

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



# SEMIANNUAL REPORT TO CONGRESS

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APRIL 1, 2013 - SEPTEMBER 30, 2013



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## Message from the Inspector General

I am pleased to submit this Semiannual Report on the operations of the Office of the Inspector General (OIG), which covers the period from April 1 through September 30, 2013.

These past six months have been extraordinarily productive for the OIG. During this period, the OIG published reports on several very important matters, including the Bureau of Alcohol, Tobacco, Firearms and Explosives' Explosives Inspection Program, Federal Firearms Licensee Inspection Program, and Use of Income-Generating Undercover Operations; the Federal Bureau of Prisons' Compassionate Release Program; the Management of Federal Prison Industries and Efforts to Create Work Opportunities for Federal Inmates; the Department of Justice's (Department) Handling of Known or Suspected Terrorists Admitted into the Federal Witness Security Program; and the Department's Use and Support of Unmanned Aircraft Systems. The OIG also initiated a coordinated review jointly with the Inspectors General of the Intelligence Community, the Central Intelligence Agency, and the Department of Homeland Security into the federal government's handling of intelligence information leading up to the Boston Marathon Bombings.

In addition, the OIG's Investigations Division closed 207 criminal or administrative misconduct cases, and its work resulted in 41 new indictments or informations, 45 arrests, 32 convictions or pleas, and more than 160 terminations, administrative disciplinary actions, and resignations.

The OIG completed many more important audits and reviews covering many Department operations and programs. As detailed in this Semiannual Report, the OIG's reports identified opportunities for the Department to realize savings through monetary recoveries or improved operations. During this reporting period, OIG audits identified more than \$27 million in questioned costs, and OIG investigations resulted in the imposition of more than \$11,437,500 in fines, assessments, restitutions, and other recoveries. In the current environment of budgetary constraints, the OIG's efforts to identify opportunities for savings in Department programs are ongoing.

The OIG's efforts related to our Whistleblower Ombudsperson Program were recognized during this reporting period in the OIG's certification by the U.S. Office of Special Counsel. These efforts included the preparation of a video that was used in training the OIG's employees and will be used in wider Department training, and the revision of the OIG's public website with detailed information about how and where to report wrongdoing, whistleblower rights and protections, and an overview with contact information for the Whistleblower Ombudsperson Program. As I have said before, whistleblowers are critical to the success of the OIG, and we plan to continue our efforts in this area.

The OIG's accomplishments described in this report are a testament to the hard work and dedication of its employees. The quality of their efforts during a difficult fiscal year in which sequestration necessitated funding cutbacks that included not filling many vacant positions speaks to the quality of the OIG workforce and their commitment to ensuring the integrity and efficiency of the Department.

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

Michael E. Horowitz  
Inspector General  
October 31, 2013

# Table of Contents

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<b>Highlights of OIG Activities</b> .....	1
<b>OIG Profile</b> .....	9
<b>Multicomponent</b> .....	11
<b>Federal Bureau of Investigation</b> .....	19
<b>Federal Bureau of Prisons</b> .....	25
<b>U.S. Marshals Service</b> .....	31
<b>Drug Enforcement Administration</b> .....	33
<b>Bureau of Alcohol, Tobacco, Firearms and Explosives</b> .....	35
<b>Office of Justice Programs</b> .....	39
<b>Other Department Components</b> .....	43
Office of Community Oriented Policing Services .....	43
Criminal Division.....	44
Environment and Natural Resources Division.....	45
U.S. Attorneys’ Offices.....	45
Office on Violence Against Women.....	46
<b><i>American Recovery and Reinvestment Act of 2009</i></b> .....	49
<b>Top Management and Performance Challenges</b> .....	53
<b>Congressional Testimony</b> .....	55
<b>Legislation and Regulations</b> .....	55

# Table of Contents

---

<b>Whistleblower Ombudsperson</b> .....	57
<b>Statistical Information</b> .....	59
Questioned Costs .....	59
Funds Recommended to Be Put to Better Use .....	60
Significant Recommendations for Which Corrective Actions Have Not Been Completed.....	61
Reports Without Management Decisions for More than 6 Months.....	62
Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period .....	62
Significant Recommendations in Disagreement for More than 6 Months .....	62
<i>National Defense Authorization Act</i> Reporting.....	63
Audit Follow-up .....	63
Evaluation and Inspections Workload and Accomplishments .....	63
Investigations Statistics .....	64
<b>Appendices</b> .....	65
Acronyms and Abbreviations .....	65
Glossary of Terms.....	67
Audit Division Reports.....	69
Quantifiable Potential Monetary Benefits .....	75
Evaluation and Inspections Division Reports.....	77
Oversight and Review Division Reports .....	77
Peer Reviews.....	78
Reporting Requirements Index.....	80



# 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

April 1, 2013 - September 30, 2013	
Allegations Received by the Investigations Division <sup>1</sup>	6,324
Investigations Opened	242
Investigations Closed	207
Arrests	45
Indictments/Informations	41
Convictions/Pleas	32
Administrative Actions	161
Monetary Recoveries <sup>2</sup>	\$11,437,517
Audit Reports Issued	43
Questioned Costs	\$27,090,633
Recommendations for Management Improvements	222
Single Audit Act Reports Issued	86
Questioned Costs	\$4,120,913
Recommendations for Management Improvements	208

<sup>1</sup> These figures represent allegations entered into the OIG's complaint tracking system. They do not include the approximate 40,000 additional Hotline e-mail and phone contacts that were processed and deemed non-jurisdictional and outside the purview of the federal government.

<sup>2</sup> Includes civil, criminal and 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:

- **Department's Handling of Known or Suspected Terrorists Admitted into the Federal Witness Security Program.** The OIG issued an interim report regarding the Department's handling of known or suspected terrorists admitted into the federal Witness Security (WITSEC) Program. While conducting an audit of the WITSEC Program, the OIG found significant issues concerning national security that it believed required immediate remedy and notified Department leadership of those issues. Specifically, the OIG found that the Criminal Division's Office of Enforcement Operations and the United States Marshals Service (USMS) did not involve national security stakeholders when admitting and monitoring known or suspected terrorists in the WITSEC Program and that the Department was not authorizing the disclosure to the Terrorist Screening Center of the new identities provided to known or suspected terrorists in the WITSEC Program. Therefore, it was possible for known or suspected terrorists to fly on commercial airplanes in or over the United States. The OIG is continuing its audit of the WITSEC Program and will evaluate the Department's progress in implementing corrective measures that the Department indicated it had implemented or was in the process of implementing in response to the 16 recommendations contained in the interim report. Due to statutory restrictions and national security and other concerns cited by the Department, most of the results of the OIG's full interim report were not released publicly.

# Highlights of OIG Activities

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- **Bureau of Alcohol, Tobacco, Firearms and Explosives' Income-Generating Undercover Operations.** The OIG audited the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) use of income-generating, undercover operations, also known as churning investigations, and found a serious lack of oversight by ATF, misuse of proceeds, and failures to account properly for cigarettes and assets purchased during these investigations. Of the 35 churning investigations ATF and the Department approved between February 2006 and June 2011, the OIG found that none of the requests for these investigations fully met ATF's policy requirements for approval and 33 of the 35 requests did not include critical information in the request as required by ATF policy. In fact, the OIG was told that ATF's Undercover Review Committee did not meet between February 2005 and January 2012. The OIG also identified one unapproved churning investigation, in which approximately \$15 million of cigarettes were sold in an 18-month period, and a confidential informant for the investigation was allowed to keep more than \$4.9 million of the \$5.2 million of gross profit generated without submitting adequate documentation supporting his expenses. The OIG reviewed 20 of the 36 churning investigations, with reported total revenues of nearly \$162 million, and found that ATF policies in place at the time did not clearly establish the permissible uses of churning proceeds. The review also found a significant lack of oversight and controls to ensure that cash, cigarettes, equipment, and other assets used in churning investigations were accurately tracked, properly safeguarded, and protected from misuse. For example, the OIG found that out of the more than 9.9 million cartons of cigarettes (or 420 million cigarettes) that were purchased for the 20 investigations reviewed, the disposition of 2.1 million cartons of cigarettes, with a retail value of more than \$127 million, could not be reconciled. The OIG made 16 recommendations to ATF and 1 recommendation to the Office of the Deputy Attorney General regarding the authorization and management of churning investigations. Although ATF did not specifically agree or disagree with the recommendations, it stated that two policies issued in 2013 addressed 15 of the 16 recommendations. The Office of the Deputy Attorney General agreed with the recommendation made to its office.
- **Federal Firearms Licensee Inspection Program.** The OIG examined ATF's inspection program for federal firearms licensees (FFL) and found that since a previous OIG review in 2004, ATF had made a series of changes and improvements to its inspection processes and had increased outreach activities to the firearms industry. However, ATF still needed to improve its performance to ensure that all inspections are completed and tracked, and that administrative actions, including license revocations, are processed in a timely fashion. While ATF's goal is to inspect all licensees on a cyclical basis, over 58 percent of the licensees were not being inspected within 5 years, and ATF did not know whether it had succeeded in giving priority to high-risk inspections as it intended. The OIG made four recommendations to ATF. ATF agreed in whole or in part with all of them.
- **Management of Federal Prison Industries and Efforts to Create Work Opportunities for Federal Inmates.** The OIG issued an audit on the management of Federal Prison Industries (FPI), a wholly owned government corporation and inmate reentry program operating within the Federal Bureau of Prisons (BOP). As of June 2012, FPI operated 83 factories staffed by a federal inmate workforce producing



# Highlights of OIG Activities

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a variety of products and services for federal agency customers. The audit found that FPI has struggled financially in recent years, and FPI's employment figures have also dropped in recent years. The OIG concluded that FPI's reduction in inmate employment is primarily the result of efforts to compensate for its declining revenues and earnings. For example, FPI implemented factory restructuring initiatives in an attempt to offset losses, reduce excess production capacity, and reduce staffing. In an effort to increase inmate employment, FPI also implemented an inmate job-sharing initiative in 2010; however, the OIG was unable to gauge FPI's job-sharing progress over the past 2 years in part due to FPI's unclear performance metrics for this initiative. The audit also found that FPI's longstanding goal of employing 25 percent of the total inmate population was no longer representative of current conditions, in part because of the rise in BOP's total inmate population. Finally, the OIG determined that FPI's internal controls did not ensure that aliens who had been ordered deported were removed from FPI employment as required. As of June 2012, FPI employed 37 inmates who were under a final order of deportation and therefore appeared to be ineligible for FPI employment under federal regulations. Once the OIG brought this issue to FPI's attention, 35 of the 37 deportable inmates were immediately removed from FPI employment. The OIG made four recommendations to assist FPI in its efforts to maintain and create opportunities for inmates. The BOP agreed with the recommendations.

- **Department's Use of and Support for Unmanned Aircraft Systems.** The OIG issued an interim report on the Department's domestic use of unmanned aircraft systems (UAS), commonly referred to as "drones," as well as its

support and provision of UAS to local law enforcement agencies and non-profit organizations. As of May 2013, the Federal Bureau of Investigation (FBI), ATF, Drug Enforcement Administration (DEA), and USMS reported spending approximately \$3.7 million on acquiring small UAS (weighing up to 55 pounds) for testing or use, with the FBI accounting for over 80 percent of this amount. While both the FBI and ATF have standard operating procedures regarding approval to operate UAS, they did not believe that there was any practical difference between how UAS collect evidence through aerial surveillance as compared to manned aircraft. However, a consistent Department policy specific to UAS may be merited in light of the unique capability of small UAS to maneuver covertly in areas where individual expectations of privacy are not clear or well-defined and considering the trending technological capabilities of UAS for extended operations. In addition, the OIG reported that the Office of Justice Programs (OJP) and the Office of Community Oriented Policing Services (COPS) have awarded approximately \$1.2 million to seven local law enforcement agencies and non-profit organizations to purchase small UAS for testing or use. However, OJP and COPS need to enhance their efforts to monitor UAS awards to ensure recipients comply with Federal Aviation Administration (FAA) regulations. Further, the Department's law enforcement agencies were largely unaware of UAS acquired through Department awards. The report provided eight recommendations to the Department to consider UAS-specific policies, enhance monitoring of UAS awards, and improve coordination between award recipients and Department law enforcement components. The Department agreed with the recommendations.

# Highlights of OIG Activities

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- **Compassionate Release.** The OIG examined the Department's use of the BOP's compassionate release authority under 18 U.S.C. § 3582(c)(1) (A), which authorizes the BOP Director to request that a federal judge reduce an inmate's sentence for "extraordinary and compelling" circumstances. The request can be based on either medical or non-medical conditions that could not reasonably have been foreseen by the judge at the time of sentencing. While the OIG determined that an effectively managed compassionate release program would inevitably result in cost savings for the BOP and help it manage the capacity challenges it is facing, the OIG concluded that the implementation of the program is inconsistent and results in ad hoc decision making by the BOP in response to inmate requests. The report made 11 recommendations to improve the BOP's management of the compassionate release program. The BOP agreed with nine of the recommendations and partially agreed with two recommendations.
- **Accounting and Reporting of Funds Distributed from the Crime Victims Fund.** The OIG audited the FBI's accounting and reporting of funds it receives from the Crime Victims Fund (CVF) and found that the FBI did not have adequate internal controls over CVF funds and that its system to track and document CVF expenditures was insufficient and unreliable. The FBI received between \$14 million and \$18 million annually from FY 2009 through FY 2012 in CVF funds, which it used to support 134 victim specialists who assist victims and facilitate their cooperation with the investigation of federal crimes. The OIG found that in FY 2009 alone, approximately \$249,000 in transactions lacked sufficient documentation to support the expenses. In addition, the FBI had not ensured that all unspent CVF funds were returned to the FBI's CVF account, which resulted in approximately \$527,000 in CVF funds left idle at the FBI for 2 years instead of being used to fund victim services. The FBI's inadequate accounting, administration, and reporting of CVF expenditures resulted in the failure to pursue appropriate reimbursements from the Office for Victims of Crime (OVC) for expenditures, increased the risk that CVF funds could be misused, and created the potential for material misstatements of total expenditures. The deficiencies the OIG identified have the potential to affect the amount of CVF funding received by state and local programs, and consequently to affect services available to victims through those entities. The OIG made three recommendations to the FBI to improve the effectiveness of its internal controls over CVF funds. The FBI agreed with all of the recommendations.
- **Financial Management of the USMS's Office in the Superior Court of the District of Columbia.** The OIG issued an audit examining the internal controls over financial management employed by the USMS's Office in the Superior Court of the District of Columbia (SCDC). The audit found significant deficiencies in how the USMS SCDC accounts for overtime and supplemental pay for law enforcement officers; identified over \$275,000 in total unsupported costs associated with district-level salaries, fleet cards, and purchase cards; and concluded that the USMS SCDC needs to strengthen its internal controls to ensure that it is adequately preventing waste, fraud, and abuse. The audit found that from Fiscal Years (FY) 2008 to 2011, approximately 10 percent of the 1.5 million hours worked by USMS SCDC employees were overtime hours, resulting in more than \$6 million in overtime pay. The OIG's sample assessment found significant deficiencies and irregularities in the documentation of unscheduled duty

# Highlights of OIG Activities

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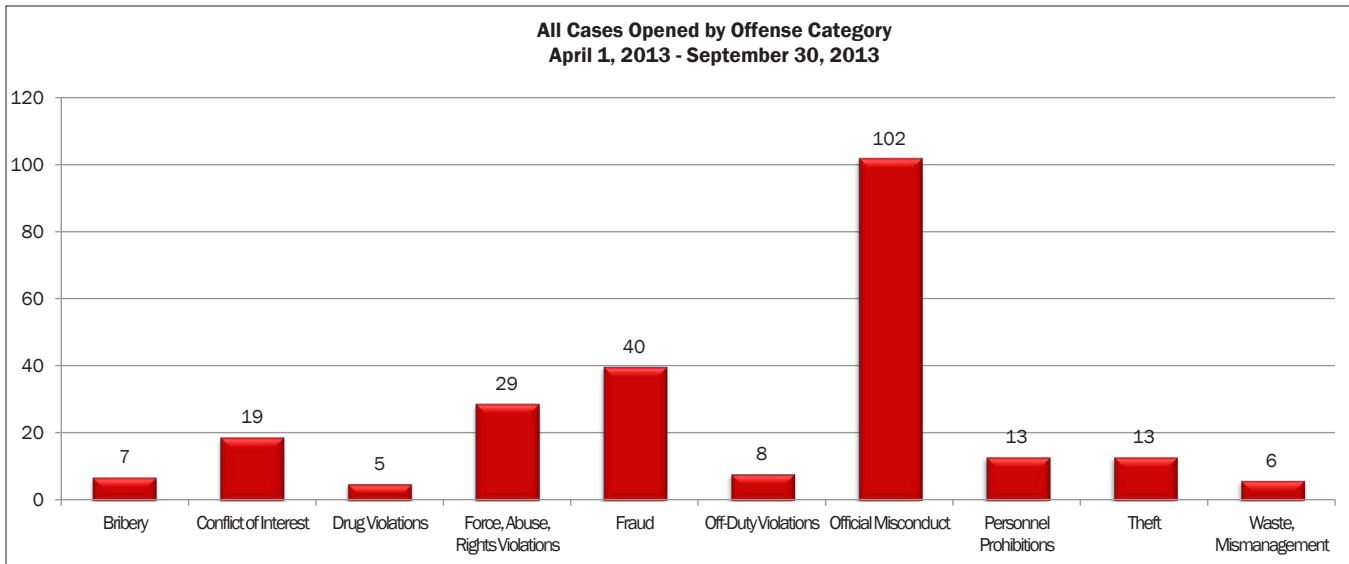
hours worked, including one criminal investigator who reported working just 7 hours of unscheduled duty in a year in which he received more than \$26,000 in Law Enforcement Availability Pay. The audit also found that at least 75 percent of the total sample lacked documentation necessary to support the transactions. Further, the OIG found that the USMS does not have policies adequate to ensure that stolen USMS weapons remain listed as stolen in the National Crime Information Center (NCIC) online database. The OIG made 18 recommendations to help improve the procedures and controls of the USMS SCDC. The USMS agreed with all of the recommendations.

