

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



# SEMIANNUAL REPORT TO CONGRESS

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OCTOBER 1, 2012 - MARCH 31, 2013



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## Message from the Inspector General

I am pleased to submit this semiannual report on the operations of the Office of the Inspector General (OIG), which covers the period from October 1, 2012, through March 31, 2013.

One year into my tenure as Inspector General, I remain deeply impressed by, and appreciative of, the extraordinary productivity of the Office. In just the past six months, the OIG published reports on such important and wide-ranging topics as the operations of the Voting Section of the Civil Rights Division, the Department of Justice's (Department) handling of the Clarence Aaron clemency request, the Federal Bureau of Investigation's (FBI) Foreign Terrorist Tracking Task Force, the FBI's and the National Security Division's efforts to coordinate and address terrorist financing, the management of immigration cases and appeals by the Executive Office for Immigration Review, and the Department's contractor personnel security process. The OIG Investigations Division closed 159 criminal or administrative misconduct cases, and its work resulted in 36 new indictments or informations, 41 arrests, 31 convictions or pleas, and more than 100 terminations, administrative disciplinary actions, and resignations. And this is to say nothing of the many reports that do not necessarily make the headlines, but that nevertheless help make the operations of the Department more effective and efficient, and that result in important savings of taxpayer dollars.

Of particular significance at this time of budgetary constraints are our many reports that have identified concrete and quantifiable opportunities for savings, or are otherwise likely to result in monetary recoveries for the Department. For example, in the past six months OIG audits have identified more than \$3.7 million in questioned costs, and OIG investigations resulted in the imposition of more than \$2.6 million fines, assessments, restitution, and other recoveries.

Our ongoing work is no less exciting, and will provide important information about the Department's operations in critical areas. For example, our audits of the Bureau of Alcohol, Tobacco, Firearms and Explosives' revenue-generating undercover operations and of its federal firearms licensee inspection program have just concluded, and our audit of the U.S. Marshals Service's Witness Security Program is nearing completion. We also have finalized our report on the Federal Bureau of Prison's implementation of the statutory provisions that permit "compassionate release," which allow for the release of federal prisoners prior to the completion of their sentences under certain extraordinary and compelling conditions.

In addition, we are continuing our robust investigative efforts into allegations of misconduct by Department employees, but we must now do so without one of our most trusted and senior OIG officials, Assistant Inspector General for Investigations Thomas McLaughlin, who retired in December after 22 years with the OIG and 43 years in law enforcement. As much as our office lost from Tom's retirement, we gained far more from his steady leadership over the years, and we are confident that his valuable contributions to our work will pay dividends for years to come.

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

Michael E. Horowitz  
Inspector General  
April 30, 2013

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# Highlights of OIG Activities



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

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

## Statistical Highlights

October 1, 2012 - March 31, 2013	
Allegations Received by the Investigations Division	5,838
Investigations Opened	188
Investigations Closed	159
Arrests	41
Indictments/Informations	36
Convictions/Pleas	31
Administrative Actions	105
Monetary Recoveries <sup>1</sup>	\$2,668,327
Audit Reports Issued	41
Questioned Costs	\$3,702,004
Recommendations for Management Improvements	138
Single Audit Act Reports Issued	83
Questioned Costs	\$594,636
Recommendations for Management Improvements	152

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

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

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

- **Operations of the Voting Section of the Civil Rights Division.** In response to a congressional request, the OIG assessed how the enforcement priorities of the Voting Section have changed over time and whether the voting rights laws have been enforced in a non-discriminatory fashion. The OIG did not find sufficient evidence to conclude that the decisions made in a variety of cases under the prior and current administrations were based on improper racial or partisan considerations. However, the OIG did identify some issues in the handling of a few cases, including the New Black Panther Party matter, that the OIG believed risked undermining public confidence in the non-ideological enforcement of the voting rights laws. The investigation also examined several incidents in which deep ideological polarization fueled disputes and mistrust that harmed the functioning of the Voting Section. The report detailed numerous examples of harassment and marginalization of employees and managers, as well as the unauthorized disclosure of confidential information. The OIG also examined allegations concerning recent partisanship in hiring, and in the prioritization of responses to records requests. The OIG did not find sufficient evidence to substantiate these allegations, although the OIG did find some areas of concern and made recommendations for improvements in both areas.

# Highlights of OIG Activities

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- **Pardon Attorney's Reconsideration of Clarence Aaron's Petition for Clemency.**

The OIG examined an allegation that the Department's Pardon Attorney withheld material information from the President regarding the clemency petition of Clarence Aaron. In 1993, Aaron was convicted of several federal drug-related offenses and sentenced to three concurrent life terms in prison. In 2004, the Department recommended that the President deny Aaron's petition for commutation of sentence, but the White House took no action until 2007, when it requested that the Department reconsider the still-pending petition. In connection with that reconsideration, both the U.S. Attorney and the sentencing judge supported a commutation of sentence for Aaron. The OIG determined that the Pardon Attorney, however, did not accurately represent the U.S. Attorney's views regarding Aaron's petition and also used ambiguous language that risked misleading the White House Counsel's office about the sentencing judge's position on Aaron's petition.

- **Federal Bureau of Investigation's Foreign Terrorist Tracking Task Force.**

The OIG examined the Federal Bureau of Investigation's (FBI) Foreign Terrorist Tracking Task Force (FTTTF), which conducts in-depth analyses to identify and track terrorist and national security threats and provides intelligence on these threats to FBI field offices, headquarters sections, and intelligence community partners. The OIG determined that prior to Fiscal Year (FY) 2011, limited coordination existed between the FTTTF and the FBI's National Security Branch operational divisions. The OIG found that since FY 2011 the FTTTF improved its coordination, particularly through the assignment of FTTTF personnel to the Counterterrorism Division. The audit

also found that the FTTTF did not always provide FBI field offices with timely, relevant, and valuable information, and that many field office Special Agents and Intelligence Analysts were not fully aware of the FTTTF's capabilities. Additionally, the OIG found that the FTTTF had not completely satisfied Department requirements related to the transparency of its information systems under the *Privacy Act* and *E-Government Act*.

- **Management of Immigration Cases and Appeals by the Executive Office for Immigration Review.**

The OIG examined the processing and management of immigration cases and appeals, and found that the Executive Office for Immigration Review's (EOIR) performance reporting was flawed for both the immigration courts, where immigration judges adjudicate alien removal cases, and the Board of Immigration Appeals (BIA), which handles appeals from those decisions. As a result, the Department cannot accurately assess how well these bodies are processing immigration cases and appeals, or identify needed improvements. The OIG's analysis also showed that some immigration cases and appeals took long periods of time to complete. The OIG made nine recommendations to help EOIR improve its processing and management of immigration cases and appeals.

- **FBI's and National Security Division's Efforts to Coordinate and Address Terrorist Financing.**

The OIG assessed programs implemented by the FBI and National Security Division (NSD) to identify, investigate, and prosecute terrorist financing. The OIG audit found that although the FBI and NSD have mechanisms to ensure terrorist financing-related information is shared

# Highlights of OIG Activities

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and coordinated with each other and with other relevant law enforcement organizations and intelligence agencies, the FBI could improve some case management practices associated with investigating terrorist financing, including improvements to the FBI's practices for documenting its case files. The audit also revealed that Special Agents did not always adhere completely to the FBI directive to focus on the financial aspects of counterterrorism investigations, and that Terrorist Financing Coordinators located in FBI field offices did not routinely review counterterrorism cases to ensure the implementation of the financial focus directive for counterterrorism investigations. The audit also found that these Terrorist Financing Coordinators were not always selected in accordance with Terrorist Financing Operations Center (TFOS) guidance.

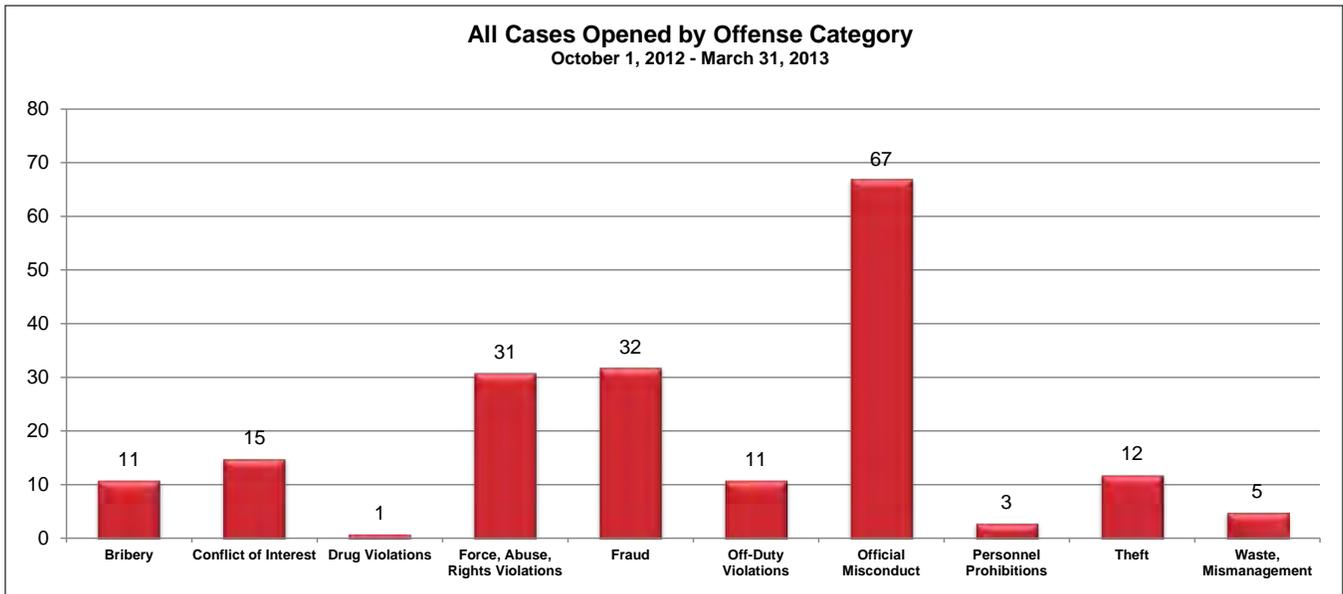
- **Contractor Personnel Security Process.** The OIG examined the Department's personnel security process for contractors and found that it exceeded statutory timeliness guidelines in a significant number of cases. The OIG also found that the Department did not maintain accurate personnel security information for all of its contractors and that there was no comprehensive Department-wide contractor security policy. The OIG made four recommendations to improve the Department's management of its process.

## 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 November 29, 2012, a Bureau of Prisons (BOP) correctional officer was sentenced to 70 months' imprisonment followed by 120 months' supervised release, based on his guilty plea to accessing with intent to view child pornography. In pleading guilty, the correctional officer admitted that, from December 2010 through July 2011, he knowingly and intentionally accessed child pornography images via his personal computer and assigned BOP computers, and that he believed the images he viewed were child pornography. The correctional officer retired from the BOP shortly after his interview with the OIG. This investigation was conducted by the OIG's Miami Field Office and the FBI Innocent Images Task Force in Orlando, Florida.
- An OIG investigation found that during FYs 2010 and 2011, two non-federal police agencies in Florida conducted money laundering investigations outside of a federal task force and laundered approximately \$50 million in drug proceeds without adequate written policies or procedures, prosecutorial oversight, or audits of the undercover bank accounts. The investigation further found that one of the agencies had paid \$709,836 in impermissible salaries and benefits using equitable sharing program funds, and had failed to accurately complete the Department's Application for Transfer of Federally Forfeited Property. As a result of the investigation, the Criminal Division, Asset Forfeiture and Money Laundering Section suspended the two police agencies from the federal equitable sharing program and demanded the return of equitable sharing funds obtained from these operations. On December 19, 2012, one of the agencies returned to the Department \$1,279,873 in

# Highlights of OIG Activities



Source: Investigations Data Management System

federal equitable sharing funds. Further investigation determined that the second police agency expended Edward Byrne Memorial Justice Assistance Grant (JAG) Program funds to pay the salaries and benefits for two employees who resided in New York and not in Florida. The OIG and Office of Justice Programs (OJP) determined that the payments were not in accordance with the Byrne JAG Program. On March 18, the second agency returned to the Department \$29,037.04 in misappropriated grant funds. The investigation was conducted by the OIG's Miami Field Office.

- On January 10, 2013, an FBI technical information specialist assigned to the FBI Cleveland Division was arrested and pled guilty to a charge of unauthorized accessing of a computer to obtain government records. In pleading guilty, the specialist admitted that he retrieved personal and biographical data about individuals for non-law enforcement purposes approximately 19 times from various law enforcement databases. The specialist disclosed the information

he obtained to an individual who he knew was not authorized to receive the information. The specialist is on unpaid administrative leave and agreed to resign from the FBI on the date the judgment is filed in the criminal case. The investigation was conducted by the OIG's Detroit Area Office.

- On March 5, 2013, a Drug Enforcement Administration (DEA) Special Agent was arrested on 44 counts of making false statements and entries. According to the indictment, the DEA Special Agent submitted documents falsely representing that he was entitled to hazard pay. The investigation is being conducted by the OIG's Denver Field Office.
- On October 3, 2012, a BOP physician's assistant was convicted at trial in the Western District of Oklahoma on a charge of abusive sexual contact. The physician's assistant, under the guise of conducting physical examinations, sexually assaulted a female inmate at the Federal Transfer Center in Oklahoma

# Highlights of OIG Activities

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City in May 2011. The investigation was conducted by the OIG's Dallas Field Office.

