

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



## SEMIANNUAL REPORT TO CONGRESS

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APRIL 1, 2012 - SEPTEMBER 30, 2012

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## Message from the Inspector General

I am pleased to submit this semiannual report, which covers the period from April 1 through September 30, 2012, and overlaps with my first six months as Inspector General. It was an extraordinarily productive period for the Office of the Inspector General (OIG). While much of the attention focused on the OIG's report and Congressional testimony on Operation Fast and Furious and related matters, we conducted numerous other significant audits, investigations, inspections, evaluations, and reviews during this period.

For example, the OIG completed audits and reviews covering issues central to the challenges facing the Department of Justice (Department), including an audit of the Department's statutory debarment activities; a review of improper hiring practices within the Justice Management Division; an examination of the Federal Bureau of Investigation's (FBI) activities under the *Foreign Intelligence Surveillance Act Amendments of 2008*; an evaluation of components' personnel security clearance processes; and a review of the FBI's case management system called Project Sentinel. In addition, we investigated a wide variety of allegations involving misconduct by Department employees, including a murder-for-hire case.

We also made a significant addition to the OIG, by creating a Whistleblower Ombudsperson position. Whistleblowers play an important role in the OIG's efforts to prevent and detect waste, fraud, abuse, and mismanagement, and I want to make sure that the OIG continues its leadership on whistleblower issues.

I anticipate an equally busy next six months. Our audits of the U.S. Marshals Service's Witness Security Program and the Department's efforts to address mortgage fraud are continuing, and we are completing our review of the activities of the Voting Section of the Civil Rights Division and the Bureau of Prisons compassionate release program. We also are reviewing several national security programs, such as the FBI's management of terrorist watchlist nominations and the Foreign Terrorist Tracking Task Force.

Finally, we marked the retirement of Michael Gulledge, the Assistant Inspector General for our Evaluation and Inspections Division. Michael retires with our deep gratitude for his significant contributions to the OIG and his 33 years' of dedicated service to the federal government.

A handwritten signature in blue ink that reads "Michael E. Horowitz".

Michael E. Horowitz  
Inspector General  
October 31, 2012

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# Highlights of OIG Activities



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

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

## Statistical Highlights

April 1, 2012 - September 30, 2012	
Allegations Received by the Investigations Division	5,693
Investigations Opened	205
Investigations Closed	200
Arrests	47
Indictments/Informations	46
Convictions/Pleas	43
Administrative Actions	90
Monetary Recoveries <sup>1</sup>	\$3,863,939
Audit Reports Issued	46
Questioned Costs	\$9,530,638
Recommendations for Management Improvements	165
Single Audit Act Reports Issued	49
Questioned Costs	\$5,158,035
Recommendations for Management Improvements	107

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

## Audits, Evaluations, Inspections, and Special Reviews Highlights

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

- [ATF's Operation Fast and Furious and Related Matters](#). The OIG's review focused on the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) Operations Wide Receiver and Fast and Furious, and described what the OIG found to be serious failures in the handling of the investigations by both ATF and the U.S. Attorney's Office (USAO) for the District of Arizona, as well as serious failures in the Department's response to congressional inquiries about these operations. In the course of its review, the OIG identified individuals ranging from line agents and prosecutors in Phoenix and Tucson to senior ATF officials in Washington, D.C., who bore a share of responsibility for ATF's knowing failure in both operations to interdict firearms illegally destined for Mexico, and for pursuing this risky strategy without adequately taking into account the significant danger to public safety that it created. The OIG made six recommendations designed to increase the Department's involvement in and oversight of ATF operations, improve coordination among the Department's law enforcement components, and enhance the Department's wiretap application review and authorization process. The OIG also recommended that the Department review the conduct and performance of the Department personnel identified in the report and determine whether discipline or other administrative action is appropriate.

# Highlights of OIG Activities

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- **Statutory Debarment Activities within the Department.** The OIG examined the Department's implementation and oversight of statutory debarment activities for Fiscal Years (FY) 2005 through 2010. Statutory debarment ensures that individuals convicted of qualifying offenses are excluded from receiving certain federal benefits, such as grants, contracts, and loans. These individuals are reported to the Bureau of Justice Assistance (BJA) by Department litigating divisions or by the federal and state courts, and the BJA then communicates the information to all government agencies' awarding officials, either directly or through the General Services Administration's Excluded Parties Listing System (EPLS). The OIG found that statutory exclusions are not completely and accurately reported, aggregated, and shared with the relevant federal agencies to inform their award decisions. The review identified multiple deficiencies that contributed to these problems, such as the litigating divisions were not reporting qualifying cases and that the BJA was handling cases inappropriately.
- **The Department's Personnel Security Clearances.** The OIG examined the personnel security clearance processes for the Department's employees and found that the Department, as a whole, did not meet the *Intelligence Reform and Terrorism Prevention Act of 2004* (IRTPA) timeliness guideline of 60 days for National Security Information (NSI) clearances. The review also found that the Department was not completing timely background investigations for Public Trust positions, which do not require NSI clearances and do not fall under IRTPA, but which do involve access to sensitive information and systems. In addition, the OIG found that the Department's tracking of personnel security processing was not sufficient to enforce its own policies.
- **Improper Hiring Practices in JMD.** The OIG released a report examining allegations of improper hiring practices in the Justice Management Division (JMD). The OIG found that eight different current or former JMD officials, all at either the General Schedule (GS) 15 grade level or members of the Senior Executive Service, violated applicable statutes and regulations in seeking the appointment of their relatives to positions within JMD. The OIG also found that a Deputy Assistant Attorney General in JMD responded inadequately to warning signs she received concerning the hiring of relatives of JMD employees. This is the third OIG investigation in recent years involving improper hiring practices within JMD. In this current report, the OIG made four recommendations regarding JMD taking disciplinary action against the employees who committed violations, providing training materials and guidance about the nepotism statute, requiring appropriate disclosures and certifications, and considering additional appointments identified in this report for possible violations.
- **FBI's Activities Under Section 702 of the FISA Amendments Act of 2008.** The OIG issued a classified report examining the Federal Bureau of Investigation's (FBI) activities under Section 702 of the *Foreign Intelligence Surveillance Act Amendments Act of 2008* (Act). The Act authorizes the targeting of non-U.S. persons reasonably believed to be outside the United States for the purpose of acquiring foreign intelligence information. As required by the Act, the OIG reviewed the number of disseminated FBI intelligence reports containing a reference to a U.S. person identity, the number of U.S. person

# Highlights of OIG Activities

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identities subsequently disseminated in response to requests for identities not referred to by name or title in the original reporting, the number of targets later determined to be located in the United States, and whether communications of such targets were reviewed. In addition, the OIG reviewed the FBI's compliance with the targeting and minimization procedures required under the Act.

- [Interim Report on the FBI's Implementation of the Sentinel Project.](#) The OIG issued a report examining the progress made by the FBI on the development and implementation of Project Sentinel, the FBI's new information and investigative case management system. This report – the ninth such OIG report on the Sentinel program – resulted from a congressional requirement that the OIG review the Department's status update report on the program, the latest of which was received by the OIG on July 9, 2012. In this July report, the Department stated that the FBI made Sentinel available to all users on July 1, 2012, and estimated the cost of Sentinel at \$441 million, which is \$10 million under the latest Sentinel budget of \$451 million. However, the FBI originally planned for the Sentinel budget to provide for 2 years of funding for the operation and maintenance of Sentinel once it was fully implemented, and we found that the FBI's \$441 million cost estimate did not include operations and maintenance costs for the next 2 years, which the FBI estimated to be \$30 million annually. In addition, the OIG audit also found that the FBI continues to operate other information technology (IT) systems that initially were intended to be subsumed by Sentinel, because the FBI decided not to include certain functionalities originally planned for Sentinel.

- [Internal Controls over Terrorism Reporting.](#) The OIG examined the efforts of the Department's National Security Division (NSD) to gather and report accurate terrorism-related statistics. In February 2007, the OIG found that the Department components reviewed did not accurately report 24 of the 26 statistics reviewed, with some statistics significantly overstated or understated. This OIG follow-up audit found that the NSD - which has assumed responsibility for some of these cases - did not accurately report four of the five statistics the OIG reviewed, although it appears that the statistics were not significantly overstated or understated. The NSD concurred with the OIG's three recommendations to help the NSD improve the accuracy and documentary support for the terrorism-related statistics it reports.
- [DNA Forensic Lab Backlog.](#) In this follow-up audit of the FBI's Laboratory's efforts to eliminate its backlog of forensic DNA cases, the OIG found that while the FBI has significantly reduced its overall forensic DNA backlog, one of the units still has a backlog and other issues remain to be addressed. Through increased staffing and the use of automated technology, the Nuclear DNA Unit reduced its backlog from 2,722 cases in March 2010 to 110 cases as of March 2012, effectively eliminating the backlog in that unit. However, the Mitochondrial DNA Unit continues to have a backlog. In addition, the length of time to process evidence in other case working units before entering either the Nuclear DNA or Mitochondrial DNA units appears to be increasing. The OIG believes the implementation of a laboratory information management system will provide the FBI Laboratory with the information necessary to identify the cause of any unnecessary delays. The FBI

# Highlights of OIG Activities

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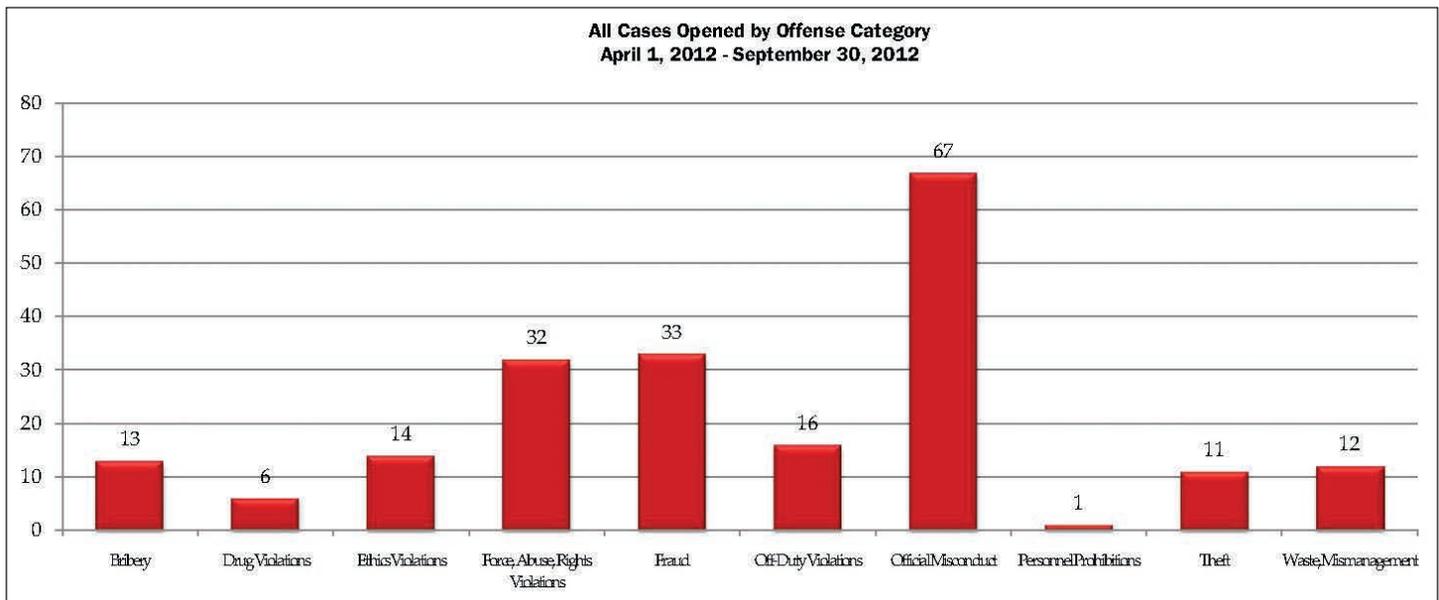
Laboratory is in the preliminary stages of developing a new laboratory information management system.

## 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 September 7, 2012, an FBI Special Agent pled guilty in the District of New Jersey to charges of misuse of a government computer and improperly providing confidential law enforcement information. According to documents filed in this case and statements made in court, in June 2011, the Special Agent provided to a friend non-public information in connection with four telephone numbers and any individuals associated with those numbers, including the existence of an ongoing FBI investigation, the related FBI case number, the name of the FBI's operation, and notations confirming the existence of an undercover law enforcement operation. The FBI Special Agent resigned his position. This ongoing investigation is being conducted by the OIG's New Jersey Area Office.
- On July 13, 2012, a Bureau of Prisons (BOP) correctional officer was arrested and subsequently indicted on charges of use of interstate commerce facilities in the commission of murder for hire. The investigation is being conducted by the OIG's Chicago Field Office, the FBI's Kansas City Division, and the BOP's Special Investigative Supervisor's office at the medical center for federal prisoners.
- On July 13, 2012, an FBI Special Agent pled guilty in the Western District of Oklahoma to charges of embezzlement. According to the statement of facts in support of the plea agreement, from October 2007 through December 2011, the Special Agent embezzled a total of \$43,190 from a fund that is used by the FBI to develop information about criminal activities. The Special Agent submitted 66 false payment receipts on which he forged the signature of at least one of seven special agents. The Special Agent admitted to forging the signatures of special agents and others on the payment receipts and taking the money. The Special Agent was suspended by the FBI following his OIG interview in January 2012 and subsequently resigned his position on June 30, 2012. As part of his guilty plea agreement, the Special Agent will pay \$43,190 in restitution to the FBI prior to sentencing. The investigation was conducted by the OIG's Dallas Office.
- On September 6, 2012, a BOP physician was arrested on charges of sexual abuse of a ward and making false statements. According to the indictment, in or about September and October 2011, the BOP physician allegedly engaged in sexual acts with three male inmates under his custodial, supervisory, and disciplinary authority. The physician resigned from the BOP. The investigation is being conducted by the OIG's Atlanta Area Office.
- On August 10, 2012, a BOP correctional officer was sentenced in the Southern District of California pursuant to his guilty plea on a charge of assault with an attempt to commit a felony. The correctional officer was sentenced to 8 months' imprisonment followed by 3 years' supervised release. According to the statement of facts in support of

# Highlights of OIG Activities



Source: Investigations Data Management System

his plea agreement, the correctional officer admitted that on July 20, 2010, while on official duty, he assaulted a female inmate by engaging in sexual intercourse with her and obtained a thing of value in return for being influenced in the performance of his official duties. The correctional officer resigned from his position with the BOP following his arrest in September 2011. The investigation was conducted by the OIG's Los Angeles Field Office and the FBI's San Diego Division.

- On September 13, 2012, a BOP correctional officer was sentenced in the Eastern District of Virginia pursuant to a guilty plea to charges of conspiracy to distribute and possession with intent to distribute heroin. The correctional officer was sentenced to 12 months and 1 day's imprisonment, followed by 3 years' supervised release. According to the statement of facts in support of the guilty plea, the correctional officer admitted that between the spring of 2008 and October 2011, he routinely acquired heroin from a source of supply

in Washington, D.C., which he then smuggled into a BOP facility in return for bribe payments. In October 2011, investigators stopped the correctional officer en route to the BOP facility in his personal vehicle and found him to be in possession of 7.9 grams of heroin and 40 cigarettes. The correctional officer resigned from the BOP the next day. This investigation was conducted by the OIG's Washington Field Office and the FBI's Richmond Division.

- On June 28, 2012, a BOP correctional counselor was sentenced in the Eastern District of Pennsylvania to 32 months' incarceration followed by 3 years' supervised release, and ordered to pay a \$5,000 fine pursuant to his guilty plea to charges of sexual abuse of a ward. The correctional counselor admitted in his plea agreement to engaging in sexual contact with a federal inmate. The correctional counselor resigned his position with the BOP after the OIG sought to question him. The investigation was conducted by the OIG's New Jersey Area Office.

# Highlights of OIG Activities

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- On July 23, 2012, Department grant recipients Deborah DeLorme, Tracy Pulver, Christion Pulver, and David Pulver were issued formal suspension notices from the Procurement Executive at JMD based on an investigation by the OIG's Denver Field Office and the FBI. Deborah Delorme, Executive Director of the Sacred Shield Shelter and Batters Intervention Program, and Tracy Pulver, Director of the Sacred Shield Shelter, converted approximately \$170,000 in grant funds for their personal use. Delorme and the Pulvers have been added to the federal EPLS, which precludes these entities from receiving federal contracts, grant awards, or other forms of federal assistance while under suspension.
- The FBI's management of terrorist watchlisting nominations subjects, which includes evaluating the effectiveness of the FBI's initiatives to ensure the accuracy, timeliness, and completeness of its watchlisting practices.
- The Civil Rights Division's enforcement of civil rights laws by its Voting Section.
- The Department's efforts to address mortgage fraud, which includes reviewing component efforts to implement Department policy guidance, focusing on headquarters level programs and the coordination of components at the national level.
- The value of the analytical products and information sharing provided through the Organized Crime Drug Enforcement Task Forces (OCDETF) Fusion Center.

