

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



Semiannual Report to Congress

April 1, 2010 - September 30, 2010

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Message from the Inspector General

This semiannual report summarizes the work of the Office of the Inspector General (OIG) from April 1, 2010, through September 30, 2010. During this period, the OIG conducted a broad range of audits, inspections, investigations, and special reports that focus on the top management challenges facing the Department of Justice (Department).

For example, the OIG continues to examine the Department's efforts in the critical area of counterterrorism. In one review issued during this semiannual period, we assessed the Department's readiness to respond to a Weapons of Mass Destruction incident, and our report made recommendations for improvement that the Department is now implementing. In another review, we examined the Federal Bureau of Investigation's (FBI) allocation of its personnel resources, including its counterterrorism resources.

Other reviews focused on the effectiveness of Department controls in balancing the need to protect civil rights and civil liberties while the Department pursues its counterterrorism and law enforcement responsibilities. For example, we issued a report on the FBI's investigation of certain domestic advocacy groups, and we are currently conducting reviews of the Department's use of *Foreign Intelligence Surveillance Act* authorities and the FBI's use of national security letters.

Other OIG reports focused on Department law enforcement activities, such as a report that examined the FBI Laboratory's backlog of forensic DNA cases and a report evaluating the Drug Enforcement Administration's El Paso Intelligence Center. We are currently conducting an important review of Operation Gunrunner, the Department's effort to combat firearms trafficking into Mexico.

In addition, we have continued to conduct many audits of Department grants and contracts, including the Department's award and monitoring of grants funded by the *American Recovery and Reinvestment Act of 2009*.

I also want to highlight the work of the OIG's Investigations Division, which regularly handles many significant allegations of criminal and administrative misconduct relating to Department programs, employees, and contractors. The outstanding work of OIG investigators helps to ensure the integrity of Department operations.

Finally, I want to express my appreciation to the Department and Congress for their continued support of the work of the OIG. Most important, I would like to thank the dedicated OIG employees who tirelessly perform their important mission.

A handwritten signature in black ink that reads "Glenn A. Fine".

Glenn A. Fine
Inspector General
October 29, 2010

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Highlights of OIG Activities



The following table summarizes Office of the Inspector General (OIG) activities discussed in this report. As these statistics and the following

highlights illustrate, the OIG continues to conduct wide-ranging oversight of Department of Justice (Department) programs and operations.

Examples of OIG audits, evaluations, and special reports completed during this semiannual reporting period include:

- The Department's Preparation to Respond to a Weapons of Mass Destruction (WMD) Incident.** The OIG examined the readiness of the Department and its components to respond to a potential WMD incident. We also examined the readiness of Department field offices to respond in a coordinated way to a WMD incident in the greater Washington area. We found that the FBI had taken appropriate steps to prepare to respond to a potential WMD attack, but the Department as a whole and its other components had not implemented adequate WMD response plans. In response to our report, the Department assigned to the Associate Deputy Attorney General for National Security the responsibility for coordinating all Department policies associated with continuity of operations, continuity of government, and emergency response at the scene of an incident. The Department also established a committee to develop policy, training, and strategies to ensure that the Department is prepared to respond to a WMD event.
- The Federal Bureau of Investigation's (FBI) Investigations of Certain Domestic Advocacy Groups.** This OIG review examined FBI investigations related to certain domestic advocacy groups and individuals, including: (1) the Thomas Merton Center (a "peace and social justice center" in Pittsburgh); (2) People for the Ethical Treatment of Animals (PETA); (3) Greenpeace USA; (4) The Catholic Worker (a pacifist organization with numerous local chapters); and (5) Glen Milner, an individual described as a Quaker peace activist. The OIG review did not find

Statistical Highlights

April 1, 2010 - September 30, 2010

Allegations Received by Investigations Division	5,976
Investigations Opened	152
Investigations Closed	185
Arrests	62
Indictments/Informations	66
Convictions/Pleas	54
Administrative Actions	109
Fines/Restitutions/Assessments/Recoveries	\$572, 417
Audit Reports Issued	52
Questioned Costs	\$20.3 million
Funds Put to Better Use	\$1.75 million
Recommendations for Management Improvements	301
Single Audit Act Reports Issued	64
Questioned Costs	\$1.37 million
Recommendations for Management Improvements	152

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that the FBI targeted any of the groups for investigation on the basis of their First Amendment activities. However, the OIG concluded that the factual basis for opening some of the investigations of individuals associated with the groups was factually weak. In some cases, the FBI extended the duration of investigations involving advocacy groups or their members without adequate basis, and in a few instances the FBI improperly retained information about the groups in its files. The FBI also classified some investigations related to nonviolent civil disobedience under its “Acts of Terrorism” classification, which resulted in the watchlisting of subjects during the investigation. We made five recommendations to help ensure that if the FBI investigates groups or individuals in connection with their exercise of First Amendment rights, it does so in strict compliance with Attorney General Guidelines.

- **Allegations of Cheating on the FBI’s Domestic Investigation and Operations Guide Exam.** The OIG examined allegations that some FBI employees cheated when taking a mandatory exam designed to test their knowledge of the FBI’s “Domestic Investigations and Operations Guide” (DIOG). The DIOG, which describes the procedures FBI employees must follow when conducting domestic investigations, took effect in 2008. In our limited investigation of the allegations, we found that a significant number of FBI employees had engaged in some form of cheating or improper conduct on the DIOG exam, some in clear violation of FBI directives regarding the exam. Some FBI employees consulted with others while taking the exam when that was specifically forbidden by the test-taking protocols. Others used or distributed answer sheets or study guides that essentially

provided the answers to the test. A few exploited a programming flaw to reveal the answers to the exams. Almost all of those who cheated falsely certified on the final question of the exam that they had not consulted with others. We recommended that the FBI take action regarding those who cheated on the DIOG exam, consider other appropriate steps to determine whether other test takers engaged in similar inappropriate conduct, and conduct a new exam on the DIOG.

- **The FBI’s Laboratory’s Forensic DNA Case Backlog.** This OIG report found that the FBI Laboratory’s backlog of forensic DNA cases is large and growing. This backlog and delay in receiving results can delay legal proceedings that are waiting on the results of forensic DNA analysis, prevent the timely capture of criminals, prolong the incarceration of innocent people who could be exonerated by DNA evidence, and adversely affect families of missing persons waiting for positive identification of remains. The report noted that the FBI is pursuing various strategies to reduce the forensic DNA case backlog and minimize workflow bottlenecks, such as implementing a laboratory information management system, strategic management of cases, and human resource initiatives. We made five recommendations to help improve the FBI Laboratory’s DNA case backlog, and the FBI concurred with these recommendations.
- **The Bureau of Prison’s (BOP) Furlough Program.** The OIG issued a report evaluating the BOP’s furlough program, which allows BOP inmates authorized absences from institutions without an escort. We found that the BOP’s furlough policy has not been updated since 1998 and does not, for example,

Highlights of OIG Activities

require BOP staff to notify victims and witnesses when an inmate is released on a medical furlough. In 2003, the BOP drafted a new furlough policy but has not implemented it because it believes it must negotiate these changes in the policy with the BOP union. While the BOP agreed with the recommendation in our report to issue a revised furlough policy, the BOP estimated that the negotiation and implementation of such a policy would not be finalized until December 2017. This delay translates into a 14-year time lag to implement improvements to its furlough policy that are essential for victims' rights. The OIG report included seven recommendations to the BOP, including that the BOP develop a more effective mechanism for negotiating with the union on required policy changes. The BOP concurred with our recommendations, but we consider the audit unresolved because of the lengthy timeframe the BOP proposed for implementing them.

- **The Drug Enforcement Administration's (DEA) El Paso Intelligence Center (EPIC)**. The OIG examined the work of EPIC, a DEA-run, multi-agency center that provides federal, state, and local law enforcement agencies with intelligence on drug smuggling and other criminal activities, primarily along the Southwest border. Our review found that EPIC's partner agencies and users regard its products and services as valuable and useful, but we identified weaknesses in EPIC operations and programs. For example, EPIC does not analyze some information that it alone collects. As a result, EPIC may be overlooking drug trafficking trends and patterns that could assist law enforcement agencies in their interdiction investigations and operations. Our report made 11 recommendations to improve EPIC's utility to the law enforcement

and intelligence communities. The DEA and the Department stated that they concurred with our recommendations and have begun implementing corrective actions.

