

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



# SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2015 – MARCH 31, 2016



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## 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 October 1, 2015, to March 31, 2016.

This Semiannual Report demonstrates the diversity and quality of the OIG's work over the past 6 months. During this time, we completed numerous reports pertaining to DOJ's law enforcement components, such as reviews of the DEA's aviation operations with the Department of Defense in Afghanistan; how DOJ implemented the recommendations from our 2012 report on Operations Fast and Furious and Wide Receiver; the FBI's operation of its computer forensic laboratory in New Jersey; the DEA's handling of personnel actions concerning employees involved in the alleged sexual misconduct incidents referenced in a March 2015 OIG report; and the DEA's controls over drugs seized during investigations. We also reviewed the BOP's controls over its armory munitions and equipment, as well as the BOP's medical staffing challenges. In our ongoing commitment to identify whether federal funds are being used by DOJ effectively and efficiently, we conducted dozens of audits and reviews to fulfill this mission, and we recommended numerous improvements to DOJ's programs. Over the past 6 months, the OIG conducted reviews of various grants by DOJ's three grant-making agencies and examined DOJ's oversight and management of grants.

In addition, the OIG's Investigations Division closed 140 criminal or administrative misconduct cases, and its work resulted in 43 convictions or pleas and 117 terminations, administrative disciplinary actions, and resignations. Further, the quality of the investigations described in this report demonstrates the importance of effective, fair, and objective investigative oversight conducted by our Office.

Access by Inspectors General to information in agency files goes to the heart of our mission to provide independent and non-partisan oversight. Without complete and timely access to agency records, we would be unable to conduct the oversight work detailed throughout this report. During the past 6 months, the OIG has been working with DOJ and Congress on legislation that would remedy the issues resulting from an opinion issued last year by the DOJ's Office of Legal Counsel (OLC). In this opinion, OLC concluded that Section 6(a) of the *Inspector General Act* does not entitle the OIG to obtain independent access to grand jury, wiretap, and credit information in DOJ's possession. Indeed, the OLC opinion concludes that such records can only be obtained by the OIG in certain—but not all—circumstances through disclosure exceptions in specific laws related to those records. As a result, the OLC opinion provides that, in all instances, DOJ employees will decide whether access by the OIG to these records is warranted—placing agency staff in the position of deciding whether to grant or deny the Inspector General access to information necessary to conduct our oversight. In December, Congress passed an appropriations law providing funding for FY 2016 that contains a provision further emphasizing Congress's intent that OIGs should have access to all records. A further discussion on this important issue can be found on page 9. I will continue to engage DOJ, Members of Congress, and the Inspector General community on these matters so that we can conduct our important work independently, and in a timely manner.

Once again, the staff of the OIG has demonstrated their commitment to the OIG's mission to conduct professional, objective, fair, and independent oversight of DOJ through the work described in this report. I sincerely appreciate the exceptional work continuously performed by OIG staff and their dedication to the OIG's mission.



Michael E. Horowitz  
Inspector General  
April 29, 2016

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# Highlights of OIG Activities



The following summaries highlight some of the OIG's 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) programs and operations.

## Statistical Highlights

October 1, 2015 – March 31, 2016	
Allegations Received by the Investigations Division <sup>1</sup>	6,041
Investigations Opened	165
Investigations Closed	140
Arrests	47
Indictments/Informations	47
Convictions/Pleas	43
Administrative Actions	117
Monetary Recoveries <sup>2</sup>	\$6,631,510.85
Audit Reports Issued	40
Questioned Costs	\$19,599,436
Funds for Better Use	\$728,678
Enhanced Revenue	\$105,440
Recommendations for Management Improvements	183
Single Audit Act Reports Issued	27
Questioned Costs	\$6,700
Recommendations for Management Improvements	56

<sup>1</sup> These figures represent allegations entered into the OIG's complaint tracking system. They do not include the approximate 34,000 additional Hotline e-mail and phone contacts that were processed and deemed non-jurisdictional and outside the purview of the federal government.

<sup>2</sup> 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:

- DEA Aviation Operations with the Department of Defense in Afghanistan.** The OIG issued an audit of the Drug Enforcement Administration's (DEA) aviation operations with the Department of Defense (DOD) in Afghanistan. The audit determined that, collectively, the DEA and DOD spent more than \$86 million for a DEA aircraft with advanced surveillance equipment to support its counternarcotics operations in Afghanistan, in what became known as the Global Discovery Program. The OIG found that more than 7 years after the aircraft was purchased, it remains inoperable and is no longer intended to fly in Afghanistan. As of March 2016, efforts to modify the aircraft remained ongoing, and the program has cost nearly four times its original estimate. The OIG found that the DEA did not fully comply with the federal regulations and its own solicitation when it purchased the aircraft in September 2008. As a result, the DEA ultimately awarded a contract for the purchase of an aircraft that cost \$3 million more than it had estimated. Further, the DEA charged approximately \$2.5 million in unallowable and unsupported expenditures to the memoranda of understanding (MOU) it signed with the DOD. The OIG made 13 recommendations to the DEA to improve oversight of the MOUs and the Global Discovery Program, and to address more than \$11 million in dollar-related findings. The DEA agreed with eight recommendations, disagreed with two recommendations, and requested additional information or analysis for the

# Highlights of OIG Activities

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remaining three recommendations. The OIG closed two recommendations based on actions taken by the DEA.

- **Bonuses and Other Favorable Personnel Actions for Drug Enforcement Administration Employees Involved in Alleged Sexual Misconduct Incidents Referenced in the OIG's March 2015 Report.** In response to a request from Congress, the OIG examined whether DEA employees implicated in the OIG's March 2015 report, *Review of the Handling of Sexual Harassment and Misconduct Allegations by the Department's Law Enforcement Components*, received any promotions, bonuses, awards, or other favorable personnel actions after the allegations against them were made to the DEA. The OIG found that the DEA's policy generally prohibited employees from receiving such awards for 3 years after being subject to discipline for significant misconduct or while a misconduct investigation was pending. The OIG also found that although none of the 14 employees discussed in its prior report received promotions, 8 of the 14 employees received bonuses or awards contrary to DEA policy. Specifically, the report identified 20 award requests made in connection with these 14 employees. Ten of the requests resulted in a bonus, award, or other favorable personnel action that was contrary to DEA policy. The OIG made two recommendations to help the DEA ensure that officials are aware of and consistently comply with the DEA's awards policies and the DEA agreed with both of them.
- **Follow-up to the Fast and Furious Report.** The OIG issued a report following up on the OIG's 2012 report on the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) Operation Fast and Furious and Related Matters. The OIG's 2012 report identified

serious management flaws in two firearms trafficking investigations, Operations Fast and Furious and Wide Receiver. The report assessed DOJ's and ATF's implementation of the six recommendations contained in the OIG's 2012 report. The OIG determined that DOJ and ATF have completed work on four of the six recommendations, and made progress toward closing the two remaining recommendations. The four recommendations the OIG closed were directed to DOJ and ATF. First, the OIG found that DOJ completed a review of ATF's policies for consistency with DOJ's guidelines and policies. ATF also finished its own internal policy review in 2014, which resulted in revisions to its policies. Second, ATF created guidance for its agents regarding how to develop certain complex firearms cases in a manner that is consistent with the policy on firearms transfers that ATF instituted as a result of Operation Fast and Furious. Third, DOJ instituted regular coordination meetings with leadership from its law enforcement components. Fourth, DOJ developed new procedures regarding the review of wiretap applications. The OIG also determined that ATF made significant progress in implementing the OIG's recommendation concerning improvements to its case review procedures for sensitive matters. The OIG's remaining recommendation from the 2012 report was that DOJ review the policies and procedures of its law enforcement components, other than ATF, to ensure that they are sufficient to address the concerns the OIG identified in the 2012 report. The OIG determined that DOJ policies and those of its law enforcement components other than ATF did not sufficiently address the risks associated with firearms transfers that were identified in the OIG's prior report. DOJ has responded positively to the OIG's concerns on this issue, though some work

# Highlights of OIG Activities

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remains to be done. The OIG's review also revealed that the DEA still does not incorporate important requirements from DOJ's guidelines on confidential informants, such as directions regarding otherwise illegal activity and procedures for approval of certain highly sensitive informants. The OIG report identifies the steps that it believes DOJ and its law enforcement components need to take in order to close this recommendation.

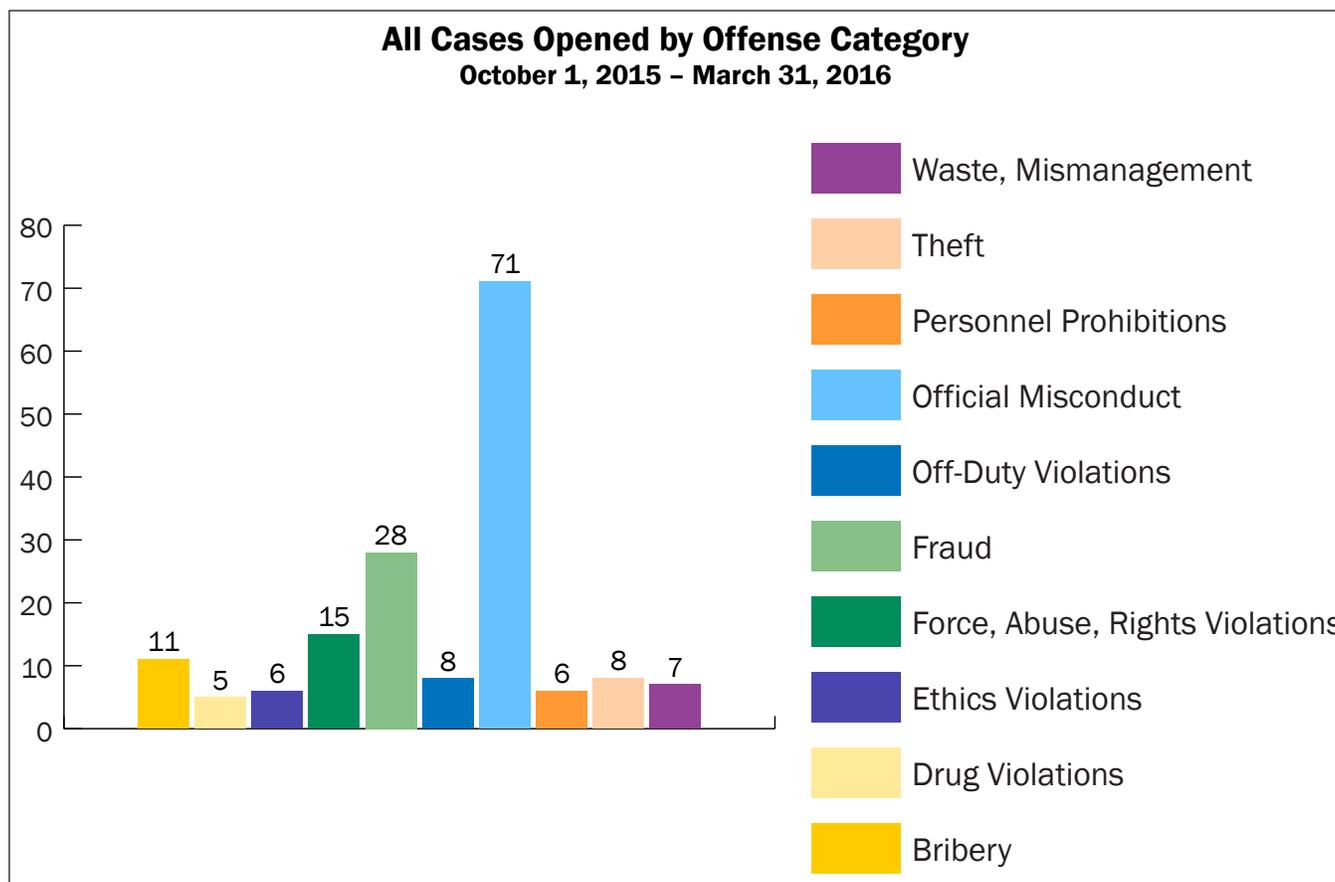
- **DEA's Handling of Drug Seizures.** The OIG issued an audit examining the DEA's controls over seized and collected drugs to determine whether the DEA's controls are adequate to safeguard against theft, misuse, and loss of drug evidence. The OIG found that, with a few exceptions, DEA procedures generally were appropriate for handling seized and collected drugs, although the implementation of some procedures was not consistent across the offices the OIG reviewed. Specifically, the OIG found that drugs were not always properly recorded in the Temporary Drug Ledger, a formal record of seized and collected drugs stored at DEA field divisions. When drugs are not entered into the ledger properly, or are not entered at all, the risk that evidence will be lost increases. Likewise, it is important that information, including the gross weight of seized and collected drugs, is entered into the Laboratory Inventory Management System in a timely manner to create a chain of custody record as well as prevent an increased risk of evidence tampering, misplacement, and loss, which would jeopardize the government's ability to use the evidence in court proceedings. However, the OIG found that laboratories were not entering this information within the required timeframe. The OIG made nine recommendations to the DEA to improve its controls over seized and collected drugs and the DEA 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:

- The OIG initiated an investigation based on the receipt of information from the Amtrak OIG alleging that an Amtrak employee was acting as a paid DEA confidential source (CS), providing Amtrak information to the DEA. The Amtrak Police Department (APD) and the DEA participate in a joint task force that works to interdict passengers trafficking contraband on Amtrak trains. Accordingly, Amtrak information is available to DEA at no cost from APD. The OIG determined that over a period of 20 years ending in January 2014, the DEA paid the Amtrak employee \$854,460 for information that was available at no cost to the government in violation of federal regulations, thereby wasting substantial government funds. The OIG also concluded that the DEA agents exceeded the terms of the Amtrak employee's CS classification when they directed him to gather specific information for them. In addition, the OIG learned that an APD officer assigned to a different DEA task force registered another Amtrak employee as a DEA CS and that the DEA paid \$9,701 to the CS in exchange for Amtrak information. The DEA documents submitted to register the Amtrak employees in the CS program did not contain information to inform approving personnel that DEA would be paying the Amtrak employees for information it could have obtained from Amtrak at no cost. The OIG provided its report to the DEA for appropriate action. The OIG also issued an audit report of the DEA's CS program in July 2015, and is conducting additional audit work relating to the program.

# Highlights of OIG Activities



Source: Investigations Data Management System

- In the *Semiannual Report to Congress, October 1, 2014 – March 30, 2015*, the OIG reported that a former DEA Special Agent was arrested pursuant to a criminal Complaint filed in the Northern District of California and charged with theft of government property, money laundering, wire fraud, and conflict of interest. On October 19, 2015, the former DEA Special Agent was sentenced to 78 months in prison and ordered to pay \$340,000 in restitution, after pleading guilty to one count each of money laundering, obstruction of justice, and extortion. The factual statement in support of the guilty plea showed that the Special Agent misused his official position to steal Bitcoins—a virtual currency—from targets, third parties, and the government for his personal

enrichment. In addition to the prison sentence and 3 years of supervised release, the Special Agent forfeited \$290,545 and 683 Bitcoins (approximate value, \$184,410). He had resigned his position with the DEA in May 2014. The investigation was conducted by the OIG’s Washington Field Office and Cyber Investigations Office, Federal Bureau of Investigation (FBI), Internal Revenue Service – Criminal Investigations, and DHS OIG.

- On January 21, 2016, Big Brothers Big Sisters of America Corporation (BBBSA) agreed to pay the United States \$1.6 million to settle potential false claims liability in connection with a DOJ grant program. Following an OIG audit of BBBSA that resulted in over \$19 million in questioned costs and 12 management

# Highlights of OIG Activities

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findings, the OIG examined potential civil claims against the organization. In addition to the settlement, BBBSA agreed to institute a strict compliance program that requires the organization to engage in regular audits, both internally and by independent auditors, and to employ risk assessment tools to detect abuses that might otherwise go undetected. The settlement also closed the audit report's final recommendations.

- On February 26, 2016, an ATF Task Force Officer (TFO) employed by a police department in San Juan, Puerto Rico, was found guilty by a jury of conspiracy to deprive a person of his civil rights. The TFO, who was removed from the ATF Task Force during the investigation, was indicted in September 2015. During a 5-day trial, the government presented evidence that on September 23, 2010, the TFO hired corrupt police officers and other individuals to break into a home and steal property. The investigation was conducted by the OIG's Miami Field Office and the FBI.
- The OIG initiated an investigation of a then-sitting U.S. Attorney based on allegations that the U.S. Attorney improperly used and attempted to use an official government travel charge card to purchase goods and services while not on official travel. The OIG investigation identified 37 questionable travel card charges and 1 questionable attempted charge. Of the questionable transactions, it was determined that 26 purchases totaling \$1,800 were made during the course of official business but were not properly authorized; 5 purchases totaling \$1,052 were properly authorized, but the U.S. Attorney only sought reimbursement for 3 of these authorized charges; 6 purchases totaling \$1,679 were personal and not for official business; and there was 1 unsuccessful attempt at a personal purchase in the amount of \$234. There was no evidence that the U.S. Attorney sought or received reimbursement for the personal charges. The OIG found that the U.S. Attorney's use of the travel charge card violated Government Accountability Office (GAO) travel regulations, which prohibit an employee from using the travel charge card for personal reasons, and also require a traveler to obtain authorization for official travel and to seek reimbursement for all official travel expenses to avoid improper augmentation of congressional appropriations. Additionally, while the OIG did not find evidence to conclude that the U.S. Attorney intentionally provided false information to the OIG, the OIG found that the U.S. Attorney was not forthcoming regarding several of the questioned charges, and that he provided inconsistent and inaccurate explanations to the OIG that unduly lengthened and complicated the investigation. The U.S. Attorney has resigned and retired from federal service. The OIG completed its investigation and provided a report to the Executive Office for United States Attorneys (EOUSA) and the Office of the Deputy Attorney General (ODAG).
- The OIG conducted an investigation of a current U.S. Marshal based on information from anonymous complainants. The investigation concluded that the Marshal misused subordinates' time by tasking them to serve as his personal driver for non-U.S. government business; violated U.S. Marshals Service (USMS) policy by failing to obtain ethics approval to make presentations to outside law enforcement entities; disregarded USMS management's directives regarding the allowable number and location of such presentations, and not being fully forthcoming with USMS management regarding such presentations; and violated government ethics regulations by soliciting

# Highlights of OIG Activities

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subordinates to contribute money to support various work-related events. The OIG further determined that, in violation of USMS policy, the Marshal misused USMS letterhead; misused the USMS name by allowing a non-profit organization to reference the USMS in its name; failed to disclose a board position and a fiduciary relationship with non-federal entities on his financial disclosure forms, and failed to obtain ethics approvals for these positions; and violated the terms of his appointment by maintaining a fiduciary relationship with a previous employer. The OIG has completed its investigation and provided a report to the USMS and the ODAG for review and appropriate action. Subsequently, the Marshal resigned.

- The OIG initiated an investigation based on a referral from the employing division of a DOJ Attorney. According to the division, the Attorney's time and attendance at work for approximately 5 months were unaccounted for, both by the attorney's assigned division and by another DOJ component to which the Attorney had been temporarily assigned. The OIG determined that for a period of months during which the Attorney was receiving full salary and benefits, the Attorney was not present at work, did not complete any work-related functions, and was not on approved leave. Prosecution was declined. DOJ and the Attorney reached a settlement. Although the Attorney did not admit liability, the Attorney agreed to resign DOJ employment, forfeit the annual leave that had accrued during the period for which time and attendance was unaccounted, and repay a sum of money to DOJ. The OIG provided its report to the Attorney's employing division and to DOJ's Office of Professional Responsibility (OPR).
- The OIG conducted an investigation based on information from the FBI alleging that a current FBI Unit Chief

engaged in misconduct by accepting tickets to at least two sporting events from a vendor who had contracts with the FBI. It was further alleged that the FBI Unit Chief, without appropriate justification, sponsored the vendor for unescorted access to the FBI's J. Edgar Hoover Building. The OIG substantiated these allegations and determined that the FBI Unit Chief attended three vendor-sponsored presentations at sporting venues and stayed to watch the sporting events without paying for a ticket; engaged in social activities such as golfing, going to a shooting range, and watching mixed martial arts fights with vendors; and accepted free lunches from vendors. The OIG investigation found that the FBI Unit Chief had no pre-existing personal association with these vendors and, therefore, the FBI Unit Chief's conduct violated applicable standards of ethical conduct prohibiting acceptance of gifts, giving preferential treatment, and misuse of position. The OIG further concluded that the FBI Unit Chief failed to disclose receipt of gifts on annual Confidential Financial Disclosure forms as required and lacked candor in response to OIG questioning. Prosecution was declined. The OIG provided a report of investigation to the FBI for appropriate action.