- On November 9, 2012, a Department grantee was sentenced in the District of Columbia following her guilty plea to theft from a program receiving federal funds. She was sentenced to 42 months' imprisonment followed by 36 months' supervised release. The court also ordered restitution in the amount of \$164,146.23. In pleading guilty, the grantee admitted using monies belonging to the non-profit corporation that received federal funds to pay for multiple vacations for her and her family, pay personal expenses, and settle outstanding debts with collection agencies. She resigned from her position with the non-profit corporation as a result of the OIG's investigation. The investigation was conducted by the OIG's Fraud Detection Office.
- On March 14, 2013, an FBI management and planning specialist was arrested and pled guilty to a charge of possession of child pornography. A search warrant executed at the specialist's home during the OIG investigation produced a desktop computer containing multiple child pornographic images. In pleading guilty, the specialist admitted to viewing child pornography via the Internet and receiving child erotica through the mail. The specialist was dismissed from the FBI during the OIG investigation and is scheduled to be sentenced in the criminal case on June 14, 2013. The investigation was conducted by the OIG's Washington Field Office and the U.S. Postal Inspection Service.
- On January 3, 2013, a substance abuse therapy service provider in western Pennsylvania agreed to pay \$55,538.94 to the federal government to settle allegations that the company violated the *False Claims Act* related to a BOP contract. An OIG investigation found that from 2009 through 2012, the service provider inappropriately billed the BOP for contracted substance abuse therapy that was not provided to inmates. According to the settlement agreement, the service provider overcharged the BOP for initial inmate assessments and billed for sessions that specific therapists could not have conducted because the relevant inmate was not at the facility or the therapist was treating another inmate at the same time. The BOP terminated its contract with the service provider in July 2012. The investigation was conducted by the OIG's Fraud Detection Office.
- On October 24, 2012, a former FBI Special Agent was arrested on charges of making false statements. According to the indictment, the Special Agent had made false statements on loan documents related to the purchase of his residence. This investigation is being conducted by the OIG's Los Angeles Field Office and the Los Angeles office of the Department of Housing and Urban Development OIG.
- On February 25, 2013, a U.S. Marshals Service (USMS) employee was arrested on three counts of possession of child pornography. According to the indictment, the employee knowingly possessed material that depicted children engaged in sexually explicit conduct and had been mailed, shipped, and transported in interstate and foreign commerce. The investigation is being conducted by the OIG's Washington Field Office.
- On October 10, 2012, the husband of an Assistant U.S. Attorney (AUSA) was arrested for disclosing wire communications and making a false

# Highlights of OIG Activities

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statement. According to the indictment, the defendant gave notice of the possible interception of a telephone communication to a person whose telephone was intercepted in order to obstruct, impede, and prevent such interception. The investigation is being conducted by the OIG's El Paso Area Office.

## Ongoing Work

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

- Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) management of undercover operations authorized to use income generated during an undercover investigation to further that same investigation.
- ATF's explosives inspection program's compliance with the *Safe Explosives Act's* inspection requirements and whether ATF analyzes information the program gathers to improve the program.
- BOP's management of UNICOR and efforts to create work opportunities for federal inmates, which will determine what factors have led to the significant reduction of inmate work within UNICOR and examine the management's efforts to increase inmate employment.
- The changes ATF has made to its federal firearms licensee inspection program since a 2004 OIG review, as well as ATF's processes and standards for inspecting licensed firearms dealers and addressing licensed dealers who violate federal firearms laws and regulations.
- The FBI's management of terrorist watchlist nominations, which includes evaluating the effectiveness of the FBI's initiatives to ensure the accuracy, timeliness, and completeness of its watchlisting practices.
- The Department's implementation of the statutory provisions that permit "compassionate release," which allow for the release of federal prisoners prior to the completion of their sentences under certain extraordinary and compelling conditions.
- 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.
- OJP's Public Safety Officers' Benefits Programs (PSOB) to determine whether PSOB claims are processed in compliance with applicable laws and regulations.
- The USMS's Witness Security Program, which will evaluate the Department's handling of known or suspected terrorists admitted into the USMS Witness Security Program.

# OIG Profile

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The OIG is a statutorily created, independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct involving Department programs and personnel and promote economy and efficiency in Department operations. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of Department employees in their numerous and diverse activities. The OIG also audits and inspects Department programs and assists management in promoting integrity, economy, efficiency, and effectiveness. The OIG has jurisdiction to review the programs and personnel of the FBI, ATF, BOP, DEA, U.S. Attorneys' Offices (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 I, Operations II, 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 (FOIA) requests.

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

The OIG has a nationwide workforce of approximately 420 special agents, auditors, inspectors, attorneys, and support staff. For FY 2013, the OIG direct appropriation after sequestration is approximately \$80 million, and the OIG anticipates earning an additional \$3.7 million in reimbursements.

As required by Section 5 of the *Inspector General Act of 1978* (IG Act), as amended, this Semiannual Report to Congress reviews the accomplishments of the OIG for the 6-month period of October 1, 2012, through March 31, 2013.

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



# Multicomponent

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



## Reports Issued

### Contractor Personnel Security Process

The OIG examined the Department's personnel security process for contractors and found that it exceeded statutory timeliness guidelines in a significant number of cases. The OIG also found that the Department did not maintain accurate personnel security information for all of its contractors and that there was no comprehensive Department-wide contractor security policy. This report was the final part of a two-part review assessing whether the Department was effectively administering its personnel security processes.

Most of the cases the OIG examined in the current report involved Public Trust contractors, who do not require access to classified information, but may be involved in policy making, have major program responsibility, or fill other sensitive roles. For these contractors, the Office of Personnel Management (OPM) requires agencies to complete a security adjudication and report the determination to OPM within 90 days of receiving a completed background investigation. However, the OIG found that this process took longer than 90 days for nearly 10 percent of the Department's 3,434 Public Trust adjudications. Given that Public Trust contractors generally receive a waiver to start work before the completion of the personnel security process and may work

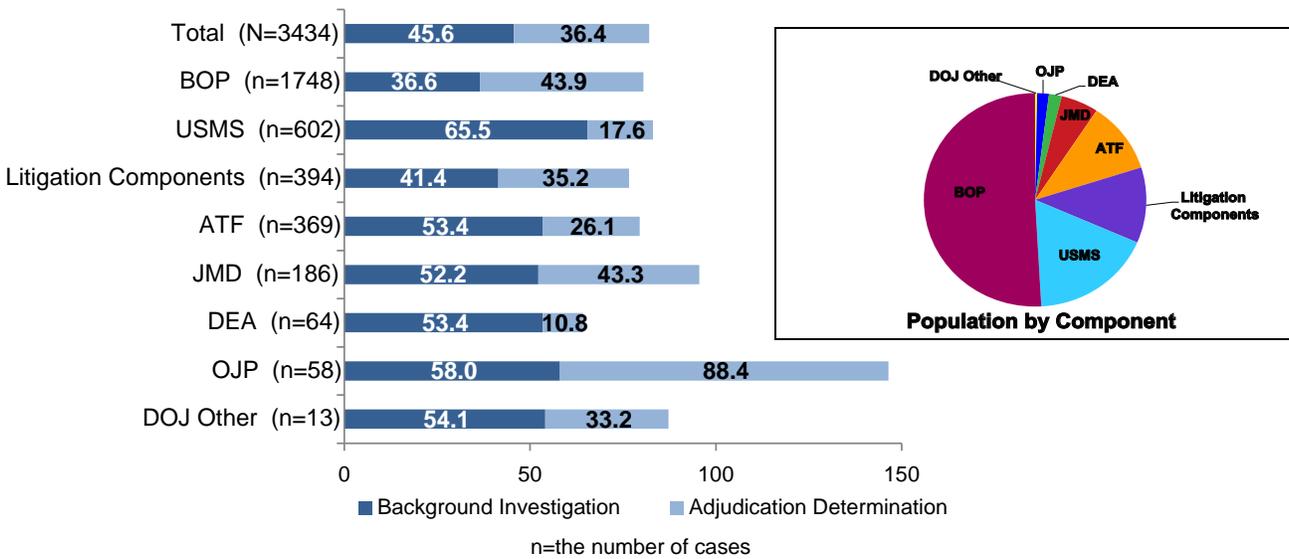
in close proximity to sensitive systems and information, the OIG is concerned that the security process delays may represent a security risk to the Department (see chart on following page).

For contractors with National Security Information (NSI) clearances, the *Intelligence Reform and Terrorism Prevention Act of 2004* requires agencies to complete at least 90 percent of clearances within an average of 60 days. However, the 363 NSI cases that the Department completed during the OIG's review period took an average of 107 days to complete. Of those cases, 359 were FBI contractors. The OIG found that FBI contract linguists took particularly long to investigate compared with other contractors because of their contact with foreign nationals and foreign travel.

The OIG also found that procedures for tracking contractor personnel security information varied significantly throughout the Department for both Public Trust and NSI positions, and that some components did not maintain accurate information on contractor clearance levels or the status of contractor background investigations. In some cases, components could not identify all of the contractors working for them. These problems could undermine the Department's ability to ensure that only individuals with appropriate clearance levels have access to sensitive and classified information. In addition,

# Multicomponent

## Timeliness of Completed Public Trust Cases, October 1, 2009, through December 31, 2010



Note: "DOJ Other" consists of Community Oriented Policing Services (eight cases), the Community Relations Service (one case), the OIG (three cases), and the U.S. Parole Commission (one case).

Source: OIG analysis of component data.

the review found that the Department had not issued a comprehensive security policy that covers contract employees.

The OIG's report made four recommendations to improve the Department's management of its personnel security process for contractors. The Department and its components have agreed with all four recommendations.

### Oversight of Non-Federal Detention Facility Inspections

The OIG examined the Department's oversight of non-federal detention facility inspections and found several inconsistencies and a lack of coordination between the inspection programs of the Office of the Federal Detention Trustee (OFDT) and the USMS, resulting in the inefficient use of resources. The USMS did not consistently ensure that state and local facilities housing federal detainees took corrective action on deficiencies identified during the OFDT's inspections, which resulted in wasted taxpayer dollars and could potentially jeopardize the safety and security of federal detainees.

The Department uses private facilities and intergovernmental agreements with state and local detention facilities to aid in housing the growing number of federal detainees, which the Department projects to be approximately 65,000 detainees per day, on average, in FY 2013. To help ensure that these non-federal detention facilities are safe, secure, and humane, Department components conduct inspections of the facilities' compliance with established detention standards and conditions of confinement. During FY 2012, the OFDT and USMS had primary responsibility for conducting these inspections, with oversight by the Office of the Deputy Attorney General (ODAG). The OIG's audit encompassed OFDT and USMS inspections of non-federal detention facilities between FY 2006 and FY 2010.

The audit found that while both the OFDT and USMS used the same basic standards to evaluate the conditions of non-federal detention facilities, these organizations applied the standards differently. As a result, a review by the OFDT typically took 3 days, while a review by the

# Multicomponent

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USMS typically took only 2 hours. The OIG review also found that the OFDT and USMS used different processes to determine which of the approximately 1,100 non-federal detention facilities to review, and that neither process incorporated a risk-based assessment to ensure that facilities most in need of review were prioritized.

The audit further found that nearly half of the 142 OFDT inspections conducted between FY 2006 and FY 2010 reviewed a facility that was also inspected by the USMS during the same fiscal year, and that in many of these instances, the OFDT and USMS reports contained inconsistent evaluation results.

On October 1, 2012, the Department merged the OFDT into the USMS, which will result in changes to the non-federal detention facility inspection practices throughout the Department. The findings detailed in this audit report will assist the Department in making these changes.

The OIG's report contains seven recommendations to the USMS and ODAG to improve the Department's oversight of non-federal detention facilities. The USMS and ODAG agreed with the recommendations.

## **Reference Checking in the Department**

The OIG examined whether and how the Department contacts job applicants' references when making hiring decisions, and whether sufficient policy guidance exists to guide hiring officials who conduct reference checks. While no government-wide requirements exist for reference checking as a part of the hiring process for federal applicants, OPM and the Merit Systems Protection Board (MSPB) encourage agencies to check references for every hiring action.

The OIG's review found that the Department requires hiring officials to check references only for new attorney applicants, and has delegated

authority to the components to set their own reference checking policies in all other respects. Consequently, reference checking policies and practices vary significantly across the Department and across types of positions.

For law enforcement positions, components generally have no policies requiring reference checks for new applicants, and hiring managers said that they do not check references when hiring most new law enforcement staff. Instead, the hiring managers assess the skills and aptitudes of new law enforcement applicants through other means – including background investigations, polygraph examinations, and logic, cognitive, and behavior tests – that do not gather the type of performance information reference checks do. For new attorney applicants, the OIG found that not all components are aware of, or are following, the Department requirement to conduct reference checks. For other non-law enforcement positions, the OIG review found that hiring officials generally check references and that they follow OPM and MSPB recommendations to contact additional references not provided by the applicant. However, the OIG also found that hiring officials generally do not conduct these reference checks at the optimal stage of the hiring process, do not obtain applicants' permission before contacting additional references, and do not document reference checks using a standard form, as recommended by OPM and MSPB.

Finally, the OIG found that only 3 of the 39 components have written policies providing hiring officials with clear reference checking guidance that includes position-specific questions and documentation requirements.

The OIG made six recommendations to the Justice Management Division (JMD) to enhance the Department's hiring process by improving the reference checking guidance and the training hiring managers receive. JMD agreed with five of the six recommendations.

# Multicomponent

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## **FBI's and NSD's Efforts to Coordinate and Address Terrorist Financing**

The OIG assessed programs implemented by the FBI and NSD to identify, investigate, and prosecute terrorist financing. The OIG found that the FBI and NSD have mechanisms to ensure terrorist financing-related information is shared and coordinated with each other and with other relevant law enforcement organizations and intelligence agencies. However, the OIG found that the FBI could improve some case management practices associated with investigating terrorist financing, and that the Terrorist Financing Coordinators in field offices did not always perform their duties as intended by the FBI.

Specifically, the OIG determined that, of the six basic financial-related investigative techniques recommended by the FBI's TFOS for use in appropriate counterterrorism investigations, the FBI documented the use of or provided a valid reason for not using one technique in 100 percent of the case files the OIG reviewed, and it documented the use or valid reasons for not using the other techniques in most, but not all of the other cases. The OIG believes that fully documented case files better enable succeeding Special Agents and FBI managers to determine whether a given counterterrorism investigation included an appropriate financial focus.

The audit also revealed that Special Agents did not always adhere to the FBI directive to focus on the financial aspects of counterterrorism investigations by creating a specific sub-file for all such cases. In addition, the OIG found that Terrorist Financing Coordinators located in FBI field offices did not routinely review counterterrorism cases to ensure the implementation of the financial focus directive for counterterrorism investigations, performed unrelated collateral duties, and were not always selected in accordance with TFOS guidance.

The OIG made eight recommendations to assist the FBI in appropriately identifying

and investigating terrorism-related financing activities. The FBI agreed with all eight recommendations.

## **Re-issuance of ATF's Operation Fast and Furious and Related Matters**

In November 2012, the OIG re-issued its report entitled *A Review of ATF's Operation Fast and Furious and Related Matters*. This report was originally issued in September 2012. Redactions in the report were based on the Department's identification of, among other things, Title III electronic surveillance, or federal wiretap, information. At the Inspector General's request, the Department agreed to seek court orders authorizing the unsealing of portions of the redacted wiretap information pertaining to ATF's Operations Wide Receiver and Fast and Furious that did not reveal the content of intercepted communications or law enforcement sensitive information, and that did not otherwise affect individual privacy interests. The Department filed such motions, and the motions were granted by the U.S. District Court for the District of Arizona. The re-issued report contains wiretap information that can now be made public.

