

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



Semiannual Report to Congress

October 1, 2010 - March 31, 2011

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Message from the Acting Inspector General

This semiannual report summarizes the broad range of audits, inspections, evaluations, investigations, and special reviews that the Office of the Inspector General (OIG) conducted from October 1, 2010, through March 31, 2011.

In this challenging economic climate, the OIG continues to focus on ways for the Department of Justice (Department) to cut costs without sacrificing effectiveness. For example, in one review we identified improvements the Department could make in its procedures for negotiating rates that the Department pays to house federal prisoners at state and local detention facilities. In another review, we examined official travel by United States Attorneys exceeding federal government lodging rates and recommended ways for the Department to improve its travel practices and control costs.

Other reports we issued focused on the Department's law enforcement activities, such as our review of Project Gunrunner, the Department's efforts through the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) to combat firearms trafficking on the Southwest border. We recently initiated a review of the guidelines and internal controls the Department had in place during its firearms trafficking investigation, Operation Fast and Furious. In addition, we have several ongoing efforts to examine the Department's counterterrorism efforts, including our follow-up review on the nomination process for the Government's terrorist watchlist. We also continue to investigate significant allegations of misconduct by Department personnel.

I want to thank the Department and Congress for their continued support of our work. I also want to express my sincere appreciation for the hard work and dedication of OIG employees to the OIG mission.

Finally, the most significant event during the past six months was the departure of Inspector General Glenn A. Fine. Glenn was a senior leader in the OIG for more than 15 years, and served the last 10 as the Inspector General. Under his leadership, the OIG established an outstanding record of accomplishment and earned the respect of the Department, the federal government, Congress, and the public. I want to express my personal gratitude to Glenn for his extraordinary contributions to public service as the Inspector General. He will be greatly missed, but he will be remembered for his "tough but fair" legacy.

A handwritten signature in blue ink that reads "Cynthia A. Schnedar".

Cynthia A. Schnedar
Acting Inspector General
April 29, 2011

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Highlights of OIG Activities



The following summaries highlight some of the Office of the Inspector General's (OIG) audits, evaluations,

inspections, special reviews, and investigations, which are discussed further in this report. As the highlights illustrate, the OIG continues to conduct wide-ranging oversight of Department of Justice (Department) programs and operations.

Statistical Highlights

October 1, 2010 - March 31, 2011	
Allegations Received by the Investigations Division	5,499
Investigations Opened	174
Investigations Closed	148
Arrests	60
Indictments/Informations	53
Convictions/Pleas	45
Administrative Actions	92
Fines/Restitutions/Assessments/Recoveries	\$1,496,123
Audit Reports Issued	41
Questioned Costs	\$12.85 million
Funds Put to Better Use	\$900
Recommendations for Management Improvements	143
<i>Single Audit Act</i> Reports Issued	48
Questioned Costs	\$1.65 million
Recommendations for Management Improvements	121

Audits, Evaluations, Inspections, and Special Reviews Highlights

Examples of OIG audits, evaluations, inspections, and special reviews completed during this semiannual reporting period include:

- [U.S. Attorney Travel that Exceeded the Government Lodging Rate](#). This OIG review examined official travel by U.S. Attorneys that exceeded the federal government lodging rate. Our review determined that the large majority of U.S. Attorneys rarely or never sought reimbursement above the government rate for lodging. However, we identified five U.S. Attorneys who exhibited noteworthy patterns of improperly exceeding the government rate without sufficient justification. We also identified troubling incidents of other U.S. Attorneys seeking reimbursement for lodging above the government rate without justification. We found that, to some extent, deficiencies in Department travel policies contributed to the improper lodging reimbursements for U.S. Attorneys. Our report made four recommendations for additional action to the Justice Management Division (JMD) and Executive Office for United States Attorneys (EOUSA) to improve their travel practices and controls, which we believe would help prevent recurrences of the inappropriate travel practices that are described in the report.
- [Project Gunrunner](#). The OIG's review found that after the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) launched Project Gunrunner to combat gun trafficking along the Southwest border in 2006, it increased its seizures of firearms, investigations, inspections,

Highlights of OIG Activities

and other activities related to trafficking, but significant weaknesses undermined Gunrunner's effectiveness. ATF was not routinely sharing intelligence internally or with the Drug Enforcement Administration (DEA), U.S. Immigration and Customs Enforcement (ICE), or Mexican authorities. ATF was focused primarily on low-level members of trafficking conspiracies and had been unable to expand gun tracing throughout Mexico to help track recovered guns to their sources. ATF lacked the resources to meet Mexican government needs for training and support and had a backlog of information requests from Mexican authorities that hindered ATF's coordination with Mexican law enforcement. ATF also lacked a coordinated approach because it had not integrated the Gunrunner activities of its four Southwest border divisions and its Mexico Country Office. We made 15 recommendations to help ATF improve its implementation of Gunrunner. ATF concurred with all OIG recommendations.

- [Judicial Facilities Security Program](#). The OIG examined the U.S. Marshals Service's (USMS) efforts to provide security at federal court facilities under the Judicial Facilities Security Program. This program provides over 5,000 privately contracted court security officers (CSO) and contracted security systems and equipment at more than 400 U.S. federal court facilities. Our report disclosed that not all CSOs received comprehensive training on the use of security screening equipment, some district offices failed to conduct required testing of security procedures, and several district offices failed to detect mock explosive devices sent by the USMS headquarters for testing purposes. We also found instances where security features of new equipment were not

being used and that the USMS awarded a nearly \$300 million contract to a CSO contractor with a history of fraudulent activities, despite an earlier fraud alert issued by the OIG's Investigations Division. We made 15 recommendations to the USMS to help improve its Judicial Facilities Security Program, and the USMS concurred with these recommendations.

- [Sentinel VII](#). The OIG continued to review the Federal Bureau of Investigation's (FBI) progress towards the full implementation of Sentinel, its new information and investigative case management system. As of August 2010, the FBI had spent about \$405 million of Sentinel's \$451 million budget but delivered only two of Sentinel's four phases to FBI agents and analysts. Sentinel's third and fourth phases remain unfinished and as a result, FBI agents and analysts lack expanded capabilities to search FBI case files or use Sentinel to manage evidence, as originally intended. At the conclusion of our audit in September 2010, the FBI told the OIG that it would assume direct management of Sentinel development and significantly reduce Lockheed Martin's project development role. Regardless of the new approach, we noted that Sentinel's technical requirements are now 6 years old, and significant advances in technology and changes to the FBI's work processes have occurred during that time. We made three recommendations, including that the FBI reassess whether new, less costly ways could achieve the functionality described in Sentinel's original requirements and that the FBI reinstitute certain project management activities. The FBI agreed with these recommendations.

Highlights of OIG Activities

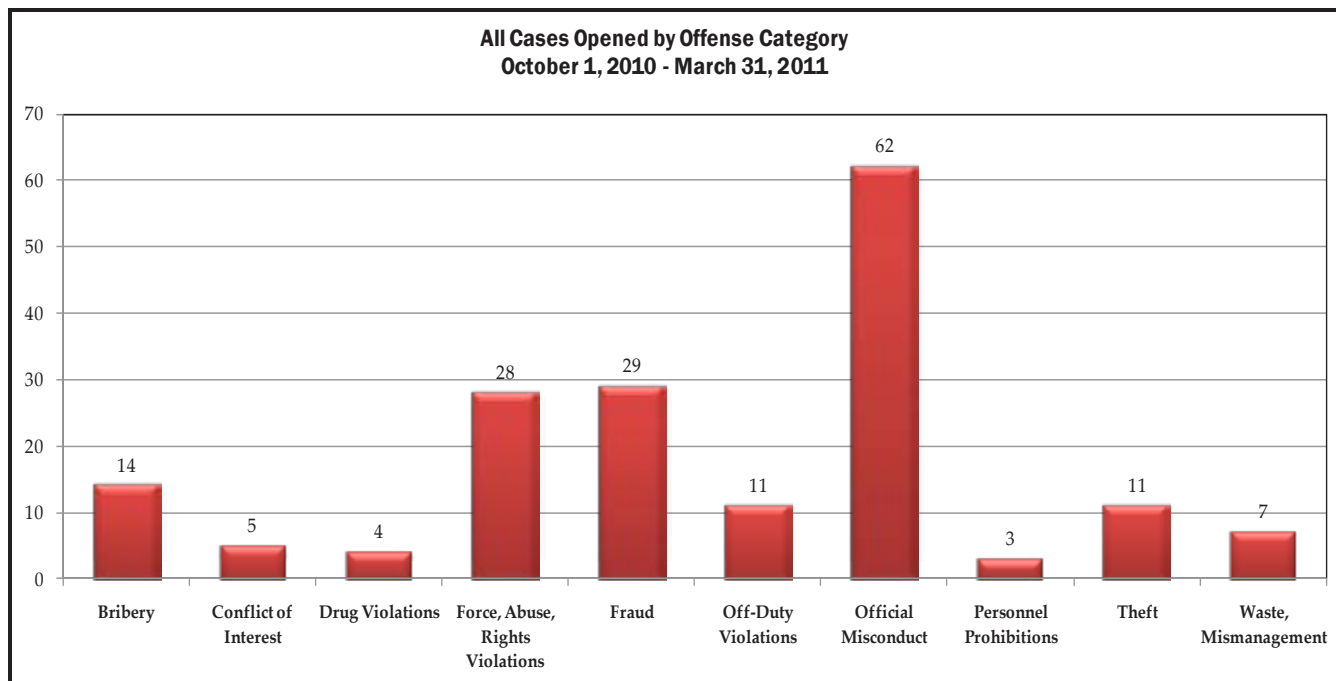
- [Intergovernmental Agreement Detention Space Negotiation Process](#). The OIG examined efforts by the USMS and the Office of the Federal Detention Trustee (OFDT) to negotiate intergovernmental agreements (IGA) with state and local government detention facilities to house federal detainees. IGA negotiations result in a “jail-day rate,” a predetermined daily cost to house a federal detainee at state and local facilities. IGA detention costs have increased by 19 percent from \$743 million in FY 2005 to \$888 million in FY 2010, even though the detention population housed in state and local facilities has remained relatively constant. We found deficiencies in the USMS’s and the OFDT’s current negotiation strategy tools, such as to consistently use a facility’s operating expense data to negotiate lower jail-day rates. We also identified instances where some state and local governments took advantage of circumstances such as detention space shortages to demand unjustifiable increased jail-day rates. The USMS and OFDT agreed with the majority of the recommendations we made to help the USMS and the OFDT better negotiate, justify, and document IGA jail-day rates.
- [The Federal Prison Industries’ Electronic Waste Recycling Program](#). The OIG issued a report examining the Federal Bureau of Prisons’ (BOP) electronic waste (e-waste) recycling program. The BOP’s e-waste program is run by Federal Prison Industries (UNICOR), a government corporation within the BOP that employs staff and inmates at federal prisons throughout the United States. It accepts computers, monitors, printers, and other types of e-waste for recycling at federal prisons. When e-waste is disassembled and recycled, workers can be exposed to toxic metals that can cause serious health implications. The OIG’s investigation found that when UNICOR began the

program, it did not implement adequate measures to address the safety of staff and inmates who were employed in the program. As a result, staff and inmates at several BOP institutions were exposed to levels of the toxic metals cadmium and lead that exceeded Occupational Safety and Health Administration (OSHA) standards. The OIG’s investigation determined that beginning in 2003, UNICOR took steps to improve the health, safety, and environmental compliance performance of the e-waste program. However, despite these steps, our investigation found that prior to 2009, UNICOR failed to institute adequate policies in a timely manner to protect staff and inmates from the hazards associated with e-waste recycling, to advise staff and inmates properly about hazards once they were identified and to correct them, and to conduct e-waste operations in compliance with applicable health, safety, and environmental regulations. By 2009, with limited exceptions, UNICOR’s e-waste operations were compliant with OSHA requirements and were being operated safely. However, we concluded that additional improvements are needed in UNICOR’s e-waste operations, and our report provided 12 recommendations to the BOP and the Department which the BOP agreed to implement.

Investigative Highlights

As shown in the statistics at the beginning of this section and in the chart on the next page, the OIG investigates many allegations of misconduct involving Department employees, contractors, or grantees who receive Department money.

Highlights of OIG Activities



Source: Investigations Data Management System

Examples of the OIG's investigations discussed in this semiannual report include:

- A joint investigation by the OIG's Detroit Area Office, the ATF's Internal Affairs Division, and the DEA Cleveland Resident Office resulted in the arrest and guilty plea of an ATF special agent, assigned to the ATF Columbus Field Division, to charges of embezzlement. The investigation determined that during the execution of a multi-agency search warrant at a residence in Ohio, the special agent stole \$46,875 in cash that had been hidden in the master bedroom. The special agent resigned his position with ATF as a result of the OIG investigation. The ATF agent was sentenced to 12 months plus one day of incarceration followed by 36 months' supervised release.
- In our September 2008 *Semiannual Report to Congress*, we reported on a joint investigation by the OIG's Oversight and Review Division, FBI's

Washington Field Office, U.S. Attorney's Office for the District of Maryland, and Public Integrity and Fraud Sections of the Criminal Division that led to the September 2008 indictment of Kevin A. Ring, a former lobbyist who worked with Jack A. Abramoff, on public corruption and obstruction of justice charges. On November 15, 2010, a federal jury convicted Ring on five counts related to a scheme to corrupt public officials, including Department officials. The jury found Ring guilty on one count of conspiracy, one count of paying an illegal gratuity, and three counts of honest services wire fraud. Ring faces a maximum sentence of 5 years in prison for conspiracy, 2 years in prison for payment of a gratuity, and 20 years in prison for each of the 3 counts of honest services wire fraud. Ring could also be ordered to pay a fine of up to \$250,000 on each count of conviction. A trial is scheduled in May for the remaining two obstruction of justice charges.

Highlights of OIG Activities

- An investigation by the OIG's Los Angeles Field Office led to the arrest of a BOP correctional officer assigned to the Federal Correctional Complex (FCC) in Victorville, California, and a UNICOR vendor on conspiracy and bribery charges. The investigation determined that the correctional officer, who also served as a UNICOR contract specialist, used his position to gain monetary rewards by violating the federal procurement standards and bidding processes. The contract specialist devised a sophisticated scheme through which at least \$1 million in federal contracts were awarded to the UNICOR vendor with whom he had a personal relationship. In turn, the UNICOR vendor paid \$140,000 in kickbacks to the contract specialist and his accomplices, one of whom has already pled guilty and is awaiting sentencing.
- An investigation conducted by the OIG's Washington Field Office led to the arrest and guilty plea of a former USMS administrative officer to theft of \$104,000 in government funds. The former administrative officer admitted that from 2002 to November 2008, she unlawfully used a USMS credit card for personal expenses totaling approximately \$15,000; created a fictitious employee in the USMS payroll system and submitted falsified time and attendance records for the employee resulting in fraudulent payments to her totaling \$31,000; facilitated the issuance of \$51,000 in U.S. Treasury checks to pay down the balance on a personal credit card and disguised the theft with fraudulent business invoices she created to make the payments appear legitimate; and converted an additional \$7,000 in U.S. Treasury checks to pay the balance on another personal credit card. Prior to this investigation, the former administrative officer had left the USMS in November 2008 and obtained employment with the DEA in a similar capacity. The former USMS administrative officer resigned from the DEA during this investigation. Sentencing in pending.
- An investigation by the OIG's Dallas Field Office resulted in the arrests of two BOP correctional officers assigned to the Eden Detention Center in Eden, Texas, based on an indictment returned in the Northern District of Texas charging destruction, alteration, and falsification of records in a federal investigation. The indictment alleges that the correctional officers made false entries on prison cell logs that impeded the investigation of an attempted suicide by a high-risk inmate. The correctional officers were dismissed from their positions by the Eden Detention Center as a result of our investigation.
- An investigation by the OIG's New York Field Office led to the arrest of the former executive director of the Rape and Victim Assistance Center in Schuylkill, Pennsylvania, on an indictment returned in the Middle District of Pennsylvania charging her with embezzlement of Department grant funds. The investigation determined that the executive director embezzled over \$100,000 from two grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crimes (OVC), and the Office on Violence Against Women (OVW). From June 2006 to June 2008, the executive director allegedly diverted these funds from their intended use, supporting victims of crimes against women, and instead spent the money on personal matters. The executive director was dismissed from her position in December 2008.

Highlights of OIG Activities

- In our March 2010 *Semiannual Report to Congress* we reported on a joint investigation by the OIG's Fraud Detection Office and the FBI that led to the arrest of the chief of police for the Law Enforcement Department of the Sault Tribe of Chippewa Indians and his office manager on grant fraud conspiracy charges. The investigation determined the chief of police conspired with his office manager to steal \$242,230 in grant funds from the Office of Community Oriented Policing Services (COPS). The police chief allegedly used the grant funds to purchase items for his or his family's personal use, such as vehicles, jet skis, and recreational activities. The office manager was not charged with receiving any funds for personal use, but pled guilty to conspiring to conceal the theft from COPS. During this reporting period, the former chief of police was sentenced to 12 months and one day of imprisonment followed by 2 years of supervised release and ordered to pay \$231,785 in restitution pursuant to his guilty plea to grant fraud conspiracy charges. The office manager was previously sentenced to 10 months' home confinement followed by 3 years of probation.
- An investigation by the OIG's Dallas Field Office resulted in the arrest and guilty plea of a Deputy U.S. Marshal in the Southern District of Texas to a charge of misuse of a government computer. The investigation determined that the Deputy U.S. Marshal placed an electronic tracking device owned by the USMS on the personally owned vehicle of the Deputy U.S. Marshal's former wife. The use of the USMS tracking device was not related to any USMS or other law enforcement investigation and the Deputy U.S. Marshal did not have authorization to place it on his former wife's car. The Deputy U.S. Marshal used his government-issued computer to electronically track his former wife's vehicle for more than 15 days. He was sentenced to 24 months of supervised release, fined \$5,000, and ordered to perform 100 hours of community service.
- An investigation by the OIG's New Jersey Area Office, in conjunction with the Burlington, New Jersey, Police Department, led to the arrest of a BOP senior correctional officer assigned to the Federal Correctional Institution (FCI) in Fort Dix, New Jersey, on Florida state charges of solicitation of a minor via computer. The joint investigation determined that the senior correctional officer engaged in online and cellular telephone communication with an undercover Orlando police officer representing herself to be a 14 year-old girl. The senior correctional officer solicited sexual activity in the communications. He was placed on administrative leave by the BOP.
- An investigation by the OIG's Boston Area Office led to the arrest of a former legal assistant at the U.S. Attorney's Office (USAO) for the District of Vermont based on an indictment charging obstruction of justice and making false statements. The investigation determined that while she was employed as a legal assistant, she provided USAO case information, including the identities of grand jury witnesses, to the target of a DEA case being prosecuted in the District of Vermont. As a result of the former legal assistant's unauthorized disclosure, a grand jury witness was threatened in connection with the witness' expected testimony in the case.