## 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, or contractors and grantees who receive Department funds. Examples of such investigations are:

- On August 13, 2013, a former FBI Special Agent and two non-Department subjects were indicted in the Southern District of New York on charges of conspiracy and bribery. The indictment alleges that, in or about September 2011 through about March 2012, the three were involved in soliciting cash payments in exchange for providing confidential internal law enforcement documents and information that the Special Agent had access to by virtue of his position.
- On September 12, 2013, a former FBI Assistant Director was charged in an information with violating a federal ethics law that prohibits senior executive branch personnel from making professional contacts with the agency in which they were employed for one year after leaving government service. The former Assistant Director pled guilty on October 3, 2013. Sentencing is scheduled for December 2013.
- On August 23, 2013, the U.S. District Court for the Middle District of Florida, Orlando Division, ordered a consent judgment against a civilian for damages totaling \$10,075,320. The civilian had an original outstanding restitution obligation arising out of a qui tam action under the *False Claims Act* in the amount of \$3,358,440. The case is being investigated by the OIG's Fraud Detection Office.
- On July 31, 2013, the United States Attorney's Office for the District of New Jersey accepted a Stipulation and Settlement Agreement with the New Jersey Police Athletic League (NJ PAL) and its executive director as a result of an audit and investigation conducted by the OIG of allegations that NJ PAL and the executive director had misused Department grant funds. This investigation was conducted by the OIG's New Jersey Area Office and the OIG's Audit Division.
- On May 13, 2013, two BOP employees were arrested on a charge of witness tampering. The indictment alleges that the two employees made false statements in their written memoranda to management concerning an incident in which correctional officers used force against an inmate that resulted in injuries to the inmate. The memoranda submitted by the two employees omitted any mention of force being used against the inmate. The investigation is being conducted by the OIG's Chicago Field Office.
- On June 17, 2013, a former program director of the Family Resource Center in Seminole, Oklahoma, was arrested and pled guilty to an information filed

# Highlights of OIG Activities



Source: Investigations Data Management System

in the Eastern District of Oklahoma on a charge of federal program theft. In pleading guilty, the program director admitted that from about February 2010 to about August 2012, she embezzled, stole, and intentionally misapplied program property worth \$90,486.14. This investigation was conducted by the OIG's Dallas Field Office with assistance from the Seminole Police Department of Seminole, Oklahoma, and the Seminole County District Attorney's Office, Wewoka, Oklahoma.

- On July 3, 2013, a BOP correctional officer assigned to the Metropolitan Detention Center, Brooklyn, New York, pled guilty in the Eastern District of New York to an indictment charging her with sexual abuse of a ward. The sexual relationship involved an inmate who was convicted of murdering two New York Police Department detectives during an undercover sting. The individual is no longer employed by the BOP. This investigation was conducted by the OIG's New York Field Office.

- In the *Semiannual Report to Congress October 1, 2012 – March 31, 2013*, the OIG reported that a BOP physician's assistant was convicted at trial in the Western District of Oklahoma on a charge of abusive sexual contact. Under the guise of conducting physical examinations, the physician's assistant sexually assaulted a female inmate at the Federal Transfer Center in Oklahoma City in May 2011. On June 4, 2013, the BOP physician's assistant was sentenced to 15 months' imprisonment to be followed by 60 months' supervised release with a special condition that he register as a sex offender. He resigned from the BOP following his conviction. This investigation was conducted by the OIG's Dallas Field Office.
- In the *Semiannual Report to Congress October 1, 2012 – March 31, 2013*, the OIG reported that an FBI management and planning specialist was arrested and pled guilty to a charge of possession of child pornography. On June 14, 2013, the specialist was sentenced in the Eastern District of Virginia to 12 months' confinement to be followed by 5 years' supervised release and was ordered to

# Highlights of OIG Activities

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register as a sex offender. He is no longer employed by the FBI. The investigation was conducted by the OIG's Washington Field Office and the U.S. Postal Inspection Service.

- On June 19, 2013, a BOP medical technician, previously assigned to the Federal Correctional Institution (Medium) at the Federal Correctional Complex in Coleman, Florida, was sentenced in the Middle District of Florida pursuant to her guilty plea to an indictment charging her with bribery of a public official. The medical technician was sentenced to 1 year and 1 day of prison and 2 years' supervised release and ordered to forfeit \$2,000. This investigation was conducted by the OIG's Miami Field Office.
- On July 1, 2013, a BOP correctional officer, previously assigned to the Federal Detention Center in Honolulu, Hawaii, was sentenced in the District of Hawaii pursuant to his guilty plea to sexual abuse of a ward. The correctional officer was sentenced to 20 months' incarceration followed by 3 years' supervised release and fined \$3,000. He resigned while under investigation by the OIG's Los Angeles Field Office.
- In the *Semiannual Report to Congress October 1, 2012 – March 31, 2013*, the OIG reported that on February 25, 2013, a USMS employee was arrested on charges of possession of child pornography. After pleading guilty on April 30, 2013, to one count of possession of child pornography, the employee was sentenced on August 15, 2013, in the Eastern District of Virginia to 5 years' probation and ordered to register as a sex offender. The individual is no longer a USMS employee. The investigation was conducted by the OIG's Washington Field Office.

## Ongoing Work

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

- The FBI's progress in responding to the OIG's past recommendations relating to the use of National Security Letters (NSL) and orders for business records under the *Foreign Intelligence Surveillance Act* (FISA), and an examination of the FBI's use of these authorities and the pen register and trap-and-trace authority under FISA from 2007 to 2009.
- The OIG is examining the operations of the Organized Crime Drug Enforcement Task Forces (OCDETF) Fusion Center and its process for sharing its analytical products.
- The FBI's management of terrorist watchlist nominations, which will evaluate the impact on the FBI's watchlisting system of the failed terrorist attack on December 25, 2009, and assess the effectiveness of initiatives implemented by the FBI that were intended to ensure the accuracy, timeliness, and completeness of its watchlisting practices.
- The Department's efforts to address mortgage fraud, including component efforts to implement Department policy guidance, the coordination of components at the national level, and the Department's public reporting of its mortgage fraud-related accomplishments.
- Procurement of x-ray equipment that will assess the BOP's usage of 65 x-ray machines procured in FY 2011 and the effectiveness of the equipment.
- Pre-trial diversion and drug court programs to evaluate the design and implementation of the programs, variances

# Highlights of OIG Activities

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in the usage of the programs among the U.S. Attorneys' Offices (USAO), and cost savings associated with successful program participants.

- The consistency, reasonableness, and timeliness of the discipline process for USAO and Executive Office for U.S. Attorneys (EOUSA) employees.
- The Department's National Instant Criminal Background Check System, which will evaluate processes related to the FBI's referral of denials to ATF, ATF's initial screening and referral of denials to its field offices for investigation, and the prosecution of crimes associated with denials.
- OJP's Public Safety Officers' Benefits (PSOB) Programs to determine whether PSOB claims are processed in compliance with applicable laws and regulations.
- The National Institute of Justice's (NIJ) Solving Cold Cases with DNA Grant Program, which will evaluate NIJ's implementation and oversight of this program.
- The activities and processes of a task force formed by the Criminal Division in 1996 to address issues arising at the FBI Laboratory.
- The Department's and ATF's, Criminal Division's, DEA's, FBI's, and USMS's policies and training governing the off-duty conduct of employees on official travel or assignment in foreign countries.
- The nature, frequency, reporting, investigation, and adjudication of sexual misconduct made against employees of ATF, DEA, FBI, and USMS.

# OIG Profile

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The OIG is a statutorily created, independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct involving Department programs and personnel and promote economy and efficiency in Department operations. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of Department employees in their numerous and diverse activities. The OIG also audits and inspects Department programs and assists management in promoting integrity, economy, efficiency, and effectiveness. The OIG has jurisdiction to review the programs and personnel of the FBI, ATF, BOP, DEA, USAO, USMS, and all other organizations within the Department, as well as contractors of the Department and organizations receiving grant money from the Department.

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

- **Audit Division** is responsible for independent audits of Department programs, computer systems, and financial statements. The Audit Division has regional offices in the Atlanta, Chicago, Denver, Philadelphia, San Francisco, and Washington, D.C., areas. Its Financial Statement Audit Office and Computer Security and Information Technology Audit Office are located in Washington, D.C., along with Audit Headquarters. Audit Headquarters consists of the immediate office of the Assistant Inspector General for Audit, Office of Operations, Office of Policy and Planning, 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 and the Digital Forensic and Technology Investigations Unit are co-located with the Washington Field Office. This unit includes personnel in the Dallas and Los Angeles Field Offices. Investigations Headquarters in Washington, D.C., consists of the immediate office of the Assistant Inspector General for Investigations and the following branches: Operations I, Operations II, Investigative Support, 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, computer network communications, telecommunications, records management, quality assurance, internal controls, and general support.

# OIG Profile

- **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 more than 400 special agents, auditors, inspectors, attorneys, and support staff. For FY 2013, the

OIG direct appropriation after sequestration was approximately \$80 million, and the OIG earned an additional \$3.7 million in reimbursements.

As required by Section 5 of the *Inspector General Act of 1978* (IG Act), as amended, this Semiannual Report to Congress reviews the accomplishments of the OIG for the 6-month period of April 1, 2013, through September 30, 2013.

Additional information about the OIG and full-text versions of many of its reports are available at [www.justice.gov/oig](http://www.justice.gov/oig).





# Multicomponent

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



## Reports Issued

### **Terrorists Admitted into the Federal Witness Security Program**

While auditing the federal WITSEC Program, the OIG found significant issues concerning national security that it believed required immediate remedy and issued an interim report to help ensure that the Department promptly and sufficiently addressed the deficiencies. This unclassified summary includes publicly releasable information from the full interim report.

The OIG found that WITSEC Program participants include individuals known or suspected by the federal government to be involved in terrorism. This includes individuals trained in areas such as aviation and explosives, involved in plotting bombing attacks, and guilty of serious offenses such as conspiracy to murder U.S. nationals. The OIG also found significant deficiencies in the handling of known or suspected terrorists who were admitted into the WITSEC Program. Specifically, the OIG determined that the Criminal Division's Office of Enforcement Operations and the USMS—the two entities primarily responsible for managing the WITSEC Program for participants who are not incarcerated—did not involve national security stakeholders when admitting and monitoring known or suspected terrorists into the WITSEC Program.

According to the Department, the WITSEC Program was and remains a critical prosecutorial tool to combat terrorism and that known or suspected terrorists admitted into the WITSEC Program have provided invaluable and critical information and testimony that assisted the government in identifying, dismantling, and prosecuting terrorist organizations.

The Department believes that as a result of their cooperation, the known or suspected terrorists admitted into the WITSEC Program faced danger of retaliation. To help protect witnesses from the persons and organizations against whom they testify, the USMS provides a WITSEC participant and his or her dependents with a new name and necessary identity-related documentation. However, the OIG found that the Department was not authorizing the disclosure to the Terrorist Screening Center of the new identities provided to known or suspected terrorists in the WITSEC Program, and the new, government-provided identities of known or suspected terrorists were not included on the government's consolidated terrorist watchlist until the OIG brought this matter to the Department's attention. Therefore, it was possible for known or suspected terrorists to fly on commercial airplanes in or over the United States and evade one of the government's primary means of identifying and tracking terrorists' movements and actions. As a result of the OIG's review, the Department established

# Multicomponent

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protocols to share the identities of known or suspected terrorists authorized into the USMS WITSEC Program with the Terrorist Screening Center as well as the FBI.

In addition, the OIG found that the Department did not definitively know how many known or suspected terrorists were admitted into the WITSEC Program. The Department has identified a small but significant number of USMS WITSEC Program participants as known or suspected terrorists. As of September 2013, the Department was continuing to review its more than 18,000 WITSEC case files to determine whether additional known or suspected terrorists have been admitted into the program. Therefore, the OIG believes the number may continue to evolve.

The Office of Enforcement Operations, USMS, and FBI National Joint Terrorism Task Force officials stated that in December 2010 they began working on establishing a formal process to address some of the issues the OIG identified. Once the Department's senior leadership was made aware of the issues concerning known or suspected terrorists in the WITSEC Program, the Department's senior leadership immediately directed the initiation of corrective actions to address the national security vulnerabilities the OIG identified.

As of August 2013, the Department stated that it had implemented or was in the process of implementing corrective actions to address all 16 of the recommendations made in the report. The OIG continues to review and evaluate the Department's progress in implementing these corrective actions.

## **Use and Support of Unmanned Aircraft Systems**

The OIG issued an interim report as part of a review of the Department's domestic use of UAS, commonly referred to as "drones," as well as its support and provision of UAS to local law enforcement agencies and non-profit organizations. The FBI, ATF, DEA, and USMS

together reported spending approximately \$3.7 million on acquiring "small UAS," which are defined by the FAA as weighing up to 55 pounds, and the FBI accounted for over 80 percent of the purchases.

The OIG found that from 2004, when the Department began acquiring UAS, until May 2013, these four components acquired UAS for testing or use, but only the FBI had used UAS to support its mission. Although ATF reported planning to deploy UAS to support future operations, it had not yet used UAS during an operation. The DEA and USMS also acquired UAS for testing, but had no plans to deploy them operationally.

While both the FBI and ATF have developed standard operating procedures guiding how to receive approval to operate UAS, neither component saw a need to develop specialized UAS privacy protocols, and did not believe that there was any practical difference between how UAS collect evidence through aerial surveillance as compared to manned aircraft.

The OIG concluded that a consistent Department-wide policy regarding the use of UAS may be merited in light of the current, uncoordinated approach of Department components to their use and the unique capabilities of small UAS. Those capabilities include the ability to maneuver covertly in areas where individual expectations of privacy are not well-defined, such as in the immediate vicinity of residences, and the potential for extended flight times far beyond the capabilities of manned aircraft. The report noted that consistent Department guidelines specific to UAS could help ensure both appropriate protections of individual privacy and the admissibility of evidence acquired through the use of UAS.

In addition, the OIG found that OJP and COPS have awarded approximately \$1.2 million to seven local law enforcement agencies and non-profit organizations to purchase small UAS for testing or use.

# Multicomponent

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With respect to the Department's UAS grants, the OIG found that OJP and COPS need to enhance their efforts to monitor UAS awards to ensure that recipients can receive FAA approval to operate UAS and that their use is legal in their jurisdictions. Further, the Department's law enforcement components were largely unaware of UAS acquired through Department awards. The OIG believes that the granting authorities should coordinate Department-funded UAS grant projects with the law enforcement components to help avoid potentially overlapping investigations and ensure that the results of UAS testing are shared appropriately.

The OIG made eight recommendations to the Department regarding the creation of UAS-specific policies, enhancement of the Department's monitoring of UAS awards, and improved coordination between award recipients and Department law enforcement components. The Department agreed with all of the recommendations.

## **Department Airfares and Booking Fees**

In a review of Department airfares and booking fees, the OIG found that the Department has not configured its travel booking system to ensure that employees on official travel select the most cost-effective airfare available and that it can continue to reduce travel contractor fees by maximizing the use of its online booking system.

Under the Federal Travel Regulation, federal travelers must purchase government contract fares, known as "City Pair" fares, when available unless a publicly available, non-contract airfare is less expensive than the City Pair fare for the same flight. The OIG found that some components had configured their online booking engines such that potentially less expensive, non-contract airfares were not displayed to employees by default, and that officials who authorize travel sometimes did not automatically receive the information they needed to confirm that employees had selected the lowest airfare available. The OIG also found

that many components had configured their online booking engines to incorrectly warn employees that less expensive, non-contract airfares were "outside of your agency's travel policy," thereby discouraging travelers from selecting the lowest airfare available.

The OIG concluded that the Department can continue to reduce travel contractor fees by maximizing the use of the online booking engine, as online booking costs the Department \$6.49 per ticket as compared to \$31.49 per ticket for a travel agent-assisted booking—a difference of \$25 for each ticket. The OIG found that the Department has taken steps to encourage employees to book travel online, resulting in an increase in online booking from 44 percent for FY 2010 to 60 percent for the first 9 months of FY 2013. However, those figures still fall short of the Department's goal of a 75-percent online booking rate for travel arrangements.

The OIG made three recommendations to the Justice Management Division (JMD) to help the Department reduce travel costs. JMD agreed with all of the recommendations.

## **The Department's Implementation of and Compliance with Certain Classification Requirements**

The OIG reviewed the Department's implementation of and compliance with requirements for ensuring the proper classification of information. The OIG conducted this audit pursuant to the *Reducing Over-Classification Act*, which directed OIGs to assess the adoption, compliance, and administration of their agencies' applicable classification policies, procedures, rules and regulations, and to identify any factors that may contribute to persistent misclassification of material.

The OIG found that the Department has established classification policies and procedures but has not effectively administered them to ensure that information is classified

# Multicomponent

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and disseminated appropriately. Although the OIG did not find indications of widespread misclassification, it identified deficiencies relating to the implementation of the Department's classification program, including a persistent misunderstanding and lack of knowledge of certain classification processes by officials within components. The OIG believes that the types of discrepancies identified and the causes of those discrepancies indicate that the Department is susceptible to misclassification.

For example, the OIG found documents with unclassified information inappropriately identified as being classified, and many that either did not contain required classification markings, or contained incorrect classification markings. In addition, the OIG found that the National Security Division, Criminal Division, and DEA incorrectly categorized many decisions to classify information as "original" classification decisions when, in fact, a classifying official had previously classified the information in question. Incorrectly categorizing decisions risks causing information that should be treated similarly to be classified differently across programs and could also result in classifiers providing directions about classification levels, dissemination controls, or declassification dates that are inconsistent with previously established guidance. The OIG also identified weaknesses in the Department's implementation of classification standards, limited distribution of automated tools designed to improve the classification and marking processes, and weaknesses in the application of security education and training programs. Moreover, although the Security and Emergency Planning Staff (SEPS) within JMD has developed oversight and review processes for classified national security information, SEPS has encountered problems executing and overseeing those procedures, in part because of insufficient resources devoted to these responsibilities as well as weaknesses in infrastructure, training, and controls throughout the Department.

The OIG made 14 recommendations to JMD to help improve the Department's classification management program and better implement classification procedures. JMD agreed with all of the recommendations.

## **Report of Investigation Concerning the Improper Disclosure of Department Information to a Member of the Media**

The OIG issued a report examining an allegation that ATF Special Agent John Dodson, who provided significant information regarding ATF's handling of Operation Fast and Furious, was retaliated against through the unauthorized disclosure in late June 2011 of an ATF memorandum he had drafted. The report found that Dennis Burke, who was then United States Attorney for the District of Arizona, provided the memorandum to a Fox News producer in violation of Department policies. The OIG also concluded that Burke's disclosure was likely motivated by a desire to undermine Dodson's public criticisms of Operation Fast and Furious. The OIG did not identify any other Department employee who had disclosed this document. The OIG referred its finding regarding Burke's violation of Department policy to the Department's Office of Professional Responsibility for a determination of whether this conduct violated the Rules of Professional Conduct for the state bars of which Burke is a member.

## **Federal Information Security Management Act Audits**

The *Federal Information Security Management Act* (FISMA) requires the Inspector General for each agency to perform an annual independent evaluation of the agency's information security programs and practices. The evaluation includes testing the effectiveness of information security policies, procedures, and practices of a representative subset of agency systems. The Office of Management and Budget (OMB) is responsible for the submission of the annual FISMA report to Congress. The Department of Homeland Security prepares the FISMA metrics

# Multicomponent

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and provides reporting instructions to agency Chief Information Officers, Inspectors General, and Senior Agency Officials for Privacy. The FY 2013 FISMA results are due to OMB by November 15, 2013.