- In the *Semiannual Report to Congress, October 1, 2014 – March 30, 2014*, the OIG reported that the Executive Director of an Office on Violence Against Women (OVW) grantee was arrested on a charge of embezzlement. On December 14, 2015, the Executive Director was sentenced to 41 months in prison and ordered to pay \$29,973 in restitution after pleading guilty to the charge. According to the factual statement in support of her guilty plea, between February 2011 and December 2013, the Executive Director wrote a series of checks and converted property of the grantee to her own use.

# Highlights of OIG Activities

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The Executive Director resigned her position after being indicted in the District of South Dakota. The investigation was conducted by the OIG's Denver Field Office and the FBI's Aberdeen, South Dakota, Resident Agency.

- On November 18, 2015, a Bureau of Prisons (BOP) Recreational Specialist was sentenced to 24 months in prison and ordered to forfeit \$10,700 after pleading guilty to an Information charging him with accepting a bribe as a public official. The Recreational Specialist, who was sentenced in the Western District of Virginia, resigned his position with the BOP. According to evidence presented at his sentencing, between February 1 and July 2, 2015, the Recreational Specialist received multiple bribes totaling at least \$10,000 from family members and associates of an inmate in return for smuggling tobacco products into the prison. The investigation was conducted by the OIG's Washington Field Office; the FBI's Bristol, Virginia, resident office; and the U.S. Postal Inspection Service's Roanoke, Virginia, domicile office.

## Ongoing Work

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

- DOJ Efforts to Address Patterns or Practices of Police Misconduct, which 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 the Office of Justice Programs (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.

- Firearm Purchase Denials through the National Instant Criminal Background Check System, which will evaluate processes related to the FBI's referral of denials to ATF, ATF's initial screening and referral of denials to its field offices for investigation, and the prosecution of crimes associated with denials.
- Management and Oversight of the DEA's Confidential Source Program, including oversight of payments to confidential sources.
- Domestic Sharing of Counterterrorism Information, a joint agency Inspectors General review, which will identify and examine the federally supported field based intelligence entities engaged in counterterrorism information-sharing; determine whether counterterrorism information is being adequately and appropriately shared with all participating agencies; and identify any gaps and/or duplication of effort among these entities.
- DOJ's Clemency Process, focusing on the period from Fiscal Year (FY) 2012 to the present and assessing DOJ's procedures and the impact of DOJ's new criteria for prioritizing commutation petitions.
- DOJ's asset seizure and forfeiture activities from FY 2007 through 2014, with particular attention paid to the forfeiture of seized cash. Additionally, the OIG is reviewing the effects of recent DOJ policy limiting the ability of DOJ agencies to adopt assets seized under state law.
- Cyber Threat Mitigation Strategy, which is examining the FBI's approach to address cyber threats. This approach is intended to address these threats through a structured and strategic approach, identifying the perpetrators, their tradecraft, intent, capabilities, and affiliation.

# Highlights of OIG Activities

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- Gender equity in DOJ's law enforcement components, specifically ATF, DEA, FBI, and USMS. The review will include an examination of component demographics, gender discrimination complaints, and the complaint process. The OIG will also assess staff perceptions related to gender equity and the reasons why staff have those perceptions.
- Post-incident responses by the Department of State (State) and the DEA to three drug interdiction missions in Honduras in 2012, all involving the use of deadly force; the State OIG is also participating in the review.
- DOJ's implementation of certain principles regarding prosecution and sentencing reform it announced in the Smart on Crime initiative, including compliance with DOJ policy on the development of prosecution priorities and DOJ's revisions to its charging and sentencing policies.
- Review of DOJ's Violent Crime Initiatives assessing 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.
- Pre-trial Diversion and Drug Court Programs, which will evaluate the design and implementation of the programs, variances in the usage of the programs among the United States Attorneys' Offices (USAO), and potential cost savings associated with successful program participants.
- Follow-up Audit of the Handling of Known or Suspected Terrorists Admitted into the federal Witness Security Program (Program), which will review DOJ's handling of known or suspected terrorists admitted to the Program, practices for watchlisting and processing encounters with this group of Program participants, and procedures for mitigating risks to the public through restrictions placed on this high-risk group of Program participants.
- Administration and Enforcement of the *Foreign Agents Registration Act*, which will determine: (1) the trends in the numbers and types of registrations; (2) the timeliness and sufficiency of the information provided by registrants; (3) the monitoring and enforcement actions taken by DOJ to ensure appropriate registration; and (4) areas for administrative or legislative improvements.
- Tribal Justice Infrastructure Program (TJIP), which will assess OJP's management and oversight of the funding provided under the TJIP, including the contracting activities of grantees, and determine the extent of OJP's cooperation and coordination with the Department of the Interior's Bureau of Indian Affairs (BIA) to ensure efficient and effective correctional services in Indian Country.

The OIG's ongoing work is also available at [oig.justice.gov/ongoing/](https://oig.justice.gov/ongoing/).

# Disagreement with a Significant Department Management Decision

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A bedrock principle of the *Inspector General Act of 1978* (IG Act), as amended, is that Inspectors General must have access to “all” agency records and information necessary to conduct oversight. Since the OIG’s last Semiannual Report to Congress, the OIG has continued working with DOJ and Congress to obtain a remedy to the opinion issued by DOJ’s Office of Legal Counsel (OLC). The OLC opinion, which was issued in July 2015, provides that, in all instances involving certain categories of records that the OIG needs to conduct effective oversight of DOJ programs, DOJ employees will decide whether access by the OIG is warranted—placing agency staff in the position of deciding whether to grant, or deny, the Inspector General access to information necessary to conduct its oversight.

Section 5(a)(12) of the IG Act directs each Inspector General to include in each Semiannual Report to Congress “information concerning any significant management decision with which the Inspector General is in disagreement.” In the OIG’s last Semiannual Report to Congress, the OIG described its disagreement with a significant management decision based on the OLC opinion; and the OIG’s concern that it would interfere with the OIG’s timely and complete access to documents it needs to complete its reviews.

Over the past 6 months, the OIG has continued to operate under limitations imposed by the OLC opinion. Indeed, the OLC opinion concludes that such records can only be obtained by the OIG in certain—but not all—circumstances through disclosure exceptions in specific laws related to those records. During the past 6 months, the OIG, to its knowledge, has not been denied access to agency documents. But the current process, through which the OIG is required to obtain the permission of DOJ officials before receiving relevant documents, undermines the OIG’s independence and, ultimately, the OIG’s ability to conduct objective oversight.

As a result of the OLC opinion and its subsequent integration into DOJ policy, the Inspector General community remains concerned that federal agencies may object to the production to Inspectors General of other categories of records that are subject to non-disclosure provisions in other statutes. Further, the OLC opinion creates potential ambiguity and uncertainty as to what information witnesses and agency personnel can provide to Inspectors General conducting oversight. This may result in agency employees becoming less forthcoming or fearful of being accused of improperly divulging information. Such a shift in mindset could deter whistleblowers from directly providing information to Inspectors General about waste, fraud, abuse, or mismanagement. Under the OLC opinion, a potential whistleblower could be concerned that the agency might later claim the disclosure was improper and use that decision to retaliate against the whistleblower.

In December 2015, the *Consolidated Appropriations Act for FY 2016* was enacted. It included a provision (Section 540) that re-emphasized Congress’s strong intent that Inspectors General should have access to all documents within the possession of the agency. Section 540 restricts the use of appropriated funds to deny the OIG timely access to any records or impede the OIG’s access to these records unless a provision of law expressly limits the OIG’s right of access. The OIG is required to report failures to comply with this requirement within 5 days to Congress. The OIG will continue to work with Congress, the Inspector General community, and DOJ to ensure that Inspectors General obtain complete and timely access to agency records in order to conduct their important oversight work.

# OIG Profile

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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, 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 *Freedom of Information Act* requests.

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

The OIG has a nationwide workforce of more than 440 special agents, auditors, inspectors, attorneys, and support staff. For FY 2016, the OIG direct appropriation was approximately \$93.7 million, and the OIG anticipates earning an additional \$6.2 million in reimbursements.

As required by Section 5 of the IG Act, as amended, this Semiannual Report to Congress is reviewing the accomplishments of the OIG for the 6-month period of October 1, 2015, through March 31, 2016.

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



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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

### **Follow-up to the Fast and Furious Report**

The OIG issued a report following up on the OIG's 2012 report on ATF's Operation Fast and Furious and Related Matters. The OIG's 2012 report identified serious management flaws in two firearms trafficking investigations, Operations Fast and Furious and Wide Receiver. The report assesses DOJ's and ATF's implementation of the six recommendations contained in the OIG's 2012 report. The OIG determined that DOJ and ATF have completed work on four of the six recommendations, and made progress toward closing the two remaining recommendations.

The four recommendations the OIG closed were directed to DOJ and ATF. First, the OIG found that DOJ completed a review of ATF's policies for consistency with DOJ's guidelines and policies. ATF also finished its own internal policy review in 2014, which resulted in revisions to its policies. Second, ATF created guidance for its agents regarding how to develop certain complex firearms cases in a manner that is consistent with the policy on firearms transfers that ATF instituted as a result of Operation Fast and Furious. Third, DOJ instituted regular coordination meetings with leadership from its law enforcement components. Fourth, DOJ developed new procedures regarding the review of wiretap applications.

The OIG also determined that ATF made significant progress in implementing the OIG's recommendation concerning improvements to its case review procedures for sensitive matters. For example, ATF instituted a Monitored Case Program (MCP) to provide heightened scrutiny over cases that involve significant risk and revised its policies on Undercover Operations and Confidential Informants. ATF has also taken many of the steps the OIG recommended to further improve its oversight of sensitive matters, and it has committed to making additional improvements. The OIG will continue to monitor ATF's progress in this area.

The OIG's remaining recommendation from the 2012 report was that DOJ review the policies and procedures of its law enforcement components, other than ATF, to ensure that they are sufficient to address the concerns the OIG identified in the 2012 report. DOJ convened a working group and reviewed component policies on issues such as oversight of sensitive cases and otherwise illegal activity by informants, and this effort led to the issuance of important guidance documents.

However, the OIG determined that DOJ policies and those of its law enforcement components other than ATF did not sufficiently address the risks associated with firearms transfers that were identified in the OIG's prior report. DOJ has responded positively to the OIG's concerns on this issue, though some work remains to be done. Specifically, during the OIG's follow-up

# Multicomponent

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review, the DEA issued a policy that includes guidance on firearms transfers, and ODAG has informed the OIG that the FBI and the USMS will be modifying their policies similarly.

Additionally, this recommendation in the OIG's 2012 report specifically addressed the OIG's concerns about law enforcement components' use of informants who are also regulated by that component. The OIG found that DOJ and the DEA failed to respond to this part of the OIG's recommendation as it pertained to the DEA. The OIG's review of the DEA's policies also revealed that they still do not incorporate important requirements from DOJ's guidelines on confidential informants, such as directions regarding otherwise illegal activity and procedures for approval of certain highly sensitive informants. DOJ has informed the OIG that it is working with the DEA to revise the DEA's informant policies and to address these issues. The OIG report identifies the steps that it believes DOJ and its law enforcement components need to take in order to close this recommendation.

## **Interim Report on Efforts by DOJ's Law Enforcement Components to Implement Recommendations from the OIG's 2015 Report on Sexual Harassment and Misconduct Allegations**

Pursuant to the *Consolidated Appropriations Act for FY 2016*, the OIG issued an interim status report on DOJ's efforts to implement the recommendations in the OIG's March 2015 report entitled, *The Handling of Sexual Harassment and Misconduct Allegations by the Department's Law Enforcement Components*. In this interim report, the OIG found that DOJ and its law enforcement components have implemented, or are in the process of implementing, all of the recommendations in the OIG's March 2015 report. The FBI, DEA, and ATF have fully implemented corrective actions for all of the recommendations. The USMS has fully implemented two recommendations and has shown substantial progress in

implementing the remaining two. The remaining recommendations concern ensuring that all non-frivolous sexual harassment and sexual misconduct allegations are referred to security personnel and that offense categories designed specifically for such allegations are used in rendering disciplinary actions. The ODAG is working to implement corrective actions for three recommendations: (1) ensuring that DOJ's zero tolerance policy on sexual harassment is enforced in the law enforcement components and that the components' tables of offenses and penalties are complementary and consistent with the policy; (2) developing policy that explicitly prohibits the solicitation of prostitution in a foreign jurisdiction even if it is legal or tolerated and ensuring that the component offense tables include language prohibiting this type of misconduct; and (3) acquiring and implementing technology and establishing procedures to effectively preserve text messages and images. The fourth recommendation was for the ODAG to take concrete steps to acquire and implement technology to proactively monitor employee text messages and images for potential misconduct. The ODAG concluded that because the various technologies to support this ability are only in the research and development phase, the implementation of such technology is not operationally feasible at this time. The OIG intends to continue its discussions with the ODAG about the future status of this recommendation.

## **DOJ's Financial Statement Audits**

The *Chief Financial Officers Act of 1990* and the *Government Management Reform Act of 1994* require annual financial statement audits of DOJ. The OIG oversees and issues the reports based on the work performed by independent public accountants. During this reporting period, the OIG issued the audit report for DOJ's Annual Financial Statements for FY 2015. DOJ received an unmodified opinion on its FYs 2015 and 2014 financial statements.<sup>3</sup> The independent public accountants also issued

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reports on internal control over financial reporting and on compliance and other matters. In the FY 2015 report on DOJ's internal controls over financial reporting, the independent public accountants identified one significant deficiency related to inadequate financial statement preparation and review controls. The independent public accountants detected several reporting errors that were similar and pervasive indicating DOJ and certain components need to enhance their existing risk assessment processes to ensure transactions with a higher risk of error are adequately monitored and process-level controls are designed at a level of precision to identify significant errors.

During FYs 2009 through 2015, DOJ made measurable progress toward implementing the Unified Financial Management System, which replaced four of five major non-integrated legacy accounting systems. During FY 2015, DOJ's planning efforts focused on ensuring the smooth migration of three additional components within the Offices, Boards and Divisions, which occurred in October 2015. However, DOJ still does not have a unified financial management system to readily support ongoing accounting operations and preparation of financial statements and achieve the economies of scale that it originally envisioned. As discussed in past years, the OIG believes the most important challenge facing DOJ in its financial management is to fully implement an integrated financial management system to replace the remaining major non-integrated legacy accounting system used by three of DOJ's nine reporting components.

No instances of non-compliance or other matters that are required to be reported under Government Auditing Standards were identified during the audit in the FY 2015 independent auditors' report on compliance and other

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<sup>3</sup> An unmodified opinion results when the financial statements present fairly, in all material respects, the financial position and results of operations of the reporting entity, in accordance with U.S. generally accepted accounting principles.

matters. Additionally, the independent public accountants' tests disclosed no instances in which DOJ's financial management systems did not substantially comply with the *Federal Financial Management Improvement Act of 1996*.

## **Reviews of the Annual Accounting of Drug Control Funds and Related Performance FY 2015**

The OIG issued reviews of DOJ's annual detailed accounting of funds obligated by each drug control program and related performance summary. The reviews are required by 21 U.S.C. § 1704(d), as implemented by the Office of National Drug Control Policy Circular (ONDCP), Accounting of Drug Control Funding and Performance Summary, dated January 18, 2013. The report contains the results of the 8 attestation reviews conducted by the OIG of the reported \$7.7 billion of drug control obligations and 23 related performance measures for FY 2015.

An attestation review is less in scope than an examination and, therefore, does not result in the expression of an opinion. The OIG reported that nothing came to its attention that caused it to believe the submissions were not presented, in all material respects, in accordance with the requirements of the ONDCP, and as otherwise agreed to with the ONDCP.

## **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. The Office of Management and Budget (OMB) is responsible for the submission of the annual FISMA report to Congress. DHS prepares the FISMA metrics and provides reporting

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instructions to agency Chief Information Officers, Inspectors General, and Senior Agency Officials for Privacy. The FY 2015 FISMA results are due to OMB by November 13, 2015. The OIG provided OMB with this submission by the deadline. Because these reports contain sensitive information, they are not released publicly.

For FY 2015, the OIG issued separate reports for its review of the National Security Division's (NSD) information security program and its classified system. In addition, the OIG issued separate reports for its review of the FBI's information security program, its classified system and its sensitive but unclassified system, LabNet. The OIG is finalizing its FY 2015 review of the individual information security programs of three other DOJ components: the Justice Management Division (JMD), EOUSA, and USMS. Within these components, the OIG selected for review the following three sensitive but unclassified systems: JMD's Information Security Technology Application Suite, EOUSA's Enterprise Vulnerability Management System, and USMS's Detention Services Network. The OIG plans to issue reports this fiscal year evaluating each of these systems as well as reports on each component's information security program.

## **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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, such entities that expend \$500,000 or more in federal funds in 1 year must have a "single audit" performed annually covering all federal funds expended that year.<sup>4</sup> 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 single audits during this semiannual period, the OIG issued to OJP 27 single audit reports encompassing over 120 contracts, grants, and other agreements totaling more than \$37.3 million. The OIG also monitors these audits through the resolution and closure process.

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 operated 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 56 management improvements and questioned costs totaling \$6,700.

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<sup>4</sup> On December 26, 2014, OMB Circular A-133 was superseded by 2 C.F.R. 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). The new guidance, which affects all audits of fiscal years beginning on or after December 26, 2014, raises the audit threshold to \$750,000. According to OMB, although OMB Circular A-133 has been replaced by the Uniform Guidance, the Circular will have a continuing effect of 2 years or more. The first audits performed under the requirements of the new Uniform Guidance are not required to be submitted until later this calendar year.

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## **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 March 2016, the OIG issued its most recent report, which summarized the OIG's Section 1001 activities from July 1 through December 31, 2015. 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.

## **Ongoing Work**

### **Compliance under the *Improper Payments Elimination and Recovery Act of 2010***

The OIG is conducting an attestation examination of DOJ's FY 2015 compliance under the improper payment reporting requirements, as set forth in the OMB Circular A-123 and OMB Circular A-136. Pursuant to the *Improper Payments Elimination and Recovery Act of 2010* (IPERA), the OIG will also review agency improper payments reported in DOJ's FY 2015 *Agency Financial Report* and determine if DOJ is complying with IPERA.

### **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.

### **Asset Forfeiture Oversight**

The OIG is examining DOJ's asset seizure and forfeiture activities from FYs 2007 through 2014, with particular attention paid to the forfeiture of seized cash. Additionally, the OIG is reviewing the effects of recent DOJ policy limiting the ability of DOJ agencies to adopt assets seized under state law.

### **Firearm Purchase Denials through the National Instant Criminal Background Check System**

The OIG is auditing the National Instant Criminal Background Check System, which provides criminal background checks in support of the *Brady Handgun Violence Prevention Act of 1993*. The OIG will evaluate the effectiveness of processes related to the FBI's referral of denials to ATF; ATF's initial screening and referral of denials to its field offices for investigation; ATF field offices' investigation of denials; and the USAOs' prosecution of crimes associated with denials.

### **Implementation of the Principles regarding Prosecution and Sentencing Reform under the Smart on Crime Initiative**

The OIG initiated a review of DOJ's implementation of certain principles regarding prosecution and sentencing reform it announced in the Smart on Crime initiative. The OIG will assess compliance with DOJ policy on the development of prosecution priorities and DOJ's revisions to its charging and sentencing policies, specifically related to charging drug quantities, implicating mandatory minimum sentences, and the application of recidivism enhancements in certain drug cases.

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## **Domestic Sharing of Counterterrorism Information**

In response to a congressional request, the Inspectors General of the Intelligence Community, DOJ, and DHS initiated a coordinated, joint review focusing on the domestic sharing of counterterrorism information. The objectives of this review are to: (1) identify and examine the federally supported field-based intelligence entities engaged in counterterrorism information-sharing to determine their overall missions, specific functions, capabilities, funding, and personnel and facility costs; (2) determine whether counterterrorism information is being adequately and appropriately shared with all participating agencies; and (3) identify any gaps and/or duplication of effort among these entities.

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

The OIG is conducting a follow-up audit of DOJ's handling of known or suspected terrorists admitted into the federal Witness Security Program (Program). The preliminary objectives are to review DOJ's handling of known or suspected terrorists admitted to the Program, practices for watchlisting and processing encounters with this group of Program participants, and procedures for mitigating risks to the public through restrictions placed on this high-risk group of Program participants.

## **Review of the Department's Clemency Process**

The OIG is assessing DOJ's clemency process. Following the OIG's 2011 report on DOJ'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 DOJ and the impact of DOJ's new criteria for prioritizing commutation petitions.

## **Follow-up Audit of DOJ's Implementation of and Compliance with Certain Classification Requirements**

As required by Public Law 111-258 (2010), the *Reducing Over-Classification Act*, the OIG is conducting a follow-up audit to assess DOJ's progress in implementing the recommendations made as a result of the OIG's September 2013 audit of DOJ's implementation of and compliance with certain classification requirements.

