



SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2016 – MARCH 31, 2017



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Cover photo: *Movement Westward* by John Steuart Curry (1897-1946)



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 October 1, 2016, to March 31, 2017.

The Semiannual Report details the OIG's work over the past 6 months. During this time, we completed several reports pertaining to the Department's law enforcement components, such as reviews of ATF's management and oversight of confidential informants, DEA's El Paso Intelligence Center, and ATF's and DEA's investigations of the Osorio and Barba firearms trafficking rings. We also reviewed the BOP's management of inmate placements in residential reentry centers, its contract for the operation of the Adams County Correctional Center in Mississippi, and its contract for dental services at a federal facility in California. In our ongoing commitment to identify whether federal funds are being used by the Department effectively and efficiently, we conducted dozens of audits and reviews to fulfill this mission, and we recommended improvements to the Department's programs. Over the past 6 months, the OIG conducted reviews of various contracts and grants by the Department and examined the Department's oversight and management of these awards.

In addition, the OIG's Investigations Division closed 142 criminal or administrative misconduct cases; its work resulted in 35 convictions or pleas and 106 terminations, administrative disciplinary actions, and resignations. The quality of the investigations described in this report demonstrates the importance of effective, fair, and objective investigative oversight conducted by our Office.

In December, Congress passed and the President signed the *Inspector General Empowerment Act*, which ensures access by Inspectors General to information in agency files. Following the bipartisan passage and enactment of this law, the Inspector General community can continue to conduct our important work independently, and in a timely manner.

Since our previous report, Jay Lerner, my Chief of Staff and Senior Counselor to the Inspector General, left our Office after being confirmed by the Senate to serve as Inspector General for the Federal Deposit Insurance Corporation. This exemplary public servant made significant contributions to the OIG that enhanced our outreach and oversight capabilities. I truly appreciate his service and wish him well in his important new position.

As always, the OIG remains committed to its mission to detect and deter waste, fraud, abuse, and misconduct related to DOJ programs, and to promote economy and efficiency in those programs—as is exemplified in our work over the past 6 months. I sincerely appreciate the exceptional work of OIG personnel and their dedication to this important mission.

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

Michael E. Horowitz
Inspector General
April 28, 2017

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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 (DOJ or Department) programs and operations.

Statistical Highlights

October 1, 2016 – March 31, 2017	
Allegations Received by the Investigations Division ¹	6,464
Investigations Opened	179
Investigations Closed	142
Arrests	57
Indictments/Informations	46
Convictions/Pleas	35
Administrative Actions	106
Monetary Recoveries ²	\$2,881,461.42
Audit Reports Issued	35
Questioned Costs	\$20,785,962
Funds for Better Use	\$21,939
Recommendations for Management Improvements	198
Single Audit Act Reports Issued	37
Questioned Costs	\$411,767
Recommendations for Management Improvements	77
Other Audit Division Reports Issued	4
Recommendations for Management Improvements	11

¹ These figures represent allegations entered into the OIG's complaint tracking system. They do not include the approximate 23,000 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:

- [Review of the Department's Oversight of Cash Seizure and Forfeiture Activities.](#)

The OIG issued a report on DOJ's oversight of cash seizure and forfeiture activities, and found that DOJ does not systematically evaluate data to determine whether seizures benefit law enforcement efforts. The OIG's report focuses on the Drug Enforcement Administration's (DEA) cash seizure activity because the DEA was the DOJ component responsible for more than \$4.1 billion, which in number amounted to about 80 percent of DOJ's cash seizures between Fiscal Years (FY) 2007 and 2016. The OIG reviewed a judgmental sample of 100 DEA cash seizures that exhibited characteristics the OIG believes made them particularly susceptible to civil liberties concerns. Of the sampled seizures, the OIG found that most occurred as a result of a DEA or joint law enforcement interdiction operation and that the DEA could verify that only 44 of the 100 seizures had advanced or were related to criminal investigations. During the course of the OIG's review, in January 2015, Attorney General Holder issued an order eliminating most opportunities for state and local law enforcement to use adoptive seizure to avail themselves of federal forfeiture and related equitable sharing proceeds. The OIG found that this policy contributed to a reduction in the number of DEA cash seizures by over half and the value of DEA cash seizures by more than a third. However, this policy does not preclude the federal forfeiture of property seized through joint task forces or as a result of a

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joint investigation involving federal and state law enforcement, including joint interdiction operations. The OIG made four recommendations to help improve DOJ's oversight of its cash seizure and forfeiture activities. The Criminal Division agreed with one recommendation, and the other three recommendations are unresolved.

- [Contract with the Corrections Corporation of America for Operation of the Adams County Correctional Center](#). The OIG issued an audit of a Federal Bureau of Prisons (BOP) contract with CoreCivic, Inc., formerly known as Corrections Corporation of America, to operate the Adams County Correctional Center, a private contract prison in Natchez, Mississippi. As of June 2016, the BOP expended \$468 million on the contract, making this DOJ's third largest contract in terms of dollars since 2009. In May 2012, an inmate riot at that facility resulted in a Correctional Officer's death and injuries to approximately 20 staff and inmates. A BOP after-action report cited systemic staffing deficiencies and a lack of Spanish-speaking staff as contributing factors to the riot. The audit found that the facility was still plagued by significant staffing deficiencies in correctional services, health services, and Spanish-speaking staff. As of July 2015, the facility's inmate population consisted of approximately 2,300 undocumented immigrants, predominately Mexican nationals, yet only 4 of 367 staff spoke fluent Spanish. The audit also found that CoreCivic employs Correctional Officers with qualifications that would be insufficient for employment at BOP-managed institutions, and pays them less than BOP Correctional Officers. In addition, the OIG found significantly higher rates of staff turnover at the facility than at comparable BOP institutions. Further, the OIG found significant

weaknesses in CoreCivic's reports to the BOP about its staffing levels, and that BOP's control and oversight of the contract performance was inadequate in several areas. The OIG made nine recommendations to assist the BOP in improving operations under the Adams County Contract. The BOP agreed with all of them. CoreCivic did not explicitly agree or disagree with the recommendations, and as described in the report, it objected to several aspects of the OIG's staffing levels analysis.

- [Review of Investigations of the Osorio and Barba Firearms Trafficking Rings](#). The OIG issued a report examining federal law enforcement agencies' handling of information concerning the traffickers of two firearms that were used in the February 15, 2011, attack in Mexico by members of the Los Zetas drug trafficking organization on Immigration and Customs Enforcement (ICE) Agents Victor Avila and Jaime Zapata. Agent Zapata died from his injuries and Agent Avila was seriously wounded. The OIG's review found problems with how the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) assimilated information concerning three of the traffickers—brothers Otilio Osorio and Ranferi Osorio, and their neighbor Kelvin Morrison—and with the timeliness of ATF's response to mounting evidence that they were committing firearms offenses. However, the OIG does not believe that it is possible to identify what specific investigative steps should have been taken at the time, or precisely when arrests should have occurred. The OIG also identified one instance after the shooting of Agents Avila and Zapata where, during a search of a residence, the OIG believes ATF had both the opportunity and legal authority to seize firearms in the possession of the Osorio brothers, but it did not do so. Those firearms subsequently were recovered at

Highlights of OIG Activities

a crime scene in Mexico. Additionally, the OIG found deficiencies with the DEA's and an Assistant U.S. Attorney's (AUSA) handling of the narcotics investigation of one the traffickers, Manuel Barba. Among the OIG's concerns was finding that the AUSA should not have agreed to Barba's release from federal custody in July 2010 following his indictment and ultimate plea to drug charges; and that a DEA Agent, his supervisor, and the AUSA failed to alert ATF about Barba's potential trafficking so that ATF could determine what investigation was appropriate. The OIG's review found no evidence that the Federal Bureau of Investigation (FBI), ATF Headquarters, or DOJ were alerted to or aware of the criminal activities of the traffickers before the shooting of Agents Avila and Zapata. Nor did the OIG find deficiencies regarding those notification processes. The OIG also found that ATF Agents handling the investigation that resulted in the re-arrest of Barba and the arrest of a fifth trafficker, Robert Riendfliesh, diligently pursued leads and took effective investigative steps, and that they appropriately consulted and coordinated their activities with federal prosecutors. The OIG did not make recommendations for improvement in this report, as the OIG believes that the recommendations contained in its 2012 report on Operation Fast and Furious and in its 2016 report on the implementation of those recommendations are sufficient to address the deficiencies in this report. The OIG will continue to monitor the progress of DOJ and its law enforcement components to address the deficiencies the OIG identifies in the report, and their efforts to implement the OIG's recommendations from prior reports.

- **[ATF Confidential Informants](#)**. The OIG issued an audit of ATF's management and oversight of its confidential informants (CI). While ATF's CI policies were generally aligned with the Attorney

General's Guidelines Regarding the Use of Confidential Informants (AG Guidelines), the audit concluded that ATF was not able to administer its CI Program in a manner reflective of the importance of the program, or its risks. Specifically, the audit found that ATF's maintenance of its CI Program information was heavily dependent on hard-copy files and an unsophisticated automated system, which impeded ATF's ability to manage and oversee its CI Program as a whole. Notably, ATF could not efficiently identify and track total payments made to individual CIs. While the OIG did not examine whether ATF provided incorrect CI payment information during any criminal proceedings, it concluded that ATF's information environment lacked sufficient safeguards to ensure that complete and accurate information was consistently available to prosecutors for use during criminal proceedings. Further, ATF Headquarters officials did not have an adequate method to verify that certain CIs, such as long-term CIs who have been used for more than 6 consecutive years and CIs who hold a high-level position in a criminal enterprise, received enhanced oversight. ATF also lacked reliable information on the total number of foreign national CIs, which prohibited ATF Headquarters from properly managing the CIs, and from ensuring appropriate coordination with the Department of Homeland Security (DHS). Similarly, ATF also lacked accurate information related to higher-risk CIs, such as CIs who are also Federal Firearms Licensees and CIs who were used by international ATF offices. While ATF has begun implementing a new automated system, the system is still in its infancy and several enhancements are necessary to address the OIG's relevant findings. The OIG made five recommendations to ATF to improve the policies and management of its Confidential Informant Program. ATF agreed with all of them.

Highlights of OIG Activities

- **Management of Inmate Placements in Residential Reentry Centers and Home Confinement.** The OIG issued an audit of the BOP's management of inmate placements in Residential Reentry Centers (RRC) and home confinement. From October 2013 through March 2016, the BOP spent \$921 million on RRCs and home confinement. The OIG found that while the BOP's RRC and home confinement placement policies appear reasonable, those policies were not always followed. Specifically, contrary to BOP policy, BOP guidance, and relevant research, the BOP's RRC and home confinement placement decisions are not based on inmates' risk for recidivism or need for transitional services. Rather, the BOP is placing the great majority of eligible inmates into RRCs regardless of these considerations, unless the inmate is deemed not suitable for such placement because the inmate poses a significant threat to the community. As a result, high risk inmates with a high need for transitional services are less likely to be placed in an RRC or home confinement, and are correspondingly more likely to be released back into society directly from BOP institutions. In addition, there is strong indication that the BOP is underutilizing direct home confinement placement as an alternative to transitioning low-risk, low need inmates back into society through RRCs. The BOP may also be transitioning some inmates from RRCs to home confinement too early—the OIG found that 17 percent of the 39,020 inmates placed into home confinement during the scope of the audit were subsequently placed back into RRCs for violating home confinement program rules. Finally, the OIG found that the BOP does not have performance measures that evaluate the efficacy of its RRC and home confinement programming, nor does the BOP have procedures in place that adequately assess the quality of services provided by RRC contractors. The OIG made five recommendations to improve the BOP's management of inmate placements in RRCs and home confinement. The BOP agreed with all of them.
- **Audit of the Tribal Justice Systems Infrastructure Program.** The OIG issued an audit of the Office of Justice Programs' (OJP) Tribal Justice Systems Infrastructure Program (TJSIP). From FYs 2009 through 2014, the Bureau of Justice Assistance (BJA) within OJP awarded \$275 million in TJSIP grants to plan, construct, and renovate tribal justice facilities. The Bureau of Indian Affairs (BIA) within the Department of Interior is responsible for funding the operation and maintenance of tribal justice facilities after they are built. The OIG found that coordination between OJP and the BIA was not always effective, which among other issues, resulted in the construction of three TJSIP-funded correctional facilities that together cost more than \$23 million, and remained non-operational or only partially operational for over a decade. The OIG also determined that OJP's due diligence when making awards and its oversight of TJSIP grantees were inadequate. Specifically, OJP awarded approximately \$81 million in TJSIP grants without verifying the grantees' stated needs for the grant funds. As a result, grantees constructed facilities that significantly exceeded planned and approved facility capacities, incarceration needs, or staffing resources. Inadequacies also existed with OJP's post-award oversight and management of TJSIP grants. Finally, the audit found that OJP procures training and technical assistance (T&TA) services for the benefit of TJSIP grantees. Because OJP did not adequately define T&TA services, there exists the potential for overlap between T&TA services and the services that TJSIP grantees contract for separately as well

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as the presence of conflicts of interest. The OIG questioned \$842,879 in expenses paid to T&TA providers by TJSIP grantees based on conflict of interest concerns. The OIG made 12 recommendations to improve OJP's management and oversight over the TJSIP and its coordination with BIA, and to address nearly \$12 million in dollar-related findings. While OJP agreed with all of them, the OIG does not believe OJP's proposed actions would adequately address some of its findings.

- **The DEA's El Paso Intelligence Center.** The OIG issued a report following up on its June 2010 report, *Review of the Drug Enforcement Administration's El Paso Intelligence Center*, a DEA-led, multi-agency intelligence center located in El Paso, Texas. The El Paso Intelligence Center (EPIC) is funded and staffed by over 25 partner agencies and supports law enforcement personnel, with particular emphasis on Mexico and the Southwest border. EPIC's mission is to provide intelligence on "all threats," including illegal drugs, weapons trafficking, human smuggling, and money laundering. The 2010 review found that EPIC was highly valued by its partner agencies and customers, but the OIG identified several weaknesses in EPIC's operations. The OIG's follow-up review found that EPIC provides valuable information to law enforcement personnel; but the OIG identified several areas in which improvements to EPIC's governance, strategic management, and operations would result in increased effectiveness and value to law enforcement. The OIG found that EPIC's partner agencies are not effectively engaged in governing EPIC. Since early 2014, EPIC has operated without an approved, up-to-date strategic plan or effective performance metrics; and since October 2012, the total number of staff detailed to EPIC has decreased by 24 percent. The OIG determined that

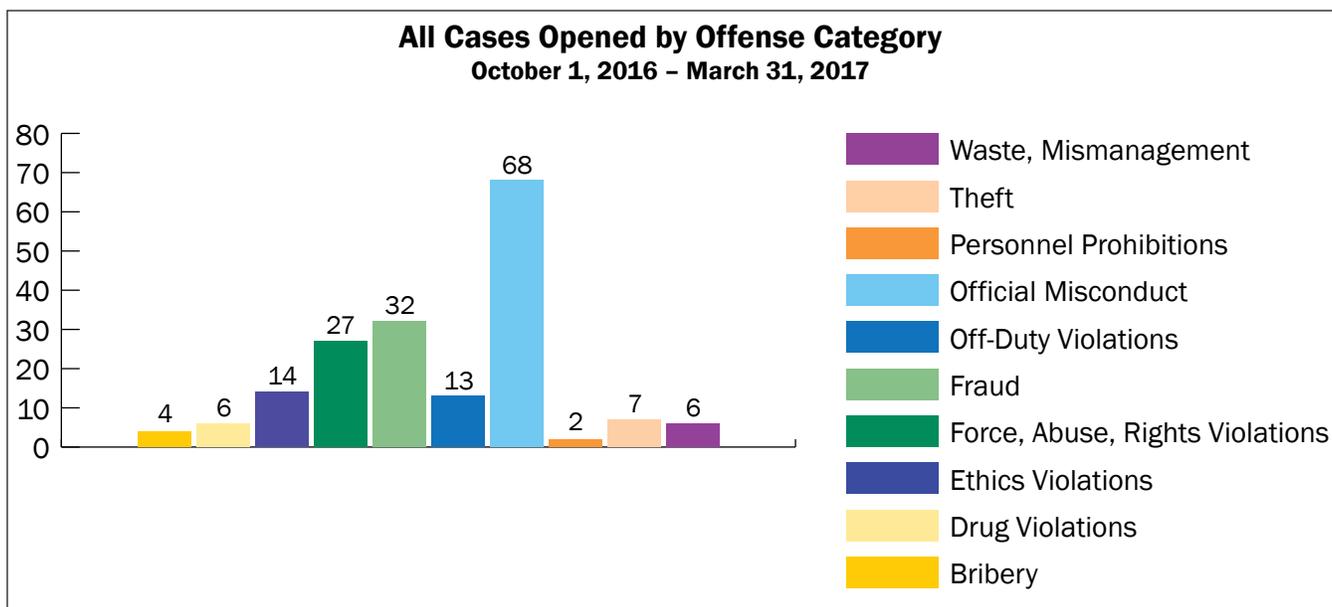
EPIC, instead of addressing the full scope of its "all threats" mission, primarily serves as a tactical drug intelligence center. For example, the OIG found that since September 2013, there has been a 45 percent reduction in the number of Intelligence Analysts assigned to EPIC and that many lack the training and experience necessary to conduct complex strategic analysis. The OIG also found that EPIC lacks a comprehensive marketing program and relies primarily on in-person interactions to promote its products and services. At the time of the OIG's follow-up review, the DEA had not consolidated an intelligence collection program at its Houston Field Division with a similar program at EPIC. After the OIG completed its fieldwork, the DEA informed the OIG that it intended to cease the funding and operation of its Houston-based program and that the program may be transferred to an EPIC partner agency. The follow-up report makes four recommendations to the DEA and EPIC management to improve the governance and strategic management of EPIC and to help ensure the efficiency and effectiveness of the DEA's southwest border intelligence efforts. The DEA agreed with all of them.

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 DOJ employees or contractors and grantees who receive DOJ funds. Examples of such investigations are:

- On December 21, 2016, a DEA Task Force Officer (TFO) was sentenced to 300 months in prison for drug trafficking related charges. The TFO, who was removed from the task force and terminated from a Texas Police Department, was convicted after a jury trial for conspiracy to possess with intent to distribute and possession with

Highlights of OIG Activities



Source: Investigations Data Management System

intent to distribute cocaine. According to evidence and testimony presented at trial, the TFO conspired with a drug trafficker to possess 14.9 kilograms of cocaine. The TFO seized the cocaine, conspired with the drug trafficker to dilute and repackage a portion of it, and subsequently staged another drug seizure of the diluted cocaine. The TFO intended to keep the bulk of the stolen pure cocaine for himself while covering up the theft with the seizure of the diluted cocaine. On February 16, 2017, the drug trafficker, who had previously pleaded guilty to a superseding Indictment in the Southern District of Texas, was sentenced to 30 months in prison for conspiracy to possess with intent to distribute cocaine. The investigation was conducted by the OIG’s Houston Area Office and the FBI.

- On November 23, 2016, a DOJ Contractor agreed to pay \$1.5 million to resolve allegations that it submitted false claims to the government related to interpretation services. The investigation determined that the government had a total valid claim against Para-Plus of at least

\$15 million, but the settlement was based on an “ability to pay” analysis. Para-Plus allegedly violated the *False Claims Act* by submitting false claims for payment to various federal and state agencies, including DOJ components. Specifically, it was determined that Para-Plus purposefully overstated the travel time and mileage incurred by its interpreters. The investigation was conducted by the OIG’s Fraud Detection Office.

- On November 16, 2016, a former Resident Monitor of a BOP contract facility was sentenced to 100 months in prison and ordered to pay restitution for sexual abuse of an inmate. The Resident Monitor was sentenced pursuant to his guilty plea in the District of New Mexico. The investigation was conducted by the OIG’s El Paso Area Office.
- The OIG initiated an investigation based on allegations that several U.S. Marshals Service (USMS) supervisory employees in a particular judicial district retaliated against subordinates as a result of the subordinate employees’ cooperation with

Highlights of OIG Activities

the OIG in a prior investigation. During the investigation of alleged retaliation, the OIG received allegations regarding improprieties related to the United States Marshal's (USM) reassignment of a Deputy United States Marshal (DUSM) to a different office within the district.

The OIG investigation found that the Chief Deputy United States Marshal (CDUSM), a Supervisory DUSM, and a now retired Senior Inspector each retaliated against subordinate employees as a result of the employees' perceived cooperation with a prior OIG investigation. The retaliation consisted of the CDUSM attempting to pressure a subordinate to disclose to the USM the employee's level of cooperation with the OIG investigation; the CDUSM restricting an employee's work assignments; and the Supervisory DUSM and Senior Inspector making statements and threatening retaliation to dissuade employees from cooperating with the OIG's earlier investigation. All such actions violate provisions of the *Inspector General Act of 1978* (IG Act), DOJ regulations, and USMS policy. The OIG also concluded that the CDUSM and the Senior Inspector lacked candor with the OIG, further violations of Department regulations and USMS policy.

The OIG investigation found further that the USM improperly directed a reassigned DUSM to claim work hours during his daily commute, in violation of federal regulations and USMS travel policy.

The OIG did not substantiate certain other allegations made against the supervisory employees. The OIG has completed its investigation and has provided its report to the USMS and the Office of the Deputy Attorney General (ODAG) for appropriate action. The OIG referred its retaliation findings to the U.S. Office of Special Counsel.