## **FY 2012 Compliance with the Improper Payments Elimination and Recovery Act of 2010**

The OIG examined the Department's FY 2012 compliance with the *Improper Payments Information Act of 2002*. The examination assessed the Department's FY 2012 compliance with Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*, and OMB Circular A-136, *Financial Reporting Requirements*, under the *Improper Payments Information Act of 2002*, as amended by the *Improper Payments Elimination and Recovery Act of 2010*. The OIG concluded that the Department complied, in all material respects, with the above mentioned requirements for FY 2012. The report did not identify any significant

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deficiencies.<sup>1</sup> However, the OIG identified one reporting matter that relates to the strengthening of internal controls over financial reporting. The reporting matter did not materially affect the report and was presented along with two recommendations to enhance future reporting of improper payments and recoveries. The Department agreed with the recommendations.

## The Department's Financial Statement Audits

The *Chief Financial Officers Act of 1990* and the *Government Management Reform Act of 1994* require annual financial statement audits of the Department. The OIG oversees and issues the reports based on the work performed by independent public accountants. During this reporting period, the OIG issued the audit report for the Department's Annual Financial Statements for FY 2012.

The Department received an unqualified opinion on its FYs 2012 and 2011 financial statements.<sup>2</sup> This year, at the consolidated level, the Department had no significant deficiencies noted in the *Independent Auditors' Report on Internal Control over Financial Reporting*. Although deficiencies were reported at some of the components, the consolidated auditors determined that none of the component level issues were material to the Department as a whole.

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

In the FY 2012 *Independent Auditors' Report on Compliance and Other Matters*, no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* were identified. Additionally, the independent public accountant's tests disclosed no instances at the consolidated level in which the Department's financial management systems did not substantially comply with the *Federal Financial Management Improvement Act of 1996*.

## Federal Information Security Management Act Audits

The *Federal Information Security Management Act* (FISMA) requires the Inspector General for each agency to perform an annual independent evaluation of the agency's information security programs and practices. The evaluation includes testing the effectiveness of information security policies, procedures, and practices of a representative subset of agency systems. OMB is responsible for the submission of the annual FISMA report to Congress. The U.S. Department of Homeland Security (DHS) 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 were due to OMB by November 15, 2012. The OIG provided OMB with this submission within the deadline.

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<sup>1</sup> A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

<sup>2</sup> An unqualified opinion results when the financial statements present fairly, in all material respects, the financial position and results of operations of the reporting entity, in conformity with U.S. Generally Accepted Accounting Principles.

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The OIG issued separate reports this reporting period for its FY 2012 reviews of JMD's information security program, JMD's Unicenter Asset Portfolio Management System, DEA's information security program, and the DEA's CONCORDE System. The OIG is finalizing its FY 2012 review of the individual information security programs for four other Department components: the FBI, ATF, Civil Division, and Executive Office of the U.S. Trustees (EOUST). The OIG selected for review one classified system within the FBI. In addition, the OIG is finalizing reviews for four sensitive but unclassified systems: the FBI's Integrated Automated Fingerprint Identification System, ATF's ProLaw, Civil Division's Victim Compensation Fund Management System, and EOUST's Criminal Enforcement Tracking System. The OIG plans to issue reports evaluating each of these systems, as well as the overall information security programs of these four components.

## **Annual Accounting and Authentication of Drug Control Funds and Related Performance FY 2012**

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

## **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 OJP 83 single audit reports encompassing over 750 contracts, grants, and other agreements totaling more than \$270 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),

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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 send a semiannual report to Congress discussing the OIG's implementation of these responsibilities. In April 2013, the OIG issued its 22nd report summarizing its Section 1001 activities covering the period from July 1 through December 31, 2012. The report described the number of 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. 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.

### **Mortgage Fraud**

The OIG is performing an audit of the Department's efforts to address mortgage fraud. 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.

### **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 will determine the Department's compliance with applicable laws, regulations and Department guidance, and assess internal controls over the expert witness expenditures.

### **Use of and Support for Unmanned Aerial Vehicles**

The OIG is reviewing the Department's use of and support for unmanned aerial vehicles (UAV). The preliminary audit objective is to assess the Department's direct use of or grant support for UAVs and evaluate any applicable policies, guidelines, controls, or restrictions.

### **Compliance with the *Reducing Over-Classification Act***

The OIG is reviewing the Department's compliance with the *Reducing Over-Classification Act* to assess whether applicable classification policies, procedures, rules, and regulations have been adopted, followed, and effectively administered; and to identify policies, procedures, rules, or management practices that may result in misclassification of material.

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## **OCDETF Fusion Center**

The OIG is examining the operations of the OCDETF Fusion Center and the value of the center's analytical products to its law enforcement partners.

# Federal Bureau of Investigation

The FBI seeks to protect the United States against terrorist and foreign intelligence threats, enforces the criminal laws of the United States, and provides criminal justice services to federal, state, municipal, and international agencies and partners. FBI headquarters in Washington, D.C., coordinates activities of more than 36,000 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

### Foreign Terrorist Tracking Task Force

The OIG examined the FBI's FTTTF, which conducts in-depth analyses using government and public source datasets to identify and track terrorist and national security threats and provides intelligence on these threats to FBI field offices, headquarters sections, and intelligence community partners. The OIG found that the FTTTF provides significant value to the FBI by proactively identifying national security threats. However, the audit found issues regarding the level of coordination prior to FY 2011 between the FTTTF and FBI operational divisions, the nature of some of the information provided to field offices and the awareness of the FTTTF's capabilities in those offices, and the FTTTF's compliance with Department requirements relating to privacy laws.

The OIG determined that prior to FY 2011 limited coordination existed between the FTTTF and the FBI's National Security Branch operational divisions, such as the Counterterrorism Division and the Counterintelligence Division. However, the OIG found that since FY 2011 the FTTTF improved its coordination, particularly through the assignment of FTTTF personnel to the Counterterrorism Division.

The audit also found that the FTTTF did not always provide FBI field offices with timely, relevant, and valuable information, and that many field office Special Agents and Intelligence Analysts were not fully aware of the FTTTF's capabilities. Without such an understanding, FBI field personnel may not use the FTTTF's valuable analytical capabilities to the fullest extent possible to best further the FBI's national security mission.

Additionally, the audit found that, while the FTTTF had implemented many privacy-related policies and procedures to meet Department requirements for handling national security information and other sensitive information used in its operations, the FTTTF had not completely satisfied Department requirements related to the transparency of its information systems under the *Privacy Act* and *E-Government Act*. Specifically, between 2008 and 2012 the FTTTF had not submitted an updated System of Records Notice or Privacy Impact Assessment to the Department's Office of Privacy and Civil Liberties. During the review, the FBI submitted a System of Records Notice, which received final approval in July 2012.

The OIG made seven recommendations to the FBI to improve the FTTTF's operations, and the FBI agreed with all seven recommendations.

# Federal Bureau of Investigation

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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 participate in the CODIS program to ensure they are in compliance with key National DNA Index System (NDIS) operational procedures and certain FBI Quality Assurance Standards (QAS), and to ensure that their forensic DNA profiles maintained in CODIS databases are complete, accurate, and allowable for inclusion in NDIS. The QAS describe quality assurance requirements that CODIS laboratories must follow to ensure the quality and integrity of the data generated by the laboratory.

During this reporting period, the OIG audited CODIS activities at the Michigan State Police Laboratory (MSP Laboratory) in Grand Rapids, Michigan, and the Marysville Crime Laboratory (MC Laboratory) in Tulalip, Washington. The results of those audits are described below.

- The OIG found the MSP Laboratory was in compliance with the NDIS participation requirements and the QAS that the OIG tested. In addition, of the 100 DNA forensic profiles the OIG reviewed, 92 profiles were complete, accurate, and allowable for inclusion in NDIS. While the audit identified eight profiles that were not allowable for inclusion in NDIS, all eight of the unallowable profiles were processed by the MSP Laboratory prior to the issuance of 2006 FBI guidance regarding the allowability of profiles in NDIS, and it appears that the MSP Laboratory has since followed the guidance to prevent the entry of unallowable profiles in NDIS. The OIG made no recommendations.

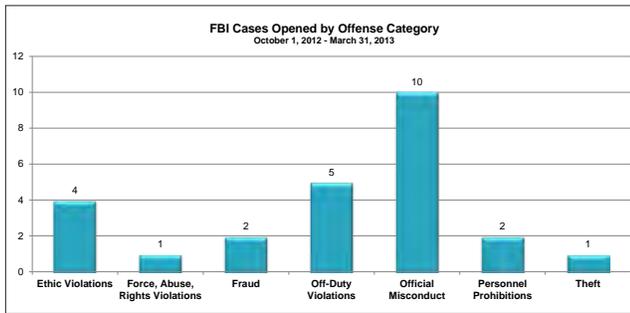
- The OIG found the MC Laboratory was in compliance with NDIS participation requirements and with the QAS that the OIG tested. In addition, of the 100 sample forensic DNA profiles that the OIG tested, 99 profiles were complete, accurate, and allowable for inclusion in NDIS. The OIG questioned one forensic DNA profile that did not meet the standards for NDIS and the MC Laboratory agreed and removed the unallowable profile from the national database. The audit also confirmed that the MC Laboratory removed an additional profile that was not part of the sample but was related to the one exception identified in the audit sample. Because the MC Laboratory took corrective action on the two profiles, the OIG made no recommendations.

## Investigations

During this reporting period, the OIG received 760 complaints involving the FBI. The most common allegations made against FBI employees were official misconduct, and waste and mismanagement. Most of the complaints received during this period were considered management issues and were provided to FBI management for its review and appropriate action.

During this reporting period, the OIG opened 25 investigations and referred 63 allegations to the FBI's Inspection Division for action or investigation. At the close of the reporting period, the OIG had 65 open criminal or administrative investigations of alleged misconduct related to FBI employees. The criminal investigations covered a wide range of offenses, including official misconduct, off-duty violations, and fraud. The administrative investigations involved serious allegations of misconduct.

# Federal Bureau of Investigation



Source: Investigations Data Management System

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

- On January 10, 2013, an FBI technical information specialist assigned to the FBI Cleveland Division was arrested and pled guilty to a charge of unauthorized accessing of a computer to obtain government records. In pleading guilty, the specialist admitted that he retrieved personal and biographical data about individuals for non-law enforcement purposes approximately 19 times from various law enforcement databases. The specialist disclosed the information he obtained to an individual who he knew was not authorized to receive the information. The specialist is on unpaid administrative leave and agreed to resign from the FBI on the date the judgment is filed in the criminal case. The investigation was conducted by the OIG's Detroit Area Office.
- On March 14, 2013, an FBI management and planning specialist was arrested and pled guilty to a charge of possession of child pornography. A search warrant executed at the specialist's home during the OIG investigation produced a desktop computer containing multiple child pornographic images. In pleading guilty, the specialist admitted to viewing child pornography via the Internet and receiving child erotica through the mail. The specialist was dismissed from the FBI during the OIG investigation and is

scheduled to be sentenced in the criminal case on June 14, 2013. The investigation was conducted by the OIG's Washington Field Office and the U.S. Postal Inspection Service.

- On October 24, 2012, a former FBI Special Agent was arrested on charges of making false statements. According to the indictment, the Special Agent had made false statements on loan documents related to the purchase of his residence. This investigation is being conducted by the OIG's Los Angeles Field Office and the Los Angeles office of the Department of Housing and Urban Development OIG.
- On November 14, 2012, an FBI senior forensic examiner of the FBI Norfolk Division pled guilty and was sentenced in the Eastern District of Virginia on a charge of theft of government property. The senior forensic examiner was sentenced to 2 years' probation and ordered to pay \$1,607.43 in restitution. In addition, he was ordered not to seek federal employment while on probation. The senior forensic examiner admitted to stealing and selling government property, including six hard drives, a camera, and camera equipment. He resigned his position with the FBI. The investigation was conducted by the OIG's Washington Field Office.

## 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 carrying out the recommendations contained in the OIG's May 2006 report, "A Review of the FBI's Handling and Oversight of FBI Asset Katrina Leung." The review is examining matters concerning the

# Federal Bureau of Investigation

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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 assess these interactions in light of 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 National Security Letters (NSL) and Section 215 orders for business records. This review is assessing the FBI's progress in responding to the OIG's recommendations in its first and second reports on the FBI's use of NSLs and its report on the FBI's improper use of exigent letters and other informal means to obtain telephone records. Also, a focus of this review is the NSL subsystem, an automated workflow system for NSLs that all FBI field offices and Headquarters divisions have been required to use since January 1, 2008, and the effectiveness of the subsystem in reducing or eliminating noncompliance with applicable authorities. The

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

## **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 on the FBI's watchlisting system of the attempted terrorist attack on an airplane on December 25, 2009, and to evaluate the effectiveness of the initiatives recently started 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.

# Federal Bureau of Prisons

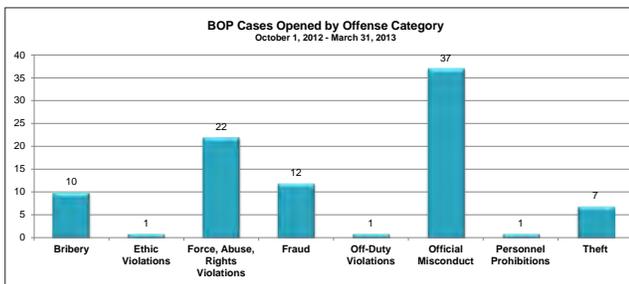
The BOP operates a nationwide system of prisons and detention facilities to incarcerate individuals imprisoned for federal crimes and detain those awaiting trial or sentencing in federal court. The BOP has approximately 38,000 employees and operates 119 institutions, 6 regional offices, a central office (headquarters), 2 staff training centers, and 22 community corrections offices. The BOP is responsible for the custody and care of approximately 217,287 federal offenders. Approximately, 175,729 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 3,735 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 92 investigations and referred 30 allegations to the BOP's Office of Internal Affairs for action or investigation. At the close of the reporting period, the OIG had 170 open cases of alleged misconduct against BOP employees. The criminal investigations covered a wide range of allegations, including official misconduct; and force, abuse, and rights violations.



