

U. S. Department of Justice
Office of the Inspector General
Semiannual Report to Congress
October 1, 1997 - March 31, 1998

April 30, 1998

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

Dear Madam Attorney General:

This year marks the twentieth anniversary of the Inspector General Act. This anniversary affords the opportunity for an assessment across the government of how the Inspector General (IG) concept is working in practice and whether any changes need to be made in order for Offices of Inspector General (OIGs) to serve more effectively the important oversight role envisioned by the IG Act. This assessment is being carried out across the IG community, in Congress, and within each OIG.

As part of this process, OIGs are taking a hard look at ourselves -- about the way we do business and how we fit in with the programs and operations of our Departments and agencies. On a continuing basis, we review the process by which we conduct investigations, audits, and inspections. We try to be responsive to constructive criticism and to learn from our mistakes and failures, as well as from our successes. In recent months, extremely important questions concerning the oversight of OIGs have been raised, as well as more specific concerns about the investigative practices used by OIGs. Although the questions concerning investigative practices have been raised in the context of specific investigations conducted by other OIGs, they have nonetheless caused us to review our own policies, procedures, and practices to make sure that we uphold the highest standards of the law enforcement community. These issues, and others of substantial significance to the IG community, are currently the subject of a series of congressional hearings. We fully support the close examination of these important subjects because we believe strongly that an entity with the important authority and responsibilities of an OIG should not be immune from scrutiny and appropriate oversight. We embrace the notion that we can benefit from fair and objective efforts to assess our operations.

As you know, the Department of Justice OIG has not yet reached its tenth anniversary, and yet we continue to build a solid record of accomplishment. In many instances, we do so in conjunction with other agencies. During the past six months, we joined with the Federal Bureau of Investigation and eight other federal, state, and county law enforcement agencies to form the South Texas Public Corruption Task Force, which focuses on drug-related public corruption in South Texas and along the Southwest Border. This further commits the OIG to participating in border corruption and civil rights task forces along the Southwest Border, as we have done in San Diego and elsewhere. Together with the Immigration and Naturalization Service (INS), we conducted an investigation of citizenship testing fraud that led to the indictment of 20 people alleged to have subverted the testing process. In addition to our involvement at the field and operational level, we also have made important contributions to various other aspects of law enforcement practice and policy. During this reporting period, based on the recommendation of the current Director of the Office of Investigative Agency Policies (OIAP), you made us a full member of the OIAP. I view this as recognition of the dual role we play in the Department: as an active investigative agency that, in its corruption and fraud investigations, faces many of the same issues and problems as other investigative agencies; and as the component bearing important responsibility for the oversight of the other law enforcement agencies within the Department.

In addition to these efforts, we have placed substantial emphasis in this reporting period on issues relating to the use of computer technology in the Department. We completed a thorough review of the use of IDENT fingerprint technology by the Border Patrol along the Southwest Border, assessing its use as an enforcement tool. We completed an extensive review of a broad range of computer technology and automation initiatives in the INS; we are in the process of conducting an immediate follow-up audit because of the problems we identified in the audit and because of the large amounts of money being committed to these programs. Finally, we are playing a role in assessing and monitoring the Department's efforts to deal with the Year 2000 problem. As computer and information technology continue to play ever-expanding roles in the Department, I expect our oversight of such programs to continue.

We very much appreciate your continuing interest in and support for our work.

Very truly yours,

Michael R. Bromwich
Inspector General

OIG Profile

By Act of Congress, the Office of the Inspector General (OIG) was established in the 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 its 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. Also by statute, the OIG reports to the Attorney General, Congress, and the public on a semiannual basis regarding the significant work of the office. Many of our reports are available on the OIG's Website at the following Internet address: <<http://www.usdoj.gov/oig>>.

The OIG carries out its mission with a workforce of approximately 480 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, the Management and Planning Division, the Office of General Counsel, and the Inspector General's immediate office -- are located in Washington, D.C.

The OIG's Fiscal Year (FY) 1998 direct appropriation is \$33,211,000. The OIG also expects reimbursement from (1) the Immigration and Naturalization Service (INS) for \$5.0 million for audit, inspections, and investigative oversight work related to INS fee accounts; (2) the Executive Office for U.S. Trustees for \$1.4 million for trustee audits; (3) the Working Capital Fund and other Department components for \$7.5 million for costs incurred to comply with the statutory requirements of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994 to complete a consolidated Department financial statement audit in FY 1998; (4) INS for \$3.7 million to cover the cost of a congressionally mandated investigation into Citizenship U.S.A. allegations; and (5) the Violent Crime Reduction Trust Fund (VCRTF) for \$3.8 million for oversight of law enforcement grant programs funded through VCRTF.

Special Inquiries

Several OIG investigations are of significant interest to the American public and Congress and of vital importance to the Department. Teams working on these cases include senior attorneys, special agents, auditors, and inspectors. The following pages highlight these complex OIG investigations. Completed special investigative reports, except as noted, are available on the OIG Website at <<http://www.usdoj.gov/oig>>.

Allegations of Cocaine Trafficking by the CIA and the Nicaraguan Contras

The OIG completed an investigation into allegations of drug trafficking by persons associated with the Central Intelligence Agency (CIA) and the Nicaraguan Contras (Contras). This investigation was initiated at the request of members of Congress after a public outcry over allegations contained in a series of articles in the *San Jose Mercury News*. The articles suggested that the CIA, working with supporters of the Contras, was involved in the importation of crack cocaine into Los Angeles in the 1980s.

The OIG investigation focused on the Department's investigations and prosecutions regarding various aspects of these allegations. Our investigative team reviewed over 40,000 relevant documents collected from Department components and conducted over 200 witness interviews throughout the United States and Nicaragua. We coordinated our investigation with the CIA's OIG, which engaged in a related inquiry focused on the CIA's conduct in these matters.

Our report was scheduled for release in mid-December 1997. However, the Attorney General invoked her authority to delay its release, pursuant to the Inspector General Act of 1978, as amended, "because of law enforcement concerns unrelated to the ultimate conclusions reached in [the] report." We expect the report to be released when the law enforcement concerns have abated.

Bombs in Brooklyn

This OIG investigation examined how two illegal aliens, Gazi Ibrahim Abu Mezer and Lafi Khalil, entered and remained in the United States before their July 1997 apprehension in Brooklyn for allegedly planning to bomb the New York City subway system.

We found that the INS Border Patrol arrested Mezer three times in seven months for attempting to enter the United States from Canada. Twice, he voluntarily returned to

Canada. After the third arrest, INS began formal deportation proceedings but Mezer was released on bond while the proceedings were pending.

The Washington Times Wednesday, April 8, 1998

Report on bomb plot cites border control shortcomings

By Jerry Soper
THE WASHINGTON TIMES

Two suspects in a New York bombing plot were able to enter the country illegally last year because of "systemic problems in controlling the United States' borders," a Justice Department report says.

The department's inspector general's office said the two suspects, Gazi Ibrahim Abu Mezer and Lafi Khalil, initially were detained by the U.S. Immigration and Naturalization Service but were "simply two of the approximately 3 million illegal aliens currently in the United States, a population that is growing by an estimated 275,000 per year."

The Justice report said the

problems arise in part from an insufficient number of Border Patrol agents and from the lack of coordination in identifying potential terrorists among applicants seeking asylum.

The report, released last week, noted that Mr. Abu Mezer was arrested by the Border Patrol three times in seven months while attempting to enter the United States from Canada, and that on the first two occasions, he was voluntarily returned.

After the third arrest, in January 1997, the report said the INS began deportation proceedings, but he was released on bond while the procedure was pending.

Inspector General Michael R. Bromwich noted that with so few U.S. Border Patrol agents assigned

along the Canadian border, investigators found it "surprising that Mezer was caught once, let alone three times."

"Although there were some errors made in the handling of their cases, it would be misleading to suggest these errors were responsible for their ability to remain in the United States illegally," he said.

Mr. Abu Mezer, 23, and Mr. Khalil, 21, were arrested by New York police in July 1997 in a raid on a Brooklyn apartment. Police found two pipe bombs after receiving information the two men had explosives they intended to use to bomb the New York subway system.

Wounded by police who feared they were about to detonate the bombs, the two are awaiting trial

and face up to life in prison. In a complaint filed in U.S. District Court in Brooklyn, they were charged with conspiring to set off bombs in the subway and other buildings.

The inspector general's report came in response to concerns by Attorney General Janet Reno, who asked how the men were able to enter and remain in the country despite questions about their backgrounds. New York Mayor Rudolph Giuliani and Sen. Alfonse D'Amato, New York Republican, had demanded an inquiry, saying the two should not have been able to enter the United States.

"We did not find that any of the government employees involved committed any intentional misconduct," Mr. Bromwich said in ap-

parent response to the D'Amato accusations.

After his release, Mr. Abu Mezer sought asylum, saying he feared prosecution if he was deported to Israel because of his suspected terrorist ties. He later withdrew the application and disappeared until his arrest in Brooklyn.

The report said INS and State Department officials need to "clarify which agency is responsible for checking information about whether an asylum applicant is a terrorist."

The report said Mr. Khalil entered the U.S. legally on a 29-day transit visa issued by the U.S. Consulate in Jerusalem for transit through to Ecuador. When he arrived in New York in December

1996, he was mistakenly granted a six-month tourist visa. His whereabouts were unknown until the arrest in Brooklyn.

Investigators said no one felt responsible "to verify that Khalil had a ticket to Ecuador or adequate funds for the trip."

Federal authorities are contesting to investigate the suspected bomb plot. There are concerns the two men concocted a hoax to get reward money. FBI sources have said they suspect Mr. Abu Mezer and Mr. Khalil were behind the mailing of a questionnaire that arrived Aug. 1, 1997, at the State Department. It threatened to blow up targets in New York unless several Islamic militants were released from prisons in the United States and Israel.

Special Inquiries

Khalil entered the country legally, with a 29-day transit visa for transit through the United States on his way to Ecuador. When he arrived in New York, however, an immigration inspector mistakenly granted him a 6-month tourist visa. He overstayed that visa and was arrested, along with Mezer, on July 31, 1997.

We examined documents relating to Mezer's and Khalil's contacts with immigration authorities and interviewed numerous INS and other government officials regarding their contacts with the suspects. We found no intentional misconduct by INS or Department of State (State) officials. However, we identified systemic problems in controlling the United States borders, including a lack of space to detain all aliens who attempt to enter the United States illegally. We concluded that INS and State must clarify which agency is responsible for determining whether an asylum applicant is a terrorist. We also recommended that INS and State review the criteria for granting "transit without visa" travel and delineate their respective roles in the visa process.

Operation Gatekeeper

The OIG investigation of Operation Gatekeeper -- the INS Border Patrol's effort to stem the flow of illegal immigration across the U.S.-Mexico border between California and Baja California -- began in July 1996 shortly after officials of the National Border Patrol Council alleged that Operation Gatekeeper's achievements were being misrepresented to make it appear successful.

The allegations included claims that Border Patrol agents were being ordered not to apprehend illegal immigrants, that apprehended illegal immigrants were not properly processed in order to prevent any record of their apprehension, and that Border Patrol supervisors were altering apprehension figures to make them appear low. The team currently is writing the report of its investigation, which we expect to issue during the next semiannual reporting period.

Citizenship U.S.A.

In September 1995, INS initiated Citizenship U.S.A. (CUSA), a program whose stated goal was to substantially reduce the backlog of pending naturalization applications. Over one million individuals were naturalized during the year the program was in operation.