- The OIG initiated an investigation upon receipt of information from the USMS Office of Professional Responsibility, Internal Affairs, that a former Acting U.S. Marshal made unwanted advances, consisting of inappropriate statements and giving gifts, to a USMS contract employee. In the course of its investigation, the OIG received an anonymous complaint alleging that the Acting U.S. Marshal had also engaged in a sexual relationship with a subordinate USMS employee. The OIG substantiated the allegations and found that the Acting U.S. Marshal made inappropriate statements and gave gifts to a USMS contract employee that were reasonably construed as sexual advances. The OIG concluded that the Acting U.S. Marshal exercised poor judgment and that his conduct violated federal regulations and DOJ policies related to prevention of sexual harassment in the workplace. The OIG also found that the Acting U.S. Marshal had engaged in a sexual relationship with a subordinate USMS employee and attempted to impede the OIG's ability to obtain testimony from the USMS employee. The OIG further concluded that in addition to violating federal regulations and DOJ policies related to prevention of sexual harassment in the workplace, this conduct violated the USMS code of professional responsibility. The Acting U.S. Marshal retired during the course of the OIG investigation. The OIG has completed its investigation and provided a report to the USMS.
- The OIG initiated an investigation of a Deputy Assistant Attorney General (DAAG) based on information it received from the DAAG's component that the DAAG inappropriately touched three federal government employees while attending a training event. The OIG investigation found that the DAAG engaged in unwelcomed physical contact with the three employees by

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- inappropriately touching each of them at different times, causing each to feel extremely uncomfortable. The OIG concluded that the DAAG sexually harassed the three employees in violation of federal regulations and DOJ policy regarding prevention of sexual harassment in the workplace. The DAAG did not contest the allegations, but minimized the conduct and had difficulty remembering details about it. The OIG has completed its investigation and has provided its report to the relevant DOJ component for review and appropriate action.
- The OIG initiated an investigation upon receipt of information from the FBI that an FBI Assistant Special Agent in Charge (ASAC) was involved in a motor vehicle accident causing injury to the operator of another vehicle, and was subsequently arrested by local authorities for operating a vehicle while intoxicated. The OIG substantiated the allegations. The investigation determined that the ASAC was operating his government-issued motor vehicle while intoxicated in violation of state law and FBI policy. The investigation also determined that the ASAC was carrying a firearm while intoxicated in violation of FBI policy. The ASAC pled guilty to the state charge of Operating a Vehicle While Intoxicated, Endangering a Person and was sentenced to 1 year of probation. The sentence also included a suspension of the ASAC's driver's license for 6 months except for certain enumerated, specifically permitted travel. The ASAC was also ordered to undergo a drug/alcohol assessment, attend a victim impact panel, and pay court costs and fees. The OIG has completed its investigation and provided a report to the FBI for appropriate action. The OIG completed its investigation in the last semiannual reporting period, but released its summary of investigative findings in the current reporting period.
 - The OIG initiated an investigation of an FBI Senior Executive based on information it received that, among other things, the Executive had not properly recused herself from matters involving a contract company that employed her husband. The OIG investigation found that the Executive failed to disqualify herself from participating in matters involving the FBI contractor that employed her husband, and that she created the appearance of a conflict of interest by failing to obtain a waiver allowing such participation. The OIG also found that the Executive directed subordinate employees to draft official records stating that she was recused from matters involving the contractor, when in fact she took no official action to do so, or to obtain the required waiver. In the course of its investigation, the OIG also found that the Executive failed to report the source of her husband's earned income on annual federal ethics filings, as required by federal ethics regulations and FBI policy, over the period from 2010 through 2014. The case was referred to DOJ for prosecution on March 11, 2015, and was declined on December 8, 2015. The OIG has completed its investigation and provided its report to the FBI for appropriate action.
 - The OIG investigated allegations from an FBI Special Agent (SA) that he suffered reprisal for making protected disclosures under the FBI Whistleblower Regulations. Specifically, the SA alleged that a Special Agent in Charge (SAC) and an ASAC directed that he be given a Performance Appraisal Report rating of "Minimally Successful" in retaliation for his disclosure that a Supervisory SA in the same division was committing time and attendance fraud. The OIG found that the SA made protected disclosures prior to receiving his Performance Appraisal Report, that the SA's protected disclosures were a contributing factor

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in the personnel action, and that clear and convincing evidence does not show that the FBI would have taken the same action against the SA in the absence of his protected disclosures. Under the FBI Whistleblower Regulations, the OIG's finding is not a final determination. The responsibility for adjudicating the reprisal claim lies with the Office of Attorney Recruitment and Management (OARM), which may order corrective action as a remedy for the whistleblower. OARM refers findings that particular officials engaged in retaliation to the FBI for consideration of whether discipline is warranted. The OIG provided its report of investigation to OARM in August 2016. Accordingly, the OIG concluded that there were reasonable grounds to believe that the SA had suffered reprisal as a result of his protected disclosures. The OIG completed its investigation in the last semiannual reporting period, but released its summary of investigative findings in the current reporting period.

Ongoing Work

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

- Various actions by DOJ and the FBI in advance of the 2016 election. The review will examine whether DOJ and the FBI followed policies or procedures in connection with, or in actions leading up to or related to, the FBI Director's public announcement on July 5, 2016, and the Director's letters to Congress on October 28 and November 6, 2016, and whether certain underlying investigative decisions were based on improper considerations. The review also will examine allegations that the FBI Deputy Director should have been recused from participating in certain investigative matters; that DOJ's Assistant Attorney General for Legislative Affairs improperly disclosed non-public information and/or should have been recused from participating in certain matters; that other DOJ and FBI employees improperly disclosed non-public information; and that decisions regarding the timing of the FBI's release of certain *Freedom of Information Act* (FOIA) documents on October 30 and November 1, 2016, and the use of a Twitter account to publicize this release, were influenced by improper considerations. The review will not substitute the OIG's judgment for the judgments made by the FBI or the Department regarding the substantive merits of investigative or prosecutive decisions. If circumstances warrant, the OIG will consider including other issues that may arise during the course of the review.
- DOJ's Violent Crime Initiatives. The OIG is reviewing the Department's strategic planning and accountability measures for combatting violent crime, including coordination across Department prosecution, law enforcement, and grant making components; and strategic planning for providing assistance to communities that are confronting significant increases in homicides and gun violence.
- DOJ's efforts to address patterns or practices of police misconduct and provide technical assistance on accountability reform to police departments. The OIG is examining how the Civil Rights Division identifies and selects potential patterns or practices of unlawful police conduct for investigation; how the Office of Community Oriented Policing Services (COPS) and OJP direct technical assistance for accountability reforms to police departments addressing concerns over alleged misconduct; and how these agencies coordinate their efforts and assess their results.

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- 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. 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-incident 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 DOJ and State regarding the incidents.
- The FBI's efforts to address homegrown violent extremists (HVE). The OIG will review the FBI's HVE casework and resource management; evaluate the FBI's coordination with relevant components and its strategic and tactical policies and processes to identify and address HVE threats; and assess the FBI field divisions' implementation of strategic and tactical policies and processes to investigate HVE threats.
- FBI's Insider Threat Program. The program is being evaluated as it relates to the November 2012 standards for the Executive Branch Insider Threat Programs. These programs require departments and agencies, including the FBI, to establish a program for deterring, detecting, and mitigating insider threats.
- The BOP's use of restrictive housing for inmates with mental illness. The review will examine trends in the use of restrictive housing and the screening, treatment, and monitoring of inmates with mental illness who are housed in restrictive housing units.
- The BOP's management of its female inmate population. As part of this review, the OIG will examine trends in the female inmate population between FYs 2012 and 2016, the BOP's implementation of its Management of Female Offenders program statement, and the impact of the 2013 decision to convert Federal Correctional Institution Danbury to a male institution.
- Handling of sexual misconduct allegations by DOJ's Civil Division. The OIG is assessing how the Civil Division responds to sexual misconduct and harassment allegations made against its employees. The OIG is also examining whether penalty guidelines adequately and consistently address proven misconduct.
- Gender equity in DOJ's law enforcement components, specifically ATF, DEA, FBI, and USMS. The review will include an examination of component demographics and staff data related to promotions, awards, and gender discrimination complaints. The OIG will also assess staff perceptions related to gender equity and analyze the reasons for those perceptions.
- Improper or inappropriate hiring practices by officials at the USMS, including allegations of nepotism, favoritism, and quid pro quo arrangements. The OIG is also examining DOJ's response to a letter from a Member of Congress to DOJ regarding allegations of inappropriate hiring practices at USMS and whether officials at the USMS Office of General Counsel failed to ensure DOJ's response to the Member of Congress was accurate and complete.
- DOJ's implementation of certain principles regarding prosecution and sentencing reform it announced in the Smart on Crime initiative. The OIG will assess compliance with DOJ policy on the development of prosecution priorities and DOJ's revisions to its charging and sentencing policies, specifically related

Highlights of OIG Activities

to charging drug quantities implicating mandatory minimum sentences, and the application of recidivist enhancements in certain drug cases.

- OJP's Crime Victims Fund (CVF), which was established by the *Victims of Crime Act of 1984* to provide assistance and grants for victim services throughout the nation. Funding for the CVF is generated from criminal fines, forfeited bail bonds, penalties, and special assessments collected from offenders convicted of federal crimes. The OIG is conducting a risk assessment of OJP's management of the CVF with a preliminary objective to assess the risk associated with managing funding increases.
- DOJ's tribal law enforcement activities and responsibilities pursuant to the *Tribal Law and Order Act of 2010*. The review will focus on DOJ's legal assistance, investigative training, and other technical assistance used to enhance law enforcement efforts in Indian Country.

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

OIG Profile



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

in DOJ operations. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of DOJ employees in their numerous and diverse activities. The OIG also audits and inspects DOJ 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 DOJ, as well as DOJ's contractors and grant recipients.

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 DOJ 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 DOJ 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. The Cyber Investigations Office also includes personnel in the Dallas and Los Angeles Field Offices. Investigations Headquarters in Washington, D.C., consists of the immediate office of the Assistant Inspector General for Investigations and the following branches: Operations I, Operations II, Investigative Support, and Administrative Support.
- **Evaluation and Inspections Division** conducts program and management reviews that involve on-site inspection, statistical analysis, interviews, and other techniques to review DOJ 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 DOJ employees and operations.
- **Management and Planning Division** provides advice to OIG senior leadership on administrative and fiscal policy and assists OIG components in the areas of budget formulation and execution, security, personnel, training, travel, procurement, property management, information technology, computer network communications, telecommunications, records management, quality assurance, internal controls, and general support.

OIG Profile

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

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

The OIG has a nationwide workforce of more than 460 SAs, Auditors, Inspectors, Attorneys, and support staff. For FY 2016, the OIG direct

appropriation based on the current continuing resolution is projected to be approximately \$93.7 million, and the OIG anticipates earning an additional \$8.8 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 October 1, 2016, through March 31, 2017.

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



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



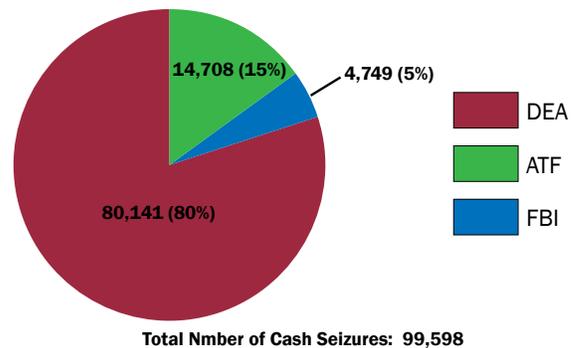
Reports Issued

Review of the Department's Oversight of Cash Seizure and Forfeiture Activities

The OIG issued a report on DOJ's oversight of cash seizure and forfeiture activities and identified four areas for improvement. The OIG initiated this review because advocates of asset forfeiture reform have expressed concerns that the use of forfeiture revenues to fund law enforcement activities may incentivize law enforcement to use asset seizure and forfeiture beyond its purpose of deterring and punishing criminal conduct. This concern is heightened because DOJ law enforcement officers have the authority to seize and forfeit cash or property without independent judicial oversight and without charging the owner or possessor of the cash or property with a crime.

The OIG's report focuses specifically on the DEA's use of cash seizure because the DEA was the DOJ component responsible for more than \$4.1 billion, which in number amounted to about 80 percent of DOJ's cash seizures between FYs 2007 and 2016. The vast majority of the number and value of these seizures were forfeited through the administrative process, which does not require court involvement.

**Number of ATF, DEA, and FBI Cash Seizures¹
FY 2007 – FY 2016**



Source: CATS

While DOJ views asset forfeiture as an important means of removing the proceeds of crime used to perpetuate and incentivize criminal activity, the OIG found that it does not systematically evaluate data to determine (1) whether seizures benefit law enforcement efforts, such as advancing criminal investigations and deterring future criminal activity, or (2) the extent to which seizure may present potential risks to civil liberties.

¹ These numbers represent the aggregate adoptive and non-adoptive cash seizure activities of ATF, the DEA, and the FBI and therefore include all cash seizures that may have resulted in criminal, civil, and administrative forfeiture. These numbers reflect the total number of assets that are coded as the asset type "Cash/Currency" in DOJ's Consolidated Asset Tracking System (CATS). DOJ acknowledges that errors in coding occur and that as a result these numbers may be over- or understated.

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In the absence of specific metrics that would allow the OIG to use aggregate data to evaluate how DOJ's seizures and forfeitures relate to criminal activity, the OIG reviewed a judgmentally selected sample of 100 DEA cash seizures resulting in administrative forfeiture because these seizures exhibited characteristics that the OIG believes made them particularly susceptible to civil liberties concerns. Of the sampled cash seizures, the OIG found that most occurred as a result of a DEA or joint law enforcement interdiction operation and that the DEA could verify that only 44 of the 100 seizures had advanced or were related to criminal investigations.

The OIG also found that DOJ does not require its state and local task force officers to receive training on federal asset seizure and forfeiture laws prior to conducting federal seizures. As a result, state and local task force officers, who wield the same authorities to make seizures as DOJ SAs, may make federal seizures without receiving training beyond what is included in their respective law enforcement academy curriculum.

During the course of the OIG's review, in January 2015, Attorney General Holder issued an order eliminating most opportunities for state and local law enforcement to use adoptive seizure to avail themselves of federal forfeiture and related equitable sharing proceeds. The OIG found that this policy change contributed to a reduction in the annual number of DEA cash seizures by over half and the annual value of DEA cash seizures by more than a third. However, this policy change does not preclude the federal forfeiture of property seized through joint task forces or as a result of a joint investigation involving federal and state law enforcement, including joint interdiction operations.

The OIG also found that the limitation on adoptions may have the potential to affect cooperation between federal and state and local law enforcement, especially in states where

law enforcement frequently had used federal adoption because of restrictive state forfeiture laws. Law enforcement officials in these states told the OIG that the limitation on adoptions can adversely affect law enforcement cooperation because the decrease in related equitable sharing revenues can limit (1) the ability of state and local law enforcement to contribute personnel to federally led task forces and joint investigations and (2) opportunities for state and local law enforcement to share information with their federal partners.

The OIG made four recommendations to help improve DOJ's oversight of its cash seizure and forfeiture activities. The Criminal Division agreed with one recommendation, and the other three recommendations are unresolved.

The OIG released a video to accompany this report, which is available [here](#).

Domestic Sharing of Counterterrorism Information

The Inspectors General (IG) of the Intelligence Community (IC), DHS, and DOJ issued a joint report on the domestic sharing of counterterrorism information. The IGs' review was conducted in response to a request from the Senate Select Committee on Intelligence, the Senate Homeland Security and Governmental Affairs Committee, and the Senate Judiciary Committee.

The objectives of this review were to: (1) identify and examine the federally supported field-based intelligence entities engaged in counterterrorism information sharing to determine the overall missions, specific functions, capabilities, funding, and personnel and facility costs; (2) determine if counterterrorism information is being adequately and appropriately shared with all participating agencies; and (3) identify any gaps or duplication of effort among these entities.

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The OIGs found that federal, state, and local entities are committed to sharing counterterrorism information by undertaking programs and initiatives that have improved information sharing. However, the OIGs also identified several areas in which improvements could enhance the sharing of counterterrorism information.

Specifically, the OIGs reported that to share information effectively, the federal, state, and local entities actively involved in counterterrorism efforts must understand each other's roles, responsibilities, and contributions, especially when multiple agencies are involved in complex investigations. The review found that this is an area where information sharing could be strengthened. For example, both DHS and the FBI have counterterrorism-related missions and a role in gathering and disseminating counterterrorism information, yet officials from both of these agencies expressed concerns about potential overlaps in law enforcement and counterterrorism missions and activities. In addition, although there is a national-level interagency information sharing strategy, its implementation has been viewed to be uneven. The OIGs believe that the Office of the Director of National Intelligence (ODNI), DHS, and DOJ should review the interagency information sharing memorandum of understanding and take necessary actions to update intelligence information sharing standards and processes among the departments, which the OIGs believe would result in better implementation of the strategy and foster greater and more consistent cooperation.

Additionally, the DHS OIG found that the DHS Intelligence Enterprise—the integrated function of DHS intelligence components and programs—is not as effective and valuable to the IC as it could be. For example, there is a lack of unity across the DHS Intelligence Enterprise, problems with the Office of Intelligence & Analysis staffing levels in the field, issues with the internal intelligence product review and approval processes, and difficulty accessing classified systems and facilities in the field.

The DOJ OIG also reported that DOJ can improve its counterterrorism information sharing efforts by implementing a consolidated internal DOJ strategy and evaluating the continued need and most effective utilization for the U.S. Attorneys' Offices' Anti-Terrorism Advisory Council meetings. In addition, the FBI should spur participation associated with the Joint Terrorism Task Forces and improve its efforts to obtain partners' input to the process for identifying and prioritizing counterterrorism threats.

Further, within the ODNI, the Domestic DNI Representative Program is hindered by large geographic regions, as well as the lack of a clear strategic vision and guidance. In addition, the National Counterterrorism Center Domestic Representative Program has also struggled to sufficiently cover its regions.

The report also noted that at the state and local level, fusion centers are focused on sustaining operations rather than enhancing capabilities due to unpredictable federal support. Further, varying requirements for state and local security clearances sponsored by federal agencies can impede access to classified systems and facilities.

The OIGs made 23 recommendations to the components of the ODNI, DHS, and DOJ to help improve the sharing of counterterrorism information and ultimately, enhance the government's ability to prevent terrorist attacks. The ODNI, DHS, and DOJ agreed with all of them.

Investigations of the Osorio and Barba Firearms Trafficking Rings

The OIG issued a report examining federal law enforcement agencies' handling of information concerning the traffickers of two firearms that were used in the February 15, 2011, attack in Mexico by members of the Los Zetas drug trafficking organization on Immigration and ICE Agents Victor Avila and Jaime Zapata. Agent Zapata died from his injuries and Agent Avila was seriously wounded.

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The OIG's review found problems with how ATF assimilated information concerning three of the traffickers—brothers Otilio Osorio and Ranferi Osorio, and their neighbor Kelvin Morrison—and with the timeliness of ATF's response to mounting evidence that they were committing firearms offenses. However, the OIG does not believe that it is possible to identify what specific investigative steps should have been taken at the time, or precisely when arrests should have occurred. The OIG also identified one instance after the shooting of Agents Avila and Zapata where, during a search of a residence, the OIG believes ATF had both the opportunity and legal authority to seize firearms in the possession of the Osorio brothers, but it did not do so. Those firearms subsequently were recovered at a crime scene in Mexico.

Additionally, the OIG found deficiencies with the DEA's and an AUSA's handling of the narcotics investigation of one of the traffickers, Manuel Barba. Among the OIG's concerns was finding that the AUSA should not have agreed to Barba's release from federal custody in July 2010 following his indictment and ultimate plea to drug charges; and that a DEA Agent, his supervisor, and the AUSA failed to alert ATF about Barba's potential trafficking so that ATF could determine what investigation was appropriate.

The OIG's review found no evidence that the FBI, ATF Headquarters, or DOJ were alerted to or aware of the criminal activities of the traffickers before the shooting of Agents Avila and Zapata. Nor did the OIG find deficiencies regarding those notification processes. The OIG also found that ATF Agents handling the investigation that resulted in the re-arrest of Barba and the arrest of a fifth trafficker, Robert Riendfliesh, diligently pursued leads and took effective investigative steps, and that they appropriately consulted and coordinated their activities with federal prosecutors.

The OIG did not make recommendations for improvement in this report, as the OIG believes that the recommendations contained in its

2012 report on Operation Fast and Furious and in its 2016 report on the implementation of those recommendations are sufficient to address the deficiencies in this report. The OIG will continue to monitor the progress of DOJ and its law enforcement components to address the deficiencies the OIG identifies in the report, and their efforts to implement the OIG's recommendations from prior reports.

The OIG released a podcast to accompany this report, which is available [here](#).

DOJ's Financial Statement Audits

The *Chief Financial Officers Act of 1990* and the *Government Management Reform Act of 1994* require annual financial statement audits of DOJ. The OIG oversees and issues the reports based on the work performed by independent public accountants. During this reporting period, the OIG issued the audit report for DOJ's Annual Financial Statements for FY 2016.

DOJ received an unmodified opinion on its FYs 2016 and 2015 financial statements. The independent public accountants also issued reports on internal control over financial reporting and on compliance and other matters. The auditors did not identify any material weaknesses, nor did they report any significant deficiencies in the report on internal control over financial reporting.

