

**U. S. Department of Justice**  
**Office of the Inspector General**  
**Semiannual Report to Congress**  
**April 1, 1999 - September 30, 1999**

**The Office of the Inspector General (OIG) depends upon the assistance of other Department of Justice components and employees. We take this opportunity to honor Department employees and others who have had a special impact on our work.**

**T**he OIG pays special tribute to four investigators involved in a San Diego Civil Rights Task Force investigation of immigration document fraud. This 2-year investigation, dubbed "Operation Whitelight," resulted in a 63-month prison sentence for a San Diego woman convicted of defrauding 99 undocumented immigrants by impersonating an Immigration and Naturalization Service (INS) employee and selling them counterfeit immigration documents. The San Diego Task Force was formed in 1997 to investigate physical abuse, economic exploitation, and illegal employment in California's San Diego and Imperial Counties.

The Department of Justice described Operation Whitelight as the first successful effort in a national campaign to target immigration fraud. As a result of their work, the team received the first Attorney General's Award for Fraud Prevention. In addition, investigative procedures developed in this case are being reviewed by INS for adoption in the San Diego District office and elsewhere.

Due in part to this investigation, the U.S. Attorney for the Southern District of California, the City Attorney for the City of San Diego, and the Mexican Consul for San Diego have developed the "Immigration Fraud Initiative" for San Diego County. This initiative calls for a partnership to deter economic exploitation of immigrants in San Diego County through investigations, prosecutions, and increased public awareness.

Operation Whitelight demonstrates how teamwork among law enforcement agencies can lead to prevention of significant immigration fraud. In recognition of their outstanding achievement, the OIG honors INS Special Agents Beth A. Wong, Gwyn Grippo, and Andres Ruiz and OIG Special Agent Robin R. Clements.

October 29, 1999

Honorable Janet Reno  
Attorney General  
Washington, D.C. 20530

Dear Madam Attorney General:

This semiannual report summarizes the work of the Office of the Inspector General (OIG) during the six months ending September 30, 1999. Highlights of our work during this period include a review of how classified intelligence information pertaining to the Department's Campaign Finance investigation was disseminated within the Department and to Congress, a review of the Bureau of Prisons' management of inmate telephone privileges, an audit of the Drug Enforcement Administration's efforts to ensure that its mission-critical computer systems will not be affected by the Y2K threat, and an audit of the Office of Community Oriented Policing Service's and Office of Justice Programs' administration of the \$8.8 billion community policing grant program.

In addition to these noteworthy accomplishments, the OIG has continued to investigate, audit, and inspect Department personnel and programs in fulfillment of our statutory mandate. However, we are a very different OIG than we were one year ago.

Severe budget limitations and a resulting hiring freeze since August 1998 have adversely affected the size and distribution of OIG staff and, consequently, the number and scope of audits, inspections, and investigations that we are able to undertake. The OIG has lost more than 60 employees in the last 13 months – a reduction of 14 percent of its workforce – and has been unable to hire replacements. Moreover, the attrition has been uneven and the resulting vacancies have left holes in the coverage of critical positions in both headquarters and field offices.

Despite these budgetary constraints, we will continue to successfully meet our obligations to provide Department managers, Congress, and the public with high quality work products. To be relevant and useful to Department managers, our reports and investigations must be timely. We have recommitted ourselves to decreasing the

amount of time from inception of our reviews until completion in order to meet that goal.

We thank you for the value you place on a vigorous and independent OIG, and look forward to working with you and your staff in the months ahead.

Sincerely,

/S/

Robert L. Ashbaugh  
Acting Inspector General

### **OIG Profile**

**B**y Act of Congress, the Office of the Inspector General (OIG) was established in the U.S. Department of Justice (Department) on April 14, 1989. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of the Department's employees in their numerous and diverse activities. The OIG provides leadership and assists management in promoting integrity, economy, efficiency, and effectiveness within the Department and in its financial, contractual, and grant relationships with others. Many of our reports are available on the OIG's website at <<http://www.usdoj.gov/oig>> .

The OIG carried out its mission during this reporting period with a decreasing workforce due to a hiring freeze necessitated by reduced funding and an uncertain overall funding level. The OIG had a workforce of approximately 453 employees at the time it initiated its hiring freeze in August 1998 and will begin Fiscal Year (FY) 2000 with a workforce of 400 special agents, auditors, inspectors, and support staff. The special agents are assigned to offices in Washington, D.C., Atlanta, Boston, Chicago, Colorado Springs, Dallas, El Centro, El Paso, Houston, Los Angeles, McAllen, Miami, New York, San Diego, San Francisco, Seattle, and Tucson. The auditors are located in offices in Washington, D.C., Atlanta, Chicago, Dallas, Denver, Philadelphia, and San Francisco. Other OIG components—the Inspections Division, the Special Investigations and Review Unit (SIRU), the Management and Planning Division (M&P), the Office of General Counsel, and the Inspector General's (IG's) immediate office—are located in Washington, D.C. Mailing addresses and telephone and facsimile numbers for each office are listed on the OIG's website.

The OIG's FY 1999 direct appropriation was \$34.175 million. Additionally, the OIG earned reimbursements of (1) \$2.5 million from the Immigration and Naturalization Service (INS) for audit, inspections, and investigative oversight work of the INS User Fee account; (2) \$1.25 million from the Executive Office for U.S. Trustees (EOUST) for trustee audits; (3) \$1.6 million from the Working Capital Fund and other Department components for oversight of financial statement audit work; (4) \$3.8 million from the Violent Crime Reduction Trust Fund (VCRTF) for oversight of law enforcement grant programs funded through VCRTF; and (5) \$3.6 million from the Department's Assets Forfeiture Fund Super Surplus for audit, inspections, and investigative oversight work of the INS Exams Fee account and for the continuing investigation into Citizenship U.S.A. (CUSA).

This *Semiannual Report to Congress* reviews the accomplishments of the OIG for the 6-month period ending September 30, 1999. As required by Section 5 of the *Inspector General Act of 1978* (IG Act), as amended, this Report is submitted to the Attorney General for her review no later than October 31, 1999. No later than November 30, 1999, the Attorney General is required to forward the Report to Congress along with her *Semiannual Management Report to Congress* that presents the Department's position on audit resolution and follow-up activity discussed in the Report.

## **Special Inquiries**

SIRU, located within the immediate office of the IG, investigates high profile or sensitive matters involving Department programs or employees. SIRU also reviews allegations of misconduct against OIG personnel. SIRU is composed of attorneys, investigators, paralegals, and program analysts.

A number of OIG special investigations are of significant interest to the public and Congress and of vital importance to the Department. Teams working on these cases include senior attorneys, special agents, auditors, and inspectors. Many OIG special investigative reports are available on the OIG's website.

Following are brief descriptions of recently completed and current OIG special investigations.

### **Campaign Finance**

In September 1997, the Attorney General and the Director of the Federal Bureau of Investigation (FBI) learned that classified intelligence information pertaining to the Department's Campaign Finance Task Force (Task Force) investigation may not have been appropriately disseminated within the FBI and the Department. In November 1997, the Attorney General asked the OIG to review how this intelligence information was handled.

On July 14, 1999, the OIG transmitted its report to the Attorney General, the Director of the FBI, the FBI's National Security Division (NSD), and certain congressional committees. The 576-page classified report was the product of a review of over 18,000 pages of classified information and more than 120 interviews. The OIG also released a 23-page unclassified summary of the report.

The OIG found that the Department's handling of classified information related to the campaign finance investigation was hampered by a range of problems. We concluded that none of the FBI's problems disseminating and reporting classified information was attributable to intentional malfeasance or purposeful obstruction of the Task Force investigation. Further, none was the product of an improper intent to conceal information or prevent it from being disclosed to parties in the Department, Congress, or the National Security Council. Rather, many of the problems we found were attributable to multiple factors including poor judgment on the part of NSD personnel, well-intentioned misapplication of Departmental policy, attempts by individuals in NSD to protect the division's narrow interests without sufficient regard for the impact of their actions upon the Task Force investigation, legitimate Departmental policy disputes about disseminating criminal and intelligence information, problems in the use and maintenance of the FBI's computer database systems, and/or poor communication between members of the Task Force and NSD and among the

The Washington Post

Thursday, July 15, 1999

## China Money Probe Bungled, Report Says

### *Justice Inspector General Faults FBI Judgment and Infighting*

By ROBERTO SURO  
*Washington Post Staff Writer*

Poor judgment and bureaucratic infighting crippled the federal investigation into an alleged plot by the Chinese government to influence the 1996 presidential election, according to a report released yesterday by the Justice Department's inspector general.

concealing potentially damaging information, as has been alleged by some Republicans. Instead, the report blamed numerous well-intentioned failures, such as drawn-out internal disputes over how intelligence information should be shared with criminal investigators, for the mishandling of a politically charged situation.

"There was a failure by the FBI

other and a failure to provide policymakers with a clear understanding of the potential significance of the intelligence information," said Inspector General Michael R. Bromwich in an interview.

Allegations that the Chinese funneled illegal campaign contributions to the 1996 Clinton-Gore reelection effort prompted exten-

## **Special Inquiries**

various parties within the Department who were involved in the Task Force investigation. The unprecedented nature of the campaign finance investigation, which involved information from intelligence and criminal sources, also contributed to complications in the handling of relevant classified information.

The OIG made numerous recommendations to correct the problems in intelligence handling. The FBI agreed with almost all of the recommendations in the OIG report, and the Department has begun efforts to implement those changes.

### **Criminal Calls By BOP Inmates**

Telephone privileges for Bureau of Prisons (BOP) inmates have increased dramatically since the 1970s, when inmates were permitted one telephone call every three months and the call was placed by BOP staff. Now, most BOP inmates are allowed to make as many telephone calls as they can afford or as many collect calls as people outside prison will accept. In August 1999, the OIG issued a report on a review we conducted of BOP's management of inmate telephone privileges. During the review, the OIG obtained information from U.S. Attorney's Offices (USAOs), FBI and Drug Enforcement Administration (DEA) field offices, and BOP facilities. The OIG also interviewed more than 70 BOP employees and 20 other Department employees and visited 9 BOP facilities with varying security levels and physical layouts.

Our review found a significant problem with federal inmates using prison telephones to commit serious crimes while incarcerated—including instances of arranging for murders, drug trafficking, and fraud. We found that, although it has been aware of inmates' abuse of prison telephones for some time, BOP has taken insufficient steps to address the problem. For example, while all inmate calls are recorded, BOP staff listened to less than 4 percent. We also found that inmates who had been convicted of committing crimes using prison telephones still enjoyed full telephone privileges.

Based on our review, we recommended that BOP curb prison telephone abuse by monitoring more inmate calls, increasing and more consistently disciplining telephone abusers, restricting telephone privileges for inmates with a history of abuse, and emphasizing the responsibility of its officers to detect and deter crime by inmates using BOP telephones.

# Inmates use prison phones to keep committing crimes

By Jerry Seper  
THE WASHINGTON TIMES

Dozens of federal inmates are using prison telephones to arrange serious crimes including murder, drug trafficking and fraud, the Justice Department's inspector general's office said yesterday.

One of the inmates was convicted D.C. drug kingpin [redacted], who told investigators that while he was in the federal prison in Lewisburg, Pa., he talked on the phone "all day long" to make arrangements for drugs deals — including participating in conference calls to Colombia.

's drug calls continued unabated for five years.

In a report released by Inspector General Michael R. Bromwich,

investigators said the U.S. Bureau of Prisons has been aware of the misuse for years but has taken "insufficient steps" to curb it.

"Permitting inmates virtually unlimited telephone privileges comes at the cost of providing them the ability to commit serious crimes using prison telephones," Mr. Bromwich said.

Mr. Bromwich said the Bureau of Prisons — a part of the Justice Department — "needs to squarely address . . . widespread inmate abuse of prison telephones, and take immediate and meaningful actions to correct the problem."

