

U. S. Department of Justice
Office of the Inspector General
Semiannual Report to Congress
October 1, 1998 - March 31, 1999

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

The OIG pays special tribute to individuals involved in a joint investigation by the Drug Enforcement Administration (DEA), OIG Miami Field Office, U.S. Customs Service (USCS), Criminal Investigation Division of the Internal Revenue Service (IRS), and Florida Department of Law Enforcement (FDLE). The 39-month investigation established evidence that an Immigration and Naturalization Service special operations inspector facilitated drug smuggling by the Francois-Ketant drug trafficking organization through Miami International Airport. The inspector obtained confidential criminal intelligence information to warn co-conspirators and assist them in evading detection by allowing entry into the United States without inspection.

A federal grand jury indicted the inspector and 15 other individuals, including the former Police Chief of Port-Au-Prince, the former Head of Security for Port-Au-Prince International Airport, and a former Metro-Dade County Aviation Department employee. The inspector and five co-defendants were found guilty following an 8-week trial in U.S. District Court, Southern District of Florida. Seven other defendants pled guilty. Three of the defendants, including the inspector, were sentenced to life in prison. Nine others received sentences ranging from 5 years to 20 years. Four individuals are fugitives, including one who was convicted.

The OIG honors Assistant U.S. Attorneys John Kastrenakes, David Weinstein, and Madeline Shirley and DEA Special Agents Gary Coffman, Donald Lessner, and John Carbonero; IRS Special Agent Joan Paigo; FDLE Special Agent Christina Royo;

USCS Special Agent George Machado; and OIG Special Agent Arthur Skinner for their outstanding achievements in this case.

April 30, 1999

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

Dear Madam Attorney General:

This semiannual report summarizes the work of the Office of the Inspector General (OIG) during the 6-month period ending March 31, 1999.

On April 14, 1999, the OIG celebrated its tenth anniversary as an independent component within the Department of Justice (Department). Ten years ago the OIG was created through the transfer of units previously located in other Department components, including an Investigations Division largely drawn from the Immigration and Naturalization Service, an Audit Division transferred as an entity from the Justice Management Division, and units within the U.S. Marshals Service, the Drug Enforcement Administration, and other components that formed the backbone of a subsequently created Inspections Division. There were many challenges during the OIG's early years: to continue without interruption the duties inherited with the newly transferred units; to assimilate employees with diverse experience and from disparate entities into a new, unified organization; and to extend the OIG's investigations, audits, and inspections into parts of the Department that had not generally been subjected to independent reviews.

This institution building occurred through the hard work, dedication, and commitment of men and women who recognized the importance of the OIG's mission and who formed an organization that embodied the lofty aspirations of the Inspector General Act. The development and maturation of the OIG could not have occurred without the leadership of Acting Inspector General Anthony Moscato (1989-90) and Inspector General Richard Hankinson (1990-94).

During the past ten years, the OIG has increasingly been treated as a full partner in the Department through its participation in the Office of Investigative Agency Policies and on various Department task forces and working groups. In addition, jurisdictional boundaries among the OIG, the Office of Professional Responsibility, and internal affairs components within the Department have been clarified, thereby facilitating more effective and productive working relationships. The nature of the OIG's work has changed as well during the past decade:

- The OIG has conducted numerous special investigations that bring together attorneys, criminal investigators, auditors, and program analysts to examine complex and important issues.
- OIG audits and inspections have expanded beyond compliance reviews and financial audits to include broader program reviews and evaluations.
- The OIG has increased follow-up work on issues and programs that are particularly important to the Department and in which initial examinations disclosed significant problems and vulnerabilities.
- The OIG has expanded its ability to conduct investigations of possible criminal wrongdoing and serious administrative misconduct through its ten Investigations Division field offices and seven area offices across the country.

While the scope and breadth of our work has expanded, the OIG continues to face several enduring challenges. The first is to approach our work in a spirit of constructive criticism. Although we know it is unlikely that our decision to conduct an audit, inspection, or program review will ever be met with enthusiasm from Department managers, we want and expect our reviews to be perceived as objective, fair, and reasonable. We continue to pursue this as a central goal.

Second, our investigations should lead to a narrowing of the opportunities for misconduct and corruption within the Department. We must search for ways to leverage each criminal and administrative investigation to produce procedural and systemic reforms that make similar misconduct less likely in the future. Such progress is not as easily measured as arrests, convictions, and the imposition of administrative discipline, but is central to the mission of any OIG.

Third, the ability of the OIG to have a significant and positive impact on the Department will be sharply limited in the absence of sufficient budgetary resources. We have lacked such resources in the past several years. I very much regret that, despite the enormous growth of the Department and the strong record of OIG accomplishment, we have no more people on board today than we did in 1992. I do not believe this is good for the OIG, the Department, or the public in light of the dramatic increase in Department personnel and funding since Fiscal Year 1993.

As I approach my fifth anniversary as IG this June, I want you to know that it has been my great privilege to have served in this capacity for half of the OIG's ten years of existence. I have been proud to serve with the men and women of the OIG who care so much about the important work that they do and about the Department in which they so proudly serve.

It also has been a privilege to serve with an Attorney General who so plainly values the work of a vigorous and independent OIG. We look forward to working with you in the future.

Very truly yours,

/S/

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 their numerous and diverse activities. The OIG provides leadership and assists management in promoting integrity, economy, efficiency, and effectiveness within the Department and in its financial, contractual, and grant relationships with others. Many of our reports are available on the OIG's website at <<http://www.usdoj.gov/oig>>.

The OIG carried out its mission during this reporting period with a workforce averaging 440 special agents, auditors, inspectors, and support staff. The special agents are assigned to offices in Washington, D.C., Atlanta, Boston, Chicago, Colorado Springs, Dallas, El Centro, El Paso, Houston, Los Angeles, McAllen, Miami, New York, San Diego, San Francisco, Seattle, and Tucson. The auditors are located in offices in Washington, D.C., Atlanta, Chicago, Dallas, Denver, Philadelphia, and San Francisco. Other OIG components—the Inspections Division, the Special Investigations and Review Unit (SIRU), the Management and Planning Division, the Office of the General Counsel (OGC), and the Inspector General's immediate office—are located in Washington, D.C. Mailing addresses and telephone and facsimile numbers for each office are listed on the OIG's website.

The OIG's Fiscal Year (FY) 1999 direct appropriation is \$34.175 million through June 15, 1999. We anticipate that Congress will enact full-year funding by June 15 and that this will not create budgetary problems. The OIG also received funding of \$3.46 million for its Year 2000 (Y2K) compliance effort. Additionally, the OIG

expects reimbursement of (1) \$2.5 million from the Immigration and Naturalization Service (INS) for audit, inspections, and investigative oversight work related to the INS User Fee account; (2) \$1.25 million from the Executive Office for U.S. Trustees (EOUST) for trustee audits; (3) \$7.9 million from the Working Capital Fund and other Department components for costs incurred to produce a consolidated Department financial statement audit in FY 1999; and (4) \$3.8 million from the Violent Crime Reduction Trust Fund (VCRTF) for oversight of law enforcement grant programs funded through VCRTF.

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

Special Inquiries

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

A number of OIG special investigations are of significant interest to the public and Congress and of vital importance to the Department. Teams working on these cases include senior attorneys, special agents, auditors, and inspectors. Examples of completed investigations include *The FBI Laboratory: An Investigation into Laboratory Practices and Alleged Misconduct in Explosives-Related and Other Cases* and *The CIA-Contra-Crack Cocaine Controversy: A Review of the Justice Department's Investigations and Prosecutions*. These and other OIG special investigative reports are available on the OIG's website.

Following are brief descriptions of current OIG special investigations.

Citizenship U.S.A.

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

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

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, the OIG has reviewed more than 17,000 pages of classified information and conducted more than 140 interviews. The team is completing the report of investigation.

Special Inquiries

Lost Trust

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

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

On November 23, 1998, the Court of Appeals for the Fourth Circuit reversed and remanded the cases for retrial. The OIG team currently is drafting the report of investigation.

ICITAP/OPDAT

The Criminal Division's International Criminal Investigative Training Assistance Program (ICITAP) and Overseas Prosecutorial Development Assistance and Training (OPDAT) office are designed to foster, support, and strengthen democratic principles and structures of law enforcement in foreign countries. Particularly in those countries that recently have embraced democracy, ICITAP and OPDAT provide training for police, prosecutors, and the judiciary and advice on American laws and programs to combat crime within a democratic framework.

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 conducted more than 400 interviews in the United States and several foreign countries and has reviewed more than 50,000 pages of documents. The team currently is preparing the report of investigation.

Trentadue

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

Trentadue was murdered led to an investigation by the FBI and the Department's Civil Rights Division. The investigation concluded that there was insufficient evidence of any violation of federal criminal civil rights laws. Following that investigation and at the

Special Inquiries

Deputy Attorney General's request, the OIG initiated a separate review focusing on whether BOP or FBI employees mishandled evidence or engaged in other misconduct in the events surrounding Trentadue's death. The team is concluding the investigative phase of the inquiry and soon will begin writing the report of investigation.

Office of Professional Responsibility

In 1997, an employee of the Department's OPR complained to the OIG that some OPR managers and employees routinely claimed reimbursement for travel expenses that were exorbitant and in violation of Department and federal travel regulations. The employee also complained that OPR had retaliated against the employee after the employee had raised within OPR a separate allegation regarding an OPR manager.

We investigated these allegations, focusing on OPR travel between 1992 and 1997. Government travelers ordinarily receive payment for meals and lodging based on established per diem rates that vary by city. Travelers may receive reimbursement for meals and lodging costs exceeding the limitations of the per diem payments only by receiving authorization for "subsistence" reimbursement. Such authorization permits the traveler to obtain reimbursement for actual costs of meals and lodging that exceed the per diem rate. However, this type of reimbursement is only permitted in special or unusual circumstances when adequate justification is provided.

Our review of OPR travel found that some OPR personnel regularly violated federal and Department travel regulations by inappropriately claiming "subsistence" reimbursement for travel expenses without adequate justification. OPR travelers obtained "subsistence" reimbursement on approximately 70 percent of the trips we

reviewed. By contrast, in a sample of vouchers from other Department offices for 1993 and 1996, we found that less than 10 percent of those vouchers authorized "subsistence" reimbursement. We also found that OPR personnel often stayed at hotels costing more than the government rate, including some well-known luxury hotels. Moreover, some OPR personnel, particularly some of its managers, regularly obtained "subsistence" reimbursement for expensive meals costing significantly more than the per diem rates allowed. For example, our review found more than 100 instances in which OPR travelers received such reimbursement for meals costing from \$50 to \$80 each, and we found one claim for a meal costing more than \$100. (For comparison purposes, the per diem rates during this time period would typically provide the traveler around \$40 for all three meals in a day and incidental expenses.) In addition, we found that some OPR travelers obtained reimbursement for the cost of alcohol, including bottles of wine, which the travel regulations explicitly prohibit.

In a supplemental review, we also found that one OPR traveler used hundreds of thousands of frequent flyer miles accrued on government travel for personal uses, in clear violation of the travel regulations.

Finally, we concluded that OPR retaliated against the OPR employee who had originally complained within OPR about the separate allegation regarding an OPR manager.

Upon completion, our report was provided to the Office of the Deputy Attorney General for consideration of appropriate action.