During FYs 2009 through 2016, DOJ made measurable progress toward implementing the Unified Financial Management System (UFMS). Thus far, USMS has replaced four of DOJ's five major non-integrated legacy accounting systems. Five of DOJ's eight reporting components have successfully migrated to the unified system, and one additional component has partially implemented UFMS. During FY 2016, DOJ ensured the smooth migration of three components within the Offices, Boards and Divisions, which occurred in October 2015. While measurable progress continued to be made, it is important to note that DOJ does not yet have a fully unified financial management

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system to readily support ongoing accounting operations and preparation of financial statements, in order to achieve the economies of scale that it originally envisioned. As discussed in past years, the OIG believes the most important challenge facing DOJ in its financial management is to fully implement an integrated financial management system to replace the remaining major non-integrated legacy accounting system that is currently being used by three of DOJ's nine reporting components.

No instances of non-compliance or other matters that are required to be reported under Government Auditing Standards were identified during the audit in the FY 2016 independent auditors' report on compliance and other matters. Additionally, the independent public accountants' tests disclosed no instances in which DOJ's financial management systems did not substantially comply with the *Federal Financial Management Improvement Act of 1996*.

DOJ's Readiness to Implement the Digital Accountability and Transparency Act of 2014

The OIG issued an attestation review of the Department's readiness to implement the *Digital Accountability and Transparency Act of 2014* (DATA Act). The OIG reported that nothing caused it to believe that a material modification should be made to the Department's assertion that it will be ready to implement the requirements of the DATA Act by May 2017. The report does not contain recommendations and does not require a response to the OIG. However, the OIG noted several areas of concerns that it reported to the Department. The OIG will continue its oversight of DOJ's implementation of the DATA Act, and will issue additional future reports assessing data submitted by DOJ.

Reviews of the Department's FY 2016 Annual Accounting of Drug Control Funds and Related Performance

The OIG issued attestation reviews of the DOJ's annual detailed accounting of funds obligated by each drug control program and related performance summary. The report contains the results of the eight attestation reviews conducted by the OIG of the reported \$7.8 billion of drug control obligations and 23 related performance measures for fiscal year 2016. The reviews are required by 21 U.S.C. § 1704(d), as implemented by the Office of National Drug Control Policy Circular, Accounting of Drug Control Funding and Performance Summary, dated January 18, 2013 (the Circular). An attestation review is less in scope than an examination and, therefore, does not result in the expression of an opinion. The OIG reported that nothing came to its attention that caused it to believe the submissions were not presented, in all material respects, in accordance with the requirements of the Circular, and as otherwise agreed to with the Office of National Drug Control Policy.

Federal Information Security Modernization Act Audits

The *Federal Information Security Modernization Act* (FISMA) requires the Inspector General for each agency to perform an annual independent evaluation of the agency's information security programs and practices. The evaluation includes testing the effectiveness of information security policies, procedures, and practices of a representative subset of agency systems. OMB is responsible for the submission of the annual FISMA report to Congress. DHS prepares the FISMA metrics and provides reporting instructions to agency Chief Information Officers, Inspectors General, and Senior Agency Officials for Privacy. The FY 2016 FISMA results are due to the Office of Management and Budget (OMB) by October 31, 2017.

For FY 2016, the OIG issued seven separate reports for its reviews of the DEA's information security program and El Paso Intelligence

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Center Seizure System; the FBI's information security program, RiskVision-Secret System, and an IC system; and the Justice Management Division's (JMD) information security program and JMD's Joint Biometric Data Exchange Hosting Environment. The OIG is finalizing its FY 2016 review of the individual information security programs of three other DOJ components: the BOP, Environment and Natural Resources Division (ENRD), and OJP. Within these components, the OIG selected for review the following three sensitive but unclassified systems: BOP's Electronic Medical Records System, ENRD's Justice Consolidated Office Network, and OJP's Bulletproof Vest Partnership Program System. The OIG plans to issue reports this fiscal year evaluating each of these systems as well as reports on each component's information security program.

Single Audit Act Reports

The *Single Audit Act of 1984*, as amended, promotes sound financial management of federal financial assistance provided to state, local, and tribal governments, colleges, universities, and nonprofit organizations. Under 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), such entities that expend \$750,000 or more in federal funds in 1 year must have a "single audit" performed annually covering all federal funds expended that year.¹ 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 DOJ funds in order to determine whether the single audit reports meet federal requirements and generally accepted government auditing standards. In

¹ On December 26, 2014, the Uniform Guidance superseded OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Under OMB Circular A-133, which affected all audits of fiscal years beginning before December 26, 2014, the expenditure threshold was \$500,000.

addition, the OIG reviews single audit reports to determine whether they contain audit findings related to DOJ funds. As a result of the OIG's review of the single audits during this semiannual period, the OIG issued to OJP 37 single audit reports encompassing approximately 150 grants, and other agreements totaling more than \$41.6 million. The OIG also monitors these audits through the resolution and closure process.

The single audits disclosed that costs charged to DOJ 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 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 77 management improvements and questioned costs totaling \$411,767.

Civil Rights and Civil Liberties

Section 1001 of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (Patriot Act) directs the OIG to receive and review complaints of civil rights and civil liberty violations by DOJ 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

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responsibilities. In March 2017, the OIG issued its most recent report, which summarized the OIG's Section 1001 activities from July 1 through December 31, 2016. The report described the number of complaints the OIG received under this section, the status of investigations conducted by the OIG and DOJ components in response to those complaints, and an estimate of the OIG's expenses for conducting these activities. The report also describes other OIG reviews that are related to potential civil rights and civil liberty issues but not required by Section 1001.

Reports with Outstanding Unimplemented Recommendations

Every 6 months, the OIG publishes a list of recommendations from the OIG's audits, evaluations, and reviews that the OIG had not closed as of the end of the Semiannual reporting period, because it had not determined that DOJ had fully implemented them. The information omits recommendations that DOJ determined to be classified or sensitive, and therefore unsuitable for public release. This list includes the titles of reports with recommendations not closed and the status and descriptions of the not closed recommendations. Hyperlinks to each report are also included in this list.

The most recent report of recommendations not closed by the OIG as of March 31, 2017, is available on the OIG's website [here](#). The recommendations in this report are associated with over \$138.6 million in questioned costs and approximately \$1.3 million in funds that the OIG recommends could be used more efficiently if repurposed by the agency.

Investigations

The following are OIG investigations of allegations against senior governmental employees in several components in which the OIG determined the allegations were unsubstantiated. The OIG therefore closed the investigations without public disclosure during the reporting period:

- The OIG initiated 11 investigations of alleged misconduct by 14 senior government employees that were ultimately unsubstantiated. Of these investigations, three included allegations of misuse of position; two included allegations of financial crimes; three included allegations of conflict of interest; two included allegations of false statements; one included allegations of security failure; two included allegations of threatening/harassment; one included allegations of waste/misuse of government property; one included allegations of misuse of a government vehicle; two included allegations of inappropriate relationships; one included allegations of release of information; one included allegations of theft; and one included allegations of contract fraud.

Ongoing Work

DOJ's Efforts to Address Patterns or Practices of Police Misconduct and Provide Technical Assistance on Accountability Reform to Police Departments

The OIG is examining how (1) the Civil Rights Division identifies and selects potential patterns or practices of unlawful police conduct for investigation, (2) COPS' and OJP's direct technical assistance for accountability reforms to police departments addressing concerns over alleged misconduct, and (3) these agencies coordinate their efforts and assess their results, including any opportunities to leverage programs within the Community Relations Service.

Review of DOJ's Violent Crime Initiatives

The OIG is reviewing DOJ's strategic planning and accountability measures for combatting violent crime, including coordination across DOJ prosecution, law enforcement, and grant making components; and strategic planning for

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providing assistance to communities that are confronting significant increases in homicides and gun violence.

Follow-up Audit of the Handling of Known or Suspected Terrorists Admitted into the Federal Witness Security Program

The OIG is conducting a follow-up audit of DOJ's handling of known or suspected terrorists admitted into the federal Witness Security Program (Program). The preliminary objectives are to review DOJ's handling of known or suspected terrorists admitted to the Program, practices for watchlisting and processing encounters with this group of Program participants, and procedures for mitigating risks to the public through restrictions placed on this high-risk group of Program participants.

Review of the Department's Clemency Process

The OIG is assessing DOJ's clemency process. Following the OIG's 2011 report on DOJ's processing of clemency petitions, this review will focus on the period from FY 2012 to the present and will assess the procedures utilized by DOJ and the impact of DOJ's new criteria for prioritizing commutation petitions.

Gender Equity in DOJ's Law Enforcement Components

The OIG is examining gender equity in DOJ's law enforcement components, specifically ATF, DEA, FBI, and USMS. The review will include an examination of component demographics and staff data related to promotions, awards, and gender discrimination complaints. The OIG will also assess staff perceptions related to gender equity and analyze the reasons for those perceptions.

Administration of the September 11th Victim Compensation Fund

The OIG is conducting an audit with the preliminary objective of reviewing DOJ's administration of the September 11th

Victim Compensation Fund, which was re-authorized by the *James Zadroga 9/11 Health and Compensation Act of 2010*. Title II of the Act reactivated the 9/11 Victim Compensation Fund of 2001, provided an additional \$2.8 billion to compensate claimants, and added new categories of beneficiaries for the fund, including individuals with health conditions that took a long period to develop. As part of this audit, the OIG is reviewing how the Civil Division and Special Master manage the fund, as well as how JMD supports the Victim Compensation Fund operations through legal and administrative contracts. In December 2015, Congress passed the *Federal Government Consolidated Appropriations Act of FY 2016*, which extended the fund for 5 years and provided an additional \$4.6 billion for compensation and administrative costs.

Award Closeout Process

The OIG is auditing DOJ's award closeout process. The preliminary objectives are to: (1) ensure that expired awards are closed properly and in a timely manner; (2) ensure that award funds are appropriately managed after award periods have ended, including deobligations and subsequent drawdowns; and (3) determine whether appropriate controls are in place to ensure that closeout data reported by recipients is accurate and supported.

Implementation of the Principles regarding Prosecution and Sentencing Reform under the Smart on Crime Initiative

The OIG initiated a review of DOJ's implementation of certain principles regarding prosecution and sentencing reform it announced in the Smart on Crime initiative. The OIG will assess compliance with DOJ policy on the development of prosecution priorities and DOJ's revisions to its charging and sentencing policies, specifically related to charging drug quantities implicating mandatory minimum sentences, and the application of recidivist enhancements in certain drug cases.

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Audits of DOJ and Select Components' Annual Financial Statements

The OIG is conducting audits of DOJ and select components' annual financial statements for FY 2017. Pursuant to Section 304(a) of the *Chief Financial Officers Act of 1990*, as expanded by Section 405(b) of the *Government Management Reform Act of 1994*, the OIG is required to perform an audit of DOJ's annual financial statements. In addition, the following components will receive a standalone audit for FY 2017: the Assets Forfeiture Fund and Seized Asset Deposit Fund, FBI, BOP, and Federal Prison Industries.

The OIG is also conducting an audit of the annual closing package financial statements of DOJ in accordance with Volume 1, Part 2-Chapter 4700 of the Department of the Treasury's (Treasury) *Treasury Financial Manual*. Its purpose is to assist Treasury in preparing the U.S. Government Financial Report by reclassifying DOJ's general-purpose financial statements into a standard format that will be consolidated with other federal agencies, and by reporting DOJ's intragovernmental balances by federal agency to facilitate elimination of transactions between federal agencies.

Compliance under the *Improper Payments and Elimination Recovery Act of 2010* for FY 2016

As required by *Improper Payments and Elimination Recovery Act of 2010* (IPERA), the OIG is performing an annual review of DOJ's FY 2016 annual financial report to determine its accuracy and compliance with IPERA's requirements.

Review of DOJ's Tribal Law Enforcement Activities

The OIG is assessing DOJ's tribal law enforcement activities and responsibilities pursuant to the *Tribal Law and Order Act of 2010*. The review will focus on DOJ's legal assistance, investigative training, and other technical assistance used to enhance law enforcement efforts in Indian Country.

DOJ's Compliance with the *Federal Funding Accountability and Transparency Act of 2006*, as amended by the *DATA Act of 2014*

The OIG is examining DOJ's compliance with reporting requirements under the *Federal Funding Accountability and Transparency Act*, as amended by the *DATA Act*. As part of this examination, the OIG will review a statistically valid sampling of the spending data submitted to Congress by the Department and report on the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of data standards.

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 approximately 35,000 employees in 56 field offices located in major cities throughout the United States; more than 350 resident agencies in cities and towns across the nation; and more than 60 legal attachés in U.S. embassies worldwide.



Investigations

During this reporting period, the OIG received 668 complaints involving the FBI. The most common allegations made against FBI employees were official misconduct, and waste and mismanagement. Most of the complaints received during this period were considered management issues and were provided to FBI management for its review and appropriate action.

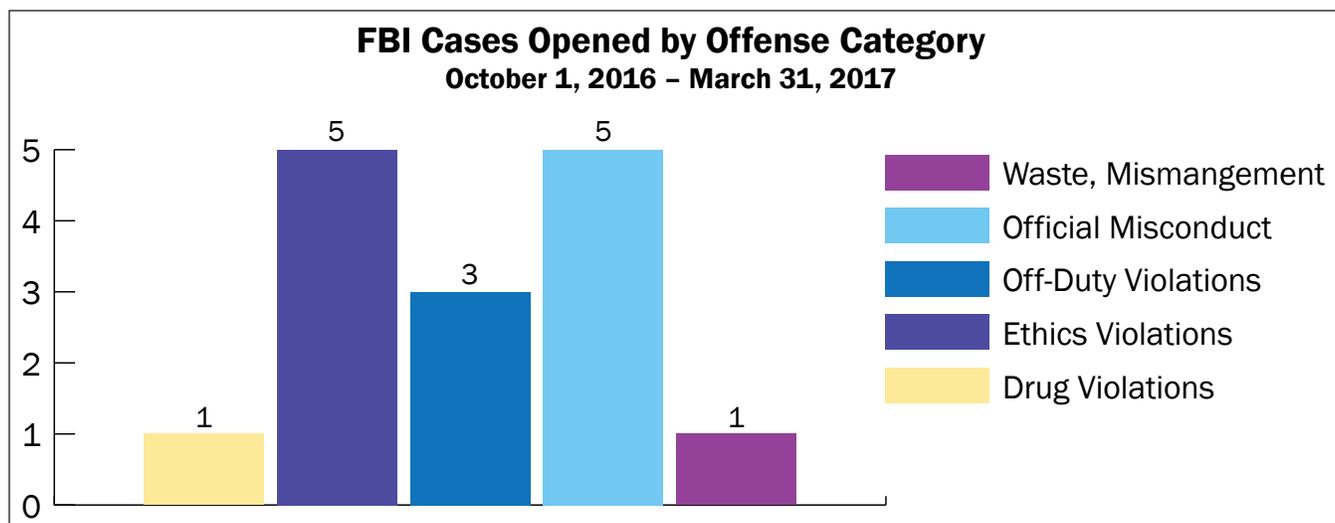
During this reporting period, the OIG opened 15 investigations and referred 21 allegations to the FBI's Inspection Division for action or investigation. At the close of the reporting period, the OIG had 51 open criminal or administrative investigations of alleged misconduct related to FBI employees. The criminal investigations covered a wide range of official misconduct, ethics violations, and off-duty violations. The administrative investigations involved serious allegations of misconduct.

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

- The OIG investigated allegations from an FBI SA that he suffered reprisal for making protected disclosures under

the FBI Whistleblower Regulations. Specifically, the SA alleged that SAC and an ASAC directed that he be given a Performance Appraisal Report rating of "Minimally Successful" in retaliation for his disclosure that a Supervisory SA in the same division was committing time and attendance fraud. The OIG found that the SA made protected disclosures prior to receiving his Performance Appraisal Report, that the SA's protected disclosures were a contributing factor in the personnel action, and that clear and convincing evidence does not show that the FBI would have taken the same action against the SA in the absence of his protected disclosures. Under the FBI Whistleblower Regulations, the OIG's finding is not a final determination. The responsibility for adjudicating the reprisal claim lies with OARM, which may order corrective action as a remedy for the whistleblower. OARM refers findings that particular officials engaged in retaliation to the FBI for consideration of whether discipline is warranted. The OIG provided its report of investigation to OARM in August 2016. Accordingly, the OIG concluded that there were reasonable grounds to believe that the SA had suffered reprisal as a result of his protected disclosures. The OIG

Federal Bureau of Investigation



Source: Investigations Data Management System

completed its investigation in the last semiannual reporting period, but released its summary of investigative findings in the current reporting period.

- On January 30, 2017, a former FBI Automotive Fleet Program Coordinator pleaded guilty to theft of federal government property. The Program Coordinator was charged in an Information filed in the District of Maryland. He admitted in court that from 2011 through January 2016, he conspired with others to defraud the U.S. government by allowing vendors to charge inflated or fictional costs for automotive or towing services to FBI vehicles while he provided payment for such fraudulent charges with his government issued purchase card. In return, the co-conspirators provided him cash payments for each fraudulent transaction he approved and paid. As part of his plea agreement, he agreed to pay \$20,995 in restitution. The investigation was conducted by the OIG's Washington Field Office and members of DEA's Group 48 HIDTA Task Force.

- The OIG initiated an investigation of an FBI Senior Executive based on information it received that, among other things, the Executive had not properly recused herself from matters involving a contract company that employed her husband. The OIG investigation found that the Executive failed to disqualify herself from participating in matters involving the FBI contractor that employed her husband, and that she created the appearance of a conflict of interest by failing to obtain a waiver allowing such participation. The OIG also found that the Executive directed subordinate employees to draft official records stating that she was recused from matters involving the contractor, when in fact she took no official action to do so, or to obtain the required waiver. In the course of its investigation, the OIG also found that the Executive failed to report the source of her husband's earned income on annual federal ethics filings, as required by federal ethics regulations and FBI policy, over the period from 2010 through 2014. The case was referred to DOJ for prosecution on March 11, 2015, and was declined on December 8, 2015. The OIG has completed its investigation and provided its report to the FBI for appropriate action.

Federal Bureau of Investigation

- The OIG initiated an investigation upon receipt of information from the FBI that an FBI ASAC was involved in a motor vehicle accident causing injury to the operator of another vehicle, and was subsequently arrested by local authorities for operating a vehicle while intoxicated. The OIG substantiated the allegations. The investigation determined that the ASAC was operating his government-issued motor vehicle while intoxicated in violation of state law and FBI policy. The investigation also determined that the ASAC was carrying a firearm while intoxicated in violation of FBI policy. The ASAC pled guilty to the state charge of Operating a Vehicle While Intoxicated, Endangering a Person and was sentenced to 1 year of probation. The sentence also included a suspension of the ASAC's driver's license for 6 months except for certain enumerated, specifically permitted travel. The ASAC was also ordered to undergo a drug/alcohol assessment, attend a victim impact panel, and pay court costs and fees. The OIG has completed its investigation and provided a report to the FBI for appropriate action. The OIG completed its investigation in the last semiannual reporting period, but released its summary of investigative findings in the current reporting period.

Ongoing Work

Review of Allegations Regarding Various Actions by DOJ and the FBI in Advance of the 2016 Election

The OIG, in response to congressional and other requests, is reviewing allegations regarding various actions by DOJ and the FBI in advance of the 2016 election. The review will examine whether DOJ and the FBI followed policies or procedures in connection with, or in actions leading up to or related to, the FBI Director's public announcement on July 5, 2016, and the Director's letters to Congress on October 28

and November 6, 2016, and whether certain underlying investigative decisions were based on improper considerations. The review also will examine allegations that the FBI Deputy Director should have been recused from participating in certain investigative matters; that DOJ's Assistant Attorney General for Legislative Affairs improperly disclosed non-public information and/or should have been recused from participating in certain matters; that other DOJ and FBI employees improperly disclosed non-public information; and that decisions regarding the timing of the FBI's release of certain FOIA documents on October 30 and November 1, 2016, and the use of a Twitter account to publicize this release, were influenced by improper considerations. The review will not substitute the OIG's judgment for the judgments made by the FBI or DOJ regarding the substantive merits of investigative or prosecutive decisions. If circumstances warrant, the OIG will consider including other issues that may arise during the course of the review.

Review of the FBI's Identification and Handling of Alleged Deception or Countermeasures in Applicant and Employee Polygraph Examinations

The OIG is conducting a review of the FBI's process for identifying and handling alleged deception or countermeasures in applicant and employee polygraph examinations. The OIG will also evaluate the FBI's process for taking adverse personnel actions in cases where the FBI finds that an employee has used countermeasures or where an employee's polygraph examination indicates deception.

Efforts to Address Homegrown Violent Extremists

The OIG is auditing the FBI's efforts to address HVEs. The preliminary objectives are to: review the FBI's HVE casework and resource management; evaluate the FBI's coordination with relevant components and its strategic and

Federal Bureau of Investigation

tactical policies and processes to identify and address HVE threats; and assess the FBI field divisions' implementation of strategic and tactical policies and processes to investigate HVE threats.

Bulk Telephony Review

The OIG is reviewing the FBI's use of information derived from the National Security Agency's 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 National Security Agency develops from the metadata, as well as 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.

Cyber Victim Notification and Engagement

The OIG is auditing the FBI's cyber victim notification and engagement. The preliminary objective is to evaluate the FBI's processes and practices for notifying and engaging with victims of cyber intrusions.

Insider Threat Program

The OIG is auditing the FBI's Insider Threat Program. The preliminary objective is to evaluate the FBI's Insider Threat Program as it relates to the November 2012 standards for the Executive Branch Insider Threat Programs, which requires departments and agencies, including the FBI, to establish a program for deterring, detecting, and mitigating insider threats.

