

**U.S. Department of Justice
Office of the Inspector General**



SEMIANNUAL REPORT TO CONGRESS

APRIL 1, 2017 – SEPTEMBER 30, 2017



Online Report Availability

The Office of the Inspector General audit, evaluation, inspection, special review reports, investigations press releases, and ongoing work are available at oig.justice.gov.

Announcements of the latest reports, multimedia, and news from the OIG are also available on the OIG's twitter account: [@JusticeOIG](https://twitter.com/JusticeOIG).

Information about the federal Inspector General community is available through the Inspectors General Network at www.ignet.gov.

Public reports from all federal Inspectors General who are members of the Council of the Inspectors General on Integrity and Efficiency are available at [Oversight.gov](https://oversight.gov).

For Additional Copies of this Report

Visit oig.justice.gov or write:

DOJ/OIG/M&P
1425 New York Avenue, N.W.
Suite 7000
Washington, D.C., 20530

Or call: (202) 616-4550

Automatic E-Mail Updates

The OIG offers a free e-mail subscription service that provides automatic notifications by e-mail when new reports or other information is posted to the OIG website.

To receive e-mail notifications of additions to the OIG website, go to the OIG website at oig.justice.gov, click on "Sign Up For E-mail Updates," and then click the link labeled "Start, Change, or Cancel Your Subscription." You will be asked to provide the e-mail address where you want the notifications to be sent. You may elect to receive notifications for all reports and documents when they are added to the OIG website or you can elect to receive notifications for only certain types of OIG reports and documents. At any time, you can change your e-mail address, modify your password, add or delete subscriptions, or remove your e-mail address from this service.

Cover photo: The Great Court at the Department of Justice



Message from the Inspector General

It is my pleasure to submit this Semiannual Report on the operations of the Office of the Inspector General (OIG), which covers the period from April 1, 2017, to September 30, 2017.

The Semiannual Report details the OIG's work over the past 6 months. During this time, we completed several reports pertaining to the Department's law enforcement components, such as reviews of the DEA's responses to three drug interdiction missions in Honduras that resulted in deaths and injuries, the actions of former DEA leadership in connection with the reinstatement of a security clearance, and the FBI's Insider Threat Program. We also reviewed the Federal Bureau of Prisons' use of restrictive housing for inmates with mental illness and its contract to operate a residential reentry center in North Dakota. In addition, we reviewed the Civil Division's handling of sexual harassment and misconduct allegations and the Department's handling of known or suspected terrorists admitted into the federal Witness Security Program.

In our ongoing commitment to identify whether federal funds are being used by the Department effectively and efficiently, we conducted dozens of audits and reviews to fulfill this mission, and we recommended improvements to the Department's programs. In particular, we conducted a review of the risks associated with the Office of Justice Programs' management of the Crime Victims Fund and issued seven other audits over the past 6 months of programs and grants that focus on victims of crime. Additionally, we reviewed DOJ's administration of the September 11th Victim Compensation Fund; allegations of mismanagement and inappropriate conduct related to an Office of Juvenile Justice and Delinquency Prevention grant program; and a U.S. Marshals Service contract to operate the Leavenworth Detention Center. Over the past 6 months, the OIG conducted additional reviews of various contracts and grants by the Department and examined the Department's oversight and management of these awards.

In addition, the OIG's Investigations Division closed 166 criminal or administrative misconduct cases, and its work resulted in 49 convictions or pleas and 114 terminations, administrative disciplinary actions, and resignations. The quality of the investigations described in this report demonstrates the importance of effective, fair, and objective investigative oversight conducted by our Office.

As always, the OIG remains committed to its mission to detect and deter waste, fraud, abuse, and misconduct related to DOJ programs, and to promote economy and efficiency in those programs—as is exemplified in our work over the past 6 months. I sincerely appreciate the exceptional work of OIG personnel and their dedication to this important mission.

A handwritten signature in blue ink, reading "Michael E. Horowitz".

Michael E. Horowitz
Inspector General
October 31, 2017

Table of Contents

Highlights of OIG Activities.....	1
Overight.gov	14
OIG Profile.....	15
Multicomponent.....	17
Federal Bureau of Investigation	26
Federal Bureau of Prisons.....	33
U.S. Marshals Service	38
Drug Enforcement Administration	43
Bureau of Alcohol, Tobacco, Firearms and Explosives.....	47
Office of Justice Programs.....	49
Crime Victims Fund	56
Other Department Components.....	60
Civil Division.....	60
Criminal Division.....	61
Environment and Natural Resources Division.....	63
Executive Office for Immigration Review	64
Justice Management Division.....	64
Office on Violence Against Women.....	65
U.S. Attorneys' Offices.....	66
Top Management and Performance Challenges.....	68
Congressional Testimony	69

Table of Contents

Legislation and Regulations	69
Whistleblower Ombudsperson Program	70
Statistical Information	72
Questioned Costs	72
Funds Recommended to Be Put to Better Use	73
Significant Recommendations for Which Corrective Actions Have Not Been Completed.....	74
Reports Without Management Decisions for More than 6 Months.....	75
Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period	75
Significant Recommendations in Disagreement for More than 6 Months	75
Audit Follow-up	76
Evaluation and Inspections Workload and Accomplishments	76
Investigations Statistics	77
Investigations Division Briefing Programs	78
OIG Hotline.....	78
Appendices	79
Acronyms and Abbreviations	79
Glossary of Terms.....	80
Audit Division Reports.....	82
Quantifiable Potential Monetary Benefits	87
Evaluation and Inspections Division Reports.....	89
Oversight and Review Division Reports	89
Peer Reviews.....	90
Reporting Requirements	91

Highlights of OIG Activities



The following summaries highlight some of the Office of the Inspector General's (OIG) audits,

evaluations, inspections, special reviews, and investigations, which are discussed further in this report. As the highlights illustrate, the OIG continues to conduct wide-ranging oversight of Department of Justice (DOJ or Department) programs and operations.

Statistical Highlights

April 1, 2017 – September 30, 2017	
Allegations Received by the Investigations Division ¹	5,918
Investigations Opened	166
Investigations Closed	166
Arrests	59
Indictments/Informations	51
Convictions/Pleas	49
Administrative Actions	114
Monetary Recoveries ²	\$24,878,924.31
Audit Reports Issued	42
Questioned Costs	\$5,173,558
Funds for Better Use	\$1,504,312
Recommendations for Management Improvements	260
Single Audit Act Reports Issued	30
Questioned Costs	\$418,662
Recommendations for Management Improvements	55
Other Audit Division Reports Issued	1

¹ These figures represent allegations entered into the OIG's complaint tracking system. They do not include the approximate 58,000 additional Hotline, e-mail, and phone contacts that were processed and deemed non-jurisdictional and outside the purview of the federal government.

² Includes civil, criminal and non-judicial fines, restitutions, recoveries, assessments, penalties, and forfeitures.

Audits, Evaluations, Inspections, and Special Reviews Highlights

Examples of OIG audits, evaluations, inspections, and special reviews completed during this semiannual reporting period are:

- [Follow-up Audit of the Handling of Known or Suspected Terrorists Admitted into the Federal Witness Security Program](#). The OIG issued a follow-up report on DOJ's handling of known or suspected terrorists (KST) admitted into the federal Witness Security Program (WITSEC Program). The OIG concluded that while the Federal Bureau of Investigation (FBI), U.S. Marshals Service (USMS), and Criminal Division's Office of Enforcement Operations (OEO) have adopted policies and procedures to address the issues identified in the OIG's May 2013 interim report, they have not sufficiently and appropriately implemented all of them. The OIG remains concerned that DOJ has not ensured that KST information has been appropriately shared with relevant national security stakeholders, and that those responsible for monitoring these KSTs have the information they need to do so effectively. While the OIG found that since November 2015, OEO has appropriately coordinated with the FBI and USMS when admitting new KSTs into the WITSEC Program, OEO's sharing with the FBI of the information it identified was often marked by delay, and the FBI's assessments of that information were inadequately documented. The OIG also identified critical pieces of identifying information about KST WITSEC Program participants that the FBI should have provided to the Terrorist Screening Center (TSC), but did not. The OIG also found that the FBI did not follow procedures for sharing information on KST WITSEC Program

Highlights of OIG Activities

participants, and as a result some officials who were responsible for monitoring these KSTs did not have the information they needed. Finally, the OIG determined that other aspects of the administration of the WITSEC Program need improvements, including the policies and procedures for terminating participants. Of particular concern, the OIG found that OEO delayed the termination of a WITSEC Program participant who was under investigation for inappropriate sexual contact with a 15-year-old, but had not yet been charged. The OIG found this delay in the participant's termination very troubling. The OIG made eight new recommendations to the USMS, FBI, and OEO to further improve the sharing of information on KST WITSEC Program participants with national security stakeholders, and to ensure that there are appropriate controls over KSTs in the WITSEC Program. The USMS, FBI, and OEO agreed with the recommendations.

- **The BOP's Use of Restrictive Housing for Inmates with Mental Illness.** The OIG found that the Federal Bureau of Prisons (BOP) has taken a number of steps to mitigate the mental health concerns for inmates in Restrictive Housing Units (RHU), but also identified significant issues regarding the adequacy of BOP policies and implementation in this area, including the BOP's use of single-cell confinement or conditions that could be considered "solitary confinement." Specifically, the OIG found that BOP policies do not adequately address the confinement of inmates with mental illness in RHUs and that the BOP does not sufficiently track or monitor such inmates. The OIG also found that the BOP does not limit the maximum amount of time inmates may spend in RHUs, track its housing of inmates in single-cell RHU confinement, or account for inmates' confinement in all RHUs throughout

BOP institutions. In addition, the OIG found that since the BOP adopted a new mental health policy, BOP data shows a 30 percent reduction in the number of inmates who receive regular mental health treatment. This is particularly troubling when the OIG considers that it also found that BOP mental health staff do not always document inmates' mental disorders, leaving the BOP unable to account for all inmates with mental illness and ensure that it provides appropriate care. The report made 15 recommendations to the BOP to improve its screening, treatment, and monitoring of inmates with mental illness who are assigned to restrictive housing. The BOP agreed with all of them.

- **Post-Incident Response to Missions in Honduras Involving the Use of Deadly Force.** The OIG and Department of State (State) issued a report examining the responses of the Drug Enforcement Administration (DEA) and State to three drug interdiction missions in Honduras that resulted in deaths and injuries. The three missions, which took place on May 11, June 23, and July 3, 2012, were conducted jointly by the State Department, DEA, and the Government of Honduras pursuant to a program known as "Operation Anvil." In the May 11 incident, three U.S. and Honduran law enforcement officers aboard a disabled canoe-like boat carrying large amounts of seized cocaine directed gunfire towards a larger passenger boat. This was followed by additional gunfire from a helicopter carrying U.S. and Honduran law enforcement officers. Four people from the passenger boat were killed, and four were injured. The DOJ OIG found that the DEA's insistence to Justice Department leadership and to Congress that there had been an exchange of gunfire between Honduran officers and individuals in the passenger boat was unsupported by the available evidence. Not only did

Highlights of OIG Activities

the DOJ OIG find no credible evidence that individuals in the passenger boat fired first, but evidences available to the DEA at the time places into serious question whether there was any gunfire from the passenger boat at any time. The report identified significant issues and challenges in the pre-incident planning and the rules governing the use of deadly force; the post-incident investigative and review efforts by State and DEA; the cooperation by State and DEA personnel with post-incident shooting reviews; and the accuracy of the information State and DEA provided to Congress and the public regarding the incidents. The report made eight recommendations. Seven recommendations were directed to the DEA to improve deficiencies identified in its post-shooting incident procedures and protocols and pre-operational planning. The DEA agreed with all seven recommendations. The remaining recommendation was for the Deputy Attorney General to determine whether revisions to post-shooting incident procedures should be made across DOJ law enforcement components to ensure that shooting incidents similar to those that occurred during Operation Anvil are handled in a consistent and appropriate manner. The Office of the Deputy Attorney General agreed with the recommendation.

- **Administration of the September 11th Victim Compensation Fund.**

The OIG issued an audit report examining DOJ's administration of the reopened September 11th Victim Compensation Fund (VCF) and its efforts to fund claims to compensate individuals who removed debris from or were present at September 11th attack sites. Considering that the VCF Special Master has the final authority to make all eligibility and compensation decisions, the OIG evaluated the Special Master's administration of the VCF,

and the DOJ Civil Division and Justice Management Division's (JMD) support of VCF operations, from 2011 through February 2016. The OIG identified a number of significant concerns. First, the VCF did not consistently keep supporting documentation for certain eligibility and compensation decisions in its Claims Management System. Second, expedited compensation decisions for deceased claimants were inconsistent. Specifically, some expedited claims did not include full compensation for the deceased claimant's pain and suffering, leaving any dependents to file an amendment or an appeal to obtain additional funds to which they were entitled. Third, the OIG identified a potential conflict of interest regarding the Deputy Special Master's role in awarding 18 non-competitive contracts that totaled \$3.6 million. Despite a request by this official, the OIG found that DOJ never appropriately addressed the question about this potential conflict. Finally, VCF employees transmitted claimants' personally identifiable information (PII) by unencrypted e-mails to private law firm servers. DOJ subsequently worked with the law firms to safeguard and destroy claimant PII. The OIG made a total of seven recommendations—three to the VCF to improve its claims management process and four to the Civil Division to improve its administration of future VCF contracts. The Civil Division and the VCF agreed with all of them.

- **The Handling of Sexual Harassment and Misconduct Allegations by the Department's Civil Division.**

The OIG reviewed the handling of sexual harassment and misconduct allegations by DOJ's Civil Division. The OIG concluded that the Civil Division must address significant weaknesses in its tracking of allegations, as well as inconsistencies among penalties imposed for

Highlights of OIG Activities

substantiated allegations, to ensure that it adheres to DOJ's zero tolerance policy for harassment, including sexual harassment. Specifically, the OIG found that the Civil Division does not consistently and effectively track, record, or maintain adequate information on allegations of sexual harassment and misconduct. The Civil Division also does not have guidance to ensure that all allegations are reported to Human Resources and lacks a consistent standard for reporting sexual harassment and misconduct allegations to the OIG, as well as to its own leadership. In addition, the Civil Division does not have penalty tables or guidelines for handling substantiated cases of sexual harassment and misconduct, which, the OIG believes, affects the Civil Division's ability to impose consistent penalties. Finally, the OIG found that some Civil Division employees received performance awards while they were the subject of an ongoing sexual harassment or misconduct investigation or while disciplinary actions were in effect, which, the OIG believes, could deter the reporting of future allegations. The OIG made four recommendations, and the Civil Division agreed with all of them. On May 31, 2017, the OIG issued to the Deputy Attorney General a Management Advisory Memorandum entitled the Handling of Sexual Misconduct and Harassment Allegations by Department of Justice Components.

- **Allegations Concerning the Office of Juvenile Justice and Delinquency Prevention Title II Formula Grant Program.** The OIG issued two reports examining five allegations made by a whistleblower related to the Office of Juvenile Justice and Delinquency Prevention's (OJJDP) Title II Part B Formula Grant Program (the Program). The [report by the OIG's Audit Division](#) found that the OJJDP did not routinely

perform required audits of states to test compliance, and it did not have written procedures or criteria for state audit selections. The OIG also found that as of January 2017, OJJDP was still in the process of finalizing updated policies and procedures to address outdated regulations, vague compliance standards, and other problems. However, the audit found no conclusive evidence that OJJDP managers or supervisors were aware of the allegation that Wisconsin falsified data in order to receive federal funding until the allegation was reported to the OIG in March 2008. The separate [report by the OIG's Oversight and Review Division](#) concluded that the remaining whistleblower allegations were unsubstantiated, but also identified several areas where Office of Justice Programs (OJP) can make significant improvements in its administration of the *Juvenile Justice and Delinquency Prevention Act* (the Act). Specifically, the OIG found that the legal opinions interpreting the Act were not written in order to enable Wisconsin to circumvent the requirements of the Act or for any other improper purpose. Rather, the OIG determined that OJP attorneys reached their conclusions based on a good faith legal analysis of complex statutory provisions. Accordingly, because the OIG did not find that the legal opinions were improper, it did not conclude that juveniles were being detained in contravention of statutory grant conditions as a result of those legal opinions. The OIG made a total of 10 recommendations to OJP to improve the management and administration of the Program and OJP agreed with all of them.

- [Management Advisory Memorandum Regarding the FBI's Referral of Allegations of Employee Misconduct to the FBI's Inspection Division and the DOJ OIG.](#) The OIG issued to the FBI Director a Management

Highlights of OIG Activities

Advisory Memorandum identifying potential systemic issues with the FBI's Analysis and Investigations Unit (AIU) appropriately reporting all allegations of misconduct of which it is aware to the FBI's Inspection Division (INSD) and to the OIG. The OIG observed these potential systemic issues during its ongoing review of the FBI's identification and handling of unfavorable results from polygraph examinations of FBI employees. Despite requirements in FBI policy, Department policy, and federal regulations, the OIG found several instances in which the FBI could not demonstrate that allegations of employee misconduct were referred to the INSD or the OIG. The FBI stated that these referrals could have been made verbally during regularly scheduled coordination meetings between the AIU and INSD. However, FBI policy requires misconduct allegations to be referred to the INSD in writing and the FBI could not locate any record of written referrals having occurred. Inconsistent reporting of misconduct allegations to the INSD and the OIG may hinder these offices from thoroughly and promptly investigating allegations of employee misconduct. Further, all FBI employees have security clearances that allow them to access classified—and sometimes particularly sensitive—information when relevant to their work. Independent investigations by the INSD or the OIG of allegations against these employees are particularly important given the potential risks to U.S. national security. The OIG requested that the FBI describe what actions the FBI has taken or intends to take with regard to these issues.

- [Actions of Former DEA Leadership in Connection with the Reinstatement of a Security Clearance](#). The OIG issued a report about the actions of former DEA Administrator Michele M. Leonhart and former DEA Acting Chief Inspector

Herman E. “Chuck” Whaley in connection with reinstating the security clearance of a Special Agent who had committed serious misconduct. The OIG investigation found that while Leonhart did not directly intervene to reinstate the security clearance, she did not object when Whaley told her that he opposed the suspension of the Special Agent's security clearance and intended to intervene to resolve the matter in a different manner. The OIG concluded that because Leonhart acquiesced in Whaley's flawed decision to intervene in the security clearance process, she shared responsibility for it. Whaley gave the instruction to reinstate the Special Agent's security clearance just 1 day after the public release of an OIG report in March 2015 that contained a finding that DEA Office of Professional Responsibility (OPR) had failed to refer allegations involving sexual misconduct that raised security concerns to Security Programs for adjudication, and both he and Leonhart had been engaged in discussions with respect to the OIG's findings and recommendations in that report. The OIG's investigation also concluded that Leonhart's April 14, 2015, testimony before the House Oversight and Government Reform Committee regarding which DEA employees are authorized to suspend or revoke a security clearance was not untruthful, though the OIG also determined that there is a lack of clarity within DEA and DOJ policies regarding the delegations of authority with respect to security clearance adjudications. The report made two recommendations to clarify the DEA and DOJ policies, including by specifying that the Office of Security Programs will have the final say within the DEA about whether employee misconduct merits a review and adjudication of the employee's security clearance, and that DOJ specify that for the purpose of security adjudications, Security Programs Managers (SPM) report

Highlights of OIG Activities

solely to the Department Security Officer, and not to other senior officials, who may have appropriate input in but not overrule the component SPM. Additionally, the OIG issued a separate Management Advisory Memorandum containing two recommendations related to the need for Justice Department leadership to ensure that all DOJ security offices obtain and assess all relevant information related to an employee's misconduct investigations, if any, when conducting that employee's security clearance adjudication. The OIG will continue to monitor the progress of DOJ and its law enforcement components to address the deficiencies the OIG has identified, and their efforts to implement the OIG's recommendations.

- [Implementation of the Principles Regarding Prosecution and Sentencing Reform under the *Smart on Crime* Initiative](#). In August 2013, the *Smart on Crime* initiative highlighted five principles to reform the federal criminal justice system. The OIG's report focused on the first two principles, which required the development of district-specific prosecution guidelines; refined DOJ's charging policies regarding drug quantities that trigger mandatory minimum sentences for certain non-violent, low-level drug offenders; and provided guidance to federal prosecutors on the filing of recidivist sentencing enhancements in drug cases. Although the Department issued policy memoranda and guidance to reflect its *Smart on Crime* policies, it did not revise the U.S. Attorneys' Manual until January 2017, more than 3 years after *Smart on Crime*. The OIG also found that the Department's ability to measure the impact of the first two *Smart on Crime* principles, or any charging policy it seeks to implement, is limited because it does not consistently collect data on charging decisions. Based on U.S. Sentencing Commission data from

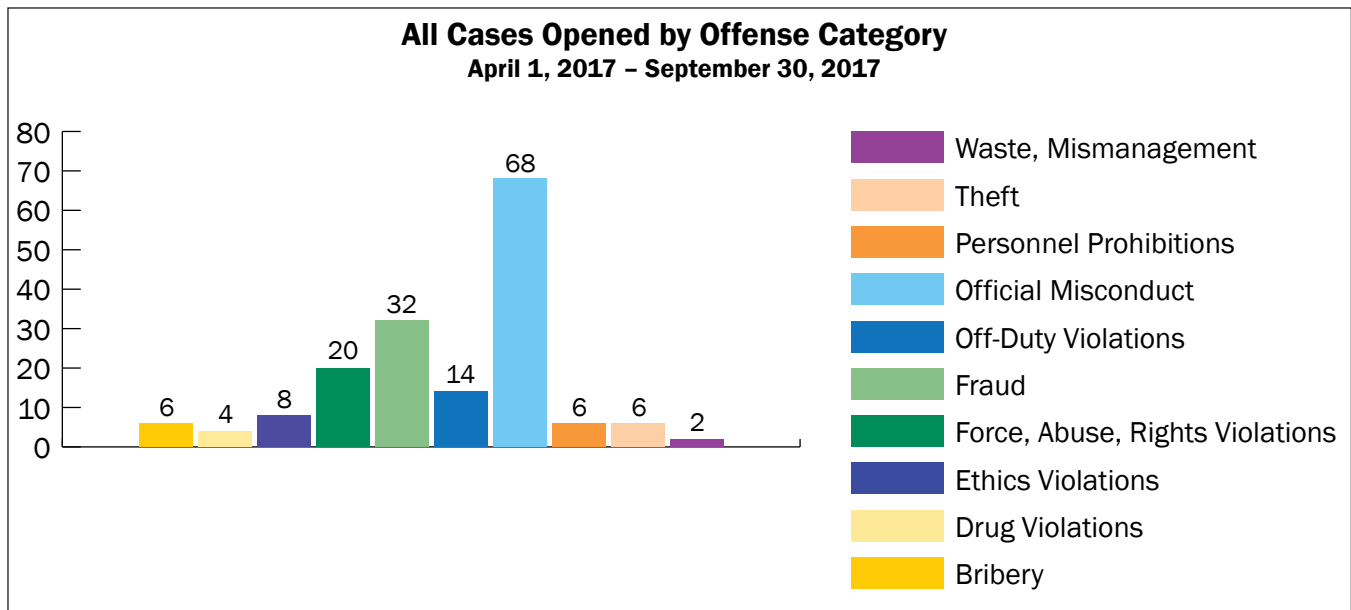
2010 through 2015, the OIG determined that sentencing outcomes in drug cases had generally shifted in a manner that was consistent with the first two principles of *Smart on Crime*. This was reflected by significantly fewer mandatory minimum sentences and recidivist enhancements being imposed in drug cases nationwide. The OIG made three recommendations to help the Department ensure that all federal prosecutors have clear and consistent guidance regarding charging policies and to enable the Department to more accurately measure the effectiveness of its charging policy and practices. The Department agreed with all of them.

Investigative Highlights

As shown in the statistics at the beginning of this section and in the chart on the following page, the OIG investigates many allegations of misconduct involving DOJ employees or contractors and grantees who receive DOJ funds. Examples of such investigations are:

- On June 28, 2017, two individuals were sentenced in the Southern District of Florida for conspiracy to commit wire and mail fraud of a DOJ program. The two individuals were sentenced to 235 months and 96 months of incarceration, respectively, each to be followed by a period of 3 years of supervised release. They were also ordered to forfeit \$4,401,005. A third conspirator was sentenced on May 24, 2017, to 28 months of incarceration and 3 years of supervised release, and ordered to pay \$737,875 in restitution. According to the factual statements in support of their guilty pleas, the three individuals unlawfully obtained approximately \$4.5 million from relatives of federal inmates incarcerated in federal correctional institutions nationwide. They falsely represented that Private Services, a fictitious company, was associated with the federal government and utilized

Highlights of OIG Activities



Source: Investigations Data Management System

a fictitious network of informants to provide third-party cooperation under the supervision of law enforcement. They further represented that the federal inmates could obtain a reduction in their sentence in exchange for their cooperation in undercover drug deals and other criminal cases, and required the inmates' relatives to make periodic payments of cash and wire transfers for such alleged undercover activities to be conducted. The investigation was conducted by the OIG's Miami Field Office with substantial support from the Cyber Investigations Office.

- The OIG initiated an investigation of a Senior Executive with the Executive Office for Immigration Review (EOIR) based on information it received from DOJ that the official engaged in inappropriate hiring practices, used non-public information to benefit friends, solicited and accepted gifts from subordinates, maintained inappropriate relationships with subordinates, and participated in an inappropriate quid pro quo scheme with a contract company.

The investigation found that the Executive engaged in improper hiring practices when, on seven separate occasions, the Executive disregarded merit system principles to hire close friends and associates as DOJ employees or DOJ contract personnel over applicants with superior qualifications for the positions. The investigation also found that the Executive initiated and approved the promotion of a friend before the individual was eligible for promotion, nominated a friend for a monetary award without sufficient justification, and promoted a friend who lacked qualifications for the position. The investigation further found that the Executive disclosed to friends and acquaintances non-public information about job opportunities on a pending DOJ contract, and advocated for increasing contractor salaries in support of friends. The investigation found that this conduct violated federal statutes, federal regulations, and DOJ policy.

In addition, the investigation found that the Executive maintained an inappropriate

Highlights of OIG Activities

personal relationship with a subordinate, and solicited and accepted gifts and donations from subordinates, in violation of federal statutes and regulations, and DOJ policy. The investigation further concluded that the Executive engaged in an inappropriate scheme with a DOJ contractor in which the Executive sought employment and training from the contractor for personal friends in exchange for the Executive actively participating in the creation and awarding of a purchase agreement of substantial monetary value to the contractor, in violation of federal statutes and regulations. Lastly, the investigation found that the Executive lacked candor and provided false statements to the OIG in relation to the Executive's conduct in the above-described matters, in violation of federal statute and regulation. The case was presented to DOJ for prosecution on June 9, 2015, and was initially accepted. However, it was ultimately declined on May 13, 2016.

The OIG has completed its investigation and provided this report to EOIR for appropriate action. The OIG also referred to the U.S. Office of Special Counsel its findings that the Executive retaliated against employees who refused to hire the Executive's friends.

- The OIG initiated an investigation into a Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) operation based on information it received that several participants in the operation engaged in misconduct.

The OIG substantiated allegations that the ATF Resident Agent in Charge (RAC) failed to properly manage multiple aspects of the operation, including that the RAC failed to properly inventory property and manage funds from the operation; failed to take corrective measures after

learning that the account associated with the operation was not in compliance with standard accounting procedures; failed to ensure that memoranda of understanding related to the operation were signed and followed; and failed to review time and attendance submissions for accuracy. The OIG concluded that the RAC violated ATF policies and procedures.

