

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



Semiannual Report to Congress

October 1, 2011 - March 31, 2012

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Message from the Inspector General

As the newly confirmed Inspector General, I am pleased to introduce this semiannual report summarizing the audits, inspections, evaluations, investigations, and reviews conducted by the Department of Justice (Department) Office of the Inspector General (OIG) from October 1, 2011, through March 31, 2012. The OIG's work addressed many of the top management and performance challenges facing the Department.

The OIG's work during this period included reviews of several initiatives central to the top management and performance challenges facing the Department, including the Department's ongoing difficulties implementing an integrated wireless network that has cost more than \$356 million to facilitate communication among federal law enforcement officials, the Department's use of debarment and administrative suspension to combat fraud and mismanagement among recipients of federal funds, the Department's use of its International Prisoner Transfer Program, and the Federal Bureau of Investigation's ongoing development of its case management system known as Sentinel. Many of the reviews summarized in this semiannual report focus on identifying where the Department can save money and enhance efficiencies, and as Inspector General, I will continue to focus on those concerns. In addition, our Investigations Division conducted a wide variety of investigations of criminal and administrative misconduct related to Department personnel or programs, and it collaborated with our Audit Division to provide aggressive oversight of Recovery Act programs and funds.

There also are several significant ongoing reviews underway, including the investigation into the gun trafficking operation known as Operation Fast and Furious and the review of the enforcement of civil rights laws by the Voting Section of the Department's Civil Rights Division. I am committed to prioritizing these reviews and overseeing their timely completion.

I am impressed with the breadth, quality, and impact of the work performed by our dedicated and talented staff. I look forward to leading this thriving organization, and to continuing its tradition of non-partisanship and independence. The OIG's hallmark has been to follow the facts and the evidence wherever they lead, and to issue reports and findings that are thorough, rigorous, and fair. This commitment to excellence will continue to be the touchstone of the OIG.

The Department is much more than just another federal agency. It is a guardian of our system of justice and is responsible for enforcing our laws fairly and without bias. The OIG plays a critical role in fulfilling that mission, and to ensuring the integrity and efficiency of the Department of Justice.

A handwritten signature in blue ink, reading "Michael E. Horowitz".

Michael E. Horowitz
Inspector General
April 30, 2012

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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, 2011 - March 31, 2012	
Allegations Received by the Investigations Division	5,709
Investigations Opened	178
Investigations Closed	160
Arrests	43
Indictments/Informations	46
Convictions/Pleas	50
Administrative Actions	103
Monetary Recoveries ¹	\$2,359,449
Audit Reports Issued	40
Questioned Costs	\$9,394,823
Recommendations for Management Improvements	151
Single Audit Act Reports Issued	44
Questioned Costs	\$769,703
Recommendations for Management Improvements	118

¹ Includes civil, criminal, non-judicial fines, restitutions, recoveries, assessments, penalties, and forfeitures.

Audits, Evaluations, Inspections, and Special Reviews Highlights

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

- [International Prisoner Transfer Program](#).

The OIG found that the Department's International Prisoner Transfer Program transfers few foreign national inmates to their home countries to complete their sentences. In Fiscal Year (FY) 2010, for example, slightly less than 1 percent of the 40,651 foreign national inmates in the Bureau of Prisons' (BOP) custody were transferred to their home countries. Overall, the BOP and the Criminal Division's International Prisoner Transfer Unit (IPTU) rejected 97 percent of foreign national inmates' requests to transfer. While some factors that reduce the number of transfers are beyond the Department's control, such as some countries' unwillingness to accept inmates and foreign national inmates not volunteering for transfers, the OIG found the Department could take steps to increase the number of inmates transferred and the timeliness of the process. Making those changes could result in significant cost savings for the Department. The Department concurred with the report's 14 recommendations to improve its efforts to manage the program more effectively.

- [Administrative Suspension, Debarment, and Other Internal Remedies within the Department](#).

The OIG examined the Department's implementation and oversight of administrative suspension, debarment, and other enforcement tools designed to ensure that federal agencies only award federal funding

Highlights of OIG Activities

to responsible parties. The audit reviewed approximately 700,000 awards made by all Department components from FYs 2005 through 2010 totaling approximately \$65.9 billion. Although the audit found that Department awarding officials have generally complied with the Federal Acquisition Regulation and the Code of Federal Regulations, the OIG identified 77 contracts and contract modifications totaling approximately \$15 million that were made to six separate suspended or debarred parties. The BOP made 75 of the 77 awards identified. In addition, the audit found 61 of the BOP awards questioned were to 2 utility companies totaling \$15.4 million; these utility companies were not debarred at the time of the awards but operated individual facilities that had been debarred from receiving federal funding. The OIG found that the 77 awards were made as a result of delays in reporting suspension and debarment actions to the Excluded Parties Listing System (EPLS), the awarding official's failure to review the EPLS immediately prior to making an award, and Department components awarding federal funds to otherwise eligible companies operating debarred facilities. The OIG made eight recommendations to improve the effectiveness of the Department's suspension and debarment program. The Department agreed with the recommendations.

- [Integrated Wireless Network](#). The OIG issued a follow-up report on the Department's progress toward implementing an Integrated Wireless Network (IWN) and found that, despite costing more than \$356 million over 10 years, the IWN program has not achieved the intended results and its success is doubtful. In response to our prior report, the Departments of Justice,

Treasury, and Homeland Security (DHS) revised an earlier agreement to jointly develop IWN in order to enhance the ability of federal law enforcement agencies to communicate with each other. This audit found that the IWN plan was never fully funded at a level to adequately attain program goals, resulting in multiple revisions to the plan and a significant reduction in the planned nationwide implementation. The OIG reported that the Department's law enforcement components are still using outdated and obsolete equipment, including radios with limited interoperability between the Department's components and with other law enforcement agencies, and are continuing to use legacy equipment that does not meet security encryption requirements. A significant portion of available funding continues to be spent only to maintain, rather than upgrade, these systems. The IWN program is also no longer a joint program, as DHS no longer actively participates and the Department of the Treasury's (Treasury) continued participation is uncertain. In addition, the Department remains noncompliant with the National Telecommunications and Information Administration's narrowbanding mandate even though compliance was to occur in 2008. The report made four recommendations to the Department, including the development of a detailed Interoperability Plan and improving oversight and responsibility for tactical communication purchases. The Department agreed with the recommendations.

- [DEA Aviation Operations](#). The OIG assessed the Drug Enforcement Administration's (DEA) aviation program and concluded that the DEA should be more strategic in using its aviation resources to ensure that its

Highlights of OIG Activities

priority cases receive sufficient support. The audit found that the DEA lacked a formal prioritization process for assigning aviation resources, and that an informal aviation support request and approval process gives Special Agent Pilots the discretion to approve or deny initial aviation support requests, thus creating the risk that priority requests would be informally rejected in favor of non-priority requests. Although the audit did not find any such instances, in two of the five DEA field locations the OIG visited, non-priority target operations received more aviation support than priority target operations. In addition, the audit found that the DEA was unable to fulfill many of the requests for aviation support resources, and was inconsistent and likely underreporting unfulfilled aviation support requests. The audit also identified certain DEA practices that could jeopardize the safety and security of DEA aviation personnel and assets. The OIG made 11 recommendations to assist the DEA in the management of its aviation operations. As of April 2012, the DEA concurred with 10 of the 11 recommendations and did not concur with the remaining recommendation.

- [FBI Aviation Operations](#). The OIG reviewed the Federal Bureau of Investigation's (FBI) aviation program and determined that the FBI generally used its aviation resources to ensure that priority cases received sufficient support. However, while FBI field divisions consider the FBI's national priorities and the most significant threats within geographic jurisdictions, processes for prioritizing the use of aviation resources varied among the field divisions visited by the OIG. The audit also found that the FBI was unable to fulfill many requests for aviation support. Between October 2009 and June 2010, field divisions reported that

there were numerous unaddressed requests for aviation support, 52 percent of which were due to the unavailability of flight crews, and another 14 percent of which were due to the unavailability of aircraft. FBI officials also indicated that there is a shortage of pilots at the agency, and that it has been difficult to recruit qualified Special Agents for pilot positions. As a result, the FBI has recruited non-agent pilots and taken an unconventional step of allowing Special Agents with flight credentials to fly for the FBI before first gaining experience as an investigator. The audit also revealed certain security and safety concerns within the FBI's aviation program. The OIG made 10 recommendations to assist the FBI in the management of its aviation operations. The FBI concurred with all 10 recommendations.

- [Sentinel VIII](#). The OIG reviewed the ongoing development of Sentinel, the FBI's new information and investigative case management system. The report found that while the FBI's transition to an Agile strategy has improved the process, concerns remain regarding whether Sentinel will remain within budget and meet its revised deployment date of May 2012. The FBI's development budget no longer includes 2 years of operations and maintenance activities after development concludes, which the FBI had planned originally. In addition, none of the functionality developed through the Agile approach has been released to the systems' users. One reason for the revised deployment date was the FBI's determination that its current hardware infrastructure was inadequate and that the purchase of new hardware was required. Because of the uncertainties associated with the FBI's decision to extend Sentinel's schedule and the newly planned procurement of additional computer hardware, the OIG remains

Highlights of OIG Activities

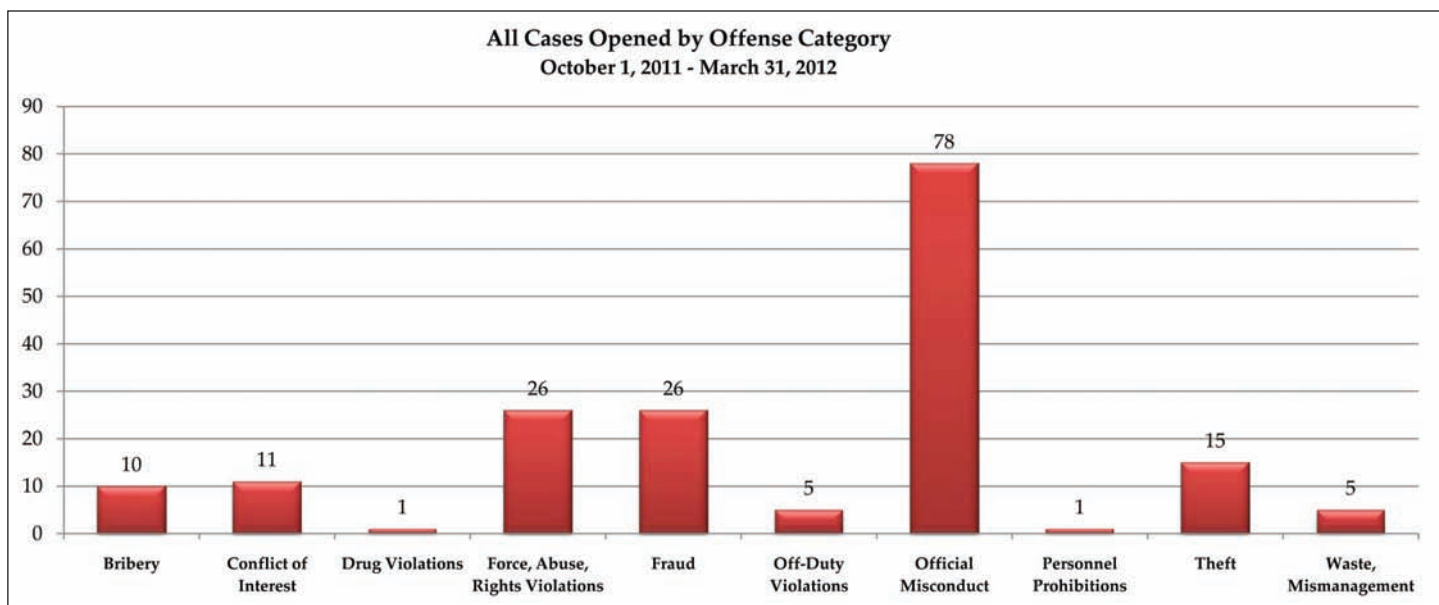
concerned about the FBI's ability to meet its planned May 2012 deployment date and to remain within its budget. The report made four recommendations to the FBI and the FBI concurred.

Investigative Highlights

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

- On January 27, 2012, a BOP warden pled guilty in the U.S. District Court for the Eastern District of Pennsylvania to charges of obstruction of justice, witness tampering, and false statements. In pleading guilty, the warden admitted to engaging in a series of actions in which he attempted to cover up the fact that an employee entered the BOP facility with an unauthorized firearm. The warden admitted to creating a false explanation about having previously given permission to the employee to bring the firearm into the facility, and he subsequently instructed the employee that if anyone were to ask him about the firearm incident, the employee should state that the warden had given him permission to bring the firearm into the institution. In addition, the warden admitted to directing other staff members not to report the incident to the BOP Office of Internal Affairs, and he made false statements to other staff and to his superiors at the BOP Regional Office. The investigation was conducted by the OIG's New Jersey Area Office.
- On November 1, 2011, a federal jury in the Southern District of New York found an FBI Special Agent guilty of making false statements to federal officials. The evidence at trial showed that in 2008, the Special Agent enlisted as an FBI source a woman who was the target of an identity theft case being prosecuted by the New York City Police Department (NYPD) and the Queens County District Attorney's Office, and at the same time lied that she was not the subject or target of any investigation. In addition, during his interview with the OIG, the FBI Special Agent falsely claimed that he had not known the source was under investigation when he signed her up, and that he did not begin a sexual relationship with her until after she was no longer an FBI source. The Special Agent was sentenced after the end of this reporting period to one year and one day of incarceration followed by one year of supervised release. He is no longer an FBI employee. This case was investigated by the OIG's New York Field Office.
- On February 28, 2012, a former executive director of Trinity Community Development and Empowerment Group, a non-profit entity in Brooklyn, New York, was sentenced in the Eastern District of New York pursuant to his guilty plea on a charge of wire fraud conspiracy. The former executive director was sentenced to 4 months' incarceration and ordered to pay restitution in the amount of \$856,545. In his guilty plea, he admitted to making a fraudulent mortgage application to acquire a building. He also admitted that he misused at least \$17,500 in Office of Justice Programs (OJP) grant funds and agreed to the administrative forfeiture of \$5,000 and unused New York City subway cards that he had obtained through the grant. This investigation was conducted by the OIG's New York Field Office and the FBI.

Highlights of OIG Activities



Source: Investigations Data Management System

- On January 19, 2012, a Deputy U.S. Marshal was arrested pursuant to an indictment returned in the Northern District of Illinois charging him with deprivation of civil rights and witness tampering. According to the indictment, the Deputy U.S. Marshal allegedly struck and caused bodily injury to handcuffed civilians and then attempted to persuade other law enforcement witnesses to withhold evidence. The case is being investigated by the OIG's Chicago Field Office.
- On December 1, 2011, a BOP contract licensed chemical dependency counselor was sentenced in the Western District of Texas pursuant to his conviction on charges of false statements. He was sentenced to 27 months' incarceration followed by 36 months of supervised release and ordered to pay \$95,000 in restitution. The evidence at trial showed that in 2009, the BOP contract counselor filed six separate false claims in which he knowingly made false representations to the BOP for reimbursement for family counseling services that he never provided to BOP inmates. The BOP terminated the contract with the counselor. The investigation was conducted by the OIG's Dallas Field Office.
- On January 24, 2012, the U.S. Attorney's Office for the District of New Jersey filed a 9-count civil complaint against the Women in Support of the Million Man March (WISOMMM) for misuse of federal grant funds. The complaint alleges that WISOMMM failed to use grant funding from OJP's Office of Juvenile Justice and Delinquency Prevention (OJJDP) as it had proposed. WISOMMM had received \$345,325 in grant funds from OJJDP. The complaint alleges that instead of serving the needs of at-risk youths in Essex County, New Jersey, WISOMMM used much of the grant money to fund its parent organization. In doing so, the complaint alleges that WISOMMM presented false claims, made false statements, and engaged in fraud. The OIG's New Jersey Area Office initiated this investigation based on the findings of a limited scope audit conducted by the OIG's Philadelphia Regional Audit Office.

Highlights of OIG Activities

- On February 28, 2012, an FBI Special Agent pled guilty in the Southern District of California to charges of conspiracy to commit wire fraud. The FBI Special Agent admitted that he conspired with his sister and the loan officer to make false statements on his mortgage loan applications in order to purchase property in California and he misrepresented his income and claimed that the residence would be occupied by the owner. The FBI Special Agent resigned from his position with the FBI following his guilty plea. His sister and the loan officer also pled guilty to charges of making false statements, and they both admitted that they made false statements to the OIG during the investigation. The case was investigated by the OIG's San Francisco Area Office.
- On January 20, 2012, the founder and former executive director of Looking for My Sister, a non-profit community organization, pled guilty to charges of theft of federal program funds in the Eastern District of Michigan. According to the plea agreement, the former executive director embezzled grant funds that Looking for My Sister received from the Department, including money from the STOP Violence Against Women Formula Grant, the Comprehensive Domestic Violence Grant, and an Office on Violence Against Women (OVW) grant. The former executive director used the money to purchase goods and services for herself and for her family members. In her plea agreement, she agreed to pay restitution in the amount of \$64,514.35 to the Department and \$18,618.50 to the Social Security Administration for benefits received to which she was not entitled. The investigation was conducted by the OIG's Chicago Field Office and the OIG's Chicago Regional Audit Office, with assistance from the Social Security Administration.
- On November 18, 2011, a BOP correctional officer assigned to the Federal Correctional Institution (FCI) in Texarkana, Texas, pled guilty to a charge of bribery. According to the statement of facts, the correctional officer accepted bribes from inmates in exchange for smuggling tobacco into the institution. She was sentenced in the Eastern District of Texas to 15 months' incarceration followed by 1 year of supervised release and ordered to forfeit \$22,300. The correctional officer resigned her employment with the BOP. The investigation was conducted by the OIG's Dallas Field Office and the FBI.
- On January 18, 2012, a BOP correctional officer pled guilty to a charge of sexual abuse of a ward in the Central District of California. In pleading guilty, the correctional officer admitted that she engaged in a sexual relationship, while on duty, with an inmate under her custodial supervision. The correctional officer resigned her position after she was interviewed by the OIG. The investigation was conducted by the OIG's Los Angeles Field Office.

