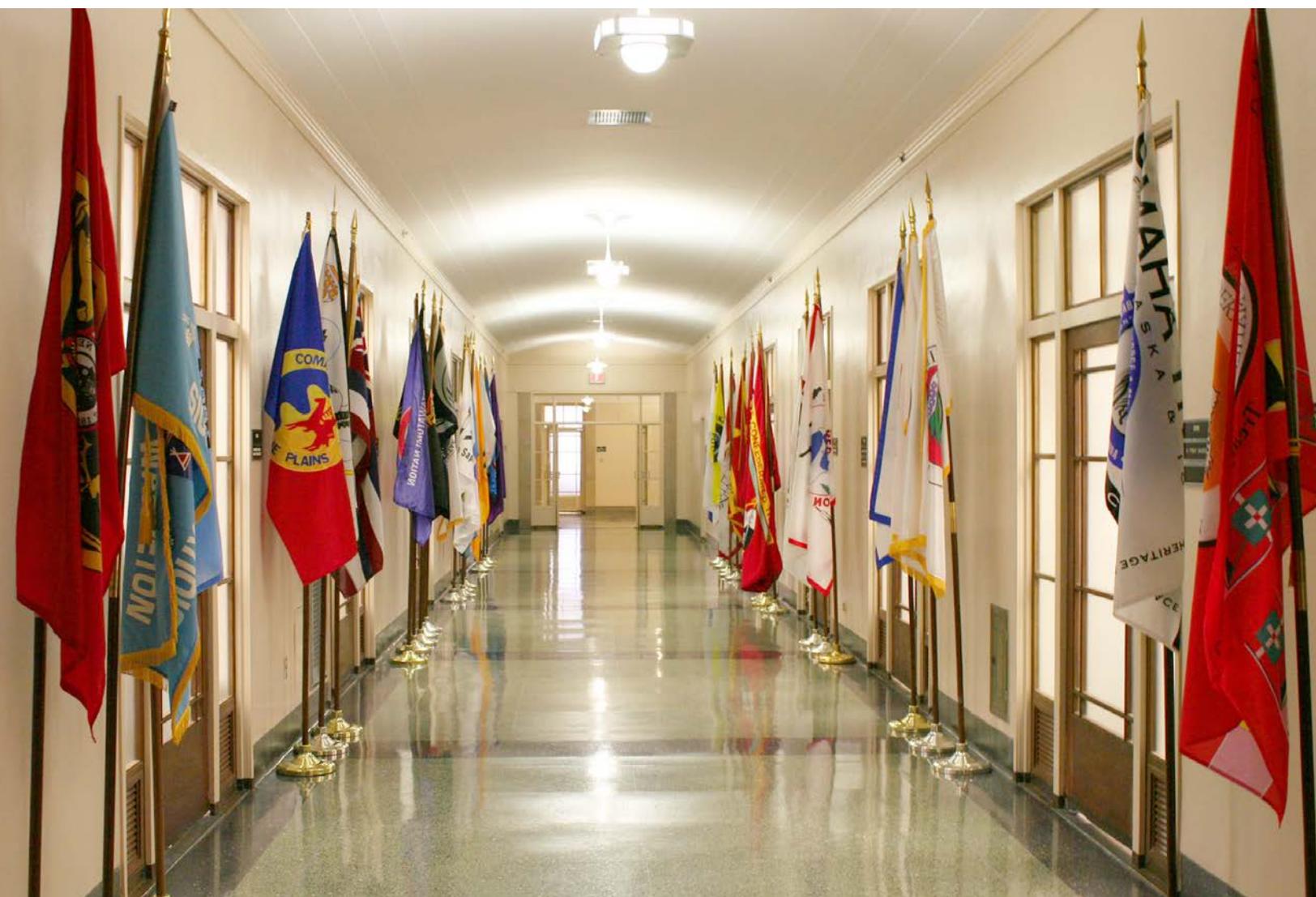




SEMIANNUAL REPORT TO CONGRESS

APRIL 1, 2014 – SEPTEMBER 30, 2014



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Message from the Inspector General

It is my pleasure to submit this Semiannual Report on the operations of the Office of the Inspector General (OIG), which covers the period from April 1, 2014, to September 30, 2014.

This Semiannual Report demonstrates the breadth and quality of the OIG's work over the past 6 months. During this time, we completed important reviews assessing, for example, the U.S. Government's Handling and Sharing of Information prior to the Boston Marathon Bombing in April 2013, the Federal Bureau of Investigation's (FBI) use of national security letters, the Department's use of the material witness statute with a focus on select national security matters, the Department of Justice's (Department) review of the FBI Laboratory, and the Drug Enforcement Administration's adjudication of registrant actions. We also conducted significant reviews of Department programs to assess the performance and effectiveness of the Office of Justice Programs Bureau of Justice Assistance John R. Justice grant program, the National Institute of Justice's oversight of the solving cold cases with DNA program, and the tenth review of the status of the FBI's Sentinel program.

In addition, the OIG's Investigations Division closed 218 criminal or administrative misconduct cases, and its work resulted in 50 convictions or pleas and 130 terminations, administrative disciplinary actions, and resignations.

During the course of our reviews of the Department's use of the material witness statute and the FBI's use of national security letters, we encountered significant delays resulting from limitations imposed upon the OIG's access to grand jury material, Title III electronic surveillance material, and information collected pursuant to Section 1681u of the *Fair Credit Reporting Act*. In August, 47 Inspectors General signed a letter to Congress strongly endorsing the principle of unimpaired Inspector General access to agency records. Additionally, last month, I testified on two occasions before Congress about the access issues that the OIG has been having, and the consequences of impeding or delaying an Inspector General's access to documents. Access by Inspectors General to information in agency files goes to the heart of our mission to provide independent and non-partisan oversight, and a further discussion on this issue can be found on page 11. I will continue to engage the Department, members of Congress, and the Inspector General community on these matters so that we can conduct our important work independently, and in a timely manner.

During this Semiannual reporting period, we also marked the 25th anniversary of the founding of the OIG in April 1989 with a commemoration ceremony. Former Attorney General Richard Thornburgh, former Deputy Attorney General Jamie Gorelick, and Deputy Attorney General James Cole, as well as all three of our former Inspectors General, Dick Hankinson, Mike Bromwich, and Glenn Fine, presented their views on the accomplishments of the OIG over the past 25 years. We also were fortunate to hear from several of our charter members, those OIG staff who have been with us since we opened for business in April 1989, and they gave us great insight into our humble origins and how the OIG developed into the office it is today. The ceremony left us all justly proud of our accomplishments over the past 25 years, and I would like to thank the OIG staff, past and present, for their unyielding dedication to the OIG's mission and exemplary service to the agency.

Finally, I would like to express my deepest appreciation and best wishes to Deputy Inspector General Cynthia Schnedar who has moved to a new position in the federal government. Cynthia's 25-year career in the Department, including 9 years in the OIG, is a testament to her passion for justice and public service. Over those 9 years at the OIG, she was an invaluable asset both to me and my predecessor, and her outstanding work helped to improve the operations of the Department in innumerable ways.



Michael E. Horowitz
Inspector General
October 31, 2014

Table of Contents

Highlights of OIG Activities	1
Disagreement with a Significant Department Management Decision	11
OIG Profile	13
Multicomponent	15
Federal Bureau of Investigation	23
Federal Bureau of Prisons	31
U.S. Marshals Service	35
Drug Enforcement Administration	39
Bureau of Alcohol, Tobacco, Firearms and Explosives	43
Office of Justice Programs	45
Other Department Components	53
Office of Community Oriented Policing Services	53
Criminal Division.....	53
U.S. Attorneys’ Offices.....	55
Office on Violence Against Women.....	55
Top Management and Performance Challenges	59
Congressional Testimony	61
Legislation and Regulations	61

Table of Contents

Whistleblower Ombudsperson Program	63
Statistical Information	65
Questioned Costs	65
Funds Recommended to Be Put to Better Use	66
Significant Recommendations for Which Corrective Actions Have Not Been Completed	67
Reports Without Management Decisions for More than 6 Months	68
Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period	68
Significant Recommendations in Disagreement for More than 6 Months	68
<i>National Defense Authorization Act</i> Reporting	69
Audit Follow-up	69
Evaluation and Inspections Workload and Accomplishments	69
Investigations Statistics	70
Appendices	71
Acronyms and Abbreviations	71
Glossary of Terms	72
Audit Division Reports	74
Quantifiable Potential Monetary Benefits	81
Evaluation and Inspections Division Reports	84
Oversight and Review Division Reports	84
Peer Reviews	85
Reporting Requirements Index	86

Highlights of OIG Activities



The following summaries highlight some of the OIG's audits, evaluations, inspections,

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

Statistical Highlights

April 1, 2014 – September 30, 2014	
Allegations Received by the Investigations Division ¹	6,107
Investigations Opened	206
Investigations Closed	218
Arrests	52
Indictments/Informations	48
Convictions/Pleas	50
Administrative Actions	130
Monetary Recoveries ²	\$4,786,477
Audit Reports Issued	44
Questioned Costs	\$13,387,492
Funds for Better Use	\$724,224
Recommendations for Management Improvements	208
Single Audit Act Reports Issued	91
Questioned Costs	\$3,381,679
Recommendations for Management Improvements	209

¹ These figures represent allegations entered into the OIG's complaint tracking system. They do not include the approximate 34,000 additional hotline e-mail and phone contacts that were processed and deemed non-jurisdictional and outside the purview of the federal government.

² 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:

- Boston Marathon Bombings.** The Inspectors General for the Intelligence Community, the Department of Justice, the Department of Homeland Security (DHS), and the Central Intelligence Agency (CIA) issued a report on the handling and sharing of information prior to the April 15, 2013, Boston Marathon bombings. The review examined the information available to the U.S. government before the bombings and the information sharing protocols and procedures followed between and among the intelligence and law enforcement agencies. The OIGs concluded that the Federal Bureau of Investigation (FBI), CIA, DHS, and National Counterterrorism Center generally shared information and followed procedures appropriately. They identified a few areas where broader information sharing may have been required, such as FBI coordination with the CIA after receiving lead information in 2011, or where broader information sharing on Joint Terrorism Task Forces (JTTF) should be considered. The report included recommendations that the FBI and DHS clarify JTTF alert procedures and that the FBI consider establishing a procedure for sharing threat information with state and local JTTF partners more proactively and uniformly.
- Laboratory Task Force.** The OIG issued a report related to alleged irregularities by the FBI Laboratory. The OIG analyzed how a Department Task Force in operation from 1996 through 2004 managed the identification, review, and

Highlights of OIG Activities

follow-up of cases involving the use in criminal prosecutions of scientifically unsupportable analysis and overstated testimony by 13 FBI Laboratory examiners. The OIG found serious deficiencies in the Department's and the FBI's design, implementation, and overall management of the case review process. The deficiencies included: (1) the Department did not treat capital cases with sufficient urgency; (2) the Department did not review all cases involving a problematic examiner; (3) the Department inappropriately eliminated multiple categories of cases from review; (4) the Department failed to ensure all disclosures were made; (5) the Department failed to adequately staff the Task Force that conducted the review; and (6) the Department was deficient in its communications with the prosecutors. The OIG made five recommendations to the Department and the FBI regarding additional review of cases and notification to defendants whose convictions may have been tainted by unreliable scientific analyses and testimony. The Department and FBI agreed with the recommendations.

- **Use of Material Witness Warrants.**

The OIG issued a report examining the Department's use of the federal material witness statute in international terrorism investigations from 2000 through 2012. The OIG evaluated the cases of approximately 112 material witnesses detained during this period, from which the OIG identified 12 individuals whose arrests appeared to raise questions regarding whether the Department was misusing the statute. The OIG's in-depth review of the 12 individuals' cases did not find sufficient evidence to conclude that the Department misused the statute in international terrorism investigations. Specifically, the OIG review found no evidence that the Department's use of the statute in these 12 individuals'

cases resulted in the arbitrary or indiscriminate detention of Muslim men, and it confirmed that the statute was used for its intended purpose—to secure relevant testimony from a witness who might flee—rather than as a pretext to preemptively detain and investigate individuals suspected of criminal offenses.

- **A Review of the FBI's Use of National Security Letters: Assessment of Progress in Implementing Recommendations and Examination of Use in 2007 through 2009.** The OIG issued a report examining the FBI's progress in implementing recommendations from prior reports involving the use of national security letters (NSL) and the use of NSLs from 2007 through 2009. This report follows up on the OIG's March 2007 and March 2008 reports on the FBI's use of NSLs after the enactment of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (Patriot Act) in 2001, as well as the OIG's separate January 2010 report on the FBI's use of exigent letters and other informal methods to obtain telephone records. In sum, the OIG's latest report found that the FBI and the Department have devoted considerable resources toward implementing the recommendations made in the OIG's past reports and taking additional measures to improve the FBI's compliance with NSL requirements. The OIG found that the FBI and the Department have fully implemented 31 of 41 recommendations made in the OIG's prior reports on these topics, and that 10 recommendations require additional information or attention. In addition, because the OIG identified challenges in certain areas during its compliance review, the OIG made 10 new recommendations to the FBI and the Department to further improve the use and oversight of NSLs. The FBI agreed with the recommendations.

Highlights of OIG Activities

- **The FBI's Sentinel Program.** The OIG issued the 10th in its series of audit reports on Sentinel, the FBI's electronic information and case management system. Since Sentinel's initial development in 2006, the OIG issued to the FBI nearly 50 recommendations to help the FBI address significant issues in managing the development and implementation of Sentinel. Since its initial deployment in July 2012, Sentinel's budget has increased from \$451 million to \$551.4 million. Critical OIG recommendations resulted in FBI corrective actions, such as the FBI moving to an incremental approach to Sentinel development, tracking budget data consistently, installing contingency planning, and ensuring adequate staffing for Sentinel support and end-user training. This OIG report examined Sentinel's effect on the FBI's daily operations, while also reviewing the project costs and updates made since July 2012. The FBI employees surveyed for this report indicated that Sentinel has had an overall positive impact on their work, yet some expressed dissatisfaction with two major functions of the system: search and indexing. The OIG found that only 42 percent of respondents who used Sentinel's search functionality often received the results they needed; 41 percent of survey respondents reported that they spent more time indexing in Sentinel than they did in the previous system. Over a third of the survey respondents also reported that Sentinel was missing features that they believed are critical to their duties, including features related to Sentinel's integration with other FBI IT systems. The FBI agreed with the OIG's three recommendations to address these findings.
- **Procurement of X-ray Equipment.** The OIG issued an audit of the Bureau of Prisons (BOP) September 2011 procurement of 65 pallet sized x-ray machines used to enhance its ability to

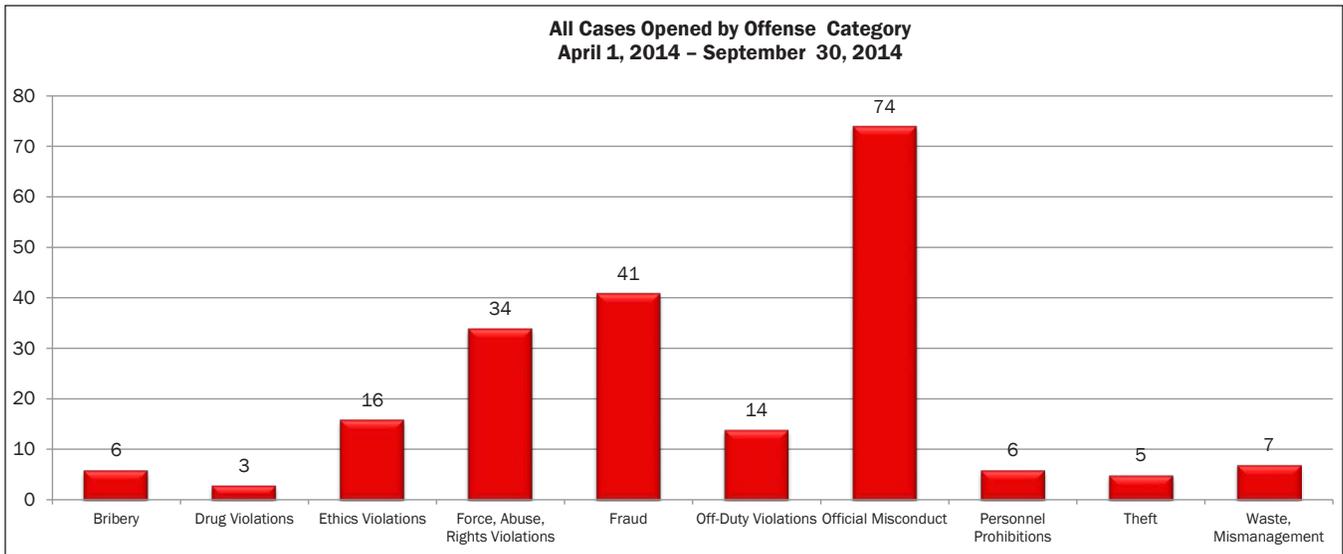
detect contraband. The BOP purchased the x-ray machines in response to a thwarted attempt by an inmate to smuggle in contraband in August 2010. The OIG found significant concerns about the use of the pallet x-ray machines to assist with contraband detection, while trying to effectively identify contraband prior to moving goods into secure areas of the institutions. The audit confirmed that the machines were not effective for screening certain commodities commonly received by institution warehouses because those products are too dense to be effectively scanned. Additionally, prior to the audit, the BOP had no formal policy outlining the actual capabilities of the new x-ray machines and what additional measures should be in place for pallets that are too dense to be effectively scanned. The OIG identified three machines that were not in use as of January 2014, representing \$182,556 in expended funds for which no benefit has been actualized. The OIG made seven recommendations to the BOP to help ensure that the pallet x-ray machines are used effectively, and that the security concerns discussed in this report are mitigated as quickly as possible. The BOP agreed with the recommendations.

Investigative Highlights

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

- On September 4, 2014, a former FBI Special Agent and his spouse were arrested and pled guilty to a one count criminal information charging conspiracy to defraud the Internal Revenue Service (IRS). According to court filings and statements, the defendants conspired

Highlights of OIG Activities



Source: Investigations Data Management System

to divert monies from their jointly-owned pharmacy by using various financial institutions and, in addition, filed false tax returns for tax years 2004 through 2011. The former Special Agent also admitted to filing false financial disclosure statements with the FBI for the years 2007 through 2011. According to the criminal information to which the defendants entered their guilty pleas, the amount diverted totaled approximately \$1.5 million, and the total tax loss from the fraud was between \$200,000 and \$400,000. The employee resigned from his FBI position effective July 23, 2013, as a result of the investigation. Sentencing is scheduled for December 11, 2014. The investigation was conducted by the OIG's New Jersey Area Office and the IRS.

- On June 4, 2014, a BOP financial administrator was arrested pursuant to a criminal information charging him with making a false statement. The information alleged that the BOP administrator submitted to the BOP a false Financial Disclosure Report stating he had no reportable outside employment position when in fact, as he knew he had a business relationship with a for-profit

BOP contractor that distributed medical products. The investigation is being conducted by the OIG's Dallas Field Office.

- On August 20, 2014, a former employee of the Domestic Violence Intervention Project (DVIP), a non-profit organization in La Crosse, Wisconsin, was arrested and pled guilty to one count of theft of government funds. According to the guilty plea entered in the U.S. District Court for the Western District of Wisconsin, on or about and between June 2007 and June 2010, the employee intentionally gave herself an unauthorized pay increase exceeding \$100,000 and used the organization's credit card to make unauthorized purchases for personal items. During the period of the theft, the organization received and administered funding from the Department under the *Victims of Crimes Act*. The investigation was conducted by the OIG's Chicago Field Office.
- On September 3, 2014, a Deputy U.S. Marshal was arrested and pled guilty to a criminal information filed in the U.S. District Court for the Northern District of California charging him with two counts

Highlights of OIG Activities

- of introduction and delivery in interstate commerce of unapproved drugs with intent to defraud and mislead. According to the guilty plea, on or about November 2010 and July 2012, the U.S. Marshals Service (USMS) employee knowingly caused the manufacture and distribution in interstate commerce of two purported dietary supplements, Methastadrol and Lipodrene, both which contained drugs that were not approved by the Food and Drug Administration. Both products were knowingly labeled as dietary supplements but, in fact, could not be defined as dietary supplements. The active ingredient in Methastadrol was a Schedule III anabolic steroid, and the active ingredient in Lipodrene was the unapproved drug Ephedrine. This joint investigation was conducted by the OIG's New York Field Office, the DEA, and the Food and Drug Administration's Office of Criminal Investigations.
- On July 21, 2014, the U.S. Attorney's Office for the District of New Jersey obtained a \$125,000 civil consent judgment for misuse of federal grant funds against the Women in Support of the Million Man March (WISOMMM), a recipient of an Office of Justice Programs (OJP) grant. According to the consent judgment, the WISOMMM misspent and improperly accounted for funds issued for the specific purpose of funding after-school activities for at-risk youth in the Newark, New Jersey, area. The civil complaint alleged that the WISOMMM received a \$345,325 grant from OJP's Office of Juvenile Justice and Delinquency Prevention (OJJDP) to fund its Boycott Crime Campaign but used much of the grant money to fund its parent organization by presenting false claims. Civil proceedings against a separate defendant remain pending. The investigation was conducted by the OIG's New Jersey Area Office and the FBI and was initiated based on a referral from the OIG's Audit Division.
 - On July 23, 2014, a former FBI support services technician and his wife were arrested in the Northern District of California pursuant to a criminal information charging them with bank fraud. The following day, both defendants pled guilty to the charge. The defendants admitted in their plea agreements that beginning in June 2006 and continuing through at least March 2010, they created and carried out a plan to obtain money from First California Bank and Wells Fargo Bank by making promises and statements to the banks that they knew were false, inducing the banks to issue them mortgage loans and, later, to provide them with favorable modifications to those loans. Both admitted that the total loss from their bank fraud was \$83,326.50. The FBI employee retired from his position during the OIG's investigation. Sentencing is scheduled for November 11, 2014. The case was investigated by the OIG's San Francisco Area Office.
 - On June 17, 2014, a BOP correctional officer was arrested for selling counterfeit National Football League (NFL) sports apparel in violation of California and U.S. trademark protections. During a search conducted by law enforcement agents of the sports apparel store owned by the BOP employee, investigating agents seized approximately more than 400 counterfeit items that consisted mostly of NFL and college football jerseys, shorts, and shoes. The case is being investigated by the OIG's Los Angeles Field Office in conjunction with the San Bernardino County District Attorney's Office, and U.S. Immigration and Customs Enforcement Homeland Security Investigations.
 - On July 7, 2014, the Department's Suspension and Debarment Official debarred the non-profit organization Shelter of Safety and its executive director and one employee from contracting or

Highlights of OIG Activities

receiving any grants from any agency of the executive branch for a period of 3 years. This decision was based on the OIG's investigative findings that the executive director and the employee (1) improperly used approximately \$13,000 in federal grant funds from the Department's Office on Violence Against Women (OVW) to pay for a party hosted in Rapid City, South Dakota, on behalf of another non-profit organization they created; and (2) misappropriated and converted approximately over \$5,300 in grant funds for their own personal use. The investigation was conducted by the OIG's Fraud Detection Office.