## **Review of DOJ's Tribal Law Enforcement Activities**

The OIG initiated a review of DOJ's tribal law enforcement activities required under the *Tribal Law and Order Act of 2010*. The review will focus on DOJ's legal assistance, investigative training, and other technical assistance used to enhance law enforcement efforts in Indian Country.

## **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 technical assistance for accountability reforms to police departments addressing concerns over alleged misconduct, and (3) these agencies coordinate their efforts and assess their results.

## **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, gender discrimination complaints, and the complaint process. The OIG will also assess staff perceptions related to gender equity and the reasons why staff have those perceptions.

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## **Administration of the September 11th Victim Compensation Fund**

The OIG is conducting an audit with the preliminary objective of reviewing DOJ's administration of the September 11th Victim Compensation Fund, which was reauthorized by the *James Zadroga 9/11 Health and Compensation Act of 2010*. Title II of the Act reactivated the 9/11 Victim Compensation Fund of 2001, provided an additional \$2.8 billion to compensate claimants, and added new categories of beneficiaries for the fund, including individuals with health conditions that took a long period to develop. As part of this audit, the OIG is reviewing how the Civil Division and Special Master manage the fund, as well as how JMD supports the Victim Compensation Fund operations through legal and administrative contracts.

# 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 nearly 35,000 employees in 56 field offices located in major cities throughout the United States and Puerto Rico, approximately 380 resident agencies in smaller cities and towns across the nation, and more than 70 international offices in U.S. embassies worldwide.



## Report Issued

### New Jersey Regional Computer Forensic Laboratory

The OIG issued an audit examining the operations of the FBI's New Jersey Regional Computer Forensic Laboratory (NJRCFL), in Hamilton, New Jersey. The OIG found that the NJRCFL had mixed results in achieving its performance goals and, as of June 2015, had a material backlog of cases. The OIG also identified concerns that could leave the NJRCFL's Cell Phone Investigative Kiosks vulnerable to abuse, and found that the NJRCFL cannot accurately determine the number of law enforcement personnel it has trained.

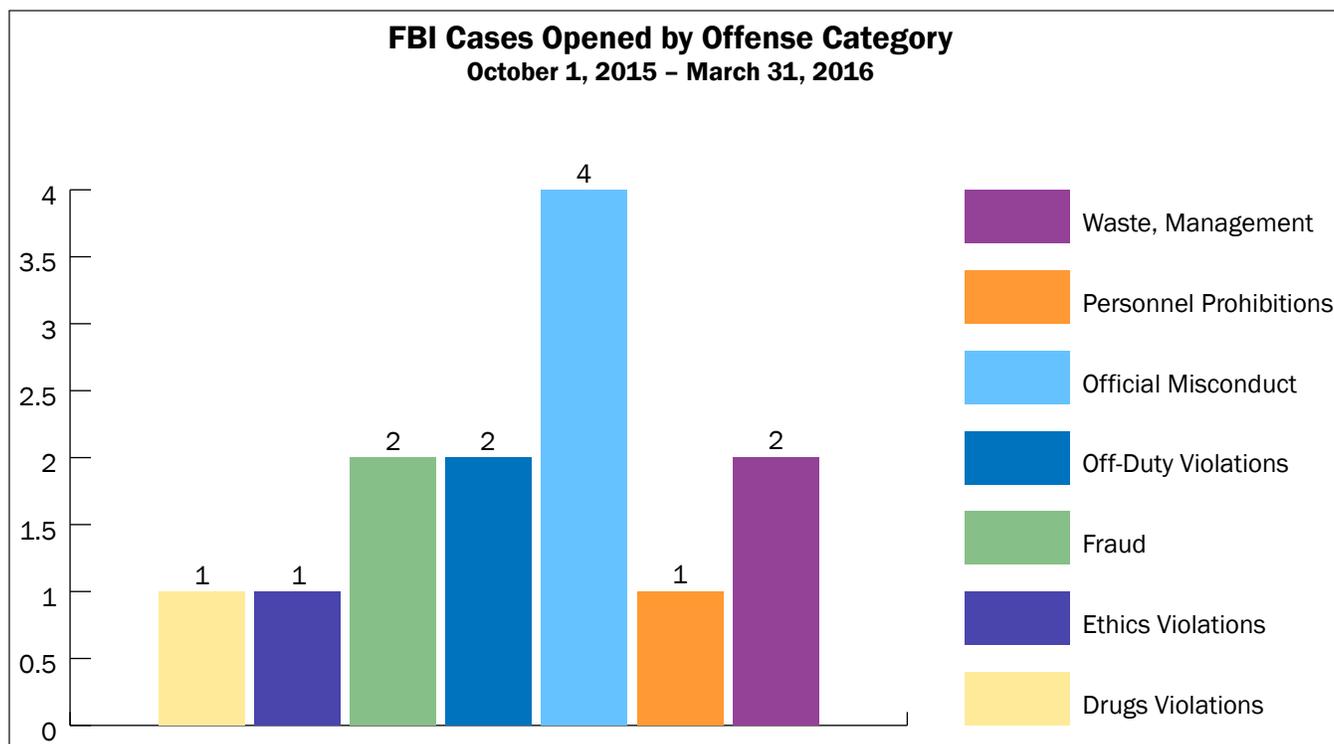
Specifically, the audit found that although the FBI revised the definition of a backlog case in a manner that reduced the number of backlog cases at the NJRCFL, a material backlog still existed as of June 2015. The backlog was attributable to a number of factors, but chief among them was the need for more examiners and additional advanced training for those already conducting exams. However, the OIG also found that participating agencies were generally satisfied with the work performed by the NJRCFL.

Similar to the findings in a 2015 audit of the FBI's Philadelphia RCFL, the audit identified material weaknesses in NJRCFL's Kiosks usage

that, if not addressed, could leave the NJRCFL's Kiosks vulnerable to abuse. Kiosks, which are available at select FBI field offices and regional computer forensics laboratories, allow users to quickly and easily view, extract, and compile data stored on a cell phone or other electronic media. While the OIG did not find any evidence that the NJRCFL Kiosks had been misused, it did find that the NJRCFL lacked sufficient controls to ensure that users accessed Kiosks only for law enforcement matters. The audit also found that 26 percent of Kiosk users who examined a cell phone did not certify that they had completed self-paced or hands-on training as required by FBI policy. After the audit fieldwork was complete, the RCFL National Program Office implemented a mandatory electronic form that law enforcement officers must complete before logging onto a Kiosk that mitigates the Kiosk vulnerabilities we identified.

Further, the OIG found that the NJRCFL's process to capture data for the number of law enforcement personnel that it trained did not include adequate supporting documentation. For example, not everyone who registered for a class actually attended the class, and the registration data was never updated to reflect actual attendance information. As a result, the FBI was unable to accurately determine the degree to which the RCFL program accomplished one of its core missions.

# Federal Bureau of Investigation



Source: Investigations Data Management System

## Investigations

During this reporting period, the OIG received 548 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 13 investigations and referred 24 allegations to the FBI's Inspection Division for action or investigation. At the close of the reporting period, the OIG had 52 open criminal or administrative investigations of alleged misconduct related to FBI employees. The criminal investigations covered a wide range of offenses, including official misconduct and fraud. The administrative investigations involved serious allegations of misconduct.

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

- On March 1, 2016, an FBI Investigative Support Specialist pleaded guilty to one count of possessing child pornography. The Investigative Support Specialist, who was terminated from the FBI effective January 9, 2015, pleaded guilty in the Superior Court of New Jersey Law Division, Ocean County. The investigation is being conducted by the OIG's New Jersey Area Office and New Jersey's Ocean County Prosecutor's Office High Tech Crime Unit.
- The OIG conducted an investigation based on information from the FBI alleging that a current FBI Unit Chief engaged in misconduct by accepting tickets to at least two sporting events from a vendor who had contracts with

# Federal Bureau of Investigation

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the FBI. It was further alleged that the FBI Unit Chief, without appropriate justification, sponsored the vendor for unescorted access to the FBI's J. Edgar Hoover Building. The OIG substantiated these allegations and determined that the FBI Unit Chief attended three vendor-sponsored presentations at sporting venues and stayed to watch the sporting events without paying for a ticket; engaged in social activities such as golfing, going to a shooting range, and watching mixed martial arts fights with vendors; and accepted free lunches from vendors. The OIG investigation found that the FBI Unit Chief had no pre-existing personal association with these vendors and, therefore, the FBI Unit Chief's conduct violated applicable standards of ethical conduct prohibiting acceptance of gifts, giving preferential treatment, and misuse of position. The OIG further concluded that the FBI Unit Chief failed to disclose receipt of gifts on annual Confidential Financial Disclosure forms as required and lacked candor in response to OIG questioning. Prosecution was declined. The OIG provided a report of investigation to the FBI for appropriate action.

## Ongoing Work

### Use of Section 215 Orders in 2012 through 2014

The OIG is examining the FBI's use of Section 215 authority under the *Foreign Intelligence Surveillance Act of 1978 (FISA)* in 2012 through 2014. This review is required under Section 108 of the *USA FREEDOM Act of 2015*. Section 108 of the *USA FREEDOM Act of 2015* amended Section 106A of the *USA PATRIOT Improvement and Reauthorization Act of 2005*, which directed the OIG to conduct comprehensive reviews of the business records authority under FISA for two time periods—calendar years 2002 through 2004, and 2005 through 2006. The OIG issued reports on those reviews in March 2007 and March 2008,

respectively. The OIG issued a third report in May 2015 that assessed the FBI's and DOJ's progress in implementing recommendations made in those reports and examined the FBI's use of the authority in 2007 through 2009. The current review will examine, among other things, the effectiveness of Section 215 as an investigative tool and the FBI's compliance with the minimization procedures DOJ approved and implemented in 2013.

### Cyber Threat Mitigation Strategy

The objective of the audit is to assess the FBI's cyber threat mitigation strategy. This audit will examine the FBI's approach to address cyber threats. This approach is intended to address these threats through a structured and strategic approach, identifying the perpetrators, their tradecraft, intent, capabilities, and affiliation.

### 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.

# Federal Bureau of Investigation

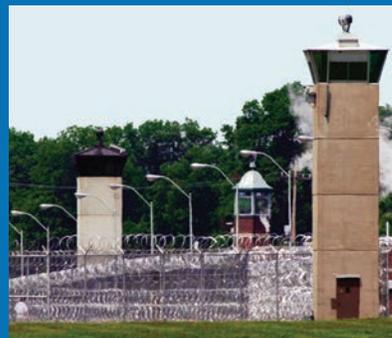
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## **Fuel Procurement with Petroleum Traders Corporation**

The OIG is auditing fuel procurement contracts awarded to the Petroleum Traders Corporation. The objectives are to: (1) determine whether the FBI adhered to federal regulations during the contract award and administration processes, (2) assess the adequacy of the FBI's contract oversight, and (3) determine if the Petroleum Traders Corporation properly invoiced the government and complied with the terms and conditions of the contract awards.

# Federal Bureau of Prisons

The BOP operates a nationwide system of prisons and detention facilities to incarcerate individuals imprisoned for federal crimes and detain those awaiting trial or sentencing in federal court. The BOP has approximately 41,400 employees and operates 122 institutions, 6 regional offices, a central office (headquarters), 2 staff training centers, and 26 Residential Reentry Management Field offices. The BOP is responsible for the custody and care of approximately 196,100 federal offenders. Approximately, 160,100 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

### **Review of the Federal Bureau of Prisons' Medical Staffing Challenges**

The OIG issued a report examining the BOP's medical staffing challenges. The OIG found that the recruitment and retention of medical professionals is a serious challenge for the BOP in large part because it competes with private employers that offer higher pay and benefits. The OIG further found that the BOP does not identify or address its recruiting challenges in a strategic manner and that it does not take full advantage of staffing flexibilities such as those available through the U.S. Public Health Service (PHS).

Specifically, the OIG found that the compensation and incentives the BOP offers to civil service medical staff are not sufficient to alleviate staffing shortages. Multiple factors, including the pay, location of institutions, and the correctional setting, negatively impact the BOP's ability to recruit and retain medical professionals. The OIG found a significant gap between government salaries and local average salaries for comparable healthcare positions. In an attempt to narrow these gaps, the BOP has increasingly relied on monetary and nonmonetary recruitment and retention incentives; but we found these are not always sufficient to reduce medical staffing vacancies.

The BOP does not strategically address which vacancies have the greatest overall impact on its ability to provide medical care to inmates. Instead, the BOP's method of addressing medical recruiting challenges focuses primarily on individual institutions' immediate needs. The BOP collects and maintains, but does not analyze, data on vacancies, incentives, temporary duty assignments, and the cost of contract medical care that would be helpful to assess its needs and prioritize medical staffing vacancies agency-wide.

Further, the conditions of PHS officers' employment make them more mobile than civil service employees and PHS promotion incentives benefit PHS officers who change duty stations. However, the BOP does not take advantage of these flexibilities to better utilize PHS officers to fill high-priority vacancies.

The OIG made two recommendations to address the BOP's medical staffing challenges and the BOP agreed with both of them.

### **Armory Munitions and Equipment**

The OIG issued an audit of BOP armory munitions and equipment, which identified several deficiencies in BOP's controls and practices for safeguarding armory munitions and equipment that increase the risk that these materials could be lost, misplaced, or stolen without being detected. As of December 2015,

# Federal Bureau of Prisons

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the BOP operated 122 institutions with 120 armories that contain items such as firearms, ammunition, chemical agents, stun munitions, badges, and communications equipment, which are used for routine assignments, emergency response, and training.

Specifically, the OIG found weaknesses in BOP's controls over tracking, issuing, and reporting on both active and expired armory munitions and equipment, as well as BOP institutions' compliance with existing policies. Most significantly, the OIG found that the Security Officer can move inventory in and out of the armory, and change information in BOP's armory tracking system, without leaving any record that a change in inventory occurred.

The audit also identified unauthorized chemical agents and ammunition among BOP institutions' armory inventories. In many instances the OIG was not able to determine if the munitions the institutions were maintaining were authorized and met BOP's required minimum quantities because BOP's lists of authorized munitions were outdated and otherwise inadequate. The OIG further found that information in BOP's armory tracking system and the accompanying inventory and test fire reports was neither complete nor accurate. The audit also identified inventory errors that BOP institutions should have identified during their quarterly physical inventories, but did not.

The OIG made 14 recommendations to improve BOP's handling of armory munitions and equipment and the BOP agreed with all of them.

## Investigations

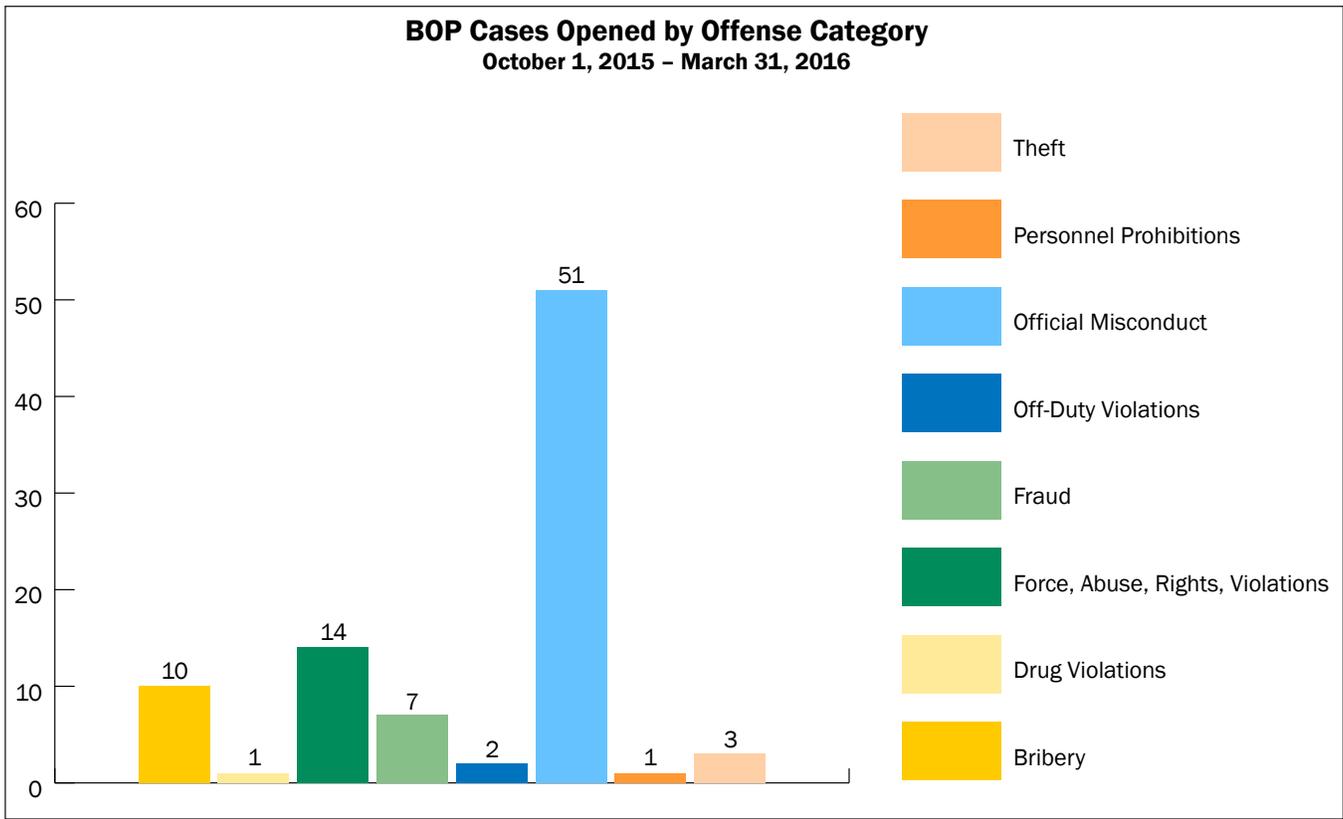
During this reporting period, the OIG received 4,107 complaints involving the BOP. The most common allegations made against BOP employees included official misconduct; and force, abuse, and rights violations. The majority of complaints dealt with non-criminal issues that the OIG referred to the BOP's Office of Internal Affairs for its review.

During this reporting period, the OIG opened 89 investigations and referred 38 allegations to the BOP's Office of Internal Affairs for action or investigation. At the close of the reporting period, the OIG had 217 open cases of alleged misconduct against BOP employees. The criminal investigations covered a wide range of allegations, including official misconduct; and force, abuse, and rights violations.

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

- On November 19, 2015, a BOP Correctional Officer was sentenced to 2 years in prison for accepting bribes. The Correctional Officer, who resigned his position with the BOP, pleaded guilty in the Middle District of Florida. In pleading guilty, the Correctional Officer acknowledged that he introduced cellular phones, loose tobacco, K2 (synthetic marijuana), and Percocet pills to multiple inmates in exchange for \$7,100. The investigation was conducted by the OIG's Miami Field Office and the FBI's Ocala Resident Agency.
- On December 23, 2015, a BOP Nurse pleaded guilty to the charge of bribery. The Nurse, who resigned his position with the BOP, was indicted in the Eastern District of Kentucky. In the plea agreement, he admitted accepting \$22,429 in exchange for smuggling contraband tobacco into the federal medical facility and providing it to inmates. The investigation was conducted by the OIG's Chicago Field Office, FBI, and U.S. Postal Inspection Service.
- On January 22, 2016, a contract BOP Medical Technician was sentenced to 36 months in prison for conspiracy to distribute heroin. The Medical Technician, who was terminated from her position, had pleaded guilty to an Indictment

# Federal Bureau of Prisons



Source: Investigations Data Management System

filed in the Eastern District of Texas. The sentence is the result of an undercover operation wherein the Medical Technician was arrested for accepting 1 kilogram of heroin and a \$5,000 bribe to smuggle the heroin into the Federal Correctional Institution. The investigation was conducted by the OIG's Houston Area Office and the DEA.

- On January 7, 2016, a BOP Correctional Officer pleaded guilty in the Southern District of Texas to charges of sexual abuse of an inmate under his supervision. The Correctional Officer resigned from the BOP. According to the factual statement filed in support of the guilty plea, in July 2014, the Correctional Officer engaged in sexual acts with two different inmates. The investigation is being conducted by the OIG's Dallas Field Office.

- On November 19, 2015, a contract BOP Security Administrative Officer pleaded guilty to an Information charging her with theft of government funds; she was terminated from her position. According to the Information filed in the Eastern District of Pennsylvania, the contract BOP employee stole approximately \$8,000 of inmate subsistence funds from a substance abuse treatment facility. The investigation was conducted by the OIG's New York Field Office.
- On November 18, 2015, a BOP Recreational Specialist was sentenced to 24 months in prison and ordered to forfeit \$10,700 after pleading guilty to an Information charging him with accepting a bribe as a public official. The Recreational Specialist, who was sentenced in the Western District of Virginia, resigned his position with the BOP. According

# Federal Bureau of Prisons

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to evidence presented at his sentencing, between February 1 and July 2, 2015, the Recreational Specialist received multiple bribes totaling at least \$10,000 from family members and associates of an inmate in return for smuggling tobacco products into the prison. The investigation was conducted by the OIG's Washington Field Office; the FBI's Bristol, Virginia, resident office; and the U.S. Postal Inspection Service's Roanoke, Virginia, domicile office.