## Ongoing Work

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

- The FBI's Foreign Terrorist Tracking Task Force's (FTTTF) strategy to locate and track suspected terrorists and their supporters.
- The FBI's use of national security letters (NSL), Section 215 orders, and pen register and trap-and-trace authorities under the *Foreign Intelligence Surveillance Act of 1978* (FISA) from 2007 through 2009, and the FBI's progress in implementing previous OIG report recommendations regarding NSLs.
- The Department's implementation of the statutory provisions that permit federal prisoners to be released before completing their sentences under certain extraordinary and compelling conditions.
- The management of UNICOR and its efforts to create work opportunities for federal inmates, including an analysis of current employment initiatives and strategies to increase business opportunities.
- The activities and processes of a task force the Criminal Division formed in 1996 to address issues largely related to an OIG investigation of alleged wrongdoing and improper practices within certain units of the FBI Laboratory.
- The U.S. Marshals Service's (USMS) Witness Security Program, which will evaluate the Department's handling of known or suspected terrorists admitted into the federal Witness Security Program.
- The Executive Office for Immigration Review's (EOIR) administration of its immigration courts.

# Highlights of OIG Activities

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## News Highlights

- [Whistleblower Ombudsperson is Appointed](#). The OIG created a Whistleblower Ombudsperson position, one of the first within the federal government, to enable the OIG to continue its leadership as a strong and independent voice within the Department on whistleblower issues. The efforts of the OIG Whistleblower Ombudsperson will be focused on training and educating employees and managers within the Department about the role and importance of whistleblowers and their protections against retaliation. The Ombudsperson will ensure that whistleblower complaints are reviewed in a timely and thorough fashion, and that whistleblowers are kept appropriately informed about the status and resolution of their complaints. The Ombudsperson will serve as OIG liaison with other agencies, including the Office of Special Counsel, and relevant non-governmental organizations and advocacy groups. An experienced federal prosecutor has been assigned to head up the program within the OIG Front Office, reflecting the importance of whistleblowers in facilitating the OIG's efforts to detect and deter waste, fraud, abuse, and misconduct in Department programs and personnel, and to promote economy and efficiency in its operations.



# OIG Profile



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

and promote economy and efficiency in Department operations. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of Department employees in their numerous and diverse activities. The OIG also audits and inspects Department programs and assists management in promoting integrity, economy, efficiency, and effectiveness. The OIG has jurisdiction to review the programs and personnel of the FBI, ATF, BOP, Drug Enforcement Administration (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 is co-located with the Washington Field Office. Investigations Headquarters in Washington, D.C., consists of the immediate office of the Assistant Inspector General for Investigations and the following branches: Operations 1, Operations 2, Investigative Support, Research and Analysis, and Administrative Support.
- **Evaluation and Inspections Division** conducts program and management reviews that involve on-site inspection, statistical analysis, and other techniques to review Department programs and activities and makes recommendations for improvement.
- **Oversight and Review Division** blends the skills of attorneys, investigators, program analysts, and paralegals to conduct special reviews and investigations of sensitive allegations involving Department employees and operations.
- **Management and Planning Division** provides advice to OIG senior leadership on administrative and fiscal policy and assists OIG components in the areas of budget formulation and execution, security, personnel, training, travel, procurement, property management, information technology,

# OIG Profile

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

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

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

As required by Section 5 of the *Inspector General Act of 1978* (IG Act), as amended, this Semiannual Report to Congress is reviewing the accomplishments of the OIG for the 6-month period of April 1, 2012, through September 30, 2012.

The map below shows the locations for the Audit and Investigations Divisions.

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

### Operation Fast and Furious and Related Matters

The OIG issued a report describing ATF's and the U.S. Attorney's Office for the District of Arizona's (U.S. Attorney's Office) flawed handling of two firearms trafficking investigations – Operations Wide Receiver and Fast and Furious. The report also describes the Department's response to congressional inquiries about Operation Fast and Furious.

Operation Wide Receiver was conducted in two parts between March 2006 and December 2007 by agents in ATF's Tucson Office, which is part of ATF's Phoenix Field Division. The investigation determined that several "straw purchasers" were purchasing firearms for other persons, converting firearms to illegal weapons, and transporting firearms to Mexico. However, during the course of Operation Wide Receiver, agents did not arrest any subjects and seized less than a quarter of the more than 400 firearms purchased. Although investigative activity ceased in Operation Wide Receiver by December 2007, the case sat idle with the U.S. Attorney's Office without any indictments until September 2009, when the Department's Criminal Division assigned a trial attorney to prosecute the case.

Operation Fast and Furious began in October 2009 when special agents working in the

Phoenix office of ATF received information from a local gun store about the recent purchases of multiple AK-47 style rifles by four individuals. Agents began investigating the purchases and soon came to believe that the individuals were straw purchasers involved in a large-scale gun trafficking organization responsible for buying guns for transport to violent Mexican drug trafficking organizations. By the time ATF and the U.S. Attorney's Office publicly announced the indictment in the case on January 25, 2011, agents had identified more than 40 subjects believed to be connected to a trafficking conspiracy responsible for purchasing over 2,000 firearms. During the course of the investigation, ATF agents seized only about 100 of the firearms purchased, the result of a strategy jointly pursued by ATF and the U.S. Attorney's Office that deferred taking overt action against the individual straw purchasers while seeking to build a case against the leaders of the organization. Numerous firearms bought by straw purchasers were later recovered by law enforcement officials at crime scenes in Mexico and the United States. One such recovery occurred in connection with the tragic shooting death of a federal law enforcement agent, U.S. Customs and Border Protection Agent Brian Terry.

The flaws in Operation Fast and Furious became widely publicized as a result of the

# Multicomponent

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willingness of a few ATF agents to publicly report what they knew about it, and the conduct of the investigation became the subject of a congressional inquiry. On January 27, 2011, Senator Charles E. Grassley wrote to ATF Acting Director Kenneth Melson that the Senate Judiciary Committee had received allegations that ATF had “sanctioned the sale of hundreds of assault weapons to suspected straw purchasers,” who then transported the firearms throughout the southwest border area and into Mexico. On February 4, 2011, the Department responded in writing to Senator Grassley by denying the allegations and asserting, among other things, that “ATF makes every effort to interdict weapons that have been purchased illegally and prevent their transportation to Mexico.” However, after examining how Operation Fast and Furious and other ATF firearms trafficking investigations were conducted, the Department withdrew the February 4 letter on December 2, 2011, because it contained “inaccuracies.”

Also, on January 27, 2011, Senator Grassley’s staff brought the allegations of one ATF agent to the attention of the OIG. The OIG interviewed the agent and began a preliminary inquiry into the matter. On February 28, 2011, Attorney General Eric Holder requested that the OIG conduct a review of Operation Fast and Furious. The OIG’s review concluded that both Operation Wide Receiver and Operation Fast and Furious were seriously flawed and supervised irresponsibly by ATF’s Phoenix Field Division and the U.S. Attorney’s Office, most significantly in their failure to adequately consider the risk to the public safety in the United States and Mexico. Both investigations sought to identify the higher reaches of firearms trafficking networks by deferring any overt law enforcement action against the individual straw purchasers – such as making arrests or seizing firearms when there was sufficient evidence to do so. The risk to public safety was immediately evident in both investigations. Almost from the outset of each case, ATF agents learned that the purchases were financed by violent

Mexican drug trafficking organizations and that the firearms were destined for Mexico. The OIG found that the sheer volume of firearms purchasing activity in both investigations and the limitations and ineffectiveness of ATF’s surveillance should have called into question the wisdom of an approach whose success was dependent on being able to observe how the firearms were crossing into Mexico and what happened to them when they got there. In addition, the OIG found that Operation Fast and Furious received little or no supervision by ATF Headquarters despite its connection to a dangerous narcotics cartel in Mexico, the serious risk it created to public safety in the United States and Mexico, and its potential impact on the country’s relationship with Mexico. The OIG also found no evidence that Attorney General Holder was informed about Operation Fast and Furious or learned about the tactics employed by ATF in the investigation, prior to January 31, 2011. The OIG found it troubling that a case of this magnitude, and one that affected Mexico so significantly, was not directly briefed to the Attorney General.

The OIG’s review of Operation Fast and Furious and related matters revealed a series of misguided strategies, tactics, errors in judgment, and management failures that permeated ATF headquarters and the Phoenix Field Division, as well as the U.S. Attorney’s Office for the District of Arizona and at the Headquarters of the Department. In the course of its review, the OIG identified individuals ranging from line agents and prosecutors in Phoenix and Tucson to senior ATF officials in Washington, D.C., who bore a share of responsibility for ATF’s knowing failure in both operations to interdict firearms illegally destined for Mexico, and for pursuing this risky strategy without adequately taking into account the significant danger to public safety that it created. The OIG also found failures by Department officials related to these matters, including failing to respond accurately to a congressional inquiry about them.

Based on its findings, the OIG made six recommendations designed to increase the

# Multicomponent

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Department's involvement in and oversight of ATF operations, improve coordination among the Department's law enforcement components, and enhance the Department's wiretap application review and authorization process. The Department agreed to implement these recommendations. The OIG also recommended that the Department review the conduct and performance of the Department personnel described in the report and determine whether discipline or other administrative action is appropriate.

## **Statutory Suspension and Debarment Activities within the Department**

The OIG examined the Department's implementation and oversight of statutory debarment activities, a companion to the OIG's 2011 report examining the Department's administrative suspension and debarment activities. Statutory debarment ensures that individuals convicted of qualifying offenses are excluded from receiving grants, contracts, and loans. Department litigating divisions or federal and state courts report such individuals to the BJA, which is responsible for managing and communicating this information to government agencies directly or into the General Services Administration's EPLS. The audit covered the reporting of cases qualifying for statutory debarment and the reliability, completeness, accuracy, and timeliness of entry of the reported data into the BJA's databases and the EPLS in FYs 2005 through 2010.

The OIG found that statutory exclusions were not completely and accurately reported, aggregated, and shared with the relevant federal agencies to inform their award decisions. Multiple deficiencies contributed to these problems, including that not all qualifying cases were submitted to the BJA by Department litigating divisions, relevant litigating components were unaware of the reporting requirements for such cases, and the BJA had performed only limited outreach to these

divisions to ensure that these requirements were met. In addition, the BJA did not perform any outreach to federal and state courts to request cases in which judges had imposed statutory debarment as the result of a relevant offense.

The audit also found deficiencies in the handling of cases that were reported to the BJA. For example, the OIG found cases that had not been entered into the BJA's database, the EPLS, or both; non-qualifying cases that were inappropriately entered into the EPLS; and cases that were inaccurately or incompletely entered into the relevant databases. The OIG also found that many cases were not timely entered by the BJA into the relevant databases, thus delaying the implementation of a statutory debarment. Each of these deficiencies creates the potential that excluded individuals will inappropriately receive federal funding to which they are not entitled.

The OIG made 21 recommendations to the Department and its components to improve the effectiveness of statutory debarment programs within the Department, including the development and implementation of additional policies and procedures to improve the completeness and accuracy of the reporting of debarment actions, the correction of errors and omissions in BJA databases and the EPLS, and improvements to the BJA's monitoring of contractors and staff to include more frequent data checks and evaluations of contractor performance. The Department concurred with all recommendations.

## **The Department's Personnel Security Processes**

The OIG examined the personnel security clearance processes for the Department's employees and found that the Department, as a whole, did not meet the IRTPA timeliness guideline of 60 days for NSI clearances. The review also found that the Department was not completing timely background investigations

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for Public Trust positions, which do not require NSI clearances and do not fall under IRTPA, but which do involve access to sensitive information and systems. In addition, the OIG found that the Department's tracking of personnel security processing was not sufficient to enforce its own policies.

While IRTPA requires that agencies complete at least 90 percent of the NSI clearances within an average of 60 days – 40 days to complete the background investigation and 20 days to complete the adjudication determination – the Department took an average of 66 days to complete the background investigation phase alone. It averaged about 15 days for the adjudication phase and approximately 81 days for the entire process.

Further, the OIG review found that NSI clearances for agents, intelligence analysts, and linguists consistently took longer than 60 days to process. As a result, these positions may go unfilled for extended periods. The slower processing was caused, in part, by factors such as the need to verify an individual's foreign contacts or to resolve credit issues. The Department also took significantly longer to complete clearances for attorneys (except those working for the FBI) than for other personnel and did not include all attorney data in its timeliness reports.

For Public Trust cases, the completion time increased from 99 to 190 days during the period of the OIG's review. Because Public Trust employees are permitted to start work under a waiver while their cases are processed, these individuals may routinely work in close proximity to sensitive information and systems for significant periods of time without completed background investigations and adjudications.

For both NSI and Public Trust positions, the OIG review found that the Department's oversight was insufficient to identify security violations and enforce security policy. The tracking of

employee background investigations, clearance levels, and reinvestigations was inconsistent and often incomplete, making it difficult to ensure that only individuals with the appropriate clearance levels have access to sensitive and classified information.

The OIG made 13 recommendations to improve the Department's timeliness in processing background investigations and adjudications, and to ensure that only individuals with the appropriate clearance levels have access to sensitive and classified information. The Department and its components concurred with all of the recommendations.

## **Internal Controls over Terrorism Reporting**

The OIG issued an audit report examining the NSD's efforts to gather and report accurate terrorism-related statistics. In a February 2007 report, the OIG found that Department components did not accurately report 24 of the 26 statistics reviewed, with some statistics significantly overstated or understated. While most of the report's recommendations were then directed to the Criminal Division, which oversaw the terrorism prosecutions at the time of the previous audit, the NSD has since taken over responsibility for corrective actions on the recommendations originally made to the Criminal Division.

This follow-up audit report found that while the NSD has improved its procedures for gathering, classifying, and reporting terrorism-related statistics in response to recommendations in the OIG's 2007 audit report, the NSD's implementation of the revised procedures did not adequately ensure that terrorism-related statistics were reported accurately. The OIG determined that the NSD did not accurately report four of the five statistics it reviewed, although it appears that the statistics were not significantly overstated or understated.

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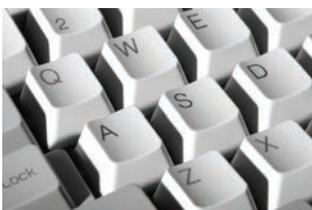
The five unique terrorism-related statistics tested for accuracy in this review were the: (1) number of convictions or guilty pleas in terrorism or terrorism-related cases arising from investigations primarily after September 11, 2001; (2) number of individuals charged with terrorism or terrorism-related crimes since September 11, 2001; (3) percentage increase in the number of U.S. victims of overseas terrorism identified; (4) percentage of counterterrorism cases favorably resolved; and (5) percentage of FISA emergency applications processed within 7 days. The only statistic that was determined to be accurately reported was the last one on processing of FISA emergency applications.

The OIG determined that four of the five statistics it reviewed were inaccurately reported because (1) the NSD's Counterterrorism Section did not maintain documentation detailing the statistics on convictions, charges, and cases favorably resolved at the time the numbers were reported; and (2) the NSD's Office of Justice for Victims of Overseas Terrorism did not have written internal control procedures to guide its gathering, tracking, verifying, and reporting of terrorism-related statistics on U.S. victims of terrorism identified abroad.

The statistics the OIG selected for accuracy testing were reported by the NSD in budget submissions for FYs 2009 through 2012.

The OIG made three recommendations to help the NSD improve the accuracy and documentary support for the terrorism-related statistics it reports. The NSD concurred with the recommendations.

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



The *Federal Information Security Management Act* (FISMA) requires the Inspector General for each agency to perform an annual

independent evaluation of the agency's information security programs and practices. The evaluation includes testing the effectiveness of information security policies, procedures, and practices of a representative subset of agency systems. The Office on Management and Budget (OMB) is responsible for the submission of the annual FISMA report to Congress. The Department of Homeland Security prepares the FISMA metrics and provides reporting instructions to agency Chief Information Officers, Inspectors General, and Senior Agency Officials for Privacy. The FY 2012 FISMA results are due to OMB by November 15, 2012.

For FY 2011, the OIG audited the security programs of six Department components: the FBI, JMD, BOP, USMS, Criminal Division, and Tax Division. The OIG issued separate reports this reporting period for its reviews of the individual security programs for the FBI, BOP, USMS, Criminal Division, and Tax Division. Within these components, the OIG selected for review two classified systems within the FBI and four sensitive but unclassified systems in the other components: the BOP's TrueFone System, USMS's Justice Prisoner and Alien Transportation System Management Information System, the Criminal Division's Justice Consolidated Office Network IIA, and the Tax Division's Tax Office Automation System. In these audits, the OIG identified deficiencies in configuration management, security assessment and authorization, multifactor authentication, and vulnerability management. The OIG audit provided 54 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 2012, the OIG reviewed the security programs for six Department components: the FBI, JMD, ATF, DEA, Civil Division, and the Executive Office of the U.S. Trustees (EOUST). Within these components, the OIG selected for review one classified system within the FBI. In

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addition, the OIG also selected the following six sensitive but unclassified systems: the FBI's the Integrated Automated Fingerprint Identification System, JMD's Unicenter Asset Portfolio Management System, ATF's ProLaw, DEA's Concorde, Civil Division's Victim Compensation Fund Management System, and the EOUST's Criminal Enforcement Tracking System. The OIG plans to issue reports evaluating each of these systems.