- On May 28, 2014, the Department's Suspension and Debarment Official debarred a former FBI employee from contracting with any agency of the executive branch of government for a period of 3 years. This decision was based on the OIG's investigative findings that the former employee: (1) improperly assisted his sons in obtaining FBI employment; (2) improperly attempted to establish a post-employment contract position for himself, including drafting his own statement of work; (3) made material false statements to the OIG regarding his role in drafting the statement of work; and (4) took actions to obstruct the OIG's investigation, including intentionally deleting e-mails and asking or suggesting that witnesses provide false or inaccurate information to the OIG and delete e-mails. Prosecution was declined by the relevant U.S. Attorney's Office. This investigation was conducted by the OIG's Fraud Detection Office.
- On September 3, 2014, Galligan Wholesale Meat Company, formerly a Denver-based contractor supplying meat to the BOP, agreed to pay \$80,000 in a civil settlement with the United States. Galligan had contracted with the BOP to provide ground beef products that

met the BOP contractual specification of 80 percent lean meat and 20 percent fat but, instead, fraudulently provided the BOP with ground beef products that contained less than 80 percent lean meat and higher percentages of fat. Prior to the settlement, Galligan had voluntarily surrendered its federal inspection license to produce federally inspected products and closed the business. The investigation was conducted by the U.S. Department of Agriculture Food Safety Inspection Service, the Affirmative Civil Enforcement Unit of the U.S. Attorney's Office for the District of Colorado, and the OIG's Denver Field Office.

- The OIG conducted a joint investigation with the USMS Office of Internal Affairs of allegations that the U.S. Marshal and members of the USMS staff in a District office violated procurement procedures, falsified documents, improperly used government funds, and violated Department and USMS policies and directives. The investigation identified purchases totaling approximately \$211,000 which appeared to have violated Department or USMS procurement policies or procedures, including purchases of ceremonial and promotional items previously banned by a USMS headquarters directive, personal-use or other wasteful items, and purchases which had no documented proof of delivery. Many of the purchases were approved by the U.S. Marshal or the Chief Deputy U.S. Marshal. The OIG concluded that both USMS officials had misspent identified funds, knowingly misused the government purchase card program, and violated 5 C.F.R. § 2635.101, Basic Obligation of Public Service. In October 2012, the USMS conducted an on-site compliance review of the District's finances and subsequently placed the District in receivership, revoking the District's purchasing authority and

Highlights of OIG Activities

assigning a Chief Inspector from another District to serve as a temporary receiver. Prosecution was declined. On April 24, 2014, the OIG provided its ROI to the USMS for appropriate action. On June 26, 2014, the USMS informed the OIG that the matter is still pending. On August 22, 2014, a USMS staff member was suspended for 14 days without pay.

- In the *Semiannual Report to Congress, October 1, 2013 – March 31, 2014*, the OIG reported that a former Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) group supervisor pled guilty in the U.S. District Court for the Western District of Washington to making a materially false statement. On May 23, 2014, the former ATF group supervisor was sentenced to 1 year of incarceration and fined \$10,000. In his guilty plea, the ATF group supervisor admitted that he falsified the signature of a special agent under his supervision on agent cashier forms indicating a payment of \$700 to a confidential source and also admitted he knew the special agent did not make the payment to the confidential source. The ATF group supervisor resigned from his position following this investigation. The investigation was conducted by the OIG's San Francisco Area Office.

Ongoing Work

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

- The impact of the BOP's aging inmate population on inmate and custody management, including programming, housing, and costs. The review will also assess the recidivism rate of inmates aged 50 and older that were released from FY 2006 through FY 2013.

- ATF's oversight of certain of its storefront operations that continued or began after the inception of the Monitored Case Program.
- The DEA's management and oversight of its Confidential Source Program, including its compliance with rules and regulations associated with the use of confidential sources, and oversight of payments to confidential sources.
- How the BOP monitors its private contract prisons; whether contractor performance meets inmate safety and security indicators requirements; and how contract facilities compare with similar BOP facilities in terms of inmate safety, security, and cost.
- The DEA's use of administrative subpoenas to obtain broad collections of data or information, including the existence and effectiveness of any policies and procedural safeguards established with respect to the collection, use, and retention of the data.
- The Department's handling of Sex Offenders Admitted into the Federal Witness Security (WITSEC) Program, including the procedures for notifying states, local municipalities, and other law enforcement agencies regarding the relocation of sex offenders.
- The progress made by the Department to more effectively manage the International Prisoner Transfer Program, which allows selected foreign national inmates to serve the remainders of their sentences in their home countries' prison systems. The review will also further evaluate factors that limit the number of inmates ultimately transferred.

Highlights of OIG Activities

- Post-incident responses by the Department of State (State) and the DEA to three drug interdiction missions in Honduras in 2012, all involving the use of deadly force; the State OIG is also participating in the review.
- Management of International Fugitive Investigations and Extraditions, which will evaluate the Department's oversight of international fugitive removal activities, including its role in the removal decision making process; and the USMS's management of removal-related activities associated with international fugitives.
- Interdiction activities involving DEA-initiated consent encounters and searches of travelers in transportation facilities. The review will cover the policies, practices, documentation, and oversight of DEA-initiated encounters, searches, and seizures, and how the DEA oversees these activities.
- The FBI's use of information derived from the National Security Agency's (NSA) collection of telephony metadata obtained from certain telecommunications service providers under Section 215 of the Patriot Act.
- The Department's use of Non-Department Unmanned Aircraft Systems (UAS) owned or controlled from 2010 through 2013, and developments in the Department's UAS programs occurring since the issuance of a previously issued OIG interim report.
- The Department's and five components' policies, guidance, and training governing the off-duty conduct of employees on official travel or assignment in foreign countries. The five components in the review are ATF, Criminal Division, DEA, FBI, and USMS.
- ATF's investigation of Jean Baptiste Kingery, an individual suspected of smuggling thousands of grenade components from the United States to Mexico where it is believed he was building live grenades for use by drug cartels.
- ATF's investigation of subjects involved in trafficking firearms that were used in an attack on U.S. Immigration and Customs Enforcement agents in Mexico in 2011.
- Next Generation Cyber Initiative, which is intended to enhance the FBI's ability to combat cyber intrusions.
- The OIG is examining the efforts of OJP, BOP, USMS, and FBI to comply with the *Prison Rape Elimination Act of 2003* since publication of the Department's National Standards to prevent, detect, and respond to prison rape.
- The Department's and ATF's implementation of recommendations in the OIG's September 2012 report, *A Review of Operation Fast and Furious and Related Matters*.
- National Instant Criminal Background Check System, which will evaluate processes related to the FBI's referral of denials to ATF, ATF's initial screening and referral of denials to its field offices for investigation, and the prosecution of crimes associated with denials.
- The OIG is examining the nature, frequency, reporting, investigation, and adjudication of sexual misconduct (including the transmission of sexually explicit text messages and images) where the conduct potentially affected the workplace or the security of operations within ATF, DEA, FBI, and USMS. The OIG is also reviewing whether these law

Highlights of OIG Activities

enforcement components can effectively address allegations of sexual misconduct in a consistent manner.

- The FBI's progress in responding to the OIG's past recommendations related to the use of Section 215 orders for business records and an examination of the FBI's use of this authority under the *Foreign Intelligence Surveillance Act (FISA)* from 2007 to 2009.
- The FBI's use of its pen register and trap-and-trace authority under FISA.

The OIG's ongoing work is also available at www.justice.gov/oig.

Disagreement with a Significant Department Management Decision

Section 5(a)(12) of the *Inspector General Act of 1978* (IG Act), as amended, directs each Inspector General to include in each Semiannual Report to Congress “information concerning any significant management decision with which the Inspector General is in disagreement.”

Beginning in 2010 and continuing into the 6-month period covered by this report, the FBI and other Department components have objected in certain instances to providing the OIG with access to certain types of records that were in the Department’s possession and were responsive to OIG document requests. As a result, a number of OIG reviews have been significantly impeded. For example, the OIG report examining the Department’s use of the federal material witness statute in international terrorism investigations issued during this reporting period experienced significant delays resulting from the FBI’s objections to providing the OIG with access to both grand jury and Title III electronic surveillance material. In addition, in connection with the OIG report on the FBI’s use of national security letters, also issued during this reporting period, the FBI objected to providing access to information it had collected using Section 1681u of the *Fair Credit Reporting Act* (FCRA). The OIG has experienced similar objections from Department components that resulted in significant delays in gaining access to important information in other reviews, including during the review that culminated in the 2012 report on ATF’s Operation Fast and Furious.

Section 6(a) of the IG Act unambiguously provides that Inspectors General shall have access to all documents and records within the agency’s possession. This is an issue of utmost importance to the OIG and to the Inspector General community, as evidenced by the 47 Inspectors General who signed a letter to the Congress strongly endorsing the principle of unimpaired Inspectors General access to agency records. Access by Inspectors General to documents and materials in the agency files goes to the very heart of the Inspectors General

mission to provide independent and non-partisan oversight. Inspectors General must be given complete, timely, and unfiltered access to agency documents and records.

While in each instance described above, the Department’s leadership issued memoranda to the relevant Department component providing the OIG with permission to access the records sought, they have done so by making case-specific findings that these reviews were of assistance to the Department’s leadership. However, there are several significant concerns with this process. First, it is inconsistent with the clear mandate of Section 6(a) of the IG Act. The Attorney General and Deputy Attorney General should not have to order Department components to provide the OIG with access to records to which the Congress has already made it clear in the IG Act we are entitled. Second, requiring the OIG to obtain the permission of Department leadership in order to review agency records is fundamentally inconsistent with the independence of the OIG. Third, the need for the OIG to elevate matters such as these to the Department’s leadership results in substantial delays in our audits and reviews, and consumes an inordinate amount of OIG time and resources, as well as Department time and resources. Finally, while current Department leadership has supported the provision of records to the OIG, agency leadership changes over time and an independent Inspector General’s access to records should not depend on whether future occupants of these leadership positions support such access.

The process that the OIG is being required to follow is inconsistent with how the Department treats other DOJ components that exercise oversight over Department programs and personnel, but that are not statutorily independent like the OIG and have not been granted an express statutory right of access by Congress like the OIG. For example, the Department’s Office of Professional Responsibility (OPR), to the OIG’s knowledge,

Disagreement with a Significant Department Management Decision

continues to be given access to grand jury and wiretap information without objection, and no questions have been raised about providing OPR with the information it needs to investigate alleged misconduct by Department attorneys. In addition, the FBI has routinely provided, and the Department has routinely allowed, FBI disseminations of FCRA information to the Oversight Section of the Department's National Security Division (NSD) in furtherance of NSD's oversight reviews of the FBI.

In May 2014, the Department's leadership asked the Office of Legal Counsel (OLC) to issue an opinion addressing the legal objections raised by the FBI to the OIG gaining access to certain records. The OIG has repeatedly emphasized to the Department's leadership the importance of a prompt OLC opinion, given that the existing practice seriously impairs the OIG's operations and independence as described above. It remains critical that OLC issue its opinion in a timely manner.

The Inspector General testified before Congress on five occasions about the OIG's access to information, including three times during this reporting period:

- Before the U.S. Senate Committee on Appropriations, Subcommittee on Commerce, Justice, Science, and Related Agencies on April 3, 2014;
- Before the U.S. House of Representatives Committee on the Judiciary on September 9, 2014; and
- Before the U.S. House of Representatives Committee on Oversight and Government Reform on September 10, 2014.

All congressional testimony provided by the Inspector General is available at www.justice.gov/oig.

OIG Profile



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

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

OIG Profile

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

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

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

The OIG has a nationwide workforce of more than 400 special agents, auditors, inspectors, attorneys, and support staff. For Fiscal Year (FY) 2014, the OIG direct appropriation is approximately \$86.4 million, and the OIG expects to earn an additional \$3.7 million in reimbursements.

As required by Section 5 of the IG Act, as amended, this Semiannual Report to Congress is reviewing the accomplishments of the OIG for the 6-month period of April 1, 2014, through September 30, 2014.

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



Multicomponent

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



Reports Issued

Use of the Material Witness Statute with a Focus on Select National Security Matters

The OIG issued a report examining the Department's use of the federal material witness statute in international terrorism investigations during the years 2000-2012. The OIG evaluated the cases of approximately 112 material witnesses detained during this period, from which the OIG identified 12 individuals whose arrests appeared to raise questions regarding whether the Department was misusing the statute. The OIG's in-depth review of the 12 individuals' cases did not find sufficient evidence to conclude that the Department misused the statute in international terrorism investigations. Specifically, the OIG review found no evidence that the Department's use of the statute in these 12 individuals' cases resulted in the arbitrary or indiscriminate detention of Muslim men, and it confirmed that the statute was used for its intended purpose—to secure relevant testimony from a witness who might flee—rather than as a pretext to preemptively detain and investigate individuals suspected of criminal offenses.

The report also examined allegations that some witnesses were subjected to harsh conditions during confinement and transport, such as strip searches and shackling. In general, the relevant statutes do not treat material witnesses

any differently than criminal defendants with respect to conditions of confinement. The OIG's review found that, although the conditions under which material witnesses were confined and transported were sometimes harsh, there was no evidence that they violated applicable laws or Department policies.

Finally, the report noted that during the course of the review, the OIG experienced significant delays resulting from limitations imposed upon its access to grand jury material and Title III electronic surveillance material. The Deputy Attorney General ultimately determined that the information in question should be provided to the OIG, and both the Attorney General and the Deputy Attorney General stated that they will continue to provide the OIG with the necessary authorizations to enable the OIG to obtain records in future reviews. However, it is the view of the Inspector General that the OIG's access to relevant information in possession of the Department should not be conditioned upon the permission of Department leadership, as such a condition conflicts with the core principles of the IG Act and impairs the OIG's independence.

Fees and Expenses of Expert Witnesses

The OIG issued an audit report on the Department's management and use of the expert witness portion of the Fees and Expenses of Witnesses (FEW) appropriation, which is

Multicomponent

intended to provide a centralized source for costs associated with the legal proceedings of the federal government.

Since FY 2011, the Department has received an annual appropriation of \$270 million, which provides funding for seven categories of expenses. The largest of those expense categories—the fees and expenses for expert witnesses—covers about 80 percent of the funding. The OIG reviewed 729 expert witness contracts, totaling \$177.9 million, executed from FY 2008 to 2011 and identified several concerns regarding the Department’s guidance, oversight, and monitoring of the use of these funds.

The OIG found that 74 contracts, totaling \$15.2 million, did not meet the criteria set forth in the Department’s guidance. The audit also found an additional 39 expert witness contracts, with expenditures of more than \$10 million, where it could not be determined whether the expert services contracted for satisfied the Department’s guidance.

The OIG identified two instances where the Department repurposed FEW appropriated funds to relieve budget pressure on two litigating components, with no clear policy for such repurposing of FEW funds. If the Department finds this to be an acceptable practice, the OIG believes that strict measures must be in place to prevent possible abuse.

The OIG also found that the Department’s guidance document on the use of the FEW appropriation has not been updated since 2005. Although the Department began updating its guidance in 2009, it has yet to complete the revision process.

The OIG made 12 recommendations to the Justice Management Division (JMD) to enhance its management and oversight of the FEW appropriation. JMD agreed with the recommendations.

Crime Victims Fund Distributions to the FBI and EOUSA

The OIG issued an audit examining the performance of three programs at the FBI and Executive Office for U.S. Attorneys (EOUSA) funded through the Crime Victims Fund (CVF), as well as EOUSA’s accounting and reporting of CVF funds. This audit follows the OIG’s September 2013 report examining the FBI’s accounting and reporting of CVF funding used to support FBI victim specialist positions.

Although the audit did not identify any significant noncompliance with the rules, regulations, and guidelines governing the performance of the CVF funded positions or the Victim Notification System (VNS), the OIG identified limited instances where victims were not afforded their rights under the *Crime Victims’ Rights Act* or provided services under the *Victims’ Rights and Restitution Act*. On some occasions, victims were not afforded their right to reasonable, accurate, and timely notice of public court proceedings.

The audit identified areas for improvement that should enhance victims’ services, such as improved coordination when cases are transitioned from investigative agencies to the USAOs and when providing services in Indian Country, enhancements to the functionality of the VNS, and improved performance reporting.

In addition, the audit found that EOUSA did not have adequate internal controls over CVF funds, resulting in \$685,047 in unallowable Victim Witness Coordinator expenditures, as well as insufficient accounting records for the CVF funds provided to support VNS coordinator positions at the FBI, BOP, and U.S. Postal Inspection Service. EOUSA also underreported the amount of CVF funding that remained unspent for the Victim Witness Coordinator program by approximately \$228,483 in FY 2009 and \$329,539 in FY 2011, and the amount of CVF funding that remained unspent for the VNS was underreported by approximately \$29,475 in

Multicomponent

FY 2010 and \$65,726 in FY 2011. Such inadequate accounting, administration, and reporting resulted in an increased risk for the misuse of CVF funds and the failure to pursue appropriate reimbursements for expenditures. Future misstatements of total expenditures also could increase the risk that EOUSA may be awarded more CVF funds than it may need in the future.

The OIG made 10 recommendations to enhance program performance and improve the effectiveness of EOUSA's internal controls over CVF funds. EOUSA, FBI, and Office for Victims of Crimes (OVC) agreed with the recommendations.

Annual Risk Assessment of Department Charge Card Program

The OIG issued a report assessing the risk of misuse of Department charge cards that identified specific issues relating to purchasing methods and recommended actions to reduce the risk of illegal, improper, or erroneous purchases and payments.

The report covered four types of purchasing methods used by the Department: purchase cards (generally centrally billed accounts used to buy items and services), travel cards (usually individually billed accounts used by employees to pay for costs associated with official travel), integrated cards (used only by ATF and combine the features of purchase and travel cards in a single account), and convenience checks (written from specially-designated purchase or integrated card accounts to pay for goods and services from vendors that do not accept charge cards).

In FY 2013, Department employees purchased a total of more than \$900 million in goods and services, representing 9,298 active purchase card accounts with over \$705 million in activity, 33,249 active travel card accounts with over \$194 million in activity, and 3,984 active integrated card accounts with over \$38 million in activity. In addition, 85 Department employees had the

authority to use convenience checks and wrote 1,000 checks valued at more than \$513,000. Ninety-nine percent of these checks were issued by ATF and the FBI during FY 2013.

The report identified specific areas where the Department may need to take action to reduce the risk of illegal, improper or erroneous purchases and payments. For example, the OIG found that 640 purchase, travel, and integrated card accounts recorded no charges for at least 180 days and therefore should be suspended or closed. In addition, the Department needs to ensure that charge card bills are reconciled properly and that card holders receive the required training regarding the use of their centrally billed accounts. Further, the OIG identified a limited number of instances where charge card accounts had not been closed after the employee had left service.

Although used much less frequently than other methods examined, the OIG determined that convenience checks present the highest risk of misuse. The Department issued only 1,000 such checks worth \$500,000 in FY 2013. Out of 50 high-dollar convenience checks sampled, the OIG identified 6 (12 percent of the sample) valued at \$11,679 that should not have been written because the employee either wrote a check to a vendor that accepted charge cards, converted a check to cash, or did not document that they had secured the necessary prior approval to use a convenience check.