For FY 2012, the OIG audited the security programs of six Department components: the FBI, JMD, ATF, DEA, Civil Division, and the Executive Office of the U.S. Trustees (EOUST). The OIG issued separate reports this reporting period for its reviews of the individual security programs for the FBI, ATF, Civil Division, and EOUST. Within these components, the OIG selected for review one classified system within the FBI. In addition, the OIG also selected the following six sensitive but unclassified systems: the FBI's Integrated Automated Fingerprint Identification System, ATF's ProLaw, Civil Division's Victim Compensation Fund Management System, and EOUST's Criminal Enforcement Tracking System. In these audits, the OIG identified deficiencies in configuration management, identity access management, incident response and reporting, risk management, security training, plan of action and milestones, remote access management, contingency planning, and contractor systems. The OIG audit provided 90 recommendations for improving implementation of the Department's information security program and practices for its sensitive but unclassified, classified, and national security systems. The components agreed with the recommendations.

For FY 2013, the OIG reviewed the security programs of five Department components: the FBI, JMD, USMS, Antitrust Division, and the Executive Office for Immigration Review (EOIR). Within these components, the OIG selected for review two classified systems within the FBI and the following four sensitive but unclassified systems: JMD's Single Authentication System, USMS's Decision Support System, Antitrust Division's Management Information System, and EOIR's JCON-IIA/CASE System. The OIG plans to issue reports evaluating each of these systems as well as reports on each component's information security program.

In addition, FISMA requires an annual evaluation of the information security programs and practices of Intelligence Community agencies. The Intelligence Community Inspector General has responsibility for analyzing, summarizing, and consolidating the Intelligence Community OIG FISMA reports into one capstone annual report. On September 10, 2013, the OIG submitted the Intelligence Community FISMA Metrics Report for the FBI to the Intelligence Community Inspector General.

## **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 \$500,000 or more 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 OJP 86 single audit reports encompassing over 701 contracts, grants, and other agreements totaling more than \$210.3 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

# Multicomponent

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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. To address these deficiencies, the auditors recommended 208 management improvements and questioned costs in excess of \$4.1 million.

## **Civil Rights and Civil Liberties**

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 send a semiannual report to Congress discussing the OIG's implementation of these responsibilities. In August 2013, the OIG issued its 23rd report summarizing its Section 1001 activities from January 1 through June 30, 2013. 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**

### **Use of Material Witness Warrants**

The OIG is reviewing the Department's use of the material witness warrant statute, 18 U.S.C. § 3144, which provides for the arrest and detention of a person if his testimony "is material in a criminal proceeding, and if it is shown that it may become impracticable to secure the presence of the person by subpoena." With a particular focus on post-September 11 terrorism cases, the OIG is evaluating whether the statute has been used in an arbitrary, overbroad, or otherwise abusive manner. The OIG is also examining whether the information presented to the courts to justify the detention of particular witnesses fairly reflected the underlying information known to the Department and the FBI at the time; whether procedural safeguards have provided meaningful protections to detained witnesses; and whether the conditions under which selected witnesses were confined were consistent with relevant statutes, regulations, and rules.

### **Department's Handling of Sex Offenders Admitted into the Federal Witness Security Program**

The OIG is reviewing the Department's handling of sex offenders admitted into the federal WITSEC Program. The preliminary objectives are to evaluate the Department's admission and vetting of sex offenders into the WITSEC Program; the handling, tracking, and monitoring of sex offenders who were admitted into the WITSEC Program; and the procedures for notifying states, local municipalities, and other law enforcement agencies regarding the relocation of sex offenders.

### **Mortgage Fraud**

The OIG is auditing the Department's efforts to address mortgage fraud. The OIG will review component efforts to implement Department policy guidance, the coordination of component

# Multicomponent

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programs at the national level, and the Department's public reporting of its mortgage fraud-related accomplishments.

## **Disbursements from the Crime Victims Fund to the FBI and EOUSA**

The CVF, administered by the OVC, was established by the *Victims of Crime Act of 1984* and is a major funding source for victim services throughout the United States. The OIG is conducting separate reviews of the FBI's and EOUSA's accounting of CVF earmark funds for FYs 2009 through 2011. The current audit objectives are to assess the EOUSA's accounting and financial reporting of the CVF funds and evaluate the FBI's and EOUSA's/USAO's victim-witness services supported by CVF funding.

## **Fees and Expenses of Expert Witnesses**

The OIG is auditing the Fees and Expenses of Witnesses appropriation, which provides funding for costs associated with the provision of testimony on behalf of the federal government, largely for expert witness testimony. Expert witness funds are centrally managed by JMD's budget staff and allocated to the General Legal Activities account and EOUSA for the administration of the expert's fees and expenses. Expert witness compensation rates are evaluated and agreed upon by the responsible Department attorney. The audit will determine the Department's compliance with applicable laws, regulations, and Department guidance, and assess internal controls over the expert witness expenditures.

## **Denials from the National Instant Criminal Background Check System**

The OIG is auditing the National Instant Criminal Background Check System, which provides criminal background checks in support of the *Brady Handgun Violence Prevention Act of 1993*. The OIG will evaluate the effectiveness of processes related to the FBI's referral of denials to ATF; ATF's initial screening and referral of denials to its field offices for investigation; ATF

field offices' investigation of denials; and the U.S. Attorney Offices' prosecution of crimes associated with denials.

## **Overseas Professional Conduct**

The OIG is examining the Department's and five components' policies, guidance, and training governing the off-duty conduct of employees on official travel or assignment in foreign countries. The five components in the review are ATF, Criminal Division, DEA, FBI, and USMS.

## **Sexual Misconduct in Law Enforcement Components**

The OIG is examining the nature, frequency, reporting, investigation, and adjudication of sexual misconduct (including the transmission of sexually explicit text messages and images) where the conduct potentially affected the workplace or the security of operations within ATF, DEA, FBI, and USMS. The OIG is also reviewing whether these law enforcement components can effectively address allegations of sexual misconduct in a consistent manner.

## **OCDETF Fusion Center**

The OIG is examining the operations of the OCDETF Fusion Center and its process for sharing its analytical products.





# 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 35,900 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

### **FBI Interactions with the Council on American-Islamic Relations**

In response to a congressional request, the OIG examined the clarity of the FBI's policy for its non-investigative interactions with the Council on American-Islamic Relations (CAIR) and FBI field office compliance with the policy. The review focused on five specific non-investigative interactions between the FBI and CAIR that took place from 2010 through 2012 at three FBI field offices: New Haven, Connecticut; Chicago, Illinois; and Philadelphia, Pennsylvania. The OIG concluded that, in three of the five incidents, the FBI's policy was not followed, resulting in public interactions with CAIR that were inconsistent with the goal of the FBI's policy.

The FBI developed the policy on its interactions with CAIR in 2008 based, in part, on evidence presented during the 2007 trial of the Holy Land Foundation for Relief and Development. The evidence linked CAIR leaders to Hamas, a specially designated terrorist organization, and CAIR was named as an unindicted co-conspirator in the case. The FBI's policy was intended to significantly restrict the FBI's non-investigative interactions with CAIR and to prevent CAIR from publicly exploiting such contacts with the FBI. The OIG found

that the FBI did not provide the management or oversight needed to ensure proper implementation and compliance with its policy. Instead, the FBI Office of Public Affairs, a headquarters entity that has a different mission and focus than other divisions, provided policy interpretation and advice to FBI field offices that were not always in line with, or supported by, the binding language contained in the policy. The OIG also found instances in which FBI field offices did not coordinate with the points of contact identified in the policy. As a result, in three of the five interactions reviewed, the FBI engaged in non-investigative, community outreach activities with CAIR that were inconsistent with its policy.

The OIG made two recommendations to help the FBI improve its implementation of its policy on FBI-CAIR interactions. The FBI agreed with both recommendations.

### **Accounting and Reporting of Funds Distributed from the Crime Victims Fund**

The OIG examined the FBI's accounting and reporting of funds it receives from the CVF and found that the FBI did not have adequate internal controls over CVF funds to ensure compliance with all applicable rules, regulations, and guidelines.

# Federal Bureau of Investigation

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Each year between FYs 2009 through 2012, the FBI received between \$14 million and \$18 million in CVF funds. The FBI uses CVF funds to support 134 victim specialists assigned to divisions and field offices across the country to assist victims and facilitate their cooperation with the investigation of federal crimes. The OIG found that the system implemented by the FBI to track and document CVF expenditures was insufficient and unreliable. A review of data from FY 2009 alone identified approximately \$249,000 in transactions that lacked sufficient documentation to support the expenses.

Additionally, the OIG found that the FBI had not implemented adequate year-end procedures to ensure that all unspent CVF funds were returned to the FBI's CVF account, and as a result, approximately \$527,000 in CVF funds were left idle at the FBI for 2 years instead of being used to fund victim services. The FBI also did not accurately request reimbursement from the Department's OVC for expenses incurred to support Victim Specialist positions, including approximately \$631,000 in Victim Specialist expenses during FY 2009.

Further, the FBI did not accurately report to the OVC its total expenditures of CVF funds or the amount of unspent CVF funds, or provide sufficient financial accounting detailing its expenditures. The OIG found that the FBI underreported the amount of funding that remained unspent by approximately \$354,000 in FY 2009, which resulted in the OVC mistakenly awarding the FBI the same amount in additional new CVF funds in FY 2010.

The FBI's inadequate accounting, administration, and reporting of CVF expenditures resulted in the failure to pursue appropriate reimbursements from the OVC for expenditures, increased the risk that CVF funds could be misused, and created the potential for material misstatements of total expenditures. In addition, under applicable law, state and local programs receive their annual CVF funding levels after all other program areas are funded,

including the FBI's CVF. These deficiencies have the potential to affect the amount of CVF funding received by state and local programs, and consequently to affect services available to victims through those entities.

The OIG made three recommendations to the FBI to improve the effectiveness of its internal controls over CVF funds. The FBI agreed with all of the recommendations.

## CODIS Audits



The FBI's CODIS program allows crime laboratories around the country to compare and match DNA profiles electronically, thereby

assisting law enforcement in solving crimes and identifying missing or unidentified persons. The National DNA Index System (NDIS) is the national database containing the DNA profiles contributed by federal, state, and local laboratories participating in the CODIS program. The OIG performs audits of these crime laboratories to ensure they are in compliance with key NDIS operational procedures and certain FBI Quality Assurance Standards (QAS), and to ensure that their forensic DNA profiles maintained in CODIS databases are complete, accurate, and allowable for inclusion in NDIS. The QAS describe quality assurance requirements that CODIS laboratories must follow to ensure the quality and integrity of the data generated by the laboratory.

During this reporting period, the OIG audited CODIS activities at two laboratories. The results of those audits are described below.

- The OIG found that the North Dakota Crime Laboratory (ND Laboratory) provided adequate physical security of the CODIS servers and terminals, ensured that all required personnel had successfully completed required annual NDIS training, provided all necessary documents to the FBI for its CODIS users, and confirmed the

# Federal Bureau of Investigation

five NDIS matches in a timely manner. The audit also found that the ND Laboratory complied with the FBI's Forensic QAS that the OIG tested. Finally, the audit found 99 of the 100 profiles the OIG reviewed to be complete, accurate, and allowable for inclusion in NDIS. Prior to the start of the OIG's field work, the ND Laboratory removed from NDIS one unallowable profile that was selected for review. The OIG made no recommendations.

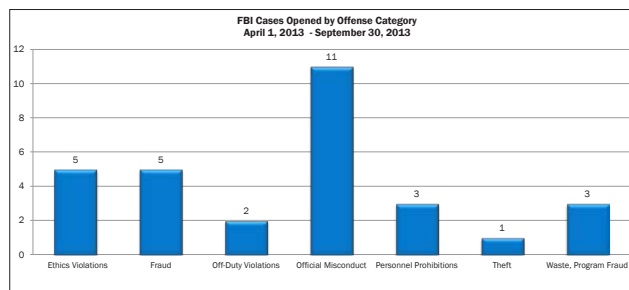
- The OIG found that the Northville, Michigan, Forensic Laboratory (Northville Laboratory) maintained adequate security over its facility and CODIS server, submitted the required background information on CODIS users to the FBI, kept records showing CODIS users were properly trained, and was timely in resolving the NDIS matches the OIG reviewed. The audit also found that the Northville Laboratory complied with the FBI's Forensic Quality Assurance Standards that the OIG tested. Finally, the audit found 99 of the 100 profiles the OIG reviewed to be complete, accurate, and allowable for inclusion in NDIS. The OIG identified one profile that the Northville Laboratory agreed was unallowable, which the Northville Laboratory therefore deleted from NDIS during the audit. The OIG made no recommendations.

## Investigations

During this reporting period, the OIG received 790 complaints involving the FBI. The most common allegations made against FBI employees were official misconduct, and waste and mismanagement. 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 30 investigations and referred 55 allegations to the FBI's Inspection Division for action or

investigation. At the close of the reporting period, the OIG had 38 open criminal or administrative investigations of alleged misconduct related to FBI employees. The criminal investigations covered a wide range of offenses, official misconduct, ethics violations, and fraud. The administrative investigations involved serious allegations of misconduct.



Source: Investigations Data Management System

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

- On September 12, 2013, a former FBI Assistant Director was charged in an information with violating a federal ethics law that prohibits senior executive branch personnel from making professional contacts with the agency in which they were employed for one year after leaving government service. The former Assistant Director pled guilty on October 3, 2013. Sentencing is scheduled for December 2013.
- On August 13, 2013, a former FBI Special Agent and two non-Department subjects were indicted in the Southern District of New York on charges of conspiracy and bribery. The indictment alleges that, in or about September 2011 through about March 2012, the three were involved in soliciting cash payments in exchange for providing confidential internal law enforcement documents and information that the Special Agent had access to by virtue of his position.

# Federal Bureau of Investigation

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- In the *Semiannual Report to Congress October 1, 2012 – March 31, 2013*, the OIG reported that an FBI management and planning specialist was arrested and pled guilty to a charge of possession of child pornography. On June 14, 2013, the specialist was sentenced in the Eastern District of Virginia to 12 months' confinement to be followed by 5 years' supervised release and was ordered to register as a sex offender. He is no longer employed by the FBI. The investigation was conducted by the OIG's Washington Field Office and the U.S. Postal Inspection Service.
- In the *Semiannual Report to Congress October 1, 2012 – March 31, 2013*, the OIG reported that an FBI technical information specialist assigned to the FBI Cleveland Division was arrested and pled guilty to a charge of unauthorized accessing of a computer to obtain government records. On May 30, 2013, the technical information specialist was sentenced in the Northern District of Ohio to 12 months' probation based on his guilty plea and immediately resigned his employment with the FBI. In pleading guilty, the specialist admitted that he retrieved personal and biographical data about individuals for non-law enforcement purposes approximately 19 times from various law enforcement databases. The specialist disclosed the information he obtained to an individual who he knew was not authorized to receive the information. No evidence was developed that any FBI investigation was compromised as a result of these disclosures. This investigation was conducted by the OIG's Detroit Area Office.

## Ongoing Work

### FBI Laboratory

In response to a congressional request, the OIG is reviewing the activities and processes of a task force formed by the Criminal Division in 1996 to address issues arising at the FBI Laboratory. The issues the task force addressed related largely to a review the OIG conducted of allegations of wrongdoing and improper practices within certain units of the FBI Laboratory. The OIG's findings were described in a 1997 report, "The FBI Laboratory: An Investigation into Laboratory Practices and Alleged Misconduct in Explosives-Related and Other Cases."

### 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. 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 Section 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.

# Federal Bureau of Investigation

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## **Management of Terrorist Watchlist Nominations**

The objectives of the OIG's ongoing audit are to evaluate the impact on the FBI's watchlisting system of the failed terrorist attack on December 25, 2009, and to assess the effectiveness of the initiatives the FBI implemented between 2009 and 2012, which were intended to ensure the accuracy, timeliness, and completeness of the FBI's watchlisting practices, including watchlist nominations and removals. Two prior OIG audits related to the FBI terrorist watchlist nomination practices found that the FBI's procedures for processing terrorist watchlist 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.

## **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 carrying out 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 its audit of the FBI's implementation of the Sentinel information technology project, which was made available to all FBI employees on July 1, 2012. The OIG will evaluate Sentinel's user functionality and project costs, and enhancements made to Sentinel.

## **A Review of the U.S. Government's Handling of Intelligence Information Leading Up to the Boston Marathon Bombings**

The OIG is participating in a coordinated review of the U.S. government's handling of intelligence information leading up to the Boston Marathon bombings. The review will examine the information available to the U.S. government before the Boston Marathon bombings and the information sharing protocols and procedures followed between and among the intelligence and law enforcement agencies. The Inspectors General for the Intelligence Community, the Department of Homeland Security, and the Central Intelligence Agency also are participating in the review.



# 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 119 institutions, 6 regional offices, a central office (headquarters), 2 staff training centers, and 22 residential reentry management offices. The BOP is responsible for the custody and care of approximately 219,000 federal offenders. Approximately, 81% 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

### **Compassionate Release**

The OIG examined the BOP's implementation of its compassionate release authority under 18 U.S.C. § 3582(c)(1)(A)(i). In the *Sentencing Reform Act of 1984*, Congress authorized the Director of the BOP to request that a federal judge reduce an inmate's sentence for "extraordinary and compelling" circumstances. Under the statute, the request can be based on either medical or non-medical conditions that could not reasonably have been foreseen by the judge at the time of sentencing. The OIG found that an effectively managed compassionate release program would inevitably result in cost savings for the BOP and assist in managing the continually growing inmate population and the resulting challenge to the capacity of the federal prison system. However, the OIG concluded that the existing program has been poorly managed and implemented inconsistently, resulting in ad hoc decision making that has likely resulted in eligible inmates not being considered for release and terminally ill inmates dying before their requests were decided. The OIG determined that problems with the program's management are concentrated in four areas.

First, the BOP had not defined what an "extraordinary and compelling" circumstance is and had not established any criteria for evaluating medical or non-medical requests. As a result, BOP staff had varied and inconsistent understandings of the circumstances that

warranted consideration for compassionate release. Second, although many inmates requesting compassionate release had terminal illnesses and limited life expectancies, not all institutions had timeliness standards for processing requests and, for those that did, the timeframe ranged from 5 to 65 days. Third, staff was not required to inform inmates about the program, and potentially appropriate inmates may not have learned about the program. Fourth, the BOP did not have a system to track all compassionate release requests, the timeliness of the review process, or whether decisions made by wardens and regional directors were consistent with each other or with BOP policy.

In addition, because the time taken to approve or deny requests was not tracked, the BOP could not determine if delays in the process existed, take corrective actions where delays occurred, or ensure that inmates' requests were considered in a timely manner. Furthermore, the BOP could not ensure the accuracy of denial decisions made by wardens or regional directors because there were no systematic reviews of their decisions to ensure that they are consistent with each other and with the BOP's policy and underlying statutory authority.