- **The FBI's Personnel Resource Management and Casework**. This OIG report examined the FBI's allocation and utilization of personnel resources and casework by specific investigative areas. In this review, we determined that the FBI used field agents in line with the number it had allocated to its highest national priorities, such as counterterrorism and counterintelligence. However, the FBI used fewer field agents than it had allocated to other priorities, such as violent crime. The FBI also continued to experience substantial gaps in filling its intelligence analyst positions, which FBI officials attributed to attrition and delays in the hiring process. Our review also determined that the FBI had improved its ability to monitor and evaluate its allocation and utilization of personnel resources by establishing a Resource Planning Office, developing an extensive management information system, and implementing initiatives to increase monitoring efforts. Our report made 10 additional recommendations, and the FBI concurred with all of them.

Investigations

As shown in the statistics in the table at the beginning of this section, the OIG investigates many allegations of misconduct involving Department employees or contractors or grantees who receive Department money. Examples of the OIG's investigations discussed in this semiannual report include:

- An investigation by the OIG's Miami Field Office led to the conviction of a

Highlights of OIG Activities

BOP inmate incarcerated at the Federal Correctional Complex (FCC Coleman) in Coleman, Florida, on charges of soliciting and attempting to murder a witness and an OIG special agent. The inmate, formerly a BOP correctional officer in Danbury, Connecticut, previously had been convicted and sentenced to 15 years' incarceration for sexual abuse of a female ward when he was a correctional officer and for plotting with a female inmate to murder his wife. Shortly after beginning his sentence in FCC Coleman, the former correctional officer solicited assistance from inmates to try to murder his estranged wife, her boyfriend, the female inmate from the previous investigation, and the OIG special agent who had investigated the original case. In the OIG investigation, the former correctional officer provided an OIG undercover agent with physical descriptions of each target of his plot, their geographical locations, specific instructions as to how to commit the murders, and an initial payment for the murders of \$500 from his BOP inmate account. The former correctional officer was charged and convicted for this plot, and he was sentenced to 90 years' incarceration to run consecutive with his current 15-year sentence.

- An investigation by the OIG's Dallas Field Office and the FBI resulted in the arrest of a Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) special agent pursuant to an indictment charging him with conspiracy to distribute methamphetamine, cocaine, and marijuana; possessing methamphetamine with intent to distribute; possessing a firearm during a drug trafficking offense; and money laundering. The investigation revealed that the ATF special agent and several Tulsa police officers had planted drug evidence on suspects they arrested; falsely swore to search warrants

affidavits; stole drugs and money from the suspects; coerced individuals to distribute stolen drugs; split the proceeds from their illegal activities; and testified falsely in court about their arrests of the suspects. The ATF special agent pled guilty to conspiring to distribute methamphetamine and awaits sentencing.

- An investigation conducted by the OIG's Washington Field Office led to the arrest and guilty plea of an FBI management support specialist in the Eastern District of Virginia for possession of child pornography. The OIG investigation found that the management support specialist used the FBI's computer network to facilitate sexually explicit e-mail communications with parties identifying themselves as minors. In addition, the investigation determined that the management support specialist possessed on his home computer images depicting minor victims engaged in sexually explicit conduct. The management support specialist was sentenced to 46 months of incarceration followed by 15 years of supervised release, with sex offender monitoring and conditions.
- An investigation by the OIG's Houston Area Office resulted in the arrest and guilty plea of a BOP correctional officer assigned to the U.S. Penitentiary in Pollock, Louisiana, on charges of bribery, possessing or providing contraband in prison, and possession with intent to distribute a controlled substance (cocaine). The investigation determined that the correctional officer smuggled contraband, including a cellular telephone, marijuana, tobacco, and prescription medications, into the U.S. Penitentiary and that he received approximately \$20,000 in bribes from inmates and inmate family members for

Highlights of OIG Activities

the contraband. The correctional officer was arrested following an undercover operation wherein he accepted \$26,000, 7 ounces of cocaine, a handgun, and ammunition from an undercover agent in return for his agreement to smuggle contraband into the institution. He was sentenced to 41 months' incarceration followed by 36 months of supervised release.

- An investigation by the OIG's Los Angeles Field Office resulted in the arrest of a BOP warden on charges of making false statements and disclosing confidential government information. The indictment asserted that the warden made a false statement to OIG special agents when he denied making Internet postings that disclosed confidential government information concerning criminal investigations at the prison, and that the warden disclosed confidential government information concerning a BOP employee who was suspected of being involved with an inmate gambling scheme and concerning a homicide that occurred at the prison in August 2009. The warden has been suspended without pay pending the outcome of the investigation. Judicial proceedings continue.

Ongoing Work

This report also describes ongoing OIG reviews, including reviews of:

- The ATF's implementation of Project Gunrunner, an ATF initiative to combat firearms trafficking to Mexico and associated violence along the Southwest border.
- The FBI's efforts to combat national security cyber threats.
- The operation of the Federal Prison Industries' electronic waste recycling program.
- The enforcement of civil rights laws by the Voting Section of the Civil Rights Division.
- The Executive Office for Immigration Review's (EOIR) efforts to reduce the backlog of cases in its immigration courts.
- The FBI's Use of National Security Letters and Section 215 Orders for business records.

OIG Profile



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

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

- **Audit Division** is responsible for independent audits of Department programs, computer systems, and financial statements. The Audit Division has field offices in Atlanta, Chicago, Dallas, Denver, Philadelphia, San Francisco, and Washington, D.C. Its Financial Statement Audit Office and Computer Security and Information Technology Audit Office are located in Washington, D.C. Audit Headquarters consists of the immediate office of the Assistant Inspector General for Audit, Office of Operations, Office of Policy and Planning, Advanced Audit Techniques, and Office of Research and Non-Federal Audits.
- **Investigations Division** is responsible for investigating allegations of bribery, fraud, abuse, civil rights violations, and violations of other criminal laws and administrative procedures governing Department employees, contractors, and grantees. The Investigations Division has field offices in Chicago, Dallas, Denver, Los Angeles, Miami, New York, and Washington, D.C. The Investigations Division has smaller, area offices in Atlanta, Boston, Detroit, El Paso, Houston, New Jersey, San Francisco, and Tucson. Investigations Headquarters in Washington, D.C., consists of the immediate office of the Assistant Inspector General for Investigations and the following branches: Operations, Special Operations, Investigative Support, Research and Analysis, and Administrative Support.
- **Evaluation and Inspections Division** conducts program and management reviews that involve on-site inspection, statistical analysis, and other techniques to review Department programs and activities and makes recommendations for improvement.
- **Oversight and Review Division** blends the skills of attorneys, investigators, program analysts, and paralegals to review Department programs and investigate sensitive allegations involving Department employees and operations.
- **Management and Planning Division** provides advice to OIG senior leadership on administrative and fiscal policy and assists OIG components in the areas of budget formulation and execution, security, personnel, training, travel, procurement, property management, information technology, computer network communications, telecommunications, records

OIG Profile

management, quality assurance, internal controls, and general support.

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

The OIG has a nationwide workforce of approximately 445 special agents, auditors, inspectors, attorneys, and support staff. For FY 2010, the OIG direct appropriation was \$84 million, and the OIG expects an additional \$4 million in reimbursements.

As required by Section 5 of the *Inspector General Act of 1978* (IG Act), as amended, this Semiannual Report to Congress reviewing the accomplishments of the OIG for the 6-month period of April 1, 2010, through September 30, 2010, is to be submitted no later than October 31, 2010, to the Attorney General for his review. The Attorney General is required to forward the report to Congress no later than October 31, 2010, along with information on the Department's position on audit resolution and follow-up activity in response to matters discussed in this report.

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



Multicomponent

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



Reports Issued

The Department's Preparation to Respond to a Weapons of Mass Destruction Incident

The OIG's Evaluation and Inspections Division examined the readiness of the Department and its components to respond to a potential WMD incident. The OIG review found that while the FBI has taken appropriate steps to prepare to respond to a potential WMD attack, the Department as a whole and other components within the Department had not implemented adequate WMD response plans. As a result, we concluded that the Department was not fully prepared to provide a coordinated response to a potential WMD attack.

In addition to examining the Department's readiness at the headquarters level to respond to a potential WMD, this report also examined the readiness of Department components' field offices in the District of Columbia and nearby jurisdictions in Virginia and Maryland (the National Capital Region) to respond in a coordinated way to a WMD incident in the greater Washington area.

A WMD is defined by a National Security Presidential Directive as including any device intended to cause death or serious bodily injury to a significant number of people through the release of toxic chemicals, disease organisms,

or radioactive material. One of the greatest concerns is that a WMD may fall into the hands of terrorists or that terrorists will develop their own WMD.