The OIG made four recommendations to the Department and its components to improve internal controls and help reduce the risk of fraud, waste, and misuse in this area. The Department agreed with the recommendations.

Federal Information Security Management Act Audits

The Federal Information Security Management Act (FISMA) requires the Inspector General for each agency to perform an annual independent evaluation of the agency's information security

Multicomponent

programs and practices. The evaluation includes testing the effectiveness of information security policies, procedures, and practices of a representative subset of agency systems. The Office of Management and Budget (OMB) is responsible for the submission of the annual FISMA report to Congress. The Department of Homeland Security prepares the FISMA metrics and provides reporting instructions to agency Chief Information Officers, Inspectors General, and Senior Agency Officials for Privacy. The FY 2014 FISMA results are due to OMB by November 15, 2014.

For FY 2013, the OIG reviewed the security programs of five Department components: the FBI, JMD, USMS, Antitrust Division, and the Executive Office for Immigration Review (EOIR). Within these components, the OIG selected for review two classified systems within the FBI and the following four sensitive but unclassified systems: JMD's Single Authentication System, USMS's Decision Support System, Antitrust Division's Management Information System, and EOIR's JCON-IIA/CASE System. In these audits, the OIG identified deficiencies in continuous monitoring, configuration management, identity access management, incident response and reporting, risk management, security training, plan of action and milestones, remote access management, contingency planning, and contractor systems. The OIG audit provided 84 recommendations for improving implementation of the Department's information security program and practices for its sensitive but unclassified, classified, and national security systems. The components agreed with the recommendations.

For FY 2014, the OIG reviewed the security programs of five Department components: the FBI, JMD, ATF, BOP, and Federal Prisons Industries (FPI). Within these components, the OIG selected for review one classified system within the FBI and the following five sensitive but unclassified systems: FBI's Internet Crime Complaint Center Network, JMD's Justice Communication System, ATF's National Field

Office Case Information System, BOP's Trust Fund Accounting and Commissary System, and FPI's Vehicle Management Information System. The OIG plans to issue reports evaluating each of these systems as well as reports on each component's information security program.

In addition, FISMA requires an annual evaluation of the information security programs and practices of Intelligence Community agencies. The Intelligence Community Inspector General has responsibility for analyzing, summarizing, and consolidating the Intelligence Community OIG FISMA reports into one capstone annual report. On September 10, 2014, the OIG submitted the Intelligence Community FISMA Metrics Report for the FBI to the Intelligence Community Inspector General.

Examination of the Department's FY 2013 Compliance with the *Improper Payments Information Act of 2002*, as Amended

The OIG examined the Department's FY 2013 compliance with the improper payments reporting requirements of the *Improper Payments Information Act of 2002*, as amended. The examination assessed the Department's compliance with 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*, as they relate to the *Improper Payments Information Act of 2002*, as amended. The OIG concluded that the Department complied, in all material respects, with the above mentioned requirements for FY 2013.

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

Multicomponent

for state and local governments, colleges and universities, and nonprofit organizations receiving federal financial assistance. Entities that expend \$500,000 or more in federal financial assistance in one year must have a “single audit” performed annually covering all federal funds expended that year. Single audits are conducted by state and local government auditors, as well as independent public accounting firms. The OIG reviews these audit reports when they pertain to Department funds in order to determine whether the single audit reports meet the requirements of OMB Circular A-133 and generally accepted government auditing standards. In addition, the OIG reviews single audit reports to determine if they contain audit findings related to Department grants. As a result of the OIG’s review of the single audits, during this semiannual period the OIG issued to OJP 91 single audit reports encompassing over 460 contracts, grants, and other agreements totaling more than \$118 million. The OIG also monitors these audits through the resolution and closure process.

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

grant. To address these deficiencies, the auditors recommended 209 management improvements and questioned costs in excess of \$3.3 million.

Civil Rights and Civil Liberties

Section 1001 of the 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 September 2014, the OIG issued its most recent such report, which summarized the OIG’s Section 1001 activities from January 1 through June 30, 2014. The report described the number of complaints the OIG received under this section and the status of investigations conducted by the OIG and Department components in response to those complaints.

Ongoing Work

Follow-up to the Fast and Furious Report

The OIG is reviewing the Department’s and ATF’s implementation of recommendations in the OIG’s September 2012 report, *A Review of Operation Fast and Furious and Related Matters*. The OIG made six recommendations in that report designed to increase oversight of ATF operations, improve coordination among the Department’s law enforcement components, and enhance the Department’s wiretap application review and authorization process. Since the Fast and Furious report was issued, the Department has provided the OIG with information describing measures it has taken to implement the OIG’s recommendations. The current review is examining this and other information to evaluate the progress and effectiveness of these measures.

Overseas Professional Conduct

The OIG is examining the Department’s and law enforcement components’ policies, guidance, and training governing the off-duty conduct of

Multicomponent

employees on official travel or assignment in foreign countries. The five components in the review are ATF, Criminal Division, DEA, FBI, and USMS.

ATF's Investigation of Jean Baptiste Kingery

In September 2012, the OIG issued its report about Operations Fast and Furious and Wide Receiver, two firearms trafficking investigations conducted by ATF. The OIG found in that review that those investigations were seriously flawed in several respects, most significantly in their failure to adequately consider the risk to public safety in the United States and Mexico that resulted from a strategy of not taking overt enforcement action against individuals making unlawful firearms purchases. During that review, the OIG received information about an ATF investigation involving a U.S. citizen named Jean Baptiste Kingery that allegedly used a strategy and tactics similar to those employed in these two operations. The OIG is examining ATF's investigation of Kingery, an individual suspected of smuggling thousands of grenade components from the United States to Mexico where it is believed that he was building live grenades for use by drug cartels. The OIG's review is also examining the role of the U.S. Attorney's Office in the investigation and prosecution of Kingery.

Denials from the National Instant Criminal Background Check System

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

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

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

Sexual Misconduct in Law Enforcement Components

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

Department's Conference Expenditures

The OIG is continuing to examine the Department's conference expenditures. The audit will determine whether components complied with the Deputy Attorney General's instruction to postpone or scale back planned conferences.

Law Enforcement Components' Use of Non-Department Unmanned Aircraft Systems

The OIG previously issued an interim report on the Department's use and support of UAS. Stemming from that report, the OIG is currently auditing the Department's use of or participation in law enforcement operations using non-Department owned or controlled

Multicomponent

UAS from 2010 through 2013, and developments in the Department's UAS programs occurring since the issuance of the interim report.

Management of International Fugitive Removal Activities

The OIG is auditing the Department's management of international fugitive removal activities. The objectives of the audit are to evaluate: (1) the Department's oversight of international fugitive removal activities, including its role in the removal decision making process; and (2) the USMS's management of removal-related activities associated with international fugitives, including strategic data management; coordination with federal, state, and local law enforcement entities; and the efficiency of removal-related activities, including the cost effectiveness of these processes.

Prison Rape Elimination Act Follow-up

The OIG is examining the efforts of OJP, BOP, USMS, and FBI to comply with the *Prison Rape Elimination Act of 2003* since publication of the Department's National Standards to Prevent, Detect, and Respond to Prison Rape.

Use of Extended Temporary Duty Travel

The OIG is auditing the Department's Use of Extended Temporary Duty Travel (TDY). The preliminary objectives are to evaluate whether the Department, specifically the FBI, Criminal Division, USAOs and EOUSA, and NSD: (1) is making appropriate use of extended TDY, (2) has sound extended TDY policies and practices that promote cost effectiveness, and (3) has adequate tracking systems and documentation for extended TDY expenditures.

Federal Bureau of Investigation

The FBI seeks to protect the United States against terrorist and foreign intelligence threats, enforces the criminal laws of the United States, and provides criminal justice services to federal, state, municipal, and international agencies and partners. FBI headquarters in Washington, D.C., coordinates activities of more than 35,300 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

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

Following the April 15, 2013, Boston Marathon bombings, the Intelligence Community Inspectors General Forum, with the support of the Director of National Intelligence, determined that the Inspectors General of the Intelligence Community, CIA, DHS, and Department of Justice (DOJ) would conduct a coordinated review of the handling and sharing of information available to the U.S. government prior to the bombings. During this review, each OIG was responsible for obtaining, reviewing, and evaluating relevant information from the agencies within its respective jurisdiction. The review examined the information available to the U.S. government before the bombings and the information sharing protocols and procedures followed between and among the intelligence and law enforcement agencies. In a report issued in April 2014, the OIGs concluded that the FBI, CIA, DHS, and National Counterterrorism Center (NCTC) generally shared information and followed procedures appropriately. They identified a few areas where broader information sharing between agencies may have been required, or where broader information sharing in the future should be considered.

Law enforcement officials identified Tamerlan Tsarnaev as a suspect in the Boston Marathon bombings. Tsarnaev and his mother previously had come to the attention of the FBI based on information received from the Russian government in March 2011. The FBI-led JTTF in Boston (Boston JTTF) conducted an assessment of Tamerlan Tsarnaev to determine whether he posed a threat to national security and closed the assessment three months later having found no link or “nexus” to terrorism. In September 2011, the Russian government provided the CIA information on Tamerlan Tsarnaev that was substantially identical to the information the Russian government had provided to the FBI in March 2011. In October 2011, the CIA provided information obtained from the Russian government regarding Tamerlan Tsarnaev to the NCTC for watchlisting purposes, and to the FBI, DHS, and State for their information. Upon NCTC’s receipt of the information, Tamerlan Tsarnaev was added to the terrorist watchlist. Three months later, in January 2012, Tamerlan Tsarnaev traveled to Russia. He spent approximately six months in Russia, returning to the United States in July 2012. Tsarnaev’s travel to Russia did not result in additional vetting at the airport or prompt additional investigative steps to determine whether he posed a threat to national security.

Federal Bureau of Investigation

The DOJ OIG concluded that, given the limited information available to the Boston JTTF in March 2011 concerning Tamerlan Tsarnaev, the FBI's decision to open the investigation at the assessment level was an application of the "least intrusive method" principle set forth in the Attorney General Guidelines and FBI policy within its discretion. The DOJ OIG found that additional investigative steps would have resulted in a more thorough assessment, but that it is impossible to know whether these additional steps would have yielded relevant information. In addition, the DOJ and CIA OIGs found that the FBI Legal Attaché in Moscow did not coordinate with the CIA in March 2011 after receiving the lead information from the Russian government concerning Tamerlan Tsarnaev. However, the DOJ and CIA OIGs also concluded that the CIA's involvement in March 2011 likely would not have provided the FBI with information that could have been helpful to the Boston JTTF's assessment of Tamerlan Tsarnaev.

The DOJ and DHS OIGs reviewed whether FBI and Customs and Border Protection (CBP) staff were alerted to Tsarnaev's travel to and from Russia in 2012. The OIGs believed that the FBI agent who handled the Tsarnaev assessment most likely received notice of Tsarnaev's outbound flight, but was unable to determine this fact conclusively. The DOJ and DHS OIGs also could not determine conclusively whether the FBI agent received notice of Tsarnaev's return flight. The DOJ OIG believed that Tsarnaev's travel to Russia was significant and warranted further investigation, but that it was impossible to know what additional information may have surfaced through further investigation.

The DHS OIG concluded that CBP's system for vetting passenger information performed as designed and that its decision not to conduct an outbound inspection of Tsarnaev and instead scrutinize higher priority passengers accorded with CBP policy and procedures. The DHS OIG also determined that CBP properly admitted Tsarnaev into the United States after his travel to

Russia and its notification of Tsarnaev's inbound travel was in compliance with CBP procedures.

The OIGs' report included recommendations that the FBI and DHS clarify JTTF procedures regarding the vetting of certain international travelers at airports and other ports of entry and that the FBI consider establishing a procedure for sharing threat information with state and local partners more proactively and uniformly.

Use of National Security Letters: Assessment of Progress in Implementing Recommendations and Examination of Use in 2007 through 2009

The OIG issued a report examining the FBI's progress in implementing recommendations from prior reports involving the use of NSLs and the use of NSLs from 2007 through 2009. This report follows up on the OIG's March 2007 and March 2008 reports on the FBI's use of NSLs after the enactment of the Patriot Act in 2001, as well as the OIG's separate January 2010 report on the FBI's use of exigent letters and other informal methods to obtain telephone records. In sum, the OIG's latest review found that the FBI and the Department have fully implemented 31 of 41 recommendations made in the OIG's prior reports on these topics, and that 10 recommendations require additional information or attention. In addition, because the OIG identified challenges in certain areas during its compliance review, the OIG made 10 new recommendations to the FBI and the Department to further improve the use and oversight of NSLs.

The OIG's report found that the FBI and Department have devoted considerable resources toward implementing the recommendations made in the OIG's past reports and taking additional measures to improve the FBI's compliance with NSL requirements. The OIG determined that the FBI and the Department have fully implemented 23 of 28 recommendations from the OIG's first and second NSL reports by creating new internal

Federal Bureau of Investigation

controls, providing guidance and training to FBI personnel, establishing new record-keeping practices, and conducting periodic reviews of NSL use. The OIG's compliance review of NSLs issued by the FBI in 2008 and 2009 demonstrated that these efforts have resulted in substantial improvement in the FBI's compliance with NSL requirements. The OIG's review found that five recommendations from its prior NSL reports require additional information or attention to address the accuracy of information entered into the FBI's web-based NSL workflow and database (the "NSL subsystem") and improve the FBI's record-keeping practices. The OIG's report identifies steps the FBI should take to address these issues. In addition, during the OIG's compliance review, the OIG identified challenges in certain areas with regard to NSLs issued in 2007 through 2009, including FBI personnel's identification of information the FBI is not authorized to receive in response to an NSL; documentation of the justification for an NSL request; and adherence to the FBI's record-keeping policies. The OIG's report makes new recommendations to help the FBI and the Department address these challenges.

The OIG's report also describes other noteworthy issues related to the FBI's use of NSLs. These issues include the scope of the phrase "toll billing records" in the *Electronic Communication Privacy Act* (ECPA) NSL statute. The term is undefined, and the OIG's review found that it is unclear whether all of the information the FBI receives in response to NSL requests for toll billing records falls within the scope of the statute. The OIG's report recommends that the FBI and the Department revive their efforts to bring about a legislative amendment that defines the phrase "toll billing records."

The OIG's review found that the FBI and the Department have fully implemented 8 of 13 recommendations made in the OIG's 2010 report on the use of exigent letters and other informal practices related to ECPA-protected telephone records. Five recommendations require

additional effort and attention from the FBI or the Department, three of which concern training and guidance on certain aspects of the ECPA.

FBI Laboratory

The OIG issued a report related to alleged irregularities by the FBI Laboratory. Based on a congressional request, the OIG analyzed how a Department Task Force in operation during 1996 through 2004 managed the identification, review, and follow-up of cases involving the use in criminal prosecutions of scientifically unsupportable analysis and overstated testimony by 13 FBI Laboratory examiners the Task Force determined had been criticized in an OIG report published in 1997. The OIG found serious deficiencies in the Department's and the FBI's design, implementation, and overall management of the case review process.

The OIG's report found that the Department and FBI did not take sufficient steps to ensure that the capital cases were the Task Force's top priority and were treated with urgency. The Department did not notify state authorities that convictions of capital defendants could be affected by involvement of any of the 13 criticized examiners. Therefore, state authorities had no basis to consider delaying scheduled executions. One defendant was executed 4 days after the 1997 OIG report was published, but before his case was identified and reviewed by the Task Force. Subsequently, the prosecutor determined that the FBI Laboratory analysis and testimony in that case were material to the defendant's conviction. An independent scientist who later reviewed the case found the FBI Laboratory analysis to be scientifically unsupportable and the testimony overstated and incorrect. Two other capital defendants were executed before their cases were identified for Task Force review.

The OIG also found that the Task Force did not review all cases involving an FBI Laboratory examiner whose misconduct was identified in the OIG's 1997 report, and

Federal Bureau of Investigation

known by the Task Force as early as 1999 to be consistently problematic. The faulty analysis and scientifically unsupportable testimony contributed to the conviction of an innocent defendant who was exonerated 27 years later and the reversal of at least 5 other defendants' convictions. Further, multiple cases involving the 13 examiners were inappropriately eliminated from the Task Force's scope of review, including most cases that pre-dated 1985. As a result, the Department fell short of the Task Force's articulated mission to ensure that defendants' rights were not jeopardized by the conduct of any of the 13 examiners.

The Department also failed to ensure that prosecutors made appropriate and timely disclosures to affected defendants, particularly in cases where the prosecutor determined that FBI Laboratory analysis or testimony was material to the conviction and the report of the independent scientists established that such evidence was unreliable. As a result, some defendants learned very late—or perhaps never—that their convictions may have been tainted. Moreover, the Department failed to staff the Task Force with sufficient personnel to implement a case review of the magnitude it undertook, and the FBI did not consistently maintain the project as a sufficiently high priority. Finally, the Department failed to require prosecutors to notify the Task Force of their decisions regarding whether to disclose the reports of the independent scientists to defendants or their counsel.

The OIG notes that almost all of the problems it identified with the Department's and the FBI's design and management of the FBI Laboratory case review occurred over 15 years ago and most of the employees responsible for the review have left the Department or the FBI. During the course of this review, the OIG provided the Department and the FBI with information about certain defendants—including all capital cases and all cases reviewed by independent scientists—so that the Department could take immediate action to ensure these defendants

received appropriate notice of the possibility that their convictions were supported by unreliable evidence. The Department and the FBI have worked cooperatively with the OIG to expedite potentially remedial action. In this report, the OIG made five recommendations to the Department and the FBI regarding additional review of cases and notification to defendants whose convictions may have been tainted by unreliable scientific analyses and testimony. The Department and FBI agreed with each of the recommendations.

Report of Investigation Concerning Teresa Carlson, Acting Deputy Assistant Director of the FBI

The OIG issued a report examining allegations that Teresa Carlson, the former Special Agent in Charge of the FBI's Milwaukee Field Office, tampered with a witness in a civil case. Carlson is currently an Acting Deputy Assistant Director at FBI headquarters. The investigation was initiated after a complaint was submitted to the OIG by the attorney for Justin Slaby, a telecommunications specialist with the Critical Incident Response Group's Hostage Rescue Team at the FBI. Slaby had previously filed a disability discrimination complaint in the U.S. District Court for the Eastern District of Virginia alleging that the FBI refused to consider reasonable accommodations such as the use of a prosthesis for Slaby, an Army veteran who lost his left hand when a grenade prematurely detonated, and wrongly disqualified him as a New Agent Trainee at the FBI Academy in Quantico, Virginia. The complaint to the OIG followed a May 2013 pleading in the litigation containing the same allegations against Carlson.

Shortly after the OIG received the complaint from Slaby's attorney, the FBI's Inspection Division contacted the OIG about allegations that Carlson had tried to influence the testimony of Special Agent Mark Crider in a deposition for the *Slaby* lawsuit. Later in the OIG's investigation, the OIG received an allegation that in a separate incident, Carlson had

Federal Bureau of Investigation

admonished another agent in the Milwaukee Field Office for providing information to FBI inspectors about the office's communications with local law enforcement in connection with a mass shooting at a Sikh temple in August 2012.

The OIG concluded that Carlson conducted herself unprofessionally and exhibited extremely poor judgment when she made statements to Crider relating to his deposition in the *Slaby* lawsuit. The OIG also concluded that Carlson's statements to Crider created the appearance that she was attempting to improperly influence his deposition testimony. The OIG similarly concluded that Carlson's conduct was highly inappropriate and reflected a troubling lack of judgment when she admonished another agent for his comments to an FBI inspection team about the Milwaukee Field Office's handling of the Sikh temple shooting. The OIG found that Carlson's conduct created the appearance that she discouraged her subordinates from speaking candidly with inspectors. The OIG referred its findings regarding Carlson's conduct to the FBI for a determination of whether disciplinary or other administrative action is warranted.

The FBI's Sentinel Program

The OIG issued its 10th report on Sentinel, the FBI's electronic information and case management system, since its development began in 2006. Since its initial deployment in July 2012, Sentinel's budget has increased from \$451 million to \$551.4 million.

This OIG report examined Sentinel's effect on the FBI's daily operations, while reviewing the project costs and updates made since July 2012. The FBI employees surveyed for this audit reported that Sentinel has had an overall positive impact on the FBI's operations. Sentinel users surveyed did, however, express dissatisfaction with two major functions of Sentinel: search and indexing.

Sentinel's search function is intended to provide users the capability to locate cases and specific case-related information within

Sentinel. The OIG found that only 42 percent of the respondents to the OIG's survey who used Sentinel's search functionality often received the results they needed.

Sentinel users also expressed concerns with the system's indexing function, which involves the relationship between any two identifiers, such as the relationship between a person and that person's address. Forty-one percent of survey respondents reported that they spent more time indexing in Sentinel than they did in the FBI's Automated Case Support system, the system that Sentinel replaced. A majority of the Special Agents surveyed reported that Sentinel actually decreased their daily productivity and attributed this to the increased administrative burden posed by indexing, which has left them with less time for investigative activities.