In addition, FISMA requires an annual evaluation of the information security programs and practices of Intelligence Community agencies, which include the FBI. The OIG of the Intelligence Community has the responsibility for analyzing, summarizing, and consolidating the Intelligence Community OIG FISMA reports into one capstone annual report. On September 12, 2012, the OIG submitted the Intelligence Community FISMA Metrics Report for the FBI to the OIG of the Intelligence Community.

## **Single Audit Act Reports**

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

the OIG issued to the Department's granting agencies 49 single audit reports encompassing over 500 contracts, grants, and other agreements totaling more than \$600 million. The OIG also monitors these audits through the resolution and closure process.

The single audits disclosed that costs charged to Department grants were not always related to the grant programs, or properly allocated. In addition, some required financial and program reports were inaccurate or not filed in a timely manner, if at all. The state and local government auditors and independent public accounting firms who conducted the single audits also found examples of incomplete or missing records, inadequate segregation of duties, failure to conduct physical inventories of assets purchased with federal funds, failure to submit timely single audit reporting packages to the Federal Audit Clearinghouse (an office operating on behalf of the OMB that facilitates federal oversight of entities expending federal money), and failure to reconcile significant accounting records with the general ledger and subsidiary ledgers. They also reported that grantees did not adequately monitor their grant sub-recipients to ensure that the sub-grantees were properly accounting for the grant funds and ensuring compliance with the terms and conditions of the grant.

## **Civil Rights and Civil Liberties**

Section 1001 of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (Patriot Act) directs the OIG to receive and review complaints of civil rights and civil liberties abuses by Department employees, to publicize how people can contact the OIG to file a complaint, and to submit a semiannual report to Congress discussing the OIG's implementation of these responsibilities. In September 2012, the OIG issued its 21st report summarizing its Section 1001 activities covering the period from January 1 through June 30, 2012. The report described the number of

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

### FBI and National Security Division Efforts to Combat Terrorist Financing

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

### Internal Controls over Terrorism Reporting

The OIG is conducting a follow-up audit of the Department's internal controls over its terrorism reporting and plans to issue separate reports on each component's reporting of terrorism-related statistics. The follow-up audit report evaluating NSD's controls has been issued. The ongoing audit work will determine whether the remaining components, Executive Office for U.S. Attorneys (EOUSA) and the FBI, took appropriate actions to implement the recommendations from a 2007 OIG audit. The OIG is also reviewing whether corrective actions

implemented improved the components' ability to gather, track, classify, verify, and report accurate terrorism-related statistics.

### Mortgage Fraud

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

### Ensuring Safe and Secure Non-Federal Detention Facilities

The OIG is conducting an audit of the Department's oversight efforts to ensure safe and secure non-federal detention facilities. This audit will review the role of the Office of the Federal Detention Trustee and the USMS in inspecting non-federal detention facilities to ensure a safe, secure, and humane environment for federal detainees.

### Fees and Expenses of Expert Witnesses

The Fees and Expenses of Witnesses appropriation 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 work will determine the Department's compliance with applicable laws, regulations and Department guidance, and assess internal controls over the expert witness expenditures.

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## **Earmarks from the Crime Victims Fund**

The Crime Victims Fund, administered by Office of Justice Programs (OJP) Office for Victims of Crime (OVC), was established by the *Victims of Crime Act of 1984* and is a major funding source for victim services throughout the U.S. Since 2009, the Crime Victims Fund has provided over \$70 million in crime victim funding to the USAOs and over \$48 million to the FBI to support over 300 positions at these agencies. The audit objectives are to ensure funds from the Crime Victims Fund are completely and appropriately accounted for and determine whether funding and services provided to victims are in accordance with applicable guidelines and policies.

## **OCDETF Fusion Center**

The OIG is reviewing the OCDETF Fusion Center to assess the value of the center's analytical products to its law enforcement partners. The OIG is also reviewing the center's information sharing practices.

## **Reference Checking of Job Applicants**

The OIG is reviewing the Department's process for checking the references of job applicants. As part of the review, the OIG is analyzing policies and guidance from 39 of the Department's components and is focusing on those that concern attorney and Special Agent applicants because of the high levels of responsibility and potential security risks associated with these positions.

## **Compassionate Release**

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

## **Contractors' Personnel Security Process**

The OIG is reviewing whether the Department effectively manages the security clearance process for its contractors to meet component mission and security requirements. The review will also assess whether the Department and its components are meeting the timeliness and reciprocity requirements of the IRTPA.

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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 35,800 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

### The FBI's Implementation of the Sentinel Project

The OIG continued to examine the FBI's progress towards developing and implementing Sentinel, the FBI's new information and investigative case management system. This OIG report – the ninth such report on the Sentinel program – arose from a congressional requirement in the Conference Report accompanying the *Consolidated and Further Continuing Appropriations Act, 2012*, which required the OIG to review the Department's status update report on the Sentinel program. This OIG report assessed the Department's report on Sentinel prepared by the FBI and provided to Congress.

According to the Department, it made Sentinel available to all users on July 1, 2012. Since that time, data provided by the FBI indicates that its employees routinely have been using Sentinel to perform their daily electronic workflow and investigative activities. In addition, the FBI has continued to update Sentinel in order to fix problems uncovered in its use since deployment and to make improvements in the functionality.

In its July 2012 report to Congress on Sentinel, the Department stated that the total estimated cost of Sentinel is \$441 million, which is \$10 million under the latest Sentinel budget of \$451 million. However, as we explained in this current report and have noted in previous reports, the FBI originally planned for the Sentinel budget to provide for 2 years of funding for the operations and maintenance of Sentinel once it was fully implemented. However, the FBI's \$441 million cost estimate does not include such operations and maintenance costs for the next 2 years, which the FBI estimated to be \$30 million annually.

The OIG audit also found that the FBI continues to operate other IT systems that were initially intended to be subsumed by Sentinel, because the FBI decided not to include certain functionalities originally planned for Sentinel. For example, the initial Sentinel requirements stated that the Guardian system, which allows for the intake, tracking, searching, and analysis of terrorist threat incident or suspicious activity reports, was developed as an intermediate solution until full Sentinel functionality was available. However, Sentinel did not subsume

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Guardian as planned and therefore, the FBI must maintain and operate two systems to track and record investigative activity and information when assessing threats and performing investigations.

## **DNA Forensic Lab Backlog**

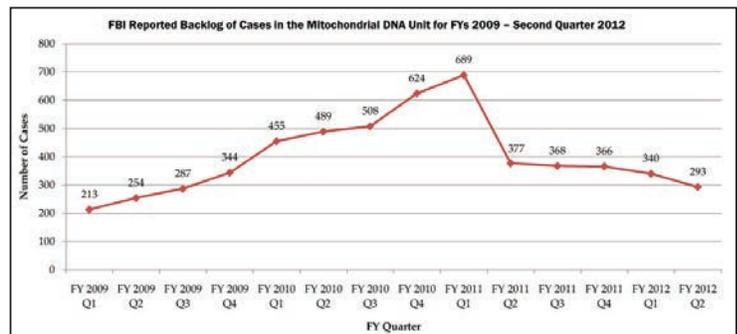
The OIG issued an audit report following up on the FBI Laboratory's efforts to eliminate its backlog of forensic DNA cases. The audit determined that the FBI has significantly reduced its overall forensic DNA backlog, including the effective elimination of the backlog in one of its two DNA units, though there is still a backlog in another unit and other issues that remain to be addressed.

The FBI Laboratory conducts DNA testing on biological evidence taken from crime scenes and evidentiary items. In August 2010, the OIG reported that the FBI Laboratory had a large backlog of cases in both its Nuclear DNA Unit, which primarily examines biological fluids, and in its Mitochondrial DNA Unit, which analyzes evidence that is not suitable for nuclear DNA testing. The FBI Laboratory has since significantly reduced its total forensic DNA case backlog from 3,211 cases as of March 2010, to 403 cases as of March 2012.

The OIG determined that the Nuclear DNA Unit, through increased staffing and the use of automated technology, reduced its backlog from 2,722 cases in March 2010 to 110 cases as of March 2012. The remaining 110 cases in the Nuclear DNA Unit are a monthly work-in-process. The audit concluded that the Nuclear DNA Unit had reached a significant achievement by effectively eliminating the backlog in that unit.

However, the Mitochondrial DNA Unit continues to have a backlog. While that backlog decreased from 489 cases in March 2010 to 293

cases as of March 2012, as depicted below, the OIG found that this was attributable to the unit's revision to its calculation of backlogged cases and changes to its Terrorist Explosive Device Analytical Center case acceptance policy. This new policy focuses on submissions that are more likely to yield probative information by eliminating the prior practice of accepting submissions, such as all hairs identified on improvised explosive devices, for which there have been no documented instances in which probative results were generated. The OIG found that the new policy accounted for the majority of the decrease in the Mitochondrial DNA Unit's backlog by reducing the number of cases submitted for analysis.



Source: The FBI Laboratory, Mitochondrial DNA Unit's case management system

The OIG also found that the length of time it takes evidence to be processed in other case working units before entering either the Nuclear DNA Unit or the Mitochondrial DNA unit appears to be increasing. The OIG believes the implementation of a laboratory information management system will provide the FBI Laboratory with the information necessary to identify the cause of any unnecessary delays. As of June 2012, the FBI Laboratory still lacked a system capable of electronically managing laboratory operations, despite having spent at least \$14 million since 2003 in two unsuccessful attempts to develop and implement such a system.

The OIG made one recommendation to assist the FBI in the implementation of a laboratory information management system, and the FBI concurred.

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## CODIS Audits



The FBI's CODIS is a national information repository that stores DNA specimen information to facilitate its exchange by federal,

state, and local law crime laboratories. The OIG performs audits of crime laboratories that participated in the CODIS program to ensure they are in compliance with key National DNA Index System (NDIS) operational procedures and 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 the Las Vegas Metropolitan Police Department's Forensic Laboratory (LVMPD Laboratory) in Las Vegas, Nevada, and the County of Santa Clara District Attorney's Crime Laboratory (Santa Clara County Laboratory) in San Jose, California. The results of those audits are described below.

- The OIG identified 44 inappropriate NDIS DNA profiles in its audit of the [Santa Clara County Laboratory](#), which the Santa Clara County Laboratory has removed. These profiles included 17 that were not in the OIG's original review sample of 100 profiles, but were associated with the case files of unallowable profiles in its sample. The majority of pivotal information to determine eligibility was not documented in the case file until requested during the audit, which indicated that the analysts did not document a justifiable basis on which to upload more than half of the profiles in the sample. Further, the OIG selected five

NDIS matches to review and found that the Santa Clara County Laboratory did not maintain adequate documentation in its case files to prove two matches were confirmed and investigators were notified in a timely manner. The report provided four recommendations to the FBI, which has taken action to address.

- The OIG found the [LVMPD Laboratory](#) was in compliance with NDIS participation requirements the OIG reviewed, including the maintenance of updated NDIS eligibility training for its personnel and timely NDIS matches. In addition, the LVMPD Laboratory complied with the QAS the OIG reviewed, such as controlled access to the Laboratory. However, in its review of a sample of 100 forensic profiles that the LVMPD Laboratory uploaded to NDIS, the OIG questioned the Laboratory's upload of 9 forensic profiles that did not meet the standards for NDIS. These profiles included one that matched a victim's DNA profile. The OIG also identified an additional two inappropriate profiles not part of the original sample of 100 DNA profiles, but were associated with unallowable profiles that were in the sample. The LVMPD Laboratory took corrective action on all 11 profiles during the audit; as a result, the audit made no recommendations to the FBI.

## **FBI's Activities Under Section 702 of the FISA Amendments Act of 2008**

The OIG issued a classified report examining the FBI's activities under Section 702 of the Act. The Act authorizes the targeting of non-U.S. persons reasonably believed to be outside the United States for the purpose of acquiring foreign intelligence information. As required by the Act, the OIG reviewed the number of disseminated FBI intelligence reports containing a reference

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to a U.S. person identity, the number of U.S. person identities subsequently disseminated in response to requests for identities not referred to by name or title in the original reporting, the number of targets later determined to be located in the United States, and whether communications of such targets were reviewed. In addition, the OIG reviewed the FBI's compliance with the targeting and minimization procedures required under the Act.

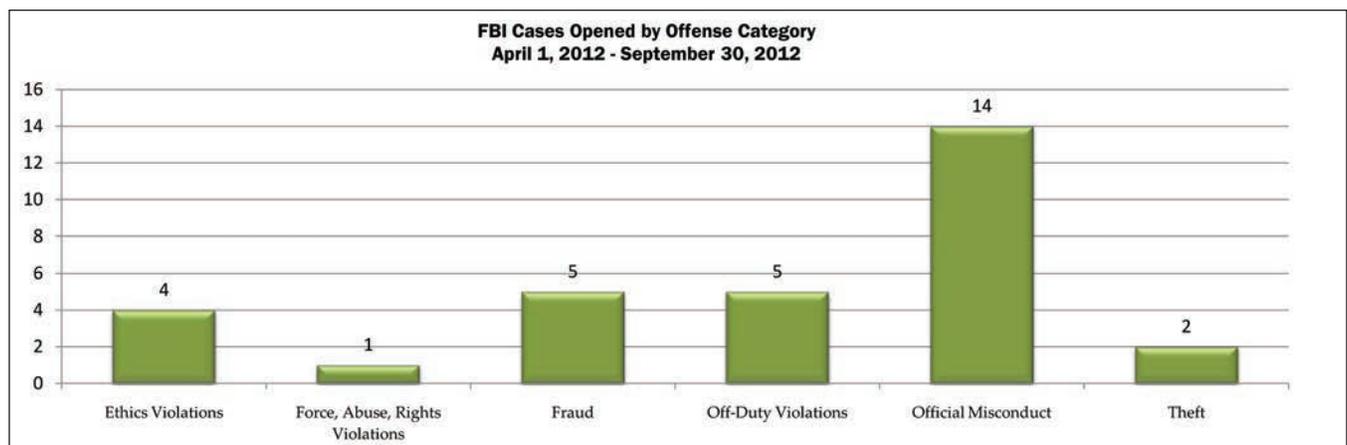
## Investigations

During this reporting period, the OIG received 720 complaints involving the FBI. The most common allegations made against FBI employees were official misconduct, waste and mismanagement, and off-duty violations. Most of the complaints received during this period were considered management issues and were provided to FBI management for its review and appropriate action.

During this reporting period, the OIG opened 32 investigations and referred 51 allegations to the FBI's Inspection Division for action or investigation. At the close of the reporting period, the OIG had 59 open criminal or administrative investigations of alleged misconduct related to FBI employees. The criminal investigations covered a wide range of offenses, including official misconduct and off-duty violations. The administrative investigations involved serious allegations of misconduct.

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

- On September 7, 2012, an FBI Special Agent pled guilty in the District of New Jersey to charges of misuse of a government computer and improperly providing confidential law enforcement information. According to documents filed in this case and statements made in court, in June 2011, the Special Agent provided to a friend non-public information in connection with four telephone numbers and any individuals associated with those numbers, including the existence of an ongoing FBI investigation, the related FBI case number, the name of the FBI's operation, and notations confirming the existence of an undercover law enforcement operation. The FBI Special Agent resigned his position. This ongoing investigation is being conducted by the OIG's New Jersey Area Office.
- On July 13, 2012, an FBI Special Agent pled guilty in the Western District of Oklahoma to charges of embezzlement. According to the statement of facts in support of the plea agreement, from October 2007 through December 2011, the Special Agent embezzled a total of \$43,190 from a fund that is used by the FBI to develop information about



Source: Investigations Data Management System

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criminal activities. The Special Agent submitted 66 false payment receipts on which he forged the signature of at least one of seven special agents. The Special Agent admitted to forging the signatures of special agents and others on the payment receipts and taking the money. The Special Agent was suspended by the FBI following his OIG interview in January 2012 and subsequently resigned his position on June 30, 2012. As part of his guilty plea agreement, the Special Agent will pay \$43,190 in restitution to the FBI prior to sentencing. The investigation was conducted by the OIG's Dallas Office.

- On September 29, 2012, a retired FBI Special Agent was arrested on charges of conspiracy, wire fraud, obstruction of the due administration of justice, and obstruction of agency proceedings. The Special Agent allegedly conspired to obstruct justice and accept bribes to impede a federal investigation. This ongoing case is being investigated by the OIG's Boston Area Office with support from the OIG's Denver and Washington Field Offices.