In May 1997, 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 senior attorneys and more than 30 special agents, inspectors, auditors, and support personnel continues to investigate these allegations. The team has conducted more than 700 interviews of INS personnel and others and has reviewed thousands of documents. The investigation is ongoing.

Special Inquiries

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 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. To date, we have reviewed over 10,000 pages of classified information and conducted numerous interviews. The investigation is ongoing.

Lost Trust

In the late 1980s and early 1990s, the FBI and U.S. Attorney's Office in South Carolina conducted a major investigation, called "Lost Trust," into corruption, vote buying, influence peddling, and drug usage in the state legislature. After litigation that lasted over six years, a U.S. district judge dismissed all remaining charges on the grounds that "the government's repetitious, flagrant, and long-standing misconduct in connection with the investigation and prosecution of the legislators warranted dismissal." The Court alleged misconduct by the FBI, U.S. Attorney's Office, and the Department's Public Integrity Section. This opinion 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 full review of the prosecutions and investigations implicated in the Court's dismissal order. Our investigative team, led by two attorneys, is reviewing documents related to the investigation and prosecution of the cases and related documents generated by the Department's OPR and FBI's OPR. The team now is interviewing the many persons involved in handling these cases. The investigation is ongoing.

ICITAP/OPDAT

The Criminal Division's International Criminal Investigative Training Assistance Program (ICITAP) and Overseas Prosecutorial Development Assistance and Training (OPDAT) office foster, support, and strengthen democratic principles and structures of law enforcement in foreign countries. Particularly in those countries that have recently 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.

In April 1997, 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, has interviewed over 90 witnesses in the United

States and several foreign countries and has reviewed over 5,800 pages of documents. The investigation is ongoing.

Trentadue

Kenneth Trentadue, an inmate being held at the Federal Transfer Center in Oklahoma City, Oklahoma, was found dead in his cell in August 1995. The Bureau of Prisons (BOP) concluded that Trentadue committed suicide by hanging.

Special Inquiries

However, allegations that Trentadue was murdered and that evidence was mishandled led to an investigation by the FBI and the Department's Civil Rights Division. The investigation concluded that there was insufficient evidence of a violation of the federal criminal civil rights laws. Following that investigation, the OIG began a separate review to determine whether BOP and FBI employees engaged in misconduct in the events surrounding the death of Trentadue. The investigation is ongoing.

FBI Laboratory

In April 1997, the OIG issued its report on the FBI Laboratory. In this report, we discussed our 18-month investigation of wrongdoing and improper practices within the Laboratory. Our report recommended numerous changes in the Laboratory, all of which the FBI agreed to implement.

Since the report was issued, we have continued to monitor the FBI's implementation of our recommendations. Our investigative team reviews periodic progress reports from the FBI that address the Laboratory's implementation of recommended changes and preparation for accreditation. At the close of the reporting period, we initiated a review to determine the extent to which the Laboratory has implemented our recommendations, using the team of lawyers, scientists, and investigators who conducted the original investigation. The results of this follow-up review will be reported in our next *Semiannual Report to Congress*.

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.

- Continuing the effort to address corruption and misconduct within the Department, the Inspector General (IG) formed the Research and Analysis Unit (Unit) in the Investigations Division. The Unit will design, plan, and conduct policy analyses and research projects related to the investigation and prevention of corruption. Unit initiatives will include studies of corruption in the federal prison system and along the Southwest Border and development of a more targeted integrity awareness program. The Unit also will develop a statistics-based management program to help the Division identify trends in Department misconduct and corruption and develop strategies to address these trends.
- Investigators conducted 36 Integrity Awareness Briefings for Department employees throughout the country. These briefings are designed to educate employees concerning the misuse of a public official's position for personal gain and to deter employees from committing such offenses. The briefings reached over 1,107 employees with a message highlighting the devastating consequences of corruption to both the employee and the agency.

Other Activities

- During this reporting period, the Investigations Division's McAllen Field Office joined with the FBI and eight other federal, state, and county law enforcement agencies to form the South Texas Public Corruption Task Force. The first of its kind in South Texas, this full-time task force will investigate allegations of drug-related public corruption in South Texas and along the Southwest Border. The combined resources and expertise of the member agencies will significantly enhance our ability to detect and deter public corruption.

Corruption cops issue warning

Government debuts task force targeting public officials

By ROBERT W. GEE
The Monitor

McALLEN — Dishonest public officials in South Texas have met their latest match: a 12-agent task force working full-time to investigate allegations of drug-related public corruption.

The new initiative, based in McAllen, began operations Thursday.

In an unprecedented cooperative effort, the task force combines manpower and resources from eight federal, state and county law enforcement agencies.

"This is my pledge to the community: We will do our dead-level

"This is not just about hiring a bunch of Border Patrol agents and saying, 'We're going to take back control of our border.' It's a targeted effort to join state and federal law enforcement and share intelligence (information) to identify public corruption."

— James DeAtley,
U.S. attorney for the Southern District of Texas

best to root out public corruption," eight top law enforcement officials said James DeAtley, U.S. attorney for the Southern District of Texas, at a press conference Thursday. Over the past six months, anti-corruption investigators in McAllen scored two major victories: the prosecuting corrupt officials "is the top priority for the U.S. Attorney's Office and it will continue to be," said DeAtley, flanked by

See CORRUPTION page 7A

Wed., March 25, 1998 THE MONITOR

New task force hopes to curb public corruption

By BILL HETHCOCK
Valley Morning Star

HARLINGEN — Crooked cops, unprincipled politicians, dope-dealing dog catchers and bribe-taking sheriffs beware.

A new task force of federal and state agencies will target public corruption in the Rio Grande Valley.

"We're formed and ready to get started," FBI Special Agent John DeLeon said Tuesday.

He said the agencies involved include the FBI, the Texas Rangers, the Cameron County District Attorney's Office, the Department of Justice's Office of the Inspector General, U.S. Customs internal affairs

The task force includes agents and officers from the OIG, U.S. Attorney's Office for the Southern District of Texas, FBI, and Drug Enforcement Administration (DEA). Other members include the U.S. Customs Service's Office of Internal Affairs, Internal Revenue Service (IRS), Texas Department of Public Safety-Texas Rangers, Hidalgo County Sheriff's Department, Hidalgo County District Attorney's Office, and Cameron County District Attorney's Office.

- The Investigations Division's San Diego Field Office continues its active participation in the San Diego Civil Rights Working Group. The OIG participates with the group in addressing specific complaints identified at group meetings and

facilitating communication and resolution of more general complaints between component agencies, such as INS and Border Patrol, and community groups, thereby making both government agencies and community groups more aware of each other's concerns, viewpoints, and procedures.

- The San Diego Field Office also participates, along with the FBI, U.S. Customs Service's Office of Internal Affairs, IRS, DEA, and U.S. Attorney's Office, in the San Diego Border Corruption Task Force. This pooling of resources results in more effective and timely investigation of drug-related corruption allegations involving the Department and U.S. Customs Service employees stationed along the U.S.-Mexico border.
- The Audit Division continued to monitor INS' critical automation initiatives, which will affect nearly all aspects of INS management. Auditors attended INS' quarterly meetings to monitor their effective use of automation resources and provided input regarding INS' monitoring of these initiatives. In addition, auditors held discussions with INS regarding audits of the contractor and subcontractors assigned to the automation initiatives.
- Inspectors continued to work with the Department's Office of Justice Programs (OJP) to implement the new Violent Offender Incarceration and Truth-In-Sentencing Incentive (VOI/TIS) Grant Program. Inspectors participated in OJP conferences to discuss project implementation and the enactment of truth-in-sentencing legislation. During this reporting period, inspectors initiated seven VOI/TIS grant reviews.

Other Activities

- By statute, every three years each OIG audit office must be examined by an outside entity to ensure that its operations conform to established professional norms. During this reporting period, a team of senior auditors conducted an external quality control review of the Department of Commerce's OIG. Our review team issued an unqualified opinion for that OIG's audit function.

Inspector General Congressional Testimony

On March 5, 1998, the IG testified before the Senate Judiciary Committee's Subcommittee on Immigration during a hearing on INS' efforts to reform the naturalization process. The IG's testimony concerned an OIG investigation into

citizenship testing fraud that resulted in the indictment of 20 individuals for their participation in schemes to fraudulently obtain naturalization documents for aliens.

Legislation and Regulations

The Inspector General Act of 1978, as amended, 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 affecting the OIG itself or fraud, waste, and abuse in the Department's programs or operations. During this reporting period, the OIG reviewed seven pieces of proposed legislation.

This work is overseen by the OIG's Office of General Counsel (OGC). In addition, OGC has participated in the development of Departmentwide guidance relating to assistance to victims of crimes and the implementation of better mechanisms for handling sexual harassment issues.

President's Council on Integrity and Efficiency Activities

The IG is a member of the President's Council on Integrity and Efficiency (PCIE). 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 (Government Performance and Results Act) Coordinators' Interest Group -- that relate to their respective duties. The IG also is a member of the Investigative Standards and Training Committee and the Legislation Committee.

Office of Investigative Agency Policies

The OIG is a member of the Office of Investigative Agency Policies (OIAP), which is composed of the Department's law enforcement components and which develops coordinated policies for law enforcement activities. Among the issues addressed this year by the OIAP were guidelines for federal law enforcement legislation, amendments to the Department's deadly force policy, soft body armor procurement, and post shooting representation for law enforcement personnel.

Investigations Division

Overview & Highlights

The Investigations Division (Investigations) investigates allegations of bribery, fraud, abuse, civil rights violations, and violations of other laws and procedures that govern Department of Justice (Department) employees, contractors, and grantees. Investigations develops cases for criminal prosecution, civil action, and administrative action. In some instances, the Office of the Inspector General (OIG) refers allegations to components within the Department for appropriate action and requests notification of their findings and of any disciplinary action taken.

During this reporting period, Investigations received 3,406 complaints. We made 82 arrests, including 28 Department employees, 32 civilians, and 22 Department contract personnel. Judicial action resulted in 41 individuals receiving sentences ranging from probation to over seven years in prison, and in fines, recoveries, and orders of restitution totaling \$193,360. As a result of OIG investigations, 35 employees and 1 contract employee received disciplinary action, including 10 who were terminated. In addition, 20 employees resigned.

Significant Investigations

Bribery

- In the Eastern District of Virginia, a Bureau of Alcohol, Tobacco and Firearms (ATF) agent and an immigration attorney were arrested on charges of bribery. This joint Washington Field Office, Immigration and Naturalization Service (INS), and ATF investigation resulted in an indictment alleging that the ATF agent and attorney paid over \$82,000 in bribes to an INS assistant district director for investigations who posed as a corrupt employee. In exchange for the bribes, the attorney's clients were to receive INS Alien Registration Receipt Cards (Green Cards). The attorney collected fees of over \$350,000 from his clients and paid the ATF agent \$35,000 to provide security for the operation, convey a bribe from the attorney to the INS official, and assist with processing the attorney's alien clients. Also arrested and charged were 2 immigration brokers who provided alien clients to the attorney and 19 aliens who expected to receive Green Cards. The agent was terminated by ATF. Judicial proceedings continue.

The Washington Times Friday, March 13, 1998

Sting nets 4 for immigration bribery

Lawyer, ATF agent face charges in 'green card' scheme

ASSOCIATED PRESS

A federal law enforcement agent and a private lawyer were charged yesterday in a sting operation with paying \$82,100 in bribes to a senior immigration official to obtain so-called "green cards" for 101 Korean aliens.

32, of the Treasury Department's Bureau of Alcohol, Tobacco and Firearms, is charged with receiving more than \$35,000 for his part in the operation, according to the Justice Department. He was accused of passing on a bribe from Virginia attorney to an Immigration and Naturalization Service official, providing security for the operation and helping process alien clients.