Our review found that the FBI has taken appropriate steps to prepare to respond to a potential WMD attack. For example, the FBI has implemented a program that has established WMD response plans, provides WMD training to its staff on responding to a WMD incident, and regularly conducts and participates in WMD response exercises.

However, the Department had not implemented adequate WMD response plans. We found, for example, that the Department did not assign one entity or individual with the responsibility for the central oversight or management of WMD incident response. The Department had not updated its policies to reflect recent national policies for responding to a WMD incident, and the Department's operational response policies and plans had not been fully implemented.

In addition, no Department law enforcement component other than the FBI had specific WMD operational response plans or provides training and exercises on responding to a WMD incident. While the DEA, ATF, and the USMS each have groups that manage all-hazards responses, they

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do not include specific preparations for WMD incidents and they do not regularly participate in national, state, or local exercises involving WMD incidents.

The National Response Framework, issued in January 2008 by the Department of Homeland Security (DHS) and approved by the President, is designed to prepare federal agencies for responding to all domestic emergencies, including a WMD incident. Under the National Response Framework, the Department is assigned the responsibility for coordinating federal law enforcement activities in response to a WMD attack and for ensuring public safety and security if the incident overwhelms state and local law enforcement. The Department designated ATF as the lead agency to fulfill these responsibilities under the National Response Framework. Our review found that neither the Department nor ATF was prepared to fulfill this responsibility. For example, the Department and ATF had not made personnel assignments to manage these activities, and ATF had not developed a catalog of law enforcement resources – people and equipment – available to be deployed in the event of a WMD incident. In addition, ATF had only trained its personnel in field offices in states prone to hurricane activity for an incident activation resulting from a hurricane; it had not provided training on responding to a WMD incident.

Our review also found that, in the National Capital Region, law enforcement agencies coordinate and plan regularly for all types of incidents (including a WMD) when they prepare for the frequent special events held here, such as presidential inaugurations and visits by heads of state. However, we found that with the exception of preparing for special events, WMD incident response planning depends primarily on FBI resources and capabilities. For example, the FBI's Washington Field Office is the only Department component field office in the National Capital Region with a written plan and checklist to respond specifically to a WMD incident. Moreover, the DEA, ATF, and

the USMS in the National Capital Region have conducted little or no planning specifically for responding to a WMD incident and do not have defined roles in the FBI's WMD response plans. Our review also found that some officials in these field offices were not even aware of the Department's responsibilities under the National Response Framework or that the Department had designated ATF as the lead agency for ensuring public safety and security if state and local law enforcement is overwhelmed in the aftermath of a WMD incident.

The OIG made five recommendations to help the Department better prepare to respond to a WMD incident, including designating a person or office at the Department level with the authority to manage the Department's WMD operational response program, updating the Department's and component's response policies to conform to recent national policies, establishing effective oversight to ensure that components maintain WMD response plans and participate in WMD training and exercises, and ensuring the Department is prepared to fulfill its responsibilities under the National Response Framework.

In response to our report, the Department concurred with our recommendations and assigned to the Associate Deputy Attorney General for National Security the responsibility for coordinating all Department policies associated with continuity of operations, continuity of government, and emergency response at the scene of an incident. The Department also established a committee to develop policy, training, and strategies to ensure that the Department as a whole is ready to respond to a WMD event.

Federal Information Security Management Act Audits

The *Federal Information Security Management Act* (FISMA) requires the Inspector General for

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each agency to perform an annual independent evaluation of the agency's information security programs and practices. The evaluation includes testing the effectiveness of information security policies, procedures, and practices of a representative subset of agency systems. The Office on Management and Budget (OMB) has issued guidance to agencies for their FISMA requirements.

For FY 2009, the OIG audited the security programs of five Department components: the BOP, FBI, Federal Prisons Industries, Inc. (FPI), Justice Management Division (JMD), and the USMS. Within these components, we selected for review two classified systems within the FBI and four sensitive but unclassified systems in the other components: BOP's Hires System, FPI's Services Business Group, JMD's Interim Procurement System, and USMS's Automated Prisoner Scheduling System. In these audits, we identified deficiencies in configuration management, certification and accreditation processes, account management, plans of action and milestones management, contingency plan testing, security awareness training, and privacy plan management. We provided more than 90 recommendations for improving implementation of the Department's information security program and practices for its sensitive but unclassified, classified, and national security systems.

For FY 2010, we are reviewing the security programs of eight Department components: the U.S. National Central Bureau of INTERPOL (INTERPOL), Executive Office for U.S. Attorneys (EOUSA), Office of Justice Programs (OJP), National Security Division, FBI, ATF, DEA, and JMD. Within these components, we selected for review five classified systems within NSD, FBI, DEA, and JMD. In addition, we also selected four sensitive but unclassified systems in the other components: INTERPOL's Envoy System, EOUSA's Case Management Enterprise System, OJP's National Criminal Justice Reference Service, and ATF's National Field Office Case

Information System. The OIG plans to issue separate reports evaluating each of these systems.

Civil Rights and Civil Liberties Complaints

Section 1001 of the USA Patriot Act directs the OIG to receive and review complaints of civil rights and civil liberties abuses by Department employees, to publicize how people can contact the OIG to file a complaint, and to submit a semiannual report to Congress discussing our implementation of these responsibilities. In August 2010, the OIG issued its 17th report summarizing its Section 1001 activities covering the period from January 1, 2010, to June 30, 2010. The report described the number of complaints we received under this section and the status of investigations conducted by the OIG and Department components.

Single Audit Act Reports

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

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to the Department's granting agencies 64 single audit reports encompassing 365 contracts, grants, and other agreements totaling more than \$140 million. The OIG also monitors these audits through the resolution and closure process.

The single audits disclosed that costs charged to Department grants were not always adequately supported, and that required financial reports were inaccurate and frequently were not filed in a timely manner. The state and local government auditors and independent public accounting firms who conducted the single audits also found examples of inadequate controls over the procurement process and the equipment and assets purchased with Department grant funds. 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.

Ongoing Work

FBI and National Security Division Efforts to Combat Terrorist Financing

The FBI and the Department's National Security Division share responsibility for identifying, investigating, and prosecuting persons who provide financial support to terrorist organizations. The OIG is examining whether the FBI and the National Security Division are appropriately handling and coordinating these responsibilities.

The Department's Use of Material Witness Warrants

The OIG is reviewing the Department's use of material witness warrants. The review is examining trends in the Department's use of material witness warrants over time, controls over their use, and the Department's treatment

of material witnesses in national security cases, including issues such as length of detention, conditions of confinement, and access to counsel.

Integrated Wireless Network

The OIG is conducting a review of the Department's Integrated Wireless Network program, which is a joint effort of the Department, DHS, and the Department of the Treasury to provide a secure, interoperable nationwide wireless communications network.

Electronic Intergovernmental Agreement System

The OIG is evaluating the operation of the Electronic Intergovernmental Agreement system, which is used by the Office of the Federal Detention Trustee and the USMS to determine compensation for state and local detention facilities who house federal detainees.

Justice Security Operations Center

The OIG is reviewing the Justice Security Operations Center, which helps protect the Department's information technology infrastructure and sensitive data from cyber attacks. This audit is evaluating the Center's capabilities regarding intrusion incidents and assessing its coordination and information-sharing with other Department and federal agencies.

FBI and DEA Aviation Operations

The OIG is examining the management of the FBI and DEA aviation operations.

Multicomponent

The Department's International Prisoner Treaty Transfer Program

The OIG is reviewing the Department's role in the repatriation of non-citizens incarcerated in federal prisons through the international prisoner treaty transfer process. The review is assessing the Department's process to approve or deny inmates' requests to serve their sentences in the foreign countries in which they are citizens.

Federal Bureau of Investigation

The FBI seeks to protect the United States against terrorist and foreign intelligence threats, enforces the criminal laws of the United States, and provides criminal justice services to federal, state, municipal, and international agencies and partners. FBI headquarters in Washington, D.C., coordinates activities of more than 33,900 employees in 56 field offices located in major cities throughout the United States, more than 400 resident agencies in smaller cities and towns across the nation, and more than 60 international offices, called “Legal Attaches,” in U.S. embassies worldwide.