## Ongoing Work

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

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

### FBI Relationship with the Council on American-Islamic Relations

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

### 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. Also, a focus of this review is the NSL subsystem, an automated workflow system for NSLs that all FBI field offices and headquarters divisions have been required to use since January 1, 2008, and the effectiveness of the subsystem in reducing or eliminating noncompliance with applicable authorities. The

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current review is also examining the number of NSLs issued and 215 applications filed by the FBI between 2007 and 2009, and any improper or illegal uses of these authorities. In addition, the review is examining the FBI's use of its pen register and trap-and-trace authority under FISA.

## Management of Terrorist Watchlist Nominations

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

The objectives of the OIG's ongoing audit are to assess the impact of recent events on the FBI's watchlisting system, and evaluate the effectiveness of the initiatives recently implemented by the FBI to ensure the accuracy, timeliness, and completeness of the FBI's watchlisting practices, including watchlist nominations, modifications, and removals.

## Sentinel

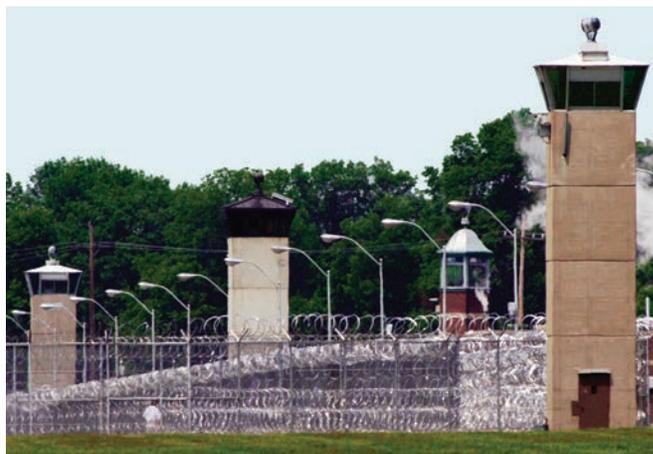
The OIG is continuing its audit of the FBI's implementation of the Sentinel information technology project, which was made available to all FBI employees on July 1, 2012. This audit will evaluate Sentinel's user functionality, project costs, and enhancements made to Sentinel.

## Foreign Terrorist Tracking Task Force

The OIG is performing an audit of the FBI's FTTTF to determine if the FBI has implemented a viable FTTTF strategy to locate and track suspected terrorists and their supporters, including coordination with FBI headquarters and field offices to enhance national security. The audit will also look at whether the FBI is following Department privacy policies in the management of information.

# Federal Bureau of Prisons

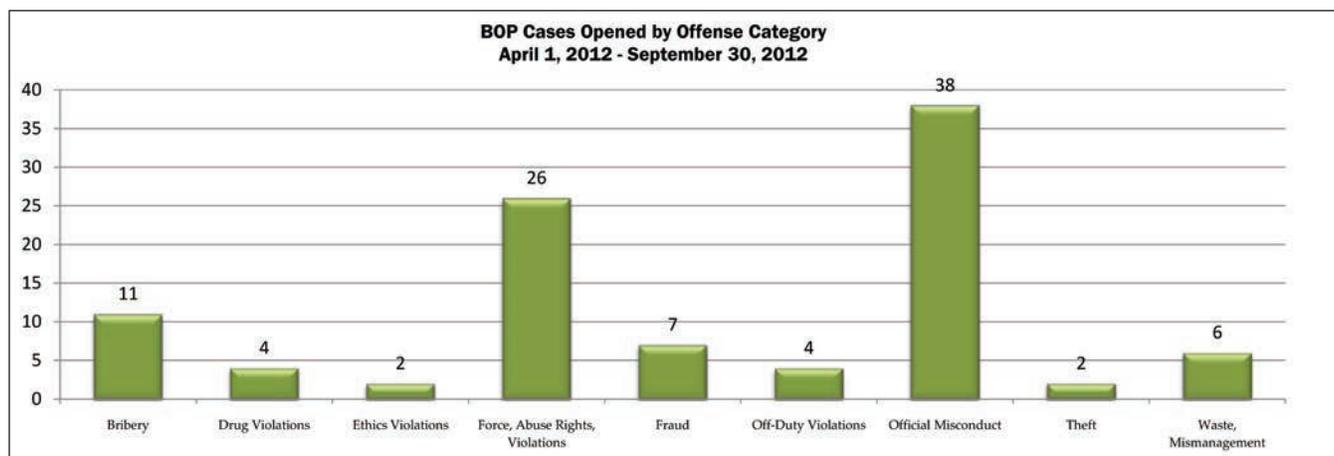
The BOP operates a nationwide system of prisons and detention facilities to incarcerate individuals imprisoned for federal crimes and detain those awaiting trial or sentencing in federal court. The BOP has approximately 38,000 employees and operates 117 institutions, 6 regional offices, a central office (headquarters), 2 staff training centers, and 22 community corrections offices. The BOP is responsible for the custody and care of approximately 218,107 federal offenders. Approximately, 177,042 of these inmates are confined in BOP-operated facilities, while the remainder is confined in privately managed or community-based facilities and local jails.



## Investigations

During this reporting period, the OIG received 3,567 complaints involving the BOP. The most common allegations made against BOP employees included official misconduct; and force, abuse, and rights violations. The vast majority of complaints dealt with non-criminal issues that the OIG referred to the BOP's Office of Internal Affairs for its review.

During this reporting period, the OIG opened 100 investigations and referred 16 allegations to the BOP's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 165 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

# Federal Bureau of Prisons

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

- On July 13, 2012, a BOP correctional officer was arrested and subsequently indicted on charges of use of interstate commerce facilities in the commission of murder for hire. The investigation is being conducted by the OIG's Chicago Field Office, the FBI's Kansas City Division, and the BOP's Special Investigative Supervisor's office at the medical center for federal prisoners.
- On September 6, 2012, a BOP physician was arrested on charges of sexual abuse of a ward and making false statements. According to the indictment, in or about September and October 2011, the BOP physician allegedly engaged in sexual acts with three male inmates under his custodial, supervisory, and disciplinary authority. The physician resigned from the BOP. The investigation is being conducted by the OIG's Atlanta Area Office.
- On September 13, 2012, a BOP correctional officer was sentenced in the Eastern District of Virginia pursuant to a guilty plea to charges of conspiracy to distribute and possession with intent to distribute heroin. The correctional officer was sentenced to 12 months and 1 day's imprisonment, followed by 3 years' supervised release. According to the statement of facts in support of the guilty plea, the correctional officer admitted that between the spring of 2008 and October 2011, he routinely acquired heroin from a source of supply in Washington, D.C., which he then smuggled into a BOP facility in return for bribe payments. In October 2011, investigators stopped the correctional officer en route to the BOP facility in his personal vehicle and found him to be in possession of 7.9 grams of heroin and 40 cigarettes. The correctional officer resigned from the BOP the next day. This investigation was conducted by the OIG's Washington Field Office and the FBI's Richmond Division.
- On May 18, 2012, a BOP correctional officer was sentenced in the Eastern District of Arkansas pursuant to his guilty plea to an indictment charging him with accepting a bribe. The correctional officer was sentenced to 15 months' incarceration followed by 24 months' supervised release and fined \$4,000. In pleading guilty, the correctional officer admitted to receiving money in exchange for bringing cigarettes into a BOP facility for an inmate. The correctional officer resigned his position with the BOP following his OIG interview. This investigation was conducted by the OIG's Dallas Field Office.
- On July 16, 2012, a BOP electrician was sentenced in the Eastern District of California pursuant to his conviction for accepting a bribe. The electrician was sentenced to 12 months' and a day imprisonment followed by 2 years' supervised release. According to the statement of facts in support of the guilty plea, the electrician admitted that between July 2010 and October 2010, he accepted monetary bribes to smuggle cellular telephones, related equipment, and diet supplements into a BOP facility and provided those items to one or more inmates. The electrician resigned from his position with the BOP in April 2011 following his OIG interview. This investigation was conducted by the OIG's San Francisco Area Office and the FBI's Sacramento Division.
- On July 24, 2012, a BOP supervisory traffic management specialist was

# Federal Bureau of Prisons

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arrested on charges of receiving unlawful payments to a public official. The indictment alleges that from 2007 through October 2010, the supervisory traffic management specialist, who was responsible for providing relocating BOP employees with approved moving companies, communicating with moving companies, and approving moving expenses, demanded and received things of value from four moving companies in connection with arranging moves of BOP employees. The investigation is being conducted by the OIG's Fraud Detection Office.

- On June 28, 2012, a BOP correctional counselor was sentenced in the Eastern District of Pennsylvania to 32 months' incarceration followed by 3 years' supervised release, and ordered to pay a \$5,000 fine pursuant to his guilty plea to charges of sexual abuse of a ward. The correctional counselor admitted in his plea agreement to engaging in sexual contact with a federal inmate. The correctional counselor resigned his position with the BOP after the OIG sought to question him. The investigation was conducted by the OIG's New Jersey Area Office.
- On August 10, 2012, a BOP correctional officer was sentenced in the Southern District of California pursuant to his guilty plea on a charge of assault with an attempt to commit a felony. The correctional officer was sentenced to 8 months' imprisonment followed by 3 years' supervised release. According to the statement of facts in support of his plea agreement, the correctional officer admitted that on July 20, 2010, while on official duty, he assaulted a female inmate by engaging in sexual intercourse with her and obtained a thing of value in return for being influenced in the performance of his

official duties. The correctional officer resigned from his position with the BOP following his arrest in September 2011. The investigation was conducted by the OIG's Los Angeles Field Office and the FBI's San Diego Division.

- In the *Semiannual Report to Congress, October 1, 2011 – March 31, 2012*, the OIG reported that an investigation led to the guilty plea of a customer service representative that supplied products and services to federal government agencies to charges of unauthorized use of access devices. According to the statement of facts in support of the guilty plea, the customer service representative admitted that in 2009 she compromised 7 procurement credit cards that belonged to BOP employees and then used these cards to make unauthorized internet purchase totaling at least \$16,000. On April 23, 2012, she was sentenced in the Central District of California to 6 months' imprisonment, 1 month home confinement, and 3 years' supervised release. She was also ordered to pay \$15,214 in restitution. She was previously terminated from her employment by the company. The case was jointly investigated by the OIG's Tucson Area Office and the FBI's Tucson Office.

## Ongoing Work

### Management of UNICOR and Efforts to Create Work Opportunities for Federal Inmates

The OIG is conducting an audit of the management of UNICOR and its efforts to create work opportunities for federal inmates. The audit will determine what factors have led to the significant reduction of inmate work within UNICOR, and examine the management of its business operations, including development of and significant changes to product offerings.



# U.S. Marshals Service

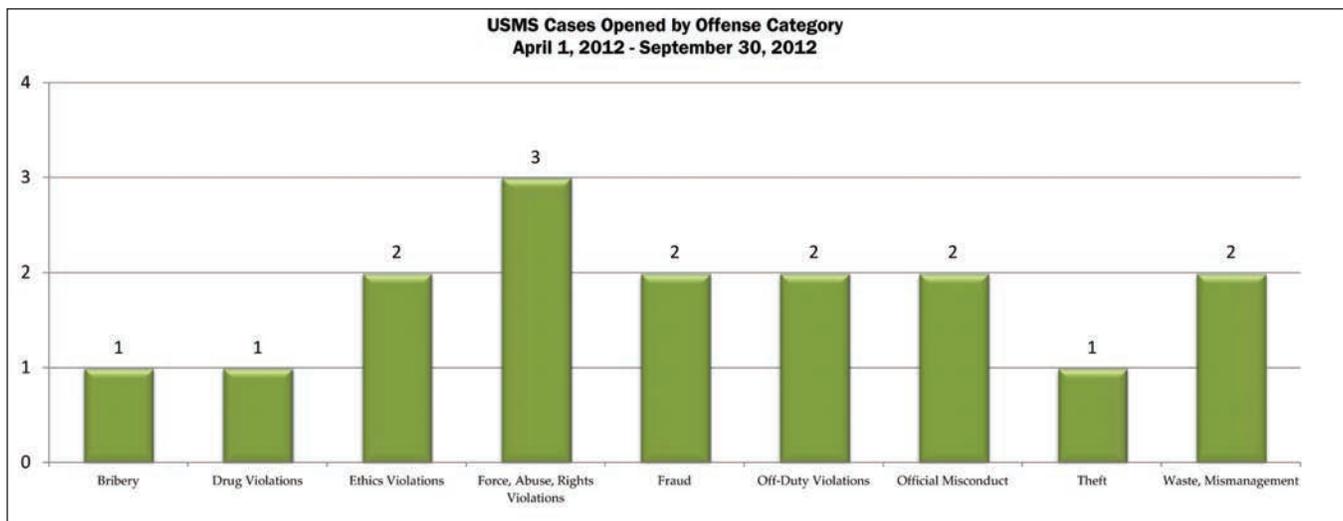
The USMS is responsible for ensuring the safe and secure conduct of judicial proceedings; protecting more than 2,000 federal judges and approximately 5,250 other court officials at more than 400 court facilities while providing security systems at nearly 900 facilities; arresting federal, state, and local fugitives; protecting federal witnesses; transporting federal prisoners; managing assets seized from criminal enterprises; and responding to major national events, terrorism, and significant high-threat trials. The USMS Director and Deputy Director work with 94 U.S. Marshals to direct approximately 5,675 employees at 316 locations throughout the 50 states, Guam, Northern Mariana Islands, Puerto Rico, U.S. Virgin Islands, Mexico, Jamaica, and the Dominican Republic.



## Investigations

During this reporting period, the OIG received 255 complaints involving the USMS. The most common allegation made against USMS employees was official misconduct. The majority of the complaints were considered management issues and were provided to the USMS for its review and appropriate action.

During this reporting period, the OIG opened 16 investigations. At the close of the reporting period, the OIG had 30 open cases of alleged misconduct against USMS employees.



Source: Investigations Data Management System

# U.S. Marshals Service

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

- On August 2, 2012, a correctional officer assigned to a USMS contract facility that houses federal pre-trial inmates, was arrested on charges of introducing marijuana into the facility for a federal inmate. The correctional officer has resigned her position. The investigation is being conducted by the OIG's New York Field Office.

## **Witness Security Program**

The federal government's Witness Security Program is administered through three Department entities: the Criminal Division's Office of Enforcement Operations, the BOP, and the USMS. The OIG is reviewing the Department's handling of known or suspected terrorists admitted into the federal Witness Security Program.

## **Ongoing Work**

### **Procurement Management**

The OIG is reviewing the USMS's policies and practices for procuring goods and services. The OIG seeks to determine whether the USMS complies with the Federal Acquisition Regulation, Department policies, and internal USMS policies in its award and administration of procurement actions; whether USMS internal controls ensure adequate oversight of procurement actions; and whether the USMS ensures that procurement requirements are met and contractor billings are accurate and complete.

### **Financial Management of District of Columbia Superior Court**

The U.S. Marshal for the District of Columbia Superior Court performs the same functions as other USMS district offices and carries out several activities that a sheriff or similar local official typically performs, including serving civil and small-claims bench warrants, collecting various court and administration fees, and executing court-ordered evictions. In this audit, the OIG is reviewing the USMS's financial policies and procedures, how the USMS incurred and tracked expenditures, as well as how the USMS accounted for and safeguarded its assets in FYs 2009 through 2011.

# 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 85 foreign offices in 65 countries.

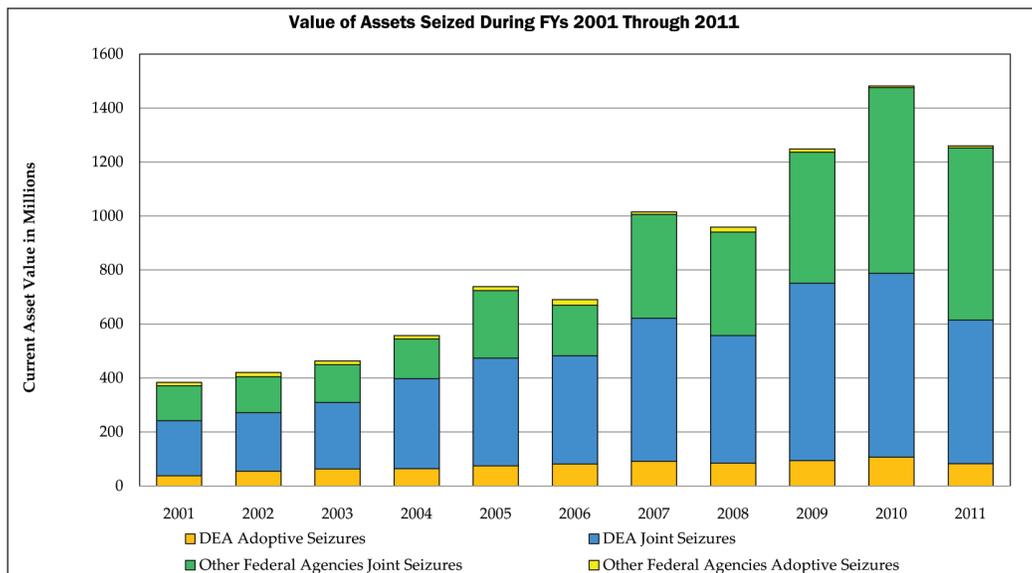


## Reports Issued

### Adoptive Seizure Process and Status of Related Equitable Sharing Requests

The OIG issued a report examining the DEA's adoptive seizure process and the status of related equitable sharing requests. The audit found that while the DEA generally complied with its internal controls for adoptive seizures, there were several improvements the DEA could make to improve the process, including taking action to resolve the status of about \$319 million in equitable sharing requests still in a pending status more than 4 years after the assets were seized.