Mr. 36, of Vienna, Va., collected at least \$350,000 from 35

alien families to fraudulently obtain green cards that serve as residential and work permits, said U.S. Attorney Helen Fahey of the Eastern District of Virginia, where the indictment was returned.

The money was paid to James Goldman, the INS' Washington district office's assistant director for investigations, who posed as a corrupt official as part of the sting, the indictment said.

When Mr. Goldman believed Mr. was going to try to bribe him, he tipped off the Justice Department's office of inspector general, which launched a probe with the INS investigation division.

Also charged in the 19-count indictment were two immigration brokers — 58, of Fairfax and 33, of the Flushing section of New York City.

They are charged only with conspiracy.

The four were arrested Tuesday evening when they arrived with clients to get immigration documents in exchange for the bribes, said Michael Bromwich, the Justice Department's inspector general.

"We view any attempt to pervert the lawful immigration process in this or any similar way as unacceptable," Mr. Bromwich said.

The maximum penalty for the charges are five years in prison for conspiracy, 15 years on each of the 10 bribery charges and 10 years on each of the eight immigration fraud charges, plus fines of \$250,000 for each count. In addition, the government is seeking forfeiture of about \$700,000 in cash from the four defendants.

Significant Investigations

- In the Southern District of Texas, a resident alien and her husband, a Mexican national, pled guilty to charges of conspiracy to defraud the United States. This McAllen Field Office and INS investigation established that the couple offered an INS deportation officer a \$2,000 bribe to expedite the husband's deportation proceedings. The couple was concerned that their narcotics-trafficking business was being overrun by competitors while the husband was detained by INS. Sentencing is pending.
- In an Atlanta Area Office investigation, a detention enforcement officer, who was assigned to execute a warrant of deportation, accepted a \$3,500 bribe in return for allowing an undercover OIG agent, posing as a deportee, to go free. The INS officer pled guilty to bribery charges in the Northern District of Georgia. He was sentenced to 15 months' incarceration and 3 years' supervised release and fined \$3,500.
- In the District of New Jersey, four Bureau of Prison (BOP) employees -- two correctional officers and two recreational specialists -- pled guilty to charges of accepting bribes and introducing contraband into a federal correctional institution. In addition, two inmates pled guilty to charges of smuggling. This 18-month New York Field Office investigation determined that the four employees received approximately \$5,000 from the inmates in return for bringing drugs, alcohol, and food into the

prison. As a result of the investigation, three of the employees resigned and one was terminated by BOP. Sentencing is pending for all defendants.

THE NEW YORK TIMES TUESDAY, DECEMBER 16, 1997

***Four at U.S. Prison
Arrested in Bribery Case***

TRENTON — Two prison guards and two recreation workers at the Federal prison at Fort Dix were arrested yesterday on charges of taking bribes from inmates to smuggle drugs, alcohol and other contraband

- Our last *Semiannual Report to Congress* reported on Operation BADFELLAS, in which 11 correctional officers, 4 inmates, and 8 civilians were arrested. This New York Field Office investigation determined that BOP correctional officers accepted bribes from inmates and their civilian associates in exchange for smuggling narcotics and other contraband into the prison facility and providing favors to the inmates. During this reporting period, two more inmates were arrested, and two correctional officers, four inmates, and one civilian pled guilty. In addition, three civilians received sentences ranging from probation to over seven years' incarceration. Judicial proceedings continue for the other defendants.

Drugs

- Operation BAJA BLITZ, an Organized Crime Drug Enforcement Task Force investigation by the San Diego Field Office and Drug Enforcement Administration (DEA), targeted suspected drug traffickers seeking INS documents. This joint investigation resulted in the arrest of a major Mexican drug trafficker with ties to the Cali Cartel, who smuggled a half ton of cocaine into Texas. He also paid over \$50,000 in bribes to an undercover OIG agent, posing as a corrupt INS official, in exchange for INS Temporary Resident Cards (I-688s).

Wed., Feb. 4, 1998 THE MONITOR, McAllen, Texas

Mexican man pleads guilty in drug case

Drug cartel worker admits role in transporting cocaine

By ROBERT W. GEE
The Monitor

McALLEN — A cocaine smuggler who worked for the Colombian Cali drug cartel pleaded guilty Tuesday in federal court to conspiring to distribute 952 pounds of cocaine in South Texas.

, 42, of Mexico City, admitted that he arranged to transport the cocaine from Panama to the U.S.-Mexico border.

Significant Investigations

A second Mexican national paid a \$15,000 bribe to the undercover agent for an I-688 and was identified as a major money launderer. The first Mexican national pled guilty in the Southern District of California to the drug trafficking violations; the second Mexican national absconded after paying a \$50,000 bond and is currently a fugitive. Two other Mexican nationals, who paid a total of \$65,000 in bribes for two I-688s, are being sought.

- A 19-month McAllen Field Office and Federal Bureau of Investigation (FBI) Corruption Task Force investigation resulted in the indictment and arrest of an INS immigration inspector and the indictment of 18 others. The indictment alleges that the inspector, a member of the Robles drug-trafficking organization, allowed over 500 pounds of marijuana through a port of entry along the U.S.-Mexico border. Judicial proceedings continue.

- The San Diego Field Office and DEA initiated a joint investigation after the Border Patrol reported suspicious activity by an agent near the U.S.-Mexico border. The investigation established that smugglers were loading the corrupt agent's vehicle with

602 pounds of marijuana. The smugglers escaped across the border. The Border Patrol agent pled guilty to charges of possession with intent to distribute a controlled substance. His sentencing is pending.

- In the Southern District of Texas, an INS contract employee pled guilty to possession with intent to distribute a controlled substance. This McAllen Field Office investigation established that the contract employee, who provided office cleaning services at a Border Patrol station and a checkpoint in Texas, smuggled approximately 1,000 pounds of marijuana through the Border Patrol checkpoint between July 1995 and October 1997. He smuggled the 26 loads of marijuana while purporting to travel to perform his INS contract. Sentencing is pending.
- A joint Dallas Area Office and FBI investigation determined that a former BOP food service foreman smuggled heroin, marijuana, alcohol, and other contraband into the Federal Medical Center in Fort Worth, Texas, in return for bribes from prisoners totaling \$20,000. The food service foreman was arrested and pled guilty to charges of smuggling contraband into a prison facility. Sentencing is pending.

Saturday, January 31, 1998 / Fort Worth Star-Telegram

Prison cook arrested in drug inquiry

By GABRIELLE CRIST
Star-Telegram Staff Writer

FORT WORTH — For two years, a federal prison cook with three children and a fourth on the way, made sure inmates got their fill.

And then their fix, investigators said.

In addition to earning \$19.17 an hour as a prison cook, was running a drug delivery service for inmates at the Federal Medical Center, smuggling liquor, marijuana, cocaine and heroine, investigators say.

Finally a yearlong investiga-

Yearlong investigation showed inmates getting hard drugs

a nearly empty federal courtroom, sat at the defense table in his khaki jail pants and black T-shirt, listening quietly as Assistant U.S. Attorney Terri Moore told a federal magistrate that had been smuggling drugs into the prison since 1995.

If convicted, faces up to 20 years in prison. He is scheduled to appear Tuesday at a preliminary hearing. Meanwhile

inmates, most of whom are awaiting trial or serving their sentences. A smaller number of inmates are housed in the facility's medical unit.

Bromwich said he cannot recall his staff investigating any similar incidents at the federal prison.

"There could be contraband problems there and we just don't

of their security efforts, Craig said.

Cameras are in place, as are guards, Craig said, and every precaution is taken to ensure that inmates don't leave a visit with a drug stash.

"Inmates are strip-searched when they go into and when they go out" of the visiting room Craig said.

Two of the nation's 92 federal facilities — one in Illinois and the other in Colorado — allow only noncontact visits, in which partitions separate the inmate

Significant Investigations

Fraud

- A 30-month investigation by the Tucson Field Office and INS resulted in the indictment of 20 individuals on charges of conspiracy to defraud the government and unlawful procurement of citizenship. This investigation uncovered a nationwide scheme by private testing services that held subcontracts to administer the INS citizenship testing program. In exchange for fees ranging from \$150 to \$300, these testing services issued fraudulent passing grades to alien applicants seeking U.S. citizenship. As many as 13,000 aliens collectively paid over \$3 million to the conspirators. Judicial proceedings continue.

THE NEW YORK TIMES WEDNESDAY, JANUARY 28, 1998

20 Charged With Helping 13,000 Cheat on Test for Citizenship

By KATHARINE Q. SEELYE

WASHINGTON, Jan. 27 — Federal officials indicted 20 people today on charges of falsifying the naturalization examinations of more than 13,000 legal immigrants in 22 states over the last two years.

The fate of those immigrants remains uncertain, but at a minimum they face re-testing and at a maximum being stripped of their citizenship and deported. The indictments exposed an embarrassing hole in the naturalization process, for which 1.6 million people applied last year, making United States citizenship the most sought-after in the world.

The charges also prompted the Immigration and Naturalization Service to announce today that it would revamp the entire procedure. This includes reconsidering its 1991 decision to privatize the testing to make the exams more accessible in neighborhoods where immigrants live. The companies subcontracted with hundreds of private individuals nationwide to conduct the tests.

"This raises questions about the testing program," said Michael R. Bromwich, the inspector general of the Justice Department. Mr. Bromwich said the procedure had broken down because of a lack of supervision between accredited testing organizations and the subcontractors. The subcontractors, he said, "had a tremendous amount of autonomy."

states, mainly New York and California, to solicit money from immigrants in exchange for a guarantee that they would pass the naturalization examination. They said private subcontractors in some cases would take the tests for the immigrants. In some cases, they supplied the answers. In others, they simply certified that the immigrants had passed the test when they had not even taken it.

The immigrants were said to have paid up to \$500 per person for passing the examinations, collectively paying the testers more than \$3 mil-

lion from 1995 to 1997.

Paul L. Seave, the United States Attorney in Sacramento, announced the indictments and said 15 of the 20 were arrested this morning in New York, California, Nebraska and Oregon. Among those arrested in New York was

36, of Flushing, Queens. Still sought by the Justice Department is

35, of Flushing. Officials said the two were involved in recruiting immigrants from Afghanistan. Like the others, they face a maximum of 10 years in prison and \$1 million in fines on each of several

counts of conspiracy.

After receiving a tip from the Immigration and Naturalization Service of 1 ton, N.J., Federal officials went undercover and sought out a subcontractor.

"We told them we had nine who wanted to become citizens," said Daniel S. Linhardt, an assistant United States Attorney in Sacramento who is to prosecute the case. "We gave them \$300 for each person whose nine certificates came back to us. We had passed the test."

Johnny Williams, regional director of the immigration service, at

Wednesday, January 28, 1998 The Washington Post

20 Indicted in Alleged Scheme To Falsify Citizenship Test Data

As Many as 13,000 Immigrants' Exams Involved

By William Branigin
Washington Post Staff Writer

Federal authorities yesterday announced the indictment of 20 people accused of involvement in a nationwide scheme to falsify the citizenship test results of as many as 13,000 immigrants in 22 states, including Virginia and Maryland.

Capping a two-year investigation, federal agents began rounding up the alleged ring

testing of citizenship applicants. Since the privatization program began in 1991, the six organizations have subcontracted the actual administration of the tests to hundreds of groups around the country.