Reports Issued

The FBI's Investigations of Certain Domestic Advocacy Groups

In September 2010, the OIG issued a report examining the FBI's investigative activity relating to five advocacy groups and one individual. The OIG initiated this review in response to congressional inquiries that raised concerns over whether the FBI had improperly targeted domestic advocacy groups for investigation based upon their exercise of First Amendment rights. The OIG review examined FBI investigative activity between 2001 and 2006 related to: (1) the Thomas Merton Center (a “peace and social justice center” in Pittsburgh); (2) PETA (3) Greenpeace USA; (4) The Catholic Worker (a pacifist organization with numerous local chapters); and (5) Glen Milner, an individual described as a Quaker peace activist.

The OIG review did not find that the FBI had targeted any of the groups for investigation on the basis of their First Amendment activities. However, the OIG concluded that the factual basis for opening some of the investigations

of individuals affiliated with the groups was factually weak, and in several cases there was little indication of any possible federal crimes as opposed to state crimes. In some cases, the FBI extended the duration of investigations involving advocacy groups or their members without adequate basis, and in a few instances the FBI improperly retained information about the groups in its files. The FBI also classified some investigations relating to nonviolent civil disobedience under its “Acts of Terrorism” classification, which resulted in the watchlisting of subjects during the investigation.

In addition, in the course of our investigation, the OIG found that, because of inaccurate information provided to FBI Director Robert Mueller regarding the circumstances of the FBI's surveillance of an anti-war rally in Pittsburgh in 2002, the Director unintentionally provided inaccurate testimony to Congress in May 2006. The Director, in reliance on the information provided to him by FBI personnel, testified that certain persons of interest in international terrorism matters were expected to be present at the rally, when in fact this was not the case.

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The OIG's specific findings relating to the individual advocacy groups are summarized below.

- The OIG found numerous references to the Thomas Merton Center in documents describing investigative activities conducted by the FBI's Pittsburgh Field Division. For example, in late November 2002, a probationary FBI agent in the Pittsburgh Field Division attended a public anti-war leafleting event sponsored by the Thomas Merton Center. The agent's supervisor sent him to the rally on a slow work day (the day after Thanksgiving) and instructed him to look for Pittsburgh Field Division international terrorism subjects. The OIG found that the agent's surveillance did not violate the Attorney General's Guidelines.

However, in 2006, the FBI provided inaccurate information about the incident to the public and to Congress by claiming that the surveillance related to a particular person of interest in a terrorism investigation. This included inaccurate testimony that FBI Director Robert Mueller provided to Congress in May 2006 in reliance on the information provided to him by FBI personnel. Contrary to the FBI's statements, the OIG found no evidence that the FBI had any information at the time of the event that any terrorism subject would be present at the event. The OIG concluded that the erroneous statements to the public and Congress could have been the result of extraordinary carelessness but were more likely the result of efforts by FBI personnel to justify the surveillance.

In another instance, the FBI opened preliminary inquiries regarding three individuals associated with the Pittsburgh Organizing Group, which was affiliated with the Thomas

Merton Center. We found that the factual predication for opening these investigations for a federal crime was thin and in one case insufficient under the Attorney General's Guidelines. We also found that the FBI inappropriately used a confidential informant to collect and retain information about the First Amendment expressions of persons associated with the Pittsburgh Organizing Group.

- The OIG reviewed several cases related to PETA that were conducted by the FBI's Norfolk Field Division. The OIG's review did not find that the FBI targeted PETA or its members for investigation based solely on their exercise of First Amendment rights. Rather, the FBI opened investigations of several individuals and of PETA as an organization to determine whether PETA or any of its leadership was funding or directing the criminal activities of the Animal Liberation Front and other animal rights extremists. Although the OIG concluded that the FBI did not violate the Attorney General's Guidelines when it opened most of these investigations, the OIG questioned whether the FBI had a sufficient factual basis to open several of the cases as full investigations rather than as preliminary inquiries, and concluded with respect to one individual that the facts contained in the FBI communication initiating the case did not support opening any investigation at all. In addition, the FBI kept one of the cases open for 6 years, which the OIG concluded was unreasonable and was inconsistent with FBI policy.
- The OIG did not find that the FBI targeted Greenpeace or its members for investigation based solely on their exercise of First Amendment rights. Rather, the FBI opened investigations of

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individuals associated with Greenpeace based on concerns about potential illegal conduct, such as trespass, vandalism, and other crimes. In one case involving Greenpeace protest activities in Alaska, the FBI's investigation was based on evidence of potential conduct that could violate federal laws such as 18 U.S.C. § 1366 (Destruction of an Energy Facility). The OIG found that the FBI had sufficient factual predication to open a preliminary inquiry and later a full investigation on members of Greenpeace and to collect information about the future travel and protest plans of the subjects.

In another case, the FBI conducted a full investigation of Greenpeace members relating to their planned protest activities with respect to two corporations in Texas (Exxon and Kimberly-Clark). The FBI used a wide variety of investigative techniques in this investigation, including surveillance. The OIG did not conclude that the FBI was investigating the subjects solely as a result of their First Amendment activities. However, the FBI articulated little or no basis for suspecting a violation of any federal criminal statute, as opposed to a state or local crime. The OIG also concluded that the investigation was kept open for 3 years, which was past the point at which its underlying justification existed and was therefore inconsistent with FBI guidelines.

- The OIG concluded that the FBI did not target the Catholic Worker or its members for investigation based on their exercise of First Amendment rights. Investigative activities and documents relating to the Catholic Worker or its members were generated by several different FBI field divisions responding to discrete circumstances. However, the OIG found two FBI documents in a

domestic terrorism file that contained information about nonviolent civil disobedience by Catholic Worker members (peaceful trespass on a military facility). Retaining this information – which pertained to a federal crime – was not prohibited by the Privacy Act, Attorney General's Guidelines, or FBI policy. However, the acts in question were nonviolent civil disobedience, and the FBI has at various times disavowed interest in such activity.

- The OIG also examined the FBI's investigative activity relating to Glen Milner, who was described in a *Seattle Post-Intelligencer* article as a "Quaker peace activist" who was "under watch" for protest activities carried out at the 2003 Seafair festival in Seattle, Washington. The OIG concluded that the FBI did not improperly investigate Milner because of his exercise of First Amendment rights or otherwise act in violation of FBI policies. The OIG also found no evidence that the FBI investigated Quakers as a group, or any individuals identified in FBI documents as Quakers, for their protest activities.

The OIG report contains six recommendations, including that the FBI should specify the potential violation of a specific federal criminal statute as part of documenting the basis for opening a preliminary or full investigation in cases involving investigation of advocacy groups or their members for activities connected to the exercise of their First Amendment rights, and that the Department and the FBI should provide further guidance on when cases involving First Amendment issues should be classified as Acts of Terrorism matters and when they should not. The FBI concurred with these recommendations.

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Allegations of Cheating on the FBI's Domestic Investigation and Operations Guide Exam

The OIG examined allegations that FBI employees cheated when taking a mandatory exam designed to test their knowledge of the FBI's DIOG. The DIOG, which took effect in December 2008 and describes the procedures FBI employees must follow when conducting domestic investigations, replaced several older sets of guidelines that separately addressed criminal investigations, national security investigations, and foreign intelligence collection. The new DIOG was designed to standardize policy so that all investigations would be conducted legally and consistently.

In order to ensure that FBI employees understood and observed the requirements of the DIOG, the FBI ordered almost all of its employees to take 16.5 hours of training, followed by a 50-question computerized exam that had to be passed with a score of 80 percent or higher. The exam was open book and employees could use their notes to help answer questions, but employees were explicitly forbidden to consult with others while taking the exam. Over 20,000 employees took the training and the subsequent exam.

During our review, we interviewed employees in four field offices and investigated three complaints of alleged cheating. In our limited investigation, we found that a significant number of FBI employees had engaged in some form of cheating or improper conduct on the DIOG exam. We found that employees in some FBI offices used and distributed answer sheets for the DIOG exam. Employees in another office used so-called "study guides" that served a similar purpose as answer sheets. In addition, we determined that most of the employees who told us they used the answer sheets and study guides falsely certified at the end of the exam that they had not "consulted" with others during the exam. A few exploited a programming flaw to reveal the answers to

the exam on their computers. In addition, we found that several employees had spoken to others while taking the exam, despite specific instructions that employees were not allowed to "consult" with others during the exam.

During our investigation, we interviewed a total of 76 employees about their conduct in taking the exam. Of those, we found that 22 had cheated in one way or another on the DIOG exam. We believe the extent of the cheating related to this test was significantly greater than the cases we detailed in our report.

In addition to cheating by rank-and-file employees, the OIG also found cheating and inappropriate behavior among supervisors, including a legal advisor, two assistant special agents in charge, two supervisory special agents, and a supervisory senior resident agent.