Highlights of OIG Activities

Ongoing Work

This report also describes ongoing OIG reviews, including reviews of:

- The ATF's firearms trafficking investigation known as Operation Fast and Furious, and other investigations with similar objectives, methods, and strategies.
- The Civil Rights Division's enforcement of civil rights laws by its Voting Section.
- The FBI's management of the terrorist watchlist nominations process and encounters with watchlisted individuals.
- The FBI's ongoing efforts to reduce its DNA laboratory convicted offender backlog.
- The Executive Office for Immigration Review's (EOIR) efforts to reduce the backlog of cases in its immigration courts.
- The FBI and the National Security Division's (NSD) coordination efforts in identifying, investigating, and prosecuting persons and entities who provide financial support to terrorist organizations.

OIG Profile



The OIG is a statutorily created, independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct involving Department programs and personnel and promote economy and

efficiency in Department operations. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of Department employees in their numerous and diverse activities. The OIG also audits and inspects Department programs and assists management in promoting integrity, economy, efficiency, and effectiveness. The OIG has jurisdiction to review the programs and personnel of the FBI, ATF, BOP, DEA, USAO, USMS, and all other organizations within the Department, as well as contractors of the Department and organizations receiving grant money from the Department.

The OIG consists of the Immediate Office of the Inspector General and the following divisions and office:

- **Audit Division** is responsible for independent audits of Department programs, computer systems, and financial statements. The Audit Division has field offices in the Atlanta, Chicago, Dallas, Denver, Philadelphia, San Francisco, and Washington, D.C., areas. Its Financial Statement Audit Office and Computer Security and Information Technology Audit Office are located in Washington, D.C., along with Audit Headquarters. Audit Headquarters consists of the immediate office of the Assistant Inspector General for Audit, Office of Operations, Office of Policy and Planning, Advanced Audit Techniques, and Office of Research and Non-Federal Audits.

- **Investigations Division** is responsible for investigating allegations of bribery, fraud, abuse, civil rights violations, and violations of other criminal laws and administrative procedures governing Department employees, contractors, and grantees. The Investigations Division has field offices in Chicago, Dallas, Denver, Los Angeles, Miami, New York, and Washington, D.C. The Investigations Division has smaller, area offices in Atlanta, Boston, Detroit, El Paso, Houston, New Jersey, San Francisco, and Tucson. The Fraud Detection Office is co-located with the Washington Field Office. Investigations Headquarters in Washington, D.C., consists of the immediate office of the Assistant Inspector General for Investigations and the following branches: Operations, Special Operations, Investigative Support, Research and Analysis, and Administrative Support.
- **Evaluation and Inspections Division** conducts program and management reviews that involve on-site inspection, statistical analysis, and other techniques to review Department programs and activities and makes recommendations for improvement.
- **Oversight and Review Division** blends the skills of attorneys, investigators, program analysts, and paralegals to conduct special reviews and investigations of sensitive allegations involving Department employees and operations.
- **Management and Planning Division** provides advice to OIG senior leadership on administrative and fiscal policy and assists OIG components in the areas of budget formulation and execution, security, personnel, training, travel, procurement, property management, information technology,

OIG Profile

computer network communications, telecommunications, records management, quality assurance, internal controls, and general support.

- **Office of General Counsel** provides legal advice to OIG management and staff. It also drafts memoranda on issues of law; prepares administrative subpoenas; represents the OIG in personnel, contractual, and legal matters; and responds to Freedom of Information Act requests.

The OIG has a nationwide workforce of approximately 445 special agents, auditors, inspectors, attorneys, and support staff. For Fiscal Year (FY) 2011, the OIG direct appropriation was \$84 million, and the OIG expects an additional \$4 million in reimbursements.

As required by Section 5 of the *Inspector General Act of 1978* (IG Act), as amended, this Semiannual Report to Congress reviewing the accomplishments of the OIG for the 6-month period of October 1, 2010, through March 31, 2011, is to be submitted no later than April 30, 2011, to the Attorney General for his review. The Attorney General is required to forward the report to Congress no later than May 31, 2011, along with information on the Department's position on audit resolution and follow-up activity in response to matters discussed in this report.

Additional information about the OIG and full-text versions of many of its reports are available at www.justice.gov/oig.



Multicomponent

While many of the OIG's activities are specific to a particular component of the Department, other work covers more than one component and, in some instances, extends to Department contractors and grant recipients. The following describes OIG audits, evaluations, inspections, special reviews, and investigations that involve more than one Department component.



Reports Issued

U.S. Attorney Travel that Exceeded the Government Lodging Rate

The OIG issued a report regarding official travel by U.S. Attorneys that exceeded the federal government lodging rate. Federal regulations list reimbursable lodging rates for Department employees on official travel (commonly known as the government rate) and identify limited circumstances in which Department employees can be reimbursed for lodging costs in excess of these rates.

Our review determined that the large majority of U.S. Attorneys rarely or never sought reimbursement above the government rate for lodging. We found that the practice of seeking reimbursement above the government rate was concentrated among a relatively small number of U.S. Attorneys. In particular, we identified five U.S. Attorneys who exhibited noteworthy patterns of improperly exceeding the government rate without sufficient justification. We also identified other troubling incidents of U.S. Attorneys seeking reimbursement for lodging above the government rate without justification.

In total, U.S. Attorneys sought reimbursement for lodging above the government rate for 724 separate trips, which was approximately 20 percent of the total trips taken by U.S. Attorneys during 2007-2009. While we cannot say with certainty the exact percentage of Department travel that exceeds the government rate for lodging, we believe it is much less than the 20 percent by which U.S. Attorney travel exceeded the government rate.

We found that, to some extent, deficiencies in Department travel policies contributed to the improper lodging reimbursements for U.S. Attorneys. U.S. Attorneys were permitted to authorize their own travel and approve their own travel expenses, which we believe contributed to some exceeding the government rate without adequate justification. Moreover, we found that internal controls within the Department provided ineffective oversight of U.S. Attorney travel. Yet, we do not believe any deficiencies in Department travel policies or internal controls excuse the problematic travel reimbursements described in the report.

In 2010, JMD and EOUSA issued memoranda intended to correct these problems. However, we do not believe these memoranda fully solve the problems identified in this report. The Department must ensure that travel authorizations are routed to individuals with

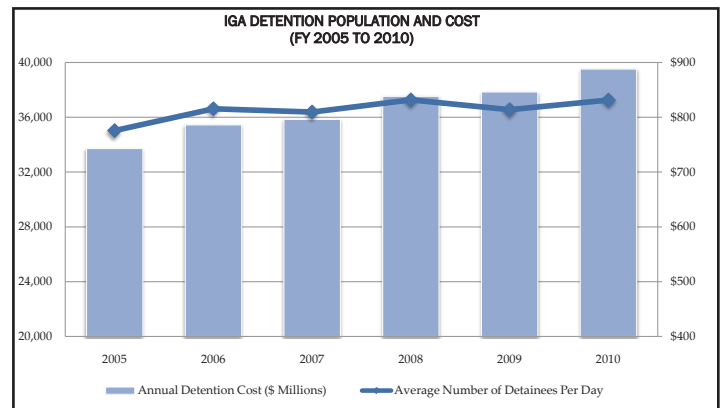
Multicomponent

the requisite approval authority and provide both the travelers and those approving the authorizations with clear and concise standards to apply when evaluating whether a request to exceed the government rate is appropriate. Our report made four recommendations for additional action to JMD and EOUSA to improve their travel practices and controls, which we believe would help prevent recurrences of the inappropriate travel practices by some U.S. Attorneys that are described in the report.

Intergovernmental Agreement Detention Space Negotiation Process

The OIG issued an audit report examining how the Department procures space for federal detainees at state and local detention facilities. Due to the shortage of federally-owned detention space, the Department depends on state and local governments to provide detention space for detainees.

The USMS and OFDT are responsible for negotiating intergovernmental agreements (IGA) with state and local detention officials to hold detainees for a set price per inmate per day, referred to as a “jail-day rate.” Our audit reported that between 2005 through 2010 the USMS housed an average of about 36,000 detainees per day in state and local facilities using IGAs. We found that, although the number of daily detainees housed in state and local facilities remained relatively consistent, the USMS detention costs increased by over 19 percent, from \$743 million in FY 2005 to \$888 million in FY 2010. Because of the significance of these costs, it is critical that the Department ensure any jail-day rate paid under IGAs is fair and reasonable. The following graph illustrates this increase.



Source: OFDT

The audit concluded that the USMS and OFDT must take significant actions before the price analysis negotiation strategy it currently uses can be considered an effective tool for USMS specialists to justify fair and reasonable jail-day rates. For example, the OIG determined that the USMS and OFDT need to ensure that certain application data provided by the requesting facility is accurate before beginning negotiations. We identified one example where a USMS specialist relied on inaccurate information submitted by a facility. The subsequent negotiations resulted in a contract that will provide the facility with almost \$8 million in profits over the 3-year term of the IGA.

We also found that although the USMS collects operating expense data from jails showing how much each spends to house detainees, the USMS did not consistently use this data to negotiate lower jail-day rates. Our sample of 25 IGAs showed that for just 25 IGAs, the USMS and OFDT potentially paid about \$15 million more than it cost the facilities to house federal detainees over the IGA terms. We concluded that the USMS would have realized significant cost savings if it had consistently used available jail expense data when appropriate as leverage in its negotiations to lower proposed jail-day rates.

In addition, the audit found that the USMS inconsistently applied pricing factors — such as independent estimates and rates charged by nearby jails — during its negotiations and

Multicomponent

also did not adequately document how its negotiators determined a negotiated rate was fair and reasonable. We believe that the lack of sufficient evidence to show how pricing factors were considered during negotiations made it appear that negotiators picked certain price analysis techniques because they yielded the highest rates for state and local facilities.

We found that some state and local governments take advantage of circumstances such as detention space shortages to demand unjustifiable increased jail-day rates. We recommended that the USMS and OFDT require their negotiators to verify the costs reported by these detention facilities and attempt to negotiate a price based on the facility's actual cost instead of paying an inflated and unreasonable jail-day rate.

The OIG made 15 recommendations to help the USMS and OFDT improve its negotiation of IGA jail-day rates, including: validating facility-submitted information; applying jail operating expense estimated jail-day rates and other reliable estimates to gauge the reasonableness of proposed rates; and identifying exactly which facilities are similar to the requesting facility and using only those facilities for the basis of comparisons. The USMS and OFDT agreed with the majority of the OIG recommendations. However, while the USMS and OFDT agreed that government negotiators should consistently consider a jail's operating expense data and independent estimates, they did not believe that rates based on these estimated data should be the default negotiation position.

The Department's Financial Statement Audits

The *Chief Financial Officers Act of 1990* and the *Government Management Reform Act of 1994* require annual financial statement audits of the Department. The OIG's Audit Division 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's Annual Financial Statements for FY 2010.

The Department received an unqualified opinion¹ on its FYs 2009 and 2010 financial statements. This year, at the consolidated level the Department had one significant deficiency², which related to a few serious, but isolated, financial reporting issues, including the USMS's funds management controls; the Assets Forfeiture Fund and Seized Asset Deposit Fund's seized and forfeited property reporting controls; and ATF's management controls.

As reflected in the chart, the Department has continued to make progress in its financial management systems and has continued to address significant deficiencies identified in the OIG's previous annual financial statement audits. For example, at the component level the number of significant deficiencies decreased from eight in FY 2009 to four in FY 2010. The Department and its components deserve credit for these substantial improvements.

1 An unqualified opinion results when the financial statements present fairly, in all material respects, the financial position and results of operations of the reporting entity, in conformity with U.S. Generally Accepted Accounting Principles.

2 A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

Multicomponent

Comparison of FY 2010 and FY 2009 Audit Results										
Reporting Entity	Auditors' Opinion On Financial Statements		Number of Material Weaknesses ¹				Number of Significant Deficiencies			
			Financial		Information Systems		Financial		Information Systems	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Consolidated Department of Justice	U	U	0	0	0	0	1	1	0	1
Assets Forfeiture Fund and Seized Asset Deposit Fund	U	U	0	0	0	0	1	1	0	0
Offices, Boards, and Divisions	U	U	0	0	0	0	0	1	0	0
U.S. Marshals Service	U	U	1	1	0	0	0	0	0	1
Office of Justice Programs	U	U	0	0	0	0	0	1	0	0
Drug Enforcement Administration	U	U	0	0	0	0	0	1	0	0
Federal Bureau of Investigation	U	U	0	0	0	0	0	0	1	0
Bureau of Alcohol, Tobacco, Firearms and Explosives	U	U	0	0	0	0	1	0	0	0
Federal Bureau of Prisons	U	U	0	0	0	0	0	0	0	1
Federal Prison Industries, Inc.	U	U	0	0	0	0	0	1	0	0
Component Totals			1	1	0	0	2	5	1	2

Source: Department Annual Financial Statements FY 2010, Audit Report 11-03, December 2010

Yet, it is important to note that the Department still does not have a unified financial management system to support ongoing accounting operations and preparation of financial statements. As discussed in past years, we believe the most important challenge facing the Department in its financial management is to implement an integrated financial management system to replace the disparate and, in some

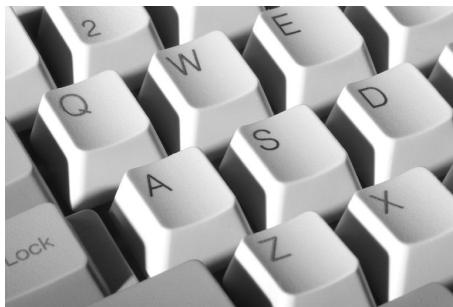
cases, antiquated financial systems used by Department components.

In the FY 2010 consolidated *Independent Auditors' Report on Compliance and Other Matters*, no instances of non-compliance with applicable laws and regulations or other matters were identified. Although instances of non-compliance were reported at some of the components, the consolidated auditors determined that none of the component level non-compliance issues caused the Department as a whole to be in non-compliance.

¹ A material weakness is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Multicomponent

Federal Information Security Management Act Audits



The *Federal Information Security Management Act* (FISMA) requires the Inspector General for each

agency to perform an annual independent evaluation of the agency's information security programs and practices. The evaluation includes testing the effectiveness of information security policies, procedures, and practices of a representative subset of agency systems. The Office on Management and Budget (OMB) issued guidance to agencies for the FY 2010 FISMA requirements. OMB instructed agency Chief Information Officers, Inspectors General, and Senior Agency Officials for Privacy to report FY 2010 FISMA results to OMB by November 15, 2010. The OIG provided OMB with this submission within the deadline.

The OIG is finalizing its FY 2010 FISMA review of the individual security programs for eight Department components: the U.S. National Central Bureau of INTERPOL (INTERPOL), EOUSA, OJP, NSD, FBI, ATF, DEA, and JMD. Within these components, we also selected for review five classified systems within NSD, FBI, DEA, and JMD. In addition, we selected four sensitive but unclassified systems in the other components: INTERPOL's Envoy System, EOUSA's Case Management Enterprise System, OJP's National Criminal Justice Reference Service System, and ATF's National Field Office Case Information System. The OIG plans to issue separate reports evaluating each of these systems, as well as the overall security programs of the eight components.

Accounting and Authentication of Drug Control Funds and Related Performance

The OIG is required to perform an annual attestation review of detailed accounting of funds expended by each drug control program and related performance summary by 21 U.S.C. § 1704(d), as implemented by the Office of National Drug Control Policy Circular, Drug Control Accounting, dated May 1, 2007. The OIG's Audit Division performs the review and issues the report. An attestation review is less in scope than an examination and, therefore, does not result in the expression of an opinion. However, nothing came to our attention that caused us to believe the submissions failed to present, in all material respects, in accordance with the requirements of the Office of National Drug Control Policy Circular.

Civil Rights and Civil Liberties Complaints

Section 1001 of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (Patriot Act) directs the OIG to receive and review complaints of civil rights and civil liberties abuses by Department employees, to publicize how people can contact the OIG to file a complaint, and to submit a semiannual report to Congress discussing our implementation of these responsibilities. In February 2011, the OIG issued its 18th report summarizing its Section 1001 activities covering the period from July 1, 2010, to December 31, 2010. The report described the number of complaints we received under this section and the status of investigations conducted by the OIG and Department components.

Multicomponent

Single Audit Act Reports

OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is OMB's implementing guidance to federal agencies for the *Single Audit Act*, as amended. OMB A-133 establishes audit requirements for state and local governments, colleges and universities, and nonprofit organizations receiving federal financial assistance. Entities that expend more than \$500,000 in federal financial assistance in one year must have a "single audit" performed annually covering all federal funds expended that year. Single audits are conducted by state and local government auditors, as well as independent public accounting firms. The OIG reviews these audit reports when they pertain to Department funds in order to determine whether the single audit reports meet the requirements of OMB Circular A-133 and generally accepted government auditing standards. In addition, the OIG reviews single audit reports to determine if they contain audit findings related to Department grants. As a result of the OIG's review of the single audits, during this semiannual period the OIG issued to the Department's granting agencies 48 single audit reports encompassing 353 contracts, grants, and other agreements totaling more than \$146 million. The OIG also monitors these audits through the resolution and closure process.