The 20 defendants named yesterday were subcontractors for three INS-accredited organizations: Educational Testing Service of Princeton, N.J.; Southeast College National Testing Organization of Houston; and a

- In the Western District of North Carolina, a town clerk was arrested on charges of embezzlement and theft. An investigation by the Washington Field Office and North Carolina State Bureau of Investigation established that a town clerk fraudulently applied for and obtained a Community Oriented Policing Services (COPS) grant. The clerk forged the signatures of town officials and fabricated the need for an additional police officer in a town that had no police department. The clerk converted \$30,722 of the \$47,538 grant to his personal use. The clerk was sentenced to one year's incarceration and three years' supervised release and ordered to pay \$24,693 in restitution.
- In the Northern District of California, a former INS information officer pled guilty to charges of producing false identity documents. This San Francisco Field Office investigation determined that the information officer produced and sold fraudulent INS Records of Arrival and Departure (I-94s) to Mexican nationals through family members who lived in Mexico. A search of her home found blank I-94s and INS inspection stamps. She was sentenced to 3 years' probation and 100 hours of community service.
- In the Northern District of California, a civilian was arrested on charges of impersonating a federal officer. A joint San Francisco Field Office and INS investigation revealed that the civilian posed as an INS official and charged ineligible foreign nationals several thousand dollars each for immigration benefits that he was not authorized to grant. The civilian confessed to the scheme and admitted to fraudulently obtaining approximately \$10,000. Judicial proceedings continue.
- In the Northern District of Texas, a U.S. Marshals Service (USMS) senior systems administrator was arrested on charges of fraud against the government and forgery of Treasury checks. This Dallas Area Office and USMS investigation

Significant Investigations

was initiated after a USMS Program Review Division audit identified purchases of prohibited items and excessive, questionable, and undocumented reimbursements. The investigation established that the administrator submitted fraudulent claims for computer contract services, altered government checks to name himself as payee, and cashed an estimated \$5,000 in altered checks. Trial is pending.

- Our last *Semiannual Report to Congress* described a case in the District of Kansas in which a former police chief was arrested for submitting fraudulent claims and mail fraud. This Chicago Field Office investigation established that the former chief falsified a COPS grant application to obtain \$5,000 to satisfy a civil suit involving the city. During this reporting period, the former police chief pled guilty to fraud. He was sentenced to two years' probation and prohibited from applying for future law enforcement monies from the Department.

Sexual Abuse and Assault

- In the Northern District of Texas, a BOP correctional officer pled guilty to charges of abusive sexual contact. A joint El Paso Field Office and BOP investigation established that the correctional officer sexually assaulted an inmate. The inmate reported the assault and cooperated in the undercover investigation. The correctional officer resigned his position with BOP and was sentenced to 18 months' incarceration.
- In the Northern District of Texas, a former BOP correctional officer pled guilty to charges of sexual abuse of a ward. This Dallas Area Office investigation revealed that the correctional officer engaged in sex with a female inmate. He resigned as a result of this investigation. Sentencing is pending.
- A U.S. Public Health Service physician's assistant under contract to provide medical care to detainees at an INS special processing center was arrested and pled guilty to charges of sexual abuse of a ward. This New York Field Office investigation established that the physician's assistant fondled a detainee while he examined her for a toothache. After failing a polygraph examination, the physician's assistant confessed to the allegation and to fondling at least 3 additional women on 20 separate occasions. Judicial proceedings continue.

- In the Northern District of Florida, a BOP correctional officer was arrested on charges of sexual abuse of a ward. This Miami Field Office investigation disclosed that the correctional officer had a sexual relationship with two inmates at the institution. BOP suspended the correctional officer without pay. Trial is pending.

- Our March 1997 *Semiannual Report to Congress* described a case in the Northern District of Illinois in which an INS contract employee was arrested on charges of sexual contact with a juvenile. This Chicago Field Office investigation confirmed that a case worker employed by an INS-contracted facility forcibly

Significant Investigations

fondled female juvenile aliens housed at the facility. During this reporting period, the contract employee was convicted of perjury, sentenced to two years' incarceration and three years' supervised release, and fined \$200.

Obstruction of Justice

- In the Eastern District of Louisiana, a senior Border Patrol agent pled guilty to charges of obstruction of justice and bribery. This Washington Field Office and INS investigation established that the Border Patrol agent discouraged a grand jury witness from telling the truth and that the agent accepted over \$1,800 in bribes from the witness to provide fraudulent work authorization documents. The investigation also confirmed that the agent accepted over \$17,000 in bribes from a Louisiana businessman in exchange for taking no action against a restaurant owner who employed several illegal workers. Sentencing is pending.

- In the Southern District of California, two Imperial County sheriff's deputies pled guilty to charges of conducting a pattern of racketeering by aiding and abetting escapes, accepting bribes, obstructing justice, interfering with commerce under the color of law, and defrauding the INS immigration process. An El Paso Field Office, FBI, INS, and Imperial County Sheriff's Department undercover investigation revealed that, over an 18-month period, the deputies accepted bribes of over \$8,000 to reduce inmate sentences, remove INS detainees from the sheriff's office database,

manipulate the jail computer system to cause the early release of convicted offenders, and help inmates avoid deportation. Sentencing for both defendants is pending.

The San Diego Union-Tribune, Tuesday, February 24, 1998

Correction officer guilty of selling early releases, other favors to inmates

By Valerie Alvord, STAFF WRITER

A longtime correctional officer for the Imperial County Sheriff's Department pleaded guilty yesterday to selling inmates the chance to get out of jail early and to avoid being deported.

, 45, admitted in San Diego's federal court that he ran a racketeering conspiracy from the jail in El Centro.

As a result of the scheme, some inmates were released up to a month before their sentences expired and had immigration detainees deleted from the department's computers, said U.S. prosecutor

False Statements

- In the District of Nevada, a former INS detention and deportation supervisor pled guilty to charges of false statements. This Tucson Field Office investigation developed evidence that the former supervisor altered a marriage certificate, taken from INS files, to reflect that she and a civilian were married, then presented it to Blue Cross and Blue Shield in order to obtain family health insurance coverage for the civilian and his dependant. She was terminated by INS and sentenced to 3 years' probation and 80 hours of community service.
- In the Southern District of Texas, a Mexican national was convicted on charges of false statements. This joint McAllen Field Office and FBI investigation established that the Mexican national withheld incriminating information on an INS application for lawful permanent resident alien status. During the course of this investigation, the Mexican national admitted to playing a role in the abduction and murder of a McAllen Field Office informant in June 1996. Based on his admission, the Mexican Judicial Police issued an arrest warrant for his role in the murder. Sentencing is pending.

Significant Investigations

- In the Southern District of Texas, a Peruvian national was arrested and pled guilty to charges of false statements and bribery of a public official. This Houston Area Office investigation established that the Peruvian national paid an INS official, acting in an undercover capacity, \$2,000 to allow him to escape from INS custody. The alien had been previously arrested by INS for attempting to enter the United States using a visa issued under an alias. He was sentenced to four months' incarceration.
- Our last *Semiannual Report to Congress* reported a case in the District of Wyoming in which a former BOP construction specialist was convicted of making false statements relative to a Federal Workers' Compensation Program claim. During this reporting period, he was sentenced to one year's incarceration and ordered to pay \$35,442 in restitution.

Alien Smuggling

- Our September 1995 *Semiannual Report to Congress* reported on an investigation by the New York Field Office which established that an INS immigration inspector facilitated the entry of a previously deported felon who was the subject of a law enforcement lookout. During this reporting period, the inspector was convicted on charges of alien smuggling, conspiracy, and aiding and abetting and was sentenced to 3½ years' incarceration and 3 years' supervised release.

Civil Rights

Civil Rights

The OIG, with firm support of the Attorney General, continues to play a key role in Department civil rights investigations involving INS. The OIG has three responsibilities regarding allegations of civil rights violations: (1) conducting criminal and noncriminal investigations of certain complaints, (2) ensuring that persons with complaints know where and how to report them, and (3) tracking the disposition of all complaints among the various Department components that have responsibility for such matters. The OIG compiles a monthly INS civil rights report that is distributed to

the Attorney General, Deputy Attorney General, INS, FBI, Civil Rights Division, and Executive Office for U.S. Attorneys.

Investigating Civil Rights Allegations

An investigation by the El Paso Field Office focused on allegations that a Border Patrol agent sexually assaulted two undocumented female aliens who had attempted to sneak across the U.S.-Mexico border. Although criminal prosecution was declined, the investigation provided sufficient evidence of serious administrative misconduct to allow INS to terminate the Border Patrol agent.

The following chart summarizes all new allegations of civil rights violations by INS employees, and their disposition, during the 6-month period ending March 31, 1998.

<i>Civil Rights Allegations Statistics</i>	
<i>Alleged Civil Rights Violations by INS Employees</i>	
<i>Total allegations received</i>	177
<i>OIG investigations opened</i>	27
<i>FBI investigations opened</i>	5
<i>Joint OIG and FBI investigations</i>	3
<i>Administrative investigations by INS</i>	49

Investigations Statistics

The following chart summarizes the workload and accomplishments of Investigations during the 6-month period ending March 31, 1998.

Investigations Statistics	
Source of Allegations	
<i>Hotline (telephone and mail)</i>	550
<i>Other sources</i>	2,856
<i>Total allegations received</i>	3,406
Investigative Caseload	
<i>Investigations opened this period</i>	351
<i>Investigations closed this period</i>	336
<i>Investigations in progress as of 3/31/98</i>	643
Prosecutive Actions	
<i>Criminal indictments/informations</i>	78
<i>Arrests</i>	82
<i>Convictions/Pleas</i>	57
Monetary Results	
<i>Fines/Restitutions/Recoveries</i>	\$193,360
<i>Seizures</i>	\$137,294
<i>Bribe monies deposited to the Treasury</i>	\$116,734

Audit Division

Overview & Highlights

The Audit Division (Audit) reviews Department of Justice (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 and 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 clients.

During this reporting period, Audit issued 13 internal reports of programs funded at almost \$22 billion; 54 external reports of contracts, grants, and other agreements funded at over \$303 million; 82 audits of bankruptcy trustees with responsibility for funds of over \$109 million; and 300 Single Audit Act audits encompassing almost \$358 million. Audit issued six Management Information Memoranda, five Technical Assistance Memoranda, and two Notifications of Irregularity.

Significant Audit Products

Seizure and Disposal Efforts for the Bicycle Club Casino

In 1990, the Department seized the Bicycle Club (Club), a card casino in Bell Gardens, California, following a money laundering investigation. Our audit of the Club determined that its seizure effectively deprived criminals of substantial profits. We found that the Department has received over \$30 million through its partial ownership in the Club and has used these funds for crime-fighting activities. The Department may realize an additional \$19 to \$25 million if the pending agreement for disposal of its interest in the Club is finalized. However, we identified significant weaknesses in the Department's planning for the seizure and timely disposal of the property.

Our audit found little evidence of effective pre-seizure planning. We criticized the process for disposing of the asset as inadequate -- the current sale proposal has taken over two years, still awaits approval by the state of California, and has been at the cost of a serious diminution in the value of the seized asset. Further, we concluded that the Department's reliance on court-appointed trustees to manage and dispose of the casino has been cumbersome and expensive.

The Department should weigh the costs and benefits of seizing complex, controversial assets before a seizure occurs. Such assets should not be seized until the risks of seizing and holding the asset are fully evaluated and all components with responsibilities in the seizure and disposal efforts are consulted.

Significant Audit Products

We recommended that the Department adhere to its policy on preseizure planning, including:

- Designate a senior official to deal with high-profile, problem assets.
- Separate management and disposal duties.
- Hire incentive-based contractors to dispose of high-value assets.
- Hire a commission-based broker if the current agreement to dispose of the Club does not materialize.
- Avoid open-ended compensation arrangements for asset management and/or disposal.