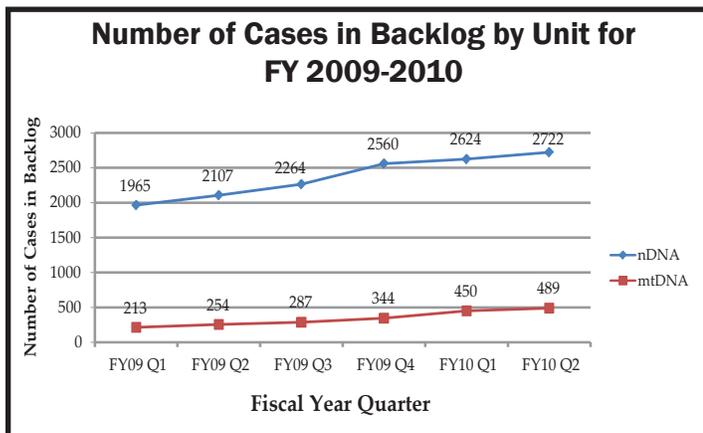
Our report recommended that the FBI take appropriate disciplinary action against those employees identified by the OIG who cheated or engaged in inappropriate conduct related to the DIOG exam. In addition, we recommended that the FBI take appropriate steps to determine if other employees cheated or engaged in inappropriate conduct and, if so, take appropriate action. Finally, our report recommended that the FBI should conduct a new exam on the DIOG. The FBI has not yet responded to these recommendations.

The FBI Laboratory's Forensic DNA Backlog

The OIG's Audit Division examined the FBI Laboratory's examination of forensic DNA cases, which involves DNA analysis of forensic samples from crime scenes or evidentiary items such as envelopes, clothing, and drinking glasses. Our review focused on the Laboratory's efforts to reduce its forensic DNA case backlog. We examined the size of the FBI's forensic case analysis backlog and the amount of time contributors waited to receive DNA test results for forensic DNA cases.

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Our review found that the FBI Laboratory had a large and growing backlog of forensic DNA cases. As of March 2010, the FBI Laboratory had a backlog of over 3,200 forensic DNA cases. Of these backlogged cases, over 2,700 cases were in the FBI Laboratory's Nuclear DNA Unit, which primarily examines biological fluid stains, such as blood and semen. Almost 500 backlogged cases were in the Mitochondrial DNA unit, which analyzes evidence that is not suitable for nuclear DNA testing, such as naturally shed hairs, hair fragments, bones, and teeth. The following graphic depicts the quarterly increase in the backlog for nuclear DNA (nDNA) and mitochondrial DNA (mtDNA) from FY 2009 through the second quarter in FY 2010.



We found that from FY 2009 through the second quarter of FY 2010, the backlog of cases in the nDNA Unit increased by almost 40 percent (757 cases), and in the mtDNA Unit the backlog of cases grew by almost 130 percent (276 cases).

This backlog can have significant effects, such as delaying legal proceedings that are waiting on the results of DNA analysis, preventing the timely capture of criminals, prolonging the incarceration of innocent people who could be exonerated by DNA evidence, and adversely affecting families of missing persons waiting for positive identification of remains.

As a result of the backlog, the amount of time that contributors wait for FBI DNA analysis was lengthy. For example, the FBI Laboratory's

strategic initiative seeks to reduce the turnaround time for DNA analysis to 60 days in each unit. We determined that the length of time for contributors to receive results from the FBI Laboratory after submission of evidence varied from an average of approximately 150 days to over 600 days depending on the type of submission.

The FBI Laboratory's forensic DNA backlog included 391 cases from the Terrorist Explosive Device Analytical Center (TEDAC), which examines improvised explosive devices sent from warzones worldwide. Our review determined that for TEDAC cases the FBI Laboratory on average took 268 days to complete in the nDNA Unit and 167 days in the mtDNA Unit. The untimely analysis of TEDAC submissions could affect the prevention of future terrorist attacks by delaying efforts to identify the maker of the improvised explosive device or the source of its components.

We also determined that the FBI Laboratory did not have a modern laboratory information management system, thereby making the determination of backlog statistics and tracking of cases difficult. Since September 2003, the FBI has spent over \$10 million on developing a laboratory information management system. Yet, over 6 years later, this system is still under development, and the FBI Laboratory is not able to generate an electronic chain-of-custody document, track laboratory-wide evidence workflows, and produce laboratory-wide statistical reports to identify problems and delays.

As part of the FBI's efforts to reduce the forensic DNA case backlog and minimize workflow bottlenecks, the FBI Laboratory is pursuing various strategies, such as laboratory information management system implementation, strategic management, human resources, and outsourcing. These strategies were ongoing at the time of our review, but they had not yet reduced the forensic DNA case backlog at the FBI Laboratory. For example, according to the FBI, it was seeking additional

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resources for DNA analysis and was in the process of bringing on board 17 additional forensic examiners. However, hiring and training the new personnel could take significant time (12 to 18 months for training personnel new to DNA examination) and, therefore, would not have a significant impact on the current backlog for almost 2 years.

Our report made five recommendations to the FBI to help improve Laboratory DNA operations, such as standardizing FBI Laboratory-wide definitions for calculating backlog, ensuring FBI Laboratory users have access to a laboratory information management system, and examining the effect of outsourcing agreements on the overall backlog and the time contributors wait for test results. The FBI concurred with these recommendations, and stated that it is in the process of standardizing FBI Laboratory-wide definitions for calculating backlog, reviewing its laboratory information management system needs, and developing plans for monitoring the effects of outsourcing agreements.

FBI Personnel Resource Management and Casework

This OIG audit examined the FBI's allocation and utilization of personnel resources and the numbers and types of cases investigated over the past 5 years. This report was the fourth in a series of OIG reviews analyzing the changes in the FBI's allocation and utilization of personnel resources and casework by specific investigative areas.

Our review assessed in detail the allocation and actual use of FBI personnel resources by priority area. In our previous reviews, we determined that the FBI used significantly more field agent resources than it had allocated for counterterrorism matters, and used significantly fewer field agent resources than it had allocated for non-terrorism matters. In this review, we

determined that the FBI used field agents in line with the number it had allocated to its highest national priorities, including counterterrorism, counterintelligence, cyber crime, and civil rights. However, the FBI used fewer field agents than it had allocated to its lowest national priorities, including gangs and criminal enterprises, white collar crime, and violent crime. The following chart portrays the breakdown of the FBI's "burn rates" among its national priority areas between FYs 2005 through 2009.¹

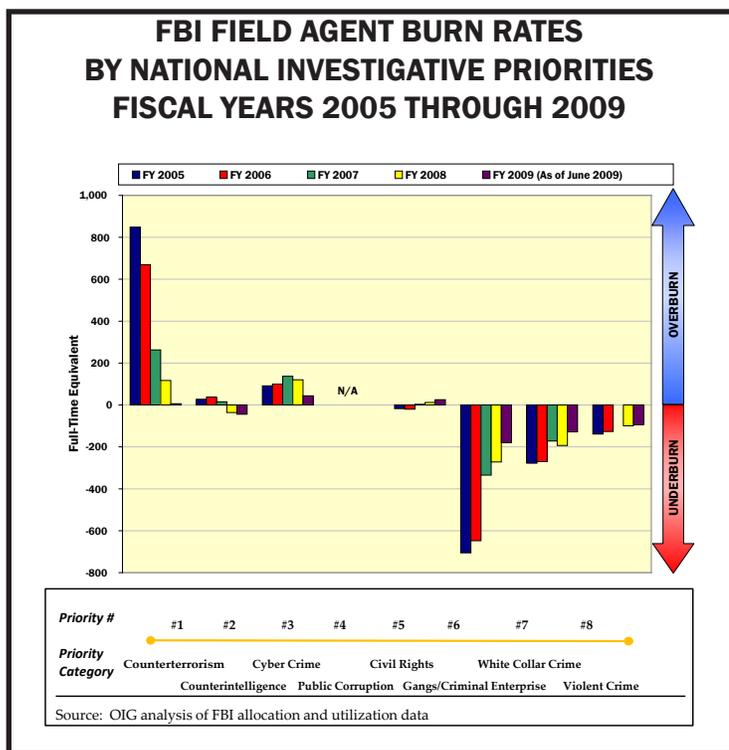
Specifically, we found that in FY 2009 the FBI used 26 percent of its field agents to address counterterrorism matters, while using 51 percent to address criminal matters. This is a significant change from FY 2001 when the FBI used 13 percent of its field agents on counterterrorism matters and 72 percent on criminal matters.