The report said telephone use by inmates had increased dramatically since the 1970s, when inmates were permitted one telephone call, placed by a prison staff

member, every three months. Now, the report said, inmates are allowed to make as many telephone calls as they are able to pay for or as many collect calls as people outside the prison will accept.

Mr. Bromwich noted that even though all inmate calls are recorded, except for prearranged calls between the inmates and their attorneys, the Bureau of Prisons listens to only 3.5 percent of all the calls made by federal inmates.

"Consequently, prison officials have little control over any criminal activities discussed during the overwhelming majority of inmate calls," he said.

The report said investigators found that one inmate used prison telephones trying to arrange the murder of two witnesses and a

judge, and to pay for the execution with illegal firearms. In another case, the report said, an inmate used prison telephones to direct a fraudulent employment matching service scheme that involved nearly \$1.6 million. A third inmate used prison phones to swindle trucking companies out of more than \$100,000, the report said.

Investigators also found that a few inmates were using prison phones excessively, noting that 15 inmates at nine institutions spent more than 66 hours each on phones during a one-month period. The report said none of the institutions was even aware of the practice.

The report said [redacted], convicted in 1989 of running a large and sophisticated criminal enterprise that controlled much of the

cocaine market in the District, continued to broker drug deals from his cell. Investigators said he acknowledged that during his incarceration, he talked on the phone "all day long."

Investigators said [redacted] said he worried little about making drug deals on the phone because he knew most calls were not being monitored. He also said even if he was caught, at worst he would get light punishment or a brief restriction of his privileges.

The report said [redacted] used the phone for drug deals from 1989 to 1994, when the FBI heard from an information source that he was dealing cocaine over the phone.

[redacted] later became a government witness and testified against two friends he had helped pur-

chase cocaine from members of the Medellin drug cartel.

Mr. Bromwich said the Bureau of Prisons had taken "insufficient corrective action to address the serious problem of inmate telephone abuse." He said prison officials cited a lack of resources to monitor the system, concern about upsetting a settlement with inmates in a class-action suit on their access to phones, and looked to new technology to resolve the problem.

The inspector general recommended that the Bureau of Prisons increase the percentage of calls that it monitors, discipline abusers, restrict phone privileges and emphasize the responsibility of its officers to detect and deter crimes by inmates who use prison phones.

## Special Inquiries

### Resendez-Ramirez

On July 1, 1999, at the request of the Attorney General and the Commissioner of INS, the OIG initiated a review into how INS handled its encounters with Rafael Resendez-Ramirez, a Mexican national accused of committing several murders in the United States. On June 2, 1999, INS had Resendez-Ramirez in custody but allowed him to return voluntarily to Mexico. Resendez-Ramirez allegedly returned to the United States illegally and committed four more murders. We also are reviewing how INS' IDENT fingerprint identification system<sup>1</sup>an automated biometric identification system designed to quickly and accurately match the fingerprints of encountered aliens<sup>2</sup>functioned in this case.

### Citizenship U.S.A.

In September 1995, INS initiated CUSA, a program designed to substantially reduce the backlog of pending naturalization applications. More than one million individuals were naturalized during the year the program was in operation.

At the request of Congress and the Attorney General, the OIG began an investigation of CUSA following allegations of misconduct within the program, including allegations that applicants with disqualifying backgrounds were naturalized and that

standards were compromised in an effort to maximize the number of persons eligible to vote in the November 1996 elections.

A team of attorneys and OIG special agents, inspectors, auditors, and support personnel conducted more than 1,000 interviews of INS personnel and others and reviewed tens of thousands of documents. The team currently is preparing the report of investigation.

### **Lost Trust**

In the late 1980s and early 1990s, the FBI and the South Carolina USAO conducted a major investigation called "Lost Trust" into corruption, vote-buying, influence peddling, and drug usage in the South Carolina state legislature. After litigation that lasted six years, a U.S. district judge dismissed all remaining charges, citing misconduct by the FBI, USAO, and the Department's Public Integrity Section. The court also was critical of an earlier investigation by the Department's Office of Professional Responsibility (OPR).

At the request of the Deputy Attorney General, the OIG initiated a review of the prosecutions and investigations implicated in the court's dismissal order. The OIG investigative team reviewed thousands of documents related to the investigation and prosecution of the cases and related documents generated by the Department's OPR and the FBI's OPR. The team also interviewed the persons involved in handling these cases, including prosecutors, defense counsel, defendants, trial witnesses, and the district judge. The team currently is completing the report of investigation.

## **Special Inquiries**

### **ICITAP/OPDAT**

The Criminal Division's International Criminal Investigative Training Assistance Program (ICITAP) and Overseas Prosecutorial Development Assistance and Training (OPDAT) office are designed to foster, support, and strengthen democratic principles



and structures of law enforcement in foreign countries. Particularly in those countries that recently have embraced democracy, ICITAP and OPDAT provide training for police, prosecutors, and the judiciary and advice on American laws and programs to combat crime within a democratic framework.

The OIG began an investigation of ICITAP and OPDAT following allegations of program mismanagement and supervisory misconduct. The investigative team of special agents, auditors, inspectors, and support personnel, under the direction of a senior attorney, conducted more than 400 interviews in the United States and several foreign countries and reviewed more than 50,000 pages of documents. The team currently is completing the report of investigation.

### **Trentadue**

Kenneth Trentadue, an inmate held at the Federal Transfer Center in Oklahoma City, Oklahoma, was found dead in his cell in August 1995. The BOP concluded that Trentadue committed suicide by hanging. However, allegations that Trentadue was murdered led to an investigation by the FBI and the Department's Civil Rights Division. The investigation concluded that there was insufficient evidence of any violation of federal criminal civil rights laws. Following that investigation, the OIG initiated a separate review focusing on whether BOP or FBI employees mishandled evidence or engaged in other misconduct in the events surrounding Trentadue's death. The team currently is completing the report of investigation.

## **Other Activities**

### **Other OIG Contributions**

OIG semiannual reports feature the major investigations and programmatic reviews performed by the OIG during the past six months. In addition, the OIG has engaged in other noteworthy activities that significantly contribute to the Department and the governmental community.

n The OIG San Diego Field Office participates, along with the FBI, DEA, U.S. Customs Office of Internal Affairs, and Internal Revenue Service (IRS), in the San Diego Border Corruption Task Force (BCTF) that investigates allegations of corruption filed against federal law enforcement officials. Currently there are 23 ongoing BCTF investigations, 10 of which were initially reported to the San Diego

Field Office. This task force recently arrested the first alleged alien smuggler charged with violating the federal racketeering statute (see page 12).

### Other Activities

- The OIG San Diego Field Office, along with the USAO for the Southern District of California, Civil Rights Division's Criminal Section, FBI, and the San Diego Police Department and County Sheriff's Department, completed their final training course entitled *Perspectives on Federal Criminal Investigations and Officer-Involved Shooting* for supervisory Border Patrol agents. This training addressed the jurisdiction, protocol, and practice for investigations of civil rights violations, assault on federal officers, and federal officer-involved shootings. During this reporting period, the group conducted 6 training sessions reaching 153 supervisory Border Patrol agents.
- On July 28, 1999, in Caracas, Venezuela, the Assistant IG for Investigations (AIGI), as part of a U.S. delegation organized by the U.S. Department of State, briefed high-level Venezuelan government officials, including the Minister of Interior/Justice and the President of the Supreme Court, on the United States' strategy for combating public corruption. The anti-corruption briefing was requested by Venezuelan President Hugo Chavez. The AIGI presented the OIG model as a method to combat corruption in government agencies and specifically discussed techniques used by the OIG. The Venezuelan officials and U.S. Ambassador expressed their gratitude for the assistance.
- Investigators conducted 32 Integrity Awareness Briefings for Department employees throughout the country. These briefings are designed to educate employees about the misuse of a public official's position for personal gain and to deter employees from committing such offenses. The briefings reached approximately 850 employees with a message highlighting the devastating consequences of corruption to both the employee and the agency.
- The Audit Division participates in the Department's Financial Statement Working Group, which provides guidance to Department components on the compilation of consolidated financial statements. During this reporting period, the Audit Division and the independent public accountants contracted by the Audit Division provided comments and technical advice to the Department in

its efforts to develop and issue guidance for the Department's Accountability Report process.

- As part of its role in the Federal Audit Executive Committee's Financial Statement Audit Network, the Audit Division provided new and revised guidance for use by all federal agencies in the oversight of financial statement audits performed by independent public accountants.
- The Audit Division, along with other Department staff, met with the Office of National Drug Control Policy (ONDCP) staff to discuss OIG and Department concerns in response to a new requirement for agencies to account for, and IGs to authenticate, drug-related expenditures. ONDCP is currently revising the draft guidance based on comments received from the agencies affected by the new requirement.

### **Other Activities**

- The Audit Division joined in a Department working group meeting to devise a Total Cost of Ownership (TCO) model for personal computers. The working group will analyze and refine the proposed model and explore the feasibility of introducing the TCO model as a way to better identify personal computer costs during the budget formulation process.
- Inspections Division staff participate in the Department Research Council, which meets quarterly. The Council's mission is to share important law enforcement research initiatives and recent developments among the group and to inform the Attorney General and Deputy Attorney General of current law enforcement research projects. Currently, the OIG representative serves on a subcommittee that is exploring the effect of Department research on policy formulation.

### **GPRA Activities**

In response to Congress' call for assessment of the Department's Government Performance and Results Act (GPRA) implementation efforts, the Audit Division is completing the audit of the Department's initial FY 2000 Annual Performance Plan to determine if deficiencies previously reported by the General Accounting Office are now corrected. During OIG audits and inspections in FY 2000, where possible, we plan to examine GPRA performance indicators that have been identified by components in the reviews we conduct of Department programs. Where practicable and within the scope of the assignment, we will highlight the existence or absence of such indicators and offer insights into whether the reported results are supported by reliable measurement methods or systems.

## **Y2K Audits**

Accurate identification and tracking of mission-critical systems are necessary to enable the Department and the Office of Management and Budget (OMB) to ensure an orderly completion of efforts to meet the Y2K threat. Therefore, it is essential that accurate information be reported to senior management in a timely manner to ensure that the Department's mission-critical systems will, in fact, be ready.

To assist the Department's senior management, the Audit Division has taken an active role in addressing the Department's Y2K efforts for its mission-critical systems. We have issued a series of reports that focus on the Department's Y2K efforts and initiatives at the Department's Data Centers in Rockville, Maryland, and Dallas, Texas; the Department's Y2K efforts related to monitoring and reporting the status of its mission-critical computer systems; and Y2K efforts at several Department components.

## **Other Activities**

### **OIG Y2K Compliance**

Since obtaining funding last December, M&P has aggressively worked to replace obsolete technology within the OIG with state-of-the-art hardware and software. M&P undertook this ambitious effort to:

- comply with Y2K requirements,
- increase the reliability of the OIG's networks and information systems, which had become unstable, and
- facilitate information sharing with clients and other Department components.

Although the OIG is a small agency, its nationwide organizational structure complicates both the support and deployment of technology. More network hardware components, specifically servers, routers, switches, communications servers, and shared printers, are needed to support a geographically dispersed organization than are required in a centralized environment. Despite this challenge, in less than one year M&P will have replaced the entire network and information systems for OIG offices in 15 locations throughout the country.

The OIG also has successfully made the transition from being dependent upon DOS-based software, which is no longer manufactured or supported, to current, off-the-shelf Windows-based products. This has increased staff productivity, made network failures a rarity rather than a commonplace occurrence, and provided desktop Internet access throughout the OIG.

### **Inspector General Congressional Testimony**

The IG testified on April 14, 1999, before the House Judiciary Committee's Subcommittee on Immigration and Claims about border enforcement issues between the United States and Canada. In addition, the IG testified on May 5, 1999, before the same subcommittee with respect to fraud involving non-immigrant visas and other immigration documents. Finally, in a third hearing before the subcommittee, the IG testified on July 29, 1999, about OIG oversight of INS programs and personnel. The Subcommittee called the hearing as part of its debate on the "Immigration Reorganization and Improvement Act of 1999," a legislative proposal that would restructure INS.