Asset seizures are intended to ensure that criminal organizations and individuals do not benefit from illegal activities. Property seized solely by state and local law enforcement agencies and then transferred to the DEA for forfeiture is referred to as an adoptive seizure. The DEA may share forfeited property or net proceeds with state and local law enforcement agencies through the equitable sharing program. From October 2000 through September 2011, the DEA processed for forfeiture about \$5.5 billion in seized assets of which about \$840 million was from adoptive seizures. The chart below depicts the value of adoptive and joint seized assets



Source: The Department's Consolidated Assets Tracking System

# Drug Enforcement Administration

processed each fiscal year by the DEA and other federal agencies during this same period.

The OIG found that the DEA did not make and preserve records for adoption requests that it denied, and that when requesting that assets be adopted, state and local law enforcement agencies were not always clearly documenting compliance with state forfeiture laws. The OIG audit further found that action should be taken to resolve the status of equitable sharing requests still recorded in a pending or not paid status 4 to 10 years after the assets were seized.

Nationwide, there were 9,035 equitable sharing requests estimated at \$319 million still in a pending status more than 4 years after the assets were seized. About 71 percent of those pending equitable sharing requests pertained to assets that had been forfeited. In the DEA Division where the OIG examined pending assets, the most common reasons for the pending status were that the requesting law enforcement agency was not in compliance with the Asset Forfeiture Program or the requesting agency had been suspended from receiving equitable sharing funds. However, the audit also found that payments for some of these equitable sharing requests had been made, though the Consolidated Assets Tracking System records had not been updated.

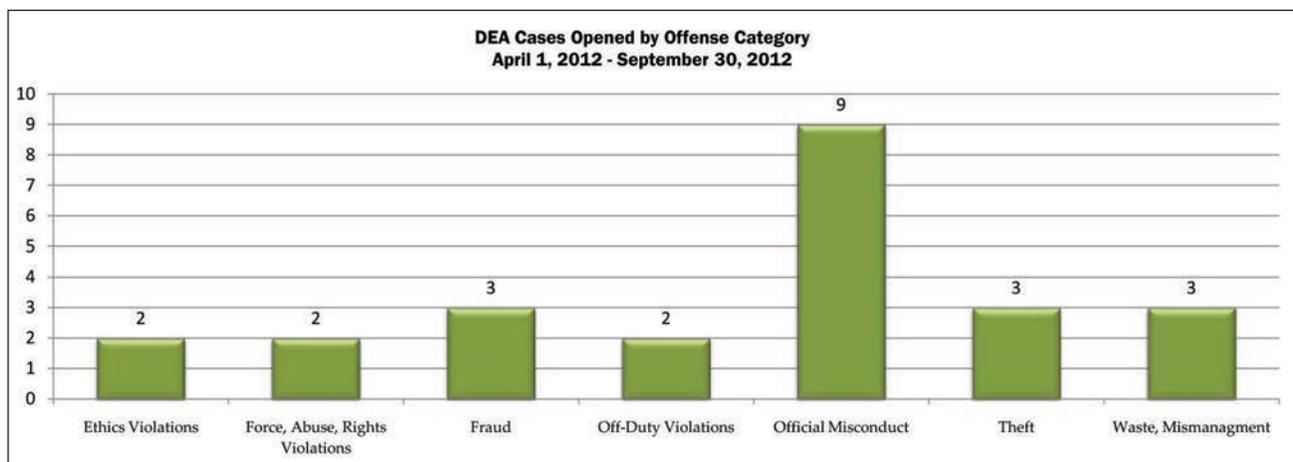
The OIG recommended that the DEA implement a procedure to record adoptive seizure requests

it denies; coordinate with the Department's Criminal Division to modify the Request for Adoption of State or Local Seizure Form; and coordinate with Asset Forfeiture Management Staff regarding the need for a system to identify equitable sharing requests pending for more than 6 months after forfeiture and disposal actions are completed, and ensure that the appropriate Department component updates the Consolidated Assets Tracking System as necessary for each pending request. The DEA concurred with all three recommendations.

## Investigations

During this reporting period, the OIG received 358 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.

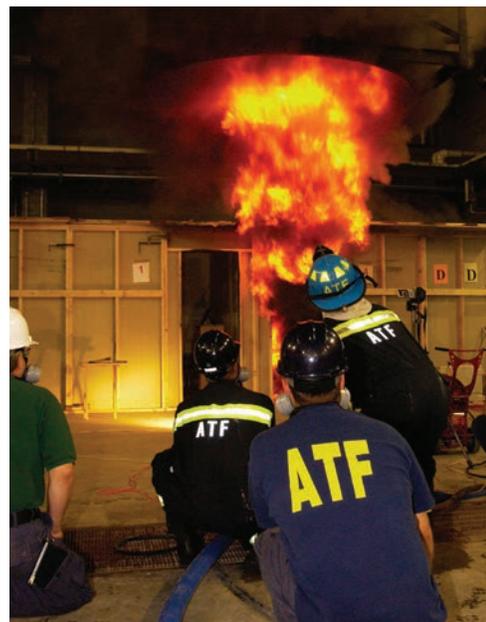
During this reporting period, the OIG opened 24 cases and referred 20 allegations to the DEA's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 29 open cases of alleged misconduct against DEA employees. The most common allegations were official misconduct and theft.



Source: Investigations Data Management System

# Bureau of Alcohol, Tobacco, Firearms and Explosives

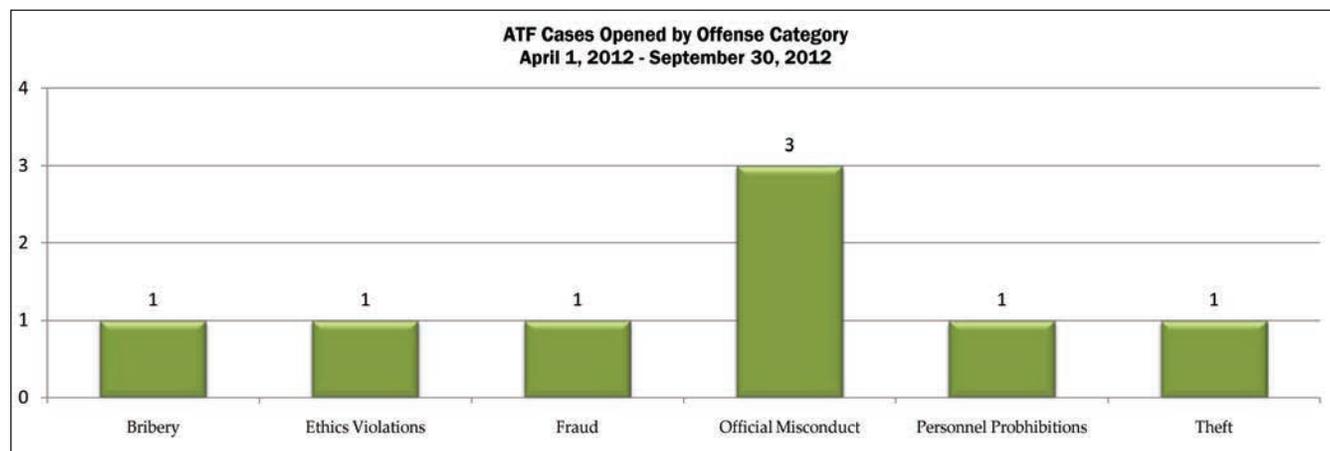
ATF's 5,025 employees enforce federal criminal laws and regulate the firearms and explosives industries. ATF investigates violent crimes involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products. ATF also provides training and support to its federal, state, local, and international law enforcement partners and works in 25 field divisions with representation throughout the United States, Puerto Rico, U.S. Virgin Islands, and Guam. Foreign offices are located in Mexico, Canada, Colombia, and Iraq, as well as a Regional Firearms Advisor based in San Salvador serving El Salvador, Guatemala, Nicaragua, Panama, Belize, Honduras, and Costa Rica.



## Investigations

During this reporting period, the OIG received 168 complaints involving ATF personnel. The most common allegation made against ATF employees was official misconduct. The majority of the complaints were considered management issues and were provided to ATF for its review and appropriate action.

During this reporting period, the OIG opened 8 cases and referred 12 allegations to ATF's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 13 open criminal or administrative investigations of alleged misconduct related to ATF employees. The criminal investigations include official misconduct.



Source: Investigations Data Management System

# Bureau of Alcohol, Tobacco, Firearms and Explosives

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## Ongoing Work

### **Federal Firearms Licensee Inspection Program**

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

### **Explosives Industry Program**

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

### **Income-Generating Undercover Operations**

The OIG is conducting an audit of ATF's income-generating undercover operations to assess ATF's management of the revenue generated from these operations. The OIG also seeks to determine whether ATF ensures that proceeds from income-generating undercover operations are properly allocated at the conclusion of the operations.

# Office of Justice Programs

OJP manages the majority of the Department's grant programs and is responsible for developing initiatives to address crime at the state and local levels. OJP is composed of 5 bureaus – BJA, Bureau of Justice Statistics (BJS), National Institute of Justice (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, we discuss OJP's oversight of grant funds awarded through the regular appropriations process. We discuss our work related to OJP's oversight of grant funds awarded under the *American Recovery and Reinvestment Act of 2009* in a separate section in this semiannual report.



## Reports Issued

### **OJJDP Award to the National Council on Crime and Delinquency**

The OIG issued a report on an OJP OJJDP research award to the National Council on Crime and Delinquency (NCCD). This review was based upon a complaint alleging that NCCD had a conflict of interest in the OJJDP's 2009 research grant to evaluate the effectiveness of the Juvenile Detention Alternatives Initiative (JDAI) program developed by the Annie E. Casey Foundation (Casey Foundation).

In assessing the peer review process that the OJJDP used to rank applicants for the 2009 award, the audit found no evidence that the OJJDP inappropriately awarded the 2009 research grant to NCCD. NCCD had the highest score and the selection complied with relevant guidance from the Associate Attorney General.

However, the audit identified some prior transactions between NCCD and the Casey

Foundation. Over 5 years, NCCD received from the Casey Foundation \$139,500 of its approximately \$43 million revenue. Although not required to do so by the OJJDP, NCCD disclosed its prior financial relationship with the Casey Foundation in its grant application. While a prior relationship between NCCD, the assessing entity, and the Casey Foundation, the entity whose program NCCD would be assessing under the grant, could constitute a conflict of interest, neither OJP nor the OJJDP has criteria regarding such prospective conflicts. Accordingly, the OIG had no standard to apply to determine whether a conflict existed with respect to the awarding of a grant to NCCD to assess the performance of a program developed by a minor funding source of the grantee. NCCD has not yet completed its report, so the OIG was unable to state whether its final product was objective in assessing the Casey Foundation's JDAI program. However, the OIG did not find evidence that the prior relationship between NCCD and the Casey Foundation biased

# Office of Justice Programs

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NCCD's methodology for evaluating the JDAI program in favor of its developer.

The OIG made two recommendations to OJP requiring applicants to describe their prior research history and financial relationship with research subjects or collaborating third parties, and to develop procedures for assessing evaluator-research subject relationships for actual and potential organizational conflicts of interest. OJP concurred with these recommendations.

## Audits of Grants to State and Local Entities

The OIG conducts audits of various grants and other financial assistance provided by OJP to recipients outside of the Department. These recipients include state and local governments, universities, non-profit agencies, and for-profit agencies. During this reporting period, the OIG conducted 15 audits of external OJP grant recipients. Summaries of findings from some of these audits follow.

- The OIG performed four audits this reporting period of Southwest Border Prosecution Initiative (SWBPI) recipients – [Harris County, Texas](#); [Doña Ana County, New Mexico](#); and [Kleberg County, Texas](#). The SWBPI grants amounted cumulatively to more than \$10 million. The Department's SWBPI program provides reimbursement to states and local jurisdictions for eligible prosecution and pre-trial detention costs associated with eligible cases that are declined by the USAOs. As a result of the four audits completed this semiannual reporting period, the OIG identified over \$800,000 in dollar-related findings due to program claims and reimbursements that were in violation of program rules. These questioned costs included over \$500,000 in ineligible funding provided to Harris County, Texas, for cases that

were submitted in the wrong period; claimed under pre-trial detention using excess detention days, including jail days after disposition; not federally initiated; claimed under both prosecution and pre-trial detention category that did not meet the requirements for pre-trial detention; submitted in the wrong disposition category; and investigated or prosecuted concurrently. The OIG audit of Doña Ana County, New Mexico, reported questioned costs totaling over \$200,000 and approximately \$85,000 in funds to better use. OJP concurred with the recommendations in all four reports and is working on corrective action.

- The OIG audited \$620,221 in Weed and Seed grants awarded to the [City of Alexandria, Louisiana](#), since 2006. Weed and Seed is a community-based multi-agency approach that aims to prevent, control, and reduce violent crime, criminal drug related activity, and gang activity. The OIG determined that the City of Alexandria charged unallowable costs to the grants; did not use all grant funds awarded from three of the grants; charged unsupported personnel and police overtime costs to the grants; and did not provide support for grant matching costs. The OIG audit identified \$205,451 in questioned costs and \$20,060 in funds to better use, and made 17 recommendations to OJP. OJP concurred with the recommendations.
- The OIG audited three grants totaling \$698,664 to the [Omaha Nation Community Response Team](#) (ONCRT), two of which totaled \$300,000 awarded by OJP, and the remaining from Office on Violence Against Women (OVW) grants. The audit found that the ONCRT's system of internal controls did not allow for the timely identification of an inaccurate drawdown; financial reporting was not consistently accurate

# Office of Justice Programs

or submitted in a timely manner; a consultant was being paid at a rate exceeding the maximum allowable by the granting agency; and a contract had been awarded non-competitively. As a result, the OIG reported \$54,022 in questioned costs from the OJP grants. The report issued nine recommendations for OJP and the OVW. OJP and the OVW concurred with the recommendations.

- The OIG audited three OVC grants, totaling \$15,920,000, awarded from 2005 to 2007 to the [New Jersey Victims of Crime Compensation Office](#) (NJVCCO). These grants reduce the financial burdens incurred by victims of violent crime and their families through payment for medical, counseling, and funeral expenses, or loss of income. The audit determined that NJVCCO generally complied with grant requirements in the areas the OIG tested. The OIG found that NJVCCO had policies and procedures in place to ensure proper use of grant funding, and grant-related expenditures reviewed were allowable and supported with proper documentation.

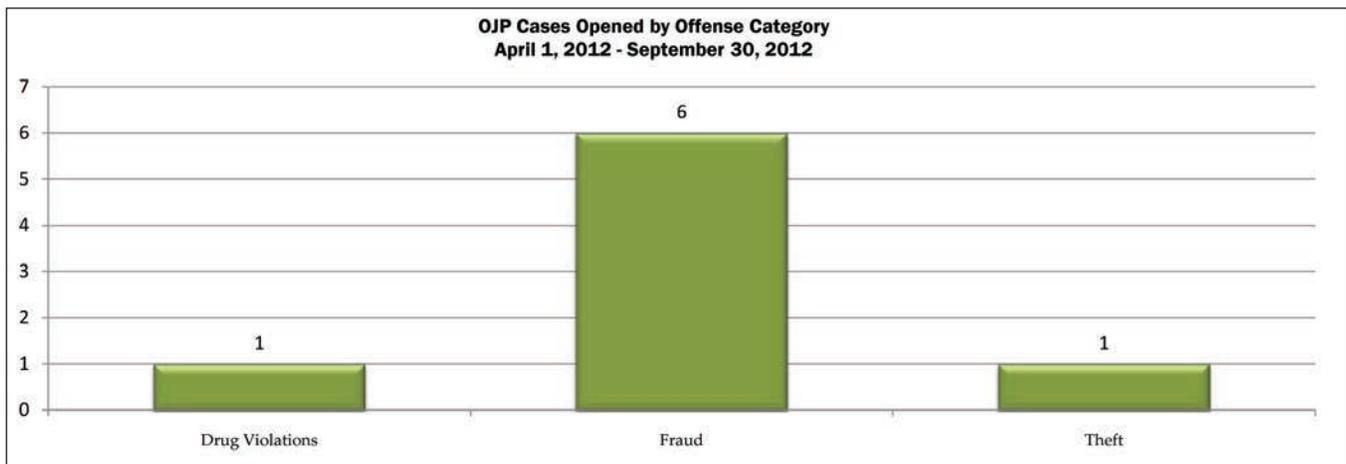
## Investigations

During this reporting period, the OIG received 18 complaints involving OJP. The most common allegation made against OJP employees, contractors, or grantees was fraud.