The OIG also substantiated allegations that one of the Assistant United States Attorneys (AUSA) prosecuting cases from the operation failed to disclose being involved in an intimate personal relationship with an ATF Agent assigned to the operation; failed to correct incomplete answers the agent provided in response to questioning in federal court proceedings; accepted a mobile device obtained from the operation for personal use; and failed to fully inform supervisors of critical aspects of the operation, including providing inaccurate information to secure approval of the operation, and failing to report the theft of money and property by a participant in the operation. The AUSA's conduct was in violation of federal regulations, and professional responsibilities.

The RAC was referred to DOJ for prosecution on February 2, 2015, and prosecution was declined on April 7, 2016. The AUSA was referred to DOJ for prosecution on March 2, 2015, and prosecution was declined on April 6, 2016. The RAC and the AUSA are no longer employed by the federal government.

The OIG has completed its investigation and provided its report to ATF and the Executive Office for U.S. Attorneys (EOUSA) for their information. In addition, the OIG referred to the DOJ OPR the findings of misconduct by the AUSA for its determination of whether a referral to the appropriate bar is warranted.

Highlights of OIG Activities

- The OIG investigated allegations from an FBI Technician that he suffered reprisal for making protected disclosures under the FBI Whistleblower Regulations. The OIG investigated allegations from an FBI Technician that he suffered reprisal for making protected disclosures under the FBI Whistleblower Regulations. Specifically, the Technician alleged, among other things, that an Assistant Special Agent-in-Charge (ASAC) and a Supervisory Special Agent (SSA) denied his promotion in retaliation for his disclosure that they improperly ordered him to stop going outside the FBI chain of command by making complaints to FBI executive management and threatened him with termination if he continued. The OIG found that the Technician made protected disclosures, and that FBI managers took the following personnel actions against the Technician: denied his promotion; denied his request for a temporary duty assignment; twice placed the technician in Absence Without Leave status; and counseled him on performance and leave use. In addition, the OIG found that, although not personnel actions under the FBI Whistleblower Regulations, the managers referred misconduct allegations against the Technician to the FBI's INSD and labeled him as an "insider threat." The OIG investigated the misconduct allegations against the Technician and found that they were unsubstantiated. The ASAC who made the misconduct allegations retired after his counsel was notified that OIG investigative interviews were imminent and did not respond to requests for a voluntary interview. The OIG does not have the authority to compel testimony from former Department employees. The OIG concluded that the Technician's protected disclosures were a contributing factor in the personnel actions, and that clear and convincing evidence did not show that the FBI would have taken the same actions against the Technician in the absence of his protected disclosures. Accordingly, the OIG concluded that there were reasonable grounds to believe that the Technician had suffered reprisal as a result of his protected disclosures. Under the FBI Whistleblower Regulations, the OIG's finding is not a final determination. The responsibility for making a final adjudication of the reprisal claim lies with the Office of Attorney Recruitment and Management (OARM), which may order corrective action as a remedy for the whistleblower. OARM may refer findings that particular officials engaged in retaliation to the FBI for consideration of whether discipline is warranted. The OIG provided its report of investigation to OARM in July 2017.
- The OIG initiated an investigation upon receipt of information from the BOP that a BOP Warden engaged in conduct which created the appearance that he had an inappropriate relationship with an inmate. The investigation substantiated the allegation, finding that the Warden allowed an inmate to bypass BOP policy regarding phone calls to attorneys, and failed to discipline the inmate for sending the Warden inappropriate e-mails. The investigation found that the Warden's conduct was in violation of a BOP policy, which states, in part, that employees may not allow themselves to show partiality toward inmates and must avoid situations that might give the appearance of improper involvement with inmates. The OIG has completed its investigation and provided a report to the BOP.
- On June 27, 2017 a retired DEA Special Agent pleaded guilty to theft by a government official. The Special Agent was charged in an Information filed in the Southern District of California. According to the statement of facts in support of her guilty plea, while stationed in Cyprus

Highlights of OIG Activities

between 2008 and 2014, the Special Agent was assigned to help the U.S. government recover the proceeds of an American fraud scheme that had been frozen in the banking system in northern Cyprus. After later transferring to San Francisco and having been instructed to have no further involvement with the proceeds, the Special Agent admitted returning to Cyprus in October 2015, on personal business, and taking possession of \$310,000 of the proceeds without notifying anyone in the U.S. government that she had done so. She also admitted that, in February 2016, she returned \$250,000 to the U.S. government under a false cover story that she had just received it unexpectedly in a package from Cyprus. The investigation was conducted by the OIG's Washington Field Office, with assistance from the OIG's Cyber Investigations Office.

- On July 18, 2017, a former government Contractor providing goods for the BOP, FBI, and other government agencies, was sentenced to 60 months of incarceration followed by 3 years of supervised release, and ordered to pay \$1,176,168 in restitution for conspiracy to commit mail fraud. According to a Superseding Information filed in the District of New Jersey, from February 2010 through August 2015, the Contractor and co-conspirators engaged in a scheme to obtain government contracts to provide goods to government agencies, and then subcontracted with third-party vendors to supply those goods. After receiving payments from the government agencies for the goods, the Contractor and co-conspirators failed to pay the third-party vendors. Overall, they failed to pay over 40 vendors for goods and materials supplied to the government. The investigation was conducted by the OIG's Fraud Detection Office, the Department of Interior OIG, Department of Veterans Affairs OIG, Naval Criminal

Investigative Service, U.S. Army Criminal Investigation Command, and the U.S. Postal Inspection Service.

- On May 17, 2017, a former Deputy U.S. Marshal (DUSM) was sentenced in the District of North Dakota to 84 months of incarceration, 5 years of supervised release, and ordered to pay \$2,500 to the Domestic Trafficking Victims' Fund for his conviction on child pornography offenses. The DUSM was initially investigated for surreptitiously recording women in various states of undress in fitting rooms at local stores, which led to his conviction at trial in state court. Subsequent investigation resulted in the former DUSM's guilty plea, during which, according to his plea agreement, 36 or more images of child pornography and 52 or more videos of child pornography were found on the DUSM's personal computer. The investigation was conducted by the OIG's Denver Field Office, Department of Homeland Security (DHS) Homeland Security Investigations (HSI), Bismarck Police Department, and the North Dakota Crime Bureau's Internet Crimes Against Children Task Force.
- The OIG initiated an investigation based on information it received from the BOP alleging, among other things, that a United States Penitentiary (USP) Physician provided medication intended for inmates to a USP Nurse. The USP Physician acknowledged that, on one occasion, he injected a USP Nurse with medication intended for BOP inmates. The investigation concluded that the USP Physician's conduct violated federal regulations prohibiting use of government property for unauthorized purposes, and BOP policy prohibiting dispensing medication to employees except in emergencies. The case was referred to DOJ for prosecution on April 10, 2017, and declined that same day. The OIG

Highlights of OIG Activities

has completed its investigation and has provided a report to the BOP for its information.

- The OIG initiated an investigation of a Chief Deputy U.S. Marshal (CDUSM) based on information it received that, among other things, the CDUSM engaged in misconduct by engaging in an intimate personal relationship with a subordinate, and that the CDUSM directed personnel to submit false statistics to the High Intensity Drug Trafficking Area (HIDTA) program to secure additional funding for the fugitive task force that the CDUSM supervised. The OIG substantiated the allegation that the CDUSM engaged in an inappropriate relationship with a subordinate, and the CDUSM admitted to the OIG to having engaged in the relationship. During the investigation, the OIG determined that the CDUSM provided false statements to a previous supervisor who directly asked the CDUSM if the CDUSM was involved in an intimate personal relationship with the subordinate. The OIG also substantiated the allegation that the CDUSM instructed personnel to submit false or misleading arrest statistics to HIDTA to secure increased funding. The investigation found that the CDUSM's conduct violated USMS policies. Other allegations against the CDUSM were not substantiated. The investigation was referred to DOJ for prosecution on July 28, 2016, and was declined on August 16, 2016. The OIG has completed its investigation and provided its report to the USMS.
- The OIG initiated an investigation upon receipt of information from EOUSA alleging that a United States Attorney (USA), now retired, engaged in misconduct by engaging in an intimate personal relationship with a high-level, but subordinate, supervisor in the Office (Supervisory AUSA). The

OIG substantiated the allegations, and the former USA admitted to the OIG to having engaged in the relationship. The investigation found that the USA's misconduct gave the appearance of partiality, created a difficult work environment, and violated Executive branch-wide standards of conduct, federal ethics regulations, and possibly federal regulations and DOJ policy regarding sexual harassment in the workplace. Other allegations against the former USA were not substantiated. The USA retired from federal service following the initiation of the OIG's investigation.

During the investigation, the OIG also determined that the Supervisory AUSA inadvertently failed to report spousal stock trades completely and accurately on required financial disclosure forms.

The OIG has completed its investigation and provided its reports to EOUSA and the Office of the Deputy Attorney General.

- The OIG initiated an investigation of a SSA with the FBI based on information it received from the FBI's INSD that the SSA was accidentally shot at his home by a family member. The investigation determined that local law enforcement and emergency medical personnel responded to the scene, rendered first aid, and opined that the firearm discharge had been accidental. Further investigation by the OIG determined that the SSA had asked a family member to bring his firearm to him. The family member retrieved the SSA's weapon and in the process of giving it to him, it discharged. The OIG found that the Agent violated FBI policies regarding use, security, and maintenance of firearms. The case was not referred to DOJ for prosecution. The OIG has completed its investigation and provided its report to the FBI for appropriate action.

Highlights of OIG Activities

Ongoing Work

The OIG continues its important ongoing work, including the following audits, evaluations, inspections, and special reviews:

- Various actions by DOJ and the FBI in advance of the 2016 election. The review will examine whether DOJ and the FBI followed policies or procedures in connection with, or in actions leading up to or related to, the FBI Director's public announcement on July 5, 2016, and the Director's letters to Congress on October 28 and November 6, 2016, and whether certain underlying investigative decisions were based on improper considerations. The review also will examine allegations that the FBI Deputy Director should have been recused from participating in certain investigative matters; that DOJ's Assistant Attorney General for Legislative Affairs improperly disclosed non-public information and/or should have been recused from participating in certain matters; that other DOJ and FBI employees improperly disclosed nonpublic information; and that decisions regarding the timing of the FBI's release of certain *Freedom of Information Act* (FOIA) documents on October 30 and November 1, 2016, and the use of a Twitter account to publicize this release, were influenced by improper considerations. The review will not substitute the OIG's judgment for the judgments made by the FBI or the Department regarding the substantive merits of investigative or prosecutive decisions. If circumstances warrant, the OIG will consider including other issues that may arise during the course of the review.
- The DEA's opioid enforcement efforts. The OIG is assessing whether DEA regulatory activities and enforcement efforts effectively prevent the diversion of controlled substances, particularly opioids, to unauthorized users. Specifically, this review will examine: (1) the DEA's enforcement policies and procedures to regulate registrants; (2) the DEA's use of enforcement actions involving distributors of opioids who violate these policies and procedures; and (3) the DEA's coordination with state and local partners in countering illicit opioid distribution.
- Gender equity in DOJ's law enforcement components, specifically ATF, DEA, FBI, and USMS. The review will include an examination of component demographics and staff data related to promotions, awards, and gender discrimination complaints. The OIG will also assess staff perceptions related to gender equity and analyze the reasons for those perceptions.
- FBI's process for identifying and handling alleged deception or countermeasures in applicant and employee polygraph examinations. The OIG will also evaluate the FBI's process for taking adverse personnel actions in cases where the FBI finds that an employee has used countermeasures or where an employee's polygraph examination indicates deception.
- BOP's management of its female inmate population. As part of this review, the OIG will examine trends in the female inmate population between Fiscal Year (FY) 2012 and FY 2016, the BOP's implementation of its Management of Female Offenders program statement, and the impact of the 2013 decision to convert Federal Correctional Institution (FCI) Danbury to a male institution.
- Management and oversight of the DEA's income-generating operations. The review will evaluate the initiation and classification of these operations; the controls over and use of funds during operations; and the disposal of proceeds at the conclusion of these operations.

Highlights of OIG Activities

- DOJ sponsorship of foreign nationals for law enforcement purposes. The OIG will evaluate the Criminal Division's management of foreign national sponsorship activities, including its policies and procedures for reviewing and processing requests to sponsor foreign nationals; Department law enforcement and prosecuting components' handling of sponsored foreign nationals and related activity; and Department components' coordination on foreign national sponsorship-related activities.
- The FBI's efforts to address homegrown violent extremists (HVE). The OIG will review the FBI's HVE casework and resource management; the FBI's coordination with relevant components and its strategic and tactical policies and processes to identify and address HVE threats; and the FBI field divisions' implementation of strategic and tactical policies and processes to investigate HVE threats.
- Cyber victim notification and engagement. The OIG is evaluating the FBI's processes and practices for notifying and engaging with victims of cyber intrusions.
- BOP's counterterrorism efforts. The OIG is reviewing the BOP's policies, procedures, and practices for monitoring inmates with known or suspected ties to domestic and foreign terrorism and its efforts to prevent further radicalization among its inmate population.
- DOJ's efforts to address patterns or practices of police misconduct and provide technical assistance on accountability reform to police departments. The OIG is examining how the Civil Rights Division identifies and selects potential patterns or practices of unlawful police conduct for investigation; how the Office of Community Oriented Policing

Services (COPS) and OJP direct technical assistance for accountability reforms to police departments addressing concerns over alleged misconduct; and how these agencies coordinate their efforts and assess their results.

- Improper or inappropriate hiring practices by officials at the USMS, including allegations of nepotism, favoritism, and quid pro quo arrangements. The OIG is also examining DOJ's response to a letter from a Member of Congress to DOJ regarding allegations of inappropriate hiring practices at USMS and whether officials at the USMS Office of General Counsel failed to ensure DOJ's response to the Member of Congress was accurate and complete.
- Implementation of the *Tribal Law and Order Act of 2010*. The review will focus on the Department's legal assistance, investigative training, and other technical assistance used to enhance law enforcement efforts in Indian Country.

The OIG's ongoing work is also available at oig.justice.gov/ongoing/.



On October 1, 2017, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) announced the official launch of [Oversight.gov](https://www.oversight.gov). This new website provides a “one stop shop” to follow the ongoing oversight work of all Inspectors General that publicly post reports.

The DOJ OIG, like the other OIGs, will continue to post reports to its own website. But with the launch of Oversight.gov, users can now sort, search, and filter the site’s database of public reports from all of CIGIE’s member OIGs to find reports of interest. In addition, the site features a user-friendly map to find reports based on geographic location, and contact information for each OIG’s whistleblower hotline. Users can receive notifications when new reports are added to the site by following CIGIE’s new Twitter account, [@OversightGov](https://twitter.com/OversightGov).

OIG Profile



The OIG is a statutorily created, independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct involving DOJ programs and personnel and promote economy and efficiency

in DOJ operations. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of DOJ employees in their numerous and diverse activities. The OIG also audits and inspects DOJ 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, U.S. Attorneys' Offices (USAO), USMS, and all other organizations within DOJ, as well as DOJ's contractors and grant recipients.

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 DOJ programs, computer systems, and financial statements. The Audit Division has regional offices in the Atlanta, Chicago, Denver, Philadelphia, San Francisco, and Washington, D.C., areas. Its Financial Statement Audit Office and Computer Security and Information Technology Audit Office are located in Washington, D.C., along with Audit Headquarters. Audit Headquarters consists of the immediate office of the Assistant Inspector General for Audit, Office of Operations, Office of Policy and Planning, and Advanced Audit Techniques.
- **Investigations Division** is responsible for investigating allegations of bribery, fraud, abuse, civil rights violations, and violations of other criminal laws and administrative procedures governing DOJ

employees, contractors, and grantees. The Investigations Division has field offices in Chicago, Dallas, Denver, Los Angeles, Miami, New York, and Washington, D.C. The Investigations Division has smaller, area offices in Atlanta, Boston, Detroit, El Paso, Houston, New Jersey, San Francisco, and Tucson. The Fraud Detection Office and the Cyber Investigations Office are co-located with the Washington Field Office. The Cyber Investigations Office also includes personnel in the Dallas and Los Angeles Field Offices. Investigations Headquarters in Washington, D.C., consists of the immediate office of the Assistant Inspector General for Investigations and the following branches: Operations I, Operations II, Investigative Support, and Administrative Support.

- **Evaluation and Inspections Division** conducts program and management reviews that involve on-site inspection, statistical analysis, interviews, and other techniques to review DOJ programs and activities and makes recommendations for improvement.
- **Oversight and Review Division** blends the skills of Attorneys, Investigators, Program Analysts, and Paralegals to conduct special reviews and investigations of sensitive allegations involving DOJ 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.

OIG Profile

- **Office of 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 FOIA requests.

The map below shows the locations for the Audit and Investigations Divisions.

The OIG has a nationwide workforce of more than 465 Special Agents, Auditors, Inspectors, Attorneys, and support staff. For FY 2017, the

OIG direct appropriation was approximately \$95.6 million, and the OIG anticipates earning an additional \$8.2 million in reimbursements.

As required by Section 5 of the *Inspector General Act of 1978* (IG Act), as amended, this Semiannual Report to Congress is reviewing the accomplishments of the OIG for the 6-month period of April 1, 2017, through September 30, 2017.

Additional information about the OIG and full-text versions of many of its reports are available at oig.justice.gov.



Multicomponent

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



Reports Issued

Administration of the September 11th Victim Compensation Fund

The OIG issued an audit report examining DOJ's administration of the September 11th VCF. Title II of the *James Zadroga 9/11 Health and Compensation Act of 2010* (Zadroga Act), as amended, reopened the VCF and provided it with \$7.375 billion to fund claims to compensate individuals who removed debris from or were present at the sites of the September 11th attacks.

Under the Zadroga Act, the Attorney General designates a VCF Special Master with the final authority to assess all eligibility claims and compensate victims. The OIG conducted this audit to evaluate the Special Master's administration of the VCF, and the DOJ Civil Division and JMD's support of VCF operations, from 2011 through February 2016. While the OIG noted that the VCF faced several unique challenges in establishing a claims management process, the OIG identified a number of significant concerns, which are discussed below.

First, the VCF did not consistently keep supporting documentation for certain eligibility and compensation decisions in its Claims Management System (CMS). For example, the OIG could not locate some documents, such as proof establishing presence at a September 11th attack site or of a September 11th-related physical condition, while other claim files

included the status of ongoing claimant litigation, which the Zadroga Act required to be resolved before a claimant could receive an award.

Second, expedited compensation decisions for deceased claimants and their dependents were inconsistent. Specifically, some expedited claims did not include full compensation for the deceased claimant's pain and suffering, leaving the deceased claimant's dependents—some of whom reported experiencing financial hardship—to file an amendment or an appeal to obtain additional funds to which they were entitled.

Third, the OIG found that neither the Civil Division nor JMD ensured addressed a potential conflict of interest regarding the Deputy Special Master's role in awarding 18 non-competitive contracts that totaled \$3.6 million. Specifically, the Deputy Special Master dictated the contract requirements and signed the contracts on behalf of her law firm. Although both the Civil Division and the Deputy Special Master consulted with the JMD Ethics Office, the OIG found that the question about this potential conflict was never appropriately addressed or resolved by the Civil Division or JMD. In addition to this concern, the audit highlighted a number of other procedural and oversight issues pertaining to contracts established to support VCF operations.

Multicomponent

Finally, VCF employees transmitted claimants' PII by unencrypted e-mail to private e-mail servers operated by the law firms of the VCF Special Master and Deputy Special Master. The PII included claimants' social security numbers, dates of birth, and medical information. The OIG promptly notified DOJ about this issue, and DOJ informed the OIG that it has since worked with the private law firms to safeguard and destroy claimant PII.

The OIG made a total of seven recommendations—three to the VCF to improve its claims management process and four to the Civil Division to improve its administration of future VCF contracts. The Civil Division and the VCF agreed with all of them. Throughout the audit, the VCF proactively sought to address the OIG's concerns and, prior to the issuance of the report, the VCF provided to the OIG evidence demonstrating that it had established specific procedures that sufficiently addressed its recommendations.

The OIG released a podcast to accompany this report, which is available [here](#).

Implementation of the Principles Regarding Prosecution and Sentencing Reform Under the Smart on Crime Initiative

The OIG issued a report assessing DOJ's implementation of the prosecution and sentencing reform principles under the *Smart on Crime* initiative, as well as the initiative's impact on federal charging policies and practices. Announced in August 2013 by then-Attorney General Eric Holder, the *Smart on Crime* initiative highlighted five principles to reform the federal criminal justice system. The first two principles required the development of district-specific prosecution guidelines; refined DOJ's charging policies regarding drug quantities that trigger mandatory minimum sentences for certain non-violent, low-level drug offenders; and provided guidance to federal prosecutors on the filing of recidivist sentencing enhancements in drug cases.

The OIG found that DOJ made significant progress implementing the first two *Smart on Crime* principles, but the OIG also identified several shortcomings. While DOJ issued policy memoranda and guidance to reflect its *Smart on Crime* policies, the Department did not revise the U.S. Attorneys' Manual until January 2017, more than 3 years after *Smart on Crime* was launched, even though DOJ officials established a deadline to do so by the end of 2014. In addition, the OIG determined that 20 of the 94 USAO districts provided to the OIG incomplete information to reflect the policy changes regarding mandatory minimums and recidivist enhancements, while some did not develop or update their local policies at all.

The OIG also found that the Department's ability to measure the impact of the first two *Smart on Crime* principles, or any charging policy it seeks to implement, is limited because it does not consistently collect data on charging decisions. Based on the OIG's own analysis of U.S. Sentencing Commission data from 2010 through 2015, the OIG determined that sentencing outcomes in drug cases had shifted in a manner that was consistent with the first two principles of *Smart on Crime*. This was reflected by significantly fewer mandatory minimum sentences and recidivist enhancements being imposed in drug cases nationwide. However, the OIG found that some regions diverged from these overall national trends.

The OIG made three recommendations to help the Department ensure that all federal prosecutors have clear and consistent guidance regarding Department charging policies and to enable the Department to more accurately measure the effectiveness of its charging policy and practices. The Department agreed with all of them.

The OIG released a podcast to accompany this report, which is available [here](#).

Multicomponent

Follow-up Audit of the Handling of Known or Suspected Terrorists Admitted into the Federal Witness Security Program

The OIG issued a follow-up report on DOJ's handling of KSTs admitted into the federal WITSEC Program. In a May 2013 interim report the OIG made 16 recommendations to improve information sharing among the entities responsible for the WITSEC Program, and to reduce the risk to the public when admitting KSTs into the WITSEC Program.

In this report, the OIG concluded that while the FBI, USMS, and Criminal Division's OEO have adopted policies and procedures to address the issues identified in the interim report, they have not sufficiently and appropriately implemented all of them. Additionally, the OIG remains concerned that DOJ has not ensured that KST information has been appropriately shared with relevant national security stakeholders, and that those responsible for monitoring these KSTs have the information they need to do so effectively.

Specifically, the OIG found that since November 2015, OEO has followed its protocols and appropriately coordinated with the FBI and USMS when admitting new KSTs into the WITSEC Program. Also, in response to the interim report finding that DOJ had not identified all KSTs that had been admitted into the WITSEC Program, OEO and the USMS performed a case file review and identified additional KSTs in the program. However, the OIG found that OEO's sharing with the FBI of the information it identified during the file review was often marked by delay, and that the FBI's assessments of that information were inadequately documented. While the FBI, USMS, and OEO took corrective actions to address the 2013 finding that some essential identifying information about KSTs in the WITSEC Program had not been provided to the TSC for inclusion on the consolidated terrorist watchlist, the OIG identified critical and important pieces of identifying information

about KSTs in the WITSEC Program that the FBI should have provided to the TSC, but did not.

The OIG also found that the FBI did not follow other established procedures for sharing of information on KSTs who had been admitted into the WITSEC Program, and as a result some officials who were responsible for monitoring these KSTs did not have all of the information they needed. Finally, the OIG determined that other aspects of the administration of the WITSEC Program need improvements, including the policies and procedures for terminating participants. Of particular concern, the OIG found that OEO delayed the termination of a WITSEC Program participant who was under investigation for inappropriate sexual contact with a 15-year-old, but had not yet been charged. OEO did not effectuate termination for a period of 9 months after the USMS and OEO became aware of prior sexual assault allegations against the participant, including alleged assaults against minors. During this time OEO determined that three bases for termination proposed by the USMS were inadequate. The OIG found this delay in the participant's termination very troubling.

The OIG made eight new recommendations to the USMS, FBI, and OEO to further improve the sharing of information on KST WITSEC Program participants with national security stakeholders, and to ensure that there are appropriate controls over KSTs in the WITSEC Program. The USMS, FBI, and OEO agreed with all of the recommendations.

Management Advisory Memorandum Regarding Potential Systemic Issues Related to DOJ's Zero Tolerance Policy on Harassment

The OIG issued to DOJ leadership a Management Advisory Memorandum identifying potential systemic issues related to the components' handling of sexual harassment and misconduct allegations and suggesting that the Department undertake corrective

Multicomponent

action to ensure enforcement of DOJ policy across all components. The memorandum is based on the findings in the OIG's report on the handling of sexual harassment and misconduct allegations by DOJ's Civil Division, as well as the findings of prior OIG reports on the law enforcement components' handling of substantiated allegations of sexual harassment and misconduct. In the memorandum, the OIG noted that a culture of zero tolerance for sexual harassment and misconduct requires enforcement of DOJ policy equally across all components, which in turn requires coordinated, high level action within DOJ to address misconduct reporting requirements, penalty guidelines, and other policy enforcement issues.

Compliance under the *Improper Payments and Elimination Recovery Act of 2010* for FY 2016

The OIG issued an examination report of DOJ's FY 2016 compliance under the *Improper Payments Elimination and Recovery Act of 2010*. The examination assessed the Department's compliance with the reporting requirements of Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, Appendix C, *Requirements for Effective Estimation and Remediation of Improper Payments*. The OIG concluded that the Department complied, in all material respects, with the aforementioned requirements for FY 2016.

Federal Information Security Modernization Act Audits

The *Federal Information Security Modernization 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. OMB is responsible for the submission of the annual FISMA report to Congress. DHS prepares

the FISMA metrics and provides reporting instructions to agency Chief Information Officers, Inspectors General, and Senior Agency Officials for Privacy. The FY 2017 FISMA results are due to OMB by October 31, 2017.

For FY 2016, the OIG reviewed the security programs of six DOJ components: the FBI, DEA, JMD, BOP, the Environment and Natural Resources Division (ENRD), and OJP. Within these components, the OIG selected an Intelligence Community system, the FBI's RiskVision-Secret System, DEA's El Paso Intelligence Center Seizure System, JMD's Joint Biometric Data Exchange Hosting Environment, BOP's Electronic Medical Records System, ENRD's Justice Consolidated Office Network, and OJP's Bulletproof Vest Partnership Program System. In these audits, the OIG identified deficiencies in access control, audit and accountability, awareness and training, configuration management, contingency planning, identification and authentication, planning, risk assessment, security assessment and authorization, and system and services acquisition. The OIG audit reports provided 93 recommendations for improving implementation of DOJ's information security program and practices for its sensitive but unclassified, classified, and national security systems. The components agreed with all of them.

For FY 2017, the OIG reviewed the security programs of six DOJ components: the FBI, JMD, ATF, Civil Division, USMS, and the United States Trustee Program (USTP). Within these components, the OIG selected for review two classified systems within the FBI and the following five sensitive but unclassified systems: JMD's AEGIS Upgrade System; ATF's Bomb Arson Tracking System; Civil Division's Mega Network Operations Center; USMS' Property and Asset Control Enterprise Solution Systems; and USTP's Means Test Review System. The OIG plans to issue reports evaluating each of these systems as well as reports on each component's information security program.