On May 25, 1999, the IG testified before the House Permanent Select Committee on Intelligence to discuss the OIG's special report, *The CIA-Contra-Crack Cocaine Controversy: A Review of the Justice Department's Investigations and Prosecutions*. This report examined the actions of various Department employees with respect to allegations that individuals associated with the Nicaraguan Contras who had flooded Los Angeles with cocaine in the 1980s were treated leniently by federal law enforcement authorities.

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## **Other Activities**

### **Legislation and Regulations**

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

During this reporting period, the OIG reviewed more than two dozen pieces of legislation including the Government Waste, Fraud, and Error Reduction Act of 1999 that requires OIGs to review agency annual reports with respect to nontax debt collection management practices, a provision in the Federal Reports Elimination and Sunset Act of 1995 that eliminates certain agency reporting requirements, and a proposed amendment to the Foreign Relations Authorization Act regarding activities of the U.S. Department of State OIG.

In addition, the OIG continued to work with the Department and BOP on legislation that would extend federal criminal penalties to inmates who possess contraband in contract detention facilities as well as to contract prison employees who sexually assault federal inmates in contract facilities.

### **President's Council on Integrity and Efficiency Activities**

The President's Council on Integrity and Efficiency (PCIE) consists of the 27 Presidentially appointed IGs in the federal government. In addition, the executive order creating PCIE specifies that the Office of Government Ethics, Office of Special Counsel, FBI, and OMB also serve as members. PCIE conducts interagency and inter-entity audits, inspections, and investigations to address government-wide waste, fraud, and abuse.

During this reporting period, the IG served on the Legislation Committee. OIG staff participate in PCIE activities--such as the Inspections Round Table, an annual investigations conference, meetings of the Chief Financial Officers Group, and the OIG GPRA Coordinators' Interest Group--that relate to their respective duties.

The AIGI participates in the PCIE Investigations Advisory Subcommittee. The Subcommittee advises the Investigations Committee of PCIE on matters of policy, training, and practices relating to OIG investigations. The participants recently met and discussed basic and advanced training for all investigative personnel at the combined Treasury IG for Tax Administration and the IG Training Academies. Recommendations regarding training curricula will be made to the Chair of the PCIE Investigations Committee.

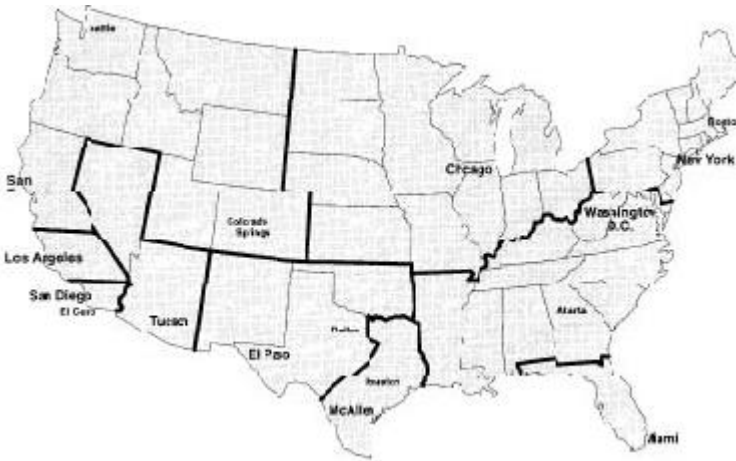
## **Investigations Division**

### **Overview and Highlights**

**T**he Investigations Division (Investigations) investigates allegations of bribery, fraud, abuse, civil rights violations, and violations of other laws and procedures that govern Department employees, contractors, and grantees. Investigations develops cases for criminal prosecution and civil and administrative action. In many instances, the OIG refers less serious allegations to components within the Department for appropriate action and, in the more important cases that are referred, reviews their findings and disciplinary action taken.

Investigations carries out its mission through the work of its special agents who are assigned to offices across the country. Currently, Investigations has 11 field offices located in Washington, D.C. (2 field offices<sup>3</sup>/<sub>4</sub>the Washington Field Office and Fraud Detection Office), Chicago, El Paso, Los Angeles, McAllen, Miami, New York, San Diego, San Francisco, and Tucson, and 7 smaller, area offices located in Atlanta, Boston, Colorado Springs, Dallas, El Centro, Houston, and Seattle. Investigations Headquarters, in Washington, D.C., consists of the immediate office of the Assistant Inspector General and four branches: Operations, Investigative Support, Information Resource Management, and Policy and Administration.

Geographic areas covered by the field offices are indicated on the map below. In addition, the San Francisco office covers Alaska, the San Diego office covers Hawaii, and the Miami office covers Puerto Rico and the U.S. Virgin Islands.



During this reporting period, Investigations received 4,315 complaints. We opened 353 investigations and closed 352. We made 78 arrests involving 33 Department employees, 38 civilians, 4 Department contract personnel, and 3 grantees. Convictions resulted in 37 individuals receiving sentences up to 210 months' incarceration and \$1,789,090 in fines, recoveries, and orders of restitution. As a result of OIG investigations, 33 employees and 14 contract employees received disciplinary action, including 31 who were terminated. In addition, 32 employees, including 3 contractors, resigned either during or at the conclusion of our investigations.

## Significant Investigations

### Racketeering

- In the Southern District of California, an INS immigration inspector assigned to the San Ysidro Port-of-Entry was arrested on federal racketeering charges, alien smuggling, and importation of controlled substances. An 18-month investigation by the San Diego Border Corruption Task Force, composed of the OIG San Diego Field Office, FBI, DEA, and U.S. Customs Service, led to an indictment alleging that the immigration inspector used his official position to permit entry of certain designated vehicles and individuals into the United States from Mexico without proper inspection and examination in exchange for money. The investigation led to the apprehension of 23 aliens who the



immigration inspector allowed to enter the country without proper inspection documents. Additionally, the immigration inspector allowed four separate loads of marijuana totaling more than 3,500 pounds, which was later intercepted, to enter the United States. In return for these acts, the immigration inspector was paid about \$350,000. The immigration inspector is the first alleged smuggler of immigrants to be charged under federal racketeering laws.

## **Bribery**

- In the Eastern District of New York, an INS supervisory asylum officer was arrested on charges of bribery and obstruction of justice. A 2-year joint investigation by the OIG New York Field Office and FBI led to an indictment alleging that the supervisory asylum officer altered hundreds of decisions in INS' computer system causing the original assessments written by asylum officers to change from a court referral to a grant of political asylum. Albanian and Yugoslavian nationals paid several civilian middlemen \$1,000 to \$4,000 for each political asylum decision fraudulently granted by the supervisory asylum officer. Four middlemen and four Albanian and Yugoslavian nationals were arrested on charges of bribery, conspiracy, and document fraud. As a result of this investigation, INS revised its computer security by instituting procedures specifically designed to deter and detect internal fraud and abuse.
- An investigation conducted by the OIG Miami Field Office and INS in the U.S. Virgin Islands resulted in the arrest of a Jordanian national for bribery of a public official and conspiracy. This 6-month investigation revealed that the Jordanian national approached an INS special agent and offered \$250,000 to obtain a naturalization certificate for an applicant who could not pass the naturalization test. Before being arrested, the Jordanian national made two bribe payments totaling \$5,000 to the undercover INS special agent posing as a corrupt employee. Two additional arrest warrants have been issued for individuals believed to be currently out of the country.
- Saturday, August 21, 1999 San Diego North County Times

# Agent corruption a problem at San Ysidro border crossing

By Sam Hanks  
Los Angeles Times Staff Writer

SAN DIEGO — San Ysidro, the nation's busiest border crossing, has long been a hotbed of corruption, with agents and inspectors often accused of taking bribes to let people and goods cross the border.

In 1987, a federal grand jury indicted 11 agents and inspectors for getting drug and marijuana through San Ysidro, the world's busiest border crossing. The San Ysidro crossing is the busiest in the United States.

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By Sam Hanks  
Los Angeles Times Staff Writer

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The Los Angeles Times Tuesday, August 3, 1999

## INS Inspector Accused of Smuggling Drugs, People

From a Times Staff Writer

SAN DIEGO—A U.S. immigration inspector was charged Monday with smuggling undocumented immigrants and marijuana from Tijuana through the San Ysidro border crossing.

Racketeering and smuggling charges were unveiled against 41, who began working for the U.S. Immigration and Naturalization Service in 1987.

41, allegedly worked with a pair of Tijuana men, still at large, in smuggling 20 immigrants and 3,500 pounds of marijuana in various trips, from January 1988 to last February.

39, allegedly recruited drivers and loaded vehicles with immigrants and marijuana.

37, directed drivers to the lane where worked, according to the indictment. He allegedly waved them through.

To avoid suspicion, let many other vehicles through his lane without inspection, "playing the part of the 'legit' INS inspector," the indictment said.

Assistant U.S. Atty. Edward C. Weiner said it was the first time that immigrant smuggling was the basis for racketeering charges. The three men face maximum life sentences.

Last Tuesday, federal agents arrested INS inspector 38, on charges that he sneaked three Mexican women without documents through the San Ysidro entry while on duty a year ago.

- A former Border Patrol agent, previously assigned to the Hebbronville Border Patrol Station, was arrested, pled guilty to charges of bribery of a public official, and was sentenced to 24 months' incarceration. He also pled guilty to conspiracy to distribute marijuana and was sentenced to 63 months' incarceration. The sentences are to be served concurrently. An investigation by the McAllen Field Office resulted in evidence that the former agent offered more than \$20,000 in cash to a Border Patrol agent in exchange for information about the work schedules, number of Border Patrol agents on duty, and the duty locations of the Hebbronville Border Patrol Station. The former Border Patrol agent intended to use this information to facilitate his marijuana smuggling operation, which was being investigated by DEA.
- In the Southern District of Texas, a supervisory Border Patrol agent assigned to the Harlingen Border Patrol Station and a Cameron County schoolteacher were arrested on charges of conspiracy to defraud the United States, bribery of a public official, making a false document, and making a false entry in a document. A civilian immigration consultant was arrested on charges of bribery of a public official. An investigation by the OIG McAllen Field Office, assisted by the Border Patrol Anti-Smuggling Unit and FBI, led to an indictment alleging that from July to October 1997 the immigration consultant directed illegal aliens to the Border Patrol agent who gave them fraudulent documents to travel into and remain in the United States. The schoolteacher allegedly transported some of the aliens to the Border Patrol agent. The immigration consultant has pled guilty and awaits sentencing. Judicial action is pending against the Border Patrol agent and the schoolteacher.

Friday, September 3, 1999

# Teacher, BP agent face 27 charges

By GILBERTO SALINAS  
The Brownsville Herald

A U.S. Border Patrol supervisor and a Los Fresnos Middle School teacher were arrested Thursday on 27 charges stemming from bribery and falsifying federal documents to conspiracy to defraud the United States.

Harlingen Border Patrol Supervisory Agent

, 44, is accused of allegedly conspiring with a Brownsville immigration consultant in processing fraudulent immigration records so the immigrants could remain in the

- In the Eastern District of New York, a Bangladeshi national was arrested and pled guilty to charges of bribery of a public official. The New York Field Office opened an investigation following receipt of a complaint from the INS Rosedale Asylum Office that an interpreter for a private law firm was attempting to bribe an INS employee in exchange for favorable consideration of asylum applications. Working in an undercover capacity, the assistant director of the asylum office engaged in numerous consensually monitored meetings with the interpreter, during which the defendant paid the assistant director approximately \$70,000 for favorable consideration of asylum applications. Sentencing is pending.
- In the Northern District of California, an El Salvadoran national and a Nicaraguan national were arrested on charges of bribing a public official. An investigation by the OIG San Francisco Field Office, assisted by INS and the U.S. Department of State, led to a criminal complaint alleging that the El Salvadoran national arranged to have his associate, the Nicaraguan national, pay a cooperating INS agent \$7,000 to remove an INS detainer lodged against his wife who was incarcerated on drug charges. The Nicaraguan national also sought the INS agent's assistance in getting drug charges against himself dismissed. The Nicaraguan national pled guilty to bribery charges and awaits sentencing. The El Salvadoran national is awaiting trial.