Source: Investigations Data Management System

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

- On November 29, 2012, a BOP correctional officer was sentenced to 70 months' imprisonment followed by 120 months' supervised release, based on his guilty plea to accessing with intent to view child pornography. In pleading guilty, the correctional officer admitted that, from December 2010 through July 2011, he knowingly and intentionally accessed child pornography images via his personal computer and assigned BOP computers, and that he believed the images he viewed were child pornography. The correctional officer retired from the BOP shortly after his interview with the OIG. This investigation was conducted by the OIG's Miami Field Office and the FBI Innocent Images Task Force in Orlando, Florida.
- On January 3, 2013, a substance abuse therapy service provider in western Pennsylvania agreed to pay \$55,538.94 to the federal government to settle allegations that the company violated the *False Claims Act* related to a BOP contract. An OIG investigation found that from 2009 through 2012, the service

# Federal Bureau of Prisons

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provider inappropriately billed the BOP for contracted substance abuse therapy that was not provided to inmates.

According to the settlement agreement, the service provider overcharged the BOP for initial inmate assessments and billed for sessions that specific therapists could not have conducted because the relevant inmate was not at the facility or the therapist was treating another inmate at the same time. The BOP terminated its contract with the service provider in July 2012. The investigation was conducted by the OIG's Fraud Detection Office.

- On October 3, 2012, a BOP physician's assistant was convicted at trial in the Western District of Oklahoma on a charge of abusive sexual contact. The physician's assistant, under the guise of conducting physical examinations, sexually assaulted a female inmate at the Federal Transfer Center in Oklahoma City in May 2011. The investigation was conducted by the OIG's Dallas Field Office.
- On March 1, 2013, a BOP library technician previously assigned to the Federal Correctional Institution in Florence, Colorado, was sentenced in the District of Colorado to 12 months and 1 day's incarceration followed by 3 years' supervised release based on her guilty plea to bribery. In pleading guilty, the library technician admitted that, from May through August 2011, she accepted approximately \$14,450.94 in Western Union, U.S. Postal money order, and direct bank deposit payments from family members and associates of four inmates in exchange for smuggling tobacco and synthetic marijuana into the prison. The library technician resigned from the BOP after she declined to be interviewed by the OIG. The investigation was conducted by the OIG's Denver Field Office.
- On October 29, 2012, a BOP correctional officer was sentenced to 10 months' imprisonment followed by 2 years' supervised release. In pleading guilty, the correctional officer admitted to engaging in a sexual act with an inmate. The correctional officer resigned from the BOP following his OIG interview. The investigation was conducted by the OIG's Dallas Field Office.
- On February 15, 2013, a BOP correctional officer was arrested and pled guilty to charges of introducing contraband into the facility. In his guilty plea, the correctional officer admitted that, in 2007, he introduced tobacco and other contraband into the prison for inmates and received a total of approximately \$9,000. The correctional officer resigned from the BOP following his interview with the OIG and FBI. The investigation was conducted by the OIG's Los Angeles Field Office and the FBI's Victorville Resident Agency.
- In the *Semiannual Report to Congress April 1, 2012 – September 30, 2012*, the OIG reported that an investigation led to the arrest of a BOP physician on charges of sexual abuse of a ward and making false statements. On February 7, 2013, the BOP physician was sentenced in the Northern District of Georgia to 25 months' imprisonment based on his guilty plea to three counts of sexual abuse of a ward. In addition, he was ordered to serve two years' supervised release following his release from imprisonment, with the condition that he perform 200 hours of community service and register as a sex offender. In his guilty plea, the BOP physician admitted to engaging in sexual acts with three male inmates under his custodial, supervisory, and disciplinary authority. He resigned from the BOP following his interview with the OIG. The investigation was conducted by the OIG's Atlanta Area Office.

# Federal Bureau of Prisons

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## 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's efforts to increase inmate employment.

### **Compassionate Release**

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

### **Efforts to Improve Acquisition Through Strategic Sourcing**

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

### **Procurement of X-ray Equipment**

The OIG is conducting an audit of the BOP's procurement in FY 2011 of 65 x-ray machines. The preliminary objectives are to evaluate the BOP's contracting process for and use of the equipment and to determine if the equipment met the BOP's operational needs.



# U.S. Marshals Service

The USMS is responsible for ensuring the safe and secure conduct of judicial proceedings; protecting more than 2,200 federal judges and approximately 10,000 other court officials at more than 400 court facilities 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 5,602 employees at 316 locations throughout the 50 states, the District of Columbia, the Commonwealths of the Northern Mariana Islands and Puerto Rico, U.S. Virgin Islands, Guam, Colombia, Mexico, Jamaica, and the Dominican Republic.



## Reports Issued

### Procurement Activities

The OIG reviewed the procurement practices in the USMS district and headquarters offices from October 2009 through March 2011, during which time the USMS made 455,000 purchases totaling more than \$521 million. The OIG found that the USMS did not fully comply with federal regulations and departmental policies in its award and administration of procurement actions; its internal controls were not fully effective at ensuring adequate oversight of procurement actions; and its management of vendor purchases did not ensure vendor billings were accurate.

Specifically, the audit found that USMS procurement officials did not always maintain appropriate and necessary documentation in acquisition files to support the purchases reviewed. Approximately 20 percent of the procurement requests reviewed did not reflect the required advance approvals, and approximately 17 percent of the requests did not reflect the required certifications that funds were available to make the purchase. In addition, the acquisition files for approximately 31 percent of the purchases reviewed did not include documents confirming that the purchased items had been received.

The audit further found that the procurement files associated with limited competition and sole source purchases did not always include the required justifications for deviating from the principles of full and open competition. Also, the OIG found weaknesses that reflected ineffective oversight of procurement activities, including the purchase of two fully-automatic firearms without the required approvals.

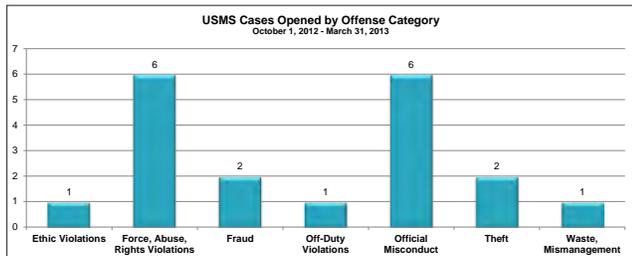
The OIG made 12 recommendations to the USMS to improve the procurement practices within the USMS, including re-emphasizing the procurement policies and procedures that must be followed; developing a tracking system to monitor the training of all procurement staff; and establishing a process for following up on issues identified during USMS internal reviews. The USMS agreed with the recommendations.

### **Investigations**

During this reporting period, the OIG received 290 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's Office of Internal Affairs for its review and appropriate action.

# U.S. Marshals Service

During this reporting period, the OIG opened 19 investigations. At the close of the reporting period, the OIG had 33 open cases of alleged misconduct against USMS employees. The most common allegations were force, abuse, and rights violations, and fraud.



Source: Investigations Data Management System

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

- On December 4, 2012, a Deputy U.S. Marshal was arrested on charges of assisting a conspiracy to distribute marijuana and obstructing a federal investigation. According to the indictment, the Deputy U.S. Marshal used USMS resources to identify an undercover agent actively involved in a major drug trafficking investigation transporting thousands of pounds of marijuana and then provided this information to his father, who was involved with the drug traffickers. This case is being investigated by the OIG's Dallas Field Office, DHS Investigations, and FBI.
- On October 16, 2012, a Contracting Officer's Technical Representative (COTR) with the USMS was arrested on charges of conflict of interest. The indictment alleged that in 2011, while serving as the COTR, the COTR negotiated employment with a contractor without notifying the USMS as required by federal conflict of interest laws. This investigation is being conducted by the OIG's Tucson Area Office.
- On January 11, 2013, a Deputy U.S. Marshal was arrested and charged in state court with lewd and lascivious conduct, contributing to the delinquency of a child, and giving alcoholic beverages to a person under the age of 21. The investigation is being conducted by the OIG's Miami Field Office.
- On February 25, 2013, a USMS employee was arrested on three counts of possession of child pornography. According to the indictment, the employee knowingly possessed material that depicted children engaged in sexually explicit conduct and had been mailed, shipped, and transported in interstate and foreign commerce. The investigation is being conducted by the OIG's Washington Field Office.
- On February 12, 2013, a Deputy U.S. Marshal signed a pre-trial diversion (PTD) agreement in the Northern District of Georgia in lieu of being indicted on charges involving mortgage and bankruptcy fraud, along with false statements. According to the agreement, the Deputy U.S. Marshal admitted to fraud in connection with his Thrift Savings Plan (TSP) account; prosecution of the Deputy U.S. Marshal for this offense was deferred for 1 year provided he abides by the conditions and the requirements of the PTD agreement. According to the PTD agreement, on or about December 18, 2009, and January 3, 2011, the Deputy U.S. Marshal made materially false and fictitious statements on TSP documents claiming financial hardship for medical expenses which resulted in the fraudulent withdrawal of a total of \$100,000 from his TSP account. The Deputy U.S. Marshal resigned his position with the USMS after signing the PTD agreement. The investigation was conducted by the OIG's Atlanta Area Office and the Internal Revenue Service.

## Ongoing Work

### **Financial Management of USMS's Office in the 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 financial policies and procedures, how the USMS incurred and tracked expenditures, and how the USMS accounted for and safeguarded its assets in FYs 2009 through 2011 at the USMS Office in the District of Columbia Superior Court.

### **Witness Security Program**

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

### **International Fugitive Investigations and Extraditions**

The OIG is reviewing the USMS's management of international fugitive investigations and extraditions. The audit will evaluate the effectiveness of the USMS's management of international fugitive investigations and the efficiency of the USMS's extradition and deportation-related activities, including the cost effectiveness of these processes.



# Drug Enforcement Administration

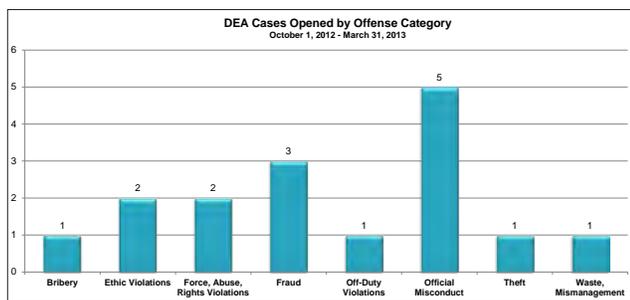
The DEA enforces federal laws and regulations related to the growth, production, or distribution of controlled substances. In addition, the DEA seeks to reduce the supply of and demand for illicit drugs, both domestically and internationally. The DEA has approximately 9,600 employees staffing its 21 division offices in the United States and 85 foreign offices in 66 countries.



## Investigations

During this reporting period, the OIG received 363 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 16 cases and referred 30 allegations to the DEA's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 34 open cases of alleged misconduct against DEA employees. The most common allegations were official misconduct and theft.



Source: Investigations Data Management System

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

- On March 5, 2013, a DEA Special Agent was arrested on 44 counts of making false statements and entries. According to the indictment, the DEA Special Agent submitted documents falsely representing that he was entitled to hazard pay. The investigation is being conducted by the OIG's Denver Field Office.

## Ongoing Work

### Permanent Change of Station Transfers

The DEA routinely transfers personnel among its domestic and international offices. These permanent change of station (PCS) transfers can involve numerous costs, including travel expenses, family relocation expenses, house-hunting trips, shipment and storage of household goods, compensation for the sale or purchase of a residence, and temporary housing costs. The OIG is reviewing the adequacy of the DEA's management of its PCS transfer activities and the DEA's controls over resources expended on PCS transfers, including repayments required by those employees who do not satisfy their required continued service agreements.



# Bureau of Alcohol, Tobacco, Firearms and Explosives

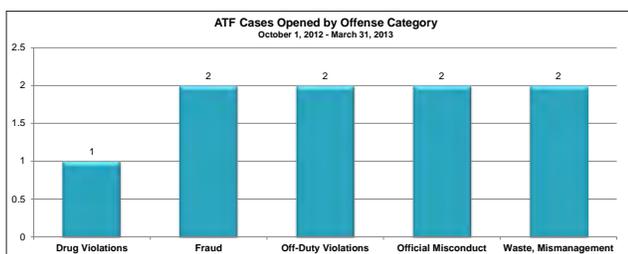
ATF's 4,861 employees enforce federal criminal laws and regulate the firearms and explosives industries. ATF investigates violent crimes involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products. ATF also provides training and support to its federal, state, 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 120 complaints involving ATF personnel. The most common allegation made against ATF employees were official misconduct and waste and mismanagement. The majority of the complaints were considered management issues and were provided to ATF for its review and appropriate action.

During this reporting period, the OIG opened 9 cases and referred 4 allegations to ATF's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 19 open criminal or administrative investigations of alleged misconduct related to ATF employees. The criminal investigations include official misconduct.



Source: Investigations Data Management System

## Ongoing Work

### Federal Firearms Licensee Inspection Program

The OIG is reviewing changes made to ATF's federal firearms licensee inspection program since an OIG review in 2004, ATF's process and standards for inspecting licensed firearms dealers, and the administrative actions process that addresses licensed dealers who violate federal firearms laws and regulations.

### Income-Generating Undercover Operations

The OIG is conducting an audit of ATF's income-generating undercover operations to assess ATF's management of the revenue generated from these operations. The OIG seeks to determine whether ATF properly authorizes its income-generating undercover operations and provides adequate management and oversight of these operations.

### Explosives Industry Program

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



# Office of Justice Programs

OJP manages the majority of the Department's grant programs and is responsible for developing initiatives to address crime at the state and local levels. OJP is composed of five bureaus –BJA, Bureau of Justice Statistics (BJS), National Institute of Justice (NIJ), Office of Juvenile Justice and Delinquency Prevention (OJJDP), and Office for Victims of Crime (OVC) – as well as the Community Capacity Development Office and the Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking. This section discusses the OIG's reviews of OJP grant recipients. A separate section of this semiannual report focuses on the OIG's work related to recipients of OJP awards under the *American Recovery and Reinvestment Act of 2009*.