The single audits disclosed that costs charged to Department grants were not always adequately supported, and that required financial reports were inaccurate and frequently were not filed in a timely manner. The state and local government auditors and independent public accounting firms who conducted the single audits also found examples of inadequate segregation of duties, failure to conduct physical inventories of assets purchased with federal funds, failure to submit timely single audit reporting packages to the Federal Audit Clearinghouse (an office operating on behalf of the OMB that facilitates federal oversight of entities expending federal money), and failure to reconcile significant

accounting records with the general ledger and subsidiary ledgers. They also reported that grantees did not adequately monitor their grant sub-recipients to ensure that the sub-grantees were properly accounting for the grant funds and ensuring compliance with the terms and conditions of the grant.

Investigations

- In our September 2008 *Semiannual Report to Congress*, we reported on a joint investigation by the OIG's Oversight and Review Division, FBI's Washington Field Office, United States Attorney's Office for the District of Maryland, and Public Integrity and Fraud Sections of the Criminal Division that led to the September 2008 indictment of Kevin A. Ring, a former lobbyist who worked with Jack A. Abramoff, on public corruption and obstruction of justice charges.

On November 15, 2010, a federal jury convicted Ring on five counts related to a scheme to corrupt public officials. The jury found Ring guilty on one count of conspiracy, one count of paying a gratuity to a Department official, and three counts of honest services wire fraud for engaging in a scheme to deprive U.S. citizens of their right to the honest services of certain public officials, including a Department official.

According to evidence presented at trial, while working as a lobbyist in Washington, Ring and his co-conspirators identified public officials who would perform official actions that would assist Ring and his clients, and then groomed those public officials by providing all-expenses-paid travel, meals, drinks, golf outings, as well as tickets to professional sporting events, concerts, and other events. Ring and his

Multicomponent

co-conspirators provided these things of value as a means of influencing, inducing, and rewarding official actions, and in exchange for official actions. Evidence presented at trial demonstrated that Ring corruptly sought assistance from public officials, including Department officials, which resulted in, among other things, his clients receiving appropriations and authorizations, including an additional \$7 million from the Department to build a jail.

Ring faces a maximum sentence of 5 years in prison for conspiracy, 2 years in prison for payment of a gratuity, and 20 years in prison for each of the three counts of honest services wire fraud. Ring could also be ordered to pay a fine of up to \$250,000 on each count of conviction.

Ongoing Work

Use of Material Witness Warrants

The OIG is reviewing the Department's use of the material witness warrant statute, 18 U.S.C. 3144. Based on the OIG's responsibility under Section 1001 of the Patriot Act, the review is addressing allegations of civil rights and civil liberties abuses in the Department's post-9/11 use of the statute in the national security context. The review is also examining the Department's controls over the use of material witness warrants, trends in the use of material witness warrants, the benefit to the Department from the use of the statute, and the Department's treatment of material witnesses in national security cases, including issues such as length of detention, conditions of confinement, and access to counsel.

Review of Operation Fast and Furious and Similar Firearms Trafficking Investigations

The OIG is reviewing ATF's firearms trafficking investigation known as Operation Fast and Furious, and other investigations with similar objectives, methods, and strategies. Our preliminary objectives are to examine the development and implementation of the investigations; the involvement of the Department (including ATF, the Criminal Division, and USAOs) and other law enforcement or government entities in the investigations; the guidelines and other internal controls in place and compliance with those controls during the investigations; and the investigative outcomes.

International Prisoner Treaty Transfer Program

The OIG is reviewing the Department's role in the transfer of non-citizens incarcerated in federal prisons through the international prisoner treaty transfer program. The review is assessing the Department's process to approve or deny inmates' requests to serve their sentences in the foreign countries in which they are citizens.

FBI and National Security Division Efforts to Combat Terrorist Financing

The FBI and NSD share responsibility for identifying, investigating, and prosecuting persons and entities who provide financial support to terrorist organizations. The OIG is examining whether the FBI and NSD are appropriately handling and coordinating these responsibilities.

Multicomponent

Integrated Wireless Network

The OIG is conducting a review of the Department's Integrated Wireless Network program, which is a joint effort of the Department, and the Departments of Homeland Security and the Treasury to provide a secure, interoperable nationwide wireless communications network.

Justice Security Operations Center

The OIG is reviewing the Justice Security Operations Center, which helps protect the Department's information technology infrastructure and sensitive data from cyber attacks. This audit is evaluating the Center's capabilities regarding intrusion incidents and assessing its coordination and information-sharing with other Department and federal agencies.

Department Conference Expenditures FY 2008 and FY 2009

The OIG is auditing the Department's conference expenditures incurred during FYs 2008 and 2009 to determine whether the Department components properly accounted for and minimized conference planning, meal, and refreshment costs.

Administrative Suspension, Debarment, and Other Internal Remedies

Suspension and debarment actions prevent companies and individuals from participating in government contracts, subcontracts, loans, grants, and other assistance programs. Federal agencies can suspend or debar a party for reasons such as a conviction or indictment for a criminal offense or a willful failure to perform

to the terms of a contract or grant. The OIG is evaluating the Department's implementation and oversight of administrative suspension and debarment activities.

Statutory Debarment Actions Reported and Maintained by the Department

The Department reports and maintains information on statutory debarment actions based on court convictions for certain qualifying offenses. The Defense Procurement Fraud Debarment and Denial of Federal Benefits Clearinghouse within the Bureau of Justice Assistance (BJA) maintains and reports the statutory debarment referrals from sources such as state courts or prosecuting USAOs. The OIG initiated a review to: (1) determine the extent to which qualifying statutory debarment cases are reported by the USAOs and other Department litigating divisions for inclusion in the General Services Administration's (GSA) Excluded Parties List System; (2) assess the BJA's process for collecting information and maintaining a current list of disqualified individuals; and (3) examine the BJA's process for reporting excluded parties to GSA.

Internal Controls over Terrorism Reporting

The OIG is conducting a follow-up audit of the Department's internal controls over its terrorism reporting. The OIG seeks to determine whether the NSD, EOUSA, and FBI took appropriate actions to implement the recommendations from our 2007 audit. In addition, we will determine whether corrective actions implemented improved the components' ability to gather, track, classify, verify, and report accurate terrorism-related statistics.

Multicomponent

Ensuring Safe and Secure Non-Federal Detention Facilities

Within the Department, the OFDT manages and regulates the federal detention programs and the USMS is responsible for holding federal criminal detainees while courts adjudicate their cases. A detention facility's failure to meet federal detention facility standards can result in harm to detainees and legal liabilities for the federal government. The OIG is reviewing the Department's efforts to ensure a safe, secure, and humane environment for federal detainees located in non-federal detention facilities.

Unified Financial Management System

The OIG is evaluating the implementation of the Unified Financial Management System program, including the project's cost, schedule, and performance.

FBI and DEA Aviation Operations

The OIG is examining the management of the FBI and DEA aviation operations.

Vetting Job Applicants

The OIG is reviewing the Department's process for checking the references of applicants being hired across a variety of job areas within both the excepted and competitive services.

Components' Security Clearances

The OIG is examining the security clearance processes of Department components.

Federal Bureau of Investigation

The FBI seeks to protect the United States against terrorist and foreign intelligence threats, enforces the criminal laws of the United States, and provides criminal justice services to federal, state, municipal, and international agencies and partners. FBI headquarters in Washington, D.C., coordinates activities of more than 35,500 employees in 56 field offices located in major cities throughout the United States and Puerto Rico, more than 400 resident agencies in smaller cities and towns across the nation, and more than 60 international offices, called “legal attaches,” in U.S. embassies worldwide.



Reports Issued

Sentinel VII

An OIG technical advisory report issued in October 2010 updated Sentinel’s progress since our previous report in March 2010. In this review, we found significant additional issues that we believe can affect the full and successful implementation of Sentinel. As of August 2010, after spending about \$405 million of the \$451 million budgeted for the Sentinel project, we found that the FBI delivered only two of Sentinel’s four phases to its agents and analysts. Moreover, we reported that the most challenging development work for Sentinel still remains.

While Sentinel has delivered some improvements to the FBI’s case management system, our report concluded it had not delivered much of what it originally intended. In July 2010, the FBI deployed Phase 2 of Sentinel, which provided the FBI’s agents and analysts with the beginnings of an electronic case management system. By July 2010 Sentinel was intended to generate and securely process 18 paperless case-related forms through the review and approval process. Yet, our review

disclosed that Sentinel had the capability to generate and process only 4 of the 18 forms, and none of the 4 forms was fully automated. FBI agents and analysts were using Sentinel to generate the four forms, but still had to print the forms to obtain approval signatures, and maintain hard copy files with the required approval signatures.

Because the FBI had not finished the third and fourth phases of Sentinel, FBI agents and analysts also did not have the planned expanded capabilities to search the FBI’s case files. Nor could they use Sentinel to manage evidence, as originally intended. Sentinel also had not replaced the FBI’s obsolete Automated Case Support system, and Sentinel had not yet become the FBI’s official records repository.

In addition, because of Sentinel’s delays and cost increases, in July 2010 the FBI issued another stop-work order that directed Lockheed Martin to stop all work on the remaining phases of Sentinel – Phases 3 and 4. As of August 1, 2010, the FBI had not decided on an approach for completing Sentinel, and FBI officials did not provide the OIG with detailed descriptions of the alternatives under consideration for

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completing Sentinel. At that time, however, the FBI Chief Technology Officer stated that the alternatives under consideration would allow the FBI to complete Sentinel within its \$451 million budget by re-using portions of successful FBI information technology projects, including Sentinel, taking advantage of technological advances and industry best practices, and increasing the reliance on FBI personnel to develop Sentinel. Yet, the Chief Technology Officer acknowledged that his estimate did not include the cost of maintaining Sentinel for 2 years after its completion – costs which had been included in all previous Sentinel budgets. In addition, an independent assessment conducted in July 2010 at the FBI's request by an outside consultant estimated that completing Sentinel under the FBI's current development approach would, at a minimum, cost an additional \$351 million and take an additional 6 years.

In September 2010, the FBI briefed us on its new approach for completing the Sentinel project—an approach which was still evolving and had not yet been formally approved. Under this new approach, the FBI would assume direct management of Sentinel development and significantly reduce the role of Lockheed Martin in developing Sentinel.

Regardless of the new development approach, it is important to note that Sentinel's technical requirements are now 6 years old, and there have been significant advances in technology and changes to the FBI's work processes during that time. Our report contained three recommendations for the FBI's consideration. First, we recommend that the FBI needed to carefully reassess whether there were new, less costly ways of achieving the functionality described in Sentinel's original requirements, including the requirement to migrate all case data from the Automated Case Support system into Sentinel. The FBI stated that it was reexamining these issues in its new approach to Sentinel. We also recommended that in any

new approach, the FBI should prioritize the remaining requirements to focus on meeting its highest priorities.

Finally, our third recommendation was that the FBI should reinstitute or expand many of the project management activities that have been either limited in scope or eliminated during the course of the project, such as project health assessments, which are independent monthly analyses of Sentinel's progress. The FBI agreed with these recommendations.

Outside Employment by Staff of the FBI Laboratory Division's DNA Units

The OIG issued a report examining outside employment of the FBI DNA laboratory staff. The audit was initiated as a result of an August 2010 letter from Senator Richard Shelby of Alabama to the FBI expressing concerns about several FBI Laboratory employees who were "moonlighting" for the National Forensic Science Technology Center (NFSTC), which receives over 90 percent of its funding from Department grants. Federal regulations prohibit Department employees, including FBI employees, from engaging in outside employment that involves Department grants.

Our audit concluded that the FBI improperly permitted two of its DNA laboratory employees to work for and be paid by the NFSTC. While working for the NFSTC, the two FBI employees reviewed documents pertaining to Quality Assurance Standards audits of state, local, and other DNA laboratories that participate in the FBI's Combined DNA Index System (CODIS), which includes FBI-managed databases of DNA profiles from convicted offenders, forensic evidence, arrestees, missing persons, and unidentified human remains. The Department provides grants to fund the NFSTC's audits of DNA laboratories that use the CODIS databases. Therefore, it is likely that the NFSTC compensated these two FBI employees using Department grant funds.

Federal Bureau of Investigation

In addition, we concluded that the FBI Laboratory should not allow its staff to be paid by outside organizations for performing any CODIS-related work, regardless of whether the organization is funded by Department grant money. Because the FBI is the custodian of CODIS and approves which federal, state, and local laboratories can participate in CODIS, we consider such outside work to be inconsistent with standards issued by the Office of Government Ethics.

Both FBI employees who worked for the NFSTC requested and received the approval from FBI Laboratory officials to engage in this outside employment. Each employee was paid about \$13,625 by the NFSTC for grant-related review work from January 2009 through July 2010. The audit determined that approving officials were not aware of the extent of grant funding that the NFSTC received from the Department and were also not aware that such outside employment is prohibited regardless of the amount of grant funding provided by the Department. The FBI terminated the outside employment approval for the two employees after receiving Senator Shelby's August 2010 letter.

The OIG also assessed the outside work of 23 other employees of FBI DNA laboratories who were approved to perform or observe Quality Assurance Standards audits of state, local, or other DNA laboratories conducted under the auspices of the NFSTC and two other organizations. The OIG found the outside work of these 23 FBI DNA laboratory employees was not improper because this work was either part of the FBI employees' official duties and the employees were not paid by the outside organization, or the outside work occurred prior to their employment with the FBI. However, we determined that five FBI employees signed work agreements with the NFSTC that mischaracterized the relationship between the employees and the NFSTC as an employment arrangement, rather than as work performed as part of official FBI duties. Further, two employees who participated in the outside

work before being hired by the FBI did not terminate their work agreements after being hired by the FBI. As a result of the audit, the agreements between the NFSTC and each of the two employees were terminated.

The report made four recommendations to the FBI, including that the FBI Laboratory establish procedures so that it does not approve any requests for staff to be paid by outside organizations for performing CODIS-related work. The FBI agreed with our four recommendations.

CODIS Audits



The FBI's CODIS is a national information repository that stores DNA specimen information to facilitate its exchange by federal, state, and local law enforcement agencies.

During this reporting period, the OIG audited state and local laboratories that participate in CODIS to determine the laboratories' compliance with the FBI's Quality Assurance Standards and National DNA Index System (NDIS) participation requirements. Additionally, we evaluated whether the laboratories' DNA profiles in CODIS databases were complete, accurate, and allowable for inclusion in NDIS. Below are examples of our audit findings.

- Our audit of the [Prince George's County, Maryland, Police Department Crime Laboratory](#) found that 19 of the 100 forensic DNA profiles we reviewed were unallowable for upload into NDIS. The laboratory removed all 19 profiles from NDIS while we were on site. In addition, we reported that the laboratory did not confirm all its NDIS matches within 30 business days as required by NDIS procedures, nor did it notify investigators of a match in a

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timely manner. Our audit also disclosed that the laboratory did not implement a recommendation from a previous Quality Assurance Standards review conducted by external Quality Assurance Standards reviewers. Our audit also concluded that the crime laboratory did not secure its CODIS backup data stored on an external hard drive in a locked container as required by NDIS participation requirements. We provided the FBI with six recommendations regarding the laboratory's compliance with CODIS requirements, including that the laboratory document its profile suitability review to prevent future unallowable profiles from being uploaded to NDIS. The FBI and the laboratory agreed with all six recommendations and implemented corrective action before the final report was issued.

- Our audit of the [Bexar County Criminal Investigation Laboratory](#) located in San Antonio, Texas, did not result in deficiencies with the Quality Assurance Standards we tested. However, we found that 11 of the 100 forensic DNA profiles reviewed were unallowable for inclusion in NDIS. Nine of the unallowable profiles matched victims of crimes, and our audit disclosed that all but one of the unallowable victims' profiles had been entered into NDIS between the middle of 2001 and the end of 2002. A laboratory official informed us that prior to December 2002 the laboratory personnel did not have a clear understanding of what was allowable in NDIS. Bexar County laboratory personnel deleted all 11 of the unallowable profiles from NDIS once we brought the profiles to their attention. However, because we were particularly concerned about the victims' profiles that were uploaded, we provided the FBI with a recommendation that the laboratory review the DNA profiles at

NDIS that were uploaded between 2001 and 2002 and remove any unallowable profiles. The FBI and the laboratory agreed with the recommendation, and as a result, an additional 86 unallowable profiles were removed from NDIS.

- Our audit found that the [Austin, Texas, Police Department DNA Laboratory](#) was generally in compliance with the Quality Assurance Standards we tested. However, the audit found that, of the sample of 100 forensic DNA profiles reviewed, 3 were not allowable for upload to NDIS because they were not forensic unknowns. An additional profile, which was not part of our sample, was also identified as unallowable as a result of our review. The 97 other forensic DNA profiles we reviewed were complete, accurate, and allowable for inclusion in NDIS. The Laboratory removed the unallowable profiles from NDIS before we completed our fieldwork.

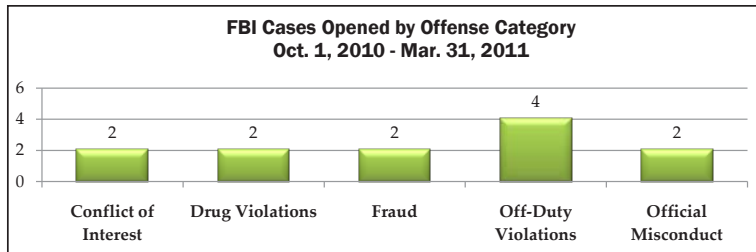
Investigations

During this reporting period, the OIG received 903 complaints involving the FBI. The most common allegations made against FBI employees were official misconduct; waste and mismanagement; and off-duty violations. The majority of the complaints received during this period were considered management issues and were provided to FBI management for its review and appropriate action.

During this reporting period, the OIG opened 12 investigations and referred 30 allegations to the FBI's Inspection Division for action or investigation. At the close of the reporting period, the OIG had 39 open criminal or administrative investigations of alleged misconduct related to FBI employees. The criminal investigations covered a wide range

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of offenses, including conflict of interest, drug violations, fraud, off-duty violations, and official misconduct. The administrative investigations involved serious allegations of misconduct.



