use of material witness warrants over time. The review is also examining the Department's treatment of material witnesses in national security cases, including issues such as length of detention, conditions of confinement, and access to counsel, as well as the Department's controls over the use of material witness warrants.

# Federal Bureau of Investigation



The FBI protects and defends the United States against terrorist and foreign intelligence threats, enforces the criminal laws of the United States, and provides criminal justice services to federal, state, municipal, and international agencies and partners. FBI headquarters in Washington, D.C., coordinates activities of more than 30,000 employees in 56 field offices located in major cities throughout the United States, more than 400 resident agencies in smaller cities and towns across the nation, and more than 60 international offices, called "Legal Attaches," in U.S. embassies worldwide.

## Reports Issued

### The FBI's Foreign Language Translation Program

The OIG's Audit Division examined the FBI's Foreign Language Translation Program, focusing on the FBI's progress in improving its ability to translate and review audio, text, and electronic file material collected for its counterterrorism, counterintelligence, and criminal investigative operations.

In 2004 and 2005, OIG audits of the Foreign Language Program found that significant amounts of audio material collected for FBI counterterrorism and counterintelligence operations were awaiting translation, including material collected for the FBI's highest priority cases. As in our earlier reports, our 2009 audit found that significant amounts of material collected for the FBI's counterterrorism, counterintelligence, and criminal investigations between FY 2006 and FY 2008 remain

unreviewed. In addition, significant portions of audio and electronic file material collected for cases in its two highest-priority counterterrorism and counterintelligence categories remain unreviewed.

According to FBI data, the FBI had reviewed 100 percent of the text pages it collected during this period. However, the FBI did not review 14.2 million (31 percent) of the 46 million electronic files that it collected during this same period. In addition, we found that FBI data indicated it did not review 1.2 million hours (25 percent) of the 4.8 million audio hours it collected for counterterrorism and counterintelligence operations between FY 2003 and FY 2008. We concluded that not translating and reviewing material increased the risk that the FBI would not detect information that may have been important to its counterterrorism and counterintelligence efforts.

Moreover, the FBI still lacks an accurate, consolidated collection and statistical reporting and evaluation system. The FBI relied instead on its field offices to manually report workload data, and we found that this reported data was inconsistent with foreign language workload figures that were reported to executive management. As a result, the FBI cannot accurately determine the precise amount of unreviewed foreign language material.

Our audit also analyzed the FBI's progress in hiring linguists and found that the number of linguists performing translations for the FBI decreased from 1,338 in March 2005 to 1,298 in September 2008. In addition, in FY 2008 the FBI only met its hiring target for 2 of the 14 critical languages for which it set goals. The FBI's failure to meet its hiring goals affected its ability to translate all of its collected material and hampered its efforts to reduce the backlog of unreviewed material, including material for its highest priority cases. Our audit found that the FBI's process to hire contract linguists from FY 2005 through FY 2008 took approximately 19 months, an increase from the 16 months we found it took to complete the hiring process during the period covered by our 2005 audit.

In response to a recommendation in our 2004 audit, the FBI improved its quality control over foreign language translations by creating a unit dedicated to quality control of FBI translations and by establishing a tracking system capable of monitoring compliance with quality control guidelines.

The OIG report made 24 additional recommendations to help the FBI improve its management of its foreign language translation program and its ability to accurately and timely review audio, text, and electronic materials collected for its counterterrorism, counterintelligence, and criminal investigative operations. The FBI agreed with all the recommendations and stated that it would be

enhancing its protocols and systems for tracking the review of collected material, as well as implementing new procedures and strengthening existing practices to help ensure the quality of translations and the availability of linguists to review and translate collected material.

### The FBI's Use of Exigent Letters and Other Informal Requests for Telephone Records

The OIG completed a report examining the FBI's use of exigent letters to obtain telephone records without legal process. The report also identified, for the first time, other informal requests that the FBI used to obtain telephone records improperly. In addition, the report examined the accountability of FBI employees, supervisors, and managers who were responsible for these flawed practices.

Two previous reports by the OIG, issued in March 2007 and March 2008, generally described the FBI's misuse of national security letters to obtain sensitive records. In those reports, we noted the FBI's practice of issuing exigent letters, instead of using national security letters (NSLs) or other legal processes, to obtain telephone records from three communications service providers. The exigent letters requested telephone records based on alleged "exigent circumstances," and often inaccurately stated that grand jury subpoenas already had been sought for the records. Our previous reports concluded that the FBI's practice of using exigent letters circumvented the requirements of the Electronic Communications Privacy Act (ECPA) governing national security letters and violated the Attorney General Guidelines and FBI policy.

The OIG's January 2010 report examined in more detail the use of exigent letters that did not comply with legal requirements or FBI policies governing the acquisition of telephone records.

The report described how the FBI issued over 700 exigent letters seeking records related to more than 2,000 different telephone numbers from 2003 to 2006. Nearly all of these letters referenced “exigent circumstances” as the basis for the request and asserted that a grand jury subpoena or other legal process had been sought for the records. In some cases, these exigent letters were used in urgent investigations. However, the OIG’s investigation found that, contrary to the statements in the letters, many of the investigations for which the letters were used did not involve emergency or life-threatening circumstances (the standard required under the ECPA for voluntary disclosure), and, also contrary to the letters, subpoenas had not been sought for the records. Moreover, there was no process by which a supervisor reviewed and approved the issuance of exigent letters. In fact, FBI personnel were not even required to retain a copy of the exigent letter.

In addition, the report identified other informal ways by which the telephone service providers gave telephone records to the FBI without legal process. For example, the OIG found that, rather than using NSLs, other legal processes, or even exigent letters, FBI personnel frequently sought and received telephone records based on informal requests made by e-mail, telephone, face-to-face, and even on post-it notes. We found that the FBI’s Communications Analysis Unit (CAU) personnel made such informal requests for records associated with at least 3,500 telephone numbers, although we could not determine the full scope of this practice because of the FBI’s inadequate record-keeping.

The FBI also obtained telephone records using a practice referred to by the FBI and the providers as “sneak peeks,” whereby the on-site communications service providers’ employees would check their records and provide a preview of the available information for a targeted phone number, without documentation of any justification for the request from the FBI and often without documentation of the fact of the request.

At times, the service providers’ employees simply invited FBI personnel to view the telephone records on their computer screens.

Virtually none of these FBI requests for telephone records – either the exigent letters or the other informal requests – was accompanied by documentation explaining the authority for the requests or the investigative reasons why the records were needed, and many of the requests lacked information as basic as date ranges. This resulted in the FBI obtaining substantially more telephone records covering longer periods of time than it would have obtained had it complied with the NSL process, including records that were not relevant to the underlying investigations. Many of these records were uploaded into FBI databases.

Our report described other troubling practices, such as the FBI’s use of “community of interest” requests without first determining that the requested records were relevant to authorized investigations, and “hot number” requests that we believe also violated the ECPA. We also uncovered misuse of FBI administrative subpoenas for telephone records. Moreover, we found that the FBI had made inaccurate statements to the FISA Court. In several instances, the FBI submitted affidavits to the Court that information in FISA applications was obtained through NSLs or a grand jury subpoena, when in fact the information was obtained by other means, such as exigent letters.

Additionally, the report described three FBI media leak investigations in which the FBI sought, and in two cases received, telephone toll billing records or calling activity information for telephone numbers assigned to reporters, without first obtaining required approval from the Attorney General. In one of these cases, the FBI loaded the records it obtained in response to an exigent letter into a database, where the records remained for more than 3 years. The records were not removed until OIG investigators notified the FBI that the records had been improperly obtained.

Our report concluded that serious lapses in training, supervision, and oversight led to the FBI and the Department issuing these requests for the reporters' records without following legal requirements and their own policies. In general, the OIG found that FBI officials' oversight of the use of exigent letters and other informal requests, and the FBI's initial attempts at corrective action, were seriously deficient, ill-conceived, and poorly executed. From 2003 through 2006, FBI officials repeatedly failed to take steps to ensure that the FBI's requests for telephone records were consistent with the ECPA, the Attorney General Guidelines, and Department policy. When FBI attorneys became aware of the practice of using exigent letters, they failed to stop it, participated in the ill-conceived efforts to remedy the problem after the fact, and provided legal advice to the CAU that was inconsistent with the ECPA, the Attorney General Guidelines, and FBI policy. FBI officials also attempted to remedy the FBI's failure to serve legal process through legally deficient, after-the-fact blanket NSLs intended to "cover" the records it had previously requested.

It is important to note that after the OIG issued our first report in March 2007 on the FBI's misuse of national security letters, the FBI ended the use of exigent letters, issued clear guidance on the use of national security letters and on the proper procedures for requesting records in circumstances qualifying as emergencies under the ECPA, provided training on this guidance, moved the three service providers out of FBI offices, and expended significant effort to determine whether improperly obtained records should be retained or purged from FBI databases. The FBI should be credited for these actions.

However, as a result of further deficiencies we uncovered in this review, we recommended that the FBI and the Department take additional action to ensure that FBI personnel comply with the statutes, guidelines, and policies governing the FBI's authority to request and obtain telephone records and to prevent past abuses from recurring.

The OIG's report contains 13 recommendations, including that the FBI issue periodic guidance and training relating to the authority of FBI employees to obtain telephone records, ensure that requests for information made pursuant to contracts with telephone service providers comply with federal law and Department policies, and implement other corrective action to address the findings of this report. The FBI concurred with the recommendations and has begun taking action to address them.

## Status of the FBI's Implementation of the Sentinel Project

During this reporting period, the OIG's Audit Division released two status reports examining the FBI's ongoing development of its Sentinel case management project. The Sentinel program is intended to upgrade the FBI's electronic case management system and provide the FBI with an automated workflow process.

In [November 2009](#), the OIG released its fifth audit report on the Sentinel project. This audit focused on the FBI's progress towards implementing the second of Sentinel's four phases. Phase 2 originally was intended to deliver eight electronic forms, implement more efficient work processes, and begin the migration of administrative case data currently in the FBI's Automated Case Support System to Sentinel.

The November audit found that the FBI's development of Sentinel has continued to progress, and the FBI had addressed most of the concerns identified in our previous four audit reports on Sentinel. However, in the audit report we identified several new areas of concern with the overall progress of Sentinel and, in particular, the implementation of Phase 2 of the project.