We also examined the number of active FBI cases related to various investigative priorities. Overall, between FY 2005 and FY 2009 the number of FBI active cases related to violent crime, counterterrorism, counterintelligence, and white collar crime decreased. During that same time period, the number of active cases relating to cyber crime, public corruption, civil rights, gangs, and criminal enterprises increased.

We determined that the FBI continued to experience substantial gaps between the number of intelligence analyst positions allocated and utilized between FYs 2005 and 2009. FBI officials stated the rate of attrition and time it takes to hire applicants affected the FBI's ability to fill vacant intelligence analyst positions.

¹ The FBI uses the term "burn rate" to refer to the difference between allocated resources (Funded Staffing Level) and actual resources used (as reflected in its time utilization database). An "overburn" occurs when more resources are used than allocated. In contrast, the FBI defines "underburn" as using fewer resources used than allocated.

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Our audit also determined that the FBI has improved its ability to monitor and evaluate its allocation and utilization of personnel resources by establishing a Resource Planning Office and by developing an extensive management information system. In addition, the FBI has established various resource management initiatives to oversee the allocation and utilization of personnel resources.

However, the FBI has not formalized all of the policies and procedures related to its resource management initiatives and did not fully integrate them into FBI operational practices. This contributed to inconsistent execution of some initiatives by FBI operational divisions and field offices.

The OIG report provided 10 recommendations to assist the FBI in its resource planning and allocation decisions, including a recommendation that the FBI require operational divisions to regularly examine resource utilization associated with division-specific priorities for all investigative programs

and a recommendation that the FBI establish policies and procedures to formalize its new resource management initiatives. The FBI agreed with the OIG recommendations, and stated it is taking action in response. For example, the FBI stated that it is in the process of developing resource-utilization and casework reports associated with division-specific priorities within its management information system, and that it drafted a policy on its risk-based resource allocation and assessment model, which is undergoing management review.

CODIS Audits



The FBI's Combined DNA Index System (CODIS) is a national information repository

that stores DNA specimen information to facilitate its exchange by federal, state, and local law enforcement agencies. During this reporting period, the OIG audited state and local laboratories that participate in CODIS to determine the laboratories' compliance with the FBI's Quality Assurance Standards (QAS) and National DNA Index System (NDIS) participation requirements. Additionally, we evaluated whether the laboratories' DNA profiles in CODIS databases were complete, accurate, and allowable for inclusion in NDIS. Below are examples of our audit findings.

- Our audit found that the [Montana Department of Justice Forensic Science Division Laboratory](#) was generally in compliance with the standards governing CODIS activities, including compliance with the NDIS requirements and Quality Assurance Standards we tested. The audit found that, of the sample of 80 forensic DNA profiles reviewed, only 1 profile contained an inaccurate specimen identification number, which was corrected when we brought the discrepancy to the attention

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of laboratory management. To address future concerns, the Laboratory added written policy that requires a profile to undergo a subsequent review if changes are made to it.

- The OIG examined CODIS activities at the [Houston, Texas, Police Department's Crime Laboratory](#). Our audit found that the Laboratory's personnel record retention policy did not require the retention of personnel records for 10 years as mandated by NDIS participation requirements – it was the Laboratory's policy to maintain these records only until its reaccreditation, which is usually a 5-year timeframe. The Laboratory corrected this policy when we brought the record retention discrepancy to its attention. We also found that out of the 100 DNA profiles we reviewed, 1 profile was unallowable and 2 were inaccurate. The Laboratory corrected these DNA profile discrepancies during our audit and revised its procedures to require three different levels of review to prevent future errors from occurring. NDIS-participating laboratories are required to have annual QAS reviews performed by review teams that have at least one reviewer that underwent the FBI's QAS review training. However, we found that the Laboratory's last QAS review team did not adhere to this requirement. We recommended that the Laboratory implement procedures to ensure that it adhere to the QAS reviewer training requirement, and the Laboratory agreed with this recommendation.

Investigations

During this reporting period, the OIG received 1,484 complaints involving the FBI. The most common allegations made against FBI employees were violations of intelligence-

gathering standards; job performance failure; waste; and misuse of government property. The majority of the complaints received this period were considered management issues and were provided to FBI management for its review and appropriate action.

At the close of the reporting period, the OIG had 42 open criminal or administrative investigations of alleged misconduct related to FBI employees. The criminal investigations covered a wide range of offenses, including job performance failure and waste, misuse of government property. The administrative investigations involved serious allegations of misconduct. The following are examples of cases involving the FBI that the OIG's Investigations Division handled during this reporting period:

- A joint investigation by the OIG's Washington Field Office, the Office of Personnel Management's OIG, and the FBI resulted in the arrest of three FBI special agents and one intelligence analyst on charges of making false statements on U.S. government documents in an effort to conceal their use of anabolic steroids and HGH. The arrests stem from statements made on medical forms used to assess the employees' continuing fitness for duty. According to the arrest affidavits, the four FBI employees received numerous prescriptions for anabolic steroids and HGH after meeting with doctors and receiving false diagnoses for medical conditions such as pituitary dwarfism. The four are accused of failing to disclose the treatment or prescriptions on medical history forms they must file with the FBI, which are used to assess their fitness for duty. All have been placed on suspension without pay. Judicial proceedings continue.
- An investigation by the OIG's Washington Field Office led to the arrest and guilty plea of an FBI management

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support specialist in the Eastern District of Virginia for possession of child pornography. The investigation found that the management support specialist used the FBI's computer network to facilitate sexually explicit e-mail communications with parties identifying themselves as minors. In addition, the investigation determined that the management support specialist possessed on his home computer between 10 and 20 images depicting minor victims engaged in sexually explicit conduct. The management support specialist was sentenced to 46 months of incarceration, followed by 15 years of supervised release, with sex offender monitoring and conditions.

- An investigation by the OIG's Miami Field Office resulted in the arrest of an FBI special agent on charges of wire fraud, bank fraud, and bankruptcy fraud charges. The investigation developed evidence that from May to July 2006 the special agent provided false information to obtain 15 mortgage loans from SunTrust Mortgage. In his mortgage applications, the special agent falsely claimed that he was employed by DOJ Productions, an alleged music company, and earned \$42,350 a month from that company. Additionally, the special agent secured a home equity line of credit based on a claim that he was the President of Judah Music and earned \$500,000 a year. The FBI special agent filed for bankruptcy in July 2009, and he failed to include properties he owned or transferred on the bankruptcy application. Judicial proceedings continue.
- An investigation by the OIG's Dallas Field Office, along with U.S. Immigration and Customs Enforcement, resulted in the arrest and guilty plea of an FBI special agent in the Northern

District of Texas to charges of unlawful employment of aliens. The investigation revealed that the special agent had owned and operated a Schlotzsky's Deli sandwich franchise for 12 years and employed a family of illegal aliens. The FBI special agent admitted to changing several employees' social security numbers in an effort to avoid detection that they were in the country illegally. The FBI employee was terminated and forfeited her retirement. Sentencing is pending.

- An investigation by the OIG's Los Angeles Field Office led to the arrest and guilty plea of an FBI special agent for illegally accessing information from a government computer system. The investigation determined that the special agent obtained information from the FBI's databases to assist a friend in the collection of an unpaid debt. The special agent was sentenced in the Central District of California to serve 3 months in home confinement, complete 100 hours of community service, and pay a fine of \$3,000. The special agent resigned from the FBI as a condition of his guilty plea.
- An investigation by the OIG's Detroit Area Office resulted in the arrest of an FBI evidence control technician, assigned to the FBI Indianapolis Division, pursuant to an indictment returned in the Northern District of Indiana charging her with embezzlement, false statements, and witness tampering. The investigation determined that over a 3-year period, the evidence control technician embezzled more than \$30,000 in cash that the FBI had stored in evidence, and that she created false documents to cover up her theft. In addition, she attempted to persuade a witness via telephone to provide false information to the OIG regarding more than \$80,000 in cash deposits to her bank account.

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The evidence control technician was terminated from her position during the OIG investigation. Judicial proceedings continue.