Ongoing Work

The OIG continues its important ongoing work, including the following audits, evaluations, inspections, and special reviews:

- The Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) firearms trafficking investigation known as Operation Fast and Furious, and other investigations with similar objectives, methods, and strategies.
- The FBI's use of national security letters (NSL), Section 215 orders, and pen register and trap-and-trace authorities under the *Foreign Intelligence*

Highlights of OIG Activities

Surveillance Act of 1978 (FISA) from 2007 through 2009, and the FBI's progress in implementing previous OIG report recommendations regarding NSLs.

- The FBI's activities under Section 702 of the *FISA Amendments Act of 2008*.
- The Civil Rights Division's enforcement of civil rights laws by its Voting Section.
- The FBI's management of terrorist watchlisting nominations and encounters with watchlisted subjects, which includes evaluating the effectiveness of the FBI's initiatives to ensure the accuracy, timeliness, and completeness of its watchlisting practices.
- The FBI's Foreign Terrorist Tracking Task Force's (Task Force) strategy to locate and track suspected terrorists and their supporters, and Task Force coordination with law enforcement and intelligence agencies and other entities.
- The FBI's and National Security Division's (NSD) efforts to appropriately handle and coordinate shared responsibilities for identifying, investigating, and prosecuting terrorist-related financing activities.
- The Department's internal controls over its terrorism reporting to determine whether corrective actions implemented by the NSD, Executive Office for U.S. Attorneys (EOUSA), and the FBI have improved the components' abilities to gather, track, classify, verify, and report accurate terrorism-related statistics.
- The Department's efforts to address mortgage fraud, which includes reviewing component efforts to implement Department policy guidance, focusing on headquarters level programs and the coordination of components at the national level.
- The U.S. Marshals Service's (USMS) Witness Security Program, which will evaluate the USMS's efforts to ensure the safety of witnesses and USMS personnel, the USMS's ability to maintain operational effectiveness, and the USMS's internal controls over Witness Security Program-related financial activities.
- The Executive Office for Immigration Review's (EOIR) efforts to manage the pending caseload in its immigration courts.

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, U.S. Attorney's Office (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, Denver, Philadelphia, San Francisco, and Washington, D.C., areas, and a smaller area office in Dallas. 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, and Advanced Audit Techniques.

- **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 1, Operations 2, 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 map below shows the locations for the Audit and Investigations Divisions.



The OIG has a nationwide workforce of approximately 440 special agents, auditors, inspectors, attorneys, and support staff. For FY 2012, the OIG direct appropriation is \$84 million, and the OIG anticipates earning an additional \$4 million in reimbursements.

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

As required by Section 5 of the *Inspector General Act of 1978* (IG Act), as amended, this Semiannual Report to Congress is reviewing the accomplishments of the OIG for the 6-month period of October 1, 2011, through March 31, 2012.

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.

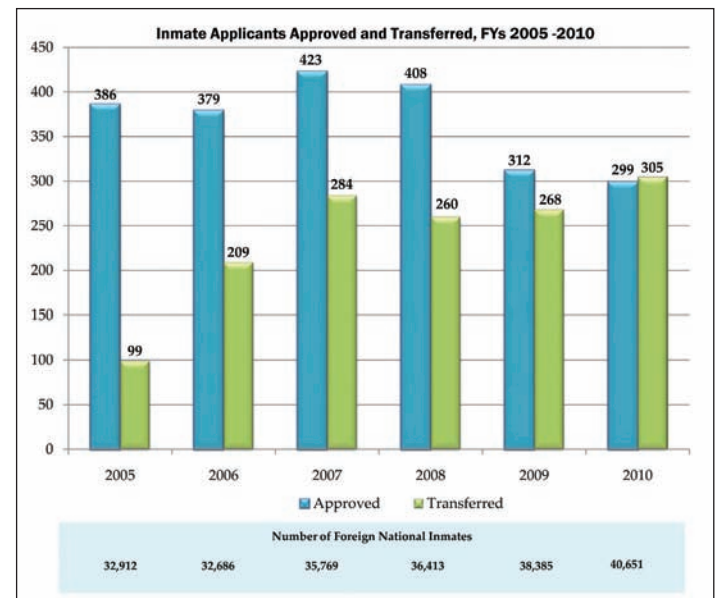


Reports Issued

International Prisoner Transfer Program

The OIG examined the Department's International Prisoner Transfer Program for foreign national inmates. The review found that while the treaty transfer program could help the Department reduce the BOP's prison population, reduce incarceration costs, and facilitate inmates' rehabilitation into society, few inmates are transferred. The program began in 1977, and although the United States currently has transfer agreements with 76 countries, few inmates from those countries are transferred out of the BOP's prisons. In FY 2010, for example, slightly less than 1 percent of the 40,651 foreign national inmates from treaty nations in BOP custody were transferred to their home countries (see figure). Overall, the BOP and the Criminal Division's IPTU rejected 97 percent of foreign national inmates' requests to transfer.

The OIG found several reasons for the low transfer rate, some of which are beyond the Department's control, such as the voluntary nature of the program and the unwillingness of treaty countries to take back all of the prisoners the Department approves for transfer. Despite those limitations, the OIG's review found there were steps the Department could take to increase the number of inmates transferred and



Source: BOP and IPTU data

to improve the timeliness of the transfer process. Making these changes could result in significant cost savings for the Department.

The BOP, which is responsible for explaining the program to foreign national inmates, does not do so effectively because of insufficient translation services. BOP case managers, who determine whether inmates are eligible for the program, sometimes make the determinations incorrectly, and they do not receive adequate training and oversight. When the BOP determines an inmate is eligible, it sends the inmate's application to IPTU, which evaluates whether the inmate is suitable for transfer. The

Multicomponent

OIG's review concluded that IPTU does not apply criteria consistently when evaluating inmates' suitability for transfer, which results in disparate treatment of inmates in similar circumstances.

For those inmates ultimately transferred through the program, untimely processing of their applications resulted in unnecessary incarceration costs. From FYs 2005 through 2010, the BOP and IPTU took an average of 269 days to evaluate applications for the 1,425 inmates transferred during this time period, 109 days longer than the expected processing time of 160 days. The combined additional incarceration costs incurred from FYs 2005 through 2010 due to BOP and IPTU delays in processing transferred inmates totaled about \$15.4 million. In addition, increasing the participation of eligible inmates in the program could allow the Department to achieve potentially significant savings. As of FY 2010, there were 39,481 inmates from treaty nations in BOP custody who had never applied for transfer to their home countries, some of whom may not have done so because they do not understand the program.

The OIG made 14 recommendations to help the Department improve its efforts to effectively manage the International Prisoner Transfer Program, including that the BOP provide information about the program in more languages, change its guidance to accurately reflect eligibility criteria, and establish a process for reviewing eligibility determinations made by its case managers. The OIG also recommended that the BOP and IPTU ensure delays in processing applications are minimized. The components concurred with the recommendations.

Integrated Wireless Network

The OIG issued a follow-up report examining the Department's progress made toward implementing an IWN. The OIG report found that, despite costing more than \$356 million over

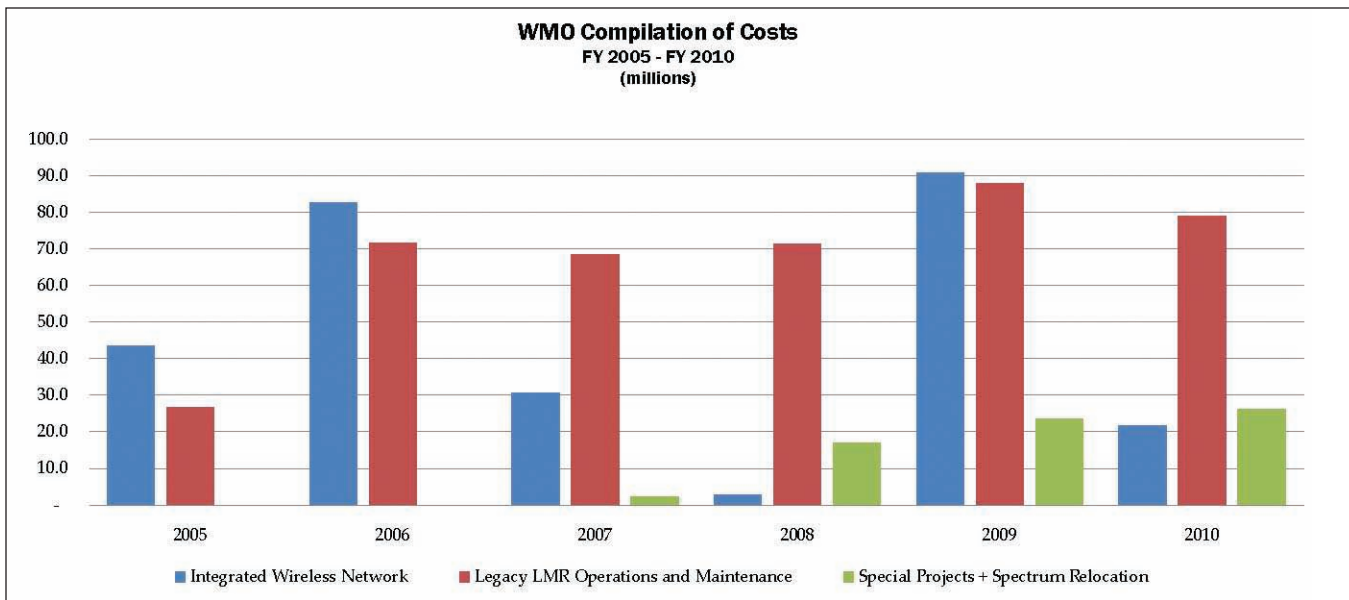
10 years, the IWN program has yet to achieve the results intended when the Department initially began developing the program, and its success is doubtful. The audit found that the IWN plan was never fully funded by Congress or by the Department at a level to adequately attain the goals of the program, resulting in multiple revisions to the plan and a significant reduction in the planned nationwide implementation.

The audit found that the Department's law enforcement components are still using outdated and obsolete equipment, including radios with limited interoperability between the Department's components and with other law enforcement agencies, and are continuing to use legacy equipment that does not meet security encryption requirements. Due to the age and condition of the existing communications systems, a large portion of available funding continues to be spent only to maintain, rather than upgrade, these systems. The failure of IWN could have significant adverse consequences for the safety of Department law enforcement officers because the Department's legacy communications systems have limited functionality, diminished voice quality, and weak security, making them vulnerable to hacking.

The program is also no longer a joint program, as the DHS is not an active participant in the IWN program implementation and the Treasury's continued participation is uncertain. The differences in approaches by the Department and DHS may result in communications systems that are not well coordinated, and they may be inadequate to serve the needs in future emergencies.

In addition, the Department is still noncompliant with the National Telecommunications and Information Administration's narrowbanding mandate even though compliance was to occur in 2008. While progress has been made in this area, the Department's inability to deploy IWN nationwide has affected the Department's

Multicomponent



Source: JMD Wireless Management Office

ability to comply with the narrowbanding requirement as well as encryption upgrades. The narrowband mandate and encryption upgrades were unfunded mandates that the Department planned to fulfill through the IWN program; however, the lack of adequate funding continues to prevent the Department's compliance.

The report made four recommendations to the Department, which were designed to improve management's development of an interoperability plan; accurately track, identify, and report IWN program costs; ensure management's oversight and responsibility for tactical communication purchases; and resolve the findings and recommendations of the Independent Verification and Validation Report. The Department agreed with the recommendations.

Administrative Suspension, Debarment, and Other Internal Remedies within the Department

The OIG examined the Department's implementation and oversight of administrative suspension, debarment, and other enforcement

tools designed to ensure that federal agencies only award federal funding to responsible parties. Suspensions and debarments are communicated to all government agencies' awarding officials through the General Services Administration's EPLS.

The audit reviewed approximately 700,000 awards made by all Department components from FYs 2005 through 2010 totaling approximately \$65.9 billion. Although the audit found that Department awarding officials have generally complied with the Federal Acquisition Regulation and the Code of Federal Regulations, the OIG identified 77 contracts and contract modifications totaling approximately \$15 million that were made to 6 separate suspended or debarred parties.

The audit found that the BOP made 75 of the 77 awards and that 61 of the BOP awards questioned went to 2 utility companies totaling \$15.4 million. Although these utility companies were not debarred at the time of the awards, both companies operated individual facilities that had been debarred from receiving federal funding, and the possibility existed that those utilities could be used to provide the contracted

Multicomponent

services to the BOP. The OIG found that the 77 awards were made as a result of delays in reporting suspension and debarment actions to the EPLS, the awarding official's failure to review the EPLS immediately prior to making an award, and Department components awarding federal funds to otherwise eligible companies operating debarred facilities.

The audit also found that the Department did not have a formal system to track the status of suspension and debarment referrals, and that the Department did not promptly or accurately communicate some of its debarment decisions to the EPLS, thus creating the potential for awards to be inadvertently made to suspended or debarred parties by awarding officials throughout the federal government. From FYs 2005 through 2010, Department components made 17 referrals for suspension or debarment involving 35 individuals and firms, resulting in 13 debarment actions against individuals or firms. During this period, Department components also used other internal enforcement tools, such as imposing additional conditions on high-risk grantees, with approximately 500 award recipients.

The OIG made eight recommendations to improve the effectiveness of the Department's suspension and debarment program and the Department concurred.

FY 2011 Compliance with the Improper Payments Information Act of 2002

The OIG issued a report examining the Department's FY 2011 compliance with the *Improper Payments Information Act of 2002*. The examination assessed the Department's compliance with Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*, and OMB

Circular A-136, *Financial Reporting Requirements*, pursuant to the *Improper Payments Information Act of 2002*, as amended by the *Improper Payments Elimination and Recovery Act of 2010*, for FY 2011. The OIG concluded that the Department complied, in all material respects, with the above mentioned requirements for FY 2011. The report did not contain any significant deficiencies¹ or recommendations that require corrective action and follow-up. However, the OIG identified two reporting matters that relate to: (1) ensuring all OMB-required fields pertaining to current year payment recapture activity are presented in future submissions, and (2) expanding the discussion of questioned costs as they relate to the identification and recapture of improper payments. These reporting matters do not materially affect the report and have been presented along with four recommendations to enhance future reporting of improper payments and recoveries. The Department agreed with the recommendations.

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 oversees and issues the reports based on the work performed by independent public accountants. During this reporting period, the OIG issued the audit report for the Department's Annual Financial Statements for FY 2011.

¹ A significant 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.

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The Department received an unqualified opinion¹ on its FYs 2011 and 2010 financial statements. This year, at the consolidated level the Department had no significant deficiencies noted in the *Independent Auditors' Report on Internal Control over Financial Reporting*. Although deficiencies were reported at some of the components, the consolidated auditors determined that none of the component level issues were material to the Department as a whole.

It is important to note that the Department still does not have a unified financial management system to readily support ongoing accounting operations and preparation of financial statements. As discussed in past years, the OIG believes the most important challenge facing the Department in its financial management is to successfully implement an integrated financial management system to replace the disparate and, in some cases, antiquated financial systems used by Department components.

In the FY 2011 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 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.

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. OMB issued guidance to agencies for the FY 2011 FISMA requirements. OMB instructed agency Chief Information Officers, Inspectors General, and Senior Agency Officials for Privacy to report FY 2011 FISMA results to OMB by November 15, 2011. The OIG provided OMB with this submission within the deadline.

The OIG issued separate reports this reporting period for its FY 2011 reviews of the Justice Management Division's (JMD) security program and JMD's Endpoint Lifecycle Management System. The OIG is finalizing its FY 2011 review of the individual security programs for five other Department components: the FBI, BOP, USMS, Criminal Division, and Tax Division. The OIG selected for review two classified systems within the FBI. In addition, the OIG is finalizing reviews for four sensitive but unclassified systems in the other components: the BOP's TrueFone System, USMS's Justice Prisoner and Alien Transportation System Management Information System, the Criminal Division's Justice Consolidated Office Network IIA, and the Tax Division's Tax Office Automation System. The OIG plans to issue separate reports evaluating each of these systems, as well as the overall security programs of the five remaining components.

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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 smaller 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.