INS Management of Automation Programs

The Immigration and Naturalization Service (INS) expects to spend about \$2.6 billion on its automation programs through Fiscal Year (FY) 2001. However, the projected cost through FY 2000 was reported at about \$1.7 billion in January 1995 and at about \$2.9 billion in July 1996. Over \$900 million has been awarded for contracts to date. Our audit assessed INS' management of projects supporting automation.

We determined that INS has not adequately managed its automation programs or monitored related contractor activities. INS did not develop comprehensive performance measures for 16 of its 22 automation projects prior to spending almost \$500 million. INS also did not use the performance measures it had established to evaluate the success of its remaining 6 projects.

INS has not sufficiently tracked its projects and cannot determine if progress toward completion of its automation programs is acceptable. In May 1997, INS awarded a contract to evaluate progress in its automation programs.

Our audit found the following additional funding-related concerns:

- Based on projections, INS will need an additional \$260 million to complete automation programs beyond FY 2001.
- INS does not have a contingency plan to replace funding if monies from one of its major sources, the Violent Crime Reduction Trust Fund, are not available.
- INS has not fully utilized user fees to fund automation.
- INS is approaching the funding ceiling for a major 5-year contract (about \$300 million) after only 3 years.

We also noted that:

- INS allowed contractors to begin and sometimes complete work on task orders without written authorization.

Significant Audit Products

- Equipment valued at about \$1.8 million will be in storage for at least six months because INS purchased it too far in advance.
- INS had not implemented adequate safeguards to ensure the accuracy of existing data to be used by the new systems. Thus, regardless of the integrity of the new systems, INS could continue to rely on inaccurate or unreliable data accessed from existing databases.

As a result of these deficiencies, INS risks that completed projects will not meet the overall goals of the automation programs, completion of the programs will be significantly delayed, and unnecessary cost increases could occur. Because of the magnitude of deficiencies we identified, we initiated an immediate follow-up audit of this high-risk program.

Office of Community Oriented Policing Services

We continue to work with the Office of Community Oriented Policing Services (COPS) in its implementation of the Violent Crime Control Act of 1994. During this reporting period, we performed 40 audits of COPS grants. Our audits identified \$8,381,723 in questioned costs and \$10,814,179 in funds that could be put to better use. We initiated these audits based on requests from the COPS office and Office of Justice Programs and on allegations of misuse of grant funds. COPS findings to date may not necessarily be representative of the universe of grantees. In fact, they could represent worst case scenarios. This is because, as a matter of policy, COPS has referred to us what it suspects might be its riskiest grantees. We recently began supplementing, by about one-half, the number of grants audited. Our results to date, however, still may be skewed to the COPS-requested problem grantees.

These audits focus on (1) the allowability of grant expenditures, (2) the source of matching funds, (3) the implementation or enhancement of community policing activities, (4) efforts to fill vacant sworn officer positions, (5) plans to retain officer positions at grant completion, (6) grantee reporting, and (7) an analysis of supplanting issues. Results indicate that some jurisdictions are using federal funds to supplant local funds, not making sufficient effort to fill locally-funded sworn officer positions, and not documenting efforts to redeploy officers to community policing. Additionally, some jurisdictions may have difficulty retaining the officer positions with local funds at the conclusion of the grants.

The following are examples of findings reported in our audits of COPS grants to date:

- The City of Belle Glade, Florida, received a grant of \$596,104 to hire or rehire six sworn law enforcement officers and \$35,101 to redeploy six officers to community policing. The City did not implement community policing as proposed, charged salary and fringe benefit costs of four officers hired prior to the grant, and supplanted local funds with the grant funds. We questioned unsupported costs of \$441,902 and recommended

Significant Audit Products

that the remaining \$189,303 in grant funds be put to better use until these conditions are corrected.

- The Rosebud Sioux Police Department (RSPD), South Dakota, received a grant of \$1.7 million to hire or rehire 20 sworn police officers. We found that grant-funded

positions were used to supplant other funded positions in 1996 and 1997. We questioned the \$427,357 received by RSPD at the time of our audit. We also found that RSPD was reimbursed for unallowable year-end bonuses, was unable to recruit an adequate number of police officers, did not have a formal plan to fund the positions at the end of the grant, and did not implement a community policing program. We recommended that the remaining \$1.3 million in grant funds be withheld as funds to be put to better use until these conditions are corrected.

- The City of Macks Creek, Missouri, population 272, received a grant totaling \$87,538 to hire two officers. At the time of our audit, the City was planning to apply for Chapter Nine bankruptcy protection. Our audit found that the City did not employ a sufficient number of officers to warrant grant reimbursements and, as a result, supplanted local funds with the grant funds. In addition, the City did not make a good faith effort to fill officer vacancies in a timely manner. We questioned \$15,826 of the \$25,788 paid to the City and recommended that the remaining grant funds, \$61,750, be put to better use.

Department Financial Statement Audits

As required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994, financial statement audits are performed at the Department by independent public accountants. Audit oversees and issues the reports based on the work performed by the accountants. During this reporting period, the second consolidated Department audit was completed. The Department received a disclaimer of opinion on the consolidated Statement of Financial Position and consolidated Statement of Operations and Changes in Net Position because the auditors found unreconciled balances, deficiencies in reporting seized and forfeited assets and evidence, and weaknesses in accrual accounting and property accounting. The auditors also cited inadequate accounting records and issues of consistency and completeness in preparing consolidated financial statements.

Due to the Department's decentralized structure and the many automated financial systems in use by the various components, separate audits were performed for each component. The table on the following page lists the Department components whose financial statements were audited and the opinion they received.

Significant Audit Products

FY 1997 Financial Statement Audits	
Audit Opinion¹	Department of Justice Component
<i>Disclaimer</i>	<i>Consolidated Department of Justice Asset Forfeiture Program Drug Enforcement Administration Immigration and Naturalization Service Offices/Boards/Divisions Office of Justice Programs United States Marshals Service</i>
<i>Qualified</i>	<i>Federal Bureau of Investigation Federal Prison System</i>
<i>Unqualified</i>	<i>Working Capital Fund</i>

¹ See glossary (p. A-19) for definitions of audit opinions.

Computer Security at Department Data Centers

The Justice Management Division (JMD) maintains two major data processing centers to support the computer needs of the Department (excluding the Federal Bureau of Investigation). An assessment of the general controls environment established for the Rockville, Maryland, and Dallas, Texas, computer data centers was performed in support of the Department's FY 1996 annual financial statement audit. Independent public accountants, with oversight by Audit, performed the assessment in accordance with the General Accounting Office's *Federal Information System Controls Audit Manual*. Audit then issued a report identifying control vulnerabilities at these data centers that require management attention.

The audit report is not publicly available because the detailed disclosure of the report's sensitive information could compromise data processed by the Department's computer systems.

Implementation of the Communications Assistance for Law Enforcement Act by the FBI

Congress enacted the Communications Assistance for Law Enforcement Act (CALEA) to ensure that law enforcement agencies, when authorized by court order, have the ability to intercept electronic communications. Telecommunications carriers may be reimbursed for costs associated with equipment modifications to meet

capability and capacity requirements. The Department may reimburse the carriers for the modifications from the \$500 million authorized by CALEA, subject to congressional approval.

Significant Audit Products

We are required by CALEA to report to Congress by April 1, 1998, on the equipment, facilities, and services (equipment) that have been modified to comply with CALEA and whether Federal Bureau of Investigation (FBI) payments to telecommunications carriers for equipment modifications are reasonable and cost-effective.

The FBI and telecommunications industry disagree over reimbursement eligibility and the technical modifications that must be made to comply with CALEA. To date, carriers have made no modifications to equipment; therefore, the FBI has made no payments to carriers. Our audit assessed the current activities of the FBI but did not address the financial audit objectives in CALEA.

INS Refugees, Asylum, and Parole System

INS developed the Refugees, Asylum, and Parole System (RAPS) to automate tracking of individuals seeking asylum, control asylum and refugee applications, and provide an efficient and effective asylum adjudication process.

Our audit focused on INS Service Centers and asylum offices. Most RAPS users surveyed indicated that the system satisfied their needs by automating the asylum caseload process and reducing manual processing. We tested data authenticity, completeness, and accuracy for 4,704 randomly selected entries and found an acceptable one percent error rate. However, our audit found that alien file numbers were not always properly accounted for, system interfaces were not always effective, computer security was inadequate, and data input controls were inadequate in asylum offices. These weaknesses could: (1) allow the creation of fraudulent records, (2) impair the timeliness and reliability of information used for decision making, (3) diminish the reliability of alien status reporting, and (4) expose sensitive information to unauthorized use, loss, or modifications.

Agreements for Detention Facilities and Services

The Bureau of Prisons (BOP), United States Marshals Service (USMS), and INS enter into agreements with state and local jails and private corrections corporations to provide prison facilities and services for federal prisoners.

During this reporting period, we audited six agreements awarded by Department components. The audits resulted in questioned costs of \$4,121,020 and \$2,860,124 in funds that could be put to better use. We believe substantial additional savings are available nationwide and plan additional audits to identify such savings.

We continue to provide technical assistance and advice to BOP, USMS, and INS regarding the substantive issues identified in our audits. We also have provided advice and information to USMS' Program Review Division regarding their jail agreement audits.

Significant Audit Products

Trustee Audits

Audit has contributed significantly to the integrity of the bankruptcy system by performing audits of trustees under a reimbursable agreement with the Executive Office for U.S. Trustees. During the reporting period, 82 trustee reports were issued.

Single Audit Act

The Single Audit Act and Office of Management and Budget (OMB) Circulars A-128 and A-133 require recipients of federal funds to arrange for audits of their activities. During this reporting period, we reviewed and transmitted 300 reports encompassing 914 Department contracts, grants, and other agreements totaling \$358,275,409. 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 each open audit report is continuously monitored to track the audit resolution and closure process. As of March

31, 1998, the OIG had closed 451 audit reports in this reporting period and was monitoring the resolution process of 252 open audit reports. In addition, five audits remain unresolved after the end of the 6-month period.

Unresolved Audits

USMS Intergovernmental Service Agreement Audits

As of March 31, 1998, four USMS Intergovernmental Service Agreement audits remained unresolved over six months: Anoka County, Minnesota; Plymouth County, Massachusetts; Torrence County, New Mexico; and City of Mansfield, Texas. These audits contained questioned costs of \$4,061,904 and \$737,837 in funds to be put to better use. In addition, the USMS Air Maintenance contract with Stambaugh's Air Service remains unresolved. This audit contained questioned costs of \$1,731,632. We continue working with USMS to resolve these audits.

Update

INS' Replacement of Resident Alien Cards

Our last *Semiannual Report to Congress* described issues forwarded to the Department's Audit Resolution Committee (ARC) following JMD's assertion that we had improperly classified \$45 million as funds put to better use in our audit of INS' Replacement of Resident Alien Identity Cards. ARC had referred the matter

Update

to the Department's Office of Legal Counsel (OLC) for resolution. OLC provides legal advice and legal opinions to the Department and other federal agencies.

On March 20, 1998, the OLC ruled that our interpretation of "funds to better use" was in accord with the statutory definition.

Quality Control

External Quality Control Review

In November 1997, the Department of State (State) OIG completed its external quality control review of Audit. State OIG issued an unqualified opinion stating that the

system of quality control for the audit function of the OIG was designed in accordance with the quality standards established by the President's Council on Integrity and Efficiency and was being complied with to provide the OIG with assurance of conforming with professional standards in the conduct of its audits.