Efforts to Protect Seaports and Maritime Activity

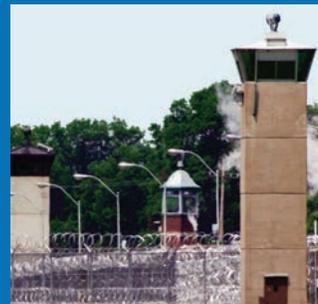
The OIG is auditing the FBI's efforts to protect the nation's seaports and maritime activity. The preliminary objectives are to review the FBI's roles and responsibilities for: (1) assessing maritime terrorism threats, (2) preventing and responding to maritime terrorist incidents, and (3) coordinating with the DHS components to ensure seaport security.

Aircraft Lease Contract Awarded to Midwest Jet Center, LLC

The OIG is auditing an aircraft lease contract awarded by the FBI to Midwest Jet Center, LLC (doing business as Reynolds Jet Management). The preliminary objectives are to: (1) determine whether the FBI adhered to federal regulations during the contract award and administration processes, (2) assess the adequacy of the FBI's contract oversight, and (3) determine if Midwest Jet Center, LLC properly invoiced the government and complied with the terms and conditions of the contract award.

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 more than 40,000 employees and operates 122 institutions, 6 regional offices, 2 staff training centers, a central office (Headquarters), and 25 Residential Reentry Management field offices. The BOP is responsible for the custody and care of approximately 188,800 federal offenders. Approximately, 153,700 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

Management of Inmate Placements in Residential Reentry Centers and Home Confinement

The OIG issued an audit of the BOP's management of inmate placements in RRCs, also known as halfway houses, and home confinement. From October 2013 through March 2016, the BOP spent \$921 million on RRCs and home confinement. The OIG found that while BOP's RRC and home confinement placement policies appear reasonable, those policies were not always followed. The OIG also identified several deficiencies in the BOP's management of RRCs and home confinement.

Specifically, contrary to BOP policy, BOP guidance, and relevant research, BOP's RRC and home confinement placement decisions are not based on inmates' risk for recidivism or need for transitional services. Rather, BOP is placing the great majority of eligible inmates into RRCs regardless of these considerations, unless the inmate is deemed not suitable for such placement because the inmate poses a significant threat to the community. As a result, high risk inmates with a high need for transitional services are less likely to be placed in an RRC or home confinement, and are correspondingly more likely to be released back into society directly from BOP institutions.

In addition, there is strong indication that BOP is underutilizing direct home confinement placement as an alternative to transitioning low-risk, low need inmates back into society through RRCs. Placement in an RRC can negatively impact these inmates by, among other things, exposing them to higher-risk offenders in those facilities. In an effort to increase RRC capacity, BOP may be transitioning some inmates from RRCs to home confinement too early—the OIG found that 17 percent of the 39,020 inmates placed into home confinement during the scope of the audit were subsequently placed back into RRCs for violating home confinement program rules. Also, from October 2013 through March 2016, the RRC population remained at about 101 percent of contracted capacity, while the home confinement population averaged nearly 159 percent of contracted capacity, despite BOP's underutilization of it as an alternative to RRC placement.

Finally, the OIG found that BOP does not have performance measures that evaluate the efficacy of its RRC and home confinement programming, nor does BOP have procedures in place that adequately assess the quality of services provided by RRC contractors.

The OIG made five recommendations to improve BOP's management of inmate placements in RRCs and home confinement. BOP agreed with all of them.

Federal Bureau of Prisons

The OIG released a video message to accompany this report, which is available [here](#).

Contract with the Corrections Corporation of America for Operation of the Adams County Correctional Center

The OIG issued an audit of a BOP contract with CoreCivic, Inc., formerly known as Corrections Corporation of America, to operate the Adams County Correctional Center, a private contract prison in Natchez, Mississippi. As of June 2016, the BOP expended \$468 million on the contract, making this DOJ's third largest contract in terms of dollars since 2009. If the final option period is exercised, the contract will extend through July 2019 and reach an estimated value of \$580 million. In May 2012, an inmate riot at that facility resulted in a Correctional Officer's death and injuries to approximately 20 staff and inmates. A BOP after-action report cited systemic staffing deficiencies and a lack of Spanish-speaking staff as contributing factors to the riot. The audit found that the facility was still plagued by significant staffing deficiencies in correctional services, health services, and Spanish-speaking staff. The audit also found significant weaknesses in CoreCivic's reports to the BOP about its staffing levels, and that the BOP's control and oversight of the contract performance was inadequate in several areas.

Specific OIG findings included that in 19 of the 38 months following the 2012 riot, CoreCivic staffed correctional services at a lower level than at the time of the riot, yet CoreCivic's monthly reports to the BOP showed that correctional staffing levels had improved in 36 of those 38 months. Moreover, between December 2012 and September 2015, the approximately 2,300-inmate Adams County facility was staffed with only a single Physician for 434 days (43 percent of the time) and a single Dentist for 689 days (69 percent of the time). Also, while the BOP's post-riot after-action report recommended minimum requirements for bilingual staff, the OIG found that the BOP did not modify the contract to

include this requirement until June 2015. As of July 2015, the facility's inmate population consisted of approximately 2,300 undocumented immigrants, predominately Mexican nationals, yet only 4 of 367 staff spoke fluent Spanish. The audit also found that CoreCivic employs Correctional Officers with qualifications that would be insufficient for employment at BOP-managed institutions, and pays them less than BOP Correctional Officers. The OIG also found significantly higher rates of staff turnover at the facility than at comparable BOP institutions.

The OIG made nine recommendations to assist the BOP in improving operations under the Adams County Contract. The BOP agreed with all of them. CoreCivic did not explicitly agree or disagree with the recommendations, and as described in the report, it objected to several aspects of the OIG's staffing levels analysis.

The OIG released a video message to accompany this report, which is available [here](#).

Contract Awarded to Spectrum Services Group, Inc., Sacramento, California

The OIG issued an audit report examining a BOP contract with Spectrum Services Group, Inc. (SSGi), to provide four dental assistants at the Federal Correctional Complex in Victorville, California (FCC Victorville). As of April 2016, the BOP had exercised the fourth and final option year of the contract, and BOP payments to SSGi totaled approximately \$458,455, or 58 percent of the total contract value. The contract continues through July 2017.

The OIG found that one of the four Dental Assistant positions specified in the contract was vacant for 25 of the 46 months from August 2012 through May 2016, or about 54 percent of the time. Despite these vacancies, FCC Victorville contracting personnel consistently rated SSGi Very Good during its annual evaluation, and the evaluations included no mention of the vacancies. SSGi and the BOP attributed the Dental Assistant vacancies to the stringent BOP

Federal Bureau of Prisons

vetting process, the remote location of FCC Victorville, and the fact that the position was located within a federal prison.

Additionally, the audit questioned whether the BOP adequately assessed its Dental Officer and Dental Assistant needs at FCC Victorville prior to contract solicitation and award. BOP dental policy states that each institution should have one BOP Dental Officer for every 1,000 inmates and that one Dental Assistant should be assigned to assist each BOP Dental Officer. Despite having over 5,000 inmates for most of the period from December 2012 through March 2014, FCC Victorville operated with only four Dental Officers and with only three Dental Assistants for an extended period of time. The OIG concluded that these staffing shortages have had measurable consequences at the institution, including one out of every four inmates (or nearly 1,000 inmates) being placed on a national wait list for routine dental care as of May 2016. Some inmates have been on this wait list since 2008.

The OIG also found numerous discrepancies and inaccuracies between the sign-in log books for contractors and the Dental Assistants' timesheets. These discrepancies indicate a physical access control issue that could affect the security of FCC Victorville facilities, and highlight the need for periodic comparison of these documents to prevent BOP from paying for hours not worked. Further, the OIG reported that SSGi Dental Assistants were not paid the correct minimum wage and fringe benefits in accordance with provisions of the Service Contract Labor Standards. In total, the OIG identified \$1,024 in underpayments of hourly wages and \$976 in underpayments of Health and Welfare Benefits to contractor employees. Lastly, the audit identified instances of BOP's non-compliance with Federal Acquisition Regulation (FAR), including the FAR's requirements for retaining information submitted by the contractor during the award process.

The OIG made nine recommendations to the BOP that address the deficiencies and the BOP agreed with all of them.

Update to Previously Issued Report

BOP Contract Awarded to Reeves County Detention Center

The OIG announced on December 14, 2016, that the OIG's April 2015 [report](#) examining a contract to operate the Reeves County Detention Center compounds R1 and R2 in Pecos, Texas, had resulted in a total of \$4.7 million in repayments and cost savings. Specifically, Reeves County, Texas, and its medical services subcontractor, Correct Care Solutions, LLC (CCS), had paid or agreed to pay back to the BOP, and to CCS employees, a total of approximately \$3.1 million; and the OIG report identified an additional \$1.6 million in BOP cost savings.

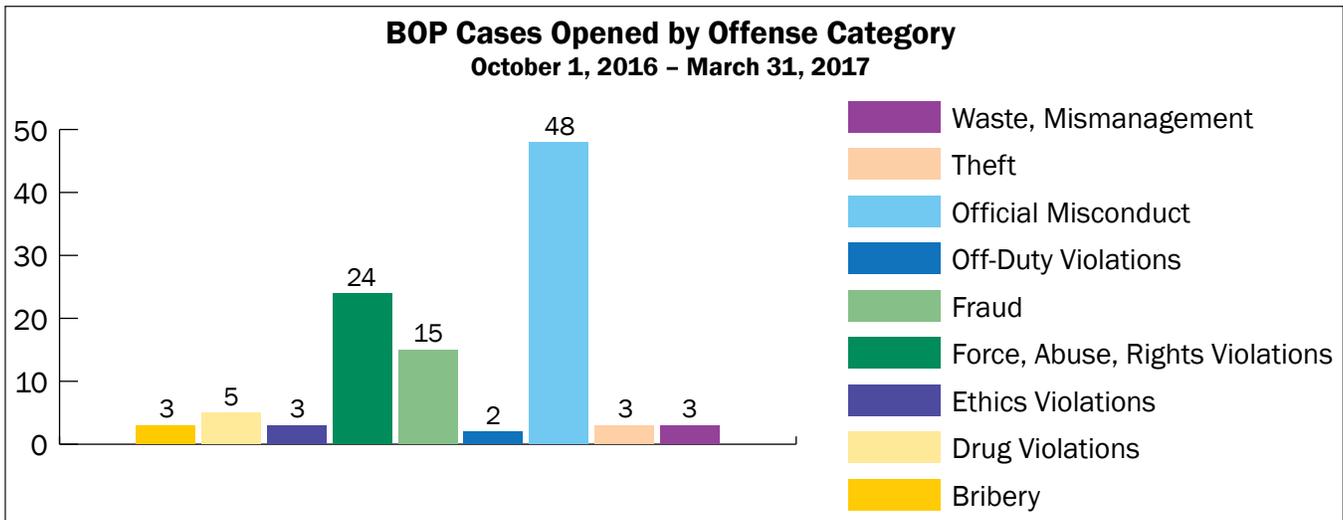
Investigations

During this reporting period, the OIG received 4,142 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 106 investigations and referred 67 allegations to the BOP's Office of Internal Affairs for action or investigation. At the close of the reporting period, the OIG had 243 open cases of alleged misconduct against BOP employees. The criminal investigations covered a wide range of allegations, including official misconduct; force, abuse, and rights violations; and fraud.

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

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Source: Investigations Data Management System

- On November 16, 2016, a former Resident Monitor of a BOP contract facility was sentenced to 100 months in prison and ordered to pay restitution for sexual abuse of an inmate. The Resident Monitor was sentenced pursuant to his guilty plea in the District of New Mexico. The investigation was conducted by the OIG's El Paso Area Office.
- On January 6, 2017, a former BOP Correctional Officer pleaded guilty to falsification of records. The Correctional Officer was charged in an Indictment filed in the District of Arizona. According to the factual basis in support of the guilty plea, in March 2014, the Correctional Officer discussed with two inmates a scheme to smuggle 600 packs of cigarettes into the prison in exchange for \$150,000. He admitted to smuggling contraband tobacco on two occasions and admitted to falsifying a BOP Incident Report in an effort to conceal his previous activities with an inmate. The investigation was conducted by the OIG's Tucson Area Office and the FBI's Resident Agency in Tucson; forensic assistance was provided by the OIG's Cyber Investigations Office.
- On October 17, 2016, a former BOP Senior Correctional Officer was sentenced to 2 years of probation, to include 6 months of home confinement and 150 hours of community service, and ordered to pay a fine of \$4,800 after he pleaded guilty to bribery and conspiracy to commit bribery. According to the plea agreement, the Correctional Officer accepted at least \$4,000 via Western Union sent from a family member of an inmate through one of the Correctional Officer's relatives and, in return, the Correctional Officer supplied inmates with contraband items, including tobacco. The investigation was conducted by the OIG's Chicago Field Office and the FBI.
- On January 19, 2017, a former BOP Chaplain was arrested and pleaded guilty to bribery. The Chaplain was charged in an Information filed in the Eastern District of Texas. According to the factual statement supporting the guilty plea, in July 2015 and February 2016, he received approximately \$4,500 in exchange for providing tobacco to inmates. The investigation was conducted by the OIG's Houston Area Office, DEA's Beaumont Resident Agency, and the U.S. Postal Inspection Service in Beaumont.

Federal Bureau of Prisons

- On November 7, 2016, a former BOP Correctional Officer pleaded guilty to bribery of a public official. The Correctional Officer was charged in the District of Kansas. According to the Indictment to which he pleaded guilty, from 2005 and continuing through 2014, the Correctional Officer accepted more than \$200,000 in bribes in exchange for smuggling tobacco into the BOP facility. The investigation was conducted by the OIG's Denver Field Office and the FBI's Kansas City Division.
- On February 9, 2017, a former BOP Correctional Officer was sentenced to 3 years of probation and 1 year of home confinement after pleading guilty to an Indictment charging her with bribery. The Correctional Officer was sentenced in the District of South Carolina. In her guilty plea, she admitted to providing tobacco to inmates in exchange for money. The investigation was conducted by the OIG's Atlanta Area Office.
- On January 23, 2017, a former BOP Correctional Officer pleaded guilty to abusive sexual contact with an inmate and was sentenced to 60 months of probation, 180 days of home confinement, 104 hours of community service, and ordered to register as a sex offender. The Correctional Officer was charged in the Western District of Oklahoma. According to the Information to which she pleaded guilty, in December 2015, she engaged in sexual contact with an inmate. The investigation was conducted by the OIG's Dallas Field Office and the FBI Oklahoma City Field Office.

Ongoing Work

BOP's Management of its Female Inmate Population

The OIG is reviewing the BOP's management of its female inmate population. As part of this review, the OIG will examine trends in the female inmate population between FYs 2012 and 2016, the BOP's implementation of its Management of Female Offenders program statement, and the impact of the 2013 decision to convert Federal Correctional Institution Danbury to a male institution.

Residential Reentry Center Contracts Awarded to Reynolds & Associates, Inc.

The OIG is auditing three BOP contracts awarded to Reynolds & Associates, Inc., for the RRC located in Washington, D.C. The preliminary objective of the audit is to assess the BOP's and Reynolds & Associates, Inc.'s, administration and performance of, and their respective compliance with the terms, conditions, laws, and regulations applicable to these contracts.

Use of Restrictive Housing for Inmates with Mental Illness

The OIG is examining the BOP's use of restrictive housing for inmates with mental illness. The review will examine trends in the use of restrictive housing and the screening, treatment, and monitoring of inmates with mental illness who are housed in restrictive housing units.

Residential Reentry Center Contract Awarded to Centre, Inc.

The OIG is auditing a contract awarded to Centre, Inc., for the RRC located in Fargo, North Dakota. The preliminary objective of the audit is to assess the BOP's administration of, and Centre, Inc.'s, performance and compliance with the terms, conditions, laws, and regulations applicable to this contract.

Federal Bureau of Prisons

Contracts Awarded to Pacific Forensic Psychology Associates, Inc.

The OIG is auditing BOP contracts awarded to Pacific Forensic Psychology Associates, Inc. The preliminary objective of the audit is to assess the BOP's administration of the contracts and Pacific Forensic Psychology Associates, Inc.'s, performance and compliance with the terms, conditions, laws, and regulations applicable to these contracts. The assessment of performance may include financial management, monitoring, reporting, and progress toward meeting the contracts' goals and objectives.

U.S. Marshals Service

The USMS is responsible for ensuring the safe and secure conduct of judicial proceedings, protecting approximately 2,375 federal judges and about 26,000 federal prosecutors, federal public defenders, and other court officials at approximately 719 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 5,200 employees at 218 sub-offices and 3 foreign field offices.



Investigations

During this reporting period, the OIG received 405 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 22 investigations and referred 30 other allegations to the USMS's Office of Internal Affairs for its review. At the close of the reporting period, the OIG had 47 open cases of alleged misconduct against USMS employees. The most common allegations were official misconduct and off-duty violations.

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

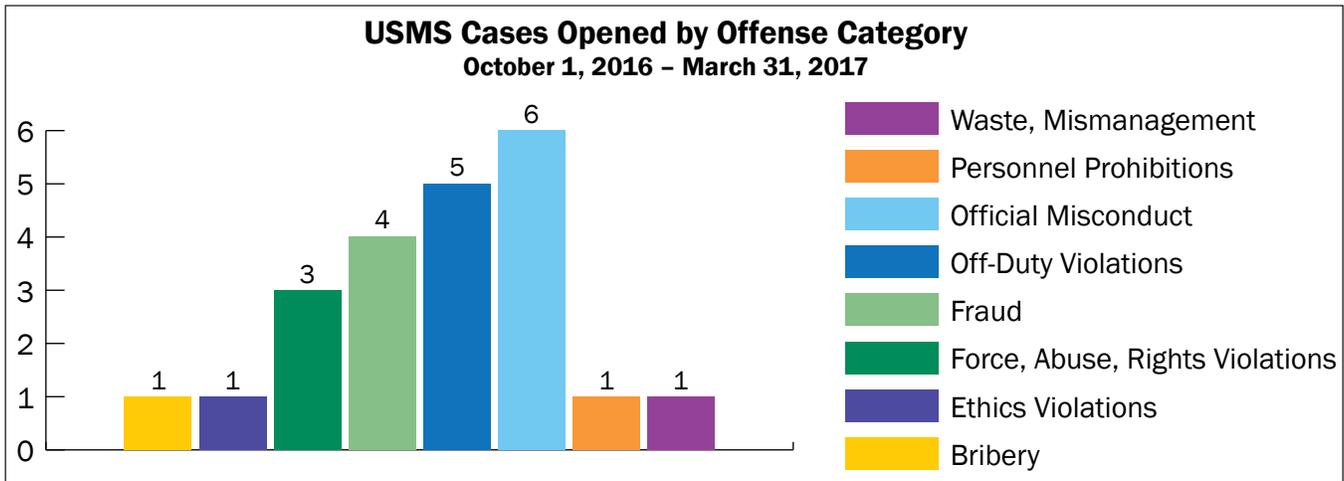
- The OIG initiated an investigation based on allegations that several USMS supervisory employees in a particular judicial district retaliated against subordinates as a result of the subordinate employees' cooperation with the OIG in a prior investigation. During the investigation of alleged retaliation, the OIG received allegations regarding

improprieties related to the USM reassignment of a DUSM to a different office within the district.

The OIG investigation found that the CDUSM, a Supervisory DUSM, and a now retired Senior Inspector each retaliated against subordinate employees as a result of the employees' perceived cooperation with a prior OIG investigation. The retaliation consisted of the CDUSM attempting to pressure a subordinate to disclose to the USM the employee's level of cooperation with the OIG investigation; the CDUSM restricting an employee's work assignments; and the Supervisory DUSM and Senior Inspector making statements and threatening retaliation to dissuade employees from cooperating with the OIG's earlier investigation. All such actions violate provisions of the IG Act, DOJ regulations, and USMS policy. The OIG also concluded that the CDUSM and the Senior Inspector lacked candor with the OIG, further violations of Department regulations and USMS policy.

The OIG investigation found further that the USM improperly directed a reassigned DUSM to claim work hours during his daily commute, in violation of federal regulations and USMS travel policy.

U.S. Marshals Service



Source: Investigations Data Management System

The OIG did not substantiate certain other allegations made against the supervisory employees. The OIG has completed its investigation and has provided its report to the USMS and the ODAG for appropriate action. The OIG referred its retaliation findings to the U.S. Office of Special Counsel.

- The OIG initiated an investigation of a USM and a CDUSM based on information it received that, among other things, the USM misused his official government vehicle and misused his position, and the CDUSM failed to report misconduct and misused government property. The OIG investigation found that the USM violated federal regulations and USMS policy by using an official government vehicle for personal matters, and misused his position and subordinates' time when, unconnected with any USMS business, he asked subordinates to drive his government vehicle to various locations to facilitate his handling of such personal matters, which they did during work hours. In addition, the USM misused his position and subordinates' time by putting subordinates in an awkward and difficult position that resulted in them helping the USM load items purchased for personal purposes into a rental truck.

The OIG found that the CDUSM violated federal regulations and USMS policy by failing to report the USM's misconduct, by misusing government property to store personal belongings, and by authorizing a subordinate's personal use of government property. During the course of its investigation, the OIG also found that the CDUSM violated the *Uniformed Services Employment and Reemployment Rights Act* by denying an employee an assignment based on the fact that the employee spent time away from work on military duty. The CDUSM retired during the OIG's investigation. The OIG has completed its investigation and provided its report to the USMS and the ODAG for appropriate action.