Source: Investigations Data Management System

The following are examples of cases involving the FBI that the OIG's Investigations Division handled during this reporting period:

- An investigation by the OIG's San Francisco Area Office resulted in the arrest and guilty plea in the Northern District of California of an FBI security specialist to charges of making false statements to a government agency. The investigation determined that the security specialist made false statements on her security financial disclosure form in which she stated that she owned three properties with total outstanding mortgage debt of \$866,000, when in fact she owned six properties with outstanding mortgage debt totaling \$2,276,000. Subsequently, five of the six properties went into foreclosure proceedings.
- In our March 2009 *Semiannual Report to Congress*, we reported on an investigation that led to the conviction and sentencing of retired FBI Special Agent John J. Connolly, who assisted the criminal activities of the Winter Hill Gang by supplying gang members with sensitive law enforcement information and intelligence that led directly to the murder of former World Jai Alai President John Callahan in 1982. Connolly was convicted of

second-degree murder and sentenced to 40 years' incarceration. During this reporting period, the Third District Court of Appeal, State of Florida, affirmed the murder conviction of Connolly in the Circuit Court for Miami-Dade County. The OIG's Boston Area Office provided significant assistance with the government's legal argument at the appellate hearing. Connolly is currently serving a 10-year federal sentence on racketeering charges. He is due to complete that sentence in June 2011 at which time it is expected he will be taken into custody by Florida officials to begin his 40-year sentence in a Florida institution.

Ongoing Work

Efforts to Combat National Security Cyber Threats

The OIG is examining the FBI's efforts to combat cyber intrusions that threaten national security. The review assesses the development and operation of the national Cyber Investigative Joint Task Force and the capabilities of FBI field offices to investigate national security cyber cases.

DNA Laboratory Convicted Offender Backlog

The OIG initiated a review to identify the total volume of convicted offender DNA samples that remain unprocessed by the FBI laboratory and evaluate the FBI's ongoing efforts to reduce its convicted offender backlog.

Federal Bureau of Investigation

Integrity and Compliance Program

The OIG is reviewing the FBI's Integrity and Compliance Program, which was established following a 2007 OIG report on the FBI's use of National Security Letters. This review will evaluate how the FBI's Program: (1) identifies risks of non-compliance with both the letter and spirit of applicable laws, regulations, rules, and policies; (2) ranks identified risks; (3) analyzes highly ranked risks; (4) mitigates risks with adequate corrective actions; (5) monitors the implementation of the corrective actions to ensure that mitigation is effective; and (6) promotes a culture of integrity and ethical compliance throughout the FBI.

Activities Under Section 702 of the FISA Amendments Act of 2008

Section 702 of the *Foreign Intelligence Surveillance Act of 1978 Amendments Act of 2008* (Act) authorizes targeting non-U.S. persons reasonably believed to be outside the United States to acquire foreign intelligence information. As required by the Act, the OIG is examining the number of disseminated FBI intelligence reports containing a reference to a U.S. person identity, the number of U.S. person identities subsequently disseminated in response to requests for identities not referred to by name or title in the original reporting, the number of targets later determined to be located in the United States, and whether communications of such targets were reviewed. In addition, the OIG is reviewing the FBI's compliance with the targeting and minimization procedures required under the Act.

Use of National Security Letters, Business Records Orders, and Pen Register and Trap-and-Trace Authorities under FISA from 2007 through 2009

The OIG is again examining the FBI's use of National Security Letters (NSL) and Section 215 orders for business records. Among other issues, our review is assessing the FBI's progress in responding to the OIG's recommendations in prior OIG reports that examined the FBI's use of these authorities. Our review will also evaluate the automated system the FBI implemented to generate and track NSLs in response to the deficiencies identified in our prior reports, the number of NSLs issued and 215 applications filed by the FBI from 2007 through 2009, and any improper or illegal uses of these authorities. In addition, the review is examining the FBI's use of its pen register and trap-and-trace authority under the Act.

Management of Terrorist Watchlist Nominations and Encounters with Watchlisted Subjects

The OIG is examining the FBI's management of the terrorist watchlist nominations process and encounters with watchlisted individuals.

Sentinel VIII

The OIG is continuing to evaluate the FBI's ongoing development and implementation of the Sentinel information technology project, which is intended to upgrade the FBI's electronic case management system and provide the FBI with an automated workflow process.

Federal Bureau of Investigation

Follow-up Review Examining the FBI's Response to the Mayfield Report Recommendations

The OIG is conducting a follow-up review to determine the FBI's progress in implementing the recommendations contained in our March 2006 report, "A Review of the FBI's Handling of the Brandon Mayfield Case." The report made 18 recommendations related to the FBI Laboratory Division's Latent Print Unit and a series of systemic issues that contributed to the misidentification of a latent fingerprint associated with the 2004 terrorist attacks on commuter trains in Madrid, Spain.

Follow-up Review Examining the FBI's Response to the Leung Report Recommendations

The OIG is conducting a follow-up review of the FBI's progress in implementing the recommendations contained in our May 2006 report, "A Review of the FBI's Handling and Oversight of FBI Asset Katrina Leung." The review is examining matters concerning the FBI's source validation process as well as FBI procedures governing agent interaction with sources.

Federal Bureau of Prisons

The BOP operates a nationwide system of prisons and detention facilities to incarcerate individuals imprisoned for federal crimes and detain those awaiting trial or sentencing in federal court. The BOP has approximately 38,100 employees and operates 116 institutions, 6 regional offices, and 2 staff training centers. The BOP is responsible for the custody and care of approximately 209,300 federal offenders, more than 172,500 of whom are confined in BOP-operated correctional institutions and detention centers. The remainder are confined in facilities operated by state or local governments or in privately operated facilities.



Reports Issued

The Federal Prison Industries' Electronic Waste Recycling Program

The OIG issued a report examining the BOP's e-waste recycling program. The BOP's e-waste program is run by UNICOR, a government corporation within the BOP that employs staff and inmates at federal prisons throughout the United States. UNICOR began its e-waste recycling program in the mid-1990s. It accepts computers, monitors, printers, and other types of e-waste for recycling at federal prisons. UNICOR sells these e-waste items following refurbishment, or after disassembling the items into their component parts. When e-waste is disassembled and recycled, workers can be exposed to toxic metals that can cause serious health implications.

The OIG reviewed the operation of UNICOR's e-waste recycling operations after complaints arose about unsafe working conditions at some UNICOR facilities. Four federal agencies with expertise in health, safety, and environmental compliance assisted the OIG in this investigation. The OIG investigation examined

e-waste recycling at all 10 institutions where UNICOR performed e-waste recycling, although two of these had stopped recycling before our field work began. The OIG's investigation identified significant safety and environmental problems with UNICOR's e-waste program. We found that when UNICOR began the program, it did not implement adequate measures to address the safety of staff and inmates who were employed in the program. As a result, staff and inmates at several BOP institutions were exposed to levels of the toxic metals cadmium and lead that exceeded OSHA standards.

The OIG's investigation determined that beginning in 2003, UNICOR took steps to improve the health, safety, and environmental compliance performance of the e-waste program. However, despite these steps, our investigation found that prior to 2009, UNICOR failed to timely institute adequate policies to protect staff and inmates from the hazards associated with e-waste recycling, to properly advise staff and inmates about hazards once they were identified and to correct them, and to conduct e-waste operations in compliance with applicable health, safety, and environmental regulations. By 2009, with limited exceptions,

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UNICOR's e-waste operations were compliant with OSHA requirements and were being operated safely.

During the course of our review, the OIG's technical team made a total of 47 separate recommendations to assist UNICOR to address deficiencies at UNICOR's e-waste factories. UNICOR, the BOP, and the Department have made progress toward addressing these technical recommendations, and 31 have been closed. Our final report identified 12 additional recommendations to the BOP and the Department, which the BOP agreed to implement.

Investigations

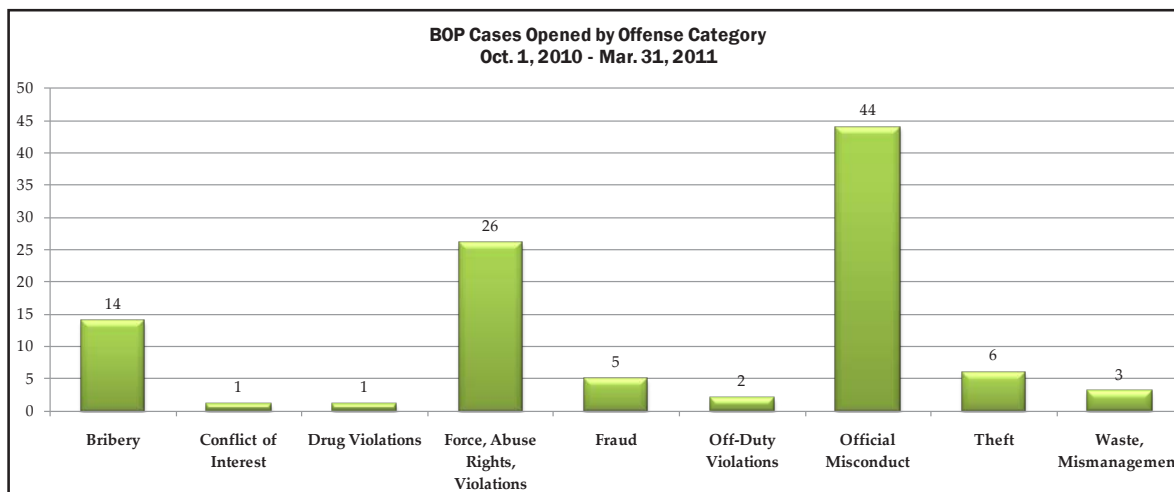
During this reporting period, the OIG received 3,097 complaints involving the BOP. The most common allegations made against BOP employees included official misconduct and force, abuse, and rights violations. The vast majority of complaints dealt with non-criminal issues that the OIG referred to the BOP's Office of Internal Affairs for its review.

During this reporting period, the OIG opened 102 investigations and referred 16 allegations to the BOP's Office of Professional Responsibility (OPR) for action or investigation. At the close of the reporting period, the OIG had

208 open cases of alleged misconduct against BOP employees. The criminal investigations covered a wide range of allegations, including official misconduct and force, abuse, and rights violations.

The following are examples of cases involving the BOP that the OIG's Investigations Division handled during this reporting period:

- A joint investigation by the OIG's Chicago Field Office and the DEA led to the arrest and guilty plea of a BOP dentist assigned to the FCI in Manchester, Kentucky, to charges of unlawful possession of a controlled substance. The dentist admitted to converting for his personal use more than 2,000 tablets of roxicet (a generic form of the pain killer Percocet) over a 6-year period. The dentist concealed his thefts by substituting medications and fabricating inmates' medical records. The dentist resigned from his position with the BOP as a result of the OIG investigation. Sentencing is pending.
- An investigation by the OIG's Denver Field Office led to the arrest and guilty plea of a BOP recreation specialist assigned to the FCI in Florence, Colorado, to bribery charges. The investigation determined that over a



Source: Investigations Data Management System

Federal Bureau of Prisons

- 4-month period, the recreation specialist provided tobacco to inmates in exchange for \$17,000. The recreation specialist has been suspended without pay.
- An investigation by the OIG's Dallas Field Office resulted in the arrests of two BOP correctional officers assigned to the Eden Detention Center in Eden, Texas, based on an indictment returned in the Northern District of Texas charging destruction, alteration, and falsification of records in a federal investigation. The indictment alleges that the correctional officers made false entries on prison cell logs that impeded the investigation of an attempted suicide by a high-risk inmate. The correctional officers were dismissed from their positions by the Eden Detention Center as a result of our investigation.
 - An investigation by the OIG's Los Angeles Field Office led to the arrest of a BOP correctional officer assigned to the Federal Correctional Complex (FCC) in Victorville, California, and a UNICOR vendor on conspiracy and bribery charges. The investigation determined that the correctional officer, who also served as a UNICOR contract specialist, used his position to gain monetary rewards by violating the federal procurement standards and bidding processes. The contract specialist devised a sophisticated scheme through which at least \$1 million in federal contracts were awarded to the UNICOR vendor with whom he had a personal relationship. In turn, the UNICOR vendor would pay \$140,000 in kickbacks to the contract specialist and his accomplices, one of whom has already pled guilty and is awaiting sentencing. Judicial proceedings continue for the BOP contract specialist and the UNICOR vendor.
 - An investigation by the OIG's Atlanta Area Office led to the arrest and guilty plea of a BOP correctional officer in the District of South Carolina to charges of providing contraband to FCI Edgefield inmates. The correctional officer admitted to providing tobacco and marijuana to inmates in exchange for over \$9,000 in bribes. A consent search of the correctional officer's lunch box resulted in the seizure of five large zip-lock bags containing tobacco, which the correctional officer admitted were intended for an inmate. The correctional officer resigned from the BOP immediately following his OIG interview. Sentencing is pending.
 - A joint investigation by the OIG's New Jersey Area Office and the Burlington, New Jersey, Police Department led to the arrest of a BOP senior correctional officer assigned to the FCI in Fort Dix, New Jersey, on Florida state charges of solicitation of a minor via computer. The joint investigation determined that the senior correctional officer engaged in online and cellular telephone communication with an undercover Orlando police officer representing herself to be a 14 year-old girl. The senior correctional officer solicited sexual activity in the communications. He was placed on administrative leave by BOP.
 - A joint investigation by the OIG's Washington Field Office and the Streamwood, Illinois, Police Department resulted in the arrest of a former BOP inmate on Illinois state theft charges. The investigation identified the former inmate as the user of the eBay account from which Bernie Madoff's BOP identification card was sold. The former inmate admitted that he had smuggled the identification card out of the FCC Butner upon his release and

Federal Bureau of Prisons

subsequently sold it on eBay. The former inmate told the OIG that he received the card from another inmate and that no BOP personnel were involved in the theft.

Ongoing Work

Management of Residential Reentry Centers

The OIG is examining the BOP's management of Residential Reentry Centers (RRCs) which provide a structured, supervised environment for inmates readjusting to their communities, as well as employment counseling, job placement, financial management assistance, and other programs and services. The audit will determine whether the BOP effectively monitors RRC performance, whether RRC operations are conducted in compliance with BOP requirements, and whether the BOP administers its RRC contracts in accordance with applicable laws, regulations, and policies.

Hiring Process

The OIG is reviewing the BOP's hiring of correctional officers to evaluate how effectively the BOP identifies unsuitable applicants for these positions.

U.S. Marshals Service

The USMS is responsible for ensuring the safe and secure conduct of judicial proceedings; protecting more than 2,000 federal judges and approximately 5,250 other court officials at more than 400 court facilities while providing security systems at nearly 900 facilities; arresting federal, state, and local fugitives; protecting federal witnesses; transporting federal prisoners; managing assets seized from criminal enterprises; and responding to major national events, terrorism, and significant high-threat trials. The USMS Director and Deputy Director work with 94 U.S. Marshals to direct approximately 4,900 employees at 315 locations throughout the 50 states, Guam, Northern Mariana Islands, Puerto Rico, U.S. Virgin Islands, Mexico, Jamaica, and the Dominican Republic.



Reports Issued

Oversight of the Judicial Facilities Security Program

The OIG's Audit Division examined the USMS's oversight of its Judicial Facilities Security Program. This program provides over 5,000 court security officers (CSO) and security systems and equipment at more than 400 U.S. federal court facilities in 12 federal judicial circuits. CSOs use security screening systems for detecting and intercepting weapons and other prohibited items from individuals attempting to bring them into federal court facilities. Both CSOs and the security systems are procured through contracts with private security firms. In FY 2009, the federal judiciary allotted approximately \$370 million for the USMS's court security services.

This OIG audit assessed the USMS's efforts to provide security at federal court facilities and the USMS's oversight of the CSO program,

security systems, and related contracts. Overall, our audit identified weaknesses in the USMS's efforts to secure federal court facilities and its management of the CSO program. In addition, the audit found deficiencies in the USMS's oversight of the CSO program and security systems contracts.

For example, our audit found that not all CSOs have been fully trained on the use of security screening equipment. Additionally, three of the six USMS district offices we visited during the audit failed to conduct required quarterly testing of security procedures to screen visitors, packages, and mail delivered to the courthouses. In addition, in February 2009 several USMS district offices failed to detect mock explosive devices sent by USMS headquarters to the district offices for local testing purposes. We also found instances where security features of new equipment were not being used, partly because no one had received training on the features.

Three of the six judges we interviewed expressed concerns related to the USMS

U.S. Marshals Service

court security program in their respective districts. One Chief Judge was generally dissatisfied with the physical security of the building and expressed concerns over whether adequate security was being provided at entry checkpoints, including the public building entrance, parking garage, and judge's entrance. In another district, the Chief Judge said that funding and manpower limitations have negatively affected the quality and level of court security provided by the USMS. In a third district, the Chief Judge and his assistant believed that inspections of trucks entering the courthouse are poorly conducted, which jeopardized the safety of the facility.

The USMS maintains data on arrests and other incidents, such as attempts to bring illegal weapons or contraband into court facilities, bomb threats, and assaults. The following chart provides a breakdown of incidents and arrests that were reported by USMS districts in FYs 2009 and 2010.

Our audit found inconsistent reporting by USMS district offices on incidents and arrests at federal court facilities, and little analysis was conducted by USMS headquarters on the data it received from the district offices. We reported that a thorough analysis of this data could allow for better planning in the deployment of screening equipment, building design, and staffing. Such an analysis also could be valuable to the federal judiciary and ensure that the judiciary is better aware of potential security threats.

The audit also found that the USMS awarded a contract worth about \$300 million to a CSO contractor with a history of fraudulent activities, despite an earlier fraud alert issued by the OIG's Investigations Division. The fraud alert informed the USMS that there had been multiple fraud convictions and civil judgments against the contractor's chief financial officer, including criminal convictions for mail fraud, submitting false insurance claims, and bank fraud, as well as six fraud-related civil judgments totaling

Incidents and Arrests at U.S. Court Facilities FY's 2009 and 2010¹				
Violation	FY 2009		FY 2010	
	Count	Percentage of Total	Count	Percentage of Total ²
"Other" Incidents	2,585	79.0	3,578	91.1
Medical Emergency	301	9.2	167	4.3
Disruptive Person	201	6.1	98	2.5
Illegal Weapon	98	3.0	23	0.6
Contraband	42	1.3	41	1.0
Arrests	22	0.7	2	0.1
Bomb Threat	7	0.2	6	0.2
Forced Entry	7	0.2	3	0.1
Assault	6	0.2	8	0.2
Shooting	3	0.1	0	0.0
Totals	3,272	100%	3,926	100%

Source: USMS

1 Data reported for FY 2010 was reported through August 26, 2010.

2 Total percentages may not equal 100 percent due to rounding.

U.S. Marshals Service

more than \$1.4 million. Nevertheless, the USMS awarded the contract to this contractor. After receiving the USMS contract, the contractor ultimately filed for bankruptcy, leaving many CSOs temporarily without compensation for their services.