In our November audit, we also determined that while the FBI's estimate of Sentinel's overall cost had not increased from \$451 million since

we issued our December 2008 report, the FBI increased its projected cost for Phase 2 to \$155 million, \$18 million more than budgeted. The FBI reported to us that it planned to reallocate costs from other project areas, including the management risk reserve, to offset the \$18 million increase in Phase 2 development costs. We also reported that, as a result of the replanning of the remainder of Phase 2, some deliverables originally scheduled for Phase 2 had been deferred to later phases of the project.

We reported in our November 2009 audit that the FBI's revised schedule extended the estimated completion date for Phase 2 of Sentinel by 3 months more than previously reported and extended the overall project completion date to September 2010, 9 months later than originally planned. In addition, we reported that the FBI increased its projected cost for Phase 2 to \$155 million, \$18 million more than budgeted. The FBI reported to us that it planned to reallocate costs from other project areas, including the management risk reserve, to offset the \$18 million increase in Phase 2 development costs. As a result of the replanning of the remainder of Phase 2, some deliverables originally scheduled for Phase 2 were deferred to later phases of the project.

In [March 2010](#), the OIG issued its sixth report examining the Sentinel case management system. This report identified serious concerns about the progress of the FBI's Sentinel project that had arisen since our November 2009 audit. Specifically, the FBI had not completed Phase 2 of the project and had suspended work on portions of Sentinel's third phase and all of its fourth phase because of concerns the FBI had with the usability, performance, and quality of the deliverables provided in an effort to complete Sentinel's second phase.

While the FBI did not have official revised cost or schedule estimates for completing Sentinel, FBI officials acknowledged that Sentinel would

cost more than the \$451 million budgeted for the project and that Sentinel would likely not be completed until 2011.

Because of continuing significant issues regarding Sentinel's Phase 2 that was delivered to the FBI on March 3, 2010, the FBI issued a partial stop work order for portions of Phase 3 and all of Phase 4. The stop work order returned Phase 2 of the project from an operations and maintenance phase to a development phase.

Our report acknowledged that the FBI was taking some steps to improve Sentinel's chances for success, including the use of independent assessments, performed by other contractors of the primary contractor's deliverables. However, our report identified major issues that the FBI needs to address. For example, the FBI did not have a documented strategic plan outlining how it will transfer remaining case file data from its Automated Case Support system to Sentinel. We also reported our concern that the FBI has either discontinued or delayed some of the internal assessments of Sentinel's progress that it previously was performing on a routine basis, which could compromise the FBI's ability to perform real-time evaluations of the project's development and apply appropriate risk management strategies.

Given the importance of Sentinel to the future of FBI operations, we concluded that the FBI must ensure that its revisions to Sentinel's budget, schedule, and requirements are realistic, achievable, and satisfactory to its users, and the FBI must also ensure that users' concerns and perspectives are integrated into all phases of the remaining development of Sentinel.

## CODIS Audits

The FBI's Combined DNA Index System (CODIS) is a national information repository that stores DNA specimen information to facilitate its exchange by federal, state, and local law enforcement agencies. During this reporting period, the OIG audited several state and local laboratories that participate in CODIS to determine if they comply with the FBI's Quality Assurance Standards and National DNA Index System (NDIS) participation requirements. Additionally, we evaluated whether the laboratories' DNA profiles in CODIS databases were complete, accurate, and allowable for inclusion in NDIS. Below are examples of our audit findings:

- ◆ The [Southwestern Institute of Forensic Sciences Laboratory](#) in Dallas, Texas, did not strictly adhere to all of the NDIS participation requirements we reviewed. We found that the laboratory: 1) failed to store the CODIS server backup media in a locked container at an off-site location on a monthly basis, 2) improperly allowed an analyst to use CODIS for 1 year when that analyst had not received the requisite authorization from the FBI to use the system, 3) did not forward its most recent external audit report to the FBI within the required time frame, and 4) was untimely in resolving 8 of the 17 CODIS matches we selected for review. In addition, in our sample of 103 profiles, we found that 35 of the laboratory's CODIS profiles were inaccurate, unallowable, or incomplete. As a result of our audit, the laboratory stated it would begin making monthly backup tapes of the CODIS server and would store them in a locked container at a secure off-site facility, confirmed that the unauthorized CODIS user is no longer employed at the laboratory, and deleted all 35 profiles that we questioned.

- ◆ The [Indian River Crime Laboratory](#) in Fort Pierce, Florida, was generally in compliance with the standards governing CODIS activities. The audit found that, of the six matches we reviewed, the Laboratory did not notify investigators of one match until 22 calendar days after the match was confirmed. In addition, in our review of a sample of 50 out of 196 forensic profiles the Laboratory had uploaded to NDIS as of April 21, 2009, we found that 1 was unallowable for upload and 1 had an incorrect specimen number. The FBI stated it would work with the laboratory to address the report's recommendations.

## Investigations

During this reporting period, the OIG received 846 complaints involving FBI personnel. The most common allegations made against FBI employees were violations of intelligence-gathering standards, job performance failure, waste, and misuse of government property. The OIG opened 21 cases. The majority of the complaints received this period were considered management issues and were forwarded to FBI management for its review and any appropriate action.

At the close of the reporting period, the OIG had 57 open criminal or administrative investigations of alleged misconduct related to FBI employees. The criminal investigations covered a wide range of offenses, including release of information, false statements, and job performance failure. The administrative investigations involved serious allegations of misconduct. The following are examples of cases involving the FBI that the OIG's Investigations Division handled during this reporting period:

- ◆ An investigation by the OIG's San Francisco Area Office determined that an FBI assistant special agent in charge (ASAC) engaged in an inappropriate relationship with an FBI confidential source and stole jewelry that had been seized during an FBI investigation. During an OIG interview, the ASAC admitted that he began an inappropriate sexual relationship with his confidential source while she was still an active source, accepted gifts from her, and utilized FBI undercover apartments to further the relationship. He also admitted that he stole jewelry that was seized from subjects of a criminal investigation and had his confidential source sell the jewelry. The confidential source recalled selling at least two gold watches and a diamond ring in exchange for approximately \$10,000, most of which she gave to the ASAC. The case was declined for prosecution because the statute of limitations had expired before discovery of the ASAC's misconduct; however, he retired from the FBI as a result of our investigation.
  
- ◆ A joint investigation by the OIG's Washington Field Office and the FBI Internal Investigations Section resulted in the arrest of an FBI supervisory special agent in the District of Columbia on charges of making false statements. The investigation revealed that the agent submitted travel vouchers over a 15-month period claiming more than \$41,000 for lodging expenses while on temporary duty in Virginia. The claimed expenses, supported by fictitious rental agreements and receipts, were fraudulent because the agent actually permanently resided at two locations in Maryland that were within the same metropolitan area as his temporary duty assignment in Virginia. The agent pled guilty and was sentenced to 180 days of home monitoring and 5 years of probation. He was also ordered to perform 400 hours of community service and pay \$41,658.57 in restitution. He resigned his position with the FBI as a result of our investigation.

## Ongoing Work

### The FBI's Efforts to Combat National Security Cyber Threats

The OIG is examining the FBI's efforts to combat cyber intrusions that threaten national security. The review assesses the development and operation of the National Cyber Investigative Joint Task Force, as well as the capabilities of FBI field offices to investigate national security cyber cases.

### The FBI's Implementation of the Sentinel Project

The OIG is continuing its evaluations of the development and implementation of the Sentinel information technology project.

### The FBI's Forensic DNA Backlog

The OIG is examining the FBI's efforts to reduce its backlog of forensic DNA samples.

### The FBI's Activities Under Section 702 of the *FISA Amendments Act of 2008*

Section 702 of the *FISA Amendments Act of 2008* (Act) authorizes targeting non-U.S. persons reasonably believed to be outside the United States to acquire foreign intelligence information. As required by the Act, the OIG is examining the number of disseminated FBI intelligence reports containing a reference to a U.S. person identity, the number of U.S. person identities subsequently disseminated in response to requests for identities not referred to by name or title in the original

reporting, the number of targets later determined to be located in the United States, and whether communications of such targets were reviewed. In addition, the OIG is examining the FBI's compliance with the targeting and minimization procedures required under the Act.

## The FBI's Investigation of Certain Advocacy Groups

The OIG is reviewing allegations that the FBI targeted certain domestic advocacy groups for scrutiny based upon their exercise of rights guaranteed under the First Amendment of the U.S. Constitution.

## Follow-up Review Examining the FBI's Response to the Mayfield Report Recommendations

The OIG is conducting a follow-up review to determine the FBI's progress in implementing the recommendations contained in our March 2006 report, "A Review of the FBI's Handling of the Brandon Mayfield Case." The report made 18 recommendations related to the FBI Laboratory Division's Latent Print Unit and a series of systemic issues we determined contributed to the misidentification of a latent fingerprint associated with the 2004 terrorist attacks on commuter trains in Madrid, Spain.

# Federal Bureau of Prisons



The BOP operates a nationwide system of prisons and detention facilities to incarcerate individuals imprisoned for federal crimes and detain those awaiting trial or sentencing in federal court. The BOP has approximately 36,000 employees and operates 115 institutions, 6 regional offices, and 2 staff training centers. The BOP is responsible for the custody and care of approximately 209,000 federal offenders, more than 172,000 of whom are confined in BOP-operated correctional institutions and detention centers. The remainder are confined in facilities operated by state or local governments or in privately operated facilities.

## Investigations

During this reporting period, the OIG received 2,755 complaints involving the BOP. The most common allegations made against BOP employees included job performance failure; force, abuse, and rights violations; and security and custody failure. The vast majority of complaints dealt with non-criminal issues that the OIG referred to the BOP's Office of Internal Affairs for its review.

At the close of the reporting period, the OIG had 207 open cases of alleged misconduct against BOP employees. The criminal investigations covered a wide range of allegations, including introduction of contraband, bribery, and sexual abuse. The following are examples of cases involving the BOP that the OIG's Investigations Division handled during this reporting period:

- ◆ An investigation by the OIG's Chicago Field Office resulted in the arrest of a BOP correctional officer at the Federal Medical Center in Rochester, Minnesota, on charges of bribery of a public official. The investigation

determined that the correctional officer had provided contraband to inmates in exchange for \$3,500 in bribes. During an undercover operation, the correctional officer accepted tobacco, hydroxycut (a muscle building and weight loss supplement), and two cellular telephones from a cooperating witness for introduction into the prison in exchange for \$1,500. The correctional officer pled guilty and was sentenced to 12 months' incarceration and 24 months of supervised release.