- In April 2010, Space Age Engineering, Inc., (Space Age Engineering), a contractor for the FBI located in Westlake Village, California, agreed to pay \$25,000 to settle allegations that it violated the Civil False Claims Act. This case was initiated as the result of a qui tam lawsuit filed by a competitor of Space Age Engineering. The FBI awarded Space Age Engineering a contract to provide 52 trucks for use at FBI legal attaché offices around the world, including eight “non-standard” trucks with right-hand drive or leaded fuel configurations. Based on Space Age Engineering’s assurance that it could provide both types of vehicles, the FBI agreed to pay Space Age Engineering approximately \$5,088 more per standard truck than the lowest bidder. An investigation by the OIG’s Fraud Detection Office, with assistance from the OIG’s Los Angeles Field Office, determined that Space Age Engineering failed to provide the eight “non-standard” vehicles as required by the contract.
- In our *September 2009 Semiannual Report to Congress*, we reported on an investigation by the OIG’s El Paso Area Office and ATF’s El Paso Field Office that resulted in the arrest of an FBI special agent in the Western District of Texas on charges of dealing firearms without a license, maintaining false firearms records, and making a false statement. The investigation revealed that the FBI special agent, who was not a licensed firearms dealer, bought and sold firearms from January 2005 until May 2008. During this reporting period, the FBI special agent was convicted by a jury of one count of dealing firearms without a

license, four counts of causing a firearms dealer to maintain false records, and one count of making a false statement to federal authorities. He was sentenced to two years’ incarceration, followed by three years of supervised release, and was ordered to perform 250 hours of community service.

Ongoing Work

The FBI’s Implementation of the Sentinel Project

The OIG is continuing to evaluate the FBI’s ongoing development and implementation of the Sentinel information technology project, which is intended to upgrade the FBI’s electronic case management system and provide the FBI with an automated workflow process.

The FBI’s Management of Terrorist Watchlist Nominations and Encounters with Watchlisted Subjects

The OIG is examining changes to the FBI’s watchlist nominations process to ensure the accuracy, timeliness, and completeness of the FBI’s watchlisting practices.

The FBI’s Efforts to Combat National Security Cyber Threats

The OIG is examining the FBI’s efforts to combat cyber intrusions that threaten national security. The review assesses the development and operation of the National Cyber Investigative Joint Task Force, as well as the capabilities of FBI field offices to investigate national security cyber cases.

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The FBI's Integrity and Compliance Program

The OIG is reviewing the FBI's Integrity and Compliance Program, which was established following a 2007 OIG report on the FBI's use of National Security Letters (NSL). This review will evaluate how the FBI's Program: (1) identifies risks of non-compliance with both the letter and spirit of applicable laws, regulations, rules, and policies; (2) ranks identified risks; (3) analyzes highly ranked risks; (4) mitigates risks with adequate corrective actions; (5) monitors the implementation of the corrective actions to ensure that mitigation is effective; and (6) promotes a culture of integrity and ethical compliance throughout the FBI.

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

Section 702 of the *FISA Amendments Act of 2008* (Act) authorizes targeting non-U.S. persons reasonably believed to be outside the United States to acquire foreign intelligence information. As required by the Act, the OIG is examining the number of disseminated FBI intelligence reports containing a reference to a U.S. person identity, the number of U.S. person identities subsequently disseminated in response to requests for identities not referred to by name or title in the original reporting, the number of targets later determined to be located in the United States, and whether communications of such targets were reviewed. In addition, the OIG is examining the FBI's compliance with the targeting and minimization procedures required under the Act.

The FBI's Use of National Security Letters and Section 215 Orders from 2007 through 2009

The OIG is again examining the FBI's use of NSLs and Section 215 orders for business records. Among other issues, our review is assessing the FBI's progress in responding to the OIG's recommendations in prior OIG reports that examined the FBI's use of these authorities. In addition, the review is examining the FBI's use of its pen register and its trap and trace authority under the Act.

Federal Bureau of Prisons

The BOP operates a nationwide system of prisons and detention facilities to incarcerate individuals imprisoned for federal crimes and detain those awaiting trial or sentencing in federal court. The BOP has approximately 37,000 employees and operates 115 institutions, 6 regional offices, and 2 staff training centers. The BOP is responsible for the custody and care of approximately 210,500 federal offenders, more than 173,000 of whom are confined in BOP-operated correctional institutions and detention centers. The remainder are confined in facilities operated by state or local governments or in privately operated facilities.



Reports Issued

Audit of the BOP's Furlough Program

The OIG's Audit Division evaluated the BOP's furlough program. The BOP furlough program allows "an authorized absence from an institution by an inmate who is not under escort of a BOP staff member, U.S. Marshal, or state or federal agents." For FYs 2007 through 2009, the BOP reported that it granted 162,655 furloughs to 90,002 inmates. Approximately 13 percent of BOP's inmate population was granted a furlough each year.

In general, the BOP grants two types of furloughs – transfer and non-transfer. Non-transfer furloughs, where an inmate is allowed to leave and return to the same institution, generally are used to allow an inmate to receive short-term medical treatment, to strengthen an inmate's family ties, or to allow an inmate to participate in educational, religious, or work-related activities. Transfer furloughs generally are used to transfer an inmate to another BOP institution, a medical facility for long-term treatment, or a halfway house when the inmate is nearing the end of his sentence.

Our audit found that, in general, the BOP has established and exercised appropriate controls to ensure that non-transfer furloughs were granted and processed in accordance with BOP policy. However, the audit identified several weaknesses with the BOP's current furlough policy and with the BOP's processing and documenting of transfer furloughs.

For example, we found that the BOP furlough policy did not require BOP staff to notify victims and witnesses when an inmate is released on a medical furlough. In 2003, the BOP drafted a new furlough policy that would require victim and witness notification when inmates are released on medical furloughs and that also addressed other weaknesses in the policy. However, according to BOP officials, prior to implementing the new policy the BOP must negotiate this policy change with the union representing BOP employees. In this instance, 7 years after the BOP wrote a new draft policy that addresses weaknesses in the furlough program, the policy was still awaiting negotiation by the BOP and its employee union and had not been implemented.

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Moreover, while the BOP agreed with the recommendation in our report to issue a revised furlough policy, the BOP responded that it estimated that the revised furlough policy would not be negotiated and implemented until December 2017. We concluded that the BOP's timeframe for implementation of this recommendation is excessive and unacceptable. In essence, the BOP's response to our recommendation stated that it would take a total of 14 years before furlough policy improvements are implemented to enhance victims' rights.

Our review also determined that the BOP did not maintain readily accessible, accurate, and consistent data on inmate escapes while on furlough. The BOP relies on largely manual processes to obtain such data. Moreover, the BOP does not regularly review and analyze data to ensure that furloughs are properly granted and adequately overseen.

We also found that the BOP could not readily provide data associated with information it had received about crimes committed by furloughed inmates. We also determined that the BOP does not conduct regular reviews of its furlough data and, therefore, it was unaware whether inmate records that appeared to show an escape or improper furlough were data entry errors or improperly released inmates.

Finally, at the two BOP institutions we visited, the BOP had not maintained adequate records to ensure that transfer furloughs were processed in accordance with BOP policy. BOP inmate records are largely manual files and BOP officials we interviewed said that file management is an organization-wide issue.

The OIG made seven recommendations for the BOP to improve the management of furloughs. The BOP agreed with the recommendations and stated that they had begun taking actions to address them. However, because of the lengthy timeframe for implementing some of our recommendations, we considered our report to be unresolved.

Follow-up Audit of the BOP's Efforts to Manage Inmate Health Care

During this reporting period, the OIG's Audit Division issued a follow-up audit report examining the BOP's efforts to manage inmate health care. The follow-up audit evaluated whether the BOP's corrective actions in response to the recommendations in a 2008 OIG audit report were effective. We also assessed the BOP's use of the National Practitioner Data Bank to determine if its health care providers have been involved in unethical or incompetent practices.

The 2008 OIG report had found unacceptable incidences of practitioners providing health care in BOP facilities without current privileges, practice agreements, protocols, and peer reviews. As a result of the OIG's 2008 audit, the BOP agreed to take corrective actions to ensure its health-care practitioners were appropriately trained, skilled, and credentialed. The follow-up OIG report concluded that the BOP's corrective actions resulted in significant improvements in its credentialing and peer review processes. However, additional improvements are needed to ensure that all BOP health care providers are operating with current authorization documents, and the BOP conducts regular peer reviews to eliminate the risk that practitioners may provide medical services without the necessary qualifications.

The audit also determined that the BOP institutions maintained National Practitioner Data Bank reports for 96 percent of its health care practitioners. The OIG recommended that the BOP take additional steps to obtain such reports for all health care providers.

In total, the OIG made seven recommendations to assist the BOP in ensuring that all health care providers have current privileges, practice agreements, protocols, and peer reviews, and that BOP has National Practitioner Data Bank reports for all of its practitioners. The BOP agreed with all of the recommendations.