- The OIG initiated an investigation upon receipt of information from the USMS Office of Professional Responsibility, Internal Affairs, that a former Acting U.S. Marshal made unwanted advances, consisting of inappropriate statements and giving gifts, to a USMS contract employee. In the course of its investigation, the OIG received an anonymous complaint alleging that the Acting U.S. Marshal had also engaged in a sexual relationship with a subordinate USMS employee. The OIG substantiated the allegations and

U.S. Marshals Service

found that the Acting U.S. Marshal made inappropriate statements and gave gifts to a USMS contract employee that were reasonably construed as sexual advances. The OIG concluded that the Acting U.S. Marshal exercised poor judgment and that his conduct violated federal regulations and DOJ policies related to prevention of sexual harassment in the workplace. The OIG also found that the Acting U.S. Marshal had engaged in a sexual relationship with a subordinate USMS employee and attempted to impede the OIG's ability to obtain testimony from the USMS employee. The OIG further concluded that in addition to violating federal regulations and DOJ policies related to prevention of sexual harassment in the workplace, this conduct violated the USMS code of professional responsibility. The Acting U.S. Marshal retired during the course of the OIG investigation. The OIG has completed its investigation and provided a report to the USMS.

Contract Awarded to Operate the Leavenworth Detention Center

The OIG is conducting an audit of a contract valued at nearly \$700 million awarded to CCA to operate the Leavenworth Detention Center located in Leavenworth, Kansas. The preliminary objective is to assess the USMS and the contractor's administration of and compliance with contract terms and conditions.

Ongoing Work

Court Security Procurement Process

The OIG is conducting an audit of USMS Court Security Officer services procurement. The objective is to assess the USMS's management of and processes for procuring Court Security Officer services contracts.

Hiring Practices

The OIG is investigating multiple allegations of improper or inappropriate hiring practices by officials at the USMS, including allegations of nepotism, favoritism, and quid pro quo arrangements. The OIG is also examining DOJ's response to a letter from a Member of Congress to DOJ regarding allegations of inappropriate hiring practices at the USMS and whether officials at the USMS Office of General Counsel failed to ensure DOJ's response to the Member of Congress was accurate and complete.

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 8,000 employees staffing its 221 domestic offices and 92 foreign offices in 70 countries.



Report Issued

The DEA's El Paso Intelligence Center

The OIG issued a report following up on its June 2010 report, *Review of the Drug Enforcement Administration's El Paso Intelligence Center*, a DEA-led, multi-agency intelligence center located in El Paso, Texas. EPIC is funded and staffed by over 25 partner agencies. Its mission is to support law enforcement personnel through the timely analysis and dissemination of intelligence information, with particular emphasis on Mexico and the Southwest border. In executing this mission, EPIC adopts an "all threats" focus that includes illegal drugs, weapons trafficking, human smuggling, and money laundering. The 2010 review found that EPIC was highly valued by its partner agencies and customers; but the OIG identified several weaknesses in EPIC's operations.

The OIG's follow-up review found that EPIC provides valuable information to law enforcement personnel; but the OIG identified several areas in which improvements to EPIC's governance, strategic management, and operations would result in increased effectiveness and value to law enforcement. The OIG found that EPIC's partner agencies are not effectively engaged in governing EPIC. Since early 2014, EPIC has operated without an approved, up-to-date strategic plan or effective performance metrics; and since October 2012, the total number of staff detailed to EPIC has decreased by 24 percent. Instead of addressing the full scope of its "all threats" mission, EPIC primarily serves as a tactical drug intelligence center. For example, the OIG found that since September 2013 there has been a 45 percent

reduction in the number of Intelligence Analysts assigned to EPIC and that many lack the training and experience necessary to conduct complex strategic analysis. The OIG also found that EPIC lacks a comprehensive marketing program and relies primarily on in person interactions to promote its products and services. At the time of the OIG's follow-up review, the DEA had not consolidated an intelligence collection program at its Houston Field Division with a similar program at EPIC. After the OIG completed its fieldwork, the DEA informed the OIG that it intended to cease the funding and operation of its Houston-based program and that the program may be transferred to an EPIC partner agency. The follow-up report makes four recommendations to the DEA and EPIC management to improve the governance and strategic management of EPIC and to help ensure the efficiency and effectiveness of the DEA's southwest border intelligence efforts. The DEA agreed with all of them.

The OIG released a podcast to accompany this report, which is available [here](#).

Addendum to the Audit of the Management and Oversight of the DEA's Confidential Source Program

The OIG issued a classified addendum to the OIG's September 2016 report, *Audit of the Drug Enforcement Administration's Management and Oversight of its Confidential Source Program*. The addendum provides additional details about the OIG's findings concerning the DEA's establishment, use, and payment of confidential sources used in a DEA Intelligence Division

Drug Enforcement Administration

program, and by the DEA Special Operations Division for overseas operations. Many of these matters were also discussed at pages 29-34 of the OIG's September 2016 report.

Due to its classified nature, the addendum cannot be released publicly. The OIG has therefore released a public summary describing the information it contains. As stated in that summary, the OIG believes that the DEA has not fully accounted for the national security, foreign relations, and civil liberties risks associated with using and paying confidential sources in the instances we reviewed. The DEA agreed with the recommendations contained in the addendum and has stated that it will continue to work with the OIG to ensure that the findings are appropriately addressed.

Investigations

During this reporting period, the OIG received 380 complaints involving the DEA. The most common allegations made against DEA employees included official misconduct, and waste and mismanagement. The majority of the complaints were considered management issues and were provided to the DEA for its review and appropriate action.

During this reporting period, the OIG opened 8 cases and referred 23 allegations to the DEA's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 45 open cases of alleged misconduct against DEA employees. The most common allegation was official misconduct.

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

- On December 21, 2016, a DEA TFO was sentenced to 300 months in prison for drug trafficking related charges. The TFO, who was removed from the task force and terminated from a Texas Police Department, was convicted after a jury

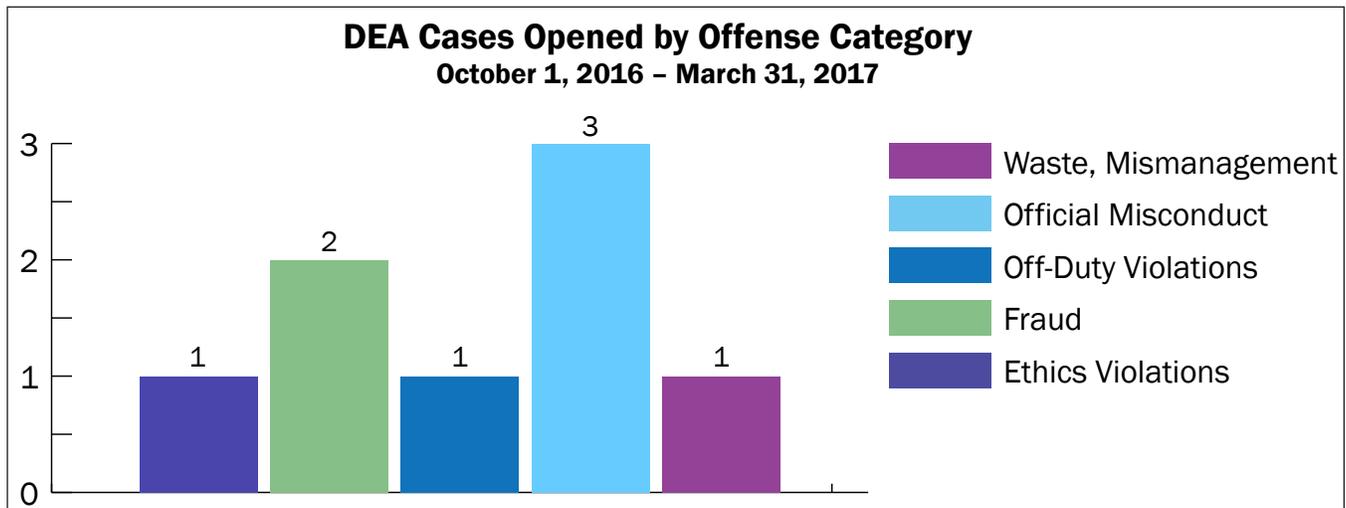
trial for conspiracy to possess with intent to distribute and possession with intent to distribute cocaine. According to evidence and testimony presented at trial, the TFO conspired with a drug trafficker to possess 14.9 kilograms of cocaine. The TFO seized the cocaine, conspired with the drug trafficker to dilute and repackage a portion of it, and subsequently staged another drug seizure of the diluted cocaine. The TFO intended to keep the bulk of the stolen pure cocaine for himself while covering up the theft with the seizure of the diluted cocaine. On February 16, 2017, the drug trafficker, who had previously pleaded guilty to a superseding Indictment in the Southern District of Texas, was sentenced to 30 months in prison for conspiracy to possess with intent to distribute cocaine. The investigation was conducted by the OIG's Houston Area Office and the FBI.

Ongoing Work

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

The DOJ OIG is conducting a joint review with the State OIG of the post-incident responses by the DEA and State 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, DEA, and State as part of 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-incident investigative and review efforts by State and the DEA, the cooperation by State and DEA personnel with the post-shooting reviews, and the information provided to Congress and the public by DOJ and State regarding the incidents.

Drug Enforcement Administration



Source: Investigations Data Management System

Task Orders Awarded to Maximus, Inc.

The OIG is auditing DEA task orders issued to Maximus, Inc., for financial investigative support services. The audit objectives are to: (1) determine whether Maximus and its subcontractor complied with the terms, conditions, laws, and regulations applicable to the contract; (2) assess contract performance; and (3) assess how the DEA and JMD administered the subject task orders.

DEA Linguistic Contract Awarded to Conduit Language Specialists, Inc.

The OIG is auditing a DEA linguistics contract awarded to Conduit Language Specialists, Inc., located in Paris, Kentucky. The preliminary objective is to assess DEA and Conduit Language Specialists, Inc.'s, administration of and performance in accordance with the terms, conditions, laws, and regulations applicable to this contract in the areas of: (1) contractor performance; (2) billings and payments; and (3) contract management, oversight, and monitoring.

DEA Contract Awarded to L-3 Communications Vertex Aerospace LLC

The OIG is auditing a DEA contract awarded to L-3 Communications Vertex Aerospace LLC. The preliminary objectives are to: (1) determine

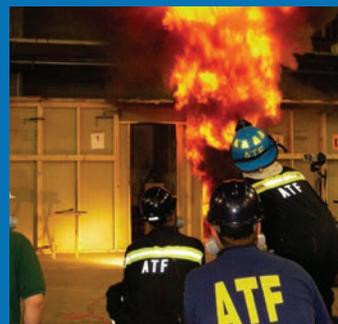
whether the DEA adhered to federal regulations during the contract award and administration processes, (2) assess the adequacy of the DEA's contract oversight, and (3) determine if L-3 Communications Vertex Aerospace LLC properly invoiced the government and complied with the terms and conditions of the contract award.

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.

Bureau of Alcohol, Tobacco, Firearms and Explosives

ATF's approximately more than 5,000 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. Foreign offices are located in Mexico, Canada, Europe, El Salvador, and the Caribbean.



Report Issued

Management and Oversight of Confidential Informants

The OIG issued an audit report examining ATF's management and oversight of its CIs. The audit found that while ATF's CI policies were generally aligned with the AG Guidelines, its oversight of its CI Program required significant improvement. Because of the deficiencies identified in the audit, the OIG concluded that ATF was not able to administer its CI Program in a manner that is reflective of the importance of the program, or its risks.

Specifically, the audit found that ATF maintained information that is fundamental to the management of its CI Program in a compartmentalized manner that depended heavily on hard-copy files and an unsophisticated automated system. This insufficient information environment made it difficult for ATF to determine the value that individual CIs brought to ATF investigations, and it impeded ATF's ability to manage and oversee its CI Program as a whole.

Of particular concern, ATF could not efficiently identify and track total payments made to individual CIs, as doing so required ATF to locate and review numerous hard-copy documents in multiple, separate files and systems. Consequently, while the OIG did not examine whether ATF provided incorrect CI payment information during any criminal

proceedings and is not aware of any such instances, it nevertheless concluded that ATF's information environment did not provide sufficient safeguards to ensure that complete and accurate information was consistently available to prosecutors for use during criminal proceedings.

The audit further found that ATF Headquarters officials did not have an adequate method to verify that CIs for whom the AG Guidelines require additional oversight, such as long-term CIs who have been used for more than 6 consecutive years and CIs who hold a high-level position in a criminal enterprise, in fact received that oversight. Moreover, the committee responsible for conducting such reviews had not always met as scheduled, had not always reviewed and opined on all of the CI files provided by ATF for review, and had postponed decisions to a later date on numerous occasions. As a result, the OIG believes that ATF's review process for these CIs had not provided the enhanced oversight required by the AG Guidelines.

Finally, the audit found that while ATF can sponsor foreign national CIs for temporary legal status when it believes the CI will provide valuable information and assistance to its investigation, ATF officials did not completely and accurately track information related to these foreign national CIs. As a result, the OIG was unable to determine the total number

Bureau of Alcohol, Tobacco, Firearms and Explosives

of ATF-sponsored foreign national CIs. This lack of reliable information prohibited ATF Headquarters from properly managing the CIs, and from ensuring appropriate coordination with the DHS. The OIG was similarly unable to obtain from ATF an accurate and complete picture of other categories of higher-risk CIs, such as CIs who are also Federal Firearms Licensees and CIs who were used by international ATF offices.

ATF is developing and has begun implementing a new automated system that it believes will address many of the audit's findings. The OIG has not assessed the new system, but based on a demonstration provided after completion of fieldwork, believes the system improves ATF's information environment. However, the system is still in its infancy and several enhancements are necessary to address the relevant findings in the report.

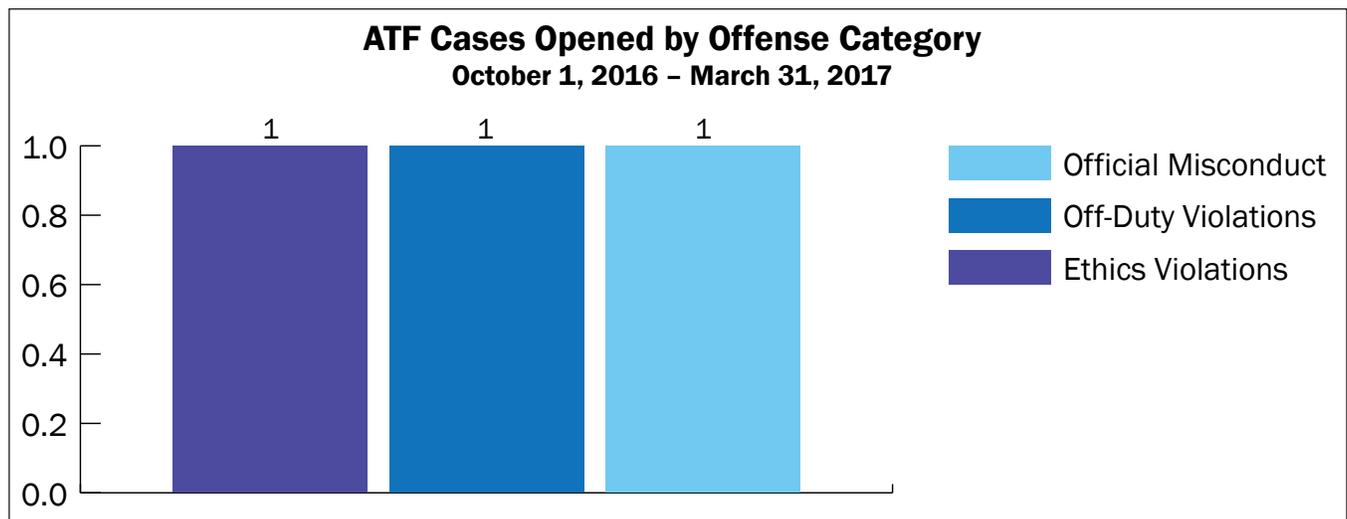
The OIG made five recommendations to ATF to improve the policies and management of its Confidential Informant Program and ATF agreed with all of them.

The OIG released a video to accompany this report, which is available [here](#).

Investigations

During this reporting period, the OIG received 223 complaints involving ATF personnel. The most common allegations 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 3 cases and referred 12 allegations to ATF's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 11 open criminal or administrative investigations of alleged misconduct related to ATF employees. The investigations included official misconduct, ethics violations, and off-duty misconduct.



Source: Investigations Data Management System

Ongoing Work

ATF's Implementation of the Frontline Initiative

The OIG is reviewing the implementation of ATF's Frontline initiative since it was launched in 2012. ATF established Frontline to standardize the development and execution of agency-wide regulatory and investigative priorities while ensuring that limited resources are effectively focused to accomplish these goals. The OIG's review will examine ATF Frontline operations to assess how ATF identifies and prioritizes problems, distributes resources, and measures outcomes against ATF goals and objectives.

Office of Justice Programs

OJP manages the majority of DOJ's grant programs and is responsible for developing initiatives to address crime at the state and local levels. OJP has six bureaus and program offices—Bureau of Justice Assistance, Bureau of Justice Statistics, National Institute of Justice, Office of Juvenile Justice Delinquency Prevention, Office for Victims of Crime, 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

Audit of the Tribal Justice Systems Infrastructure Program

The OIG issued an audit of OJP's TJSIP, which provides grants to plan, construct, and renovate tribal justice facilities. From FYs 2009 through 2014, the BJA within OJP awarded \$275 million in TJSIP grants. While BJA is responsible for awarding TJSIP grants, responsibility for funding the operation and maintenance of the tribal justice facilities after they are built generally falls to a different federal organization in a separate agency—the BIA within the Department of Interior.

The OIG found that coordination between OJP and the BIA was not always effective, resulting in delays in the completion of TJSIP-funded projects, and also in grantees being unable to operate and fully staff grant-funded facilities upon completion of construction. The OIG also determined that OJP's due diligence when making awards and its oversight of TJSIP grantees were inadequate. This led to, among other issues, the construction of excessively large facilities that were not aligned with the tribes' documented needs, the premature funding of construction before adequate planning was completed, and the ineffective use of some TJSIP funds.

Specifically, the audit reported that coordination deficiencies between OJP and the BIA resulted in the construction of three TJSIP-funded

correctional facilities that could not be opened, or could only be partially opened, due to construction flaws or due to operations and maintenance funding issues involving the BIA. These three facilities, which together cost more than \$23 million, each remained non-operational or only partially operational for over a decade after the initial awards were made, and for 3 or more years after the TJSIP grants were fully expended. In addition, inadequacies with OJP's due diligence when making grant awards led to OJP awarding approximately \$81 million in TJSIP grants without verifying the grantees' stated needs for the grant funds. As a result, grantees constructed facilities that significantly exceeded planned and approved facility capacities, incarceration needs, or staffing resources. Once completed, some of these facilities were unable to open or were operated far under their capacity. In one instance, OJP awarded a tribe \$11 million to build a portion of a correctional facility that was intended to generate profit, and where up to 98 percent of the inmates were not be subject to tribal jurisdiction since opening the facility. OJP made this award even though the grant solicitation prohibited using grant funds to earn a profit from housing members of other tribes or non-tribal individuals, and despite the BIA's concerns that the tribe was building beyond its capacity.

Inadequacies also existed with OJP's post-award oversight and management of TJSIP grants. In a September 2015 audit report, the OIG described

Office of Justice Programs

two Navajo Nation facilities, for which project increases costing an additional \$32 million resulted in unopened or partially-opened facilities that were at least 250-percent larger than the stated need. This current audit found that OJP could not provide documentation indicating that it was aware of the project increases, or that it had reviewed and approved any amended plans that would have justified the changes in project sizes.

Finally, the audit found that OJP procures T&TA services for the benefit of TJSIP grantees, but its agreements with T&TA providers do not adequately define the services that these entities are expected to provide. As a result, there exists the potential for overlap between the T&TA services and the services that TJSIP grantees contract for separately. Conflicts of interest can also arise when the same provider serves a TJSIP grantee both as a T&TA provider and also through a direct contract with the grantee. The OIG questioned \$842,879 in expenses paid to T&TA providers by TJSIP grantees based on conflict of interest concerns. It also recommended that OJP clarify the definition of T&TA services and review the cost benefits of including master planning services through T&TA. This would have saved the government more than \$3 million in 2009 and 2010, could result in a material cost savings in the future, and would help to eliminate some of our conflict of interest concerns.

The OIG made 12 recommendations to improve OJP's management and oversight over the TJSIP and its coordination with BIA, and to address nearly \$12 million in dollar-related findings the OIG questioned as either unallowable or unsupported. OJP agreed with all of them, although for some recommendations the OIG does not believe OJP's proposed actions would adequately address its findings.

The OIG released a video message to accompany this report, which is available [here](#).

Audits of Grants to State and Local Entities

During this reporting period, the OIG audited 11 external OJP grant recipients, as described by the examples below.

- The OIG issued an audit report examining two Multi-State Mentoring Initiative grants totaling \$3,279,084 awarded to [Amachi, Inc.](#) (Amachi), a non-profit organization based in Philadelphia, Pennsylvania. The purpose of these Office of Juvenile Justice and Delinquency Prevention (OJJDP) grants was to enhance mentoring programs for underserved youth at risk of academic failure, truancy, and adjudication. Amachi does not provide mentoring services directly to youth, but instead serves as an intermediary between OJJDP and various grant subrecipients. The audit covered the period from July 1, 2012, to October 31, 2015, the date of Amachi's most recent accounting records. At the time of the audit, one of the two grants was ongoing and Amachi had drawn down \$2,834,080 of the total grant funds awarded. The audit determined that Amachi did not comply with all of the Financial Guide requirements that were tested. Specifically, the OIG found that Amachi: (1) did not implement an adequate accounting system or award administration procedures; (2) charged unreasonable, unallowable, and unsupported award expenditures; (3) engaged in a conflict of interest by making expenditures to a subrecipient organization for which Amachi's President served as the chairman of the board of directors and acting Chief Executive Officer; (4) did not have written subrecipient monitoring policies and procedures or adequate subrecipient monitoring practices; (5) did not meet sampled award objectives; (6) did not implement an adequate accounting

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system to prepare financial reports; (7) submitted inaccurate progress reports; (8) did not implement adequate cash management policies and procedures; and (9) did not comply with sampled award special conditions. As a result of these deficiencies, the OIG questioned \$2,242,686 of the \$2,834,080 award expenditures as of October 2015. The OIG made two recommendations with a total of 19 subparts to improve Amachi's grant management and address questioned costs. OJP agreed with all of the recommendation subparts. Amachi agreed or partially agreed with 10 of the 19 subparts.