Audit Statistics

Funds Recommended to be Put to Better Use

<i>Audit Reports</i>	<i>Number of Audit Reports</i>	<i>Funds Recommended to be Put to Better Use</i>
<i>No management decision made by beginning of period</i>	13	\$7,503,301
<i>Issued during period</i>	25	\$21,689,632
<i>Needing management decision during period</i>	38	\$29,192,933
<i>Management decisions made during period: – Amounts management agreed to put to better use</i>	13	\$9,264,532
<i>No management decision at end of period</i>	25	\$19,938,401

Audit Statistics

Audits With Questioned Costs

Audit Reports	Number of Audit Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs
<i>No management decision made by beginning of period</i>	47	\$24,194,664	\$5,921,811
<i>Issued during period</i>	48	\$13,081,399	\$4,224,444
<i>Needing management decision during period</i>	95	\$37,276,063	\$10,146,255
<i>Management decisions made during period: – Amounts management agreed to recover (disallowed)</i>	49	\$22,369,463	\$3,089,950
<i>No management decision at end of period</i>	46	\$14,906,600	\$7,056,305

Audits Involving Recommendations for Management Improvements

Audit Reports	Number of Audit Reports	Total Number of Management Improvements Recommended
<i>No management decision made by beginning of period</i>	125	348
<i>Issued during period</i>	118	450
<i>Needing management decision during period</i>	243	798
<i>Management decisions made during period: – Number management agreed to implement</i>	151 ¹	505
<i>No management decision at end of period</i>	93	293

¹ Management has responded to a number of, but not all, recommendations on a single report; hence the number of reports is higher.

Inspections Division Overview & Highlights

The Inspections Division (Inspections) provides the Inspector General with an

alternative mechanism to traditional audit and investigative techniques to assess Department of Justice (Department) programs and activities. Inspections conducts analyses and makes recommendations to decisionmakers for improvements in Department programs, policies, and procedures. Inspections' strength lies in its multidisciplinary workforce and the ability to quickly address diverse issues. In addition to assessing Department programs, Inspections also conducts special reviews -- assignments requiring immediate action -- that are generally initiated at the request of senior Department management or by Congress.

During this reporting period, Inspections assessed the Immigration and Naturalization Service's (INS) Automated Biometric Identification System and its effectiveness as a tool for border enforcement, analyzed INS' Controls Over Certificates of Naturalization from point of receipt to issuance to qualified aliens, assessed whether the Tri-State Violent Crime Task Force (VCTF) of the U.S. Attorney's Office for the District of Maryland (USAO/MD) was meeting its objectives and expending funds for approved purposes, and conducted reviews of Violent Offender Incarceration and Truth-In-Sentencing (VOI/TIS) Incentive Grant Programs.

Significant Inspections

INS' Automated Biometric Identification System

Inspectors examined INS' use of an automated biometric (fingerprint) identification system (IDENT) to help stem the flow of illegal aliens along the U.S.-Mexico border, especially the reentry of criminal aliens and repeat crossers. INS has given a high priority to IDENT deployment at Border Patrol facilities in the Southwest, and it expects that IDENT and related biometric technologies will be useful in many other INS operations.

Our inspection found that there has been limited progress integrating biometrics into INS operations. Even in the Border Patrol, where there has been notable progress in using IDENT, INS is not yet making consistent and effective use of IDENT as a tool for border enforcement. We found that:

- INS is entering into IDENT the records of less than two-thirds of aliens apprehended along the U.S.-Mexico border.
- INS has entered into IDENT the fingerprints of only 41 percent of the aliens deported and excluded in Fiscal Year (FY) 1996; of these, only 24 percent had accompanying photographs, although INS relies on the photograph to confirm identification.

• Only the U.S. Attorney for the Southern District of California had made significant progress in using IDENT systematically to identify and focus prosecutorial resources on the worst offenders.

The Cincinnati Post, Friday, March 27, 1998

**Print checks
along border
criticized**

Associated Press

WASHINGTON — A Justice Department watchdog says immigration officials are not fully utilizing sophisticated computerized fingerprint checks along the U.S.-Mexico border.

Although the checks require only two minutes, agents equipped with the automated fingerprint identification system did not conduct them on one-third of the aliens apprehended along the Southwest border, Inspector General Michael R. Bromwich said this week in a report.

Furthermore, Bromwich said, 60 percent of the fingerprints and records of criminal or deported aliens had not been entered into the database. His inspectors also discovered that no photographs were taken in 76 percent of the cases, even

We recommended steps that INS needs to take to improve its use of

Significant Inspections

IDENT along the U.S.-Mexico border. Further, we suggested that INS work more closely with the U.S. Attorney for each district along the border to integrate IDENT into a comprehensive strategy for battling illegal immigration.

Controls Over Certificates of Naturalization (Phase I)

We issued the first of two reports assessing INS management controls over Certificates of Naturalization (N-550s). Phase I addressed management controls over

N-550s at INS' Forms Centers. Because of the N-550's intrinsic value, INS classifies it as a secure document that requires special handling and safeguarding.

Our inspectors found that each Forms Center created electronic inventory spreadsheets to account for N-550s. However, these automation enhancements did not contain the necessary controls to prevent unauthorized record changes. We also found no evidence that independent physical inventories, required to verify the number of N-550s on hand, had been conducted since 1993. In addition, the lack of regular inventories and the Forms Centers' failure to consistently follow established procedures to verify and reconcile shipments to INS field locations left the N-550s vulnerable to loss, theft, or misuse.

Following issuance of our draft report, INS classified the control over N-550s as a material weakness. Our report contained recommendations that, when implemented, should greatly enhance INS' capability to properly account for N-550s.

***Tri-State Violent Crime Task Force of the U.S. Attorney's Office
for the District of Maryland***

At the request of the Executive Office for U.S. Attorneys (EOUSA), we conducted the first in a series of inspections of EOUSA's VCTF program. We found that the U.S. Attorney's Office for the District of Maryland (USAO/MD) and the Drug Enforcement Administration had achieved their goal of forming a Tri-State VCTF of federal, state, and local law enforcement officers to investigate violent drug trafficking organizations in Western Maryland, the West Virginia Panhandle, and Northwestern Virginia. The Tri-State VCTF successfully investigated, arrested, and seized assets of violent drug traffickers in the Tri-State area.

However, some of the task force participants were not kept informed of the task force's activities and accomplishments. The USAO/MD had not met with federal, state, and local officials participating in the Tri-State VCTF to assess the feasibility of continuing the task force as a fully funded project after the award money is expended. The financial controls for the approval and payment of overtime to state and local police officers could be improved, and the program oversight responsibilities of the USAO/MD were not clearly identified in EOUSA guidance.

We recommended that EOUSA require USAO/MD to:

- Establish procedures to inform all Tri-State VCTF participants of task force activities.
- Meet with state and local participants to assess the feasibility of continuing the task force as a fully funded project.
- Strengthen internal controls for overtime payments.

We also recommended that EOUSA:

- Define the roles and responsibilities of USAO/MD in the Tri-State VCTF.
- Issue guidance that establishes a clear and meaningful designation of accountability.

INS' Immigration Officer Training

During FYs 1996 and 1997, INS faced the challenge of hiring record numbers of new immigration officers and Border Patrol agents. We initiated an inspection to determine whether INS' training program had the capacity to train nearly 3,800 immigration officers.

Use of an adjunct training site in Charleston, South Carolina, and development of exportable training enabled INS to increase its training capacity and provide basic training for substantially all of the new immigration officers.

We concluded that INS took risks by not providing law enforcement training, including weapons instruction and qualification, to immigration officers trained at the Charleston facility. For a limited time, partially trained, unarmed officers were assigned to jobs normally performed by armed officers. We also found that INS had not provided General Arrest Authority training as mandated by the Immigration Act of 1990. Immigration officer basic training curricula validations had been neglected, and exportable training courses needed more INS headquarters oversight to ensure consistency and quality.

We recommended that INS begin the necessary General Arrest Authority training by the end of FY 1998, issue procedures that clearly assign authority and responsibility for oversight of exportable basic training programs, and validate basic training curricula, including thoroughly assessing the Spanish language needs of each type of immigration officer.

Ammunition Storage at INS Facilities

While performing the Controls Over Certificates of Naturalization inspection, inspectors identified a potential safety hazard regarding the storage of large quantities of ammunition at an INS district office facility. A team was assigned to determine the regulations that govern safe and secure storage of ammunition.

Significant Inspections

We found that INS ammunition storage facilities must comply with Title 29 of the *Code of Federal Regulations*, Section 1910.109(j), Occupational Safety and Health Administration regulations for explosives and blasting agents. These regulations, though mandatory, are not included in INS' firearms policy. We also found that no Department standards exist and that INS' firearms policy includes minimal guidance on ammunition storage.

We recommended that INS include Section 1910.109(j) in its firearms policy to ensure that officials at all ammunition storage locations comply with these standards and that INS periodically review compliance with ammunition regulations.

Violent Offender Incarceration and Truth-In-Sentencing Incentive Grant Program

Under the Violent Crime Control and Law Enforcement Act of 1994, formula grant funding is awarded to eligible states to build or expand correctional facilities to increase secure confinement space for violent offenders. Inspectors conduct site reviews of grant recipients to ensure that they are achieving program objectives and federal funds are spent in accordance with program requirements. During this reporting period, we completed reviews for Mississippi, Georgia, Florida, and Indiana.

Our reviews found that the states were either in the early phases of planning their VOI/TIS projects or did not plan to begin new construction or renovation projects until all federal and state funds for the projects were available. We found that, although grant funds have not been expended, preliminary or proposed project budgets included some construction costs that were unrelated to increasing bed space for violent offenders or were for prohibited items such as furniture and vehicles. We

asked the Office of Justice Programs to review individual state project reports and budgets to ensure funds will be used for intended purposes.

Update

INS' Monitoring of Nonimmigrant Overstays

In our last *Semiannual Report to Congress*, we reported on our inspection of INS' Monitoring of Nonimmigrant Overstays. Our report findings indicated that INS had insufficient systems to compile information on the overstay population and lacked an enforcement policy that specifically targets the overstay population. Since the report, INS has classified the overstay problem as a material weakness and established milestones for correcting the overstay problem.

Inspections Statistics

The chart below summarizes Inspections' workload accomplishments for the 6-month reporting period ending March 31, 1998.