During this reporting period, the OIG opened six cases. At the close of the reporting period, the OIG had 17 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. See the below chart.

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

- In the *Semiannual Report to Congress, October 1, 2010 – March 31, 2011*, the OIG reported on an investigation in which the former executive director of the Rape and Victim Assistance Center of Schuylkill County, Pennsylvania, was arrested on charges of embezzlement of Department grant funds. On June 5, 2012, the former executive director was sentenced in the Middle District of Pennsylvania pursuant to her guilty



Source: Investigations Data Management System

# Office of Justice Programs

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plea to embezzlement charges. She was sentenced to 2 years' incarceration followed by 2 years' supervised release and ordered to pay restitution in the amount of \$205,883.52. In her guilty plea, the former executive director admitted to embezzling Department grant funds from two grants awarded by OJP, OVC, and OVW that were intended to be used to support alleged victims of crimes against women. On August 29, 2012, the former executive director was issued a notice of suspension and proposed debarment from the Procurement Executive at JMD. The former executive director's name has been added to the federal EPLS, which precludes her from receiving federal contracts, grant awards, or other forms of federal assistance. The former executive director was dismissed from her position in December 2008. This investigation was conducted by the OIG's New York Field Office.

## Ongoing Work

### Public Safety Officers' Benefits Program

The OIG is conducting an audit of the BJA's Public Safety Officers' Benefits Program (PSOB). The program provides a death benefit to eligible survivors of federal, state, or local public safety officers, and a disability benefit 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 claims are processed in compliance with applicable laws and regulations. It will also review controls over claims processing and assess whether benefit claims paid by the PSOB were duplicated by benefits paid from the *James Zadroga 9/11 Health and Compensation Act of 2010*.

# Other Department Components

## Civil Rights Division

### Ongoing Work

#### Enforcement of Civil Rights Laws by the Voting Section

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

## Office of Community Oriented Policing Services

### Reports Issued

#### Audits of COPS Grants



Office of Community Oriented Policing Services (COPS) provides funding to state, local, territory, and tribal law enforcement agencies

to hire and train community policing professionals, acquire and deploy crime-fighting technologies, and develop and test policing strategies. During this reporting period, the OIG audited six COPS grants. The results of some of those audits are summarized below:



- The OIG audited a \$2,787,001 technology grant awarded to the [City of Newark, New Jersey](#) (Newark), to implement a communication project. COPS also required Newark to provide \$929,000 in local matching funds, bringing the total funding for the project to \$3,716,001. The audit identified a number of internal control and other deficiencies, including that Newark changed the scope of its grant without prior written approval from COPS; failed to achieve the grant objective of interoperable voice communication as specified in its application; made unallowable expenditures, including wireless network equipment and a mobile communications command center vehicle; and did not properly safeguard grant-funded equipment. As a result, the OIG identified \$3,539,432 in net questioned costs. The OIG made four recommendations to COPS to remedy questioned costs and ensure that Newark implements and adheres to policies and procedures in accordance with grant requirements and COPS concurred with the recommendations.
- The OIG audited a \$2,243,239 technology grant awarded to the [City of Wilmington, Delaware](#) (Wilmington),

## Other Department Components

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to increase communications among law enforcement, fire services, and emergency medical service communities. The OIG found that the expenditures made with program funds included costs that were unallowable and unsupported and identified \$2,990,984 in net questioned costs. Specifically, the audit found that Wilmington changed the scope of the project without obtaining approval from COPS, did not have adequate support for grant-related expenditures, did not file accurate and timely financial and progress reports, and did not have approved budget management policies and procedures or address internal control weaknesses identified in its Single Audit Reports. The OIG made six recommendations and COPS concurred with the recommendations.

- The OIG audited a \$204,468 COPS Hiring Recovery Program (CHRP) grant awarded to the [Oakland Community College](#) (OCC), Department of Public Safety, Pontiac, Michigan. The purpose of the grant was to provide the OCC's Department of Public Safety with funding for one new officer for 3 years. The audit found that the crime statistics and financial information OCC reported in the grant application were those for the city of Pontiac and not the OCC. The OIG determined that if OCC had used OCC data in its application, it would not have met the threshold for receipt of the CHRP grant. Because it was not clear whether the grantee received inaccurate guidance from COPS regarding which statistics to report, the audit did not question the award. The OIG made five recommendations to COPS to ensure that OCC establish procedures ensuring the accuracy of grant-related data and have staff undergo additional grant training. COPS agreed with the recommendations.

- The OIG audited a \$6,000,000 technology grant awarded to the [Indianapolis Metropolitan Police Department](#) (IMPD), to purchase and install a computer-aided dispatch system and related data and records collection systems. The audit found that the IMPD generally complied with several key COPS grant guidelines. However, while the goals and objectives of the grant have been accomplished or were nearing completion, the planned computer-aided dispatch system had not been implemented. Additionally, the IMPD did not comply with a special condition of the grant, which required the grantee to take part in a technical assistance site visit by a COPS-sponsored contractor. The OIG made one recommendation that COPS remedy the IMPD's non-compliance with the special condition. COPS concurred with the recommendation.

## Investigations

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

- In the *Semiannual Report to Congress, October 1, 2011 – March 31, 2012*, the OIG reported on an investigation in which a former chief of police was arrested in the Eastern District of Michigan on charges of making a fraudulent claim for a federal grant. On August 22, 2012, the former chief of police was sentenced to 24 months' probation, the first 6 months of which is to be served in home confinement with electronic monitoring, pursuant to his conviction at trial on charges of submitting false claims for a federal grant. He was also ordered to pay \$68,356 in restitution. The chief of police resigned from the police department. The investigation was conducted by the OIG's Detroit Area Office.

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

- The [St. Charles County, Missouri, Sheriff's Department](#) (Sheriff's Department) received \$1,671,647 in equitable sharing funds from January through December 2010. The audit found that the Sheriff's Department improperly used \$197,500 in equitable sharing funds for uniform allowance payments. Additionally, the Sheriff's Department misreported on its FY 2010 Equitable Sharing Certification and Agreement form the uniform allowance as overtime pay, and the interest it earned on equitable sharing funds in FY 2010. The Sheriff's Department also failed to maintain its log in accordance with equitable sharing guidelines. The OIG made five recommendations to the Criminal Division, including ensuring that the Sheriff's Department remedy questioned costs and file a corrected report for FY 2010. The Criminal Division concurred with the recommendations.
- The [Kansas City, Missouri, Police Department](#) (KCPD) received \$1,361,418 in equitable sharing funds from May 2009 through April 2011. While the KCPD complied with equitable sharing guidelines, in many respects, the audit found that the KCPD did not separately account for Department equitable sharing receipts and interest earned on Department equitable sharing funds and did not accurately record some equitable sharing expenditures in its official accounting records. The audit also found errors in the 2010 and 2011 Equitable Sharing Agreement and Certification forms submitted by the KCPD. The OIG made three recommendations to the Criminal Division to ensure that the KCPD separately account for and accurately report Department equitable sharing funds. The Criminal Division concurred with the recommendations, the KCPD implemented corrective action, and the audit was closed.
- The [Mesquite Police Department](#) (MPD), Mesquite, Texas, received \$2,120,680 in equitable sharing funds for FYs 2009 through 2011. While the OIG found that MPD properly accounted for and deposited equitable sharing receipts, the audit identified reporting errors in the equitable sharing agreement and certification forms. Additionally, MPD misreported \$10,206 in interest earned on federal seizure funds for FYs 2009 through 2011. The OIG made two recommendations to the Criminal Division to ensure that MPD submits accurate program documentation and applies the correct interest earned allocation to the federal seizure fund account. MPD concurred with the recommendations. As of the end of this semiannual reporting period, the Criminal Division had yet to respond to the report.

## Other Department Components

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### Executive Office for Immigration Review

#### Ongoing Work

##### Administration of Immigration Courts

The OIG is examining EOIR's efforts to manage the pending caseload in its immigration courts. This includes analyzing characteristics of the caseload, such as case types and case ages, along with evaluating case processing methodology.

### Justice Management Division

#### Reports Issued

##### Improper Hiring Practices in the Justice Management Division

The OIG issued a report examining allegations of improper hiring practices involving multiple offices in JMD, including the Facilities and Administrative Services Staff (FASS), the Human Resources Staff (HR), the Finance Staff, and the Budget Staff. The initial complaint alleged that the children of three senior JMD officials were illegally hired into positions in JMD. During the course of the investigation, we investigated several other instances in which the relatives of senior JMD officials were hired into summer internships or full-time positions in JMD.

The OIG found that eight different current or former JMD officials, all at either the GS-15 grade level or members of the Senior Executive Service, violated applicable statutes and regulations in seeking the appointment of their relatives to positions within JMD. These officials included the Director and Deputy Director of FASS, the Director and two Assistant Directors of HR, a Senior Advisor to a Deputy Assistant Attorney General in JMD, and other employees.

Several officials violated the federal nepotism statute by advocating for the appointment of their own relatives to positions in the Department. Several of the officials committed Prohibited Personnel Practices by improperly manipulating the hiring process to ensure that their own children or the children of other JMD employees were appointed to Department positions. The OIG found that in at least one case, two senior officials simultaneously attempted to assist each other's relatives in securing Department employment. In addition, several officials violated the provisions of the Standards of Ethical Conduct for Employees in the Executive Branch relating to conflicts of interest and misuse of office. The review also found that a Deputy Assistant Attorney General in JMD responded inadequately to warning signs she received concerning the hiring of relatives of JMD employees.

This is the third OIG investigation in recent years involving improper hiring practices within JMD. In 2004, the OIG report found that the Director and the Assistant Director of FASS engaged in Prohibited Personnel Practices by manipulating the competitive selection process to ensure that certain favored individuals were hired. In 2008, the OIG found that a different Director of FASS had violated multiple laws and regulations by hiring and promoting a family member and hiring a family friend into positions in FASS, and by arranging for his sister-in-law to be hired by a FASS contractor. At the close of the 2008 report, the OIG recommended that FASS conduct remedial ethics training addressing rules and standards for hiring and promotion, and that JMD establish a zero-tolerance policy for future violations of this type.

This current report made four recommendations: (1) that JMD take disciplinary action against the employees who committed the violations described in this report; (2) that it revise its training materials and guidance to eliminate ambiguity about the scope of the nepotism statute; (3) that it require that job applicants and hiring officials make appropriate disclosures

## Other Department Components

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and certifications to ensure that relatives of JMD employees do not receive improper preferences in hiring or promotion; and (4) that it consider reviewing several additional appointments identified in this report for possible violations of Prohibited Personnel Practices or the Standards of Ethical Conduct. JMD concurred with the recommendations.

## U.S. Attorneys' Offices

### Investigations

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

- In the *Semiannual Report to Congress, October 1, 2010 – March 31, 2011*, the OIG reported on an investigation that led to the arrest of a former legal assistant at the USAO for the District of Vermont based on an indictment charging obstruction of justice and making false statements. On May 14, 2012, the former legal assistant was sentenced pursuant to her conviction on a charge of obstruction of justice. She was sentenced to 6 months' home confinement and 3 years' probation and ordered to perform 150 hours of community service. According to the plea agreement, the former legal assistant admitted to endeavoring to influence, obstruct, and impede the due administration of justice by accessing the USAO case tracking system and providing information to the subject of a criminal investigation being conducted by the USAO. This matter was investigated by the OIG's Boston Area Office with assistance from the DEA.
- In the *Semiannual Report to Congress, October 1, 2007 – March 31, 2008*, the OIG reported on an investigation that led to the arrest of a USAO legal assistant on charges of fraud and making false

statements. On April 17, 2012, the former legal assistant was sentenced in the District of New Jersey, pursuant to her conviction by a jury on false statements and embezzlement in relation to her fraudulently obtaining housing benefits over a 20-year period. She was sentenced to 15 months' imprisonment on each of the five counts, with sentences to be served concurrently, followed by 3 years' supervised release. She was also ordered to pay restitution of \$113,508. The former legal assistant previously resigned her position with the USAO. This was a joint investigation by the OIG's New York Field Office and the Department of Housing and Urban Development OIG.

### Ongoing Work

#### USAO and EOUSA Discipline System

The OIG is examining the effectiveness of the discipline system used by USAOs and EOUSA in investigating allegations of misconduct and disciplining employees who are found to have committed misconduct.

#### EOUSA's Laptop 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 Department sensitive and classified information; and laptop encryption procedures for contractors and subcontractors.

## Other Department Components

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### Office on Violence Against Women

#### Reports Issued

##### Audits of OVW Grants

The OVW administers financial and technical assistance to communities across the country for the development of programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. OVW recipients include state and local governments, universities, non-profit agencies, and for-profit agencies. During this reporting period, the OIG conducted six audits of OVW grant recipients. Examples of results from some of these audits are summarized below:

- The OIG audited a total of \$7,119,055 in seven grants awarded from 2004 to 2010 by the OVW to the [Wyoming Coalition Against Domestic Violence and Sexual Assault](#) (WCADVSA). The audit revealed that the WCADVSA does not have a system in place to effectively monitor subrecipients, and identified \$1,082,632 in questioned costs, of which over \$1 million were unsupported personnel and fringe costs. In addition, the OIG determined that while generally submitted in a timely manner, the Federal Financial Reports were not consistently accurate. The OIG made seven recommendations to the OVW to remedy questioned costs, ensure policies are in place regarding monitoring subrecipients, and improve the accuracy of grant reports. The OVW concurred with the recommendations.
- The OIG audited a \$1,699,999 grant awarded to [East Central University](#) (ECU), Oklahoma, to reduce on-campus domestic violence, dating violence, sexual assault, and stalking at the six Oklahoma universities comprising the state's Regional University System. ECU served as the lead institution. The audit found that ECU was generally in compliance with financial and program report timeliness, budget management and control, and payroll and indirect cost testing. However, the OIG identified \$307,120 in advanced payments to the member institutions that remain unspent because ECU did not base drawdowns on actual expenditures. The OIG made five recommendations to OVW to remedy the \$18,742 in interest earned on grant funds and ensure ECU adheres to the grant requirements. The OVW concurred with the recommendations.
- The OIG audited a \$391,271 grant awarded to the [Swinomish Indians of the Swinomish Reservation](#) (Swinomish), La Conner, Washington. The OIG identified a total of \$52,959 in questioned costs related to unapproved budget and project scope modifications, unallowable costs for another grant program, inadequately supported personnel charges, a travel voucher that was not properly authorized, and indirect costs based on an incorrect rate. Also, 9 of the 11 financial reports that Swinomish submitted were inaccurate and Swinomish did not comply with an award requirement to file an Equal Employment Opportunity Exemption. The OIG made nine recommendations to OVW to remedy questioned costs and ensure Swinomish develops procedures to comply with grant requirements. The OVW concurred with the recommendations.
- The OIG audited four OVW Technical Assistance cooperative agreements totaling \$4,725,000 awarded to the [Pennsylvania Coalition Against Rape](#) (PCAR). The award objectives included creating AEquitas: The Prosecutor's

## Other Department Components

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Resource on Violence Against Women in Washington, D.C., and developing an increased understanding of sexual assault within the OVW Rural Grantee Program. The audit found that PCAR could not adequately support consultant payments or justify the rates that consultants were paid; PCAR charged unallowable lodging expenses and meal and beverage costs to the awards; and program income was also generated as a direct result of an award and was not properly recognized. As a result of these deficiencies, the OIG questioned a total of \$336,311 as of October 2010. The OIG made nine recommendations for OVW to remedy questioned costs and ensure that PCAR improves internal controls, strengthens procedures regarding consultant rates and billings, and properly accounts for program income generated from cooperative agreements. The OVW concurred with the recommendations.

### Investigations

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

- On July 23, 2012, Department grant recipients Deborah DeLorme, Tracy Pulver, Christian Pulver, and David Pulver were issued formal suspension notices from the Procurement Executive at JMD based on an investigation by the OIG's Denver Field Office and the FBI. Deborah Delorme, Executive Director of the Sacred Shield Shelter and Batters Intervention Program, and Tracy Pulver, Director of the Sacred Shield Shelter, converted approximately \$170,000 in grant funds for their personal use. Delorme and the Pulvers have been added to the federal EPLS, which precludes these entities from receiving federal contracts, grant awards, or other forms of federal assistance while under suspension.
- In the *Semiannual Report to Congress, October 1, 2011 – March 31, 2012*, the OIG reported on an investigation that resulted in the guilty plea of the founder and former executive director of Looking for My Sister, a non-profit community organization, to charges of theft of federal program funds in the Eastern District of Michigan. On June 28, 2012, the founder and former executive director was sentenced in the Eastern District of Michigan to 48 months' probation, including 90 days of home confinement, and ordered to pay restitution in the amount of \$64,514.35 to the Department and \$18,618.50 to the Social Security Administration (SSA), for theft of federal program funds. She was also ordered to pay the full cost of the home confinement monitoring device and attend mandatory drug and alcohol abuse counseling. According to the information and plea agreement filed in this case, the founder and former executive director embezzled grant funds that Looking for My Sister received from the Department and collected benefits from the SSA to which she was not entitled. The investigation was conducted by the OIG's Detroit Area Office, the OIG's Chicago Regional Audit Office, and the SSA.