## Reports Issued

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

- The OIG audited a total of \$1,956,985 from two cooperative agreements awarded by the NIJ to AKELA, Inc. (AKELA), in Santa Barbara, California. The purpose of both agreements was to develop a portable radar system with the capability to detect individuals behind a wall from 30 meters away. The OIG determined that AKELA did not comply with seven of the nine essential agreement requirements that were tested. The audit's findings included: a lack of sufficient and appropriate internal controls for authorization, recording, and custody of funds; unauthorized changes to the indirect costs budget category; unsupported, late, and inaccurate drawdowns; and unsupported and unallowable expenditures. As a result, the OIG questioned \$1,906,985 in expenditures, more than 97 percent of
- the total agreement awards. The audit made 17 recommendations to OJP to remedy questioned costs and ensure that AKELA complies with agreement requirements. OJP agreed with the recommendations.
- The OIG completed an audit of two cooperative agreements totaling over \$5 million awarded by the NIJ to the Sheriffs' Association of Texas (SAT) in Austin, Texas. The awards were for SAT's support of law enforcement technology initiatives, including the operation and maintenance of a Border Research and Technology Center. The audit found that although SAT's accounting system provided for segregation of duties and system security, SAT did not have documented policies and procedures related to accounting functions. The OIG identified a total of \$583,260 in questioned costs, including costs charged for which SAT did not provide adequate documentation. Over \$300,000 of those questioned funds were comprised of unsupported payments to contractors. OJP agreed with the seven recommendations the OIG made to address these issues.

# Office of Justice Programs

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- The OIG audited a total of \$6,520,000 in grants awarded by OVC to Unified Solutions Tribal Community Development Group (Unified Solutions) in Tempe, Arizona. The OIG found that Unified Solutions' accounting records reflected inconsistencies in accounting for drawdowns. In addition, asset and disposal lists were not complete or accurate, and did not ensure that property and equipment acquired with grant funds were used in accordance with grant requirements. Further, the audit found that Unified Solutions personnel did not check the Excluded Parties List System (EPLS) when selecting a contractor or consultant, and that all of the financial status reports reviewed were inaccurate when compared to the general ledger. As a result, the OIG questioned \$264,043 in unallowable and unsupported costs, including rental costs for a Chevrolet Camaro sports car. The OIG made 13 recommendations to OJP to coordinate with Unified Solutions to remedy questioned costs and ensure that Unified Solutions complies with grant requirements. OJP agreed with the recommendations.
- The OIG audited a \$3 million grant awarded by BJA to the Loudoun County, Virginia, Sheriff's Office (Loudoun County). Loudoun County is the fiscal agent for the Northern Virginia Gang Task Force, which is comprised of personnel from 17 law enforcement jurisdictions in Northern Virginia. The audit found that while transactions were in general charged properly to the grant, Loudoun County did not maintain accurate grant documentation regarding how costs incurred by task force members reconciled with costs claimed for reimbursement under the award. As a result, the OIG identified \$109,887 in unallowable or unsupported grantee expenses. The audit made four recommendations to OJP to remedy questioned costs and ensure that Loudoun County improves its internal controls over grant-related documentation. OJP agreed with the recommendations.
- The OIG audited a \$1 million grant awarded to the Clarke County, Virginia, Sheriff's Department. The audit found that the award transactions were, in general, properly authorized, classified, supported, and charged to the grant. However, the audit found that the Clarke County Sheriff's Department did not follow its own procedures for sole source procurements and did not have sufficient support for payroll and fringe benefits allocated to the grant by its subgrantees. Consequently, the OIG recommended that OJP remedy \$30,940 of identified unsupported subgrantee payroll and fringe benefits allocations and that OJP ensure that the grantee follows procurement policies for sole source procurements. OJP agreed with the recommendations.
- The OIG audited a \$300,000 BJA Second Chance Act Mentoring grant awarded to Catholic Charities of Kansas City-St. Joseph, Inc. (Catholic Charities). The purpose of the grant was to mentor and assist in the transitioning of adult ex-offenders into society, including providing services to 80 ex-offenders by the end of the grant period. The audit revealed internal control and reporting deficiencies, including that Catholic Charities did not track all expenses purchased with grant funds, billed the grant for costs that should have been charged to a different grant, and charged expenditures that were not included in the approved budget. As a result, the OIG questioned \$7,887 in unallowable and unsupported expenditures. In

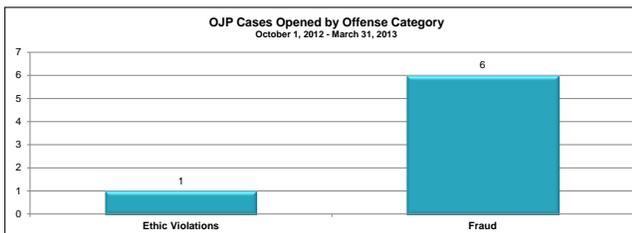
# Office of Justice Programs

addition, the audit determined that the grantee may have difficulties fulfilling its goal of serving 80 clients. The audit made seven recommendations to OJP to remedy questioned costs, monitor the grantee's progress in meeting the grant objective, and ensure that the grantee adheres to grant accounting and reporting requirements. OJP agreed with the recommendations.

## Investigations

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

During this reporting period, the OIG opened seven cases. At the close of the reporting period, the OIG had 28 open criminal or administrative investigations of alleged misconduct related to OJP employees, contractors, or grantees. The majority of these criminal investigations were related to fraud.



Source: Investigations Data Management System

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

- On November 9, 2012, a Department grantee was sentenced in the District of Columbia following her guilty plea to theft from a program receiving federal funds. She was sentenced to 42 months' imprisonment followed by 36 months' supervised release. The court also ordered restitution in the amount of \$164,146.23. In pleading guilty, the grantee admitted using monies

belonging to the non-profit corporation that received federal funds to pay for multiple vacations for her and her family, pay personal expenses, and settle outstanding debts with collection agencies. She resigned from her position with the non-profit corporation as a result of the OIG's investigation. The investigation was conducted by the OIG's Fraud Detection Office.

- On January 11, 2013, a former OJP employee was arrested on charges of conspiracy. According to an indictment, the former OJP employee conspired with others in a mortgage fraud scheme in which the employee agreed to make false representations to lenders when applying for real estate loans, in return for secretly receiving a portion of the real estate proceeds. This investigation is being conducted by the OIG's Washington Field Office in conjunction with the Maryland Mortgage Fraud Task Force, including the FBI, U.S. Secret Service, Howard County Police Department, and Howard County State's Attorney's Office.

## Ongoing Work

### Public Safety Officers' Benefits Programs

The OIG is conducting an audit of the BJA-administered PSOB. In addition to education benefits, PSOB provides death benefits to eligible survivors of federal, state, or local public safety officers, and disability benefits to eligible public safety officers, as the direct result of death or catastrophic personal injury sustained in the line of duty. The audit will determine whether PSOB death and disability claims are processed in compliance with applicable laws and regulations. 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*.

# Office of Justice Programs

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

The Crime Victims Fund (CVF), administered by the OVC, was established by the *Victims of Crime Act of 1984* and is a major funding source for victim services throughout the United States. The OIG is conducting separate reviews of the FBI's and EOUSA's accounting of CVF earmark funds for FYs 2009 through 2011. The current audit objectives are to evaluate whether the CVF earmark funds allocated to the FBI and EOUSA were used in accordance with applicable guidelines, and to evaluate the adequacy of current internal controls, policies and procedures, and coordination efforts of the FBI, EOUSA, and the OVC to ensure the funds from the CVF are completely and appropriately accounted for.

## **Solving Cold Cases with DNA Grant Program**

The NIJ established the Solving Cold Cases with DNA Grant Program to encourage the analysis of DNA samples from unsolved crimes once thought to be unsuitable for testing. The OIG is conducting an audit to evaluate the NIJ's implementation and oversight of this program, and to determine the reduction in the number of unanalyzed "cold cases" as a result of NIJ funding. The audit will also evaluate the level of reliance each grantee has on NIJ funding to solve cold cases and assess the future sustainability of grantee cold case efforts.

## **John R. Justice Grant Program**

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

# Other Department Components

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## Civil Rights Division

### Reports Issued

#### Operations of the Voting Section of the Civil Rights Division

At the request of several members of Congress, the OIG examined the operations of the Voting Section of the Civil Rights Division. A primary focus of the review was to determine how the enforcement priorities of the Voting Section had changed over time and to determine whether the voting rights laws had been enforced in a non-discriminatory fashion under the past and present administrations. The report also examined several incidents of harassment and marginalization of employees and managers, as well as the unauthorized disclosure of confidential information. Additionally, the report analyzed allegations of partisanship in both the hiring of experienced attorneys to work in the Voting Section under the current administration and in the prioritization of responses to records requests about voting matters.

The OIG's examination of the mix and volume of enforcement cases brought by the Voting Section, including some of the more controversial enforcement decisions made in Voting Section cases from 2002 through 2011 by Division leadership in both the prior and current administrations, revealed changes in enforcement priorities over time. However, the OIG did not find sufficient evidence to conclude that the decisions the OIG reviewed were based on racial or partisan concerns. The OIG also found insufficient support to conclude that Civil Rights Division (Division) leadership in either the prior or current administration improperly refused to enforce the voting rights laws on behalf of any particular group of voters, or that either administration used the enforcement of the voting laws to seek improper partisan advantage. Although the OIG had concerns about the handling of a few cases, including



the New Black Panther Party matter, the OIG found insufficient evidence to conclude that the substantive enforcement decisions by Division leadership in Voting Section cases were made in a discriminatory manner.

Despite this conclusion, the OIG's investigation revealed several incidents in which deep ideological polarization fueled disputes and mistrust that harmed the functioning of the Voting Section. The report detailed a number of examples of harassment and marginalization of employees and managers, as well as the unauthorized disclosure of confidential information, that the OIG found to be incompatible with the proper functioning of a component of the Department. For example, the OIG found incidents of peer-to-peer mistreatment of employees based on perceived ideology and positions taken on cases, including ostracism, ridicule, and racially-charged statements. The OIG also found instances in which employees posted offensive and insulting comments about other employees on an internet website, and repeated instances of employees disclosing confidential internal Voting Section information to persons outside the Department. In addition, the OIG found that a career Voting Section Chief was excluded from important projects and deliberations, and that Division and Department leadership explored removing

## Other Department Components

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him due to concerns about his conservative view of the civil rights laws. The OIG believes that the high partisan stakes associated with some of the statutes that the Voting Section enforces contributed to polarization and mistrust within the Section, and that employees on different sides of internal disputes about particular cases were quick to suspect those on the other side of partisan motivations. The OIG also found that polarization was exacerbated by the debate that has arisen in recent years about whether voting rights laws that were enacted in response to discrimination against Black voters and other minority voters also should be used to challenge allegedly improper voting practices that harm White voters.

The OIG's report did not find sufficient evidence to substantiate allegations that the Voting Section considered applicants' political or ideological affiliations when hiring experienced trial attorneys in 2010. The OIG did find that the primary criterion used in assessing the qualification of the 482 applicants, namely prior voting litigation experience, resulted in a pool of 24 candidates selected to be interviewed (9 of which were ultimately hired) who had overwhelmingly liberal or Democratic affiliations. Although the OIG found that the composition of the selected candidates was the result of the application of objectively neutral hiring criteria, this result contributed to the perception of continued politicization in the Voting Section.

The report also found no support for allegations that partisan allies of the current administration received preferential treatment in the Voting Section's responses to requests for records, including FOIA requests. The OIG found that differences in the time it took for the Voting Section to respond to records requests were attributable to variance in the time-sensitivity of the requests, the complexity and size of the requests, and the difficulty of locating responsive documents. The OIG found that the Voting Section regularized and strengthened its procedures for responding to records requests

in 2003 and 2006, and that these procedures helped protect against favoritism in responding to records requests. Nevertheless, the OIG expressed concern about the substantial increase in the backlog of requests in the Voting Section in recent years, and recommended that additional resources be temporarily devoted to reducing it.

The OIG's report concluded that the conduct discovered and documented in this review reflected a disappointing lack of professionalism by some Voting Section employees. The OIG expressed the belief that, in the Department, professionalism means more than technical expertise – it means operating in a manner that consciously ensures both the appearance and the reality of even-handed, fair and mature decision-making, carried out without regard to partisan or other improper considerations. The Division's memorandum submitted in response to the OIG's report stated that the Division has made substantial efforts under the current administration to improve the operations of the Voting Section in order to address the problems of polarization and the impression of politicization that have plagued the Voting Section for years.

The OIG made several recommendations in the report, including a recommendation on how the Voting Section could take steps to avoid creating perceptions of ideologically biased hiring. The Division disagreed with the OIG's recommendations as to how to accomplish this goal, and the OIG will address this through the Department's resolution process. The Division agreed with the rest of the OIG's recommendations.

# Other Department Components

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

- The OIG audited two COPS grants awarded to the City of Wilmington, North Carolina, Police Department (Wilmington PD). One grant was for \$2,005,809 funded by the COPS Hiring Recovery Program (CHRP) and the other was a \$315,000 technology program grant. The audit found that although the Wilmington PD did not maintain documentation to support information in its CHRP grant application, the unsupported information did not appear to have affected the suitability of the award. In addition, the Wilmington PD made salary and fringe benefit payments that exceeded the budgeted amounts approved by COPS and included in its grant application funding for officer vacation and sick leave that was already included as part of officer salary costs. As a result, the OIG identified \$123,085 in dollar-related findings, including \$112,684 in awarded funds that could be put to better use. The audit made four recommendations to COPS to remedy the costs and require the police department to establish procedures that ensure future grant applications are supported by complete documentation. COPS agreed with the recommendations.
- The OIG audited two COPS grants totaling \$2,017,976 awarded to the City of Jackson, Tennessee, Police Department (Jackson PD) for its CHRP and Methamphetamine Initiative (METH) program. The audit found that the Jackson PD's CHRP grant application contained incorrect data, but the incorrect data did not appear to have affected the suitability of the award. The audit also found that Jackson PD made salary, fringe benefit, and bonus payments that exceeded or were not included in budgeted amounts approved by COPS; overestimated the cost of fringe benefits in its CHRP grant application; and did not adequately track property items bought with grant funds. In addition, COPS deobligated \$307,885 of unused METH grant funds because the Jackson PD failed to timely request an extension for the grant, and the METH grant project was not completed. The OIG identified \$86,185 in dollar-related findings and made seven recommendations. COPS agreed with the recommendations.
- The OIG audited a \$1,215,890 COPS Technology Program grant awarded to the Columbus, Ohio, Police Department (Columbus PD) to purchase, install, and obtain training for a video recording system for police vehicles. The Columbus PD generally complied with COPS' grant guidelines with respect to grant expenditures, budget management and control, and reporting. However, the OIG identified weaknesses related to grant administration, property management, and monitoring contractors. The audit made six recommendations to COPS, including that the COPS Office develop a formal process to monitor contractors. COPS agreed with the recommendations.