- The OIG issued an audit report on four sub-grants totaling \$553,386 that the California Governor's Office of Emergency Services (Cal OES) awarded to the [Indian Child Welfare Consortium](#) (ICWC) in Temecula, California. The purpose of these grants, which Cal OES sub-awarded to ICWC between 2009 and 2012, was to facilitate the provision of therapeutic clinical services or culturally-centered services to American Indian child abuse victims, and support services to the non-offending family members. The audit found weaknesses and deficiencies in the areas of internal control environment, expenditures, matching, budget management, monitoring of contractors, reporting, and program performance and accomplishments. As of December 2013, ICWC personnel stopped responding to the OIG's requests, inquiries, and communications, thereby limiting the ability to complete the audit and preventing the OIG from obtaining explanations for the discrepancies the OIG found. ICWC's non-responsiveness especially impeded the OIG's ability to determine if ICWC met program objectives related to the grant funds it received. Examples of the deficiencies found during the audit work the OIG was able

to perform include: ICWC's accounting records were un-auditable because it had two sets of accounting records that were not reconciled with each other and contained significant differences; ICWC's Executive Director and Psychologist who worked as a contractor to the organization were married, and the Psychologist's invoices contained excessive billings and other irregularities; and ICWC's progress reports did not match the supporting documentation the OIG reviewed. Based on these and other findings, the OIG questioned the entire \$452,464 of grant funds that ICWC had drawn down. The OIG made 10 recommendations to OJP to improve the ICWC's management of DOJ grant funds and address questioned costs. OJP and Cal OES agreed with all of them. The OIG was unable to contact ICWC for comment.

- The OIG issued an audit three grants totaling over \$7.1 million to the [District of Columbia Office of Victim Services and Justice Grants](#) (OVSJG). The grants were awarded from 2013 to 2015 pursuant to the *Victims of Crime Act* (VOCA) for the purpose of supporting programs that provide victim assistance services. At the time of the audit, the OVSJG had drawn down about \$2.4 million of the grant funds awarded. The OIG did not identify significant concerns in most of the areas it tested, including the OVSJG's distribution of funding to service providers, performance reports, financial reports, and subrecipient monitoring. However, the audit concluded that the OVSJG should improve its handling of grant funds allocated for grant administration. Specifically, the audit found that the OVSJG interpreted a subrecipient matching requirement in a manner that did not enhance the VOCA assistance program, and its reports did not accurately reflect its approach to this requirement. The audit also found that

Office of Justice Programs

the OVSJG did not comply with certain timekeeping requirements. Based on these findings, the OIG questioned a total of \$154,307 in grant expenditures as unallowable or unsupported. The OIG made eight recommendations to OJP to improve the OVSJG's grant management and address questioned costs. OJP agreed with all of them. The OVSJG agreed with six recommendations and partially agreed with two recommendations.

- The OIG issued an audit report on three grants totaling over \$1.3 million awarded to the [Iowa Tribe of Oklahoma](#) (ITOK), located in Perkins, Oklahoma. The grants were awarded from 2012 to 2015 to support the investigation and prosecution of child abuse, especially child sexual abuse, and to improve tribal responses to crime victims more generally. At the time of the audit, the ITOK had expended \$842,712 of the total grant funds awarded. The audit concluded that the ITOK was on schedule to complete all of its grant goals and objectives. However, the OIG also identified several concerns relating to the ITOK's budget control and management, use of grant funds, and compliance with special conditions, and due to these deficiencies the OIG questioned \$131,535 in grant costs as unallowable. Nearly all of the questioned costs related to expenses the ITOK made prior to being released from special grant conditions that restricted the expenditures. The OIG made four recommendations to OJP to improve the ITOK's grant management and address questioned costs. OJP and ITOK agreed with all of them.
- The OIG issued an audit report on six VOCA grants totaling more than \$8.4 million awarded to the [Nebraska Commission on Law Enforcement and Criminal Justice](#) (Crime Commission) in Lincoln, Nebraska. At the time of the audit, the Crime Commission had

expended \$7.1 million of these grant funds. The audit concluded that the Crime Commission did not comply with essential award conditions related to expenditures and program performance. Specifically, the Crime Commission charged unallowable and unsupported costs to the awards; submitted five performance reports containing inaccuracies among the six reports the OIG reviewed; did not time its drawdowns of grant funds to ensure that federal cash on hand was the minimum needed for disbursements; and requested drawdowns that exceeded the recorded expenditures for five of the six awards audited. Based on these findings, the audit questioned a total of \$96,902 in grant costs. In addition, the OIG determined that some Crime Commission members voted to award grant funds to agencies or counties that they worked for or represented, thereby creating a potential conflict of interest. The OIG made eight recommendations to OJP to improve the Crime Commission's grant management and address questioned costs. OJP agreed with all of them. The Crime Commission agreed with three recommendations, partially agreed with two recommendations, and disagreed with three recommendations.

- The OIG issued an audit report on four VOCA grants totaling over \$12.2 million awarded to the [Rhode Island Department of Public Safety Grant Administration Office](#) (PSGAO), located in Providence, Rhode Island. At the time of the audit, PSGAO had expended about \$4.9 million of these grant funds. The audit identified internal control shortcomings and several instances of noncompliance with VOCA award requirements. Specifically, contrary to its own policies and procedures, PSGAO's efforts to monitor its subrecipients did not include requesting or reviewing any supporting documentation for grant expenditures,

Office of Justice Programs

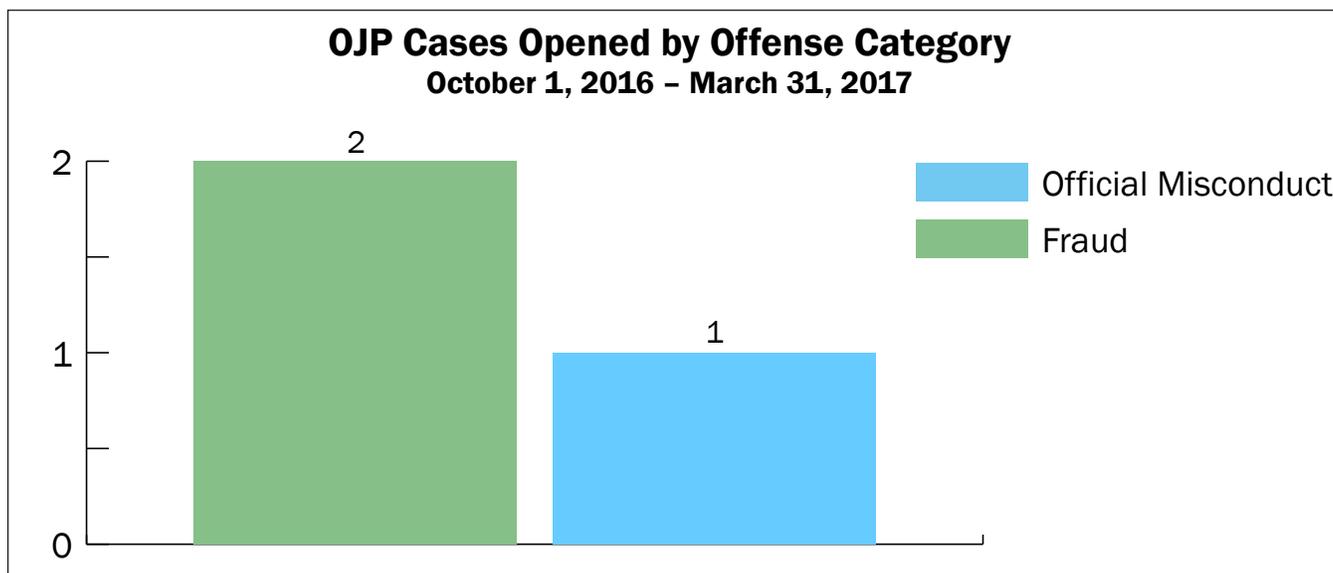
- and PSGAO accepted the accuracy of its subrecipients' quarterly financial and performance reports without performing an independent verification of the data therein. The audit also questioned \$42,824 in grant expenditures as unallowable or unsupported. The OIG made six recommendations to OJP to improve the PSGAO's grant management and address questioned costs. OJP and PSGAO agreed with all of them.
- The OIG issued an audit report on six VOCA grants totaling over \$18 million to the [Utah Office for Victims of Crime](#) (UOVC) in Salt Lake City. At the time of the audit, UOVC had expended a total of \$11.4 million of these grant funds. The OIG found that, if appropriately implemented, UOVC's approach for selecting and monitoring the programs it supports appeared adequate to promote effective use of grant funds. However, the audit found that UOVC commingled federal and non-federal funds when compensating victims, and found inaccurate data about expenditures in all 20 financial reports tested. The OIG made two recommendations to OJP to help improve UOVC's grant management. OJP agreed with both recommendations. UOVC disagreed in part with both recommendations. In addition, after reviewing a draft of this report, OJP noted that the rules for separately accounting for federal and state grant expenditures in OJP's VOCA Victim Compensation Grant Guidelines differ from those in the DOJ Financial Guide, both of which apply to recipients of Victims of Crime Act grants. OJP stated its intent to evaluate whether any adjustments to policies are needed. As described in the appendices to the report, based on the audit, the OIG believes that the discrepancy identified by OJP creates a risk that federal funds could be used to reimburse unallowable expenses.
 - The OIG issued an audit report on a grant of \$1.9 million to the [City of Memphis, Tennessee](#) (Memphis). The grant was awarded in 2015 through OJP's Sexual Assault Kit Initiative to help fund Memphis' efforts to inventory all sexual assault kits that had not been submitted to a crime laboratory, establish a plan to eliminate any backlog, and test every kit so any evidence obtained that linked to other crimes could be used in prosecution. As of September 14, 2016, Memphis had drawn down \$377,660 of the total funds awarded. The audit concluded that Memphis has generally managed the award appropriately and demonstrated adequate progress towards achieving the award's stated goals and objectives. Specifically, the OIG found that Memphis had shipped 1,028 sexual assault kits to laboratories for analysis, presented monthly updates to the city council, and conducted a summit for cities committed to clearing their backlogs and sharing best practices. However, the OIG also found that Memphis did not follow its own policy requiring signatures and other documentation for overtime worked by city staff, which created an increased risk of fraud. The OIG made one recommendation to OJP to ensure that Memphis follows its signature and documentation requirements for overtime. Both OJP and Memphis agreed with the recommendation.

Update to Previously Issued Report

OJP Grants Administered by People for People, Inc.

The OIG announced on March 15, 2017, that People for People, Inc., of Philadelphia, Pennsylvania, made cash repayments of more than \$554,000 to DOJ as a result of a 2013 OIG grant audit. The audit, which

Office of Justice Programs



Source: Investigations Data Management System

assessed People for People’s management of two grants to fund mentoring programs for children of prisoners, concluded that People for People had not complied with various grant requirements, and identified \$893,445 in unallowable and unsupported grant expenditures. The August 2013 [report](#) included 13 recommendations to improve People for People’s grant management and address these questioned costs. Since the audit, People for People has worked closely with OJP to implement all of the recommendations for management improvements and provided the OIG with additional documentation sufficient to address approximately \$339,000 of the questioned costs. The more than \$554,000 in cash repayments were made to address the balance of the questioned costs, which primarily related to expenses for which accounting records were insufficient, salary payments that were unallowable, and payments for rent, telephone bills, and other indirect costs that had not been approved by OJP.

Investigations

During this reporting period, the OIG received 11 complaints involving OJP. The most common allegation made against OJP employees, contractors, or grantees was fraud.

During this reporting period, the OIG opened three cases. At the close of the reporting period, the OIG had 20 open criminal or administrative investigations of alleged misconduct related to OJP employees, contractors, or grantees. The investigations included grantee fraud and official misconduct.

Ongoing Work

OJP’s Crime Victims Fund

The OIG is conducting an audit of OJP’s CVF, which was established by the *Victims of Crime Act of 1984* to provide assistance and grants for victim services throughout the nation. Funding for the CVF is generated from criminal fines, forfeited bail bonds, penalties, and special assessments collected from offenders convicted of federal crimes. The OIG is conducting a risk assessment of OJP’s management of the CVF with a preliminary objective to assess the risk associated with managing funding increases.

Office of Justice Programs

Review of the Office of Juvenile Justice and Delinquency Prevention Title II Formula Grant Program

The OIG is reviewing the OJJDP Title II Formula Grants Program, which provides funding directly to states, territories, and the District of Columbia to help implement comprehensive state juvenile justice plans based on needs studies for delinquency prevention and intervention efforts, as well as juvenile justice system improvements. The objectives include assessing compliance with certain *Juvenile Justice and Delinquency Prevention Act* protections and requirements.

National Institute of Justice's Grant Management

The OIG is auditing the National Institute of Justice's grant management. The preliminary objectives are to determine whether the National Institute of Justice: (1) used fair and open processes to award competitive grants; (2) properly justified its decisions when awarding non-competitive grants; and (3) managed grant activities in compliance with legal, regulatory, and ethical requirements.

Other Department Components

Investigation

The following is an example of a case involving a DOJ employee that the OIG investigated during this reporting period.

- The OIG initiated an investigation of a DAAG based on information it received from the DAAG's component that the DAAG inappropriately touched three federal government employees while attending a training event. The OIG investigation found that the DAAG engaged in unwelcomed physical contact with the three employees by inappropriately touching each of them at different times, causing each to feel extremely uncomfortable. The OIG concluded that the DAAG sexually harassed the three employees in violation of federal regulations and DOJ policy regarding prevention of sexual harassment in the workplace. The DAAG did not contest the allegations, but minimized the conduct and had difficulty remembering details about it. The OIG has completed its investigation and has provided its report to the relevant DOJ component for review and appropriate action.



Civil Division

Ongoing Work

Review of the Handling of Sexual Harassment and Misconduct Allegations by the Department of Justice's Civil Division

The OIG is conducting a review of the handling of sexual misconduct allegations by DOJ's Civil Division. The OIG is assessing how the Civil Division responds to sexual misconduct and harassment allegations made against its employees. The OIG is also examining whether penalty guidelines adequately and consistently address proven misconduct.

Criminal Division

Reports Issued

Equitable Sharing Audits

Under DOJ's Asset Forfeiture Program, state and local law enforcement agencies receive equitable sharing assets when participating directly with DOJ'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 two law enforcement agencies as described below.

- The OIG issued an audit of the equitable sharing activities of the [Henry County Sheriff's Office](#) (HCSO) in New Castle, Indiana. From January 1, 2014, through December 31, 2015, the HCSO received \$404,740 and expended \$802,206 in equitable sharing funds. The majority of these funds were associated with the Pro-Active Criminal Enforcement (PACE) team, a local highway drug interdiction task force comprised of four law enforcement agencies in the state of Indiana. The audit determined

Other Department Components

that the HCSO did not fully comply with the requirements of DOJ's Equitable Sharing Program. For example, the OIG found that the HCSO did not have any established policies and procedures for administering its equitable sharing program. Additionally, it did not use a separate accounting code for recording its DOJ equitable sharing activities, nor did it compute the amount of interest earned on its DOJ equitable sharing revenues and ensure that interest was handled in accordance with program guidelines. Overall, the OIG identified \$313,052 in questioned costs, consisting of \$145,545 in unallowable purchases for other law enforcement agencies and a total of \$167,507 in unallowable salary and fringe benefit costs. Some of the unallowable salary and fringe benefit costs pertained to two local law enforcement agencies' use of DOJ equitable sharing funds that were transferred to them by the HCSO. The OIG made 12 recommendations to the Criminal Division's Money Laundering and Asset Recovery Section (MLARS—formerly the Asset Forfeiture and Money Laundering Section) to improve the HCSO's management of its equitable sharing activities and address the questioned costs. MLARS agreed with all of them. In its response to the draft report, HCSO did not explicitly agree or disagree with the recommendations, and it described the actions it would take to address the findings. Two other local law enforcement agencies that were associated with the PACE team also provided responses to the draft report; one agency agreed with the recommendation that affected it, and one agency did not.

- The OIG issued an audit the equitable sharing activities of the [Franklin County District Attorney's Office](#) in Franklin County, New York (District Attorney's Office). From January 1, 2011, through December 31, 2015, the District Attorney's

Office received \$604,649 and expended \$802,196 in equitable sharing funds. The OIG found that, during the time of the audit, the District Attorney's Office failed to adhere to requirements of the equitable sharing program and other established county policies and procedures. Overall, the OIG identified \$454,673 in questioned costs. Specifically, the OIG determined that the District Attorney's Office expended nearly \$111,000 of the equitable sharing funds on supplies and equipment; spent more than \$43,000 on overtime in direct violation of Franklin County's overtime policy; opened an unauthorized credit card account and used equitable sharing funds to pay the bills; and used more than \$73,000 to purchase materials for a garage without the required prior approval. The OIG also found that the District Attorney's Office lacked controls and documentation related to nearly \$60,000 it provided for drug buy expenditures to investigators via check, which the investigators cashed themselves and then kept the cash in a bank bag in county offices. The audit determined there was no system of records to identify or track which checks funded any particular investigation. Although the equitable sharing guide specifically permits funding to be used for drug buy money, the District Attorney's Office failed to follow equitable sharing guidelines or establish written policies regarding drug buys and was therefore unable to demonstrate that funding was used for its intended purpose and was properly safeguarded. The OIG made 15 recommendations and MLARS agreed with all of them. The District Attorney's Office stated that it accepted all of the recommendations, although it also indicated disagreement with the eight recommendations to address questioned costs.

Other Department Components

Environment and Natural Resources Division

Ongoing Work

Audit of FYs 2015 and 2016 Superfund Activities

The *Comprehensive Environmental Response, Compensation and Liability Act of 1980* (known as CERCLA or Superfund), which was expanded by the *Superfund Amendments and Reauthorization Act of 1986*, established the Superfund program to clean up the nation's worst hazardous waste sites. The OIG is conducting an audit to determine if the cost allocation process used by the ENRD and its contractor provided an equitable distribution of total labor costs, other direct costs, and indirect costs to Superfund cases during FY 2015 through FY 2016.

Justice Management Division

Ongoing Work

Task Orders Awarded to CACI, Inc. – Commercial

The OIG is auditing task orders awarded to CACI, Inc. – Commercial (CACI) under a JMD contract. The preliminary objective of the audit is to assess JMD's administration of the contract and task orders, and CACI's performance and compliance with the terms, conditions, laws, and regulations applicable to the contract and task orders. The assessment of performance may include financial management, monitoring, reporting, and progress toward meeting the contract goals and objectives. The audit scope will cover the period of performance from August 1, 2013, to September 30, 2016.

Office of Community Oriented Policing Programs

Investigation

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

- On November 22, 2016, the Treasurer of the Village of Sauk Village, Illinois (Sauk Village), pleaded guilty to federal program fraud. The Treasurer, who administered the Sauk Village Police Pension Fund which received funds from a DOJ COPS grant, was charged in the Northern District of Illinois. In the factual statement in support of his guilty plea, he admitted that from April 2015 through January 2016, he stole more than \$5,000 while those funds were under the control of Sauk Village. Specifically, he admitted that he drafted checks to himself and forged the signature of another Sauk Village official on the checks, then cashed the checks and used the money for personal expenses. In this fashion, he stole more than \$21,000 under the guise of being reimbursed for business expenses. The investigation was conducted by the OIG's Chicago Field Office and the FBI.

Other Department Components

Office on Violence Against Women

Reports Issued

Audits of OVW Grants

The Office on Violence Against Women (OVW) administers financial and technical assistance to communities across the country for the development of programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. The 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, which are summarized below.

- The OIG issued an audit report on three grants totaling \$2,339,435 to the [National Organization of Sisters of Color Ending Sexual Assault](#) (SCESA) in Canton, Connecticut. The purpose of the grants, which were awarded in 2009, 2011, and 2013 under the OVW's Technical Assistance Program, was to enhance SCESA's ability to provide technical assistance to organizations serving victims of sexual assault, domestic violence, stalking, and violence against women. The OIG found that SCESA did not establish and maintain an effective system of internal controls; did not maintain a recordkeeping and reporting system that produced complete, accurate, and reliable information that could be independently verified; and had inadequate separation of duties among its employees. As a result, the OIG concluded that SCESA's grant management practices increased the risk of waste and abuse, and did not adequately safeguard the award funding. The audit also found that SCESA's Board of Directors was not active in its governance role over the organization, nor did it provide any meaningful oversight of the organization or its Executive

Director. Based on these findings, the OIG questioned the full amount of all the grant awards, totaling \$2,339,435, and made six recommendations to the OVW to improve the SCESA's management of DOJ grant funds and the OVW agreed with all of them. In its response, the SCESA neither agreed nor disagreed with three of the recommendations, and disagreed with the remaining three.