<i>Inspections Workload Accomplishments</i>	<i>Number of Inspections</i>
<i>Inspections active at beginning of period</i>	17
<i>Inspections canceled/postponed</i>	1
<i>Inspections initiated</i>	11
<i>Final inspection reports issued</i>	8
<i>Inspections active at end of reporting period</i>	19

Appendix 1

INSPECTIONS DIVISION REPORTS

October 1, 1997 - March 31, 1998

INTERNAL AND EXTERNAL REPORTS

Review of Immigration and Naturalization Service's Automated Biometric Identification System

Controls Over Certificates of Naturalization (Phase I)

Review of the Tri-State Violent Crime Task Force of the United States Attorney's Office for the District of Maryland

Inspection of Immigration Officer Training

Mississippi Grant for the Violent Offender Incarceration and Truth-In-Sentencing Incentive Program

Georgia Grant for the Violent Offender Incarceration and Truth-In-Sentencing Incentive Program

Indiana Grant for the Violent Offender Incarceration and Truth-In-Sentencing Incentive Program

Florida Grant for the Violent Offender Incarceration and Truth-In-Sentencing Incentive Program

SPECIAL REVIEWS

Ammunition Storage at Immigration and Naturalization Service Facilities

APPENDIX 2

AUDIT DIVISION REPORTS

October 1, 1997 - March 31, 1998

INTERNAL AND EXTERNAL AUDIT REPORTS

Union City, Georgia Police Department 1/

City of Chicago Heights, Illinois Police Department 2/

Volusia County, Florida Sheriff's Office 3/

United States Marshals Service Intergovernmental Service Agreement for Detention Facilities with the Forsyth County, North Carolina Sheriff's Office 4/

Use of Equitable Sharing of Revenue by the City of Euless, Texas 5/

Rosebud Sioux, North Dakota Police Department 6/

Huntsville, Alabama Police Department 7/

New Melle, Missouri Police Department 8/

United States Marshals Service Intergovernmental Service Agreement for Detention Facilities with Westchester County, New York

City of Macks Creek, Missouri Police Department 9/

1/ Total Questioned Costs - \$18,000

2/ Total Questioned Costs - \$27,028

3/ Total Questioned Costs - \$236,944
Funds Put to Better Use - \$390,605

4/ Funds Put to Better Use - \$98,350

5/ Total Questioned Costs - \$112,495

6/Total Questioned Costs - \$427,357
Funds Put to Better Use - \$1,301,323

7/ Total Questioned Costs - \$37,347

8/ Total Questioned Costs - \$16,343
Funds Put to Better Use - \$63,087

9/ Total Questioned Costs - \$15,826

Funds Put to Better Use - \$61,750

Immigration and Naturalization Service Management of Automation Programs 10/

The Sac and Fox Tribe of Missouri 11/

Township of Middletown, New Jersey Police Department 12/

Asset Forfeiture Program Management Letter Report for FY 1995

New Rome, Ohio Police Department 13/

United States Marshals Service Intergovernmental Service Agreement for Detention Facilities with Corrections Corporation of America, Pinal County, Arizona 14/

Hammond, Indiana Police Department 15/

Bureau of Prisons Contract with the Schleicher Community Corrections Center

United States Marshals Service Intergovernmental Service Agreement for Detention Facilities with Liberty County, Texas 16/

Youngstown, Ohio Police Department 17/

Immigration and Naturalization Service Contract with the Wackenhut Corrections Corporation 18/

Use of Equitable Sharing of Revenue by the Jefferson County Parish, Louisiana Sheriff's Office

City of Breckenridge, Missouri 19/

10/ Funds Put to Better Use - \$5,512,000

11/ Total Questioned Costs - \$881

12/ Total Questioned Costs - \$17,500
Funds Put to Better Use - \$132,500

13/ Total Questioned Costs - \$15,725
Unsupported Costs - \$15,725

14/ Total Questioned Costs - \$3,859,043
Funds Put to Better Use - \$2,760,379

15/ Total Questioned Costs - \$55,696
Unsupported Costs - \$55,696

16/ Funds Put to Better Use - \$1,395

17/ Total Questioned Costs - \$451,502
Funds Put to Better Use - \$103,290

18/ Funds Put to Better Use - \$30,159

19/ Total Questioned Costs - \$24,80
Unsupported Costs - \$24,80
Funds Put to Better Use - \$21,488

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Working Capital Fund Management Letter Report for FY 1996

Yellowstone County, Billings, Montana Sheriff's Office

The Standing Rock Sioux Tribe, Fort Yates, North Dakota 20/

Edinburg, Texas Police Department 21/

Use of Equitable Sharing of Revenue by the City of Dallas, Texas Police Department 22/

Commerce City, Colorado Police Department 23/

FY 1996 Review of the Rockville and Dallas Data Centers

Office of Justice Programs Annual Financial Statement for FY 1997

Wilmington, Delaware Police Department 24/

Montgomery County, Pennsylvania Consortium 25/

County of Suffolk, New York Police Department

Cook County, Illinois Sheriff's Police Department 26/

Missouri State Highway Patrol 27/

City of Lavon, Texas Police Department 28/

Department of Justice Seizure and Disposal Efforts for the Bicycle Club Casino

20/ Total Questioned Costs - \$52,122
Funds Put to Better Use - \$933,319

21/ Funds Put to Better Use - \$17,095

22/ Total Questioned Costs - \$813,280
Unsupported Costs - \$813,280

23/ Total Questioned Costs - \$142,935
Funds Put to Better Use - \$433,252

24/ Total Questioned Costs - \$40,712

25/ Total Questioned Costs - \$1,418,996

26/ Funds Put to Better Use - \$360,329

27/ Total Questioned Costs - \$29,558

28/ Total Questioned Costs - \$59,723
Funds Put to Better Use - \$72,220

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Sunflower County, Mississippi Sheriff's Department 29/

Immigration and Naturalization Service Refugees, Asylum and Parole System

San Jose, California Police Department 30/

United States Marshals Service Intergovernmental Service Agreement for Detention Facilities with Multnomah County, Oregon Sheriff's Office 31/

Watsonville, California Police Department 32/

Siskiyou County, California Sheriff's Office

Hoopa Valley, California Tribal Police

Implementation of the Communications Assistance for Law Enforcement Act by the Federal Bureau of Investigation

City of San Francisco, California Police Department 33/

Coachella, California Police Department 34/

The Weed and Seed, Safe Haven, and Neighbor to Neighbor Grants, Denver, Colorado

Colton, California Police Department 35/

Office of Justice Programs Management Letter Report for FY 1996

City of Tacoma, Washington Police Department 36/

Indianapolis, Indiana Police Department

29/ Total Questioned Costs - \$50,256
Funds Put to Better Use - \$8,347

30/ Total Questioned Costs - \$1,894,227
Unsupported Costs - \$1,888,892

31/ Total Questioned Costs - \$261,977

32/ Total Questioned Costs - \$67,974
Unsupported Costs - \$55,353

33/ Total Questioned Costs - \$1,721

34/ Total Questioned Costs - \$27,133
Funds Put to Better Use - \$22,311

35/ Total Questioned Costs - \$15,249

36/ Total Questioned Costs - \$414,505
Unsupported Costs - \$189,368
Funds Put to Better Use - \$158,174

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Immigration and Naturalization Service Intergovernmental Service Agreement for Detention Facilities with Liberty County, Texas

Stop Violence Against Woman Grant to the Inter-Tribal Council of Nevada, Inc. 37/

Mesa, Arizona Police Department 38/

Baltimore County, Maryland Police Department 39/

Use of Equitable Sharing of Revenue by the Arlington County, Virginia Police Department

Town of Sunflower, Mississippi Police Department 40/

Kearny, Arizona Police Department 41/

Las Vegas, Nevada Metropolitan Police Department 42/

Belle Glade, Florida Police Department 43/

Working Capital Fund Annual Financial Statement for FY 1997

Oregon State Police 44/

Bureau of Prisons Contract with the Schleicher Community Corrections Center 45/

Federal Prison Systems Management Letter Report for FY 1996

37/ Total Questioned Costs - \$27,633

38/ Total Questioned Costs - \$13,942

39/ Total Questioned Costs - \$136,06
Funds Put to Better Use - \$20,786

40/ Total Questioned Costs - \$36,456

41/ Total Questioned Costs - \$2,742

42/ Funds Put to Better Use - \$615,037

43/ Total Questioned Costs - \$441,902
Funds Put to Better Use - \$639,303

44/ Total Questioned Costs - \$1,575,522
Unsupported Costs - \$1,175,579
Funds Put to Better Use - \$6,075,000

45/ Funds Put to Better Use - \$1,858,133

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TRUSTEE AUDIT REPORTS

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AUDIT REPORTS OF DEPARTMENT OF JUSTICE
ACTIVITIES COMPLETED BY OTHERS

Audit of the Lowcountry Children's Center, Inc., Charleston, South Carolina

Audit of the Young Women's Christian Association of Lexington, Kentucky

Audit of the Catholic Community Services of the Archdiocese of Miami

Audit of the City of Rome, Georgia

Audit of the Town of Surfside Beach, South Carolina

Audit of the City of Georgetown, Kentucky 1/

Audit of Grant County, Kentucky Fiscal Court

Audit of the Clay County, Florida Office of the Sheriff

Audit of the Franklin County Commission, Alabama

Audit of the Butler County Commission, Alabama

Audit of the Town of Mount Pleasant, South Carolina

Audit of York County, South Carolina

Audit of the Elmore County Commission, Alabama

Audit of the Commonwealth of Puerto Rico, Office of Youth Affairs

Audit of the Mississippi Band of Choctaw Indians

1/ Total Questioned Costs - \$48,647

Audit of the Mississippi State University

Audit of the State of Tennessee, FY 1995

Audit of the State of Tennessee, FY 1996

Audit of the State of Georgia, FY 1995 2/

Audit of the State of North Carolina, FY 1995

Audit of the Town of Duncan, Mississippi

Audit of the State of Florida

Audit of the State of North Carolina, FY 1996

Audit of the State of Georgia, FY 1996

Audit of the Blount County Commission, Alabama

Audit of the State of Alabama

Audit of Fulton County, Georgia

Audit of the Joint Center for Justice Studies, FY 1995

Audit of the Joint Center for Justice Studies, FY 1996

Audit of the Alzheimers Disease and Related Disorders Association, Inc.

Audit of the American Bar Association Fund for Justice and Education

Audit of the Community Research Associates, Inc., FY 1994

2/ Total Questioned Costs - \$55,679

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Audit of the Community Research Associates, Inc., FY 1995

Audit of the Community Research Associates, Inc., FY 1996

Audit of the Concerns of Police Survivors

Audit of the City of Huron, Ohio

Audit of the City of Platteville, Wisconsin

Audit of Harvey County, Kansas

Audit of the City of Cherokee, Iowa

Audit of the City of St. Francis, Kansas

Audit of the Village of Millersburg, Ohio

Audit of the City of Cottage Grove, Minnesota

Audit of the City of South St. Paul, Minnesota

Audit of the City of Shaker Heights, Ohio

Audit of the City of Monticello, Indiana

Audit of Stevens County, Minnesota

Audit of the City of Bedford, Ohio

Audit of the City of West Plains, Missouri

Audit of the Town of Summit, Wisconsin

Audit of the City of Delphi, Indiana

Audit of the City of Noblesville, Indiana

Audit of the City of New Haven, Indiana

Audit of Grand Traverse County, Missouri

Audit of McLeod County, Minnesota

Audit of Marshall County, Minnesota

Audit of the City of Onaway, Michigan

Audit of the Village of Shorewood, Wisconsin

Audit of the Village of Swansea, Illinois

Audit of the Town of Madison, Wisconsin

Audit of Greene County, Indiana

Audit of Grant County, Minnesota

Audit of the City of Peru, Illinois

Audit of the City of Mascoutah, Illinois

Audit of the Village of Sharon, Wisconsin

Audit of the City of Quincy, Illinois

Audit of the City of Rensselaer, Indiana

Audit of the Village of Darien, Wisconsin

Audit of the Town of Munster, Indiana

Audit of the Village of Oregon, Wisconsin

Audit of the Village of Lombard, Illinois

Audit of the City of Norter Olmsted, Ohio

Audit of the City of Logansport, Indiana

Audit of Waseca County, Minnesota

Audit of the City of Crown Point, Indiana

Audit of Carver County, Chaska, Minnesota

Audit of the City of Sycamore, Illinois

Audit of the City of Lake Geneva, Wisconsin

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Audit of the Town of Dyer, Indiana

Audit of the City of Oak Creek, Wisconsin

Audit of the State of Iowa, FY 1995

Audit of the State of Iowa, FY 1996

Audit of the State of Missouri

Audit of the State of Indiana

Audit of the City of Springfield, Ohio

Audit of the Menominee Indian Tribe of Wisconsin

Audit of the State of Minnesota

Audit of Clark County, Indiana

Audit of the Bois Loste Reservation Tribal Council

Audit of Genesee County, Michigan

Audit of the City of Euclid, Ohio

Audit of the Red Lake Band of Chippewa Indians

Audit of the Mid-States Organized Crime Information Center

Audit of the Southwest Key Program, Inc.