## Significant Investigations

### Drug Smuggling

- An investigation by the OIG Miami Field Office and the South Florida High Intensity Drug Trafficking Area Task Force resulted in the arrest of an INS detention enforcement officer on charges of conspiracy and possession with intent to distribute cocaine and heroin. This 9month investigation disclosed that the detention enforcement officer was part of a large narcotic smuggling ring at Miami International Airport (MIA) that smuggled sham narcotics from MIA to undercover agents in Northeast cities. He was paid \$50,000 to transport 25 kilograms of sham cocaine. As a result of this investigation, a Broward County Sheriff's Office correctional officer, a U.S. Department of Agriculture inspector, and approximately 40 American Airlines employees also were arrested. Judicial proceedings continue.

The Washington Post Thursday, Aug. 26, 1999

## Dozens Held In Airport Smuggling

*2-Year Sting Operation Leads  
To Drug, Weapons Charges*

By FRANK SWOBODA  
*Washington Post Staff Writer*

Dozens of airline employees were arrested yesterday on drug smuggling charges in a series of predawn raids at their homes by federal agents. The arrests ended a two-year government sting operation at Miami International Airport targeting ramp workers who would smuggle anything from cocaine to hand grenades from Latin America to cities in the northeastern United States.

The sting, dubbed "Operation Ramp Rat" by the government, focused on ramp workers at American Airlines—who service airplanes on the ground, pumping gas and loading baggage—and food handlers employed by Lufthansa Service Sky Chefs. Also arrested were an employee of the U.S. Immigration and Naturalization Service, one from the Agriculture Department and a part-time deputy from the Broward County Sheriff's Office.

- In the Western District of North Carolina, a Border Patrol agent assigned to the El Paso Border Patrol Station and a civilian were arrested on charges of conspiracy to possess with the intent to distribute more than 500,000 units of Valium and more than 250,000 units of Rohypnol, the "date rape drug." A joint investigation by the OIG El Paso Field Office and U.S. Customs Service led to an indictment alleging that the pair had been part of a drug smuggling conspiracy since March 1995. The investigation revealed that the civilian was employed by a pharmacy in Mexico and that he arranged for the drugs to be brought into the United States concealed in taxicabs. The Border Patrol agent allegedly assisted in smuggling the drugs into the United States, cashed money orders sent to him by a friend, and delivered the cash to the pharmacy in Mexico to purchase drugs.
- Our March 1998 *Semiannual Report to Congress* reported on a McAllen Field Office and FBI Corruption Task Force case in which an INS immigration inspector—a member of the Robles drug-trafficking organization—was arrested for allowing more than 500 pounds of marijuana through a port-of-entry along the U.S.-Mexico border. Since then, the immigration inspector pled guilty to charges of conspiracy and possession with intent to distribute marijuana and was sentenced to 57 months' incarceration and 36 months' supervised release. INS terminated the immigration inspector as a result of this investigation.

### **Introduction of Contraband**

- A former BOP correctional officer assigned to the U.S. Penitentiary (USP) in Atlanta pled guilty to Georgia State charges of violating the Controlled Substance Act. This joint OIG Atlanta Area Office, FBI, and Conyers Police Department investigation established that the former correctional officer received approximately one pound of marijuana, which he admitted was for an inmate at USP Atlanta. He was sentenced to five years' incarceration in a state prison.

## **Significant Investigations**

- A BOP contract employee assigned to the Federal Correctional Complex Beaumont as a property inventory clerk and an inmate at USP Beaumont were arrested and pled guilty to charges of using a telephone to distribute a controlled substance. An investigation by the Houston Area Office established that the inmate used the prison telephone system to coordinate the delivery of 112 grams of crack cocaine to the BOP clerk, who intended to smuggle the drugs into USP Beaumont in exchange for \$2,000. Sentencing is pending for both defendants.
- In the Southern District of Illinois, a former UNICOR foreman, two inmates at the Federal Correctional Institution (FCI) in Greenville, and two former inmates were arrested on charges of conspiracy to possess marijuana with intent to distribute in a federal prison. A 2-year investigation by the OIG Chicago Field Office and FBI revealed that the current inmates used the former inmates to meet with BOP employees outside the facility and provide them with controlled substances for introduction into the prison. In a sting operation, the BOP employee was arrested after taking possession of a controlled substance and agreeing to bring it into the facility. Trial is pending for all five defendants.
- In the Northern District of Florida, a former correctional officer assigned to FCI Tallahassee was arrested and pled guilty to charges of bribery. This undercover Miami Field Office investigation determined that the correctional officer accepted money to provide inmates with contraband, including liquor, perfume, and cosmetics. The correctional officer also admitted having sexual contact with two inmates at the facility. He was sentenced to two months' incarceration, four months' home confinement, and three years' supervised release.
- Our last *Semiannual Report to Congress* described a case in which a correctional officer assigned to the Metropolitan Correctional Center in Manhattan and two ex-inmates were arrested and convicted on federal narcotics and bribery charges in the Southern District of New York. During this reporting period, the correctional officer was sentenced to 210 months' incarceration and 60 months' supervised release. Sentencing is pending for the two ex-inmates.

## **Fraud**

- A former INS assistant district director for administration (ADDA) in the INS Boston District Office was convicted by a federal jury on charges of filing false documents for illegal aliens and was sentenced to 9 months' home confinement and one year of supervised release and ordered to pay a \$10,000 fine. A joint

OIG New York Field Office, FBI, and INS investigation developed evidence that the ADDA and her brother arranged sham marriages for illegal aliens employed at Boston restaurants owned and operated by the ADDA and her brother. The ADDA then assisted the illegal aliens in filing false and fraudulent documents with INS to obtain legal resident status. Her brother pled guilty to charges of marriage fraud and making false statements and was sentenced to 10 months' home confinement and 12 months' supervised release and ordered to pay more than \$20,000 in fines.

### **Significant Investigations**

- In the Middle District of Florida, a Florida State representative and the representative's daughter surrendered and pled guilty to charges of program fraud. A 14-month joint investigation by the OIG Miami Field Office and FBI revealed that the two had misused a substantial portion of an Office of Juvenile Justice and Delinquency Prevention (OJJDP) grant awarded to FAMCO, a not-for-profit day care center. The Department paid \$38,458 of the \$100,000 grant before canceling it for noncompliance. Both defendants await sentencing.
- In the Eastern District of Texas, a former INS deputy district director for deportation pled guilty to charges of bank fraud. A Chicago Field Office investigation revealed that the former employee made false statements to a bank where he obtained \$100,000 in credit using a false social security card and birthdate. He was sentenced to 13 months' incarceration and 36 months' supervised release and ordered to pay \$25,000 in restitution.
- A Border Patrol agent assigned to the San Clemente Border Patrol Station pled guilty in California State Court to charges of state insurance fraud. A joint investigation by the OIG San Diego Field Office; the California Department of Insurance, Fraud Division; and the National Insurance Crime Bureau resulted in evidence that the defendant made false statements regarding his work status and received \$10,000 in undeserved workers' compensation benefits for an accident that occurred in 1994, prior to his employment with the Border Patrol. He was sentenced to 24 months' probation and ordered to perform 250 hours of community service and pay \$10,000 in restitution.
- Our September 1997 *Semiannual Report to Congress* described a case in the Middle District of Florida in which a former assistant U.S. attorney (AUSA), a



local defense attorney, a retired deputy sheriff, and a DEA informant were arrested on charges of conspiring to defraud the U.S. Government and obstruction of justice. During this reporting period, the retired deputy sheriff was sentenced to 57 months' incarceration and 24 months' supervised release. The DEA informant was sentenced to 63 months' incarceration and 36 months' supervised release. The former AUSA and the defense attorney were acquitted.

## **Theft**

- Our last *Semiannual Report to Congress* described a case in which a former INS supervisory information officer was arrested and pled guilty to stealing more than \$39,000 in application fees submitted by persons seeking immigration benefits. During this reporting period, the information officer was sentenced to 12 months' incarceration and 3 years' supervised release. She also was ordered to pay restitution of \$39,040 through forfeiture from her government retirement fund and annual leave account.

## **Significant Investigations**

### **Alien Smuggling**

- A former INS immigration inspector previously assigned to the San Ysidro Port-of-Entry was arrested on charges of conspiracy to bring illegal aliens into the United States and bringing in illegal aliens for financial gain. An investigation by the San Diego Field Office led to an indictment filed in the Southern District of California alleging that the immigration inspector, while on duty, smuggled numerous illegal aliens into the United States. The illegal aliens paid the immigration inspector between \$1,600 to \$2,000 for his services. In addition, four illegal aliens also were arrested as a result of this investigation. Judicial proceedings continue.

THE L. A. TIMES THUR., JULY 29, 1999

# INS Agent Indicted in Smuggling of Illegal Immigrants

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*From Associated Press*

SAN DIEGO—A former immigration inspector was arrested and indicted Wednesday on charges that he smuggled three illegal immigrants through a border checkpoint while he worked at the San Ysidro port of entry last year.

## **Sexual Abuse**

- A former BOP correctional officer assigned to FCI Dublin was arrested and pled guilty to charges of sexual contact with inmates and making false statements. The San Francisco Field Office investigation developed evidence that the correctional officer engaged in sexual contact with at least three female inmates under his custody between 1994 and 1997 at the Federal Prison Camp and FCI Dublin and at the correctional officer living quarters. He was sentenced to 5 months' incarceration, 5 months' home confinement, and 36 months' supervised release. He resigned his position with BOP as a result of the investigation.

## **Tax Evasion**

- Two Justice Management Division (JMD) accountants for OJP were arrested and pled guilty in D.C. Superior Court to charges of tax fraud. This joint OIG Washington Field Office and District of Columbia Office of Tax Revenue investigation established that the accountants filed fraudulent tax returns for tax years 1996 through 1998. Both took advantage of their knowledge of the District of Columbia's accounting and cross-checking procedures by claiming bogus estimated tax payments and thereby increasing the amount of their refunds at the end of the tax years. The accountants were sentenced to 3 years' and 5 years' probation, respectively, and ordered to pay \$13,995, and \$17,563, respectively, to the District of Columbia for restitution.
- An INS immigration inspector assigned to the San Luis Port-of-Entry was arrested on charges of evasion of assessment and filing a false tax return. A joint investigation by the OIG Tucson Field Office and IRS led to an

indictment alleging that the immigration inspector filed a false claim with IRS for the 1997 tax year. The defendant claimed his taxable income as \$25,315 with \$4,413 in taxes due to the IRS. It is alleged that his taxable income was \$149,730.70 and that the tax owed on that sum was \$46,448.71. Judicial proceedings continue.

## Significant Investigations

### Conflict of Interest

- A senior JMD official was charged with conflict of interest in a civil complaint filed in U.S. District Court for the District of Columbia. This Washington Field Office investigation resulted in evidence that the official entered into employment negotiations with a Department contractor performing work for JMD. In September 1998, the official oversaw the award of an additional contract to this contractor and soon thereafter resigned from the Department to accept a position with the contractor. The complaint was subsequently dismissed with prejudice pursuant to a settlement agreement between the official and the U.S. Government.

### Civil Rights

- In the Central District of California, a BOP correctional officer assigned to USP Lompoc was alleged to have physically abused and used racial slurs toward a detained inmate. The OIG Los Angeles Field Office and the Department's Civil Rights Division in Washington, D.C., conducted the joint investigation. When faced with an interview, the employee resigned from BOP. Prosecution was subsequently declined.
- Our September 1998 *Semiannual Report to Congress* first reported on a case in the Southern District of Texas in which an INS immigration inspector was convicted on charges of bribery, fraud, and deprivation of rights under color of law. An investigation by the McAllen Field Office, assisted by the FBI, developed evidence that the immigration inspector demanded sexual favors from a female Mexican citizen in return for fraudulent immigration documents

he had seized and that he committed a willful sexual assault while acting under color of law. During this reporting period, the immigration inspector was sentenced to 15 years' and 9 months' incarceration and 3 years' supervised release. Following his release from prison, the immigration inspector must register as a sex offender and is prohibited from pursuing any type of law enforcement employment.