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 44 single audit reports encompassing approximately 400 contracts, grants, and other agreements totaling more than \$229 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 related to the grant programs or properly allocated. In addition, some required financial and program reports were inaccurate or not filed in a timely manner, if at all. The state and local government auditors and independent public accounting firms who conducted the single audits also found examples of incomplete or missing records, 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.

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 the OIG's implementation of these responsibilities. In February 2012, the OIG issued its 20th report summarizing its Section

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1001 activities covering the period from July 1 to December 31, 2011. The report described the number of complaints the OIG received under this section and the status of investigations conducted by the OIG and Department components.

Ongoing Work

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. The review is examining 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.

Use of Material Witness Warrants

The OIG is reviewing the Department's use of the material witness warrant statute, 18 U.S.C. 3144. Pursuant to the OIG's responsibility under Section 1001 of the Patriot Act, the OIG is investigating whether the Department's post-September 11th use of the statute in national security cases violated civil rights and civil liberties. The OIG is also examining the Department's controls over the use of material witness warrants and trends in the use of material witness warrants over time, as well as issues such as length of detention, conditions of confinement, and access to counsel.

FBI and National Security Division Efforts to Coordinate and Address Terrorist Financing

The FBI and NSD share responsibility for identifying, investigating, and prosecuting terrorist-related financing activities. The OIG is examining whether the FBI and NSD are appropriately handling and coordinating these responsibilities.

Internal Controls over Terrorism Reporting

The OIG is conducting a follow-up audit of the Department's internal controls over its terrorism reporting and plans to issue three separate reports, one on each component's reporting of terrorism-related statistics. The audit will determine whether the NSD, EOUSA, and the FBI took appropriate actions to implement the recommendations from a 2007 OIG audit. The OIG is also reviewing whether corrective actions implemented improved the components' ability to gather, track, classify, verify, and report accurate terrorism-related statistics.

Statutory Debarment Activities within the Department

The OIG is conducting an audit of the Department's reporting and maintenance of statutory debarment actions. The audit objectives are to determine the extent that cases qualifying for statutory debarment are reported for inclusion in the EPLS by the litigating components of the Department, completeness and accuracy of records uploaded to the EPLS for statutory debarment actions maintained by the Department, and timeliness of reporting statutory debarment actions to the EPLS.

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Mortgage Fraud

The OIG is performing an audit of the Department's efforts to address mortgage fraud. Additionally, this audit will review component efforts to implement Department policy guidance, focusing on headquarters level programs and the coordination of components at the national level.

OCDETF Fusion Center

The OIG is reviewing the Organized Crime Drug Enforcement Task Forces (OCDETF) Fusion Center to assess the value of the center's analytical products to its law enforcement partners. The OIG is also reviewing the center's information sharing practices.

Ensuring Safe and Secure Non-Federal Detention Facilities

The OIG is conducting an audit of the Department's efforts to ensure safe and secure non-federal detention facilities. This audit originally focused on the Office of the Federal Detention Trustee's efforts, but was expanded to recognize the role of the USMS in achieving this same outcome.

Compassionate Release

The OIG is reviewing the Department's implementation of the statutory provisions that permit federal prisoners to be released before the completion of their sentences under certain extraordinary and compelling conditions.

Fees and Expenses of Witnesses

The appropriation of Fees and Expenses of Witnesses provides funding for costs associated with the provision of testimony on behalf of the federal government. The funds are centrally managed by JMD's budget staff and allocated

to the General Legal Activities account and the EOUSA for the administration of the costs associated with expert witnesses who provide technical or expert testimony. Expert witness compensation rates are evaluated and agreed to by the respective federal government attorney. Also, funds are provided at a statutory rate to fact witnesses who testify to events or facts of personal knowledge. The objectives of this audit are to determine the Department's compliance with applicable laws and regulations, assess internal controls over the Fees and Expenses of Witnesses funds, and evaluate efforts to minimize fees and expenses of witnesses.

Earmarks from the Crime Victims Fund

The Crime Victims Fund, administered by OJP's Office for Victims of Crime (OVC), was established by the *Victims of Crime Act of 1984* and is a major funding source for victim services throughout the U.S. Since 2007, the Crime Victims Fund has provided over \$113 million in crime victim funding to the USAOs and over \$66 million to the FBI to support over 300 positions at these agencies. These positions include victim witness coordinators at the USAOs who consult with victims of federal crimes, and FBI victim assistance specialists who notify victims of important case developments and proceedings and provide victims with information and referrals to local services. The audit objectives are to ensure funds from the Crime Victims Funds are completely and appropriately accounted for and determine whether funding and services provided to victims are in accordance with applicable guidelines and policies.

Reference Checking of Job Applicants

The OIG is reviewing the Department's process for checking the references of applicants. As part of the review, the OIG is analyzing policies and guidance from 39 of the Department's components and is focusing on those that

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concern attorney and Special Agent applicants because of the high levels of responsibility and potential security risks associated with these positions.

Components' Personnel Security Clearances

The OIG review is examining whether the Department effectively manages the security clearance process for its employees to meet component mission and security requirements. It is also assessing whether the Department and its components are meeting the timeliness and reciprocity requirements of the *Intelligence Reform and Terrorism Prevention Act of 2004*.

Contractors' Personnel Security Clearances

The OIG is reviewing whether the Department effectively manages the security clearance process for its contractors to meet component mission and security requirements. It will also assess whether the Department and its components are meeting the timeliness and reciprocity requirements of the *Intelligence Reform and Terrorism Prevention Act of 2004*.

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 35,600 employees in 56 field offices located in major cities throughout the United States and Puerto Rico, nearly 380 resident agencies in smaller cities and towns across the nation, and more than 60 international offices in U.S. embassies worldwide.



Reports Issued

Sentinel VIII

The OIG issued its eighth report examining the FBI's ongoing development of Sentinel – which is intended to be the FBI's new information and investigative case management system. This report examined the current status of the Sentinel project and found that the FBI's transition to a software development process using an Agile strategy has improved the process. However, concerns remain regarding the FBI's abilities to deliver Sentinel within its budget and to meet its revised deployment date of May 2012.

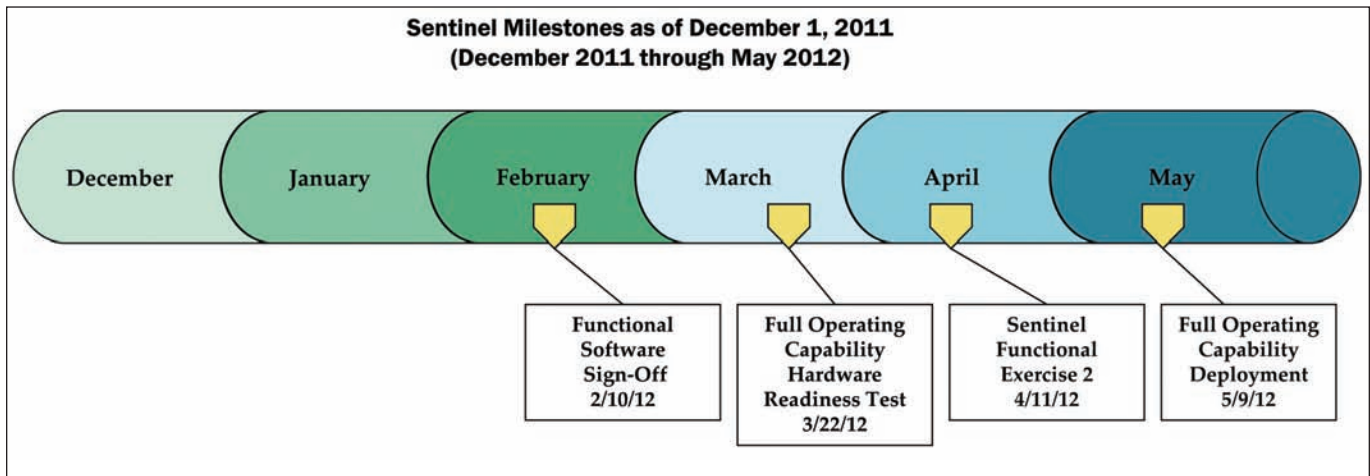
The audit found that, as of August 2011, the FBI was spending at a slower rate; however, the FBI's development budget no longer included 2 years of operations and maintenance activities after development concludes, for which the FBI had planned originally. This review also found that the FBI's planned deployment date was September 2011 and was extended twice during the period of this review, first to January 2012 and finally to May 2012. Additionally, none of the functionality developed through the Agile approach had been released to the systems' users at the time of this report.

One reason for the delay in the planned deployment date was due to problems encountered during a test exercise of Sentinel in October 2011 wherein the FBI determined that its current hardware infrastructure was inadequate and it would need to purchase new hardware. The review also found that, as of August 2011, the FBI had neither finalized its revisions to Sentinel's 7-year-old requirements nor could the FBI supply us with details concerning expected changes to the system requirements.

Because of the uncertainties associated with the FBI's December 2011 decision to extend Sentinel's schedule and the newly planned procurement of additional computer hardware, the OIG remains concerned about the FBI's ability to meet its planned May 2012 deployment date and to remain within its \$451 million budget.

The report made four recommendations to the FBI designed to improve the FBI's methods for identifying potential flaws at an earlier stage in system development projects and to improve the transparency of the Sentinel project to

Federal Bureau of Investigation



Source: OIG analysis of FBI data

internal and external oversight entities. The FBI concurred with the recommendations.

Aviation Operations

The OIG examined the FBI's aviation program, which supports enforcement operations, crisis response activities, and the transport of evidence, equipment, and personnel when necessary. The audit determined that the FBI generally used its aviation resources to ensure that priority cases received sufficient support. The OIG found that when deciding how to prioritize the use of its limited aviation resources, FBI field divisions consider the FBI's national priorities and the most significant threats in an office's geographic jurisdiction, along with the safety of the operation and other mission-related factors.

However, the FBI's processes for prioritizing the use of aviation resources varied among the field divisions visited by the OIG. The audit found that certain procedures used at FBI field offices did not ensure consideration of all surveillance operations when deciding the use of aviation resources. These procedures created a risk that all matters might not be considered for aviation support in these offices.

The OIG also found that the FBI was unable to fulfill many requests for aviation support.

Between October 2009 and June 2010, field divisions reported that there were numerous unaddressed requests for aviation support, 52 percent of which were due to the unavailability of flight crews, and another 14 percent of which were due to the unavailability of aircraft. Yet, the FBI did not always record the specific reason for flight crew or aircraft unavailability. The OIG recommended that the FBI capture more complete and consistent data relating to these unaddressed requests for aviation support by, for example, tracking all instances where aviation support would have been beneficial to a surveillance operation and recording more specifically whether aircraft unavailability was due to maintenance or another reason.

FBI officials also indicated that there is a shortage of pilots at the agency and that it has been difficult to recruit qualified Special Agents for pilot positions. As a result, the FBI has recruited non-agent pilots and has taken an unconventional step of allowing Special Agents with flight credentials to fly for the FBI before first gaining experience as an investigator. The OIG recommended that the FBI review the results of the non-agent pilot hiring program to determine whether it helps to alleviate the pilot shortage and ensure that new Special Agents with significant flying experience are given the opportunity to maintain their flight qualifications.

Federal Bureau of Investigation

The audit also revealed certain security and safety concerns within the FBI's aviation program, such as the failure of some FBI pilots to consistently complete the mandatory pre-flight risk assessment forms before take-off, as required by FBI policy. The OIG made 10 recommendations to assist the FBI in the management of its aviation operations and the FBI concurred with the recommendations.

Integrity and Compliance Program

The OIG examined the FBI's Integrity and Compliance Program, which was implemented in 2007 to proactively identify, analyze, and mitigate compliance risks with respect to FBI policy, training, monitoring, and operations. The program helps FBI executives and the managers of the FBI's 53 major programs to address compliance risks that affect both the FBI as a whole and individual programs.

The OIG found that through the Integrity and Compliance Program, the FBI is implementing risk reduction strategies throughout the Bureau that have begun to reduce the risk of legal non-compliance. Since its inception, the Integrity and Compliance Program has identified 206 FBI-wide potential risk indicators and 112 program-level risks. In addition, the FBI has taken steps to reduce risk by implementing mitigation plans for 13 FBI-wide risks and 16 program-level risks.

The OIG review, however, identified several areas for improvement in the Integrity and Compliance Program to enhance its effectiveness and sustainability. The OIG made five recommendations regarding enhancing awareness within the FBI; using risk assessment methodologies, including a specific set of criteria; increasing involvement by FBI Assistant Directors in risk mitigation; and establishing annual reporting requirements to assess the Integrity and Compliance Program's accomplishments and areas for improvement. The FBI concurred with these recommendations and has begun implementing them.

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 the [San Francisco Police Department Criminalistics Laboratory](#) in San Francisco, California, (Laboratory) to determine the Laboratory's compliance with the FBI's Quality Assurance Standards and National DNA Index System (NDIS) participation requirements. Additionally, the OIG evaluated whether the Laboratory's DNA profiles in CODIS databases were complete, accurate, and allowable for inclusion in NDIS. The OIG audit found that the Laboratory was not in compliance with NDIS security requirements for transporting state server back-ups off-site on a monthly basis and Quality Assurance Standards pertaining to preventing laboratory access by unauthorized personnel. In addition, of the 100 forensic profiles sampled, the OIG found 7 profiles to be unallowable and the Laboratory removed these from NDIS. The OIG audit also concluded that the Laboratory was not fully participating in NDIS as it was not fully adhering to the NDIS DNA Data Acceptance Standards, which require that analysis on all 13 core loci (the 13 specific locations on a DNA sample) be attempted for forensic unknown profiles. The audit made two recommendations to address the Laboratory's compliance with standards governing CODIS activities. The FBI responded that it is working with the Laboratory to implement the recommendations.

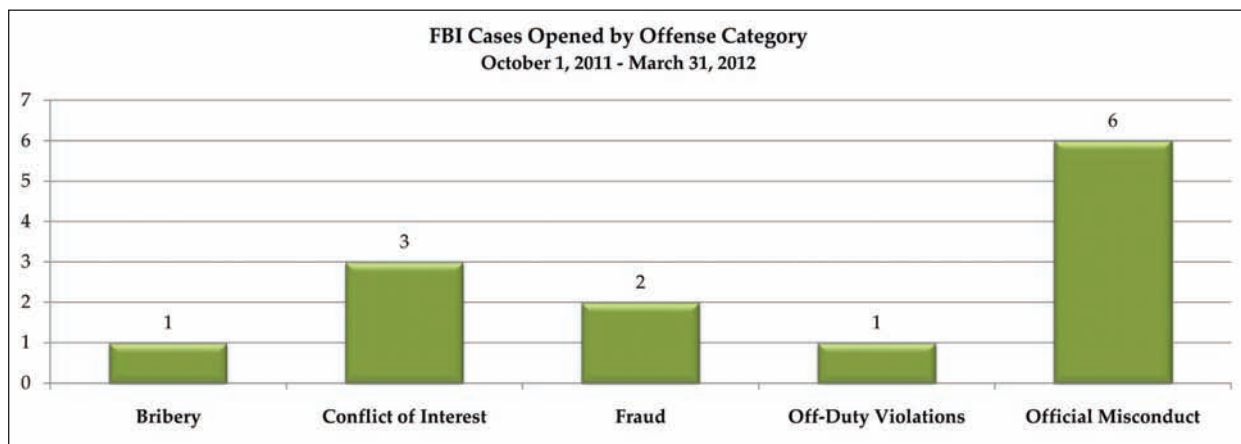
Federal Bureau of Investigation

Investigations

During this reporting period, the OIG received 779 complaints involving the FBI. The most common allegations made against FBI employees were official misconduct, waste and mismanagement, and off-duty violations. Most 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 13 investigations and referred 42 allegations to the FBI's Inspection Division for action or investigation. At the close of the reporting period, the OIG had 43 open criminal or administrative investigations of alleged misconduct related to FBI employees. The criminal investigations covered a wide range of offenses, including official misconduct and off-duty violations. The administrative investigations involved serious allegations of misconduct.

evidence at trial showed that in 2008, the Special Agent enlisted as an FBI source a woman who was the target of an identity theft case being prosecuted by the NYPD and the Queens County District Attorney's Office and at the same time lied that she was not the subject or target of any investigation. In addition, during his interview with the OIG, the FBI Special Agent falsely claimed that he had not known the source was under investigation when he signed her up, and that he did not begin a sexual relationship with her until after she was no longer an FBI source. The Special Agent was sentenced after the end of this reporting period to one year and one day of incarceration followed by one year of supervised release. He is no longer an FBI employee. This case was investigated by the OIG's New York Field Office.



Source: Investigations Data Management System

The following are examples of cases involving the FBI that the OIG investigated during this reporting period:

- On November 1, 2011, a federal jury in the Southern District of New York found an FBI Special Agent guilty of making false statements to federal officials. The
- On February 28, 2012, an FBI Special Agent pled guilty in the Southern District of California to charges of conspiracy to commit wire fraud. The FBI Special Agent admitted that he conspired with his sister and the loan officer to make false statements on his mortgage loan applications in order to purchase property in California, and he

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misrepresented his income and claimed that the residence would be occupied by the owner. The FBI Special Agent resigned from his position with the FBI following his guilty plea. His sister and a civilian loan officer also pled guilty to charges of making false statements, and they both admitted that they made false statements to the OIG during the investigation. The case was investigated by the OIG's San Francisco Area Office.