- On December 4, 2015, a contract BOP Correctional Officer was sentenced to 21 months in prison after pleading guilty to making false statements. The Correctional Officer, who was terminated from her position, was sentenced in the Northern District of Texas. According to the factual statement supporting her guilty plea, the Correctional Officer made a false statement when she stated to the OIG that she had not engaged in sexual acts with an inmate. The investigation was conducted by the OIG's El Paso Area Office.
- On January 27, 2016, a BOP Correctional Officer was charged in a 5-count indictment with sexual abuse of an inmate, introducing contraband into a prison, bribery, and false statements. The investigation is being conducted by the OIG's Atlanta Area Office.
- The OIG conducted an investigation of a BOP Warden, now retired, based on information from an anonymous complaint alleging that the Warden had engaged in misconduct. According to the complaint, BOP staff escorted several federal law enforcement agents around the electronic screening equipment at a Federal Correctional Institution in violation of BOP policy. This resulted in several of the federal agents entering the secure area of the prison with their service weapons and without the prior approval

of the Warden, which violated BOP security protocol. The OIG investigation determined that the Warden was not candid or forthcoming in statements to the OIG regarding when the Warden became aware of the incident. This lack of candor violated BOP policy, and potentially constituted false statements in violation of federal law. Prosecution of the Warden was declined. The OIG did not substantiate certain other allegations made against the Warden by the anonymous complainant. The OIG has completed its investigation and provided its report to the BOP.

## Ongoing Work

### Contraband Interdiction Efforts

The OIG is reviewing current and planned security procedures employed by the BOP to detect and prevent contraband from entering BOP-managed institutions, to include staff, visitor, and inmate searches; contraband detection technologies; and physical security measures.

### Reimbursement Rates for Outside Medical Care

The OIG is examining trends in the BOP's reimbursement rates between FY 2010 and FY 2014, factors other than cost that influence the BOP's selection of a comprehensive medical services contractor, and the effect on the BOP's medical costs of reimbursement rates that are higher than Medicare.

### Release Preparation Program

The OIG is assessing the extent to which the BOP is meeting the goals of the Release Preparation Program and how the BOP tailors the program to meet inmate needs.

# Federal Bureau of Prisons

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## **Use of Restrictive Housing for Inmates with Mental Illness**

The OIG is examining the BOP's use of restrictive housing for inmates with mental illness. The review will examine trends in the use of restrictive housing and the screening, treatment, and monitoring of inmates with mental illness who are housed in restrictive housing units.

## **Contract with the Corrections Corporation of America for Operation of the Adams County Correctional Center**

The OIG is auditing a BOP contract valued at about \$579 million awarded to the Corrections Corporation of America (CCA) to operate the Adams County Correctional Center located in Natchez, Mississippi. The preliminary objectives are to: (1) assess CCA's contract performance; (2) determine whether CCA complied with the terms, conditions, laws, and regulations applicable to the contract; and (3) assess the BOP's formation and administration of the contract. The scope of this audit is focused on but not limited to the period of contract performance from April 1, 2012, through March 31, 2015.

## **Monitoring of Private Contract Prisons**

The OIG is examining how the BOP monitors its private contract prisons; whether contractor performance meets certain inmate safety and security requirements; and how contract prisons and similar BOP institutions compare in an analysis of certain inmate safety and security data.

## **Process and Timing for Releasing Inmates**

The OIG is assessing the relevant responsibilities of the Designation and Sentence Computation Center located at the BOP's Grand Prairie Office Complex as well as the responsibilities of individual institutions in ensuring that inmates are released on their appropriate release

dates. The OIG's objectives are to assess the BOP's process for releasing inmates on their appropriate release dates and to determine whether it is possible to reduce the number of inmates who are mistakenly released before or after their appropriate release dates.

## **Contract with Spectrum Services Group, Inc.**

The OIG is auditing a BOP contract awarded to Spectrum Services Group, Inc., located in Sacramento, California. The preliminary objective of the audit is to assess the BOP and Spectrum Services' administration of the contract and assess their performance, which might include financial management, monitoring, reporting, and progress toward meeting the contract goals and objectives.

# U.S. Marshals Service

The USMS is responsible for ensuring the safe and secure conduct of judicial proceedings, protecting approximately 2,200 federal judges and about 26,000 federal prosecutors, federal public defenders, and other court officials at approximately 440 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 5,400 employees at 218 sub-offices and three foreign field offices.



## Investigation

During this reporting period, the OIG received 333 complaints involving the USMS. The most common allegations made against USMS employees were official misconduct; and force, abuse, and rights violations. 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.

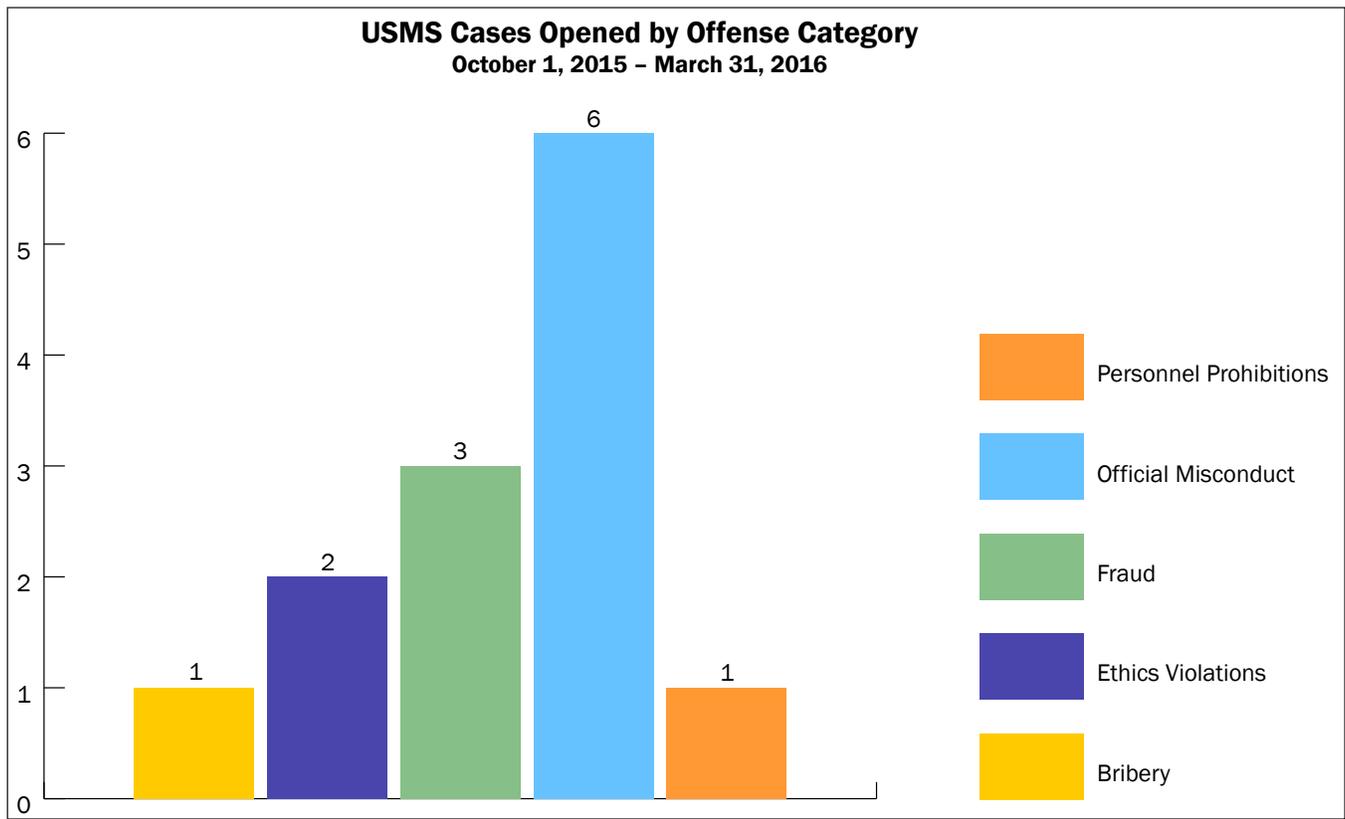
During this reporting period, the OIG opened 13 investigations and referred 17 other allegations to the USMS's Office of Internal Affairs for its review. At the close of the reporting period, the OIG had 43 open cases of alleged misconduct against USMS employees. The most common allegation was official misconduct.

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

- The OIG conducted an investigation of a current U.S. Marshal based on information from anonymous complainants. The investigation concluded that the Marshal misused subordinates' time by tasking them to serve as his personal driver for non-U.S. government business; violated USMS policy by failing to obtain ethics approval to make presentations to outside

law enforcement entities; disregarded USMS management's directives regarding the allowable number and location of such presentations, and not being fully forthcoming with USMS management regarding such presentations; and violated government ethics regulations by soliciting subordinates to contribute money to support various work-related events. The OIG further determined that, in violation of USMS policy, the Marshal misused USMS letterhead; misused the USMS name by allowing a non-profit organization to reference the USMS in its name; failed to disclose a board position and a fiduciary relationship with non-federal entities on his financial disclosure forms, and failed to obtain ethics approvals for these positions; and violated the terms of his appointment by maintaining a fiduciary relationship with a previous employer. The OIG has completed its investigation and provided a report to the USMS and the ODAG for review and appropriate action. Subsequently, the Marshal resigned.

# U.S. Marshals Service



Source: Investigations Data Management System

## Ongoing Work

### Contract Awarded to Operate the Leavenworth Detention Center

The OIG is conducting an audit of a contract valued at nearly \$700 million awarded to Corrections Corporation of America to operate the Leavenworth Detention Center located in Leavenworth, Kansas. The preliminary objective is to assess USMS and the contractor's administration of and compliance with contract terms and conditions.

### 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.

### USMS 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.

# 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 10,700 employees staffing its 221 offices, which are organized in 21 divisions in the United States and 86 foreign offices in 67 countries.



## Reports Issued

### DEA Aviation Operations with DOD in Afghanistan

The OIG issued an audit of the DEA's aviation operations with the DOD in Afghanistan. The audit determined that, collectively, the DEA and DOD spent more than \$86 million to purchase and modify a DEA aircraft with advanced surveillance equipment to conduct operations in the combat environment of Afghanistan, in what became known as the Global Discovery Program. The OIG found that more than 7 years after the aircraft was purchased for the program, it remains inoperable, resting on jacks in Delaware, and has never flown in Afghanistan.



Source: OIG

Specifically, the OIG found that the Global Discovery aircraft, which was originally intended to be completed in December 2012, has missed every intended delivery date, is not yet complete, and is no longer intended to fly in Afghanistan. As of March 2016, efforts to modify the aircraft remained ongoing, and the program, originally estimated to cost \$22 million, has so far cost nearly four times that amount. The most recent delivery date for the operable aircraft,

which would not include all previously agreed upon modifications, is June 2016. Moreover, in July 2015 the DEA removed all of its aviation operations from Afghanistan. As a result, the DEA now intends to use the aircraft for operations in the Caribbean, Central America, and South America.

In addition, the DEA did not fully comply with the Federal Acquisition Regulation and its own solicitation when it purchased the Global Discovery aircraft in September 2008. The DEA did not ensure legitimate needs were identified and trade-offs were properly evaluated, that the aircraft being purchased met operational needs in the most cost-effective manner, and that an evaluation was performed in compliance with its solicitation requirements. As a result, the DEA ultimately awarded an \$8.6 million contract for the purchase of the aircraft, which was nearly \$3 million more than the DEA had previously estimated.

The audit further identified that the DEA charged approximately \$2.5 million in unallowable and unsupported expenditures to the MOUs it signed with the DOD. These charges included approximately \$1.7 million that the DEA diverted to the Global Discovery aircraft from MOUs intended to support other aircraft and operations in Afghanistan. They also included maintenance costs for one aircraft that never flew in Afghanistan and two additional aircraft involved in unrelated DEA missions; training for DEA and contract personnel who never went to Afghanistan; and travel for missions that were unrelated to the DEA's aviation operations in Afghanistan.

# Drug Enforcement Administration

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Finally, the DEA was unable to perform a meaningful review and analysis of its operations in Afghanistan because it failed not only to ensure that the MOUs it entered into with the DOD identified clear objectives and deliverables, but also to establish an accurate method to track and report performance.

The OIG made 13 recommendations to the DEA to improve oversight of its MOUs for aviation operations and the Global Discovery Program, and to address more than \$11 million in questioned costs. The DEA agreed with eight recommendations, disagreed with two recommendations, and requested additional information or analysis for the remaining three recommendations. The OIG closed two recommendations based on actions taken by the DEA.

## **Handling of Drug Seizures**

The OIG issued an audit examining the DEA's controls over seized and collected drugs to determine whether the DEA's controls are adequate to safeguard against theft, misuse, and loss of drug evidence. The OIG found that, with a few exceptions, DEA procedures generally were appropriate for handling seized and collected drugs, although the implementation of some procedures was not consistent across the offices the OIG reviewed.

Specifically, the OIG found that drugs were not always properly recorded in the Temporary Drug Ledger, a formal record of seized and collected drugs stored at DEA field divisions. When drugs are not entered into the ledger properly, or are not entered at all, the risk that evidence will be lost increases. Likewise, it is important that seized and collected drugs are entered into the Laboratory Inventory Management System in a timely manner to prevent an increased risk of evidence tampering, misplacement, and loss. However, the OIG found that laboratories were not entering this information within the required timeframe. Gaps in the formal documentation of the chain

of custody for drugs can also compromise the security of the drugs and jeopardize the government's ability to use the evidence in court proceedings.

The audit further determined that Reports of Drug Property Collected, Purchased, or Seized, which document the seizure of drug evidence, were not always prepared within the required 48-hour timeframe. Timely completion of these forms is important in ensuring that an appropriate chain of custody is maintained. In addition, the OIG found that gross weights of seized and collected drugs were not always recorded on the Report of Investigation form as required by the DEA Agents Manual. This record provides a benchmark for future weight calculations, thereby helping to prevent loss and ensure the integrity of the evidence for prosecution.

Lastly, the OIG found that laboratories are not being notified of shipments of seized and collected drugs. The DEA Agents Manual requires DEA employees to notify laboratories when shipping drugs to them. As a result, the laboratories did not know to expect delivery, and would not have been able to identify and follow up on missing shipments in a timely fashion.

The OIG made nine recommendations to the DEA to improve the controls over seized and collected drugs and the DEA agreed with all of them.

## **Bonuses and Other Favorable Personnel Actions for DEA Employees Involved in Alleged Sexual Misconduct Incidents Referenced in the OIG's March 2015 Report**

In response to a request from the Chairman of the U.S. House of Representatives Committee on Oversight and Government Reform, the OIG issued a report examining whether DEA employees implicated in the incidents discussed

# Drug Enforcement Administration

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in the OIG's March 2015 report, *Review of the Handling of Sexual Harassment and Misconduct Allegations by the Department's Law Enforcement Components*, received any promotions, bonuses, awards, or other favorable personnel actions after the allegations against them were made to the DEA.

The OIG found that the DEA's policy generally prohibited employees from receiving such awards for 3 years after being subject to discipline for significant misconduct or while a misconduct investigation was pending, unless there is a specific basis for making an exception. The OIG also found that although none of the 14 employees discussed in its prior report received promotions, 8 of the 14 employees received bonuses or awards contrary to DEA policy.

Specifically, the report identified 20 award requests made in connection with these 14 employees. Ten of the requests resulted in a bonus, award, or other favorable personnel action that was contrary to DEA policy. Some of the employees were serving as supervisors and managers when they received the awards. In addition, for three award requests, the OIG was unable to assess whether the DEA had followed policy because there was a lack of documentation reflecting the DEA's basis for approving these favorable personnel actions. One of the 14 individuals discussed in the report has retired from the DEA, 2 individuals remain in the same overseas positions they were in at the time of the investigation, and the 11 remaining employees are agents or supervisory agents assigned to various DEA offices.

The OIG made two recommendations to help the DEA ensure that officials are aware of and consistently comply with the DEA's awards policies and the DEA agreed with both of them.

## Investigations

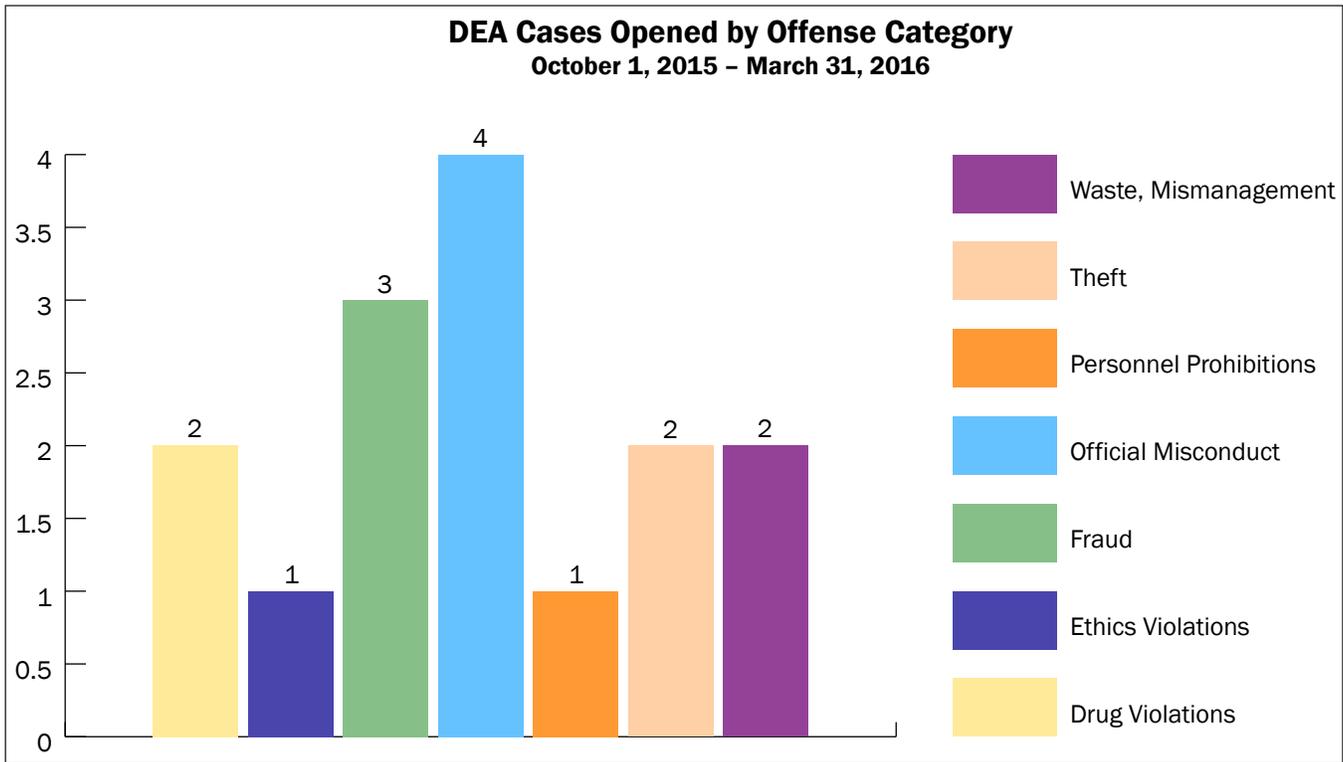
During this reporting period, the OIG received 289 complaints involving the DEA. The most common allegations made against DEA employees included official misconduct, and waste and mismanagement. The majority of the complaints were considered management issues and were provided to the DEA for its review and appropriate action.

During this reporting period, the OIG opened 15 cases and referred 20 allegations to the DEA's OPR for action or investigation. At the close of the reporting period, the OIG had 52 open cases of alleged misconduct against DEA employees. The most common allegation was official misconduct.

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

- On February 5, 2016, a DEA Telecommunications Specialist pleaded guilty to five counts of possession of child pornography and one count of online solicitation of a parent to consent to the participation of sexual conduct with a child. On the same date, the Telecommunications Specialist was sentenced in state court to 24 months of community control and 10 years of probation. He was further ordered to pay \$8,500 in investigative costs to reimburse the Florida Department of Law Enforcement and the Office of Statewide Prosecution. The Telecommunications Specialist, who retired from the DEA the day after his OIG interview, was charged in Manatee County, Florida. The information to which the Telecommunications Specialist pleaded guilty alleged that between February and March 2014, he used Internet services to seduce, solicit, or lure a parent, legal guardian, or custodian of a child to consent to the participation of the child

# Drug Enforcement Administration



Source: Investigations Data Management System

in sexual conduct. Following a consent search, child pornography images were located on the Telecommunications Specialist's personal computer and external hard drives. The joint investigation was conducted by the OIG's Miami Field Office and the Florida Department of Law Enforcement's Tampa Office.