We also found that the USMS failed to conduct timely background investigations for newly hired CSOs or effectively analyze CSO performance violations. During our review of a sample of 60 CSO personnel files, we found that 63 percent of these files contained out-of-date medical examination records, 18 percent lacked required firearms qualification records, and 47 percent contained outdated firearms qualifications.

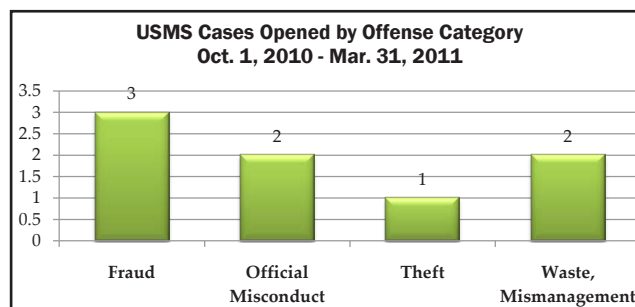
The audit report provides 15 recommendations to the USMS to help improve its Judicial Facilities Security Program, including recommendations that the USMS ensure that quarterly unannounced tests of screening checkpoints are performed as required, and that all CSOs and judicial security inspectors are appropriately trained before entering on duty. The USMS concurred with all 15 recommendations and discussed the actions it would take to implement them.

Investigations

During this reporting period, the OIG received 226 complaints involving the USMS. The most common allegations made against USMS employees included official misconduct, waste and mismanagement, off-duty violations, and force, abuse, and rights violations. The majority of the complaints were considered management issues and were provided to the USMS for its review and appropriate action.

During this reporting period, the OIG opened eight investigations and referred four allegations to the USMS's Office of Internal Affairs for action or investigation. At the close of the reporting

period, the OIG had 26 open cases of alleged misconduct against USMS employees.



Source: Investigations Data Management System

The following are examples of cases involving the USMS that the OIG's Investigations Division handled during this reporting period:

- An investigation conducted by the OIG's Washington Field Office led to the arrest and guilty plea of a former USMS administrative officer to theft of \$104,000 in government funds. The investigation determined that the former administrative officer was engaged in criminal activity while she was working for the USMS in the Superior Court for the District of Columbia from 2002 through November 2008. The former administrative officer admitted to the OIG that she unlawfully used a USMS credit card for personal expenses totaling approximately \$15,000; created a fictitious employee in the USMS payroll system and submitted falsified time and attendance records for the employee resulting in fraudulent payments totaling \$31,000, which she converted to her personal use; facilitated the issuance of \$51,000 in U.S. Treasury checks to pay down the balance on a personal credit card, disguising the theft with fraudulent business invoices she created to make the payments appear legitimate; and converted an additional \$7,000 in U.S. Treasury checks used to pay the balance on another personal credit card. Prior to this investigation, the former administrative officer had

U.S. Marshals Service

left the USMS in November 2008 and obtained employment with the DEA in a similar capacity. The former USMS administrative officer resigned from the DEA during this investigation.

- An investigation by the OIG's Chicago Field Office led to the arrest of a former Supervisory Deputy U.S. Marshal, previously assigned to the USMS Northern District of Illinois, Chicago Office, based on an indictment returned in the Northern District of Illinois charging him with making false statements to the OIG. The investigation determined that the Supervisory Deputy U.S. Marshal provided criminal history, motor vehicle, and driver license information obtained from restricted law enforcement databases to a friend who was under investigation by the FBI for staging fake accidents to collect insurance proceeds. When interviewed by the OIG, the Supervisory Deputy U.S. Marshal provided false and misleading information, including his statement that he had been conducting his own investigation into the insurance fraud scheme. The Supervisory Deputy U.S. Marshal retired from the USMS prior to the initiation of the OIG investigation.
- An investigation by the OIG's Dallas Field Office resulted in the arrest and guilty plea of a Deputy U.S. Marshal in the Southern District of Texas to a charge of misuse of a government computer. The investigation determined that the Deputy U.S. Marshal placed an electronic tracking device owned by the USMS on the personally owned vehicle of the Deputy U.S. Marshal's former wife. The use of the USMS tracking device was not related to any USMS or other law enforcement investigation and the Deputy U.S. Marshal did not have authorization to place it on his former wife's car. The Deputy U.S. Marshal used his government-issued computer to electronically track his former wife's vehicle for more than 15 days. He was sentenced to 24 months of supervised release, fined \$5,000, and ordered to perform 100 hours of community service.
- An investigation by the OIG's Washington Field Office and the USMS Office of Internal Investigations led to the arrest of a Deputy U.S. Marshal, assigned to the U.S. District Court for the District of Columbia, Washington, D.C., for theft of government funds. The investigation found that the Deputy U.S. Marshal used his government issued fleet credit card for numerous unauthorized purchases of gasoline over a 15-month period with financial loss to the government estimated at a minimum of \$5,000.
- In our March 2009 *Semiannual Report to Congress*, we reported on an investigation by the OIG's New York Field Office that resulted in the arrest of a Deputy U.S. Marshal based on an indictment returned in the District of New Jersey charging him with providing a firearm to a convicted felon. OIG investigators determined that the Deputy U.S. Marshal purchased a semi-automatic handgun by certifying on USMS letterhead that it was for "official use" only and would not be transferred to another person. However, the Deputy U.S. Marshal gave the weapon to a friend whose past criminal convictions included aggravated assault, robbery, and unlawful possession of a handgun. The friend was arrested for possession of the handgun after police officers recognized him as an individual who had days earlier misrepresented himself as a law enforcement officer. During this reporting period, the Deputy U.S. Marshal was sentenced to 45 months' imprisonment followed by 3 years of supervised release after being found guilty by a jury of providing a

U.S. Marshals Service

firearm to a convicted felon and perjury. The USMS dismissed the Deputy U.S. Marshal from his position as a result of our investigation.

Ongoing Work

Administration of Seized and Forfeited Complex Assets

The USMS's Complex Assets Unit administers complex financial assets seized by the Department that involve special business or financial issues, which may include large companies, rental properties, and stock and bond portfolios. This OIG audit is assessing the USMS's oversight of seized and forfeited complex assets.

Contract Management

The OIG is reviewing the USMS's policies and practices for awarding and administering contracts. The OIG seeks to determine whether the USMS complies with the Federal Acquisition Regulation, Department policies, and internal USMS policies in its award and administration of contracts; whether USMS internal controls ensure adequate contract oversight; and whether the USMS properly manages vendors to ensure contract requirements are met and contractor billings are accurate and complete.

Drug Enforcement Administration

The DEA enforces federal laws and regulations related to the growth, production, or distribution of controlled substances. In addition, the DEA seeks to reduce the supply of and demand for illicit drugs, both domestically and internationally. The DEA has approximately 10,800 employees staffing its 21 division offices in the United States and 82 foreign offices in 62 countries.



Reports Issued

Mobile Enforcement Team Program

The OIG's Audit Division examined the DEA's Mobile Enforcement Team (MET) program, which was established in 1995 to help local law enforcement agencies, particularly those in rural areas, reduce drug-related violence and disrupt or dismantle methamphetamine traffickers and laboratories. In June 2007, the DEA discontinued the MET program, which operated in all 21 DEA domestic field division offices, due to budgetary constraints.

However, in FYs 2008 through 2010, Congress provided funding for the MET program and indicated that it should focus on methamphetamine and other dangerous drugs. As a result of this funding, the DEA established teams in 16 major cities across the United States.

The audit found that prior to its discontinuance in 2007, 56 percent of MET operations focused on methamphetamine trafficking. However, from May 2008 through January 2010, only 7 (26 percent) of 27 MET operations focused on methamphetamine production and trafficking. Given that Congress has consistently indicated that the MET program should include a focus on

methamphetamine enforcement operations, we recommended that the DEA consider whether to use a greater percentage of its MET resources to combat methamphetamine trafficking.

The OIG also found that the operation of Mobile Enforcement Teams generally was not mobile. When the DEA restarted the MET program in FY 2008, DEA headquarters and field managers decided they could have more teams if they operated in metropolitan areas near DEA offices where MET operations did not require overnight travel. As a result, local law enforcement agencies in rural areas did not have the benefit of using the teams to address either methamphetamine or gang problems within their jurisdictions.

In addition, the OIG found that DEA managers did not always evaluate or were slow in evaluating the results of each MET operation. We also found that DEA managers sometimes used the wrong data to evaluate changes in crime rates in the geographic area where the MET operated.

The audit concluded that the DEA mobile teams have accomplished significant arrests, drug seizures, and drug trafficking organization disruptions or dismantlements, although the program's primary focus has shifted from

Drug Enforcement Administration

methamphetamine enforcement to reducing drug-related violence. The following chart shows aggregate arrests by division for all 27 MET deployments initiated from May 2008 through January 2010.

Reported Arrests from MET Operations May 2008 through January 2010	
Division	Arrests
Atlanta	12
Chicago	50
Dallas	66
Detroit	61
El Paso	0
Houston	186
Los Angeles	239
Miami	129
New Jersey	127
Philadelphia	71
Phoenix	10
San Diego	266
St. Louis	72
Washington	281
Totals	1,570

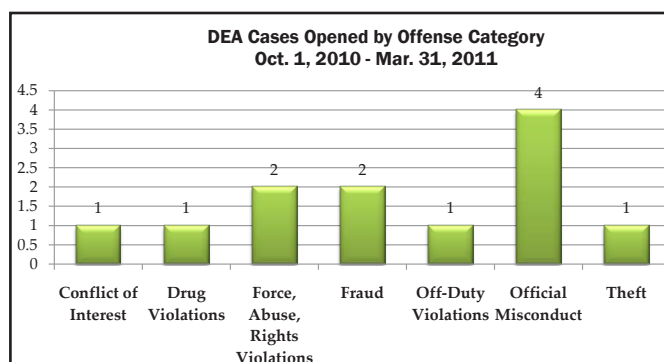
In addition to recommending that the DEA consider whether it should use more MET resources to address methamphetamine problems, the OIG also recommended that the DEA make improvements in deciding where METs should be deployed and in tracking and reporting on the results of MET operations. The report made six recommendations to improve the DEA's MET program, and the DEA concurred with all of the recommendations.

Investigations

During this reporting period, the OIG received 333 complaints involving the DEA. The most common allegations made against DEA employees included official misconduct; waste and mismanagement; and theft. The majority of

the complaints were considered management issues and were provided to the DEA for its review and appropriate action.

During this reporting period, the OIG opened 12 and referred 17 allegations to the DEA's OPR for action or investigation. At the close of the reporting period, the OIG had 20 open cases of alleged misconduct against DEA employees. The most common allegations were official misconduct; force, abuse, and rights violations; and fraud.



Source: Investigations Data Management System

The following is an example of a case involving the DEA that the OIG's Investigations Division handled during this reporting period:

- The OIG's Washington Field Office conducted an investigation into allegations that a senior official of the DEA engaged in a sexual relationship with a subordinate employee. The senior official admitted to having a sexual relationship with a subordinate employee. He also admitted that during the affair, he recommended the employee for promotion to a hiring official. The OIG found that the senior official violated DEA policy and federal merit system principles. Following his interview with the OIG, the senior official retired from federal service.

Drug Enforcement Administration

Ongoing Work

Adoptive Seizure Process

State and local law enforcement agencies can seize property forfeited to them under state laws or they may transfer the property to a federal agency, such as the DEA, for forfeiture under federal laws. Seizures made by state and local law enforcement agencies that are accepted by a federal agency for processing under federal laws are known as “adoptive” seizures. The OIG is examining the DEA’s process for adopting seizures from state and local law enforcement agencies under the Department’s Asset Forfeiture Program.

Resource Management

The OIG is examining the allocation and utilization of DEA personnel on narcotics-related investigations, and the number and types of drug investigations handled by the DEA.

Bureau of Alcohol, Tobacco, Firearms and Explosives

ATF's 5,000 employees enforce federal criminal laws and regulate the firearms and explosives industries. ATF investigates violent crimes involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products. ATF also provides training and support to its federal, state, local, and international law enforcement partners and works in 25 field divisions with representation throughout the United States, Puerto Rico, U.S. Virgin Islands, and Guam. Foreign offices are located in Mexico, Canada, Colombia, and Iraq, as well as an advisor based in San Salvador serving El Salvador, Guatemala, Nicaragua, Panama, Belize, Honduras, and Costa Rica.



Reports Issued

Project Gunrunner

The OIG examined ATF's implementation of Project Gunrunner, an initiative to combat firearms trafficking into Mexico that ATF began as a pilot project in Texas in 2005 and expanded into a national initiative in 2006. Firearms trafficking along the Southwest border has intensified as drug traffickers operating in Mexico have turned to the United States as a primary source of weapons and routinely smuggle guns from the United States into Mexico.

This OIG review compared data from before and after Project Gunrunner's implementation and found that ATF had increased the investigation and referral of defendants for federal prosecution for firearms trafficking-related offenses. Despite the increased ATF activity associated with Project Gunrunner, we found that significant weaknesses in ATF's implementation of Project Gunrunner undermine its effectiveness. For example, our

review found that ATF does not systematically and consistently exchange intelligence with its Mexican and some U.S. partner agencies, including the DEA, ICE, and Customs and Border Protection. Intelligence personnel in ATF's Southwest border field divisions also do not routinely share firearms trafficking intelligence with each other. Further, ATF could better implement its Border Liaison Program to improve information sharing and coordination between its personnel in the United States and Mexico.

We also found that ATF focuses largely on inspections of gun dealers and investigations of individuals who buy guns on behalf of others who cannot buy them legally (straw purchasers), rather than on higher-level traffickers, smugglers, and the ultimate recipients of the trafficked guns. For example, 68 percent of Project Gunrunner cases are single-defendant cases, and some ATF managers discourage field personnel from conducting the types of complex conspiracy investigations that target higher-level members of trafficking rings. ATF also has not effectively used the Department's Organized

Bureau of Alcohol, Tobacco, Firearms and Explosives

Crime Drug Enforcement Task Force (OCDETF) program to conduct more complex conspiracy investigations.

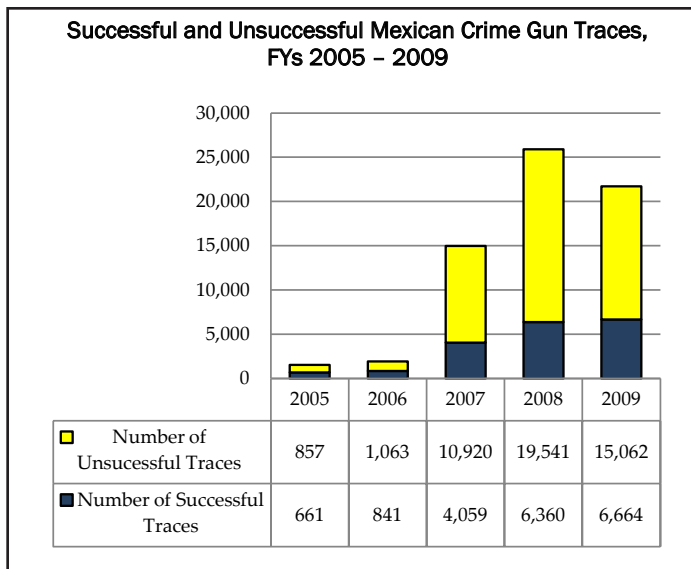
According to ATF's June 2007 Gunrunner strategy, tracing guns seized in Mexico is the "cornerstone" of Project Gunrunner. However, we found that despite ATF's efforts it had been unable to expand gun tracing throughout Mexico, and the majority of recovered guns in Mexico were not traced. Further, although trace requests to ATF for guns recovered in Mexico have increased since Project Gunrunner was established in 2006, from 1,904 to almost 22,000 in FY 2009, most trace requests that are submitted to ATF from Mexico are considered "unsuccessful" because of missing or improperly entered gun data.

Our review also found that because of a lack of resources, ATF has been unable to fully meet Mexican government needs for training and support under Project Gunrunner. At the time of our fieldwork in June 2010, ATF had a substantial backlog in responding to requests for information from Mexican authorities, which hindered coordination between ATF and Mexican law enforcement.

The OIG made a total of 15 recommendations to help ATF improve its implementation of Project Gunrunner, including that ATF should improve its intelligence sharing with other federal law enforcement agencies and that ATF should work with the government of Mexico to improve the rate of successful traces. The OIG is reviewing information that ATF recently provided on how it will implement our recommendations.

National Response Team

The OIG examined ATF's National Response Team (NRT). Since 1978, the NRT has assisted state, local, and other federal law enforcement agencies in determining the cause and origin of over 700 arson and explosives investigations, including the 1993 World Trade Center bombing, the 1995 Oklahoma City federal building bombing, and the September 11, 2001, terrorist attacks. As of September 2010, the NRT consisted of 3 team leaders, 16 full-time members, and 112 part-time members from throughout ATF. An activated team normally consists of approximately 15 agents attempting to arrive on-scene within 24 hours of being requested to assist and staying on-site for 3 to 7 days. The NRT members have two primary types of equipment to aid their investigation during an activation—NRT response vehicles and hazmat trailers, as illustrated in the following figures.



Source: OIG Analysis of ATF data

Although ATF has provided Mexican law enforcement with training in firearms identification, the percentage of total Mexican trace requests that succeed has declined since the start of Project Gunrunner. Moreover, few of the traces generate usable investigative leads because guns submitted for tracing often were seized by Mexican officials years before the trace requests were submitted.