- ◆ An investigation by the OIG's Washington Field Office led to the arrest of a BOP correctional counselor on charges of conspiracy, providing contraband in prison, tampering with witnesses, and soliciting to commit a crime of violence. The investigation uncovered evidence that the correctional counselor maintained a cadre of inmate enforcers who assaulted other inmates at his request. The correctional counselor sought to have two of his enforcers maimed or killed

because they possessed information about his own misconduct. No inmates were injured as a result of the correctional counselor's actions. Judicial proceedings continue.

- ◆ An investigation by the OIG's Dallas Field Office resulted in the arrest of a BOP correctional officer on bribery charges. The investigation determined that the correctional officer received approximately \$3,000 in cash bribes to smuggle heroin and tobacco into the Federal Correctional Institution in El Reno, Oklahoma. Pursuant to his guilty plea, he was sentenced in the Western District of Oklahoma to 14 months' incarceration followed by 2 years of supervised release.
- ◆ An investigation by the OIG's Denver Field Office led to the arrest of a BOP unit secretary at the United States Penitentiary in Florence, Colorado, on charges of sexual abuse of a ward and abusive sexual contact. OIG investigators determined that the secretary engaged in sexual acts with a federal inmate on five occasions from April 2009 to June 2009. The unit secretary resigned her position with the BOP following her initial OIG interview. Judicial proceedings continue.

## Ongoing Work

### Review of the BOP's Hiring Process

The OIG is reviewing procedures the BOP uses when hiring correctional officers to determine how effectively the process identifies unsuitable applicants for these positions.

### Review of Health and Safety Issues at BOP Computer Recycling Facilities

The OIG is investigating whether the BOP adequately addressed allegations that workers and inmates at several BOP institutions were exposed to unsafe levels of lead, cadmium, and other hazardous materials in computer recycling plants operated by UNICOR, a government corporation within the BOP that employs staff and inmates at federal prisons throughout the United States.

### Follow-up on the BOP's Efforts to Manage Inmate Health Care

The OIG is conducting a follow-up audit of the BOP's efforts to manage inmate health care. We are examining whether the BOP established and updated privileges, practice agreements, or protocols for its health care practitioners.

# U.S. Marshals Service



The USMS is responsible for ensuring the safe and secure conduct of judicial proceedings; protecting more than 2,000 federal judges and approximately 5,250 other court officials at more than 400 court facilities while providing security systems at over 800 facilities; arresting federal, state, and local fugitives; protecting federal witnesses; transporting federal prisoners; managing assets seized from criminal enterprises; and responding to major national events, terrorism, and significant high-threat trials. The USMS Director and Deputy Director work with 94 U.S. Marshals to direct approximately 4,900 employees at more than 350 locations throughout the 50 states, Guam, Northern Mariana Islands, Puerto Rico, U.S. Virgin Islands, Mexico, Jamaica, Colombia, and the Dominican Republic.

## Report Issued

### Review of the USMS's Office of Internal Investigations

The OIG's Evaluation and Inspections Division examined the work of the USMS unit that conducts investigations of employee misconduct, the Office of Internal Investigations (OII). Our review found that OII suffered from persistent understaffing and did not meet its 90-day standard for investigating misconduct in over half of its cases.

To determine the reasons for the persistent understaffing, we compared the structure and staffing of the USMS OII to internal investigations offices in other Department agencies and determined that OII is under-resourced, has lower-graded investigator positions, and lacks adequate administrative and analytic support. The lack of adequate staffing in OII results

in investigators having caseloads three to five times larger than those of investigators in other Department agencies' internal investigations offices.

During our review period, only three of OII's seven investigator positions were filled, and OII had not been fully staffed since at least 2003. According to USMS management, Deputy U.S. Marshals generally lack interest in applying for OII investigator positions because: the positions are compensated at a low grade level; serving in a headquarters rotation is not a required part of the USMS career path, and is not necessary to obtain a promotion in the agency; the cost of living in the Washington, D.C. area is high; and there is a negative perception of internal affairs work. The USMS has recently acted to upgrade the positions and assign temporary staff to reduce the number of outstanding investigations.

We made two recommendations to help OII improve the timely investigation of employee misconduct. We recommended that the USMS: 1) continue to pursue short-term strategies to staff the vacant OII investigator positions, such as temporarily assigning investigators to OII, until the positions can be filled by permanent employees; and 2) develop a strategic plan to ensure that OII has sufficient resources to perform its mission in the long term. The USMS concurred with the recommendations.

## Investigations

During this reporting period, the OIG received 202 complaints involving the USMS. The most common allegations made against USMS employees included job performance failure; force, abuse, and civil rights violations; and official misconduct. The OIG opened 11 investigations and referred 13 allegations to the USMS's Office of Internal Affairs for review. The majority of the complaints were considered management issues and were provided to the USMS for its review and appropriate action.

At the close of the reporting period, the OIG had 25 open cases of alleged misconduct against USMS employees. The following are examples of cases involving the USMS that the OIG's Investigations Division handled during this reporting period:

- ◆ A joint investigation by the OIG's New York Field Office and the FBI resulted in the arrest of a USMS analyst on charges of bankruptcy fraud, wire fraud, bank fraud, and illegally obtaining information from a government computer. The investigation determined that the analyst misused a USMS computer to access information from the FBI's NCIC database to assist her husband's gang-related criminal activities. The allegation arose in connection with the FBI's investigation of the gang activities of the analyst's husband, who was also arrested and charged. The analyst is on administrative leave from the USMS. Judicial proceedings continue.
- ◆ An investigation by the OIG's New York Field Office led to the arrest of a USMS administrative employee assigned to the Witness Security Division. OIG investigators determined that the administrative employee filed fraudulent transit subsidy reimbursement forms and stole two USMS E-ZPass transponders that she used for highway and bridge tolls for personal travel over a period of approximately three years. The OIG determined the total theft amounted to approximately \$10,000. The administrative employee has been suspended by the USMS. Judicial proceedings continue.
- ◆ In our *March 2009 Semiannual Report to Congress*, we reported on an investigation by the OIG's New York Field Office that resulted in the arrest of four USMS contract correctional officers (one of whom was a lieutenant) on charges of excessive force, obstruction of justice, and making a false statement. The OIG investigation led to an indictment returned in the Eastern District of New York alleging that an inmate at the Queens Private Detention Facility (a USMS contract facility) was assaulted after he purportedly made a derogatory remark to one of the correctional officers. The assault was brought to the attention of correctional facility authorities after inmates in the victim's dormitory demanded that he receive medical treatment. Subsequently, three of the correctional officers allegedly conspired to cover up the incident and

attempted to prevent two other correctional facility officers, both of whom reported to the lieutenant, from reporting the assault. In addition, the lieutenant and two correctional officers allegedly made false statements to law enforcement authorities in an effort to obstruct the government's investigation.

During this reporting period the lieutenant and two of the contract correctional officers were sentenced in the Eastern District of New York pursuant to their convictions at trial by a jury. The lieutenant was sentenced to one year of incarceration, followed by three years of supervised release on charges of conspiracy to obstruct an investigation, obstruction and attempted obstruction of an investigation, obstruction of justice by tampering, and making false statements. Two of the correctional officers received sentences ranging from three years of probation to six months'

incarceration followed by three years of supervised release pursuant to their convictions on charges of obstruction and attempted obstruction of investigation, and making false statements. The third correctional officer was convicted of attempted corrupt persuasion of another at a retrial in January 2010 and is awaiting sentencing.

## Ongoing Work

### The USMS's Oversight of the Court Security Program

The OIG is assessing the USMS's oversight of federal courthouse security. We are examining the USMS's management of its court security officer program and physical security for federal court facilities.

# Drug Enforcement Administration



The DEA enforces federal laws and regulations related to the growth, production, or distribution of controlled substances. In addition, the DEA seeks to reduce the supply of and demand for illicit drugs, both domestically and internationally. The DEA has approximately 10,800 employees staffing its 21 division offices in the United States and the Caribbean and 87 offices in 63 other countries.

## Investigations

During this reporting period, the OIG received 184 complaints involving DEA personnel. The most common allegations made against DEA employees included job performance failure; theft or loss of seized property, money, or drugs; waste; and mismanagement. The OIG opened 8 investigations. The majority of the complaints were considered management issues and were provided to the DEA for its review and appropriate action.

At the close of the reporting period, the OIG had 24 open cases of alleged misconduct against DEA employees. The most common allegations were release of information, false statements, and job performance failure. The following are examples of cases involving the DEA that the OIG's Investigations Division handled during this reporting period:

◆ In our *March 2009 Semiannual Report to Congress*, we reported on an investigation by the OIG's Boston Area Office that led to the arrest of a DEA task force member assigned to a High Intensity Drug Trafficking Area (HIDTA) task force on charges of violating

the *Driver's Privacy Protection Act*, making false statements, altering and falsifying records in a federal investigation, and wire fraud resulting in the theft of honest services from the National Guard and the DEA. The task force member served as a criminal intelligence analyst for HIDTA, a position that provided him with access to computer databases containing sensitive case information. OIG investigators developed evidence that the task force member accessed state records regarding his ex-girlfriend to harass her and misused DEA subpoenas when he falsely implicated her in an active drug investigation. During this reporting period, the DEA task force member pled guilty to all charges and was sentenced in the District of Massachusetts to 18 months' incarceration followed by 3 years of supervised release.

◆ In our *September 2009 Semiannual Report to Congress*, we reported on an investigation that led to the indictment and arrest in the Northern District of Ohio of a DEA special agent on obstruction of justice and other charges stemming from allegations that he

intentionally provided false statements and suppressed evidence concerning 17 individuals during the course of 13 controlled drug buys. A Richland County, Ohio, Sheriff's detective also was arrested and pled guilty to depriving an individual's civil rights by providing false testimony against an individual. During this reporting period, a jury acquitted the DEA special agent on all charges arising from the OIG's investigation of false narcotics charges being filed against numerous defendants. The detective who previously pled guilty to violating an individual's civil rights was sentenced during this reporting period to 12 weeks of weekend incarceration and 2 years' probation.

## Ongoing Work

### The DEA's El Paso Intelligence Center

The OIG is reviewing how the DEA's El Paso Intelligence Center provides intelligence support to federal, state, and local law enforcement agencies.

### The DEA's Clandestine Drug Laboratory Cleanup Program

The OIG is evaluating the the DEA's Clandestine Laboratory Cleanup Program.