- In the *Semiannual Report to Congress, October 1, 2014 – March 30, 2015*, the OIG reported that a former DEA Special Agent was arrested pursuant to a criminal Complaint filed in the Northern District of California and charged with theft of government property, money laundering, wire fraud, and conflict of interest. On October 19, 2015, the former DEA Special Agent was sentenced to 78 months in prison and ordered to pay \$340,000 in restitution, after pleading guilty to one count each of money laundering, obstruction of justice, and extortion.

The factual statement in support of the guilty plea showed that the Special Agent misused his official position to steal Bitcoins—a virtual currency—from targets, third parties, and the government for his personal enrichment. In addition to the prison sentence and 3 years of supervised release, the Special Agent forfeited \$290,545 and 683 Bitcoins (approximate value, \$184,410). He had resigned his position with the DEA in May 2014. The investigation was conducted by the OIG's Washington Field Office and Cyber Investigations Office, FBI, Internal Revenue Service – Criminal Investigations, and DHS OIG.

- In the *Semiannual Report to Congress, April 1, 2015 – September 30, 2015*, the OIG reported that a former Police Sergeant of a Tennessee municipality, previously assigned to the DEA Organized Crime Drug Enforcement Task Force, was arrested and pleaded guilty in the

# Drug Enforcement Administration

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Middle District of Tennessee to charges of federal program theft and wire fraud. On November 9, 2015, he was sentenced to 6 months in prison and ordered to pay \$13,099 in restitution for submitting false time cards. After admitting to the allegations, he was terminated from his position with the Tennessee municipality. The investigation was conducted by the OIG's Atlanta Area Office, FBI Nashville Division, and Tennessee Bureau of Investigation.

- On February 18, 2016, a DEA TFO was arrested on charges of possession with intent to distribute controlled substances. The TFO—a Detective with an Ohio municipality—was charged in a Complaint filed in the Southern District of Ohio alleging that between October 2015 and February 2016, the TFO made at least 21 deliveries of narcotics including marijuana, crack cocaine, heroin, powdered cocaine, and Percocet pills, to an informant to sell. The drugs were estimated to have a street value of \$70,000 and the TFO is alleged to have received \$34,800. The TFO died while in pretrial detention. The investigation was conducted by the OIG's Detroit Area Office, the FBI, and the DEA.
- On February 24, 2016, a DEA TFO assigned to the New Orleans Division was arrested on state charges of conspiracy to distribute cocaine, abuse of office, malfeasance in office, and felony theft. The investigation, which is being conducted by the OIG's Houston Area Office, Louisiana State Police, and DEA's OPR, is ongoing.
- The OIG initiated an investigation based on the receipt of information from the Amtrak OIG alleging that an Amtrak employee was acting as a paid DEA confidential source (CS), providing Amtrak information to the DEA. The Amtrak Police Department (APD) and the

DEA participate in a joint task force that works to interdict passengers trafficking contraband on Amtrak trains. Accordingly, Amtrak information is available to DEA at no cost from APD. The OIG determined that over a period of 20 years ending in January 2014, the DEA paid the Amtrak employee \$854,460 for information that was available at no cost to the government in violation of federal regulations, thereby wasting substantial government funds. The OIG also concluded that the DEA agents exceeded the terms of the Amtrak employee's CS classification when they directed him to gather specific information for them. In addition, the OIG learned that an APD officer assigned to a different DEA task force registered another Amtrak employee as a DEA CS and that the DEA paid \$9,701 to the CS in exchange for Amtrak information. The DEA documents submitted to register the Amtrak employees in the CS program did not contain information to inform approving personnel that DEA would be paying the Amtrak employees for information it could have obtained from Amtrak at no cost. The OIG provided its report to the DEA for appropriate action. The OIG also issued an audit report of the DEA's CS program in July 2015, and is conducting additional audit work relating to the program.

## Ongoing Work

### Management and Oversight of the DEA's Confidential Source Program

The OIG previously issued a report in July 2015 examining the DEA's confidential source policies and their consistency with DOJ-level standards for law enforcement components, the DEA's oversight of certain high-level confidential sources and high-risk activities involving confidential sources, and the DEA's administration of death and disability benefits to confidential sources. The OIG continues

# Drug Enforcement Administration

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to review the DEA's overall management and administration of its confidential source program, including oversight of payments to confidential sources.

## **El Paso Intelligence Center**

The OIG is reviewing the DEA's El Paso Intelligence Center. The review, following a 2010 report, will focus on how the El Paso Intelligence Center contributes to DEA field divisions and the law enforcement community.

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

The DOJ OIG is conducting a joint review with the Department of State's (State) OIG of the post-incident responses by the DEA and State to three drug interdiction missions in Honduras in 2012, all involving the use of deadly force. The missions were conducted jointly among the Government of Honduras, DEA, and State as part of an aerial interdiction program known as Operation Anvil. The joint review will address, among other things, pertinent pre-incident planning and the rules of engagement governing the use of deadly force, the post-incident investigations and review efforts by State and the DEA, the cooperation by State and DEA personnel with the post-shooting reviews, and the information provided to Congress and the public by State regarding the incidents.

## **Administrative Subpoenas**

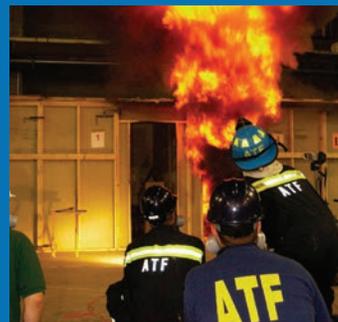
The OIG is examining the DEA's use of administrative subpoenas to obtain broad collections of data or information. The review will address the legal authority for the acquisition or use of these data collections; the existence and effectiveness of any policies and procedural safeguards established with 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.

## **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 than 4,800 employees enforce federal criminal laws and regulate the firearms and explosives industries. ATF investigates violent crimes involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products. ATF also provides training and support to its federal, state, local, and international law enforcement partners and works in 25 field divisions with representation throughout the United States, Puerto Rico, U.S. Virgin Islands, and Guam. Foreign offices are located in Mexico, Canada, and Colombia, as well as a Regional Firearms Advisor in El Salvador, and a Regional Coordinator in the Caribbean.



## Investigations

During this reporting period, the OIG received 168 complaints involving ATF personnel. The most common allegation 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 three cases and referred four allegations to ATF's OPR for action or investigation. At the close of the reporting period, the OIG had 12 open criminal or administrative investigations of alleged misconduct related to ATF employees. The investigations include official misconduct and off-duty misconduct.

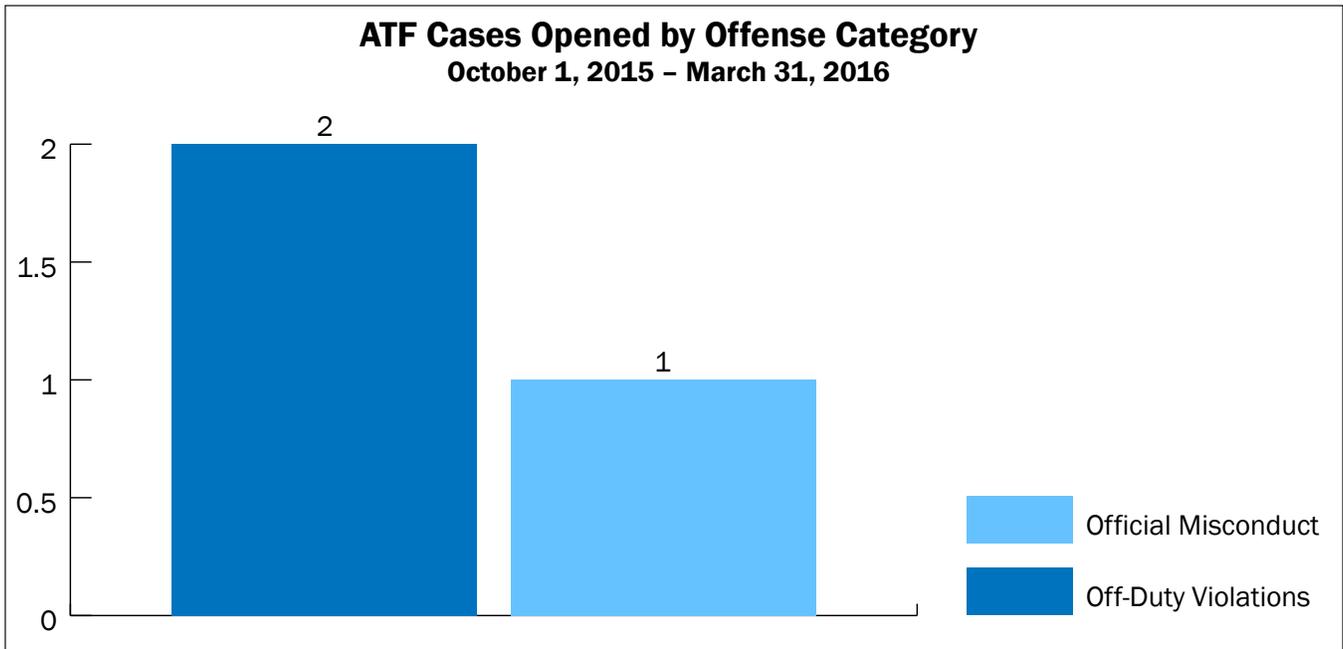
The following are examples of cases involving ATF that the OIG investigated during this reporting period:

- On February 26, 2016, an ATF TFO employed by a police department in San Juan, Puerto Rico, was found guilty by a jury of conspiracy to deprive a person of his civil rights. The TFO, who was removed from the ATF Task Force during the investigation, was indicted in September 2015. During a 5-day trial, the government presented evidence that on September 23, 2010, the TFO hired corrupt police officers and other individuals to

break into a home and steal property. The investigation was conducted by the OIG's Miami Field Office and the FBI.

- In the *Semiannual Report to Congress, April 1, 2015 – September 30, 2015*, the OIG reported that a former ATF TFO was indicted in the Southern District of Georgia and charged with theft of government funds related to submissions claiming overtime pay for hours he did not work. The TFO pleaded guilty to the charge. On December 21, 2015, the former ATF TFO was sentenced to 3 years of probation, 40 hours of community service and ordered to pay \$19,565 in restitution. The TFO was removed from the ATF task force. The investigation was conducted by the OIG's Miami Field Office and the FBI.
- The OIG initiated an investigation based on information from ATF alleging that a current Special Agent in Charge (SAC) gambled on duty and engaged in related misconduct while in a position with ATF prior to being promoted. The OIG investigation substantiated the allegations. The SAC violated federal regulations that prohibit federal employees from gambling while on duty. In addition, the SAC violated ATF policy by, among other things, misusing his government travel card to obtain cash advances to gamble, and using his assigned government

# Bureau of Alcohol, Tobacco, Firearms and Explosives



Source: Investigations Data Management System

vehicle to travel to casinos to gamble, which is not an “official purpose” for which use of the government vehicle is authorized. Prosecution was declined. The OIG provided a report of investigation to ATF for appropriate action.

danger to the public or otherwise presented special risks. ATF recognized this problem and established an MCP to improve its oversight capabilities. The OIG’s review will examine several storefront operations that continued or began after the inception of the MCP and will evaluate the effectiveness of the MCP as an oversight tool.

## Ongoing Work

### Management and Oversight of Confidential Informants

The OIG is conducting an audit of ATF’s management and oversight of confidential informants. The audit objective is to evaluate ATF’s policies and practices for the identification, approval, and oversight of its confidential informants.

### Oversight of Certain Storefront Operations

The OIG is reviewing ATF’s oversight of certain of its storefront operations. One of the key findings of the OIG’s September 2012 report, *A Review of ATF’s Operation Fast and Furious and Related Matters*, was that ATF failed to exercise sufficient oversight of activities that posed a

### ATF’s Investigation of the Osorio and Barba Firearms Trafficking Rings

The OIG is reviewing allegations that ATF failed to timely investigate and arrest subjects involved in trafficking firearms that were used in an attack on U.S. Immigration and Customs Enforcement agents in Mexico in 2011. One of the agents, Jaime Zapata, died from injuries he sustained during the attack. The OIG investigation is examining the information that was available to ATF about the firearms traffickers prior to Agent Zapata’s death.

# Office of Justice Programs

OJP manages the majority of the Department's grant programs and is responsible for developing initiatives to address crime at the state and local levels. OJP has six bureaus and program offices—Bureau of Justice Assistance, Bureau of Justice Statistics, National Institute of Justice, Office of Juvenile Justice Delinquency Prevention, Office for Victims of Crime, 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.



## Debarment Action

### **DOJ Debarment Action following the January 2014 report, *Audit of the Office of Justice Programs Edward Byrne Memorial Justice Assistance Grants Awarded to Philadelphia Safety Net, Philadelphia, Pennsylvania***

In February 2016, DOJ's Suspending and Debarring Official found Philadelphia Safety Net (PSN) not presently responsible and took action to protect the public interest by debarring PSN from transacting with the federal government on procurement and non-procurement actions for a period of 3 years. In the debarment letter, the Suspending and Debarring Official cited the OIG's 2014 audit of PSN as the basis for the decision. [*See Semiannual Report to Congress, October 1, 2013 – March 30, 2014.*] The letter noted that the OIG found that PSN lacked effective policies and procedures to safeguard Federal grant funds and acted without oversight or governance by its Board.

## Reports Issued

### **Reporting and Use of Program Income by DNA Backlog Reduction Grantees**

The OIG issued an audit report examining the National Institute of Justice's (NIJ) management and oversight of DNA Backlog Reduction grantees' reporting and use of program income. State and local government grantees in this

program received more than \$302 million from NIJ during FYs 2010 through 2013 to increase the capability for public DNA laboratories to process more DNA cases. Grantees are allowed to generate income from their grant-funded services, but they are required to put a portion of that income back into their grant budget to further reduce backlogged DNA cases.

The OIG found that the NIJ is not adequately managing the income generated by DNA Backlog Reduction grantees, and as a result the NIJ cannot ensure that the grantees are using this income to reduce the backlog of DNA cases. Specifically, the OIG found that the NIJ's process for identifying grantees that generate program income needs improvement, which would allow the NIJ to provide more effective oversight. In particular, the NIJ should strengthen its ability to assess whether a grantee's potential for generating program income has changed during the grant period. In addition, the audit found that the NIJ lacks procedures for following up with grantees that have the potential to generate program income. As a result, the NIJ is unable to determine whether grantees are in fact generating, accounting for, reporting, and appropriately using program income. Finally, the OIG reported that guidance from NIJ and OJP about how to calculate and report program income was unclear, resulting in grantee confusion in identifying program income and errors in allocating it to the federal award.

# Office of Justice Programs

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The OIG made four recommendations to the NIJ to improve its policies and practices, and to strengthen its oversight of the reporting and use of program income by recipients of DNA Backlog Reduction Program grants and the NIJ agreed with all of them.

## Audits of Grants to State and Local Entities

During this reporting period, the OIG audited 13 external OJP grant recipients.

- The OIG issued an audit of 7 grants totaling nearly \$2.7 million to the Lower Brule Sioux Tribe (LBST) in South Dakota. OJP issued these grants between 2009 and 2012 to support various programs related to reducing gang-related activities and juvenile delinquency, providing services to victims of child abuse, establishing an adult drug court and other correctional alternatives, and supporting web-based case management. The audit found that the LBST did not comply with essential award conditions related to grant expenditures, award special conditions, budget management, and program performance. Specifically, the LBST expended funds without prior approval, paid for unbudgeted positions with federal funds, exceeded the allowable indirect cost rates, exceeded allowable thresholds for budget transfers without the required approval, and used federal funds to pay for unallowable and unsupported transactions. The audit also found that the LBST could not provide adequate documentation to support the progress reports the OIG tested. In total, the OIG questioned \$937,677 in grant costs as either unallowable or unsupported. The OIG made seven recommendations to OJP to improve LBST's management of DOJ grant funds and remedy questioned costs and OJP agreed with all of them. The LBST agreed with six recommendations and partially agreed with one recommendation.
- The OIG issued an audit of a grant totaling \$5.6 million awarded to the Eight Northern Indian Pueblos Council (ENIPC), in Ohkay Owingeh, New Mexico. The purpose of the grant, which was awarded in 2009 under OJP's Correctional Systems and Correctional Alternatives on Tribal Lands Program, was to construct an alternative substance abuse treatment facility in Taos, New Mexico, for Native American juveniles. The OIG found that ENIPC completed the overall objective of constructing the facility, but questioned \$646,916 in grant expenditures as unallowable or unsupported. Most of these expenditures related to the grant's matching requirement, which required that ENIPC fund 10 percent of the total project costs. Specifically, the OIG was not provided with adequate support for the land valuation or the personnel and fringe benefit costs that ENIPC applied to the matching requirement. The OIG made two recommendations to OJP to remedy the questioned costs and OJP agreed with both of them. In its formal response to the draft report, ENIPC identified several actions it will take to address issues identified in the audit.
- The OIG issued an audit of a grant of \$1.3 million to College Mentors for Kids, Inc. (CMFK), in Indianapolis, Indiana. The grant, awarded under the Office of Juvenile Justice Delinquency Prevention's (OJJDP) FY 2013 Multi-State Mentoring Initiative, was to enhance and expand CMFK's existing evidence-based mentoring program to serve an additional 500 at-risk youths, and increase the number of CMFK's college chapters from 23 to a total of 31. The OIG found that CMFK completed or was in the process of completing each of its grant objectives. However, the audit identified numerous weaknesses including that CMFK lacked documented policies and procedures over many aspects of grant administration,

# Office of Justice Programs

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and that it had insufficient policies and procedures to ensure the security of its information and assets. The audit also found that CMFK did not keep adequate employee time records and, as a result, it lacked adequate support for \$414,565 in personnel expenses. CMFK also expended \$185,020 in unallowable personnel costs relating to fundraising activities and \$22,792 in unapproved Federal Insurance Contributions Act benefits, and it inappropriately expended \$88,539 in grant funds prior to receiving OJP's permission to do so. Overall, the OIG questioned a net of \$522,276 in grant costs, some of which were questioned for multiple reasons. The OIG made 14 recommendations to OJP to improve the CMFK's management of DOJ grant funds and remedy questioned costs and OJP agreed with all of them. CMFK agreed with 11 of the recommendations and expressed its intent to address the 3 remaining recommendations, which concerned questioned costs.

- The OIG issued an audit of 10 grants totaling over \$382 million to the California Governor's Office for Emergency Services (Cal OES) in Mather, California. These grants, which were awarded for FYs 2002 through 2012, provided funds from the Crime Victims Fund (CVF) to community-based organizations that provide direct services to victims of crime. The audit found that Cal OES did not comply with essential award requirements in four of the eight areas the OIG tested, and questioned \$492,428 in grant expenditures as unallowable. The OIG questioned most of these costs based on indications that Cal OES may not have complied with the requirement that it use DOJ grant funds to supplement, and not replace, state funds for grant-related activities. The OIG also found that Cal OES inaccurately reported indirect cost expenditures on its financial reports to OJP, and it received reimbursements for indirect costs charged to one of its awards

that exceeded the allowed amount. In addition, Cal OES did not comply with its internal policies and procedures for monitoring grant-funded contractors and sub-recipients; it did not retain documentation sufficient to show that it performed its sub-granting of OJP funds in a manner that was fair, transparent, and free of undue influence; and it could not produce adequate support for some of the payroll transactions the OIG reviewed. The OIG made 11 recommendations to OJP to improve Cal OES's management of DOJ grant funds and remedy questioned costs. OJP and Cal OES agreed with all of them.

- The OIG issued an audit of a grant totaling \$641,695 to the Philadelphia District Attorney's Office (PDAO) in Pennsylvania. The purpose of the grant, which was awarded in September 2010 and ended in September 2015, was to assist the PDAO in transitioning to a performance-based prosecution office, with the ultimate goal of holding more offenders accountable and improving public safety. The audit identified internal control deficiencies, including that the PDAO did not always request required advance approvals for budget modifications; employed consultants that were contracted on a non-competitive, sole-source basis at rates that exceeded allowable amounts; and failed to comply with City of Philadelphia procurement processes associated with contracting for professional services. As a result, the audit questioned as unallowable \$310,670 in grant expenditures, all of which related to the PDAO's consultant contracts. The OIG made seven recommendations to OJP to improve the PDAO's management of DOJ grant funds and remedy questioned costs and OJP agreed with all of them. PDAO disagreed with the recommendations but stated in its response to the report that it would cooperate fully with OJP to resolve the issues the OIG identified.