## Investigations Statistics

The following chart summarizes the workload and accomplishments of Investigations during the 6-month period ending September 30, 1999.

<b>Investigations Statistics</b>	
<b>Source of Allegations</b>	
Hotline (telephone and mail)	582
Other sources	3,733
Total allegations received	4,315
<b>Investigative Caseload</b>	
Investigations opened this period	353
Investigations closed this period	352
Investigations in progress as of 3/31/99	527
<b>Prosecutive Actions</b>	
Criminal indictments/informations	79
Arrests	78
Convictions/Pleas	70
<b>Monetary Results</b>	
Fines/Restitutions/Recoveries	\$1,789,090
Seizures	\$108,703
Bribe monies deposited to the Treasury	\$106,100

### Audit Division

### Overview and Highlights

**T**he Audit Division (Audit) reviews Department organizations, programs, functions, computer technology and security systems, and financial statements. Audit also conducts or oversees external audits of expenditures made under Department contracts, grants, and other agreements. Audits are conducted in accordance with the Comptroller General's *Government Auditing Standards* and related professional auditing standards. Audit produces a wide variety of audit products designed to provide timely notification to Department management of issues needing attention. It also assists the Investigations Division in complex fraud cases.

Audit works closely with Department management to develop recommendations for corrective actions that will resolve identified weaknesses. By doing so, Audit remains responsive to its customers and promotes more efficient and effective Department operations. During the course of regularly scheduled work, Audit also lends fiscal and programmatic expertise to Department components.

Audit has seven field offices across the country—in Atlanta, Chicago, Dallas, Denver, Philadelphia, San Francisco, and Washington, D.C. Audit's Financial Statement Audit Office and Computer Security and Information Technology Audit Office also are located in Washington, D.C. Audit Headquarters consists of the immediate office of the Assistant Inspector General for Audit, the Office of Operations, the Office of Policy and Planning, and an Advanced Audit Techniques Group. Auditors and analysts have formal education in fields such as accounting, program management, public administration, computer science, information systems, and statistics.

The field offices' geographic coverage is indicated on the map below. The San Francisco office also covers Alaska and Hawaii, and the Atlanta office also covers Puerto Rico and the U.S. Virgin Islands.



## **Overview and Highlights**

During this reporting period, Audit issued 300 audit reports containing more than \$10.5 million in questioned costs and \$504 million in funds to better use and made 401 recommendations for management improvement. Specifically, we issued 18 internal reports of programs funded at more than \$6.3 billion; 53 external reports of contracts, grants, and other agreements funded at more than \$58 million; 141 audits of bankruptcy trustees with responsibility for funds of more than \$216 million; and 88 Single Audit Act audits. Audit issued one Management Information Memorandum, one Investigative Assistance Memorandum, three Notifications of Irregularity, and eight Management Letter Transmittals.

### **Significant Audit Products**

#### **Summary of Police Hiring and Redeployment Grants Audits**

The Violent Crime Control and Law Enforcement Act of 1994 (Crime Act) authorized the Attorney General to implement, over six years, an \$8.8 billion grant program for state and local law enforcement agencies to hire or redeploy 100,000 additional officers to perform community policing. Our summary report consolidates the results of 149 audits performed from October 1996 through September 1998 of grantees receiving funds totaling \$511 million.

Although our universe of grantees was not selected randomly and, therefore, our results may not be representative of all grantees, the frequency and magnitude of issues identified in our grant audits indicate that significant numbers of jurisdictions audited are: (1) overestimating salaries and benefits or including unallowable costs in reimbursement requests, (2) using federal funds to supplant local funds, (3) not making a good-faith effort to fill locally-funded sworn officer positions, (4) not submitting or submitting late status reports to the Office of Community Oriented Policing Services (COPS) and the Office of Justice Programs (OJP), and (5) not establishing systems to track the redeployment of officers into community policing. We also concluded that some jurisdictions may have difficulty retaining COPS-funded officer positions with local funds at the conclusion of the grants.

### **Management and Administration of the COPS Grants Program**

This program audit reviewed COPS' and OJP's administration of the \$8.8 billion community policing grant program. We evaluated (1) COPS' ability to meet the President's goal to put 100,000 additional police officers on the street by FY 2000, (2) COPS' and OJP's monitoring of grantees, and (3) the quality of guidance provided to grantees to assist them in implementing essential grant requirements.

We found that the COPS grants will not result in 100,000 additional officers on the streets by the end of FY 2000 because:

- COPS projects that only 59,765 of the 100,000 officers funded will be deployed by the end of FY 2000.
- Law enforcement agencies had not accepted approximately \$485 million in grant funds for 7,722 officers for an average of 1 year after the designated acceptance period.
- COPS counted grants for another \$96 million and 2,526 officers towards the 100,000 goal, although the formal grant award documents had not been mailed to the grantees.

### **Significant Audit Products**

- Grantees had terminated at least 500 grants for 1,300 officer positions during the first 4 years of the COPS program, and COPS had not deobligated 127 of those grants totaling about \$15.1 million.
- Of the 67 grantees we audited with the Making Officer Redeployment Effective (MORE) grants, 78 percent could not demonstrate they had or would redeploy officers from administrative duties to the streets.
- Grantees will not be required to retain through FY 2000 at least 31,091 of the total funded officer positions.
- Of the 147 grantees we tested for supplanting, 41 percent had indications that COPS grant funds were used to supplant local funds, which could result in fewer, if any, additional officers on the street.

We also determined that many grantees did not submit the required program monitoring and financial reports and that COPS' on-site monitoring reviews did not consistently cover all grant conditions. Moreover, COPS and OJP did not adequately follow up on deficiencies found in on-site reviews to ensure that the deficiencies were corrected.

### **COPS Issues in Dispute - The Audit Resolution Process**

Almost every COPS grant audit report summarized in our April 1999 *Summary of Police Hiring and Redeployment Grant Audits* was appealed by COPS. Although COPS previously agreed with nearly all of our findings after its initial review of our grant reports, COPS now disputes virtually all audit findings in the areas of supplanting, retention, community policing, and redeployment. COPS appealed these findings to the Audit Resolution Committee (ARC), which is chaired by the Deputy Attorney General.

In June 1999, at the request of the Deputy Attorney General, the OIG agreed to select a sample of 40 findings (10 from each of the four categories noted above) for ARC's use in resolving the dispute. In August 1999, the Department hired a mediator/fact finder to resolve the disagreements between the OIG and COPS arising from this sample. Failing mediation, the mediator has been commissioned to submit recommended findings and proposed decisions to the Deputy Attorney General. As formulated, the inquiry addresses whether, at the time of the audit, the grantee was in compliance<sup>3/4</sup>irrespective of whether the grantee provided such information to the OIG auditors. The process is ongoing, with the mediator's report due to the Deputy Attorney General in November 1999.



## **The Department's Counterterrorism Fund**

In July 1995, in the wake of the Oklahoma City bombing, Congress created the Department of Justice Counterterrorism Fund (the Fund), under the administration of JMD, to assist Department components in responding to threats of terrorism. For FYs 1995 through 1998, Congress appropriated over \$133 million to the Fund, of which about \$106 million has been obligated to Department components for reimbursement of certain counterterrorism expenses.

### **Significant Audit Products**

Although JMD maintains strong controls over the initial approval of planned expenditures, our audit of the Fund revealed that JMD needs to take a more proactive approach to its administrative duties and the actual expenditure of funds. Our review of transactions totaling almost \$26 million revealed over \$4 million (16 percent) in dollar-related deficiencies including \$1.1 million in funds disseminated through the FBI to state, local, and non-Department federal agencies that were either improperly used or could be better used elsewhere and a total of \$2.9 million that Department components improperly used or could not support.

The need for stronger management controls is especially important in light of congressional action that has greatly increased the Fund balance. Approximately \$145 million has been allocated to the Fund for FY 1999, a significant increase over past appropriations.

### **Y2K Efforts at DEA**

Department components are responsible for identifying and correcting Y2K problems within their mission-critical computer systems. We initiated this review to determine the effectiveness of DEA initiatives to address the Y2K computer problem. At the time of our review, we had concerns regarding the thoroughness of the Independent Verification & Validation review process because of inadequate or missing evidence to support that DEA's mission-critical systems would be operable on January 1, 2000. We examined eight of DEA's mission-critical systems and found issues with six. At the time of our review, we were concerned that the 28 systems we did not review may

have issues similar to those discussed in our report. However, subsequent to our review, DEA provided documentation that mitigated our concerns about these 28 systems as well as those we examined.

### **Follow-up Review of INS' Management of Automation Programs**

We performed a follow-up audit of INS' management of its \$2.8 billion automation programs. In our March 1998 audit, we reported that INS had not adequately managed its automation programs despite the fact that it already spent almost \$500 million on these programs.

We found that INS still does not adequately manage its automation programs despite the fact that it now has spent over \$800 million on these programs. As a result, (1) estimated completion dates for some projects have been delayed without explanations for the delays, (2) costs continue to spiral upward without justification for how the funds are spent, and (3) projects are nearing completion without assurance that they will meet performance and functional requirements. We recommended a series of improvements to INS' management of the automation initiatives. INS concurred with each of the recommendations and prepared an implementation plan to correct the deficiencies.

### **Department Financial Statement Audits**

The Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994 require financial statement audits of the Department. Audit oversees and issues the reports based on the work performed by independent public accountants. During this reporting period, we issued reports for the following Annual Financial Statements for FY 1998:

### **Significant Audit Products**

- Assets Forfeiture Fund and Seized Asset Deposit Fund
- Drug Enforcement Administration
- Federal Bureau of Investigation

- Federal Prison System
- Immigration and Naturalization Service
- Offices, Boards, and Divisions
- Office of Justice Programs
- United States Marshals Service
- Working Capital Fund

Each of these audits was performed in support of the FY 1998 Consolidated Department of Justice audit, which was issued in the prior semiannual period and resulted in a disclaimer of opinion on the consolidated financial statements. A comparison of the audit results for FY 1998 and FY 1997 follows.

<b>Comparison of FY 1998 and FY 1997 Audit Results</b>				
<b>Reporting Entity</b>	<b>FY 1998</b>		<b>FY 1997</b>	
	<b>Balance Sheet</b>	<b>Other Financial Statements</b>	<b>Balance Sheet</b>	<b>Other Financial Statements</b>
Consolidated Department of Justice	D	D	D	D
Assets Forfeiture Fund and Seized Asset Deposit Fund	D	D	D	D
Drug Enforcement Administration	U	D	D	D
Federal Bureau of Investigation	U	U	Q	Q
Federal Prison System	Q	Q	Q	Q
Immigration and Naturalization Service	D	D	D	D
Offices, Boards, and Divisions	D	D	D	D
Office of Justice Programs	U	D	D	D
U.S. Marshals Service	D	D	D	D
Working Capital Fund	U	U	U	U

D - Disclaimer of Opinion  
Q - Qualified Opinion  
U - Unqualified Opinion

## Significant Audit Products

### Non-Tax Delinquent Debt in the Department

PCIE requested that federal IGs assess how effectively their agencies collect non-tax delinquent debt amounts and verify the reliability of accounts receivable balances. As of September 30, 1997, the Department reported \$29 million of non-tax delinquent over 180 days. This audit was conducted to verify the amount of non-tax delinquent debt that existed and the collectibility of this debt. In addition, the audit assessed the Department's debt management activities to ensure that it takes suitable measures to collect the delinquent debt before referring it to the U.S. Department of the Treasury (Treasury) for collection.