Special Inquiries

Civil Rights Self-Assessment

At the request of the Attorney General, the OIG led a working group that examined the Department's response to civil rights complaints made against Department law enforcement officers and other civil rights integrity issues. The working group included representatives of the Civil Rights Division and FBI as well as the OIG. The

group's report, *A Self-Assessment of Management Practices Affecting the Civil Rights Integrity of Department of Justice Law Enforcement Agents*, describes how the Department investigates and adjudicates civil rights misconduct complaints made against Department law enforcement officers, investigates and evaluates shootings and other use of force incidents, and seeks to prevent incidents of civil rights misconduct. The report addresses such issues as timeliness of investigations, reporting use of force incidents, and notification of prosecutors. The Department is currently reviewing and establishing a process for implementing the report's recommendations.

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.

- In February 1999, the IG and the IG for the Department of State participated in a panel discussion as part of the Vice President's *International Conference on Fighting Corruption and Safeguarding Integrity Among Justice and Security Officials*. The panel addressed issues facing agencies that perform internal oversight of other governmental agencies. In addition to the IGs, panel speakers included senior officials from the Republic of Chile, the Republic of Georgia, and the Republic of Uganda.
- Also in February 1999, the Investigations Division's Los Angeles Field Office sponsored the second annual *Office of Inspectors General Training Conference*. Approximately 90 special agents from 13 local OIGs attended the training, which included a presentation of the Department's Office for Victims of Crime and presentations by Assistant U.S. Attorneys from the Central District of California on issues such as search and seizure, discovery and grand jury processes, contacts with represented persons, and interview/interrogation techniques.
- In response to four shootings of illegal aliens by Border Patrol agents stationed in the San Diego Sector of the U.S.-Mexico border, the Attorney General requested the establishment of a training program related to officer-involved

shootings. The OIG San Diego Field Office, USAO for the Southern District of California, Civil Rights Division's Criminal Section, and FBI developed a 1-day training course entitled *Perspectives on Federal Criminal Investigations and Officer-Involved Shootings*. This training addresses the jurisdiction, protocol, and practice for investigations of civil rights violations, assault on federal officers, and federal officer-involved shootings. To date, the group has conducted 6 training sessions reaching 181 Border Patrol agents and 22 union officials.

Other Activities

- Investigators conducted 51 Integrity Awareness Briefings for Department employees throughout the country. These briefings are designed to educate employees about the misuse of a public official's position for personal gain and to deter employees from committing such offenses. The briefings reached more than 1,255 employees with a message highlighting the devastating consequences of corruption to both the employee and the agency.
- The Investigations Division's McAllen Field Office participates, along with the FBI and eight other federal, state, and county law enforcement agencies, in the High Intensity Drug Trafficking Area (HIDTA) South Texas Public Corruption Task Force that investigates allegations of drug-related public corruption in South Texas and along the Southwest Border. Since the task force's inception in March 1998, interagency cooperation, sharing of intelligence and resources, and liaison efforts have improved dramatically throughout the lower Rio Grande Valley Region's law enforcement community.
- The OIG San Diego Field Office participates, along with the FBI, Drug Enforcement Administration (DEA), U.S. Customs Office of Internal Affairs, and Internal Revenue Service (IRS), in the San Diego Border Corruption Task Force (BCTF) that investigates allegations of corruption filed against federal law enforcement officials. Currently there are 15 ongoing BCTF investigations, 13 of which were initially reported to the San Diego Field Office.

- During this reporting period, the Audit Division provided comments to the Office of Community Oriented Policing Services (COPS) on its draft policy for COPS-funded officer retention requirements and commented on a draft guide developed by COPS that is designed to help grant recipients better administer their grants. The guide included expanded guidance and examples on topics such as community policing, retention planning, officer redeployment, and progress reporting. In addition, we met with the COPS office and Office of Justice Programs (OJP) and subsequently implemented a new audit program and related report format.
- In an ongoing audit of fee collections at ports of entry (POEs) along the Southwest Border, OIG auditors found significant discrepancies in the handling of cash at five of six POEs. We also found problems with supervision, segregation of duties, reconciliation between cash and support documents, and personal accountability. Even before completion of the audit, we brought these matters to the attention of POE staff and, as a result, the Douglas, Arizona, POE and the El Paso District Office have already implemented new cash-handling policies and procedures.
- The Audit Division continued to monitor INS' critical automation initiatives to enhance automated data processing operations. Auditors attended INS' quarterly meetings to monitor their effective use of automation resources and provided input regarding INS' monitoring of these initiatives.
- In response to Congress' call for assessment of the Department's Government Performance and Results Act (GPRA) implementation efforts, the Audit Division is auditing the Department's initial FY 2000 Annual Performance Plan to determine if deficiencies previously reported by the General Accounting Office (GAO) are now

Other Activities

corrected. In addition, to the extent resources permit, we will assess actions at the component level to determine (1) if performance plans clearly depict intended performance across the Department, (2) how well performance plans discuss the strategies and resources to be used in achieving performance goals, and (3) the extent to which performance plans provide confidence that performance information will be credible.

- Audit Division staff participated on the project team that developed new *Seized Property and Forfeited Assets System Requirements*. This effort was jointly led by the Departments of Justice and Treasury and included participation from GAO and the Federal Accounting Standards Advisory Board. The requirements will be issued in draft by the Joint Financial Management Improvement Program, which is responsible for developing and publishing federal financial management systems requirements for use by federal agencies.
- During this reporting period, Audit Division staff reviewed INS' proposed *Field Financial Procedures*. Our discussions with INS are part of a continuing effort to provide assistance regarding INS' financial information accounting systems.
- Audit Division staff also attend Department's monthly Year 2000 Working Group meetings, which emphasize information sharing from other components and outside organizations and work with GAO to coordinate Y2K audit coverage in the Department.
- Inspections Division staff met with staff of the House Judiciary Committee's Subcommittee on Immigration and Claims and the Senate Judiciary Committee's Subcommittee on Immigration to brief them on the OIG's initiative to address INS' Border Patrol strategy for securing the Northern Border. While the Southern Border poses the greater threat to unlawful immigration, the Northern Border is becoming equally challenging. We advised subcommittee staff of our initiative to review the increasing movement of illegal alien traffic and INS' readiness and deployment of resources along the Northern Border.
- The Inspections Division continued to participate in the Department's Research Council. The Council's primary mission is to share ongoing internal and external law enforcement research initiatives. The Council informs the Attorney General and Deputy Attorney General of current law enforcement research projects. Recently, the Council discussed possible evaluation projects with respect to the Department's work with the District of Columbia.

- The OGC currently serves as a member of the Department's Intercomponent Adverse Action Work Group, which is developing and implementing a number of significant improvements to the Department's disciplinary, adverse action, and grievance procedures. OGC also serves as a member of the Attorney General's Committee on Sexual Harassment and has been active in developing a proposal to bring an ombuds program to the Department. Efforts have included establishing a protocol for a pilot ombuds program for the Department and additional, alternative investigative resources for the Offices, Boards, and Divisions (OBDs) to report sexual harassment complaints.

Other Activities

Inspector General Testimony

On March 18, 1999, the IG testified before the House Judiciary Committee's Subcommittee on Immigration and Claims to discuss the OIG's review of non-immigrant overstays and INS' efforts to correct a series of deficiencies noted in a September 1997 inspection report. On the same day, the IG testified before the House Committee on Government Reform's Subcommittee on Government Management, Information, and Technology on the Department of Justice's annual financial statement for FY 1998.

In addition, the IG testified before the Commission on the Advancement of Federal Law Enforcement on November 12, 1998, about the history, mission, and accomplishments of the OIG. The Commission was established by Congress to study and make recommendations on a variety of issues including federal law enforcement priorities for the twenty-first century, the degree of coordination among federal law enforcement agencies, and the necessity for the present number of federal law enforcement agencies and units.

Legislation and Regulations

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

During this reporting period, the OIG reviewed more than a dozen pieces of legislation including the Government Waste, Fraud, and Error Reduction Act of 1999; the Health Fraud and Abuse Act of 1999; and multiple versions of the Department's draft anti-crime legislative package. In addition, the OIG worked closely with BOP to develop legislation that would extend federal criminal penalties to inmates who possess contraband in contract detention facilities as well as to contract prison employees who sexually assault federal inmates in contract facilities.

President's Council on Integrity and Efficiency Activities

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

During this reporting period, the IG served on the Legislation Committee. OIG staff participate in PCIE activities—such as the Inspections Round Table, an annual investigations conference, meetings of the Chief Financial Officers Group, and the OIG GPRA

Other Activities

Coordinators' Interest Group—that relate to their respective duties. In addition, OIG staff participated on an Advisory Board to the Investigations Committee of PCIE and in a PCIE-sponsored multi-agency review regarding non-tax debt collection.

The IG continues to participate in the Intelligence Community Inspector General Forum. This group consists of the IGs in agencies involved in intelligence programs and operations. The Forum meets quarterly to discuss areas of mutual interest and to coordinate IGs' joint reviews of intelligence issues.

The Audit Division is working with other OIGs to standardize federal reviews of OMB Circular A-133 audits (Single Audits). In January 1999, we provided PCIE with information on the Department's actions for monitoring the quality of audits performed at non-federal entities under OMB Circular A-133. Both the OIG and OJP provide technical assistance to recipients of non-federal funds and conduct quality control reviews of OMB Circular A-133 audits. We also reviewed PCIE's draft *Uniform Quality Control Guide for A-133 Audits*. The guide will be used to assess the quality of single audits submitted by non-federal agencies.

Office of Investigative Agency Policies

The OIG is a member of the Department's Office of Investigative Agency Policies (OIAP), which is composed of the law enforcement components within the Department. OIAP develops coordinated policies for Department law enforcement activities. During this reporting period, OIAP addressed a number of policies including law enforcement task forces, use of deadly force by law enforcement officers, the responsibility to warn persons of threats to life or serious bodily injury, and notification to consular offices of the arrest or detention of foreign nationals.

Investigations Division

Overview and Highlights

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

Investigations carries out its mission through the work of its special agents who are assigned to offices across the country. Currently, Investigations has 10 field offices located in Washington, D.C., Chicago, El Paso, Los Angeles, McAllen, Miami, New York, San Diego, San Francisco, and Tucson, and 7 smaller, area offices located in Atlanta, Boston, Colorado Springs, Dallas, El Centro, Houston, and Seattle. Investigations Headquarters, in Washington, D.C., consists of the immediate office of the Assistant Inspector General and five branches: Operations, Investigative Support, Information Resource Management, Policy and Administration, and Research and Analysis Unit (RAU). RAU is located in New York.

Geographic areas covered by the field offices are indicated on the map below. In addition, the San Francisco office covers Alaska, and the San Diego office covers Hawaii.



During this reporting period, Investigations received 3,881 complaints. We made 75 arrests involving 27 Department employees, 34 civilians, and 14 Department contract personnel. Convictions resulted in 49 individuals receiving sentences up to life in prison and \$2,808,038 in fines, recoveries, orders of restitution, and forfeiture. As a result of OIG investigations, 32 employees and 3 contract employees received disciplinary action, including 6 who were terminated. In addition, 22 employees resigned either during or at the conclusion of our investigations.

Overview and Highlights

In recent years, Investigations has seen a substantial increase in the number of BOP employees and contract employees arrested on charges relating to unlawful dealings with prisoners, including introduction of drugs or other contraband into prisons and engaging in sexual relations with inmates. Of the employees and contract employees arrested this reporting period, 24 were BOP correctional workers. These arrests represent 59 percent of the employees and contract employees arrested by the OIG and 32 percent of our arrests overall. The number of BOP arrests resulting from OIG investigations has tripled since the semiannual reporting period in 1997 when eight correctional officers were arrested on charges arising from unlawful dealings with convicted persons. Brief discussions of some of these investigations are included on the following pages in the *Introduction of Contraband* and *Sexual Assault* sections.