# American Recovery and Reinvestment Act of 2009

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



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

In particular, 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 50 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 eight 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, 2012, the Department has obligated more than 99 percent of its \$4 billion in Recovery Act funds. Moreover, as of September 30, 2012, the Department had expended about 86 percent of its Recovery Act funds. The Department has handled this increased workload without any significant increase in staff.

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

## Reports Issued

### OIG Audits of Recovery Act Grants

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

- The OIG audited a total of \$2,479,965 in Edward Byrne Memorial Grants awarded in 2005 and 2009 to the [Baltimore City Health Department](#) (Health Department), Baltimore, Maryland. The 2009 award was funded as part of the Recovery Act. The purpose of these Byrne Memorial grants was to allow the Health Department to initiate and later continue a neighborhood-based, anti-violence program called

# American Recovery and Reinvestment Act of 2009

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“Safe Streets.” The audit found that the Health Department prepared inaccurate financial reports, did not require employees working on multiple projects to document time spent on grant activities, and charged the grants a total of \$6,157 in unallowable costs and \$63,100 in unsupported costs. As a result, the OIG recommended that OJP remedy \$69,257 in grant charges and require the Health Department to strengthen its financial controls and ensure accurate financial reporting. OJP concurred with the recommendations.

- The OIG audited an \$872,144 CHRP grant awarded to [Commerce City, Colorado](#). The OIG found that Commerce City did not have documented policies or procedures related to the financial management system or the internal control environment; there were discrepancies with the number of full-time equivalents reported in the Recovery Act Reports reviewed; and Commerce City would not be able to spend the entire award amount by the grant end date of June 30, 2012, requiring an extension request. The audit also identified nine categories of overtime and special assignment costs that were charged to the grant, resulting in \$10,239 in unallowable expenditures. The OIG made three recommendations that COPS ensure that Commerce City remedy questioned costs and correct deficiencies found in the audit. COPS concurred with the recommendations.
- The OIG audited a \$2,084,736 CHRP grant awarded to the [Lowell Police Department](#) (Police Department), Lowell, Massachusetts. The OIG found that the Police Department utilized inaccurate data in its grant application and overcharged the grant \$19,094 in fringe benefit expenditures. Because the Police Department corrected this

overcharge during the audit, the OIG did not question these charges. Also, while the application data submitted was inaccurate, it did not appear to have affected the suitability of the award. The OIG made two recommendations that COPS ensure the Police Department establish procedures to verify that it submits accurate information for its future grant applications, and charge only allowable and allocable fringe benefit expenditures to the grant. COPS concurred with the recommendations.

- The OIG audited approximately \$12.4 million awarded to the [Chippewa Cree Tribe](#) (CCT) of the Rocky Boy’s Reservation, Montana, under the Recovery Act, Correctional Facilities on Tribal Lands Discretionary Grant Program. The purpose of the award, which covered the period July 2009 through June 2012, was to construct a multi-purpose tribal justice center, and replace a former adult detention facility that was closed for health and safety reasons. The OIG found that detailed procedures for most grant fund administrative processes were not maintained, documentation provided by CCT did not support the drawdowns, and some documents were missing dates and signatures. Additionally, the documentation provided by CCT did not support the information presented in the financial reports and did not provide evidence of meeting a special condition of the award concerning contractor bonds. The OIG made four recommendations to OJP to ensure CCT implements procedures regarding financial administrative functions such as bank reconciliations, accounts payable, and maintaining support documents and records for drawdowns, financial reports, and contract awards to comply with the grant requirements. OJP concurred with the recommendations.

# Whistleblower Ombudsperson

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The OIG created a [Whistleblower Ombudsperson](#) position, one of the first within the federal government, to enable the OIG to continue its leadership as a strong and independent voice within the Department on whistleblower issues. Whistleblowers have advanced the OIG's efforts to address wasteful and improper spending, improve the Department's operations, and protect the public's safety. The efforts of the OIG Whistleblower Ombudsperson will be focused on training and educating employees within the Department about the role and importance of whistleblowers in improving the effectiveness and efficiency of the Department's operations, as well as their legal rights and protections against retaliation. The OIG Whistleblower Ombudsperson also will be responsible for alerting Department officials and managers to the possible repercussions of retaliation against those who make protected disclosures. In addition, the OIG Whistleblower Ombudsperson will:

- ensure that whistleblower complaints are reviewed and addressed by the OIG in a prompt and thorough manner;
- communicate with whistleblowers about the status and resolution by the OIG of those complaints;
- monitor investigations of retaliation claims that are within the jurisdiction of the OIG; and
- serve as the OIG liaison to other U.S. agencies with whistleblower responsibilities, such as the Office of Special Counsel, and to non-governmental whistleblower organizations and advocacy groups.

Members of Congress and leading private sector organizations have recognized the important role that an ombudsperson can play in dealing with whistleblower issues, and the position is recognized as a best practice in the area. An experienced federal prosecutor has been

assigned to head up the program within the OIG Front Office, reflecting the importance of whistleblowers in facilitating the OIG's efforts to detect and deter waste, fraud, abuse, and misconduct in Department programs and personnel, and to promote economy and efficiency in its operations. Through the creation of the OIG Whistleblower Ombudsperson position, the OIG will continue to be at the forefront on these important matters.

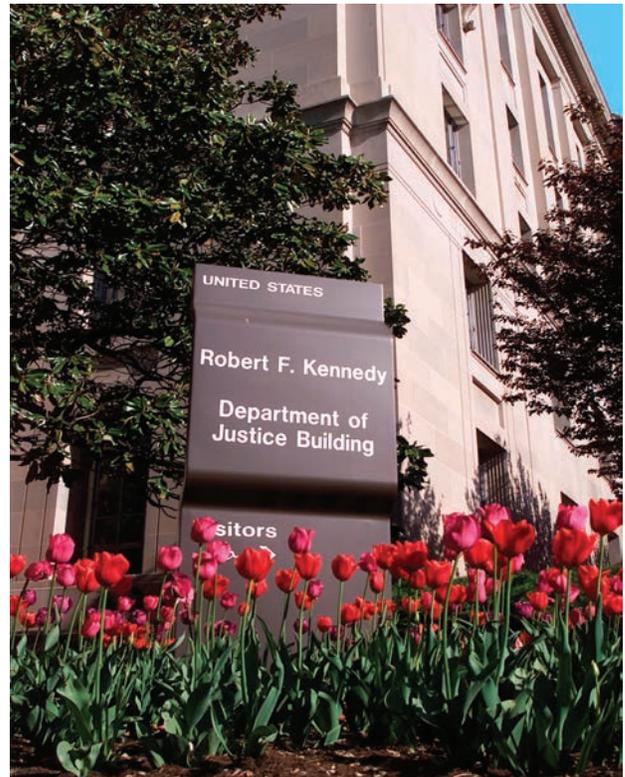


# Top Management and Performance Challenges

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

The challenges are based on the OIG's oversight work, research, and judgment. While the challenges are not presented in priority order, the OIG continues to believe that *Safeguarding National Security* presents the greatest challenge to the Department. The OIG also has highlighted the many challenges the Department faces in enforcing federal law in a coordinated and effective fashion, and the OIG again has highlighted the importance of *Restoring Confidence* in the Department, as recent events – most notably the events detailed in the August 2012 report on ATF's Operation Fast and Furious and Related Matters – have once more placed the Department's role as a custodian of the public's trust under intense scrutiny.

In addition, the challenges encompass many questions that go to the heart of the Department's structure and operations, such as whether the Department is adequately addressing the growing costs of the federal prison system, whether aspects of the Department's four law enforcement components could be further consolidated with each other, and whether the Department's operations duplicate similar efforts by other federal agencies. These questions are not new, but they take on new importance in this era of constrained budgets. Together, these issues pose a clear, if daunting, challenge: the Department must have in place an innovative and transparent strategic vision for how to fulfill its mission without requiring additional resources.



## Top Management and Performance Challenges in the Department of Justice – 2012

1. Safeguarding National Security
2. Enhancing Cyber Security
3. Managing the Federal Prison System
4. Leading the Department in an Era of Budget Constraints
5. Protecting Civil Rights and Civil Liberties
6. Restoring Confidence
7. Coordinating Among Law Enforcement Agencies
8. Enforcing Against Fraud and Financial Offenses
9. Administering Grants and Contracts
10. Ensuring Effective International Law Enforcement

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 the House of Representatives Committee on Oversight and Government Reform on September 20, 2012, regarding the OIG's report on Operation Fast and Furious and related matters.



## 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 and regulations that could affect its operations and legislation and regulations that relate to waste, fraud, or abuse in the Department's programs and operations, including proposed rules on grants and cooperative agreements and disclosure requirements for grant recipients.



# Statistical Information

## Audit Overview

During this reporting period, the OIG's Audit Division issued 46 internal and external audit reports, which contained more than \$9.5 million in questioned costs, reported over \$100,000 in funds to better use, and made 165 recommendations for management improvement.<sup>1</sup> Specifically, the Audit Division

issued 16 internal audit reports of Department programs funded at more than \$840 million and 30 external audit reports of contracts, grants, and other agreements funded at over \$87 million; and 49 *Single Audit Act* audits of programs funded at more than \$619 million. In addition, the Audit Division issued three Notifications of Irregularities and two 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>	2	\$102,827	\$22,238
Issued during period	36 <sup>6</sup>	\$14,688,673	\$7,227,950
Needing management decision during period	38	\$14,791,500	\$7,250,188
Management decisions made during period:			
-Amount of disallowed costs <sup>7</sup>	38	\$13,616,500	\$7,250,188
-Amount of costs not disallowed	1 <sup>8</sup>	\$1,175,000	\$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.

<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, 17 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> One *Single Audit Act* audit report issued questioned costs that were both disallowed and not disallowed by management as management agreed with some, but not all, of the questioned costs in the audit.

# Statistical Information

<b>Funds Recommended to Be Put to Better Use<sup>1</sup></b>		
Reports	Number of Reports	Funds Recommended to Be Put to Better Use
<b>Audits</b>		
No management decision made by beginning of period <sup>2</sup>	0	\$0
Issued during period	2	\$104,786
Needing management decision during period	2	\$104,786
Management decisions made during period: – Amounts management agreed to put to better use <sup>3</sup>	2	\$104,786
– 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>			
Report Number and Date	Report Title	Rec. No.	Recommendation
<b>Audits</b>			
12-02 December 2011	Audit of the DEA's Personnel Resource Management and Casework	1	The OIG recommends that the DEA consider conducting an organization-wide, comprehensive, strategic examination of its domestic field division personnel resources to ensure that its resources are adequately aligned to address ongoing and emerging drug threats.
12-05 December 2011	Audit of the DEA's Aviation Operations	9	The OIG recommends that the DEA actively examine the possibility of obtaining private hangar space or sharing hangar space with other law enforcement agencies to help defray cost and improve aviation personnel and asset security.
GR-30-10-001 April 2010	Department Awards to the National District Attorneys Association	17	The OIG recommends that OJP remedy \$1,071,039 in unsupported indirect costs.
<b>Evaluations</b>			
I2012002 (December 2011)	The Department's International Prisoner Transfer Program	3	The BOP and the Criminal Division's IPTU coordinate to ensure the BOP's program statement accurately reflects eligibility criteria based on treaty requirements and IPTU considerations, and that the BOP provide a revised program statement to its union for review.
		5	The BOP establishes a process for reviewing eligibility determinations made by case managers to ensure their accuracy.
<b>Special Reviews<sup>1</sup></b>			
March 2007	A Review of the FBI's Use of National Security Letters	2	The OIG recommends that the FBI improve the FBI-OGC NSL tracking database to ensure that it captures timely, complete, and accurate data on NSLs and NSL requests.
May 2006	A Review of the FBI's Handling 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

Reports Without Management Decisions for More than 6 Months		
Report Number and Date	Report Title	Report Summary
<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<sup>1</sup></b>		
Nothing to report from the Oversight and Review Division.		

Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period			
Report Number and Date	Report Title	Rec. No.	Recommendation
<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<sup>1</sup></b>			
Nothing to report from the Oversight and Review Division.			

Significant Recommendations in Disagreement for More Than 6 Months			
Report Number and Date	Report Title	Rec. No.	Recommendation
<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<sup>1</sup></b>			
Nothing to report from the Oversight and Review Division.			

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

# Statistical Information

## National Defense Authorization Act Reporting

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

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

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

## Audit Follow-up

### OMB Circular A-50

OMB Circular A-50, *Audit Follow-up*, requires audit reports to be resolved within 6 months of the audit report issuance date. The Audit Division monitors the status of open audit reports to track the audit resolution and closure process. As of September 30, 2012, the OIG Audit Division was monitoring the resolution process of 245 open reports and closed 78 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, 2012.

Evaluation and Inspections Workload and Accomplishments	Number of Reviews
Reviews active at beginning of period	10
Reviews cancelled	0
Reviews initiated	1
Final reports issued	1
Reviews active at end of reporting period	10

# Statistical Information

## Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending September 30, 2012.

Source of Allegations	
Hotline (telephone, mail, and e-mail)	1,738
Other Sources	3,955
<b>Total allegations received</b>	<b>5,693</b>
Investigative Caseload	
Investigations opened this period	205
Investigations closed this period	200
Investigations in progress as of 9/30/12	381
Prosecutive Actions	
Criminal indictments/informations	46
Arrests	47
Convictions/Pleas	43
Administrative Actions	
Terminations	12
Resignations	46
Disciplinary action	32
Monetary Results	
Fines/Restitutions/Recoveries/Assessments/Forfeitures	\$2,013,939
Civil Fines/Restitutions/Recoveries/Penalties/Damages/Forfeitures	\$1,850,000

## Investigations Division Briefing Programs

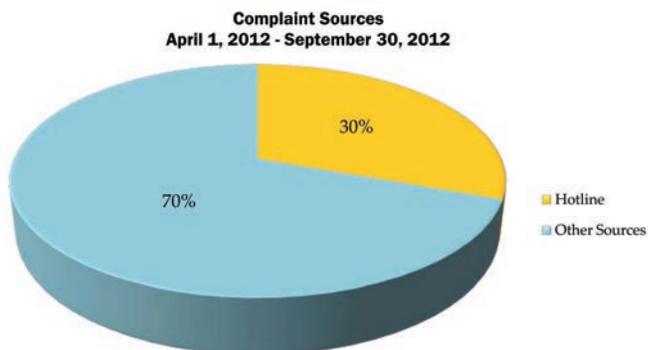
OIG investigators conducted 26 Integrity Awareness Briefings for Department employees throughout the country. These briefings are designed to educate employees about the misuse of a public official's position for personal gain and to deter employees from committing such offenses. The briefings reached more than 1,394 employees.

## OIG Hotline

During FY 2012, the OIG received the majority of its Hotline complaints through its electronic complaint form located within the OIG website at [www.justice.gov/oig](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 2012, nearly 1,740 new complaints related to Department operations or other federal agencies were entered into our complaint tracking system. Of the new complaints, 1,108 were forwarded to various Department components for their review and appropriate action; 271 were filed for information; 319 were forwarded to other federal agencies, and 18 were opened by the OIG for investigation.



Source: Investigations Data Management System

# Appendices

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## Appendix 1

### Acronyms and Abbreviations

Act	<i>Foreign Intelligence Surveillance Act Amendments Act of 2008</i>
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
DEA	Drug Enforcement Administration
Department	U.S. Department of Justice
DHS	Department of Homeland Security
DOD	Department of Defense
EOUSA	Executive Office for U.S. Attorneys
EOUST	Executive Office of the U.S. Trustees
EPLS	Excluded Parties Listing System
FBI	Federal Bureau of Investigation
FCC	Federal Correctional Complex
FCI	Federal Correctional Institution
FISA	<i>Foreign Intelligence Surveillance Act of 1978</i>
FISMA	<i>Federal Information Security Management Act</i>
FTTTF	Foreign Terrorist Tracking Task Force
FY	Fiscal Year
IG Act	<i>Inspector General Act of 1978</i>
IRTPA	<i>Intelligence Reform and Terrorism Prevention Act of 2004</i>
JMD	Justice Management Division
NDIS	National DNA Index System
NFSTC	National Forensic Science Technology Center
NIJ	National Institute of Justice
NSA	National Security Agency
NSD	National Security Division
NSL	National Security Letter
OCDETF	Organized Crime Drug Enforcement Task Forces
OIG	Office of the Inspector General
OJP	Office of Justice Programs
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OMB	Office on Management and Budget
OPR	Office of Professional Responsibility
OVC	Office for Victims of Crime
OVW	Office on Violence Against Women
Patriot Act	<i>Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act</i>
Recovery Act	<i>American Recovery and Reinvestment Act of 2009</i>

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<b>SSA</b>	Social Security Administration
<b>SWBPI</b>	Southwest Border Prosecution Initiative
<b>Treasury</b>	Department of the Treasury
<b>UNICOR</b>	Federal Prison Industries
<b>USAO</b>	U.S. Attorneys' Offices
<b>USMS</b>	U.S. Marshals Service

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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.