Multicomponent

In addition, FISMA requires an annual evaluation of the information security programs and practices of Intelligence Community (IC) agencies. The IC Inspector General is responsible for analyzing, summarizing, and consolidating the IC OIG FISMA report into one capstone annual report. On September 14, 2017, the OIG submitted the metrics report for the National Security Systems within the FBI to the IC Inspector General.

Single Audit Act Reports

The *Single Audit Act of 1984*, as amended, promotes sound financial management of federal financial assistance provided to state, local, and tribal governments, colleges, universities, and nonprofit organizations. Under 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), such entities that expend \$750,000 or more in federal funds in 1 year must have a “single audit” performed annually covering all federal funds expended that year.¹ Single audits are conducted by state and local government auditors, as well as independent public accounting firms. The OIG reviews these audit reports when they pertain to DOJ funds in order to determine whether the single audit reports meet federal requirements and generally accepted government auditing standards. In addition, the OIG reviews single audit reports to determine whether they contain audit findings related to DOJ funds. As a result of the OIG’s review of the single audits during this semiannual period, the OIG issued to OJP 30 single audit reports encompassing approximately 233 grants, and other agreements totaling more than \$180.3 million. The OIG also monitors these audits through the resolution and closure process.

¹ On December 26, 2014, the Uniform Guidance superseded OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Under OMB Circular A-133, which affected all audits of fiscal years beginning before December 26, 2014, the expenditure threshold was \$500,000.

The single audits disclosed that costs charged to DOJ grants were not always related to the grant programs or properly allocated. In addition, some required financial and program reports were inaccurate or not filed in a timely manner, if at all. The state and local government auditors and independent public accounting firms who conducted the single audits also found examples of incomplete or missing records, inadequate segregation of duties, failure to conduct physical inventories of assets purchased with federal funds, failure to submit timely single audit reporting packages to the Federal Audit Clearinghouse (an office operating on behalf of OMB that facilitates federal oversight of entities expending federal money), and failure to reconcile significant accounting records with the general ledger and subsidiary ledgers. They also reported that grantees 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. To address these deficiencies, the auditors recommended 55 management improvements and questioned costs totaling \$418,662.

Civil Rights and Civil Liberties

Section 1001 of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (Patriot Act) directs the OIG to receive and review complaints of civil rights and civil liberty violations by DOJ employees, to publicize how people can contact the OIG to file a complaint, and to send a semiannual report to Congress discussing the OIG’s implementation of these responsibilities. In September 2017, the OIG issued its most recent report, which summarized the OIG’s Section 1001 activities from January 1 through June 30, 2017. The report described the number of complaints the OIG received under this section, the status of investigations conducted by the OIG and DOJ components in response to those complaints, and an estimate of the OIG’s expenses for conducting these activities. The report also describes other OIG reviews that are related to potential civil rights and civil liberty issues, but not required by Section 1001.

Multicomponent

Reports with Outstanding Unimplemented Recommendations

Every 6 months, the OIG publishes a list of recommendations from the OIG's audits, evaluations, and reviews that the OIG had not closed as of the end of the semiannual reporting period, because it had not determined that DOJ had fully implemented them. The information omits recommendations that DOJ determined to be classified or sensitive, and therefore unsuitable for public release. This list includes the titles of reports with recommendations not closed and the status and descriptions of the not closed recommendations. Hyperlinks to each report are also included in this list.

The most recent report of recommendations not closed by the OIG as of September 30, 2017, is available on the OIG's website [here](#). The recommendations in this report are associated with over \$137 million in questioned costs and approximately \$1.5 million in funds that the OIG recommends could be used more efficiently if repurposed by the agency.

Investigations

The following are examples of cases involving more than one DOJ component that the OIG investigated during this reporting period:

- The OIG initiated an investigation into an ATF operation based on information it received that several participants in the operation engaged in misconduct.

The OIG substantiated allegations that the ATF RAC failed to properly manage multiple aspects of the operation, including that the RAC failed to properly inventory property and manage funds from the operation; failed to take corrective measures after learning that the account associated with the operation was not in compliance with standard accounting procedures; failed to ensure that memoranda of understanding

related to the operation were signed and followed; and failed to review time and attendance submissions for accuracy. The OIG concluded that the RAC violated ATF policies and procedures.

The OIG also substantiated allegations that one of the AUSA's prosecuting cases from the operation failed to disclose being involved in an intimate personal relationship with an ATF Agent assigned to the operation; failed to correct incomplete answers the agent provided in response to questioning in federal court proceedings; accepted a mobile device obtained from the operation for personal use; and failed to fully inform supervisors of critical aspects of the operation, including providing inaccurate information to secure approval of the operation, and failing to report the theft of money and property by a participant in the operation. The AUSA's conduct was in violation of federal regulations, and professional responsibilities.

The RAC was referred to DOJ for prosecution on February 2, 2015, and prosecution was declined on April 7, 2016. The AUSA was referred to DOJ for prosecution on March 2, 2015, and prosecution was declined on April 6, 2016. The RAC and the AUSA are no longer employed by the federal government.

The OIG has completed its investigation and provided its report to ATF and the EOUSA for their information. In addition, the OIG referred to the DOJ OPR the findings of misconduct by the AUSA for its determination of whether a referral to the appropriate bar is warranted.

- On July 18, 2017, a former government Contractor providing goods for the BOP, FBI, and other government agencies, was sentenced to 60 months of incarceration followed by 3 years of supervised

Multicomponent

release, and ordered to pay \$1,176,168 in restitution for conspiracy to commit mail fraud. According to a Superseding Information filed in the District of New Jersey, from February 2010 through August 2015, the Contractor and co-conspirators engaged in a scheme to obtain government contracts to provide goods to government agencies, and then subcontracted with third-party vendors to supply those goods. After receiving payments from the government agencies for the goods, the Contractor and co-conspirators failed to pay the third-party vendors. Overall, they failed to pay over 40 vendors for goods and materials supplied to the government. The investigation was conducted by the OIG's Fraud Detection Office, the Department of Interior OIG, Department of Veterans Affairs OIG, Naval Criminal Investigative Service, U.S. Army Criminal Investigation Command, and the U.S. Postal Inspection Service.

The following are OIG investigations of allegations against senior governmental employees in several components in which the OIG determined the allegations were unsubstantiated. The OIG therefore closed the investigations without public disclosure during the reporting period:

- The OIG initiated seven investigations of alleged misconduct by six senior government employees that were ultimately unsubstantiated. Of these investigations, three included allegations of misuse of position; two included allegations of job performance failure; one included allegations of false statements; one included allegations of obstruction; one include allegations of bribery; one included allegations of release of information; one included allegations of retaliation; one included allegations of threatening/harassment; and one included allegations of conflict of interest.

Ongoing Work

Actions by the Department of Justice and the FBI in Advance of the 2016 Election

The OIG, in response to congressional and other requests, is reviewing allegations regarding various actions by DOJ and the FBI in advance of the 2016 election. The review will examine whether DOJ and the FBI followed policies or procedures in connection with, or in actions leading up to or related to, the FBI Director's public announcement on July 5, 2016, and the Director's letters to Congress on October 28 and November 6, 2016, and whether certain underlying investigative decisions were based on improper considerations. The review also will examine allegations that the FBI Deputy Director should have been recused from participating in certain investigative matters; that the Assistant Attorney General for Legislative Affairs improperly disclosed non-public information and/or should have been recused from participating in certain matters; that other DOJ and FBI employees improperly disclosed non-public information; and that decisions regarding the timing of the FBI's release of certain FOIA documents on October 30 and November 1, 2016, and the use of a Twitter account to publicize this release, were influenced by improper considerations. The review will not substitute the OIG's judgment for the judgments made by the FBI or DOJ regarding the substantive merits of investigative or prosecutive decisions. If circumstances warrant, the OIG will consider including other issues that may arise during the course of the review.

The BOP's and USMS's Pharmaceutical Drug Costs for Inmates and Detainees

The OIG is conducting a review of the BOP's and USMS's pharmaceutical drug costs for inmates and detainees. This review will examine the budgetary impact of pharmaceutical drugs on the BOP and USMS, as well as their processes for obtaining pharmaceutical drugs.

Multicomponent

Audits of DOJ and Select Components' Annual Financial Statements

The OIG is conducting audits of DOJ and select components' annual financial statements for FY 2017. Pursuant to Section 304(a) of the *Chief Financial Officers Act of 1990*, as expanded by Section 405(b) of the *Government Management Reform Act of 1994*, the OIG is required to perform an audit of DOJ's annual financial statements. In addition, the following components will receive a standalone audit for FY 2017: the Assets Forfeiture Fund and Seized Asset Deposit Fund, FBI, BOP, and Federal Prison Industries.

The OIG is also conducting an audit of the annual closing package financial statements of DOJ in accordance with Volume 1, Part 2-Chapter 4700 of the Department of the Treasury's (Treasury) *Treasury Financial Manual*. Its purpose is to assist Treasury in preparing the U.S. Government Financial Report by reclassifying DOJ's general-purpose financial statements into a standard format that will be consolidated with other federal agencies, and by reporting DOJ's intragovernmental balances by federal agency to facilitate elimination of transactions between federal agencies.

Award Closeout Process

The OIG is auditing DOJ's award closeout process. The preliminary objectives are to: (1) ensure that expired awards are closed properly and in a timely manner; (2) ensure that award funds are appropriately managed after award periods have ended, including deobligations and subsequent drawdowns; and (3) determine whether appropriate controls are in place to ensure that closeout data reported by recipients is accurate and supported.

DOJ's Compliance with the *Federal Funding Accountability and Transparency Act of 2006*, as amended by the *DATA Act of 2014*

The OIG is examining DOJ's compliance with reporting requirements under the *Federal Funding Accountability and Transparency Act*, as amended by the *DATA Act*. As part of this examination, the OIG will review a statistically valid sampling of the spending data submitted to Congress by the Department and report on the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of data standards.

DOJ's Clemency Process

The OIG is assessing the Department's clemency process. Following the OIG's 2011 report on the Department's processing of clemency petitions, this review will focus on the period from FY 2012 to the present and will assess the procedures utilized by the Department and the impact of the Department's criteria for prioritizing commutation petitions.

Review of DOJ's Violent Crime Initiatives

The OIG is reviewing DOJ's strategic planning and accountability measures for combatting violent crime, including coordination across DOJ prosecution, law enforcement, and grant making components; and strategic planning for providing assistance to communities that are confronting significant increases in homicides and gun violence.

DOJ's Efforts to Address Patterns or Practices of Police Misconduct and Provide Technical Assistance on Accountability Reform to Police Departments

The OIG is examining how (1) the Civil Rights Division identifies and selects potential patterns or practices of unlawful police conduct for investigation, (2) COPS' and OJP's direct

Multicomponent

technical assistance for accountability reforms to police departments addressing concerns over alleged misconduct, and (3) these agencies coordinate their efforts and assess their results, including any opportunities to leverage programs within the Community Relations Service.

Gender Equity in DOJ's Law Enforcement Components

The OIG is examining gender equity in DOJ's law enforcement components, specifically ATF, DEA, FBI, and USMS. The review will include an examination of component demographics and staff data related to promotions, awards, and gender discrimination complaints. The OIG will also assess staff perceptions related to gender equity and analyze the reasons for those perceptions.

Sponsorship of Foreign Nationals for Law Enforcement Purposes

The OIG is conducting an audit of DOJ's sponsorship of foreign nationals for law enforcement purposes. The preliminary objectives are to evaluate: (1) the Criminal Division's management of foreign national sponsorship activities, including its policies and procedures for reviewing and processing requests to sponsor foreign nationals; (2) Department law enforcement and prosecuting components' handling of sponsored foreign nationals and related activity; and (3) Department components' coordination on foreign national sponsorship-related activities.

Implementation of the *Tribal Law and Order Act of 2010*

The OIG is assessing the Department's tribal law enforcement activities and responsibilities pursuant to the *Tribal Law and Order Act of 2010*. The review will focus on the Department's legal assistance, investigative training, and other technical assistance used to enhance law enforcement efforts in Indian Country.

Review of Cooperation between the Departments of Justice and Homeland Security in Southwest Border Criminal Investigations

The Inspectors General of DOJ and the DHS are jointly reviewing cooperation primarily between the FBI, DHS's HSI, and the USAOs on criminal investigations along the U.S. Southwest border. This review will focus on deconfliction of investigations and operations, as well as information sharing on investigations conducted by the FBI and HSI and prosecuted by USAOs.

Federal Bureau of Investigation

The FBI seeks to protect 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 approximately 35,000 employees in 56 field offices located in major cities throughout the United States; more than 350 resident agencies in cities and towns across the nation; several specialized field installations; and more than 60 legal attachés in other countries.



Reports Issued

Aircraft Lease Contract to Midwest Jet Center, LLC

The OIG issued an audit report examining the FBI's sole-source contract with Midwest Jet Center, LLC, doing business as Reynolds Jet Management (RJM). RJM leased a Gulfstream G-V (G5) aircraft to the FBI for 6 months, from January 31, 2016, to July 30, 2016, for a total of \$2.4 million. The FBI had previously leased this aircraft from RJM under a separate contract.

The OIG found that RJM complied with the stated terms and conditions of the 6-month contract, but identified several deficiencies with the FBI's awarding and oversight of the contract. Specifically, the OIG found that the FBI did not award or administer the contract in accordance with the Federal Acquisition Regulation (FAR). The FBI did not comply with the FAR that requires government contracting personnel to approve a sole source justification prior to awarding the contract. Instead, the sole source justification documents were dated nearly 5 months into the 6-month lease. Further, the FBI did not formally award the contract until approximately 1 month after the period of performance began. The audit also found that the FBI did not adequately review invoices, pay invoices in a timely manner, maintain

sufficient documentation in the contract file to show a complete history of the contract action, or enter accurate information into the Federal Procurement Data System—all of which were in non-compliance of the FAR.

The FBI also did not include specific performance metrics in the contract. During the contract period of performance, the leased G5 aircraft was unavailable for a total of 44 days for unscheduled maintenance, which equated to approximately \$580,000 of the total contract value, and, based upon documentation provided by the FBI, negatively affected FBI missions. However, because the contract did not include specific performance metrics, the FBI did not have any meaningful recourse for the significant unexpected downtime of the leased G5 aircraft.

In addition, FBI officials did not complete a comprehensive bilaterally agreed-upon pre-inspection of the G5 aircraft. At the conclusion of the lease, RJM identified needed repairs to the aircraft that RJM deemed to be in excess of normal wear and tear, and submitted requests for equitable adjustment to the FBI for \$2.4 million. Without a documented pre-inspection agreed to by both parties, the OIG could not determine the accuracy of RJM's request for an equitable adjustment.

Federal Bureau of Investigation

Many of the deficiencies the OIG found are similar to those it identified in its September 2016 report, "[Audit of the Federal Bureau of Investigation's Fuel Procurement Contracts Awarded to the Petroleum Traders Corporation](#)," which examined certain FBI contracts for bulk fuel procurements. The OIG believes the FBI needs to assess the findings from both reports to determine how to improve its compliance with the FAR and internal FBI policies. The OIG made seven recommendations to the FBI to address these deficiencies. The FBI agreed with all of them.

Insider Threat Program

The OIG issued a classified report examining the FBI's Insider Threat Program, which was submitted to Congress, DOJ leadership, and the FBI. The report examines the FBI's adherence to the National Insider Threat Task Force's National Insider Threat Policy and Minimum Standards, as well as other related policies, with a focus on the period of April 2014 through March 2017. Due to its classified nature, the report could not be released publicly. The OIG released a three-page public summary that stated that the OIG found that the FBI could make improvements to its program for deterring, detecting, and mitigating malicious insider threats and made eight recommendations to the FBI for improvement. The FBI agreed with all of them.

CODIS Audits

During this reporting period, the OIG audited Combined DNA Index System (CODIS) activities at four laboratories. The results of those audits are described below.

- The OIG found that the [Los Angeles County Sheriff's Department Scientific Service Bureau Crime Laboratory](#) (LASD Laboratory) in Los Angeles, California, did not limit and control access to its laboratory as required by the National DNA Index System's (NDIS) Security Requirements. Specifically, the OIG

found that there were former employees who had retained active keycards to restricted areas of the LASD Laboratory after their employment with the LASD had ceased; there were keycards assigned to unknown individuals and individuals with inappropriate access to restricted areas of the LASD Laboratory; and the LASD Laboratory's distribution system for its keycards was not current, accurate, and clearly documented as required by the FBI's Quality Assurance Standards (QAS). After the OIG brought these security deficiencies to the attention of the LASD Laboratory Director, the LASD Laboratory deactivated the former employees' keycards and limited access to the restricted areas of the Laboratory as required. In addition, the OIG found that the LASD Laboratory did not provide adequate physical security for its CODIS server and client terminals against any unauthorized personnel gaining access to the computer equipment or to any of the stored data. The OIG further determined that the LASD Laboratory did not have adequate security measures in place to protect against unauthorized personnel gaining access to DNA records or data. Further, the OIG reviewed 100 of the LASD Laboratory's 5,639 forensic profiles that were uploaded to NDIS as of January 2017 and found that 98 profiles were complete, accurate, and allowable. The OIG identified and the LASD Laboratory agreed that one of the profiles reviewed was unallowable and the LASD Laboratory removed the profile from CODIS. The OIG also found one forensic profile that was uploaded to CODIS with an inaccurate allele, which the LASD Laboratory agreed and corrected. In addition, the OIG found nine forensic profiles that were uploaded to CODIS prior to receiving a secondary review for CODIS eligibility, correct DNA types, and the appropriate specimen category, as required by the FBI. Finally, of 100 forensic

Federal Bureau of Investigation

profiles it selected, the OIG initially found 16 forensic case files that lacked sufficient supporting documentation and information to determine CODIS eligibility. After the OIG informed the LASD Laboratory, the Laboratory contacted the law enforcement agencies that had submitted the forensic profiles to obtain information on these 16 case files. The OIG made eight recommendations to address the LASD Laboratory's compliance with standards governing CODIS activities and the FBI agreed with all of them. The LASD Laboratory did not agree with the findings.

- The OIG found that the [Pinellas County Forensic Laboratory in Largo, Florida](#) (PCFL), was in compliance with standards regarding training for personnel, physically and electronically securing the CODIS server, and reporting external audits to the FBI. The OIG also found that PCFL complied with the Forensic Quality Assurance Standards it reviewed. However, the audit found that PCFL did not comply with all requirements when uploading forensic DNA profiles to the national database. Specifically, the audit identified five unallowable profiles, four of which were questioned because of the lack of adequate documentation in case files. As a result of the audit, two of the unallowable DNA profiles were removed from the national database, documentation was obtained to support inclusion of one, and the other two are pending final determination by the FBI. The OIG made two recommendations to the FBI, and the FBI agreed with both of them. The PCFL agreed with one recommendation and partially agreed with another.
- The OIG found that the [Anne Arundel County Police Department Crime Laboratory in Millersville, Maryland](#), was in compliance with the procedures and standards it reviewed and that all

100 forensic profiles in the audit sample were complete, accurate, and allowable for inclusion in NDIS. The OIG made one recommendation to the FBI to clarify NDIS Security Requirements for CODIS data backups and contingency plans regarding file security, specifically with regard to the encryption of CODIS data backups. The FBI did not agree or disagree with the OIG's recommendation but it stated the actions it is taking to address the recommendation.

- The OIG found that the [Denver Police Department Crime Laboratory](#) (DPDCL) in Denver, Colorado, was in compliance with the QAS it reviewed. The DPDCL underwent QAS reviews within the designated parameters and timeframes, had policies in place to ensure DPDCL access was limited to authorized personnel, and had adequate procedures to ensure the integrity of physical and sampled evidence. The OIG also reviewed 100 of the DPDCL's 3,646 forensic DNA profiles that were uploaded to NDIS between February 2012 and February 2017, and determined that all the profiles that it reviewed were complete, accurate, and allowable for inclusion in NDIS. However, the OIG determined that the DPDCL did not encrypt backup CODIS data and did not timely notify the FBI on the change in employment status for 10 users of CODIS, categorized as "IT Users." The OIG made two recommendations to the FBI to address the DPDCL's compliance with standards governing CODIS activities. The FBI agreed with both of them. The DPDCL did not agree or disagree with the findings but provided information on actions it is taking to correct the findings.

Federal Bureau of Investigation

Management Advisory Memorandum Regarding the FBI's Referral of Allegations of Employee Misconduct to the FBI's Inspection Division and the DOJ OIG

The OIG issued to the FBI Director a Management Advisory Memorandum identifying potential systemic issues with the FBI AIU's requirement to appropriately report all allegations of misconduct of which it is aware to the FBI's INSD and to the OIG. The AIU investigates and makes adjudicative recommendations on employee polygraph results. FBI policy instructs the AIU to refer to the INSD any FBI employee misconduct allegation that involves "high-risk security concerns." The INSD has discretion on whether to conduct a misconduct investigation. If it does, it forwards the results to the FBI's Office of Professional Responsibility for further review and potential disciplinary action.

The OIG observed these potential systemic issues during its ongoing review of the FBI's investigation and adjudication of unfavorable results from personnel security polygraph examinations of FBI employees. Despite requirements in FBI policy, Department policy, and federal regulations, the OIG found several instances in which the FBI could not demonstrate that allegations of employee misconduct were referred to the INSD or the OIG. Our Management Advisory Memorandum provides two example cases in which neither the INSD nor the OIG have any record of receiving allegations of potential employee misconduct. These allegations include misuse of government equipment to view and print inappropriate photographs and a relationship between an FBI Special Agent and a former FBI criminal source whom the Special Agent previously managed. The FBI stated that that these referrals could have been made verbally during regularly scheduled coordination meetings between the AIU and INSD. However, FBI policy requires misconduct allegations to be referred to the

INSD in writing and the FBI could not locate any record of written referrals having occurred.

The OIG believes that inconsistent reporting of misconduct allegations to the INSD and the OIG may hinder the FBI and the OIG from thoroughly and promptly investigating allegations of employee misconduct. Further, all FBI employees have security clearances that allow them to access classified—and sometimes particularly sensitive—information when relevant to their work. Independent investigations by the INSD or the OIG of allegations against these employees are particularly important given the potential risks to U.S. national security. The OIG requested that the FBI describe what actions the FBI has taken or intends to take with regard to these issues.

Investigations

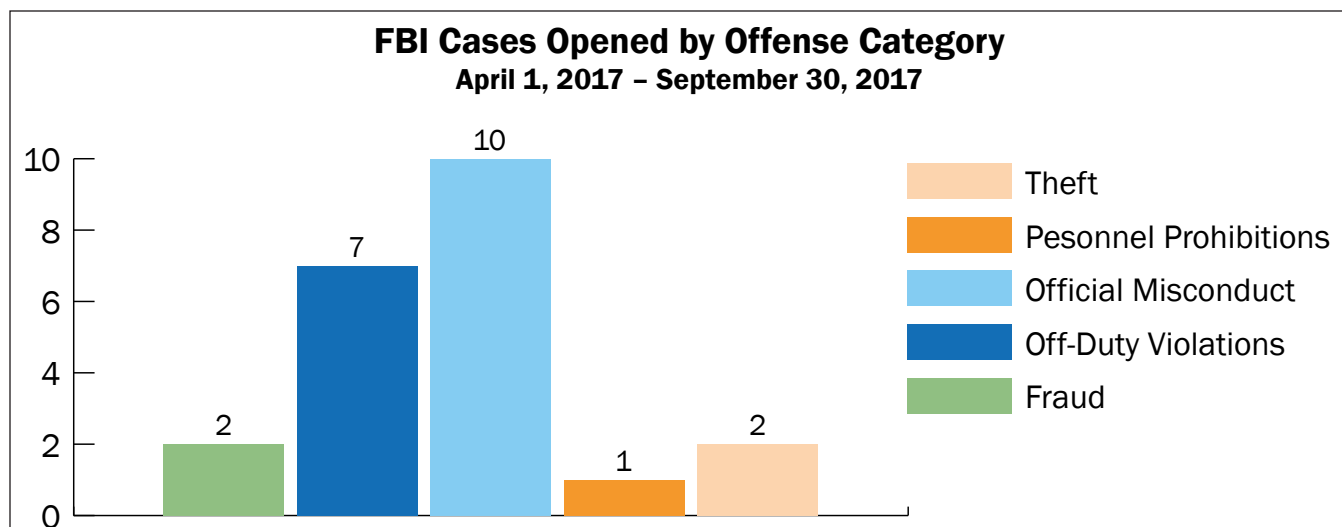
During this reporting period, the OIG received 702 complaints involving the FBI. The most common allegations made against FBI employees were official misconduct, and waste and mismanagement. Most of the complaints received during this period were considered management issues and were provided to FBI management for its review and appropriate action.

During this reporting period, the OIG opened 22 investigations and referred 47 allegations to the FBI's INSD for action or investigation. At the close of the reporting period, the OIG had 58 open criminal or administrative investigations of alleged misconduct related to FBI employees. The criminal investigations included official misconduct and off-duty violations. The administrative investigations involved serious allegations of misconduct.

The following are examples of cases involving the FBI that the OIG investigated during this reporting period:

- On August 25, 2017, a former Philadelphia Police Officer assigned

Federal Bureau of Investigation



Source: Investigations Data Management System

to the FBI Philadelphia Division Task Force pleaded guilty to distribution of a controlled substance. According to an Information filed in the Eastern District of Pennsylvania, the Task Force Officer provided heroin to an individual in December 2016. The investigation was conducted by the OIG's New Jersey Area Office and the FBI's Philadelphia Division.

- In the *Semiannual Report to Congress, October 1, 2016 – March 31, 2017*, the OIG reported that a former FBI Automotive Fleet Program Coordinator pleaded guilty to theft of government property. On June 6, 2017, the Program Coordinator was sentenced to 3 months of home detention, 3 years of probation, 80 hours of community service, and ordered to pay \$20,995 in restitution. He had previously admitted in court that from 2011 through January 2016, he conspired with others to defraud the U.S. government by allowing vendors to charge inflated or fictional costs for automotive or towing services to FBI vehicles while he provided payment for such fraudulent charges with his government-issued purchase card. In return, the co-conspirators provided him cash payments for each fraudulent

transaction he approved and paid. The investigation was conducted by the OIG's Washington Field Office and members of the DEA's Group 48 HIDTA Task Force.

- On September 22, 2017, a former Special Agent previously assigned to the FBI Atlanta Field Division, was sentenced in the Northern District of Georgia to 6 months of probation along with a \$1,000 fine for disclosure of confidential information. According to the factual statement in support of his guilty plea, between August 2012 and November 2012, he disclosed confidential information to two individuals regarding specialized Internet chat language used by an Internet Crime and Child Exploitation Task Force he was leading. The former Special Agent also allowed one of the individuals to use an FBI undercover computer and the specialized language to conduct several chats with persons on behalf of the Task Force. The investigation was conducted by the OIG's Atlanta Area Office.
- The OIG initiated an investigation of an SSA with the FBI based on information it received from the FBI's INSD that the SSA was accidentally shot at his home

Federal Bureau of Investigation

by a family member. The investigation determined that local law enforcement and emergency medical personnel responded to the scene, rendered first aid, and opined that the firearm discharge had been accidental. Further investigation by the OIG determined that the SSA had asked a family member to bring his firearm to him. The family member retrieved the SSA's weapon and in the process of giving it to him, it discharged. The OIG found that the Agent violated FBI policies regarding use, security, and maintenance of firearms. The case was not referred to DOJ for prosecution. The OIG has completed its investigation and provided its report to the FBI for appropriate action.