# 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 the Iowa Department of Transportation. The results of this audit follow:

- The Iowa Department of Transportation, Office of Motor Vehicle Enforcement (Iowa MVE) received \$1,928,379 in equitable sharing funds from July 1, 2009, through January 31, 2012. While the Iowa MVE complied with equitable sharing guidelines regarding uses of Department equitable sharing funds, the audit found that it did not separately account for these funds as required and identified a weakness in the Iowa MVE's accounting procedures. Further, the audit found that the Iowa Department of Transportation did not report Department equitable sharing expenditures on its Schedule of Expenditures of Federal Awards and that the Iowa MVE did not file one of its required reports on time. The OIG made four recommendations to the Criminal Division to ensure that the Iowa MVE strengthen its accounting procedures, accurately report equitable sharing program expenditures, and submit required reports in a timely manner. The Criminal Division agreed with the recommendations.

## Investigations

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

- An OIG investigation found that during FYs 2010 and 2011, two non-federal police agencies in Florida conducted money laundering investigations outside of a federal task force and laundered approximately \$50 million in drug proceeds without adequate written policies or procedures, prosecutorial oversight, or audits of the undercover bank accounts. The investigation further found that one of the agencies had paid \$709,836 in impermissible salaries and benefits using equitable sharing program funds, and had failed to accurately complete the Department's Application for Transfer of Federally Forfeited Property. As a result of the investigation, the Criminal Division, Asset Forfeiture and Money Laundering Section suspended the two police agencies from the federal equitable sharing program and demanded the return of equitable sharing funds obtained from these operations. On December 19, 2012, one of the agencies returned to the Department \$1,279,873 in federal equitable sharing funds. Further investigation determined that the second police agency expended Edward Byrne Memorial JAG Program funds to pay the salaries and benefits for two employees who resided in New York and not in Florida. The OIG and OJP determined that the payments were not in accordance with the Byrne JAG Program. On March 18, the second agency returned to the Department \$29,037.04 in misappropriated grant funds. The investigation was conducted by the OIG's Miami Field Office.

# Other Department Components

## Executive Office for Immigration Review

### Report Issued

#### Management of Immigration Cases and Appeals

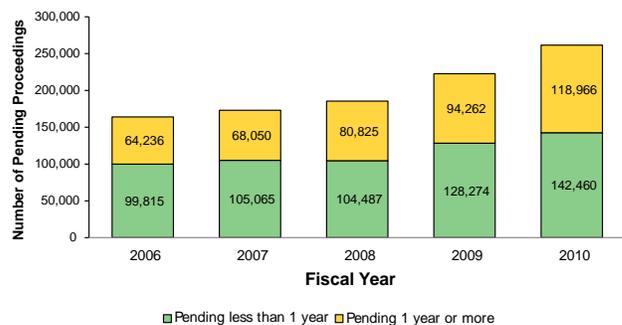
The OIG examined the processing and management of immigration cases and appeals, and found that EOIR's performance reporting was flawed for both the immigration courts, where immigration judges adjudicate alien removal cases, and the BIA, which handles appeals of those decisions. As a result, the Department could not accurately assess how well these bodies were processing immigration cases and appeals or identify needed improvements. The OIG's analysis also showed that some immigration cases and appeals took long periods of time to complete.

The OIG found that EOIR's performance reports for the immigration courts were incomplete and overstated actual accomplishments. EOIR reported a case as being completed within a timeliness goal when the case was transferred to another venue, even though a decision had not yet been made as to whether to remove the alien from the United States. Further, EOIR did not count the total time to resolve every case in its performance reports. As a result, the total number of cases the immigration courts resolved each year and the total time such cases remained in the court system overall were not readily apparent in EOIR's performance reports.

In addition, because EOIR reported administrative events, such as changes of venue and transfers, as case completions, a single case may have been "completed" multiple times. In the OIG's sample of 1,785 closed cases, 484 administrative events were counted as completions by EOIR. Those same administrative events also resulted in a case being reported as a "receipt" when the case was opened at the receiving court.

Even with these inaccuracies, EOIR's immigration court data still showed that EOIR was not able to process cases fast enough to keep up with its volume of work. From FYs 2006 through 2010, the number of cases pending for more than a year increased even though there were more judges. The OIG's analysis showed that some types of cases took long periods to complete. For example, cases for non-detained aliens took, on average, 17½ months to adjudicate, with some cases taking more than 5 years.

**Number and Age of Pending Proceedings at the Immigration Courts, FYs 2006 – 2010**



**Note:** Pending proceedings are as of the end of each fiscal year (September 30).

Source: FYs 2006 – 2010 EOIR Director's Monthly Reports for September.

A significant contributing factor to case processing times, especially in cases with non-detained aliens, was the number and length of continuances immigration judges granted. Among the 1,785 closed cases the OIG examined, 953 cases (53 percent) had one or more continuances, with an average of four. The average time granted for each continuance was 92 days, which resulted in an average of 368 days for continuances per case. The OIG found that immigration judges had received limited guidance from EOIR on continuances, and the guidance they had received, a 1994 policy memorandum, was silent on both the amount of time that should be allowed to obtain representation and on any other type of continuance. The review also found weaknesses in EOIR's resource planning and staff allocations of immigration judges, which can affect the system's ability to process immigration cases.

## Other Department Components

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In contrast to the immigration courts, the BIA completed more appeals of immigration court decisions than it received from FYs 2006 to 2010. Similar to the immigration courts, non-detained aliens' appeals took long periods to complete. In an OIG sample, appeals of immigration judge decisions for non-detained aliens averaged over 16 months – almost five times longer than the 3½-month average for appeals involving detained aliens. The review also found that the BIA underreported the time it took to process an appeal because it sometimes began tracking the time period from when a staff member was assigned to work on the appeal rather than from when the notice of appeal was filed. We calculated processing times from the day the appeal was filed until the BIA issued a decision and found that cases in the OIG's sample were pending up to 636 days longer than reported by EOIR.

The OIG made nine recommendations to help EOIR improve its processing and management of immigration cases and appeals. EOIR agreed with six recommendations and partially agreed with three recommendations.

### Office of the Pardon Attorney

#### Reports Issued

##### Reconsideration of Clarence Aaron's Petition for Clemency

The OIG released a report finding that the Department's Pardon Attorney did not accurately represent material information transmitted to the White House in connection with the Department's recommendation that the clemency application of Clarence Aaron be denied. In 1993, Clarence Aaron – then 24 years old – was convicted of several federal drug-related offenses and sentenced to three concurrent life terms in prison. The Department recommended in 2004 that the President deny

Aaron's petition for commutation of sentence, but the White House took no action until 2007, when it requested that the Department reconsider the still-pending petition. In connection with that reconsideration, both the U.S. Attorney and the sentencing judge supported a commutation of sentence for Aaron.

The OIG determined that the Pardon Attorney, however, did not accurately represent the U.S. Attorney's views regarding Aaron's petition in an e-mail that the Pardon Attorney sent to the White House Counsel's Office in December 2008. We found that the text of that e-mail had been reviewed and approved by a relatively inexperienced counsel to the then-Deputy Attorney General. In the e-mail, the Pardon Attorney also used ambiguous language that risked misleading the White House Counsel's Office about the sentencing judge's position supporting commutation of Aaron's sentence.

The December 2008 e-mail from the Pardon Attorney to the White House was the result of a decision by the ODAG, at the Pardon Attorney's suggestion, to allow the Department's initial 2004 "letter of advice" to the President to be supplemented by e-mail, rather than providing the President with a new recommendation and "letter of advice." The OIG found that the decision to follow this abbreviated process, which the OIG concluded was most likely approved by the career Associate Deputy Attorney General, contributed to erroneous information being sent to the White House Counsel's Office. The OIG also concluded that, in the particular circumstances of this case, either a new memorandum should have been prepared or the e-mail should have been reviewed and approved by one of the senior officials within the ODAG who had been delegated responsibility for such matters, as opposed to the relatively inexperienced counsel to the Deputy Attorney General.

Based on its investigation, the OIG referred its findings regarding the Pardon Attorney's conduct to the ODAG for a determination as to

# Other Department Components

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whether administrative action is appropriate. The OIG also recommended that the Office of the Pardon Attorney review its files to locate any other instances where the office relied upon a supplementary e-mail to the White House rather than a new “letter of advice” when making recommendations regarding clemency applications to determine if similar events occurred.

## U.S. Attorneys’ Offices

### Investigations

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

- On October 10, 2012, the husband of an Assistant U.S. Attorney (AUSA) was arrested for disclosing wire communications and making a false statement. According to the indictment, the defendant gave notice of the possible interception of a telephone communication to a person whose telephone was intercepted in order to obstruct, impede, and prevent such interception. The investigation is being conducted by the OIG’s El Paso Area Office.

### Ongoing Work

#### EOUSA’s Internal Controls over Terrorism Reporting

The OIG is conducting a follow-up audit of the Department’s internal controls over its terrorism reporting. The follow-up audit report evaluating NSD’s controls has been issued. The ongoing audit work will determine whether the Executive Office for U.S. Attorneys (EOUSA) took appropriate actions to implement the recommendations from a 2007 OIG audit. The OIG is also reviewing whether corrective actions improved EOUSA’s ability to gather, track, classify, verify, and report accurate terrorism-related statistics.

#### 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.

#### EOUSA and USAO Discipline Process

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

## Office on Violence Against Women

### Reports Issued

#### Audits of OVW Grants

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

- The OIG audited six grants totaling \$4,178,000 awarded to the [Eight Northern Indian Pueblos Council, Inc.](#) (ENIPC), in San Juan Pueblo, New Mexico. The ENIPC operates

## Other Department Components

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the PeaceKeepers Domestic Violence Program, which strives to provide culturally appropriate comprehensive services to Native Americans from all eight Pueblos. The OIG found that the ENIPC did not have a process in place to effectively ensure that charges to the grants were allowable by the OVW. The report identified \$573,266 in questioned costs, including over \$347,000 in salaries to ENIPC staff who were not approved by OVW in the grant budget. The OIG made 11 recommendations to OVW to remedy questioned costs and coordinate with ENIPC to ensure that grant requirements are met. The OVW agreed with the recommendations.

- The OIG audited three grants totaling \$2,261,837 awarded to Citizens Against Physical and Sexual Abuse (CAPSA). The purpose of the grants was to increase survivors' ability to obtain safe affordable housing and increase self-sufficiency, and develop a collaboration of partnering agencies to enhance services for survivors with mental health and intellectual disabilities. The audit identified several deficiencies, including that CAPSA was using grant funds to purchase items and pay salary and fringe benefits that were unallowable. The audit identified \$27,907 in questioned costs. The OIG made seven recommendations to OVW to coordinate with CAPSA to remedy questioned costs and make two management improvements. The OVW agreed with the recommendations.
- The OIG audited a \$649,872 grant awarded to the Michigan Department of Human Services (Michigan DHS) to fund supervised child visitation and exchange programs. The OIG determined that Michigan DHS generally complied with grant guidelines with respect to its internal control environment, drawdowns and expenditures, budget

management and control, federal financial and progress reports, grant requirements, and monitoring of subgrantees. The audit did not make any recommendations.

### Investigations

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

- On March 8, 2013, the former executive director of the Fort Berthold Coalition Against Domestic Violence (FBCADV) in New Town, North Dakota, pled guilty and was sentenced in the District of North Dakota to six months' probation and ordered to pay \$4,726.63 in restitution based on her conviction on one count of theft from an Indian tribal organization receiving Department grant funds. In her guilty plea, the former executive director admitted to converting a van donated to the FBCADV to her personal use, paying for repairs and fuel for the van with funds belonging to FBCADV, and giving the vehicle away to another person or entity without knowledge or permission of the new director of FBCADV. This investigation was conducted by the OIG's Denver Field Office and the FBI's Minot, North Dakota, Resident Agency.

# American Recovery and Reinvestment Act of 2009

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



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

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 55 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 10 reports on the Recovery Act grant management activities of state and local entities.

From enactment of the Recovery Act in February 2009 through March 31, 2013, the Department has obligated more than 99 percent of its \$4 billion in Recovery Act funds. Moreover, as of March 22, 2013, the Department had expended

about 91 percent of its Recovery Act funds. The Department has handled this increased workload without any significant increase in staff.

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

## Reports Issued

### OIG Audits of Recovery Act Grants

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

- The OIG audited a \$2,700,337 Edward Byrne Memorial JAG awarded to the Municipality of Anchorage, Alaska (Anchorage). The audit found that Anchorage did not consistently maintain timecards for one employee, overtime slips were incomplete, fringe benefit charges were inaccurate, and internal controls were not effective control to safeguard assets, ensure adequate support of labor charges, or ensure accurate recording of grant-related overtime. Additionally, the OIG found that Anchorage submitted inaccurate grant reports and failed to submit to OJP an approved Equal Employment Opportunity Plan as required by the grant award. The OIG also found indications that Anchorage

# American Recovery and Reinvestment Act of 2009

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used grant funds to supplant, rather than supplement local funding, and the OIG found that Anchorage failed to collect and maintain data necessary for measuring grant performance. As a result, the OIG questioned a total of \$149,583 and made 13 recommendations to OJP. OJP agreed with the recommendations.

- The OIG audited a \$477,188 Edward Byrne Memorial JAG awarded to the Green Bay, Wisconsin, Police Department (Green Bay PD) to purchase equipment and training. The audit found that the Green Bay PD did not separately account for the Recovery Act funds as required by the grant, and that the grantee's official accountable property listings did not contain grant-funded equipment items and did not adequately identify equipment as purchased with federal funds. The OIG identified \$9,297 in questioned costs for the purchase of unapproved equipment. The audit made five recommendations to OJP to remedy questioned costs and ensure the Green Bay PD adequately complies with grant requirements. OJP agreed with the recommendations.
- The OIG audited four grants totaling \$6,495,028 awarded to the city of Hartford, Connecticut (Hartford). These included a CHRP grant, an Edward Byrne Memorial JAG, and two non-Recovery Act JAG grants. The OIG found that Hartford submitted inaccurate or unverifiable data on its CHRP grant application; charged unallowable duplicate expenses to the grant; maintained no support for JAG Progress Reports; submitted inaccurate federal financial reports; used a flawed process to drawdown CHRP grant funds; and did not minimize cash on hand. The OIG made five recommendations to COPS to remedy \$3,223 in unallowable
- The OIG audited two Department Recovery Act grants totaling \$15.7 million awarded to the City of Boston: an \$11.8 million CHRP grant and a \$3.9 million JAG grant. The OIG found that Boston generally complied with key award conditions, but the report expressed three concerns related to statistics reported on the CHRP application, indirect cost rates, and financial reporting. While the audit concluded that none of these deficiencies significantly impacted the suitability of Boston's grant reimbursements, it made three recommendations to improve Boston's grant management practices. Boston and OJP agreed with those recommendations.
- The OIG audited a \$10,903,350 CHRP grant awarded to the Philadelphia Police Department (Philadelphia PD) to hire 50 additional police officers. While the Philadelphia PD generally complied with essential grant requirements in the areas the OIG tested, the audit found instances where the Philadelphia PD used inaccurate data in its grant application, although these inaccuracies did not appear to have affected the suitability of the award. The OIG made one recommendation to COPS to ensure the Philadelphia PD establishes procedures to verify that it submits accurate information for its future grant applications. COPS agreed with the recommendation.

expenditures and ensure that Hartford enhance procedures to satisfy grant requirements. The audit also made one recommendation to OJP to ensure that Hartford maintain documentation to adequately support its JAG progress reports. Both COPS and OJP agreed with and took action sufficient to close the recommendations.