# Office of Justice Programs

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- The OIG issued an audit of two grants totaling over \$700,000 to IsoForensics, Inc. (IsoForensics), in Salt Lake City, Utah. The purpose of these grants, awarded in 2011 and 2013 under the Basic Scientific Research to Support Forensic Science for Criminal Justice Purposes program, was to support research to provide objective, independent, evidence-based knowledge and tools to meet the challenges of crime and criminal justice, particularly at the state and local levels. The OIG found that IsoForensics did not fully comply with all of the award conditions. Specifically, the audit found that IsoForensics charged indirect costs to the awards that were not properly included in the approved budgets, resulting in the OIG questioning \$280,840 in expenses as unallowable. The audit also found that IsoForensics submitted inaccurate financial reports, did not maintain documents sufficient to support its progress reports, did not request or receive the required approval for a change in key personnel, and did not properly update a form necessary for compliance with a federal regulation pertaining to the protection of human research subjects. The OIG made six recommendations to OJP to improve IsoForensics' management of DOJ grant funds and remedy questioned costs and OJP agreed with all of them. In its formal response to the report, IsoForensics explicitly agreed with four recommendations and stated that it would work with OJP to close all six recommendations.
- The OIG issued an audit of a \$250,000 grant to the Housing Authority of Plainfield, New Jersey (Plainfield). The 2010 Byrne Congressionally Mandated Earmark grant was awarded to Plainfield to fund a joint initiative with the Tomorrow is Today Foundation to target youth gang violence. Tomorrow is Today was a nonprofit organization based in

Washington, D.C. The OIG found that Plainfield received the grant funds and forwarded them to the Administrator for Tomorrow is Today, whom Plainfield did not properly monitor. Plainfield and Tomorrow is Today provided limited documents to the OIG; neither provided sufficient documentation to support grant expenditures and grant-related activity. Significantly, Plainfield was unable to provide a list of grant-related transactions and bank statements reflecting grant activity. The OIG concluded that Plainfield was in material non-compliance with the essential grant conditions tested. Plainfield also lacked accountability over federal funds, lacked documentation to support the grant expenditures claimed on financial reports and to support grant drawdowns, did not properly monitor the grant budget and its contractors or consultants, and did not maintain documentation to support its progress reports or report on its performance metrics. Given these deficiencies and Plainfield's inability to provide the OIG with basic accounting data, the OIG questioned all of Plainfield's grant expenses—a total of \$244,233—as unsupported. The OIG made nine recommendations to OJP to improve Plainfield's management of DOJ grant funds and remedy questioned costs and OJP agreed with all of them. Plainfield agreed with eight of the recommendations and disagreed with one.

- The OIG issued an audit of three grants totaling \$3.3 million awarded to Beaver County, Pennsylvania (Beaver County). The purpose of these grants, which were awarded in 2011 and 2012, was to enhance public safety by funding adult and juvenile offender re-entry programs, and by improving mental health and other treatment options for offenders before and after release. The audit found that Beaver County did not fully comply with

# Office of Justice Programs

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essential grant requirements relating to financial management. Specifically, the OIG identified instances where grant funding was not appropriately tracked and reconciled, financial and other reporting was inaccurate or unsupported, and budget management and control processes did not conform to approved grant budgets. The audit identified several issues relating to contractor and consultant work, including a contract for accounting services for which the OIG found no documentation to show that it had been awarded through a competitive process or approved by OJP. Overall, the OIG questioned \$96,393 in grant expenditures, although as noted in the report, Beaver County provided additional documentation after reviewing the draft report that reduced this amount to \$79,973. The OIG made 11 recommendations to OJP to improve Beaver County's management of DOJ grant funds and remedy the questioned costs and OJP agreed with all of them. Beaver County agreed with six of the recommendations and disagreed with five.

- The OIG issued an audit of a \$1.5 million grant to Maryland's Administrative Office of the Courts (AOC), located in Annapolis. OJP awarded this grant in 2011 to develop and expand drug treatment courts and services for nonviolent substance-abusing offenders throughout Maryland. Pursuant to the OJP-approved budget, the AOC sub-awarded \$1.3 million of the grant to adult drug court programs administered by four Maryland jurisdictions: Carroll County, Cecil County, the City of Baltimore, and Wicomico County. The OIG found that the AOC generally complied with reporting and budget management requirements, that the transactions tested were allowable and supported, and that the AOC accomplished the goals of its program. However, the audit also found that the AOC did not adequately monitor the four Maryland jurisdictions that received sub-

awards, which led to a total of \$80,304 in grant costs questioned as unsupported or unallowable. The majority of these questioned costs were for personnel and fringe benefits. The OIG made four recommendations to OJP to improve the AOC's monitoring of subrecipients and remedy questioned costs and OJP agreed with all of them. The AOC agreed with two of the recommendations and disagreed with two. After reviewing the draft report, the AOC provided documentation to resolve \$6,604 in unsupported personnel and fringe benefit costs. The AOC also provided additional documentation to resolve \$17,469 in unsupported other direct costs and close one recommendation.

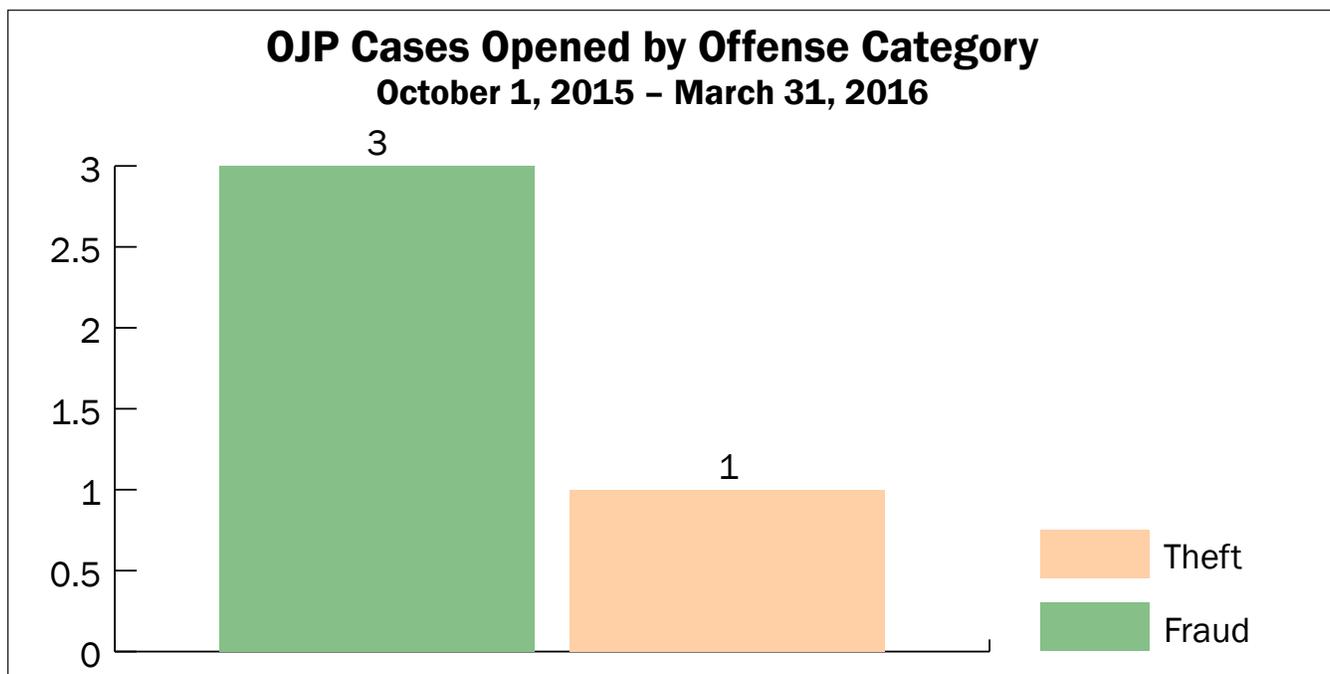
- The OIG issued an audit of two grants totaling \$2.35 million awarded to Jobs for Delaware Graduates, Inc. (JDG), in Dover, Delaware. The purpose of these grants, which were awarded by the OJJDP in 2009 and 2010, was to support graduation and school-to-work transition programs in middle schools and high schools throughout Delaware. The OIG found that JDG provided services for middle and high school students that were consistent with the purposes of these grants, but the audit also identified a pattern of internal control deficiencies that resulted in JDG not fully complying with essential award requirements. Specifically, the OIG questioned \$82,809 in grant expenditures based on JDG's use of grant funds for unallowable personnel expenditures and its use of a flawed and noncompliant cost allocation methodology. The audit also found that JDG submitted inaccurate progress reports to OJP. The OIG made seven recommendations to OJP to improve JDG's management of DOJ grant funds and remedy questioned costs and OJP agreed with all of them. JDG agreed with six recommendations, and disagreed with one recommendation relating to \$43,209 in questioned grant expenditures.

# Office of Justice Programs

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- The OIG issued an audit of a grant totaling more than \$1.5 million to INOBTR (“I Know Better”), in Saint Louis, Missouri. The purpose of this grant, which was awarded in 2009 under OJJDP’s Promoting Youth Safety Public Awareness Campaign, was to develop public awareness strategies serving other OJJDP grantees implementing local child and youth safety projects. The OIG found that INOBTR had completed or was in the process of completing each of its goals, but also identified several weaknesses with INOBTR’s grant management. For example, the OIG found that when procuring services from contractors, in some instances INOBTR did not comply with requirements to perform a cost analysis, seek competitive bids, or submit sole source justifications to OJJDP, and it did not conduct required contractor monitoring. The audit also questioned as unallowable \$42,275 in grant funds that were spent on rent, personnel benefits, and travel costs. The OIG made nine recommendations to OJJDP to improve INOBTR’s management of DOJ grant funds and remedy questioned costs and OJP agreed with all of them. INOBTR agreed with six recommendations and disagreed with three recommendations concerning questioned costs.
- The OIG issued an audit of a grant totaling \$1.5 million awarded to the Supreme Court of Virginia (SCV) in Richmond, Virginia. OJP awarded this grant, which is ongoing, so that the SCV could provide training and assistance to drug court teams, conduct a statewide Driving Under the Influence court evaluation, and assist local courts in increasing the number of active drug court participants and reaching emerging offender populations. At the end of the audit period, the SCV had spent \$804,657 of the grant funds awarded. The OIG found that the SCV met or appeared to be on track to meet the goals of the grant, and that it generally complied with essential award conditions in the areas the OIG tested. As noted in the report, the audit initially found that the SCV charged approximately \$7,200 in unallowable indirect expenses to the grant and submitted financial reports that contained some discrepancies, but because SCV reimbursed these funds to OJP and corrected its subsequent financial reports during the audit, the report contained no recommendations.
- The OIG issued an audit of nearly \$400,000 from an OJP *Victims of Crime Act* grant sub awarded to Two Feathers Native American Family Services (Two Feathers) in McKinleyville, California, by the California Governor’s Office of Emergency Services. The purpose of these sub-grants, which were awarded from 2012 to 2014, was to provide comprehensive psychotherapy services to child victims of crime. The OIG found that Two Feathers complied with grant requirements except for instances where it failed to maintain adequate support for its expenditures allocated to the sub-grants. The audit questioned as unsupported grant expenditures totaling \$264,662, nearly all of which was for salaries and benefits. The OIG made two recommendations to OJP to improve Two Feathers’ management of DOJ grant funds and remedy questioned costs and both OJP and Two Feathers agreed with both of them.

# Office of Justice Programs



Source: Investigations Data Management System

## Investigation

During this reporting period, the OIG received 20 complaints involving OJP. The most common allegation made against OJP employees, contractors, or grantees was fraud.

During this reporting period, the OIG opened four 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 majority of these criminal investigations were related to grantee fraud.

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

- On January 21, 2016, BBBSA agreed to pay the United States \$1.6 million to settle potential false claims liability in connection with a DOJ grant program. Following an OIG audit of BBBSA that resulted in over \$19 million in questioned costs and 12 management findings, the OIG examined potential civil claims

against the organization. In addition to the settlement, BBBSA agreed to institute a strict compliance program that requires the organization to engage in regular audits, both internally and by independent auditors, and to employ risk assessment tools to detect abuses that might otherwise go undetected. The settlement also closed the audit report's final recommendations.

## Ongoing Work

### Crime Victims Fund

The OIG initiated an audit of OJP's CVF, which was established by the *Victims of Crime Act of 1984* to provide assistance and grants for victim services throughout the nation. Funding for the CVF is generated from criminal fines, forfeited bail bonds, penalties, and special assessments collected from offenders convicted of federal crimes. The OIG will conduct a risk assessment of OJP's management of the CVF with a preliminary objective to assess the risk associated with managing funding increases.

# Office of Justice Programs

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## **Tribal Justice Infrastructure Program**

The TJIP, formerly the Correctional Systems and Correctional Alternatives on Tribal Lands Program, funds the planning and construction of new, or renovation of existing, tribal justice facilities. It also funds community-based alternatives to help prevent and control jail overcrowding due to alcohol and other substance abuse-related crime. OJP's Bureau of Justice Assistance (BJA) administers the TJIP in coordination with the Department of the Interior's BIA, which with tribal grantees, is responsible for supporting, operating, and maintaining the correctional facilities. The OIG's audit will assess OJP's management and oversight of the funding provided under the TJIP, including the contracting activities of grantees, and determine the extent of OJP's cooperation and coordination with the BIA to ensure efficient and effective correctional services in Indian Country.

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

The OIG initiated a review of the OJJDP Title II Formula Grants Program, which provides funding directly to states, territories, and the District of Columbia to help implement comprehensive state juvenile justice plans. The juvenile justice plans are based on needs studies for delinquency prevention and intervention efforts, as well as juvenile justice system improvements. The objectives are to assess compliance with certain *Juvenile Justice and Delinquency Prevention Act* protections and requirements.

# Other Department Components

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## Investigations

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

- The OIG initiated an investigation based on a referral from the employing division of a DOJ Attorney. According to the division, the Attorney's time and attendance at work for approximately 5 months were unaccounted for, both by the attorney's assigned division and by another DOJ component to which the Attorney had been temporarily assigned. The OIG determined that for a period of months during which the Attorney was receiving full salary and benefits, the Attorney was not present at work, did not complete any work-related functions, and was not on approved leave. Prosecution was declined. DOJ and the Attorney reached a settlement. Although the Attorney did not admit liability, the Attorney agreed to resign DOJ employment, forfeit the annual leave that had accrued during the period for which time and attendance was unaccounted, and repay a sum of money to DOJ. The OIG provided its report to the Attorney's employing division and to DOJ's OPR.
- The OIG's Cyber Investigations Office initiated an investigation upon receipt of information that a DOJ employee received a harassing message from a non-attributable e-mail address which originated from DOJ. The OIG investigation identified a DOJ Attorney as the author of the message. The OIG investigation also determined that the Attorney sent similarly harassing messages to two other government employees using the same non-attributable e-mail address. The Attorney had worked with all three recipients in a prior job years earlier. The OIG concluded that the Attorney transmitted harassing messages



in violation of DOJ policy and federal law. The OIG also found that the Attorney displayed a lack of candor during an OIG interview by initially denying any knowledge of the messages or sending them, and maintaining they could have resulted from hacking, before admitting to having sent the messages when confronted with computer forensic proof. Prosecution was declined. The OIG provided a report to the division at which the Attorney is employed, and to DOJ's OPR.

## Criminal Division

### Reports Issued

#### Equitable Sharing Audits

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

- The OIG issued an audit of the village of Willow Springs, Illinois, Police Department (Willow Springs PD) equitable sharing activities for May 2012 through April 2015. The audit assessed whether the \$1.4 million in DOJ equitable sharing funds the Willow Springs had as of May 2012 and the additional \$589,536 it received between May 2012 and April 2015 were properly accounted for and used

## Other Department Components

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for allowable purposes. The audit found that the Willow Springs PD did not fully comply with DOJ rules when accounting for and using its equitable sharing funds. Specifically, the audit found that the Willow Springs PD did not have sufficient internal controls and formal policies and procedures to govern the accounting and use of the DOJ equitable sharing funds it received, held equitable sharing funds in its account longer than the program's intended duration, and did not have adequate support for all of its equitable sharing transactions, including overtime costs and training. The audit also expressed concerns over the Willow Springs PD's use of program funds to purchase several vehicles that were only minimally used, including approximately \$68,000 for two motorcycles, equipped with accessories like heated handgrips and chrome appearance upgrades, that together had less than 1,500 miles of use in almost 2 years; and more than \$80,000 to help purchase a 26-foot police boat that cost the Willow Springs PD more than \$300,000 in total, and which officials stated was only used a couple of times. The OIG made 15 recommendations to the Criminal Division to strengthen the Willow Springs PD's internal controls and remedy \$828,762 in dollar-related findings. The Criminal Division, through its Asset Forfeiture and Money Laundering Section (AFMLS), agreed with the recommendations. The Willow Springs PD agreed with 13 recommendations and disagreed with 2.

- The OIG issued an audit of the Anaheim, California, Police Department's (Anaheim PD) equitable sharing activities for FYs 2012 through 2014. The OIG assessed whether the more than \$9.7 million in DOJ equitable sharing funds received by the Anaheim PD to support law enforcement operations was properly accounted for and used for allowable purposes. The

audit found that the Anaheim PD failed to comply with four of the five DOJ Equitable Sharing Program requirements it tested. Specifically, the audit questioned \$8,000 in unallowable expenditures and also determined that the Anaheim PD commingled DOJ equitable sharing funds with funds from other sources. Finally, the OIG determined that the Anaheim PD would benefit from enhanced internal controls to ensure compliance with equitable sharing program guidelines and requirements. The OIG made seven recommendations to the Criminal Division to assist in the Anaheim PD's management of equitable sharing funds and its involvement in the DOJ Equitable Sharing Program. The Criminal Division, through its AFMLS, agreed with the recommendations, and the Anaheim PD indicated that it had addressed or was in the process of addressing them.

- The OIG issued an audit of the equitable sharing program activities of the Macomb County Sheriff's Office (MCSO) in Mount Clemens, Michigan. The OIG assessed whether the MCSO properly accounted for DOJ equitable sharing funds, and used them for allowable purposes, between January 1, 2012, and June 29, 2015. During that time, the MCSO received \$1.8 million in equitable sharing funds and expended \$2.4 million to support law enforcement operations. The audit found that the MCSO used its equitable sharing funds appropriately to support law enforcement activities, accounted for the funds properly, and accurately reported its equitable sharing activities to DOJ. The OIG made one recommendation to the Criminal Division to ensure that the MCSO develops and distributes formal, written internal control procedures for administering equitable sharing funds, which it lacked at the time of our audit. The Criminal Division, through its AFMLS, agreed with the recommendation, as did the MCSO.

# Other Department Components

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## Investigation

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

- On October 16, 2015, an Information Technology Specialist was arrested pursuant to a federal Indictment charging him with interstate travel with intent to engage in a sexual act with a minor. The case is being investigated by the OIG's Washington Field Office; Worcester County, Maryland, Sheriff's Office; and the Department of Homeland Security, Homeland Security Investigation's Baltimore Field Office.

## National Security Division

### Ongoing Work

#### Administration and Enforcement of the Foreign Agents Registration Act

The OIG is conducting an audit of the NSD's administration and enforcement of the *Foreign Agents Registration Act* (FARA). The preliminary objectives of the audit are to review and evaluate the monitoring and enforcement actions taken by DOJ to ensure appropriate registration and to identify areas where DOJ might make administrative, or seek legislative, improvements of FARA enforcement.

## Office of Community Oriented Policing Services

### Reports Issued

#### Audits of COPS Grants

COPS provides funding to state, local, territory, and tribal law enforcement agencies to hire and train community policing professionals, acquire and deploy crime-fighting technologies, and

develop and test policing strategies. During this reporting period, the OIG audited two recipients of COPS grants as described below.

- The OIG issued an audit of four grants totaling over \$6.2 million awarded to the Washington, D.C., Metropolitan Police Department (MPD). The purpose of these grants, which were awarded from 2011 to 2014 under the COPS Hiring Program, was to hire 46 police officers and implement hiring program initiatives. The OIG found that the MPD generally complied with the grant requirements the OIG tested. The audit identified several discrepancies in the statistics the MPD included in its grant applications, mainly owing to data entry errors or the use of an incorrect source for the data, but the OIG concluded that these errors did not affect the MPD's eligibility to receive the awards. The OIG made one recommendation to COPS to help ensure the MPD compiles and submits accurate data when applying for future COPS Hiring Program grants and both the COPS Office and the MPD agreed with the recommendation.
- The OIG issued an audit of three grants totaling over \$3 million to Polk County, Florida (Polk County). The purpose of the grants, which were awarded from 2010 to 2014 and were ongoing at the time of the audit, was to allow Polk County to hire or rehire police officers, and to develop a coordinated response to the proliferation of methamphetamine. The audit found that Polk County complied with the essential grant requirements in the areas that the OIG tested. It also found all tested expenditures were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants. The audit further determined that Polk County was meeting its grant-funded objectives by, among other things, using the hiring grants to rehire 15 police officers and

## Other Department Components

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add 5 new law enforcement positions, partnering with local agencies to provide educational materials, and funding overtime for sheriff's deputies conducting methamphetamine investigations. As such, the OIG's report contains no recommendations.