- The OIG investigated allegations from an FBI Technician that he suffered reprisal for making protected disclosures under the FBI Whistleblower Regulations. Specifically, the Technician alleged, among other things, that an ASAC and an SSA denied his promotion in retaliation for his disclosure that they improperly ordered him to stop going outside the FBI chain of command by making complaints to FBI executive management and threatened him with termination if he continued. The OIG found that the Technician made protected disclosures, and that FBI managers took the following personnel actions against the Technician: denied his promotion; denied his request for a temporary duty assignment; twice placed the technician in Absence Without Leave status; and counseled him on performance and leave use. In addition, the OIG found that, although not personnel actions under the FBI Whistleblower Regulations, the managers referred misconduct allegations against the Technician to the FBI's Inspection Division and labeled him as an "insider threat." The OIG investigated the misconduct allegations against the Technician and found that they were unsubstantiated. The ASAC who made the

misconduct allegations retired after his counsel was notified that OIG investigative interviews were imminent and did not respond to requests for a voluntary interview. The OIG does not have the authority to compel testimony from former Justice Department employees. The OIG concluded that the Technician's protected disclosures were a contributing factor in the personnel actions, and that clear and convincing evidence did not show that the FBI would have taken the same actions against the Technician in the absence of his protected disclosures. Accordingly, the OIG concluded that there were reasonable grounds to believe that the Technician had suffered reprisal as a result of his protected disclosures. Under the FBI Whistleblower Regulations, the OIG's finding is not a final determination. The responsibility for making a final adjudication of the reprisal claim lies with OARM, which may order corrective action as a remedy for the whistleblower. OARM may refer findings that particular officials engaged in retaliation to the FBI for consideration of whether discipline is warranted. The OIG provided its report of investigation to OARM in July 2017.

Ongoing Work

Cyber Victim Notification and Engagement

The OIG is auditing the FBI's cyber victim notification and engagement. The preliminary objective is to evaluate the FBI's processes and practices for notifying and engaging with victims of cyber intrusions.

The FBI's Identification and Handling of Alleged Deception or Countermeasures in Applicant and Employee Polygraph Examinations

The OIG is conducting a review of the FBI's process for identifying and handling alleged

Federal Bureau of Investigation

deception or countermeasures in applicant and employee polygraph examinations. The OIG will also evaluate the FBI's process for taking adverse personnel actions in cases where the FBI finds that an employee has used countermeasures or where an employee's polygraph examination indicates deception.

maritime terrorism threats, (2) preventing and responding to maritime terrorist incidents, and (3) coordinating with the DHS components to ensure seaport security.

Bulk Telephony Review

The OIG is reviewing the FBI's use of information derived from the National Security Agency's collection of telephony metadata obtained from certain telecommunications service providers under Section 215 of the Patriot Act. The review will examine the FBI's procedures for receiving, processing, and disseminating leads the National Security Agency develops from the metadata, as well as any changes that have been made to these procedures over time. The review will also examine how FBI field offices respond to leads and the scope and type of information field offices collect as a result of any investigative activity that is initiated. In addition, the review will examine the role the leads have had in FBI counterterrorism efforts.

Efforts to Address Homegrown Violent Extremists

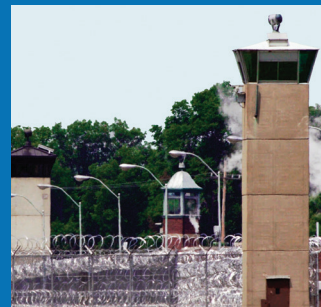
The OIG is auditing the FBI's efforts to address homegrown violent extremists HVEs. The preliminary objectives are to: review the FBI's HVE casework and resource management; evaluate the FBI's coordination with relevant components and its strategic and tactical policies and processes to identify and address HVE threats; and assess the FBI field divisions' implementation of strategic and tactical policies and processes to investigate HVE threats.

Efforts to Protect Seaports and Maritime Activity

The OIG is auditing the FBI's efforts to protect the nation's seaports and maritime activity. The preliminary objectives are to review the FBI's roles and responsibilities for: (1) assessing

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 more than 40,000 employees and operates 122 institutions, 6 regional offices, 2 staff training centers, a central office (Headquarters), and 25 Residential Reentry Management field offices. The BOP is responsible for the custody and care of approximately 185,300 federal offenders. Approximately, 153,800 of these inmates are confined in BOP-operated facilities, while the remainder is confined in privately managed or community-based facilities and local jails.



Reports Issued

Residential Reentry Center Contract Awarded to Centre, Inc.

The OIG issued a report examining the BOP's contract with Centre, Inc. (Centre), to operate a Residential Reentry Center (RRC) located in Fargo, North Dakota (Fargo RRC). The BOP uses RRCs, also known as halfway houses, to transition inmates into communities prior to their release from incarceration. The Fargo RRC contract, which was awarded to Centre in September 2015, has an estimated value of over \$12.3 million if all option periods are exercised. At the time of the audit, the BOP had spent \$1.96 million on the contract.

The OIG found that the BOP did not effectively monitor Centre's compliance with the contract requirements for the Fargo RRC. Specifically, the audit identified deficiencies with the quality of Centre's inmate programming. For example, the OIG found that 28 percent of the Fargo RRC inmate program plans did not establish goals for addressing each inmate's top risk areas, Fargo RRC staff did not consistently conduct timely program planning meetings or document inmate progress toward achieving program plan goals, and the Fargo RRC did not comply with contract requirements regarding inmate transition skills programming. None of these deficiencies were identified in the BOP's monitoring reports.

The BOP also requires inmates to make subsistence payments to the RRC each pay day

to promote financial responsibility. The OIG identified \$28,712 in questioned costs because the Fargo RRC did not always collect and report inmate subsistence payments to the BOP, or administer discipline to inmates for failure to pay subsistence. The OIG further identified unrealized potential cost savings of \$26,114 over the first 15 months of the contract period based on the BOP's grants of inmate subsistence reductions and waivers which did not comply with the BOP's Community Corrections Manual.

The OIG made 14 recommendations to the BOP that address the deficiencies the audit identified. The BOP agreed with all of them. Of the 10 recommendations to the BOP that required collaboration with Centre, Centre agreed with nine recommendations, and partially disagreed with one recommendation.

The BOP's Use of Restrictive Housing for Inmates with Mental Illness

The OIG released a report examining the BOP's use of restrictive housing for inmates with mental illness. The OIG found that the BOP has taken a number of steps to mitigate the mental health concerns for inmates in RHUs, but also identified significant issues regarding the adequacy of BOP policies and implementation in this critical area, including the BOP's use of single-cell confinement or conditions that could be considered "solitary confinement." Specifically, the OIG found that BOP policies

Federal Bureau of Prisons

do not adequately address the confinement of inmates with mental illness in RHUs and that the BOP does not sufficiently track or monitor such inmates. The OIG also found that the BOP does not limit the maximum amount of time inmates may spend in RHUs, track its housing of inmates in single-cell RHU confinement, or account for inmates' confinement in all RHUs throughout BOP institutions. In addition, the OIG found that since the BOP adopted a new mental health policy, which increased the standards of care for inmates with mental illness, BOP data shows a 30-percent reduction in the number of inmates who receive regular mental health treatment. This is particularly troubling when the OIG considers that it also found that BOP mental health staff do not always document inmates' mental disorders, leaving the BOP unable to accurately determine the number of inmates with mental illness and ensure that it provides appropriate care.

The report made 15 recommendations to the BOP to improve its screening, treatment, and monitoring of inmates with mental illness who are assigned to restrictive housing. The BOP agreed with all of them.

The OIG released both a video and a podcast to accompany this report. The video is available [here](#). The podcast is available [here](#).

Investigations

During this reporting period, the OIG received 3,601 complaints involving the BOP. The most common allegations made against BOP employees included official misconduct; and force, abuse, and rights violations. The majority of complaints dealt with non-criminal issues that the OIG referred to the BOP's Office of Internal Affairs for its review.

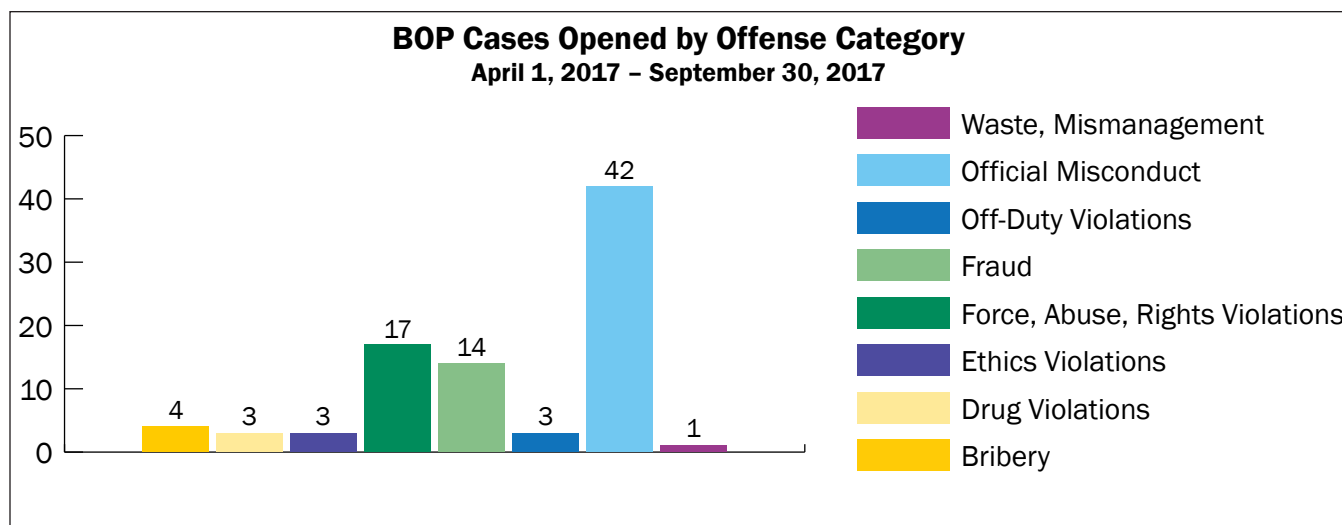
During this reporting period, the OIG opened 87 investigations and referred 49 allegations to the BOP's Office of Internal Affairs for action or investigation. At the close of the reporting period, the OIG had 235 open cases of alleged

misconduct against BOP employees. The criminal investigations covered a wide range of allegations, including official misconduct; force, abuse, and rights violations; and fraud.

The following are examples of cases involving the BOP that the OIG investigated during this reporting period:

- On June 1, 2017, a former BOP Correctional Officer was sentenced in the District of Hawaii to 1 year of incarceration, 1 year of supervised release, and a \$5,000 fine for making false statements. According to the Indictment to which he pleaded guilty, the Correctional Officer made multiple false statements during a voluntary interview with the OIG when he denied that he had e-mail contact with two former inmates while they were incarcerated. The Correctional Officer also denied having a physical relationship with those same two inmates while they were incarcerated at the facility. The investigation was conducted by the OIG's Los Angeles Field Office with investigative support provided by the OIG's Cyber Investigations Office.
- On June 5, 2017, a BOP Contractor agreed to pay the United States \$2.45 million to settle allegations that the BOP Contractor violated the *False Claims Act* and *Anti-Kickback Act*. The OIG's investigation determined that the BOP Contractor engaged a BOP Financial Administrator as a paid consultant from 2006 to 2013 for the provision of confidential, non-public information. The BOP Contractor paid the Financial Administrator a percentage of the revenue it earned from each BOP contract it obtained. In the *Semiannual Report to Congress, April 1, 2014 – September 30, 2014*, the OIG reported that the BOP Financial Administrator pleaded guilty to submitting a false document to an agency of the United States, a false Financial Disclosure Report stating he

Federal Bureau of Prisons



Source: Investigations Data Management System

had no reportable outside employment position when he in fact had a business relationship with the BOP Contractor. As previously reported, the former Financial Administrator was sentenced in 2014 to serve a term of 36 months of probation and debarred from federal contracting for a period of 6 years. The investigation was conducted by the OIG's Dallas Field Office with forensic assistance provided by the OIG's Cyber Investigations Office.

- On June 28, 2017, two individuals were sentenced in the Southern District of Florida for conspiracy to commit wire and mail fraud of a DOJ program. The two individuals were sentenced to 235 months and 96 months of incarceration, respectively, each to be followed by a period of 3 years of supervised release. They were also ordered to forfeit \$4,401,005. A third conspirator was sentenced on May 24, 2017, to 28 months of incarceration and 3 years of supervised release, and ordered to pay \$737,875 in restitution. According to the factual statements in support of their guilty pleas, the three individuals unlawfully obtained approximately \$4.5 million from relatives of federal inmates incarcerated in federal correctional institutions nationwide. They

falsely represented that Private Services, a fictitious company, was associated with the federal government and utilized a fictitious network of informants to provide third-party cooperation under the supervision of law enforcement. They further represented that the federal inmates could obtain a reduction in their sentence in exchange for their cooperation in undercover drug deals and other criminal cases, and required the inmates' relatives to make periodic payments of cash and wire transfers for such alleged undercover activities to be conducted. The investigation was conducted by the OIG's Miami Field Office with substantial support from the Cyber Investigations Office.

- On July 3, 2017, a former contract Correctional Officer with the BOP was sentenced in the Southern District of Georgia to 46 months of incarceration, 36 months of supervised release, and 40 hours of community service for crimes related to drug trafficking. Evidence presented at the guilty plea and sentencing hearings showed that the Correctional Officer approached an inmate and offered to transport cocaine for an unknown drug organization in exchange for money.

Federal Bureau of Prisons

The inmate alerted law enforcement officials, and undercover agents contacted the Correctional Officer, who agreed to transport a kilogram of cocaine for \$2,000. Shortly after receiving fake cocaine and half his anticipated payment from the undercover agents, the Correctional Officer was arrested. The investigation was conducted by the OIG's Atlanta Area Office with assistance from the OIG's Cyber Investigations Office, Chatham-Savannah Counter Narcotics Team, and New York DEA Task Force.

- The OIG initiated an investigation based on information it received from the BOP alleging, among other things, that a USP Physician provided medication intended for inmates to a USP Nurse. The USP Physician acknowledged that, on one occasion, he injected a USP Nurse with medication intended for BOP inmates. The investigation concluded that the USP Physician's conduct violated federal regulations prohibiting use of government property for unauthorized purposes, and BOP policy prohibiting dispensing medication to employees except in emergencies. The case was referred to DOJ for prosecution on April 10, 2017, and declined that same day. The OIG has completed its investigation and has provided a report to the BOP for its information.
- The OIG initiated an investigation upon receipt of information from the BOP that a BOP Warden engaged in conduct which created the appearance that he had an inappropriate relationship with an inmate. The investigation substantiated the allegation, finding that the Warden allowed an inmate to bypass BOP policy regarding phone calls to attorneys, and failed to discipline the inmate for sending the Warden inappropriate e-mails. The investigation found that the Warden's conduct was in violation of a BOP policy,

which states, in part, that employees may not allow themselves to show partiality toward inmates and must avoid situations that might give the appearance of improper involvement with inmates. The OIG has completed its investigation and provided a report to the BOP.

Ongoing Work

BOP Counterterrorism Efforts

The OIG is conducting an audit of the BOP's counterterrorism efforts. The preliminary objectives are to review the BOP's policies, procedures, and practices for monitoring inmates with known or suspected ties to domestic and foreign terrorism and its efforts to prevent further radicalization among its inmate population.

The BOP's Management of Its Female Inmate Population

The OIG is reviewing the BOP's management of its female inmate population. As part of this review, the OIG will examine trends in the female inmate population between FY 2012 and FY 2016, the BOP's implementation of its Management of Female Offenders program statement, and the impact of the 2013 decision to convert FCI Danbury to a male institution.

Contract Awarded to DeTekion Security Systems, Inc.

The OIG is auditing a perimeter security contract awarded by the BOP to DeTekion Security Systems, Inc. The preliminary objectives are to: (1) determine whether the BOP adhered to federal regulations during the contract award and administration processes, (2) assess the adequacy of the BOP's contract oversight, and (3) determine if DeTekion Security Systems, Inc., properly invoiced the government and complied with the terms and conditions of the contract award.

Federal Bureau of Prisons

Contracts Awarded to Pacific Forensic Psychology Associates, Inc.

The OIG is auditing the BOP contracts awarded to Pacific Forensic Psychology Associates, Inc. The preliminary objective of the audit is to assess the BOP's administration of the contracts and Pacific Forensic Psychology Associates, Inc.'s, performance and compliance with the terms, conditions, laws, and regulations applicable to these contracts. The assessment of performance may include financial management, monitoring, reporting, and progress toward meeting the contracts' goals and objectives.

Contract Awarded to Sealaska Constructors, LLC, to Build Facilities at FCI Danbury

The OIG is conducting an audit of the BOP's contract awarded to Sealaska Constructors, LLC, to construct facilities at a federal correctional institution in Danbury, Connecticut. The OIG's preliminary objective is to assess the BOP's and Sealaska Constructors, LLC's, compliance with the terms, conditions, laws, and regulations applicable to this contract in the areas of: (1) acquisition planning; (2) contract management, oversight, and monitoring; and (3) billings and payments.

Residential Reentry Center Contracts Awarded to Reynolds & Associates, Inc.

The OIG is auditing three BOP contracts awarded to Reynolds & Associates, Inc., for the RRC located in Washington, D.C. The preliminary objective of the audit is to assess the BOP's and Reynolds & Associates, Inc.'s, administration and performance of, and their respective compliance with the terms, conditions, laws, and regulations applicable to these contracts.

U.S. Marshals Service

The USMS is responsible for ensuring the safe and secure conduct of judicial proceedings, protecting approximately 2,375 federal judges and about 26,000 federal prosecutors, federal public defenders, and other court officials at approximately 719 court 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 5,200 employees at 218 sub-offices and 3 foreign field offices.



Report Issued

Contract Awarded to Operate the Leavenworth Detention Center

The OIG issued an audit report examining the USMS contract with CoreCivic, Inc. — formerly known as Corrections Corporation of America — to operate the Leavenworth Detention Center (LDC), a private contract prison in Leavenworth, Kansas. The audit found that the USMS failed to provide sufficient oversight of the LDC, which resulted in several significant issues with LDC operations going unaddressed for extended periods of time.

Among the issues affecting the safety and security of the LDC was its periodic understaffing, which led to the closure of security posts. Many of the closures occurred at posts CoreCivic had identified as “mandatory,” meaning they were required to be filled on each shift in order to run the facility in safe and secure manner. LDC’s vacancies also led to personnel being reassigned to security posts instead of performing their normal jobs, sometimes to the detriment of detainee services. From October 2014 through September 2015, the LDC’s facility-wide average staff vacancy rate climbed to 11 percent. This was primarily driven by Correctional Officer vacancies, which reached as high as 23 percent. Additionally, both the USMS and CoreCivic took actions that exacerbated the LDC’s understaffing. For example, during a period when LDC was already experiencing understaffing, CoreCivic

temporarily transferred LDC personnel away from LDC to other CoreCivic facilities on two occasions, once with the USMS’s approval.

The OIG also found that the USMS Contracting Officer’s Representative, who was responsible for monitoring CoreCivic’s performance at the LDC on a day-to-day basis, was located offsite and visited the LDC infrequently; had no previous contract oversight experience; received no formal guidance and negligible detention-related training; did not document the inspection activities performed; and did not develop an inspection program or monitoring procedures. This lack of continuous monitoring presents risks that may extend throughout all of the USMS’s other contract facilities.

Additionally the audit found that in 2011, the LDC took steps to conceal its practice of triple bunking detainees. LDC staff uninstalled the third beds bolted to the floor of several cells designed for two detainees and removed the beds from the facility in advance of a 2011 American Correctional Association accreditation audit. A subsequent CoreCivic internal investigation revealed that this may have also occurred during other American Correctional Association audits of the LDC. Further, the USMS failed to use available mechanisms, such as contract price reductions, to hold CoreCivic accountable for the LDC’s staffing deficiencies and other instances of non-compliance with contract requirements.

U.S. Marshals Service

Triple-Bunk Configuration at Leavenworth Detention Center



Source: CoreCivic

The OIG also found that the OFDT, which was a separate office at the time and has since been merged into the USMS, did not comply with all of the FAR requirements when it awarded the contract for the LDC on behalf of the USMS. Specifically, the OFDT restricted contract performance to the city of Leavenworth, thus potentially limiting the pool of offerors to just CoreCivic. As of January 2017, the amount expended by the USMS on the contract was \$252 million. If all option periods are exercised, the contract will extend through 2026 and have an estimated cost of nearly \$697 million.

The OIG made 24 recommendations to assist the USMS in improving contractor operations and enhancing the USMS's monitoring and oversight at the LDC. The USMS agreed with all of them. CoreCivic did not explicitly agree or disagree with many of the recommendations, and as described in the report, objected to the OIG's analysis of its handling of an employee fringe benefit.

Investigations

During this reporting period, the OIG received 348 complaints involving the USMS. The most common allegations made against USMS

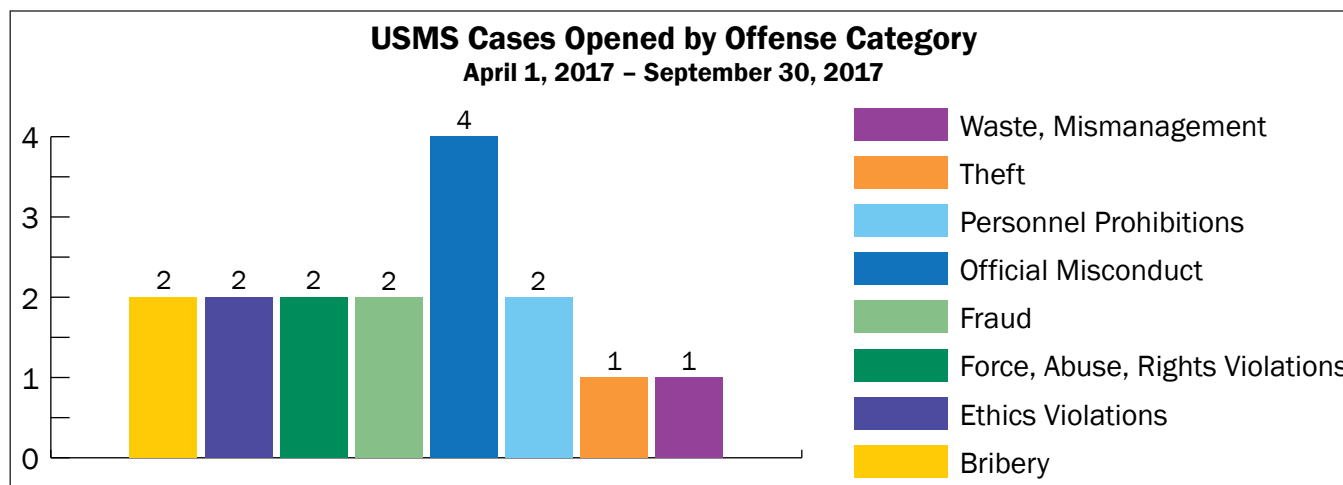
employees were force, abuse, and rights violations and official misconduct. The majority of the complaints were considered management issues and were provided to the USMS's Office of Internal Affairs for its review and appropriate action.

During this reporting period, the OIG opened 16 investigations and referred 22 other allegations to the USMS's Office of Internal Affairs for its review. At the close of the reporting period, the OIG had 50 open cases of alleged misconduct against USMS employees. The most common allegations were official misconduct.

The following are examples of cases involving the USMS that the OIG investigated during this reporting period:

- On March 27, 2017, a former contract Correctional Officer with the USMS was sentenced in the Southern District of Texas to 18 months of incarceration and 3 years of supervised release for bribery. A second contract Correctional Officer received the same sentence on July 18, 2017. According to the counts of the Indictments to which each man pleaded guilty, the Correctional Officers smuggled alcohol into the facility for inmates in exchange for money. The investigation was conducted by the OIG's Houston Area Office.
- On May 17, 2017, a former DUSM was sentenced in the District of North Dakota to 84 months of incarceration, 5 years of supervised release, and ordered to pay \$2,500 to the Domestic Trafficking Victims' Fund for his conviction on child pornography offenses. The DUSM was initially investigated for surreptitiously recording women in various states of undress in fitting rooms at local stores, which led to his conviction at trial in state court. Subsequent investigation resulted in the former DUSM's guilty plea, during which, according to his plea agreement,

U.S. Marshals Service



Source: Investigations Data Management System

36 or more images of child pornography and 52 or more videos of child pornography were found on the CDUSM's personal computer. The investigation was conducted by the OIG's Denver Field Office, DHS's HSI, Bismarck Police Department, and the North Dakota Crime Bureau's Internet Crimes Against Children Task Force.

- The OIG initiated an investigation of a CDUSM based on information it received that, among other things, the CDUSM engaged in misconduct by engaging in an intimate personal relationship with a subordinate, and that the CDUSM directed personnel to submit false statistics to the HIDTA program to secure additional funding for the fugitive task force that the CDUSM supervised. The OIG substantiated the allegation that the CDUSM engaged in an inappropriate relationship with a subordinate, and the CDUSM admitted to the OIG to having engaged in the relationship. During the investigation, the OIG determined that the CDUSM provided false statements to a previous supervisor who directly asked the CDUSM if the CDUSM was involved in an intimate personal relationship with the subordinate. The OIG also substantiated the allegation that the

CDUSM instructed personnel to submit false or misleading arrest statistics to HIDTA to secure increased funding. The investigation found that the CDUSM's conduct violated USMS policies. Other allegations against the CDUSM were not substantiated. The investigation was referred to DOJ for prosecution on July 28, 2016, and was declined on August 16, 2016. The OIG has completed its investigation and provided its report to the USMS.

- The OIG initiated an investigation of a CDUSM based on information it received that the CDUSM engaged in misconduct by engaging in sexual activity with numerous different women within government space. The OIG received additional information alleging, among other things, that the CDUSM contacted some of the women identified in the investigation and requested they not disclose any information concerning their sexual activity within government space to the OIG, and that the CDUSM released official information to unauthorized individuals.

The investigation substantiated the allegation that the CDUSM engaged in sexual activity with several different

women within government space, contacted some of the women identified and encouraged them not to disclose to the OIG any information concerning their sexual activity within the government space, and initially lied to the OIG about his sexual activity on government property. The investigation also found that in connection with his personal relationships, the CDUSM allowed multiple unauthorized non-government employees whom he was dating to park their personal vehicles within and in front of government property.

The investigation also substantiated the allegation that the CDUSM disclosed non-public information to a news reporter regarding a fugitive matter. In addition, the OIG concluded that the CDUSM regularly brought his pet dog into work and transported the dog in his assigned official government vehicle, in violation of USMS policies.

The case was referred to DOJ for prosecution on October 15, 2015, and declined on March 24, 2016. Other allegations against the CDUSM were not substantiated. The OIG has completed its investigation and provided its report to the USMS.

Procedural Reform Recommendations

During an OIG investigation regarding the USMS's adherence to applicable prisoner supervision policies immediately prior to an inmate on inmate sexual assault in the District of Columbia Superior Court cell block, the OIG determined that while the USMS had a policy requiring all prisoners in the cellblock to be observed at least every 30 minutes, either in person or by closed circuit television, the USMS had no national or local policy specifying who was responsible for ensuring the observations

occurred, or requiring the documentation of the observations. The OIG has therefore recommended that the USMS amend its policies to address these issues. Specifically, the OIG recommended amendment of the applicable USMS Policy Directive to designate the Supervisory U.S. Deputy Marshal in the cell block, or in the absence of the Supervisory U.S. Deputy Marshal, another specific USMS official, as the responsible official for ensuring compliance with the 30-minute prisoner observation policy. The OIG also recommended the creation of a cellblock log sheet to document observations of prisoners at least every 30 minutes, as required by the policy directive.