- In the September 2011 *Semiannual Report to Congress*, the OIG reported on an investigation that led to the guilty plea of an FBI Supervisory Senior Resident Agent on charges of making false statements. The Supervisory Senior Resident Agent admitted that in 2010 he prepared a false evidence inventory and receipt form claiming that he had removed cash seized in a drug investigation in 2009 from FBI evidence and then placed it back into evidence at a local drug task force office. He admitted that he forged the signatures of two law enforcement officers as witnesses of the alleged transfer of cash on the evidence inventory and receipt form. During this reporting period, the Supervisory Senior Resident Agent was sentenced in the Central District of Illinois to 5 months' incarceration, 5 months' home confinement, and 2 years' supervised release, and was ordered to pay \$43,643 in restitution. The Supervisory Senior Resident Agent is no longer an FBI employee.

Ongoing Work

Management of Terrorist Watchlist Nominations and Encounters with Watchlisted Subjects

The OIG is continuing its audit of the FBI's management of terrorist watchlist nominations

and encounters with watchlisted subjects. In FYs 2008 and 2009, the OIG conducted two audits related to the FBI terrorist watchlist nomination practices. In these audits, the OIG found that the FBI's procedures for processing terrorist nominations were, at times, inconsistent and insufficient, causing watchlist data used by screening agencies to be incomplete and outdated. The OIG also found that the FBI failed to nominate for watchlisting many subjects of its terrorism investigations, did not nominate many others in a timely manner, and did not update or remove watchlist records as required. As a result of these reviews, the FBI reported that it had undertaken several initiatives and implemented new processes and guidelines to enhance its watchlisting system.

The objectives of the OIG's ongoing audit are to assess the impact of recent events on the FBI's watchlisting system, evaluate the effectiveness of the initiatives recently implemented by the FBI to ensure the accuracy, timeliness, and completeness of the FBI's watchlisting practices, including watchlist nominations, modifications, and removals; and to determine whether the FBI is appropriately managing terrorist-related information obtained through the encounter process.

Activities Under Section 702 of the FISA Amendments Act of 2008

Section 702 of the *Foreign Intelligence Surveillance Act Amendments Act of 2008* (Act) authorizes the targeting of non-U.S. persons reasonably believed to be outside the United States for the purpose of acquiring foreign intelligence information. As required by the Act, the OIG is reviewing 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

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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, Section 215 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 NSLs and Section 215 orders for business records. This review is assessing the FBI's progress in responding to the OIG's recommendations in its first and second reports on the FBI's use of NSLs and its report on the FBI's improper use of exigent letters and other informal means to obtain telephone records. Also, a focus of this review is the NSL subsystem, an automated workflow system for NSLs that all FBI field offices and Headquarters divisions have been required to use since January 1, 2008, and the effectiveness of the subsystem in reducing or eliminating noncompliance with applicable authorities. The current review is also examining the number of NSLs issued and 215 applications filed by the FBI between 2007 and 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 FISA.

DNA Forensic Lab Backlog Follow-up

The OIG is conducting a follow-up audit of the FBI's forensic DNA case backlog. The audit will evaluate the status of the implementation of a laboratory information management system and progress towards a Department-wide laboratory information management system. It will also examine the effect of outsourcing agreements on the overall DNA forensic casework backlog and assess any impending external factors that may impact the ability of the forensic DNA units to maintain their workload.

Foreign Terrorist Tracking Task Force

The OIG is performing an audit of the FBI's Task Force to determine if the FBI has implemented a viable Task Force strategy to locate and track suspected terrorists and their supporters, and if the Task Force's coordination with law enforcement and intelligence agencies, as well as other outside entities, has enhanced its abilities. The audit will also look at whether the FBI has appropriately managed terrorist-related information maintained by the Task Force.

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 the OIG's 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.

Sentinel

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.

FBI Relationship with the Council on American-Islamic Relations

The OIG is reviewing interactions between FBI field offices and the Council on American-Islamic Relations (CAIR). The review will determine if these interactions were in compliance with FBI policy and guidance that restricts certain interactions with CAIR.

Federal Bureau of Prisons

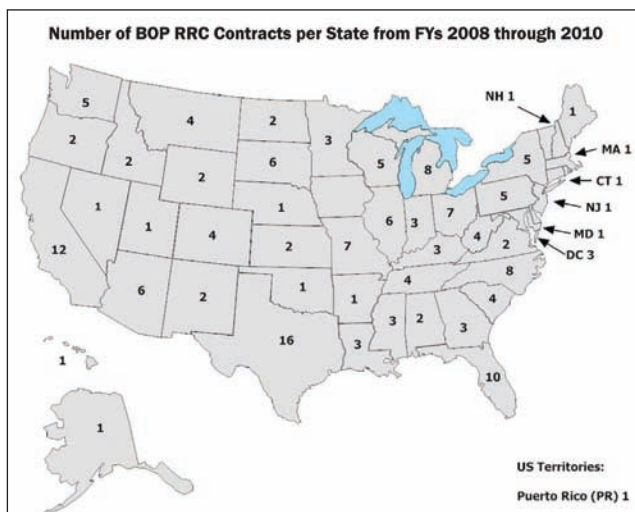
The BOP operates a nationwide system of prisons and detention facilities to incarcerate individuals imprisoned for federal crimes and detain those awaiting trial or sentencing in federal court. The BOP has approximately 38,000 employees and operates 117 institutions, 6 regional offices, a central office (headquarters), 2 staff training centers, and 22 community corrections offices. The BOP is responsible for the custody and care of approximately 217,000 federal offenders. Approximately, 82 percent of these inmates are confined in BOP-operated facilities, while the remainder is confined in privately managed or community-based facilities and local jails.



Reports Issued

Residential Re-entry Centers Contracting and Management

The OIG issued a report on BOP's contracting for and management of Residential Reentry Centers (RRCs), which are used to transition federal inmates into communities prior to release from incarceration. During FYs 2008 through 2010, the BOP used 92 contractors to operate 177 RRCs throughout the United States.



Source: BOP

The OIG audited six of these private facilities and found that although they substantially complied with the BOP's requirements, each had deficiencies in areas related to testing inmates for substance abuse, collecting inmate subsistence payments, reporting inmate escapes, and disciplining inmates. The OIG also found deficiencies in the BOP's monitoring of RRCs. For example, 30 percent of inmates sampled were not administered all of the BOP's required monthly drug tests, and one RRC was not meeting the BOP's requirement that all inmates returning to the facility from unsupervised activities be administered breathalyzer tests.

In addition, three of the six RRCs substantially failed to comply with BOP's subsistence payment collection, documentation, and reporting requirements. The BOP requires inmates to make regular subsistence payments to promote inmates' financial responsibility and these payments help defray the cost of inmates' confinement. The RRCs, which are responsible for collecting the subsistence payments, are required to reduce their billings

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to the BOP by the amount collected. Although the RRCs' inadequate documentation prevented a comprehensive review of subsistence payments from FYs 2008 through 2010, the OIG's limited review found that the three RRCs failed to collect \$82,553 in required subsistence payments, and failed to report \$4,756 in collected subsistence to the BOP. Together, these failures resulted in the three RRCs overbilling the BOP by \$87,309. The BOP's monitoring of the RRCs did not detect these deficiencies.

The OIG audit also identified deficiencies relating to inmate accountability. For example, the audit found that the RRCs did not have escape reports for 19 percent of inmates reported as escapees. Further, once an escape report was received from one of the six RRCs, the average amount of time BOP officials took to report the escape to the USMS was over 15 hours. In addition, the audit found that 92 percent of inmates who returned from authorized absences more than 1 hour late did not receive documented disciplinary action from the RRCs. The audit also found that the RRCs did not formally discipline 20 percent of inmates who returned more than 2 hours late and for whom the RRCs had no documented reason for the delay. The OIG made 10 recommendations to the BOP to strengthen the operation, administration, and monitoring of the RRC program and the BOP concurred with the recommendations.

Audit of Medical Services Contract

During this reporting period, the OIG audited an approximately \$100 million medical services contract awarded to the [University of Texas Medical Branch](#) (UTMB) at the FCC in Beaumont, Texas (FCC Beaumont). The medical services contract awarded to FCC Beaumont is currently the only one of its kind. Since 1996, UTMB has been awarded the medical services contract three consecutive times. The OIG found that UTMB did not always submit proper invoices to FCC Beaumont and had not paid all of its employees the proper wage

determination rates. The audit also questioned \$4,277 in overpayments due to FCC Beaumont's inadequate verification or authorization. The OIG report made six recommendations to the BOP to ensure that UTMB adequately complies with federal contracting regulations and that the BOP remedy questioned costs and comply with its policies and procedures regarding invoices and payments. The BOP agreed with the recommendations.

Investigations

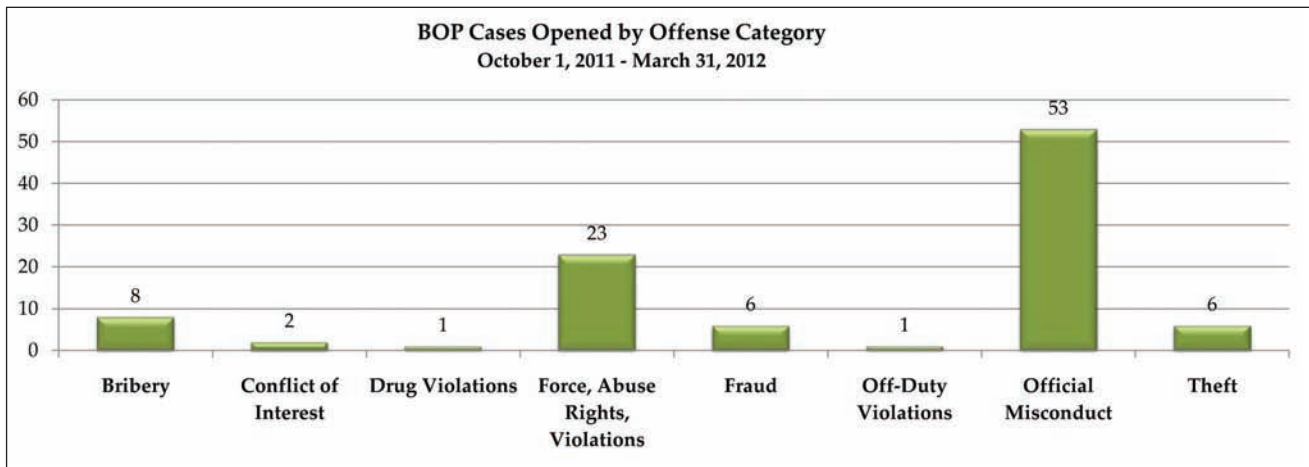
During this reporting period, the OIG received 3,494 complaints involving the BOP. The most common allegations made against BOP employees included official misconduct; and force, abuse, and rights violations. The vast majority of complaints dealt with non-criminal issues that the OIG referred to the BOP's Office of Internal Affairs for its review.

During this reporting period, the OIG opened 100 investigations and referred 22 allegations to the BOP's Office of Professional Responsibility (OPR) for action or investigation. At the close of the reporting period, the OIG had 179 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 (see chart on next page).

The following are examples of cases involving the BOP that the OIG investigated during this reporting period:

- On January 27, 2012, a BOP warden pled guilty in the U.S. Court for the Eastern District of Pennsylvania to charges of obstruction of justice, witness tampering, and false statements. In pleading guilty, the warden admitted to engaging in a series of actions in which he attempted to cover up the fact that a federal detention center (FDC) employee entered the FDC with an unauthorized firearm.

Federal Bureau of Prisons



Source: Investigations Data Management System

The warden admitted to creating a false explanation about having previously given permission to the employee to bring the firearm into the facility, and he subsequently instructed the employee that if anyone were to ask him about the firearm incident, the employee should state that the warden had given him permission to bring the firearm into the institution. In addition, the warden admitted to directing other staff members not to report the incident to the BOP Office of Internal Affairs, and he made false statements to other staff and to his superiors at the BOP Regional Office. The investigation was conducted by the OIG's New Jersey Area Office.

- On December 1, 2011, a BOP contract licensed chemical dependency counselor was sentenced in the Western District of Texas pursuant to his conviction on charges of false statements. He was sentenced to 27 months' incarceration followed by 36 months of supervised release and ordered to pay \$95,000 in restitution. The evidence at trial showed that in 2009, the BOP contract counselor filed six separate false claims in which he knowingly made false representations to the BOP for reimbursement for family counseling services that he

never provided to BOP inmates. The BOP terminated the contract with the counselor. The investigation was conducted by the OIG's Dallas Field Office.

- On November 15, 2011, a BOP inmate housed at the FDC located in Miami, Florida, was sentenced in the Southern District of Florida to 50 months' incarceration on false statements charges, and 3 years' supervised release. The evidence presented at trial showed that the inmate lied to investigators about an alleged sexual assault by a correctional officer at the FDC. Specifically, the inmate falsely accused a correctional officer of repeatedly sexually assaulting her, and she presented a DNA sample and identified a correctional officer. DNA analysis, however, showed that the sample was not that of the accused correctional officer, but rather the sample matched the DNA of the inmate's boyfriend. This investigation was conducted by the OIG's Miami Field Office and the FBI Miami Division.
- On November 18, 2011, a BOP correctional officer assigned to the FCI in Texarkana, Texas, pled guilty to a charge of bribery. According to

Federal Bureau of Prisons

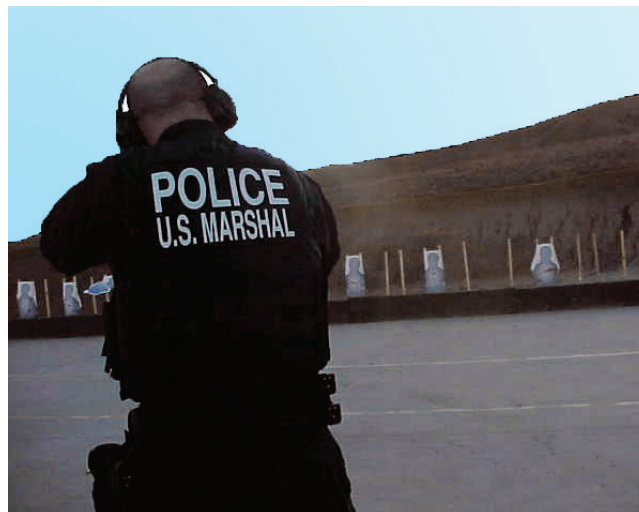
the statement of facts, the correctional officer accepted bribes from inmates in exchange for smuggling tobacco into the institution. She was sentenced in the Eastern District of Texas to 15 months' incarceration followed by 1 year of supervised release and ordered to forfeit \$22,300. The correctional officer resigned her employment with the BOP. The investigation was conducted by the OIG's Dallas Field Office and the FBI.

- On January 18, 2012, a BOP correctional officer pled guilty to a charge of sexual abuse of a ward in the Central District of California. In pleading guilty, the correctional officer admitted that she engaged in a sexual relationship, while on duty, with an inmate under her custodial supervision. The correctional officer resigned her position after she was interviewed by the OIG. The investigation was conducted by the OIG's Los Angeles Field Office.
- On January 6, 2012, a BOP correctional officer was sentenced in the Northern District of Texas to 2 years' incarceration followed by 1 year of supervised release pursuant to his guilty plea on bribery charges. According to the statement of fact, the correctional officer accepted approximately \$17,000 in monetary bribes from nine different inmates for smuggling contraband, including tobacco, alcohol, and creatine, into the prison. The correctional officer resigned his employment with the BOP following his OIG interview. The investigation was conducted by the OIG's Dallas Field Office.
- On January 30, 2012, a customer service representative for a company that supplied products and services to federal government agencies pled guilty to charges of unauthorized use of access devices. According to the statement

of facts in support of the guilty plea, the customer service representative admitted that in 2009, she compromised 7 procurement credit cards that belonged to BOP employees and then used these cards to make unauthorized internet purchases totaling at least \$16,000. The customer service representative was terminated from her employment. The case was jointly investigated by the OIG's Tucson Area Office and the FBI's Tucson Office.