During this reporting period, RAU and BOP's research and internal affairs offices completed approximately 95 percent of the file review and data collection phase of the BOP Corruption Study. This study will identify individual, organizational, and environmental causes of corruption and serious misconduct and propose new strategies to detect, deter, and prevent corruption. RAU also implemented "SACS," a statistics-based management report that will provide information on standardized performance indicators for use in improving operations and performance within Investigations. SACS data will inform strategic responses to national and local corruption and misconduct trends and engage field office managers in collaborative management and strategic decision making.

Significant Investigations

Bribery

- In the Southern District of Florida, nine former correctional aides previously assigned to Spectrum Community Corrections Center—a BOP contract halfway house facility—were arrested on charges of conspiracy, bribery, and aiding and abetting. Eight defendants pled guilty and await sentencing. A 9-month investigation by the

Miami Field Office uncovered a widespread bribery and corruption scheme in which several correctional aides demanded and received cash bribes from inmates to allow them to leave the halfway house facility after hours and overnight without proper authorization. This investigation also resulted in evidence that these correctional aides took cash bribes to alter and falsify inmates' urine samples and sign-in and sign-out records.

- In the Central District of California, an INS political asylum adjudicator was alleged to have solicited and accepted bribes in exchange for favorable adjudication of aliens applying for political asylum within the United States. Undercover agents from the Los Angeles Field Office paid the INS employee approximately \$2,500 in bribes to favorably process a previously denied asylum application and a new application for an unqualified alien applicant. The INS employee was indicted and arrested on charges of bribery, visa fraud, and false statements.
- In the Southern District of Florida, a BOP correctional officer assigned to the Federal Detention Center in Miami was arrested on charges of bribery and accepting compensation in matters affecting the government. A joint investigation by the OIG Miami Field Office and HIDTA task force led to a criminal complaint alleging that the correctional officer accepted \$3,000 in exchange for testifying on behalf of an inmate during trial and for inmate favors.

Significant Investigations

- Two Mexican nationals were arrested in the Southern District of Texas on charges of conspiracy and bribery of a public official. An investigation by the McAllen Field Office determined that the married couple attempted to persuade an INS special agent to suspend an ongoing investigation and provide valid INS documents for their family. The couple was arrested after making two separate payments totaling \$12,000 to the agent for his anticipated cooperation.

- Our last *Semiannual Report to Congress* reported on a joint investigation by the OIG El Paso Field Office and U.S. Customs Service Internal Affairs that resulted in the sentencing of an INS immigration inspector to two years' incarceration for selling INS documents. During this reporting period, the immigration inspector was tried and convicted on additional charges for bribing a public official. The jury found the inspector guilty of accepting a cellular telephone in return for allowing vehicles into the United States from Mexico without inspection—one of which was found to contain 400 pounds of marijuana. He was sentenced to 87 months' incarceration to be served concurrently with his previously imposed 2-year sentence. Two civilian co-conspirators pled guilty to drug smuggling charges and were sentenced to 37 and 20 months' incarceration, respectively.

Vendia a indocumentados permisos de internación a EIJ
Hallan culpable a inspector del SIN

Además enfrenta otra carga por permitir el paso de mercancías

El Paso. Un inspector del sistema de inmigración de la oficina de la Inspección y el Control de Aduanas del Servicio de Inmigración y Control de Aduanas del Departamento de Justicia, acusado de aceptar un soborno de un funcionario de una empresa de transporte internacional por permitir el paso de mercancías a través de la frontera y a resultados de una investigación que involucra al SIN para tener un control de mercancías que se importan a través de la frontera.

El acusado, un inspector de inmigración, fue acusado de aceptar un soborno de un funcionario de una empresa de transporte internacional por permitir el paso de mercancías a través de la frontera y a resultados de una investigación que involucra al SIN para tener un control de mercancías que se importan a través de la frontera.



Una de las zonas de control de mercancías a EIJ.

El acusado, un inspector de inmigración, fue acusado de aceptar un soborno de un funcionario de una empresa de transporte internacional por permitir el paso de mercancías a través de la frontera y a resultados de una investigación que involucra al SIN para tener un control de mercancías que se importan a través de la frontera.

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Introduction of Contraband

- A correctional officer assigned to the Metropolitan Correctional Center in Manhattan and two ex-inmates were arrested and convicted on federal narcotics and bribery charges in the Southern District of New York. An investigation by the New York Field Office resulted in evidence that the correctional officer accepted approximately \$5,000 in bribes, using the two ex-inmates as middlemen, in exchange for providing contraband to a cooperating inmate. In addition, the correctional officer conspired with one of the ex-inmates and a civilian to steal more than 100 kilograms of cocaine from a Brooklyn warehouse. The civilian remains at large.
- A BOP contract employee—a rabbi who conducted religious services at the Federal Correctional Institution (FCI) Ray Brook—was arrested on charges of smuggling contraband into a federal prison. An investigation by the New York Field Office led to a criminal complaint issued in the Northern District of New York alleging that the rabbi conspired with several FCI Ray Brook inmates to smuggle drugs and other contraband to inmates who participated in the rabbi's religious services. The investigation determined that the inmates sold the drugs within the prison, laundered the proceeds through the prison commissary system, and sent the money back to their street contacts. Two inmates were arrested on charges of organizing a drug distribution network. The investigation continues.

Rabbi charged in prison drug deal

Cleric, 73, pleads
not guilty to felony

ASSOCIATED PRESS

ALBANY, N.Y. — A 73-year-old rabbi was released without bail yesterday on a charge he smuggled drugs into a federal prison in the

Significant Investigations

- A BOP correctional officer, previously assigned to the U.S. Penitentiary (USP) Beaumont, was arrested and pled guilty to charges of possession with intent to distribute a controlled substance. His civilian conspirator, the mother of a USP Beaumont inmate, was arrested on charges of conspiracy, providing contraband to federal inmates, and distributing a controlled substance. An investigation by the Houston Area Office, assisted by the New York Field Office, resulted in evidence that the correctional officer telephoned his drug orders to the inmate's mother, who mailed him drugs for distribution within the correctional institution.
- In the Eastern District of Texas, a BOP contract employee assigned to the Federal Correctional Complex in Beaumont as a property inventory clerk and an inmate housed at USP Beaumont were arrested on charges of conspiracy and possession with intent to distribute a controlled substance. An investigation by the Houston Area

Office led to an indictment alleging that the contract clerk and inmate conspired with other BOP inmates to introduce narcotics into USP Beaumont.

- Our last *Semiannual Report to Congress* reported on a case in which an INS contract security guard and a detainee were arrested on charges of distributing methamphetamine inside the INS Service Processing Center in El Centro, California. During this reporting period, the guard was sentenced to two years' incarceration and three years' supervised release, and the detainee was sentenced to six months' incarceration and will be deported after serving his sentence.

Drug Smuggling

- Our last *Semiannual Report to Congress* reported on a joint investigation by the OIG Miami Field Office, DEA, IRS, U.S. Customs Service, Florida Department of Law Enforcement, and other state and local agencies that resulted in the arrest of an INS special operations inspector and 11 co-defendants for multiple violations of federal narcotics and money laundering laws. During this reporting period, five co-defendants and the special operations inspector were convicted in the Southern District of Florida. Three of the defendants, including the special operations inspector, were sentenced to life in prison. In addition, an asset forfeiture order was issued against the special operations inspector for \$2.5 million. In total, this investigation led to the conviction of 13 defendants for their involvement in the drug smuggling scheme.
- Our March 1998 *Semiannual Report to Congress* described a case in which a Border Patrol agent used an official government vehicle to smuggle more than 600 pounds of marijuana into the United States. During this reporting period, the Border Patrol agent was sentenced to five years' incarceration and four years' supervised release on charges of distribution of a controlled substance.

Significant Investigations

Sexual Abuse

- A federal grand jury in the Northern District of California returned a 22-count indictment against a former BOP correctional officer, previously assigned to FCI Dublin. An investigation by the OIG San Francisco Field Office, BOP led to an indictment charging the correctional officer with 17 counts of sexual abuse of a ward and abusive contact involving four female inmates over several months. He also was charged with five counts of perjury and statements made to the FBI and the OIG in connection with this investigation and an investigation of previous sexual misconduct involving two other inmates. The correctional officer resigned his position with BOP during the investigation and was subsequently arrested.



- A U.S. Marshals Service (USMS) detention enforcement officer was arrested in the Western District of Texas on charges of abusive sexual contact. A joint investigation by the OIG El Paso Field Office and USMS Office of Internal Affairs led to an indictment alleging that, over a 2-year period, the officer forced five inmates and one civilian to engage in sexual relations. The officer was convicted and awaits sentencing.
- In the District of Puerto Rico, two BOP correctional officers assigned to the Metropolitan Detention Center in Guaynabo were arrested on charges of sexual abuse of a ward. A joint investigation by the OIG Miami Field Office, FBI, and BOP led to an indictment alleging that the two correctional officers engaged in sex acts with a female inmate. One of the correctional officers was convicted and awaits sentencing. Judicial proceedings continue for the second correctional officer.
- In the Northern District of Texas, a former BOP correctional treatment specialist assigned to FCI Seagoville pled guilty to charges of sexual abuse of a ward and was sentenced to 12 months' probation and 50 hours' community service. A Dallas Area Office investigation developed evidence that the staff member engaged in a sexual relationship with an inmate. The correctional treatment specialist resigned her position with BOP.

- In the Southern District of Texas, a former BOP cook supervisor previously assigned to the Federal Prison Camp in Byran was arrested on charges of sexual abuse of a ward and abusive sexual contact. An investigation by the Houston Area Office led to an indictment alleging that the BOP employee engaged in sexual activity with three female inmates on six different occasions and that he engaged in sexual contact with a fourth female inmate over a 3-month period.

Significant Investigations

Fraud

- The owner and operator of Georgia Southside Commercial Corporation (GSCC) was arrested in the Northern District of Georgia on a 15-count indictment charging false claims and aiding and abetting. This joint OIG Atlanta Area Office, Defense Criminal Investigative Service (DCIS), and Housing and Urban Development investigation established that the GSCC owner, acting as a subcontractor, submitted false invoices to BOP, a U.S. Marine Logistics Base, and the Public Housing Authority. The inflated invoices included \$476,545 billed to BOP.
- A former chief of the Manchester, Ohio, Police Department (MOPD) pled guilty to making false statements and embezzlement. A joint investigation by the OIG Chicago Field Office; Bureau of Alcohol, Tobacco and Firearms; and the FBI revealed that the police chief falsified COPS grant applications and obtained approximately \$45,000 that the MOPD was not entitled to receive. The investigation further determined that the chief sold a truck donated by DCIS for use in MOPD's "War Against Drugs" program and converted the \$5,000 in proceeds to his personal use. Sentencing is pending.
- An investigation by the Chicago Field Office led to an indictment in the District of South Dakota alleging that a former Sisseton-Wahpeton Sioux tribal chief of police and a tribal police sergeant falsified a COPS report to show that a part-time officer hired under this program was paid using COPS funds when, in fact, the defendants used these funds to pay themselves. The former police chief and sergeant were arrested on charges of conspiracy to defraud, false claims, theft concerning programs receiving federal funds, and making false statements. The investigation continues.