Ongoing Work

Hiring Practices

The OIG is investigating multiple allegations of improper or inappropriate hiring practices by officials at the USMS, including allegations of nepotism, favoritism, and quid pro quo arrangements. The OIG is also examining DOJ's response to a letter from a Member of Congress to DOJ regarding allegations of inappropriate hiring practices at the USMS and whether officials at the USMS Office of General Counsel failed to ensure DOJ's response to the Member of Congress was accurate and complete.

Court Security Procurement Process

The OIG is conducting an audit of USMS Court Security Officer services procurement. The objective is to assess the USMS's management of and processes for procuring Court Security Officer services contracts.

Update to Previously Reported Whistleblower Retaliation Finding

During this reporting period, the USMS imposed consequences or took other action in relation to officials the OIG had found engaged in retaliation against whistleblowers. Upon the

U.S. Marshals Service

enactment of the *Inspector General Empowerment Act* (IGEA), the OIG is required under IG Act section 5(a)(20) to report such actions. In the *Semiannual Report to Congress, October 1, 2016 – April 30, 2017*, the OIG reported that in a particular judicial district, the CDUSM, a Supervisory DUSM, and a Senior Inspector who retired prior to the conclusion of the investigation each retaliated against subordinate employees as a result of the employees' perceived cooperation with a prior OIG investigation. The OIG provided its report to the USMS for appropriate action. The OIG also referred its retaliation findings to the U.S. Office of Special Counsel. The USMS informed the OIG of the following actions with respect to the two officials, who were still USMS employees: the USMS proposed removal of the CDUSM for the substantiated non-retaliation misconduct in the OIG's prior investigation. However, the USMS allowed the CDUSM to retire pursuant to a settlement agreement reached before conclusion of the OIG's retaliation investigation. The USMS issued the Supervisory DUSM a 2-day suspension as a consequence of the actions that the OIG found constituted retaliation.

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 more than 9,000 employees staffing its 221 domestic offices and 89 foreign offices in 68 countries.



Reports Issued

Post-Incident Response to Missions in Honduras Involving the Use of Deadly Force

The OIG and State issued a report examining the responses of the DEA and State to three drug interdiction missions in Honduras that resulted in deaths and injuries. The three missions, which took place on May 11, June 23, and July 3, 2012, were conducted jointly by the State Department, DEA, and the Government of Honduras pursuant to a program known as “Operation Anvil.” In the May 11 incident, three U.S. and Honduran law enforcement officers aboard a disabled canoe-like boat carrying large amounts of seized cocaine directed gunfire towards a larger passenger boat. This was followed by additional gunfire from a helicopter carrying U.S. and Honduran law enforcement officers. Four people from the passenger boat were killed, and four were injured. The incident received substantial public attention, and engendered concern among Justice Department leadership and Members of Congress after reports surfaced that the killed and injured individuals were innocent civilians, and that officers had abused residents in a nearby village.

The DOJ OIG found that the DEA’s insistence to Justice Department leadership and to Congress that there had been an exchange of gunfire between Honduran officers and individuals in the passenger boat was unsupported by the available evidence. Not only did the DOJ OIG find no credible evidence that individuals in the passenger boat fired first, but the available evidence, which was available to the DEA at

the time, places into serious question whether there was any gunfire from the passenger boat at any time.

The DOJ OIG and the State Department Office of Inspector General identified significant issues and challenges in each of the review’s four primary areas of focus: the pre-incident planning and the rules governing the use of deadly force; the post-incident investigative and review efforts by State and DEA; the cooperation by State and DEA personnel with post-incident shooting reviews; and the accuracy of the information State and DEA provided to Congress and the public regarding the incidents.

The report makes eight recommendations. Seven recommendations are directed to the DEA to improve deficiencies identified in its post-shooting incident procedures and protocols and pre-operational planning. The DEA agreed with all seven of these recommendations. The remaining recommendation is for the Deputy Attorney General to determine whether revisions to post-shooting incident procedures should be made across DOJ law enforcement components to ensure that shooting incidents similar to those that occurred during Operation Anvil are handled in a consistent and appropriate manner. The Office of the Deputy Attorney General agreed with the recommendation.

Drug Enforcement Administration

Actions of Former DEA Leadership in Connection with the Reinstatement of a Security Clearance

The OIG issued a report about the actions of former DEA Administrator Michele M. Leonhart and former DEA Acting Chief Inspector Herman E. “Chuck” Whaley in connection with reinstating the security clearance of a Special Agent who had committed serious misconduct. The OIG investigation found that while Leonhart did not directly intervene to reinstate the security clearance, she did not object when Whaley told her that he opposed the suspension of the Special Agent’s security clearance and intended to intervene to resolve the matter in a different manner. The OIG concluded that because Leonhart acquiesced in Whaley’s flawed decision to intervene in the security clearance process, she shared responsibility for it.

This matter arose as a result of a prior misconduct investigation of a DEA Special Agent conducted by the DEA OPR in 2013. DEA OPR, however, failed to advise DEA’s Office of Security Programs, which is responsible for adjudicating security clearances of DEA employees, about the Special Agent’s misconduct. The Office of Security Programs learned of the misconduct in 2014, and after assessing the Special Agent’s conduct in accordance with the applicable security adjudication guidelines, on March 24, 2015, the DEA SPM suspended the Special Agent’s clearance. Days later, Whaley instructed the SPM to reinstate the Special Agent’s clearance. Whaley told the OIG that he did not believe that the Special Agent’s misconduct raised national security issues. However, Whaley had never received training on the application of the security clearance guidelines, he did not determine the full basis of the SPM’s suspension decision before overruling it, and he did not have the authority to adjudicate a security clearance or to overrule a security clearance adjudication. Whaley gave the instruction to reinstate the Special Agent’s security clearance just 1 day after the public release of an OIG

report in March 2015 that contained a finding that DEA OPR had failed to refer allegations involving sexual misconduct that raised security concerns to Security Programs for adjudication, and both he and Leonhart had been engaged in discussions with respect to the OIG’s findings and recommendations in that report.

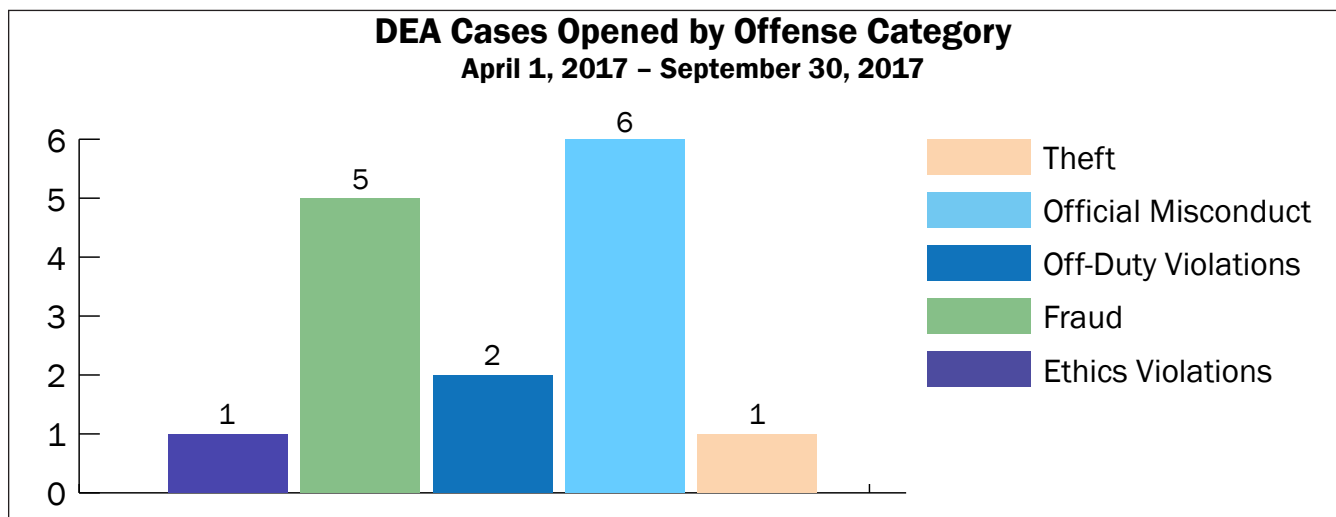
The OIG’s investigation also concluded that Leonhart’s April 14, 2015, testimony before the House Oversight and Government Reform Committee regarding which DEA employees are authorized to suspend or revoke a security clearance was not untruthful, though the OIG also determined that there is a lack of clarity within DEA and DOJ policies regarding the delegations of authority with respect to security clearance adjudications. The report makes two recommendations to clarify the DEA and DOJ policies, including by specifying that the Office of Security Programs will have the final say within the DEA about whether employee misconduct merits a review and adjudication of the employee’s security clearance, and that DOJ specify that for the purpose of security adjudications, SPMs report solely to the Department Security Officer, and not to other senior officials, who may have appropriate input in but not overrule the component SPM.

The OIG will continue to monitor the progress of DOJ and its law enforcement components to address the deficiencies the OIG has identified, and their efforts to implement the OIG’s recommendations.

Management Advisory Memorandum for DOJ Policy Establishing Standards for its Security Offices to Obtain and Review Misconduct Investigations for Security Clearance Adjudications

The OIG issued to DOJ leadership a Management Advisory Memorandum containing two recommendations related to the need for DOJ leadership to ensure that all DOJ security offices obtain and assess all relevant information related to an employee’s

Drug Enforcement Administration



Source: Investigations Data Management System

misconduct investigations, if any, when conducting that employee's security clearance adjudication. The memorandum is based on the findings in two recent reviews where the OIG identified failures by the DEA to ensure that information regarding employee misconduct investigations implicating security concerns were referred to and adjudicated by the subject matter experts in the DEA Office of Security Programs. Similarly, in 2014, the OIG notified DOJ leadership about concerns that the background reinvestigation of a candidate for a U.S. Marshal position failed to include information that the candidate was under OIG investigation for serious administrative misconduct, and potentially criminal conduct. The OIG will continue to monitor the progress of DOJ and its law enforcement components to address the deficiencies the OIG has identified, and their efforts to implement the OIG's recommendations.

Investigations

During this reporting period, the OIG received 300 complaints involving the DEA. The most common allegations made against DEA employees included official misconduct, and waste and mismanagement. The majority of the complaints were considered management issues and were provided to the DEA for its review and appropriate action.

During this reporting period, the OIG opened 15 cases and referred 23 allegations to the DEA's OPR for action or investigation. At the close of the reporting period, the OIG had 49 open cases of alleged misconduct against DEA employees. The most common allegation was official misconduct and Fraud.

The following is an example of a case involving the DEA that the OIG investigated during this reporting period:

- On June 27, 2017 a retired DEA Special Agent pleaded guilty to theft by a government official. The Special Agent was charged in an Information filed in the Southern District of California. According to the statement of facts in support of her guilty plea, while stationed in Cyprus between 2008 and 2014, the Special Agent was assigned to help the U.S. government recover the proceeds of an American fraud scheme that had been frozen in the banking system in northern Cyprus. After later transferring to San Francisco and having been instructed to have no further involvement with the proceeds, the Special Agent admitted returning to Cyprus in October 2015, on personal business, and taking possession of \$310,000 of the proceeds without notifying anyone in the

Drug Enforcement Administration

U.S. government that she had done so. She also admitted that, in February 2016, she returned \$250,000 to the U.S. government under a false cover story that she had just received it unexpectedly in a package from Cyprus. The investigation was conducted by the OIG's Washington Field Office, with assistance from the OIG's Cyber Investigations Office.

Ongoing Work

Administrative Subpoenas

The OIG is examining the DEA's use of administrative subpoenas to obtain broad collections of data or information. The review will address the legal authority for the acquisition or use of these data collections; the existence and effectiveness of any policies and procedural safeguards established with respect to the collection, use, and retention of the data; the creation, dissemination, and usefulness of any products generated from the data; and the use of "parallel construction" or other techniques to protect the confidentiality of these programs.

DEA Contract Awarded to L-3 Communications Vertex Aerospace, LLC

The OIG is auditing a DEA contract awarded to L-3 Communications Vertex Aerospace, LLC. The preliminary objectives are to: (1) determine whether the DEA adhered to federal regulations during the contract award and administration processes, (2) assess the adequacy of the DEA's contract oversight, and (3) determine if L-3 Communications Vertex Aerospace, LLC, properly invoiced the government and complied with the terms and conditions of the contract award.

The DEA's Opioid Enforcement Efforts

The OIG is assessing whether the DEA regulatory activities and enforcement efforts effectively prevent the diversion of controlled substances, particularly opioids, to

unauthorized users. Specifically, this review will examine: (1) the DEA's enforcement policies and procedures to regulate registrants; (2) the DEA's use of enforcement actions involving distributors of opioids who violate these policies and procedures; and (3) the DEA's coordination with state and local partners in countering illicit opioid distribution.

DEA Linguistic Contract Awarded to Conduit Language Specialists, Inc.

The OIG is auditing a DEA linguistics contract awarded to Conduit Language Specialists, Inc., located in Paris, Kentucky. The preliminary objective is to assess the DEA's and Conduit Language Specialists, Inc.'s, administration of and performance in accordance with the terms, conditions, laws, and regulations applicable to this contract in the areas of: (1) contractor performance; (2) billings and payments; and (3) contract management, oversight, and monitoring.

DEA's Income-Generating Undercover Operations

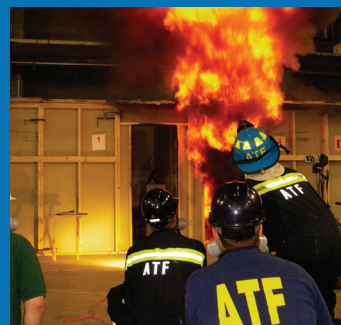
The OIG is conducting an audit of the DEA's income-generating undercover operations. The preliminary objectives are to evaluate the management and oversight of DEA's income-generating operations with respect to: (1) the initiation and classification of these operations, (2) the controls over and use of funds during operations, and (3) the disposal of proceeds at the conclusion of these operations.

Task Orders Awarded to Maximus, Inc.

The OIG is auditing DEA task orders issued to Maximus, Inc., for financial investigative support services. The audit objectives are to: (1) determine whether Maximus and its subcontractor complied with the terms, conditions, laws, and regulations applicable to the contract; (2) assess contract performance; and (3) assess how the DEA and JMD administered the subject task orders.

Bureau of Alcohol, Tobacco, Firearms and Explosives

ATF's approximately more than 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. Foreign offices are located in Mexico, Canada, Europe, El Salvador, and the Caribbean.



Investigations

During this reporting period, the OIG received 173 complaints involving ATF personnel. The most common allegations made against ATF employees were official misconduct, and waste and mismanagement. The majority of the complaints were considered management issues and were provided to ATF for its review and appropriate action.

During this reporting period, the OIG opened five cases and referred nine allegations to ATF's OPR for action or investigation. At the close of the reporting period, the OIG had 13 open criminal or administrative investigations of alleged misconduct related to ATF employees. The investigations included official misconduct, ethics violations, and off-duty misconduct.

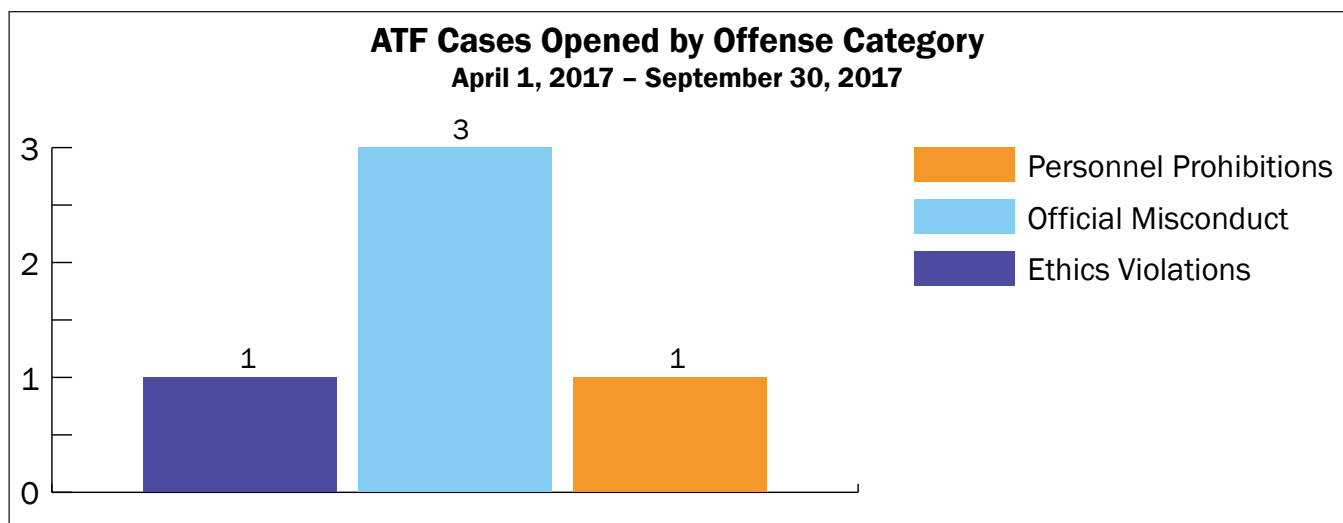
Ongoing Work

ATF Weapons and Munitions

The OIG is conducting an audit of ATF's weapons and munitions. The preliminary objectives are to evaluate: (1) ATF's controls over weapons and munitions, (2) ATF Office compliance with policies governing weapons and munitions, and (3) the accuracy of ATF's weapons and munitions inventory.

ATF's Implementation of the Frontline Initiative

The OIG is reviewing the implementation of ATF's Frontline initiative since it was launched in 2012. ATF established Frontline to standardize the development and execution of agency-wide



Source: Investigations Data Management System

Bureau of Alcohol, Tobacco, Firearms and Explosives

regulatory and investigative priorities while ensuring that limited resources are effectively focused to accomplish these goals. The OIG's review will examine ATF Frontline operations to assess how ATF identifies and prioritizes problems, distributes resources, and measures outcomes against ATF goals and objectives.

Sole Source Small Business Contracts

The OIG is conducting an audit of ATF's awarding of small business contracts using sole source justifications. With regard to these contracts, the preliminary objectives are to assess ATF's: (1) processes for soliciting small businesses for contract opportunities; (2) procedures and decisions for the selection and subsequent award of contract opportunities to small businesses; and (3) oversight of small business sole source awards.

Controls over Agent Cashier Funds

The OIG is conducting an audit of ATF's controls over agent cashier funds. ATF field divisions use agent cashier funds to facilitate the purchase of evidence, procurement of services, and payment for information related to criminal investigations. The preliminary objectives are to assess whether: (1) policies and procedures effectively mitigate the risk of fraud, waste, and abuse in the agent cashier fund; (2) field divisions comply with these policies and procedures; (3) agent cashier funds have been accounted for appropriately; and (4) ATF Headquarters and field division management are providing appropriate oversight of the agent cashier fund expenditures.

Office of Justice Programs

OJP manages the majority of DOJ's grant programs and is responsible for developing initiatives to address crime at the state and local levels. OJP has six bureaus and program offices—Bureau of Justice Assistance, Bureau of Justice Statistics, National Institute of Justice (NIJ), OJJDP, Office for Victims of Crime (OVC), and the Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking. In this section, the report discusses OJP's oversight of grant funds and OIG reviews of grant recipients.



Reports Issued

Office of Juvenile Justice and Delinquency Prevention Title II Formula Grant Program

The OIG issued two reports examining allegations of mismanagement and inappropriate conduct related to the OJJDP's Title II Part B Formula Grant Program (the Program). The reports addressed five allegations made by a whistleblower, who is a former OIG employee, to the U.S. Office of Special Counsel and referred to the OIG for investigation by then-Attorney General Holder.

The [report by the OIG's Audit Division](#) substantiated the allegation that OJJDP failed to ensure compliance with the core protections of the *Juvenile Justice and Delinquency Prevention Act* (the Act), specifically with regard to the Deinstitutionalization of Status Offenders requirement, which is designed to ensure that juveniles who have committed what are considered as "status offenses" are not placed in secure detention or correctional facilities. The OIG found that the OJJDP did not routinely perform required audits of states to test compliance with this provision of the Act, and they did not have written procedures or criteria for state audit selections. The OIG also found that as of January 2017, OJJDP was still in the process of finalizing updated policies and procedures to address outdated regulations, vague compliance standards, and other problems. However, the audit found no conclusive evidence that OJJDP managers or

supervisors were aware of the allegation that Wisconsin was falsifying detention data in order to receive federal funding until the allegation was reported to the OIG in March 2008.

The separate report by the [OIG's Oversight and Review Division](#) concluded that the remaining whistleblower allegations were unsubstantiated, but also identified several areas where OJP can make significant improvements in its administration of the Act. Specifically, the OIG found that the legal opinions interpreting the Act were not written in order to enable Wisconsin to circumvent the requirements of the Act or for any other improper purpose. Rather, the OIG determined that OJP attorneys reached their conclusions based on a good faith legal analysis of complex statutory provisions. Accordingly, because the OIG did not find that the legal opinions were improper, it did not conclude that juveniles were being detained in contravention of statutory grant conditions as a result of those legal opinions.

Areas where the OIG found that OJP can make significant improvements in its administration of the Act included clarifying OJP's guidance about the Valid Court Order exception, which permits the secure detention of juveniles who have violated a valid court order; developing a process for notifying all states and other stakeholders about significant guidance related to the Act; and considering measures to enhance communication within and among OJP components.

Office of Justice Programs

The OIG also determined that OIG managers did not obstruct or improperly interfere with an investigation of Wisconsin's alleged grant fraud as had been alleged by the whistleblower, who had been the OIG's lead investigator on the underlying investigation before being removed for what the OIG found to be legitimate management reasons. The OIG concluded that OIG managers acted consistent with their obligations by supporting the investigation for 5 years and conducting it in a thorough, objective, and impartial manner. DOJ criminal prosecutors and civil attorneys eventually declined to bring charges against Wisconsin. In 2014, the OIG issued its final investigative report on that matter, finding that from 2001 to 2004, Wisconsin submitted inaccurate data to the OJJDP that falsely showed the state to be in compliance with the Act, among other findings.

While the OIG did not corroborate the former OIG investigator's allegations, it believes that she revealed numerous problems that have plagued the Program for several years, including inefficiencies and potential disparities in the compliance monitoring, auditing, and grant approval processes; transparency issues; incomplete recordkeeping; poor internal communications; and lack of clarity and consistency in communicating compliance guidance to grantees. To further explore these issues, the OIG intends to initiate a future audit of the OJJDP's administration of the Program at an appropriate time in the future.

The OIG made a total of 10 recommendations to OJP to improve the management and administration of the Program. OJP agreed with all of them.

The OIG released a podcast to accompany this report, which is available [here](#).

Office of Justice Programs' Administration of the Disproportionate Minority Contact Requirement of the Title II Part B Formula Grant Program

The OIG released a report examining allegations of mismanagement related to OJJDP's Title II Part B Formula Grant Program (the Program). The OIG found that from FY 2013 to FY 2016, OJJDP awarded all states the Disproportionate Minority Contact (DMC) portion of their grant allotment regardless of the states' compliance with the DMC regulatory requirements of the Program. The DMC requirement provides that state plans submitted pursuant to the Program must address "efforts designed to reduce, without establishing numerical standards or quotas, the disproportionate number of juvenile members of minority groups, who come into contact with the juvenile justice system." OJJDP's failure to enforce this requirement was referred to by some OJJDP employees as the "DMC pass." While the OIG could not conclude with certainty whether any specific states improperly received DMC funding, the report questioned over \$1.1 million in DMC funding awarded to several states between FY 2013 and FY 2016. The report makes eight recommendations to OJP and OJJDP to improve their processes with respect to administration and oversight of the Program and OJP agreed with them.

The OIG released a podcast to accompany this report, which is available [here](#).

Audits of Grants to State and Local Entities

During this reporting period, the OIG audited 17 external OJP grant recipients, as described by the examples below.

- The OIG issued an audit report on two grants totaling \$6,952,517 to the [National Council of Young Men's Christian Associations](#) (YMCA) of the USA (Y USA) in Chicago, Illinois. The purpose

Office of Justice Programs

of the grants, which were awarded in 2014 and 2015 under the National Mentoring Program, was to enhance mentoring programs to reduce juvenile delinquency, gang participation, and school drop-out rates. At the time of the audit, Y USA had drawn down \$3,726,821 of the total grant funds awarded. The OIG found that Y USA did not have comprehensive grant management policies and procedures. The OIG also found that Y USA established a contract to use YMCA of San Francisco personnel in national grant management roles and selected the YMCA of San Francisco as a subrecipient for both audited grants. Although OJJDP approved Y USA's plans and budgets for using these personnel in national grant management roles, Y USA did not follow the OJJDP-approved administrative structure. Further, because the YMCA of San Francisco was both a subrecipient and responsible for monitoring all subrecipients, the OIG believes that there is a potential conflict of interest that should be addressed. The audit also identified various deficiencies with Y USA's review and approval of grant expenditures. As a result, the OIG identified \$1,663,057 in questioned costs. The OIG made 12 recommendations to OJP to improve management of the grant and remedy questioned costs and OJP agreed with all of them. The Y USA agreed with 10 of the recommendations, and disagreed with 2. In response to the audit, the Y USA also took actions, such as developing financial-related grant procedures, which the OIG believes demonstrate its commitment to improving the management of its OJP-funded programs.

- The OIG issued an audit report on a grant totaling \$5,854,732 to [Margolis Healy & Associates, LLC](#) (MHA) in Burlington, Vermont. The grant was awarded in 2013 to fund the National Center for Campus

Public Safety with the goal of enhancing and identifying solutions in campus public safety. At the time of the audit, MHA had drawn down \$4,476,168 of the total grant funds awarded. The OIG found that MHA needed to make significant improvements in its administrative and accounting practices, and that MHA did not comply with several essential award requirements which were tested. Specifically, the OIG found that MHA did not require employees working on grant activities to submit periodic certifications of their time worked on those activities. As a result, the OIG questioned \$1,223,091 in unsupported personnel and fringe benefit costs. Additionally, the OIG found that MHA did not have written policies and procedures that complied with federal regulations; purchased and procured equipment, services, and supplies without prior approval; did not require time and effort reports from consultants; did not have adequate procedures for monitoring subrecipients; and disbursed funds to subrecipients based on inadequate documentation. These deficiencies led to additional questioned costs. In total, the OIG identified \$1,356,198 in questioned costs. The OIG made 11 recommendations to OJP to improve MHA's management of DOJ grant funds and remedy questioned costs and OJP agreed with all of them. MHA agreed with nine of the recommendations, and partially agreed with two.

- The OIG issued an audit report on two grants totaling \$600,000 to [Colorado Legal Services](#) (CLS) in Denver, Colorado. The grants were awarded in 2012 and 2014 by OVC for the purpose of providing legal services to victims of sex and labor trafficking in the state of Colorado. At the time of the audit, CLS had drawn down \$454,576 of the total grant funds awarded. The OIG concluded that CLS demonstrated adequate progress towards

Office of Justice Programs

achieving the grants' stated goals and objectives, but did not comply with all of the grant requirements tested by the OIG. Specifically, the OIG found that CLS comingled funds between the grants; charged unallowable or unsupported personnel, consultant, subrecipient, and other direct costs to the awards; submitted Federal Financial Reports that were generally not supported by CLS's accounting records; and did not have an adequate general ledger to track matching expenditures. The OIG made 19 recommendations to OJP and identified \$287,083 in questioned costs. OJP agreed with all of the recommendations. CLS agreed with five of the recommendations, partially agreed with seven, neither agreed nor disagreed with two recommendations and two subparts of one recommendation, and disagreed with four recommendations and one subpart of one recommendation.