We selected three of the ten components within the Department that managed accounts receivables. These three components<sup>3/4</sup>INS, BOP, and the FBI<sup>3/4</sup>represented 81 percent of Department receivables. Based on our audit, we found that:

- BOP's delinquent receivables reported to Treasury for FY 1997 were inaccurate. The net value of the delinquent receivables was understated by \$4.2 million. An additional \$4.9 million of delinquent debt was aged improperly.
- INS' Debt Management Center (DMC) and Office of General Counsel (OGC) were not able to reconcile INS' debt status reported in the Debt Collection System (DCOS) database.
- The FBI collected most debts within 60 days and did not have a significant amount of delinquent user fee receivables during or at the end of FY 1997.

We recommended that BOP implement review procedures to ensure accurate reporting of receivables due from the public and that INS implement formal procedures to reconcile the debt referrals, based on the DCOS database, between the DMC and the OGC. Both components agreed with our recommendations.

### DEA's Hazardous Waste Cleanup and Disposal

DEA is allocated Assets Forfeiture Fund (AFF) monies annually for the removal and disposal of contaminated clandestine drug laboratory (clan lab) materials (considered hazardous waste) seized for forfeiture. Throughout the year, DEA requests reimbursement from AFF up to the allocated amount for cleanup costs it has incurred. Our audit, requested by JMD's Asset Forfeiture Management Staff (AFMS), assessed DEA's reimbursement requests and tested to determine if DEA was the seizing entity and actively involved in the case leading to the cleanup. We also reviewed certain contract management and fiscal controls, as well as costs associated with specific, possibly questionable, cleanups identified by AFMS.

We found that almost all of the costs comprising the reimbursement requests we reviewed were, as required, for hazardous waste cleanup and disposal. However, DEA requested reimbursement of at least \$1.2 million from AFF in FYs 1997 and 1998 for the cleanup and disposal of hazardous waste assets for which proof of seizure and forfeiture was lacking. Further, we found that DEA field offices were not entering seizure data into the Consolidated Asset Tracking System as required, which prevents DEA's Asset Forfeiture Section from processing the forfeitures. About one-third of the cleanups we reviewed lacked clear evidence of DEA involvement

### **Significant Audit Products**

or other federal seizure activity. During the period covered by our audit, there was little DEA verification of contractors' labor and waste quantity claims. However, we did find that the fiscal management controls we reviewed were essentially sound. DEA agreed with the audit recommendations and is taking actions to correct the deficiencies noted.

#### **SafeFutures**

SafeFutures: Partnerships to Reduce Youth Violence and Delinquency (SafeFutures) is a 5-year demonstration grant program to help six communities reduce juvenile delinquency by implementing a range of prevention and intervention programs. SafeFutures consists of nine specific program components with numerous statutory and fiscal program restrictions. SafeFutures' overall intent is to change the way grantee communities deal with at-risk and delinquent youth. OJP's OJJDP administers

the program. Each grantee will receive up to \$1.4 million per year, for a total of about \$7 million, to implement the program components and reform its existing service delivery system. Total program costs will be about \$42 million. We audited the program to determine if (1) the design of SafeFutures is sound and generally conducive to success; (2) grants were properly solicited, selected, and awarded; and (3) the program is being adequately managed by OJP and OJJDP.

We found that the solicitation, selection, and award processes for SafeFutures grants were generally in compliance with established requirements and procedures, and the selection of the grantees was fair but that monitoring controls were weak and some official grant files were incomplete. Although OJJDP tried to be flexible where possible, it should consider obtaining enabling legislation or funding that will allow it to design future comprehensive programs with more programmatic and fiscal flexibility. We recommended strengthening management controls, clarifying program responsibility, and ensuring compliance with requirements. OJP concurred with our recommendations and implemented a variety of corrective actions.

### **INS and EOIR Affirmative Asylum Program**

INS asylum officers and Executive Office for Immigration Review (EOIR) immigration judges administer the nation's asylum program. The asylum program allows aliens legally or illegally in this country to apply to INS for asylum. To be granted asylum, aliens must demonstrate a well-founded fear of persecution in their home country because of race, religion, nationality, political opinion, or membership in a social group. In 1994, the Department implemented major reforms to address the increasing backlog of asylum cases and public concerns over abuse of the asylum program. These reforms included new asylum regulations that became effective in 1995.

We found that the 1995 asylum reforms resulted in more timely case completions and significantly reduced the backlog of asylum cases. However, while the new regulations streamlined procedures and promoted efficiency, they did little to build in necessary protections and mechanisms to maintain quality control. Also, INS did not ensure the asylum applicants' identities were firmly established through fingerprinting and FBI record checks. Further, we found that INS was not successful in deporting applicants denied asylum. According to INS records, of the

approximately 69,600 denied asylum seekers who were issued deportation orders from FYs 1993 to 1996, only 6,500 were actually deported. We recommended that INS strengthen the supervisory review of asylum officers' written case assessments, improve data gathering for denied asylum applicants, and establish a tracking system to ensure that rejected or unclassifiable fingerprint charts are resubmitted to the FBI for complete record checks before granting asylum.

## **Trustee Audits**

Audit conducts performance audits of panel trustees under a reimbursable agreement with EOUST. Private trustees are selected and supervised by U.S. Trustees and serve on panels. The panel trustees are appointed to collect, liquidate, and distribute personal and business cases under Chapter 7 of Title 11 of the Bankruptcy Code. As a representative of the bankruptcy estate, the panel trustee serves as a fiduciary, protecting the interests of all estate beneficiaries, including both creditors and debtors. Financial and compliance audits are performed of Chapter 12 family farmer trustees to evaluate the adequacy of the trustees' accounting systems and related internal controls and compliance with major statutes.

In addition to the statutory requirement to file a final account of the administration of the estate with the court, the panel trustee must provide to the U.S. Trustee an interim report at least every six months for bankruptcy cases with assets. Our audits include determinations of whether the interim reports are complete and accurate and the panel trustee has maintained sufficient management controls over estate assets.

Additionally, we review the panel trustees' banking and accounting practices and test accounting transactions. During this reporting period, we issued 140 reports detailing the results of our performance audits of panel trustees and 1 report on a Chapter 12 bankruptcy case.

Our reports are issued to EOUST and include findings such as the failure of the panel trustees to deposit money in a timely manner, invest estate funds properly, and document support for all sales and disbursements. Although the frequency of such occurrences is declining, our reports continue to disclose disbursements that were not properly authorized and sales that were made without obtaining a court order. We also found frequent failures by trustees to adhere to EOUST guidelines for reporting assets and related transactions.

## **Single Audit Act**

The Single Audit Act requires recipients of federal funds to arrange for audits of their activities. Federal agencies that provide awards must review these audits to determine

whether prompt and appropriate corrective action has been taken in response to audit findings.

During this reporting period, Audit reviewed and transmitted to OJP 88 reports encompassing 256 Department contracts, grants, and other agreements totaling more than \$113 million. These audits report on financial activities, compliance with applicable laws, and the adequacy of recipients' management controls over federal expenditures.

## **Audit Follow-Up**

### **OMB Circular A-50**

OMB Circular A-50, *Audit Follow-Up*, requires audit reports to be resolved within six months of the audit report issuance date. The status of open audit reports is continuously monitored to track the audit resolution and closure process. As of September 30, 1999, the OIG had closed 241 audit reports and was monitoring the resolution process of 352 open audit reports.

### **Unresolved Audits**

#### **Audits Over Six Months Old Without Management Decisions or in Disagreement**

As of September 30, 1999, the following audits had no management decision or were in disagreement:

- Baton Rouge, Louisiana, Police Department
- Bristol, Virginia, Police Department
- East Point, Georgia, Police Department
- FBI Fingerprint and Biographical Check Services to the INS
- Maryland State Police



- Oxford, Michigan, Emergency Safety Authority
- Use of DOJ Funds by the Calumet Park, Illinois, Police Department
- USMS Air Maintenance Contract with Stambaugh's Air Service
- USMS Intergovernmental Service Agreement for Detention Facilities with the Lexington County, South Carolina, Sheriff's Office
- USMS Intergovernmental Service Agreement for Detention Facilities with the City of Mansfield, Texas
- USMS Intergovernmental Service Agreement for Detention Facilities with Multnomah County, Oregon, Sheriff's Department
- USMS Intergovernmental Service Agreement for Detention Facilities with Plymouth County, Massachusetts
- Victoria County, Texas, Sheriff's Department

## **Unresolved Audits**

### **Audits with Revised Management Decisions**

As of September 30, 1999, the following COPS audits, which COPS previously agreed with, are now considered unresolved pending resolution by the Department's mediator/fact finder as part of the ARC process.

- Atlanta, Georgia, Police Department
- Boston, Massachusetts, Police Department
- Charlotte-Mecklenburg, North Carolina, Police Department
- Cleveland, Ohio, Police Department

- Kickapoo Tribe, Oklahoma, Police Department
- Los Alamos County, New Mexico, Police Department
- Lowell, Massachusetts, Police Department
- Middletown, New Jersey, Police Department
- New Brunswick, New Jersey, Police Department
- Oakland, California, Police Department
- Pasadena, California, Police Department
- Pinellas Park, Florida, Police Department
- Pittsburgh, Pennsylvania, Police Department
- Richmond, California, Police Department
- Standing Rock Sioux Tribe, North Dakota
- Starr County, Texas, Sheriff's Department
- Syracuse, New York, Police Department
- Talladega, Alabama, Police Department
- Youngstown, Ohio, Police Department

Additionally, the OIG and the COPS Office disagree on previously resolved recommendations contained in the Lavon, Texas, and Fort Worth, Texas, Police Department audit reports. Therefore, these two reports have revised management decisions.

### Enhanced Revenues

Audit Reports	Number of Audit Reports	Enhanced Revenues
No management decision made by beginning of period	2	\$978
Issued during period	0	\$0
Needing management decision during period	2	\$978
Management decision made during period: --Number management agreed with	2	\$978
No management decision at end of period	0	\$0

### Funds Recommended to be Put to Better Use

Audit Reports	Number of Audit Reports	Funds Recommended to be Put to Better Use
No management decision made by beginning of period	4	\$5,98,557
Issued during period	16	\$504,342,039
Needing management decision during period	20	\$510,322,596
Management decision made during period: --Amounts management agreed to put to better use <sup>1</sup> --Amounts management disagreed to put to better use	8 0	\$506,185,848 \$0
No management decision at end of period	12	\$4,136,748

<sup>1</sup> Includes instances where management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

## Audit Statistics

### Audits With Questioned Costs

Audit Reports	Number of Audit Reports	Total Questioned Costs (Including unsupported costs)	Unsupported Costs
No management decision made by beginning of period	30	\$28,280,178	\$4,996,620
Issued during period	49	\$10,537,328	\$3,995,885
Needing management decision during period	79	\$38,817,506	\$8,992,505
Management decision made during period: --Amount of disallowed costs <sup>1</sup> --Amount of costs not disallowed	33 1 <sup>2</sup>	\$26,516,593 \$98,752	\$3,593,778 \$0
No management decision at end of period	46	\$12,202,161	\$5,398,727
<p><sup>1</sup> Includes instances where management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.</p> <p><sup>2</sup> The audit report was not resolved during this reporting period because management has agreed with some, but not all, of the questioned costs in the audit.</p>			

### Audit Statistics

#### Audits Involving Recommendations for Management Improvements

Audit Reports	Number of Audit Reports	Total Number of Management Improvements Recommended
No management decision made by beginning of period	50	160
Issued during period	124	401
Needing management decision during period	174	561
Management decision made during period: --Number management agreed to implement <sup>1</sup> --Number management disagreed to implement	109 <sup>2</sup> 0	416 0

<sup>1</sup> Includes instances where management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

<sup>2</sup> This includes three audit reports that were not resolved during this reporting period. However, management has agreed to implement a number of, but not all, recommended management improvements in these audits.

## **Inspections Division**

### **Overview and Highlights**

**T**he Inspections Division (Inspections) provides the IG with an alternative mechanism to traditional audits and investigations through program evaluations and policy assessments that assess the effectiveness of Department operations. Inspections relies on its multidisciplinary workforce and ability to quickly address diverse issues.