The OIG also found that the BOP did not maintain cost data associated with the custody of inmates eligible for consideration under the program and had not conducted any analysis

# Federal Bureau of Prisons

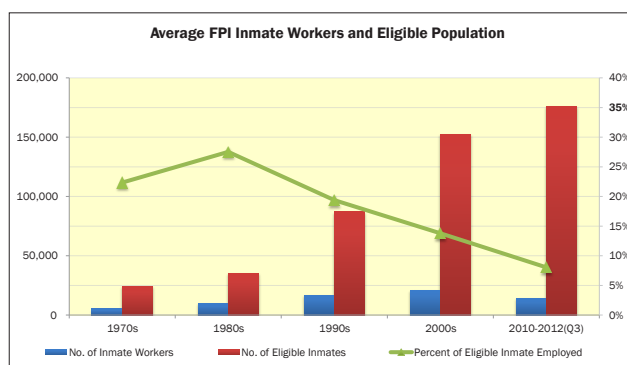
of cost savings achieved by releasing such inmates. As a result, neither the BOP nor the OIG could determine with any precision the costs associated with providing health care to inmates eligible for compassionate release or the cost savings that could be achieved by releasing eligible inmates. Finally, the OIG looked at the impact of the compassionate release program on public safety and found a recidivism rate of only 3.5 percent (5 of 142) for inmates released through the program from 2006 through 2011. By comparison, the general recidivism rate for federal prisoners has been estimated to be as high as 41 percent.

The OIG made 11 recommendations to improve the BOP's management of the compassionate release program and to ensure that eligible inmates are considered for release in a timely and consistent manner. The BOP agreed with nine of the recommendations and partially agreed with two recommendations. It has begun implementing the recommendations.

## **Management of Federal Prison Industries and Efforts to Create Work Opportunities for Federal Inmates**

The OIG issued a report on the management of FPI and its efforts to create work opportunities for federal inmates. FPI, whose trade name is UNICOR, is a wholly owned government corporation and inmate reentry program operated within the BOP. As of June 2012, FPI operated 83 factories staffed by a federal inmate workforce producing a variety of products and services for federal agency customers, such as office furniture, military apparel, and vehicle repairs.

The OIG found that FPI has struggled financially in recent years, reporting average net losses of \$31 million annually from FYs 2009 through 2012 on average net sales of \$753 million. FPI's employment figures have also dropped in recent years; as of June 2012, FPI employed 12,394 inmates, or only 7 percent of the total inmate population, its lowest level of inmate employment since 1986.



Source: FPI

The OIG concluded that FPI's reduction in inmate employment is primarily the result of efforts to compensate for its declining revenues and earnings. FPI officials cited a combination of factors that had contributed to its financial struggles, including changes to the legal and policy framework in which FPI's businesses operate that altered FPI's status as the mandatory source for certain procurement actions by federal agencies, the winding down of the wars in Iraq and Afghanistan, the recent U.S. economic downturn, and substantial financial losses in key product lines. FPI implemented factory restructuring initiatives from FYs 2009 through 2012 in an attempt to offset losses, reduce excess production capacity, and reduce staffing. These cost-reduction initiatives contributed to the loss of approximately 6,500 inmate jobs, or approximately one-third of FPI's total FY 2009 inmate workforce. FPI also implemented an inmate job-sharing initiative in 2010 intended to replace each inmate employed on a full-time basis with two inmates employed on a half-time basis. However, in part due to FPI's unclear performance metrics for this initiative, the OIG was unable to gauge FPI's job-sharing progress over the past 2 years.

In addition, the OIG found that FPI's longstanding goal of employing 25 percent of the total inmate population was no longer representative of current conditions, in part because of the rise in BOP's total inmate population. Finally, the OIG found that FPI's internal controls did not ensure that aliens who were ordered deported were removed from



# Federal Bureau of Prisons

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FPI employment as required. Specifically, as of June 2012, FPI employed 37 inmates who were under a final order of deportation and therefore appeared to be ineligible for FPI employment under federal regulations. Once the OIG brought this issue to its attention, FPI immediately removed 35 of the 37 deportable inmates from FPI employment. One of the two remaining inmates claimed he had been misidentified, and the other inmate already had ceased working at FPI.

The OIG made four recommendations to assist FPI in its efforts to maintain and create opportunities for inmates. The BOP agreed with the recommendations.

## **The BOP's Residential Reentry Center in Hutchins, Texas**

The OIG audited the BOP's Residential Reentry Center (RRC) contract awarded to Volunteers of America Texas, Hutchins, Texas, to operate and manage the RCC in Hutchins, Texas. Actual contract costs for 2010 through 2012 were \$10,494,342. The audit found that the Hutchins RRC did not always comply with the criteria outlined in the BOP statement of work for RRC operations and that not all required inmate services were provided or were provided timely. Specifically, the OIG reviewed 51 inmate case files and found 4 inmates were missing Individualized Program Plans (IPP), 36 inmates' IPPs were not updated as required, 3 inmates' case files were missing initial employment verifications, and 6 inmates' employment verifications were performed untimely. The audit also found that release plans and terminal reports were not submitted timely for seven inmates and two inmates were missing release plans. Further, the OIG found that not all inmates were given mandatory drug testing. The OIG made four recommendations to the BOP to assist its management and oversight of the contract. The BOP agreed with all of the recommendations.

## **The BOP's Residential Reentry Center Contract with Behavioral Systems Southwest, Inc.**

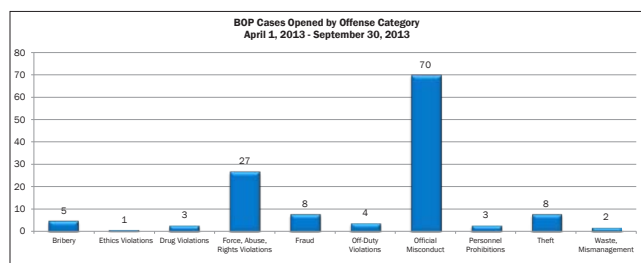
The OIG audited the BOP's contract awarded to Behavioral Systems Southwest, Inc., to operate and manage the RRC located in Phoenix, Arizona (Phoenix RRC). A requirements contract was awarded for the Phoenix RRC with an estimated award amount of over \$13 million for the base period (October 2010 through September 2012) and 3 option years. The actual costs for the base period and the first option year (through March 31, 2013) were \$6,700,523. The audit determined that the Phoenix RRC did not always comply with the BOP's statement of work for RRC operations, including required accountability checks not always performed for inmates away on passes for approved absences, incomplete passes, and IPPs not updated in a timely manner. Finally, the audit found some initial and subsequent inmate employment verifications were untimely or not performed. The OIG concluded that the RRC did not adequately monitor the inmates. Based on these findings, the OIG made three recommendations to the BOP to assist its management and oversight of the contract. The BOP agreed with all of the recommendations.

# Federal Bureau of Prisons

## Investigations

During this reporting period, the OIG received 3,974 complaints involving the BOP. The most common allegations made against BOP employees included official misconduct; and force, abuse, and rights violations. The 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 131 investigations and referred 31 allegations to the BOP's Office of Internal Affairs for action or investigation. At the close of the reporting period, the OIG had 183 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.



Source: Investigations Data Management System

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

- On July 3, 2013, a BOP correctional officer assigned to the Metropolitan Detention Center, Brooklyn, New York, pled guilty in the Eastern District of New York to an indictment charging her with sexual abuse of a ward. The sexual relationship involved an inmate who was convicted of murdering two New York Police Department detectives during an undercover sting. The individual is no longer employed by the BOP. This investigation was conducted by the OIG's New York Field Office.
- On May 13, 2013, a BOP correctional officer at the Federal Correctional Complex in Butner, North Carolina, was sentenced in the Eastern District of North Carolina to 36 months' imprisonment to be followed by 3 years' supervised release pursuant to his guilty plea to a charge of bribery of a public official. From approximately July 2011 to approximately June 2012, he provided contraband, including cigarettes and other items, to federal inmates at the Butner facility in exchange for bribe payments totaling approximately \$15,000. The correctional officer resigned his position as a condition of the plea agreement. This investigation was conducted by the OIG's Washington Field Office, the U.S. Postal Service, and the North Carolina State Bureau of Investigation.
- On June 19, 2013, a BOP medical technician, previously assigned to the Federal Correctional Institution (Medium) at the Federal Correctional Complex in Coleman, Florida, was sentenced in the Middle District of Florida pursuant to her guilty plea to an indictment charging her with bribery of a public official. The medical technician was sentenced to 1 year and 1 day of prison and 2 years' supervised release and ordered to forfeit \$2,000. This investigation was conducted by the OIG's Miami Field Office.
- On July 1, 2013, a BOP correctional officer, previously assigned to the Federal Detention Center in Honolulu, Hawaii, was sentenced in the District of Hawaii pursuant to his guilty plea to sexual abuse of a ward. The correctional officer was sentenced to 20 months' incarceration followed by 3 years' supervised release and fined \$3,000. He resigned while under investigation by the OIG's Los Angeles Field Office.

# Federal Bureau of Prisons

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- On July 30, 2013, a BOP correctional officer previously assigned to the Federal Correctional Institution, Gilmer, at Glenville, West Virginia, and another person were arrested and pled guilty to an information in the Northern District of West Virginia charging each with one count of conspiracy to commit bribery and one count of bribery. The information charged that from about January 1, 2012, through August 14, 2012, the defendants conspired to smuggle tobacco into the Gilmer facility in exchange for approximately \$40,000 in bribe payments. The correctional officer resigned his position with the BOP following his OIG interview. This investigation was conducted by the OIG's Washington Field Office.
- On May 13, 2013, two BOP employees were arrested on a charge of witness tampering. The indictment alleges that the two employees made false statements in their written memoranda to management concerning an incident in which correctional officers used force against an inmate that resulted in injuries to the inmate. The memoranda submitted by the two employees omitted any mention of force being used against the inmate. The investigation is being conducted by the OIG's Chicago Field Office.
- In the *Semiannual Report to Congress October 1, 2012 – March 31, 2013*, the OIG reported that a BOP physician's assistant was convicted at trial in the Western District of Oklahoma on a charge of abusive sexual contact. Under the guise of conducting physical examinations, the physician's assistant sexually assaulted a female inmate at the Federal Transfer Center in Oklahoma City in May 2011. On June 4, 2013, the BOP physician's assistant was sentenced to 15 months' imprisonment to be followed by 60 months' supervised release with a special

condition that he register as a sex offender. He resigned from the BOP following his conviction. This investigation was conducted by the OIG's Dallas Field Office.

## Ongoing Work

### Acquisition through Strategic Sourcing

The OIG is auditing the BOP's efforts to improve its acquisition of goods and services through the use of strategic sourcing. The objectives are to assess the BOP's efforts to implement the Federal Strategic Sourcing Initiative and determine whether these efforts have reduced the BOP's costs.

### Usage and Effectiveness of X-ray Equipment

The OIG is auditing the BOP's procurement of 65 x-ray machines in FY 2011. The objectives are to assess the usage of equipment purchased by contract and evaluate the effectiveness of the equipment.

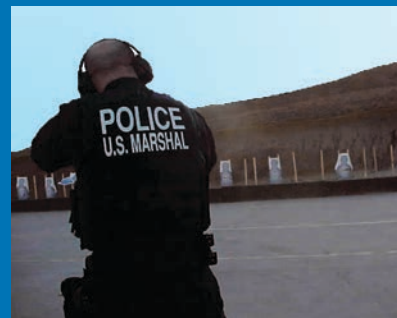
### The BOP's Contract with Medical Development International

The OIG is auditing Medical Development International's (MDI) performance under a contract with the BOP to provide medical services to federal detainees at the Federal Correctional Complex in Butner, North Carolina. The objectives of the audit are to determine if the BOP took appropriate actions to implement the recommendations from the OIG's 2007 audit of the MDI contract, if the corrective actions implemented improved the BOP's oversight of the contract and MDI's compliance with the terms and conditions of the contract, and to evaluate MDI's practices for managing billings from and payments to its subcontractors.



# U.S. Marshals Service

The USMS is responsible for ensuring the safe and secure conduct of judicial proceedings; protecting more than 2,200 federal judges and approximately 10,000 other court officials at more than 400 court 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 5,600 employees at 316 locations throughout the 50 states, Guam, Northern Mariana Islands, Puerto Rico, U.S. Virgin Islands, Colombia, Mexico, Jamaica, and the Dominican Republic.



## Reports Issued

### **Financial Management of the USMS's Office in the Superior Court of the District of Columbia**

The OIG examined the internal controls over financial management employed by the USMS's SCDC. The OIG found significant deficiencies in how the USMS SCDC accounts for overtime and supplemental pay for law enforcement officers; identified over \$275,000 in total unsupported costs associated with district-level salaries, fleet cards, and purchase cards; and concluded that the USMS SCDC needs to take multiple actions to strengthen its internal controls to ensure that it is adequately preventing waste, fraud, and abuse.

The OIG found that USMS SCDC supervisors responsible for assigning overtime hours in the SCDC did not have concrete guidance about how much overtime was appropriate, and that the matter was therefore left primarily to their own judgment. As a result, from October 2008 to September 2011, approximately 10 percent of the 1.5 million hours worked by USMS SCDC employees were overtime hours, resulting in over \$6 million in overtime pay. The OIG also identified several employees who recorded more than 1,000 hours of overtime each year and earned more than \$35,000 each in overtime,

including five employees who received a total of nearly \$680,000 in overtime pay. In fact, one USMS SCDC employee earned more in overtime than in base pay during the review period.

The OIG also found that USMS SCDC managers could have done more to ensure that criminal investigators met Department requirements governing Law Enforcement Availability Pay, which is additional remuneration equal to 25 percent of base pay received in exchange for being available for unscheduled duty. The OIG's assessment of 1 year of timesheets for 6 sampled criminal investigators found significant deficiencies and irregularities in the documentation of unscheduled duty hours worked, including one criminal investigator who reported working just 7 hours of unscheduled duty in a year in which he received more than \$26,000 in Law Enforcement Availability Pay.

Further, the USMS SCDC needs to strengthen controls over both fleet and purchase cards. The USMS SCDC spent an average of over \$200,000 on fleet card purchases and an average of \$120,000 on purchase card transactions each year during the OIG's 3-year review period, many of which were paid without adequate supporting documentation.

# U.S. Marshals Service

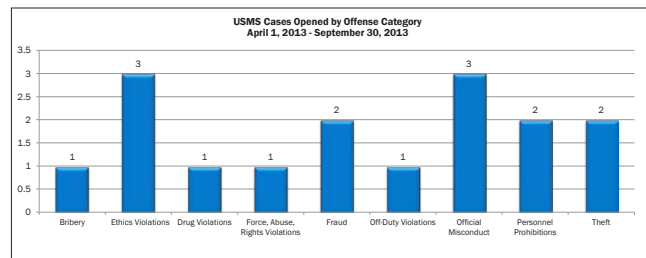
The OIG also identified various internal controls that the USMS SCDC should implement to improve the efficiency and effectiveness of its inventory process. For example, the USMS SCDC does not have policies adequate to ensure that stolen USMS SCDC weapons remain listed as stolen in the NCIC online database, which serves as a national clearinghouse for information regarding criminal activity. During the audit period, district employees reported as stolen two USMS-owned weapons that the investigating local law enforcement agency ensured were listed in the NCIC. Yet by the time the second weapon, an AR-15 rifle, was recovered, its listing had been removed from the NCIC's active database. The OIG recommended that the USMS SCDC develop a policy sufficient to ensure that all stolen USMS SCDC weapons remain listed in the NCIC until they are recovered.

The OIG made 18 recommendations to help improve the procedures and controls of the USMS SCDC. The USMS SCDC agreed with all of the recommendations.

## Investigations

During this reporting period, the OIG received 297 complaints involving the USMS. The most common allegations made against USMS employees were official misconduct; and force, abuse, and rights violations. The majority of the complaints were considered management issues and were provided to the USMS's Office of Internal Affairs for its review and appropriate action.

During this reporting period, the OIG opened 16 investigations and referred 4 other allegations to the USMS's Office of Internal Affairs for its review. At the close of the reporting period, the OIG had 26 open cases of alleged misconduct against USMS employees. The most common allegations were official misconduct and ethics violations.



Source: Investigations Data Management System

The following is an example of a case involving the USMS that the OIG investigated:

- In the *Semiannual Report to Congress October 1, 2012 – March 31, 2013*, the OIG reported that on February 25, 2013, a USMS employee was arrested on charges of possession of child pornography. After pleading guilty on April 30, 2013, to one count of possession of child pornography, the employee was sentenced on August 15, 2013, in the Eastern District of Virginia to 5 years' probation and ordered to register as a sex offender. The individual is no longer a USMS employee. The investigation was conducted by the OIG's Washington Field Office.

## Ongoing Work

### Management of International Fugitive Removal Activities

The OIG is auditing the USMS's management of international fugitive removal activities. The OIG will evaluate the USMS's use of data to strategically manage its removal operations; its coordination efforts with other federal, state, and local law enforcement entities on international removals; and the efficiency of removal-related activities, including the cost effectiveness of these processes.

# Drug Enforcement Administration

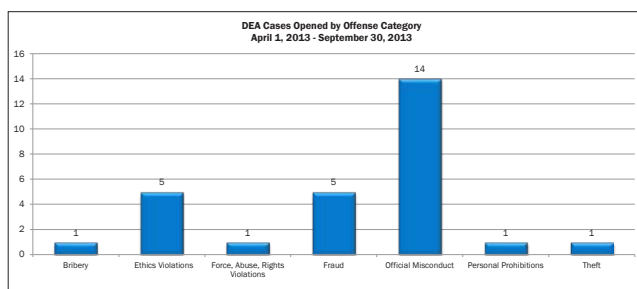
The DEA enforces federal laws and regulations related to the growth, production, or distribution of controlled substances. In addition, the DEA seeks to reduce the supply of and demand for illicit drugs, both domestically and internationally. The DEA has approximately 10,000 employees staffing its 21 division offices in the United States and 86 foreign offices in 67 countries.



## Investigations

During this reporting period, the OIG received 407 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 28 cases and referred 21 allegations to the DEA's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 22 open cases of alleged misconduct against DEA employees. The most common allegations were official misconduct, ethics violations, and fraud.



Source: Investigations Data Management System

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

- On May 13, 2013, a DEA investigative assistant was arrested and pled guilty in the Western District of Pennsylvania to the charge of theft of government property. According to her plea agreement, while assigned to the DEA Resident Office in Pittsburgh, Pennsylvania, the investigative assistant stole \$1,800 from the Alternate Impress Fund in June 2012. She resigned from the DEA shortly after the theft was discovered, and she was sentenced on September 16, 2013, to 1 year probation and 50 hours of community service. The investigation was conducted by the OIG's New Jersey Area Office.