- The OIG issued an audit report on two grants totaling approximately \$2.6 million to the [Children's Advocacy Center for the Pikes Peak Region](#), doing business as Safe Passage in Colorado Springs, Colorado. The grants were awarded in 2013 and 2014 by OJJDP for the purpose of operating the Western Regional Advocacy Center. As of November 17, 2016, Safe Passage had drawn down about \$2.2 million of the total grant funds awarded. The audit concluded that Safe Passage did not comply with essential grant award conditions. Specifically, the OIG found that Safe Passage charged unallowable personnel, contractor, consultant, and other direct costs to the grants. In addition, the OIG found that all but one of Safe Passage's Federal Financial Reports (FFR) that it reviewed were inaccurate and did not match their accounting records. The OIG identified \$18,529 in unallowable questioned costs. During the audit, the OIG also identified an additional \$167,244 in unallowable costs, which Safe

Passage remedied with OJP prior to the issuance of the report. The OIG made two recommendations to OJP to improve the accuracy of Safe Passage's FFRs and remedy questioned costs. OJP agreed with both of them. In its response, Safe Passage agreed with one of the recommendations, and in the other recommendation agreed to one of the two subparts.

- The OIG issued an audit report on a grant totaling \$4,137,035 to the [Pharr San Juan Alamo Independent School District](#) (PSJA ISD) in Pharr, Texas. The purpose of this NIJ grant, which was awarded in 2014 under the Comprehensive School Safety Initiative, was to support learning more about how personnel, programs, and activities contribute to school safety. At the time of the audit, PSJA ISD had drawn down \$1,729,424 of the total grant funds awarded. The OIG identified some weaknesses in PSJA ISD's grant financial management. Specifically, the audit found that PSJA ISD charged approximately \$52,000 in unallowable contractor, consultant, and travel costs to the award. The audit also found PSJA ISD did not have written policies and procedures for acquiring and monitoring sub-recipients. The OIG made two recommendations to OJP to improve the PSJA ISD's management of DOJ grant funds and remedy questioned costs. The OJP agreed with both of them. The PSJA ISD agreed with one of the recommendations, and disagreed with one.
- The OIG issued an audit report on two grants totaling \$1,425,660, awarded to the [Union County Prosecutor's Office](#) (UCPO) in Union County, New Jersey. The grants were awarded through the NIJ DNA Backlog Reduction Program, which supports states and units of local government to reduce DNA testing turnaround time and the backlog of DNA samples awaiting processing. At

Office of Justice Programs

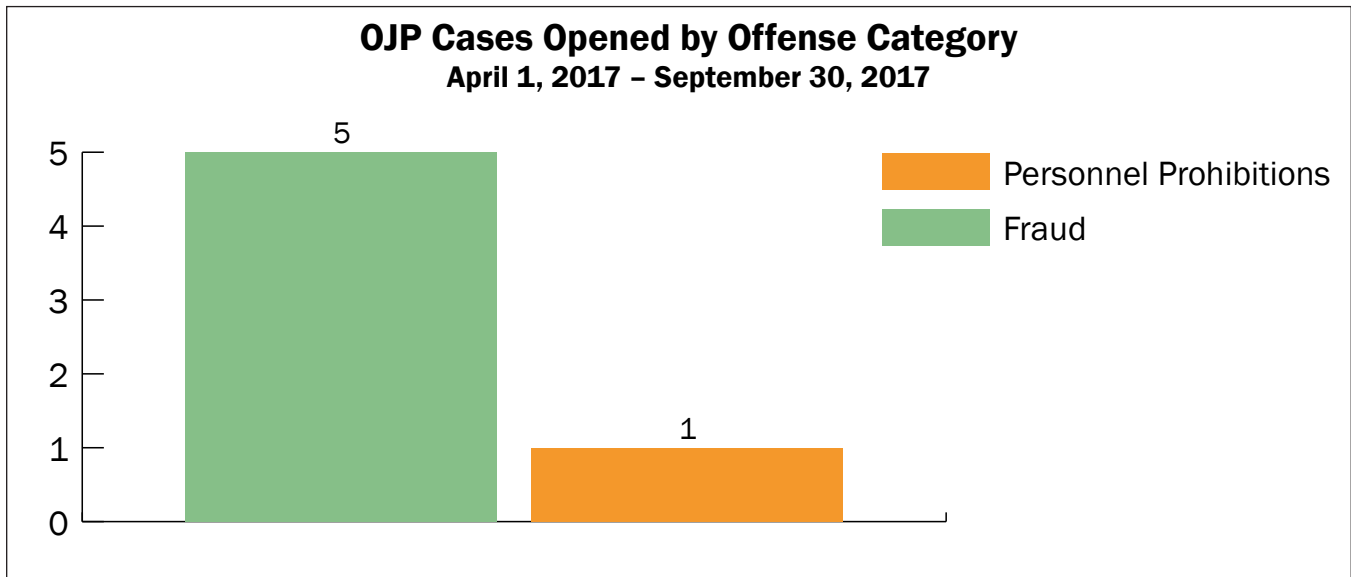
the time of the audit, UCPO had drawn down approximately \$1,168,918 of the total grant funds awarded. The OIG concluded that UCPO generally managed most of the grant funds it reviewed appropriately, but needed to make specific improvements to its controls and ensure adherence to established policies and procedures, particularly in the areas of grant expenditures, drawdowns, and reporting. Specifically, the audit found that UCPO used grant funds to purchase software that was unnecessary and pay some salary costs that were unallowable or unsupported; did not spend drawn down grant funds within the required timeframe, or return unspent portions of those funds to DOJ; and submitted several inaccurate and late FFRs. Based on the results of its testing, the OIG identified \$48,087 in questioned costs related to grant expenditures. In addition, the OIG could not determine from the data available whether UCPO reduced its DNA testing turnaround time or how it performed in reducing its backlog of samples awaiting processing, in part because UCPO's performance measures were not designed to assess progress towards meeting these goals. The OIG made eight recommendations to OJP to remedy questioned costs and address deficiencies it identified. OJP agreed with all of them. UCPO agreed with five recommendations and disagreed with three recommendations related to questioned costs.

- The OIG issued an audit report on two grants totaling \$587,237 to the [Sac and Fox Tribe of the Mississippi in Iowa, Meskwaki Nation](#) (Sac and Fox Tribe) in Tama, Iowa. The grants were awarded in 2014 under the Coordinated Tribal Assistance Solicitation program. The purpose of the grants was to provide quality legal representation in Tribal court for indigent persons or children

and other vulnerable persons and to develop a juvenile justice system. At the time of the audit, the Sac and Fox Tribe had drawn down \$204,513 of the total grant funds awarded. The OIG found that the Sac and Fox Tribe did not adhere to all of the grant requirements tested. Specifically, the OIG found that the Sac and Fox Tribe did not have adequate grant management policies and procedures, did not maintain auditable performance data, did not track expenditures by approved budget categories, and submitted inaccurate Federal Financial Reports to OJP for both grants. Additionally, the Sac and Fox Tribe did not demonstrate significant progress towards achieving some of the grants' stated goals and objectives, such as developing a juvenile justice system. The OIG made seven recommendations to OJP to improve the Sac and Fox Tribe's management of DOJ grant funds and remedy \$10,164 in questioned costs and OJP agreed with all of them. The Sac and Fox Tribe agreed with six recommendations, and disagreed with one.

- The OIG issued an audit report on three grants totaling over \$7.1 million to the [University of Virginia](#) (UVA) in Charlottesville, Virginia. The purpose of these grants, which were awarded in 2014 and 2015 under NIJ's Comprehensive School Safety Initiative, was to increase the overall safety of schools and students nationwide through climate improvement, violence prevention, and culturally responsive classroom management. At the time of the audit, UVA had drawn down approximately \$1,097,440 of the total grant funds awarded. The OIG found that UVA generally managed the grants appropriately. Specifically, the audit found that all tested expenditures were allowable, supported, and in accordance with applicable laws, regulations, guidelines and the terms and conditions

Office of Justice Programs



Source: Investigations Data Management System

of the grants. The audit did not identify any irregularities with federal financial reports, use of funds, progress reports or other required documentation. Therefore, the report made no recommendations and was issued closed.

Investigations

During this reporting period, the OIG received 21 complaints involving OJP. The most common allegation made against OJP employees, contractors, or grantees was fraud.

During this reporting period, the OIG opened six cases. At the close of the reporting period, the OIG had 21 open criminal or administrative investigations of alleged misconduct related to OJP employees, contractors, or grantees. The most common allegation was grantee fraud.

The following are examples of cases involving OJP that the OIG investigated during this reporting period:

- On April 4, 2017, a former Tribal Court Clerk of the Chippewa Cree Tribe was sentenced in the District of Montana to 3 years of probation and ordered to pay

\$16,400 in restitution for theft from an Indian tribal government receiving federal funding. According to the counts of the Indictment to which she pleaded guilty, between February and October 2014, the Clerk stole more than \$5,000 in jail bonds, fines, and other sources of funds that were owned by the Chippewa Cree Tribal Court, which operated on a grant from OJP. The investigation was conducted by the OIG's Denver Field Office and the FBI.

- On April 21, 2017, the former Executive Director of a child advocate organization was sentenced to 10 months of incarceration, 3 years of supervised release, and ordered to pay \$55,143 in restitution after pleading guilty to embezzling funds from a program largely funded by grants from OVC. In the *Semiannual Report to Congress, April 1, 2015 – September 30, 2015*, the OIG reported that the former Executive Director was indicted in the Western District of Oklahoma. The investigation was conducted by the OIG's Fraud Detection Office with assistance from the Canadian County Sheriff's Office.

Office of Justice Programs

- On April 27, 2017, a DOJ grantee located in Washington, D.C., agreed to pay \$155,736 to resolve allegations of having submitted false claims to the government by knowingly charging inappropriate amounts to grants from OJP, potentially in violation of the *False Claims Act*. The investigation was conducted by the OIG's Fraud Detection Office.
- On September 7, 2017, a former Police Lieutenant assigned to the Quincy Police Department in Massachusetts, which received grant funds from OJP, was sentenced to 1 year and 1 day of incarceration, 1 year of supervised release, and ordered to pay \$8,211 in restitution after a jury found him guilty of mail fraud and fraud involving federal funds. According to the Indictment, the Police Lieutenant defrauded the City of Quincy and the U.S. government of more than \$10,000 by submitting false and fraudulent time slips so he could collect double pay for working multiple details and/or police shifts that overlapped. The investigation was conducted by the OIG's Boston Area Office, with assistance from the FBI Boston Office.

Corrective Actions to Resolve and Close Audit Reports during FYs 2015 through 2017

The OIG is conducting an audit with the preliminary objective to assess and summarize the corrective actions taken by OJP to close OIG audit recommendations issued in audit reports that were closed during FYs 2015 through 2017.

Ongoing Work

National Institute of Justice's Grant Management

The OIG is auditing the NIJ's grant management. The preliminary objectives are to determine whether the NIJ: (1) used fair and open processes to award competitive grants; (2) properly justified its decisions when awarding non-competitive grants; and (3) managed grant activities in compliance with legal, regulatory, and ethical requirements.

Crime Victims Fund

The Crime Victims Fund (CVF) was established by the *Victims of Crime Act of 1984* (VOCA) and serves as a major funding source for victim services throughout the country. Each year, millions of dollars are deposited into the CVF from criminal fines, forfeited bail bonds, penalty fees, and special assessments collected by USAOs, U.S. Courts, and the BOP. These dollars come from offenders convicted of federal crimes, not from taxpayers. OVC administers the CVF. States receive the majority of CVF funds directly from OVC through the VOCA victim assistance and compensation formula grants. The OVC also awards discretionary grants to state and local governments, individuals, educational institutions, and private nonprofit organizations to support national-scope demonstration projects and training and technical assistance that enhance the professional expertise of victim service providers. Other CVF-funded program areas include USAO victim-witness coordinators who assist victims of federal crimes, and FBI victim specialists who help keep victims of federal crimes informed of case developments and appropriate resources.

Since FY 2015, Congress substantially increased the amount of funding for these Department programs. Specifically, in FY 2015 the Department had over \$2 billion in CVF funding available for programs that support crime victims. This more than tripled the amount of CVF grant funding that was available in FY 2014. From FY 2015 through 2017, DOJ has provided nearly \$8 billion in funding for CVF programs. This increase has translated into commensurate increases in grants to states that manage and subaward the majority of the funds to public and nonprofit organizations that operate counseling centers, domestic violence shelters, rape crisis centers, and other victim services.

The OIG is committed to robust oversight of the Department's administration of the CVF and of the victim services the Department operates and supports. Our audits of victims of crime programs have resulted in dozens

of recommendations to improve recipients' administration of CVF-funded grants, enhance the performance of its programs, improve monitoring of thousands of subrecipients, and help ensure accountability for billions of CVF dollars. During this semiannual period, the Audit Division issued 8 audits and, at the end of the period, had 15 ongoing audits of programs and grants that focus on victims of crime. Examples of the audits issued this period are described below.

Reports Issued

OJP's Crime Victims Fund

The OIG issued an audit report examining the risks associated with OJP's management of the CVF and found that OJP had sufficient control processes in place for the solicitation, selection, and awarding of CVF grants, and made progress to meet new congressional requirements for CVF grant recipients. However, the OIG also identified risk areas where OJP's management of the CVF-funded grant programs could be strengthened, such as OJP's monitoring efforts and lack of outcome-oriented performance measures. These risk areas are discussed below.

The OIG found that OVC's historical onsite monitoring of State Administering Agencies (SAAs) was not done as frequently as required, which increases the risk of mismanagement. SAAs manage most of the CVF grant funds and also oversee thousands of grant subrecipients. OVC's regular onsite monitoring of SAAs is critical to mitigating the risk of mismanagement by both SAAs and their subrecipients. The OIG found that OVC was not consistently performing onsite reviews of these SAAs every 3 years, as required. Also, while OVC had not established a strategy to consistently review all SAAs, the OIG noted that OVC's more recent onsite monitoring indicates that it is improving the timeliness of its reviews.

In addition, the OIG found that some OJP program specialists and financial monitors did not fully understand grant monitoring

Crime Victims Fund

procedures, and some OVC programmatic monitors lacked a full understanding of financial monitoring requirements. The OIG determined that OJP staff needed additional training and that OJP monitors did not routinely verify the accuracy of payouts and revenues. These risks increase the possibility that OJP could fail to identify deficiencies in its efforts to manage the CVF, including in areas such as financial management and performance reporting.

Further, OJP's performance measures need improvement. OJP developed a strategic goal and objectives for CVF-funded programs that are consistent with the Department's strategic plan. However, OJP's strategic goal and objectives only addressed two of the seven CVF-funded activities; were not outcome-oriented; and did not express in a quantitative and measureable form the indicators, targets, and timeframes for assessing the impact of the CVF program. The OIG determined that OJP also needs a more effective system to collect, analyze, and report performance data for all its CVF activities.

The OIG made 11 recommendations to OJP to address the risk areas identified in OJP's management of the CVF, and OJP agreed with all of them.

The OIG released a video and a podcast to accompany this report. The video is available [here](#). The podcast is available [here](#).

Audits of CVF Grants to State and Local Entities

During this reporting period, the OIG audited seven CVF-funded grant recipients, as described below.

- The OIG issued an audit report on six grants totaling \$50,092,497 to the [Minnesota Department of Public Safety Office of Justice Programs](#) (MN OJP) in Saint Paul, Minnesota. The grants were awarded between 2013 and 2015 by the

OVC for the purposes of providing crime victim compensation through financial awards and providing crime victim assistance through direct services. At the time of the audit, MN OJP had drawn down \$28,413,000 of the total grant funds awarded. The OIG concluded that MN OJP adequately administered the victim compensation program, but it found significant issues with the management of the victim assistance program. Specifically, the audit found that MN OJP's process for awarding subgrants was inadequate because each subgrant included various sources of federal and state funds without separate accounting by funding source. This created a commingled funds environment for subrecipients. As a result, the OIG was unable to complete the OIG's audit tests of subrecipient expenditures, performance reporting, and compliance with priority victim assistance funding areas. The audit identified additional issues with MN OJP's administration of the grant funds, including unsupported personnel expenditures charged to the grants, unallowable advances of grant funds to subrecipients, and inadequate monitoring of subrecipients. These deficiencies resulted in a total of \$577,764 in questioned costs. The OIG made eight recommendations to OJP to improve MN OJP's management of grant funds and remedy questioned costs, and OJP agreed with all of them. MN OJP agreed with six and partially agreed with two of the recommendations.

- The OIG issued an audit report on six grants totaling \$122,512,935 to the [State of North Carolina's Department of Public Safety Governor's Crime Commission](#) (GCC). The purpose of these grants, which were awarded from October 2009 through September 2015 under the Victim Assistance Formula Grant Program, was to enhance crime victim services in the state. The OIG found the GCC

Crime Victims Fund

did not comply with essential award conditions related to allocating funds, performance statistics, and support for grant expenditures. Specifically, the OIG found that the GCC: (1) did not meet the requirement of subawarding at least 10 percent of the total grant awards to programs providing services to victims of the required four priority areas; (2) did not have an adequate system in place to ensure that the number of victims served by GCC subrecipients and subsequently contained in state performance reports was accurate; (3) was unable to provide supporting documentation for \$92,175 in administrative payroll expenses, and \$106,536 in subrecipient expenditures; and (4) did not comply with requirements for subrecipient monitoring. The OIG made eight recommendations to OJP to improve the GCC's management of DOJ grant funds and remedy questioned costs. OJP and the GCC agreed with all of them.

- The OIG issued an audit report on four grants totaling \$125,843,420 awarded to the [Pennsylvania Commission on Crime and Delinquency](#) (PCCD) in Harrisburg, Pennsylvania. The purpose of these OVC grants, which were awarded in between 2012-2015 under the Victim Assistance formula grant programs, was to enhance crime victim services throughout Pennsylvania. At the time of the audit, PCCD had drawn down \$69,848,173 of the total grant funds awarded. The OIG found evidence that PCCD intended to use its grant funds to enhance services for crime victims. However, the audit also identified improvements that PCCD needs to make in its management of these grants to enhance financial administration and overall performance. Specifically, the audit determined that PCCD's monitoring over the subawards made statewide for victim services needed to be improved and that PCCD needed to reconcile their quarterly FFRs to its official accounting records.

The audit identified \$34,747 in total questioned costs due to unsupported and unallowable subrecipient expenditures. The OIG made five recommendations to OJP to improve PCCD's management of DOJ grant funds and remedy questioned costs and OJP agreed with all of them. PCCD agreed with three, partially agreed with one, and disagreed with one of the recommendations.

- The OIG issued an audit report on two grants totaling \$2,841,749 to the [International Association of Chiefs of Police](#) (IACP) in Alexandria, Virginia. OVC awarded these grants in 2014 and 2015 for the purpose of evaluating law enforcement's victim response strategy and developing resources to support victims' access to compensation. At the time of the audit, IACP had drawn down \$742,447 of the total grant funds awarded. The OIG found that the IACP generally demonstrated adequate progress towards achieving the grants' goals. However, the OIG identified several discrepancies or instances of noncompliance with the grant requirements tested. Specifically, the audit found that the IACP did not comply with requirements pertaining to the justification and documentation of consultant rates, the handling of travel expenses, and the monitoring of subrecipient payroll expenses. The OIG made seven recommendations to OJP and identified \$27,842 in questioned costs. OJP agreed with all of them. The IACP agreed with five recommendations, and disagreed with two recommendations.
- The OIG issued an audit report on six grants totaling over \$21.4 million to the [New Mexico Crime Victims Reparation Commission](#) (CVRC), in Albuquerque, New Mexico. The grants were awarded from 2013 to 2015 pursuant to VOCA for the purpose of enhancing crime victim services in New Mexico. As of

Crime Victims Fund

August 2016, CVRC had drawn down \$11,185,697 of the total grant funds awarded. The audit found that CVRC used and managed its VOCA funding to enhance crime victim services. Further, the audit did not identify any significant concerns regarding CVRC's VOCA subaward allocation plan, subrecipient monitoring, performance reports, or drawdown process. However, the audit identified four instances in which CVRC reimbursed victims for medical marijuana purchases. While medical marijuana is permissible under New Mexico law, it is a banned substance under federal law. As a result of these deficiencies, the audit identified \$7,630 in total questioned costs. The OIG made one recommendation to OJP to remedy the unallowable costs for medical marijuana purchases. In response to the draft audit report, OJP and CVRC agreed with the recommendation and provided sufficient documentation to close the recommendation.

- The OIG issued an audit report on six grants totaling \$9,496,706 to the [South Dakota Department of Social Services](#) (SDDSS) in Pierre, South Dakota. The grants were awarded between 2013 and 2015 pursuant to VOCA for the purpose of enhancing crime victim services in South Dakota. At the time of the audit, the SDDSS had drawn down \$4,201,069 of the total grant funds awarded. The OIG did not identify significant concerns regarding the SDDSS's plan for spending grant funds or the administrative costs charged to the grants. However, the OIG identified deficiencies in subrecipient monitoring, performance report documentation, and compensation claim payment procedures. Additionally, the OIG found that SDDSS had not been performing site visits and only recently started performing desk reviews of subrecipients. The OIG made five recommendations to OJP to improve the SDDSS's management. OJP agreed

with all of them. SDDSS agreed with three and disagreed with two of the OIG's recommendations.

- The OIG issued an audit report on a cooperative agreement totaling \$4,900,498 to [RAND Corporation](#) (RAND) in Santa Monica, California. The purpose of this Bureau of Justice Statistics grant, which was awarded in 2012, was to develop and implement a National Census of Victim Service Providers (NCVSP) that would identify a national profile of services being provided to victims, types of victims being served, emerging trends, and existing gaps in services. At the time of the audit, RAND had drawn down approximately \$2.4 million. The OIG found that RAND generally managed the grant in accordance with requirements and demonstrated progress towards achieving the grant's stated goals and objectives. However, the audit noted that RAND was initially contractually obligated to achieve the grant's objectives by September 2014, but the Bureau of Justice Statistics approved two extensions and three supplements to ensure that RAND completed additional tasks required for designing and implementing the census. The OIG made one recommendation regarding the timely completion of the award project. OJP and RAND agreed with the recommendation.

Other Department Components

Civil Division

Report Issued

The Handling of Sexual Harassment and Misconduct Allegations by the Department's Civil Division

The OIG reviewed the handling of sexual harassment and misconduct allegations by DOJ's Civil Division. The OIG concluded that the Civil Division must address significant weaknesses in its tracking of allegations, as well as inconsistencies among penalties imposed for substantiated allegations, to ensure that it adheres to DOJ's zero tolerance policy for harassment, including sexual harassment. Specifically, the OIG found that the Civil Division does not consistently and effectively track, record, or maintain adequate information on allegations of sexual harassment and misconduct. The Civil Division also does not have guidance to ensure that all allegations are reported to Human Resources and lacks a consistent standard for reporting sexual harassment and misconduct allegations to the OIG, as well as to its own leadership. In addition, the Civil Division does not have penalty tables or guidelines for handling substantiated cases of sexual harassment and misconduct, which, the OIG believes, affects the Civil Division's ability to impose consistent penalties. Finally, the OIG found that some Civil Division employees received performance awards while they were the subject of an ongoing sexual harassment or misconduct investigation or while disciplinary actions were in effect, which, the OIG believes, could deter the reporting of future allegations. The OIG made four recommendations, and the Civil Division agreed with all of them. On May 31, 2017, the OIG issued to the Deputy Attorney General a Management Advisory Memorandum entitled the Handling of Sexual Misconduct and Harassment Allegations by Department of Justice Components.



Investigation

The following is an example of a case that the OIG investigated during this reporting period:

- On June 28, 2017 a former Intern with the DOJ Civil Division pleaded guilty to first degree felony fraud. The Intern was charged in the Superior Court of the District of Columbia. According to the statement of facts in support of his plea agreement, the Intern stole credit cards from Civil Division employees and provided them to a conspirator, who used them to process unauthorized payments to his business. The conspirator subsequently withdrew the funds from his bank account and provided a portion to the Intern. Between April 2015 and June 2015, the fraud transacted on nine stolen credit cards totaled \$22,785. The conspirator pleaded guilty on June 27, 2017. The investigation was conducted by the OIG's Washington Field Office with assistance from the OIG's Cyber Investigations Office, as well as the DHS's Federal Protective Service.

Other Department Components

Criminal Division

Reports Issued

Equitable Sharing Audits

Under DOJ's Asset Forfeiture Program, state and local law enforcement agencies receive equitable sharing assets when participating directly with DOJ's law enforcement components in joint investigations that lead to the seizure or forfeiture of cash and property. Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations.

During this reporting period, the OIG audited equitable sharing revenues received by six law enforcement agencies as described below.

- The OIG issued an audit report on the equitable sharing activities of the [Cook County State's Attorney's Office](#) (CCSAO) in Chicago, Illinois. The OIG assessed how the CCSAO accounted for and used equitable sharing funds from December 1, 2013, to November 30, 2016. During this period, the CCSAO reported a beginning balance of \$2,106,313, received an additional \$880,199, and expended \$1,162,018 in equitable sharing funds. The audit found that the CCSAO did not fully comply with the DOJ equitable sharing guidelines the OIG reviewed. Specifically, the OIG found that the CCSAO had deficiencies in accounting procedures; had outdated policies on equitable sharing; failed to include DOJ equitable sharing funds in the Cook County Single Audit Reports for FYs 2014 and 2015; and had instances of unallowable use of equitable sharing funds, including using the funds to pay for the salary and fringe benefits of an officer and for state seizure-related legal notice publications. The OIG made seven recommendations to the Criminal Division to address these weaknesses and identified \$127,080 in questioned costs.
- The Criminal Division agreed with all of them. The CCSAO accepted or agreed with all seven recommendations.
- The OIG issued an audit report on the equitable sharing activities of the [Tennessee Department of Safety and Homeland Security](#) (Department of Safety) in Nashville, Tennessee. Between July 1, 2013, and June 30, 2017, the Department of Safety received \$931,822 and expended \$1,188,541 in equitable sharing funds. The OIG determined that the Department of Safety expended \$112,614 in equitable shared funds for unallowable catering, luncheon, banquet ticket, and retail food expenditures. The OIG identified these expenditures as questioned costs. The audit also found that the Department of Safety lacked procedures for tracking and reconciling equitable sharing requests to receipts and did not have a separately designated account for expenditures. Additionally, the OIG found that the Department submitted Equitable Sharing Agreement and Certification Reports for FY 2014 to FY 2016 that were not signed by Department of Safety or State of Tennessee officials, and the FY 2014 report was submitted late. The OIG made five recommendations to the Criminal Division. The Criminal Division and the Department of Safety agreed with all of them.
- The OIG issued an audit report on the equitable sharing activities of the [Reno Police Department](#) (Reno PD) in Reno, Nevada. Between July 1, 2012, and June 30, 2015, Reno PD received \$1,251,118 and expended \$1,112,053 in equitable sharing funds. The OIG found that the Reno PD lacked effective internal controls and expended equitable sharing funds for unallowable purposes. Specifically, the audit found that Reno PD submitted inaccurate reports to DOJ; had instances

Other Department Components

of unallowable use of equitable sharing funds, including using funds for non-sworn law enforcement salaries and a scholarship program; failed to maintain adequate supporting documentation for \$75,500 in software and consulting expenditures; failed to report DOJ equitable sharing expenditures on Single Audit reports for FYs 2013 through 2015; and maintained policies that resulted in commingled equitable sharing funds and investment of DOJ revenue, neither of which were permitted by DOJ guidance. The OIG made 13 recommendations to the Criminal Division and identified \$84,132 in questioned costs. The Criminal Division agreed with all of them. The Reno PD neither agreed nor disagreed with the recommendations; however, the Reno PD described corrective actions that it has taken and will take to address the recommendations. Seven of the 13 recommendations have been closed based on documentation and evidence provided by the Reno PD.