- A former INS immigration inspector previously assigned to the Phoenix District Tucson Sub Office was arrested and pled guilty to charges of fraud and misuse of visas, permits, and other documents. An investigation by the Tucson Field Office led to the filing of a criminal information alleging that the immigration inspector issued an I-94 (Record of Arrival and Departure) to a person not entitled to receive one. A search warrant executed on her home found prestamped I-94 cards. She resigned and was sentenced to 36 months' probation to include 180 days of home confinement and 300 hours of community service.

Theft

- A former INS supervisory information officer, previously assigned to the INS District Office in Portland, Oregon, was arrested and pled guilty to theft of public funds. An investigation by the Seattle Area Office developed evidence that, over a 2-year period, the information officer stole more than \$39,000 in application fees submitted by persons seeking immigration benefits. In an interview with OIG agents, the information officer, a 25-year veteran of INS, admitted stealing the application fees to support her gambling habit. Following her admission, she resigned from INS and awaits sentencing.

Significant Investigations

- An INS supervisory immigration examiner and a clerk assigned to the INS East Los Angeles Legalization Office were arrested and pled guilty to charges of theft of government funds. An investigation by the Los Angeles Field Office developed evidence that the supervisory immigration examiner, who was in charge of the Legalization Office, and her timekeeper were involved in a time and attendance fraud scheme in which they claimed overtime for hours they did not work. During interviews with OIG agents, each admitted receiving approximately \$6,000 in fraudulent overtime payments. Sentencing is pending.

Alien Smuggling

- In the Eastern District of North Carolina, a former INS immigration inspector, previously assigned to the Wilmington, North Carolina, POE, was arrested and pled guilty to charges of transporting an illegal alien within the United States. An investigation by the Washington Field Office developed evidence that the immigration inspector helped aliens illegally enter and travel within the United States, arranged for their employment, and housed them at his residence. The immigration inspector resigned from INS and awaits sentencing.

- Our last *Semiannual Report to Congress* reported on a joint investigation by the OIG McAllen Field Office and the U.S. Border Patrol Anti-Smuggling Unit that resulted in the guilty pleas of a Border Patrol detention enforcement officer and his civilian girlfriend for smuggling undocumented aliens into the United States and harboring them to avoid detection. During this reporting period, the detention enforcement officer was sentenced to 37 months' incarceration, 3 years' supervised release, and 200 hours of community service. His girlfriend was sentenced to 10 months' incarceration and 3 years' supervised release and fined \$2,000.

Saturday, November 7, 1998 - THE MONITOR, McAllen, Texas

Officer receives 37-month sentence

By KARISA KING
The Brownsville Herald

BROWNSVILLE — A 20-year veteran federal detention officer who pleaded guilty to smuggling a group of 15 undocumented immigrants through a U.S. Border Patrol checkpoint was sentenced Friday to 37 months in prison.

Border Patrol officers during a routine traffic stop near Sante that several immigrants sitting in his Ford Explorer were family mem-

to serve three years supervised release and work 200 hours of community service.

On July 14, the immigrants from a house he was residing on Milpa Verde Road in Brownsville directly to the checkpoint, where he told them to "pretend to be asleep," according to court documents.

As a detention officer, who was off duty at the time of his arrest, routinely transported undocumented immigrants to the checkpoint for extradition.

Civil Rights

Civil Rights

The OIG 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 non-criminal 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 to investigate 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, Executive Office for U.S. Attorneys (EOUSA), and USAOs along the Southwest Border. The report tracks the status of all significant INS civil rights matters.

Civil Rights

Investigating Civil Rights Allegations

- Our last *Semiannual Report to Congress* reported on a case in the Southern District of Texas in which an INS immigration inspector was arrested on charges of bribery, fraud, and deprivation of rights under color of law. An investigation by the OIG McAllen Field Office, assisted by the FBI, developed evidence that the immigration inspector demanded sexual favors from a female Mexican citizen in return for fraudulent immigration documents he had seized and that he committed a willful sexual assault while acting under color of law. During this reporting period the immigration inspector was convicted and awaits sentencing.
- Our September 1997 *Semiannual Report to Congress* reported a case in which an INS detention officer was arrested on charges of civil rights violations. A joint investigation by the OIG San Diego Field Office and the FBI as part of the San Diego, California, Civil Rights Task Force developed evidence that the detention officer physically assaulted two aliens in his custody. This trial resulted in a hung jury. The detention officer subsequently pled guilty to violating the civil rights of one of the undocumented aliens. He was sentenced to five years' supervised probation.

Civil Rights Initiatives

The San Diego Field Office participates, along with the USAO for the Southern District of California, Civil Rights Section of the Criminal Division, INS, and the FBI, in a Civil Rights Task Force that addresses official misconduct violations. The Task Force provides San Diego and Imperial Counties with a comprehensive law enforcement response to allegations of physical abuse, economic exploitation, and illegal employment.

During this reporting period, a San Diego woman pled guilty to charges of impersonating a federal officer and document fraud and was sentenced to 63 months' incarceration and 3 years' supervised release. As reported in our last *Semiannual Report to Congress*, this Task Force investigation developed evidence that the woman defrauded undocumented immigrants by selling them phony immigration documents

and impersonating an INS employee. The woman admitted that she defrauded 99 aliens and charged them between \$800 and \$2,400 for her services.

Due in part to the above investigation, the U.S. Attorney for the Southern District of California, the City Attorney for the City of San Diego, and the Mexican Consul for San Diego jointly announced the Immigration Fraud Initiative for San Diego County. This Initiative calls for a partnership to eradicate and deter the economic exploitation of immigrants by outlaw immigration "practitioners" in San Diego County through investigations, prosecutions, and public awareness.

Investigations Statistics

The following chart summarizes the workload and accomplishments of Investigations during the 6-month period ending March 31, 1999.

| Investigations Statistics | |
|--|--------------|
| Source of Allegations | |
| Hotline (telephone and mail) | 506 |
| Other sources | 3,375 |
| Total allegations received | 3,881 |
| Investigative Caseload | |
| Investigations opened this period | 289 |
| Investigations closed this period | 399 |
| Investigations in progress as of 3/31/99 | 525 |
| Prosecutive Actions | |
| Criminal indictments/informations | 71 |
| Arrests | 75 |
| Convictions/Pleas | 65 |
| Monetary Results | |
| Fines/Restitutions/Recoveries | \$308,038 |
| Seizures | \$31,490 |
| Bribe monies deposited to the Treasury | \$232,780 |
| Forfeiture | \$2,500,00 |

Audit Division

Overview and Highlights

The Audit Division (Audit) reviews Department organizations, programs, functions, computer technology and security systems, and financial statements. Audit also conducts or oversees external audits of expenditures made under Department contracts, grants, and other agreements. Audits are conducted in accordance with the Comptroller General's *Government Auditing Standards* and related professional auditing standards. Audit produces a wide variety of audit products designed to provide timely notification to Department management of issues needing attention. It also assists the Investigations Division in complex fraud cases.

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

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

The field offices' geographic coverage is indicated on the map below. The San Francisco office also covers Alaska and Hawaii.



During this reporting period, Audit issued 13 internal reports of programs funded at more than \$104 million; 45 external reports of contracts, grants, and other agreements funded at more than \$100 million; 78 audits of bankruptcy trustees with responsibility for

Overview and Highlights

funds of more than \$163 million; and 59 Single Audit Act audits. Audit issued five Management Information Memoranda, one Technical Assistance Memorandum, one Investigative Assistance Memorandum, and two Notifications of Irregularity.

Significant Audit Products

Office of Community Oriented Policing Services

We continue to maintain extensive audit coverage of the COPS program. The Violent Crime Control and Law Enforcement Act of 1994 (Crime Act) authorized \$8.8 billion over six years for grants to add 100,000 police officers to the nation's streets. During this reporting period, we performed 22 audits of COPS and OJP police officer hiring and redeployment grants. Our audits identified more than \$7.6 million in questioned costs and more than \$10 million in funds that could be put to better use. We initiate audits based on requests from the COPS office and OJP, allegations of misuse of grant funds, and selection by Audit. COPS findings to date may not necessarily be representative of the universe of grantees. This is because, as a matter of policy, COPS has referred to us what it suspects might be its riskiest grantees. Our results to date, therefore, may be skewed to problem grantees. We credit COPS with this proactive approach to grants management.

Our audits focus on (1) the allowability of grant expenditures, (2) the source of matching funds, (3) 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, (7) an analysis of supplanting issues, and (8) documentation of efforts to redeploy officers to community policing.

Our findings indicate that significant numbers of the jurisdictions we audited are (1) overestimating salaries and benefits or including unallowable costs in reimbursement requests, (2) using federal funds to supplant local funds, (3) not making a good faith effort to fill locally funded sworn officer positions, (4) not submitting or submitting late status reports to COPS and OJP, and (5) not fully implementing community policing. In addition, we have significant concerns about officer retention and redeployment.

Grantees must maintain COPS-funded officer positions for a minimum of one full budget cycle following expiration of the federal grant. Some jurisdictions may have difficulty retaining COPS-funded officer positions with local funds at the conclusion of the grants. This requirement may have an impact on COPS' goal of deploying 100,000 additional police officers into community policing.

Hiring grants require recipients to hire and maintain the required number of additional officers on the street, which is relatively easy to implement, monitor, and measure. Redeployment grant recipients must buy technology or hire civilians to free up existing officers so that portions of their time may be used for community policing instead of administrative tasks. These activities are much more difficult to implement, monitor, and measure, particularly for redeployment grants that fund technology purchases. Our audits of redeployment grants have led to concerns about the large number of redeployed officers being counted toward the 100,000 goal, the frequency of our audit findings that grantees cannot demonstrate that the required number of

officers have been or will be redeployed to community policing, and the greater risk of misuse of funds.

Significant Audit Products

Year 2000 Computer Problem

The Y2K computer problem stems from computer systems' inability to distinguish the twentieth from the twenty-first century with a two-digit year abbreviation (i.e., "00" could be read as the year "1900" or the year "2000"). The federal government is particularly vulnerable because its mission-critical systems process and deliver vital public services. According to the Justice Management Division (JMD), the Department budgeted more than \$1.5 billion for information technology investments for FY 1999. As of February 1999, the Department estimates it will spend approximately \$150 million on Y2K problems.

During this reporting period, we began a series of Y2K audits of Department computer systems. Our first audit was of the Justice Data Centers (JDCs) because many aspects of the Department's mission depend on computer processing at the JDCs. We found that not all JDC-maintained software tools and utilities were Y2K compliant; Y2K contingency plans were not developed; and Y2K testing of hardware, operating systems, and software tools and utilities was not performed. As a result, data processing at the JDCs could be at risk of failure on January 1, 2000, potentially affecting mission-critical litigation, law enforcement, and administrative systems. During and at the conclusion of our audit, JMD took steps to address these weaknesses.

Our second Y2K audit concentrated on oversight of the Y2K process within the Department. Although each of the components within the Department is primarily responsible for its own Y2K fixes, JMD monitors and reports on the status of the Department's mission-critical computer systems. Our audit disclosed that the Department had not consistently established how many systems it had to fix, the cost, and their status. Specifically, we found:

- Not all mission-critical systems were reported to OMB.
- JMD's oversight of the number of compliant systems reported to it by the components was inadequate.
- Systems projected to miss the Department's milestones were not reported to OMB in a timely manner.
- The Department's Y2K working group did not ensure that critical information reached all Department components.