Bureau of Alcohol, Tobacco, Firearms and Explosives

ATF NRT EQUIPMENT

NRT Response Vehicle

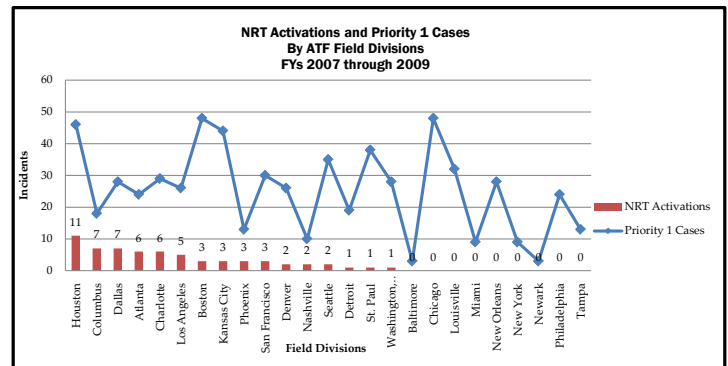


Hazmat Trailer



Source: OIG Audit Report 11-09

Many state and local agencies acknowledge the NRT's valuable expertise and experience on large-scale arson and explosives investigations and told the OIG that without the NRT's assistance, their agencies either could not have completed their investigations or could not have completed their investigations as thoroughly or as efficiently. However, the OIG audit found that ATF did not have an adequate means of assessing the utilization and effectiveness of the NRT and, as a result, may not have used the NRT to its full potential. For example, the audit found that ATF field divisions requested NRT assistance in only 10 percent of Priority 1 cases, which are incidents involving commercial or industrial property with estimated damages of \$1 million or more, at least 1 death, or more than 10 injuries. In addition, the audit found that 9 of ATF's 25 field divisions did not use the NRT in FYs 2007 through 2009, and 3 additional field divisions only used the team once during those 3 years. The report notes that some state and local agencies in rural areas may be unaware of the NRT's existence and its capabilities, and that some agencies in large, urban areas may choose not to use the NRT because they have sufficient resources and training to conduct such investigations on their own. The following chart illustrates the number of NRT activations and Priority 1 cases by ATF field division.



Source: OIG analysis of ATF's National Field Office Case Information System data

In addition, ATF failed to perform routine inspections of NRT response vehicles and hazardous materials equipment, thereby impeding effectiveness of operations, safety, and decisions concerning replacing existing equipment. The report also notes that frequent turnover in NRT management positions, inadequate interaction between NRT program management and team members, and insufficient data on NRT activations have contributed to low morale among some NRT members.

The report made 10 recommendations for ATF to improve the utilization, effectiveness, and management of the NRT Program. ATF is working to implement corrective action.

Bureau of Alcohol, Tobacco, Firearms and Explosives

Investigations

During this reporting period, the OIG received 227 complaints involving ATF personnel. The most common allegations made against ATF employees were waste and mismanagement; and off-duty violations. The majority of the complaints were considered management issues and were provided to ATF for its review and appropriate action.

During this reporting period, the OIG opened nine cases and referred four allegations to the ATF's OPR for action or investigation. At the close of the reporting period, the OIG had 14 open criminal or administrative investigations of alleged misconduct related to ATF employees. The criminal investigations include theft and fraud.

bedroom. The special agent resigned his position with ATF as a result of the OIG investigation. The ATF agent was sentenced to 12 months plus one day of incarceration followed by 36 months' supervised release.

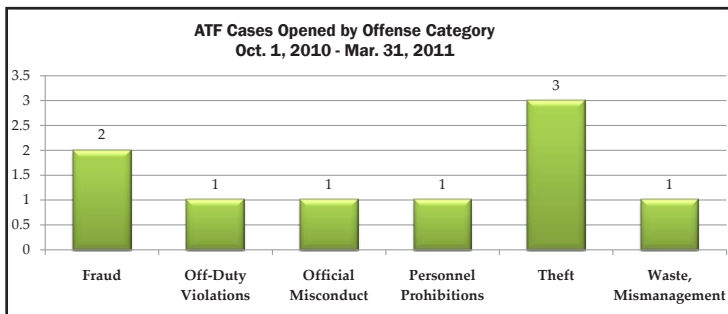
Ongoing Work

Federal Firearms Licensee Inspection Program

The OIG is reviewing ATF's federal firearms licensee inspection program. After an OIG review in 2004, ATF made a series of changes to that program and its administrative action process. This review is assessing the changes made to the program, ATF's process for inspecting licensed firearms dealers, the process for referring suspected criminal violations, and how ATF institutes administrative actions on licensed dealers that violate federal firearms laws and regulations.

Income-Generating Undercover Operations

The OIG is conducting an audit of ATF's income-generating undercover operations to assess ATF's management of the revenue generated from these operations and its management of funds appropriated for the program. In addition, we seek to determine whether ATF ensures that proceeds from income-generating undercover operations are properly allocated at the conclusion of the operations.



Source: Investigations Data Management System

The following is an example of a case involving ATF that the OIG's Investigations Division handled during this reporting period:

- A joint investigation by the OIG's Detroit Area Office, the ATF's Internal Affairs Division, and the DEA Cleveland Resident Office resulted in the arrest and guilty plea of an ATF special agent in the Columbus Field Division to charges of embezzlement. The investigation determined that during the execution of a multi-agency search warrant at a residence in Ohio, the special agent stole \$46,875 in cash that had been hidden in the master

Office of Justice Programs

OJP manages the majority of the Department's grant programs and is responsible for developing initiatives to address crime at the state and local levels. OJP is composed of 5 bureaus – Bureau of Justice Assistance (BJA), Bureau of Justice Statistics (BJS), National Institute of Justice (NIJ), Office of Juvenile Justice and Delinquency Prevention (OJJDP), and Office for Victims of Crime (OVC) – as well as the Community Capacity Development Office and the Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking. In this section, we discuss OJP's oversight of grant funds awarded through the regular appropriations process. We discuss our work related to OJP's oversight of grant funds awarded under the *American Recovery and Reinvestment Act of 2009* in a separate section in this semiannual report.



Reports Issued

Audits of Grants to State and Local Entities

The OIG conducts audits of various grants and other financial assistance provided by OJP to recipients outside of the Department. These recipients include state and local governments, universities, non-profit agencies, and for-profit agencies. During this reporting period, we conducted 11 audits of external OJP recipients. Examples of findings from these audits included the following:

- The OIG audited the Cooperative Agreement awarded to the [University of Denver](#) for \$1,550,000 for the operation of the Weapons and Protective Systems Technologies Center of Excellence (WPSTC). The WPSTC participates

at conferences and exhibitions, and manages activities in support of the research, development, testing, and evaluation of law enforcement technologies. The audit identified several internal control weaknesses as well as questioned costs totaling \$586,342. This included \$454,285 in unallowable payments made under 10 of the 11 contracts that were not competitively bid as required by the award special conditions. For the remaining contract, we found that an unallowable contracting method was used. In addition, we reported that payroll and fringe benefit costs were charged for two unapproved personnel positions. Finally, the report disclosed the University of Denver's charges for unreasonable property damage costs, unsupported contractor payments, and unallowable travel costs. The report made seven recommendations. OJP

Office of Justice Programs

agreed to coordinate with the University of Denver to remedy the questioned costs and implement appropriate corrective action.

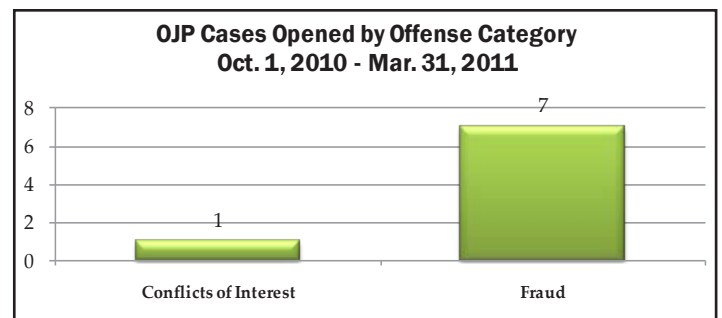
- An OIG audit examined the funding provided to [Hudspeth County, Texas](#), under the Southwest Border Prosecution Initiative (SWBPI). SWBPI is a program in which the Department provides reimbursement to the four Southwest border states and local jurisdictions for prosecution and pre-trial detention costs in federally-initiated cases that are declined by U.S. Attorneys' Offices. The OIG audit examined over \$6 million in SWBPI reimbursements received by Hudspeth County from FY 2002 through FY 2008 and found that Hudspeth County claimed and was reimbursed for cases that were ineligible under the SWBPI guidelines. Specifically, the audit identified questioned costs totaling \$479,595 for 151 cases that either did not meet, or were reimbursed in excess of, SWBPI's guidelines for reimbursement. OJP agreed with the 10 recommendations we made in our report.
- We audited a grant and cooperative agreement together totaling \$3,093,400 awarded by OJJDP to the [Education Development Center, Inc.](#) (EDC) in Newton, Massachusetts. The cooperative agreement was to provide support to the EDC's Tribal Youth and Technical Assistance Center in supporting American Indian and Alaska Native juvenile justice, education, mental health social services, culture, recreation, and employment programs. Our audit found unallowable and unsupported costs related to conference food and beverage, room, travel, and consulting expenditures; inadequate budget management controls related to the fact that EDC's accounting system did not track award expenditures based on

approved budget categories; deficiencies in compliance with award special conditions; inadequate monitoring of consultants; and incomplete performance metrics. As a result of these deficiencies, we questioned \$286,698 in award expenditures and issued 10 recommendations to OJP to enhance EDC's grant management.

Investigations

During this reporting period, the OIG received 23 complaints involving OJP. The most common allegation made against OJP employees, contractors, or grantees was fraud.

During this reporting period, the OIG opened eight cases and referred six complaints to OJP for its review and appropriate action. At the close of the reporting period, the OIG had 29 open criminal or administrative investigations of alleged misconduct related to OJP employees, contractors, or grantees. The majority of these criminal investigations were related to fraud.



Source: Investigations Data Management System

The following are examples of cases involving OJP that the OIG's Investigations Division handled during this reporting period:

- An investigation by the OIG's Fraud Detection Office resulted in the Virginia Institute of Forensic Science and Medicine, a Department grantee and non-profit organization, surrendering

Office of Justice Programs

\$506,178 in Department grant funds awarded by the National Institute of Justice. The Virginia Institute of Forensic Science and Medicine received the grant for the purpose of providing forensic training and development in the field of forensic pathology. The investigation determined that the Virginia Institute of Forensic Science and Medicine had insufficient accounting procedures and poor internal controls that resulted in the misapplication of grant funds. During the course of the investigation, the Virginia Institute of Forensic Science and Medicine filed for bankruptcy and the organization was dissolved.

- An investigation by the OIG's New York Field Office led to the arrest of the former executive director of the Rape and Victim Assistance Center in Schuylkill, Pennsylvania, based on an indictment returned in the Middle District of Pennsylvania charging her with embezzlement of Department grant funds. The investigation determined that the executive director embezzled over \$100,000 from two grants awarded by OJP, OVC, and OVW. From June 2006 to June 2008, the executive director allegedly diverted these funds from their intended use, supporting victims of crimes against women, and instead spent the money on personal matters. The executive director was dismissed from her position in December 2008.

Other Department Components

Civil Rights Division

Ongoing Work

Enforcement of Civil Rights Laws by the Voting Section

The OIG is reviewing the enforcement of civil rights laws by the Voting Section of the Department's Civil Rights Division. The review is examining the types of cases brought by the Voting Section and any changes in the types of cases over time; any changes in Voting Section enforcement policies or procedures over time; whether the Voting Section has enforced the civil rights laws in a non-discriminatory manner; and whether any Voting Section employees have been harassed for participating in the investigation or prosecution of particular matters.



this reporting period, we audited an external COPS grant recipient. The results of that audit are summarized below:

- The OIG audited a \$6 million COPS Technology Program grant awarded to [Nassau County, New York](#) (Nassau), to improve communication within and among state and local law enforcement agencies in Nassau County and Suffolk County, New York. In addition to the grant award, Nassau was to provide over \$3.6 million local funding as a required local match, for a total program budget of almost \$10 million. Our audit disclosed numerous internal control deficiencies related to Nassau's grant administration that resulted in overstated financial status reports, property management deficiencies, and unallowable and unsupported costs. We determined that over \$5.9 million in grant funds for claimed contract-related expenditures were unallowable and unsupported. In addition, we determined that \$3.1 million claimed in contract-related expenditures provided

Office of Community Oriented Policing Services

Reports Issued

Audits of COPS Grants



COPS awards grants to state, local, territory, and tribal law enforcement agencies to hire

and train community policing professionals, acquire and deploy crime-fighting technologies, and develop and test policing strategies. During

Other Department Components

as the local match was unallowable and unsupported. We also revealed that Nassau significantly revised the scope of the project without receiving prior approval from COPS. The OIG made nine recommendations, including that COPS remedy unsupported and unallowable grant-funded expenditures, remedy unallowable local match expenditures, ensure that Nassau implements policies and procedures to adequately administer grant funding and enhance its internal controls, and ensure that equipment purchased with grant funding is identified and included in a property management system. COPS agreed with our recommendations.

Investigations

The following is an example of a case handled by the OIG's Investigation Division during this reporting period:

- In our March 2010 *Semiannual Report to Congress* we reported on a joint investigation by the OIG's Fraud Detection Office and the FBI that led to the arrest of the chief of police for the Law Enforcement Department of the Sault Tribe of Chippewa Indians and his office manager on grant fraud conspiracy charges. The investigation determined the chief of police conspired with his office manager to steal \$242,230 in grant funds from COPS. The police chief allegedly used the grant funds to purchase items for his or his family's personal use, such as vehicles, jet skis, and recreational activities. The office manager was not charged with receiving any funds for personal use, but pled guilty to conspiring to conceal the theft from COPS. During this reporting period, the former chief of police was

sentenced to 12 months and one day of imprisonment followed by 2 years of supervised release and ordered to pay \$231,785 in restitution pursuant to his guilty plea to grant fraud conspiracy charges. The office manager was previously sentenced to 10 months' home confinement followed by 3 years of probation.

Criminal Division

Reports Issued

Equitable Sharing Audits

Under the Department's Asset Forfeiture Program, state and local law enforcement agencies receive equitable sharing assets when participating directly with the Department's law enforcement components in joint investigations that lead to the seizure or forfeiture of cash and property. Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations.

During this reporting period, the OIG examined the use of equitable sharing revenues by the [Doraville Police Department](#) (Police Department) in Doraville, Georgia. The Police Department received \$1,755,825 in equitable sharing revenues for FYs 2008 through 2010 to support law enforcement operations. Our audit found that the Police Department generally complied with the agreement and certification requirements, equitable sharing guidelines regarding accounting for equitable sharing receipts, and use of equitably shared property and funds. We recommended that the Criminal Division ensure that the Police Department comply with program policies and procedures for travel-related expenditures.

Other Department Components

Ongoing Work

The Criminal Division's Office of Overseas Prosecutorial Development, Assistance, and Training and the International Criminal Investigative Training Assistance Program

The Criminal Division's Office of Overseas Prosecutorial Development, Assistance, and Training (OPDAT), and the International Criminal Investigative Training Assistance Program (ICITAP) provide training and technical assistance to foreign countries' prosecutors, judicial personnel, and law enforcement personnel. Our audit is reviewing the programs' controls and practices relating to funding, training, security, personnel, and property, as well as the programs' coordination with other U.S. agencies and foreign components.

Environment and Natural Resources Division

Ongoing Work

Superfund Activities

The *Comprehensive Environmental Response, Compensation and Liability Act of 1980* (known as CERCLA or Superfund), which was expanded by the *Superfund Amendments and Reauthorization Act of 1986*, established the Superfund program to clean up the nation's worst hazardous waste sites. CERCLA seeks to ensure that individuals or organizations responsible for the improper disposal of hazardous waste bear the costs for

their actions. The OIG is reviewing FY 2009 and 2010 Superfund activities relating to the costs incurred by the Environment and Natural Resources Division in litigating Superfund cases. The audit will determine whether the Division provided an equitable distribution of total labor costs, other direct costs, and indirect costs to Superfund cases during FYs 2009 and 2010.

Executive Office for Immigration Review

Ongoing Work

Administration of Immigration Courts

The OIG is examining the Executive Office for Immigration Review's (EOIR) efforts to manage the pending caseload in its immigration courts. This includes analyzing characteristics of the caseload, such as case types and case ages, along with evaluating case processing methodology. The OIG will also report on EOIR's implementation of reform measures designed to improve the performance of immigration judges and the Board of Immigration Appeals.

Other Department Components

Office of the Pardon Attorney

Ongoing Work

Audit of the Department's Processing of Clemency Petitions

The OIG is examining the Office of the Pardon Attorney's procedures for processing clemency petitions.

U.S. Attorneys' Offices

Investigations

The following are examples of cases that the OIG's Investigations Division handled during this reporting period:

- An investigation by the OIG's Boston Area Office led to the arrest of a former legal assistant at the USAO for the District of Vermont based on an indictment charging obstruction of justice and making false statements. The investigation determined that while she was employed as a legal assistant, she provided USAO case information, including the identities of grand jury witnesses, to the target of a DEA case being prosecuted in the District of Vermont. As a result of the former legal assistant's unauthorized disclosure, a grand jury witness was threatened in connection with the witness' expected testimony in the case.
- An investigation by the OIG's New Jersey Area Office resulted in a senior administrative employee for the USAO

for the Eastern District of Pennsylvania repaying a retention bonus of \$25,084. The investigation determined that the employee used her public office for her own private gain by directing a subordinate to notify EOUSA to continue her retention incentive award for pay year 2009. As part of a settlement agreement with EOUSA, the employee agreed to pay restitution in the amount of the retention bonus and retire from government service. The case was declined for prosecution.

- As a result of an investigation by the OIG's Boston Area Office, EOUSA suspended an Assistant U.S. Attorney (AUSA) in the District of Rhode Island for 14-days after he was charged with administrative misconduct including misuse of his position and failure to report arrests. The investigation determined that the AUSA, who was arrested in Rhode Island and South Carolina on separate alcohol-related charges, misused his official title during both arrest incidents in violation of the standards of ethical conduct for federal employees, and that he also violated Department policy by failing to report his arrest in South Carolina.