### Office on Violence Against Women

#### Reports Issued

##### Audits of OVW Grants

During this reporting period, the OIG conducted six audits of OVW grant recipients, which are summarized below.

- The OIG issued an audit of five grants totaling over \$4.8 million to the Dawson County Domestic Violence Program (DCDVP) in Glendive, Montana. The purpose of these grants, which were awarded from 2004 to 2011, was to provide housing assistance, fund legal services, and enhance victim services in rural areas. The OIG found the DCDVP did not maintain accounting records that provided reasonable support for the reimbursements claimed under the grant; therefore the OIG questioned more than \$3.9 million—the total amount reimbursed to the DCDVP—as unsupported. The audit questioned many of these reimbursements for multiple reasons, including \$104,339 in reimbursements that were deemed unallowable. Among the dollar-related concerns identified in the report were unbudgeted purchases, salary payments based on inadequate time and attendance records, payments made for two attorney positions and one maintenance employee not included in approved budgets, and grant funds that DCDVP paid to itself as rent on a building that it owned. While the OIG

found that the DCDVP demonstrated progress toward several of the grant-funded objectives, the OIG also found the DCDVP kept inadequate records; therefore the audit was unable to verify the total numbers of victims served. The OIG made 13 recommendations to the OVW to improve the DCDVP's management of DOJ grant funds and remedy questioned costs and the OVW agreed with all of them. In its response to the draft report, the DCDVP disagreed with 1 recommendation related to the unbudgeted positions and described actions it had taken or planned to take to address the other 12 recommendations.

- The OIG issued an audit of two grants totaling \$1.85 million to Advanced Special Immigrant Survivors Technical Assistance (ASISTA) in Des Moines, Iowa. The purpose of the grants, which were awarded in 2009 and 2012, was to provide training and technical assistance to other OVW grantees and other non-government victim services organizations serving immigrant women who have been the victim of domestic violence and sexual assault. While the OIG found that ASISTA appeared to be on track to meet the goals and objectives of the grants, the audit identified several deficiencies related to ASISTA's grant management practices, such as inaccurate or incomplete entries in its general ledger, inappropriate allocations of general expenditures, and a failure to report all program income to the OVW. The OIG also determined that ASISTA reported inaccurate statistical data to the OVW, lacked a formal procedure for hiring or monitoring consultants, and hired a board member as a consultant in violation of OVW guidelines and other rules prohibiting conflicts of interest. The OIG identified dollar-related findings totaling \$165,976, which included unallowable grant expenditures and unreported program income. The OIG

## Other Department Components

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made eight recommendations to the OVW to improve ASISTA's management of DOJ grant funds and remedy questioned costs and the OVW agreed with all of them. ASISTA agreed with five recommendations and disagreed in part with three recommendations concerning dollar-related findings.

- The OIG issued an audit of approximately \$400,000 awarded to Two Feathers Native American Family Services (Two Feathers) in McKinleyville, California. The purpose of the grant, awarded in 2013, was to combat domestic violence, sexual assault, stalking, and dating violence against Native Americans. Although the OIG determined that Two Feathers appeared to be achieving the goals of the grant, the audit questioned as unsupported grant expenditures totaling \$138,323—nearly all of which were a result of Two Feathers' cost allocation methods for salaries and benefits. The audit found that Two Feathers failed to maintain adequate supporting documentation for some expenditures and expense allocations, including salary and fringe benefit costs; submitted inaccurate financial and progress reports to the OVW; and paid a contractor an unreasonable and unallowable rate that was based on estimates rather than actual hours worked. The OIG made seven recommendations to the OVW to improve Two Feathers' management of DOJ grant funds and remedy questioned costs and the OVW agreed with all of them. Two Feathers disagreed with two of the recommendations.
- The OIG issued an audit of two grants totaling more than \$1.2 million to the Native Alliance Against Violence (NAAV) in Norman, Oklahoma. The purpose of these grants, which were awarded in 2010 and 2014 under the Tribal Domestic Violence and Sexual Assault Coalitions

Grant Program, was to develop and strengthen effective responses to violence against Native American women. The audit found that NAAV did not comply with essential award conditions related to grant expenditures, drawdowns, and financial reporting. Most significantly, NAAV charged to the grants \$38,299 in unsupported and unallowable costs, some of which were unsupported or unallowable for more than one reason. The majority of these costs were payments to consultants for which the OIG found there was inadequate documentation. The OIG made five recommendations to the OVW to improve NAAV's management of DOJ grant funds and remedy questioned costs and the OVW agreed with all of them. NAAV agreed with two recommendations concerning questioned costs; neither agreed nor disagreed with the other three recommendations, and indicated that it would work to address all five.

- The OIG issued an audit of three grants totaling nearly \$2.2 million to the Lumbee Tribe of North Carolina (Lumbee Tribe), in Pembroke, North Carolina. The purpose of the grants, awarded in 2011, 2012, and 2014, was to support rural victims of sexual assault, domestic and dating violence, and stalking, as well as victims in need of transitional or short-term housing. By the end of the audit period, the Lumbee Tribe had used \$928,192 of the total funds awarded, and two of the grants were ongoing. The audit found that the Lumbee Tribe appeared to be accomplishing the objectives of the grants the OIG tested. However, the audit also found that the Lumbee Tribe's federal financial reports were not based on actual expenditures and were inaccurate by \$174,215. The OIG made one recommendation to OVW to improve the Lumbee Tribe's financial reporting. Both OVW and the Lumbee Tribe agreed with it.

## Other Department Components

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- The OIG issued an audit of three grants totaling \$2.1 million to the New Hampshire Department of Justice (NHDOJ). The purpose of the grants, which were awarded in 2006, 2009, and 2010 under OVW's Safe Havens and Abuse Later in Life program, was to provide supervised visitation and other services to families and victims, and additional elder abuse training to law enforcement officials. Although the OIG found that NHDOJ generally met the terms and conditions of the grants, the audit identified instances of non-compliance with grant requirements, and related internal control deficiencies, relating to NHDOJ's budget monitoring and indirect cost rates. NHDOJ took corrective action during the audit to address other deficiencies the OIG identified. The OIG made two recommendations to the OVW to improve the NHDOJ's management of DOJ grant funds. The OVW agreed with both recommendations, and the NHDOJ provided information in response to the draft report on corrective actions it has taken or will take to address the recommendations.

### Investigations

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

- In the *Semiannual Report to Congress, October 1, 2014 – March 30, 2014*, the OIG reported that the Executive Director of an OVW grantee was arrested on a charge of embezzlement. On December 14, 2015, the Executive Director was sentenced to 41 months in prison and ordered to pay \$29,973 in restitution after pleading guilty to the charge. According to the factual statement in support of her guilty plea, between February 2011 and December 2013, the Executive Director wrote a series of checks and converted property of the

grantee to her own use. The Executive Director resigned her position after being indicted in the District of South Dakota. The investigation was conducted by the OIG's Denver Field Office and the FBI's Aberdeen, South Dakota, Resident Agency.

- On February 17, 2016, a Finance and Operations Manager of an OVW sub-grantee was indicted on one count of theft of federal program funds. The investigation is being conducted by the OIG's Chicago Field Office.

### U.S. Attorneys' Offices Investigation

The following is a summary of a case involving a U.S. Attorney that the OIG investigated during this reporting period:

- The OIG initiated an investigation of a then-sitting U.S. Attorney based on allegations that the U.S. Attorney improperly used and attempted to use an official government travel charge card to purchase goods and services while not on official travel. The OIG investigation identified 37 questionable travel card charges and 1 questionable attempted charge. Of the questionable transactions, it was determined that 26 purchases totaling \$1,800 were made during the course of official business but were not properly authorized; 5 purchases totaling \$1,052 were properly authorized, but the U.S. Attorney only sought reimbursement for 3 of these authorized charges; 6 purchases totaling \$1,679 were personal and not for official business; and there was 1 unsuccessful attempt at a personal purchase in the amount of \$234. There was no evidence that the U.S. Attorney sought or received reimbursement for the personal charges.

## Other Department Components

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The OIG found that the U.S. Attorney's use of the travel charge card violated GAO travel regulations, which prohibit an employee from using the travel charge card for personal reasons, and also require a traveler to obtain authorization for official travel and to seek reimbursement for all official travel expenses to avoid improper augmentation of congressional appropriations. Additionally, while the OIG did not find evidence to conclude that the U.S. Attorney intentionally provided false information to the OIG, the OIG found that the U.S. Attorney was not forthcoming regarding several of the questioned charges, and that he provided inconsistent and inaccurate explanations to the OIG that unduly lengthened and complicated the investigation. The U.S. Attorney has resigned and retired from federal service. The OIG completed its investigation and provided a report to the EOUSA and the ODAG.

### Ongoing Work

#### **Pre-trial Diversion and Drug Court Programs**

Pre-trial diversion and drug court programs are alternatives to incarceration that enable prosecutors, judges, and correctional officials to divert certain offenders from traditional criminal justice proceedings into programs designed to address the underlying cause for criminal behavior. This OIG audit will evaluate the design and implementation of the programs, variances in the usage of the programs among the USAOs, and potential cost savings associated with successful program participants.

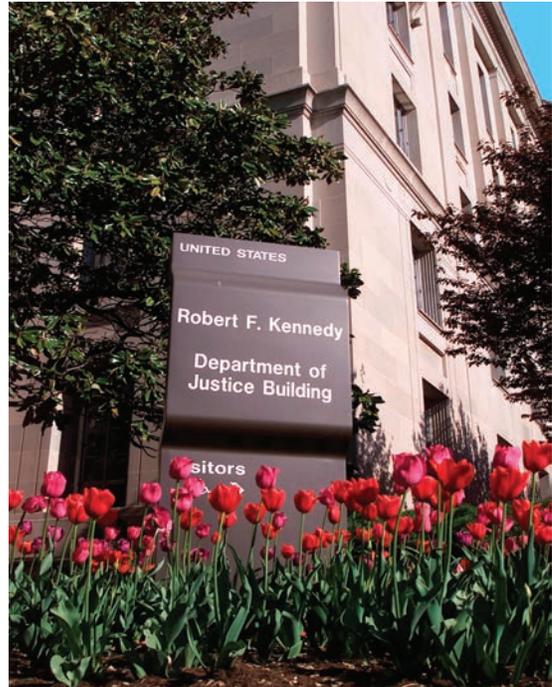
# Top Management and Performance Challenges

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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—federal prisons and cybersecurity—will continue to occupy much of DOJ's attention and require vigilance for the foreseeable future.

In addition, the OIG has identified a new challenge, *Building Trust and Improving Police-Community Relationships*, as an emerging issue where DOJ must demonstrate leadership, provide support, and exercise oversight in its capacity as the federal agency charged with enforcing the law. DOJ must develop innovative approaches and exercise adequate oversight to address each of these challenges and ensure the effectiveness of its operations.



## Top Management and Performance Challenges for the Department of Justice – 2015

1. Achieving Balance and Containing Costs in a Significantly Overcrowded Federal Prison System
2. Enhancing Cybersecurity in an Era of Increasing Threats
3. Building Trust and Improving Police-Community Relationships
4. Safeguarding National Security Consistent with Civil Rights and Liberties
5. Ensuring Effective Oversight of Law Enforcement Programs
6. Promoting Public Confidence by Ensuring Ethical Conduct throughout the Department
7. Effectively Implementing Performance-Based Management
8. Protecting Taxpayer Funds from Mismanagement and Misuse

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

# Congressional Testimony/Legislation and Regulations

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## Congressional Testimony

During this reporting period, the Inspector General testified before the U.S. Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Regulatory Affairs and Federal Management on December 10, 2015, regarding the importance of implementing OIG recommendations.

## 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 relates to waste, fraud, or abuse in DOJ's programs and operations. For example, during this period, the OIG reviewed legislation, including Section 540 of the *Consolidated Appropriations Act, 2016*, the *Inspector General Empowerment Act of 2015*, *FBI Whistleblower Protection Enhancement Act*, and the *Administrative Leave Reform Act*; as well as legislative proposals relating to national security, cybersecurity, privacy, *Freedom of Information Act* requests, the federal prison system, federal law enforcement, whistleblowers, and oversight of federal grants.



# Whistleblower Ombudsperson Program

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The OIG Whistleblower Ombudsperson Program continued to work during the most recent reporting period to ensure that whistleblowers are fully informed of their rights and protections when they come forward with information about suspected wrongdoing within DOJ and its programs. To further this goal, the OIG continued its efforts with several DOJ components to help them to make targeted information available to their workforces about both how to make protected disclosures of suspected wrongdoing and how to report reprisal for having done so. The OIG also continued to work with the FBI and DOJ's Office of Attorney Recruitment and Management, which adjudicates FBI whistleblower retaliation allegations that the OIG investigates under the FBI Whistleblower Regulations, Title 28, Code of Federal Regulations, Section 27.1, et seq., to refine the newly launched specialized training program that the OIG helped the FBI develop for all its employees on the particularized requirements that apply to them under the FBI Whistleblower Regulations. The OIG Whistleblower Ombudsperson Program also continued to provide advice and guidance within the OIG on the handling of allegations of reprisal for reporting wrongdoing made by employees of DOJ contractors, subcontractors, and grantees under the pilot program that was established under the *National Defense Authorization Act of 2013*, codified at Title 41, United States Code, Section 4712; and the OIG is working on additional training and education on this topic, as well as on the protections related to allegations of reprisal in actions affecting access to classified information over which the OIG has jurisdiction under Presidential Policy Directive (PPD) 19.

From its inception in 2012, an important component of the OIG's Whistleblower Ombudsperson Program has been to serve as a liaison with other government agencies and entities, public interest groups, and others on whistleblower issues. The OIG continued during the reporting period to host and chair the CIGIE Whistleblower Ombudsman working group—topics at recent meetings included a presentation by staff working with the Administrative Conference of the United States regarding its ongoing survey on the work of ombudsmen across the federal government, and by the Office of the Director of National Intelligence (ODNI) Office of General Counsel related to training the ODNI is developing as to various aspects of PPD-19. The OIG also followed up on its September 2015 meeting with Members and staff of the Senate Whistleblower Caucus, and look forward to continuing that dialogue in order to further inform them regarding the activities of the various OIGs in this area. Additionally, the Inspector General and Deputy Inspector General, who continues to serve as the OIG's Whistleblower Ombudsperson, were pleased to meet again in December 2015 with representatives of a number of the leading non-governmental organizations active on whistleblower issues to continue its ongoing discussions regarding issues of importance in ensuring appropriate protections for those who perform this valuable service to DOJ and the public.

Internally, the OIG Whistleblower Ombudsperson Program continues to work to ensure that the OIG is handling whistleblower allegations that the OIG receives appropriately and in a timely manner, and that the OIG is keeping whistleblowers as informed as possible regarding these important matters. The numbers of FBI whistleblower reprisal allegations received by the OIG has continued to grow—during the past 6 months, the OIG received 11 new FBI whistleblower reprisal allegations, and there were 12 pending investigations open regarding such matters as of the end of the reporting period. The table on the following page includes 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 this reporting period.

# Whistleblower Ombudsperson Program

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October 1, 2015 – March 31, 2016	
Employee complaints received <sup>5</sup>	226
Complainants asserting to be whistleblowers <sup>6</sup>	20
Employee complaints opened for investigation by the OIG	91
Employee complaints that were referred by the OIG to the components for investigation	84
Employee complaint cases closed by the OIG <sup>7</sup>	55

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<sup>5</sup> Employee complaint is defined as an allegation received from whistleblowers, defined broadly as complaints received from employees and applicants with DOJ, 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 DOJ component if the complaint otherwise qualifies and is opened as an investigation.

<sup>6</sup> These complainants may or may not qualify as whistleblowers under relevant laws.

<sup>7</sup> 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 40 internal and external audit reports, which contained more than \$19.5 million in questioned costs, reported over \$725 thousand in funds to better use, identified over \$100 thousand in enhanced revenue, and made 183 recommendations for management improvement.<sup>8</sup> Specifically, the Audit Division issued 16 internal audit reports of DOJ programs funded at more than \$86.5 million; 24 external audit reports of contracts, grants, and other agreements funded at over \$439.4 million; and 27 *Single Audit Act* audits of programs funded at more than \$37.3 million. In addition, the Audit Division issued two Management Advisory Memoranda and one other report.<sup>9</sup>

Questioned Costs <sup>10</sup>			
Reports	Number of Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs <sup>11</sup>
<b>Audits</b>			
No management decision made by beginning of period <sup>12</sup>	0	\$0	\$0
Issued during period	20 <sup>13</sup>	\$19,606,136	\$7,191,530
Needing management decision during period	20	\$19,606,136	\$7,191,530
Management decisions made during period:			
–Amount of disallowed costs <sup>14</sup>	20	\$19,606,136	\$7,191,530
–Amount of costs not disallowed	0	\$0	\$0
No management decision at end of period	0	\$0	\$0
<b>Evaluations</b>			
Nothing to report from the Evaluation and Inspections Division.			
<b>Special Reviews</b>			
Nothing to report from the Oversight and Review Division.			

<sup>8</sup> See glossary for definition of “Questioned Costs” and “Funds Recommended to Be Put to Better Use.”

<sup>9</sup> “Other Reports” are identified in Appendix 3. Management Advisory Memoranda communicate concerns and issues to DOJ management outside of audit reports for immediate attention.

<sup>10</sup> See glossary for definition of “Questioned Costs.”

<sup>11</sup> See glossary for definition of “Unsupported Costs.”

<sup>12</sup> Includes reports previously issued for which no management decision has been made. See glossary for definition of “Management Decision.”

<sup>13</sup> Of the audit reports issued during this period with questioned costs, one was a *Single Audit Act* report.

<sup>14</sup> Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken. See glossary for definition of “Disallowed Costs.”

# Statistical Information

<b>Funds Recommended to Be Put to Better Use<sup>15</sup></b>		
<b>Reports</b>	<b>Number of Reports</b>	<b>Funds Recommended to Be Put to Better Use</b>
<b>Audits</b>		
No management decision made by beginning of period <sup>16</sup>	0	\$0
Issued during period	2	\$728,678
Needing management decision during period	2	\$728,678
Management decisions made during period:		
–Amounts management agreed to put to better use <sup>17</sup>	1	\$466,576
–Amounts management disagreed to put to better use	1	\$262,102
No management decision at end of period	0	\$0
<b>Evaluations</b>		
Nothing to report from the Evaluation and Inspections Division.		
<b>Special Reviews</b>		
Nothing to report from the Oversight and Review Division.		

<sup>15</sup> See glossary for definition of “Funds Recommended to Be Put to Better Use.”

<sup>16</sup> Reports previously issued for which no management decision has been made.

<sup>17</sup> Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

# Statistical Information

Significant Recommendations for Which Corrective Actions Have Not Been Completed			
Report Number and Date	Report Title	Rec. No.	Recommendation
<b>Audits</b>			
16-16 (March 2016)	Audit of the Drug Enforcement Administration's Aviation Operations with the Department of Defense in Afghanistan	10	Put the \$262,102 of MOU funds intended for ATR 500 maintenance to a better use.
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.
09-25 (May 2009)	Audit of the Federal Bureau of Investigation's Terrorist Watchlist Nomination Practices	5	The OIG recommended that the FBI evaluate the overall watchlist nomination process, determine the total amount of time that is needed and can be afforded to this process, and determine how much time should be allocated to each phase of the process.
<b>Evaluations</b>			
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 reinstating the collection of racial and other demographic data and how it could be used to make that assessment.
I-2014-002 (March 2014)	Review of the Organized Crime Drug Enforcement Task Forces Fusion Center	4	The OIG recommends that the OFC work with SOD to define the management and workflow responsibilities of the OSF section, including what actions the OSF section can and should take to allow appropriate information sharing between SOD and OFC and increase the intelligence value of OFC products.
<b>Special Reviews</b>			
E2009012	A Review of U.S. Attorney Travel that Exceeded the Government Lodging Rate	2	The OIG recommends that DOJ issue guidance describing the effort required by travelers to find the government rate before declaring that such rate is "unavailable."
		3	To ensure compliance with DOJ travel policies and allow appropriate reviews of DOJ travel, including U.S. Attorney travel, the OIG recommends that DOJ require that justification memoranda sufficiently document the facts that support a decision to exceed the government rate. The justification memorandum for any travel involving lodging above the government rate should provide sufficient detail to establish that the applicable exception to the government rate has been satisfied. In cases in which the traveler claims the government rate is unavailable, the justification memorandum should be required to describe the efforts made to locate lodging at the government rate within a reasonable distance of the duty station rather than simply declaring that it was unavailable.
		4	The OIG recommends that JMD consider reviewing and conforming its structure of policies and guidance relating to DOJ travel. We believe that the JMD should review DOJ travel policies for consistency and simplicity, and make appropriate changes. In addition, DOJ should also revise the U.S. Attorneys' Manual to ensure conformity and eliminate confusion.