## Ongoing Work

### Registrant Actions

The OIG is examining the DEA's adjudication of registrant actions it has taken against businesses or health care practitioners found to have violated the *Controlled Substances Act of 1970*. The review will assess the DEA's registrant action process and the timeliness of its decisions.

# Drug Enforcement Administration

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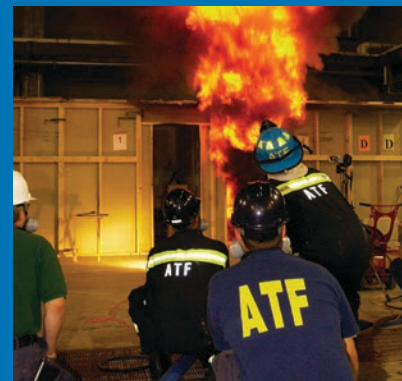
## **Permanent Change of Station Transfers**

The DEA routinely transfers personnel among its domestic and international offices. The OIG is reviewing the adequacy of the DEA's accounting for its permanent change of station (PCS) transfer activities and the DEA's controls over resources expended on PCS transfers, including repayments required by those employees who do not satisfy their required continued service agreements.



# Bureau of Alcohol, Tobacco, Firearms and Explosives

ATF's more than 4,700 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. International offices include EUROPOL and INTERPOL offices, and offices located in the Caribbean, Mexico, Canada, and Colombia, as well as a Regional Firearms Advisor based in San Salvador.



## Reports Issued

### Income-Generating Undercover Operations

The OIG reviewed ATF's use of income-generating, undercover operations, also known as churning investigations, and found a serious lack of oversight by ATF, misuse of proceeds, and failures to account properly for cigarettes and assets purchased during these investigations. Using statutory authority, churning investigations may use funding generated from illicit transactions to offset expenses incurred by these investigations, rather than relying on appropriated funds. ATF has used this authority only in investigating tobacco diversion cases that involve efforts to evade state, local, or federal tobacco taxes.

ATF and the Department approved 35 churning investigations between February 2006 and June 2011, the period covered by the audit. However, the OIG found that none of these requests fully met ATF's policy requirements for approval, including that none were reviewed by ATF's Undercover Review Committee prior to submission to the Department, as required by ATF policy. In fact, the OIG was told that ATF's Undercover Review Committee did not meet between February 2005 and January 2012. Additionally, the audit found that 33 of the 35 requests did not include critical information that is required by ATF policy.

The OIG identified one investigation that did not receive any approval to operate as a churning investigation. For that unapproved churning investigation, the audit found that approximately \$15 million of cigarettes were sold in an 18-month period, and a confidential informant for the investigation was allowed to keep more than \$4.9 million of the \$5.2 million of gross profit generated without submitting adequate documentation supporting his expenses.

The OIG also reviewed 20 of the 36 churning investigations conducted by ATF during the audit period to determine whether there was proper oversight and management of the churning investigations at the headquarters and field division levels. Together, these 20 investigations reported total revenues of nearly \$162 million. The audit found that ATF policies in place at the time did not clearly establish the permissible uses of churning proceeds. As a result, expenditures that appeared improper, unnecessary, and unreasonable were made based on individual agent and supervisor discretion. The review also found a significant lack of oversight and controls to ensure that cash, cigarettes, equipment, and other assets used in churning investigations were accurately tracked, properly safeguarded, and protected from misuse. The OIG found that out of the

# Bureau of Alcohol, Tobacco, Firearms and Explosives

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more than 9.9 million cartons of cigarettes (or 420 million cigarettes) that were purchased for the 20 investigations reviewed, the disposition of 2.1 million cartons of cigarettes, with a retail value of more than \$127 million, could not be reconciled.

The OIG made 16 recommendations to ATF and 1 recommendation to the Office of the Deputy Attorney General to assist them in ensuring that churning investigations are properly authorized and managed. In its response to the report, ATF did not specifically state whether it agreed or disagreed with the recommendations; however, it stated that two policies issued in 2013 addressed 15 of the 16 recommendations. The Office of the Deputy Attorney General agreed with the recommendation made to its office.

## **Federal Firearms Licensee Inspection Program**

The OIG examined ATF's inspection program for FFLs, following up on its 2004 review that found that ATF's inspections were not fully effective in ensuring licensees complied with federal firearms laws. In the current review, the OIG found that since 2004, ATF had made a series of changes and improvements to its inspection processes and had increased outreach activities to the firearms industry. However, ATF needed to improve in four areas to ensure that all inspections are completed and tracked, and that administrative actions, including license revocations, are processed in a timely fashion.

First, ATF had not met its goal of inspecting all federal firearms licensees on a cyclical basis, resulting in over 58 percent of the licensees not being inspected within 5 years. Second, ATF did not track whether high-risk federal firearms licensee inspections met annual operating plan priorities, and consequently, ATF did not know whether it had given priority to high-risk FFL inspections or how long high-risk FFLs had gone between inspections. Third, although ATF performed the majority of in-person follow-up compliance inspections for new licensees that

had received an initial telephone qualification inspection, it did not do so in every case. Qualification inspections are used to verify that applicants are eligible for a license. ATF conducts telephone qualification inspections when it is unable to conduct the inspections in person, which provides less assurance that a new licensee has submitted correct information and understands what complying with federal firearms laws entails. Fourth, ATF did not ensure that administrative actions were not unduly prolonged after cases moved to Division Counsels for review. In situations where ATF concluded that revoking the license of a non-compliant licensee was the appropriate remedy, the administrative action process remained lengthy, sometimes lasting more than 2 years.

The OIG made four recommendations to ATF. ATF agreed in whole or in part with all of them.

## **Explosives Industry Inspection Program**

The OIG examined ATF's inspections of the explosives industry and found that from FY 2006 to FY 2011, ATF generally conducted the inspections mandated by the *Safe Explosives Act* of 2002 (the Act) and had procedures in place to ensure it did so consistently. However, the OIG also found that ATF needed to improve its performance in several areas.

ATF did not consistently document whether its inspections met the requirements of the Act, so it could not precisely determine, and could potentially overstate, its progress toward meeting the statutory requirement that explosives storage facilities be inspected at least once every 3 years. Nor did ATF comprehensively analyze the detailed information it collected during inspections to identify industry trends and target resources to address them. ATF also did not have an effective way to enforce its requirement that licensees that went out of business transfer their explosives records to either ATF or a successor licensee or an efficient way to determine which out-of-business licensees had records that needed to be submitted.

# Bureau of Alcohol, Tobacco, Firearms and Explosives

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Additionally, ATF did not provide explosives sellers with an adequate mechanism for identifying purchasers authorized to buy explosives because they are in a 45-day grace period for the process of renewing expired licenses. Finally, ATF did not conduct in-person inspections of explosives users who stated that they purchased only explosive pest control devices. ATF conducted those inspections by telephone and did not independently verify the users' statements, creating a risk that users might purchase and use more powerful explosives without being subject to in-person inspections.

The OIG made seven recommendations to help ATF improve its explosives inspection program. While ATF agreed in whole or in part with five of the recommendations and began taking steps to implement them, it disagreed with two recommendations addressing the analysis of inspection data and its use of telephone inspections for explosive pest control device users.

## **Revocation of Guns & Ammo License**

In response to a congressional request, the OIG examined whether ATF followed its administrative action policy and procedures when revoking the Federal Firearms License of a Mississippi FFL doing business as Guns & Ammo. The OIG concluded that ATF did not comply with its administrative action policy in the handling of this case, with the end result that different ATF supervisors imposed substantially different discipline for the same conduct.

A series of three Directors of Industry Operations (DIO) in the New Orleans Field Division handled the case. The first DIO did not consult ATF headquarters before initially proceeding with an alternative to revoking the FFL's license. A subsequent DIO reopened the case and recommended revocation of the FFL's license to ATF headquarters but failed to inform headquarters that a warning conference had already been held with the FFL as part of

the alternative to revocation. Additionally, the OIG was unable to determine why a third DIO, although acting within his discretion, ultimately decided to reject the recommendation of a Hearing Officer and proceeded with revocation. Thereafter, the FFL filed an action in federal court seeking to reverse ATF's revocation decision. A federal district judge and the U.S. Court of Appeals upheld ATF's decision.

This case highlighted the problems that can result from the delays in ATF's inspection process that the OIG addressed in an April 2013 report, "Review of ATF's Federal Firearms Licensee Inspection Program." While ATF's goal is to inspect all FFLs within 5 years, Guns & Ammo had not been inspected for more than 11 years before an ATF Investigator cited it for violating federal firearms laws in 2009. Additionally, as a result of the issues that arose in the inconsistent handling of this case, ATF was required to expend considerable resources adjudicating this matter, thereby diverting inspection staff from its other priorities. The OIG was also troubled by the burden placed on Guns & Ammo in having to address duplicative administrative decisions during a single administrative action.

To avoid a recurrence of the issues identified in this review, the OIG made five recommendations to ATF to ensure that it provides greater oversight and training regarding the handling of administrative action cases. ATF agreed with all of the recommendations.

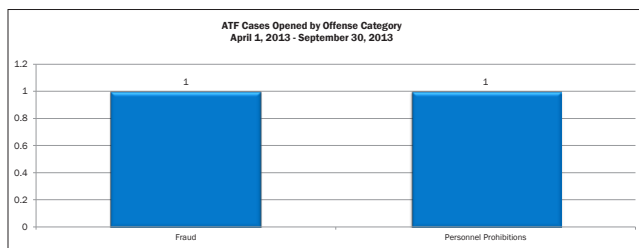
# Bureau of Alcohol, Tobacco, Firearms and Explosives

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## Investigations

During this reporting period, the OIG received 142 complaints involving ATF personnel. The most common allegation made against ATF employees were official misconduct, and waste and mismanagement. 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 2 cases and referred 11 allegations to ATF's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 15 open criminal or administrative investigations of alleged misconduct related to ATF employees. The criminal investigations include fraud and personnel prohibitions.



Source: Investigations Data Management System

# 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 five bureaus – Bureau of Justice Assistance (BJA), Bureau of Justice Statistics (BJS), NIJ, Office of Juvenile Justice and Delinquency Prevention (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. The OIG's work related to OJP's oversight of grant funds awarded under the *American Recovery and Reinvestment Act of 2009* (Recovery Act) is discussed in a separate section of this report.



## Reports Issued

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 issued audits of 12 external OJP grant recipients. Summaries of findings from some of these audits follow.

- The OIG audited three OJJDP grants, totaling \$23,177,286, awarded in 2009, 2010, and 2011 to Big Brothers Big Sisters of America (BBBSA) in Philadelphia, Pennsylvania, to provide mentoring services to tribal youth, youth with a parent in the military, and other high-risk populations that were considered underserved. The audit found that BBBSA could not adequately support any of its expenditures for the grant-funded programs because grant funds were commingled within BBBSA's general fund account, making it impossible to identify how grant funds were used. The OIG also determined that BBBSA did not adequately oversee the funds provided to local affiliate agencies, charged unallowable expenditures to the grants, failed to adequately monitor consultants,

and did not properly report program income generated through the programs. The OIG provided OJP with a preliminary briefing on these significant audit findings and recommendations, in response to which OJP froze the disbursement of all grant funds to BBBSA and notified BBBSA of this restriction. The OIG made 15 recommendations to OJP, including remedying \$19,462,448 in questioned costs and putting to better use \$3,714,838 in funds not yet disbursed – covering the total award amount provided to BBBSA. In addition, the OIG recommended that OJP help ensure that BBBSA effectively manages federal funds and complies with applicable laws, regulations, guidelines, and the specific terms of the grants. OJP agreed with all of the recommendations except the recommendation that the funds not yet disbursed be put to better use.

- The OIG audited a \$1,873,228 OJJDP grant, including a supplement, awarded to the Educational Advancement Alliance, Inc. (EAA), Philadelphia, Pennsylvania. While the congressionally-directed grant was awarded to EAA, the ultimate beneficiary of the funds was Philadelphia College Opportunity Resources for Education. The

# Office of Justice Programs

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objective of the grant was to increase the access and retention of at-risk students to higher education by providing direct student service counseling aiming to improve the systems for addressing access and retention of at-risk students. The OIG determined that EAA was in material noncompliance with grant requirements. Specifically, the audit found that EAA paid unapproved sole-sourced contractors almost \$800,000. Further, the grant recipient spent \$387,841 for five consultants, although OJP only authorized two. These consultants were not hired through a competitive bidding process and did not complete time and effort reports as required by grant rules. As a result, the OIG was unable to determine whether four of the consultants were paid in excess of the \$450 per day maximum rate established by OJP. The Executive Director of EAA told the OIG that EAA had borrowed OJP grant funding to pay one unauthorized consultant a monthly payment of \$9,500 while EAA was awaiting funding from a state grant. Although the Executive Director also told the OIG that EAA reimbursed the OJP grant fund for the consultant, the OIG was not provided any evidence of such reimbursement. The audit also revealed that EAA paid an employee \$78,269 over and above the amount approved by OJP, made budget transfers in excess of the amounts allowed by grant rules, drew down grant funds in advance without basing them on actual grant expenditures, and exhibited deficiencies in its grant reporting. As a result of the audit, the OIG questioned over \$1.25 million received by EAA. The OIG made 14 recommendations to OJP to remedy questioned costs and ensure that EAA adheres to grant requirements. OJP agreed with all of the recommendations.

- The OIG audited a total of \$979,689 from two OJP mentoring grants awarded to People for People, Inc. (PFP), Philadelphia,

Pennsylvania. The OIG reviewed PFP's compliance with essential grant conditions and found material weaknesses in PFP's management of grant expenditures. The OIG questioned \$688,317 of the grants as unallowable expenditures, including \$420,729 in unallowable salaries and fringe benefits, \$34,834 in unallowable expenditures, and \$232,754 in unallowable indirect costs. The audit also found that PFP was unable to support \$205,128 in expenditures and drawdowns related to the grants. As a result, the OIG questioned a total of \$893,445 in grant-related expenditures and identified seven management improvement findings related to internal controls, drawdowns, financial and program reporting, budget management, and program performance. The OIG made 13 recommendations to OJP to remedy these findings. OJP agreed with all of the recommendations.

- The OIG audited three Community Capacity Development Office (CCDO) grants totaling \$525,000 awarded to the Booker T. Washington Resource Center (BTWRC) for a Weed and Seed program in Marlin, Texas. Weed and Seed was a community-based multi-agency approach that aimed to prevent, control, and reduce violent crime, criminal drug related activity, and gang activity. The CCDO closed in June 2011 due to a lack of federal funding, and new Weed and Seed sites are not being funded. The OIG identified deficiencies, or was unable to make a determination of adequate performance, in each area it tested. In November 2008, the BTWRC opted out of the Weed and Seed program by issuing a Cease and Desist Notice to OJP and the former Steering Committee president. The former Steering Committee president removed grant related documentation from the BTWRC and, after multiple requests, only provided the OIG with partial information. BTWRC employees

# Office of Justice Programs

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stated that they could not attest to the reliability of the documentation provided by the former Steering Committee president. Consequently, the OIG could not conclude that the expenditures were supported and allowable. As a result of these and other significant deficiencies related to the management of the grant, the OIG questioned over \$400,000, which includes the total amount of grant funds drawn down and the \$63,010 unsupported match requirement. The OIG issued eight recommendations to OJP to remedy the questioned costs and to help ensure that the BTWRC implements appropriate safeguards before awarding it future grants. OJP agreed with all of the recommendations.

- The OIG audited \$1,116,000 awarded to the City of Atlanta, Georgia, (Atlanta) under the Weed and Seed grant program from 2007 through 2010. The audit determined that Atlanta did not comply with essential grant conditions in the areas of internal controls, grant drawdowns, grant expenditures, budget management and control, matching costs, grant goals and accomplishments, and monitoring sub-recipients. The audit revealed unallowable and unsupported questioned costs totaling \$393,869. The audit also reported that Atlanta did not comply with the grant budgets approved by OJP and did not provide, or could not show that it had provided, its required matching share of grant costs. As a result, the OIG made four recommendations to OJP to address the \$393,869 in questioned costs and three recommendations to improve the management of OJP grants. OJP agreed with all of the recommendations.
- The OIG audited one cooperative agreement totaling \$687,250, awarded by OJP's NIJ to the Colorado Department of Public Safety (CDPS). This cooperative agreement was awarded under the Solving

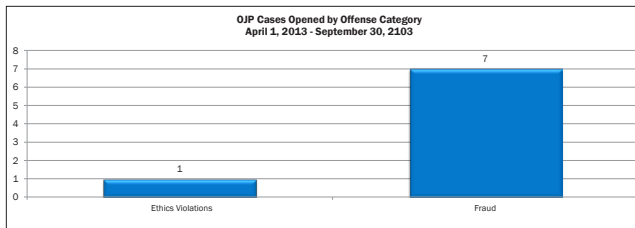
Cold Cases with DNA Program, which assists states and local governments with violent crime cold cases that have the potential to be solved through DNA analysis, and with biological evidence associated with these cases. Overall, the audit identified \$1,820 in unallowable costs used to purchase items that were not included as part of the approved cooperative agreement budget. In addition, the audit found that the CDPS's program performance data reported to the NIJ in the semiannual progress reports were inaccurate and unsupported. As an assist agency, the success of the CDPS's cold case efforts depends largely on participation by local agencies throughout the state to locate and submit evidence for DNA analysis. However, the OIG found that participation by local law enforcement agencies was low, thereby reducing the effectiveness of the CDPS's cold case efforts. As a result, the audit expressed serious concerns over the CDPS's ability to successfully complete the objectives of the cooperative agreement prior to the anticipated program end date. The OIG made three recommendations to improve CDPS's management of the cooperative agreement. OJP agreed with all of the recommendations.

## Investigations

During this reporting period, the OIG received 16 complaints involving OJP. The most common allegation made against OJP employees, contractors, or grantees was fraud.

During this reporting period, the OIG opened 8 cases. At the close of the reporting period, the OIG had 27 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.

# Office of Justice Programs



Source: Investigations Data Management System

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

- On July 31, 2013, the United States Attorney's Office for the District of New Jersey accepted a Stipulation and Settlement Agreement with the New Jersey Police Athletic League (NJ PAL) and its executive director as a result of an audit and investigation conducted by the OIG of allegations that NJ PAL and the executive director had misused Department grant funds. This investigation was conducted by the OIG's New Jersey Area Office and the OIG's Audit Division.
- On August 23, 2013, the U.S. District Court for the Middle District of Florida, Orlando Division, ordered a consent judgment against a civilian for damages totaling \$10,075,320. The civilian had an original outstanding restitution obligation arising out of a qui tam action under the *False Claims Act* in the amount of \$3,358,440. The case is being investigated by the OIG's Fraud Detection Office.