U.S. Marshals Service

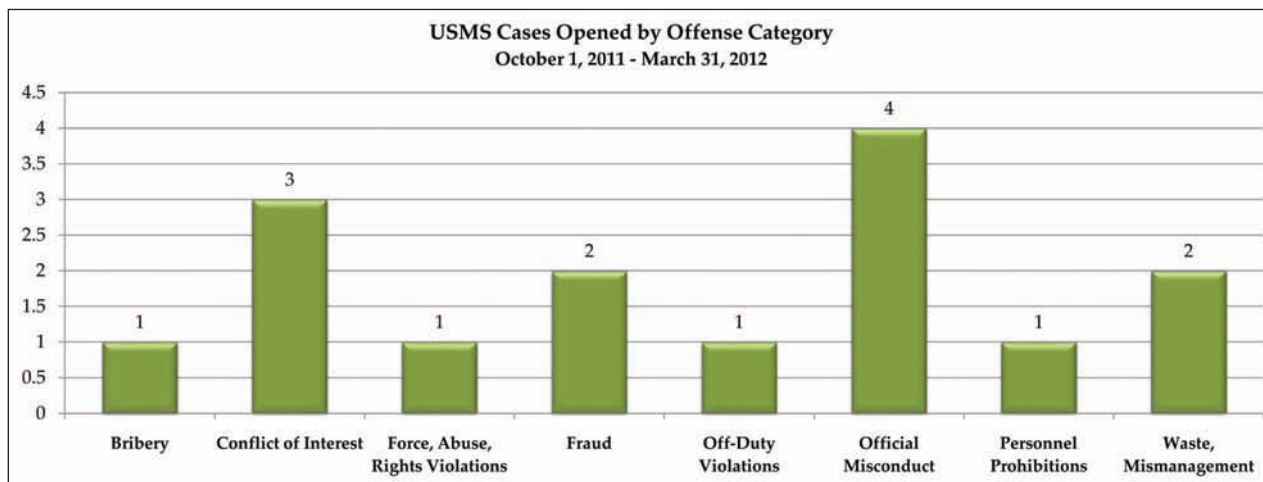
The USMS is responsible for ensuring the safe and secure conduct of judicial proceedings; protecting more than 2,000 federal judges and approximately 5,250 other court officials at more than 400 court facilities while providing security systems at nearly 900 facilities; arresting federal, state, and 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 5,675 employees at 316 locations throughout the 50 states, Guam, Northern Mariana Islands, Puerto Rico, U.S. Virgin Islands, Mexico, Jamaica, and the Dominican Republic.



Investigations

During this reporting period, the OIG received 275 complaints involving the USMS. The most common allegation made against USMS employees was official misconduct. 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 15 investigations. At the close of the reporting period, the OIG had 25 open cases of alleged misconduct against USMS employees.



Source: Investigations Data Management System

U.S. Marshals Service

The following is an example of a case involving the USMS that the OIG investigated during this reporting period:

- On January 19, 2012, a Deputy U.S. Marshal was arrested pursuant to an indictment returned in the Northern District of Illinois charging him with deprivation of civil rights and witness tampering. According to the indictment, the Deputy U.S. Marshal allegedly struck and caused bodily injury to handcuffed civilians and then attempted to persuade other law enforcement witnesses to withhold evidence. The case is being investigated by the OIG's Chicago Field Office.

Ongoing Work

Procurement Activities

The OIG is reviewing the USMS's policies and practices for procuring goods and services. 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 procurement actions; whether USMS internal controls ensure adequate oversight of procurement activities; and whether the USMS properly manages vendors to ensure procurement requirements are met and contractor billings are accurate and complete.

Financial Management of District of Columbia Superior Court

The U.S. Marshal for the District of Columbia Superior Court performs the same functions as other USMS district offices and carries out several activities including serving civil and small-claims bench warrants, collecting various court and administration fees, and executing court-ordered evictions. In this audit, the OIG is reviewing the USMS's financial policies

and procedures, how the USMS incurred and tracked expenditures, as well as how the USMS accounted for and safeguarded its assets, including monies it collected as fees for court-related services for FYs 2009 through 2011.

Witness Security Program

The federal government's Witness Security Program is administered through three Department entities: the Criminal Division's Office of Enforcement Operations, the BOP, and the USMS. The objectives of this audit are to evaluate the USMS's efforts to maintain adequate security to ensure the safety of Witness Security Program's witnesses and USMS personnel, the USMS's ability to maintain operational effectiveness, and the USMS's internal controls over Witness Security Program-related financial activities.

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 9,900 employees staffing its 21 division offices in the United States and 85 foreign offices in 65 countries.

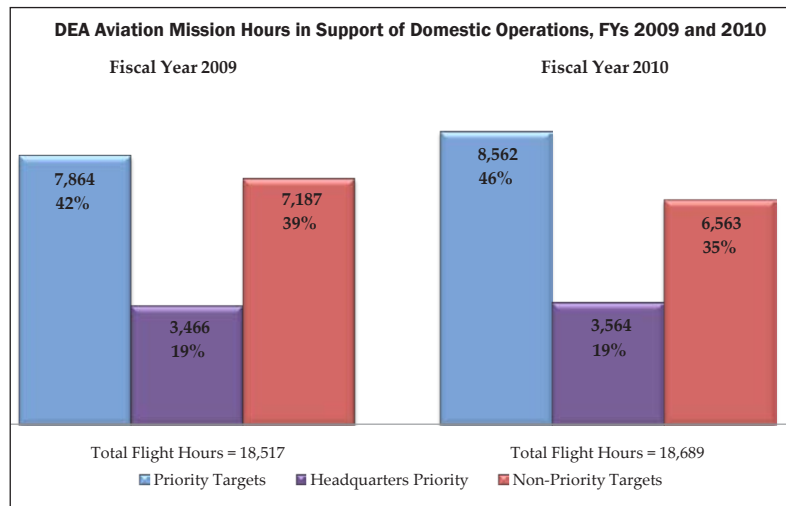


Reports Issued

Aviation Operations

The OIG examined the DEA's aviation program, which supports surveillance and enforcement operations, conducts reconnaissance missions, and transports in a timely manner evidence, equipment, and personnel.

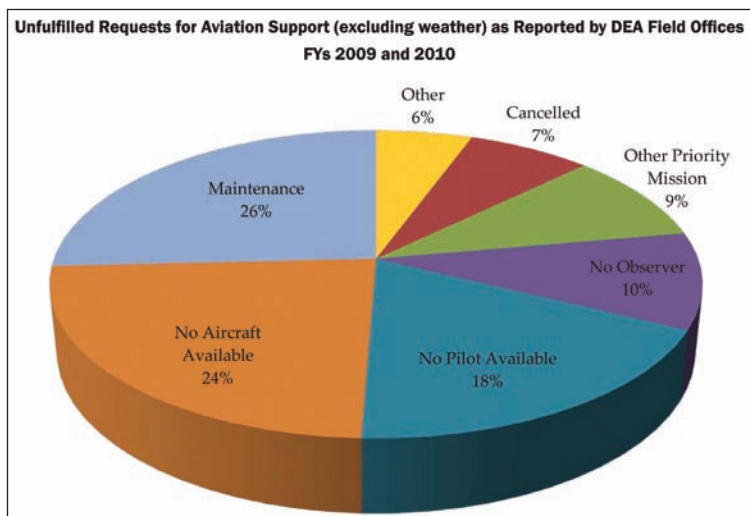
For FYs 2009 and 2010 the DEA categorized 20 percent of its investigations as priority cases, and the audit found that these cases received over 60 percent of the DEA's aviation support during this timeframe. However, the DEA did not always use its aviation resources to support its highest priority operations because of an informal aviation support request and approval process that gives Special Agent Pilots the discretion to approve or deny initial aviation support requests and the lack of a formal prioritization process for assigning aviation resources. In two of the five DEA field locations visited, the OIG found that non-priority target operations received more aviation support than priority target operations. The audit concluded that the DEA should utilize its aviation resources more strategically in order to ensure that its priority cases receive sufficient support.



Source: DEA Aviation Division

The OIG also found that the DEA was unable to fulfill many of the requests for aviation support resources. The DEA field offices reported that there were 1,139 aviation support requests in FYs 2009 and 2010 that were not fulfilled because of an unavailable aircraft, pilot, or observer. These unfulfilled aviation requests were in addition to those that were not fulfilled due to weather conditions. The audit also determined that the DEA was inconsistent and likely underreporting the number of, and the reasons for, unfulfilled aviation support requests. Without accurate and complete information on unfulfilled requests for aviation support, the DEA is not able to properly assess the demands on its limited aviation resources, and project its future aviation resource needs.

Drug Enforcement Administration



Source: DEA

Further, the OIG audit identified certain DEA practices that could jeopardize the safety and security of DEA aviation personnel and assets. For example, while DEA aircraft are maintained and operated in covert locations across the United States, the OIG found that in many of these locations DEA aircraft are stored in hangar spaces shared with commercial organizations or private individuals.

The audit also identified an additional safety concern regarding the lack of a requirement that Special Agent Pilots complete a formal pre-flight risk assessment prior to take off. In its response to the report the DEA stated that its Special Agent Pilots perform a thorough pre-flight procedure that incorporates a risk assessment but the DEA does not require the Special Agent Pilots to document this assessment. The OIG concluded that by not requiring formal documentation of the pre-flight risk assessments, the DEA has no way to ensure such assessments are being conducted consistently and on a regular basis.

The OIG made 11 recommendations to assist the DEA in the management of its aviation operations, including that the DEA enhance its aviation support request procedures and prioritization efforts, better utilize unfulfilled aviation request data to help maximize its

limited aviation resources, and improve the safety measures designed to protect aviation personnel and assets. As of April 2012, the DEA concurred with 10 of the 11 recommendations and did not concur with the remaining recommendation.

Resource Management

An OIG audit examined how the DEA allocates and assesses the use of personnel resources in line with its established priorities, the number of DEA personnel allocated and utilized on various types of narcotics-related investigations, and the number and types of cases investigated by the DEA. The audit focused on the DEA's management of its domestic field divisions' and headquarters' personnel resources.

The OIG determined that the DEA could improve its overall strategic evaluation and planning for personnel resources allocated to its domestic field divisions. While the audit found that the DEA employed a flexible, subjective process for allocating new personnel resources, the OIG determined that the DEA had not performed an organization-wide examination of existing domestic field division resources since 2002. The OIG found that the DEA routinely reviews its foreign workforce, which results in proposed enhancements and reductions of staffing levels throughout its foreign offices, but it has not done similarly with respect to the DEA's domestic workforce. The DEA began a "rightsizing" initiative for domestic field divisions in 2008. However, the audit determined that this initiative was only an information gathering effort and did not yield a comprehensive look at whether resources are allocated appropriately among field divisions.

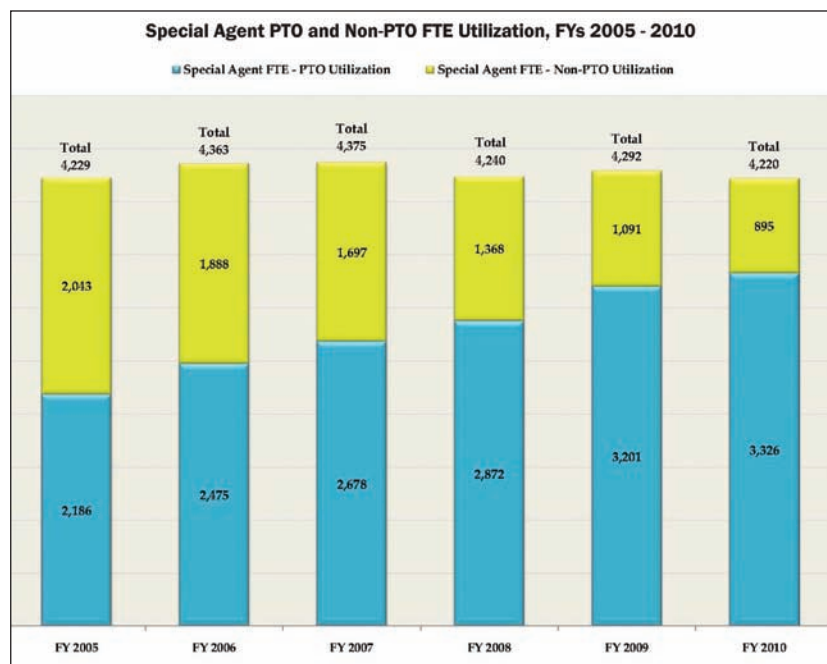
The audit found that while the DEA has increased the personnel resources it is devoting to Priority Target Organizations (PTO) it has not adequately evaluated its level of effort expended on investigating different types of PTOs. The

Drug Enforcement Administration

OIG determined that the DEA increased its use of Special Agents on PTO investigations from 52 percent in FY 2005 to 79 percent in FY 2010. However, the DEA does not identify what percentage of its PTO agent work hours are spent on specific categories of major drug trafficking organizations.

detailed PTO workforce statistics and the level of effort expended on specific drug threats. The DEA eventually concurred with all six recommendations.

Audit of DEA Contract



Source: OIG analysis of DEA work hour reporting system data

The OIG also found that the DEA does not routinely analyze its data to determine and analyze the level of enforcement effort expended with respect to specific drug threats, such as cocaine and methamphetamine, because the agency's focus is on drug trafficking organizations. However, the OIG concluded that analyzing data with respect to specific drugs, in addition to analyzing data related to drug trafficking organizations, would enable the DEA to evaluate its operational performance in line with identified drug threats nationally and locally.

The OIG made six recommendations to assist the DEA, including that the DEA conduct a comprehensive, strategic examination of its domestic field division personnel resources, and establish methods to analyze more

During this reporting period, the OIG audited the DEA's administration of a more than \$24 million indefinite delivery-indefinite quantity contract for linguistic services provided by [SOS International, Ltd. \(SOSi\)](#) to DEA's Dallas Field Division, from May 2005 to October 2010. The audit determined that SOSi did not provide all the information required on invoices, language proficiency tests were sometimes missing or expired, the Contracting Officer's Technical Representative (COTR) had not reviewed the contractor's Quality Control Plan, and Monthly Administrative Reports were not done. In addition, SOSi did not comply with 7 of 12 Quality Control

Plan requirements that were evaluated. These deficiencies included SOSi's failure to provide security background updates, prepare and submit Monthly Administrative Reports, hold and document regular meetings with the COTR, and perform worksite inspections. Overall, the OIG questioned \$934,144 in unsupported costs due to lack of language proficiency certifications and identified \$45,000 in funds to better use. The report made 10 recommendations to assist the DEA in monitoring contractor compliance with the terms and conditions of the contract and ensuring the efficiency and effectiveness of the contract. These recommendations included implementing procedures to ensure linguists have been properly certified, ensuring that only certified linguists work under the contract, and verifying that the Contracting Officer fully monitors the activities of the COTR. The DEA agreed with the recommendations.

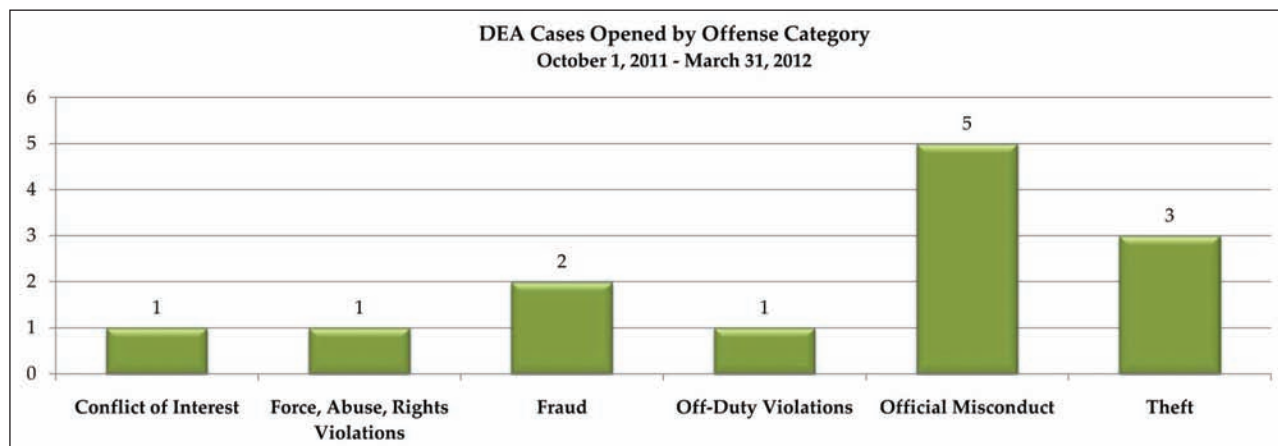
Drug Enforcement Administration

Investigations

During this reporting period, the OIG received 348 complaints involving the DEA. The most common allegations made against DEA employees included official misconduct, and waste and mismanagement. 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 13 and referred 10 allegations to the DEA's OPR for action or investigation. At the close of the reporting period, the OIG had 24 open cases of alleged misconduct against DEA employees. The most common allegations were official misconduct and theft.

plea, the Special Agent admitted to possessing images and videos of child pornography on his personal computer hard drives. He was sentenced to 7 months' incarceration followed by 5 years of supervised released and ordered to register as a sex offender. The DEA Special Agent resigned his employment with the DEA. This investigation was conducted by the OIG's New York Field Office.



Source: Investigations Data Management System

The following is an example of a case involving the DEA that the OIG investigated during this reporting period:

- In the September 2010 *Semiannual Report to Congress*, the OIG reported that an investigation led to the arrest of a DEA Special Agent, assigned to the New York Field Division, on charges of possession of child pornography. During this reporting period, the Special Agent was sentenced in the Southern District of New York pursuant to his guilty plea to charges of possession of child pornography. In his guilty

Ongoing Work

Adoptive Seizure Process

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. 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. Seizure 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.