JMD has taken steps to address weaknesses that relate to monitoring and reporting the status of its mission-critical computer system. However, JMD maintains that it has little direct oversight responsibility and that the components are ultimately responsible for ensuring that their mission-critical systems are Y2K compliant. Although we agree that primary responsibility resides with the components, we also conclude that JMD's view deprives the Department of the additional safeguards that are desirable if the Department is to meet the Y2K challenge successfully.

Significant Audit Products

Department Financial Statement Audits

The Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994 require financial statement audits of the Department. Audit oversees and issues the reports based on the work performed by independent public accountants. During this reporting period, we issued the audit report for the Department of Justice Annual Financial Statement for FY 1998. For the third year, the Department received a disclaimer of opinion on the consolidated financial statements. The auditors were unable to obtain sufficient evidence about certain account balances and disclosures.

- INS has not established effective internal controls to ensure that accounting records and relevant documentation are maintained to support certain balances and related disclosures contained in INS' financial statements. INS also lacks effective internal controls to ensure that transactions are accurately and completely recorded. INS' reported total assets of \$2.2 billion and total costs of

\$3.7 billion constitute 8.7 percent of the Department's combined total assets at September 30, 1998, and 18.1 percent of combined total costs for FY 1998.

- In the OBDs, management was not able to demonstrate that advances made to state and local law enforcement agencies as part of the COPS grant programs were properly reported. OBDs' advances account balance represents \$432.3 million (38.1 percent) of the Department's combined advances account balance.
- Because of weaknesses in the Assets Forfeiture Fund and Seized Asset Deposit Fund's (AFF/SADF) financial accounting and disclosure of seized and forfeited property, the auditors could not determine whether forfeited property and related deferred revenue of \$127.8 million and the related seized and forfeited activity disclosed in the notes to the financial statements were fairly stated. These amounts represent substantially all of the Department's seized and forfeited property account balances.
- Because of weaknesses in the processing and recording of accounts payable and related unexpended appropriations at USMS and the OBDs and accounts payable and unliquidated obligations at the AFF/SADF, the auditors could not determine whether accounts payable balances of \$1.4 billion (48.5 percent) and related costs, unexpended appropriations of \$3.2 billion (26.0 percent), and unliquidated obligations were fairly stated.
- The Federal Prison System (FPS) was unable to provide support for \$100 million of financing sources reflected in the statements of changes in net position and financing within the timeline established by the Department for preparing component financial statements. As a result, FPS' auditors were unable to determine the effect of this transfer on these statements. FPS' auditors reported that these amounts appeared to have resulted from prior adjustments made to record real property and related depreciation.
- Amounts reported in components' balance sheets as of September 30, 1997, are used to determine FY 1998 net costs, changes in net position, budgetary resources, and the reconciliation of net costs to budgetary resources. Since the auditors were

Significant Audit Products

unable to rely upon the FY 1998 beginning balances, they were unable to determine whether amounts reported in the components' FY 1998 statements of net costs, changes in net position, budgetary resources, and financing were fairly stated.

The following table depicts the audit results for the Department consolidated audit as well as for the nine individual component audits for FY 1998. The Department has made progress toward an unqualified opinion, although improvements are still needed in certain areas.

| Comparison of FY 1998 Audit Results | | | | | |
|---|----------------------|-------------------------------|---|---|-------------------------------|
| Reporting Entity | Balance Sheet | Statement of Net Costs | Statement of Changes in Net Position | Statement of Budgetary Resources | Statement of Financing |
| Consolidated Department of Justice | D | D | D | D | D |
| Assets Forfeiture Fund and Seized Asset Deposit Fund | D | D | D | D | D |
| Drug Enforcement Administration | U | D | D | D | D |
| Federal Bureau of Investigation | U | U | U | U | U |
| Federal Prison System | Q | Q | Q | Q | Q |
| Immigration and Naturalization Service | D | D | D | D | D |
| Offices, Boards, and Divisions | D | D | D | D | D |
| Office of Justice Programs | U | D | D | D | D |
| U.S. Marshals Service | D | D | D | D | D |
| Working Capital Fund | U | U | U | U | U |
| D - Disclaimer of Opinion Q - Qualified Opinion U - Unqualified Opinion | | | | | |

JABS' Computer Security Controls

The Joint Automated Booking System (JABS) was designed to test an automated booking process that provides for the collection, storage, and retrieval of offender-

related data. The system is jointly operated and used by the Department's law enforcement agencies. In our last *Semiannual Report to Congress*, we reported that JABS did not undergo a cost-benefit analysis and that security weaknesses and compatibility issues existed.

Significant Audit Products

This second audit focused on JABS' computer security. Over the past 10 years, the Department and the OIG have identified and reported computer security as a material weakness for various Department components. For FY 1997, the Attorney General reported computer security to the President as a material weakness and made the improvement of information technology security a high priority.

We found that computer security controls, including password management and intruder lockout protection, were not in place to protect the system and its sensitive data from unauthorized use, loss, or modification. We recommended that JMD adhere to and monitor compliance with existing policy and develop and implement new policy to address the weaknesses.

INS' Selection of Advanced Card Technology

One of INS' functions is to ensure appropriate documentation of aliens at points of entry and to determine the admissibility of persons seeking entry into the United States. INS is also responsible for adjusting the status of and providing other benefits to legally eligible non-citizens.

In FY 1998, in response to mandates established by the Illegal Immigration Reform and Responsibility Act of 1996, INS began using optical stripe technology in producing its Border Crossing Cards and Permanent Resident Alien Cards. Optical stripe technology is capable of holding a biometric identifier such as fingerprints.

We found optical stripe technology to be an expensive alternative compared to two-dimensional bar code technology. Based on an average annual production of

3.1 million cards, we estimate that optical stripe technology costs about \$10 million more annually when compared to other available technologies. We recommended that INS justify its technology selection based on current and future security and performance requirements.

FBI Fingerprint and Biographical Check Services to INS

Individuals applying for benefits from INS must furnish fingerprints, biographic data, and other background information to INS. INS requests background checks from the FBI, Central Intelligence Agency, State Department, and Defense Investigative Service depending on the benefit type and the status of the applicants and petitioners at the time of application. FBI background checks include fingerprint and biographical checks.

For FY 1996, INS paid the FBI \$32.5 million to conduct more than 1.8 million fingerprint checks and \$5.7 million to conduct approximately 1.6 million name checks. In FY 1997, INS paid the FBI \$45.5 million for 2.6 million fingerprint checks. INS requested that we conduct an audit of the adequacy of INS practices and procedures for requesting and paying for fingerprint and name checks and the extent and accuracy of FBI billings for the requested services.

We found that INS did not reconcile payments against its requests for fingerprint and name checks conducted by the FBI. INS did not have a system to track and account for all of the fingerprint and biographical check requests submitted to, or the results received

Significant Audit Products

from, the FBI. Because of this weakness, INS paid about \$7 million during FYs 1996 and 1997 for unclassifiable and duplicate fingerprint cards, submitted incomplete or inaccurate fingerprint checks for thousands of INS applicants, and did not detect a potential FBI underbilling of approximately \$800,000. For name checks, we identified approximately \$220,000 that INS incurred unnecessarily for duplicate requests. We

also identified more than \$230,000 for services rendered by the FBI but not charged to INS. This latter amount is offset by about \$563,000 in charges not supported adequately by the FBI. Both INS and the FBI initiated actions to track requests for fingerprint and background check services and to reconcile billings.

Sale and Leaseback of Detention Facilities

The Attorney General has identified lack of detention space as one of the top 10 management issues of the Department. Due to the lack of available detention space, USMS, BOP, and INS rely on state and local governments and private prison contractors to house federal prisoners. About 10 percent of the detention space is provided by private facilities.

We found that private prison contractors have begun selling some of their facilities to real estate investment trusts (REITs) and subsequently leasing the facilities back from the REITs. This arrangement has led to higher rental costs to the federal government, in violation of Federal Acquisition Regulations. For example, we identified more than \$1 million in excessive rental charges at the Corrections Corporation of America (CCA) facility in Laredo, Texas. We recommended that INS disallow these costs and that USMS, BOP, and INS disallow rental charges above those they would have incurred prior to the sale and leaseback when negotiating contracts in the future. USMS, BOP, and INS concurred with our recommendations.

INS' Timeliness In Inspecting Passengers Arriving at U.S. Airports

In 1990, Congress enacted legislation requiring INS to inspect airline passengers within 45 minutes and annually report its success rate at meeting the time standard. Approximately 52 million immigration inspections in FY 1996 and 62 million in FY 1997 were subject to the standard.

We found that INS had been measuring inspection processing times since shortly after enactment of the 45-minute standard; however, INS had been measuring the time it takes inspectors to inspect an entire flight rather than the time it takes an individual passenger to complete an inspection. We developed a methodology to correctly measure passenger inspections and enable INS to have the necessary performance data readily available to monitor inspection timeliness on an overall, airport-specific, terminal-specific, or inspection-type basis throughout the year.

Using our methodology to measure inspection timeliness, we determined that, of the passengers subject to the 45-minute standard, 96 percent at sampled airports were inspected within this time limit. INS was working with the U.S. Customs Service

(Treasury) and the Animal and Plant Health Inspection Service (Agriculture) to improve the timeliness

Significant Audit Products

of combined federal inspection services. We recommended that INS better coordinate with these agencies to extend the 45-minute time goal to all passengers and to all inspection agencies and coordinate with airlines to better measure processing times. We also recommended that care be taken to prevent the compromise of law enforcement in favor of timeliness. INS concurred with all of our recommendations and agreed to adopt the OIG-developed methodology for measuring timeliness of inspections.

Adjudications and Naturalization Data in INS' Performance Analysis System

INS uses its computer-based Performance Analysis System (PAS) to track and report agency productivity. PAS contains data about the workload activities of INS employees, such as the number of hours worked that relate to the processing of applications for various benefits available under U.S. immigration law. PAS is an important system used to support budget requests, determine position allocations, measure planned versus actual accomplishments, and analyze application backlogs.

Our audit disclosed that PAS adjudications and naturalization data are not reliable. We found arithmetical errors, data omissions, and incorrect posting of data. PAS adjudications and naturalization data are unreliable because (1) monitoring of data collection, consolidation, and reporting at field offices is inadequate, (2) guidance is unclear, and (3) no audit trail exists connecting PAS data to underlying applications and case files. Because the PAS adjudications and naturalization data are unreliable, we concluded that they do not provide INS with an adequate basis for sound decisions and we consider the accuracy of any reports based on them to be questionable.

We recommended that INS (1) require supervisory review of source documents before adjudications and naturalization data are entered into PAS and require periodic inventories to validate the number of pending cases reported in PAS, (2) provide

comprehensive, up-to-date guidance and training for the collection, consolidation, and reporting of PAS adjudications and naturalization data, and (3) develop and implement a reliable automated system for collecting, consolidating, and reporting PAS adjudications and naturalization data. Such a system should be compatible with the case management system and incorporate an audit trail permitting the tracing of PAS data to individual applications. INS concurred with our recommendations.

USMS Contracts With CCA

USMS enters into contracts with CCA to provide prison facilities and services for federal prisoners. Our audit of a contract proposal and interim letter of agreement between USMS and CCA for detention services at its Leavenworth, Kansas, facility resulted in USMS' recovery of more than \$2 million in questioned costs and the negotiation of a contract that will result in additional savings of more than \$11 million over the 5-year life of the contract.

