



DEPARTMENT OF JUSTICE | OFFICE OF THE INSPECTOR GENERAL

MANAGEMENT ADVISORY

20-112

SEPTEMBER 2020

Notification of Concerns Identified in the
Federal Bureau of Investigation's Contract
Administration of a Certain Classified
National Security Program

AUDIT DIVISION



DEPARTMENT OF JUSTICE | OFFICE OF THE INSPECTOR GENERAL

September 25, 2020

Management Advisory

To: Christopher Wray
Director
Federal Bureau of Investigation

A handwritten signature in blue ink, appearing to read "Michael E. Horowitz".

From: Michael E. Horowitz
Inspector General

Subject: Notification of Concerns Identified in the Federal Bureau of Investigation's Contract Administration of a Certain Classified National Security Program

The purpose of this memorandum is to advise you that the Office of the Inspector General (OIG) has concluded its work on a review of the Federal Bureau of Investigation's (FBI) contracts awarded for a certain classified national security program by treating the OIG's working draft report as a management advisory. The objectives of the review were to assess the FBI's awarding and administration of the contracts for this national security program, and to evaluate the FBI's procedures and processes for ensuring contractor performance and compliance with the terms, conditions, laws, and regulations applicable to these contracts. Based on the classification level of information discussed in the working draft report, the entire report was marked as Top Secret, pending classification review by the FBI.

We held an exit conference with the FBI on January 22, 2020, and we provided your staff with a copy of our working draft report. In the working draft report, we identified several concerns with the FBI's administration of these national security contracts. Our working draft report contained 11 recommendations for the FBI to improve its procedures and practices related to contract administration associated with a certain national security program, and other national security programs, as applicable. In addition to the oral feedback provided by the FBI at the exit conference, the FBI subsequently provided us with written comments addressing our working draft report on March 11, 2020. These have been retained as part of the working draft report.

The classification marking of the working draft report, the ongoing COVID-19 pandemic and associated restrictions on official government travel, and the unavailability to the OIG of secure video conferencing capability have contributed to the delays in finalizing this review. So that we can begin the process of resolving issues that we identified during the review in a timely manner, we have determined that it would be in the OIG's and the FBI's interests to conclude our review by treating the OIG's working draft report and its 11 recommendations as a management advisory. Further, based on the oral and written feedback previously provided by the FBI on the working draft report, we consider the 11 recommendations contained within the working draft report to be final and their status "resolved." Consistent with the ordinary recommendation resolution process, we ask that the FBI please provide us within 90 days your response

concerning specific actions completed or alternative corrective actions proposed or taken to address the recommendations.

We recognize based on our discussion at the exit conference and the FBI's written comments that concerns remain about the specific language of some of the OIG's 11 recommendations. In view of the unusual circumstances affecting this review, we will work with the FBI to ensure that each of these recommendations can be addressed consistent with the original intent of the recommendation and the FBI's ability to reasonably implement corrective actions. Because of the Top Secret marking of the working draft report pending the FBI's classification review, it cannot be released publicly. However, the OIG will release an unclassified public statement explaining that we have concluded this review.

If you have any questions, please contact me at (202) 514-3425, or Thomas O. Puerzer, Regional Audit Manager at (215) 717-2963. We appreciate the FBI's responsiveness throughout this review and thank you in advance for the FBI's cooperation in its finalization.

cc: Paul B. Murphy
Chief of Staff
Federal Bureau of Investigation

Douglas A. Leff
Assistant Director
Inspection Division
Federal Bureau of Investigation

Scott M Hinckley
Acting Deputy Assistant Director
Inspection Division
Federal Bureau of Investigation

Thomas G. Seiler
Section Chief
External Audit and Compliance Section
Inspection Division
Federal Bureau of Investigation

Erin C. Cosentino
Unit Chief
External Audit Management Unit
Inspection Division
Federal Bureau of Investigation

Louis Duhamel
Acting Assistant Director
Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

Bradley Weinsheimer
Associate Deputy Attorney General

Jarad Hodes
Senior Counsel to the Deputy Attorney General



U.S. Department of Justice

Federal Bureau of Investigation

Washington, D. C. 20535-0001

September 23, 2020

The Honorable Michael E. Horowitz
Inspector General
Office of the Inspector General
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, DC 20530

Dear Mr. Horowitz:

The Federal Bureau of Investigation (FBI) appreciates the opportunity to review and respond to your office's report entitled, *Management Advisory: Notification of Concerns Identified in the Federal Bureau of Investigation's Contract Administration of a Certain National Security Program*.

We agree it is important to strengthen the FBI's contract administration, procurement, and management business practices. The FBI greatly appreciates the collaboration with the Office of the Inspector General as shown through the number of areas of agreement within the eleven recommendations and look forward to continued cooperation on the recommendations in which differences occur. Moreover, we appreciate the OIG taking into account the comments associated with the recommendations.

Should you have any questions, feel free to contact me. We appreciate the professionalism of your audit staff throughout this matter.

Sincerely,

Nicholas Dimos
Deputy Assistant Director
Finance and Facilities Division

Enclosure