Office on Violence Against Women

Reports Issued

Audits of OVW Grants

The OVW administers financial and technical assistance to communities across the country for the development of programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. OVW

Other Department Components

recipients include state and local governments, universities, non-profit agencies, and for-profit agencies. During this reporting period, the OIG conducted two audits of OVW grant recipients. The results of an OVW grant recipient audit are summarized below:

- The OIG reviewed a Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program grant of nearly \$1.5 million to the [Arizona Association of Community Health Centers](#) (AACHC). Our audit found the AACHC to generally be in compliance with the grant requirements we tested and that the AACHC conducted grant reporting in a timely manner. However, financial status reports were not always accurate and improvements were needed to ensure accurate progress reports. We also identified \$24,336 in unallowable subrecipient costs and \$1,221 in unsupported payroll and fringe costs. Our recommendations included ensuring that the AACHC implement policies to enhance the submission of accurate grant reports, the review of subrecipients' timesheets, and the submission of subrecipients' annual audit reports to AACHC officials. The OVW is coordinating with the AACHC to remedy the unallowable and unsupported costs and improve the program's financial and administrative management.

American Recovery and Reinvestment Act of 2009

The *American Recovery and Reinvestment Act of 2009* (Recovery Act) provides \$787 billion in funding as a stimulus to the economy. Of that funding, the Department received \$4 billion for grant funding to enhance state, local, and tribal law enforcement; to combat violence against women; and to fight Internet crimes against children.



The OIG is conducting aggressive Recovery Act oversight involving the coordinated efforts of auditors, investigators, and inspectors. Through this multidisciplinary effort, the OIG has provided advice to Department granting agencies regarding best practices in the awarding and monitoring of grants, trained Department grant managers on fraud risks, reached out to state and local agency Recovery Act recipients of Department grant funds, audited and evaluated the Department's use of Recovery Act funding, and conducted investigations of allegations of misuse of Recovery Act funds by Department grant recipients.

In particular, since the enactment of the Recovery Act in February 2009, the OIG has trained 5,838 federal, state, and local program managers and participants on Recovery Act fraud awareness, conducted 104 outreach sessions with state and local agencies, and initiated 34 audits and reviews of Recovery Act funds. In addition, the OIG is conducting 11 investigations of allegations pertaining to the Department's Recovery Act programs. During this semiannual reporting period, the OIG issued six reports on the Recovery Act grant management activities of the Department as well as state and local entities.

From enactment of the Recovery Act in February 2009 through March 25, 2011, the Department has obligated more than 99 percent of its \$4 billion in Recovery Act funds. Moreover, as of

March 25, 2011, the Department had expended about 63 percent of its Recovery Act funds. The Department has handled this increased workload without any significant increase in staff.

Our reviews have also found that, in general, the Department's grant management staff has issued the Recovery grant funds in a timely, fair, and objective manner. However, our reports also identified several areas in which the Department could improve its grant management practices. We provide a summary below of our findings from our audit work.

Reports Issued

OJP's Monitoring and Oversight of Recovery Act and Non-Recovery Act Grants

The OIG examined the Department's efforts for monitoring and overseeing Recovery Act and non-Recovery Act grants awarded through OJP. The audit concluded that OJP has made significant improvements in its monitoring and oversight of grants, including grants funded by the Recovery Act. Our audit found that from October 1, 2008, through September 23, 2010, OJP awarded over 13,000 grants totaling more than \$7.7 billion, which included over 4,000 Recovery Act grants, totaling about \$2.8 billion. The audit found that OJP's improvement in

American Recovery and Reinvestment Act of 2009

monitoring and oversight was primarily due to the establishment of the Office of Audit, Assessment and Management (OAAM) in FY 2005, which conducts and coordinates program assessments of grants awarded by OJP and COPS. The audit notes that initially, OJP made slow progress in staffing OAAM and in ensuring that OAAM's monitoring efforts were effective. As of January 2008, OAAM had not hired a permanent director and only one of OAAM's three divisions was close to filling the positions that had been created. The OIG's assessment was that 2 years after the passage of the act creating OAAM, OJP had not devoted sufficient effort to ensuring that OAAM was adequately staffed to oversee and monitor OJP grants, despite the congressional directive and the importance of OAAM's mission.

Although OJP did not hire a permanent OAAM director until January 2009, OAAM had filled its allotted positions as of May 2009 with 49 federal and contractor positions. We found that OJP developed a reasonable process for providing monitoring to a high volume of grants, which have allowed them to monitor grants totaling almost 4 times the award amount required to be monitored by law. In FY 2010, OJP completed monitoring grant activity totaling about \$3 billion out of about \$8.4 billion in open and active grants, or 36 percent, exceeding the 10 percent monitoring level required by the law.

Other improvements included the establishment of a working group to review existing monitoring practices and develop standard monitoring approaches and procedures; the use of grant tools such as the Grants Management System, Grant Monitoring Tool, and the Grant Assessment Tool; updates to the Grant Manager's Manual; and revisions to site visit documentation and the quality of site visit reports.

During our audit, OJP was in the process of establishing procedures to ensure the quality of its site visits. We reviewed drafts of these procedures and identified concerns, and OJP

generally took prompt actions to address those concerns. Despite OJP's improvements in monitoring and oversight of grants, we found that the OVW and COPS perform certain monitoring and oversight services that are duplicative of the services available through OJP. To eliminate such duplication and to provide uniformity in oversight among Department granting agencies, we believe that the Department should standardize the oversight services provided to the OVW and COPS.

The Department agreed with the 13 recommendations we provided in our report. OJP has completed corrective action on one of the recommendations, and implementation is in process for the others.

OJP's Correctional Facilities on Tribal Lands Category V

The OIG released a report examining the BJA's award process for training and technical assistance grants under the Recovery Act Correctional Facilities on Tribal Lands Program. The purpose of the review was to determine the BJA's application evaluation process for awarding approximately \$4.7 million under Category V, one of the five program categories providing funding to Indian Tribes. The review also sought to determine whether the grant was awarded in an open and competitive manner. This report identified appearance of conflict of interest concerns about the BJA's peer review process by identifying a prior relationship between the successful applicant and an internal peer reviewer. The report also identifies concerns related to the openness and competitiveness of the BJA's award process.

Specifically, the BJA used a peer review panel comprised of one external and two internal reviewers to evaluate two Category V applications and awarded \$4,737,942 through

American Recovery and Reinvestment Act of 2009

Category V Recovery Act funding to Justice Solutions Group (JSG). The OIG found that one internal peer reviewer on the application evaluation panel had a prior professional relationship (while employed by the Department) with JSG prior to serving on the review panel. Although BJA asserted in its response to the report that this prior relationship did not prevent an impartial and objective review of the application, the OIG believes that the use of this particular peer reviewer may have undermined the peer review process as a means for an objective and independent review.

The OIG also found that JSG and its affiliated companies have been the exclusive recipients of grants and cooperative agreements to provide training and technical assistance for correctional facilities on tribal lands since 2001. The Recovery Act Correctional Facilities on Tribal Lands Program solicitation states that priority consideration would be given to Category V applicants that demonstrate specific competencies. It appeared to the OIG that BJA's priority consideration, as indicated in the Recovery Act Correctional Facilities on Tribal Lands solicitation, was written specifically for JSG and it would be very difficult, if not impossible, for any other applicant of this program to meet the criteria without the support the BJA provided JSG.

As a result, the OIG expressed concern that that the BJA may not have complied with the requirements in the Recovery Act to award grants in a fair manner. The report also states that the BJA should consider strengthening its internal controls to reduce the risk of the appearance of conflicts of interest or favoritism towards a particular grantee.

This review is one of a series of reports issued during the OIG's ongoing review of the Department's management and oversight of Recovery Act funds allocated to the BJA's Recovery Act Correctional Facilities on Tribal Lands Program. The awards made under

categories I through IV of the Recovery Act Correctional Facilities on Tribal Lands Program were the subject of a previous OIG report.

OIG Audits of Recovery Act Grants

During this reporting period, the OIG audited Recovery Act grants awarded by Department grant-awarding agencies to state and local recipients. Below are examples of our audit findings.

- The OIG conducted an audit of a \$928,874 Recovery Act Edward Byrne Memorial Justice Assistance Grant Program (JAG) grant awarded by the BJA to the [City of Riverside, California](#) (Riverside). The goals of the grant were to replace aging or damaged vehicles in order to reduce operating and maintenance costs while providing a highly visible, more reliable police presence and to retain full-time positions within the Riverside Police Department. Riverside used grant funds for 3 full-time Riverside Police Department employees, 15 police cars, 4 police motorcycles, and emergency equipment for the vehicles. We found that Riverside's two grant drawdowns matched its accounting system records and generally followed established administrative protocol for drawdowns. However, we also noted some deficiencies. Specifically, fringe benefit costs were inadequately supported and were calculated from a ratio that included unallowable expenditures, which resulted in \$74,904 questioned costs. We also noted weaknesses in the accuracy of two financial status reports. Despite those weaknesses, we found that Riverside adequately maintained grant-related financial records and data and was properly managing the use of grant funds.

American Recovery and Reinvestment Act of 2009

- The OIG completed an audit of five OVW grants, including one funded by the Recovery Act, totaling \$1,932,398, awarded to the [Montana Coalition Against Domestic and Sexual Violence](#) (MCADSV). MCADSV represents over 50 programs across Montana that provide direct services to victims and survivors of domestic and sexual violence. We identified several weaknesses with the MCADSV's grant management practices. Specifically, the grantee made drawdowns in excess of cumulative expenditures; charged unallowable payroll and fringe benefit costs to the grant; transferred funds between budget categories in excess of the allowable 10 percent; did not record or report program income; did not consistently submit accurate financial status reports; did not consistently submit timely or accurate progress reports; and did not form a plan for project sustainability beyond federal funding as required by grant conditions. Our report contained eight recommendations and questioned \$59,771. OVW is working with the MCADSV on their implementation of these recommendations.

Top Management and Performance Challenges

The OIG has created a list of [top management and performance challenges](#) in the Department annually since 1998, initially in response to congressional requests but in recent years as part of the Department's annual *Performance and Accountability Report*.

The OIG's top challenges for the year, issued in November 2010, are listed below. Many of the challenges from last year's list, such as counterterrorism, are long-standing challenges that remain on the list.

The challenge of "Sharing of Intelligence and Law Enforcement Information" was incorporated into other challenges and removed as a separate entry on the list. In addition, the "Financial Crimes" challenge was expanded to include "Cyber Crimes." "Grant Management" and "Recovery Act Funding and Oversight" were combined into one challenge.

We added two challenges to the previous list: "Southwest Border Security Issues" and "Violent and Organized Crime."



Top Management and Performance Challenges in the Department of Justice – 2010

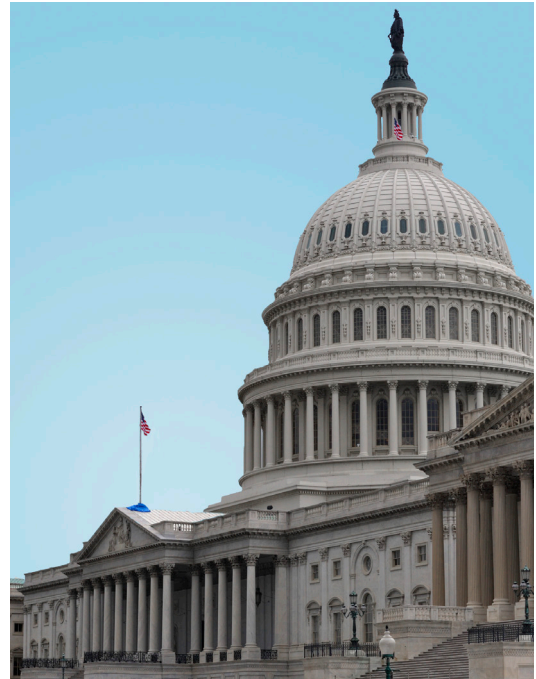
1. Counterterrorism
2. Restoring Confidence in the Department of Justice
3. Southwest Border Security Issues
4. Civil Rights and Civil Liberties
5. Information Technology Systems Planning, Implementation, and Security
6. Violent and Organized Crime
7. Financial Crimes and Cyber Crimes
8. Detention and Incarceration
9. Grant Management and Recovery Act Funding and Oversight
10. Financial Management

Detailed information about the Department's management and performance challenges can be found online at www.justice.gov/oig/challenges.

Congressional Testimony/Legislation and Regulations

Congressional Testimony

During this reporting period, the Acting Inspector General testified before the U.S. House of Representatives Committee on Appropriations, Subcommittee on Commerce, Justice, Science and Related Agencies, concerning the [management and performance challenges facing the Department](#).



Legislation and Regulations

The *Inspector General Act* directs the OIG 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 could affect its operations and legislation that relates to waste, fraud, or abuse in the Department's programs and operations.

During the reporting period, the OIG reviewed and provided comments on a variety of proposed legislation and regulations, including proposed regulations to implement the *Improper Payments Elimination and Recovery Act*, and proposed regulations to implement the *Prison Rape Elimination Act*.

Statistical Information

Audit Statistics

During this reporting period, the OIG's Audit Division issued 41 internal and external audit reports, which contained more than \$12.8 million in questioned costs and made 143 recommendations for management improvement. Specifically, the Audit Division issued 18 internal audit reports of Department programs funded at more than \$540 million

and 23 external audit reports of contracts, grants, and other agreements funded at over \$42 million; and 48 *Single Audit Act* audits of programs funded at more than \$146 million. In addition, the Audit Division issued three Notifications of Irregularities and four other reports.

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 ¹	3	\$3,051,384
Issued during period	1	\$900
Needing management decision during period	4	\$3,052,284
Management decisions made during period: - Amounts management agreed to put to better use ² - Amounts management disagreed to put to better use	1 0	\$900 \$0
No management decision at end of period	3	\$3,051,384

¹ Reports previously issued for which no management decision has been made.

² Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

Statistical Information

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 ¹	9	\$6,233,138	\$513,078
Issued during period	24 ²	\$14,503,802	\$11,752,800
Needing management decision during period	33	\$20,736,940	\$12,265,878
Management decisions made during period:			
-Amount of disallowed costs ³	21	\$13,411,638	\$12,149,097
-Amount of costs not disallowed	0	\$0	\$0
No management decision at end of period	12	\$7,325,302	\$116,781

¹ Reports previously issued for which no management decision has been made.

² Of the audit reports issued during this period with questioned costs, 11 were *Single Audit Act* reports.

³ Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

Statistical Information

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 ¹	22	68
Issued during period	75 ²	264
Needing management decision during period	97	332
Management decisions made during period: -Number management agreed to implement ³	65 ⁴	249
-Number management disagreed with	1	2
No management decision at end of period	32	81

1 Reports previously issued for which no management decision has been made.

2 Of the audit reports issued during this period with recommendations for management improvements, 47 were *Single Audit Act* reports.

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

4 Includes one audit for which management agreed to implement all but two of the recommendations.

Statistical Information

National Defense Authorization Act Reporting

OIG Reporting Required by the National Defense Authorization Act for FY 2008

The *National Defense Authorization Act for FY 2008* requires all Inspectors General appointed under the IG Act to add an annex to their Semiannual Reports: (1) listing all contract audit reports issued during the reporting period containing significant audit findings; (2) briefly describing the significant audit findings in the report; and (3) specifying the amounts of costs identified in the report as unsupported, questioned, or disallowed. This Act defines significant audit findings as unsupported, questioned, or disallowed costs in excess of \$10 million or other findings that the Inspector General determines to be significant. It defines contracts as a contract, an order placed under a task or delivery order contract, or a subcontract.

The OIG did not issue any audits that fit these criteria during this semiannual reporting period.

Audit Follow-up

OMB Circular A-50

OMB Circular A-50, *Audit Follow-up*, requires audit reports to be resolved within 6 months of the audit report issuance date. The Audit Division monitors the status of open audit reports to track the audit resolution and closure process. As of March 31, 2011, the OIG was monitoring the resolution process of 256 open audit reports and closed 110 audit reports this reporting period.

Unresolved Audits

As of March 31, 2011, the following audits were more than 6 months past their issuance and had no management decision or were in disagreement:

- Oversight of Intergovernmental Agreements by the USMS and OFDT, March 2007
- USMS Intergovernmental Service Agreement for Detention Facilities with the Hamilton County, Tennessee, Silverdale Correctional Facility, June 2006
- USMS Intergovernmental Service Agreement for Detention Facilities with the Cumberland County Jail, Portland, Maine, March 2006
- USMS Intergovernmental Service Agreement for Detention Facilities with the Western Tidewater Regional Jail, Suffolk, Virginia, December 2005
- USMS Intergovernmental Service Agreement for Detention Facilities with the Blount County, Tennessee, Sheriff's Office, September 2005
- USMS Intergovernmental Service Agreement for Detention Facilities with the Central Virginia Regional Jail, March 2005

Statistical Information

Evaluation and Inspections Statistics

The following chart summarizes the workload and accomplishments of the Evaluation and Inspections Division during the 6-month reporting period ending March 31, 2011.

E&I Workload and Accomplishments	Number of Reviews
Reviews active at beginning of period	8
Reviews cancelled	0
Reviews initiated	2
Final reports issued	1
Reviews active at end of reporting period	9

Unresolved Reviews

DOJ Order 2900.10, *Follow-up and Resolution Policy for Inspection Recommendations by the OIG*, requires reports to be resolved within 6 months of the report issuance date. As of March 31, 2011, there were no unresolved recommendations from the Evaluation and Inspections Division that met this criterion.

Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month reporting period ending March 31, 2011.

Source of Allegations	
Hotline (telephone, mail, and e-mail)	1,630
Other Sources	3,869
Total allegations received	5,499
Investigative Caseload	
Investigations opened this period	174
Investigations closed this period	148
Investigations in progress at end of reporting period	398
Prosecutive Actions	
Criminal indictments/informations	53
Arrests	60
Convictions/Pleas	45
Administrative Actions	
Terminations	17
Resignations	38
Disciplinary action	37
Monetary Results	
Fines/Restitutions/Assessments	\$1,496,123
Seizures	\$0
Bribe monies deposited to the Treasury	\$0
Civil Fines/Restitutions/Recoveries/Penalties	\$0

Statistical Information

Investigations Division Briefing Programs

OIG investigators conducted 60 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 2,630 employees.

OIG investigators conducted seven Recovery Act Fraud Awareness Briefings for Department officials, contractors, state and local administering agencies, and grant recipients. The purpose of these briefings is to educate administrators on common fraud schemes and specific vulnerabilities within the contracts or grants they oversee. For contractors and grant recipients, the program provides information about the OIG's oversight role and the potential ramifications of the misuse of Recovery Act funds. The briefings reached more than 555 attendees.