## Ongoing Work

### Public Safety Officers' Benefits Programs

PSOB Programs provide education and death benefits to eligible survivors of federal, state, or local public safety officers, and disability benefits to eligible public safety officers, as the direct result of death or catastrophic personal injury sustained in the line of duty. The audit

will determine whether PSOB death and disability claims are processed in compliance with applicable laws and regulations.

### Solving Cold Cases with DNA Grant Program

The NIJ established the Solving Cold Cases with DNA Grant Program to encourage the analysis of DNA samples from unsolved crimes once thought to be unsuitable for testing. The audit will evaluate the NIJ's implementation and oversight of this program.

### John R. Justice Grant Program

Pursuant to the *John R. Justice Prosecutors and Defenders Incentive Act*, the BJA launched the John R. Justice Grant Program in FY 2010 to provide loan repayment assistance for local, state, and federal public defenders, and local and state prosecutors, in exchange for a 3-year service commitment. The OIG is reviewing the program to assess its cost and its impact on the hiring and retention of prosecutors and public defenders, as well as the BJA's oversight of the program.



# Other Department Components

## 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 issued audits of six COPS grants. The results of some of those audits are summarized below:

- The OIG audited a \$5,913,720 COPS Technology Program grant awarded to the City of Chicago, Illinois, Police Department (Chicago PD). The audit identified some weaknesses regarding its grant management and accounting. Specifically, the Chicago PD made an excessive grant drawdown of \$1,401,628, of which expenditures totaling \$1,039,799 were made against an expired contract. The Chicago PD also did not track and report interest income on the excess drawdown and expensed rather than capitalized project costs as required by the Government Accounting Standard Board. The audit made five recommendations to COPS to remedy \$1.4 million in questioned costs, remedy the interest earned on the excessive drawdown, and ensure that the Chicago PD adheres to grant requirements. COPS agreed with all of the recommendations.
- The OIG audited a \$700,000 COPS Technology Program grant awarded to the Madison, Wisconsin, Police Department (Madison PD). The audit found that Madison PD generally complied with COPS's grant guidelines with respect to internal control environment, drawdowns, budget management and control, property management, reporting, and



program performance. However, the OIG identified \$15,000 in questioned costs for the procurement of unapproved maintenance costs. In addition, the OIG believes that the Madison PD can improve its grant management activities by establishing written procedures for monitoring contractors. The audit made two recommendations to COPS to address these issues. COPS agreed with both recommendations.

- The OIG audited a \$200,000 COPS Technology Program grant and a \$109,350 COPS Secure Our Schools Program grant awarded to the Westland, Michigan, Police Department (Westland PD). The audit found that Westland PD filed four of its financial reports and two of its progress reports late. Because the Westland PD has completed its activities on the audited grants, the audit made no recommendations related to its reporting activities because no additional reports are due. In addition, although the grants have ended, Westland PD did not expend the entirety of its grant funds. The OIG made one recommendation to COPS to deobligate \$41,116 in unused award monies for the Secure Our Schools grant as funds to better use and \$80 in unused award monies for the Technology grant. COPS agreed with the recommendation.

# Other Department Components

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## Criminal Division

### Reports Issued

#### Equitable Sharing Audits

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

During this reporting period, the OIG issued audits of equitable sharing revenues received by three law enforcement agencies. The results of these audits follow:

- The Oklahoma Highway Patrol (OHP) received nearly \$8 million in equitable sharing funds from July 1, 2009, through June 30, 2012. OHP's accounting records did not adequately identify the personnel whose salaries, benefits, and other payroll transactions were being paid with equitable sharing funds, and combined the salaries and benefits of two OHP employees. In addition, OHP commingled Department and Treasury asset forfeiture revenues and expenditures, and incorrectly credited all combined earned interest income to the Department's Asset Forfeiture Program, thereby overstating its actual share. OHP also did not obtain required approval to remodel a building and had not established internal controls to track tangible property purchased with equitable sharing funds to reasonably ensure that tangible property is used for law enforcement purposes. Finally, the audit identified \$1,697,433 in unallowable questioned costs and \$210,216 in unsupported questioned costs related to expenditures and the use of seized

tangible property. The OIG made eight recommendations to the Criminal Division to address these deficiencies. The Criminal Division did not fully agree with two of the recommendations, which remain unresolved.

- The West Metro Drug Task Force (WMDTF) in Jefferson County, Colorado, received \$1.5 million in equitable sharing funds from July 2010 through May 2013. While the WMDTF primarily used equitable sharing funds to enhance and support law enforcement activities of the task force, the OIG found that the Equitable Sharing Agreement and Certification reports for FY 2011 and FY 2012 were submitted late and neither report accurately stated periodic expenditures. In addition, the WMDTF did not reconcile its equitable sharing request log when funds were received and did not provide adequate documentation to support \$80,000 in equitable sharing expenditures. The OIG made four recommendations to the Criminal Division to address these deficiencies. Both the Criminal Division and WMDTF agreed with all of the recommendations.
- The Milwaukee, Wisconsin, Police Department (Milwaukee PD) received \$3.1 million in equitable sharing funds from January 2010 through December 2011. While the Milwaukee PD complied with equitable sharing guidelines governing permissible uses of funds, the OIG found that it submitted late reports in 2010 and 2011 and erroneously included a state-seized car on its 2011 certification report. The audit also disclosed that the Milwaukee PD neither received the required permission from the Criminal Division to sell a vehicle nor deposited the proceeds of this sale into its equitable sharing account as required by program guidelines. The OIG made four recommendations to the Criminal

## Other Department Components

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Division to address deficiencies, and both the Criminal Division and Milwaukee PD agreed with all of the recommendations.

### Environment and Natural Resources Division

#### Ongoing Work

##### **Audit of FYs 2011 and 2012 Superfund Activities**

The *Comprehensive Environmental Response, Compensation and Liability Act of 1980* (known as CERCLA or Superfund), which was expanded by the *Superfund Amendments and Reauthorization Act of 1986*, established the Superfund program to clean up the nation's worst hazardous waste sites. The OIG is conducting an audit to determine if the cost allocation process used by ENRD and its contractor provided an equitable distribution of total labor costs, other direct costs, and indirect costs to Superfund cases during FY 2011 through FY 2012.

### U.S. Attorneys' Offices

#### Reports Issued

##### **EOUSA's Internal Controls over Terrorism Reporting**

The OIG examined the Department's internal controls over the reporting of terrorism-related statistics at EOUSA. The OIG previously examined this issue in 2007 and concluded that the Department and its components, including EOUSA, had not accurately reported certain terrorism-related statistics. This follow-up report reviewed actions EOUSA took in response to the 2007 audit and whether those actions improved its ability to gather, track, classify, verify, and report accurate terrorism-related statistics. These included statistics that reflected on the performance of EOUSA's terrorism-related efforts, such as the number of terrorism-related

cases filed, the number of defendants convicted at trial or by guilty plea, and the number of defendants sentenced to prison.

The OIG concluded that EOUSA had not significantly improved its reporting of terrorism-related statistics since the 2007 audit. Specifically, the OIG found that all 11 EOUSA statistics tested were reported inaccurately, and 8 of those statistics were either overstated or understated by significant margins.

EOUSA overstated the number of terrorism-related defendants within the audit sample who had been judged guilty in FY 2009 by 13 percent, and then overstated the same statistic for the defendants within the FY 2010 sample by 26 percent. EOUSA also overstated by 19 percent a statistic showing the number of terrorism-related defendants within the sample who had been sentenced to prison in FY 2010. These inaccuracies are important in part because Department management and Congress need accurate terrorism-related statistics to make informed operational and budgetary decisions.

The continued inaccurate reporting by significant margins indicates that EOUSA still needs to strengthen its implementation of controls for gathering, verifying, and reporting terrorism-related statistics. The OIG made eight recommendations to assist EOUSA and the USAOs in doing this, including recommendations relating to the guidance EOUSA provides to USAOs for use when collecting data, the timeliness with which USAOs report data to the EOUSA, the disclosures that accompany EOUSA's statistical reports, and the documentation of the processes EOUSA uses to collect and report terrorism-related statistics. EOUSA agreed with all of the recommendations.

# Other Department Components

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## Ongoing Work

### EOUSA's Laptop Computer and Electronic Tablet Encryption Program and Practices

Given the nature and scope of the work of the USAOs and EOUSA, 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 sensitive and classified information; and laptop encryption procedures for contractors and subcontractors. The audit also includes electronic tablets deployed in an EOUSA pilot program.

### USAO and EOUSA Discipline Process

The OIG is examining the consistency, reasonableness, and timeliness of the discipline process for USAO and EOUSA employees.

### Pre-trial Diversion and Drug Court Programs

Pre-trial diversion and drug court programs are alternatives to incarceration that enable prosecutors, judges, and correctional officials to divert certain offenders from traditional criminal justice proceedings into programs designed to address the underlying cause for criminal behavior. This OIG audit will evaluate the design and implementation of the programs, variances in the usage of the programs among the USAOs, and costs savings associated with successful program participants.

### USAO Debt Collection

The OIG is examining the efforts of the USAOs and EOUSA to collect criminal and civil debts. The OIG is reviewing the process for collecting civil and criminal debts, the process for classifying debts as uncollectible, and other activities associated with debt collection.

## Office on Violence Against Women

### Reports Issued

#### Audits of OVW Grants

The Office on Violence Against Women (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 issued four audits of OVW grant recipients. The results from these audits are summarized below:

- The OIG audited a \$149,940 OVW grant awarded to the Soboba Band of Luiseño Indians (Soboba). The audit found that Soboba complied with requirements related to drawdowns, accountable property, budget management, and award requirements. However, the OIG found that Soboba drew down \$102,396 in grant funds without completing grant objectives, salary-related grant expenditures of \$1,765 were not supported, and three progress reports were submitted late. The OIG made three recommendations to the OVW to remedy the \$104,161 in questioned costs and ensure that Soboba develops procedures to adhere to grant reporting requirements. The OVW agreed with all of the recommendations.
- The OIG audited a \$389,996 OVW grant awarded to the Yankton Sioux Tribe (YST) and found that YST did not fully comply with the grant requirements. Specifically, YST's accounting system permitted transactions to be backdated into the general ledger nearly a year after the end of the reporting period. The

## Other Department Components

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audit also found that YST had excess and unsupported drawdowns of \$141,808; unallowable indirect costs and bank charges totaling \$19,242; unapproved training activities resulting in questioned costs of \$14,795; \$12,053 in unallowable training activities; inappropriate travel reimbursements resulting in questioned costs of \$953; and incomplete documents resulting in questioned costs of \$13,428. Additionally, timecards to support some payroll records were missing, financial reports were inaccurate, and progress reports were submitted late and were not adequately supported. The OIG made 10 recommendations to the OVW and identified \$59,518 in dollar-related findings. The OVW agreed with all of the recommendations.

- The OIG audited a \$677,000 OVW cooperative agreement awarded to the International Association of Forensic Nurses (IAFN) in Elkridge, Maryland. While the transactions were, in general, properly charged to the cooperative agreement, the audit found that information submitted for the federal financial reports was inconsistent with the information in the accounting records. The OIG found that IAFN failed to file timely final indirect cost rate proposals, which resulted in unsupported indirect cost charges totaling \$53,187. Further, IAFN did not use written contractual agreements with its hired consultants and did not have a formal policy to effectively monitor consultants. The OIG made four recommendations to the OVW to remedy unsupported costs and ensure that IAFN implements policies governing accurate reporting and its use of consultants. The OVW agreed with all of the recommendations.
- The OIG audited a \$487,500 OVW Technical Assistance Program Grant awarded to the University of Minnesota

to fund its Safe Return Initiative. The audit determined that the University of Minnesota generally complied with grant guidelines with respect to its internal control environment, drawdowns and expenditures, budget management and control, federal financial and progress reports, and grant requirements. The OIG made no recommendations.

### Investigations

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

- On June 17, 2013, a former program director of the Family Resource Center in Seminole, Oklahoma, was arrested and pled guilty to an information filed in the Eastern District of Oklahoma on a charge of federal program theft. In pleading guilty, the program director admitted that from about February 2010 to about August 2012, she embezzled, stole, and intentionally misapplied program property worth \$90,486.14. This investigation was conducted by the OIG's Dallas Field Office with assistance from the Seminole Police Department of Seminole, Oklahoma, and the Seminole County District Attorney's Office, Wewoka, Oklahoma.



# American Recovery and Reinvestment Act of 2009

The [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. The OIG has also participated in several special reviews sponsored by the Recovery Accountability and Transparency Board. Most recently, the OIG participated in a review of lessons learned by federal agencies and OIGs as a result of the experience in managing Recovery Act programs.

Since the enactment of the Recovery Act in February 2009, the OIG has trained 6,003 federal, state, and local program managers and participants on Recovery Act fraud awareness, conducted 106 outreach sessions with state and local agencies, and initiated 58 audits and reviews of Recovery Act funds. In addition, the OIG is conducting six investigations of allegations pertaining to the Department's Recovery Act programs. During this semiannual reporting period, the OIG issued seven reports on the Recovery Act grant management activities of state and local entities.

From enactment of the Recovery Act in February 2009 through September 30, 2013, the Department has obligated more than

98 percent of its \$4 billion in Recovery Act funds. Moreover, as of September 30, 2013, the Department had expended about 95 percent of its Recovery Act funds. The Department has handled this increased workload without any significant increase in staff.

A summary of the OIG's findings from the audit work conducted during this review period related to Recovery Act funds follows.

## 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 audited a \$615,156 COPS Hiring Recovery Program (CHRP) grant awarded to the [Siskiyou County Sheriff's Department](#) (Siskiyou SD), in Yreka, California. The audit found that Siskiyou SD submitted inaccurate information to COPS in its grant application. The OIG determined that the correct crime data would have prevented Siskiyou SD from obtaining the grant based on COPS' CHRP award methodology. Further, Siskiyou SD's accounting system did not record actual grant-related expenditures, and Siskiyou SD's grant budget exceeded costs for an entry-level position by \$60,815, which was in violation of CHRP rules. The audit also revealed that Siskiyou

# American Recovery and Reinvestment Act of 2009

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SD maintained on-board staffing levels significantly below its budgeted levels for 19 months, which indicates that Siskiyou SD may have supplanted \$252,449 in CHRP funds. As a result, the OIG questioned the \$615,156 CHRP grant in its entirety. The OIG made seven recommendations to COPS to remedy \$615,156 in unallowable costs and ensure that Siskiyou SD develops procedures to comply with grant expenditures and requirements. COPS agreed with all of the recommendations.

- The OIG audited a \$1,479,340 CHRP grant awarded to the Manteca Police Department (Manteca PD), Manteca, California. While Manteca PD generally complied with grant requirements in the areas the OIG tested, the audit found that Manteca PD overcharged the grant \$75,138 in salary and fringe benefit costs and the OIG questioned those costs. In addition, the OIG noted that remaining unreimbursed grant funds of \$74,000 should be de-obligated by COPS and put to better use. The OIG made three recommendations to COPS to remedy questioned costs, de-obligate unreimbursed grant funds, and ensure Manteca PD enhances its procedures to verify that all costs charged to grants are allowable and allocable. COPS agreed with all of the recommendations.
- The OIG audited four cooperative agreements totaling \$2,131,986, awarded to the National Law Enforcement Telecommunications System (NLETS). While the audit did not identify any indication that the NLETS was not on track to complete the objectives of the cooperative agreements, the OIG determined that cumulative drawdowns exceeded overall expenditures by \$2,776 and the NLETS did not adhere to the 10-percent rule for one of the cooperative agreements. The audit also identified two transactions totaling \$10,381 that were double-counted in the NLETS' accounting records. The NLETS did not have written travel policies pertaining to rates and did not fully comply with the federal travel policy as required in the OJP Financial Guide. Hourly payroll rates charged to the cooperative agreements exceeded the rates in which the NLETS' employees are actually paid resulting in questioned costs of \$80,207. Contractors were improperly classified as consultants in the contractual agreements, and the NLETS did not maintain documentation showing the need to award contracts without open and free competition. The OIG made nine recommendations to OJP to remedy questioned costs and ensure that the NLETS implements policies and procedures to comply with award requirements. OJP agreed with all of the recommendations.
- The OIG audited a CHRP grant and an Edward Byrne Memorial Justice Assistance Grants (JAG) grant, totaling \$2,041,241, awarded to the Portland Police Department, Portland, Maine (Portland PD). While the Portland PD generally complied with the terms and conditions of the grants, the audit found that Portland PD officials submitted incorrect law enforcement budget data and an incorrect unemployment rate in the CHRP application that could have impacted the city's award eligibility. Given that the inaccurate data did not appear to have affected the suitability of the award, the audit did not question the award of the CHRP grant to the Portland PD. The OIG made one recommendation to COPS to ensure that the Portland PD develops internal controls to accurately report grant application statistics. COPS agreed with the recommendation.
- The OIG audited three Edward Byrne Memorial Justice Assistance Grants totaling approximately \$1.8 million



# American Recovery and Reinvestment Act of 2009

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awarded to the City of Spokane, Washington (Spokane). One of the three grants, totaling \$1.25 million, was a Recovery Act JAG grant. While the audit found that Spokane complied with grant requirements related to the proper monitoring of its sub-recipients to ensure that sub-recipients adhered to grant requirements, the OIG also noted weaknesses related to controls over Spokane's approved vendor list, property inventory practices, and disclosure of program income on the federal financial reports. The OIG made three recommendations to address these issues. OJP agreed with all of the recommendations.

- The OIG audited four Edward Byrne Memorial Justice Assistance Grants totaling nearly \$2.7 million awarded to the City of Aurora, Colorado. One of the four grants, totaling \$1.7 million, was a Recovery Act JAG grant. The audit found that all transactions tested were supported and in compliance with award conditions and financial and progress reports generally reflected actual grant activity and performance to goals and objectives. The OIG made no recommendations.



# Top Management and Performance Challenges

The OIG has created a list of top management and performance challenges in the Department annually since 1998. The list is based on the OIG's oversight work, research, and judgment. By statute this list is required to be included in the Department's Agency Financial Report.

This year's list identifies six challenges that the OIG believes represent the most pressing concerns for the Department. While the challenges are not prioritized, the OIG believes that one of the challenges highlighted this year, which also was identified in last year's top management challenges, represents an increasingly critical threat to the Department's ability to fulfill its mission. That challenge is *Addressing the Growing Crisis in the Federal Prison System*.

The crisis in the federal prison system is two-fold. First, the costs of the federal prison system continue to escalate, consuming an ever-larger share of the Department's budget with no relief in sight. In the current era of flat or declining budgets, the continued growth of the prison system budget poses a threat to the Department's other critical programs – including those designed to protect national security, enforce criminal laws, and defend civil rights. As stated in OIG testimony to Congress during the past year, the path the Department is on is unsustainable in the current budget environment. Second, federal prisons are facing a number of important safety and security issues, including, most significantly, that they have been overcrowded for years and the problem is worsening. Since 2006, Department officials have acknowledged the threat overcrowding poses to the safety and security of its prisons, yet the Department has not put in place a plan that can reasonably be expected to alleviate the problem.