- The OIG issued an audit report on the equitable sharing activities of the [City of San Jose Police Department](#) (SJPD) in San Jose, California. During the review period of July 1, 2012, to June 30, 2015, the SJPD received a total of \$569,461 in DOJ equitable sharing revenue and reported expenditures of \$281,039 in DOJ equitable sharing funds. The OIG identified several internal control weaknesses, including a lack of established policies and procedures that weakened the SJPD's management of its equitable sharing activities. The OIG found that the SJPD commingled DOJ equitable sharing funds; improperly invested those funds in stocks, bonds, and marketable securities, contrary to DOJ equitable sharing guidelines; and submitted inaccurate certification reports to DOJ. The OIG also identified \$33,390 in net questioned costs for window coverings that were procured through a less

than arm's length transaction, had at a minimum the appearance of a conflict of interest, did not follow the City of San Jose's own procurement policy, and were not supported with adequate documentation. The OIG further identified \$1,247,207 in funds that should be put to better use based on the SJPD unnecessarily retaining DOJ equitable sharing funds over a 10-year period. The OIG made 13 recommendations for the Criminal Division that address the weaknesses the OIG identified. The Criminal Division's Money Laundering and Asset Recovery Section agreed with all of the findings. The SJPD agreed with 12 recommendations and disagreed with 1 recommendation.

- The OIG issued an audit report on the equitable sharing activities of the [Office of the Special Narcotics Prosecutor](#) (OSNP) for New York City. The audit, which focused primarily on FYs 2013 through 2015, found that OSNP's accounting procedures did not comply with DOJ Equitable Sharing Program requirements. During the period of review, OSNP received \$20,605,509, and expended \$3,581,284 in equitable sharing funds. Specifically, the OIG found that OSNP: (1) did not use the City's accounting system to account for its equitable sharing funds, as required; (2) received funds on behalf of the New York Drug Enforcement Task Force, which was not an eligible Equitable Sharing participant, in violation of equitable sharing guidelines; and (3) did not maintain accurate and complete equitable sharing inventory records. The audit also found that OSNP maintained adequate supporting documentation for its equitable sharing fund expenditures and accurately reported expenditures in its required annual reports. The OIG made three recommendations to the Criminal Division to address the weaknesses the OIG identified. The Criminal Division agreed with two of the recommendations

Other Department Components

and disagreed with one, while OSNP agreed with one and disagreed with the remaining two recommendations.

- The OIG issued an audit report on the equitable sharing activities of the [Elgin Police Department](#) (Elgin PD) in Elgin, Illinois. The audit focused on the period of January 1, 2014, to September 30, 2016. At the start of this period, the Elgin PD reported a balance of \$571,608 in DOJ equitable sharing funds. During the review period, the Elgin PD received an additional \$242,385 and reported expenditures of \$596,401 in equitable sharing funds. The OIG found that the Elgin PD did not fully comply with DOJ Equitable Sharing Program requirements. Specifically, the OIG found that the Elgin PD commingled its DOJ equitable sharing expenditures with other expenditures in its accounting records, in violation of DOJ guidelines. The Elgin PD established procedures to allow for separate accounting of its DOJ equitable sharing receipts in FY 2015 after a FY 2014 single audit finding identified the Elgin PD's commingling of DOJ equitable sharing funds. However, the Elgin PD continued to commingle its DOJ equitable sharing expenditures with other expenditures in its accounting records. In addition, the OIG found that the Elgin PD submitted its FY 2014 and FY 2015 annual certification reports late and did not submit an accurate FY 2015 certification report. The OIG made three recommendations for the Criminal Division that address the weaknesses the audit identified. The Criminal Division and the Elgin PD agreed with all of them.

Environment and Natural Resources Division

Report Issued

FYs 2015 and 2016 Superfund Activities

The OIG released a report examining the ENRD's Superfund activities for FYs 2015 and 2016. The *Comprehensive Environmental Response, Compensation, and Liability Act of 1980* (known as CERCLA or Superfund), which was expanded by the *Superfund Amendments and Reauthorization Act of 1986*, established the Superfund program to clean up the nation's worst hazardous waste sites. Within DOJ, the ENRD enforces CERCLA's civil and criminal pollution-control laws. The ENRD uses a management information system to document and allocate its Superfund litigation costs. Every 2 years, the OIG conducts an audit of ENRD's cost allocation process and releases a report regarding the audit results.

The OIG concluded that the ENRD provided an equitable distribution of costs to Superfund cases from FYs 2015 and 2016. To reach this conclusion, the OIG assessed the cost allocation process used by the ENRD and its contractor, the ENRD's Superfund case designation, the costs distributed to these cases, and the adequacy of the internal controls over the recording of charges to Superfund cases. However, the OIG's audit also identified one instance of \$1,414 in unsupported travel costs.

The OIG made one recommendation to the ENRD to remedy the \$1,414 in unsupported travel costs. The ENRD agreed with the recommendation.

Other Department Components

Executive Office for Immigration Review

Investigation

The following is an example of a case that the OIG investigated during this reporting period:

- The OIG initiated an investigation of a Senior Executive with the EOIR based on information it received from DOJ that the official engaged in inappropriate hiring practices, used non-public information to benefit friends, solicited and accepted gifts from subordinates, maintained inappropriate relationships with subordinates, and participated in an inappropriate quid pro quo scheme with a contract company.

The investigation found that the Executive engaged in improper hiring practices when, on seven separate occasions, the Executive disregarded merit system principles to hire close friends and associates as DOJ employees or DOJ contract personnel over applicants with superior qualifications for the positions. The investigation also found that the Executive initiated and approved the promotion of a friend before the individual was eligible for promotion, nominated a friend for a monetary award without sufficient justification, and promoted a friend who lacked qualifications for the position. The investigation further found that the Executive disclosed to friends and acquaintances non-public information about job opportunities on a pending DOJ contract, and advocated for increasing contractor salaries in support of friends. The investigation found that this conduct violated federal statutes, federal regulations, and DOJ policy.

In addition, the investigation found that the Executive maintained an inappropriate personal relationship with a subordinate, and solicited and accepted gifts and donations from subordinates, in violation of federal statutes and regulations, and DOJ policy. The investigation further concluded that the Executive engaged in an inappropriate scheme with a DOJ contractor in which the Executive sought employment and training from the contractor for personal friends in exchange for the Executive actively participating in the creation and awarding of a purchase agreement of substantial monetary value to the contractor, in violation of federal statutes and regulations. Lastly, the investigation found that the Executive lacked candor and provided false statements to the OIG in relation to the Executive's conduct in the above-described matters, in violation of federal statute and regulation. The case was presented to DOJ for prosecution on June 9, 2015, and was initially accepted. However, it was ultimately declined on May 13, 2016.

The OIG has completed its investigation and provided this report to EOIR for appropriate action. The OIG also referred to the U.S. Office of Special Counsel its findings that the Executive retaliated against employees who refused to hire the Executive's friends.

Justice Management Division

Ongoing Work

Task Orders Awarded to CACI, Inc. – Commercial

The OIG is auditing task orders awarded to CACI, Inc.—Commercial (CACI) under a JMD contract. The preliminary objective of the audit

Other Department Components

is to assess JMD's administration of the contract and task orders, and CACI's performance and compliance with the terms, conditions, laws, and regulations applicable to the contract and task orders. The assessment of performance may include financial management, monitoring, reporting, and progress toward meeting the contract goals and objectives. The audit scope will cover the period of performance from August 1, 2013, to September 30, 2016.

Office on Violence Against Women

Reports Issued

Audits of OVW Grants

The Office on Violence Against Women (OVW) administers financial and technical assistance to communities across the country for the development of programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. The OVW recipients include state and local governments, universities, non-profit agencies, and for-profit agencies. During this reporting period, the OIG conducted three audits of OVW grant recipients, which are summarized below.

- The OIG issued an audit report on four grants totaling \$2,328,070 awarded to the [Fort Belknap Indian Community](#) (FBIC) in Harlem, Montana. The grants were awarded between 2012 and 2015 by the OVW and OJP for various purposes, including supporting a prosecutor to handle an active violence against women caseload, efforts to respond to and prevent alcohol and substance abuse, efforts to improve Tribal Justice Systems, and establishment of a Tribal offender reentry program for adults. At the time of the audit, the FBIC had drawn down approximately \$907,969 of the total funds awarded. The OIG found that the FBIC did not adequately manage these awards

and identified significant non-compliance and deficiencies in most of the areas it reviewed. Specifically, the audit found that the FBIC did not complete certain award objectives to increase violence against women prosecutions, improve victim witness services, or enhance the Tribe's juvenile justice system. The FBIC has also experienced considerable program delays in establishing a Tribal offender reentry program for adults. Further, the audit found that the FBIC did not comply with essential award conditions related to performance reports, use of funds, drawdowns, federal financial reports, and contract management. For example, the OIG found that the FBIC charged unallowable personnel, travel, supplies, and other costs to the grants, and did not adequately monitor contracts under two of the grants. Overall, the OIG identified \$325,809 in questioned costs and \$60,163 in funds that could be put to better use. The OIG made 15 recommendations to the OVW and OJP to address these deficiencies. The OVW and OJP agreed with all of them. The FBIC did not agree with portions of 7 of the 15 recommendations.

- The OIG issued an audit report on four grants totaling \$1,939,114 awarded between 2011 and 2014 to the [Seneca-Cayuga Nation](#) (SCN) in Grove, Oklahoma. Two grants were awarded by OJP for the purpose of developing and enhancing sex offender registration and notification programs. Two grants were awarded by the OVW for the purpose of developing and strengthening effective responses to violence against women. At the time of the audit, SCN had drawn down \$1,711,982 of the total grant funds awarded. The audit concluded that the SCN's management of federal grant funds needs improvement. Specifically, the OIG found non-compliance and deficiencies in areas it reviewed, including indirect

Other Department Components

costs, budget management, compliance with special conditions, and direct cost expenditures. As a result, the audit identified \$178,395 in total questioned costs. In addition, during its review the OIG found no evidence suggesting that SCN was not on track to achieve the goals of the grants. The OIG made 13 recommendations to the OVW and OJP. The OVW and OJP agreed with all of them. SCN acknowledged or agreed with all of them.

- The OIG issued an audit report examining three grants totaling \$1,314,685 to the [North Carolina Coalition Against Domestic Violence](#) (Coalition) in Durham, North Carolina. The OVW awarded the grants in 2014 and 2015 for the purpose of supporting services, projects, and coalitions designed to assist victims of sexual assault, domestic violence, dating violence, and stalking. At the time of the audit, the Coalition had received \$983,434 of the total grant funds awarded. The OIG found that the Coalition generally complied with essential grant requirements and conditions. However, the OIG determined the Coalition could not provide adequate documentation to support all program accomplishments. The OIG also found instances where Coalition officials did not follow their own financial policies and procedures requiring the review of reconciled credit card report forms. The OIG issued two recommendations for the OVW to improve the Coalition's grant management. The OVW agreed with one of the recommendations and partially agreed with the other recommendation. The Coalition did not state whether it agreed or did not agree with the recommendations.

Investigation

The following is an example of a case that the OIG investigated during this reporting period:

- On July 14, 2017, the former Executive Director and a former Administrative Assistant, each of whom both worked for organizations that received funds from the OVW, were sentenced in the District of Montana for theft from a program receiving federal funds. The Executive Director was sentenced to 1 year and 1 day of incarceration, 3 years of supervised release, and ordered to pay \$246,024 in restitution to the OVW, while the Administrative Assistant was sentenced to 2 years of probation and ordered to pay \$30,000 in restitution to the OVW. According to the Indictment to which both pleaded guilty, between December 2011 and December 2014, they conspired to embezzle money by inflating their work hours and double-billing for travel. The investigation was conducted by the OIG's Tucson Area Office and the FBI Glasgow, Montana, Resident Agency.

U.S. Attorneys' Offices

Investigations

The following are examples of cases that the OIG investigated during this reporting period:

- The OIG initiated an investigation upon receipt of information from EOUSA alleging that a USA, now retired, engaged in misconduct by engaging in an intimate personal relationship with a high-level, but subordinate, Supervisory AUSA. The OIG substantiated the allegations, and the former USA admitted to the OIG to having engaged in the relationship. The investigation found that the USA's misconduct gave the appearance of partiality, created a difficult work environment, and violated Executive

Other Department Components

branch-wide standards of conduct, federal ethics regulations, and possibly federal regulations and DOJ policy regarding sexual harassment in the workplace. Other allegations against the former USA were not substantiated. The USA retired from federal service following the initiation of the OIG's investigation.

During the investigation, the OIG also determined that the Supervisory AUSA inadvertently failed to report spousal stock trades completely and accurately on required financial disclosure forms.

The OIG has completed its investigation and provided its reports to the EOUSA and the Office of the Deputy Attorney General.

- On May 24, 2017, a former USAO Budget Officer and a co-conspirator were indicted on 18 counts of fraud. The investigation is being conducted by the OIG's Chicago Field Office, the IRS Criminal Investigation Division, and the U.S. Postal Inspection Service.

Top Management and Performance Challenges

The OIG has published a list of top management and performance challenges facing DOJ annually since 1998. The list is based on the OIG's oversight work, research, and judgment. By statute, the list is required to be included in DOJ's annual Agency Financial Report.

This year's list identifies eight challenges that the OIG believes represent the most pressing concerns for DOJ. While the challenges are not rank-ordered, the OIG believes that challenges in two critical areas—national security and cybersecurity—will be at the forefront of the Department's attention and require vigilance for the foreseeable future.

In addition, this year's list again includes the challenge *Using Performance-Based Management to Improve Department Programs*, which the OIG believes continues to grow in importance. Moreover, this challenge impacts many of the challenges listed above, illustrating how the deficit in performance-based management can hinder the Department's ability to accomplish its mission efficiently and effectively. Meeting all of these challenges will require the Department to develop innovative solutions and exercise careful oversight to ensure the effectiveness of its operations.



Top Management and Performance Challenges for the Department of Justice – 2017

- *Safeguarding National Security and Ensuring Privacy and Civil Liberties Protections*
- *Enhancing Cybersecurity in an Era of Increasing Threats*
- *Managing an Overcrowded Federal Prison System in an Era of Declining Resources*
- *Strengthening the Relationships Between Law Enforcement and Local Communities and Promoting Public Trust*
- *Coordinating within the Department and Across Government to Fulfill the Department's Mission to Combat Crime*
- *Administering and Overseeing Contracts and Grants*
- *Using Performance-Based Management To Improve Department Programs*
- *Filling Mission Critical Positions Despite Competition for Highly-Skilled Professionals and Delays in the Onboarding Process*

Detailed information about DOJ's management and performance challenges is available online [here](#).

Congressional Testimony/Legislation and Regulations

Congressional Testimony

During this reporting period, the Inspector General testified on two occasions:

- “Use of Confidential Informants at ATF and DEA” before the U.S. House of Representatives Committee on Oversight and Government Reform on April 4, 2017. [Statement](#) of the Inspector General.
- “Oversight of the Foreign Agents Registration Act and Attempts to Influence U.S. Elections: Lessons Learned from Current and Prior Administrations” before the U.S. Senate Committee on the Judiciary on July 26, 2017. [Statement](#) of the Inspector General.



Legislation and Regulations

The IG Act directs the OIG to review proposed legislation and regulations relating to the programs and operations of DOJ. Although DOJ’s Office of Legislative Affairs reviews all proposed or enacted legislation that could affect DOJ’s activities, the OIG independently reviews proposed legislation that could affect its operations and legislation that relate to waste, fraud, or abuse in DOJ’s programs and operations. For example, during this period, the OIG reviewed legislation, including the *Inspector General Access Act of 2017*, *Intelligence Authorization Act for Fiscal Year 2018*, *Juvenile Justice and Delinquency Prevention Reauthorization Act of 2017*; as well as legislative proposals relating to national security, cybersecurity, privacy, whistleblowers, federal prisons, and recommendations from OIG reports.

Whistleblower Ombudsperson Program

Whistleblowers perform a critical and important role when they bring forward what they reasonably believe to be evidence of wrongdoing, and they never should suffer reprisal for doing so. During this reporting period, the OIG passed 5 years since the initiation of the OIG Whistleblower Ombudsperson Program (the Whistleblower Program); and the OIG continued to work to ensure that whistleblowers are fully informed of their rights and protections from reprisal. Incorporating a number of recent significant changes in the law, the Whistleblower Program has continued to make a wide range of information available to Department employees and others through the Whistleblower Protection [page](#) on the OIG's website and other educational and training materials and programs. The OIG has continued to provide information directly to whistleblowers who have made or are contemplating making protected disclosures and who contacted the OIG through the Whistleblower Program's designated [e-mail address](#), or otherwise. The OIG also has continued to work to ensure that allegations are handled appropriately and in a timely fashion, and that whistleblowers are kept informed to the greatest extent possible regarding the outcomes of matters initiated as a result of their disclosures to the OIG. Additionally, during the reporting period, the Whistleblower Program continued to provide input and guidance regarding whistleblower matters and issues within the OIG.

The OIG worked with the FBI to help prepare and ensure the launch during the past reporting period of a revised training program for FBI employees that takes into account the significant changes embodied in the *FBI Whistleblower Protection Enhancement Act* (FBI WPEA). The OIG also is making plans to significantly revise and expand its more general informational offerings, including focusing on a number of specific areas of potential interest to whistleblowers such as rights and protections with regard to actions affecting employees of contractors; subcontractors; and grantees; and subgrantees and personal services contractors; and actions affecting access to classified information.

With the Whistleblower Protection Ombudsman provision in the *Whistleblower Protection Enhancement Act* due to sunset in November 2017 absent legislative action, the Whistleblower Program was particularly active during the past reporting period in acting as a liaison with Congress and other government agencies and entities, including working with the other members of the CIGIE Whistleblower Ombudsman working group to analyze and provide input on prospective legislative provisions and changes that would impact such programs across the community. During this period, the Whistleblower Program continued to host the meetings of the CIGIE Whistleblower Ombudsman working group at which these and other issues were discussed, including the consideration of different program structures and new educational efforts.

The numbers of FBI whistleblower reprisal allegations received by the DOJ OIG continued to grow yet again during the reporting period—during the past 6 months, the OIG received 24 new FBI whistleblower reprisal allegations, and there were 11 pending investigations open regarding such matters as of the end of the reporting period, reflecting the OIG's continued efforts to review these often complex matters in a timely fashion. The OIG continues to anticipate that this trend will continue, particularly in light of the expanded list of persons to whom disclosure can be made by FBI employees under the FBI WPEA and additional educational efforts in this area. The general numbers with regard to employee complaints received by the OIG, complaints received from individuals identifying themselves as whistleblowers, complaints resulting in the opening of investigations by the OIG, complaints referred by the OIG to the components for investigation, and employee complaint cases closed by the OIG during the reporting period are set forth in the table below.

Whistleblower Ombudsperson Program

April 1, 2017 – September 30, 2017	
Employee complaints received ¹	278
Complainants asserting to be whistleblowers ²	18
Employee complaints opened for investigation by the OIG	91
Employee complaints that were referred by the OIG to the components for investigation	109
Employee complaint cases closed by the OIG ³	91

¹ Employee complaint is defined as an allegation received from whistleblowers, defined broadly as complaints received from employees and applicants with the Department, or its contractors, subcontractors, or grantees, either received directly from the complainant by the OIG Hotline, the field offices, or others in the OIG, or from a Department component if the complaint otherwise qualifies and is opened as an investigation.

² These complainants may or may not qualify as whistleblowers under relevant laws.

³ This number reflects cases closed during the reporting period regardless of when they were opened.

Statistical Information

Audit Overview

During this reporting period, the OIG’s Audit Division issued 43 internal, contract, and external audits and other reports, which contained more than \$5.1 million in questioned costs, reported over \$1.5 million in funds to better use, and made 260 recommendations for management improvement.¹ Specifically, the Audit Division issued 11 internal audit reports of DOJ programs funded at more than \$44.1 million; 3 contract audit reports funded at more than \$266.7 million; 28 external audit reports of grants, and other agreements funded at over \$396.4 million; and 1 other report. The Audit Division also issued 30 *Single Audit Act* audits of programs funded at more than \$180.3 million, and one Management Advisory Memorandum.²

Questioned Costs ³			
Reports	Number of Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs ⁴
Audits			
No management decision made by beginning of period ⁵	0	\$0	\$0
Issued during period	24 ⁶	\$5,595,220	\$3,075,000
Needing management decision during period	24	\$5,595,220	\$3,075,000
Management decisions made during period:			
–Amount of disallowed costs ⁷	24	\$5,595,220	\$3,075,000
–Amount of costs not disallowed	0	\$0	\$0
No management decision at end of period	0	\$0	\$0
Evaluations			
Nothing to report from the Evaluation and Inspections Division.			
Special Reviews			
Nothing to report from the Oversight and Review Division.			

¹ See glossary for definition of “Questioned Costs” and “Funds Recommended to Be Put to Better Use.”

² “Other Reports” are identified in Appendix 3. Management Advisory Memoranda communicate concerns and issues to DOJ management outside of audit reports for immediate attention.

³ See glossary for definition of “Questioned Costs.”

⁴ See glossary for definition of “Unsupported Costs.”

⁵ Includes reports previously issued for which no management decision has been made. See glossary for definition of “Management Decision.”

⁶ Of the audit reports issued during this period with questioned costs, four were *Single Audit Act* reports.

⁷ Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken. See glossary for definition of “Disallowed Costs.”

Statistical Information

Funds Recommended to Be Put to Better Use ¹		
Reports	Number of Reports	Funds Recommended to Be Put to Better Use
Audits		
No management decision made by beginning of period ²	0	\$0
Issued during period	3	\$1,504,312
Needing management decision during period	3	\$1,504,312
Management decisions made during period:		
–Amounts management agreed to put to better use ³	3	\$1,504,312
–Amounts management disagreed to put to better use	0	\$0
No management decision at end of period	0	\$0
Evaluations		
Nothing to report from the Evaluation and Inspections Division.		
Special Reviews		
Nothing to report from the Oversight and Review Division.		

¹ See glossary for definition of “Funds Recommended to Be Put to Better Use.”

² Reports previously issued for which no management decision has been made.

³ Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

Statistical Information

Significant Recommendations for Which Corrective Actions Have Not Been Completed			
Report Number and Date	Report Title	Rec. No.	Recommendation
Audits			
17-35 (September 2017)	Audit of the Federal Bureau of Investigation's Insider Threat Program	4	The OIG recommended that the FBI conduct a comprehensive inventory of classified networks, systems, applications, and other information technology assets and identify a component responsible for maintaining the inventory.
16-16 (March 2016)	Audit of the Drug Enforcement Administration's Aviation Operations with the Department of Defense in Afghanistan	4	Remedy \$2,335,740 in unallowable non-personnel expenditures charged to the MOUs including: (a) Remedy \$1,664,699 in unallowable non-personnel expenditures that the DEA has incorrectly claimed for maintenance of the Global Discovery ATR 500 aircraft, travel to oversee the Global Discovery program, and training for pilots and mechanics to fly the ATR 500; (b) Remedy \$671,041 in unallowable non-personnel expenditures that the DEA has incorrectly claimed for travel-related expenditures for non-Afghanistan operations, training unrelated to Afghanistan, and other unallowable expenditures.
GR-60-15-015 (September 2015)	Audit of the Office of Justice Programs Correctional Systems and Correctional Alternatives on Tribal Lands Program Grants Awarded to the Navajo Division of Public Safety, Window Rock, Arizona	9	Remedy \$32,034,623 in unallowable expenditures associated with excessive building sizes for Grant Numbers 2009-ST-B9-0089 and 2009-ST-B9-0100.
Evaluations			
17-05 (July 2017)	Review of the Federal Bureau of Prisons' Use of Restrictive Housing for Inmates with Mental Illness	1	The OIG recommends that the BOP establish in policy the circumstances that warrant the placement of inmates in single-cell confinement while maintaining institutional and inmate safety and security and ensuring appropriate, meaningful human contact and out-of-cell opportunities to mitigate mental health concerns.
17-02 (March 2017)	Review of the Department's Oversight of Cash Seizure and Forfeiture Activities	1	The OIG recommends that the Money Laundering and Asset Recovery Section work with ATF, DEA, FBI, Asset Forfeiture Management Section, and USAOs to develop ways to collect relevant data related to seizure and forfeiture activities sufficient to identify and evaluate whether seizures advance or are related to federal investigations.
16-05 (June 2016)	Review of the BOP's Contraband Interdiction Efforts	3	The OIG recommends that the BOP develop uniform guidelines and criteria for conducting random staff pat searches across all institutions that require a minimum frequency and duration for search events to ensure that appropriate numbers of staff on each shift are searched with appropriate frequency.
15-05 (May 2015)	Review of the Impact of an Aging Inmate Population on the Federal Bureau of Prisons	8	The OIG recommends that the BOP consider revising its compassionate release policy to facilitate the release of appropriate aging inmates, including by lowering the age requirement and eliminating the minimum 10 years served requirement.
15-3 (January 2015)	Review of the DEA's Use of Cold Consent Encounters at Mass Transportation Facilities	1	The OIG recommends that the DEA consider how to determine if cold consent encounters are being conducted in an impartial manner, including reinstituting the collection of racial and other demographic data and how it could be used to make that assessment.

Statistical Information

Special Reviews			
17-02 (May 2017)	A Special Joint Review of Post-Incident Responses by the Department of State and Drug Enforcement Administration to Three Deadly Force Incidents in Honduras	7	The OIG recommends that the Deputy Attorney General should determine whether revisions to the post-shooting incident procedures should be made across the Department's law enforcement components to address the issue of shooting incidents outside the United States by a foreign LEO working on a joint law enforcement operation with a DOJ component. We also recommend that the Deputy Attorney General consider whether revisions to the components' post-shooting incident procedures should be made to ensure that the requirements are appropriate and consistent across the Department's law enforcement components.
17-04 (September 2017)	Report of Investigation of the Actions of Former DEA Leadership in Connection with the Reinstatement of a Security Clearance	2	The OIG recommends that the Department amend or supplement the Department Security Officer's delegation of authority to clarify that for the purpose of security adjudications, SPMs report solely to the Department Security Officer, and not to senior officials within the components.

Reports Without Management Decisions for More than 6 Months		
Report Number and Date	Report Title	Report Summary
Audits		
Nothing to report from the Audit Division.		
Evaluations		
Nothing to report from the Evaluation and Inspections Division.		
Special Reviews		
Nothing to report from the Oversight and Review Division.		

Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period			
Report Number and Date	Report Title	Rec. No.	Recommendation
Audits			
Nothing to report from the Audit Division.			
Evaluations			
Nothing to report from the Evaluation and Inspections Division.			
Special Reviews			
Nothing to report from the Oversight and Review Division.			

Significant Recommendations in Disagreement for More than 6 Months			
Report Number and Date	Report Title	Rec. No.	Recommendation
Audits			
Nothing to report from the Audit Division.			
Evaluations			
Nothing to report from the Evaluation and Inspections Division.			
Special Reviews			
Nothing to report from the Oversight and Review Division.			

Statistical Information

Audit Follow-up

OMB Circular A-50

OMB Circular A-50, *Audit Follow-up*, 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 September 30, 2017, the Audit Division was monitoring the resolution process of 249 open reports and closed 69 reports this reporting period.

Evaluation and Inspections Workload and Accomplishments

The following chart summarizes the workload and accomplishments of the Evaluation and Inspections Division during the 6-month reporting period ending September 30, 2017.¹

Workload and Accomplishments	Number of Reviews
Reviews active at beginning of period	9
Reviews cancelled	0
Reviews initiated	3
Final reports issued	3
Reviews active at end of reporting period	9

¹ Note: The Evaluation and Inspections Division also issued two Management Advisory Memoranda.