### The DEA's Mobile Enforcement Teams

The OIG is assessing the DEA's design, implementation, and effectiveness of the Mobile Enforcement Teams (MET) program. The DEA deploys MET teams to assist state, local, and tribal law enforcement in an effort to disrupt or dismantle violent drug trafficking organizations and gangs.

# Bureau of Alcohol, Tobacco, Firearms and Explosives



ATF's 5,000 employees enforce federal criminal laws and regulate the firearms and explosives industries. ATF investigates violent crimes involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products. ATF also provides training and support to its federal, state, local, and international law enforcement partners and works in 25 field divisions with representation throughout the United States, Puerto Rico, U.S. Virgin Islands, and Guam. Foreign offices are located in Mexico, Canada, Colombia, and representatives in France, the Netherlands, Iraq, and El Salvador.

## Investigations

During this reporting period, the OIG received 239 complaints involving ATF personnel. The most common allegations made against ATF employees were waste, misuse of government property, and theft. The OIG opened 4 cases and referred 14 allegations to ATF's Office of Professional Responsibility for its review. The majority of the complaints were considered management issues and were provided to ATF for its review and any appropriate action.

At the close of the reporting period, the OIG had 9 open criminal or administrative investigations of alleged misconduct related to ATF employees. The criminal investigations include waste, misuse of government property, and theft.

## Procedural Reform Recommendations

The OIG prepares a Procedural Reform Recommendation recommending corrective action by a Department component when an investigation identifies a systemic weakness in an internal policy, practice, procedure, or program. During this reporting period, the OIG sent a Procedural Reform Recommendation to ATF concerning maintaining and disposing of personal property recovered from defendants.

The OIG had initiated an investigation based on information received from the ATF Miami Field Division that personal property valued at \$1,600 that had been seized from defendants upon their arrest by

the ATF was stolen. At the time, there was no ATF regulation to address the processing of personal property not related to evidence that was seized from a defendant upon arrest. Without a defined policy, inconsistent handling, storing, and disposing of non-evidentiary personal property is likely to occur, creating a less secure environment and providing opportunities for seized personal property to be stolen or lost.

The OIG recommended that ATF modify its nationwide operating manual to include a process for handling, storing, and disposing of non-evidentiary seized personal property.

## Ongoing Work

### ATF's Project Gunrunner

The OIG is reviewing ATF's implementation of Project Gunrunner, ATF's national initiative to reduce firearms trafficking to Mexico and associated violence along the Southwest border. The review follows an OIG review completed in September 2009 that examined ATF's planning, hiring, staffing, and allocation of resources for Project Gunrunner. The current review is evaluating the extent to which ATF's intelligence and investigative capabilities have reduced firearms trafficking into Mexico and associated violence along the Southwest border.

### ATF's National Response Team

The OIG is evaluating the use, management, and effectiveness of ATF's National Response Team, which assists federal, state, and local investigators at the scenes of significant fire and explosive incidents.

# Office of Justice Programs



OJP manages the majority of the Department's grant programs and is responsible for developing initiatives to address crime at the state and local level. OJP is composed of 5 bureaus – Bureau of Justice Assistance (BJA), Bureau of Justice Statistics (BJS), National Institute of Justice (NIJ), Office of Juvenile Justice and Delinquency Prevention (OJJDP), and Office for Victims of Crime (OVC) – as well as the Community Capacity Development Office and the Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking Office.

## Reports Issued

### Southwest Border Prosecution Initiative Reimbursements

This OIG audit examined the reimbursements awarded by the Department under the Southwest Border Prosecution Initiative (SWBPI), a program administered by OJP. SWBPI is a program in which the Department provides reimbursement to the four Southwest border states and local jurisdictions for prosecution and pre-trial detention costs in federally initiated cases that are declined by the USAOs.

The OIG audit examined over \$14 million in SWBPI reimbursements received by nine California counties during FY 2002 through FY 2007. The audit determined that reimbursements totaling over \$12 million (85 percent) were unallowable or unsupported.

The audit found that six of the nine counties had hired a contractor, Public Resource Management

Group, to manage their SWBPI reimbursement requests. The contractor provided inaccurate guidance to these six counties and, as a result, the counties submitted and received reimbursement from OJP for cases that were ineligible for reimbursement under SWBPI guidelines. We also identified an additional county that did not use the contractor but used the same inaccurate criteria to submit and receive reimbursement for unallowable cases. The remaining two counties that we audited did not use the contractor, and the majority of the cases they submitted for reimbursement were allowable.

The results of our SWBPI audits for the seven counties using inaccurate criteria were investigated by the OIG Investigations Division and referred to the USAOs for the Northern and Eastern Districts of California. The USAOs reached settlement agreements with the seven counties totaling \$11.03 million in funds to be paid back to the United States for unallowable cases.

Specifically, the USAO for the Northern District of California reached agreements under which the counties agreed to pay back to the United States the following amounts: San Francisco County – \$5,228,192; San Mateo County – \$1,513,921; Humboldt County – \$416,986; Lake County – \$989,605; San Benito County – \$397,984; and Mendocino County – \$1,793,045. The USAO for the Eastern District of California reached an agreement that provided for Siskiyou County to pay the United States \$695,080.

We also referred the contractor’s involvement in the submission of unallowable SWBPI reimbursements to the USAO for the Northern District of California, which concluded that because the contractor had dissolved and SWBPI funds had been received by the counties rather than the contractor, it would not seek a civil recovery against the contractor.

In our report, we recommended that OJP implement procedures to analyze SWBPI reimbursements to identify anomalies and unallowable or unsupported payments. OJP agreed with our recommendation.

## Audits of OJP Grants to State and Local Entities

During this reporting period, the OIG continued to conduct audits of grants awarded by OJP. Examples of findings from these audits included the following:

- ◆ Between July 2002 and September 2004, the Office of Juvenile Justice and Delinquency Prevention awarded the [New York State Office of Children and Family Services \(OCFS\)](#) a total of \$1,237,504 distributed through a grant and two supplements. Our audit found that the OCFS failed to fully comply with six of the nine essential grant conditions we tested. For example, it failed to maintain the required

supporting documentation for personnel expenditures and submitted only 2 out of the required 10 progress reports. Because of the deficiencies identified, we questioned \$760,454, or 61 percent of the grant funds. OJP agreed with our findings and agreed to coordinate with the OCFS to remedy the questioned amount.

- ◆ The [Delaware Department of Health and Social Services \(DHSS\)](#) received a grant from OJP that totaled \$2,603,234. Our audit found the DHSS did not fully comply with the grant requirements we tested and that its expenditures and monitoring of contractors had material weaknesses. For example, the grantee was unable to provide any supporting documentation, such as copies of contractor site visits and of ongoing monitoring and oversight, although a former grantee official said site visits were conducted on a quarterly basis. We also determined that the DHSS charged \$287,154 to the grant for unallowable expenditures and \$412,562 to the grant that could not be adequately supported. OJP agreed with our findings and will coordinate with the DHSS to remedy the \$3,291,807 in questioned costs.

## Investigations

During this reporting period, the OIG received 20 complaints involving OJP employees, contractors, or grantees. The most common allegation made was grantee fraud. The OIG opened 9 cases and referred several complaints to OJP for its review and appropriate action.

At the close of the reporting period, the OIG had 31 open criminal or administrative investigations of alleged misconduct related to OJP employees, contractors, or grantees. The majority of these

criminal investigations involved allegations of grantee fraud. The following are examples of cases involving OJP that the OIG's Investigations Division handled during this reporting period:

- ◆ A joint investigation by the OIG's Fraud Detection Office and the Legal Services Corporation OIG led to the arrest and guilty plea of the acting executive director of Department grant recipient U'una'I Legal Services Corporation to theft of federal funds. U'una'I Legal Services Corporation is a nonprofit organization that provides free legal services to victims of domestic violence. The investigation found that the acting executive director stole over \$31,000 in federal grant funds from the U'una'I Legal Services Corporation by giving himself additional paychecks and payment for grant writing to which he was not entitled. Sentencing is pending.
  
- ◆ In our *March 2009 Semiannual Report to Congress*, we reported on a joint investigation by the OIG's Fraud Detection Office, Legal Services Corporation OIG, and Department of Homeland Security (DHS) OIG that led to the arrest of a secretary at Southern Arizona Legal Aid on 73 counts of mail fraud. The indictment returned in the District of Arizona alleged that the secretary embezzled more than \$18,000 in funds from clients of Southern Arizona Legal Aid who were seeking assistance in filing Employment Authorization Documents and by causing the misuse of Department grant matching funds and DHS fee waivers for those same clients. During this reporting period, the secretary was sentenced in the District of Arizona to 3 months' incarceration and 3 years supervised release pursuant to her guilty plea to charges of mail fraud related to the embezzlement of funds from Southern Arizona Legal Aid. She also was ordered to pay \$20,000 in restitution.

## Ongoing Work

### OJP's Management of its Prisoner Re-entry Initiatives

The OIG is assessing the adequacy of OJP's design and management of its prisoner re-entry initiative grant programs, including the Serious and Violent Offender Re-entry Initiative.

# Other Department Components

## Office of Community Oriented Policing Services

### Investigations

The following are examples of cases handled by the OIG's Investigation Division during this reporting period involving recipients of grants from COPS:

- ◆ A joint investigation by the OIG's Chicago Field Office and the FBI resulted in the arrest of a Department grantee in the Southern District of Illinois on charges of misapplication of federal grant funds and making false statements. The investigation determined that the grantee, while acting as a purchasing agent for the Sheriff's Department in Pulaski County, Illinois, stole approximately \$67,000 of a Community Oriented Policing Program Methamphetamine Initiative grant awarded to the Sheriff's Department and used it instead in his personal business. In addition, the grantee made false statements to the OIG in claiming that he had \$90,000 in a personal trust account which he could use to replace the missing grant money when his account actually contained less than \$50. Judicial proceedings continue.
- ◆ A joint investigation by the OIG's Fraud Detection Office and the FBI led to the arrest of the chief of police for the Law Enforcement Department of the Sault Tribe of Chippewa Indians and his office manager on grant fraud conspiracy charges. The investigation determined the chief of police conspired with his office manager to steal \$242,230 in grant funds. The police chief allegedly used the grant funds to purchase items for his or his family's personal use, such as vehicles, jet skis, and recreational activities. The office manager was not charged with receiving any funds for personal use, but pled guilty to conspiring to conceal the theft from COPS. Sentencing is pending against the office manager. Judicial proceedings against the police chief continue.
- ◆ In our *September 2008 Semiannual Report to Congress*, we reported on a joint investigation by the OIG's Denver Field Office, the FBI, and the IRS that resulted in the arrest of the former president of the San Juan Southern

Paiute Tribe pursuant to an indictment charging her with making false statements, theft of public money, theft from an Indian tribal organization, theft from an Indian tribal government receiving federal funds, and money laundering. The investigators developed evidence that the tribal president obtained federal grants funds, including a COPS grant to hire police officers. However, she converted federal grant funds to her own use and made false statements concerning how she used the funds. During this reporting period, the former president was sentenced in the District of Arizona pursuant to her guilty plea to false statements, theft from an Indian tribal government receiving federal funds, and money laundering. She was sentenced to 24 months' incarceration followed by 36 months of supervised release and fined \$75,000.