Significant Audit Products

Trustee Audits

Audit conducts performance audits of panel trustees under a reimbursable agreement with EOUST. Individual members of a panel of private trustees are selected and supervised by individual U.S. Trustees. The panel trustees are appointed to collect, liquidate, and distribute personal and business cases under Chapter 7 of Title 11 of the Bankruptcy Code. As a representative of the bankruptcy estate, the panel trustee serves as a fiduciary, protecting the interests of all estate beneficiaries, including both creditors and debtors.

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

Additionally, we review the panel trustees' banking and accounting practices and test accounting transactions. During this reporting period, we issued 78 reports detailing the results of our performance audits of panel trustees.

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

Single Audit Act

The Single Audit Act requires recipients of federal funds to arrange for audits of their activities. Federal agencies that provide awards must review these audits to determine whether prompt and appropriate corrective action has been taken in response to audit findings.

During this reporting period, Audit reviewed and transmitted to OJP 59 reports encompassing 256 Department contracts, grants, and other agreements totaling \$512 million. These audits report on financial activities, compliance with applicable laws, and the adequacy of recipients' management controls over federal expenditures.

Audit Follow-Up

OMB Circular A-50

OMB Circular A-50, *Audit Follow-Up*, requires audit reports to be resolved within six months of the audit report issuance date. The status of open audit reports is continuously monitored to track the audit resolution and closure process. As of March 31, 1999, the OIG had closed 273 audit reports and was monitoring the resolution process of 297 open audit reports.

Unresolved Audits

Audits Over Six Months Old Without Management Decisions or in Disagreement

As of March 31, 1999, the following audits had no management decision or were in disagreement:

- Baton Rouge, Louisiana, Police Department
- Bristol, Virginia, Police Department
- Management of OJP's Regional Information Sharing System
- Maryland State Police
- Metropolitan Government of Nashville and Davidson County, Tennessee
- Oxford, Michigan, Emergency Safety Authority
- USMS Air Maintenance Contract with Stambaugh's Air Service
- USMS Intergovernmental Service Agreement for Detention Facilities with the Lexington County, South Carolina, Sheriff's Office
- USMS Intergovernmental Service Agreement for Detention Facilities with the City of Mansfield, Texas
- USMS Intergovernmental Service Agreement for Detention Facilities with Multnomah County, Oregon, Sheriff's Department
- USMS Intergovernmental Service Agreement for Detention Facilities with Plymouth County, Massachusetts
- Use of Department of Justice Funds by the Calumet Park, Illinois, Police Department
- Victoria County, Texas, Sheriff's Department

Other Activities

Audit Resolution Committee

Department of Justice Order 2900.6A establishes an Audit Resolution Committee (ARC) to resolve significant disagreements between the OIG and the audited component regarding audit findings and recommendations or corrective actions taken.

If agreement cannot be reached after every reasonable effort to resolve an audit report has been made, Order 2900.6A provides that the issues should be referred to ARC. The Deputy Attorney General chairs ARC and has responsibility for resolving disputed findings and recommended corrective actions.

During this reporting period, JMD initiated a referral to ARC regarding a series of OIG audits dealing with intergovernmental agreements under which USMS paid state and local entities to hold federal prisoners in their jails. The audits concluded that USMS had been overcharged for interest and profit expenses in excess of \$5 million. JMD argued that these costs were not prohibited and should not be questioned, based upon its interpretation of OMB Circular A-87. Both USMS and the OIG contended that the interest costs charged

Other Activities

to USMS were not allowable under Circular A-87 and had been expressly prohibited by USMS instructions to state and local entities and pointed out that USMS had already undertaken efforts to recover the questioned costs. With respect to profit, USMS has not approved the payment of profit in the past and did not dispute the OIG finding in the audit at issue but sought to be allowed to pay profit in future exigent circumstances. The matter remains pending before ARC.

Audit Statistics

| |
|--------------------------|
| Enhanced Revenues |
|--------------------------|

| Audit Reports | Number of Audit Reports | Enhanced Revenues |
|--|--------------------------------|--------------------------|
| No management decision made by beginning of period | 3 | \$21,589 |
| Issued during period | 3 | \$141,915 |
| Needing management decision during period | 6 | \$163,504 |
| Management decision made during period: --Number management agreed with | 4 | \$162,526 |
| No management decision at end of period | 2 | \$978 |

Audit Statistics

| Funds Recommended to be Put to Better Use | | |
|---|--------------------------------|--|
| Audit Reports | Number of Audit Reports | Funds Recommended to be Put to Better Use |
| No management decision made by beginning of period | 32 | \$32,000,242 |
| Issued during period | 12 | \$16,085,654 |
| Needing management decision during period | 44 | \$48,085,896 |
| Management decision made during period: --Amounts management agreed to recover (disallowed) --Amounts management did not agree to recover | 39 1 | \$41,977,365 \$127,974 |
| No management decision at end of period | 30 | \$5,980,557 |

Audits With Questioned Costs

| Audit Reports | Number of Audit Reports | Total Questioned Costs (Including unsupported costs) | Unsupported Costs |
|---|-------------------------|--|-------------------|
| No management decision made by beginning of period | 73 | \$48,228,184 | \$6,100,960 |
| Issued during period | 41 | \$14,932,260 | \$7,404,333 |
| Needing management decision during period | 114 | \$63,160,444 | \$13,505,293 |
| Management decision made during period: --Amounts management agreed to recover (disallowed) --Amounts management did not agree to recover | 83 1 | \$34,765,585 \$114,681 | \$8,508,673 |
| No management decision at end of period | 30 | \$28,280,178 | \$4,996,620 |

Audit Statistics

Audits Involving Recommendations for Management Improvements

| Audit Reports | Number of Audit Reports | Total Number of Management Improvements Recommended |
|---|-------------------------|---|
| No management decision made by beginning of period | 126 | 423 |
| Issued during period | 73 | 348 |
| Needing management decision during period | 199 | 771 |
| Management decision made during period: --Amounts management agreed to recover (disallowed) --Amounts management did not agree to recover | 147 ¹ 5 | 599 12 |
| No management decision at end of period | 50 | 160 |

¹ This includes three audit reports that were not resolved during this reporting period. However, management has agreed to implement a number of, but not all, recommended management improvements in these audits.

Inspections Division

Overview and Highlights

The Inspections Division (Inspections) provides the IG with an alternative mechanism to traditional audits and investigations to assess Department programs and activities. Inspections conducts analyses and makes recommendations for improvements in Department programs, policies, and procedures. Inspections relies on its multidisciplinary workforce and ability to quickly address diverse issues. In addition to assessing Department programs, Inspections also conducts special time-sensitive assignments that are responsive to concerns of senior Department management or Congress.

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

During this reporting report, Inspections assessed INS' efforts at air ports of entry to minimize illegal immigration and national security threats posed by abuse of the Visa Waiver Pilot Program (VWPP), examined how INS and the Executive Office for Immigration Review (EOIR) immigration judges implement voluntary departure, completed the second in a series of reviews of EOUSA's Violent Crime Task Force (VCTF) program, and completed six Violent Offender Incarceration and Truth-in-Sentencing (VOI/TIS) Incentive grant reviews.

Significant Inspections

The Visa Waiver Pilot Program

Citizens of the 26 countries in VWPP do not have to obtain a visa for entry into the United States. In order to be admitted to the program, a country must meet various

criteria, including that its citizens are not likely to overstay, violate the terms of their admission, or represent a security risk. Before allowing VWPP visitors entry, INS inspectors have a brief time to question and observe them, examine their passports, and check their names and passport numbers against a computerized lookout database to find out if they are inadmissible for any reason. In FY 1997, 14.5 million visitors entered under VWPP.

We conducted a review of VWPP and found evidence of fraudulent activity. The most serious instances involved terrorists, criminals, and alien smugglers, many of whom used fraudulently obtained passports from VWPP countries in their attempts to enter the United States. We then focused our review on stolen blank VWPP passports used for entry into the United States. We tested 1,067 VWPP blank passports reported to INS as stolen and found that almost 10 percent may have been used to gain entry. We also identified problems with the way the database maintains information about stolen VWPP passports.

We recommended that INS improve its collection and dissemination of VWPP-related intelligence and expand successful methods for identifying and preventing illegal entry. Specifically, we recommended that INS (1) modify inspection policy to ensure that VWPP applicants' passport numbers are queried against the database, (2) systematically collect information on stolen blank VWPP passports and ensure timely entry of stolen passport numbers into the database, and (3) develop guidelines for entering passport numbers when creating database records.

Significant Inspections

Voluntary Departure

This OIG has identified the removal of illegal aliens as one of the 10 most serious management challenges facing the Department. Voluntary departure allows eligible illegal aliens to leave the country through a streamlined process, which saves the federal government detention and removal costs. INS district officers grant voluntary departure to apprehended aliens, while EOIR immigration judges grant voluntary departure to aliens in removal proceedings. Immigration law precludes many convicted felons from receiving grants of voluntary departure.

Our inspection found that criminal history checks identifying felons not eligible for voluntary departure are not performed on all illegal aliens granted voluntary departure. As a result, INS district officers and EOIR immigration judges have inappropriately granted voluntary departure to some felons. We found that INS enforcement of voluntary departure orders is minimal and that INS does not seek to apprehend aliens who fail to leave. We also found that INS does not know which aliens granted voluntary departure actually leave the country because INS lacks an effective departure verification system.

We recommended that INS and EOIR institute stronger controls to ensure that criminal history checks are completed and introduced as evidence in removal proceedings. We also recommended that INS implement an effective departure verification system and develop an enforcement plan for aliens who have violated voluntary departure orders.

Violent Crime Task Forces of the U.S. Attorney's Office for the District of Columbia

At the request of EOUSA, we conducted the second in a series of inspections of EOUSA's VCTF program. The USAO for the District of Columbia received \$968,000 in 1995 to establish a task force, known as "Operation Ceasefire," to reduce gun violence. The USAO also received \$166,000 in 1995 to enable the FBI to continue fugitive, gang, and homicide squads in Washington, D.C., as part of its "Safe Streets" initiative.

The District of Columbia experienced a decrease in violent crime, and although our inspection did not determine whether this is attributable to the activities of Operation Ceasefire and Safe Streets, we did ascertain that USAO and the FBI conducted activities in support of their VCTF objectives. However, we found that USAO's administrative and internal controls over the expenditure of funds for Operation Ceasefire and Safe Streets need improvement.

Based on our review of USAO's accounting records and other documents, we questioned nearly \$80,000 of Operation Ceasefire overtime expenditures because of inaccurate or duplicate claims made by the District of Columbia's Metropolitan Police Department (MPD). We found that MPD also submitted inaccurate reimbursement requests to the FBI for Safe Streets-related overtime and that the FBI did not thoroughly review the overtime invoices for accuracy. We recommended that EOUSA, USAO, and the FBI strengthen the administrative and internal controls over the expenditure of VCTF funds and that they recover the reimbursements made to MPD for improper overtime claims.

Significant Inspections

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

Under the Crime Act, formula grant funding is awarded, through OJP, to eligible states to build or expand correctional facilities and jails 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 California, New York, Tennessee, West Virginia, Virginia, and the District of Columbia.

The grant program recognizes the complexity of the grant projects and allows states several years for project completion. Our reviews found that five of the six states were still planning and designing many of their correctional facilities, a process that often involves lengthy evaluations of alternative sites and proposed structures. New York, however, had completed five grant projects and had started construction on its sixth and final project. The states we reviewed generally had adequate administrative controls for monitoring the projects and managing grant funds. However, in four states we noted shortcomings in accounting for the federal grant funds awarded, providing state matching funds, and reporting the status of program implementation.