OIG Hotline

During FY 2011, the OIG received the majority of its Hotline complaints through its recently modified electronic complaint form located within the OIG website at www.justice.gov/oig.

In addition, Department employees and citizens are able to file complaints by telephone, fax, e-mail, and postal mail. The online access, e-mail, fax, and postal mail all provide the ability to file a complaint in writing to the OIG.

From all Hotline sources during the first half of FY 2011, over 1,600 new complaints related to Department operations or other federal agencies were entered into our complaint tracking system. Of the new complaints, over 1,000 were forwarded to various Department components for their review and appropriate action; 161 were filed for information; 305 were forwarded to other federal agencies, and 12 were opened by the OIG for investigation.

Appendices

Appendix 1

Acronyms and Abbreviations

ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives	JMD	Justice Management Division
AUSA	Assistant U.S. Attorney	NDIS	National DNA Index System
BJA	Bureau of Justice Assistance	NFSTC	National Forensic Science Technology Center
BJS	Bureau of Justice Statistics	NIJ	National Institute of Justice
BOP	Federal Bureau of Prisons	NSA	National Security Agency
CODIS	Combined DNA Index System	OFDT	Office of the Federal Detention Trustee
COPS	Office of Community Oriented Policing Services	OIG	Office of the Inspector General
CSO	Court Security Officer	OJP	Office of Justice Programs
DEA	Drug Enforcement Administration	OJJDP	Office of Juvenile Justice and Delinquency Prevention
Department	U.S. Department of Justice	OMB	Office on Management and Budget
DHS	Department of Homeland Security	OPR	Office of Professional Responsibility
DOD	Department of Defense	OVC	Office for Victims of Crime
EOUSA	Executive Office for U.S. Attorneys	OVW	Office on Violence Against Women
FBI	Federal Bureau of Investigation	Patriot Act	<i>Uniting and Strengthening America by Proving Appropriate Tools Required to Intercept and Obstruct Terrorism Act</i>
FISA	<i>Foreign Intelligence Surveillance Act of 1978</i>	Recovery Act	<i>American Recovery and Reinvestment Act of 2009</i>
FY	Fiscal year		
IG Act	<i>Inspector General Act of 1978</i>		

Appendices

SWBPI	Southwest Border Prosecution Initiative
UNICOR	Federal Prison Industries
USAO	U.S. Attorneys' Offices
USMS	U.S. Marshals Service

Appendices

Appendix 2

Glossary of Terms

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

Combined DNA Index System: A distributed database with three hierarchical levels that enables federal, state, and local forensic laboratories to compare DNA profiles electronically.

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

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

Internal Audit Report: The results of audits and related reviews of Department organizations, programs, functions, computer security and information technology, and financial statements. Internal audits are conducted in accordance with the Comptroller General's Government Auditing Standards and related professional auditing standards.

Questioned Cost: A cost that is questioned by the OIG because of: (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Recommendation that Funds be Put to Better Use: Recommendation by the OIG that funds could be used more efficiently if management of an entity took actions to implement and complete the recommendation, including: (1) reductions in outlays; (2) deobligation of funds from programs or operations; (3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (4) costs not incurred by implementing recommended improvements related to the operations of the entity, a contractor, or grantee; (5) avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or (6) any other savings that specifically are identified.

Single Audit Act Audits: *Single Audit Act* audits are performed by public accountants or a federal, state or local government audit organization in accordance with generally accepted government auditing standards. They are intended to determine whether the financial statements and schedule of expenditures of federal awards are presented fairly, to test internal controls over major programs, to determine whether the grant recipient is in compliance with requirements that may have a direct and material effect on each of its major programs, and to follow up on prior audit findings. These audits are required to be performed for organizations that expend \$500,000 or more in federal awards in accordance with the *Single Audit Act of 1984*, as amended, and Office of Management and Budget (OMB) Circular A-133.

Sole Source Contract: Soliciting and negotiating with only one vendor.

Appendices

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

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

Appendices

Appendix 3

Audit Division Reports

Internal Audit Reports

Multicomponent

Audit of the Intergovernmental Agreement
Detention Space Negotiation Process

Offices, Boards and Divisions Annual Financial
Statements Fiscal Year 2010

U.S. Department of Justice Annual Financial
Statements Fiscal Year 2010

U.S. Department of Justice Annual Special-
Purpose Financial Statements Fiscal Year 2010

Bureau of Alcohol, Tobacco, Firearms and Explosives

Audit of the Bureau of Alcohol, Tobacco,
Firearms and Explosives' National Response
Team

Bureau of Alcohol, Tobacco, Firearms and
Explosives Annual Financial Statements Fiscal
Year 2010

Federal Bureau of Prisons

Federal Bureau of Prisons Annual Financial
Statements Fiscal Year 2010

Drug Enforcement Administration

Audit of the Drug Enforcement Administration's
Mobile Enforcement Team Program

Drug Enforcement Administration Annual
Financial Statements Fiscal Year 2010

Federal Bureau of Investigation

Audit of Outside Employment by Staff of the
Federal Bureau of Investigation Laboratory
Division's DNA Units

Federal Bureau of Investigations Annual
Financial Statements Fiscal Year 2010

Office of Justice Programs

Audit of the Office of Justice Programs'
Monitoring and Oversight of Recovery Act and
Non-Recovery Act Grants

Office of Justice Programs Annual Financial
Statements Fiscal Year 2010

U.S. Marshals Service

Audit of the United States Marshals Service's
Oversight of its Judicial Facilities Security
Program

United States Marshals Service Annual Financial
Statements Fiscal Year 2010

Other Department Components

Assets Forfeiture Fund and Seized Asset Deposit
Fund Annual Financial Statements Fiscal Year
2010

Federal Prison Industries, Inc. Annual Financial
Statements Fiscal Year 2010

Federal Prison Industries, Inc. Annual
Management Report Fiscal Year 2010

Other Reports

Annual Accounting and Authentication of Drug
Control Funds and Related Performance Fiscal
Year 2010

Appendices

Status of the Federal Bureau of Investigation's Implementation of the Sentinel Project

Quality Control Review of the Office of Management and Budget Circular A-133 Audit of the New Mexico Department of Public Safety for the Fiscal Year Ended June 30, 2009, Performed by Moss Adams, LLP.

Review of the Award Process for the Bureau of Justice Assistance Recovery Act Grant Program for Correctional Facilities on Tribal Lands, Category V

External Audit Reports

Arizona

Audit of Office on Violence Against Women Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program Grant Awarded to the Arizona Association of Community Health Centers, Phoenix, Arizona

Arkansas

Compliance with Standards Governing Combined DNA Index System Activities at the Arkansas State Crime Laboratory, Little Rock, Arkansas

California

Audit of the Office of Justice Programs Edward Byrne Memorial Justice Assistance Grant Program Grant Awarded to the City of Riverside, California

Colorado

Audit of Office of Justice Programs National Institute of Justice Continuation Cooperative Agreement Awarded to the University of Denver For Operation of Weapons and Protective Systems Technology Center of Excellence, Denver, Colorado

Georgia

Audit of the Doraville Police Department's Equitable Sharing Program Activities, Doraville, Georgia

Florida

Compliance with Standards Governing Combined DNA Index System Activities at the Florida Department of Law Enforcement Orlando Regional Crime Laboratory, Orlando, Florida

Iowa

Limited Scope Audit of the Office of Justice Programs Bureau of Justice Assistance Grant Awarded to Story County, Iowa

Kentucky

Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Grant Awarded to National Safe Place, Incorporated, Louisville, Kentucky

Maryland

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Baltimore County Police Department Crime Laboratory, Baltimore County, Maryland

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Prince George's County Police Department Crime Laboratory, Prince George's County, Maryland

Massachusetts

Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Awards to the Education Development Center, Inc., Newton, Massachusetts

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Montana

Audit of Office on Violence Against Women Grants Awarded to the Montana Coalition Against Domestic and Sexual Violence Helena, Montana

Nevada

Audit of the Office of Justice Programs Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program Grants Awarded to the City of Las Vegas, Nevada

New Jersey

Audit of the Office of Justice Programs Bureau of Justice Assistance State and Local Emergency Preparedness Program Grant to the City of Jersey City, Jersey City, New Jersey

New York

Audit of the Office of Community Oriented Policing Services Technology Grant Awarded to Nassau County, Mineola, New York

Ohio

Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Grant Awarded to Cleveland Botanical Garden, Cleveland, Ohio

Pennsylvania

Audit of the Office of Justice Programs Office for Victims of Crime Grants Awarded to the Pennsylvania Commission on Crime and Delinquency, Harrisburg, Pennsylvania

South Dakota

Compliance With Standards Governing Combined DNA Index System Activities at the South Dakota Forensic Laboratory, Pierre, South Dakota

Texas

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Austin Police Department DNA Laboratory, Austin, Texas

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Bexar County Criminal Investigation Laboratory, San Antonio, Texas

Audit of Office of Justice Programs Southwest Border Prosecution Initiative Funding received by Hudspeth County, Texas

Audit of the Drug Enforcement Administration's Language Services Contract with MVM, Inc., Contract No. DJDEA-08-C-0047, El Paso Field Division

Virginia

Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Grant Awarded to the Southeastern Tidewater Opportunity Project, Norfolk, Virginia

Single Audit Act Reports of Department Activities

County of Alameda, California

American Library Association, Chicago, Illinois

City of Bastrop, Louisiana

Boone County, Missouri

Cahto Tribe of the Laytonville Rancheria, Laytonville, California

California Peace Officers' Association, Sacramento, California

Clayton County, Georgia

Appendices

Colorado Nonprofit Development Center,
Denver, Colorado

Charter Township of Flint, Michigan

Franklin County Government, Benton, Illinois

Friendship Home of Lincoln, Nebraska

Town of Georgetown, Delaware

Georgia State University Research Foundation,
Incorporated and Affiliate, Atlanta, Georgia

Glades County, Florida

State of Hawaii Department of Public Safety

City of Jefferson, Missouri

The Julian Center, Incorporated, Indianapolis,
Indiana

Lesbian & Gay Community Services Center,
Incorporated, New York, New York

County of Los Angeles, California

Lovelock Paiute Tribe, Lovelock, Nevada

Marion County, Indiana (Fiscal Year 2006)

Marion County, Indiana (Fiscal Year 2007)

McHenry County, Illinois

The Metro YMCA of Greater Fort Wayne,
Indiana

Montana Coalition Against Domestic and Sexual
Violence

City of Montgomery, Alabama

National Alliance for Model State Drug Laws,
Santa Fe, New Mexico

National Association of Police Athletic/Activities
Leagues, Incorporated, Jupiter, Florida

National Congress of American Indians,
Washington, D.C.

National Network to End Domestic Violence,
Washington, D.C.

Navajo Nation, Window Rock, Arizona

State of Nevada

State of New Jersey

City of North Miami Beach, Florida

County of Orange, California

Pinal County, Arizona

Pueblo County, Pueblo, Colorado

City of San Antonio, Texas

City of San Bernardino, California

Sanders County Coalition for Families,
Thompson Falls, Montana

City of Springfield, Illinois

City of Steamboat Springs, Colorado

Tohono O'odham Indian Nation, Sells, Arizona

Tulsa County, Oklahoma

Turtle Mountain Band of Chippewa Indians,
Belcourt, North Dakota

Women's Sports Foundation, East Meadow, New
York

Yell County Department of Grants and Federal
Funds, Danville, Arkansas

Young Women's Christian Association of
Topeka, Kansas

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Appendix 4

Quantifiable Potential Monetary Benefits

October 1, 2010 – March 31, 2011

Audit Report	Questioned Costs	Unsupported Costs	Funds Put to Better Use
Audits Performed by the DOJ OIG			
Audit of the Office on Violence Against Women, Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program Grant Awarded to the Arizona Association of Community Health Centers Phoenix, Arizona	\$25,557	\$1,221	\$0
Audit of the Office of Justice Programs, Edward Byrne Memorial Justice Assistance Grant Program Grant Awarded to the City of Riverside, California	\$74,904	\$74,904	\$0
Audit of the Office of Justice Programs, National Institute of Justice Continuation Cooperative Agreement Awarded to the University of Denver For Operation of Weapons and Protective Systems Technology Center of Excellence, Denver, Colorado	\$586,342	\$0	\$0
Limited Scope Audit of the Office of Justice Programs, Bureau of Justice Assistance Grant Awarded to Story County, Iowa	\$10,265	\$8,912	\$0
Audit of the Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention Grant Awarded to National Safe Place, Incorporated, Louisville, Kentucky	\$106,973	\$18,497	\$0
Audit of the Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention Awards to the Education Development Center, Inc., Newton, Massachusetts	\$286,698	\$286,698	\$0

Appendices

Audit of the Office on Violence Against Women Grants Awarded to the Montana Coalition Against Domestic and Sexual Violence Helena, Montana	\$59,771	\$0	\$0
Audit of the Office of Justice Programs, Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program Grants Awarded to the City of Las Vegas, Nevada	\$74,072	\$74,072	\$0
Audit of the Office of Justice Programs, Bureau of Justice Assistance State and Local Emergency Preparedness Program Grant to the City of Jersey City, New Jersey	\$1,125,000	\$1,125,000	\$0
Audit of the Office of Community Oriented Policing Services Technology Grant Awarded to Nassau County, Mineola, New York	\$9,077,887	\$9,077,887	\$0
Audit of the Office of Justice Programs, Office for Victims of Crime Grants Awarded to the Pennsylvania Commission on Crime and Delinquency, Harrisburg, Pennsylvania	\$530,689	\$530,689	\$0
Audit of the Office of Justice Programs, Southwest Border Prosecution Initiative Funding received by Hudspeth County, Texas	\$479,595	\$16,044	\$900
Audit of the Drug Enforcement Administration's Language Services Contract with MVM, Inc., Contract No. DJDEA-08-C-0047, El Paso Field Division	\$415,866	\$415,866	\$0
Subtotal (Audits Performed by the DOJ OIG)	\$12,853,619	\$11,629,790	\$900

Appendices

Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the Single Audit Act¹			
County of Alameda, California	\$338,578	\$0	\$0
County of Los Angeles, California	\$21,167	\$6,229	\$0
Lovelock Paiute Tribe, Lovelock, Nevada	\$103,852	\$0	\$0
Marion County, Indiana (Fiscal Year 2006)	\$759,319	\$115,403	\$0
McHenry County, Illinois	\$17,672	\$0	\$0
National Congress of American Indians, Washington, D.C.	\$859	\$0	\$0
Navajo Nation, Window Rock, Arizona	\$1,378	\$1,378	\$0
State of New Jersey	\$215,449	\$0	\$0
City of North Miami Beach, Florida	\$64,000	\$0	\$0
Turtle Mountain Band of Chippewa Indians, Belcourt, North Dakota	\$58,241	\$0	\$0
Yell County Department of Grants and Federal Funds, Danville, Arkansas	\$69,668	\$0	\$0
Subtotal (Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i>)	\$1,650,183	\$123,010	\$0
Total	\$14,503,802	\$11,752,800	\$900

¹ These audits are reviewed by the OIG to assess the quality and the adequacy of the entity's management of federal funds. The OIG issues these audits to the responsible component and performs follow-up on the audit reports' findings and recommendations.

Appendices

Appendix 5

Evaluation and Inspections Division Reports

Review of ATF's Project Gunrunner

Oversight and Review Division Reports

A Review of U.S. Attorney Travel that Exceeded
the Government Lodging Rate

A Review of Federal Prison Industries'
Electronic Waste Recycling Program

Appendices

Appendix 6

Peer Reviews

Peer Reviews Conducted by Another OIG

The OIG did not undergo any peer reviews this reporting period. The most recent peer review of the audit function was February 2010 by the Department of Energy Office of Inspector General. The most recent peer review of the investigative function was January 2010 by the Department of Health and Human Services Office of Inspector General.

Outstanding Recommendations from Peer Reviews of the OIG

There are no outstanding recommendations from peer reviews of the OIG.

Outstanding Recommendations from Peer Reviews Conducted by the OIG

There are no outstanding recommendations from peer reviews conducted by the OIG.

Appendices

Appendix 7

Reporting Requirements Index		
<p>The IG Act specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.</p>		
IG Act References	Reporting Requirements	Page
Section 4(a)(2)	Review of Legislation and Regulations	63
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	11-60
Section 5(a)(2)	Significant Recommendations for Corrective Actions	11-60
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	68-69
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	16-17, 24-25, 30-31, 35-37, 40, 46, 48-49, 52, 54
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	75-81
Section 5(a)(7)	Summary of Significant Reports	11-60
Section 5(a)(8)	Audit Reports - Questioned Costs	66
Section 5(a)(9)	Audit Reports - Funds to Be Put to Better Use	65
Section 5 (a)(10)	Prior Audit Reports Unresolved	68
Section 5(a)(11)	Significant Revised Management Divisions	None
Section 5(a)(12)	Significant Management Decisions with which the OIG Disagreed	None
Section 5(a)(14)	Peer Reviews Conducted by Another OIG	83
Section 5(a)(15)	Outstanding Recommendations from Peer Reviews of the OIG	83
Section 5(a)(16)	Outstanding Recommendations from Peer Reviews Conducted by the OIG	83

Report Waste, Fraud, Abuse, or Misconduct

To report allegations of waste, fraud, abuse, or misconduct regarding Department of Justice programs, employees, contractors, or grants, please go to the website of the DOJ OIG at www.justice.gov/oig or call the OIG's Hotline at (800) 869-4499.

The OIG website has complaint forms that allow you to report the following to the OIG:

- General allegations of fraud, waste, and abuse in Department programs or by Department employees;
- Contract fraud, including mandatory disclosures required by contractors when they have credible evidence of violations of the civil False Claims Act or certain violations of criminal law;
- Grant fraud, including fraud, waste, or abuse related to the Department's award of Recovery Act funds; and
- Violations of civil rights or civil liberties by Department employees.

To submit information by mail or facsimile, please send to:

Office of the Inspector General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Room 4706
Washington, DC 20530
Fax: (202) 616-9881

For further information on how to report a complaint to the OIG, please call (800) 869-4499.

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