In our test of 40 of the 799 laptop computers owned by the Criminal Division, we found that 10 did not have encryption software and that 9 of those 10 did not have Windows passwords enabled, as required by Department policy. All of the unencrypted laptops, which were deployed in one Criminal Division section, the International Criminal Investigative Training Assistance Program, contained sensitive departmental data.

In addition to our testing of laptop computers for encryption, we found weaknesses in other areas of the Criminal Division's laptop encryption program. We determined that at least 43 laptop computers did not comply with Department standards and Criminal Division requirements for laptop security settings. Our audit also found that seven of the nine contractors we tested processed sensitive Department data on laptops without encryption.

We also found weaknesses in oversight of data security policies for the Criminal Division's contractors. The two contracts under which most litigation support contractors are hired did not have the required security clause requiring encryption, and the Criminal Division had not implemented alternative controls to compensate for the contracts' deficiencies. We made 10 recommendations to the Criminal Division to enhance its safeguards over Department data on laptop computers. The Criminal Division concurred with all 10 recommendations.

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# Criminal Division

## Reports Issued

### The Criminal Division's Laptop Computer Encryption Program and Practices

The OIG's Audit Division examined the Criminal Division's laptop encryption program and practices. The audit reviewed laptop computers owned by the Criminal Division and laptop computers owned by contractors, subcontractors, and other vendors working for the Criminal Division.

### Equitable Sharing Audits

Under the Department's Asset Forfeiture Program, state and local law enforcement agencies receive equitable sharing assets when participating directly with the Department's law enforcement components in joint investigations that lead to the seizure or forfeiture of cash and property.

To be eligible for equitable sharing proceeds, law enforcement agencies must submit a request within 60 days of an asset seizure.

During this reporting period, the OIG's Audit Division reviewed the following law enforcement agencies' use of equitable sharing revenues:

- ◆ During the period of January 1, 2008, through December 31, 2008, the [Minneapolis Police Department](#) was awarded equitable sharing revenues totaling \$366,489 to support law enforcement operations. Our audit found that the Minneapolis Police Department generally complied with equitable sharing guidelines with respect to accounting for equitable sharing receipts, the use of equitable sharing funds, replanting, and reporting.
- ◆ During FY 2008, the [Kimble County, Texas, Sheriff's Office](#) received \$315,062 and spent \$374,453 of equitable sharing funds. Our audit found that the Sheriff's Office primarily spent these funds to enhance and support law enforcement capabilities. However, we found weaknesses with reporting of property purchased with equitable sharing funds and transferred to other law enforcement agencies, and in inventory procedures for property purchased with equitable sharing funds. We questioned \$28,009 as unsupported for which the Sheriff's Office provided documentation before the final report was issued. The Sheriff's Office and Criminal Division agreed with our recommendations.

# Environment and Natural Resources Division

## Report Issued

### Superfund Activities for Fiscal Years 2006 through 2008

The OIG's Audit Division examined the Department's Superfund activities in the Environment and Natural Resources Division (ENRD) for FY 2006 through FY 2008. As required by the *Comprehensive Environmental Response, Compensation and Liability Act of 1980*, the OIG conducted this audit to determine if the cost allocation process used by ENRD and its contractor provided an equitable distribution of total labor costs, other direct costs, and indirect costs to Superfund cases during FY 2006 through FY 2008. Based on the results of the audit, we concluded that ENRD provided an equitable distribution of total labor costs, other direct costs, and indirect costs to Superfund cases. However, during our testing of 128 travel expenditures, we found 29 transactions with discrepancies such as missing receipts for a portion of the claimed travel cost, incorrect case classification numbers, and missing approvals on travel authorizations. We recommended that ENRD reinforce its policies and procedures for submitting complete, accurate travel authorizations and voucher summaries and that it remedy the questioned travel costs. ENRD agreed with our recommendations.

# Executive Office for Immigration Review

## Investigations

The following is an example of a case that the OIG's Investigations Division handled during this reporting period:

- ◆ The OIG's New York Field Office investigated allegations that an Executive Office for Immigration Review (EOIR) judge misused her position by trying to influence a police officer who stopped a vehicle and cited the driver of the vehicle in which the judge was a passenger. The investigation determined that the judge misused her position during her communications with local judicial officials about contesting the citation. The investigation also disclosed the judge violated Department policy by providing legal representation to the driver without Department approval. The investigative results were forwarded to EOIR for appropriate administrative action.

## Ongoing Work

### Administration of Immigration Courts

The OIG is examining the EOIR's administration of the immigration court system.

# Office on Violence Against Women

## Investigations

The following is an example of a case that the OIG's Investigations Division handled during this reporting period:

- ◆ A joint investigation by the OIG's Fraud Detection Office and the FBI resulted in the arrest of two employees of Safe Harbor, a Department grantee, on charges of program fraud. Safe Harbor, located in Aberdeen, South Dakota, is a domestic violence shelter that received over \$200,000 between 2007 and 2009 from the Department's Office on Violence Against Women (OVW). The investigation determined that the two Safe Harbor employees embezzled over \$24,000 in Safe Harbor funding by using the shelter's ATM and credit cards to provide funds to an ineligible relative. Judicial proceedings continue.

# U.S. Attorneys' Offices

## Investigations

The following are examples of cases that the OIG's Investigations Division handled during this reporting period:

- ◆ The OIG's New York Field Office investigated allegations that an AUSA violated conflict of interest regulations when he engaged in a financial relationship with a contractor in which he approved billing invoices for the contractor. The investigation determined the AUSA deliberately concealed his relationship with the contractor from his supervisors. The investigative results were forwarded to the EOUSA for appropriate administrative action.
- ◆ In our *September 2009 Semiannual Report to Congress*, we reported on an investigation by the OIG's New Jersey Area Office that resulted in the arrest and guilty plea of an office automation clerk assigned to the USAO for the Eastern District of Pennsylvania on charges of fraud and identity theft. OIG investigators found that the clerk fraudulently used personally identifiable information from individuals prosecuted by the USAO to obtain 188 online payday loans in their names totaling more than \$34,000. During this reporting period, the office automation clerk was sentenced to 42 months' incarceration followed by 36 months of supervised release and ordered to pay \$34,435.50 in restitution. The clerk resigned her position as a result of our investigation.

# American Recovery and Reinvestment Act of 2009

The *American Recovery and Reinvestment Act of 2009* (Recovery Act), which was signed into law on February 17, 2009, provides \$787 billion in funding as a stimulus to the economy. Of that funding, the Department received \$4 billion for grant funding to enhance state, local, and tribal law enforcement; to combat violence against women; and to fight Internet crimes against children.

The OIG is providing guidance and oversight related to the Department's Recovery Act efforts. For example, OIG staff meets with Department managers involved in distributing and overseeing Recovery Act funds to discuss best practices; to identify specific fraud, waste, and abuse risks for Recovery Act funding; and to make specific suggestions to help mitigate these risks. In addition, since the passage of the Recovery Act, the OIG has provided training to 1,411 employees and grant recipients from the Department's three grant making agencies (OJP, OVW, and COPS), and more than 1,038 grant administrators, sub-grantees, and staff from state administering agencies.

The OIG also has met with state and local grant management officials to provide information on the OIG's oversight efforts and to encourage prompt and effective reporting to the OIG on any grant or contract issues that involve Department funds. Since the passage of the Recovery Act, the OIG has met with grant administrators and oversight officials from 43 states and from the District of Columbia, Puerto Rico, and the Virgin Islands.

In addition, the OIG has initiated 24 Recovery Act audits and inspections to examine whether Department components are properly managing Recovery Act funds in accordance with the Recovery Act, OMB guidelines, and sound grant management practices. The audit work is being performed in phases to provide timely feedback to the Department. The OIG is issuing Management Advisory Memoranda and Technical Advisory Reports, which identify risk areas as soon as the OIG becomes aware of them and recommend actions that grant administrators can implement to minimize that risk.

Finally, the Recovery Act designated the Department's Inspector General to serve as one of the members of the Recovery Accountability and Transparency Board. The Board is coordinating oversight of Recovery Act funds throughout the federal government.

## Reports Issued

### Improving the Grant Management Process for Department Tribal Grant Programs

The OIG issued a report making recommendations to the Department relating to Tribal grant management and oversight. The report focused on grants to Tribes and provided our analysis of additional actions Departmental components can take to promote the overall effectiveness and

integrity of Department funding awarded to Tribal governments.

A priority recently identified by the Department's leadership is supporting criminal justice activities in American Indian and Alaska Native Tribal Country. To this end, the Department is accelerating its distribution of grants to Tribal communities. In FY 2009, the Department awarded \$50 million in appropriated grant funding to American Indian and Alaska Native Tribes and received \$248 million in funding under the Recovery Act specifically targeted at Tribal populations. In addition to these funds, Tribes are also eligible to apply for several Department Recovery Act competitive grant programs available to states, local governments, and other entities.

While the Department is increasing the distribution of grants to Tribes, only a fraction of the nation's 563 federally recognized Tribes traditionally submit grant applications to the Department. In addition, many of the Tribal organizations that apply for grants have inadequate accounting and management infrastructure to properly account for the funds. As part of its efforts to expand the number of grants awarded to Tribal organizations, the Department asked the OIG for recommendations relating to Tribal grant management and oversight. Our past work identified two primary concerns regarding the Department's management of its Tribal grant programs: 1) the need for coordination of the Tribal grant program among the three separate components of the Department that award grants to Tribes and among other federal agencies that award large amounts of grants to Tribes, and 2) the need to provide assistance and oversight to Tribes with inadequate accounting systems.