Meeting this challenge will require a coordinated, Department-wide approach in which all relevant Department officials participate in reducing the costs and crowding in the federal prison system. The challenge



posed by the federal prison system is reflective of all of the challenges on top management challenges list: each is truly a challenge to be addressed by the Department as a whole, not just by individual Department components.

## Top Management and Performance Challenges in the Department of Justice – 2013

1. Addressing the Growing Crisis in the Federal Prison System
2. Safeguarding National Security Consistent with Civil Rights and Liberties
3. Protecting Taxpayer Funds from Mismanagement and Misuse
4. Enhancing Cybersecurity
5. Ensuring Effective and Efficient Law Enforcement
6. Restoring Confidence in the Integrity, Fairness, and Accountability of the Department

Detailed information about the Department's management and performance challenges can be found online at [www.justice.gov/oig/challenges/](http://www.justice.gov/oig/challenges/).

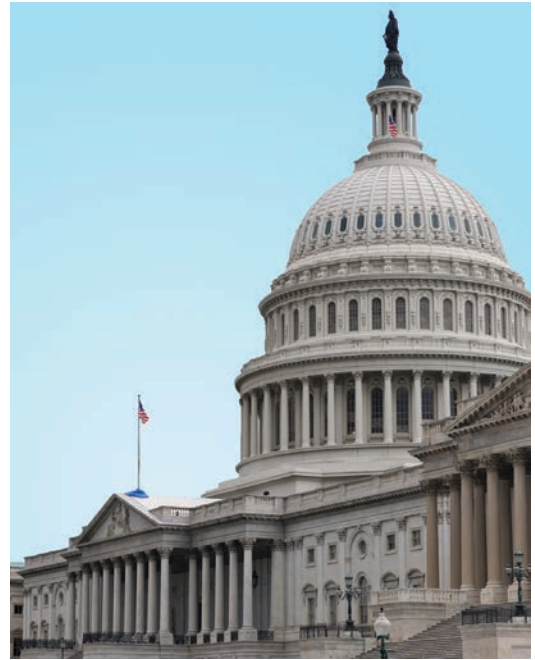


# Congressional Testimony/Legislation and Regulations

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## Congressional Testimony

During this reporting period, the Inspector General testified before Congress on three occasions, including before the U.S. House of Representatives Committee on the Judiciary, Subcommittee on Crime, Terrorism, Homeland Security, and Investigations on April 10, 2013, regarding cost savings and efficiencies at the Department; before the same Subcommittee of the U.S. House of Representatives Committee on the Judiciary on June 4, 2013, concerning the Department's handling of known or suspected terrorists admitted in the Federal Witness Security Program; and before the U.S. Senate Committee on Appropriations, Subcommittee on Commerce, Justice, Science, and Related Agencies on June 6, 2013, regarding the Department's budget request for FY 2014.



## Legislation and Regulations

The IG 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 this period, the OIG reviewed and provided comments on proposed legislation and regulations, including the *Electronic Communications Privacy Amendments Act*, the *Digital Accountability and Transparency Act*, and matters related to grants and other issues. The OIG also participated in the Administration's initiative to revise and improve its guidance and requirements for recipients of federal grants.



# Whistleblower Ombudsperson

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The OIG's Whistleblower Ombudsperson program emphasizes the importance of educating employees and supervisors about how to report wrongdoing and the rights and protections for whistleblowers under the *Whistleblower Protection Act* and related civil service laws. The Whistleblower Ombudsperson program prepared a video entitled "Reporting Wrongdoing: Whistleblowers and their Rights and Protections," which was used in training programs for all Department OIG employees, and the OIG is working with the Department to provide this important training to other components. The OIG's public website, [www.justice.gov/oig](http://www.justice.gov/oig), has been revised to include a designated "Hotline and Whistleblower Protection" link that leads employees and others to detailed information about how and where to report wrongdoing, whistleblower rights and protections, and an overview with contact information for the Whistleblower Ombudsperson program. Efforts have continued to ensure that the OIG promptly and thoroughly reviews whistleblower submissions and communicates with whistleblowers about the resolution of those matters in a timely fashion. The OIG continues to coordinate the working group of federal Whistleblower Ombudspersons through the Council of Inspectors General on Integrity and Efficiency (CIGIE) in order to facilitate the sharing of experiences and information in this area throughout the OIG community. The OIG's efforts were recognized this fall in its certification by the U.S. Office of Special Counsel pursuant to Section 2302(c) of Title 5, United States Code.





# Statistical Information

## Audit Overview

During this reporting period, the OIG's Audit Division issued 43 internal and external audit reports, which contained more than \$27 million in questioned costs, reported over \$3.8 million in funds to better use, and made 222 recommendations for management improvement.<sup>1</sup> Specifically, the Audit Division issued 15 internal audit reports of Department programs funded at more than \$319 million and 28 external audit reports of contracts, grants, and other agreements funded at over \$88 million; and 86 *Single Audit Act* audits of programs funded at more than \$210.3 million. In addition, the Audit Division issued one Notification of Irregularities, one management advisory memorandum, and three other reports.<sup>2</sup>

Questioned Costs <sup>3</sup>			
Reports	Number of Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs <sup>4</sup>
<b>Audits</b>			
No management decision made by beginning of period <sup>5</sup>	1	\$51,248	\$51,248
Issued during period	47 <sup>6</sup>	\$31,211,546	\$22,125,903
Needing management decision during period	48	\$31,262,794	\$22,177,151
Management decisions made during period:			
–Amount of disallowed costs <sup>7</sup>	48 <sup>8</sup>	\$29,565,361	\$22,177,151
–Amount of costs not disallowed	1	\$1,697,433	\$0
No management decision at end of period	0	\$0	\$0
<b>Evaluations</b>			
Nothing to report from the Evaluation and Inspections Division.			
<b>Special Reviews</b>			
Nothing to report from the Oversight and Review Division.			

<sup>1</sup> See glossary for definition of “Questioned Costs” and “Funds Recommended to Be Put to Better Use.”

<sup>2</sup> “Other Reports” are identified in Appendix 3. Notifications of Irregularity include instances of Audit Division referrals to the OIG Investigations Division. Management advisory memoranda are notifications to the auditee of significant issues identified during the audit, prior to completion of the audit and issuance of the audit report.

<sup>3</sup> See glossary for definition of “Questioned Costs.”

<sup>4</sup> See glossary for definition of “Unsupported Costs.”

<sup>5</sup> Includes reports previously issued for which no management decision has been made. See glossary for definition of “management decision.”

<sup>6</sup> Of the audit reports issued during this period with questioned costs, 30 were *Single Audit Act* reports.

<sup>7</sup> Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken. See glossary for definition of “disallowed costs.”

<sup>8</sup> Includes one instance where management agreed with all but one of the audit’s recommendations.

# Statistical Information

<b>Funds Recommended to Be Put to Better Use<sup>1</sup></b>		
<b>Reports</b>	<b>Number of Reports</b>	<b>Funds Recommended to Be Put to Better Use</b>
<b>Audits</b>		
No management decision made by beginning of period <sup>2</sup>	0	\$0
Issued during period	4	\$3,851,832
Needing management decision during period	4	\$3,851,832
Management decisions made during period:		
–Amounts management agreed to put to better use <sup>3</sup>	4	\$3,851,832
–Amounts management disagreed to put to better use	0	\$0
No management decision at end of period	0	\$0
<b>Evaluations</b>		
Nothing to report from the Evaluation and Inspections Division.		
<b>Special Reviews</b>		
Nothing to report from the Oversight and Review Division.		

<sup>1</sup> See glossary for definition of “Funds Recommended to Be Put to Better Use.”

<sup>2</sup> Reports previously issued for which no management decision has been made.

<sup>3</sup> 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

<b>Significant Recommendations for Which Corrective Actions Have Not Been Completed</b>			
<b>Report Number and Date</b>	<b>Report Title</b>	<b>Rec. No.</b>	<b>Recommendation</b>
<b>Audits</b>			
13-23 May 2013	Interim Report on the Department of Justice's Handling of Known or Suspected Terrorists Admitted into the Federal Witness Security Program	3	The text of this recommendation is law enforcement sensitive and not for public release.
13-36 September 2013	Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Use of Income-Generating Undercover Operations	1	Consider implementing Department-wide requirements for authorizing churning requests to ensure that such requests are handled consistently across Department components and that best practices are employed by all Department components.
GR-70-13-006 June 2013	Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Grants Awarded to Big Brothers Big Sisters of America	1	Remedy the \$19,462,448 in unsupported expenditures.
<b>Evaluations</b>			
I2013001 (October 2012)	Management of Immigration Cases and Appeals by the Executive Office for Immigration Review	3	EOIR develop immigration court case completion goals for non-detained cases.
I2013004 (April 2013)	ATF's Explosives Inspection Program	6	Conduct in-person inspections of all explosive pest control device (EPCD) users or obtain the authority to issue licenses and permits valid only for EPCDs.
I2013005 (April 2013)	ATF's Federal Firearms Licensee Inspection Program	2	Reconsider how to meet its goal of performing FFL cyclical compliance inspections on a 3- and 5-year basis, respectively.
<b>Special Reviews<sup>1</sup></b>			
September 2012	A Review of ATF's Operation Fast and Furious and Related Matters	4	The Department should review the policies and procedures of its other law enforcement components to ensure that they are sufficient to address the concerns the OIG has identified in the conduct of Operations Wide Receiver and Fast and Furious, particularly regarding oversight of sensitive and major cases, the authorization and oversight of "otherwise illegal activity," and the use of informants in situations where the law enforcement component also has a regulatory function.
May 2006	A Review of the FBI's Handling 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.

<sup>1</sup> Special Reviews do not have report numbers.

# Statistical Information

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

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

<b>Significant Recommendations in Disagreement for More than 6 Months</b>			
<b>Report Number and Date</b>	<b>Report Title</b>	<b>Rec. No.</b>	<b>Recommendation</b>
<b>Audits</b>			
Nothing to report from the Audit Division.			
<b>Evaluations</b>			
Nothing to report from the Evaluation and Inspections Division.			
<b>Special Reviews</b>			
Nothing to report from the Oversight and Review Division.			

# 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 September 30, 2013, the OIG Audit Division was monitoring the resolution process of 309 open reports and closed 99 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 September 30, 2013.

<b>Workload and Accomplishments</b>	<b>Number of Reviews</b>
Reviews active at beginning of period	7
Reviews cancelled	0
Reviews initiated	4
Final reports issued	5
Reviews active at end of reporting period	6

# Statistical Information

## Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending September 30, 2013.

Source of Allegations <sup>1</sup>	
Hotline (telephone, mail and e-mail)	2,039
Other sources	4,285
Total allegations received	6,324
Investigative Caseload	
Investigations opened this period	242
Investigations closed this period	207
Investigations in progress as of 9/30/13	446
Prosecutive Actions	
Criminal indictments/informations	41
Arrests	45
Convictions/Pleas	32
Administrative Actions	
Terminations	29
Resignations	54
Disciplinary action	78
Monetary Results	
Fines/Restitutions/Recoveries/ Assessments/Forfeitures	\$125,522
Civil Fines/Restitutions/Recoveries/ Penalties/Damages/Forfeitures	\$11,311,995

## Investigations Division Briefing Programs

OIG investigators conducted 28 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 1,048 employees.

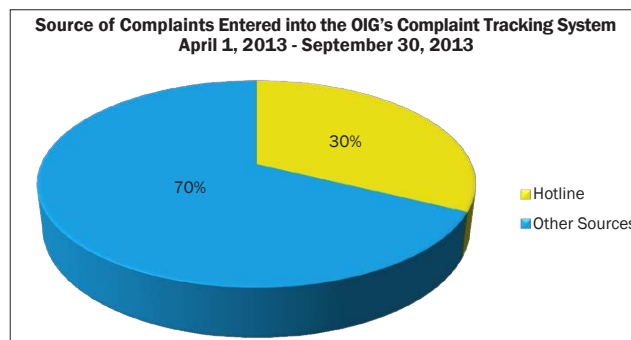
<sup>1</sup> These figures represent allegations entered into the OIG's complaint tracking system. They do not include the approximate 40,000 additional Hotline e-mail and phone contacts that were processed and deemed non-jurisdictional and outside the purview of the federal government.

## OIG Hotline

During FY 2013, the OIG received the majority of its Hotline complaints through its electronic complaint form located within the OIG website at [www.justice.gov/oig](http://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 second half of FY 2013, 2,039 new complaints related to Department operations or other federal agencies were entered into the OIG's complaint tracking system. Of the new complaints, 1,284 were forwarded to various Department components for their review and appropriate action; 385 were filed for information; 304 were forwarded to other federal agencies, and 19 were opened by the OIG for investigation.



Source: Investigations Data Management System

Approximately 40,000 additional Hotline e-mail and phone contacts were processed and deemed non-jurisdictional and outside the purview of the federal government and therefore were not entered into the OIG's complaint tracking system.

# Appendices

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## 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
CHRP	COPS Hiring Recovery Program
CVF	Crime Victims Fund
DEA	Drug Enforcement Administration
Department	U.S. Department of Justice
DHS	U.S. Department of Homeland Security
DIO	Director of Industry Operations
EOIR	Executive Office for Immigration Review
EOUSA	Executive Office for U.S. Attorneys
EOUST	Executive Office of the U.S. Trustees
FAA	Federal Aviation Administration
FBI	Federal Bureau of Investigation
FISA	<i>Foreign Intelligence Surveillance Act of 1978</i>
FISMA	<i>Federal Information Security Management Act</i>
FPI	Federal Prison Industries
FY	Fiscal Year
IG Act	<i>Inspector General Act of 1978</i>
JMD	Justice Management Division
NCIC	National Crime Information Center
NDIS	National DNA Index System
NIJ	National Institute of Justice
NSD	National Security Division
NSL	National Security Letter
OCDETF	Organized Crime Drug Enforcement Task Forces
ODAG	Office of the Deputy Attorney General
OFDT	Office of the Federal Detention Trustee
OIG	Office of the Inspector General
OJP	Office of Justice Programs
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OMB	Office of Management and Budget
OPM	Office of Personnel Management
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>

# Appendices

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**Recovery Act**  
**UNICOR**  
**USAO**  
**USMS**  
**WITSEC**

*American Recovery and Reinvestment Act of 2009*  
Federal Prison Industries  
U.S. Attorneys' Offices  
U.S. Marshals Service  
Witness Security



# Appendices

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## 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.

**Cooperative Agreement:** Term used to describe when the awarding agency expects to be substantially involved with the award's activities; often used interchangeably with "grant."

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

**Disallowed Cost:** The IG Act defines "disallowed cost" as a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the government.

**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.

**Funds Recommended to Be Put to Better Use:** Recommendation by the OIG that funds could be used more efficiently if management of an entity took actions to start 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.

**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.

**Management Decision:** The IG Act defines "management decision" as the evaluation by the management of an establishment of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary.

**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.

# Appendices

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**Registrant Actions:** Under the *Controlled Substances Act of 1970* (Act), businesses or health care practitioners dealing in controlled substances must become registrants with the DEA. If a registrant is found to have violated the Act, the DEA may issue an order to show cause why the DEA should not revoke, suspend, or deny the registration. If the violation appears to pose an imminent threat to the public health, the DEA may issue an immediate suspension order, which deprives the registrant of the right to deal in controlled substances immediately. Collectively, orders to show cause and immediate suspension orders are known as “registrant actions.”

**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.

**Warning Conference:** ATF conducts a warning conference with an FFL to discuss the violations, corrective actions, and the potential for license revocation.

# Appendices

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## Appendix 3

### Audit Division Reports

#### Internal Audit Reports

##### *Multicomponent*

Audit of the Department of Justice's Implementation of and Compliance with Certain Classification Requirements

##### *Bureau of Alcohol, Tobacco, Firearms and Explosives*

Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Information Security Program Pursuant to the *Federal Information Security Management Act Fiscal Year 2012*

Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives' ProLaw System Pursuant to the *Federal Information Security Management Act Fiscal Year 2012*

Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Use of Income-Generating, Undercover Operations

##### *Federal Bureau of Investigation*

Audit of the Federal Bureau of Investigation's Accounting and Reporting of Funds Distributed from the Crime Victims Fund

Audit of the Federal Bureau of Investigation's Information Security Program Pursuant to the *Federal Information Security Management Act Fiscal Year 2012*

Audit of the Federal Bureau of Investigation's Integrated Automated Fingerprint Identification System Pursuant to the *Federal Information Security Management Act Fiscal Year 2012*

Audit of the Federal Bureau of Investigation's Proactive Data Exploitation Unit Special Project Computers System Pursuant to the *Federal Information Security Management Act Fiscal Year 2012*

##### *Federal Bureau of Prisons*

Audit of the Management of Federal Prison Industries and Efforts to Create Work Opportunities for Inmates

##### *U.S. Marshals Service*

Audit of the Financial Management of the United States Marshals Service's Office in the Superior Court of the District of Columbia

##### *Other Department Components*

Audit of the Civil Division's Information Security Program Pursuant to the *Federal Information Security Management Act Fiscal Year 2012*

Audit of the Civil Division's Victim Compensation Fund Management System Pursuant to the *Federal Information Security Management Act Fiscal Year 2012*

# Appendices

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Audit of the United States Trustee Program's Criminal Enforcement Tracking System Pursuant to the *Federal Information Security Management Act Fiscal Year 2012*

Audit of the United States Trustee Program's Information Security Program Pursuant to the *Federal Information Security Management Act Fiscal Year 2012*

Follow-up Audit of the Department of Justice's Internal Controls over Reporting of Terrorism-Related Statistics: the Executive Office for United States Attorneys

## **External Audit Reports**

### *Arizona*

Audit of the Federal Bureau of Prisons Residential Reentry Center Contract with Behavioral Systems Southwest, Inc. Contract No. DJB200038, Phoenix, Arizona

Audit of the Office of Justice Programs National Institute of Justice Cooperative Agreements Awarded to the National Law Enforcement Telecommunications System, Phoenix, Arizona

### *California*

Audit of the Office on Violence Against Women Grant Awarded to the Soboba Band of Luiseño Indians, San Jacinto, California

Audit of the Office of Community Oriented Policing Services Hiring Recovery Program Grant Awarded to the Manteca Police Department, Manteca, California

Audit of the Office of Community Oriented Policing Services Hiring Recovery Program Grant Administered by the Siskiyou County Sheriff's Department, Yreka, California

### *Colorado*

Audit of the Office of Justice Programs, Edward Byrne Memorial Justice Assistance Grant Program, Grants to the City of Aurora, Colorado