Bureau of Alcohol, Tobacco, Firearms and Explosives

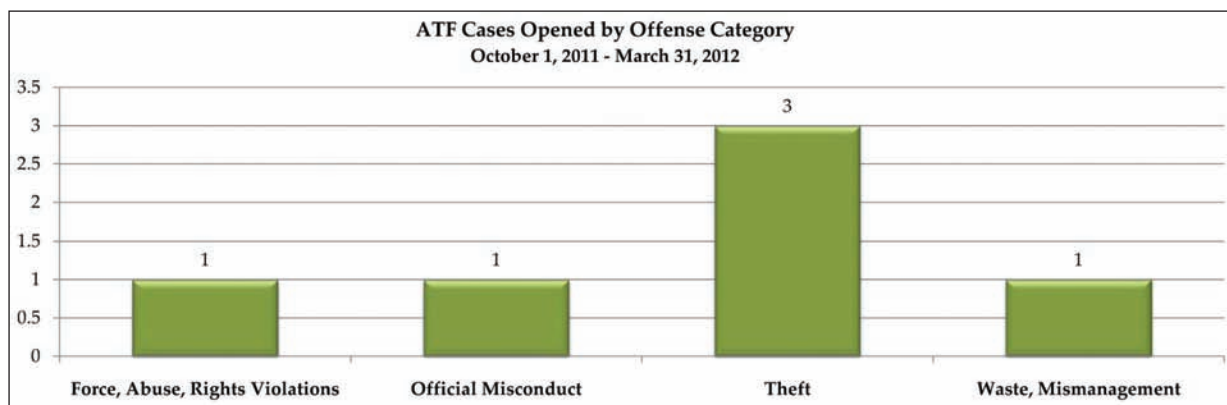
ATF's 5,100 employees enforce federal criminal laws and regulate the firearms and explosives industries. ATF investigates violent crimes involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products. ATF also provides training and support to its federal, state, 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 a Regional Firearms Advisor based in San Salvador serving El Salvador, Guatemala, Nicaragua, Panama, Belize, Honduras, and Costa Rica.



Investigations

During this reporting period, the OIG received 212 complaints involving ATF personnel. The most common allegations made against ATF employees were waste and mismanagement and official misconduct. 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 six cases and referred six allegations to ATF's OPR for action or investigation. At the close of the reporting period, the OIG had 13 open criminal or administrative investigations of alleged misconduct related to ATF employees. The criminal investigations include off-duty violations.



Source: Investigations Data Management System

Bureau of Alcohol, Tobacco, Firearms and Explosives

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

- In the September 2010 *Semiannual Report to Congress*, the OIG reported on an investigation that resulted in the arrest of an ATF Special Agent pursuant to an indictment charging him with drugs, firearms, and money laundering offenses. The ATF Special Agent pled guilty to conspiring to distribute methamphetamine. During this reporting period, he was sentenced in the Northern District of Oklahoma to 21 months' imprisonment followed by 60 months' supervised release. The Special Agent resigned his employment from the ATF. This case was investigated by the OIG's Dallas Field Office and the FBI.

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. The OIG also seeks to determine whether ATF ensures that proceeds from income-generating undercover operations are properly allocated at the conclusion of the operations.

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 initiates administrative actions on licensed dealers that violate federal firearms laws and regulations.

Explosives Industry Program

The OIG is reviewing whether ATF's Explosives Industry Program complies with the *Safe Explosives Act* requirement to inspect all explosives license and permit holders at least once every 3 years and whether ATF analyzes information the program gathers to improve the program.

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), NIJ, OJJDP, and OVC – as well as the Community Capacity Development Office and the Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking. In this section, the report discusses OJP's oversight of grant funds awarded through the regular appropriations process and the OIG's 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, the OIG conducted nine audits of external OJP recipients. Summaries of findings from some of these audits follow.

- The OIG audited \$3,454,668 in congressionally mandated grant funding awarded by BJA to [MountainTop Technologies, Inc.](#) (MountainTop) to help improve the ability of law enforcement agencies in southwestern Pennsylvania to fight crime. The OIG determined that MountainTop was in material non-compliance with essential grant requirements because it did not adequately monitor grant subrecipients and exercised poor budget management and control. As a result, the OIG found the grant funds were not spent by the subrecipients according to grant requirements and questioned \$3,335,583 in grant expenditures, or about 97 percent of the total grant award. The OIG made eight recommendations to OJP, including that it remedy questioned costs and ensure that MountainTop develop appropriate grant performance measures and improve monitoring of subrecipients. OJP concurred with the recommendations.
- The OIG audited a \$138,130 grant awarded to the [New York Agency for Community Affairs](#) (NYACA) for providing student leadership training and sustaining the efforts of the Association of Community Organizations for Reform Now

Office of Justice Programs

(ACORN) Youth Union. The OIG found that NYACA did not fully comply with the essential grant requirements in the areas tested. These deficiencies included internal control weaknesses, unsupported grant expenditures, weaknesses in budget management and control, lack of contractor monitoring, inadequate grant reporting, and deficiencies with the program's overall performance. Because of these findings, the OIG questioned \$138,129, or 100 percent, of the grant funds NYACA expended. The audit made 11 recommendations to OJP, including that it remedy the unsupported costs and ensure that NYACA develop and implement appropriate policies and procedures to effectively perform grant-funded activities. OJP concurred with the recommendations.

- The OIG audited \$1,015,733 awarded to [Coconino County, Arizona](#), under the Southwest Border Prosecution Initiative (SWBPI), which reimburses applicants for eligible costs associated with qualifying criminal cases. The OIG found that Coconino County claimed and was reimbursed for cases that were ineligible under the SWBPI guidelines and identified \$856,610 in questioned costs for 198 cases that were not federally initiated and 9 cases reimbursed in excess of allowed costs. The audit recommended that OJP remedy the questioned costs. OJP agreed with the recommendations.
- The OIG audited a \$963,580 cooperative agreement awarded to [Epsilon Lambda Electronics Corporation](#) (Epsilon) to research and develop a prototype for a concealed weapons detector. The audit found that Epsilon did not fully accomplish the objective of the cooperative agreement and identified weaknesses in Epsilon's

internal controls. The audit identified \$178,917 in questioned costs due to Epsilon's insufficient documentation to support personnel, contract, and other expenditures reimbursed by the grant. The OIG recommended, among other items, that OJP remedy the questioned costs, review Epsilon's progress reports to assess the changes in project scope, and ensure that Epsilon implements proper internal controls for appropriately administering any additional funds. OJP concurred with the recommendations.

- The OIG audited \$1,601,265 in SWBPI funding awarded to the [State of Arizona](#) from FYs 2006 through 2011. In addition, the OIG audited SWBPI funding that was approved but not yet reimbursed totaling \$83,367 for FY 2009. The OIG found that the State of Arizona claimed and was reimbursed for cases that were ineligible under the SWBPI guidelines, including cases that were submitted in the wrong period, investigated or prosecuted concurrently, not yet disposed, and submitted in the wrong reimbursement category. As a result, the OIG identified \$105,459 in questioned costs. OJP agreed with the OIG's recommendations to remedy these questioned costs.
- The OIG audited SWBPI funding totaling \$891,077 received by [Dallas County, Texas](#), from FYs 2007 through 2008, and for FY 2010. The audit found that Dallas County claimed and was reimbursed for cases that were ineligible under the SWBPI guidelines. Examples of these cases include those that were claimed under pretrial detention using excess detention days, investigated or prosecuted concurrently, not supported by the master case listing, missing case file or jail information, not federally initiated, and submitted in the wrong quarter or in the wrong reimbursement category. As a result,

Office of Justice Programs

the auditors identified questioned costs totaling \$469,395 and funds to better use totaling \$51,154. The OIG made 16 recommendations to OJP to remedy questioned costs and funds to better use. OJP concurred with the recommendations.

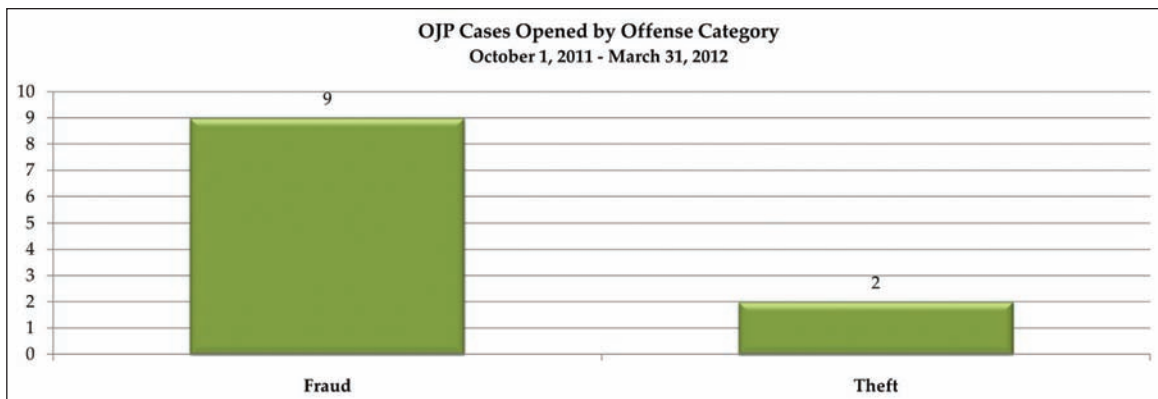
Investigations

During this reporting period, the OIG received 32 complaints involving OJP. The most common allegation made against OJP employees, contractors, or grantees was fraud.

During this reporting period, the OIG opened 11 cases. At the close of the reporting period, the OIG had 25 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.

conspiracy. The former executive director was sentenced to 4 months' incarceration and ordered to pay restitution in the amount of \$856,545. In his guilty plea, he admitted to making a fraudulent mortgage application to acquire a building. He also admitted that he misused at least \$17,500 in OJP grant funds and agreed to the administrative forfeiture of \$5,000 and unused New York City subway cards that he had obtained through the grant. This investigation was conducted by the OIG's New York Field Office and the FBI.

- On January 24, 2012, the U.S. Attorney's Office for the District of New Jersey filed a 9-count civil complaint against the WISOMMM for misuse of federal grant funds. The complaint alleges that WISOMMM failed to use grant funding from OJP's OJJDP as it had proposed. WISOMMM had received \$345,325 in



Source: Investigations Data Management System

The following are examples of cases involving OJP that the OIG investigated during this reporting period:

- On February 28, 2012, a former executive director of Trinity Community Development and Empowerment Group, a non-profit entity in Brooklyn, New York, was sentenced in the Eastern District of New York pursuant to his guilty plea on a charge of a wire fraud

grant funds from OJJDP. The complaint alleges that instead of serving the needs of at-risk youths in Essex County, New Jersey, WISOMMM used much of the grant money to fund its parent organization. In doing so, the complaint alleges that WISOMMM presented false claims, made false statements, and engaged in fraud. The OIG's New Jersey Area Office initiated this investigation based on the findings of a limited scope audit conducted by the OIG's Philadelphia Regional Audit Office.

Office of Justice Programs

- In the September 2011 *Semiannual Report to Congress*, the OIG reported on an investigation in which a retired naval officer was found guilty by a jury in the U.S. District Court for the District of Columbia for filing a false claim with the September 11th Victim Compensation Fund and stealing approximately \$151,000 from the government. The evidence at trial showed that the retired naval officer was stationed at the Pentagon on September 11, 2001, and claimed that he was injured during the terrorist attack on the building. He claimed the injuries that he suffered prevented him from playing competitive lacrosse and doing home improvement work. The evidence showed that the retired naval officer continued to play competitive lacrosse, ran the New York City Marathon in November 2001, and falsified documents submitted to the Victim Compensation Fund. During this reporting period, the retired Naval Officer was sentenced to 41 months' incarceration, followed by 3 years of supervised release, and ordered to pay restitution of \$151,000. The investigation was conducted by the OIG's Fraud Detection Office.
- On October 21, 2011, a recipient of OJP grant funds and its executive director were issued formal suspension notices from the Senior Procurement Executive at JMD and proposed for debarment from contracting with any federal agency and from receiving any federal grants. An investigation by the OIG's New Jersey Area Office and the Philadelphia Regional Audit Office found that the grantee was unable to substantiate over \$500,000 in payments received from OJP; did not have an adequate inventory control system in place to track and safeguard grant-funded equipment; did not provide accurate and timely financial status and progress reports related to the

grants; did not comply with minimum cash-on-hand requirements for draw downs of program funds; and did not collect appropriate performance data for grant-funded programs.

Ongoing Work

OJJDP Award to the National Council on Crime and Delinquency

The OIG is reviewing an OJP award made to the National Council on Crime and Delinquency (NCCD) to support Office of Juvenile Justice and Delinquency Prevention research. Specifically, the award provides funding for NCCD's project on "Evaluating the Effectiveness of the Juvenile Detention Alternatives Initiative to Decrease Disproportionate Minority Contact and Detention of Status Offenders." The audit objectives are to determine whether the award was made fairly and appropriately, and determine whether NCCD has any actual or potential conflicts of interest that may adversely affect its performance under the award.

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.

Office of Community Oriented Policing Services

Reports Issued

Audits of COPS Grants



COPS provides funding 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 this reporting period, the OIG audited four COPS grants totaling \$1,385,532 awarded to the [Crow Tribe of Indians](#) (Tribe)



from 2005 to 2009. The purpose of the grants was to further develop the Tribal justice system, increase the visibility of law enforcement, develop community partnership programs, create jobs, and increase community policing capacity. The audit found that the Tribe had deficiencies in its internal controls and financial and operating policies and procedures, resulting in unallowable and unsupported expenditures, improperly monitored equipment, and the Tribe's failure to adequately monitor a contractor. The audit report made 20 recommendations to COPS for management improvements and remedying \$533,353 in questioned costs. COPS agreed with these recommendations.

Investigations

The following is an example of a case that the OIG investigated during this reporting period:

- On December 14, 2011, a former chief of police was arrested pursuant to an information filed in the Eastern District of Michigan. The information charged

Other Department Components

the former police chief with making a fraudulent claim for a federal grant because he submitted an application allegedly containing false statements on behalf of the police department in relation to a COPS Hiring Recovery Program grant. After the end of this reporting period, the chief of police was found guilty at a bench trial of submitting false claims for a federal grant. Sentencing is scheduled in August 2012. The chief of police resigned from the police department. The investigation was conducted by the OIG's Detroit Area Office.

Criminal Division

Reports Issued

Office of Overseas Prosecutorial Development, Assistance and Training and the International Criminal Investigative Training Assistance Program

The OIG examined the Criminal Division's management of the International Criminal Investigative Training Assistance Program (ICITAP) and Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT). During the audit review period, ICITAP had active programs in 37 countries designed to assist foreign governments in the development of professional and transparent law enforcement institutions, and OPDAT operated field offices in 31 foreign countries to assist foreign prosecutors and judicial personnel in developing and sustaining effective criminal justice institutions.

The audit examined the relationships ICITAP and OPDAT have with the non-Department agencies that provide nearly all of the programs'

funding, as well as ICITAP's and OPDAT's management and administrative practices related to travel, non-travel expenditures, and security. The OIG determined that, from 2008 through 2011, ICITAP and OPDAT had strained relationships with their primary funder, the U.S. Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL). The OIG found that the parties did not agree on which agency's rules applied when funds were used, or about to whom the allocated funds actually belonged. The OIG also determined that INL typically did not provide significant notice to ICITAP and OPDAT of the likelihood, amount, or timing of new and renewed funding, seriously compromising ICITAP's and OPDAT's ability to make long-term program plans and personnel retention decisions.

In addition, the audit found problems relating to ICITAP's and OPDAT's funding agreements that caused additional stress on the programs' relationships with INL. The OIG's review of these agreements determined that: (1) the financial and program reporting requirements contained in ICITAP's and OPDAT's funding agreements with INL were inconsistent; (2) ICITAP and OPDAT did not always comply with requirements contained in those agreements; and (3) the parties did not agree on a template for future funding agreements.

The OIG also identified issues of concern related to travel by ICITAP and OPDAT employees, who frequently travel outside the United States to conduct program-related work. These issues included travel authorizations submitted after travel began, travel vouchers submitted prior to travel or after the applicable deadline, and irregularities in the use of and justifications for premium class air travel. The audit found that expenditures by ICITAP and OPDAT for non-travel related expenses were generally allowable and adequately supported, and did not identify any systemic issues relating to the physical security of ICITAP's and OPDAT's offices and documents or to the processing of background investigations and security clearances for the programs' contractors and employees.

Other Department Components

The OIG made six recommendations to assist ICITAP and OPDAT in continuing to improve their relationships with INL and to enhance their oversight of employee travel and other expenditures. The Criminal Division concurred with the recommendations.

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 equitable sharing revenues received by three law enforcement agencies. The results of these audits follow.

- The [Fairfax County Police Department](#) (FCPD), in Virginia, received more than \$1,270,000 from July 2008 through June 2010 in equitable sharing funds. The audit found that overall the FCPD adequately accounted for Department equitable sharing revenues received in this period, and found that for those funds that were tested, expenditures were appropriately documented and used for law enforcement purposes. However, the FCPD did not update a Department log to account for the receipt of these funds. The OIG recommended that the Criminal Division require the FCPD to use its log to reconcile periodically actual receipts to outstanding sharing requests. The Criminal Division eventually concurred with the recommendation.
- The [Mesa County Sheriff's Office](#) (MCSO) Equitable Sharing Program

Activities received more than \$1,872,998 in equitable sharing proceeds and assets. During the audit period, the MCSO spent \$900,734 in equitable sharing funds primarily to enhance and support law enforcement capabilities of the MCSO and task force member agencies. However, the audit identified weaknesses with the allowability of purchases made with equitable sharing funds, recordkeeping related to equitable sharing requests and expenditures, and reconciliation of equitable sharing funds requested with those received. As a result, the audit questioned a total of \$78,351. The OIG made six recommendations to assist the Criminal Division in improving the equitable sharing program at MCSO and to remedy the unallowable costs. The MCSO agreed with most of the OIG's recommendations, but this report remains unresolved.