Audit of Pembina County, North Dakota

Audit of the City of Fort Collins, Colorado

Audit of the City of Rifle, Colorado

Audit of the State of New Mexico Department of Public Safety

Audit of the Muscogee Creek Nation, Oklahoma

Audit of the Town of Avon, Colorado 3/

Audit of Comanche County, Texas

Audit of the Town of Buena Vista, Colorado 4/

Audit of the Boone County Law Enforcement Center, Arkansas

Audit of Wells County, North Dakota

Audit of Eddy County, North Dakota

Audit of Ault, Colorado

Audit of St. Mary Parish Council, Louisiana

Audit of the Department of Finance and Administration, Arkansas

Audit of the City of Lake Village, Arkansas

Audit of the Department of Arkansas State Police 5/

Audit of the Pueblo of Zuni, New Mexico

Audit of the Southern Ute Community Action Programs, Inc.

Audit of Gregg County, Texas

Audit of the City of Austin, Texas

Audit of the City of Larimore, North Dakota

Audit of the San Juan Pueblo, New Mexico

3/ Total Questioned Costs - \$761

Unsupported Costs - \$761

4/ Total Questioned Costs - \$2,760
Unsupported Costs - \$2,760

5/ Total Questioned Costs - \$2,229
Unsupported Costs - \$2,229

Audit of the Cherokee Nation, Oklahoma

Audit of the Arkansas State Highway and Transportation Department

Audit of the Vera Institute of Justice

Audit of the Criminal Justice Institute, Inc.

Audit of the Facing History and Ourselves National Foundation, Inc.

Audit of the Township of Willingboro, New Jersey

Audit of the City of Milford, Delaware

Audit of Lower Paxton Township, Pennsylvania

Audit of the Village of Greenwood, New York

Audit of the Village of Chester, New York 6/

Audit of the Township of Willingboro, New Jersey

Audit of the Township of Merrimack, Vermont 7/

Audit of the Town of Hanson, Massachusetts

Audit of Riverside, New Jersey

Audit of Freedom, New Hampshire

Audit of the Town of Lancaster, New York

Audit of the Commonwealth of Pennsylvania

Audit of the National Judicial College

Audit of the Martin Luther King Legacy Association

Audit of the East Bay Community Foundation

6/ Total Questioned Costs - \$39,144

7/ Total Questioned Costs - \$30,047

Audit of the D.A.R.E. America

Audit of the Constitutional Rights Foundation

Audit of the Big Brothers/Big Sisters of Southwest Idaho

Audit of the Judiciary, State of Hawaii

Audit of the County of Santa Barbara, California

Audit of the City of Modesto, California

Audit of the Hawaii Department of Human Services

Audit of the County of Solano, California

Audit of the City of LaVerne, California

Audit of the City of Brawley, California

Audit of the City of Marina, California

Audit of the County of Los Angeles, California

Audit of the City of Parker, California

Audit of the City of Union City, California

Audit of the City of Westminster, California

Audit of the City and County of San Francisco, California

Audit of the City of Covina, California

Audit of the County of Santa Cruz, California

Audit of the City of South Gate, California

Audit of the City of Fullerton, California

Audit of the City of Salinas, California

Audit of the City of Clearlake, California

Audit of Hawaii Department of Land and Natural Resources

Audit of the City of West Sacramento, California

Audit of the City of Milpitas, California

Audit of the City of Novato, California

Audit of the City of Concord, California 8/

Audit of the City of El Centro, California

Audit of the City of West Hollywood, California

Audit of the City of Buena Park, California

Audit of the City of Scotts Valley, California

Audit of the City of San Leandro, California

Audit of the City of Livermore, California

Audit of the City of Oroville, California

Audit of the City of Stockton, California

Audit of the City of La Mirada, California

Audit of the City of Roseville, California

Audit of the County of Orange, California

Audit of the City of Poway, California

Audit of the Town of Windsor, California

Audit of the City of San Marcos, California

Audit of the City of Santa Cruz, California

Audit of the City of Chula Vista, California

8/ Total Questioned Costs - \$7,674

Audit of the City of San Diego, California

Audit of the City of El Paso Del Robles, California

Audit of the City of Rialto, California
Audit of the City of Vista, California
Audit of the County of Sacramento, California
Audit of the County of El Dorado, California
Audit of the City of Berkeley, California
Audit of the City of Agoura Hills, California
Audit of the City of Millbrae, California
Audit of the City of Santa Maria, California
Audit of the City of Napa, California
Audit of the City of Hanford, California
Audit of the City of Anderson, California
Audit of the City of Monrovia, California
Audit of the County of Placer, California
Audit of the City of Murrieta, California
Audit of the City of San Rafael, California
Audit of the City of Watsonville, California
Audit of the City of Riverside, California
Audit of the City of Orinda, California
Audit of the City of Temecula, California
Audit of the City of Thousand Oaks, California
Audit of the City of National City, California

Audit of the City of King City, California

Audit of the City of Imperial, California

Audit of the City of Weed, California

Audit of the City of San Luis Obispo, California

Audit of the City of Garden Grove, California

Audit of the City of Fontana, California

Audit of the City of Antioch, California

Audit of the City of El Cerrito, California

Audit of the City of East Palo Alto, California 9/

Audit of the City of Laguna Beach, California

Audit of the City of Montclair, California

Audit of the City of Redondo Beach, California

Audit of the City of La Habra, California

Audit of the City of Ontario, California

Audit of the City of Petaluma, California

Audit of the City of San Mateo, California

Audit of the City of Soledad, California

Audit of the County of Alameda, California

Audit of the County of San Mateo, California

Audit of the City of Lompoc, California

Audit of the City of Redlands, California

Audit of the County of Contra Costa, California

9/ Total Questioned Costs - \$34,600

Audit of the City of Baldwin Park, California

Audit of the City of Clayton, California
Audit of the City of Upland, California
Audit of the City of Inglewood, California
Audit of the City of Yuba City, California
Audit of the City of La Mesa, California
Audit of the City of Rocklin, California
Audit of the City of Oakland, California
Audit of the County of Marin, California
Audit of the City of Redding, California
Audit of the County of Shasta, California
Audit of the City of Huntington Beach, California
Audit of the City of Sonora, California
Audit of the City of Morgan Hill, California
Audit of the City of Del Mar, California
Audit of the City of Red Bluff, California
Audit of the City of Seal Beach, California
Audit of the County of Amador, California
Audit of the City of Hawthorne, California
Audit of the City of Greenfield, California
Audit of the City of Lake Forest, California
Audit of the City of La Canada Flintridge, California
Audit of the City of Jackson, California

Audit of the City of Oakdale, California

Audit of the City of Rohnert Park, California

Audit of the City of Fresno, California

Audit of the City of Dinuba, California

Audit of the City of Delano, California

Audit of the City of Riverside, California

Audit of the City of Hayward, California

Audit of the City of Willows, California

Audit of the City of Pinole, California

Audit of the City of Selma, California

Audit of the City of Auburn, California

Audit of the County of Sacramento, California

Audit of the City of Arroyo Grande, California

Audit of the City of Corcoran, California

Audit of the City of Fountain Valley, California

Audit of the City of Lakewood, California

Audit of the County of Mariposa, California

Audit of the City of Newman, California

Audit of the City of Phoenix, Arizona

Audit of Pima County, Arizona

Audit of the Municipality of Anchorage, Alaska

Audit of the City of Lakeport, California

Audit of the City of Pleasanton, California

Audit of the State of Nevada

Audit of the City of Marysville, California

Audit of the Town of Rosalia, Washington 10/
Audit of the City of Long Beach, California
Audit of the City of Santa Rosa, California
Audit of the City of Sonoma, California
Audit of the City of Las Vegas, Nevada
Audit of the City of Winters, California
Audit of the City of Coalinga, California
Audit of the Republic of Palau National Government
Audit of the City of Hughson, California
Audit of the State of Arizona, FY 1995
Audit of the State of Arizona, FY 1996
Audit of the Housing Authority of the City of Los Angeles, California
Audit of the National Alliance Model State Drug Laws
Audit of the National League of Cities
Audit of the Police Executive Research Forum
Audit of the National Organization of Black Law Enforcement Executives
Audit of the National Funding Collaborative on Violence Prevention

10/ Total Questioned Costs - \$18,165

Audit of the Community Anti-Drug Coalitions of America
Audit of the Center for Effective Public Policy
Audit of the Police Foundation

Audit of the National Association of Crime Victim Compensation Boards 11/

Audit of the National Organization of Black Law Enforcement Executives

11/ Total Questioned Costs - \$579

Audit of the Family Life Center Foundation

Audit of the Key Bridge Foundation

Audit of the National Association of Drug Court Professionals

Audit of the Coalition for Juvenile Justice

Audit of the Town of Elkton, Maryland

Audit of the University of Maryland System

Audit of the D.C. Department of Employment Services

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Appendix 3

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.

IG Act References	Reporting Requirement	Page
Section 4(a)(2)	Review of Legislation and Regulations	7
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	9 - 33
Section 5(a)(2)	Significant Recommendations for Corrective Actions	19 - 33
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	None
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	9 - 17
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	A-2 to A-17
Section 5(a)(7)	Summary of Significant Reports	9 - 33
Section 5(a)(8)	Audit Reports--Questioned Costs	27
Section 5(a)(9)	Audit Reports--Funds to be Put to Better Use	26
Section 5(a)(10)	Prior Audit Reports Unresolved	25
Section 5(a)(11)	Significant Revised Management Decisions	None
Section 5(a)(12)	Significant Management Decisions with Which the OIG Disagreed	None

Appendix 4

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.

Certificate of Naturalization (N-550): A certificate, issued by INS to qualified aliens, that serves as proof of citizenship.

Disallowed Cost: A questioned cost that management has sustained or agreed should not be charged to the government.

Disclaimer of Opinion: Unavailability of sufficient competent evidential matter to form an opinion.

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

Green Card: INS Alien Registration Receipt Card (Form I-151 or Form I-551) that serves as evidence of authorized stay and employment in the United States.

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 of Justice 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.

Material Weakness: A failure in a system of control, or a lack of control determined by the agency head to be important enough to be reported to the President and Congress. A weakness of this type could significantly impair fulfillment of an agency's mission; deprive the public of needed services; violate statutory or regulatory requirements; significantly weaken safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets; and/or result in a conflict of interest.

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.

Record of Arrival and Departure (I-94): Form provided to each nonimmigrant visitor to the United States that contains the alien's date of arrival, class of admission, and date of departure.

Recovered Funds: Government funds returned to the Department or the U.S. Treasury as the result of an investigation.

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

Seizures: Property, including cash, real estate, vehicles, etc., used or acquired through illegal activities, that is confiscated by law enforcement officials. A decision is made by a court or civil authority regarding the disposition of the seized property.

Special Processing Center: An INS detention center that holds aliens awaiting deportation proceedings.

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

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

Temporary Resident Card: An INS card (Form I-688) formerly issued to aliens that authorized them to live and work in the United States until adjudication of their application to adjust to lawful permanent resident status.

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.

On-Line Report Availability

Many audit, inspections, and special reports are available at the following Internet address:

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