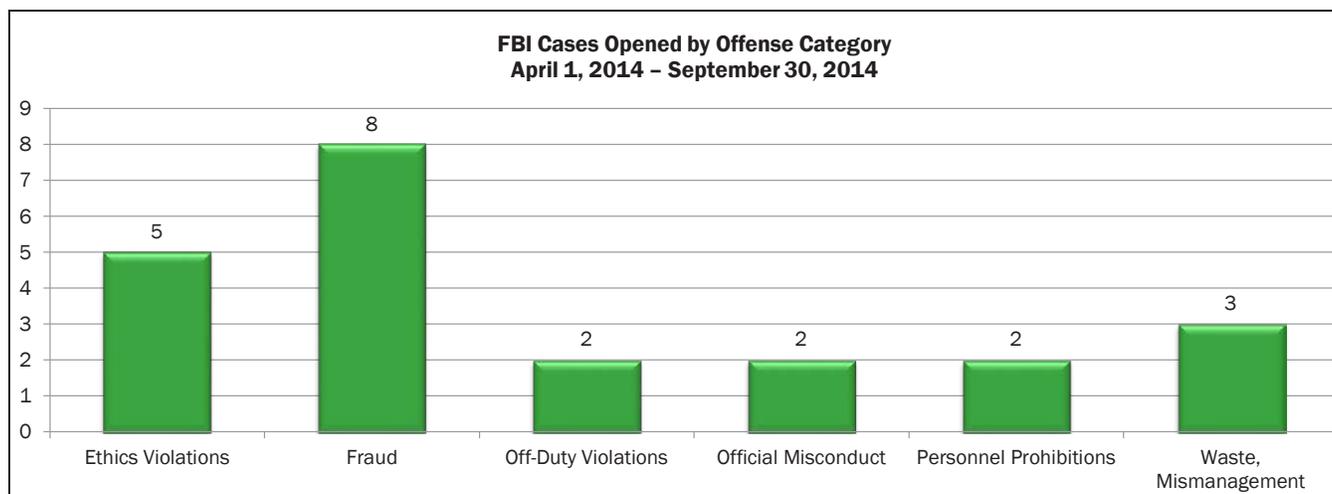
More than a third of the survey respondents also reported that Sentinel was missing features that they believed are critical to their duties, including features related to Sentinel's integration with other FBI IT systems.

The OIG made three new recommendations to help the FBI ensure that its business processes are aligned with Sentinel's design and functionalities, and that Sentinel's search and indexing functions efficiently meet the needs of its employees. The FBI agreed with the recommendations.

Investigations

During this reporting period, the OIG received 728 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.

Federal Bureau of Investigation



Source: Investigations Data Management System

During this reporting period, the OIG opened 22 investigations and referred 45 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, official misconduct and fraud. The administrative investigations involved serious allegations of misconduct.

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

- On September 4, 2014, a former FBI Special Agent and his spouse were arrested and pled guilty to a one count criminal information charging conspiracy to defraud the IRS. According to court filings and statements, the defendants conspired to divert monies from their jointly-owned pharmacy by using various financial institutions and, in addition, filed false tax returns for tax years 2004 through 2011. The former Special Agent also admitted to filing false financial disclosure statements with the FBI for the years 2007 through 2011. According to the criminal information to which the

defendants entered their guilty pleas, the amount diverted totaled approximately \$1.5 million, and the total tax loss from the fraud was between \$200,000 and \$400,000. The employee resigned from his FBI position effective July 23, 2013, as a result of the investigation. Sentencing is scheduled for December 11, 2014. The investigation was conducted by the OIG's New Jersey Area Office and the IRS.

- On May 28, 2014, the Department's Suspension and Debarment Official debarred a former FBI employee from contracting with any agency of the executive branch of government for a period of 3 years. This decision was based on the OIG's investigative findings that the former employee: (1) improperly assisted his sons in obtaining FBI employment; (2) improperly attempted to establish a post-employment contract position for himself, including drafting his own statement of work; (3) made material false statements to the OIG regarding his role in drafting the statement of work; and (4) took actions to obstruct the OIG's investigation, including intentionally deleting e-mails and asking or suggesting that witnesses provide false or inaccurate information to the OIG and delete e-mails. Prosecution was declined

Federal Bureau of Investigation

by the relevant U.S. Attorney's Office. This investigation was conducted by the OIG's Fraud Detection Office.

- On July 23, 2014, a former FBI support services technician and his wife were arrested in the Northern District of California pursuant to a criminal information charging them with bank fraud. The following day, both defendants pled guilty to the charge. The defendants admitted in their plea agreements that beginning in June 2006 and continuing through at least March 2010, they created and carried out a plan to obtain money from First California Bank and Wells Fargo Bank by making promises and statements to the banks that they knew were false, inducing the banks to issue them mortgage loans and, later, to provide them with favorable modifications to those loans. Both admitted that the total loss from their bank fraud was \$83,326.50. The FBI employee retired from his position during the OIG's investigation. Sentencing is scheduled for November 11, 2014. The case was investigated by the OIG's San Francisco Area Office.
- On June 20, 2014, a former FBI support operations technician was sentenced after previously pleading guilty to a criminal information charging her with one count of theft of government property. The former employee was sentenced to 1 year of probation and ordered to undergo mental health treatment and financial counseling. She was also ordered to pay \$1,121.23 in restitution. In pleading guilty, the employee admitted that from on or about January 2011 through August 2012, she used her FBI undercover credit card to purchase items for her personal use and submitted false documentation that the purchases were for work-related supplies. The employee resigned her position with the FBI. The investigation was conducted by the OIG's Washington Field Office.

Ongoing Work

Use of Section 215 Orders

The OIG is again examining the FBI's use of Section 215 orders for business records. Among other issues, this review is assessing the FBI's progress in responding to the OIG's recommendations in its 2007 and 2008 reports on the FBI's use of 215 authority. The review is also examining the number of Section 215 applications filed by the FBI between 2007 and 2009, and any improper or illegal uses of these authorities.

Use of Pen Register and Trap-and-Trace Authorities under FISA

The OIG is conducting a review to evaluate the FBI's use of its pen register and trap-and-trace authority under FISA.

Bulk Telephony Review

The OIG is reviewing the FBI's use of information derived from the NSA collection of telephony metadata obtained from certain telecommunications service providers under Section 215 of the Patriot Act. The review will examine the FBI's procedures for receiving, processing, and disseminating leads the NSA develops from the metadata, and any changes that have been made to these procedures over time. The review will also examine how FBI field offices respond to leads, and the scope and type of information field offices collect as a result of any investigative activity that is initiated. In addition, the review will examine the role the leads have had in FBI counterterrorism efforts.

Next Generation Cyber Initiative

The OIG is evaluating the FBI's implementation of its Next Generation Cyber Initiative, which is intended to enhance the FBI's ability to combat cyber intrusions. The audit will also assess whether the FBI has established outreach efforts to facilitate information sharing and collaboration with the private sector.

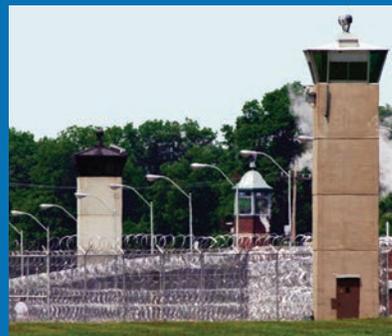
Federal Bureau of Investigation

Regional Computer Forensic Laboratories

The OIG is conducting an audit of the Philadelphia Regional Computer Forensic Laboratory located in Radnor, Pennsylvania. The audit will assess the efficiency and effectiveness of the laboratory's performance and the effectiveness of its outreach and partnership with the law enforcement community. In addition, the audit will evaluate the laboratory's case management system and its efforts to address its service request backlog.

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 39,190 employees and operates 121 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 213,900 federal offenders. Approximately, 171,970 of these inmates are confined in BOP-operated facilities, while the remainder is confined in privately managed or community-based facilities and local jails.



Reports Issued

Procurement of X-ray Equipment

The OIG issued an audit examining the BOP's purchase and usage of 65 pallet sized x-ray machines that the BOP purchased in response to a thwarted attempt by an inmate to smuggle contraband in August 2010. The audit revealed significant concerns about the effectiveness and usage by the BOP of the new x-ray machines to assist with the detection of contraband prior to the movement of goods into secure areas of BOP institutions.

Specifically, the audit confirmed that the machines were not effective for screening certain commodities commonly received by institution warehouses because those products are too dense to be effectively scanned. Additionally, prior to the audit, the BOP had no formal policy outlining the actual capabilities of the new x-ray machines and what additional measures should be in place for pallets that are too dense to be effectively scanned.

The OIG also identified significant delays between the delivery date and installation date of some x-ray machines, resulting in instances in which the machines went unused for periods exceeding 6 months, including 3 machines that took over a year to be installed. The OIG identified 3 machines which were not in use as of January 2014, over 2 years after the order was placed, representing \$182,556 in expended funds for which no benefit had been realized.

The audit also found that not all the BOP employees who operated the machines had been adequately trained in their use, and the length of time allotted to the training was insufficient to provide a comprehensive guide on use of the machines. Finally, the OIG found that inmates may have been able to view the x-ray machine monitors while they were being used by BOP staff, raising the potential that they could identify weaknesses in the scanning system.

The OIG made seven recommendations to the BOP to help ensure that the pallet x-ray machines are used effectively and to mitigate security concerns discussed in the report. The BOP agreed with the recommendations.

The BOP's Residential Reentry Center Contract with Glory House, Inc.

The OIG audited a BOP contract with Glory House, Inc., to operate and manage the Residential Reentry Center (RRC) located in Sioux Falls, South Dakota. The contract had an estimated award amount of \$9,416,880. The audit disclosed that the Sioux Falls RRC did not comply with all the criteria outlined in the contract statement of work (SOW) for RRC operations. Specifically, the Sioux Falls RRC did not always: (1) update the Individualized Program Plans in a timely manner, or with the detail required by the SOW; (2) submit inmate release plans and terminal reports in a timely

Federal Bureau of Prisons

manner; and (3) conduct monthly inmate vehicle searches. The BOP and Glory House, Inc., agreed with the audit's three recommendations to improve the management and oversight of the contract.

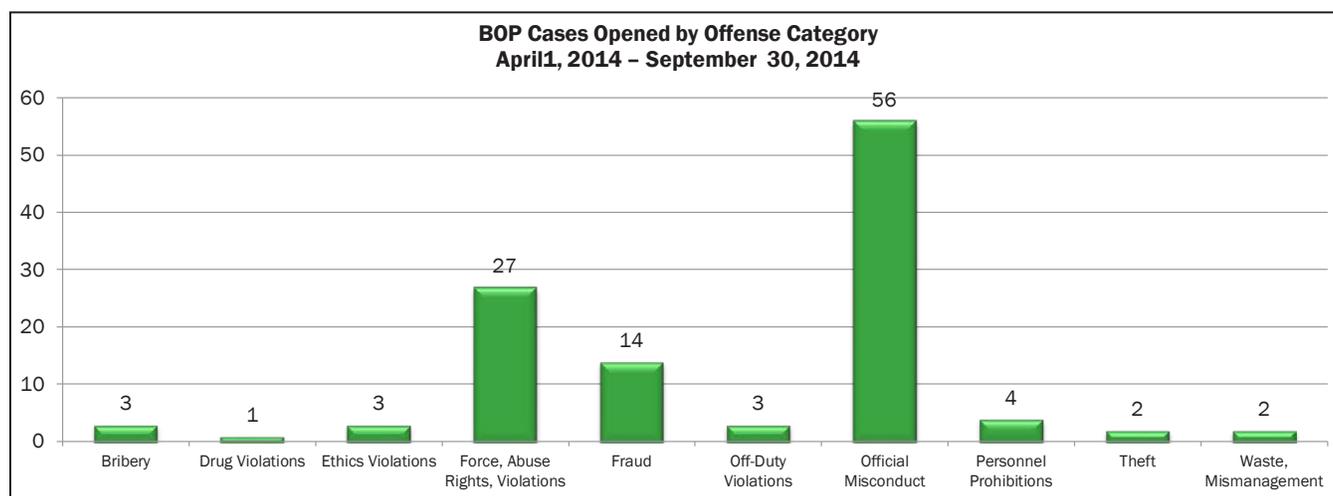
Investigations

During this reporting period, the OIG received 3,561 complaints involving the BOP. The most common allegations made against BOP employees included official misconduct; and force, abuse, and rights violations. The majority of complaints dealt with non-criminal issues that the OIG referred to the BOP's Office of Internal Affairs for its review.

During this reporting period, the OIG opened 115 investigations and referred 25 allegations to the BOP's Office of Internal Affairs for action or investigation. At the close of the reporting period, the OIG had 216 open cases of alleged misconduct against BOP employees. The criminal investigations covered a wide range of allegations, including official misconduct; and force, abuse, and rights violations.

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

- On June 4, 2014, a BOP financial administrator was arrested pursuant to a criminal information charging him with making a false statement. The information alleged that the BOP administrator submitted to the BOP a false Financial Disclosure Report stating he had no reportable outside employment position when in fact, as he knew he had a business relationship with a for-profit BOP contractor that distributed medical products. The investigation is being conducted by the OIG's Dallas Field Office.
- On September 3, 2014, Galligan Wholesale Meat Company, formerly a Denver-based contractor supplying meat to the BOP, agreed to pay \$80,000 in a civil settlement with the United States. Galligan had contracted with the BOP to provide ground beef products that met the BOP contractual specification of 80 percent lean meat and 20 percent fat but, instead, fraudulently provided the BOP with ground beef products that contained less than 80 percent lean meat and higher percentages of fat. Prior to the settlement, Galligan had voluntarily surrendered its federal inspection license to produce federally inspected products



Source: Investigations Data Management System

Federal Bureau of Prisons

- and closed the business. The investigation was conducted by the U.S. Department of Agriculture Food Safety Inspection Service, the Affirmative Civil Enforcement Unit of the U.S. Attorney's Office for the District of Colorado, and the OIG's Denver Field Office.
- On July 21, 2014, a BOP psychology technician was sentenced in the Northern District of Georgia pursuant to her guilty plea to one count of making a false official certificate or writing. The former BOP employee was sentenced to 12 months' probation and ordered to pay restitution of \$42,822.47. In pleading guilty, the employee admitted to submitting documents that falsely stated she was performing duties that met the requirements for a federal student loan repayment program, thereby fraudulently obtaining over \$40,000 in student loan repayments. The employee resigned from her position as a result of this investigation. The investigation was conducted by the U.S. Department of Health and Human Services and the OIG's Atlanta Area Office.
 - On June 17, 2014, a BOP correctional officer was arrested for selling counterfeit NFL sports apparel in violation of California and U.S. trademark protections. During a search conducted by law enforcement agents of the sports apparel store owned by the BOP employee, investigating agents seized approximately more than 400 counterfeit items that consisted mostly of NFL and college football jerseys, shorts, and shoes. The case is being investigated by the OIG's Los Angeles Field Office in conjunction with the San Bernardino County District Attorney's Office, and U.S. Immigration and Customs Enforcement Homeland Security Investigations.
 - On July 1, 2014, a BOP correctional officer was arrested on state charges of pornography with juveniles. The information charged that the correctional officer photographed, videotaped, filed, or otherwise reproduced visually sexual performances involving a child under the age of 13. The investigation is being conducted by the OIG's Houston Area Office and the Rapides Parish Sheriff's Office.
 - On July 16, 2014, a BOP contract employee of the Northeast Ohio Correctional Center in Youngstown, Ohio, pled guilty in the U.S. District Court for the Northern District of Ohio to one count of sexual abuse of a ward. According to the indictment to which she pled, in or about October 2013, the contract employee engaged in and attempted to engage in sexual acts with a federal inmate who was under her custodial and disciplinary authority. The contract employee was removed from her position as a result of the case. The investigation was conducted by the OIG's Chicago Field Office.
 - In the *Semiannual Report to Congress, October 1, 2013 – March 31, 2014*, the OIG reported that an investigation resulted in the arrest of a BOP correctional officer on charges of mail fraud and theft of government funds. On September 19, 2014, the former correctional officer was sentenced in the Eastern District of Wisconsin to 15 months' incarceration and 36 months' supervised release after having been found guilty on all of five counts of mail fraud and theft of government funds following a 4-day jury trial. He was also ordered to pay restitution in the amount of \$84,717.60 to the Department of Labor Office of Workers Compensation for crediting to the Department. The indictment alleged that the former correctional officer was on temporary total disability status for a BOP work-

Federal Bureau of Prisons

related injury and was receiving approved rehabilitation therapy but did not, in fact, travel to therapy sites on at least 1,380 of the dates on the claims he submitted for mileage expenses. As a result of his fraudulent travel expense claims, the former correctional officer obtained over \$80,000 in reimbursements to which he was not entitled. The investigation was conducted by the OIG's Chicago Field Office and the Department of Labor.

- In the *Semiannual Report to Congress, October 1, 2013 – March 31, 2014*, the OIG reported on a former BOP correctional officer charged with bribery. On May 21, 2014, the former correctional officer, previously assigned to the Federal Correctional Complex (FCC) in Coleman, Florida, was sentenced in the U.S. District Court for the Middle District of Florida to 24 months' incarceration to be followed by 1 year of supervised release. The former correctional officer had previously pled guilty to a criminal information charging him with accepting bribes, admitting that he received payment in return for smuggling contraband into the Federal Correctional Institution located within the FCC. The former correctional officer also was ordered to forfeit \$4,200, the sum he received in bribe monies. The employee resigned his position with the BOP. This investigation was conducted by the OIG's Miami Field Office.

Ongoing Work

BOP Aging Inmates

The OIG is examining the impact of the BOP's aging inmate population on inmate and custody management, including programming, housing, and costs. The review will also assess the recidivism rate of inmates aged 50 and older that were released from FY 2006 through FY 2013.

Private Contract Prisons

The OIG is examining how the BOP monitors its private contract prisons; whether contractor performance meets inmate safety and security indicators requirements; and how contract facilities compare with similar BOP facilities in terms of inmate safety, security, and cost.

Contract with Reeves County Detention Center

The OIG is auditing a BOP contract awarded to the Reeves County Detention Center located in Pecos, Texas. The preliminary objective is to assess the BOP's and contractor's compliance with contract terms and conditions in the areas of billings and payments, staffing requirements, and contract oversight and monitoring. The scope of this audit is focused on but not limited to, contract performance from October 1, 2008, through December 31, 2013.

International Prisoner Transfer Program

The OIG is examining the progress the Department has made to more effectively manage the International Prisoner Transfer Program, which allows selected foreign national inmates to serve the remainders of their sentences in their home countries' prison systems. The review will also further evaluate factors that limit the number of inmates ultimately transferred.

Metropolitan Detention Center, Brooklyn

The OIG is examining the management and security controls the BOP has in place for operating the Metropolitan Detention Center in Brooklyn, New York.

U.S. Marshals Service

The USMS is responsible for ensuring the safe and secure conduct of judicial proceedings; protecting approximately 2,200 federal judges, and about 10,000 other court officials at approximately 440 court facilities; arresting federal, state, and local fugitives; protecting federal witnesses; transporting federal prisoners; managing assets seized from criminal enterprises; and responding to major national events, terrorism, and significant high-threat trials. The USMS Director and Deputy Director work with 94 U.S. Marshals to direct approximately 5,430 employees at 315 locations throughout the 50 states, Guam, Northern Mariana Islands, Puerto Rico, U.S. Virgin Islands, Mexico, Jamaica, and the Dominican Republic.



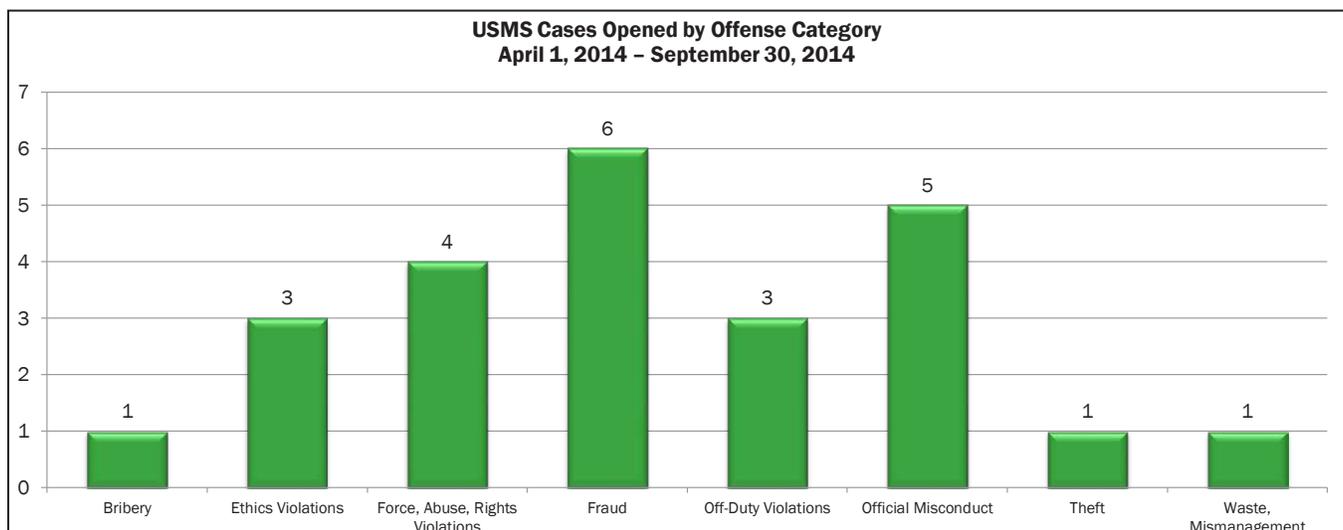
Investigations

During this reporting period, the OIG received 306 complaints involving the USMS. The most common allegations made against USMS employees were official misconduct; and force, abuse, and rights violations. The majority of the complaints were considered management issues and were provided to the USMS's Office of Internal Affairs for its review and appropriate action.

