



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



Public Summary of the Addendum to the Audit of the Drug Enforcement Administration's Management and Oversight of its Confidential Source Program

PUBLIC SUMMARY OF THE ADDENDUM TO THE AUDIT OF THE DRUG ENFORCEMENT ADMINISTRATION'S MANAGEMENT AND OVERSIGHT OF ITS CONFIDENTIAL SOURCE PROGRAM

In September 2016, the Department of Justice (DOJ) Office of the Inspector General (OIG) issued a report entitled, [*Audit of the Drug Enforcement Administration's Management and Oversight of its Confidential Source Program*](#). In conjunction with that audit, the OIG issued a classified Addendum to the DEA providing specific audit results related to the DEA's establishment, utilization, and payments to confidential sources used in an Intelligence Division program and by the Special Operations Division for overseas operations. This public summary provides information on these findings in an unclassified form. The findings contained in the classified addendum and herein correlate to information provided in Finding 2 of our September 2016 unclassified audit report.

Our Addendum provides specific concerns about how the DEA used and paid confidential sources involved in an Intelligence Division program. We found that the DEA used these confidential sources, who were some of the DEA's highest paid confidential sources, to conduct highly sensitive activities that had potential implications for national security, foreign relations, and the civil liberties of U.S. persons. However, the DEA had not implemented appropriate controls or sufficiently reviewed these activities. Also, the DEA did not keep proper documentation related to the authorization of these sources to conduct such activities, the specifics of the activities conducted, or any subsequent revocation of their authority to continue conducting such activities. Further, the DEA also did not implement a comprehensive review and approval process of the significant payments to these sources, which the OIG determined accounted for at least \$25 million paid to 8 sources in a 5-year period.

We also determined that there was limited Department knowledge and oversight of the scope of the DEA's use of and payments to confidential sources in the Intelligence Division program, which limited the Department's ability to provide the oversight needed for such sensitive and costly activities. Overall, our Addendum concludes that the DEA's use of the Confidential Source Program for this Intelligence Division program did not provide for a level of oversight that is commensurate with the financial and operational importance of the activities. Moreover, we found that the DEA's Intelligence Division program discussed in our Addendum had not been formally reexamined and authorized for almost 20 years. The DEA told us that it began such a reexamination in November 2016 in response to our findings. As of February 2017, the DEA's review was currently ongoing.

Our Addendum also discusses specific significant concerns related to the Special Operations Division's oversight and utilization of confidential sources in the foreign arena, or involved in national security investigations associated with terrorist organizations. We found that the DEA should review its procedures for establishing, categorizing, and using these individuals as confidential sources to

ensure that the use of and payments to these sources are appropriate and necessary.

We believe that the DEA has not fully accounted for the national security, foreign relations, and civil liberties risks associated with using and paying confidential sources in the instances reviewed by the OIG. As such, the DEA should evaluate its use of confidential sources who provide non-case specific information or who are used in national security-related operations to determine the necessity of implementing a process to comprehensively examine the reliability of the sources. The DEA should also reexamine its legal authority to use confidential sources in its Intelligence Division program. In addition, we believe it is essential that the DEA, in coordination with the Department, develop a legally sound and formal oversight process for the DEA to follow when it explores and potentially utilizes confidential sources for these types of activities.

Our classified Addendum provides the DEA and Department officials with specific information on our findings. Due to the classified nature of the information, these detailed results cannot be issued publicly. The Addendum provides the DEA with recommendations for the improvement of its efforts related to the use of confidential sources in an Intelligence Division program and national security-related programs and activities. The DEA concurred with all of our recommendations and provided an official response to the public summary, which is included as Appendix 1 to this public summary. We will continue to work with the DEA to ensure that our findings are appropriately addressed.

THE DRUG ENFORCEMENT ADMINISTRATION'S RESPONSE TO THE DRAFT PUBLIC SUMMARY OF THE ADDENDUM



U. S. Department of Justice
Drug Enforcement Administration


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Washington, D.C. 20537

MAR 10 2017

MEMORANDUM

TO: Carol S. Taraszka
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General

FROM: Mary B. Schaefer 
Chief Compliance Officer
Office of Compliance

SUBJECT: DEA's Response to the OIG Draft Audit Report "*Public Summary of the Addendum to the Audit of the Drug Enforcement Administration's Management and Oversight of its Confidential Source Program*"

The Drug Enforcement Administration (DEA) has reviewed the Department of Justice (DOJ) Office of the Inspector General's (OIG) Draft Audit Report "*Public Summary of the Addendum to the Audit of the Drug Enforcement Administration's Management and Oversight of its Confidential Source Program*." DEA acknowledges the OIG's efforts in conducting a review to assess DEA's establishment, utilization, and payments to confidential sources in one of its Intelligence Division programs.

The OIG makes recommendations in the report for improvements in review, management and oversight related to the use of confidential sources in the program. DEA concurs with the recommendations and is taking the necessary steps for implementation.

Thank you for the opportunity to respond to the recommendations made in the OIG report. If you have any questions regarding this response, please contact the Audit Liaison Team, on 202-307-8200.

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