Statistical Information

Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending September 30, 2017.

Source of Allegations ¹	
Hotline (telephone, mail and e-mail)	2,764
Other sources	3,154
Total allegations received	5,916
Investigative Caseload	
Investigations opened this period	166
Investigations closed and reports of investigation issued this period ²	166
Investigations in progress as of 9/30/17	484
Prosecutive Actions	
Criminal Indictments/Informations ³	51
Arrests	59
Convictions/Pleas	49
Prosecutions referred to the Department of Justice ⁴	181
Prosecutions referred to State and local ⁵	8
Administrative Actions	
Terminations	19
Resignations	47
Disciplinary action	48
Monetary Results	
Fines/Restitutions/Recoveries/Assessments/Forfeitures	\$22,248,187.82
Civil Fines/Restitutions/Recoveries/Penalties/Damages/Forfeitures	\$2,630,736.49

¹ These figures represent allegations entered into the OIG's complaint tracking system. They do not include the approximate 58,000 additional Hotline, e-mail and phone contacts that were processed and deemed non-jurisdictional and outside the purview of the federal government.

² At the conclusion of an investigation, one or more type of report is prepared. The prepared report may be an abbreviated report of investigation or a full report of investigation. In addition, an investigative summary for public posting on the OIG public website may be prepared for investigations involving senior government employees. The number of reports issued represents one report for each investigation.

³ The number of indictments reported include both sealed and not sealed.

⁴ This number includes all criminal and civil referrals to DOJ for a prosecutorial decision whether they were ultimately accepted or declined with the caveat that if an investigation was referred to more than one DOJ office for a prosecutorial decision, the referral to DOJ was only counted once. The number reported as referred represents referrals for both individuals and or other legal entities.

⁵ The number reported as referred represents referrals for both individuals and or other legal entities.

Statistical Information

Investigations Division Briefing Programs

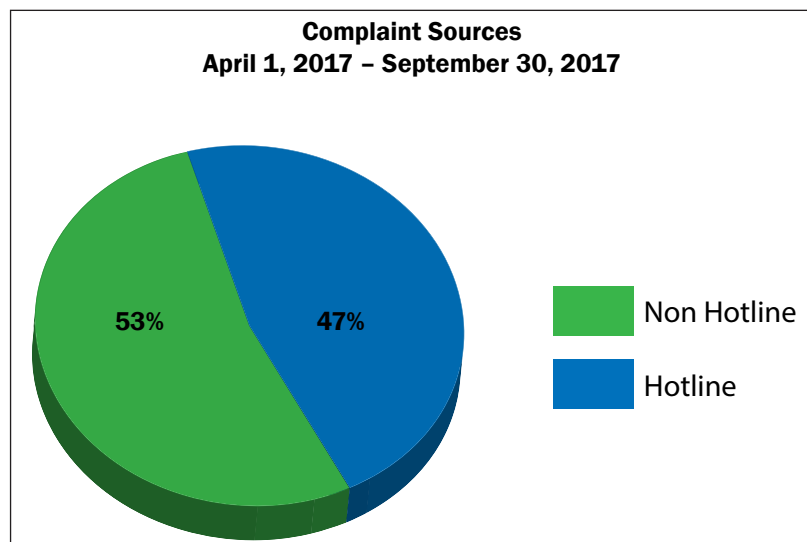
OIG investigators conducted 11 Integrity Awareness Briefings for DOJ employees and other stakeholders throughout the country. These briefings are designed to educate employees and other stakeholders about the misuse of a public official's position for personal gain and to deter employees and other stakeholders from committing such offenses. The briefings reached 362 employees.

OIG Hotline

During FY 2017, the OIG received the majority of its Hotline complaints through its electronic complaint form located [here](#).

In addition, DOJ employees and citizens are able to file complaints by telephone, fax, e-mail, and postal mail. The online access, e-mail, fax, and postal mail all provide the ability to file a complaint in writing to the OIG.

From all Hotline sources during the second half of FY 2017, 2,764 new complaints related to DOJ operations or other federal agencies were entered into the OIG's complaint tracking system. Of the new complaints, 1,760 were forwarded to various DOJ components for their review and appropriate action; 397 were filed for information; 428 were forwarded to other federal agencies; and 15 were opened by the OIG for investigation.



Source: Investigations Data Management System

Approximately, 58,000 additional Hotline e-mail and phone contacts were processed and deemed non-jurisdictional and outside the purview of the federal government and therefore were not entered into the OIG's complaint tracking system.

Appendices

Appendix 1

Acronyms and Abbreviations

ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
AUSA	Assistant U.S. Attorney
BOP	Federal Bureau of Prisons
CDUSM	Chief Deputy United States Marshal
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CODIS	Combined DNA Index System
COPS	Office of Community Oriented Policing Services
CVF	Crime Victims Fund
DEA	Drug Enforcement Administration
DHS	U.S. Department of Homeland Security
DOJ or Department	U.S. Department of Justice
DUSM	Deputy United States Marshal
EOUSA	Executive Office for U.S. Attorneys
FBI	Federal Bureau of Investigation
FISA	<i>Foreign Intelligence Surveillance Act of 1978</i>
FISMA	<i>Federal Information Security Management Act</i>
FY	Fiscal Year
IG Act	<i>Inspector General Act of 1978</i>
IGEA	<i>Inspector General Empowerment Act</i>
JMD	Justice Management Division
KST	Known or Suspected Terrorist
OEO	Office of Enforcement Operations
OIG	Office of the Inspector General
OJP	Office of Justice Programs
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OMB	Office of Management and Budget
OPR	Office of Professional Responsibility
OVC	Office for Victims of Crime
OVW	Office on Violence Against Women
Patriot Act	<i>Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act</i>
RHU	Restrictive Housing Unit
State	U.S. Department of State
USAO	U.S. Attorneys' Offices
USMS	U.S. Marshals Service
VCF	Victim Compensation Fund
WITSEC	Witness Security

Appendices

Appendix 2

Glossary of Terms

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

Adoptive Seizure: Federal law permits law enforcement components to “adopt” seizures made under state law, as long as the conduct giving rise to the seizure is also a violation of a federal law that provided for forfeiture.

Asset Forfeiture: The seizure and forfeiture of assets that represent the proceeds of federal crimes or were used to facilitate federal crimes. This practice seeks to enhance public safety and security by removing assets that criminals and their associates rely on to perpetuate their criminal activity.

Clemency: Inmates may apply for clemency, or pardon, if they meet the following criteria: they are currently serving a federal sentence in prison and, by operation of law, likely would have received a substantially lower sentence if convicted of the same offense(s) today; they are non-violent, low-level offenders without significant ties to large scale criminal organizations, gangs, or cartels; they have served at least 10 years of their prison sentence; they do not have a significant criminal history; they have demonstrated good conduct in prison; and they have no history of violence prior to or during their current term of imprisonment.

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

Cooperative Agreement: Term used to describe when the awarding agency expects to be substantially involved with the award’s activities; often used interchangeably with “grant.”

Countermeasures: Any intentional physical, mental, pharmacological, or behavioral efforts to manipulate the physiological readings of a polygraph examination.

Disallowed Cost: The IG Act defines “disallowed cost” as a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the government.

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 DOJ contracts, grants, and other agreements. External audits are conducted in accordance with the Comptroller General’s Government Auditing Standards and related professional auditing standards.

Funds Recommended to Be Put to Better Use: Recommendation by the OIG that funds could be used more efficiently if management of an entity took actions to start 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.

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

Appendices

Management Decision: The IG Act defines “management decision” as the evaluation by the management of an establishment of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary.

Polygraph Examination: An examination using an electronic device that can detect physiological changes that may indicate the examinee is being deceptive when answering certain key questions. Polygraphs for applicants and employees are among the tools the FBI uses to ensure the continued trustworthiness of its workforce as it carries out its critical national security mission.

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.

Registrant Actions: Under the *Controlled Substances Act of 1970*, businesses or health care practitioners dealing in controlled substances must become registrants with the DEA. If a registrant is found to have violated the *Controlled Substances Act of 1970*, the DEA may issue an order to show cause why the DEA should not revoke, suspend, or deny the registration. If the violation appears to pose an imminent threat to the public health, the DEA may issue an immediate suspension order, which deprives the registrant of the right to deal in controlled substances immediately. Collectively, orders to show cause and immediate suspension orders are known as “registrant actions.”

Restrictive housing: Any type of detention that includes removal from the general inmate population, whether voluntary or involuntary; placement in a locked room or cell, whether alone or with another inmate; and inability to leave the room or cell for the vast majority of the day, typically 22 hours or more.

Single Audit Act Audits: *Single Audit Act* audits are performed by public accountants or a federal, state or local government audit organization in accordance with generally accepted government auditing standards. They are intended to determine whether the financial statements and schedule of expenditures of federal awards are presented fairly, to test internal controls over major programs, to determine whether the grant recipient is in compliance with requirements that may have a direct and material effect on each of its major programs, and to follow up on prior audit findings. These audits are required to be performed for organizations that expend \$750,000 or more in federal awards in accordance with the *Single Audit Act of 1984*, as amended, and OMB Circular A-133.

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

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

Supplanting: For a state or unit of local government to reduce state or local funds for an activity specifically because federal funds are available (or expected to be available) to fund that same activity.

Tribal Law and Order Act: The *Tribal Law and Order Act* helps to address crime in tribal communities and places a strong emphasis on decreasing violence against American Indian and Alaska Native women. The law enhances tribes’ authority to prosecute and punish criminals; expands efforts to recruit, train, and retain Bureau of Indian Affairs (BIA) and Tribal police officers; and provides BIA and Tribal police officers with greater access to criminal information sharing databases.

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.

Appendices

Appendix 3

Audit Division Reports

Internal Audit Reports

Multicomponent

Audit of the Department of Justice's Administration of the September 11th Victim Compensation Fund

Audit of the Department of Justice's Handling of Known or Suspected Terrorists Admitted into the Federal Witness Security Program

Federal Bureau of Prisons

Audit of the Federal Bureau of Prisons' Electronic Medical Records System Pursuant to the *Federal Information Security Modernization Act of 2014* Fiscal Year 2016

Audit of the Federal Bureau of Prisons' Information Security Program Pursuant to the *Federal Information Security Modernization Act of 2014* Fiscal Year 2016

Federal Bureau of Investigation

Audit of the Federal Bureau of Investigation's Insider Threat Program

Office of Justice Programs

Audit of Risks Associated with the Office of Justice Programs' Management of the Crime Victims Fund Grant Programs

Audit of the Office of Justice Programs' Information Security Program Pursuant to the *Federal Information Security Modernization Act of 2014* Fiscal Year 2016

Audit of the Office of Justice Programs' Bulletproof Vest Partnership Program System Pursuant to the *Federal Information Security Modernization Act of 2014* Fiscal Year 2016

Audit of the Office of Juvenile Justice and Delinquency Prevention Title II Part B Formula Grant Program Related to Allegations of the OJJDP's Inappropriate Conduct

Other Department Components

Audit of Superfund Activities in the Environment and Natural Resources Division for Fiscal Years 2015 and 2016

Audit of the Environment and Natural Resources Division's Information Security Program and Justice Consolidated Office Network Pursuant to the *Federal Information Security Modernization Act of 2014* Fiscal Year 2016

Contract Audit Reports

Federal Bureau of Prisons

Audit of the Federal Bureau of Prisons Residential Reentry Center Contract No. DJB200244 Awarded to Centre, Inc., Fargo, North Dakota

Appendices

Federal Bureau of Investigation

Audit of the Federal Bureau of Investigation's Aircraft Lease Contract Awarded to Midwest Jet Center, LLC, DBA Reynolds Jet Management

United States Marshals Service

Audit of the United States Marshals Service Contract No. DJJODT7C0002 with CoreCivic, Inc., to Operate the Leavenworth Detention Center, Leavenworth, Kansas

External Audit Reports

California

Audit of the City of San Jose Police Department's Equitable Sharing Program Activities, San Jose, California

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Los Angeles County Sheriff's Department Scientific Services Bureau Crime Laboratory, Los Angeles, California

Audit of the Office of Justice Programs Cooperative Agreement Awarded to the RAND Corporation, Santa Monica, California

Colorado

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Denver Police Department Crime Laboratory, Denver, Colorado

Audit of the Office of Justice Programs Office for Victims of Crime Cooperative Agreements Awarded to Colorado Legal Services, Denver, Colorado

Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Cooperative Agreements Awarded to the Children's Advocacy Center for the Pikes Peak Region dba Safe Passage, Colorado Springs, Colorado

Florida

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Pinellas County Forensic Laboratory, Largo, Florida

Illinois

Audit of the Cook County State's Attorney's Office's Equitable Sharing Program Activities, Chicago, Illinois

Audit of the Elgin Police Department's Equitable Sharing Program Activities, Elgin, Illinois

Audit of the Office of Juvenile Justice and Delinquency Prevention National Mentoring Programs Grants Awarded to the National Council of Young Men's Christian Associations of the USA, Chicago, Illinois

Iowa

Audit of the Office of Justice Programs Coordinated Tribal Assistance Solicitation Grants Awarded to the Sac and Fox Tribe of the Mississippi in Iowa, Meskwaki Nation, Tama, Iowa

Appendices

Maryland

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Anne Arundel County Police Department Crime Laboratory, Millersville, Maryland

Minnesota

Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the Minnesota Department of Public Safety, Office of Justice Programs, Saint Paul, Minnesota

Montana

Audit of the Office on Violence Against Women and the Office of Justice Programs Awards to the Fort Belknap Indian Community, Harlem, Montana

Nevada

Audit of the City of Reno Police Department's Equitable Sharing Program Activities, Reno, Nevada

New Jersey

Audit of the Office of Justice Programs DNA Backlog Reduction Grants Awarded to the Union County Prosecutor's Office, Union County, New Jersey

New Mexico

Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the New Mexico Crime Victims Reparation Commission, Albuquerque, New Mexico

New York

Audit of the Office of the Special Narcotics Prosecutor for the City of New York Equitable Sharing Program Activities, New York, New York

North Carolina

Audit of the Office on Violence Against Women Grants Awarded to the North Carolina Coalition Against Domestic Violence, Durham, North Carolina

Audit of Victim Assistance Formula Grants Awarded by the Office for Victims of Crime to the State of North Carolina's Department of Public Safety Governor's Crime Commission, Raleigh, North Carolina

Oklahoma

Audit of the Office on Violence Against Women and the Office of Justice Programs Awards to the Seneca-Cayuga Nation, Grove, Oklahoma

Pennsylvania

Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Formula Grants Awarded to the Pennsylvania Commission on Crime and Delinquency, Harrisburg, Pennsylvania

South Dakota

Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the South Dakota Department of Social Services, Pierre, South Dakota

Appendices

Tennessee

Audit of the Tennessee Department of Safety and Homeland Security Equitable Sharing Program Activities, Nashville, Tennessee

Texas

Audit of the Office of Justice Programs Developing Knowledge About What Works to Make Schools Safe Grant Awarded to the Pharr San Juan Alamo Independent School District, Pharr, Texas

Vermont

Audit of the Office of Justice Programs Bureau of Justice Assistance Cooperative Agreement Awarded to Margolis Healy & Associates, LLC Burlington, Vermont

Virginia

Audit of the Office of Justice Programs Office for Victims of Crime Discretionary Awards to the International Association of Chiefs of Police, Alexandria, Virginia

Audit of the Office of Justice Programs School Safety Initiative Grants Awarded to the University of Virginia, Charlottesville, Virginia

Single Audit Act Reports of DOJ Activities

Anne Arundel County, Maryland FY 2016

Cincinnati City School District, Cincinnati, Ohio FY 2016

City of Boise, Idaho FY 2016

City of Calumet City, Illinois FY 2016

City of Fairbanks, Alaska FY 2015

City of Los Angeles, California FY 2016

City of Miami Gardens, Florida FY 2016

City of Montebello, California FY 2016

City of North Las Vegas, Nevada FY 2016

City of Redlands, California FY 2016

Clayton County, Georgia FY 2016

Community Service Programs, Inc., Santa Ana, California FY 2016

Domestic Abuse Intervention Programs, Duluth, Minnesota FY 2015

Exponents, Inc. and Subsidiary, New York, New York FY 2016

Family Pathfinders of Tarrant County, Inc., Fort Worth, Texas FY 2015

Innovation Research & Training, Inc., Durham, North Carolina FY 2016

Leadership Foundations, Tacoma, Washington FY 2016

Minnesota Coalition Against Sexual Assault, Saint Paul, Minnesota FY 2016

National District Attorneys Association, Arlington, Virginia FY 2015

National Organization of Sisters of Color Ending Sexual Assault, Inc., Canton, Connecticut FY 2015

One Neighborhood Builders, Providence, Rhode Island FY 2016

Appendices

Pacific County, Washington FY 2015

Pima Prevention Partnership and Affiliates, Tucson, Arizona FY 2016

Police Foundation and Affiliate, Washington, D.C. FY 2016

Ramah Navajo Chapter, Ramah, New Mexico FY 2015

Squaxin Island Tribe, Shelton, Washington 2016

State of Louisiana FY 2016

State of Nebraska FY 2016

State of Texas FY 2016

Village of Oak Lawn, Illinois FY 2015

Other Reports

Examination of the U.S. Department of Justice's Fiscal Year 2016 Compliance under the *Improper Payments Elimination and Recovery Act of 2010*

Appendices

Appendix 4

Quantifiable Potential Monetary Benefits

Audit Report	Questioned Costs (including unsupported costs)	Unsupported Costs	Funds Put to Better Use
Audits Performed by the DOJ OIG			
Audit of Superfund Activities in the Environment and Natural Resources Division for Fiscal Years 2015 and 2016	\$1,414	\$1,414	\$0
Audit of the City of San Jose Police Department's Equitable Sharing Program Activities, San Jose, California	\$33,390	\$33,390	\$1,247,207
Audit of the Office of Justice Programs Office for Victims of Crime Cooperative Agreements Awarded to Colorado Legal Services, Denver, Colorado	\$287,083	\$282,116	\$0
Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Cooperative Agreements Awarded to the Children's Advocacy Center for the Pikes Peak Region dba Safe Passage, Colorado Springs, Colorado	\$18,529	\$0	\$0
Audit of the Cook County State's Attorney's Office's Equitable Sharing Program Activities, Chicago, Illinois	\$127,080	\$0	\$0
Audit of the Office of Juvenile Justice and Delinquency Prevention National Mentoring Programs Grants Awarded to the National Council of Young Men's Christian Associations of the USA, Chicago, Illinois	\$1,663,057	\$74,443	\$0
Audit of the Office of Justice Programs Coordinated Tribal Assistance Solicitation Grants Awarded to the Sac and Fox Tribe of the Mississippi in Iowa, Meskwaki Nation, Tama, Iowa	\$10,164	\$0	\$0
Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the Minnesota Department of Public Safety, Office of Justice Programs, Saint Paul, Minnesota	\$577,764	\$453,640	\$0
Audit of the Office on Violence Against Women and the Office of Justice Programs Awards to the Fort Belknap Indian Community, Harlem, Montana	\$325,809	\$393,072	\$60,163
Audit of the City of Reno Police Department's Equitable Sharing Program Activities, Reno, Nevada	\$84,132	\$75,500	\$0
Audit of the Office of Justice Programs DNA Backlog Reduction Grants Awarded to the Union County Prosecutor's Office, Union County, New Jersey	\$48,087	\$10,387	\$0
Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the New Mexico Crime Victims Reparation Commission, Albuquerque, New Mexico	\$7,630	\$0	\$0
Audit of Victim Assistance Formula Grants Awarded by the Office for Victims of Crime to the State of North Carolina's Department of Public Safety Governor's Crime Commission, Raleigh, North Carolina	\$198,711	\$198,711	\$196,942

Appendices

Audit of the Federal Bureau of Prisons Residential Reentry Center Contract No. DJB200244 Awarded to Centre, Inc., Fargo, North Dakota	\$28,712	\$0	\$0
Audit of the Office on Violence Against Women and the Office of Justice Programs Awards to the Seneca-Cayuga Nation, Grove, Oklahoma	\$178,395	\$0	\$0
Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Formula Grants Awarded to the Pennsylvania Commission on Crime and Delinquency, Harrisburg, Pennsylvania	\$34,747	\$29,195	\$0
Audit of the Tennessee Department of Safety and Homeland Security Equitable Sharing Program Activities, Nashville, Tennessee	\$112,614	\$0	\$0
Audit of the Office of Justice Programs Developing Knowledge About What Works to Make Schools Safe Grant Awarded to the Pharr San Juan Alamo Independent School District, Pharr, Texas	\$52,200	\$0	\$0
Audit of the Office of Justice Programs Bureau of Justice Assistance Cooperative Agreement Awarded to Margolis Healy & Associates, LLC Burlington, Vermont	\$1,356,198	\$1,348,749	\$0
Audit of the Office of Justice Programs Office for Victims of Crime Discretionary Awards to the International Association of Chiefs of Police, Alexandria, Virginia	\$27,842	\$26,819	\$0
Subtotal (Audits Performed by the DOJ OIG)	\$5,173,558	\$2,927,436	\$1,504,312
Audit Report	Questioned Costs (including unsupported costs)	Unsupported Costs	Funds Put to Better Use
Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i>¹			
Cincinnati City School District, Cincinnati, Ohio FY 2016	\$269,816	\$0	\$0
One Neighborhood Builders, Providence, Rhode Island FY 2016	\$1,282	\$0	\$0
Pacific County, Washington FY 2015	\$100,039	\$100,039	\$0
State of Nebraska FY 2016	\$47,525	\$47,525	\$0
Subtotal (Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i>)	\$418,662	\$147,564	\$0
Total	\$5,592,220	\$3,075,000	\$1,504,312

¹ These audits are reviewed by the OIG to assess the quality and the adequacy of the entity's management of federal funds. The OIG issues these audits to the responsible component and performs follow-up on the audit reports' findings and recommendations.

Appendices

Appendix 5

Evaluation and Inspections Division Reports

Review of the Handling of Sexual Harassment and Misconduct Allegations by the Department's Civil Division

Review of the Department's Implementation of Prosecution and Sentencing Reform Principles under the *Smart on Crime* Initiative

Review of the Federal Bureau of Prisons' Use of Restrictive Housing for Inmates with Mental Illness

Oversight and Review Division Reports

A Special Joint Review of Post-Incident Responses by the Department of State and Drug Enforcement Administration to Three Deadly Force Incidents in Honduras

A Report of Investigation of Certain Allegations Referred by the Office of Special Counsel Concerning the Juvenile Justice and Delinquency Prevention Act Formula Grant Program

Report of Investigation of the Actions of Former DEA Leadership in Connection with the Reinstatement of a Security Clearance

A Review of Allegations Referred by the Office of Special Counsel Concerning the Office of Justice Programs' Administration of the Disproportionate Minority Contact Requirement of the Title II Part B Formula Grant Program

Memorandum for the Deputy Attorney General: Recommendation for a Department of Justice Policy Establishing Standards for its Security Offices to Review Misconduct Investigations for Security Clearance Adjudication

Appendices

Appendix 6

Peer Reviews

Peer Reviews Conducted by Another OIG

Audit Division

The most recent peer review of the Audit Division was performed by the Treasury OIG. In its report issued March 28, 2016, the DOJ OIG received a peer review rating of *pass* for its system of quality control for FY 2015. The Treasury OIG did not make any recommendations.

Investigations Division

The most recent peer review of the Investigations Division was performed by the Department of Defense (DOD OIG) in February 2017. The DOD OIG found that the DOJ OIG is in compliance with the quality standards established by the CIGIE and the Attorney General Guidelines for Inspectors General with Statutory Law Enforcement Authority. In an accompanying letter of observation, the DOD OIG suggested: 1) that the DOJ OIG monitor field office implementation of policy issued during the review requiring placement of FBI case notification letters in the official case files and 2) that DOJ OIG develop a standard method for recording when management case reviews have been performed. The DOJ OIG agreed with these suggestions and implemented corrective action.

Outstanding Recommendations from Peer Reviews of the OIG

There are no outstanding recommendations from peer reviews of the OIG.

Peer Reviews Conducted by the OIG

Audit Division

At the request of CIGIE, the DOJ OIG Audit Division conducted a peer review of the U.S. Department of Veterans Affairs, Office of Inspector General (VA OIG) for FY 2015. In this report, issued on December 28, 2016, the VA OIG received a rating of *pass* for its system of quality control.

Investigations Division

The DOJ OIG last conducted a peer review of the Social Security Administration for the period ending June 2016 and the compliance letter was issued on September 12, 2016.

Outstanding Recommendations from Peer Reviews Conducted by the OIG

There are no outstanding recommendations from peer reviews conducted by the OIG.

Appendices

Appendix 7

Reporting Requirements

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	69
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	17-67
Section 5(a)(2)	Significant Recommendations for Corrective Actions	17-67
Section 5(a)(3)	Significant Recommendations for Which Corrective Actions Have Not Been Completed	74-75
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	22-23, 29-31, 34-36, 39-41, 45-46, 47, 54-55, 60, 64, 66-67
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	82-86
Section 5(a)(7)	Summary of Significant Reports	17-67
Section 5(a)(8)	Questioned Costs	72
Section 5(a)(9)	Funds Recommended to Be Put to Better Use	73
Section 5(a)(10)	Prior OIG Reports Unresolved, Uncommented Upon, or Recommendations Not Yet Implemented	22
Section 5(a)(11)	Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period	63
Section 5(a)(12)	Significant Management Decisions with Which the Inspector General Disagreed	None
Section 5(a)(14)	Peer Reviews Conducted by Another OIG	90
Section 5(a)(15)	Outstanding Recommendations from Peer Reviews of the OIG	90
Section 5(a)(16)	Outstanding Recommendations from Peer Reviews Conducted by the OIG	90
Section 5(a)(17)	Statistical Table Pertaining to OIG Investigations	77
Section 5(a)(18)	Description of Metrics for OIG Investigative Table	77
Section 5(a)(19)	Reports Involving Senior Government Employees Meeting Certain Criteria	22, 30-31, 36, 40-41, 64, 66-67
Section 5(a)(20)	Instance of Whistleblower Retaliation	31, 41-42
Section 5(a)(21)	Attempts to Interfere with OIG Independence	91
Section 5(a)(22)	Inspections, Evaluations, Audits, and Investigations of Senior Government Employees Undisclosed to the Public	23

Upon the enactment of the IGEA on December 16, 2016, the OIG is required under IG Act section 5(a) (20) to provide “a detailed description of any instance of whistleblower retaliation, including ... what, if any, consequences the establishment imposed to hold that official accountable.” It is the responsibility of the employing DOJ component to impose any consequences on the retaliating official. Pursuant to the IGEA’s reporting requirement, the OIG will provide information about any consequences imposed by the establishment for retaliation in the semiannual report for the period in which the OIG is informed that the consequences were imposed. This information will be provided as an update to the OIG’s previously reported whistleblower retaliation summaries. For example, see Update to Previously Issued Report Reported Whistleblower Retaliation Finding at [page 41](#).

Report Waste, Fraud, Abuse, or Misconduct

To report allegations of waste, fraud, abuse, or misconduct regarding DOJ programs, employees, contractors, or grants, please go to the OIG website at oig.justice.gov or call the OIG's Hotline at (800) 869-4499.

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

- General allegations of fraud, waste, and abuse in DOJ programs or by DOJ employees;
- 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 DOJ's award of Recovery Act funds; and
- Violations of civil rights or civil liberties by DOJ employees.

To give information by mail or facsimile, please send to:

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

For further information on how to report a complaint to the OIG, please call (800) 869-4499.

U.S. Department of Justice
Office of the Inspector General