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

**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.

**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

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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.

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## Appendix 3

### Audit Division Reports

#### Internal Audit Reports

##### *Multicomponent*

Audit of Statutory Suspension and Debarment Activities within the Department of Justice

##### *Federal Bureau of Prisons*

Audit of the Federal Bureau of Prisons' Information Security Program Pursuant to the *Federal Information Security Management Act* FY 2011

Audit of the Federal Bureau of Prisons' TRUFONE System Pursuant to the *Federal Information Security Management Act* FY 2011

##### *Drug Enforcement Administration*

Audit of the Drug Enforcement Administration's Adoptive Seizure Process and Status of Related Equitable Sharing Requests

##### *Federal Bureau of Investigation*

Audit of the Federal Bureau of Investigation Laboratory's Forensic DNA Case Backlog

Audit of the Federal Bureau of Investigation's Information Security Program Pursuant to the *Federal Information Security Management Act* FY 2011

Audit of a Classified Federal Bureau of Investigation System Pursuant to the *Federal Information Security Management Act* FY 2011<sup>1</sup>

Audit of a Sensitive But Unclassified Federal Bureau of Investigation System Pursuant to the *Federal Information Security Management Act* FY 2011<sup>2</sup>

##### *Office of Justice Programs*

Audit of the Office of Juvenile Justice and Delinquency Prevention's Research Award to the National Council on Crime and Delinquency

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

Audit of the United States Marshals Service's Information Security Program Pursuant to the *Federal Information Security Management Act* FY 2011

Audit of the United States Marshals Service's Justice Prisoner and Alien Transportation System Management Information System Pursuant to the *Federal Information Security Management Act* FY 2011

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<sup>1</sup> This report title has been modified to prevent the public release of potentially sensitive information.

<sup>2</sup> This report title has been modified to prevent the public release of potentially sensitive information.

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## *Other Department Components*

Audit of the Criminal Division's Information Security Program Pursuant to the *Federal Information Security Management Act* FY 2011

Audit of the Criminal Division's Justice Consolidated Office Network IIA System Pursuant to the *Federal Information Security Management Act* FY 2011

Follow-up Audit of the Department of Justice's Internal Controls Over Reporting of Terrorism-Related Statistics: The National Security Division

Audit of the Tax Division's Information Security Program Pursuant to the *Federal Information Security Management Act* FY 2011

Audit of the Tax Division's Tax Office Automation System Pursuant to the *Federal Information Security Management Act* FY 2011

## **External Audit Reports**

### *Alabama*

Audit of Office of Justice Programs Grants Awarded to the City of Montgomery, Alabama

### *California*

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the County of Santa Clara District Attorney's Crime Laboratory San Jose, California

### *Colorado*

Audit of the Community Oriented Policing Services Hiring Recovery Program Grant Awarded to Commerce City, Colorado

### *Delaware*

Audit of the Office of Community Oriented Policing Services Grant Awarded to the City of Wilmington, Delaware

### *District of Columbia*

Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Award to Experience in Action

### *Florida*

Audit of the Office of Justice Programs Grants Awarded to the Miami-Dade, Florida, County Police Department

### *Idaho*

Audit of the Office on Violence Against Women and Office of Justice Programs Grants Awarded to the Idaho Supreme Court, Boise, Idaho

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## *Indiana*

Audit of the Community Oriented Policing Services Technology Program Grant Awarded to the City of Indianapolis, Indiana

## *Kentucky*

Limited Scope Audit of the Office of Justice Programs, Bureau of Justice Assistance Grant Awarded to the Henderson County, Kentucky, Sheriff's Department

## *Louisiana*

Audit of Office of Justice Programs Grants Awarded to the City of Alexandria, Louisiana

## *Maryland*

Audit of Office of Justice Programs Edward Byrne Memorial Discretionary Grants Awarded to the Baltimore City Health Department, Baltimore, Maryland

## *Massachusetts*

Audit of the Office of Community Oriented Policing Services Hiring Recovery Program Grant Administered by the Lowell Police Department, Lowell, Massachusetts

## *Michigan*

Audit of the Office of Community Oriented Policing Services 2009 COPS Hiring Recovery Program Grant Awarded to the Oakland Community College Department of Public Safety, Pontiac, Michigan

## *Missouri*

Audit of the Kansas City, Missouri, Police Department's Equitable Sharing Program Activities

Audit of the St. Charles County Sheriff's Department's Equitable Sharing Program Activities, O'Fallon, Missouri

## *Montana*

Audit of the Office of Justice Programs Recovery Act Grant Awarded to the Chippewa Cree Tribe, Rocky Boy's Reservation, Montana

## *Nebraska*

Audit of the Office on Violence Against Women and Office of Justice Programs Grants Awarded to the Omaha Nation Community Response Team, Walthill, Nebraska

## *Nevada*

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Las Vegas Metropolitan Police Department's Forensic Laboratory, Las Vegas, Nevada

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## *New Jersey*

Audit of the Office of Justice Programs, Office for Victims of Crime Grants Awarded to the New Jersey Victims of Crime Compensation Office, Newark, New Jersey

Audit of the Office of Community Oriented Policing Services Grant to the City of Newark, New Jersey

## *New Mexico*

Audit of the Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Doña Ana County, New Mexico

Audit of the Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by the State of New Mexico

## *Oklahoma*

Audit of Office on Violence Against Women Grant to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus Program Awarded to East Central University, Oklahoma

## *Pennsylvania*

Audit of the Office on Violence Against Women Technical Assistance Cooperative Agreements Administered by the Pennsylvania Coalition Against Rape, Enola, Pennsylvania

## *Texas*

Audit of the Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Harris County, Texas

Audit of the Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Kleberg County, Texas

Audit of Mesquite Police Department's Equitable Sharing Program Activities Mesquite, Texas

## *Virginia*

Audit of the Office of Justice Programs Bureau of Justice Assistance Award to the National Crime Prevention Council

## *Washington*

Audit of the Office on Violence Against Women Grant Awarded to the Swinomish Indians of the Swinomish Reservation, La Conner, Washington

## *Wyoming*

Audit of the Office on Violence Against Women Grants Awarded to the Wyoming Coalition Against Domestic Violence and Sexual Assault, Laramie, Wyoming

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

City of Barre, Vermont, FY 2008  
City of Barre, Vermont, FY 2009  
City of Rutland, Vermont, FY 2009  
Colleton County, South Carolina, FY 2010  
Commonwealth of Puerto Rico Department of Correction and Rehabilitation, FY 2009  
City of Rutland, Vermont, FY 2010  
County of Bristol, Massachusetts, FY 2010  
Commonwealth of Puerto Rico Department of Correction and Rehabilitation, FY 2010  
Hillsdale County, Michigan, FY 2009  
Youth Advocate Programs, Incorporated, Harrisburg, Pennsylvania, FY 2010  
Kanawha County, West Virginia, FY 2010  
Laurens County, Georgia, FY 2010  
Sojourner House, Incorporated, Providence, Rhode Island, FY 2009  
Macomb County, Michigan, FY 2009  
County of Chester, Pennsylvania, FY 2009  
City of Hollywood, Florida, FY 2009  
The Howard University, FY 2010  
Nisqually Indian Tribe, Olympia, Washington, FY 2009  
Te-Moak Tribe of Western Shoshone, Elko, Nevada, FY 2008  
County of Sonoma, California, FY 2010  
County of Contra Costa, California, FY 2010  
DeKalb County, Georgia, FY 2009  
State of North Carolina, FY 2009  
State of Nevada, FY 2010  
State of Georgia, FY 2011  
State of California, FY 2011  
Anne Arundel County, Maryland, FY 2010  
Anne Arundel County, Maryland, FY 2011  
County of Orange, California, FY 2010  
City of Jackson, Mississippi, FY 2011  
City of Chicago, Illinois, FY 2010  
City of Hayward, California, FY 2011  
Department of the Attorney General of the State of Hawaii, FY 2011  
City of Wichita Falls, Texas, FY 2011

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City of Richmond, California, FY 2010  
City of Wilmington, Delaware, FY 2011  
Atmautluak Traditional Council, Atmautluak, Alaska, FY 2010  
State of North Carolina, FY 2010  
State of North Carolina, FY 2011  
Macomb County, Michigan, FY 2010  
City of Mansfield, Ohio, FY 2010  
City of Garden City, Georgia, FY 2010  
City of Camden, Arkansas, FY 2010  
Washtenaw County, Michigan, FY 2011  
Legal Services NYC and Constituent Corporations, FY 2010  
City of Dayton, Ohio, FY 2010  
City of Akron, Ohio, FY 2010  
BJC HealthCare, FY 2010  
City of Fort Lauderdale, Florida, FY 2010

## **Other Reports**

Interim Report on the Federal Bureau of Investigation's Implementation of the Sentinel Project  
Quality Control Review Whitley Penn Galveston County, Texas, Fiscal Year Ended September 30, 2011

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## Appendix 4

### Quantifiable Potential Monetary Benefits April 1, 2012 – September 30, 2012

Audit Report	Questioned Costs	Unsupported Costs	Funds Put to Better Use
<b>Audits Performed by the DOJ OIG</b>			
Audit of Office of Justice Programs Grants Awarded to the City of Montgomery, Alabama	\$42,513	\$35,263	\$0
Audit of the Community Oriented Policing Services Hiring Recovery Program Grant Awarded to Commerce City, Colorado	\$10,239	\$0	\$0
Audit of the Office of Community Oriented Policing Services Grant Awarded to the City of Wilmington, Delaware	\$2,990,984	\$2,990,984	\$0
Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Award to Experience in Action	\$8,550	\$2,318	\$0
Audit of the Office on Violence Against Women and Office of Justice Programs Grants Awarded to the Idaho Supreme Court, Boise, Idaho	\$33,189	\$0	\$0
Limited Scope Audit of the Office of Justice Programs, Bureau of Justice Assistance Grant Awarded to the Henderson County, Kentucky, Sheriff's Department	\$59,066	\$0	\$0
Audit of Office of Justice Programs Grants Awarded to the City of Alexandria, Louisiana	\$205,451	\$180,522	\$20,060
Office of Justice Programs Edward Byrne Memorial Discretionary Grants Awarded to the Baltimore City Health Department, Baltimore, Maryland	\$69,257	\$63,100	\$0
Audit of the St. Charles County Sheriff's Department's Equitable Sharing Program Activities, O'Fallon, Missouri	\$197,500	\$56,400	\$0
Audit of the Office on Violence Against Women and Office of Justice Programs Grants Awarded to the Omaha Nation Community Response Team, Walthill, Nebraska	\$54,022	\$0	\$0
Audit of the Office of Community Oriented Policing Services Grant to the City of Newark, New Jersey	\$3,539,432	\$2,282,513	\$0

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Audit of the Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Doña Ana County, New Mexico	\$205,242	\$384	\$84,726
Audit of the Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by the State of New Mexico	\$88,360	\$0	\$0
Audit of the Office on Violence Against Women Technical Assistance Cooperative Agreements Administered by the Pennsylvania Coalition Against Rape, Enola, Pennsylvania	\$336,311	\$298,980	\$0
Audit of the Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Harris County, Texas	\$548,811	\$0	\$0
Audit of the Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Kleberg County, Texas	\$2,900	\$0	\$0
Audit of the Office of Justice Programs Bureau of Justice Assistance Award to the National Crime Prevention Council	\$3,200	\$1,859	\$0
Audit of the Office on Violence Against Women Grant Awarded to the Swinomish Indians of the Swinomish Reservation, La Conner, Washington	\$52,959	\$8,192	\$0
Audit of the Office on Violence Against Women Grants Awarded to the Wyoming Coalition Against Domestic Violence and Sexual Assault, Laramie, Wyoming	\$1,082,632	\$1,082,061	\$0
<b>Subtotal (Audits Performed by the DOJ OIG)</b>	<b>\$9,530,638</b>	<b>\$7,002,576</b>	<b>\$104,786</b>
<b>Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i><sup>1</sup></b>			
Colleton County, South Carolina, FY 2010	\$36,750	\$0	\$0
Commonwealth of Puerto Rico Department of Correction and Rehabilitation, FY 2009	\$2,084,374	\$0	\$0
City of Rutland, Vermont, FY 2010	\$100,794	\$0	\$0
County of Bristol, Massachusetts, FY 2010	\$218,910	\$25,539	\$0
Commonwealth of Puerto Rico Department of Correction and Rehabilitation, FY 2010	\$2,315,800	\$0	\$0
Sojourner House, Incorporated, Providence, Rhode Island, FY 2009	\$53,575	\$53,575	\$0
The Howard University, FY 2010	\$103,293	\$0	\$0

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Anne Arundel County, Maryland, FY 2010	\$48,772	\$48,772	\$0
Anne Arundel County, Maryland, FY 2011	\$7,756	\$7,756	\$0
County of Orange, California, FY 2010	\$1,561	\$1,561	\$0
City of Wilmington, Delaware, FY 2011	\$6,171	\$0	\$0
State of North Carolina, FY 2010	\$10,072	\$10,072	\$0
City of Mansfield, Ohio, FY 2010	\$11,953	\$11,953	\$0
Legal Services NYC and Constituent Corporations, FY 2010	\$36,736	\$36,736	\$0
City of Akron, Ohio, FY 2010	\$92,108	\$0	\$0
BJC HealthCare, FY 2010	\$13,645	\$13,645	\$0
City of Fort Lauderdale, Florida, FY 2010	\$15,765	\$15,765	\$0
<b>Subtotal (Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the Single Audit Act)</b>	<b>\$5,158,035</b>	<b>\$225,374</b>	<b>\$0</b>
<b>Total</b>	<b>\$14,688,673</b>	<b>\$7,227,950</b>	<b>\$104,786</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.

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## Appendix 5

### Evaluation and Inspections Division Reports

The Department's and Components' Personnel Security Processes

### Oversight and Review Division Reports

A Review of ATF's Operation Fast and Furious and Related Matters

A Review of the FBI's Activities Under Section 702 of the *Foreign Intelligence Surveillance Act Amendments Act of 2008*

Report Regarding Investigation of Improper Hiring Practices in JMD

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## Appendix 6

### Peer Reviews

#### **Peer Reviews Conducted by Another OIG**

The OIG received an engagement letter from the Department of Agriculture OIG on September 21, 2012, that indicated the Department of Agriculture OIG would begin a peer review of the OIG on or about October 16, 2012. Prior to this peer review, the most recent peer review of the Audit Division was issued on February 26, 2010, by the Department of Energy OIG. The most recent peer review of the investigative function was January 2010, by the Department of Health and Human Services OIG.

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

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

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

The OIG Audit Division initiated a peer review of the General Services Administration's OIG's audit organization on March 16, 2012. As of September 30, 2012, the OIG's Audit Division's review was ongoing. The OIG is expected to issue its report of the peer review later in 2012.

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

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

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## Appendix 7

<b>Reporting Requirements Index</b> The IG Act specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.		
<b>IG Act References</b>	<b>Reporting Requirements</b>	<b>Page</b>
Section 4(a)(2)	Review of Legislation and Regulations	53
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	11-48
Section 5(a)(2)	Significant Recommendations for Corrective Actions	11-48
Section 5(a)(3)	Significant Recommendations for Which Corrective Actions Have Not Been Completed	57
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	22-23, 25-27, 29-30, 32-33, 37-38, 40, 43, 45
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	65-70
Section 5(a)(7)	Summary of Significant Reports	11-48
Section 5(a)(8)	Questioned Costs	55
Section 5(a)(9)	Funds Recommended to Be Put to Better Use	56
Section 5(a)(10)	Reports Without Management Decisions for More than 6 Months	58
Section 5(a)(11)	Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period	58
Section 5(a)(12)	Significant Recommendations in Disagreement for More than 6 Months	58
Section 5(a)(14)	Peer Reviews Conducted by Another OIG	75
Section 5(a)(15)	Outstanding Recommendations from Peer Reviews of the OIG	75
Section 5(a)(16)	Outstanding Recommendations from Peer Reviews Conducted by the OIG	75

# Report Waste, Fraud, Abuse, or Misconduct

To report allegations of waste, fraud, abuse, or misconduct regarding Department of Justice programs, employees, contractors, or grants, please go to the website of the DOJ OIG at [www.justice.gov/oig](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 submit information by mail or facsimile, please send to:

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

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

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