Inspections is located in Washington, D.C., and is directed by the Assistant Inspector General for Inspections. The staff is composed of program analysts who are assigned to one of two evaluation offices—the Office of Immigration and Law Enforcement Evaluations or the Office of Corrections and Legal Evaluations. This structure enables Inspections to maintain subject matter expertise and establish collaborative relationships with Department component staff in their respective issue areas.

During this reporting period, Inspections assessed whether INS is justified in continuing its effort to remove the statutory exemption from payment of the immigration user fee afforded certain cruise ship passengers. Inspections also completed its assessment of individual grants awarded to eligible states under the Violent Offender Incarceration and Truth-in-Sentencing (VOI/TIS) Incentive grant program and issued a summary report on observations and findings from its 25 individual VOI/TIS grant reviews.

### **Significant Inspections**

#### **Cruise Ship Exemption from User Fees**

INS requested that the OIG review whether certain cruise ship passengers should be exempted from paying an immigration user fee. Each passenger, unless specifically exempted by law, must pay a \$6 immigration user fee for air or sea port-of-entry

inspection services. The single largest category of persons exempt from paying the fee are passengers on cruise ships operating in the Caribbean waters.

The Immigration User Fee Account (IUFA) funds INS inspection operations at air and sea ports-of-entry. The entities that issue passenger tickets collect and deposit immigration user fees into the IUFA. IUFA obligations are exceeding receipts; INS projects the IUFA will face a \$54 million deficit during FY 2000.

Our inspectors concluded that INS is justified in requesting the removal of the user fee exemption for cruise ship passengers who receive an inspection service. In 1990, Congress removed a similar exemption for airline passengers, citing a "fundamental inequity" that prevented the charging of all air passengers equally. Since FY 1994, cruise ship passengers have accounted for 9.48 percent of all INS inspections at air and sea ports-of-entry, yet have contributed only 0.59 percent of the fees collected.

However, our inspectors found that removal of the exemption for cruise ship passengers will be insufficient to provide INS a long-term solution to shortages in the IUFA. Therefore, INS must investigate other options to address the projected IUFA funding crisis or examine the issues related to the increasing costs of providing inspection services at air and sea ports-of-entry.

## **Significant Inspections**

### **Violent Offender Incarceration And Truth-in-Sentencing Incentive Grant Program: Summary of Findings and Recommendations**

Under the Crime Act, OJP awards grants to eligible states to increase secure confinement space for violent offenders and to encourage implementation of truth-in-sentencing (TIS) laws that require violent offenders to serve at least 85 percent of the sentence imposed.

At the Attorney General's request, inspectors conducted state reviews to ensure that the states were meeting program requirements, implementing TIS laws, and properly expending federal grant funds. From May 4, 1997, through March 31, 1999, the OIG reviewed and issued reports that evaluated the progress of 25 states in implementing and complying with the requirements of the VOI/TIS grant program. Inspectors

examined whether the states were planning to follow the TIS laws after federal funding ends, increasing bed space for violent offenders, and complying with other financial and programmatic requirements of the grant program. To accomplish these objectives, the inspectors examined four areas: the grant application information, TIS and state correctional strategies, state grant construction projects, and administrative and financial controls. The current report provides an overview of what we found in the individual reports.

We found the following trends:

- Application Information - Information provided by the states in their grant applications was reliable for grant decision-making by OJP. All states used automated inmate tracking systems to generate the application information. However, two states' tracking systems required some manual verification of the correctional data because of software and data entry errors. To help these states, we recommended that OJP provide technical assistance in automated data collection and management.
- TIS - Truth-in-Sentencing Incentive Grants influenced some states to enact TIS laws. Three of the 18 TIS states we visited said that the federal grant funds were a key influence on their decisions to enact TIS laws. Seven other states said that the grant funds were a partial influence. Overall, 15 of the 18 TIS states chose to increase the percentage of time served by violent offenders predominantly because of concern for public safety and public trust in the judicial system. States without TIS laws said that the cost of constructing new prison bed space for violent offenders, even with the help of federal grant funds, was too high.
- Correctional Strategies - The states were able to project their future inmate populations and prison capacities, although some states did not have the benefit of automated projection models or did not consider the effects of TIS. To help those states project prison populations, we recommended that OJP provide technical assistance to improve their projection methodologies.
- Grant Construction Projects - The states varied in their progress to increase secure confinement space for violent offenders. At the time of our reviews, the majority of projects to build new prisons or add beds to existing prisons were in the planning and design phase. Many projects had been delayed pending state legislatures' approval and appropriation of the grant funds and state matching funds. Also, the high costs of projects required some states to accumulate grant funds from several years until sufficient funds were available for the projects.

## Significant Inspections

- Administrative and Financial Controls - With few exceptions, the states had expended grant funds for allowable purposes and had adequate administrative and financial controls to manage and account for the funds. We identified insufficient matching funds, some unallowable costs, untimely disbursement of funds, and untimely and inaccurate reporting. We recommended that OJP ensure that the states (1) provide the appropriate matching funds for each VOI/TIS project, (2) remove any unallowable costs charged to grant funds, (3) develop procedures to ensure that federal cash on hand is the minimum needed for immediate disbursement, and (4) correct inaccuracies in past reports and submit accurate and timely reports in the future.

OJP and state officials have been responsive to the recommendations for corrective actions and have provided evidence that administrative and financial controls have improved. OJP also has offered technical assistance to states where needed.

## Other Activities

### Inspections Advisory Notice

During our inspection of the Cruise Ship Exemption from User Fees, the OIG found that the law and regulation defining which cruise ship passengers should be charged an immigration user fee were not interpreted uniformly within INS. The OIG brought the matter to the attention of INS management so it could be appropriately addressed.

## Follow-Up Activities

### Unresolved Inspections

DOJ Order 2900.10, *Follow-up and Resolution Policy for Inspection Recommendations by the Office of the Inspector General*, requires inspection reports



to be resolved within six months of the report issuance date. As of September 30, one INS inspection report, *Voluntary Departure: Ineffective Enforcement and Lack of Sufficient Controls Hamper the Process*, was unresolved. The OIG received INS' response to the inspection report and continues to work with INS to resolve it.

The chart below summarizes Inspections' accomplishments for the 6-month reporting period ending September 30, 1999.

### Inspections Statistics

Inspections Workload Accomplishments	Number of Inspections
Inspections active at beginning of period	13
Inspections canceled	4
Inspections initiated	3
Final inspection reports issued	2
Inspections active at end of reporting period	10

### AUDIT DIVISION REPORTS April 1, 1999 – September 30, 1999

#### INTERNAL AND EXTERNAL AUDIT REPORTS

Anne Arundel County, Maryland Police Department

Arlington, Texas Police Department

Arvada, Colorado Police Department

Assets Forfeiture Fund and Seized Asset Deposit Fund Annual Financial Statement for FY 1998

Beaufort, South Carolina Police Department

Berwyn, Illinois Police Department

Carlisle, South Carolina Police Department

Chicago Housing Authority

City of Arcade, Georgia

City of Denton, Texas Police Department

City of Sunset, Arkansas Police Department

Combat Domestic Violence Grant to the

City of Athens, Ohio

Department of Justice Counterterrorism Fund

Drug Court Improvement and Enhancement Initiative Grant to the Fourth Judicial Circuit Court, Jacksonville, Florida

Drug Enforcement Administration Annual Financial Statement for FY 1998

Drug Enforcement Administration Hazardous Waste Cleanup and Disposal

Encourage Arrest Policies Grant to the City of La Vergne, Tennessee

Englewood, Colorado Department of Safety Services

Federal Bureau of Investigation Annual Financial Statement for FY 1998

Federal Prison System Annual Financial Statement for FY 1998

Follow-up Review Immigration and Naturalization Service Management of Automation Programs

Hapeville, Georgia Police Department

Hayward, California Police Department

Healing Little Hearts Project Administered by Tender Hearts Against Family Violence, Inc.

Health and Welfare Adjustment Costs Claimed by Wackenhut Corrections Corporation

Immigration and Naturalization Service and the Executive Office for Immigration Review Affirmative Asylum Program

Immigration and Naturalization Service Annual Financial Statement for FY 1998

Implementation and Impact of the Comprehensive Homicide Initiatives by the Crime and Justice Research Institute

Kleburg County, Texas Constable Precinct 4

La Joya, Texas Police Department

Leesburg, Virginia Police Department

Management and Administration of the Community Oriented Policing Services Grants Program

Maryland-National Capital Park Police, Montgomery County Division, Silver Spring, Maryland

Nashua, New Hampshire Police Department

National Association of Drug Court Professionals

New York State Division for Youth Juvenile Boot Camp Construction Grant

Newport News, Virginia Police Department

Non-Tax Delinquent Debt in the Department of Justice Performed at the Request of the President's Council on Integrity and Efficiency

Office of Justice Programs Annual Financial Statement for FY 1998

Offices, Boards and Divisions Annual Financial Statement for FY 1998

Police Hiring and Redeployment Grants Summary of Audit Findings and Recommendations October 1996 – September 1998

Police Hiring Supplement to the City of Fitchburg, Massachusetts Police Department

Police Hiring Supplement to the Fort Pierce, Florida Police Department

Police Hiring Supplement to the Newport News, Virginia Police Department

Police Hiring Supplement to the Salisbury, Maryland Police Department

Police Hiring Supplement to the Tampa, Florida Police Department

Problem Solving Partnerships Grant to the City of Sunset, Arkansas

Pyramid Lake Paiute Tribal Police Department, Nevada

Rural Domestic Violence and Child Victimization Grant to the Council on Sexual Assault and Domestic Violence and Family Crisis Centers of Northwest Iowa

Rural Domestic Violence and Child Victimization Grant to the Massachusetts Department of Public Health, Bureau of Family and Community Health

SafeFutures: Partnerships to Reduce Youth Violence and Delinquency

Salisbury, Maryland Police Department

San Antonio, Texas Police Department

San Diego, California Police Department

Sheridan, Colorado Police Department

Shoshone and Arapaho Tribes Joint Business Council, Fort Washakie, Wyoming

Thornton, Colorado Police Department

Town of Lynchburg, South Carolina Police Department

United States Marshals Service Annual Financial Statement for FY 1998

Use of Equitable Sharing of Revenues by the Georgia Bureau of Investigation

Use of Equitable Sharing of Revenues by the New York State Department of Environmental Conservation, Division of Law Enforcement

Use of Equitable Sharing of Revenues by the Rhode Island State Police Department

Use of Equitable Sharing of Revenues by the Salisbury, Maryland Police Department

Use of Equitable Sharing of Revenues by the Texas Department of Public Safety

Use of Equitable Sharing of Revenues by the Wicomico County Narcotics Task Force, Maryland

Violence and Threats of Violence Against Women in America Grant to the Center for Policy Research

Violent Offender Incarceration Technical Assistance Grant to the Criminal Justice Institute

Weed and Seed Grants Administered by the Chicago Housing Authority

White Pine County, Nevada Sheriff's Department

Working Capital Fund Annual Financial Statement for FY 1998

Year 2000 Efforts at the Drug Enforcement Administration

### TRUSTEE AUDIT REPORTS

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SINGLE AUDIT ACT REPORTS OF  
DEPARTMENT OF JUSTICE ACTIVITIES

Battered Women's Alternatives, Inc.

Benton County, Iowa



Buchanan County, Iowa

Cass County, Michigan

Charter Township of Brandon, Michigan

Chesterfield County, Virginia for FY 1997

Chesterfield County, Virginia for FY 1998

Chicago Communities in Schools, Inc.

Citizens Crime Commission of Tarrant County, Texas

Clark County, Nevada

County Commissioners of Caroline County, Maryland

Gila River Indian Community, Arizona

Henderson County, Illinois

Illinois Criminal Justice Information Authority

International Educational Services, Inc.

Jefferson County Coalition on Substance Abuse, Inc. dba FOCUS

Kalkaska County, Michigan

Lasting Impressions Child Development Center, Inc. for FY 1997

Lasting Impressions Child Development Center, Inc. for FY 1998

Macatawa Area Coordinating Council

Marin County, California Major Crimes Task Force Authority

Multnomah County, Oregon

National Organization for Victim Assistance, Inc.