- The [Kentucky State Police](#) (KSP) received \$893,353 in equitable sharing revenues and property valued at \$64,785 to support law enforcement operations during FY 2010. The OIG found that the KSP did not return to its Asset Forfeiture Fund or report on interest income (\$33,478) that was earned on Department equitable sharing funds, incorrectly categorized the purchase of a police canine, and omitted \$6,704 in restitution on its 2010 Certification Report. The audit also found a difference of \$32,273 between the transferred shared asset values and the KSP inventory records. Further, the OIG identified four unallowable transactions, totaling \$1,192 that were remedied during the audit. Lastly, although the KSP expended over \$1.3 million in Department federal asset forfeiture funds during FY 2010, these funds were not included in the Commonwealth of Kentucky's Statewide Single Audit for the year

Other Department Components

ended June 30, 2010. The audit made six recommendations to assist the Criminal Division to improve the equitable sharing program at the KSP.

Executive Office for Immigration Review

Ongoing Work

Administration of Immigration Courts

The OIG is examining EOIR's 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.

U.S. Attorneys' Offices

Ongoing Work

USAO and EOUSA Discipline Systems

The OIG is examining the effectiveness of the discipline system used by USAOs and EOUSA in investigating allegations of misconduct and disciplining employees who are found to have committed misconduct. This is the sixth in a series of reviews assessing Department components' discipline systems.

EOUSA's Laptop Encryption Program and Practices

Given the nature and scope of the U. S. Attorneys' and EOUSA's work, the data

maintained on their computers are extremely sensitive. The objective of this audit is to determine whether EOUSA complies with Department policy regarding the use of whole disk encryption on employee, contractor, and subcontractor laptops that process Department sensitive and classified information; and laptop encryption procedures for contractors and subcontractors.

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 recipients include state and local governments, universities, non-profit agencies, and for-profit agencies. During this reporting period, the OIG conducted four audits of OVW grant recipients. Examples of results from some of these audits are summarized below:

- The OIG audited \$1,985,252 in OVW grant funds awarded to the [Coeur d'Alene Tribe](#) (Tribe) for the operation of the Coeur d'Alene STOP Violence Against Indian Women Program. The OIG audit identified internal control weaknesses, which resulted in unsupported indirect costs and unallowable grant expenditures. Specifically, the audit identified expenditures that exceeded approved budgets, transactions charged to budget categories that were not included in the approved budgets, and compensation of an unapproved position. The report

Other Department Components

made four recommendations to the OVW and questioned \$184,871. The OVW concurred with the recommendations.

- The OIG audited \$2,149,404 in grants awarded to the [Oklahoma Office of the Attorney General](#) (OKAG) to create an automated statewide victim protection order and notification system. In addition to inaccuracies in payroll ledgers and financial statement reports, the audit found unsupported transactions and questioned \$102,594. The OIG made six recommendations to the OVW to remedy questioned costs and ensure that the OKAG implements appropriate policies and procedures to comply with the grant requirements. The OVW agreed with the recommendations.
- The OIG audited a \$1,589,352 grant awarded to [Legal Aid of Western Ohio, Inc.](#) (LAWO), to enhance victim safety for rural areas in cases of domestic violence, dating violence, sexual assault, stalking, and child sexual abuse. LAWO contracted with its affiliate, Advocates for Basic Legal Equality, Inc., (ABLE) to provide administrative services, including accounting, finance, human resources, information management, and resource development. However, the OIG audit identified internal control weaknesses in services provided by ABLE and determined that LAWO did not adequately monitor its affiliate. The OIG made two recommendations to the OVW in order to ensure that LAWO implement procedures to ensure that appropriate bank reconciliations are performed by ABLE and that LAWO increase its monitoring of ABLE's accounting operations done on its behalf. The OVW agreed with the recommendations.

Investigations

The following are examples of cases that the OIG investigated during this reporting period:

- On January 20, 2012, the founder and former executive director of Looking for My Sister, a non-profit community organization, pled guilty to charges of theft of federal program funds in the Eastern District of Michigan. According to the plea agreement, the former executive director embezzled grant funds that Looking for My Sister received from the Department, including money from the STOP Violence Against Women Formula Grant, the Comprehensive Domestic Violence Grant, and an OVW grant. The former executive director used the money to purchase goods and services for herself and for her family members. In her plea agreement, she agreed to pay restitution in the amount of \$64,514.35 to the Department and \$18,618.50 to the Social Security Administration for benefits received to which she was not entitled. The investigation was conducted by the OIG's Chicago Field Office and the OIG's Chicago Regional Audit Office, with assistance from the Social Security Administration.
- On December 21, 2011, two former employees of U'una'i Legal Services Corporation, an OVW grantee, pled guilty in the Northern District of California to wire fraud and theft of federal funds. U'una'i Legal Services Corporation was a non-profit organization located in American Samoa that provided free legal services to victims of domestic violence. According to the plea agreement, the former employees personally received a total of approximately \$90,283 in federal grant funds from the U'una'i Legal Services

Other Department Components

Corporation to which they were not legally entitled. Subsequently, one of the defendants was sentenced to 12 months' and one day incarceration, and the other defendant was sentenced to 12 months' probation, including six months of home confinement. They were also ordered to pay restitution. In separate proceedings after the end of this reporting period, the former acting executive director of U'una'i Legal Services Corporation was sentenced in the Eastern District of Missouri pursuant to his guilty plea to a criminal information charging him with theft of federal funds. He was sentenced to five months' incarceration followed by three years of supervised release. He was also ordered to pay restitution. to be paid jointly and severally. This case was investigated by the OIG's Fraud Detection Office and the Legal Services Corporation's OIG, with assistance from the FBI-Honolulu Division, American Samoa Resident Agency.

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 5,963 federal, state, and local program managers and participants on Recovery Act fraud awareness, conducted 106 outreach sessions with state and local agencies, and initiated 43 audits and reviews of Recovery Act funds. In addition, the OIG is conducting nine investigations of allegations pertaining to the Department's Recovery Act programs. During this semiannual reporting period, the OIG issued five 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 31, 2012, the Department has obligated more than 99 percent of its \$4 billion in Recovery Act funds. Moreover, as of March 31, 2012, the Department had expended

about 79 percent of its Recovery Act funds. The Department has handled this increased workload without any significant increase in staff.

The report provides a summary below of the OIG's findings from the audit work conducted during this review period related to Recovery Act funds.

Reports Issued

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 the OIG's audit findings:

- The OIG examined the [Phoenix Police Department's \(PPD\)](#) 2008 kidnapping statistics as reported in two OJP grant application materials, which stated that the City of Phoenix had over 300 kidnapping incidents in 2008. The OIG received an allegation that the actual number of kidnapping incidents was closer to 50. The City of Phoenix provided the OIG with documentation for 358 purported kidnapping incidents, of which only 208 met the elements of a kidnapping pursuant to the Arizona kidnapping statute, and only 195 should have been classified as kidnappings

American Recovery and Reinvestment Act of 2009

for crime reporting purposes. The PPD identified an additional 175 purported kidnapping incidents, of which the OIG identified 150 that satisfied the elements of a kidnapping, while only 59 should have been classified as kidnappings for crime reporting purposes. As a result, the OIG found that the PPD was able to support the statement in its grant applications. However, the OIG identified deficiencies with the PPD's coding and classification of cases.

- The OIG examined [OJP](#) and [OVW](#) cooperative agreements totaling more than \$2 million awarded to the Girls Educational and Mentoring Services (GEMS), located in New York, New York. The audit covered four OJP cooperative agreements totaling \$1,510,837 from OJJDP and OVC and examined a \$499,864 OVW Recovery Act Transitional Housing Assistance Program cooperative agreement. The OIG audits reported that GEMS did not establish an adequate methodology to allocate personnel and fringe benefit expenditures to the awards, did not develop processes for evaluating contractor performance, or perform contractor evaluations as required. In addition, the OIG reports disclosed significant reporting errors in jobs created and retained calculations on GEMS' Recovery Act reports. The two reports identified a total of \$862,492 in questioned costs, mostly due to GEM'S inadequate system for tracking and reporting personnel charges allocated among several funding sources. The OIG issued five recommendations to OJP and three recommendations to OVW. The agencies concurred with the recommendations.
- The OIG audited 40 grants totaling \$18,179,687 awarded to the [U.S. Virgin Islands Law Enforcement Planning Commission](#) (LEPC) from October 2005

through September 2010. The grants included \$5,479,500 in Recovery Act grants awarded under the Edward Byrne Memorial Justice Assistance Grant program and the Victims of Crime Act grant program and 6 grants from the OVW totaling \$3,796,433, of which \$638,390 were Recovery Act funds awarded under the STOP Violence Against Women Act grant program. The OIG found numerous deficiencies, including that the LEPC lacked adequate controls over the use of Department grant funds and experienced staff to administer the grants; could not account for \$972,976 in grant funds drawn down; commingled Department funds with funds from other sources and spent grant funds for unallowable purposes; and used a third-party fiduciary to administer grant funds for some subrecipients after OJP told the LEPC to stop doing so. As result, the OIG questioned \$2,173,159 in grants funds and made 25 recommendations, 14 of which are designed to improve grant management. OJP agreed with the 21 recommendations addressed to it, and OVW agreed with its 4 recommendations.

Investigations

- In the September 2011 *Semiannual Report to Congress*, the OIG reported on an investigation that resulted in the arrest and guilty plea of the mayor of Kinloch, Missouri, Keith Conway, to charges of wire fraud and theft of funds from a federal program. Kinloch received \$90,000 in Recovery Act funds from a COPS grant. In entering his guilty plea, the mayor admitted that he used city funds to pay for several luxury items. During this reporting period, the mayor was sentenced in the Eastern District of California to 21 months' incarceration,

American Recovery and Reinvestment Act of 2009

\$62,429.38 restitution, and 3 years supervised release. The City of Kinloch Board of Alderman suspended Conway without pay.

- In the September 2011 *Semiannual Report to Congress*, the OIG reported on an investigation that resulted in the arrest of a civilian on federal charges of theft of government property and bank fraud. During this reporting period, the civilian pled guilty to a charge of conspiracy for the attempted theft of Recovery Act funds. In pleading guilty, the civilian admitted to using a stolen identity and fraudulent documents to open a bank account and deposit a stolen \$60,000 Treasury check. OJP had issued the check pursuant to a grant of funds from the Recovery Act. Bank officials froze the account after discovering the deposit of the check and the funds have since been returned to OJP. This investigation was conducted by the OIG's Atlanta Area Office.

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 are listed here. Many of the challenges remain on the list from last year, including "Counterterrorism," "Restoring Confidence in the Department," "Southwest Border Security Issues," "Protecting Civil Rights and Civil Liberties," "Information Technology Systems Planning, Implementation, and Security," and "Detention and Incarceration," in recognition of the longstanding nature of these challenges.

The challenge of "Implementing Cost Savings and Efficiencies" was added to the list in order to acknowledge the difficulties that the Department faces in continuing to implement its mission in this austere fiscal environment.

In addition, the OIG re-organized two of last year's challenges so that the issues previously represented as "Violent and Organized Crime" and "Financial Crimes and Cyber Crimes" are now incorporated into the challenges of "Criminal Law Enforcement" and "Financial Enforcement." In addition, the challenge of "Financial Enforcement" now includes matters beyond criminal enforcement efforts, such as *False Claims Act* litigation and recoveries, civil penalty enforcement, asset forfeiture, and suspension and debarment, and the challenge of "Criminal Law Enforcement" includes elements of violent and organized crime as well as cyber crime and international crime.

Also, the challenge in last year's list of "Grant Management" has been expanded to include issues related to the expenditure of government funds for procurements and acquisitions, and the challenge has been renamed to be "Grants and Contract Management."



Top Management and Performance Challenges in the Department of Justice – 2011

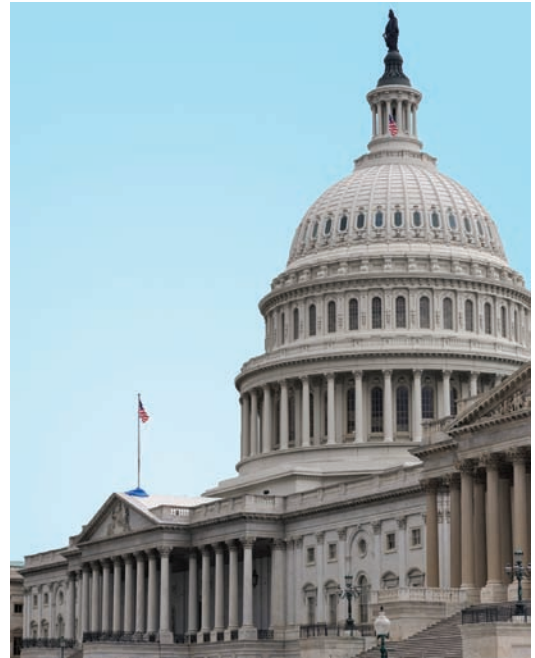
1. Counterterrorism
2. Implementing Cost Savings and Efficiencies
3. Southwest Border Security Issues
4. Protecting Civil Rights and Civil Liberties
5. Information Technology Systems Planning, Implementation, and Security
6. Criminal Law Enforcement
7. Restoring Confidence in the Department
8. Financial Enforcement
9. Detention and Incarceration
10. Grants and Contract 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 did not testify before Congress.



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 proposed legislation and regulations, including a bill entitled the *Trafficking Victims Protection Reauthorization Act*.

Statistical Information

Audit Overview

During this reporting period, the OIG's Audit Division issued 40 internal and external audit reports, which contained more than \$9.3 million in questioned costs, \$745,974 in funds to be put to better use, and 151 recommendations for management improvement. Specifically, the Audit Division issued 21 internal audit reports of Department programs funded at more than

\$800 million; 19 external reports of contracts, grants, and other agreements funded at over \$100 million; and 44 *Single Audit Act* audits of programs funded at more than \$229 million. In addition, the Audit Division issued four Notifications of Irregularities and four other reports.

Questioned Costs			
Reports	Number of Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs
Audits			
No management decision made by beginning of period ¹	2	\$25,375	\$5,176
Issued during period	23 ²	\$10,164,526	\$6,929,631
Needing management decision during period	25	\$10,189,901	\$6,934,807
Management decisions made during period:			
-Amount of disallowed costs ³	23	\$10,087,074	\$6,912,569
-Amount of costs not disallowed	0	\$0	\$0
No management decision at end of period	2	\$102,827	\$22,238
Evaluations			
Nothing to report from the Evaluation and Inspections Division.			
Special Reviews			
Nothing to report from the Oversight and Review Division.			

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

² Of the audit reports issued during this period with questioned costs, seven 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

Funds Recommended to Be Put to Better Use		
Reports	Number of Reports	Funds Recommended to Be Put to Better Use
Audits		
No management decision made by beginning of period ¹	0	\$0
Issued during period	3	\$745,974
Needing management decision during period	3	\$745,974
Management decisions made during period:		
– Amounts management agreed to put to better use ²	3	\$745,974
– Amounts management disagreed to put to better use	0	\$0
No management decision at end of period	0	\$0
Evaluations		
Nothing to report from the Evaluation and Inspections Division.		
Special Reviews		
Nothing to report from the Oversight and Review Division.		

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

Significant Recommendations for Which Corrective Actions Have Not Been Completed			
Report Number and Date	Report Title	Rec. No.	Recommendation
Audits			
Audit Report 05-07 (February 2005)	The FBI's Management of the Trilogy Information Technology Modernization Project	1	Replace the obsolete Automated Case Support system as quickly and as cost-effectively as feasible.
Audit Report 10-01 (October 2009)	Explosives Investigation Coordination between the FBI and ATF	1	The OIG recommends that the Department implement new directives delineating lead authority for explosives investigations between the FBI and ATF. At a minimum, this guidance should: (1) assign responsibility to either the FBI or ATF to serve as the overall investigational "lead agency" for each specific type of explosives crime; (2) supersede all prior guidance on FBI-ATF explosives coordination; (3) detail actions required to coordinate jointly in circumstances when the motive is unclear. Consideration should be given to whether to divide jurisdiction between the components by device type, defined territories, technical specialization, or reassigning explosives functions and personnel under the provisions of 28 U.S.C. § 599A; and (4) establish a formal procedure for components to seek resolution of jurisdictional conflicts from the Department.
GR-60-12-002 (January 2012)	OJP's Southwest Border Prosecution Initiative Funding Received by Coconino County, Arizona	1	Remedy the \$849,211 in questioned costs received by Coconino County for 198 cases that were not federally initiated.

Statistical Information

Evaluations			
I2012002 (December 2011)	The Department's International Prisoner Transfer Program	3	The BOP and the Criminal Division's IPTU coordinate to ensure the BOP's program statement accurately reflects eligibility criteria based on treaty requirements and IPTU considerations, and that the BOP provide a revised program statement to its union for review.
		5	The BOP establishes a process for reviewing eligibility determinations made by case managers to ensure their accuracy.
Special Reviews¹			
March 2007	A Review of the FBI's Use of National Security Letters	2	The OIG recommends that the FBI improve the FBI-OGC NSL tracking database to ensure that it captures timely, complete, and accurate data on NSLs and NSL requests.
May 2006	A Review of the FBI's Handling and Oversight of FBI Asset Katrina Leung	2	The OIG recommends that the FBI should require that any analytical products relating to the asset, together with red flags, derogatory reporting, anomalies, and other counterintelligence concerns be documented in a subsection of the asset's file.