Audit of the National Institute of Justice Cooperative Agreement Awarded Under the Solving Cold Cases with DNA Program to the Colorado Department of Public Safety, Denver, Colorado

Audit of West Metro Drug Task Force Equitable Sharing Program Activities, Jefferson County, Colorado

### *Georgia*

Audit of the Office of Justice Programs Weed and Seed Grants Awarded to the City of Atlanta, Georgia

### *Illinois*

Audit of the Office of Community Oriented Policing Services Technology Program Grant Awarded to the City of Chicago Police Department, Chicago, Illinois

### *Maine*

Audit of the Office of Community Oriented Policing Services Hiring Recovery Program and Office of Justice Programs Recovery Act Edward Byrne Memorial Justice Assistance Grants Awarded to the City of Portland, Maine

# Appendices

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## *Maryland*

Audit of the Office on Violence Against Women Award to the International Association of Forensic Nurses, Elkridge, Maryland

## *Michigan*

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Michigan State Police Northville Forensic Laboratory, Northville, Michigan

Audit of the Office of Community Oriented Policing Services Technology Program and Secure Our Schools Grants Awarded to the Westland Police Department, Westland, Michigan

## *Minnesota*

Audit of the Office on Violence Against Women Technical Assistance Program Grant Awarded to the University Of Minnesota, Minneapolis, Minnesota

## *New Jersey*

Audit of the Office of Justice Programs Edward Byrne Memorial Justice Assistance Grants Awarded to the City of Passaic, New Jersey

## *North Dakota*

Audit of Compliance With Standards Governing Combined DNA Index System Activities at the North Dakota Office of the Attorney General Crime Laboratory, Bismarck, North Dakota

## *Oklahoma*

Audit of the Oklahoma Highway Patrol's Equitable Sharing Program Activities

## *Pennsylvania*

Audit of the Office of Justice Programs Grant Administered by the Educational Advancement Alliance, Inc., Philadelphia, Pennsylvania

Audit of the Office of Justice Programs Mentoring Grants Administered by People for People, Inc., Philadelphia, Pennsylvania

Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Grants Awarded to Big Brothers Big Sisters of America

## *South Dakota*

Audit of the Office on Violence Against Women Grants to Indian Tribal Governments Program Awarded to the Yankton Sioux Tribe, Wagner, South Dakota

## *Texas*

Audit of the Federal Bureau of Prisons Residential Reentry Center Contract with Volunteers of America Texas Contract No. DJB200910, Hutchins, Texas

Audit of the Office of Justice Programs Grants Awarded to the Booker T. Washington Resource Center, Marlin, Texas

## *Virginia*

Audit of the National Institute of Justice Award to the Virginia Department of Forensic Science

# Appendices

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## *Washington*

Audit of the Office of Justice Programs Edward Byrne Memorial Justice Assistance Grant Program Grants Awarded to the City of Spokane, Washington

## *Wisconsin*

Audit of the Office of Community Oriented Policing Services Technology Program Grant Awarded to the Madison Police Department, Madison, Wisconsin

Audit of the Milwaukee Police Department's Equitable Sharing Program Activities, Milwaukee, Wisconsin

## **Single Audit Act Reports of Department Activities**

The Alabama Coalition Against Domestic Violence, Incorporated, Montgomery, Alabama FY 2011

Alabama Coalition Against Rape, Incorporated, Montgomery, Alabama FY 2010

City of Anderson, Indiana FY 2011

City of Arlington, Texas FY 2011

ASPIRA Association, Incorporated, Washington, D.C. FY 2010

County of Barry, Missouri FYs 2010 and 2009

City of Bennettsville, South Carolina FY 2010

Boys & Girls Clubs of Northwest Indiana, Incorporated, Gary, Indiana FY 2010

Boys & Girls Clubs of Northwest Indiana, Incorporated, Gary, Indiana FY 2011

The Bronx Defenders, Bronx, New York FY 2011

Chippewa Cree Tribe, Box Elder, Montana FY 2011

Clackamas Women's Services, Oregon City, Oregon FY 2011

City of Cody, Wyoming FY 2011

City of Columbus, Ohio FY 2011

City of Commerce City, Colorado FY 2011

City of Dallas, Texas FY 2011

DeKalb County, Georgia FY 2011

City of Des Plaines, Illinois FY 2011

City of Detroit, Michigan FY 2011

City of East Chicago, Indiana FY 2011

City of El Monte, California FY 2011

City of Elizabeth, New Jersey FY 2011

City of Everett, Washington FY 2011

City of Fort Lauderdale, Florida FY 2011

Glades County, Florida FY 2011

# Appendices

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City of Hyattsville, Maryland FY 2010  
State of Indiana FY 2011  
City of Indianapolis, Indiana FY 2011  
City of Jefferson, Missouri FY 2010  
City of Joliet, Illinois FY 2011  
The Police Department of Kansas City, Missouri FY 2012  
City of Kingston, New York FY 2011  
Knox County, Illinois FY 2011  
City of Lansing, Michigan FY 2011  
Laurens County, Georgia FY 2011  
City of Lebanon, Missouri FY 2010  
Lower Sioux Indian Community, Morton, Minnesota FY 2011  
Mackinac County, Michigan FY 2010  
Marion County, Indiana FY 2010  
Marion County, South Carolina FY 2011  
Marshall County, Mississippi FY 2010  
Maryland Coalition Against Sexual Assault, Incorporated, Arnold, Maryland FY 2011  
Michigan Department of Corrections, Lansing, Michigan FYs 2011 and 2010  
Michigan Department of State Police, Lansing, Michigan FYs 2010 and 2011  
City of Milwaukee, Wisconsin FY 2011  
State of Missouri FY 2011  
County of Muskegon, Michigan FY 2011  
National Center for Victims of Crime, Washington, D.C. FY 2010  
National Center for Victims of Crime, Washington, D.C. FY 2011  
National Law Enforcement Telecommunication System, Incorporated, Phoenix, Arizona FY 2011  
Navajo County, Arizona FY 2011  
New York Prosecutors Training Institute, Incorporated, Albany, New York FY 2011  
City of Newark, California FY 2011  
Nisqually Indian Tribe, Olympia, Washington FY 2011  
North Dakota Council on Abused Women's Services/Coalition Against Sexual Assault in North Dakota, Bismarck, North Dakota FY 2010  
Oglala Sioux Tribe Department of Public Safety, Pine Ridge, North Dakota FY 2010  
Oglala Sioux Tribe, Pine Ridge, South Dakota FY 2010  
Okanogan County, Washington FY 2011

# Appendices

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Oregon Coalition Against Domestic and Sexual Violence, Portland, Oregon FY 2011  
Osage Nation, Pawhuska, Oklahoma FY 2011  
City of Owosso, Michigan FY 2011  
Commonwealth of Puerto Rico, Administration of Corrections FY 2011  
Commonwealth of Puerto Rico, Department of Corrections and Rehabilitation FY 2011  
Commonwealth of Puerto Rico, Puerto Rico Police FY 2011  
Charter Township of Redford, Michigan FY 2012  
Rosamond Gifford Charitable Corporation, Syracuse, New York FY 2010  
City of Roseville, Minnesota FY 2011  
City of San Pablo, California FY 2011  
Santa Cruz County, Arizona FY 2011  
Town of Schererville, Indiana FY 2010  
Sedgewick County, Kansas FY 2010  
Sheriffs' Association of Texas, Incorporated, Austin, Texas FY 2010  
City of Snohomish, Washington FY 2011  
Snohomish County, Washington FY 2011  
Sojourner House, Incorporated, Providence, Rhode Island FY 2011  
South Dakota Network Against Family Violence and Sexual Abuse, Incorporated, Sioux Falls, South Dakota FY 2011  
City of South El Monte, California FY 2011  
Sullivan County, New Hampshire FY 2011  
Troup County, Georgia FY 2011  
Washington Parish Sheriff, Franklinton, Louisiana FY 2011  
Charter County of Wayne, Michigan FY 2011  
County of Webb, Texas FY 2011  
Village of Wellington, Florida FY 2011  
White Buffalo Calf Women's Society, Incorporated, Mission, South Dakota FY 2009  
City of Wilton Manors, Florida FY 2010  
City of Winooski, Vermont FY 2011

## Other Reports

Interim Report on the Department of Justice's Handling of Known or Suspected Terrorists Admitted into the Federal Witness Security Program  
Interim Report on the Department of Justice's Use and Support of Unmanned Aircraft Systems  
Review of Department of Justice Airfares and Booking Fees October 2012 Through June 2013



# Appendices

## Appendix 4

### Quantifiable Potential Monetary Benefits

Audit Report	Questioned Costs	Unsupported Costs	Funds Put to Better Use
<b>Audits Performed by the DOJ OIG</b>			
Audit of the Office of Justice Programs National Institute of Justice Cooperative Agreements Awarded to the National Law Enforcement Telecommunications System, Phoenix, Arizona	\$90,588	\$0	\$0
Audit of the Office of Community Oriented Policing Services Hiring Recovery Program Grant Administered by the Siskiyou County Sheriff's Department, Yreka, California	\$615,156	\$0	\$0
Audit of the Office of Community Oriented Policing Services Hiring Recovery Program Grant Awarded to the Manteca Police Department, Manteca, California	\$75,138	\$0	\$74,000
Audit of the Office on Violence Against Women Grant Awarded to the Soboba Band of Luiseño Indians, San Jacinto, California	\$102,396	\$1,765	\$0
Audit of West Metro Drug Task Force Equitable Sharing Program Activities, Jefferson County, Colorado	\$80,000	\$80,000	\$0
Audit of the Financial Management of the United States Marshals Service's Office in the Superior Court of the District of Columbia	\$275,253	\$275,253	\$0
Audit of the Office of Justice Programs Weed and Seed Grants Awarded to the City of Atlanta, Georgia	\$393,869	\$54,496	\$0
Audit of the Office of Community Oriented Policing Services Technology Program Grant Awarded to the City of Chicago Police Department, Chicago, Illinois	\$1,401,628	\$361,829	\$0
Audit of the Office on Violence Against Women Award to the International Association of Forensic Nurses, Elkridge, Maryland	\$53,187	\$53,187	\$0
Audit of the Office of Community Oriented Policing Services Technology Program and Secure Our Schools Grants Awarded to the Westland Police Department, Westland, Michigan	\$0	\$0	\$41,196
Audit of the Office of Justice Programs Edward Byrne Memorial Justice Assistance Grants Awarded to the City of Passaic, New Jersey	\$5,817	\$116	\$0
Audit of the Oklahoma Highway Patrol's Equitable Sharing Program Activities	\$1,907,649	\$210,216	\$0
Audit of the Office of Justice Programs Grant Administered by the Educational Advancement Alliance, Inc., Philadelphia, Pennsylvania	\$1,258,362	\$348,934	\$0
Audit of the Office of Justice Programs Mentoring Grants Administered by People for People, Inc., Philadelphia, Pennsylvania	\$893,445	\$205,128	\$0
Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Grants Awarded to Big Brothers Big Sisters of America	\$19,462,448	\$19,462,448	\$3,714,838
Audit of the Office on Violence Against Women Grants to Indian Tribal Governments Program Awarded to the Yankton Sioux Tribe, Wagner, South Dakota	\$43,761	\$13,428	\$0
Audit of the Office of Justice Programs Grants Awarded to the Booker T. Washington Resource Center, Marlin, Texas	\$416,936	\$331,685	\$0
Audit of the Office of Community Oriented Policing Services Technology Program Grant Awarded to the Madison Police Department, Madison, Wisconsin	\$15,000	\$0	\$0
<b>Subtotal (Audits Performed by the DOJ OIG)</b>	<b>\$27,090,633</b>	<b>\$21,398,485</b>	<b>\$3,830,034</b>

# Appendices

<b>Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the Single Audit Act<sup>1</sup></b>			
City of Arlington, Texas FY 2011	\$969	\$0	\$0
Boys & Girls Clubs of Northwest Indiana, Incorporated, Gary, Indiana FY 2010	\$11,441	\$0	\$0
City of Columbus, Ohio FY 2011	\$65,806	\$0	\$0
City of Detroit, Michigan FY 2011	\$19,087	\$0	\$0
City of East Chicago, Indiana FY 2011	\$71,836	\$0	\$0
City of El Monte, California FY 2011	\$105,298	\$0	\$0
City of Elizabeth, New Jersey FY 2011	\$24,775	\$0	\$0
City of Fort Lauderdale, Florida FY 2011	\$3,103	\$0	\$0
City of Hyattsville, Maryland FY 2010	\$9,280	\$9,280	\$0
State of Indiana FY 2011	\$13,552	\$0	\$0
Laurens County, Georgia FY 2011	\$3,933	\$0	\$0
Lower Sioux Indian Community, Morton, Minnesota FY 2011	\$102,383	\$0	\$0
Mackinac County, Michigan FY 2010	\$5,451	\$0	\$0
Marion County, Indiana FY 2010	\$18,228	\$0	\$0
State of Missouri FY 2011	\$299,224	\$299,224	\$0
National Center for Victims of Crime, Washington, D.C. FY 2010	\$94,286	\$76,302	\$0
Oglala Sioux Tribe Department of Public Safety, Pine Ridge, North Dakota FY 2010	\$214,594	\$0	\$0
Oglala Sioux Tribe, Pine Ridge, South Dakota FY 2010	\$1,547,860	\$0	\$0
Okanogan County, Washington FY 2011	\$47,702	\$47,702	\$0
Osage Nation, Pawhuska, Oklahoma FY 2011	\$29,000	\$0	\$0
Commonwealth of Puerto Rico, Department of Corrections and Rehabilitation FY 2011	\$906,853	\$0	\$0
Commonwealth of Puerto Rico, Puerto Rico Police FY 2011	\$12,836	\$12,836	\$0
Charter Township of Redford, Michigan FY 2012	\$94,885	\$0	\$0
City of San Pablo, California FY 2011	\$71,191	\$0	\$0
Santa Cruz County, Arizona FY 2011	\$50,227	\$0	\$21,798
Sedgewick County, Kansas FY 2010	\$21,457	\$16,956	\$0
City of Snohomish, Washington FY 2011	\$9,675	\$0	\$0
Snohomish County, Washington FY 2011	\$863	\$0	\$0
Sullivan County, New Hampshire FY 2011	\$249,489	\$249,489	\$0
White Buffalo Calf Women's Society, Incorporated, Mission, South Dakota FY 2009	\$15,629	\$15,629	\$0
<b>Subtotal (Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the Single Audit Act)</b>	<b>\$4,120,913</b>	<b>\$727,418</b>	<b>\$21,798</b>
<b>Total</b>	<b>\$31,211,546</b>	<b>\$22,125,903</b>	<b>\$3,851,832</b>

<sup>1</sup> 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

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## Appendix 5

### Evaluation and Inspections Division Reports

Review of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Explosives Inspection Program

Review of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Federal Firearms Licensee Inspection Program

Review of the Federal Bureau of Prisons' Compassionate Release Program

Review of the Federal Bureau of Investigation's Interactions with the Council on American-Islamic Relations

Review of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Actions in Revoking the Federal Firearms License of Guns & Ammo

### Oversight and Review Division Reports

Report of Investigation Concerning the Improper Disclosure of U.S. Department of Justice Information to a Member of the Media

# Appendices

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## Appendix 6

### Peer Reviews

#### Peer Reviews Conducted by Another OIG

The Department of Agriculture OIG (USDA OIG) reviewed the system of quality control for the OIG in effect for FY 2012. The review was conducted in accordance with *Government Auditing Standards* and guidelines established by CIGIE. The review concluded that the system of quality control for the OIG in effect for FY 2012 had been suitably designed and complied with to provide the OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The USDA OIG issued its report on March 18, 2013, and the OIG received a peer review rating of *pass*.

In February and March 2013, members of the Department of Labor OIG (DOL OIG) reviewed the internal safeguards and management procedures for the investigative function of the OIG Investigations Division in effect for the period ending January 31, 2013. The review was conducted in conformity with the quality assessment review guidelines established by CIGIE Quality Standards for Investigators, the Quality Assessment Review guidelines established by CIGIE, and the Attorney General's Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority, as applicable. The review was conducted at the Department's OIG Headquarters Office in Washington, D.C., and the Dallas, Denver, and Washington Field Offices. Sixty investigative case files were sampled. In addition, the Department's OIG Computer Forensics Program was evaluated as part of the peer review process.

The review found that the internal safeguards and management procedures for the investigative function of the OIG in effect for the period ending January 31, 2013, are in full compliance with the quality standards established by the CIGIE and the Attorney General's guidelines. These safeguards and procedures provide reasonable assurance of conforming to professional standards in the conduct of investigations.

The review identified four "Best Practices" of the OIG's investigative operations.

1. The OIG provides report writing training to agents that results in cohesive, well-documented, and very well-written investigative reports.
2. The OIG ensures several levels of editing and review that result in extremely well-organized case files.
3. The OIG's Computer Forensics Program adopted policies, standard procedures, and a quality assurance review process based on guidelines published by the Scientific Working Group on Digital Evidence. This ensures that examinations conducted by the OIG's Computer Forensics Program will be completed in a sound manner based on accepted analysis principals.
4. The OIG has assigned sufficient personnel to the Computer Forensics Program and provides sufficient training, exceeding the CIGIE requirement, to ensure personnel maintain a competent level of skills necessary to complete their forensic examinations.

# Appendices

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## **Outstanding Recommendations from Peer Reviews of the OIG**

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

## **Peer Reviews Conducted by the OIG**

The OIG Audit Division reviewed the system of quality control for the audit organization of the General Services Administration OIG (GSA OIG), in effect for the year ended March 31, 2012. The peer review was conducted in accordance with *Government Auditing Standards* and guidelines established by CIGIE. The OIG's review concluded that the system of quality control for the audit organization of the GSA OIG in effect for the year ending March 31, 2012, had been suitably designed and complied with to provide the GSA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The OIG issued its report on December 20, 2012, and the GSA OIG received a peer review rating of *pass*.

## **Outstanding Recommendations from Peer Reviews Conducted by the OIG**

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

# Appendices

## Appendix 7

### Reporting Requirements Index

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	61
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	21-22, 28-29, 32-33, 38, 41-42, 47
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	69-74
Section 5(a)(7)	Summary of Significant Reports	11-51
Section 5(a)(8)	Questioned Costs	59
Section 5(a)(9)	Funds Recommended to Be Put to Better Use	60
Section 5(a)(10)	Reports Without Management Decisions for More than 6 Months	62
Section 5(a)(11)	Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period	62
Section 5(a)(12)	Significant Recommendations in Disagreement for More than 6 Months	62
Section 5(a)(14)	Peer Reviews Conducted by Another OIG	78
Section 5(a)(15)	Outstanding Recommendations from Peer Reviews of the OIG	79
Section 5(a)(16)	Outstanding Recommendations from Peer Reviews Conducted by the OIG	79

# 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 DOJ OIG website at [www.justice.gov/oig](http://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 give 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**