- The OIG issued an audit report on four grants totaling \$2,875,000 to the [National Domestic Violence Hotline](#) (NDVH) in Austin, Texas. The purpose of these OVW and OJP grants, which were awarded between 2012 and 2014, was to increase awareness of domestic violence by, among other things, developing training curricula, outreach services, and youth advocacy programs. As of December 17, 2015, NDVH had drawn down \$1,489,614 of the total funds awarded. The audit found that NDVH did not comply with essential award conditions related to using award funds, accounting for award expenditures, and submitting accurate financial reports. Specifically, the audit determined that NDVH charged unallowable and unsupported personnel, contractor and consultant, and other direct costs to the awards; NDVH did not record indirect costs in the award accounting records or report indirect costs on its financial reports; and that NDVH's accounting records did not match its financial reports. As a result, the audit questioned a net \$1,041,669 in grant costs as unallowable or unsupported, some of which were questioned for more than one reason. The OIG made six recommendations to the OVW and OJP to improve NDVH's grant management and address questioned costs. The OVW and OJP agreed with all of them. NDVH's response to the draft report indicated that it agreed with two recommendations and disagreed in whole or in part with four recommendations.

Other Department Components

- The OIG issued an audit of three grants totaling over \$1.6 million to the [Catawba Indian Nation](#) (Catawba) in Rock Hill, South Carolina. The purpose of these OJP and OVW grants, which were awarded from 2012 to 2015, was to address violence against Indian women, prevent and control juvenile delinquency and strengthen the juvenile justice system for American Indian youth, and support tribal victim assistance efforts. At the time of the audit, Catawba had drawn down \$956,951 of the total grant funds awarded. The OIG found that Catawba did not manage the awards adequately and was unable to demonstrate its achievement of the awards' stated goals and objectives. The OIG found that Catawba: (1) failed to comply with federal requirements to receive annual audits, (2) did not comply with financial management requirements, (3) charged unsupported and unallowable expenditures to the awards, (4) did not record expenditures in the accounting records to support grant drawdowns, (5) did not use all of the grant funds, and (6) did not submit accurate federal financial reports and performance reports. As a result of these deficiencies, the OIG questioned \$796,866 of the grant costs and identified \$21,939 in grant funds that should be put to better use, which together represented 86 percent of the funds Catawba had drawn down. The OIG made 18 recommendations to OJP and the OVW to improve Catawba's grant management and address questioned costs. OJP and the OVW agreed with all of them. Catawba agreed with 12 recommendations, partially agreed with 1, and disagreed with 5.
- The OIG issued an audit of two OVW grants totaling \$2,070,627 to [Bucks County, Pennsylvania](#) (Bucks County). The purpose of these grants, which were awarded in 2009 and 2014, was to provide increased safety and reduce the risk of homicide to domestic violence

victims and law enforcement officers. At the time of the audit, Bucks County had drawn down about \$1.3 million of the total grant funds awarded. The OIG found that Bucks County demonstrated adequate progress toward achieving the grants' stated goals and objectives, but that it did not fully comply with essential requirements of the grants. For example, Bucks County did not ensure its progress reports were accurate and supported, it did not have written policies or adequate practices for monitoring its subrecipients, and it did not use its accounting system when preparing its financial reports. As a result of these deficiencies, the OIG questioned \$711,756 of Bucks County's grant expenditures, most of which relate to subrecipient salary and fringe benefit expenses for which Bucks County lacked sufficient documentation. The OIG made 12 recommendations to the OVW to improve Bucks County's management of DOJ grant funds and remedy questioned costs. As explained in an appendix to the report, the OIG has already closed one recommendation based on evidence showing that it had been addressed. The OVW agreed with all 11 of the remaining recommendations. In its response to the draft report, Bucks County disagreed with one recommendation and described actions it would take to address the other recommendations.

- The OIG issued an audit report on a \$747,262 grant awarded to [Shelter From the Storm, Inc.](#) (SFS), a non-profit organization based in Island City, Oregon. SFS's mission is to break the cycle of domestic and sexual abuse in the local community through intervention, individual advocacy, and awareness. SFS had expended \$660,921 (88 percent) of the grant as of July 7, 2016. While SFS generally complied with requirements related to program performance and budget management, the audit identified

Other Department Components

internal control weaknesses related to SFS's failure to maintain adequate support for grant expenditures and the lack of written policies and procedures. For example, SFS could not adequately support \$284,785 in expenditures for contractual services provided by a dedicated counselor, law enforcement detective, and county probation officer. SFS also paid \$18,107 in unallowable contractual services for counseling sessions, and \$24,149 in salary and associated fringe benefit expenditures that were not adequately supported by timesheets. Additional questioned grant-related expenditures included: \$21,311 for personnel that had not been approved in the budget; \$2,549 in inadequately supported costs related to insurance, travel and training, office supplies, and printing expenses; and \$1,085 in employer-funded health insurance premiums that were inadequately supported with receipts, invoices, and other documents. Overall, the OIG questioned a total of \$341,747, as a result of these deficiencies. In addition, SFS did not accurately submit three Progress Reports and eight Federal Financial Reports, and did not comply with one special condition of the grant by failing to maintain victim intake forms for a sufficient period of time. The OIG made 11 recommendations to improve SFS's grant management and address questioned costs. The OVW agreed with all of them. SFS agreed in full with five recommendations, and partially agreed with one recommendation and two subparts of another recommendation. SFS did not agree with four recommendations and one subpart of a recommendation.

- The OIG issued an audit report on a grant of \$1,077,796 to [Centura Health's St. Thomas More Hospital](#) (Centura) in Canon City, Colorado. The grant was awarded in 2011 to provide comprehensive, victim empowerment oriented, and

culturally competent services to victims of sexual assault and domestic violence. To accomplish the grant goals, and consistent with the grant's requirements, Centura worked with a community shelter and victim service provider, which received grant money from Centura as a subrecipient. At the time of the audit, the grant was ongoing and Centura had drawn down \$749,121 of the total grant funds awarded. The audit concluded that Centura generally managed the grant appropriately; and that it appeared to be accomplishing the goals and objectives it was directly responsible for implementing. However, the OIG found several instances of noncompliance and deficiencies in how Centura's community partner organization implemented the grant. As a result, the audit questioned \$2,267 in grant costs. The OIG made nine recommendations to the OVW to improve Centura's grant management and address questioned costs. The OVW agreed with all of them. Centura provided additional information sufficient to resolve most of the questioned costs identified in the draft report, and agreed to all other portions of the nine recommendations.

Investigation

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

- On November 3, 2016, the Executive Director of a non-profit organization which received DOJ grant funds was indicted on 10 counts of theft of public money, 1 count of obstructing a federal audit, and 5 counts of providing false records in a federal investigation. The investigation is being conducted by the OIG's Los Angeles Field Office.

Other Department Components

U.S. Attorneys' Offices

Investigation

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

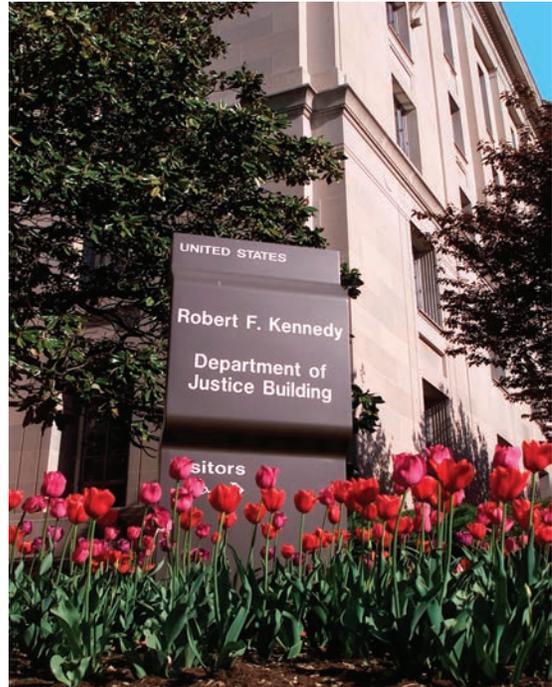
- On November 23, 2016, a DOJ Contractor agreed to pay \$1.5 million to resolve allegations that it submitted false claims to the government related to interpretation services. The investigation determined that the government had a total valid claim against Para-Plus of at least \$15 million, but the settlement was based on an "ability to pay" analysis. Para-Plus allegedly violated the *False Claims Act* by submitting false claims for payment to various federal and state agencies, including DOJ components. Specifically, it was determined that Para-Plus purposefully overstated the travel time and mileage incurred by its interpreters. 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 DOJ 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 DOJ's annual Agency Financial Report.

The 2016 list identifies nine challenges that the OIG believes represent the most pressing concerns for DOJ. While the challenges are not rank-ordered, the OIG believes that challenges in two critical areas—national security and cybersecurity—will continue to occupy much of DOJ's attention and require vigilance for the foreseeable future.

In addition, the OIG has identified two new challenges, helping to address violent crime and managing human capital while promoting diversity, as emerging issues that merit DOJ's continued attention. Meeting all of these challenges will require DOJ to develop innovative solutions and conduct careful monitoring of its efforts to achieve success.



Top Management and Performance Challenges for the Department of Justice – 2016

- Safeguarding National Security and Ensuring Privacy and Civil Liberties Protections
- Enhancing Cybersecurity in an Era of Increasing Threats
- Managing an Overcrowded Federal Prison System in an Era of Limited Budgets and Continuing Security Concerns
- Strengthening the Relationships Between Law Enforcement and Local Communities Through Partnership and Oversight
- Helping to Address Violent Crime Through Effective Management of Department Anti-Violence Programs
- Ensuring Effective Management and Oversight of Law Enforcement Programs and Promoting Public Trust
- Monitoring Department Contracts and Grants
- Managing Human Capital and Promoting Diversity With a Workforce Increasingly Eligible to Retire
- Using Performance-Based Management To Improve DOJ Programs

Detailed information about DOJ's management and performance challenges is available online [here](#).

Congressional Testimony/Legislation and Regulations

Congressional Testimony

During this reporting period, the Inspector General and Deputy Inspector General collectively testified on five occasions:

“Oversight of DEA’s Confidential Source Program” before the U.S. House of Representatives Committee on Oversight and Government Reform on November 30, 2016. [Statement](#) of the Inspector General.

“Empowering the Inspectors General” before the U.S. House of Representatives Committee on Oversight and Government Reform on February 1, 2017. [Statement](#) of the Inspector General.

“Five Years Later: A Review of the Whistleblower Protection Enhancement Act” before the U.S. House of Representatives Committee on Oversight and Government Reform, Subcommittee on Government Operations on February 1, 2017. [Statement](#) of the Deputy Inspector General.

“A Review of Investigations of the Osorio and Barba Firearms Trafficking Rings” before the U.S. House of Representatives Committee on Oversight and Government Reform on March 9, 2017. [Statement](#) of the Inspector General.

“Examining Systemic Management and Fiscal Challenges within the Department of Justice” before the U.S. House of Representatives Committee on the Judiciary on March 21, 2017. [Statement](#) of the Inspector General.

Legislation and Regulations

The IG Act directs the OIG to review proposed legislation and regulations relating to the programs and operations of DOJ. Although DOJ’s Office of Legislative Affairs reviews all proposed or enacted legislation that could affect DOJ’s activities, the OIG independently reviews proposed legislation that could affect its operations and legislation that relate to waste, fraud, or abuse in DOJ’s programs and operations. For example, during this period, the OIG reviewed legislation, including the *Inspector General Empowerment Act*, *Federal Bureau of Investigation Whistleblower Protection Enhancement Act*, *National Defense Authorization Act for Fiscal Year 2017*; as well as legislative proposals relating to national security, cybersecurity, privacy, whistleblowers, federal records, and federal employees.



Whistleblower Ombudsperson Program

During this reporting period, the OIG Whistleblower Ombudsperson Program (the Whistleblower Program) has continued its efforts to ensure that whistleblowers are fully informed of their rights and protections from reprisal when they perform the valuable service of coming forward with information about suspected wrongdoing within the Department and its programs. Throughout this period, the Whistleblower Program has continued to make appropriate information available to all Department employees and others through the OIG's website and other educational and training materials and programs, as well as continuing to provide information to whistleblowers who have made or are contemplating making protected disclosures and who contacted the OIG through the Whistleblower Program's designated [e-mail address](#), or otherwise. The Whistleblower Program also has continued to provide guidance within the OIG on the handling of allegations of reprisal for reporting wrongdoing.

In light of the passage of the *FBI Whistleblower Protection Enhancement Act* (FBI WPEA) during this reporting period, the Whistleblower Program revised the information for employees of the FBI on the OIG website's Whistleblower Protection [page](#), and also prepared revised training materials for the FBI that incorporate the broader list of personnel to whom protected disclosures can be made and other changes under the law. The Whistleblower Program also revised the information on the OIG website reflecting amendments to the protections contained in Title 41, United States Code, Section 4712 that added employees of Department subgrantees and personal services contractors to the employees of Department contractors, subcontractors, and grantees who are protected for making protected disclosures of wrongdoing. The revised brochure is available on the OIG's website [here](#).

The Whistleblower Program also was actively engaged during the past 6 months in continuing its efforts to act as a liaison with the Congress, other government agencies and entities, public interest groups, and others on whistleblower issues. On February 1, 2017, Deputy IG Storch in his capacity as DOJ OIG Whistleblower Ombudsperson testified before the Subcommittee on Government Operations of the House Committee on Oversight and Government Reform at a hearing examining the impact of the *Whistleblower Protection Enhancement Act of 2012*, as well as possible areas for revision to that law in connection with the potential reauthorization of the OIG Whistleblower Protection Ombudsman positions that are otherwise due to expire in November 2017. In that regard, the Whistleblower Program also continued to host meetings of the Council of Inspectors General on Integrity and Efficiency (CIGIE) Whistleblower Ombudsman working group, including a meeting with representatives from the staff of the bipartisan Senate Whistleblower Caucus in late 2016, and the Whistleblower Program has continued to work with congressional staff and within the OIG community on these important issues. The Whistleblower Program also participated in a program focused on retaliatory investigations organized by the Office of Special Counsel that was held at the Federal Aviation Administration in March 2017, and chaired the OIG Whistleblower Ombudsman working group meeting that followed.

The Whistleblower Program has continued its efforts to ensure that the OIG is handling whistleblower allegations that it receives appropriately and in a timely manner, and that the OIG is keeping whistleblowers as informed as possible regarding these important matters. Additionally, the numbers of FBI whistleblower reprisal allegations received by the DOJ OIG continue to grow—during the past 6 months, the OIG received 20 new FBI whistleblower reprisal allegations, and there were 13 pending investigations open regarding such matters as of the end of the reporting period. The OIG anticipates that this trend is likely to continue with the expanded list of persons to whom disclosure can be made by FBI employees under the FBI WPEA. The general numbers with regard to employee complaints received by the OIG, complaints received from individuals identifying themselves as whistleblowers,

Whistleblower Ombudsperson Program

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.

October 1, 2016 – March 31, 2017	
Employee complaints received ¹	290
Complainants asserting to be whistleblowers ²	12
Employee complaints opened for investigation by the OIG	101
Employee complaints that were referred by the OIG to the components for investigation	111
Employee complaint cases closed by the OIG ³	76

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 39 internal, contract, and external audits and other reports, which contained more than \$20.7 million in questioned costs, reported over \$21.9 thousand in funds to better use, and made 198 recommendations for management improvement.¹ Specifically, the Audit Division issued 17 internal audit reports of DOJ programs funded at more than \$275.9 million; 2 contract audit reports funded at more than \$468.7 million; 16 external audit reports of grants, and other agreements funded at over \$65.5 million; 37 *Single Audit Act* audits of programs funded at more than \$41.6 million, and 4 other reports. In addition, the Audit Division issued one Management Advisory Memoranda and one Notification of Irregularity.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	0	\$0	\$0
Issued during period	23 ⁶	\$21,197,729	\$7,930,989
Needing management decision during period	23	\$21,197,729	\$7,930,989
Management decisions made during period:			
–Amount of disallowed costs ⁷	23	\$21,197,729	\$7,930,989
–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. Management Advisory Memoranda communicate concerns and issues to DOJ management outside of audit reports for immediate attention.

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, seven 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	1	\$21,939
Needing management decision during period	1	\$21,939
Management decisions made during period:		
–Amounts management agreed to put to better use ³	1	\$21,939
–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			
16-16 (March 2016)	Audit of the Drug Enforcement Administration's Aviation Operations with the Department of Defense in Afghanistan	4	The OIG recommended that DEA remedy \$2,335,740 in unallowable non-personnel expenditures charged to the MOUs including: (a) Remedy \$1,664,699 in unallowable non-personnel expenditures that the DEA has incorrectly claimed for maintenance of the Global Discovery ATR 500 aircraft, travel to oversee the Global Discovery program, and training for pilots and mechanics to fly the ATR 500; (b) Remedy \$671,041 in unallowable non-personnel expenditures that the DEA has incorrectly claimed for travel-related expenditures for non-Afghanistan operations, training unrelated to Afghanistan, and other unallowable expenditures.
GR-60-15-015 (September 2015)	Audit of the Office of Justice Programs Correctional Systems and Correctional Alternatives on Tribal Lands Program Grants Awarded to the Navajo Division of Public Safety, Window Rock, Arizona	9	Remedy \$32,034,623 in unallowable expenditures associated with excessive building sizes for Grant Numbers 2009-ST-B9-0089 and 2009-ST-B9-0100.
09-25 (May 2009)	Audit of the FBI's Terrorist Watchlist Nominations Practices	5	The OIG recommended that the FBI 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			
16-05 (June 2016)	Review of the BOP's Contraband Interdiction Efforts	3	The OIG recommends that the BOP develop uniform guidelines and criteria for conducting random staff pat searches across all institutions that require a minimum frequency and duration for search events to ensure that appropriate numbers of staff on each shift are searched with appropriate frequency.
15-05 (May 2015)	Review of the Impact of an Aging Inmate Population on the Federal Bureau of Prisons	8	The OIG recommends that the BOP consider revising its compassionate release policy to facilitate the release of appropriate aging inmates, including by lowering the age requirement and eliminating the minimum 10 years served requirement.
15-3 (January 2015)	Review of the DEA's Use of Cold Consent Encounters at Mass Transportation Facilities	1	The OIG recommends that the DEA consider how to determine if cold consent encounters are being conducted in an impartial manner, including reinstating the collection of racial and other demographic data and how it could be used to make that assessment.
I-2014-002 (March 2014)	Review of the Organized Crime Drug Enforcement Task Forces Fusion Center	4	The OIG recommends that 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 Reviews			
E2007010 (December 2008)	An Investigation of Overtime Payments to FBI and Other Department of Justice Employees Deployed to Iraq and Afghanistan	2	The DEA should comply with the requirement that overtime for their employees in Afghanistan be officially ordered, approved in writing, and actually worked.

Statistical Information

E2007010 (December 2008)	An Investigation of Overtime Payments to FBI and Other Department of Justice Employees Deployed to Iraq and Afghanistan	5	The DEA should comply with the requirement that overtime for their employees in Afghanistan be officially ordered, approved in writing, and actually worked. Any component decision to order and approve overtime should be of limited duration, no longer than 1 year. Any such decision, and any decision to renew the order and approval of overtime, should take into consideration costs, manpower consideration, and the results of quarterly audits.
E2010002 (August 2014)	A Review of the Federal Bureau of Investigation's Use of National Security Letters: Assessment of Progress in Implementing Recommendations	8	The FBI and the Department should revive their efforts to bring about a legislative amendment to Section 2709 by submitting another proposal that defines the phrase "toll billing records." The OIG believes the legislative proposal should specify the categories of telephone and electronic records the Department seeks to have Congress define as falling within the scope of ECPA Section 2709, in order to ensure that the FBI does not seek or obtain information to which it is not authorized.

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

Audit Follow-up

OMB Circular A-50

OMB Circular A-50, *Audit Follow-up*, requires audit reports to be resolved within 6 months of the audit report issuance date. The Audit Division monitors the status of open audit reports to track the audit resolution and closure process. As of March 31, 2017, the Audit Division was monitoring the resolution process of 243 open reports and closed 85 reports this reporting period.

Evaluation and Inspections Workload and Accomplishments

The following chart summarizes the workload and accomplishments of the Evaluation and Inspections Division during the 6-month reporting period ending March 31, 2017.

Workload and Accomplishments	Number of Reviews
Reviews active at beginning of period	10
Reviews cancelled	0
Reviews initiated	1
Final reports issued	2
Reviews active at end of reporting period	9

Statistical Information

Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending March 31, 2017.

Source of Allegations¹	
Hotline (telephone, mail and e-mail)	2,714
Other sources	3,750
Total allegations received	6,464
Investigative Caseload	
Investigations opened this period	179
Investigations closed and reports of investigation issued this period ²	142
Investigations in progress as of 3/31/17	488
Prosecutive Actions	
Criminal Indictments/Informations ³	46
Arrests	57
Convictions/Pleas	35
Prosecutions referred to the Department of Justice ⁴	124
Prosecutions referred to State and local ⁵	14
Administrative Actions	
Terminations	24
Resignations	47
Disciplinary action	35
Monetary Results	
Fines/Restitutions/Recoveries/Assessments/Forfeitures	\$1,381,461.42
Civil Fines/Restitutions/Recoveries/Penalties/Damages/Forfeitures	\$1,500,000.00

¹ These figures represent allegations entered into the OIG's complaint tracking system. They do not include the approximate 23,000 additional Hotline, e-mail and phone contacts that were processed and deemed non-jurisdictional and outside the purview of the federal government.

² At the conclusion of an investigation, one or more type of report is prepared. The prepared report may be an abbreviated report of investigation or a full report of investigation. In addition, an investigative summary for public posting on the OIG public website may be prepared for investigations involving senior government employees. The number of reports issued represents one report for each investigation.