¹Special Reviews do not have report numbers.

Statistical Information

Reports Without Management Decisions for More than 6 Months		
Report Number and Date	Report Title	Report Summary
Audits		
Nothing to report from the Audit Division.		
Evaluations		
Nothing to report from the Evaluation and Inspections Division.		
Special Reviews¹		
Nothing to report from the Oversight and Review Division.		

Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period			
Report Number and Date	Report Title	Rec. No.	Recommendation
Audits			
Nothing to report from the Audit Division.			
Evaluations			
Nothing to report from the Evaluation and Inspections Division.			
Special Reviews¹			
Nothing to report from the Oversight and Review Division.			

Significant Recommendations in Disagreement for More Than 6 Months			
Report Number and Date	Report Title	Rec. No.	Recommendation
Audits			
Nothing to report from the Audit Division.			
Evaluations			
Nothing to report from the Evaluation and Inspections Division.			
Special Reviews¹			
Nothing to report from the Oversight and Review Division.			

¹ Special Reviews do not have report numbers.

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, 2012, the OIG Audit Division was monitoring the resolution process of 226 open reports and closed 81 reports this reporting period.

Evaluation and Inspections Workload and Accomplishments

The following chart summarizes the workload and accomplishments of the Evaluation and Inspections Division during the 6-month reporting period ending March 31, 2012.

Evaluation and Inspections Workload and Accomplishments	Number of Reviews
Reviews active at beginning of period	9
Reviews cancelled	0
Reviews initiated	5
Final reports issued	2
Reviews active at end of reporting period	12

Statistical Information

Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending March 31, 2012.

Source of Allegations	
Hotline (telephone, mail, and e-mail)	1,694
Other Sources	4,015
Total allegations received	5,709
Investigative Caseload	
Investigations opened this period	178
Investigations closed this period	160
Investigations in progress as of 3/31/12	380
Prosecutive Actions	
Criminal indictments/informations	46
Arrests	43
Convictions/Pleas	50
Administrative Actions	
Terminations	16
Resignations	45
Disciplinary action	42
Monetary Results	
Fines/Restitutions/Recoveries/Assessments/Forfeitures	\$2,359,449
Civil Fines/Restitutions/Recoveries/Penalties/Damages/Forfeitures	\$0

Investigations Division Briefing Programs

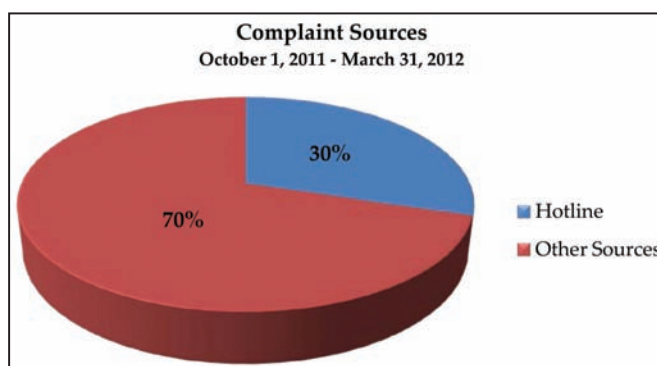
OIG investigators conducted 109 Integrity Awareness Briefings for Department employees throughout the country. These briefings are designed to educate employees about the misuse of a public official's position for personal gain and to deter employees from committing such offenses. The briefings reached more than 5,600 employees.

OIG Hotline

During FY 2012, the OIG received the majority of its Hotline complaints through its 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 2012, nearly 1,700 new complaints related to Department operations or other federal agencies were entered into our complaint tracking system. Of the new complaints, 1,093 were forwarded to various Department components for their review and appropriate action; 247 were filed for information; 283 were forwarded to other federal agencies, and 16 were opened by the OIG for investigation.



Source: Investigations Data Management System

Appendices

Appendix 1

Acronyms and Abbreviations

ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
AUSA	Assistant U.S. Attorney
BJA	Bureau of Justice Assistance
BJS	Bureau of Justice Statistics
BOP	Federal Bureau of Prisons
CODIS	Combined DNA Index System
COPS	Office of Community Oriented Policing Services
DEA	Drug Enforcement Administration
Department	U.S. Department of Justice
DHS	Department of Homeland Security
DOD	Department of Defense
EOUSA	Executive Office for U.S. Attorneys
EPLS	Excluded Parties Listing System
FBI	Federal Bureau of Investigation
FCC	Federal Correctional Complex
FCI	Federal Correctional Institution
FISA	<i>Foreign Intelligence Surveillance Act of 1978</i>
FISMA	<i>Federal Information Security Management Act</i>
FY	Fiscal Year
IG Act	<i>Inspector General Act of 1978</i>
JMD	Justice Management Division
NDIS	National DNA Index System
NFSTC	National Forensic Science Technology Center
NIJ	National Institute of Justice
NSA	National Security Agency
OIG	Office of the Inspector General
OJP	Office of Justice Programs
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OMB	Office on Management and Budget
OPR	Office of Professional Responsibility
OVC	Office for Victims of Crime
OVW	Office on Violence Against Women
Patriot Act	<i>Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act</i>
Recovery Act	<i>American Recovery and Reinvestment Act of 2009</i>
SWBPI	Southwest Border Prosecution Initiative
Treasury	Department of the Treasury
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 OMB Circular A-133.

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

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

Supplanting: For a state or unit of local government to reduce state or local funds for an activity specifically because federal funds are available (or expected to be available) to fund that same activity.

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

Administrative Suspension, Debarment, and Other Internal Remedies within the Department of Justice Offices, Boards and Divisions Annual Financial Statement Audit FY 2011

The Department of Justice's Implementation of the Integrated Wireless Network

U.S. Department of Justice Annual Financial Statements FY 2011

U.S. Department of Justice Annual Special-Purpose Financial Statements FY 2011

Bureau of Alcohol, Tobacco, Firearms and Explosives

Bureau of Alcohol, Tobacco, Firearms and Explosives Annual Financial Statements FY 2011

Federal Bureau of Prisons

Federal Bureau of Prisons Annual Financial Statements FY 2011

The Federal Bureau of Prisons' Contracting for and Management of Residential Reentry Centers

Drug Enforcement Administration

Drug Enforcement Administration Annual Financial Statements FY 2011

The Drug Enforcement Administration's Aviation Operations

The Drug Enforcement Administration's Personnel Resource Management and Casework

Federal Bureau of Investigation

Federal Bureau of Investigation Annual Financial Statements FY 2011

The Federal Bureau of Investigation's Aviation Operations

Office of Justice Programs

Office of Justice Programs Annual Financial Statements FY 2011

U.S. Marshals Service

United States Marshals Service Annual Financial Statements FY 2011

Other Department Components

Assets Forfeiture Fund and Seized Asset Deposit Fund Annual Financial Statements FY 2011

Federal Prison Industries, Inc., Annual Financial Statements FY 2011

Appendices

Federal Prison Industries, Inc., Annual Special-Purpose Financial Statements FY 2011

The Justice Management Division's Endpoint Lifecycle Management System Pursuant to the *Federal Information Security Management Act* FY 2011

The Justice Management Division's Information Security Program Pursuant to the *Federal Information Security Management Act* FY 2011

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

External Audit Reports

Arizona

The Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by the State of Arizona

The Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Coconino County, Arizona

California

Compliance with Standards Governing Combined DNA Index System Activities at the San Francisco Police Department Criminalistics Laboratory, San Francisco, California

Colorado

Mesa County Sheriff's Office Equitable Sharing Program Activities, Grand Junction, Colorado

Idaho

Office on Violence Against Women Grants Awarded to the Coeur d'Alene Tribe, Plummer, Idaho

Illinois

The Office of Justice Programs, National Institute of Justice Cooperative Agreement Awarded to Epsilon Lambda Electronics, West Chicago, Illinois

Kentucky

The Kentucky State Police's Equitable Sharing Program Activities

Montana

Office of Community Oriented Policing Services Grants Awarded to the Crow Tribe of Indians, Crow Agency, Montana

New York

The Office of Justice Programs Cooperative Agreements Administered by Girls Educational and Mentoring Services, New York, New York

Appendices

The Office on Violence Against Women Cooperative Agreement Administered by Girls Educational and Mentoring Services, New York, New York

The Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Grant Awarded to the New York Agency for Community Affairs

Ohio

The Office on Violence Against Women Grant Awarded to Legal Aid of Western Ohio, Inc., Toledo, Ohio

Oklahoma

The Office on Violence Against Women Grants Awarded to the Oklahoma Office of the Attorney General, Oklahoma City, Oklahoma

Pennsylvania

Office of Justice Programs, Bureau of Justice Assistance Congressionally Mandated Grant to MountainTop Technologies, Inc., Johnstown, Pennsylvania

Texas

The Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Dallas County, Texas

The Drug Enforcement Administration's Language Services Contract with SOS International, LTD., Contract Number DJDEA-05-C-0020 Dallas Field Division

The Federal Bureau of Prisons Medical Services Contract with the University of Texas Medical Branch Contract No. DJB50211015

Virgin Islands

Management of DOJ Grants Awarded to the U.S. Virgin Islands Law Enforcement Planning Commission by the Office of Justice Programs and the Office on Violence Against Women

Virginia

The Fairfax County Police Department Equitable Sharing Program Activities Fairfax, Virginia

Single Audit Act Reports of Department Activities

Adair County, Missouri, FYs 2008 and 2009

Ascension Parish Sheriff, Donaldsonville, Louisiana, FY 2010

Plaquemines Parish Sheriff, Belle Chasse, Louisiana, FY 2010

City of Bloomington, Illinois, FY 2010

County of Bradford, Pennsylvania, FY 2008

Appendices

County of Bristol, Massachusetts, FY 2009

City of Burlington, Iowa, FY 2010

City of Chester, Pennsylvania, FY 2009

Cochise County, Arizona, FY 2010

State of Florida, FY 2010

City of Forest Park, Georgia, FY 2010

Henry County, Iowa, FY 2010

Iberia Parish Sheriff, New Iberia, Louisiana, FY 2010

Idaho State Independent Living Council, Boise, Idaho, FY 2009

City of Independence, Oregon, FY 2008

Jackson Medical Mall Foundation, Jackson, Mississippi, FY 2010

Lake County, Indiana, FY 2009

Legal Services NYC and Constituent Corporations, FY 2009

Los Angeles World Airports, FY 2010

City of Madera, California, FY 2010

Marion County, Indiana, FY 2008

Marion County, Indiana, FY 2009

City of New Britain, Connecticut, FY 2010

State of New Mexico, Department of Public Safety, FY 2010

Oldham County, Kentucky, FY 2010

Parents of Murdered Children, Inc., Cincinnati, Ohio, FY 2009

Commonwealth of Pennsylvania, FY 2009

City of Petaluma, California, FY 2010

Prevent Child Abuse America, Chicago, Illinois, FY 2009

Commonwealth of Puerto Rico Administration of Correction, FY 2009

Commonwealth of Puerto Rico Administration of Correction, FY 2010

City of Rio Rancho, New Mexico, FY 2010

City of Roseville, Michigan, FY 2010

Safe and Sound: Baltimore's Campaign for Children and Youth, Inc., FY 2009

Appendices

County of San Bernardino, California, FY 2010

City of San Fernando, California, FY 2010

South Dakota Network Against Family Violence and Sexual Assault, FY 2010

City of South Gate, California, FY 2010

City of Springfield, Missouri, FY 2010

City of Statesboro, Georgia, FY 2010

City of Sunbury, Pennsylvania, FY 2009

Washburn University of Topeka, Kansas, FY 2010

William County (Illinois) Government, FY 2009

County of Woodbury, Iowa, FY 2010

Other Reports

Annual Accounting and Authentication of Drug Control Funds and Related Performance FY 2011

Examination of the Department of Justice FY 2011 Compliance with *Improper Payments Information Act of 2002*

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

Review of the Phoenix Police Department's 2008 Kidnapping Statistic Reported in Department of Justice Grant Applications

Appendices

Appendix 4

Quantifiable Potential Monetary Benefits

October 1, 2011 – March 31, 2012

Audit Report	Questioned Costs	Unsupported Costs	Funds Put to Better Use
Audits Performed by the DOJ OIG			
The Federal Bureau of Prisons' Contracting for and Management of Residential Reentry Centers	\$87,309	\$0	\$0
Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Coconino County, Arizona	\$856,610	\$0	\$0
Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by the State of Arizona	\$105,459	\$0	\$0
Mesa County Sheriff's Office Equitable Sharing Program Activities, Grand Junction, Colorado	\$78,351	\$22,238	\$0
The Office on Violence Against Women Grants Awarded to the Coeur d'Alene Tribe, Plummer, Idaho	\$184,871	\$10,446	\$0
Office of Justice Programs, National Institute of Justice Cooperative Agreement Awarded to Epsilon Lambda Electronics, West Chicago, Illinois	\$178,917	\$8,657	\$0
Office of Community Oriented Policing Services Grants Awarded to the Crow Tribe of Indians, Crow Agency, Montana	\$533,353	\$9,183	\$0
Office of Justice Programs Cooperative Agreements Administered by Girls Educational and Mentoring Services, New York, New York	\$708,253	\$708,253	\$0
Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Grant Awarded to the New York Agency for Community Affairs	\$138,129	\$138,129	\$0
The Office on Violence Against Women Cooperative Agreement Administered by Girls Educational and Mentoring Services, New York, New York	\$154,239	\$154,239	\$0
The Office on Violence Against Women Grants Awarded to the Oklahoma Office of the Attorney General, Oklahoma City, Oklahoma	\$102,594	\$102,594	\$0

Appendices

Office of Justice Programs, Bureau of Justice Assistance Congressionally Mandated Grant to MountainTop Technologies, Inc., Johnstown, Pennsylvania	\$3,335,583	\$3,330,669	\$0
The Drug Enforcement Administration's Language Services Contract with SOS International, LTD., Contract Number DJDEA-05-C-0020 Dallas Field Division	\$934,144	\$934,144	\$45,000
The Federal Bureau of Prisons Medical Services Contract with the University of Texas Medical Branch Contract No. DJB50211015	\$4,277	\$0	\$0
Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Dallas County, Texas	\$469,395	\$128,765	\$51,154
Management of DOJ Grants Awarded to the U.S. Virgin Islands Law Enforcement Planning Commission by the Office of Justice Programs and the Office on Violence Against Women	\$1,523,339	\$1,345,636	\$649,820
Subtotal (Audits Performed by the DOJ OIG)	\$9,394,823	\$6,892,953	\$745,974
Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i>¹			
Idaho State Independent Living Council, Boise, Idaho, FY 2009	\$31,000	\$31,000	\$0
Commonwealth of Puerto Rico Administration of Correction, FY 2010	\$81,820	\$0	\$0
Parents of Murdered Children, Inc., Cincinnati, Ohio, FY 2009	\$3,066	\$3,066	\$0
Commonwealth of Pennsylvania, FY 2009	\$29,085	\$0	\$0
City of South Gate, California, FY 2010	\$2,612	\$2,612	\$0
Cochise County, Arizona, FY 2010	\$597,644	\$0	\$0
Legal Services NYC and Constituent Corporations, FY 2009	\$24,476	\$0	\$0
Subtotal (Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i>)	\$769,703	\$36,678	\$0
Total	\$10,164,526	\$6,929,631	\$745,974

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

The Department's International Prisoner Transfer Program

The FBI's Integrity and Compliance 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 Division was issued on February 26, 2010, by the Department of Energy OIG. The most recent peer review of the investigative function was January 2010 by the Department of Health and Human Services OIG.

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

The OIG Audit Division initiated a peer review of the U.S. General Services Administration on March 16, 2012. As of March 31, 2012, the OIG was preparing for the review, which will formally begin at the entrance conference scheduled for April 16, 2012.

Appendices

Appendix 7

Reporting Requirements Index The IG Act specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.		
IG Act References	Reporting Requirements	Page
Section 4(a)(2)	Review of Legislation and Regulations	55
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	11-51
Section 5(a)(2)	Significant Recommendations for Corrective Actions	11-51
Section 5(a)(3)	Significant Recommendations for Which Corrective Actions Have Not Been Completed	59-60
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	24-25, 28-32, 36-38, 41-44, 47-48, 50-51
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	67-70
Section 5(a)(7)	Summary of Significant Reports	11-51
Section 5(a)(8)	Questioned Costs	57
Section 5(a)(9)	Funds Recommended to Be Put to Better Use	58
Section 5(a)(10)	Reports Without Management Decisions for More than 6 Months	61
Section 5(a)(11)	Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period	61
Section 5(a)(12)	Significant Recommendations in Disagreement for More than 6 Months	61
Section 5(a)(14)	Peer Reviews Conducted by Another OIG	75
Section 5(a)(15)	Outstanding Recommendations from Peer Reviews of the OIG	75
Section 5(a)(16)	Outstanding Recommendations from Peer Reviews Conducted by the OIG	75

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**