We concluded that the Department should focus on increasing the coordination of its Tribal grant programs, both within the Department and with

external agencies, and on providing assistance and oversight to Tribes with inadequate accounting systems. We provided a series of potential steps the Department should consider, including: 1) ensuring that grant solicitations clearly articulate program objectives and requirements and include a description of the accounting standards that will have to be met by the grant recipient, 2) making available to new grant applicants examples of "best practice" applications that illustrate what information the Department requires, 3) developing a Department-wide procedure for sharing information on high-risk grantees before awarding funds, and 4) increasing the monitoring and training of Tribal grantees through site visits and review of financial and progress reports. Our report concluded that implementation of these recommendations could improve the Tribal grant process, ensure appropriate use of grant money, and provide better coordination and oversight of Tribal grant funds.

### Edward Byrne Memorial Justice Assistance Grant Program, Recovery Act Formula Awards

The OIG's Audit Division reviewed OJP's awarding of \$2 billion in Recovery Act grants for the Edward Byrne Memorial Justice Assistance Grant Program administered by OJP's BJA. These funds were awarded to states, territories, and local government jurisdictions to address crime in a variety of ways, such as training, personnel, equipment, supplies, contractual support information systems, research, and evaluation.

We reviewed the Byrne program to determine if funds were awarded in a prompt, fair, and reasonable manner. We determined that the OJP's BJS, which was responsible for developing the funding allocations for the program, did so in an appropriate manner using a formula established by law and based on population estimates and violent crime data. We also determined that BJA acted

reasonable deadlines for submitting applications, timely reviewed applications against solicitation requirements, and promptly made awards. As a result, we concluded that the awards were prompt, fair, and reasonable. However, we noted some missing elements in application packages, such as complete program narratives, project abstracts, and complete budget documents.

## The Department's Data Quality Procedures for Recovery Act Recipient Reports

In coordination with an initiative by the Recovery Accountability and Transparency Board, the OIG issued two separate reviews of Department data quality procedures for Recovery Act recipient reports. These reviews focused on the Department's efforts to ensure that contract and grant recipients of Recovery Act funds accurately report each quarter how those funds were used, as required by the Recovery Act. We concentrated our reviews on the efforts of JMD, OJP, COPS, and OVW.

In [October 2009](#), we issued Phase 1 of this review, which assessed whether the Department had established processes to perform data quality reviews intended to identify material omissions and significant reporting errors by recipients and to notify the recipients of the need to make appropriate and timely changes. We concluded that the Department had made significant efforts to ensure that data reported by Recovery Act funding recipients is complete and accurate. Specifically, we determined that JMD developed automated screening and data validation systems to support granting agencies' verification of recipients' reports and to enable the Department to identify any material omissions and significant errors. The Department's granting agencies separately developed quality review processes

that appeared to provide effective means for assessing the quality of the reported information and correcting any deficiencies identified. We concluded that further process improvements would be necessary as the initial Recovery Act reporting was completed and experience was gained with the reporting system.

For Phase 2 of our review, issued in [February 2010](#), we focused on OJP, COPS, and OVW because these three components accounted for 99.7 percent of the Department's Recovery Act funding. We provided data, surveys, and follow-up questions from the Recovery Board to these three components and conducted an analysis of the components' responses. From the results of this review, it appeared that each granting component was making progress toward ensuring that recipients of Recovery Act funds submit quarterly reports and ensuring that the data reported are accurate.

Because the Department had the second highest number of non-reporting recipients of all federal agencies, we also examined the number of non-reporting recipients within the Department. For the initial reporting period that ended September 30, 2009, the Department reported to OMB a total of 733 Recovery Act recipients out of 4,050 (18 percent) that did not submit the required reports. However, the actions taken by the three Department components with the most non-reporters resulted in a significant reduction in the number of non-reporters for the second reporting period that ended December 31, 2009.

## [Review of the Award Process for the OVC Recovery Act Formula and Discretionary Grant Programs](#)

The OIG's Audit Division issued a report on the award process for the OVC Recovery Act

formula and discretionary grant programs. We concluded that the OVC included all Recovery Act requirements in its three Recovery Act program solicitations, allocated and awarded funds in accordance with the applicable provisions of the *Victims of Crime Act of 1984* for the formula award programs, and competitively awarded discretionary grant funds in a fair and reasonable manner. However, we had concerns with OVC's guidance to applicants about reporting requirements on the number of jobs retained based on Recovery Act funding. The OVC addressed our concerns by providing grantees with updated guidance from OMB on measuring and reporting the number of jobs retained based on Recovery Act funding.

## Ongoing Work

### Selection Process for the COPS Hiring Recovery Program

The OIG is auditing the COPS Hiring Recovery Program, a competitive grant program that provides funding directly to law enforcement agencies to create and preserve law enforcement jobs and enhance community policing efforts.

### BJA's Correctional Facilities on Tribal Lands Grant Program

The OIG is auditing BJA's Correctional Facilities on Tribal Lands Grant Program to determine if BJA is properly managing these Recovery Act funds in accordance with the Recovery Act, OMB guidelines, other applicable rules and regulations, and sound grant management practices.

### Edward Byrne Memorial Justice Assistance Grant Program Recovery Act Awards

The OIG is continuing its audit of OJP's Edward Byrne Memorial Justice Assistance Grant Program, which allows state and local governments to support activities to prevent and control crime and improve the criminal justice system. This program includes both formula and discretionary awards. The audit also includes an evaluation of OJP's oversight of its grant programs.

### OVW's Recovery Act Grant Selection Process

The OIG is conducting an audit to determine whether OVW administered, assessed, and awarded Recovery Act grants in accordance with Recovery Act requirements, OMB guidelines, and sound grant management practices.

# Top Management and Performance Challenges

The OIG has created a list of top management and performance challenges in the Department annually since 1998, initially in response to congressional requests but in recent years as part of the Department's annual *Performance and Accountability Report*.

The OIG's top challenges for this year, issued in November 2009, are listed to the right. Many of the challenges from last year's list remain and are long-standing, difficult challenges that will not be solved quickly or easily. However, we removed the challenges of "Violent Crime" and "Cyber Crime" from the 2008 list, and added the new challenges of "Recovery Act Funding and Oversight" and

"Financial Crimes."

## Top Management and Performance Challenges in the Department of Justice - 2009

1. Counterterrorism
2. Restoring Confidence in the Department of Justice
3. Recovery Act Funding and Oversight
4. Civil Rights and Civil Liberties
5. Financial Crimes
6. Sharing of Intelligence and Law Enforcement Information
7. Grant Management
8. Detention and Incarceration
9. Information Technology Systems Planning, Implementation, and Security
10. Financial Management

Detailed information about the Department's management and performance challenges can be found online at <http://www.justice.gov/oig/challenges/>.

# Congressional Testimony

On [February 24, 2010](#), the Inspector General testified before the House Committee on the Judiciary, Subcommittee on Crime, Terrorism, and Homeland Security, on recent Inspector General reports concerning the FBI.

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## Legislation and Regulations

The Inspector General Act directs the OIG to review proposed legislation and regulations relating to the programs and operations of the Department. Although the Department's Office of Legislative Affairs reviews all proposed or enacted legislation that could affect the Department's activities, the OIG independently reviews proposed legislation that could affect its operations and legislation that relates to waste, fraud, or abuse in the Department's programs and operations.

During this reporting period, the OIG reviewed and provided comments on a variety of proposed legislation, including providing comments on the *Department of Justice Appropriations Authorization Act, Fiscal Years 2010 through 2014*.

# Statistical Information

## Audit Summary

During this reporting period, the OIG's Audit Division issued 42 internal and external audit reports, which contained more than \$5.2 million in questioned costs and made 135 recommendations for management improvement. Specifically, the Audit Division issued 20 internal audit reports of Department programs funded at more than \$600 million; 22 external audit reports of

contracts, grants, and other agreements funded at more than \$27 million; and 59 Single Audit Act audits funded at approximately \$660 million. In addition, the Audit Division issued two Notifications of Irregularities, four Management Advisory Memoranda, and seven other internal reports.

Funds Recommended to Be Put to Better Use		
Audit Reports	Number of Audit Reports	Funds Recommended to Be Put to Better Use
No management decision made by beginning of period	3	\$3,051,384
Issued during period	0	\$0
Needing management decision during period	3	\$3,051,384
Management decisions made during period:		
◆ Amounts management agreed to put to better use <sup>1</sup>	0	\$0
◆ Amounts management disagreed to put to better use	0	\$0
No management decision at end of period	3	\$3,051,384
<sup>1</sup> Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.		

### Audits with Questioned Costs

Audit Reports	Number of Audit Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs
No management decision made by beginning of period	2	\$5,696,286	\$0
Issued during period	36 <sup>1</sup>	\$9,272,172	\$6,162,675
Needing management decision during period	38	\$14,968,458	\$6,162,675
Management decisions made during period:			
◆ Amount of disallowed costs <sup>2</sup>	32	\$7,479,941	\$4,370,444
◆ Amount of costs not disallowed	0	\$0	\$0
No management decision at end of period	6	\$7,488,517	\$1,792,231

<sup>1</sup> Of the audit reports issued during this period with questioned costs, 23 were *Single Audit Act* reports.  
<sup>2</sup> Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

### Audits Involving Recommendations for Management Improvements

Audit Reports	Number of Audit Reports	Total Number of Management Improvements Recommended
No management decision made by beginning of period	1	1
Issued during period	69 <sup>1</sup>	238
Needing management decision during period	70	239
Management decisions made during period:		
◆ Number management agreed to implement <sup>2</sup>	66	215
◆ Number management disagreed with	0	0
No management decision at end of period	4	24

<sup>1</sup> Of the audit reports issued during this period with recommendations for management improvements, 43 were *Single Audit Act* reports.  
<sup>2</sup> Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

## Quality Control

Every 3 years the OIG's Audit Division is required by the Government Auditing Standards issued by the Comptroller General of the United States to undergo a quality control review by a separate external entity. In February 2010, the Department of Energy OIG completed its external quality control review of the OIG's Audit Division in accordance with Government Auditing Standards and guidelines established by the Council of the Inspectors General on Integrity and Efficiency. Federal audit organizations receive a rating of pass, pass with deficiencies, or fail. The Department of Energy OIG issued a peer review rating of pass for our Audit Division, stating that the system of quality control for the OIG's Audit Division in effect for the year ended September 30, 2009, has been suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

## National Defense Authorization Act

### OIG Reporting Required by the National Defense Authorization Act for FY 2008

*The National Defense Authorization Act for FY 2008* requires all Inspectors General appointed under the IG Act to add an annex to their Semiannual Reports: 1) listing all contract audit reports issued during the reporting period containing significant audit findings, 2) briefly describing the significant audit findings in the report, and 3) specifying the amounts of costs identified in the

report as unsupported, questioned, or disallowed. This Act defines significant audit findings as unsupported, questioned, or disallowed costs in excess of \$10 million or other findings that the Inspector General determines to be significant. It defines contracts as a contract, an order placed under a task or delivery order contract, or a subcontract.