We asked OJP to ensure that the states properly document their federal grant funds, provide the appropriate state matching funds for each grant project, and submit timely and accurate reports on expenditures and projects' progress.

INS Contract with the Vera Institute of Justice

In September 1996, INS and the Vera Institute of Justice (Vera) entered into a \$6.4 million sole-source, fixed-price contract for the Appearance Assistance Program (AAP) demonstration project in INS' New York District. The AAP is designed to test

whether supervision of aliens will increase aliens' appearance at hearings and compliance with immigration judges' final orders in order to allow INS to make better use of detention space.

In response to complaints received about the contract, we reviewed AAP and identified issues with how Vera was selected; questions regarding the appropriateness of the study's design methodology; concerns with INS' management of its AAP responsibilities; and problems with communication, including INS management's failure to communicate specific AAP objectives to the operational levels of INS.

We recommended that INS conduct an objective review of Vera's final report of the project before INS expands AAP to other districts, determine whether the benefits of a supervision program outweigh its costs, and determine how to handle enrolled aliens who have not completed their removal proceedings when the contract ends. INS should not proceed with any additional AAP-type initiative until it has completed a rigorous assessment of the Vera project and its final report. Given the number of officials who expressed their view that INS could not afford the resource-intensive methods Vera devoted to select and supervise a small group of aliens, we also recommended that INS assess whether the benefits of an AAP-type program are practicable and obtainable by INS.

Significant Inspections

The chart below summarizes Inspections' accomplishments for the 6-month reporting period ending March 31, 1999.

Inspections Statistics

| | |
|---|------------------------------|
| Inspections Workload Accomplishments | Number of Inspections |
|---|------------------------------|

| | |
|---|----|
| Inspections active at beginning of period | 19 |
| Inspections canceled | 1 |
| Inspections initiated | 5 |
| Final inspection reports issued | 10 |
| Inspections active at end of reporting period | 13 |

Appendix 1

INSPECTIONS DIVISION REPORTS
October 1, 1998 - March 31, 1999

INTERNAL AND EXTERNAL REPORTS

Inspection of the Potential for Fraud and INS' Efforts to Reduce the Risks of the Visa Waiver Pilot Program

Inspection of Voluntary Departure: Ineffective Enforcement and Lack of Sufficient Controls Hamper the Process

Review of the Violent Crime Task Forces of the United States Attorney's Office for the District of Columbia

Virginia Grant for the Violent Offender Incarceration and Truth-in-Sentencing Incentive Program

District of Columbia Grant for the Violent Offender Incarceration and Truth-in-Sentencing Incentive Program

California Grant for the Violent Offender Incarceration and Truth-in-Sentencing Incentive Program

Tennessee Grant for the Violent Offender Incarceration and Truth-in-Sentencing Incentive Program

New York Grant for the Violent Offender Incarceration and Truth-in-Sentencing Incentive Program

West Virginia Grant for the Violent Offender Incarceration and Truth-in-Sentencing Incentive Program

Immigration and Naturalization Service Contract with the Vera Institute of Justice

Appendix 2

AUDIT DIVISION REPORTS
October 1, 1998 – March 31, 1999

INTERNAL AND EXTERNAL AUDIT REPORTS

Accuracy of Adjudications and Naturalization Data in the Performance Analysis System of the Immigration and Naturalization Service

Athens, Ohio Police Department

Boot Camp Construction Initiative to the Georgia Department of Juvenile Justice

City University of New York

Cocopah Tribal Police Department, Yuma, Arizona

Combat Domestic Violence Grant Administered by the Tulsa, Oklahoma Police Department

Contra Costa County, California Sheriff's Department

Drug Court Implementation Initiative to the Barbara County, California Probation Department

Drug Enforcement Administration's Employment Assistance Program Contract Audit

Drug Enforcement Administration Management Letter Report for FY 1996

East Point, Georgia Police Department

Emeryville, California Police Department

Encourage Arrest Policies Grant to the City of Austin, Texas Police Department

Encourage Arrest Policies Grant to the City of Knoxville, Tennessee

Corrections Technical Assistance Program Grant to the Criminal Justice Institute, Inc.

Drug Court and Technical Assistance Program Grant to the Justice Management Institute, Denver, Colorado

Drug Court Implementation Initiative to the Cook County, Illinois Judicial Advisory Council

Drug Court Implementation Initiative to the Superior Court of New Jersey

Drug Court Implementation Initiative to the Tuscaloosa, Alabama County Commission

Encourage Arrest Policies Grant to the Osage Council

Encourage Arrest Policies Grant to the San Diego County, California Sheriff's Department

Federal Bureau of Investigation Management Report for FY 1996

Fingerprint and Biographical Check Service Provided by the Federal Bureau of Investigation and the Immigration and Naturalization Service

Gulf Shores, Alabama Police Department

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Haverford Township, Pennsylvania Police Department

Ida B. Wells Satellite Preparatory School Cooperative Agreements Administered by the Chicago Housing Authority

Immigration and Naturalization Service Intergovernmental Service Agreement for Detention Facilities with the Los Angeles, California Sheriff's Department

Immigration and Naturalization Service Management Letter Report for FY 1996

Immigration and Naturalization Service's Selection of Advanced Card Technology

Immigration and Naturalization Service's Timeliness in Inspecting Passengers Arriving at U.S. Airports

Lakeside, Colorado Police Department

Police Hiring Supplement to the Seattle, Washington Police Department

Review of the Federal Bureau of Investigation Headquarters Data Center for Fiscal Years 1996 and 1997

Review of Selected Computer Security Controls at the Joint Automated Booking Station System

Rural Domestic Violence and Child Victimization Enforcement Grant to Women Helping Battered Women

Sale and Leaseback of Detention Facilities

Seattle, Washington Police Department

Service, Training, Officers, and Prosecution to the Shoshone-Bannock Tribe, Idaho

Management of the Year 2000 Program at the
Department of Justice

Manvel, Texas Police Department

Mishawaka, Indiana Police Department

Phoenix, Arizona Police Department

Police Hiring Supplement to the Charlotte-
Mecklenburg, North Carolina Police Department

Police Hiring Supplement to the Phoenix, Arizona
Police Department

Police Hiring Supplement to the San Antonio, Texas
Police Department

Police Hiring Supplement to the San Diego, California
Police Department

Spokane Tribe of Indians Tribal Police

Smithers, West Virginia Police Department

Tulsa, Oklahoma Police Department

U.S. Department of Justice Annual Financial
Statement for FY 1998

United States Marshals Service Contract Pro
for Detention Facilities in Leavenworth, Kan

Use of Equitable Sharing of Cash and Propert
the Chicago Housing Authority's Police
Department

Use of Equitable Sharing of Revenues by the
DeKalb County, Georgia Department of Pub
Safety

Violence Against Indian Women Grant to th
Courte Oreilles Tribal Government

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Violence Against Indian Women Grant to the Osage
Tribal Council

Violent Offender Incarceration and Truth in
Sentencing Incentive Program Grant to the Gila River
Indian Community

West Virginia State Police

Year 2000 Risks at the Justice Data Centers

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TRUSTEE AUDIT REPORTS

Performed under a reimbursable agreement with the
Executive Office for U.S. Trustees

Chapter 7 Panel Trustee
Samera L. Abide

Chapter 7 Panel Trustee
Karl Anderson

Chapter 7 Panel Trustee
Peter C. Anderson

Chapter 7 Panel Trustee
J. Elizabeth Andrus

Chapter 7 Panel Trustee
Michael H. Arnold

Chapter 7 Panel Trustee
David Askanase

Chapter 7 Panel Trustee
Wilbur Babin

Chapter 7 Panel Trustee
Steven R. Bailey

Chapter 7 Panel Trustee Michael L.
Baker

Chapter 7 Panel Trustee Richard E.
Boston

Chapter 7 Panel Trustee
Ronald C. Brown

Chapter 7 Panel Trustee
Ted Brett Brunson

Chapter 7 Panel Trustee
Dennis L. Burman

Chapter 7 Panel Trustee
Lowell T. Cage

Chapter 7 Panel Trustee
Julia A. Christians

Chapter 7 Panel Trustee
Joseph Collins

Chapter 7 Panel Trustee
Harold Allen Corzin

Chapter 7 Panel Trustee
Harry L. Cure, Jr.

Chapter 7 Panel Trustee
Richard L. Darst

Chapter 7 Panel Trustee
Gerald Holt Davis

Chapter 7 Panel Trustee
Allan J. Demars

Chapter 7 Panel Trustee
Dennis J. Dewey

Chapter 7 Panel Trustee
Marcia T. Dunn

Chapter 7 Panel Trustee
David Y. Farmer

Chapter 7 Panel Trustee
William M. Flatau

Chapter 7 Panel Trustee
William M. Foster

Chapter 7 Panel Trustee Margaret B. Fugate

Chapter 7 Panel Trustee Peter M. Gennrich

Chapter 7 Panel Trustee Michael Gigandet

Chapter 7 Panel Trustee David A. Gill

Chapter 7 Panel Trustee David L. Gladwell

Chapter 7 Panel Trustee Yvette Gonzales

Chapter 7 Panel Trustee Charles W. Grant

Chapter 7 Panel Trustee Michael A. Grassmueck

Chapter 7 Panel Trustee Norman P. Hagemeyer

Chapter 7 Panel Trustee Thomas S. Heidkamp

Chapter 7 Panel Trustee Peter F. Herrell

Chapter 7 Panel Trustee Shari E. Jansen

Chapter 7 Panel Trustee Gregory P. Johnson

Chapter 7 Panel Trustee Patrick Kavanagh

Chapter 7 Panel Trustee Michael Kogan

Chapter 7 Panel Trustee John V. LaBarge, Jr.

Chapter 7 Panel Trustee John T. Lee

Chapter 7 Panel Trustee Barbara R. Loevy

Chapter 7 Panel Trustee Janice D. Loyd

Chapter 7 Panel Trustee Richard A. Marshack

Chapter 7 Panel Trustee James R. Marshall

Chapter 7 Panel Trustee Michael A. Mason

Chapter 7 Panel Trustee Sharon Maxwell

Chapter 7 Panel Trustee Merrill Moores

Chapter 7 Panel Trustee Timothy D. Moratzka

Chapter 7 Panel Trustee Steven Neil Mottaz

Chapter 7 Panel Trustee Richard D. Myers

Chapter 7 Panel Trustee Marc A. Pergament

Chapter 7 Panel Trustee Mary Ann Rabin

Chapter 7 Panel Trustee Stuart J. Radloff

Chapter 7 Panel Trustee
J. Richard Ransel

Chapter 7 Panel Trustee
Robert E. Ridgway

Chapter 7 Panel Trustee
Karma S. Rodgers

Chapter 7 Panel Trustee
Henry C. Seals

Chapter 7 Panel Trustee
Martin P. Sheehan

Chapter 7 Panel Trustee
Daniel J. Sherman

Chapter 7 Panel Trustee
Basil T. Simon

Chapter 7 Panel Trustee Alexander
G. Smith

Chapter 7 Panel Trustee
W. Steve Smith

Chapter 7 Panel Trustee
Barry L. Solomon

Chapter 7 Panel Trustee
Ronald J. Sommers

Chapter 7 Panel Trustee
Harriet E. Styler

Chapter 7 Panel Trustee
Andrew Thaler

Chapter 7 Panel Trustee
Tevis T. Thompson, Jr.