During this reporting period, the OIG opened 24 investigations and referred 8 other allegations to the USMS's Office of Internal Affairs for its review. At the close of the reporting period, the OIG had 33 open cases of alleged misconduct against USMS employees. The most common allegations were fraud and official misconduct.

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

- On September 3, 2014, a Deputy U.S. Marshal was arrested and pled guilty to a criminal information filed in the U.S. District Court for the Northern District of California charging him with two counts of introduction and delivery in interstate commerce of unapproved drugs with intent to defraud and mislead. According to the guilty plea, on or about November 2010 and July 2012, the USMS employee knowingly caused the manufacture and distribution in interstate commerce of two purported dietary supplements,



Source: Investigations Data Management System

U.S. Marshals Service

Methastadrol and Lipodrene, both which contained drugs that were not approved by the Food and Drug Administration. Both products were knowingly labeled as dietary supplements but, in fact, could not be defined as dietary supplements. The active ingredient in Methastadrol was a Schedule III anabolic steroid, and the active ingredient in Lipodrene was the unapproved drug Ephedrine. This joint investigation was conducted by the OIG's New York Field Office, the DEA, and the Food and Drug Administration's Office of Criminal Investigations.

- The OIG conducted a joint investigation with the USMS Office of Internal Affairs of allegations that the U.S. Marshal and members of the USMS staff in a District office violated procurement procedures, falsified documents, improperly used government funds, and violated Department and USMS policies and directives. The investigation identified purchases totaling approximately \$211,000 which appeared to have violated Department or USMS procurement policies or procedures, including purchases of ceremonial and promotional items previously banned by a USMS headquarters directive, personal-use or other wasteful items, and purchases which had no documented proof of delivery. Many of the purchases were approved by the U.S. Marshal or the Chief Deputy U.S. Marshal. The OIG concluded that both USMS officials had mispent identified funds, knowingly misused the government purchase card program, and violated 5 C.F.R. § 2635.101, Basic Obligation of Public Service. In October 2012, the USMS conducted an on-site compliance review of the District's finances and subsequently placed the District in receivership, revoking the District's purchasing authority and assigning a Chief Inspector from another District to serve as a temporary receiver.

Prosecution was declined. On April 24, 2014, the OIG provided its ROI to the USMS for appropriate action. On June 26, 2014, the USMS informed the OIG that the matter is still pending. On August 22, 2014, a USMS staff member was suspended for 14 days without pay.

- On April 1, 2014, a Deputy U.S. Marshal of the Southern District of Florida was found guilty and sentenced pursuant to entering a no contest plea to a misdemeanor charge of disorderly intoxication. A Broward County judge ordered the USMS employee to complete an outpatient alcohol abuse counseling program. The USMS employee was placed on leave without pay from approximately January 11, 2013, to April 21, 2014. This investigation was conducted by the OIG's Miami Field Office.
- On April 17, 2014, a Detention Center Supervisor of the Maverick County Detention Center in Eagle Pass, Texas, was sentenced in the U.S. District Court for the Western District of Texas pursuant to his guilty plea to a criminal information charging him with assault with intent to commit a felony. The supervisor was sentenced to 33 months' incarceration to be followed by 3 years' supervised release and ordered to pay a \$2,000 fine. In his guilty plea, the supervisor admitted to engaging in sexual acts with a person in the official custody of the USMS who by virtue of being in custody was unable to legally consent to sexual acts. The supervisor was dismissed from the USMS contract facility after his May 29, 2013, arrest. The investigation was conducted by the OIG's Dallas Field Office.
- In the *Semiannual Report To Congress, October 1, 2013 – March 31, 2014*, the OIG reported that a contracting officer's technical representative (COTR) with the USMS entered into a pretrial diversion agreement in the District Of Arizona,

U.S. Marshals Service

under which he immediately resigned his position with the USMS and agreed not to obtain employment in a position which oversees contracts. On July 29, 2014, the Department debarred the former USMS employee from doing business with any agency of the executive branch of government or from receiving benefits of any federal assistance program for a period of 2 years. The OIG investigation determined that in 2011, while the employee served as the USMS COTR on a \$124 million per year contract, he negotiated employment as a senior official with the contractor, which he did not ultimately accept, without notifying the USMS. The investigation was conducted by the OIG's Tucson Area Office.

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 more than 9,300 employees staffing its 222 offices, which are organized in 21 divisions in the United States and 86 foreign offices in 67 countries.



Reports Issued

Registrant Actions

The OIG examined the DEA's process to adjudicate administrative actions against businesses and professionals that are required under the *Controlled Substances Act of 1970* to register with the DEA if they handle controlled substances. The OIG report found that the DEA's adjudicative process comports with applicable laws and regulations but the overall time it takes the DEA to adjudicate registrant actions is very lengthy. The OIG also found that the DEA generally does not have timeliness standards in place and, where it does, the agency consistently failed to meet them.

The OIG's review found that from 2008 through 2012, the time it took the DEA to reach a final adjudication of registrant actions was very lengthy. For example, the average time for the DEA to issue a final decision for immediate suspension orders ranged from 647 days in 2008 to 459 days in 2012, substantially above the DEA's 180-day goal for such adjudications. For all registrant actions—including both orders to show cause and immediate suspension orders—the average number of days the DEA took to make a final decision ranged from a high of 730 days in 2009 to 366 days in 2012. The OIG also found that the DEA does not have timeliness standards except for a 180-day goal for immediate suspension orders, and it consistently has failed to meet that internal standard.

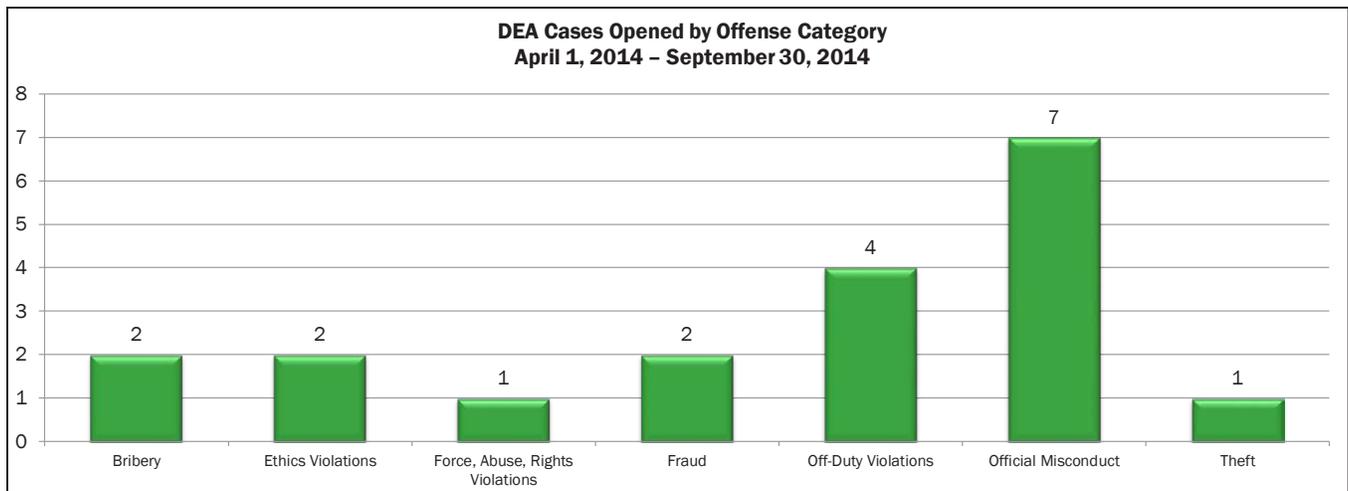
The review identified several factors that may affect the timeliness of final decisions, including the lack of timeliness standards for all kinds of registrant actions, variations in how administrative law judges manage their caseloads, and a lack of guidance for the DEA attorneys on preparing and submitting case summaries and related materials to the Office of the Administrator for adjudications made solely by the Administrator. The OIG also found that the DEA has never analyzed the timeliness of its adjudication of registrant actions, and that due to its system for tracking adjudications, the DEA cannot effectively determine the time it takes to adjudicate each registrant action through final decision. However, the DEA has recently undertaken efforts to improve timeliness and to facilitate the adjudication of registrant actions.

The OIG made three recommendations to improve the DEA's ability to effectively and efficiently adjudicate all registrant actions in a timely manner and mitigate the potential adverse effects of delays on the public, registrants, and the DEA. The DEA agreed with all three recommendations.

Investigations

During this reporting period, the OIG received 352 complaints involving the DEA. The most common allegations made against DEA employees included official misconduct, and

Drug Enforcement Administration



Source: Investigations Data Management System

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 19 cases and referred 12 allegations to the DEA's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 38 open cases of alleged misconduct against DEA employees. The most common allegation was official misconduct.

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

- In the *Semiannual Report to Congress, October 1, 2013 – March 31, 2014*, the OIG reported that a DEA task force officer was arrested and pled guilty to a criminal information filed in the U.S. District Court for the Western District of Louisiana charging him with exceeding authorized computer access. On April 1, 2014, the former task force officer was sentenced to 1 year of probation and fined \$10,000. In pleading guilty, the task force officer admitted to accessing DEA computer systems to locate and repossess vehicles on behalf of financial

institutions that contracted his services. The task force officer resigned his DEA position following the initiation of the investigation. The investigation was conducted by the OIG's Houston Area Office.

- In the *Semiannual Report to Congress, October 1, 2013 – March 31, 2014*, the OIG reported that a DEA accounting technician was arrested and pled guilty to a criminal information filed in the U.S. Court for the District of New Jersey charging him with theft of government property. On April 28, 2014, the former accounting technician was sentenced pursuant to his guilty plea to 3 years of probation, ordered to pay \$32,225 in restitution to the DEA, barred from holding any job requiring him to conduct unsupervised financial transactions, and ordered to receive psychological counseling. In his guilty plea, the defendant, who had served as the Imprest Fund Cashier, admitted that he stole \$33,225 from a DEA Imprest Fund between September 2011 and September 2013. The employee resigned his position with the DEA. The investigation was conducted by the OIG's New Jersey Area Office.

Drug Enforcement Administration

Ongoing Work

Confidential Sources Program

The DEA uses confidential sources—individuals who provide information to the DEA regarding criminal activities—to aid in its enforcement of U.S. controlled substance laws and regulations, and investigations of those involved in the growing, manufacturing, or distribution of controlled substances. The audit will assess the DEA’s management and oversight of its Confidential Source Program, including compliance with rules and regulations associated with the use of confidential sources, and oversight of payments to confidential sources.

Post-Incident Response to Missions in Honduras Involving the Use of Deadly Force

The Department of Justice and State OIGs are conducting a joint review of the post-incident responses by State and the DEA to three drug interdiction missions in Honduras in 2012, all involving the use of deadly force. The missions were conducted jointly among the government of Honduras, the DEA, and State pursuant to an aerial interdiction program known as Operation Anvil. The joint review will address, among other things, pertinent pre-incident planning and the rules of engagement governing the use of deadly force, the post-investigative and review efforts by State and DEA, the cooperation by State and DEA personnel with the post-shooting reviews, and the information provided to Congress and the public by the Department and State regarding the incidents.

Handling of Drug Seizures

The OIG is conducting an audit to determine if the DEA’s controls over accountability of drug evidence are adequate to safeguard against theft, misuse, and loss.

Administrative Subpoenas

The OIG is examining the DEA’s use of administrative subpoenas to obtain broad collections of data or information. The review will address the legal authority for the acquisition or use of these data collections; the existence and effectiveness of any policies and procedural safeguards established with respect to the collection, use, and retention of the data; the creation, dissemination, and usefulness of any products generated from the data; and the use of “parallel construction” or other techniques to protect the confidentiality of these programs.

Passenger Interdiction

The OIG is examining interdiction activities involving DEA-initiated consent encounters and searches of travelers in transportation facilities. The review will cover the policies, practices, documentation, and oversight of DEA-initiated encounters, searches, and seizures, and how the DEA oversees these activities.

Bureau of Alcohol, Tobacco, Firearms and Explosives

ATF's more than 4,700 employees enforce federal criminal laws and regulate the firearms and explosives industries. ATF investigates violent crimes involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products. ATF also provides training and support to its federal, state, local, and international law enforcement partners and works in 25 field divisions with representation throughout the United States, Puerto Rico, U.S. Virgin Islands, and Guam. 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.



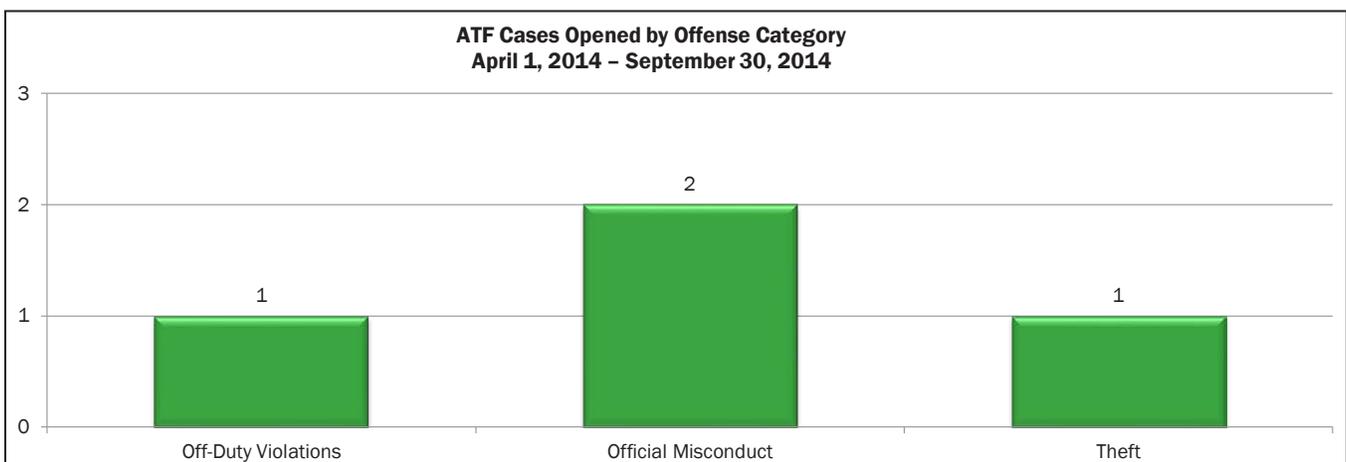
Investigations

During this reporting period, the OIG received 122 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 4 cases and referred 8 allegations to ATF's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 12 open criminal or administrative investigations of alleged misconduct related to ATF employees. The investigations include official misconduct and off-duty misconduct.

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

- *In the Semiannual Report to Congress, October 1, 2013 – March 31, 2014, the OIG reported that a former ATF group supervisor pled guilty in the U.S. District Court for the Western District of Washington to making a materially false statement. On May 23, 2014, the former ATF group supervisor was sentenced to 1 year of incarceration and fined \$10,000. In his guilty plea, the ATF group supervisor admitted that he falsified the signature of a special agent under his supervision on agent cashier forms indicating a payment of \$700 to a confidential source and also*



Source: Investigations Data Management System

Bureau of Alcohol, Tobacco, Firearms and Explosives

admitted he knew the special agent did not make the payment to the confidential source. The ATF group supervisor resigned from his position following this investigation. The investigation was conducted by the OIG's San Francisco Area Office.

Ongoing Work

Storefront Operations

The OIG is reviewing ATF's oversight of certain of its storefront operations. One of the key findings of the OIG's September 2012 report, *A Review of ATF's Operation Fast and Furious and Related Matters*, was that ATF failed to exercise sufficient oversight of activities that posed a danger to the public or otherwise presented special risks. ATF recognized this problem and established a Monitored Case Program to improve its oversight capabilities. The OIG's review will examine several storefront operations that continued or began after the inception of the Monitored Case Program, and evaluate the effectiveness of the Monitored Case Program as an oversight tool.

ATF's Investigation of the Osorio and Barba Firearms Trafficking Rings

The OIG is reviewing allegations that ATF failed to timely investigate and arrest subjects involved in trafficking firearms that were used in an attack on U.S. Immigration and Customs Enforcement agents in Mexico in 2011. One of the agents, Jaime Zapata, died from injuries he sustained during the attack. The OIG investigation is examining the information that was available to ATF about the firearms traffickers prior to Agent Zapata's death.

Office of Justice Programs

OJP manages the majority of the Department's grant programs and is responsible for developing initiatives to address crime at the state and local levels. OJP is composed of five bureaus—Bureau of Justice Assistance (BJA), Bureau of Justice Statistics (BJS), National Institute of Justice (NIJ), OJJDP, and OVC – as well as the Community Capacity Development Office and the Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking. In this section, the report discusses OJP's oversight of grant funds and OIG reviews of grant recipients.



Reports Issued

John R. Justice Grant Program

The OIG issued an audit of the John R. Justice (JRJ) Grant Program, administered by BJA, which provides student loan assistance to attorneys serving as state and local prosecutors or federal, state, and local public defenders.

In general, the audit found that BJA must improve its record-keeping, oversight, and communication with state administering agencies (States) and beneficiaries to ensure responsible tracking of the \$28 million that has been appropriated to fund the JRJ program since 2010. Almost \$500,000 in funds that the BJA had granted to States had remained unspent on attorney awards when the grant periods closed.

The audit also identified approximately \$650,000 in additional unspent funds that could be put to better use, including over \$370,000 that the BJA awarded to U.S. territories that had not demonstrated a need or ability to implement the JRJ program and did not appear to have spent any of their JRJ funding during their first 2.5 years in the program on awards to attorney beneficiaries.

In addition, the OIG identified at least 288 attorney beneficiaries who left the JRJ program early and who had received over \$1.2 million in JRJ awards; yet, as of February 2014, OJP had only received approximately \$136,000 in repayments that were tied to such individuals

leaving early. The OIG estimated a difference of at least \$1 million between total funds known to have been awarded to beneficiaries who left their initially-qualifying eligible positions early, and funds known to have been repaid by those exiting beneficiaries.

Further, shortcomings in the BJA's oversight and record-keeping, among other factors, prevented the OIG from developing a quantitative analysis of whether the JRJ program has fully achieved its goals for recruitment and retention of public service attorneys.

The OIG made 12 recommendations addressing the administration of JRJ program funds, the tracking of JRJ participants and their owed repayments, and factors that may detract from the financial benefit of the program. OJP agreed with all 12 recommendations.

Solving Cold Cases with DNA Grant Program

The OIG issued an audit revealing deficiencies in the NIJ's oversight of the Solving Cold Cases with DNA Program, which offers funding to state and local governments to identify, review, and investigate violent crime cold cases that have the potential to be solved through DNA analysis. Specifically, the OIG identified issues related to NIJ's monitoring of the use of program funding, program implementation, and performance reporting.

Office of Justice Programs

Of six specific award recipients the OIG reviewed, the audit found that two of these recipients, the Jackson County, Missouri Prosecutor's Office (Jackson County), and the Kansas City, Missouri Board of Police Commissioners (Kansas City), were using award funds for unallowable purposes, resulting in questioned costs totaling \$944,756, and funds to better use totaling \$415,829. The NIJ did not identify these issues despite having conducted an in-depth review of Jackson County's award, which was closely aligned with Kansas City's award as the two agencies were awarded funds to conduct dual reviews of the same cases.

The OIG also found that one award recipient, the Colorado Department of Public Safety (CDPS), encountered problems implementing its Cold Case DNA program. Specifically, the audit determined that the CDPS experienced major delays in both spending and drawing down award funds; however, the NIJ did not resolve this issue despite a number of indicators that should have been evident in the course of its general monitoring, such as slow spending and award extension requests.

Finally, the NIJ did not identify performance reporting issues at all six of the recipient sites reviewed. The OIG identified metrics related to the number of cases reviewed and subjected to DNA analysis that were understated by as much as 89 cases in a given period and overstated by as much as 31 cases in a given period. In addition, the audit found that, as partnering agencies, Kansas City and Jackson County counted 485 of the same cases in both of their performance reports, contrary to OJP guidance. The audit also determined that Kansas City and Jackson County reviewed a large number of ineligible cases that were included as part of the metrics reported, all resulting in significant overstatements. The NIJ did not identify these issues despite conducting in depth reviews of two of the six programs the OIG reviewed.

The OIG made three recommendations to the NIJ to enhance oversight of the Solving Cold Cases with DNA Program. The NIJ agreed with the recommendations.

Audits of Grants to State and Local Entities

The OIG also 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 audited 21 external OJP grant recipients. Summaries of findings from some of these audits follow.