The OIG did not issue any audits that fit these criteria during this semiannual reporting period.

## Audit Follow-up

### OMB Circular A-50

OMB Circular A-50, Audit Followup, requires audit reports to be resolved within 6 months of the audit report issuance date. The Audit Division monitors the status of open audit reports to track the audit resolution and closure process. As of March 31, 2010, the OIG closed 116 audit reports and was monitoring the resolution process of 257 open audit reports.

## Unresolved Audits

As of March 31, 2010, the following audits were over 6 months old and had no management decision or were in disagreement:

- ◆ Oversight of Intergovernmental Agreements by the USMS and the Office of the Federal Detention Trustee
- ◆ USMS Intergovernmental Service Agreement for Detention Facilities with the Blount County, Tennessee, Sheriff's Office
- ◆ USMS Intergovernmental Service Agreement for Detention Facilities with the Central Virginia Regional Jail
- ◆ USMS Intergovernmental Service Agreement for Detention Facilities with the Cumberland County Jail, Portland, Maine
- ◆ USMS Intergovernmental Service Agreement for Detention Facilities with the Hamilton County, Tennessee, Silverdale Correctional Facility
- ◆ USMS Intergovernmental Service Agreement for Detention Facilities with the Western Tidewater Regional Jail, Suffolk, Virginia

## Evaluation and Inspections Statistics

The chart below summarizes the Evaluation and Inspections Division's accomplishments for the 6-month reporting period ending March 31, 2010.

<b>E&amp;I Workload Accomplishments</b>	<b>Number of Reviews</b>
Reviews active at beginning of period	6
Reviews cancelled	0
Reviews initiated	4
Final reports issued	3
Reviews active at end of reporting period	7

## Unresolved Reviews

DOJ Order 2900.10, *Follow-up and Resolution Policy for Inspection Recommendations by the OIG*, requires reports to be resolved within 6 months of the report issuance date. As of March 31, 2010, the Evaluation and Inspections Division had one unresolved recommendation. The OIG is working with ATF to resolve the recommendation.

## Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending March 31, 2010.

### Source of Allegations

Hotline (telephone, mail, and e-mail)	1,159
Other sources	3,513
Total allegations received	4,672

### Investigative Caseload

Investigations opened this period	173
Investigations closed this period	125
Investigations in progress as of 3/31/09	405

### Prosecutive Actions

Criminal indictments/informations	48
Arrests	53
Convictions/Pleas	48

### Administrative Actions

Terminations	21
Resignations	50
Disciplinary action	32

### Monetary Results

Fines/Restitutions/Assessments/Recoveries	\$232,162
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## Integrity Awareness Briefings

OIG investigators conducted 65 Integrity Awareness Briefings for Department employees throughout the country. These briefings are designed to educate employees about the misuse of a public official's position and to deter employees from committing such offenses. The briefings reached more than 4,130 employees.

# Appendix 1

## Acronyms and Abbreviations

The following are acronyms and abbreviations widely used in this report.

<b>ATF</b>	Bureau of Alcohol, Tobacco, Firearms and Explosives	<b>NCIC</b>	National Crime Information Center
<b>AUSA</b>	Assistant U.S. Attorney	<b>NSA</b>	National Security Agency
<b>BJA</b>	Bureau of Justice Assistance	<b>OIG</b>	Office of the Inspector General
<b>BJS</b>	Bureau of Justice Statistics	<b>OJP</b>	Office of Justice Programs
<b>BOP</b>	Federal Bureau of Prisons	<b>OJJDP</b>	Office of Juvenile Justice and Delinquency Prevention
<b>CODIS</b>	Combined DNA Index System	<b>OMB</b>	Office on Management and Budget
<b>COPS</b>	Office of Community Oriented Policing Statistics	<b>OPR</b>	Office of Professional Responsibility
<b>DEA</b>	Drug Enforcement Administration	<b>OVC</b>	Office for Victims of Crime
<b>Department</b>	U.S. Department of Justice	<b>OVW</b>	Office on Violence Against Women
<b>DHS</b>	Department of Homeland Security	<b>Recovery Act</b>	<i>American Recovery and Reinvestment Act of 2009</i>
<b>EOUSA</b>	Executive Office for U.S. Attorneys	<b>SWBPI</b>	Southwest Border Prosecution Initiative
<b>FBI</b>	Federal Bureau of Investigation	<b>USAO</b>	U.S. Attorneys' Offices
<b>FISA</b>	Foreign Intelligence Surveillance Act	<b>USMS</b>	U.S. Marshals Service
<b>FY</b>	Fiscal year	<b>WMD</b>	Weapons of Mass Destruction
<b>IG Act</b>	<i>Inspector General Act of 1978</i>		
<b>JMD</b>	Justice Management Division		

# Appendix 2

## Glossary of Terms

The following are definitions of specific terms as they are used in this report.

**Combined DNA Index System:** A distributed database with three hierarchical levels that enables federal, state, and local forensic laboratories to compare DNA profiles electronically.

**Drawdown:** The process by which a grantee requests and receives federal funds.

**External Audit Report:** The results of audits and related reviews of expenditures made under Department contracts, grants, and other agreements. External audits are conducted in accordance with the Comptroller General's Government Auditing Standards and related professional auditing standards.

**Internal Audit Report:** The results of audits and related reviews of Department organizations, programs, functions, computer security and IT, and financial statements. Internal audits are conducted in accordance with the Comptroller General's Government Auditing Standards and related professional auditing standards.

**Questioned Cost:** A cost that is questioned by the OIG because of: 1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; 2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or 3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

**Recommendation that Funds be Put to Better Use:** Recommendation by the OIG that funds could be used more efficiently if management of an entity took actions to implement and complete the recommendation, including: 1) reductions in outlays; 2) deobligation of funds from programs or operations; 3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; 4) costs not incurred by implementing recommended improvements related to the operations of the entity, a contractor, or grantee; 5) avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or 6) any other savings that specifically are identified.

**Sole Source Contract:** Soliciting and negotiating with only one vendor.

**Southwest Border Prosecution Initiative:** Administered by OJP, the Southwest Border Prosecution Initiative reimburses eligible jurisdictions in the four southwest border-states for costs associated with the prosecution of criminal cases either declined or referred by local USAOs.

**Supervised Release:** Court-monitored supervision upon release from incarceration.

**Unsupported Cost:** A cost that is questioned by the OIG because the OIG found that, at the time of the audit, the cost was not supported by adequate documentation.

# Appendix 3

## Evaluation and Inspections Division Reports

October 1, 2009 - March 31, 2010

Review of the Department's Anti-Gang Intelligence and Coordination Centers

Review of the Protection of the Judiciary and United States Attorneys

Review of the USMS Office of Internal Investigations

## Oversight and Review Division Report

October 1, 2009 - March 31, 2010

Review of the Federal Bureau of Investigation's Use of Exigent Letters and Other Informal Requests for Telephone Records

# Appendix 4

## Audit Division Reports

October 1, 2009 - March 31, 2010

### Internal and External Audit Reports

Annual Accounting and Authentication of Drug Control Funds and Related Performance FY 2009

Assets Forfeiture Fund and Seized Asset Deposit Fund Annual Financial Statement FY 2009

Bureau of Alcohol, Tobacco, Firearms and Explosives Annual Financial Statement FY 2009

Audit of Superfund Activities in the Environment and Natural Resources Division for FYs 2006 through 2008

Federal Bureau of Prisons Annual Financial Statement FY 2009

Compliance with Standards Governing Combined DNA Index System Activities at the Idaho State Police Forensic Services Laboratory, Meridian, Idaho

Compliance with Standards Governing Combined DNA Index System Activities at the Indian River Crime Laboratory at Indian River State College, Fort Pierce, Florida

Compliance with Standards Governing Combined DNA Index System Activities at the Southwestern Institute of Forensic Sciences, Dallas County, Texas

The Criminal Division's Laptop Computer Encryption Program and Practices

The Department of Justice's Efforts to Combat Identity Theft

Drug Enforcement Administration Annual Financial Statement FY 2009

Explosives Investigation Coordination between the FBI and ATF

Federal Bureau of Investigation Annual Financial Statement FY 2009

The Federal Bureau of Investigation's Foreign Language Translation Program

Federal Prison Industries, Inc. Annual Financial Statement FY 2009

Federal Prison Industries, Inc. Annual Management Report FY 2009

Limited Scope Audit of Advocates Crisis Support Services, Craig, Colorado

Limited Scope Audit of the Anderson Community School Corporation, Anderson, Indiana

Limited Scope Audit of the Carmel, Indiana, Police Department

Limited Scope Audit of the City of Austin Police Department, Austin, Texas

Limited Scope Audit of the City of Sacramento, California

Limited Scope Audit of Marion County, South Carolina

Limited Scope Audit of the Northern Kentucky Research Foundation, Inc.

Limited Scope Audit of Siouxland Human Investment Partnership

Limited Scope Audit of the Southwest Louisiana Law Center, Lake Charles, Louisiana

Limited Scope Audit of the State of Wisconsin Department of Transportation

Offices, Boards and Divisions Annual Financial Statement FY 2009

Office of Justice Programs Annual Financial Statement FY 2009

OJP Bureau of Justice Assistance Grant Awarded to the Fond du Lac Tribal and Community College, Cloquet, Minnesota

OJP Bureau of Justice Assistance Grant Awarded to the Texas Department of Criminal Justice, Huntsville, Texas

OJP Edward Byrne Memorial Justice Assistance Grants Awarded to the City of Providence Police Department Providence, Rhode Island

OJP National Institute of Justice Grants Awarded to Research Triangle Institute International Research Triangle Park, North Carolina

OJP Office of Juvenile Justice and Delinquency Prevention Serious and Violent Offender Reentry Initiative Grant Awarded to the New York State Office of Children and Family Services, Albany, New York

OJP Office of Juvenile Justice and Delinquency Prevention Grant Awarded to the Improved Solutions for Urban Systems, Inc.