# American Recovery and Reinvestment Act of 2009

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## Investigations

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

- On December 31, 2012, a consent judgment for \$50,000 was entered in the U.S. District Court for the Southern District of Florida against Brotherly Love Social Services (BLSS). BLSS failed to make payment following an October 24, 2012, settlement agreement with the U.S. Attorney's Office for the Southern District of Florida to resolve a dispute under the *False Claims Act*. As part of the Recovery Act, BLSS received two Edward Byrne Memorial JAGs totaling \$250,000, under which BLSS was to provide youth counseling, mentoring, and education services to youths and their families in Deerfield Beach and Park Ridge, Florida. An investigation by the OIG determined that BLSS overbilled for these services. BLSS had agreed to reimburse the Department \$50,000 but failed to do so, resulting in the consent judgment. The investigation was conducted by the OIG's Miami Field Office.



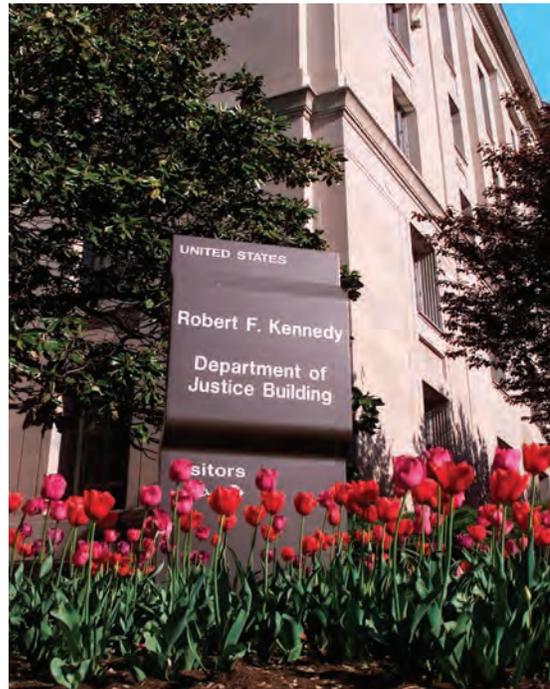
# Top Management and Performance Challenges

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The OIG has created a list of top management and performance challenges in the Department annually since 1998, initially in response to congressional requests and 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/2012](http://www.justice.gov/oig/challenges/2012).



# Congressional Testimony/Legislation and Regulations

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## Congressional Testimony

During this reporting period, the Inspector General testified on March 14, 2013, before the House Committee on Appropriations, Subcommittee on Commerce, Justice, Science and Related Agencies regarding oversight of the Department.



## 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 relates to waste, fraud, or abuse in the Department's programs and operations. For example, during this period, the OIG reviewed legislation including the *Whistleblower Protection Enhancement Act*, *National Defense Authorization Act*, reauthorization of the *Violence Against Women Act*, and matters related to grants, cyber security, drones, and gun violence.



# Whistleblower Ombudsperson

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Department employees, applicants for employment, and employees of Department contractors, subcontractors, and grant recipients all perform an important service by reporting to the OIG what they reasonably believe to be violations of law, rules or regulations, gross mismanagement, gross waste of funds, the abuse of authority, or a substantial and specific danger to public health or safety. The OIG has continued to develop its Whistleblower Ombudsperson program to educate and train Department employees and managers about whistleblower rights and protections, ensure that the OIG promptly and thoroughly reviews whistleblower complaints and communicates with whistleblowers about the resolution of those matters, and act as a liaison with the Office of Special Counsel and other agencies with whistleblower responsibilities, as well as with non-governmental whistleblower organizations and advocacy groups. During this period, the OIG has continued its leadership in this area, working through the Council of the Inspectors General on Integrity and Efficiency to help put together a working group of OIG Whistleblower Ombudspersons from across the federal government to share best practices and experiences. The OIG also has been actively involved in development of whistleblower policies and procedures within the Department.



# Statistical Information

## Audit Overview

During this reporting period, the OIG's Audit Division issued 41 internal and external audit reports, which contained more than \$3.7 million in questioned costs, reported over \$173,000 in funds to better use, and made 138 recommendations for management improvement.<sup>1</sup> Specifically, the Audit Division issued 20 internal audit reports of Department programs funded at more than \$520 million and 21 external audit reports of contracts, grants, and other agreements funded at over \$70 million; and 83 *Single Audit Act* audits of programs funded at more than \$270 million. In addition, the Audit Division issued one Notification of Irregularities and three other reports.<sup>2</sup>

Questioned Costs <sup>3</sup>			
Reports	Number of Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs <sup>4</sup>
<b>Audits</b>			
No management decision made by beginning of period <sup>5</sup>	0	\$0	\$0
Issued during period	30 <sup>6</sup>	\$4,296,640	\$1,018,309
Needing management decision during period	30	\$4,296,640	\$1,018,309
Management decisions made during period:			
–Amount of disallowed costs <sup>7</sup>	29	\$4,245,392	\$967,061
–Amount of costs not disallowed	0	\$0	\$0
No management decision at end of period	1	\$51,248	\$51,248
<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.”

# Statistical Information

<b>Funds Recommended to Be Put to Better Use<sup>1</sup></b>		
<b>Reports</b>	<b>Number of Reports</b>	<b>Funds Recommended to Be Put to Better Use</b>
<b>Audits</b>		
No management decision made by beginning of period <sup>2</sup>	0	\$0
Issued during period	2	\$173,554
Needing management decision during period	2	\$173,554
Management decisions made during period:		
–Amounts management agreed to put to better use <sup>3</sup>	2	\$173,554
–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

Significant Recommendations for Which Corrective Actions Have Not Been Completed			
Report Number and Date	Report Title	Rec. No.	Recommendation
<b>Audits</b>			
10-01 October 2009	Explosives Investigation Coordination between the FBI and ATF	5	Update the Memorandum of Understanding outlining ATF participation on the JTTFs to contain language emphasizing ATF capabilities and jurisdiction within non-regulatory type investigations.
GR-70-11-001 January 2011	COPS Technology Grant Awarded to Nassau County, New York	1	Remedy the \$9,076,609 in unsupported grant-funded contractor expenditures claimed by Nassau and the related drawdowns of grant funding.
GR-70-12-007 July 2012	Audit of the COPS Grant Awarded to the City of Newark, New Jersey	1	Remedy \$3,539,432 in unallowable questioned 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.
I2013001 (October 2013)	Management of Immigration Cases and Appeals by the Executive Office for Immigration Review	4	SEPS issue a contractor security policy similar to the Department's employee security policy, including a contractor reinvestigation requirement that is consistent with the Department's employee reinvestigation requirement.
<b>Special Reviews<sup>1</sup></b>			
September 2012	A Review of ATF's Operation Fast and Furious and Related Matters	4	The Department should review the policies and procedures of its other law enforcement components to ensure that they are sufficient to address the concerns we have identified in the conduct of Operations Wide Receiver and Fast and Furious, particularly regarding oversight of sensitive and major cases, the authorization and oversight of "otherwise illegal activity," and the use of informants in situations where the law enforcement component also has a regulatory function.
May 2006	A Review of the FBI's Handling of FBI Asset Katrina Leung <sup>2</sup>	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.

<sup>2</sup> The OIG is conducting a follow-up review of the FBI's progress in carrying out the recommendations contained in the OIG's May 2006 report, "A Review of the FBI's Handling and Oversight of FBI Asset Katrina Leung."

# Statistical Information

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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</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</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</b>			
Nothing to report from the Oversight and Review Division.			

# Statistical Information

## **National Defense Authorization Act Reporting**

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

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

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

## **Audit Follow-up**

### **OMB Circular A-50**

OMB Circular A-50, *Audit Follow-up*, requires audit reports to be resolved within 6 months of the audit report issuance date. The Audit Division monitors the status of open audit reports to track the audit resolution and closure process. As of March 31, 2013, the OIG Audit Division was monitoring the resolution process of 277 open reports and closed 92 reports this reporting period.

## **Evaluation and Inspections Workload and Accomplishments**

The following chart summarizes the workload and accomplishments of the Evaluation and Inspections Division during the 6-month reporting period ending March 31, 2013.

<b>Workload and Accomplishments</b>	<b>Number of Reviews</b>
Reviews active at beginning of period	10
Reviews cancelled	0
Reviews initiated	0
Final reports issued	3
Reviews active at end of reporting period	7

# Statistical Information

## Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending March 31, 2013.

Source of Allegations	
Hotline (telephone, mail and e-mail)	1,754
Other sources	4,084
Total allegations received	5,838
Investigative Caseload	
Investigations opened this period	188
Investigations closed this period	159
Investigations in progress as of 3/31/13	410
Prosecutive Actions	
Criminal indictments/informations	36
Arrests	41
Convictions/Pleas	31
Administrative Actions	
Terminations	16
Resignations	32
Disciplinary action	57
Monetary Results	
Fines/Restitutions/Recoveries/ Assessments/Forfeitures	\$2,612,788
Civil Fines/Restitutions/Recoveries/ Penalties/Damages/Forfeitures	\$55,539

## Investigations Division Briefing Programs

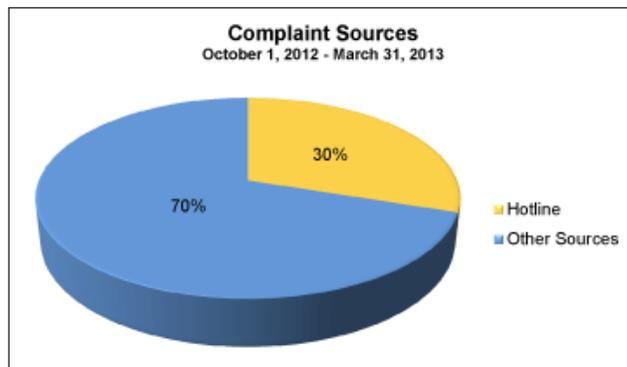
OIG investigators conducted 57 Integrity Awareness Briefings for Department employees throughout the country. These briefings are designed to educate employees about the misuse of a public official's position for personal gain and to deter employees from committing such offenses. The briefings reached 2,662 employees.

## OIG Hotline

During FY 2013, the OIG received the majority of its Hotline complaints through its electronic complaint form located within the OIG website at [www.justice.gov/oig](http://www.justice.gov/oig).

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

From all Hotline sources during the first half of FY 2013, 1,754 new complaints related to Department operations or other federal agencies were entered into the OIG's complaint tracking system. Of the new complaints, 1,149 were forwarded to various Department components for their review and appropriate action; 329 were filed for information; 224 were forwarded to other federal agencies, and 16 were opened by the OIG for investigation.



Source: Investigations Data Management System

# Appendices

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## Appendix 1

### Acronyms and Abbreviations

ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
AUSA	Assistant U.S. Attorney
BJA	Bureau of Justice Assistance
BJS	Bureau of Justice Statistics
BOP	Federal Bureau of Prisons
CODIS	Combined DNA Index System
COPS	Office of Community Oriented Policing Services
CHRP	COPS Hiring Recovery Program
DEA	Drug Enforcement Administration
Department	U.S. Department of Justice
DHS	U.S. Department of Homeland Security
EOIR	Executive Office for Immigration Review
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
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>
JMD	Justice Management Division
NDIS	National DNA Index System
NIJ	National Institute of Justice
NSD	National Security Division
NSL	National Security Letter
OCDETF	Organized Crime Drug Enforcement Task Forces
ODAG	Office of the Deputy Attorney General
OFDT	Office of the Federal Detention Trustee
OIG	Office of the Inspector General
OJP	Office of Justice Programs
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OMB	Office on Management and Budget
OPM	Office of Personnel Management
OPR	Office of Professional Responsibility
OVC	Office for Victims of Crime
OVW	Office on Violence Against Women
Patriot Act	<i>Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act</i>
Recovery Act	<i>American Recovery and Reinvestment Act of 2009</i>
UNICOR	Federal Prison Industries
USAO	U.S. Attorneys' Offices
USMS	U.S. Marshals Service

# Appendices

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## Appendix 2

### Glossary of Terms

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

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

**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.

**Dollar-Related Findings:** Audit findings associated with an identifiable amount of money such as questioned costs and funds recommended to be put to better use, which are defined below.