³ The number of indictments reported include both sealed and not sealed.

⁴ This number includes all criminal and civil referrals to DOJ for a prosecutorial decision whether they were ultimately accepted or declined with the caveat that if an investigation was referred to more than one DOJ office for a prosecutorial decision, the referral to DOJ was only counted once. The number reported as referred represents referrals for both individuals and or other legal entities.

⁵ The number reported as referred represents referrals for both individuals and or other legal entities.

Statistical Information

Investigations Division Briefing Programs

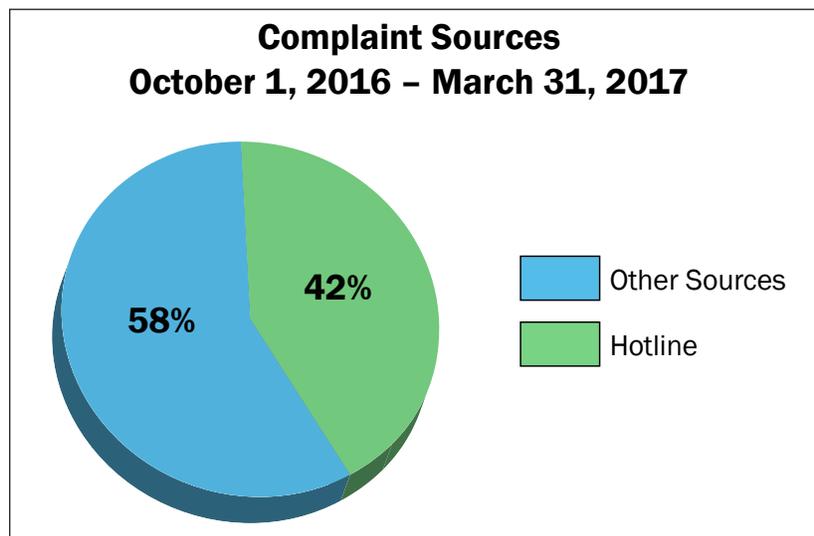
OIG investigators conducted 71 Integrity Awareness Briefings for DOJ employees throughout the country. These briefings are designed to educate employees about the misuse of a public official's position for personal gain and to deter employees from committing such offenses. The briefings reached 5,017 employees.

OIG Hotline

During FY 2017, the OIG received the majority of its Hotline complaints through its electronic complaint form located [here](#).

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

From all Hotline sources during the first half of FY 2017, 2,714 new complaints related to DOJ operations or other federal agencies were entered into the OIG's complaint tracking system. Of the new complaints, 1,931 were forwarded to various DOJ components for their review and appropriate action; 283 were filed for information; 287 were forwarded to other federal agencies; and 14 were opened by the OIG for investigation.



Source: Investigations Data Management System

Approximately, 23,000 additional Hotline e-mail and phone contacts were processed and deemed non-jurisdictional and outside the purview of the federal government and therefore were not entered into the OIG's complaint tracking system.

Appendices

Appendix 1

Acronyms and Abbreviations

AG Guidelines	Attorney General’s Guidelines Regarding the Use of Confidential Informants
ASAC	Assistant Special Agent in Charge
ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
AUSA	Assistant U.S. Attorney
BIA	Bureau of Indian Affairs
BJA	Bureau of Justice Assistance
BJS	Bureau of Justice Statistics
BOP	Federal Bureau of Prisons
CDUSM	Chief Deputy United States Marshal
CI	Confidential Informant
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COPS	Office of Community Oriented Policing Services
CVF	Crime Victims Fund
DAG	Deputy Attorney General
DEA	Drug Enforcement Administration
DHS	U.S. Department of Homeland Security
DOJ	U.S. Department of Justice
DUSM	Deputy United States Marshal
EOUSA	Executive Office for U.S. Attorneys
EPIC	El Paso Intelligence Center
FBI	Federal Bureau of Investigation
FISMA	<i>Federal Information Security Management Act</i>
FY	Fiscal Year
IC	Intelligence Community
IG Act	<i>Inspector General Act of 1978</i>
JMD	Justice Management Division
NSD	National Security Division
ODAG	Office of the Deputy Attorney General
ODNI	Office of the Director of Intelligence
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
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>
SA	Special Agent
State	U.S. Department of State
T&TA	Training and Technical Assistance
TJSIP	Tribal Justice Systems Infrastructure Program
USAO	U.S. Attorneys’ Offices
USM	United States Marshal
USMS	U.S. Marshals Service

Appendices

Appendix 2

Glossary of Terms

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

Adoptive Seizure: Federal law permits law enforcement components to “adopt” seizures made under state law, as long as the conduct giving rise to the seizure is also a violation of a federal law that provided for forfeiture.

Asset Forfeiture: The seizure and forfeiture of assets that represent the proceeds of federal crimes or were used to facilitate federal crimes. This practice seeks to enhance public safety and security by removing assets that criminals and their associates rely on to perpetuate their criminal activity.

Clemency: Inmates may apply for clemency, or pardon, if they meet the following criteria: they are currently serving a federal sentence in prison and, by operation of law, likely would have received a substantially lower sentence if convicted of the same offense(s) today; they are non-violent, low-level offenders without significant ties to large scale criminal organizations, gangs, or cartels; they have served at least 10 years of their prison sentence; they do not have a significant criminal history; they have demonstrated good conduct in prison; and they have no history of violence prior to or during their current term of imprisonment.

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 DOJ 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 DOJ 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.

Appendices

Public Health Service: The BOP has over 3,000 healthcare positions, including approximately 750 Public Health Service commissioned officers detailed from the Department of Health and Human Services.

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.

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 \$750,000 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.

Tribal Law and Order Act: The *Tribal Law and Order Act* helps to address crime in tribal communities and places a strong emphasis on decreasing violence against American Indian and Alaska Native women. The law enhances tribes’ authority to prosecute and punish criminals; expands efforts to recruit, train, and retain Bureau of Indian Affairs (BIA) and Tribal police officers; and provides BIA and Tribal police officers with greater access to criminal information sharing databases.

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 U.S. Department of Justice Annual Closing Package Financial Statements Fiscal Year 2016

Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2016

Bureau of Alcohol, Tobacco, Firearms and Explosives

Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Management and Oversight of Confidential Informants

Drug Enforcement Administration

Addendum to the Audit of the Drug Enforcement Administration's Management and Oversight of its Confidential Source Program

Audit of the Drug Enforcement Administration's El Paso Intelligence Center Seizure System Pursuant to the *Federal Information Security Modernization Act of 2014* Fiscal Year 2016

Audit of the Drug Enforcement Administration's Information Security Program Pursuant to the *Federal Information Security Modernization Act of 2014* Fiscal Year 2016

Federal Bureau of Prisons

Audit of the Federal Bureau of Prisons Annual Financial Statements Fiscal Year 2016

Audit of the Federal Bureau of Prisons' Management of Inmate Placements in Residential Reentry Centers and Home Confinement

Federal Bureau of Investigation

Audit of the Federal Bureau of Investigation Annual Financial Statements Fiscal Year 2016

Audit of a Classified Federal Bureau of Investigation System Pursuant to the *Federal Information Security Modernization Act of 2014* Fiscal Year 2016¹

Audit of the Federal Bureau of Investigation's Information Security Program Pursuant to the *Federal Information Security Modernization Act of 2014* Fiscal Year 2016

Audit of the Federal Bureau of Investigation's RiskVision-Secret System Pursuant to the *Federal Information Security Modernization Act of 2014* Fiscal Year 2016

Federal Prison Industries, Inc.

Audit of the Federal Prison Industries, Inc., Annual Financial Statements Fiscal Year 2016

Office of Justice Programs

Audit of the Office of Justice Programs' Tribal Justice Systems Infrastructure Program

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

Appendices

Other Department Components

Audit of the Assets Forfeiture Fund and Seized Asset Deposit Fund Annual Financial Statements Fiscal Year 2016

Audit of the Justice Management Division's Information Security Program Pursuant to the *Federal Information Security Modernization Act of 2014* Fiscal Year 2016

Audit of the Justice Management Division's Joint Biometric Data Exchange Hosting Environment Pursuant to the *Federal Information Security Modernization Act of 2014* Fiscal Year 2016

Contract Audit Reports

Federal Bureau of Prisons

Audit of the Federal Bureau of Prisons' Contract No. DJBP0616BPA12004 Awarded to Spectrum Services Group, Inc., Victorville, California

Audit of the Federal Bureau of Prisons' Contract with CoreCivic, Inc., to Operate the Adams County Correctional Center in Natchez, Mississippi

External Audit Reports

California

Audit of the Office of Justice Programs Victim Assistance Formula Grants Sub-Awarded by the California Governor's Office of Emergency Services to the Indian Child Welfare Consortium, Temecula, California

Colorado

Audit of the Office on Violence Against Women, Rural Sexual Assault, Domestic Violence, Dating Violence and Stalking Assistance Program Grant Awarded to Centura Health dba St. Thomas More Hospital, Canon City, Colorado

Connecticut

Audit of the Office on Violence Against Women Cooperative Agreements Awarded to the National Organization of Sisters of Color Ending Sexual Assault, Canton, Connecticut

District of Columbia

Audit of the Office of Justice Programs Office for Victims of Crime Assistance Grants Awarded to the Office of Victim Services and Justice Grants, Washington, D.C.

Indiana

Audit of the Henry County Sheriff's Office's Equitable Sharing Programs Activities, New Castle, Indiana

Nebraska

Audit of the Office of Justice Programs Victims Assistance and Victims Compensation Formula Grants Awarded to the Nebraska Commission on Law Enforcement and Criminal Justice, Lincoln, Nebraska

New York

Audit of the Franklin County District Attorney's Office's Equitable Sharing Program Activities, Franklin County, New York

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Oklahoma

Audit of the Office of Justice Programs, Children's Justice Act Partnerships and Comprehensive Tribal Victim Assistance Grants Awarded to the Iowa Tribe of Oklahoma, Perkins, Oklahoma

Oregon

Audit of the Office on Violence Against Women Grant Awarded to Shelter From the Storm, Incorporated, Island City, Oregon

Pennsylvania

Audit of the Office of Juvenile Justice and Delinquency Prevention Multi-State Mentoring Initiative Grants Awarded to Amachi, Inc., Philadelphia, Pennsylvania

Audit of the Office on Violence Against Women Encourage Arrest Policies and Enforcement of Protection Orders Program Grants Awarded to Bucks County, Pennsylvania

Rhode Island

Audit of the Office of Justice Programs Office for Victims of Crime Assistance Grants Awarded to the Rhode Island Department of Public Safety Grant Administration Office, Providence, Rhode Island

South Carolina

Audit of Office on Violence Against Women and Office of Justice Programs Awards to the Catawba Indian Nation Rock Hill, South Carolina

Tennessee

Audit of the Bureau of Justice Assistance Sexual Assault Kit Initiative Cooperative Agreement Awarded to the City of Memphis, Tennessee

Texas

Audit of the Office on Violence Against Women and Office of Justice Programs Cooperative Agreements Awarded to the National Domestic Violence Hotline, Austin, Texas

Utah

Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the Utah Office for Victims of Crime, Salt Lake City, Utah

Single Audit Act Reports of DOJ Activities

Abused Adult Resource Center, Bismarck, North Dakota FY 2015

Adams County, Wisconsin FY 2015

Cabell County Commission, West Virginia FY 2015

Center for Effective Public Policy, Silver Spring, Maryland FY 2015

Collier County, Florida FY 2015

Department of Justice of the Commonwealth of Puerto Rico FY 2015

County of Dodge, Wisconsin FY 2015

City of Downey, California FY 2015

City of East Providence, Rhode Island FY 2014

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Fond Du Lac County, Wisconsin FY 2015
Town of Framingham, Massachusetts FY 2015
Gulfcoast Legal Services, Inc., Clearwater, Florida FY 2014
City of Hallandale Beach, Florida FY 2015
Harrison County, Mississippi FY 2015
City of Homestead, Florida FY 2015
Kewaunee County, Wisconsin FY 2015
City of Lawrenceville, Georgia FY 2015
Lincoln County, Wisconsin FY 2015
Margolis, Healy & Associates, LLC, Burlington, Vermont FY 2015
Monroe County, Wisconsin FY 2015
National Center for Victims of Crime, Inc., Washington, D.C. FY 2015
National Criminal Justice Association, Washington, D.C. FY 2015
National District Attorneys Association, Arlington, Virginia FY 2013
National Domestic Violence Hotline, Austin, Texas FY 2015
The Navajo Nation, Window Rock, Arizona FY 2015
State of New Mexico Department of Public Safety FY 2015
Nulato Tribal Council, Nulato, Alaska FY 2014
Pauma Band of Luiseno Indians, Pauma Valley, California FY 2013
Pauma Band of Luiseno Indians, Pauma Valley, California FY 2015
Polaris Project, Inc., Washington, D.C. FY 2015
Pyramid Lake Paiute Tribe, Nixon, Nevada FY 2015
Southwest Center for Law and Policy, Inc., Tucson, Arizona FY 2015
Waushara County, Wisconsin FY 2015
Western States Information Network, Inc., Sacramento, California FY 2015
Will County, Illinois FY 2015
Women's Shelter Program, Inc., of San Luis Obispo County, California FY 2015
Womenspace, Inc., Eugene, Oregon FY 2015

Other Reports

Review of the U.S. Department of Justice's Readiness to Implement the *Digital Accountability and Transparency Act of 2014*
Reviews of the Annual Accounting of Drug Control Funds and Related Performance Fiscal Year 2016
Review of Domestic Sharing of Counterterrorism Information
System Review Report of the U.S. Department of Veterans Affairs, Office of the Inspector General

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 Federal Bureau of Prisons' Contract with CoreCivic, Inc. to Operate the Adams County Correctional Center in Natchez, Mississippi	\$42,300	\$0	\$0
Audit of the Office of Justice Programs' Tribal Justice Systems Infrastructure Program	\$11,621,479	\$19,273	\$0
Audit of the Office of Justice Programs Victim Assistance Formula Grants Sub-Awarded by the California Governor's Office of Emergency Services to the Indian Child Welfare Consortium, Temecula, California	\$452,464	\$452,464	\$0
Audit of the Office on Violence Against Women, Rural Sexual Assault, Domestic Violence, Dating Violence and Stalking Assistance Program Grant Awarded to Centura Health dba St. Thomas More Hospital, Canon City, Colorado	\$2,267	\$737	\$0
Audit of the Office on Violence Against Women Cooperative Agreements Awarded to the National Organization of Sisters of Color Ending Sexual Assault, Canton, Connecticut	\$2,339,435	\$2,339,435	\$0
Audit of the Office of Justice Programs Office for Victims of Crime Assistance Grants Awarded to the Office of Victim Services and Justice Grants, Washington, D.C.	\$154,307	\$152,807	\$0
Audit of the Henry County Sheriff's Office's Equitable Sharing Programs Activities, New Castle, Indiana	\$313,052	\$0	\$0
Audit of the Office of Justice Programs Victims Assistance and Victims Compensation Formula Grants Awarded to the Nebraska Commission on Law Enforcement and Criminal Justice, Lincoln, Nebraska	\$96,902	\$3,992	\$0
Audit of the Franklin County District Attorney's Office's Equitable Sharing Program Activities, Franklin County, New York	\$454,673	\$332,379	\$0
Audit of the Office of Justice Programs, Children's Justice Act Partnerships and Comprehensive Tribal Victim Assistance Grants Awarded to the Iowa Tribe of Oklahoma, Perkins, Oklahoma	\$131,535	\$0	\$0
Audit of the Office on Violence Against Women Grant Awarded to Shelter From the Storm, Incorporated, Island City, Oregon	\$341,747	\$312,568	\$0
Audit of the Office of Juvenile Justice and Delinquency Prevention Multi-State Mentoring Initiative Grants Awarded to Amachi, Inc., Philadelphia, Pennsylvania	\$2,242,686	\$2,141,380	\$0
Audit of the Office on Violence Against Women Encourage Arrest Policies and Enforcement of Protection Orders Program Grants Awarded to Bucks County, Pennsylvania	\$711,756	\$711,756	\$0

Appendices

Audit of the Office of Justice Programs Office for Victims of Crime Assistance Grants Awarded to the Rhode Island Department of Public Safety Grant Administration Office, Providence, Rhode Island	\$42,824	\$39,837	\$0
Audit of Office on Violence Against Women and Office of Justice Programs Awards to the Catawba Indian Nation Rock Hill, South Carolina	\$796,866	\$13,179	\$21,939
Audit of the Office on Violence Against Women and Office of Justice Programs Cooperative Agreements Awarded to the National Domestic Violence Hotline, Austin, Texas	\$1,041,669	\$1,020,554	\$0
Subtotal (Audits Performed by the DOJ OIG)	\$20,785,962	\$7,540,361	\$21,939
Audit Report	Questioned Costs (including unsupported costs)	Unsupported Costs	Funds Put to Better Use
Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i>¹			
Department of Justice of the Commonwealth of Puerto Rico FY 2015	\$86,915	\$86,915	\$0
Town of Framingham, Massachusetts FY 2015	\$109,870	\$109,870	\$0
City of Hallandale Beach, Florida FY 2015	\$14,853	\$0	\$0
Nulato Tribal Council, Nulato, Alaska FY 2014	\$4,982	\$0	\$0
Pauma Band of Luiseno Indians, Pauma Valley, California FY 2013	\$180,812	\$180,812	\$0
Southwest Center for Law and Policy, Inc., Tucson, Arizona FY 2015	\$3,827	\$3,827	\$0
Womenspace, Inc., Eugene, Oregon FY 2014	\$10,508	\$9,204	\$0
Subtotal (Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i>)	\$411,767	\$390,628	\$0
Total	\$21,197,729	\$7,930,989	\$21,939

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

Follow-Up Review of the Drug Enforcement Administration's El Paso Intelligence Center

Review of the Department's Oversight of Cash Seizure and Forfeiture Activities

Oversight and Review Division Reports

Investigative Summary: Findings of Reasonable Grounds to Believe that an FBI Special Agent Suffered Reprisal as a Result of Protected Disclosures in Violation of FBI Whistleblower Regulations

A Review of Investigations of the Osorio and Barba Firearms Trafficking Rings

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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 Treasury OIG. In its report issued March 28, 2016, the DOJ OIG received a peer review rating of *pass* for its system of quality control for FY 2015. The Treasury OIG did not make any recommendations.

Investigations Division

The most recent peer review of the Investigations Division was performed by the Department of Defense (DOD OIG) in February 2017. The DOD OIG found that the DOJ OIG is in compliance with the quality standards established by the CIGIE and the Attorney General Guidelines for Inspectors General with Statutory Law Enforcement Authority. In an accompanying letter of observation, the DOD OIG suggested: 1) that the DOJ OIG monitor field office implementation of policy issued during the review requiring placement of FBI case notification letters in the official case files and 2) that DOJ OIG develop a standard method for recording when management case reviews have been performed. The DOJ OIG agreed with these suggestions and implemented corrective action.

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

At the request of CIGIE, the DOJ OIG Audit Division conducted a peer review of the U.S. Department of Veterans Affairs, Office of Inspector General (VA OIG) for FY 2015. In this report, issued on December 28, 2016, the VA OIG received a rating of *pass* for its system of quality control.

Investigations Division

The DOJ OIG last conducted a peer review of the Social Security Administration for the period ending June 2016 and the compliance letter was issued on September 12, 2016.

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

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	57
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	14-55
Section 5(a)(2)	Significant Recommendations for Corrective Actions	14-55
Section 5(a)(3)	Significant Recommendations for Which Corrective Actions Have Not Been Completed	62, 63
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	20, 23-25, 29-31, 33-35, 37, 40, 47, 49, 51, 54-55
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	70-73
Section 5(a)(7)	Summary of Significant Reports	14-55
Section 5(a)(8)	Questioned Costs	60
Section 5(a)(9)	Funds Recommended to Be Put to Better Use	61
Section 5(a)(10)	Prior OIG Reports Unresolved, Uncommented Upon, or Recommendations Not Yet Implemented	20
Section 5(a)(11)	Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period	63
Section 5(a)(12)	Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period	63
Section 5(a)(14)	Peer Reviews Conducted by Another OIG	77
Section 5(a)(15)	Outstanding Recommendations from Peer Reviews of the OIG	77
Section 5(a)(16)	Outstanding Recommendations from Peer Reviews Conducted by the OIG	77
Section 5(a)(17)	Statistical Table Pertaining to OIG Investigations	65
Section 5(a)(18)	Description of Metrics for OIG Investigative Table	65
Section 5(a)(19)	Reports Involving Senior Government Employees Meeting Certain Criteria	23-24, 33-35, 49
Section 5(a)(20)	Instance of Whistleblower Retaliation	23-24, 33-34
Section 5(a)(21)	Attempts to Interfere with OIG Independence	78
Section 5(a)(22)	Inspections, Evaluations, Audits, and Investigations of Senior Government Employees Undisclosed to the Public	20

From October 1, 2016, through March 31, 2017, the OIG, to its knowledge, has not been denied access to Department documents or experienced additional excessive delays due to objections to the OIG's right to access documents. In addition, the Department has not interfered with our independence by restricting communications between the OIG and Congress or by imposing budgetary constraints designed to limit the capabilities of the OIG.

Report Waste, Fraud, Abuse, or Misconduct

To report allegations of waste, fraud, abuse, or misconduct regarding DOJ programs, employees, contractors, or grants, please go to the OIG website at oig.justice.gov 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 DOJ programs or by DOJ 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 DOJ's award of Recovery Act funds; and
- Violations of civil rights or civil liberties by DOJ 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.

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