Chapter 7 Panel Trustee
Robert G. Vucurevich

Chapter 7 Panel Trustee
John F. Waldschmidt

Chapter 7 Panel Trustee
James R. Walsh

Chapter 7 Panel Trustee
Mark A. Weisbart

Chapter 7 Panel Trustee
Robert Whitmore

Chapter 7 Panel Trustee
Sandra Wittman

Chapter 7 Panel Trustee
Joseph V. Womack

Chapter 7 Panel Trustee
Robert Yaquinto, Jr.

| | |
|---|---|
| The Baylor College of Medicine, Texas | The City of New York, New York |
| The Blackfeet Tribe of the Blackfeet Reservation, Montana | The City of Red Bluff, California |
| The Borough of Columbia, Pennsylvania | The City of Savannah, Georgia |
| The Borough of Wilkinsburg, Pennsylvania | The City of South El Monte, California |
| The Borough of Wilkinsburg, Pennsylvania | The City of South Salt Lake, Utah |
| The Boys and Girls Clubs of America | The City of York, Pennsylvania |
| The Cheyenne-Arapaho Tribes of Oklahoma | The Commonwealth of Massachusetts |
| The City of Baltimore, Maryland | The Commonwealth of Puerto Rico, Office of Youth Affairs |
| The City of Barre, Vermont | The County of Westchester, New York |
| The City of Belle Glade, Florida | The Criminal Justice Associates, Inc. |
| The City of Booneville, Mississippi | The Criminal Justice Research Institute |
| The City of Concord, California | The Crow Tribe of Indians, Montana |
| The City of East Palo Alto, California | The Jicarilla Apache Tribe, New Mexico |
| The City of East Point, Georgia | The Mescalero Apache Tribe, New Mexico |
| The City of Hapeville, Georgia | The National Association of Town Watch |
| The City of Irvine, California | The National Center on Addiction and Substance Abuse at Columbia University |
| The City of Live Oak, Florida | The National Organization for Victim Assistance, Inc. |
| The City of Livermore, California | The Otoe-Missouria Tribe of Indians, Oklahoma |

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| | |
|--|-----------------------------------|
| The Ouachita Parish Sheriff, Louisiana | The Town of Endfield, Connecticut |
| Our Town Family Center, Inc. | The Town of Gilbert, Arizona |
| Panama City, Florida | The Town of Greenburgh, New York |
| Pennsylvania State University | The Town of New Castle, New York |

The Sac and Fox Nation, Oklahoma
 The State of California
 The State of Maine
 The State of South Carolina
 Sumter County, Florida
 The Town of Brewster, Massachusetts
 The Town of Cortland, New York
 The Town of Davie, Florida

The Town of Plainville, Massachusetts
 The Township of Gloucester, New Jersey
 The Township of Hopewell, New Jersey
 The University of Denver, Colorado
 The University of Oklahoma – Norman Campus
 The University of Pittsburgh
 The Vera Institute of Justice, Inc.

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AUDIT DIVISION REPORTS

October 1, 1998 – March 31, 1999

Quantifiable Potential Monetary Benefits

| Audit Report | Questioned Costs | Unsupported Costs | Funds Put to Better Use |
|---|-------------------------|--------------------------|--------------------------------|
| Athens, Ohio Police Department | \$928 | | |
| Boot Camp Construction Initiative to the Georgia Department of Juvenile Justice | \$44,674 | | \$231,153 |
| City of Baltimore, Maryland | \$40,615 | | |
| City of Belle Glade, Florida | \$226,365 | | |
| City of Irvine, California | \$112,106 | | |
| City of Red Bluff, California | \$29,128 | | |

| | | | |
|---|-------------|-------------|-------------|
| City of South Salt Lake, Utah | \$16,314 | | |
| City University of New York | \$4,055,505 | \$4,055,505 | \$8,881,377 |
| Cocopah Tribal Police, Yuma, Arizona | \$144,398 | | \$65,410 |
| Corrections Technical Assistance Program Grant to the Criminal Justice Institute, Inc. | \$584,276 | \$583,950 | |
| Criminal Justice Associates, Inc. | \$3,773 | \$3,773 | |
| DEA's Employee Assistance Program | \$25,537 | | |
| Drug Court and Technical Assistance Program Grant to the Justice Management Institute | \$684 | | |
| Drug Court Implementation Initiative to the Cook County, Illinois Judicial Advisory Council | \$19,683 | | |
| Drug Court Implementation Initiative to the Santa Barbara County, California Probation Department | \$490,039 | | |
| Drug Court Implementation Initiative to the Tuscaloosa, Alabama County Commission | \$950 | | |
| East Point, Georgia Police Department | \$468,391 | \$93,088 | |
| Emeryville, California Police Department | \$10,599 | | |
| Encourage Arrest Policies Grant to the City of Knoxville, Tennessee | \$23,273 | | \$31,846 |
| Encourage Arrest Policies Grant to the Osage Tribal Council | \$3,438 | | |
| Encourage Arrest Policies Grant to the San Diego County, California Sheriff's Department | \$1,575 | \$1,575 | |

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| Audit Report | Questioned Costs | Unsupported Costs | Funds Put to Better Use |
|--|-------------------------|--------------------------|--------------------------------|
| Gulf Shores, Alabama Police Department | \$29,377 | | \$106,591 |
| Haverford Township, Pennsylvania Police Department | \$225,502 | \$225,502 | \$149,498 |

| | | | |
|--|-------------|-----------|-------------|
| Ida B. Wells Satellite Preparatory School Cooperative Agreements Administered by the Chicago Housing Authority | \$431,074 | \$431,074 | \$31,240 |
| Lakeside, Colorado Police Department | \$2,654 | | |
| Manvel, Texas Police Department | \$145,424 | | |
| Mishawaka, Indiana Police Department | | | \$171,125 |
| Ouchita Parish Sheriff, Louisiana | \$118,714 | \$118,714 | |
| Phoenix, Arizona Police Department | \$917,881 | \$917,881 | \$697,808 |
| Police Hiring Supplement to the Charlotte-Mecklenburg, North Carolina Police Department | \$1,522,708 | \$723,690 | |
| Police Hiring Supplement to the San Antonio, Texas Police Department | \$17,040 | | |
| Rural Domestic Violence and Child Victimization Enforcement Grant to Women Helping Battered Women | \$593 | | |
| Sale and Leaseback of Detention Facilities | | | \$1,003,580 |
| Seattle, Washington Police Department | \$120,009 | \$120,009 | \$199,991 |
| STOP Grant to the Shoshone-Bannock Tribe, Idaho | \$8,125 | \$7,713 | |
| Town of Gilbert, Arizona | \$2,803 | | |
| Tulsa, Oklahoma Police Department | \$450 | | |
| Use of Equitable Sharing of Cash and Property by the Chicago Housing Authority Police Department | \$56,151 | \$15,747 | |
| Use of Equitable Sharing of Revenues by the DeKalb County, Georgia Department of Public Safety | \$6,202 | | |
| USMS Contract Proposal for Detention Services in Leavenworth, Kansas | \$4,907,437 | | \$4,516,035 |
| Violence Against Indian Women Grant to the Lac Courte Oreilles Tribal Government | \$27,347 | \$19,653 | |
| Violence Against Indian Women Grant to the Osage Tribal Council | \$4,059 | | |

| Audit Report | Questioned Costs | Unsupported Costs | Funds Put to Better Use |
|---|-------------------------|--------------------------|--------------------------------|
| Violent Offender Incarceration and Truth-in-Sentencing Incentive Program Grant to the Gila River Indian Community | \$86,459 | \$86,459 | |
| Total | \$14,932,260 | \$7,404,333 | \$16,085,654 |

Appendix 3

ACRONYMS AND ABBREVIATIONS

The following are acronyms and abbreviations used in the report.

| | |
|--------------------|---|
| Agriculture | U.S. Department of Agriculture |
| Audit | Audit Division of the Office of the Inspector General |
| BOP | Bureau of Prisons |
| CCA | Corrections Corporation of America |
| COPS | Office of Community Oriented Policing Services |
| Crime Act | Violent Crime Control and Law Enforcement Act of 1994 |
| DCIS | Defense Criminal Investigative Service |
| DEA | Drug Enforcement Administration |
| Department | Department of Justice |
| EOIR | Executive Office for Immigration Review |
| EOUSA | Executive Office for U.S. Attorneys |
| EOUST | Executive Office for U.S. Trustees |
| FBI | Federal Bureau of Investigation |
| FCI | Federal Correctional Institution |
| FY | Fiscal Year |
| GAO | General Accounting Office |
| GPRA | Government Performance and Results Act |
| HIDTA | High Intensity Drug Trafficking Area |
| IG | Inspector General |
| IG Act | Inspector General Act of 1978, as amended |
| INS | Immigration and Naturalization Service |

| | |
|-----------------------|--|
| Inspections | Inspections Division of the Office of the Inspector General |
| Investigations | Investigations Division of the Office of the Inspector General |
| IRS | Internal Revenue Service |
| JMD | Justice Management Division |
| OBD | Offices, Boards, and Divisions |
| OGC | Office of the General Counsel |
| OIG | Office of the Inspector General |
| OJP | Office of Justice Programs |
| OMB | Office of Management and Budget |
| OPR | Office of Professional Responsibility |
| PCIE | President's Council on Integrity and Efficiency |
| POE | Ports of entry |
| RAU | Research and Analysis Unit |
| SIRU | Special Investigations and Review Unit |
| Treasury | U.S. Department of the Treasury |
| USAO | U.S. Attorney's Office |
| USMS | U.S. Marshals Service |
| VCTF | Violent Crime Task Force |
| Y2K | Year 2000 |

Appendix 4

GLOSSARY OF TERMS

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

Advances: Amounts paid to employees, contractors, grantees or others prior to receiving the goods or services. Common examples are travel advances and grant advances.

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

Deferred Revenue: Amounts received prior to services being performed or goods being delivered. For example, the fee for immigration applications is paid in full at the

time of application. The revenue is earned only when INS has processed the application. Until the application is completely processed, a portion of the revenue is "deferred."

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

External Audit Report: The results of audits and related reviews of expenditures made under Department 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.

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.

Net Position: Represents the "equity" of the entity; typically consists of an entity's unspent appropriations and its cumulative difference between revenues and expenses.

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.

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

Statement of Changes in Net Position: The financial statement that reports the change in net position for a fiscal year.

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

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

Unliquidated Obligations (also known as undelivered orders): Amounts for good and services ordered and obligated but not yet received.

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.

Voluntary Departure: The process by which an illegal alien agrees to leave the United States voluntarily. It is an alternative to formal removal.

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Appendix 5

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 | 8 |
| Section 5(a)(1) | Significant Problems, Abuses, and Deficiencies | 11 - 38 |
| Section 5(a)(2) | Significant Recommendations for Corrective Actions | 21 - 38 |
| Section 5(a)(3) | Prior Significant Recommendations Unimplemented | 32 |
| Section 5(a)(4) | Matters Referred to Prosecutive Authorities | 11 - 19 |
| Section 5(a)(5) | Refusal to Provide Information | None |
| Section 5(a)(6) | Listing of Audit Reports | A-2 to A-12 |
| Section 5(a)(7) | Summary of Significant Reports | 11 - 38 |
| Section 5(a)(8) | Audit Reports - Questioned Costs | 32 |
| Section 5(a)(9) | Audit Reports - Funds to be Put to Better Use | 32 |
| Section 5(a)(10) | Prior Audit Reports Unresolved | 30 |
| Section 5(a)(11) | Significant Revised Management Decisions | None |
| Section 5(a)(12) | Significant Management Decisions with Which the OIG Disagreed | 30 |

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