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

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

**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.

# Appendices

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

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

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

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

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

# Appendices

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## Appendix 3

### Audit Division Reports

#### Internal Audit Reports

##### *Multicomponent*

Audit of the Department of Justice's Oversight of Non-Federal Detention Facility Inspections

Audit of the Federal Bureau of Investigation's and the National Security Division's Efforts to Coordinate and Address Terrorist Financing

U.S. Department of Justice Annual Financial Statements Fiscal Year 2012

U.S. Department of Justice Annual Special-Purpose Financial Statements Fiscal Year 2012

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

Bureau of Alcohol, Tobacco, Firearms and Explosives Annual Financial Statements Fiscal Year 2012

##### *Federal Bureau of Prisons*

Federal Bureau of Prisons Annual Financial Statements Fiscal Year 2012

##### *Drug Enforcement Administration*

Audit of the Drug Enforcement Administration's CONCORDE System Pursuant to the *Federal Information Security Management Act* Fiscal Year 2012

Audit of the Drug Enforcement Administration's Information Security Program Pursuant to the *Federal Information Security Management Act* Fiscal Year 2012

Drug Enforcement Administration Annual Financial Statements Fiscal Year 2012

##### *Federal Bureau of Investigation*

Audit of the Federal Bureau of Investigation's Foreign Terrorist Tracking Task Force

Federal Bureau of Investigation Annual Financial Statements Fiscal Year 2012

##### *Office of Justice Programs*

Office of Justice Programs Annual Financial Statements Fiscal Year 2012

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## *U.S. Marshals Service*

Audit of the United States Marshals Service's Procurement Activities

United States Marshals Service Annual Financial Statements Fiscal Year 2012

## *Other Department Components*

Assets Forfeiture Fund and Seized Asset Deposit Fund Annual Financial Statements Fiscal Year 2012

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

Audit of the Justice Management Division's Unicenter Asset Portfolio Management System Pursuant to the *Federal Information Security Management Act* Fiscal Year 2012

Federal Prison Industries, Inc., Annual Financial Statements Fiscal Year 2012

Federal Prison Industries, Inc., Annual Special-Purpose Financial Statements Fiscal Year 2012

Offices, Boards and Divisions Annual Financial Statements Fiscal Year 2012

## **External Audit Reports**

### *Alaska*

Audit of the Office of Justice Programs Edward Byrne Memorial Justice Assistance Grant Program Grant Awarded to the Municipality of Anchorage, Alaska

### *Arizona*

Audit of the Office of Justice Programs Office for Victims of Crime Grants Awarded to Unified Solutions Tribal Community Development Group, Inc., Tempe, Arizona

### *California*

Audit of the Office of Justice Programs National Institute of Justice Cooperative Agreements with AKELA, Incorporated, Santa Barbara, California

### *Connecticut*

Audit of the Office of Community Oriented Policing Services and Office of Justice Programs Grants Awarded to the City of Hartford, Connecticut

### *Iowa*

Audit of the Iowa Department of Transportation, Motor Vehicle Division, Office of Motor Vehicle Enforcement's Equitable Sharing Program Activities, Ankeny, Iowa

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## *Massachusetts*

Audit of the Office of Community Oriented Policing Services and Office of Justice Programs Grants Awarded to the City of Boston, Massachusetts

Audit of the Office of Community Oriented Policing Services and Office of Justice Programs Grants Awarded to the City of Lawrence, Massachusetts

## *Michigan*

Audit of the Office on Violence Against Women Safe Havens Grant Awarded to the Michigan Department of Human Services, Lansing, Michigan

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

## *Missouri*

Audit of the Office of Justice Programs Bureau of Justice Assistance Second Chance Act Mentoring Grant Awarded to Catholic Charities of Kansas City-St. Joseph, Inc., Kansas City, Missouri

## *New Mexico*

Audit of the Office on Violence Against Women Grants Awarded to the Eight Northern Indian Pueblos Council, Inc., San Juan Pueblo, New Mexico

## *North Carolina*

Audit of the Community Oriented Policing Services Grants Awarded to the City of Wilmington, North Carolina, Police Department

## *Ohio*

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

## *Pennsylvania*

Audit of the Office of Community Oriented Policing Services Hiring Program Grant Administered by the Philadelphia Police Department, Philadelphia, Pennsylvania

## *Tennessee*

Audit of Office of Community Oriented Policing Services Grants Awarded to the City of Jackson, Tennessee, Police Department

## *Texas*

Audit of the Office of Justice Programs National Institute of Justice Cooperative Agreements Awarded to the Sheriffs' Association of Texas, Austin, Texas

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## *Utah*

Audit of the Office on Violence Against Women Grants Awarded to Citizens Against Physical and Sexual Abuse, Logan, Utah

## *Virginia*

Audit of the Bureau of Justice Assistance Award to the Clarke County, Virginia, Sheriff's Department

Audit of the Bureau of Justice Assistance Award to Loudoun County, Virginia, Sheriff's Office

## *Washington*

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Washington State Patrol Marysville Crime Laboratory, Tulalip, Washington

## *Wisconsin*

Audit of the Office of Justice Programs, Bureau of Justice Assistance Edward Byrne Memorial Justice Assistance Grant Awarded to the Green Bay Police Department, Green Bay, Wisconsin

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

A Safe Haven Foundation, Chicago, Illinois FY 2011

Alabama District Attorneys Association, Montgomery, Alabama FY 2011

Ashland County, Wisconsin FY 2010

City of Banning, California FY 2011

Campbell County, Wyoming, School District No. 1 FY 2011

State of Connecticut FY 2011

County of Contra Costa, California FY 2011

Crisis Center for Domestic Abuse and Sexual Assault, Fremont, Nebraska FY 2011

City of Crossville, Tennessee FY 2011

City of Danville, Illinois FY 2011

DeKalb County, Georgia FY 2010

City of Doraville, Georgia FY 2011

Downriver Mutual Aid, Southgate, Michigan FY 2011

City of East Palo Alto, California FY 2011

City of El Dorado, Arkansas Federal Grants, Awards, and Contracts FY 2010

County of El Paso, Texas FY 2011

City of Elizabeth, New Jersey FY 2010

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City of Emeryville, California FY 2011  
City of Erie, Pennsylvania FY 2010  
City of Eureka, California FY 2011  
City of Farmington Hills, Michigan FY 2011  
Charter Township of Flint, Michigan FY 2010  
City of Flint, Michigan FY 2011  
City of Fort Lauderdale, Florida FY 2011  
Village of Franklin Park, Illinois FY 2011  
Girls Educational and Mentoring Services, Incorporated, New York, New York FY 2011  
Heartly House, Incorporated, Frederick, Maryland FY 2011  
City of Hallandale Beach, Florida FY 2011  
Illinois Coalition Against Sexual Assault FY 2011  
City of Indianapolis, Indiana FY 2010  
Jefferson County, Washington FY 2010  
Kanabec County, Minnesota FY 2010  
La Jolla Band of Luiseño Indians, Pauma Valley, California FY 2010  
County of Lake, California FY 2011  
LaPorte County, Indiana FY 2010  
City of Las Cruces, New Mexico FY 2011  
Lawrence County (Alabama) Commission FY 2009  
Legal Momentum, New York, New York FY 2011  
City of Lodi, California FY 2011  
Logan County, Illinois FY 2011  
City of Los Angeles, California FY 2011  
City of Macon, Georgia FY 2011  
Maricopa County, Arizona FY 2011  
City of Medford, Oregon FY 2011  
Menominee County, Wisconsin FY 2010  
City of Mesa, Arizona FY 2011  
City of Missoula, Montana FY 2011  
National CASA Association, Seattle, Washington FY 2011  
National Council on Crime and Delinquency, Oakland, California FY 2011  
National Network to End Domestic Violence, Incorporated, Washington, D.C. FY 2010

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The Navajo Nation, Window Rock, California FY 2010  
State of Nebraska FY 2011  
State of Nevada FY 2011  
State of New Mexico Second Judicial District Attorney FY 2011  
City of New York, New York FY 2011  
North Carolina Coalition Against Domestic Violence, Incorporated FY 2010  
City of North Miami Beach, Florida FY 2010  
City of North Miami Beach, Florida FY 2011  
Oklahoma County, Oklahoma FY 2011  
Pauma Band of Mission Indians, Pauma Valley, California FY 2010  
Commonwealth of Puerto Rico Institute of Forensic Sciences FY 2011  
City of Roanoke, Virginia FY 2011  
City of Rochester, New York FY 2011  
County of San Bernardino, California FY 2011  
City of San Diego, California FY 2011  
City of Santa Fe, New Mexico FY 2011  
Sheriff of Marshall County, Kentucky FY 2010  
Snohomish County, Washington FY 2010  
County of Sonoma, California FY 2011  
State of South Carolina FY 2011  
City of South Gate, California FY 2011  
City of Sparks, Nevada FY 2011  
City of Stockton, California FY 2010  
City of Suisun City, California FY 2011  
Terrebonne Parish Sheriff, Houma, Louisiana FY 2011  
Town of Buckeye, Arizona FY 2011  
Turtle Mountain Band of Chippewa Indians, Belcourt, North Dakota FY 2010  
City of Valdosta, Georgia FY 2011  
Volunteers of America of Los Angeles, California FY 2011  
City of Waukegan, Illinois FY 2010  
State of Wyoming FY 2011  
County of Wythe, Virginia FY 2011  
County of Yolo, California FY 2011

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## Other Reports

Annual Accounting and Authentication of Drug Control Funds and Related Performance Fiscal Year 2012

Examination of the Department of Justice's Fiscal Year 2012 Compliance with the *Improper Payments Information Act of 2002*

System Review Report on the General Services Administration's Office of Inspector General Audit Organization

# Appendices

## Appendix 4

### Quantifiable Potential Monetary Benefits

Audit Report	Questioned Costs	Unsupported Costs	Funds Put to Better Use
<b>Audits Performed by the DOJ OIG</b>			
Audit of the Office of Justice Programs Edward Byrne Memorial Justice Assistance Grant Program Grant Awarded to the Municipality of Anchorage, Alaska	\$149,583	\$83,774	\$0
Audit of the Office of Justice Programs Office for Victims of Crime Grants Awarded to Unified Solutions Tribal Community Development Group, Inc., Tempe, Arizona	\$264,043	\$62,660	\$0
Audit of the Office of Justice Programs National Institute of Justice Cooperative Agreements with AKELA, Incorporated, Santa Barbara, California	\$1,906,985	\$20,995	\$0
Audit of the Community Oriented Policing Services and Office of Justice Programs Grants Awarded to the City of Hartford, Connecticut	\$3,233	\$0	\$0
Audit of the Office of Justice Programs Bureau of Justice Assistance Second Chance Act Mentoring Grant Awarded to Catholic Charities of Kansas City-St. Joseph, Inc., Kansas City, Missouri	\$7,887	\$2,300	\$0
Audit of the Office on Violence Against Women Grants Awarded to the Eight Northern Indian Pueblos Council, Inc., San Juan Pueblo, New Mexico	\$573,266	\$13,970	\$0
Audit of the Community Oriented Policing Services Grants Awarded to the City of Wilmington, North Carolina, Police Department	\$10,401	\$0	\$112,684
Audit of Office of Community Oriented Policing Services Grants Awarded to the City of Jackson, Tennessee, Police Department	\$25,315	\$4,743	\$60,870
Audit of the Office of Justice Programs National Institute of Justice Cooperative Agreements Awarded to the Sheriffs' Association of Texas, Austin, Texas	\$583,260	\$577,353	\$0
Audit of the Office on Violence Against Women Grants Awarded to Citizens Against Physical and Sexual Abuse, Logan, Utah	\$27,907	\$0	\$0
Audit of the Bureau of Justice Assistance Award to Loudoun County, Virginia, Sheriff's Office	\$109,887	\$106,657	\$0
Audit of the Bureau of Justice Assistance Award to the Clarke County, Virginia, Sheriff's Department	\$30,940	\$30,940	\$0
Audit of the Office of Justice Programs, Bureau of Justice Assistance Edward Byrne Memorial Justice Assistance Grant Awarded to the Green Bay Police Department, Green Bay, Wisconsin	\$9,297	\$0	\$0
<b>Subtotal (Audits Performed by the DOJ OIG)</b>	<b>\$3,702,004</b>	<b>\$903,392</b>	<b>\$173,554</b>

# Appendices

<b>Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i><sup>1</sup></b>			
Crisis Center for Domestic Abuse and Sexual Assault, Fremont, Nebraska FY 2011	\$15,242	\$15,242	\$0
Sheriff of Marshall County, Kentucky FY 2010	\$980	\$0	\$0
Downriver Mutual Aid, Southgate, Michigan FY 2011	\$156,100	\$0	\$0
City of Emeryville, California FY 2011	\$22,216	\$22,216	\$0
City of Hallandale Beach, Florida FY 2011	\$15,616	\$0	\$0
National Network to End Domestic Violence, Incorporated, Washington, D.C. FY 2010	\$51,248	\$51,248	\$0
State of Connecticut FY 2011	\$4,320	\$4,320	\$0
Pauma Band of Mission Indians, Pauma Valley, California FY 2010	\$21,891	\$21,891	\$0
City of Fort Lauderdale, Florida FY 2011	\$3,103	\$0	\$0
City of Elizabeth, New Jersey FY 2010	\$18,081	\$0	\$0
Snohomish County, Washington FY 2010	\$13,457	\$0	\$0
City of Stockton, California FY 2010	\$194,835	\$0	\$0
North Carolina Coalition Against Domestic Violence, Incorporated FY 2010	\$26,175	\$0	\$0
Jefferson County, Washington FY 2010	\$43,403	\$0	\$0
City of Danville, Illinois FY 2011	\$11	\$0	\$0
City of Roanoke, Virginia FY 2011	\$4,583	\$0	\$0
Turtle Mountain Band of Chippewa Indians, Belcourt, North Dakota FY 2010	\$3,375	\$0	\$0
<b>Subtotal (Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i>)</b>	<b>\$594,636</b>	<b>\$114,917</b>	<b>\$0</b>
<b>Total</b>	<b>\$4,296,640</b>	<b>\$1,018,309</b>	<b>\$173,554</b>

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

# Appendices

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## Appendix 5

### **Evaluation and Inspections Division Reports**

Management of Immigration Cases and Appeals by the Executive Office for Immigration Review

Reference Checking in the Department of Justice

Review of the Department's Contractor Personnel Security

### **Oversight and Review Division Reports**

A Review of the Pardon Attorney's Reconsideration of Clarence Aaron's Petition for Clemency

A Review of the Operations of the Voting Section of the Civil Rights Division

# Appendices

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## Appendix 6

### Peer Reviews

#### Peer Reviews Conducted by Another OIG

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

In February and March 2013, members of the Department of Labor Office of the Inspector General (DOL OIG) reviewed the internal safeguards and management procedures for the investigative function of the OIG Investigations Division in effect for the period ending January 31, 2013. The review was conducted in conformity with the quality assessment review guidelines established by CIGIE Quality Standards for Investigators, the Quality Assessment Review guidelines established by CIGIE, and the Attorney General's Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority, as applicable. The review was conducted at the Department's OIG Headquarters Office in Washington, D.C., and the Dallas, Denver, and Washington Field Offices. A total of 60 investigative case files were sampled. In addition, the Department's OIG Computer Forensics Program was evaluated as part of the peer review process. As of March 31, 2013, the report was still pending.

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

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

#### Peer Reviews Conducted by the OIG

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

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

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

# Appendices

## Appendix 7

### Reporting Requirements Index

The IG Act specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.

IG Act References	Reporting Requirements	Page
Section 4(a)(2)	Review of Legislation and Regulations	51
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	9-47
Section 5(a)(2)	Significant Recommendations for Corrective Actions	9-47
Section 5(a)(3)	Significant Recommendations for Which Corrective Actions Have Not Been Completed	57
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	18-19, 25-26, 29, 31, 35, 40, 43-44, 47
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	64-70
Section 5(a)(7)	Summary of Significant Reports	9-47
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	74
Section 5(a)(15)	Outstanding Recommendations from Peer Reviews of the OIG	74
Section 5(a)(16)	Outstanding Recommendations from Peer Reviews Conducted by the OIG	74

# 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**