OJP Serious and Violent Offender Reentry Initiative Grant Administered by the Delaware Department of Health and Social Services, New Castle, Delaware

Sentinel V: Status of the FBI's Case Management System

Southwest Border Prosecution Initiative Reimbursements

United States Marshals Service Annual Financial Statement FY 2009

U.S. Department of Justice Annual Financial Statement FY 2009

U.S. Department of Justice Annual Special-Purpose Financial Statements FY 2009

Use of Equitable Sharing Revenues at the Kimble County, Texas Sheriff's Office

Use of Equitable Sharing Revenues by the Minneapolis, Minnesota, Police Department

## Other Reports

A Improving the Grant Management Process for Department of Justice Tribal Grant Programs

Review of Department of Justice Data Quality Procedures for Recovery Act Recipient Reports

Review of the Award Process for the Office for Victims of Crime Recovery Act Formula and Discretionary Grant Programs

Review of the Department of Justice Data Quality Procedures for Recovery Act Recipient Reports, Phase II

Review of the Department of Justice Grants to the Association of Community Organizations for Reform Now (ACORN), Inc. and its Affiliated Organizations

Review of the Edward Byrne Memorial Justice Assistance Grant Program Recovery Act Formula Awards Administered by the Department of Justice's Office of Justice Programs

Status of the FBI's Implementation of the Sentinel Project

## Single Audit Act Reports of Department Activities

Administration of Corrections, San Juan, Puerto Rico	Harris County, Houston, Texas
American University, Washington, DC	Indian Township Tribal Government, Princeton, Maine
Best Friends Foundation, Washington, DC	Institute of Forensic Sciences, San Juan, Puerto Rico
Bexar County, San Antonio, Texas	Legal Momentum, New York, New York
Camden County, Woodbine, Georgia	Lesbian and Gay Community Services Center, Inc., New York, New York
City and County of Denver, Denver, Colorado	Marion County, Marion, South Carolina
City of Auburn, Alabama	National Crime Prevention Council, Arlington, Virginia
City of Benton Harbor, Michigan	National Criminal Justice Association, Washington, DC
City of Macon, Georgia	National District Attorneys Association, Alexandria, Virginia
City of Miami Beach, Florida	New Mexico Crime Victims Reparation Commission, Albuquerque, New Mexico
City of Roseville, California	New Mexico Department of Public Safety, Santa Fe, New Mexico
City of Salinas, California	Norton Sound Health Corporation, Nome, Arkansas
City of Savannah, Georgia	Oglala Sioux Tribe Department of Public Safety, Pine Ridge, South Dakota
City of Southfield, Michigan	Oglala Sioux Tribe, Pine Ridge, South Dakota
Clayton County, Jonesboro, Georgia	Picuris Pueblo, Penasco, New Mexico
Coconino County, Flagstaff, Arizona	Running Rebels Community Organization, Inc., Milwaukee, Wisconsin
Colorado Foundation for Families and Children, Colorado Springs, Colorado	Sac and Fox Nation of Missouri, Reserve, Kansas
Collier County, Naples, Florida	South Puget Intertribal Planning Agency, Shelton, Washington
Crichton College, Memphis, Tennessee	Southwest Center for Law and Policy, Inc., Tucson, Arizona
Department of Justice of the Commonwealth of Puerto Rico, San Juan, Puerto Rico	
Drakontas, LLC, Glenside, Pennsylvania	

State of California, Sacramento, California

State of Florida, Tallahassee, Florida

State of Mississippi Institutions of Higher Learning,  
Jackson, Mississippi

State of North Dakota, Bismarck, North Dakota

State of Washington, Olympia, Washington

State of Wyoming, Cheyenne, Wyoming

The Latino Coalition for Faith and Community  
Initiatives, Bakersfield, California

The Navajo Nation, Window Rock, Arizona

Third Judicial District Attorney, Las Cruces, New  
Mexico

Unified Solutions Tribal Community Development  
Group, Inc., Tempe, Arizona

University of Hawaii, Honolulu, Hawaii

Village of Lemont, Illinois

Volunteer Center of Southern Arizona, Inc., Tucson,  
Arizona

Wallowa County, Enterprise, Oregon

Washington Association of Sheriffs and Police Chiefs,  
Olympia, Washington

Washington County, Hillsboro, Oregon

Winnebago County, Rockford, Illinois

Women's Coalition of St. Croix, Inc., Christiansted,  
Virgin Islands

Young Women's Christian Association of Topeka,  
Kansas

## Quantifiable Potential Monetary Benefits October 1, 2009 - March 31, 2010

Audit Report	Questioned Costs	Unsupported Costs	Funds Put to Better Use
<b>Audits Performed by the OIG</b>			
Audit of Superfund Activities in the Environment and Natural Resources Division for FYs 2006 - 2008	\$2,488	\$2,488	
Department of Justice Equitable Sharing Program Activities at the Kimble County, Texas Sheriff's Office	\$28,009	\$15,500	
Limited Scope Audit of Adcocates Crisis Support Services, Craig, Colorado	\$18,903	\$18,903	
Limited Scope Audit of Anderson Community School Corporation, Anderson, Indiana	\$12,000	\$12,000	
Limited Scope Audit of the City of Austin, Texas Police Department	\$9,809	\$6,454	
Limited Scope Audit of the Southwest Louisiana Law Center, Lake Charles, Louisiana	\$755,188	\$750,981	
Limited Scope Audit of the State of Wisconsin Department of Transportation	\$109,712	\$207	
OJP Bureau of Justice Assistance Grant Awarded to the Fond du Lac Tribal and Community College, Cloquet, Minnesota	\$205,836	\$185,324	
OJP National Institute of Justice Grants Awarded to Research Triangle Institute International Research Triangle Park, North Carolina	\$529,658		
OJP Office of Juvenile Justice and Delinquency Prevention Grant Awarded to the Improved Solutions for Urban Systems, Inc.	\$241,527		
OJP Office of Juvenile Justice and Delinquency Prevention Serious and Violent Offender Reentry Initiative Gant Awarded to the New York State Office of Children and Family Services, Albany, New York	\$760,454	\$760,454	
OJP Serious Violent Offender Reentry Initiative Grant to the Delaware Department of Health and Social Services	\$2,593,494	\$412,562	
OJP, Bureau of Justice Assistance Grant Awarded to the Texas Department of Criminal Justice, Huntsville, Texas	\$7,077		
<b>Subtotal (Audits Performed by the DOJ OIG)</b>	<b>\$5,274,155</b>	<b>\$2,164,873</b>	

<b>Audit Report</b>	<b>Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Funds Put to Better Use</b>
<b>Audits Performed by State/Local Auditors and Independent Public Accounting Firms under the <i>Single Audit Act</i></b>			
Camden County, Woodbine, Georgia	\$122,162	\$122,162	
City and County of Denver, Denver, Colorado	\$11,047	\$11,047	
City of Roseville, California	\$19,575	\$19,575	
City of Salinas, California	\$36,000	\$36,000	
Collier County, Naples, Florida	\$622,510	\$622,510	
Department of Justice of the Commonwealth of Puerto Rico, San Juan, Puerto Rico	\$208,000	\$208,000	
Drakontas, LLC, Glenside, Pennsylvania	\$696,524	\$696,524	
Indian Township Tribal Government, Princeton, Maine	\$34,032	\$34,032	
National Crime Prevention Council, Arlington, Virginia	\$30,460	\$30,460	
National District Attorneys Association, Alexandria, Virginia	\$136,918	\$136,918	
New Mexico Crime Victims Reparation Commission, Albuquerque, New Mexico	\$83,663	\$83,663	
Oglala Sioux Tribe Department of Public Safety, Pine Ridge, South Dakota	\$1,757	\$1,757	
Oglala Sioux Tribe, Pine Ridge, South Dakota	\$1,655,186	\$1,655,186	
Picuris Pueblo, Penasco, New Mexico	\$24,487	\$24,487	
South Puget Intertribal Planning Agency, Shelton, Washington	\$101,200	\$101,200	
State of Florida, Tallahassee, Florida	\$24,969	\$24,969	
State of North Dakota, Bismarck, North Dakota	\$5,385	\$5,385	
The Navajo Nation, Window Rock, Arizona	\$71,084	\$71,084	
Unified Solutions Tribal Community Development Group, Inc., Tempe, Arizona	\$57,360	\$57,360	
University of Hawaii, Honolulu, Hawaii	\$2,500	\$2,500	
Volunteer Center of Southern Arizona, Inc., Tucson, Arizona	\$51,240	\$51,240	
Wallowa County, Enterprise, Oregon	\$215		
Washington County, Hillsboro, Oregon	\$1,743	\$1,743	
<b>Subtotal (Audits Performed by State/Local Auditors and Independent Public Accounting Firms under the <i>Single Audit Act</i>)</b>	<b>\$3,998,017</b>	<b>\$3,997,802</b>	
<b>TOTAL</b>	<b>\$9,272,172</b>	<b>\$6,162,675</b>	<b>\$0</b>

# Appendix 5

## Reporting Requirements Index

The IG Act specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.

IG Act References	Reporting Requirements	Page
Section 4(a)(2)	Review of Legislation and Regulations	47
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	7-45
Section 5(a)(2)	Significant Recommendations for Corrective Actions	7-45
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	51
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	22-23, 25-26, 28-31, 36-37, 40-41
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	56-61
Section 5(a)(7)	Summary of Significant Reports	7-45
Section 5(a)(8)	Audit Reports – Questioned Costs	49
Section 5(a)(9)	Audit Reports – Funds to Be Put to Better Use	48
Section 5(a)(10)	Prior Audit Reports Unresolved	51
Section 5(a)(11)	Significant Revised Management Decisions	None
Section 5(a)(12)	Significant Management Decisions with which the OIG Disagreed	None

# Report Waste, Fraud, Abuse, or Misconduct

To report allegations of waste, fraud, abuse, or misconduct in Department of Justice programs, please visit the DOJ OIG website at [www.justice.gov/oig](http://www.justice.gov/oig) or call the OIG's Hotline at (800) 869-4499.

The DOJ OIG website has complaint forms that allow you to report the following to the OIG:

- ◆ General allegations of fraud, waste, and abuse;
- ◆ Contract fraud, including mandatory disclosures required by contractors when they have credible evidence of violations of the civil False Claims Act or certain violations of criminal law;
- ◆ Grant fraud, including fraud, waste, or abuse related to the Department's Award of Recovery Act funds; and
- ◆ Violations of Civil Rights or Civil Liberties by DOJ employees.

To submit information by mail or facsimile, send to:

Office of the Inspector General  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Room 4706  
Washington, DC 20530  
Fax: (202) 616-9881

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