- The OIG issued a limited scope audit of an OJP grant to Justice Planner's International, LLC (JPI), a for-profit company. The purpose of the audit was to identify significant risks associated with JPI's management and administration of the grant. The audit questioned \$1.56 million in grant expenditures, \$1,546,978 of which consisted of payments for JPI personnel, including its president, who received grant fund payments indirectly through a parent company. Specifically, JPI did not provide adequate time and effort reports or equivalent documentation to support that payments made for personnel were grant-related. In addition, JPI charged \$7,602 for consultant payments that were not adequately documented with evidence that the corresponding work was performed. The audit also questioned unapproved expenses, including \$2,200 for a "Wild Horse Pass tour" and \$2,780 in tax-preparation expenses for the for-profit company. The OIG made two recommendations to OJP to remedy questioned costs. OJP agreed with the recommendations.

Office of Justice Programs

- The OIG issued an audit of a \$1.24 million grant awarded to the New Jersey Police Athletic League (NJPAL) to implement an equestrian camp in New Jersey for youth likely to become involved in juvenile crime. The audit found that NJPAL was in material non-compliance with grant requirements; most significantly, NJPAL did not accomplish any of its objectives outlined in the grant application. Furthermore, NJPAL did not provide support for \$310,251 in expenditures and charged \$133,451 in unallowable expenditures, including the salary for personnel who substantially did not work on the grant program. In addition, the audit found the program director's salary was supplanted with grant funds. Because NJPAL neither appropriately used grant funds nor fully complied with the conditions of the grant, the audit questioned all grant transactions, totaling \$1,100,732. During the audit, NJPAL and its former executive director were suspended from entering into new contracts with the federal government. As the OIG reported in a prior Semiannual Report to Congress, on July 31, 2013, the USAO for the District of New Jersey entered into settlements with NJPAL and its former Executive Director to resolve any federal government claims against them in connection with the grant. NJPAL agreed to pay \$35,000, and the former executive director agreed to pay \$22,000. While this settlement does not allow for further recovery of funds, the agreements addressed the audit's questioned costs. Further, NJPAL has substantially been replaced by a different organization, the Police Athletic League of New Jersey. As a result, the recommendations in this final report were closed.
- The OIG audited 21 grants and cooperative agreements totaling more than \$48 million awarded to the National Forensic Science Technology Center

(NFSTC), a non-profit corporation located in Largo, Florida. NFSTC received the awards between September 2007 and January 2011, to provide training, research, technology development and assistance, and support for mobile forensic laboratories that the NFSTC deploys to state, local, and federal agencies. The OIG found that the NFSTC provided the services as required under the grants, but that there were significant deficiencies in the management of the grants. Specifically, the OIG found that the NFSTC improperly transferred funds from one cooperative agreement to another, and questioned \$744,395 in transferred grant funds. In addition, the audit found that the NFSTC paid employees \$105,778 in retroactive salary payments not authorized by OJP, including one instance where the Human Resources Director analyzed her own salary level. Other internal control and reporting deficiencies the audit identified included that the NFSTC did not maintain proper supporting documentation for its drawdowns of federal funds and for the contents of its federal financial reports. In total, the audit identified \$850,173 in questioned costs. The OIG made 10 recommendations to OJP that included remedying questioned costs and improving the NFSTC's grant management for Department grants and cooperative agreements. OJP agreed with the recommendations.

- The OIG audited two cooperative agreements totaling \$1,550,000 awarded to the National Alliance for Drug Endangered Children (NADEC) to provide training and technical assistance to state Drug Endangered Children alliances and others in the community who assist and care for drug endangered children. The audit found that NADEC did not comply with essential cooperative agreement conditions in the areas of award expenditures and special

Office of Justice Programs

conditions. NADEC charged \$819,189 in unallowable and unsupported costs to the cooperative agreements. The OIG made eight recommendations to OJP and OJP agreed to work with the grantee to remedy the questioned costs.

- The OIG audited a \$593,175 Tribal Assistance Grant awarded to the Soboba Band of Luiseño Indians (Soboba). Because performance-related records were incomplete and commingled with other federal grant records, the OIG was unable to determine whether Soboba accomplished its grant objectives. Therefore, the audit questioned the amount that Soboba drew down, which totaled \$589,535. Of that amount, \$330,556 was associated with inadequately supported personnel expenses for two employees. Further, the audit questioned \$184,694 in the grant's required match that the OIG determined was inadequately supported. As a result, the audit questioned the grant and the match requirement totaling \$774,229. The OIG made six recommendations to OJP to remedy questioned costs and ensure that Soboba strengthens internal controls over grant funding. OJP agreed with the recommendations.
- The OIG audited an OJJDP grant totaling \$2,353,583 awarded to Friends First Inc. (Friends First), located in Littleton, Colorado, to provide mentoring services for at-risk youth. Specifically, the audit found that Friends First did not have adequate procedures to review and authorize grant-related disbursements, had not established subrecipient monitoring procedures, had not properly accounted for program income, and did not accurately record, document and monitor its training efforts to ensure compliance with award training requirements. The audit identified \$719,302 in dollar-related findings

comprised of \$674,576 in unsupported costs, \$38,040 in unallowable costs, and \$6,685 in program net income that should have been credited to the grant fund. The OIG made 10 recommendations to OJP and OJP agreed with the recommendations.

- The OIG audited four Correctional Facilities on Tribal Lands Training and Technical Assistance Program grants totaling \$6,856,394 awarded to the Justice Solutions Group (JSG), Closter, New Jersey, a for-profit organization. The purpose of these grants was to provide training and technical assistance to OJP award recipients to facilitate the design, construction, or renovation of correctional facilities on tribal lands used for the incarceration of offenders subject to tribal jurisdiction. The audit found that JSG's internal controls were not adequate to manage grant funds and ensure compliance with all applicable laws, regulations, guidelines, and special conditions of the grants. As a result, the audit questioned a total of \$714,282 in unallowable and unsupported expenditures by JSG. In addition, the OIG found that JSG was deficient in its accounting of equipment and property; filed inaccurate FSR and American Recovery and Reinvestment Act of 2009 Reports; lacked proper support for performance metrics in its Progress Reports; and insufficiently monitored consultants. The OIG made 10 recommendations to OJP to remedy questioned costs and ensure that JSG complies with grant requirements. OJP agreed with the recommendations.
- The OIG audited two cooperative agreements totaling \$2,308,946 awarded to the Philadelphia Children's Alliance (PCA) to operate the Northeast Regional Children's Advocacy Center, a program addressing child abuse and neglect in

Office of Justice Programs

the northeastern United States. The audit found that PCA was not in full compliance with all of the award conditions and identified \$248,108 in costs that were either unallowable or unsupported. In addition, the OIG identified seven management improvement findings related to PCA's internal control environment, grant expenditures, drawdowns, and subrecipient monitoring. The OIG made nine recommendations to OJP and OJP agreed with the recommendations.

- The OIG audited a Security Support grant totaling \$49,850,000 awarded by OJP to the City of Charlotte, North Carolina, to cover security costs for the 2012 Democratic National Convention held in Charlotte during September 2012. The OIG found that the City of Charlotte received \$79,311 in grant funds reimbursed for labor costs unsupported or unallowable under the terms and conditions of the grant. The OIG also found that the City of Charlotte was reimbursed \$53,676 to purchase two sport utility vehicles it certified could not be acquired more economically by renting, leasing, or some other means because the vehicles had to be specially modified. The audit found that the City of Charlotte never performed these modifications; therefore, the vehicles did not have to be purchased. The OIG made five recommendations to OJP to remedy a total of \$132,987 in questioned costs. OJP agreed with the recommendations.
- The OIG audited a Security Support grant totaling \$49,850,000 awarded by OJP to the City of Tampa, Florida, to cover security costs for the 2012 Republican National Convention held in Tampa during August 2012. The OIG found that the City of Tampa received \$25,192 in grant funds for overtime, salary, or fringe benefits that could not be adequately supported. The OIG also found that the City of Tampa was reimbursed \$272,904

to purchase an armored vehicle even though it already owned two armored vehicles with at least one vehicle in operable condition. Additionally, the OIG found that after the convention had ended, the City of Tampa used a grant-funded vehicle for non-criminal justice purposes, which was impermissible under federal grant requirements. The OIG made two recommendations to OJP to remedy \$25,192 in questioned costs and ensure the City of Tampa uses federal grant-funded property only for criminal justice purposes. OJP agreed with the recommendations.

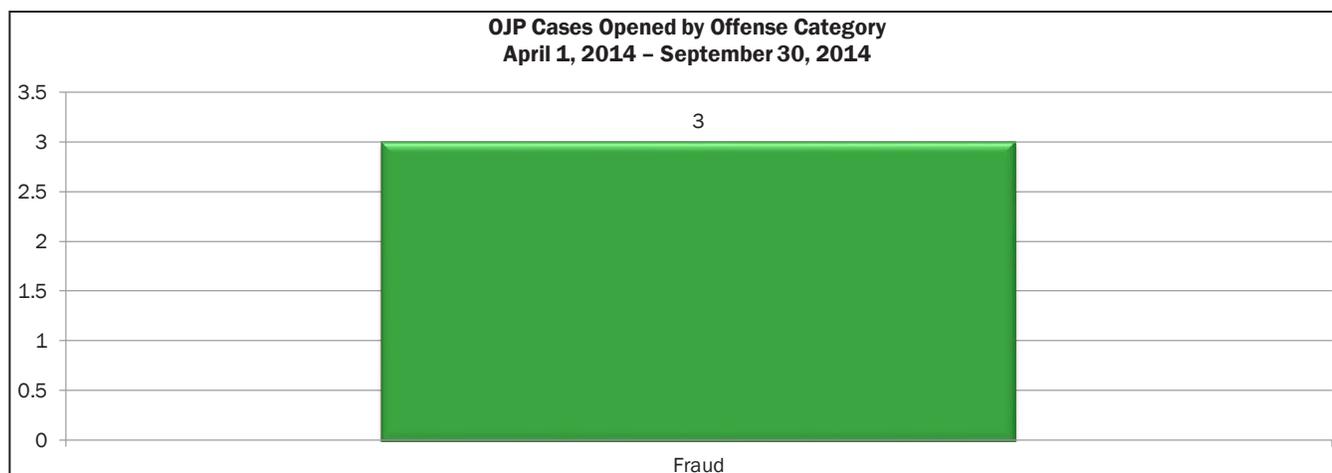
- The OIG issued an audit of an OJJDP grant for \$345,325 awarded to the WISOMMM in Newark, New Jersey. The purpose of the grant was to provide local at-risk youth with educational, cultural, and recreational alternatives to crime and violence. The audit identified significant deficiencies in accounting systems and internal controls, and questioned \$146,000 in unauthorized loans from grant funds and payments to an individual whose grant work could not be verified. The OIG made two recommendations to OJP. OJP agreed with the recommendations, and WISOMMM received a court judgment to repay \$125,000 before the final report was issued. This audit resulted in an investigation discussed below.

Investigations

During this reporting period, the OIG received 12 complaints involving OJP. The most common allegation made against OJP employees, contractors, or grantees was fraud.

During this reporting period, the OIG opened 3 cases. At the close of the reporting period, the OIG had 22 open criminal or administrative investigations of alleged misconduct related to OJP employees, contractors, or grantees. The majority of these criminal investigations were related to grantee fraud.

Office of Justice Programs



Source: Investigations Data Management System

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

- On August 20, 2014, a former employee of the DVIP, a non-profit organization in La Crosse, Wisconsin, was arrested and pled guilty to one count of theft of government funds. According to the guilty plea entered in the U.S. District Court for the Western District of Wisconsin, on or about and between June 2007 and June 2010, the employee intentionally gave herself an unauthorized pay increase exceeding \$100,000 and used the organization's credit card to make unauthorized purchases for personal items. During the period of the theft, the organization received and administered funding from the Department under the *Victims of Crimes Act*. The investigation was conducted by the OIG's Chicago Field Office.
- On June 26, 2014, the former executive director of the Lighthouse Shelter, Inc., a shelter for victims of domestic violence and sexual assault, was arrested and pled guilty in the U.S. District Court for the Western District of Missouri to a two-count criminal information charging her with theft of government property and submission of a false claim against the

United States. According to the guilty plea entered by the former executive director, she embezzled and converted to her own use over \$1,000 that had been received by the Lighthouse Shelter from the Department, through the *Victims of Crime Act* and the State Services for Victims Fund (SSVF). In pleading guilty, the former executive director also stated that she submitted a claim for funds under the SSVF grant for \$11,513.24, knowing the claim was fraudulent in that it included expenses for individuals performing duties unrelated to the SSVF grant. The former executive agreed to pay restitution to Lighthouse for the total amount of the loss. The former executive director resigned from her position on April 11, 2013, as a result of the OIG investigation and has agreed not to contest federal debarment proceedings. The investigation was conducted by the OIG's Chicago Field Office and the FBI.

- On July 21, 2014, the U.S. Attorney's Office for the District of New Jersey obtained a \$125,000 civil consent judgment for misuse of federal grant funds against the WISOMMM, a recipient of an OJP grant. According to the consent judgment, the WISOMMM misspent and improperly accounted for funds issued for the

Office of Justice Programs

specific purpose of funding after-school activities for at-risk youth in the Newark, New Jersey, area. The civil complaint alleged that the WISOMMM received a \$345,325 grant from OJP's OJJDP to fund its Boycott Crime Campaign but used much of the grant money to fund its parent organization by presenting false claims. Civil proceedings against a separate defendant remain pending. The investigation was conducted by the OIG's New Jersey Area Office and the FBI and was initiated based on a referral from the OIG's Audit Division.

- On July 24, 2014, Employee and Family Resources, a non-profit provider of community services in Des Moines, Iowa, voluntarily returned \$112,938.63 in Department grant funds to the Iowa Department of Human Rights, Division of Criminal and Juvenile Justice Planning (the state's Department grant administrator). According to the OIG's investigation, between 2005 and 2011, Employee and Family Resources, the non-profit sub-grantee received approximately \$314,700 in funds from the Department's OJJDP for services to juveniles with alcohol offenses via grants to the Iowa Department of Human Rights. During that timeframe, Employee and Family Resources failed to report program income generated from its grant projects and also had paid bonuses to its chief executive officer and chief financial officer that were not allowable expenses under the terms of the grants. The Iowa grant administrator will redirect the funds recovered from Employee and Family Resources to other underage alcohol abuse programs. The investigation is being conducted by the OIG's Chicago Field Office.
- In the *Semiannual Report to Congress, October 1, 2013 – March 31, 2014*, the OIG reported that a former secretary and grant administrator of the Central Illinois

Enforcement Group, a drug task force, was sentenced to 12 months and 1 day of incarceration and 36 months' supervised release pursuant to her guilty plea to charges of wire fraud and embezzlement. She was also ordered to pay restitution of \$42,186 to the task force. According to the plea and investigation, over a 6-year period beginning around September 1, 2005, the former employee stole over \$42,000 from the task force by falsifying invoices, using task force credit cards for non-official purchases, and depositing task force checks into her personal checking account. The stolen monies included Edward Byrne Memorial Justice Assistance Grant Program funds, federal and state forfeiture funds, and state court fine funds. On August 12, 2014, the Department's Senior Procurement Executive issued a formal Notice of Debarment, precluding the former employee from contracting with any federal agency and from receiving any federal grants for 4 years. The investigation was conducted by the OIG's Chicago Field Office, the Federal Bureau of Investigation, and the Illinois State Police.

Ongoing Work

Public Safety Officers' Benefits Programs

Public Safety Officers' Benefits (PSOB) Programs provide education and death benefits to eligible survivors of federal, state, or local public safety officers, and disability benefits to eligible public safety officers, as the direct result of death or catastrophic personal injury sustained in the line of duty. The audit will assess the process used by the PSOB to make determinations for death and disability claims, paying particular attention to claims for which no initial determination had been made within 1 year of the claim's initiation.

Office of Justice Programs

Correctional Systems and Correctional Alternatives on Tribal Lands Program

The Correctional Systems and Correctional Alternatives on Tribal Lands (CSCATL) Program funds the planning and construction of new or renovation of existing tribal justice facilities, as well as community-based alternatives to help prevent and control jail overcrowding due to alcohol and other substance abuse-related crime. The BJA administers the CSCATL Program in coordination with the Bureau of Indian Affairs, within the Department of the Interior which, with tribal grantees, is responsible for supporting, operating, and maintaining the correctional facilities. The OIG's audit will assess OJP's management and oversight of the CSCATL Program, including the contracting activities of program grantees, and determine the extent of OJP's cooperation and coordination with the Bureau of Indian Affairs to ensure efficient and effective correctional services in Indian Country.

Other Department Components

Office of Community Oriented Policing Services

Report Issued

Audit of COPS Grant to Toledo, Ohio, Police Department

The 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 a COPS Hiring Recovery Program grant for \$7,149,437 awarded to the Toledo, Ohio, Police Department to rehire 31 sworn officers who had been previously laid off. The audit questioned \$2,508,576 in officer salary and fringe benefit costs because of indications of supplanting and questioned \$396,321 in vacation and sick leave fringe benefit costs for which the Toledo Police Department received duplicate reimbursement. The OIG made five recommendations to COPS to remedy questioned costs and ensure that the grantee comply with award requirements. COPS agreed with the recommendations.

Criminal Division

Reports Issued

Office of Enforcement Operations **Witness Security**

The OIG issued a report on termination and appeals notice to Witness Security (WitSec) Program inmate participants. On April 10, 2013, in a concurring opinion related to a claim by a former inmate participant challenging his termination from the WitSec Program, two judges on the U.S. Court of Appeals for the Second Circuit expressed concern that the Office of Enforcement Operations (OEO) had failed to comply with procedural guarantees for proposed terminations. The OIG concluded that OEO did not comply with the statutory requirements that the WitSec Program



participant be notified about the specific reasons for the proposed termination so that the participant can challenge the decision through established procedures. In addition, the OIG found that the Memorandum of Understanding between the Department and Witsec Program participants did not explain the appeals process, as the statute required. The OIG made one recommendation to ensure that all inmate participants are informed of their procedural rights. The Criminal Division agreed with the recommendation.

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 audited equitable sharing revenues received by four law enforcement agencies as described below.

- The OIG audited \$14,437,545 in Department equitable sharing revenues received by the New York Police Department (NYPD) for equitable sharing program activities for July 1, 2008, through

Other Department Components

- June 30, 2011. The OIG determined that the NYPD did not submit its Agreement and Certification Forms in a timely fashion, potentially inhibiting the Criminal Division Asset Forfeiture and Money Laundering Section's management of the equitable sharing program implemented by the NYPD. The audit also found that the equitable sharing database could not be updated when the NYPD received equitable sharing receipts because the requisite identification numbers were not always properly entered into the system. The OIG made two recommendations to the Criminal Division to assist in its oversight of the NYPD's equitable sharing program. Both the Criminal Division and the NYPD agreed with the recommendations.
- The OIG audited \$1,393,971 in Department equitable sharing revenues received by the Arlington Heights Police Department (Arlington Heights PD) equitable sharing program activities for May 1, 2010, through April 30, 2012. While the OIG determined that the Arlington Heights PD expended equitable sharing funds in accordance with the guidelines, the Arlington Heights PD did not separately account for equitable sharing receipts in the official accounting records, incorrectly categorized several expenditures and inaccurately reported non-cash assets received, and did not separately account for interest income earned on Department equitable sharing funds. Further, it neither maintained copies of all equitable sharing requests, nor maintained the request log in the form required by the 2009 Equitable Sharing Guide. The OIG made four recommendations to the Criminal Division to assist in its oversight of the Arlington Heights PD's equitable sharing program. Both the Criminal Division and the Arlington Heights PD agreed with the recommendations.
 - The OIG audited the Salt Lake City, Utah, Metro Narcotics Task Force's (MNTF) equitable sharing program activities for FYs 2012 and 2013 and assessed whether the \$961,876 of equitable sharing funds received by the MNTF was accounted for properly and used for allowable purposes as defined by applicable regulations and guidelines. The audit found that while the MNTF primarily spent equitable sharing monies to enhance and support its law enforcement activities, it did not maintain a log of equitable sharing requests, obtain approval for early disposal of one item of received property, or have documented procedures for approval of equitable sharing expenditures as required by the equitable sharing guidelines. The OIG made two recommendations to the Criminal Division to assist in its oversight of the MNTF's equitable sharing funds. Both the Criminal Division and the MNTF agreed with the recommendations.
 - The OIG audited the village of Oak Lawn, Illinois, Police Department's (Oak Lawn PD) equitable sharing activities between January 1, 2011, through September 30, 2013, to assess whether a \$24,375 vehicle and \$529,278 in revenues were used for allowable law enforcement operations and accounted for properly as defined by applicable regulations and guidelines. The audit identified numerous internal control issues, including a lack of documented policies and procedures. In addition, the Oak Lawn PD improperly commingled equitable sharing and other sources of funding and used the equitable sharing account as a reimbursable cash disbursement account. Consequently, the Oak Lawn PD's annual certification report to AFMLS overstated receipts and disbursements because it included transactions from these commingled activities. The OIG also found that the Oak Lawn PD used \$13,796 in equitable sharing funds to pay for unallowable costs

Other Department Components

associated with travel expenses for honor guard detailees, charitable donations, and charitable event fundraisers. The OIG made seven recommendations to the Criminal Division to assist in its oversight of the village of Oak Lawn PD's equitable sharing program. The Criminal Division agreed with the recommendations.