North Dakota Council on Abused Women's Services

Pawnee Nation of Oklahoma  
Permian Basin Rehabilitation House, Inc.  
Provo City Corporation, Utah  
Refugio County, Texas  
Roosevelt County, Montana  
Southwest Border Alliance  
St. Francois County, Missouri  
Stanislaus, California Drug Enforcement Agency

The Academy, Inc.  
The Circle Pines – Lexington Joint Police Commission  
The City of Adel, Iowa  
The City of Albia, Iowa  
The City of Belen, New Mexico for FY 1997  
The City of Belen, New Mexico for FY 1998  
The City of Broken Bow, Oklahoma  
The City of Brunswick, Ohio  
The City of Cherokee, Iowa  
The City of Conroe, Texas

The City of Cuyuhoga Falls, Ohio

The City of Desert Hot Springs,  
California

The City of El Paso, Texas

The City of Fitchburg, Wisconsin

The City of Grapevine, Texas

The City of Huntington Beach, California

The City of Ironwood, Michigan

The City of Kenner, Louisiana

The City of Kingman, Arizona

The City of Las Cruces, New Mexico

The City of Littleton, Colorado

The City of Manchester, Iowa

The City of Marion, Iowa for FY 1997

The City of Marion, Iowa for FY 1998

The City of Midwest City, Oklahoma

The City of Mission, Texas

The City of Newton, Kansas

The City of Parkers Prairie, Minnesota

The City of Pueblo, Colorado

The City of San Jose, California

The City of Scottsdale, Arizona

The City of Springfield, Michigan

The City of Warrenville, Illinois

The City of West Union, Iowa

The City of Wheaton, Illinois

The City of Wolf Point, Montana

The County of Barry, Michigan

The County of Missaukee, Michigan

The Justice Management Institute, Colorado

The State of Nebraska for FY 1997

The State of Nebraska for FY 1998

The State of New Mexico Crime Victims Reparation Commission

The State of Wyoming

The Town of Easton, Massachusetts

The Town of Hanson, Massachusetts

The Town of Mount Pleasant, Wisconsin

The Township of Atlas, Michigan

The University of Illinois

The Village of East Dundee, Illinois

The Village of Hempstead, New York

The Village of Holman, Wisconsin

The Village of North Aurora, Illinois

The Village of Pleasant Prairie, Wisconsin

The Village of Waunakee, Wisconsin

The Village of Willowbrook, Illinois

Williamson County, Illinois

AUDIT DIVISION REPORTS  
April 1, 1999 – September 30, 1999

Quantifiable Potential Monetary Benefits

<i><u>Audit Report</u></i>	<i>Questioned Costs</i>	<i>Unsupported Costs</i>	<i>Funds Put to Better Use</i>
Anne Arundel County, Maryland Police Department	\$261,768		\$10,407
Arvada, Colorado Police Department	\$53,730		
Beaufort, South Carolina Police Department	\$6,791	\$450	\$15,495
Carlisle, South Carolina Police Department	\$20,465	\$20,465	
Chesterfield County, Virginia for FY 1997	\$38,000		
Chesterfield County, Virginia for FY 1998	\$67,935		

Chicago Housing Authority Police Department	\$322,429		\$847,817
City of Arcade, Georgia Police Department	\$25,059	\$25,059	
City of Belen, New Mexico	\$4,899	\$4,899	
City of Huntington Beach, California	\$27,544		
City of Kenner, Louisiana	\$373,000		
City of Newton, Kansas	\$41,111		
City of Sunset, Arkansas Police Department	\$95,743		\$19,456
City of West Union, Iowa	\$17,707		
Combat Domestic Violence Grant to the City of Athens, Ohio	\$8,682	\$6,090	
Department of Justice Counterterrorism Fund	\$3,682,205	\$684,714	\$394,519
Drug Court Improvement and Enhancement Initiative Grant to the Fourth Judicial Circuit Court, Jacksonville, Florida	\$266,000	\$266,000	
Drug Enforcement Administration Hazardous Waste Cleanup and Disposal	\$1,221,214	\$1,221,214	
Encourage Arrest Policies Grant to the City of La Vergne, Tennessee	\$587,935	\$587,935	
Englewood, Colorado Department of Safety Services	\$125,453		
Hapeville, Georgia Police Department	\$169,914	\$112,804	

Hayward, California Police Department	\$4,140		
Healing Little Hearts Project Administered by Tender Hearts Against Family Violence, Inc.	\$18,888	\$540	
Implementation and Impact of the Comprehensive Homicide Initiatives by the Crime and Justice Research Institute	\$1,489		
International Educational Services, Inc.			\$8,891
Kleberg County, Texas Constable Precinct 4			\$129,659
La Joya, Texas Police Department	\$172,846	\$172,846	\$163,388
Leesburg, Virginia Police Department	\$73,478		
Management and Administration of the Community Oriented Policing Services Grants Program			\$500,300,000
Nashua, New Hampshire Police Department	\$27,976	\$27,976	
National Association of Drug Court Professionals	\$148,142	\$74,102	
Newport News, Virginia Police Department	\$601,782	\$112,374	\$1,966,271
Permian Basin Rehabilitation House, Inc.	\$124		
Police Hiring Supplement to the Fort Pierce, Florida Police Department	\$174,729		
Police Hiring Supplement to the Newport News, Virginia Police Department	\$119,082		
Police Hiring Supplement to the Tampa, Florida Police Department	\$583,462	\$1,406	
Problem Solving Partnerships Grant to the City of Sunset, Arkansas	\$47,338	\$22,325	\$1,375
Pyramid Lake Paiute Tribal Police Department, Nevada	\$67,784	\$46,384	\$59,274

Refugio County, Texas	\$115,114		
Rural Domestic Violence and Child Victimization Grant to the Council on Sexual Assault and Domestic Violence and Family Crisis Center of Northwest Iowa	\$10,855		
Salisbury, Maryland Police Department	\$851		
Sheridan, Colorado Police Department			\$8,395
Shoshone and Arapaho Tribes Joint Business Council, Fort Washakie, Wyoming	\$30,506	\$30,506	
<b>USDOJ/OIG - Semiannual Report to Congress, October 1, 1998 - March 31, 1999</b> <span style="float: right;"><b>Page A-14</b></span>			
Southwest Border Alliance	\$12,850		
Thornton, Colorado Police Department			\$1,216
Town of Lynchburg, South Carolina Police Department	\$8,491	\$8,491	
Use of Equitable Sharing of Revenues by the New York State Department of Environmental Conservation, Division of Law Enforcement	\$2,291	\$931	
Use of Equitable Sharing of Revenues by the Salisbury, Maryland Police Department	\$52,037	\$52,037	
Use of Equitable Sharing of Revenues by the Texas Department of Public Safety	\$100,909		
Village of North Aurora, Illinois	\$4,860		
Violence and Threats of Violence Against Women in America Grant to the Center for Policy Research	\$540	\$540	



Violent Offender Incarceration Technical Assistance Grant to the Criminal Justice Institute	\$167,302	\$152,932	
Weed and Seed Grants Administered by the Chicago Housing Authority	\$531,618	\$362,865	\$80,200
White Pine County, Nevada Sheriff's Department	\$40,260		\$335,676
<b>Total</b>	<b>\$10,537,328</b>	<b>\$3,995,885</b>	<b>\$504,342,039</b>

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### Glossary of Terms

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

**Alien:** Any person who is not a citizen or national of the United States.

**Court Referral:** A situation in which an asylum officer finds an alien's claim and/or documentation provided in the original asylum interview questionable and therefore refers the alien's case to the INS court for a formal hearing.

**Disclaimer of Opinion:** Unavailability of sufficient competent evidence to form an opinion.

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

**Information:** Formal accusation of a crime made by a prosecuting attorney as distinguished from an indictment handed down by a grand jury.

**Internal Audit Report:** The results of audits and related reviews of Department 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.

**National:** A person owing a permanent allegiance to a nation.

**Port-of-Entry:** Any location in the United States or its territories that is designated as a point of entry for aliens and U.S. citizens.

**Qualified Opinion:** The judgment by the certified public accountant in the audit report that "except for" something, the financial statements fairly present the financial position and operating results of the component.

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

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

**Restitution Funds:** Payments to victims of crimes or civil wrongs ordered by courts as part of a criminal sentence or civil or administrative penalty.

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

**Supplant:** To deliberately reduce or replace state or local funds with federal funds.

**Unqualified Opinion:** The judgment of the certified public accountant who has no reservation as to the fairness of the component's financial statements.

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

## APPENDIX 3

### Acronyms and Abbreviations

The following are acronyms and abbreviations used in the report.

<b>AIGI</b>	Assistant Inspector General for Investigations
<b>Audit</b>	Audit Division of the Office of the Inspector General
<b>BOP</b>	Bureau of Prisons
<b>COPS</b>	Office of Community Oriented Policing Services
<b>Crime Act</b>	Violent Crime Control and Law Enforcement Act of 1994
<b>CUSA</b>	Citizenship U.S.A.
<b>DEA</b>	Drug Enforcement Administration
<b>Department</b>	U.S. Department of Justice
<b>DOJ</b>	U.S. Department of Justice
<b>EOUST</b>	Executive Office for U.S. Trustees
<b>FBI</b>	Federal Bureau of Investigation
<b>FCI</b>	Federal Correctional Institution
<b>FY</b>	Fiscal Year
<b>GPRA</b>	Government Performance and Results Act
<b>IG</b>	Inspector General
<b>IG Act</b>	Inspector General Act of 1978, as amended
<b>INS</b>	Immigration and Naturalization Service
<b>Inspections</b>	Inspections Division of the Office of the Inspector General
<b>Investigations</b>	Investigations Division of the Office of the Inspector General
<b>IRS</b>	Internal Revenue Service
<b>JMD</b>	Justice Management Division
<b>M&amp;P</b>	Management and Planning Division of the Office of the Inspector General
<b>OIG</b>	Office of the Inspector General

<b>OJJDP</b>	Office of Juvenile Justice and Delinquency Prevention
<b>OJP</b>	Office of Justice Programs
<b>OMB</b>	Office of Management and Budget
<b>PCIE</b>	President's Council on Integrity and Efficiency
<b>SIRU</b>	Special Investigations and Review Unit of the Office of the Inspector General
<b>Treasury</b>	U.S. Department of the Treasury
<b>USAO</b>	U.S. Attorney's Office
<b>USMS</b>	U.S. Marshals Service
<b>USP</b>	U.S. Penitentiary
<b>VCRTF</b>	Violent Crime Reduction Trust Fund
<b>Y2K</b>	Year 2000

## APPENDIX 4

### Reporting Requirements Index

*The Inspector General Act of 1978, as amended, specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.*

<b>IG Act References</b>	<b>Reporting Requirement</b>	<b>Page</b>
Section 4(a)(2)	Review of Legislation and Regulations	9
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	11 - 37
Section 5(a)(2)	Significant Recommendations for Corrective Actions	21 - 37
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	29
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	11 - 19

Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	A-1 to A-14
Section 5(a)(7)	Summary of Significant Reports	11 - 37
Section 5(a)(8)	Audit Reports - Questioned Costs	32
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Section 5(a)(12)	Significant Management Decisions with Which the OIG Disagreed	29 - 30

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<b>OIG</b>	Office of the Inspector General
<b>OJJDP</b>	Office of Juvenile Justice and Delinquency Prevention
<b>OJP</b>	Office of Justice Programs
<b>OMB</b>	Office of Management and Budget
<b>PCIE</b>	President's Council on Integrity and Efficiency
<b>SIRU</b>	Special Investigations and Review Unit of the Office of the Inspector General
<b>Treasury</b>	U.S. Department of the Treasury
<b>USAO</b>	U.S. Attorney's Office
<b>USMS</b>	U.S. Marshals Service

**USP** U.S. Penitentiary  
**VCRTF** Violent Crime Reduction Trust Fund  
**Y2K** Year 2000

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