# Statistical Information

Reports Without Management Decisions for More than 6 Months		
Report Number and Date	Report Title	Report Summary
<b>Audits</b>		
Nothing to report from the Audit Division.		
<b>Evaluations</b>		
Nothing to report from the Evaluation and Inspections Division.		
<b>Special Reviews</b>		
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
<b>Audits</b>			
Nothing to report from the Audit Division.			
<b>Evaluations</b>			
Nothing to report from the Evaluation and Inspections Division.			
<b>Special Reviews</b>			
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
<b>Audits</b>			
GR-60-15-015	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	8	Remedy \$290,116 in unallowable expenditures associated with planning grants for Grant Numbers 2008-IP-BX-0036 and 2009-IP-BX-0074.
		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.
<b>Evaluations</b>			
Nothing to report from the Evaluation and Inspections Division.			
<b>Special Reviews</b>			
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 March 31, 2016, the Audit Division was monitoring the resolution process of 306 open reports and closed 140 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 March 31, 2016.

Workload and Accomplishments	Number of Reviews
Reviews active at beginning of period	11
Reviews cancelled	0
Reviews initiated	5
Final reports issued	3
Reviews active at end of reporting period	13

## Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending March 31, 2016.

Source of Allegations <sup>18</sup>	
Hotline (telephone, mail and e-mail)	2,333
Other sources	3,708
Total allegations received	6,041
Investigative Caseload	
Investigations opened this period	165
Investigations closed this period	140
Investigations in progress as of 3/31/16	470
Prosecutive Actions	
Criminal Indictments/Informations	47
Arrests	47
Convictions/Pleas	43
Administrative Actions	
Terminations	20
Resignations	53
Disciplinary action	44
Monetary Results	
Fines/Restitutions/Recoveries/ Assessments/Forfeitures	\$2,031,510.85
Civil Fines/Restitutions/Recoveries/ Penalties/Damages/Forfeitures	\$4,600,000.00

## Investigations Division Briefing Programs

OIG investigators conducted 55 Integrity Awareness Briefings for DOJ employees throughout the country. These briefings are designed to educate employees about the misuse of a public official's position for personal gain and to deter employees from committing such offenses. The briefings reached 2,268 employees.

<sup>18</sup> These figures represent allegations entered into the OIG's complaint tracking system. They do not include the approximate 34,000 additional Hotline e-mail and phone contacts that were processed and deemed non-jurisdictional and outside the purview of the federal government.

# Statistical Information

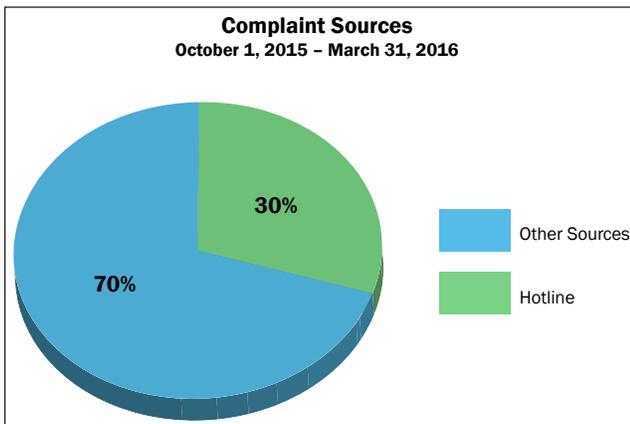
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## OIG Hotline

During FY 2016, 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 first half of FY 2016, 2,333 new complaints related to DOJ operations or other federal agencies were entered into the OIG's complaint tracking system. Of the new complaints, 1,597 were forwarded to various DOJ components for their review and appropriate action; 259 were filed for information; 383 were forwarded to other federal agencies; and 19 were opened by the OIG for investigation.



Source: Investigations Data Management System

Approximately, 34,000 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' complaint tracking system.

# Appendices

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## Appendix 1

### Acronyms and Abbreviations

ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
AUSA	Assistant U.S. Attorney
BBSA	Big Brothers Big Sisters of America Corporation
BIA	Bureau of Indian Affairs
BJA	Bureau of Justice Assistance
BJS	Bureau of Justice Statistics
BOP	Federal Bureau of Prisons
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COPS	Office of Community Oriented Policing Services
CS	Confidential Source
CVF	Crime Victims Fund
DAG	Deputy Attorney General
DEA	Drug Enforcement Administration
DHS	U.S. Department of Homeland Security
DOD	U.S. Department of Defense
DOJ	U.S. Department of Justice
DOL	U.S. Department of Labor
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
GAO	U.S. Government Accountability Office
IG Act	<i>Inspector General Act of 1978</i>
JMD	Justice Management Division
MCP	Monitored Case Program
NIJ	National Institute of Justice
NSD	National Security Division
ODAG	Office of the Deputy Attorney General
OIG	Office of the Inspector General
OJP	Office of Justice Programs
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OLC	Office of Legal Counsel
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>
Program	Witness Security Program
TFO	Task Force Officer
State	U.S. Department of State
USAO	U.S. Attorneys' Offices
USMS	U.S. Marshals Service

# Appendices

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## Appendix 2

### Glossary of Terms

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

**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 prison sentence 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.

**Contraband:** Contraband in correctional facilities includes illegal items, such as drugs and weapons, or items prohibited in a correctional facility, such as cell phones. Prison staff needs to be able to detect and confiscate contraband quickly to prevent drug abuse, violence, and further crimes.

**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."

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

**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.

**Enhanced Revenue:** Additional revenues in excess of federal government funds that can be credited back to the government or applied to DOJ programs.

**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.

**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

# Appendices

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and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary.

**Medicare:** The federal health insurance program for individuals who are either 65 or older, or have certain qualifying disabilities.

**Public Health Service:** The BOP has over 3,000 healthcare positions, including approximately 750 Public Health Service commissioned officers detailed from the Department of Health and Human Services.

**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 (ACT)*, businesses or health care practitioners dealing in controlled substances must become registrants with the DEA. If a registrant is found to have violated the Act, 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.”

**Release Preparation Program:** The BOP provides inmates with a variety of educational, vocational, recreational, religious, and psychological programs to prepare each inmate to successfully reenter the community and the workforce and to reduce recidivism.

**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 \$500,000 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

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## Appendix 3

### Audit Division Reports

#### Internal Audit Reports

##### *Multicomponent*

Audit of the U.S. Department of Justice Annual Closing Package Financial Statements Fiscal Year 2015

Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2015

##### *Drug Enforcement Administration*

Audit of the Drug Enforcement Administration's Aviation Operations with the Department of Defense in Afghanistan

Audit of the Drug Enforcement Administration's Controls Over Seized and Collected Drugs

##### *Federal Bureau of Investigation*

Audit of the Federal Bureau of Investigation Annual Financial Statements Fiscal Year 2015

Audit of the Federal Bureau of Investigation's Data Integration and Visualization System Pursuant to the *Federal Information Security Modernization Act* Fiscal Year 2015

Audit of the Federal Bureau of Investigation's Information Security Program Pursuant to the *Federal Information Security Modernization Act* Fiscal Year 2015

Audit of the Federal Bureau of Investigation's Laboratory Network System Pursuant to the *Federal Information Security Modernization Act* Fiscal Year 2015

Audit of the Federal Bureau of Investigation's New Jersey Regional Computer Forensic Laboratory, Hamilton, New Jersey

##### *Federal Bureau of Prisons*

Audit of the Federal Bureau of Prisons Annual Financial Statements Fiscal Year 2015

Audit of the Federal Bureau of Prisons' Armory Munitions and Equipment

Audit of the Federal Prison Industries, Inc., Annual Financial Statements Fiscal Year 2015

##### *Office of Justice Programs*

Audit of the National Institute of Justice's Management and Oversight of DNA Backlog Reduction Grantees' Reporting and Use of Program Income

##### *Other Department Components*

Audit of the Assets Forfeiture Fund and Seized Asset Deposit Fund Annual Financial Statements Fiscal Year 2015

Audit of the National Security Division's Information Security Program Pursuant to the *Federal Information Security Modernization Act* Fiscal Year 2015

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Audit of the National Security Division's National Security Division Network-Top Secret Pursuant to the *Federal Information Security Modernization Act* Fiscal Year 2015

## **External Audit Reports**

### *California*

Audit of the Anaheim Police Department Equitable Sharing Program, Anaheim, California

Audit of the Office of Justice Programs Victim Assistance Formula Grants Awarded to the California Governor's Office of Emergency Services, Mather, California

Audit of the Office of Justice Programs Victims of Crime Act Grant Sub-Awarded by the California Governor's Office of Emergency Services to Two Feathers Native American Family Services, McKinleyville, California

Audit of the Office on Violence Against Women Grant Awarded to Two Feathers Native American Family Services, McKinleyville, California

### *Delaware*

Audit of the Office of Justice Programs Grants Awarded to Jobs for Delaware Graduates, Inc., Dover, Delaware

### *District of Columbia*

Audit of the Office of Community Oriented Policing Services Hiring Program Grants Awarded to the Metropolitan Police Department, Washington, D.C.

### *Florida*

Audit of the Office of Community Oriented Policing Services Grants Awarded to Polk County, Florida

### *Illinois*

Audit of the Village of Willow Springs Police Department's Equitable Sharing Program Activities, Willow Springs, Illinois

### *Indiana*

Audit of the Office of Juvenile Justice and Delinquency Prevention Grant Awarded to College Mentors for Kids, Incorporated, Indianapolis, Indiana

### *Iowa*

Audit of the Office on Violence Against Women Cooperative Agreements Awarded to ASISTA, Des Moines, Iowa

### *Maryland*

Audit of the Office of Justice Programs Bureau of Justice Assistance Award to the Administrative Office of the Courts, Annapolis, Maryland

### *Michigan*

Audit of the Macomb County Sheriff's Office Equitable Sharing Program Activities, Mount Clemens, Michigan

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## *Missouri*

Audit of the Office of Juvenile Justice and Delinquency Prevention Cooperative Agreement Awarded to INOBTR (I Know Better), Saint Louis, Missouri

## *Montana*

Audit of the Office on Violence Against Women Grants Awarded to the Dawson County Domestic Violence Program, Glendive, Montana

## *New Hampshire*

Audit of the Office on Violence Against Women Grants Awarded to the New Hampshire Department of Justice, Concord, New Hampshire

## *New Jersey*

Audit of the Office of Justice Programs Grant Awarded to the Housing Authority of Plainfield, Plainfield, New Jersey

## *New Mexico*

Audit of the Office of Justice Programs Correctional Systems and Correctional Alternatives on Tribal Lands Program Grant Awarded to the Eight Northern Indian Pueblos Council, Ohkay Owingeh, New Mexico

## *North Carolina*

Audit of the Office on Violence Against Women Grants Awarded to the Lumbee Tribe of North Carolina, Pembroke, North Carolina

## *Oklahoma*

Audit of the Office on Violence Against Women Tribal Domestic Violence and Sexual Assault Coalitions Grants Awarded to the Native Alliance Against Violence, Norman, Oklahoma

## *Pennsylvania*

Audit of the Office of Justice Programs Adult and Juvenile Offender Re-Entry and Justice and Mental Health Collaboration Grants Awarded to Beaver County, Pennsylvania

Audit of the Office of Justice Programs Cooperative Agreement Administered by the Philadelphia District Attorney's Office, Philadelphia, Pennsylvania

## *South Dakota*

Audit of the Office of Justice Programs Multi-Purpose Grants Awarded to the Lower Brule Sioux Tribe, Lower Brule, South Dakota

## *Utah*

Audit of the Office of Justice Programs Basic Scientific Research to Support Forensic Science for Criminal Justice Purposes Cooperative Agreement Awarded to IsoForensics Incorporated, Salt Lake City, Utah

## *Virginia*

Audit of the Office of Justice Programs Bureau of Justice Assistance Award to the Supreme Court of Virginia, Richmond, Virginia

# Appendices

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## **Single Audit Act Reports of DOJ Activities**

County of Barry, Michigan FY 2014  
Office of the Bronx County, New York District Attorney FY 2015  
Charter Township of Brownstone, Michigan FY 2014  
County of Cape Girardeau, Missouri FY 2014  
Town of Cedar Lake, Indiana FYs 2012 and 2013  
City of Coon Rapids, Minnesota FY 2014  
City of Cut Bank, Montana FY 2014  
DeKalb County, Georgia FY 2014  
Domestic Abuse Intervention Programs, Duluth, Minnesota FY 2014  
Domestic Violence Intervention Program, Inc., Iowa City, Iowa FY 2013  
Eastern Band of Cherokee Indians, Cherokee, North Carolina FY 2014  
City of Elgin, Illinois FY 2014  
City of Jackson, Mississippi FY 2014  
Jackson County, Indiana FY 2013  
La Jolla Band of Luiseño Indians, Pauma Valley, California FY 2014  
LaPorte County, Indiana FY 2013  
County of Lincoln, Missouri FY 2014  
McDonald County, Missouri FYs 2013 and 2012  
Town of Medley, Florida FY 2014  
National District Attorneys Association, Alexandria, Virginia FY 2012  
The Navajo Nation, Window Rock, Arizona FY 2014  
Old Harbor Tribal Council, Old Harbor, Alaska FY 2014  
City of Prattville, Alabama FY 2014  
Wisconsin Coalition Against Sexual Assault, Inc., Madison, Wisconsin FY 2014  
Womenspace, Inc., Eugene, Oregon FY 2014  
YMCA of Cass and Clay Counties, Fargo, North Dakota FY 2014  
Young Men's Christian Association of the Greater Twin Cities, Minneapolis, Minnesota FY 2014

## **Other Reports**

Reviews of the Annual Accounting of Drug Control Funds and Related Performance Fiscal Year 2015

# Appendices

## Appendix 4

### Quantifiable Potential Monetary Benefits

Audit Report	Questioned Costs (including unsupported costs)	Unsupported Costs	Funds Put to Better Use
<b>Audits Performed by the DOJ OIG</b>			
Audit of the Drug Enforcement Administration's Aviation Operations with the Department of Defense in Afghanistan	\$11,022,363	\$78,208	\$262,102
Audit of the Anaheim Police Department Equitable Sharing Program, Anaheim, California	\$8,000	\$0	\$0
Audit of the Office of Justice Programs Victim Assistance Formula Grants Awarded to the California Governor's Office of Emergency Services, Mather, California	\$492,428	\$47,242	\$0
Audit of the Office of Justice Programs Victims of Crime Act Grant Sub-Awarded by the California Governor's Office of Emergency Services to Two Feathers Native American Family Services, McKinleyville, California	\$264,662	\$264,662	\$0
Audit of the Office on Violence Against Women Grant Awarded to Two Feathers Native American Family Services, McKinleyville, California	\$130,853	\$130,853	\$0
Audit of the Office of Justice Programs Grants Awarded to Jobs for Delaware Graduates, Inc., Dover, Delaware	\$82,809	\$0	\$0
Audit of the Village of Willow Springs Police Department's Equitable Sharing Program Activities, Willow Springs, Illinois	\$362,186	\$156,591	\$466,576
Audit of the Office of Juvenile Justice and Delinquency Prevention Grant Awarded to College Mentors for Kids, Incorporated, Indianapolis, Indiana	\$522,276	\$414,565	\$0
Audit of the Office on Violence Against Women Cooperative Agreements Awarded to ASISTA, Des Moines, Iowa	\$60,536	\$0	\$0
Audit of the Office of Justice Programs Bureau of Justice Assistance Award to the Administrative Office of the Courts, Annapolis, Maryland	\$80,304	\$63,009	\$0
Audit of the Office of Juvenile Justice and Delinquency Prevention Cooperative Agreement Awarded to INOBTR (I Know Better), Saint Louis, Missouri	\$42,275	\$0	\$0
Audit of the Office on Violence Against Women Grants Awarded to the Dawson County Domestic Violence Program, Glendive, Montana	\$3,975,716	\$5,093,229	\$0
Audit of the Office of Justice Programs Grant Awarded to the Housing Authority of Plainfield, Plainfield, New Jersey	\$244,233	\$244,233	\$0
Audit of the Office of Justice Programs Correctional Systems and Correctional Alternatives on Tribal Lands Program Grant Awarded to the Eight Northern Indian Pueblos Council, Ohkay Owingeh, New Mexico	\$646,916	\$626,257	\$0
Audit of the Office on Violence Against Women Tribal Domestic Violence and Sexual Assault Coalitions Grants Awarded to the Native Alliance Against Violence, Norman, Oklahoma	\$38,299	\$38,299	\$0
Audit of the Office of Justice Programs Adult and Juvenile Offender Re-Entry and Justice and Mental Health Collaboration Grants Awarded to Beaver County, Pennsylvania	\$96,393	\$8,613	\$0
Audit of the Office of Justice Programs Cooperative Agreement Administered by the Philadelphia District Attorney's Office, Philadelphia, Pennsylvania	\$310,670	\$0	\$0
Audit of the Office of Justice Programs Multi-Purpose Grants Awarded to the Lower Brule Sioux Tribe, Lower Brule, South Dakota	\$937,677	\$19,069	\$0
Audit of the Office of Justice Programs Basic Scientific Research to Support Forensic Science for Criminal Justice Purposes Cooperative Agreement Awarded to IsoForensics Incorporated, Salt Lake City, Utah	\$280,840	\$0	\$0
<b>Subtotal (Audits Performed by the DOJ OIG)</b>	<b>\$19,599,436</b>	<b>\$7,184,830</b>	<b>\$728,678</b>

# Appendices

Audit Report	Questioned Costs (including unsupported costs)	Unsupported Costs	Funds Put to Better Use
<b>Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i><sup>19</sup></b>			
Eastern Band of Cherokee Indians, Cherokee, North Carolina FY 2014	\$6,700	\$6,700	\$0
<b>Subtotal (Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i>)</b>	<b>\$6,700</b>	<b>\$6,700</b>	<b>\$0</b>
<b>Total</b>	<b>\$19,606,136</b>	<b>\$7,191,530</b>	<b>\$728,678</b>

<sup>19</sup> 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

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## Appendix 5

### **Evaluation and Inspections Division Reports**

Bonuses and Other Favorable Personnel Actions for Drug Enforcement Administration Employees Involved in Alleged Sexual Misconduct Incidents Referenced in the OIG's March 2015 Report

Review of the Federal Bureau of Prisons' Medical Staffing Challenges

Interim Report on Efforts by DOJ's Law Enforcement Components to Implement Recommendations from the OIG's 2015 Report on Sexual Harassment and Misconduct Allegations

### **Oversight and Review Division Reports**

A Review of the Department of Justice's and ATF's Implementation of Recommendations Contained in the OIG's Report on Operations Fast and Furious and Wide Receiver

# Appendices

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## 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 Department of the Treasury OIG (Treasury OIG). The review was conducted in accordance with Government Auditing Standards and guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The review concluded that the Audit Division's system of quality control in effect for FY 2015 had been suitably designed and complied with to provide the OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The Treasury OIG issued its report on March 28, 2016, and the Audit Division received a peer review rating of *pass*.

##### *Investigations Division*

The most recent peer review of the Investigations Division was performed by the Department of Labor (DOL OIG) in March 2013. The DOL OIG found that the DOJ OIG is in full compliance of its internal safeguards and management procedures. The DOL OIG did not make any recommendations. The DOD OIG will conduct the next peer review of the DOJ OIG between November 2016 and January 2017.

#### 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*

In accordance with the schedule established by the CIGIE, the DOJ OIG Audit Division conducted a peer review of the DHS OIG. In this report, issued on June 10, 2015, the DHS received a peer review rating of *pass* for its system of quality control.

#### 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 Index

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

IG Act References	Reporting Requirements	Page
Section 4(a)(2)	Review of Legislation and Regulations	54
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	12-52
Section 5(a)(2)	Significant Recommendations for Corrective Actions	12-52
Section 5(a)(3)	Significant Recommendations for Which Corrective Actions Have Not Been Completed	59
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	20-21, 24-26, 28-29, 32-34, 36-37, 44, 46, 48, 51-52
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	66-69
Section 5(a)(7)	Summary of Significant Reports	12-52
Section 5(a)(8)	Questioned Costs	57
Section 5(a)(9)	Funds Recommended to Be Put to Better Use	58
Section 5(a)(10)	Reports Without Management Decisions for More than 6 Months	60
Section 5(a)(11)	Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period	60
Section 5(a)(12)	Significant Recommendations in Disagreement for More than 6 Months	60
Section 5(a)(14)	Peer Reviews Conducted by Another OIG	73
Section 5(a)(15)	Outstanding Recommendations from Peer Reviews of the OIG	73
Section 5(a)(16)	Outstanding Recommendations from Peer Reviews Conducted by the OIG	73

# 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](http://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**