U.S. Attorneys' Offices

Ongoing Work

Pre-trial Diversion and Drug Court Programs

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

Debt Collection

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

Investigations

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

- The OIG conducted an investigation of allegations that a U.S. Attorney accepted a partial-expenses paid trip to a foreign country from a non-profit organization. The investigation determined that the U.S. Attorney was aware that the

invitation for the trip was offered to him because of his official position and that EOUSA had determined that the trip was not considered official travel. The investigation further determined that the U.S. Attorney subsequently failed to seek advice from ethics advisors about accepting payment of lodging and expenses associated with the trip. The OIG concluded that the U.S. Attorney's conduct violated federal law and regulations relating to the acceptance of gifts, use of public office for private gain, and acceptance of travel and related expenses from a non-federal source. Prosecution was declined. EOUSA informed the OIG that it provided the ROI to the Office of the Deputy Attorney General, which on May 9, 2014, subsequently issued to the U.S. Attorney a letter of admonishment and directed him to reimburse the non-profit organization.

Office on Violence Against Women

Reports Issued

Audits of OVW Grants

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

Other Department Components

- The OIG audited Tribal Domestic Violence and Sexual Assault Coalitions Program grants totaling \$1.169 million, awarded by OVW to the Sicangu Coalition Against Sexual and Domestic Violence (Sicangu). The audit revealed \$775,138 in questioned costs, and \$72,275 in funds to better use, including 2 years (2009-2011) of \$653,887 in expenditures for which Sicangu could not provide any supporting documentation. The audit found that unallowable bonuses were paid to board members and drawdowns did not reconcile to accounting records. As a result, the audit concluded that Sicangu's internal control environment was inadequate and the accounting system was unreliable. Further, grant program performance metrics and achievements were unsupported and could not be verified. The OIG made six recommendations to OVW to address dollar-related findings. OVW agreed with the recommendations.
- The OIG audited an OVW grant totaling \$1,750,000 awarded to the Crisis Center for Domestic Abuse and Sexual Assault (Crisis Center) in Fremont, Nebraska. The audit found that the Crisis Center did not comply with essential grant conditions in the areas of internal controls, grant expenditures, and grant reporting. Specifically, the Crisis Center did not maintain timesheets for grant-funded personnel that showed the amount of time worked on the grant or documentation supporting the data reported in its progress reports. The audit also identified grant expenditures that were not supported by adequate documentation detailing the allocation of costs across multiple funding sources. Overall, the audit identified \$174,521 in questioned costs. The audit made three recommendations to OVW to address dollar related findings and five recommendations to improve the management of Department grants. Both the grantee and OVW agreed with the recommendations.
- The OIG audited two grants totaling \$1,409,822 awarded to the Coalition to Stop Violence Against Native Women (CSVANW) to provide resources for organizing and supporting efforts to end violence against Indian women. The audit found that the CSVANW did not comply with essential award conditions in several areas including internal controls, drawdowns, grant expenditures, budget management and control, financial reporting, program performance and accomplishments, post grant end-date activity, and special grant requirements. Specifically, the CSVANW did not have current or complete fiscal policies, drew down excess cash for each of its 82 drawdowns, and had \$79,026 in unallowable and unsupported expenditures. Additionally, the CSVANW did not submit accurate budget narratives to OVW for approval, and did not consistently submit accurate or timely financial reports, including the final financial report submitted during closeout. The audit made 13 recommendations to OVW to remedy questioned costs and address the issues noted during the audit. OVW agreed with the recommendations.

Investigations

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

- On July 7, 2014, the Department's Suspension and Debarment Official debarred the non-profit organization Shelter of Safety and its executive director and one employee from contracting or receiving any grants from any agency of the executive branch for a period of 3 years. This decision was based on the OIG's investigative findings that the

Other Department Components

executive director and the employee (1) improperly used approximately \$13,000 in federal grant funds from the Department's OVW to pay for a party hosted in Rapid City, South Dakota, on behalf of another non-profit organization they created; and (2) misappropriated and converted approximately over \$5,300 in grant funds for their own personal use. The investigation was conducted by the OIG's Fraud Detection Office.

Top Management and Performance Challenges

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

This year's list identifies seven challenges that we believe represent the most pressing concerns for the Department. While the challenges are not rank-ordered, the OIG believes that challenges in three critical areas—federal prisons, national security, and cybersecurity—will continue to occupy much of the Department's attention and require its sustained focus for the foreseeable future.

In addition, one of the challenges, *Effectively Implementing Performance-Based Management*, offers the Department the opportunity to realize improvements and positive results across the spectrum of its programs and operations. In order to succeed in meeting this challenge, the Department must ensure it uses current and reliable data, develops result-oriented measurements, and adopts a data-driven analytical approach in its evaluation of program performance. The OIG recognizes that achieving result-oriented measurement is particularly difficult in areas such as litigation and law enforcement, but it is of critical importance to the Department's ability to effectively monitor whether its programs are accomplishing their intended goals. Performance-based management will enhance the Department's ability to achieve its strategic management objectives and address its most salient challenges.



Top Management and Performance Challenges in the Department of Justice – 2014

1. Addressing the Persisting Crisis in the Federal Prison System
2. Safeguarding National Security Consistent with Civil Rights and Liberties
3. Enhancing Cybersecurity in an Era of Ever-Increasing Threats
4. Effectively Implementing Performance-Based Management
5. Ensuring Effective and Efficient Oversight of Law Enforcement Programs
6. Upholding the Highest Standards of Integrity and Public Service
7. Protecting Taxpayer Funds from Mismanagement and Misuse

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

Congressional Testimony/Legislation and Regulations

Congressional Testimony

During this reporting period, the Inspector General testified on four occasions, including before the U.S. Senate Committee on Appropriations, Subcommittee on Commerce, Justice, Science, and Related Agencies on April 3, 2014, regarding the Department's FY 2015 budget request; before the U.S. Senate Committee on Homeland Security and Governmental Affairs on April 30, 2014, regarding the U.S. government's handling and sharing of information prior to the Boston Marathon Bombings; before the U.S. House of Representatives Committee on the Judiciary on September 9, 2014, regarding the OIG's access to information in the Department's possession; and before the U.S. House of Representatives Committee on Oversight and Government Reform on September 10, 2014, regarding Inspectors' General access to information in their respective agency's possession.



Legislation and Regulations

The IG Act directs the OIG to review proposed legislation and regulations relating to the programs and operations of the Department. Although the Department's Office of Legislative Affairs reviews all proposed or enacted legislation that could affect the Department's activities, the OIG independently reviews proposed legislation that could affect its operations and legislation that relates to waste, fraud, or abuse in the Department's programs and operations. For example, during this period, the OIG reviewed legislation including the *USA FREEDOM Act*; Section 217 of the *Commerce, Justice, Science, and Related Agencies Appropriations Act, 2015*; the *Inspector General Empowerment Act of 2014*; the *Taxpayers Right-To-Know Act*; and matters related to national security, cyber security, FISA, the *Freedom of Information Act*, government records retention, procurement, and Inspectors' General recommendations.

Whistleblower Ombudsperson Program

Whistleblowers continue to be an important source of information regarding waste, fraud, and abuse within their offices, and to perform an important service by coming forward with such information. As publicity about retaliation against whistleblowers from across the federal government continues to receive widespread attention, it is particularly important that the Department act affirmatively to ensure that whistleblowers feel protected and, indeed, encouraged to come forward.

During the past 6 months, the OIG Whistleblower Ombudsperson Program has continued to focus its efforts on expanding outreach and training throughout the Department. In April 2014, the Deputy Attorney General sent a memorandum to all Department employees encouraging them to view the educational video prepared by the OIG entitled, "Reporting Wrongdoing: Whistleblowers and their Rights and Protections," and the OIG is working with the Department's components to assist them in integrating whistleblower education within their training programs. The BOP has made viewing this video mandatory for all employees, and the DEA has posted links to the video and the Deputy Attorney General's memorandum on its intranet. The OIG also is partnering with the FBI in the development of specialized training that will highlight the particular requirements applicable to FBI employees.

The OIG Ombudsperson program also continued its outreach to non-governmental organizations active in the whistleblower area, including hosting representatives of these organizations at the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Whistleblower Ombudsman working group meetings that the OIG continued to chair during the reporting period for the purpose of sharing information and best practices. The OIG Ombudsperson also was invited to speak about these issues to the Council of Federal Ombudspersons, at the annual conference of Inspectors General organized by the CIGIE, and at the National Government Ethics Summit organized by the United States Office of Government Ethics.

As a result of newly-developed tracking mechanisms within the OIG, the OIG Ombudsperson Program has enhanced its ability to ensure that these important matters are handled in a timely fashion. The relevant numbers of employee complaints received by the OIG, complaints received from individuals identifying themselves as whistleblowers, complaints resulting in the opening of investigations by the OIG, complaints referred by the OIG to the components for investigation, and employee complaint cases closed by the OIG during the reporting period are set forth in the table below.

April 1, 2013 ⁴ – September 30, 2014	
Employee complaints received ¹	265
Complainants asserting to be whistleblowers ²	13
Employee complaints opened for investigation by the OIG	106
Employee complaints that were referred by the OIG to the components for investigation	111
Employee complaint cases closed by the OIG ³	77

¹ Employee complaint is defined as an allegation received from whistleblowers, defined broadly as complaints received from employees and applicants with the Department, or its contractors, subcontractors, or grantees, either received directly from the complainant by the OIG Hotline, the field offices, or others in the OIG, or from a Department component if the complaint otherwise qualifies and is opened as an investigation.

² These complainants may or may not qualify as whistleblowers under relevant laws.

³ This number reflects cases closed during the reporting period regardless of when they were opened.

Statistical Information

Audit Overview

During this reporting period, the OIG's Audit Division issued 44 internal and external audit reports, which contained more than \$13.3 million in questioned costs, reported over \$724 thousand in funds to better use, and made 208 recommendations for management improvement.¹ Specifically, the Audit Division issued 11 internal audit reports of Department programs funded at more than \$3.6 billion; 33 external audit reports of contracts, grants, and other agreements funded at over \$208.5 million; and 91 Single Audit Act audits of programs funded at more than \$118 million. In addition, the Audit Division issued two Notifications of Irregularity and two other reports.²

Questioned Costs ³			
Reports	Number of Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs ⁴
Audits			
No management decision made by beginning of period ⁵	3	\$85,386	\$78,938
Issued during period	54 ⁶	\$16,769,171	\$8,868,962
Needing management decision during period	57	\$16,854,557	\$8,947,900
Management decisions made during period:			
–Amount of disallowed costs ⁷	57	\$16,854,557	\$8,947,900
–Amount of costs not disallowed	0	\$0	\$0
No management decision at end of period	0	\$0	\$0
Evaluations			
Nothing to report from the Evaluation and Inspections Division.			
Special Reviews			
Nothing to report from the Oversight and Review Division.			

¹ See glossary for definition of "Questioned Costs" and "Funds Recommended to Be Put to Better Use."

² "Other Reports" are identified in Appendix 3. Notifications of Irregularity include instances of Audit Division referrals to the OIG Investigations Division.

³ See glossary for definition of "Questioned Costs."

⁴ See glossary for definition of "Unsupported Costs."

⁵ Includes reports previously issued for which no management decision has been made. See glossary for definition of "management decision."

⁶ Of the audit reports issued during this period with questioned costs, 29 were *Single Audit Act* reports.

⁷ 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

Funds Recommended to Be Put to Better Use¹		
Reports	Number of Reports	Funds Recommended to Be Put to Better Use
Audits		
No management decision made by beginning of period ²	0	\$0
Issued during period	2	\$724,224
Needing management decision during period	2	\$724,224
Management decisions made during period:		
-Amounts management agreed to put to better use ³	2	\$724,224
-Amounts management disagreed to put to better use	0	\$0
No management decision at end of period	0	\$0
Evaluations		
Nothing to report from the Evaluation and Inspections Division.		
Special Reviews		
Nothing to report from the Oversight and Review Division.		

¹ See glossary for definition of "Funds Recommended to Be Put to Better Use."

² Reports previously issued for which no management decision has been made.

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

Statistical Information

Significant Recommendations for Which Corrective Actions Have Not Been Completed			
Report Number and Date	Report Title	Rec. No.	Recommendation
Audits			
13-37 September 2013	Interim Report on the Department of Justice's Use and Support of Unmanned Aircraft Systems	1	Convene a working group comprised of DOJ components using or with an interest in using unmanned aircraft systems (UAS) to: (1) determine whether UAS capabilities are sufficiently distinct from those of manned aircraft that they require a specific DOJ-level policy to address privacy and legal concerns; and (2) identify and address UAS policy concerns that are shared across components or require coordination among components and other federal agencies.
GR-70-13-006 June 2013	Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Grants Awarded to Big Brothers Big Sisters of America	1	Remedy the \$19,462,448 in unsupported expenditures.
09-25 May 2009	Audit of the Federal Bureau of Investigation's Terrorist Watchlist Nomination Practices	5	Evaluate the overall watchlist nomination process, determine the total amount of time that is needed and can be afforded to this process, and determine how much time should be allocated to each phase of the process.
Evaluations			
I-2014-004 (July 2014)	An Assessment of the 1996 Department of Justice Review of the FBI Laboratory	1	Provide case-specific notice to defense counsel for 26 defendants currently on death row or awaiting resentencing or retrial.
I-2014-004 (July 2014)	An Assessment of the 1996 Department of Justice Review of the FBI Laboratory	3	Provide case-specific notice to currently and previously incarcerated defendants whose cases were reviewed by the Task Force (approximately 2,900).
I2014002 (March 2014)	Organized Crime Drug Enforcement Task Forces Fusion Center	4	The OFC work with SOD to define the management and workflow responsibilities of the OSF section, including what actions the OSF section can and should take to allow appropriate information sharing between SOD and OFC and increase the intelligence value of OFC products.
Special Reviews¹			
September 2012	A Review of ATF's Operation Fast and Furious and Related Matters	4	The Department should review the policies and procedures of its other law enforcement components to ensure that they are sufficient to address the concerns the OIG has identified in the conduct of Operations Wide Receiver and Fast and Furious, particularly regarding oversight of sensitive and major cases, the authorization and oversight of "otherwise illegal activity," and the use of informants in situations where the law enforcement component also has a regulatory function.
May 2006	A Review of the FBI's Handling of FBI Asset Katrina Leung	2	The OIG recommends that the FBI should require that any analytical products relating to the asset, together with red flags, derogatory reporting, anomalies, and other counterintelligence concerns be documented in a subsection of the asset's file.

¹ Special Reviews do not have report numbers.

Statistical Information

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

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

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

Statistical Information

National Defense Authorization Act Reporting

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

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

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

Audit Follow-up

OMB Circular A-50

OMB Circular A-50, *Audit Follow-up*, requires audit reports to be resolved within 6 months of the audit report issuance date. The Audit Division monitors the status of open audit reports to track the audit resolution and closure process. As of September 30, 2014, the OIG Audit Division was monitoring the resolution process of 357 open reports and closed 112 reports this reporting period.

Evaluation and Inspections Workload and Accomplishments

The following chart summarizes the workload and accomplishments of the Evaluation and Inspections Division during the 6-month reporting period ending September 30, 2014. In addition, the Evaluation and Inspections Division issued a Management Letter.¹

Workload and Accomplishments	Number of Reviews
Reviews active at beginning of period	11
Reviews cancelled	0
Reviews initiated	2
Final reports issued	3
Reviews active at end of reporting period	10

¹ Management Letters are notifications to Department management of significant issues identified prior to completion of the review and issuance of the evaluation report.

Statistical Information

Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending September 30, 2014.

Source of Allegations ¹	
Hotline (telephone, mail and e-mail)	2,438
Other sources	3,669
Total allegations received	6,107
Investigative Caseload	
Investigations opened this period	206
Investigations closed this period	218
Investigations in progress as of 3/31/14	445
Prosecutive Actions	
Criminal indictments/informations	48
Arrests	52
Convictions/Pleas	50
Administrative Actions	
Terminations	19
Resignations	55
Disciplinary action	56
Monetary Results	
Fines/Restitutions/Recoveries/ Assessments/Forfeitures	\$4,581,477.24
Civil Fines/Restitutions/Recoveries/ Penalties/Damages/Forfeitures	\$205,000

Investigations Division Briefing Programs

OIG investigators conducted 27 Integrity Awareness Briefings for Department employees throughout the country. These briefings are designed to educate employees about the misuse of a public official's position for personal gain and to deter employees from committing such offenses. The briefings reached more than 950 employees.

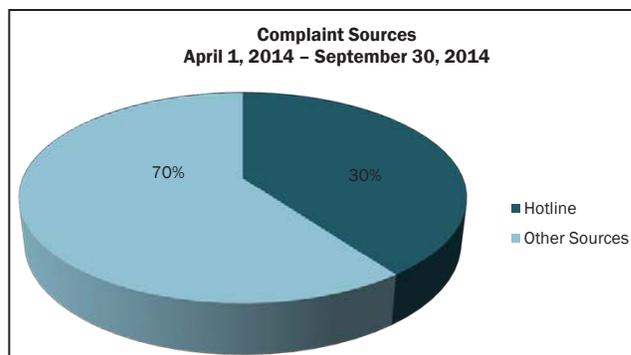
¹ These figures represent allegations entered into the OIG's complaint tracking system. They do not include the approximate 34,000 additional Hotline e-mail and phone contacts that were processed and deemed non-jurisdictional and outside the purview of the federal government.

OIG Hotline

During FY 2014, the OIG received the majority of its Hotline complaints through its electronic complaint form located within the OIG website at www.justice.gov/oig.

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

From all Hotline sources during the second half of FY 2014, 2,438 new complaints related to Department operations or other federal agencies were entered into the OIG's complaint tracking system. Of the new complaints, 1,350 were forwarded to various Department components for their review and appropriate action; 309 were filed for information; 722 were forwarded to other federal agencies, and 18 were opened by the OIG for investigation.



Source: Investigations Data Management System

Approximately, 34,000 additional Hotline e-mail and phone contacts were processed and deemed non-jurisdictional and outside the purview of the federal government and therefore were not entered into the OIG' complaint tracking system.

Appendices

Appendix 1

Acronyms and Abbreviations

ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
AUSA	Assistant U.S. Attorney
BJA	Bureau of Justice Assistance
BJS	Bureau of Justice Statistics
BOP	Federal Bureau of Prisons
CIA	Central Intelligence Agency
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CODIS	Combined DNA Index System
COPS	Office of Community Oriented Policing Services
CHRP	COPS Hiring Recovery Program
CVF	Crime Victims Fund
DEA	Drug Enforcement Administration
Department	U.S. Department of Justice
DHS	U.S. Department of Homeland Security
EOIR	Executive Office for Immigration Review
EOUSA	Executive Office for U.S. Attorneys
FBI	Federal Bureau of Investigation
FISA	<i>Foreign Intelligence Surveillance Act of 1978</i>
FISMA	<i>Federal Information Security Management Act</i>
FY	Fiscal Year
IG Act	<i>Inspector General Act of 1978</i>
JMD	Justice Management Division
JTTF	Joint Terrorism Task Forces
NIJ	National Institute of Justice
NSD	National Security Division
NSL	National Security Letter
ODAG	Office of the Deputy Attorney General
OIG	Office of the Inspector General
OJP	Office of Justice Programs
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OPR	Office of Professional Responsibility
OVC	Office for Victims of Crime
OVW	Office on Violence Against Women
Patriot Act	<i>Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act</i>
Recovery Act	<i>American Recovery and Reinvestment Act of 2009</i>
State	U.S. Department of State
UNICOR	Federal Prison Industries
USAO	U.S. Attorneys' Offices
USMS	U.S. Marshals Service
WISOMMM	Women in Support of the Million Man March
WITSEC	Witness Security

Appendices

Appendix 2

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

Appendices

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

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

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

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

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

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

Appendices

Appendix 3

Audit Division Reports

Internal Audit Reports

Multicomponent

Audit of the Crime Victims Fund Disbursements to the Federal Bureau of Investigation and Executive Office for United States Attorneys

Audit of the Department of Justice's Oversight of Costs Incurred Through the Fees and Expenses of Witnesses Appropriation

Federal Bureau of Prisons

Audit of the Federal Bureau of Prisons' September 2011 Procurement of X-Ray Equipment Under Contract GS-07F-0182T

Federal Bureau of Investigation

Audit of the Federal Bureau of Investigation's Enterprise Security Operations Center - E2 Secret Pursuant to the *Federal Information Security Management Act* Fiscal Year 2013

Audit of the Federal Bureau of Investigation's Information Security Program Pursuant to the *Federal Information Security Management Act* Fiscal Year 2013

Audit of the Federal Bureau of Investigation's Sentinel Pursuant to the *Federal Information Security Management Act* Fiscal Year 2013

Audit of the Status of the Federal Bureau of Investigation's Sentinel Program

Office of Justice Programs

Audit of the National Institute of Justice's Oversight of the Solving Cold Cases with DNA Program

Audit of the Office of Justice Programs Bureau of Justice Assistance John R. Justice Grant Program

U.S. Marshals Service

Audit of the United States Marshals Service's Decision Support System Pursuant to the *Federal Information Security Management Act* Fiscal Year 2013

Audit of the United States Marshals Service's Information Security Program Pursuant to the *Federal Information Security Management Act* Fiscal Year 2013

External Audit Reports

California

Audit of the Office of Justice Programs National Institute of Justice DNA Backlog Reduction Program Awards to the San Mateo County Sheriff's Office, Redwood City, California

Appendices

Audit of the National Institute of Justice Cooperative Agreement Award Under the Solving Cold Cases With DNA Program to the San Francisco Police Department, San Francisco, California

Audit of the Office of Justice Programs Tribal Victims Assistance Grant Awarded to the Soboba Band of Luiseno Indians, San Jacinto, California

Colorado

Audit of the Office of Juvenile Justice and Delinquency Prevention's Award to Friends First, Inc., Littleton, Colorado

Audit of Bureau of Justice Assistance Cooperative Agreements Awarded to National Alliance for Drug Endangered Children, Westminster, Colorado

District of Columbia

Audit of the National Institute of Justice Awards to the Metropolitan Police Department, Washington, D.C.

Audit of the National Institute of Justice Award to Georgetown University's Institute for the Study of International Migration, Washington, D.C.

Audit of the Office on Violence Against Women Award to AYUDA Incorporated, Washington, D.C.

Florida

Audit of the Office of Justice Programs Grants and Cooperative Agreements Awarded to the National Forensic Science Technology Center, Largo, Florida

Audit of the Bureau of Justice Assistance Convention Security Support Grant Awarded to Tampa, Florida, for the 2012 Republican National Convention

Georgia

Limited Scope Audit of Justice Planners International, LLC, Atlanta, Georgia

Illinois

Audit of the Arlington Heights Police Department's Equitable Sharing Program Activities, Arlington Heights, Illinois

Audit of the Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention Grant Awarded to Chicago Public Schools, Chicago, Illinois

Audit of the Village of Oak Lawn, Illinois Police Department's Equitable Sharing Program Activities

Audit of the Office on Violence Against Women Legal Assistance for Victims Grant Awarded to Prairie State Legal Services, Incorporated, Rockford, Illinois

Audit of the Office of Justice Programs, National Institute of Justice DNA Backlog Reduction Program Awards Administered by the DuPage County Sheriff's Department, Wheaton, Illinois

Appendices

Maryland

Audit of the National Institute of Justice Award to the City of Baltimore Police Department Crime Laboratory, Baltimore, Maryland

Massachusetts

Audit of the Office of Justice Programs Bureau of Justice Assistance Cooperative Agreements Awarded to Brandeis University, Waltham, Massachusetts

Nebraska

Audit of the Office on Violence Against Women Rural Domestic Violence, Sexual Assault, and Stalking Assistance Program Grant Awarded to the Crisis Center For Domestic Abuse and Sexual Assault, Fremont, Nebraska

New Jersey

Audit of the Office of Justice Programs Bureau of Justice Assistance Correctional Facilities on Tribal Lands Training and Technical Assistance Program Grants Awarded to Justice Solutions Group, Closter, New Jersey

Audit of the Office of Justice Programs Congressionally Mandated Grant Awarded to the New Jersey Police Athletic League, Freehold, New Jersey

Limited Scope Audit of an Office of Juvenile Justice and Delinquency Prevention Grant Awarded to Women in Support of the Million Man March, Newark, New Jersey

New Mexico

Audit of the Office on Violence Against Women Grants Awarded to the Coalition to Stop Violence Against Native Women, Albuquerque, New Mexico

New York

Audit of the New York City Police Department's Equitable Sharing Program Activities, New York, New York

North Carolina

Audit of the Bureau of Justice Assistance Convention Security Support Grant Awarded to Charlotte, North Carolina, for the 2012 Democratic National Convention

Ohio

Audit of the Office of Community Oriented Policing Services 2009 COPS Hiring Recovery Program Grant Awarded to the Toledo Police Department, Toledo, Ohio

Pennsylvania

Audit of the Office of Justice Programs Cooperative Agreement Administered by the Health Federation of Philadelphia, Philadelphia, Pennsylvania

Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Cooperative Agreements Awarded to Philadelphia Children's Alliance, Philadelphia, Pennsylvania

Appendices

South Dakota

Audit of the Office on Violence Against Women Grants Awarded to the Sicangu Coalition Against Sexual and Domestic Violence, Mission, South Dakota

Audit of the Federal Bureau of Prisons Residential Reentry Center Contract with Glory House, Inc., Contract No. DJB200112, Sioux Falls, South Dakota

Texas

Audit of the Office of Justice Programs DNA Backlog Reduction Program Grant Awarded to the Texas Department of Public Safety, Austin, Texas

Utah

Audit of Metro Narcotic Task Force Equitable Sharing Activities, Salt Lake City, Utah

West Virginia

Audit of the Office on Violence Against Women Awards to the West Virginia Foundation for Rape Information and Services, Fairmont, West Virginia

Single Audit Act Reports of Department Activities

Akiachak Native Community, Akiachak, Alaska FY 2011

City of Anaheim, California FY 2013

City of Anderson, Indiana FY 2012

City of Aurora, Colorado FY 2012

City of Baltimore, Maryland FY 2012

Bay County, Michigan FY 2012

Bellows Falls Village Corporation, Bellows Falls, Vermont FY 2013

Boys & Girls Clubs of Northwest Indiana, Inc., Gary, Indiana FY 2012

Town of Buckeye, Arizona FY 2013

Caddo Parish Sheriff, Shreveport, Louisiana FY 2013

Village of Cahokia, Illinois FY 2013

City of Calumet City, Illinois FY 2011

Campbell County School District No. 1, Gillette, Wyoming FY 2013

City of Carson, California FY 2013

City of Cincinnati, Ohio FY 2012

Clark County, Wisconsin FY 2012

Clay County, Missouri FY 2012

Appendices

City of Commerce City, Colorado FY 2012

County Sheriffs of Colorado, Inc., Littleton, Colorado FY 2012

City of Crest Hill, Illinois FY 2013

The Crisis Center for Domestic Abuse and Sexual Assault, Fremont, Nebraska FY 2013

City of Dearborn, Michigan FY 2013

Borough of East Rutherford, New Jersey FY 2012

City of Everett, Washington FY 2012

Family Violence and Rape Crisis Services, Pittsboro, North Carolina FY 2013

Florence County, South Carolina FY 2013

Floyd County, Indiana FY 2012

County of Franklin, Pennsylvania FY 2012

Futures Without Violence & Subsidiaries, San Francisco, California FY 2012

City of Gary, Indiana FY 2012

Glades County, Florida FY 2012

Glynn County, Georgia FY 2013

Governmental Departments of the Bishop Paiute Tribe, Bishop, California FY 2012

Green Lake County, Wisconsin FY 2012

Hamblen County, Tennessee FY 2013

City of Hapeville, Georgia FY 2013

City of Hobbs, New Mexico FY 2013

Illinois Coalition Against Sexual Assault, Springfield, Illinois FY 2013

City of Inglewood, California FY 2012

Jackson County, Missouri FY 2012

Jasper County, Indiana FY 2012

Jobs for Delaware Graduates, Inc., Dover, Delaware FY 2013

Kewaunee County, Wisconsin FY 2012

Kristi House, Inc., Miami, Florida FY 2013

Lake County, Indiana FY 2012

City of Lakewood, Washington FY 2012

Appendices

City of Longview, Washington FY 2012

Marion County, Indiana FY 2012

McDowell County, North Carolina FY 2013

County of Mercer, New Jersey FY 2012

Town of Merrillville, Indiana FY 2011

Town of Merrillville, Indiana FY 2012

The National Judicial College, Reno, Nevada FY 2012

National Network to End Domestic Violence, Inc., Washington, D.C. FY 2012

Navajo Nation, Window Rock, Arizona FY 2012

Network of Victim Assistance, Jamison, Pennsylvania FY 2013

New Mexico Coalition of Sexual Assault Programs, Inc., Albuquerque, New Mexico FY 2013

City of North Miami Beach, Florida FY 2012

Village of Oak Lawn, Illinois FY 2011

Oklahoma Coalition Against Domestic Violence and Sexual Assault, Oklahoma City, Oklahoma FY 2012

Oklahoma Halfway House, Inc., Oklahoma City, Oklahoma FY 2013

County of Orangeburg, South Carolina FY 2012

County of Ottawa, Michigan FY 2012

Pala Band of Mission Indians, Pala, California FY 2012

City of Peoria, Illinois FY 2012

City of Philadelphia, Pennsylvania FY 2012

City of Pittsburgh, Pennsylvania FY 2012

Charter Township of Plymouth, Michigan FY 2012

Puerto Rico Police of the Commonwealth of Puerto Rico FY 2012

Charter Township of Redford, Michigan FY 2013

Roosevelt County, Montana FY 2012

Santa Cruz County, Arizona FY 2012

Town of Selbyville, Delaware FY 2013

Sitka Tribe of Alaska, Sitka, Alaska FY 2012

Appendices

South Dakota Network Against Family Violence and Sexual Assault, Inc., Sioux Falls, South Dakota FY 2013

Southwest Center for Law and Policy, Inc., Tucson, Arizona FY 2012

City of Spokane, Washington FY 2012

Sumter County, South Carolina FY 2012

Swain County, North Carolina FY 2013

City of Tacoma, Washington FY 2012

Tahirih Justice Center, Falls Church, Virginia FY 2012

Thurston County, Washington FY 2012

Utah Domestic Violence Council, Salt Lake City, Utah FY 2012

City of Valparaiso, Indiana FY 2012

Village of Villa Park, Illinois FY 2013

County of Warren, Missouri FYs 2012 and 2011

Washington Association of Sheriffs and Police Chiefs, Olympia, Washington FY 2012

Williamson County (Illinois) Government FY 2012

City of Wilmington, Delaware FY 2013

City of Winston-Salem, North Carolina FY 2013

City of Wyoming, Michigan FY 2013

Other Reports

Examination of the Department of Justice's Fiscal Year 2013 Compliance with the *Improper Payments Information Act of 2002, As Amended*

Fiscal Year 2013 Risk Assessment of Department of Justice Charge Card Programs

Appendices

Appendix 4

Quantifiable Potential Monetary Benefits

Audit Report	Questioned Costs (including unsupported costs)	Unsupported Costs	Funds Put to Better Use
Audits Performed by the DOJ OIG			
Audit of the Crime Victims Fund Disbursements to the Federal Bureau of Investigation and Executive Office for United States Attorneys	\$691,399	\$6,352	\$0
Audit of the Office of Justice Programs Bureau of Justice Assistance John R. Justice Grant Program	\$1,080,192	\$1,080,192	\$651,949
Audit of the National Institute of Justice Cooperative Agreement Award Under the Solving Cold Cases With DNA Program to the San Francisco Police Department, San Francisco, California	\$2,450	\$907	\$0
Audit of the Office of Justice Programs National Institute of Justice DNA Backlog Reduction Program Awards to the San Mateo County Sheriff's Office, Redwood City, California	\$86,126	\$0	\$0
Audit of the Office of Justice Programs Tribal Victims Assistance Grant Awarded to the Soboba Band of Luiseno Indians, San Jacinto, California	\$774,229	\$774,229	\$0
Audit of Bureau of Justice Assistance Cooperative Agreements Awarded to National Alliance for Drug Endangered Children, Westminster, Colorado	\$819,189	\$819,189	\$0
Audit of the Office of Juvenile Justice and Delinquency Prevention's Award to Friends First, Inc., Littleton, Colorado	\$712,616	\$674,576	\$0
Audit of the National Institute of Justice Awards to the Metropolitan Police Department Washington, D.C.	\$1,884	\$0	\$0
Audit of the Office on Violence Against Women Award to AYUDA Incorporated, Washington, D.C.	\$12,703	\$12,703	\$0
Audit of the Bureau of Justice Assistance Convention Security Support Grant Awarded to Tampa, Florida, for the 2012 Republican National Convention	\$25,192	\$25,192	\$0
Audit of the Office of Justice Programs Grants and Cooperative Agreements Awarded to the National Forensic Science Technology Center, Largo, Florida	\$850,173	\$744,395	\$0
Limited Scope Audit of Justice Planners International, LLC, Atlanta, Georgia	\$1,559,560	\$1,554,580	\$0
Audit of the Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention Grant Awarded to Chicago Public Schools, Chicago, Illinois	\$17,728	\$0	\$0
Audit of the Village of Oak Lawn, Illinois Police Department's Equitable Sharing Program Activities	\$13,796	\$0	\$0
Audit of the Office of Justice Programs Bureau of Justice Assistance Cooperative Agreements Awarded to Brandeis University, Waltham, Massachusetts	\$608,646	\$595,001	\$0
Audit of the Office on Violence Against Women Rural Domestic Violence, Sexual Assault, and Stalking Assistance Program Grant Awarded to the Crisis Center For Domestic Abuse and Sexual Assault, Fremont, Nebraska	\$174,521	\$174,521	\$0
Audit of the Office of Justice Programs Bureau of Justice Assistance Correctional Facilities on Tribal Lands Training and Technical Assistance Program Grants Awarded to Justice Solutions Group, Closter, New Jersey	\$714,282	\$268,439	\$0

Appendices

Audit of the Office of Justice Programs Congressionally Mandated Grant Awarded to the New Jersey Police Athletic League, Freehold, New Jersey	\$1,100,732	\$310,251	\$0
Limited Scope Audit of an Office of Juvenile Justice and Delinquency Prevention Grant Awarded to Women in Support of the Million Man March, Newark, New Jersey	\$146,000	\$126,000	\$0
Audit of the Office on Violence Against Women Grants Awarded to the Coalition to Stop Violence Against Native Women, Albuquerque, New Mexico	\$79,027	\$10,097	\$0
Audit of the Bureau of Justice Assistance Convention Security Support Grant Awarded to Charlotte, North Carolina, for the 2012 Democratic National Convention	\$132,987	\$0	\$0
Audit of the Office of Community Oriented Policing Services 2009 COPS Hiring Recovery Program Grant Awarded to the Toledo Police Department, Toledo, Ohio	\$2,749,081	\$0	\$0
Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Cooperative Agreements Awarded to Philadelphia Children's Alliance, Philadelphia, Pennsylvania	\$248,108	\$176,021	\$0
Audit of the Office on Violence Against Women Grants Awarded to the Sicangu Coalition Against Sexual and Domestic Violence, Mission, South Dakota	\$775,138	\$736,239	\$72,275
Audit of the Office of Justice Programs DNA Backlog Reduction Program Grant Awarded to the Texas Department of Public Safety, Austin, Texas	\$11,733	\$0	\$0
Subtotal (Audits Performed by the DOJ OIG)	\$13,387,492	\$8,088,884	\$724,224
Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the Single Audit Act¹			
Akiachak Native Community, Akiachak, Alaska FY 2011	\$19,742	\$19,742	\$0
City of Anaheim, California FY 2013	\$404,241	\$307,136	\$0
City of Baltimore, Maryland FY 2012	\$128,319	\$0	\$0
City of Calumet City, Illinois FY 2011	\$27,195	\$27,195	\$0
Campbell County School District No. 1, Gillette, Wyoming FY 2013	\$38,064	\$38,064	\$0
City of Cincinnati, Ohio FY 2012	\$69,557	\$69,557	\$0
The Crisis Center for Domestic Abuse and Sexual Assault, Fremont, Nebraska FY 2013	\$760	\$760	\$0
City of Dearborn, Michigan FY 2013	\$21,162	\$0	\$0
City of Everett, Washington FY 2012	\$328,503	\$27,078	\$0
Glades County, Florida FY 2012	\$16,233	\$0	\$0
City of Hobbs, New Mexico FY 2013	\$976,329	\$0	\$0
City of Inglewood, California FY 2012	\$279,511	\$0	\$0
Jasper County, Indiana FY 2012	\$4,875	\$0	\$0
Lake County, Indiana FY 2012	\$71,637	\$24,758	\$0
City of Longview, Washington FY 2012	\$5,760	\$0	\$0
New Mexico Coalition of Sexual Assault Programs, Inc., Albuquerque, New Mexico FY 2013	\$9,845	\$9,845	\$0
City of North Miami Beach, Florida FY 2012	\$173,228	\$0	\$0
Oklahoma Coalition Against Domestic Violence and Sexual Assault, Oklahoma City, Oklahoma FY 2012	\$83,443	\$0	\$0
Charter Township of Plymouth, Michigan FY 2012	\$77,447	\$0	\$0
Puerto Rico Police of the Commonwealth of Puerto Rico FY 2012	\$52,092	\$15,752	\$0
Charter Township of Redford, Michigan FY 2013	\$104,934	\$0	\$0
Roosevelt County, Montana FY 2012	\$10,631	\$0	\$0
Santa Cruz County, Arizona FY 2012	\$85,526	\$76,976	\$0

Appendices

Sumter County, South Carolina FY 2012	\$15,297	\$15,297	\$0
City of Tacoma, Washington FY 2012	\$174,073	\$0	\$0
Thurston County, Washington FY 2012	\$85,898	\$85,898	\$0
Utah Domestic Violence Council, Salt Lake City, Utah FY 2012	\$42,524	\$0	\$0
City of Valparaiso, Indiana FY 2012	\$62,020	\$62,020	\$0
City of Winston-Salem, North Carolina FY 2013	\$12,833	\$0	\$0
Subtotal (Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the Single Audit Act)	\$3,381,679	\$780,078	\$0
Total	\$16,769,171	\$8,868,962	\$724,224

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

Appendices

Appendix 5

Evaluation and Inspections Division Reports

An Assessment of the 1996 Department of Justice Task Force Review of the FBI Laboratory

Review of Termination and Appeals Notice to Witness Security Inmate Participants

The Drug Enforcement Administration's Adjudication of Registrant Actions

Oversight and Review Division Reports

A Review of Information Handling and Sharing Prior to the April 15, 2013, Boston Marathon Bombings

A Review of the Federal Bureau of Investigation's Use of National Security Letters: *Assessment of Progress in Implementing Recommendations and Examination of Use in 2007 through 2009*

Report of Investigation Concerning Teresa Carlson, Acting Deputy Assistant Director of the Federal Bureau of Investigation

A Review of the Department's use of the Material Witness Statute with a Focus on Select National Security Matters

Appendices

Appendix 6

Peer Reviews

Peer Reviews Conducted by Another OIG

Audit Division

The most recent peer review of the Audit Division was performed by the Department of Agriculture OIG (USDA OIG). In its report issued March 18, 2013, the DOJ OIG received a peer review rating of pass for its system of quality control for FY 2012. The USDA OIG did not make any recommendations.

Investigations Division

The most recent peer review of the Investigations Division was performed by the Department of Labor (DOL OIG) in March 2013. The DOL OIG found that the DOJ OIG is in full compliance of its internal safeguards and management procedures. The DOL OIG did not make any recommendations.

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

Audit Division

On September 17, 2014, the OIG initiated a peer review of the DHS OIG to determine whether the DHS OIG audit organization's system of quality control provides it with reasonable assurance of conformance with applicable professional standards. The peer review will be conducted in accordance with *Government Auditing Standards* and guidelines established by the CIGIE.

Investigations Division

In accordance with the schedule established by the CIGIE, the DOJ OIG Investigations Division conducted a peer review of the system of internal safeguards and management procedures for the investigative function of the HUD OIG. The DOJ OIG's review was conducted in conformity with the CIGIE Quality Standards for Investigations and the Qualitative Assessment Review Guidelines established by CIGIE. The DOJ OIG's review was conducted at the headquarters office in Washington, D.C., and two regional office locations in Philadelphia, Pennsylvania, (Region 3) and Chicago, Illinois (Region 5). Additionally, the DOJ OIG sampled 51 case files for investigations closed during the previous 24-month period ending on March 21, 2014.

In the DOJ OIG's opinion, the system of internal safeguards and management procedures for the investigative function of the HUD OIG in effect for the period ending March 21, 2014, is in compliance with the quality standards established by the President's Council on Integrity & Efficiency and the Executive Council on Integrity & Efficiency, the CIGIE, and the Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority. These safeguards and procedures provide reasonable assurance of agents conforming to professional standards in the conduct of their investigations.

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	61
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	15-57
Section 5(a)(2)	Significant Recommendations for Corrective Actions	15-57
Section 5(a)(3)	Significant Recommendations for Which Corrective Actions Have Not Been Completed	67
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	27-29, 32-37, 39-40, 43-44, 49-51, 55-57
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	74-80
Section 5(a)(7)	Summary of Significant Reports	15-57
Section 5(a)(8)	Questioned Costs	65
Section 5(a)(9)	Funds Recommended to Be Put to Better Use	66
Section 5(a)(10)	Reports Without Management Decisions for More than 6 Months	68
Section 5(a)(11)	Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period	68
Section 5(a)(12)	Significant Recommendations in Disagreement for More than 6 Months	68
Section 5(a)(14)	Peer Reviews Conducted by Another OIG	85
Section 5(a)(15)	Outstanding Recommendations from Peer Reviews of the OIG	85
Section 5(a)(16)	Outstanding Recommendations from Peer Reviews Conducted by the OIG	86

Report Waste, Fraud, Abuse, or Misconduct

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

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

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

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

Office of the Inspector General
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Room 4706
Washington, D.C. ,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