Federal Bureau of Prisons

Investigations

During this reporting period, the OIG received 3,255 complaints involving the BOP. The most common allegations made against BOP employees included job performance failure; force, abuse, and rights violations; and security and custody failure. The vast majority of complaints dealt with non-criminal issues that the OIG referred to the BOP's Office of Internal Affairs for its review.

At the close of the reporting period, the OIG had 187 open cases of alleged misconduct against BOP employees. The criminal investigations covered a wide range of allegations, including introduction of contraband and sexual abuse. The following are examples of cases involving the BOP that the OIG's Investigations Division handled during this reporting period:

- An investigation by the OIG's Miami Field Office led to the conviction of a BOP inmate incarcerated at the Federal Correctional Complex (FCC Coleman) in Coleman, Florida, on charges of soliciting and attempting to murder a witness and an OIG special agent. The inmate, formerly a BOP correctional officer in Danbury, Connecticut, previously had been convicted and sentenced to 15 years' incarceration for sexual abuse of a female ward when he was a correctional officer and for plotting with a female inmate to murder his wife. Shortly after beginning his sentence in FCC Coleman, the former correctional officer solicited assistance from inmates to try to murder his estranged wife, her boyfriend, the female inmate from the previous investigation, and the OIG special agent who had investigated the original case. In the OIG investigation, the former correctional officer provided an OIG undercover agent with physical descriptions of each target of his plot, their geographical locations, specific instructions as to how to commit the murders, and an initial payment for the murders of \$500 from his BOP inmate account. The former correctional officer was charged and convicted for this plot, and he was sentenced to 90 years' incarceration to run consecutive with his current 15-year sentence.
- An investigation by the OIG's Los Angeles Field Office resulted in the arrest of a BOP warden on charges of making false statements and disclosing confidential government information. The indictment asserted that the warden: (1) made a false statement to OIG special agents when he denied making Internet postings that disclosed confidential government information concerning criminal investigations at the prison; and (2) disclosed confidential government information concerning a BOP employee who was suspected of being involved with an inmate gambling scheme and concerning a homicide that occurred at the prison in August 2009. The warden has been suspended without pay pending the outcome of the investigation. Judicial proceedings continue.
- A joint investigation by the OIG's Atlanta Area Office, the OIG's Oversight and Review Division, and the Internal Revenue Service's Criminal Investigation office led to the arrest of a former UNICOR factory manager and his cousin, a former BOP contractor, on charges of money laundering, wire fraud, conflict of interest, and deprivation of honest services. UNICOR is the trade name of Federal Prison Industries which is a government owned corporation operated by the BOP. The factory manager assigned to UNICOR's computer recycling factory at the federal prison in Marianna, Florida, was responsible for managing

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UNICOR eBay sales of surplus computer equipment. His cousin became the exclusive eBay contractor for UNICOR and was responsible for selling recycled UNICOR computers and equipment from the UNICOR factory in Marianna. The investigation determined that the UNICOR factory manager directed the highest quality equipment to his cousin. Between 2004 and 2007, the factory manager and his cousin allegedly benefitted from profits resulting from the elimination of potential competition with other UNICOR contractors. The factory manager received over \$225,000 from his cousin during this time. The former factory manager and his cousin both pled guilty to conflict of interest, money laundering, wire fraud, and deprivation of honest services. They also pled guilty to false statements and obstruction of justice respectively, and are both awaiting sentencing later this year.

- An investigation by the OIG's Houston Area Office resulted in the arrest and guilty plea of a BOP correctional officer assigned to the U.S. Penitentiary in Pollock, Louisiana, on charges of bribery, possessing or providing contraband in prison, and possession with intent to distribute a controlled substance (cocaine). The investigation determined that the correctional officer smuggled contraband, including a cellular telephone, marijuana, tobacco, and prescription medications, into the U.S. Penitentiary and that he received approximately \$20,000 in bribes from both inmates and inmate family members for the contraband. The correctional officer was arrested following an undercover operation wherein he accepted \$26,000, 7 ounces of cocaine, a handgun, and ammunition from an undercover agent in return for smuggling contraband into the institution. He was sentenced in the

Western District of Louisiana to 41 months' incarceration followed by 36 months of supervised release and fined \$7,500.

- An investigation by the OIG's New Jersey Area Office led to the arrest of a Public Health Service pharmacist assigned to the BOP Federal Correctional Institution in Fairton, New Jersey (FCI Fairton), on charges of theft of government property. The investigation determined that the pharmacist, in his official capacity, ordered drugs and other supplies worth in excess of \$7,000 from the prison pharmacy at FCI Fairton to support his drug habit. BOP has removed his access to BOP facilities and Public Health Service placed him on administrative leave. The pharmacist pled guilty and awaits sentencing.
- An investigation by the OIG's Miami Field Office led to the arrest of a BOP assistant factory manager in the Northern District of Florida on sexual abuse charges. The investigation determined that the assistant factory manager sexually abused a BOP inmate assigned to FCI Tallahassee while the inmate was working at a UNICOR factory. Judicial proceedings continue.
- A joint investigation by the OIG's Chicago Field Office and the U.S. Postal Inspection Service led to the arrest and guilty plea of a former BOP inmate for charges of mail fraud, wire fraud, and conspiracy. The investigation determined that the former inmate falsely represented to another inmate that he was a DEA informant who could obtain sentence reductions for federal inmates who funded DEA undercover operations. The former inmate also falsely claimed that he was working with a DEA special agent and obtained \$36,500 in cashier's checks from an inmate victim

Federal Bureau of Prisons

in return for the sentence reduction.

The investigation did not find evidence that any DEA employee was involved in the scheme. In addition, the former inmate obtained identifying information from the victim inmate that enabled him to transfer \$145,000 from the victim's brokerage account to his own bank account. Upon discovery of the schemes, \$157,079 was recovered through stop-payment orders. The former inmate was sentenced in the Southern District of Illinois to 61 months' incarceration, 36 months of supervised release, and ordered to pay restitution of \$12,500 to the inmate victim and \$11,921 to the brokerage firm.

- An investigation by the OIG's Chicago Field Office led to the arrest and guilty plea of a BOP inmate on charges of obstruction of justice. The investigation determined that after the inmate had been arrested on identity theft charges, she made false statements and provided fabricated evidence to the OIG alleging that a Department employee was involved in the ongoing identity theft scheme. The inmate subsequently admitted to the OIG that she created false evidence in an attempt to receive a reduction in her prison sentence in the identity theft case. She was sentenced in the Western District of Missouri to 96 months' incarceration, followed by 36 months' supervised release, pursuant to her guilty plea to charges of obstruction of justice. She was sentenced to an additional 24 months' incarceration, to run consecutively to the obstruction of justice sentence, for her conviction on identity theft charges. She was also ordered to forfeit \$40,000 to the United States as reimbursement for costs related to the investigations of her criminal activities.
- A joint investigation by the OIG's Washington Field Office and the FBI's Richmond Field Office led to the arrest and guilty plea of a BOP supply management specialist, assigned to the Federal Correctional Complex in Petersburg, Virginia, to theft of government funds. The investigation found that from 2001 to 2009, the supply management specialist routinely provided false information to the National Finance Center regarding overtime hours she allegedly worked. In fact, during the 8-year period, she received \$100,000 in compensation for overtime that she did not work. The supply management specialist was sentenced to five months' imprisonment followed by three years of supervised release and ordered to pay \$100,000 in restitution.
- An investigation by the OIG's Los Angeles Field Office resulted in the arrest of a former BOP accounting assistant previously assigned to the U.S. Penitentiary in Lompoc, California, in the Central District of California, on charges of making false statements in order to receive federal workers' compensation benefits. The investigation determined that the accounting assistant received benefit payments from the U.S. Department of Labor Office of Workers' Compensation Programs beginning in 2000 and totaling \$160,800, while simultaneously employed as a manicurist. A review of the employee's claim file determined that she failed to report her work status and income on Labor Department forms she signed and submitted on an annual basis. During her interview, the employee confessed she had worked as a manicurist since sustaining an on-duty injury in 1997, and that she lied on the forms in order to keep receiving benefits. Judicial proceedings continue.

Federal Bureau of Prisons

Ongoing Work

The Federal Prison Industries' Electronic Waste Recycling Program

The OIG's Oversight and Review Division is examining allegations that the Federal Prison Industries' electronic waste recycling program exposed staff and inmates to toxic metals and caused illnesses.

The BOP's Hiring Process

The OIG is reviewing the BOP's hiring of correctional officers to evaluate how effectively the BOP identifies unsuitable applicants for these positions.

U.S. Marshals Service

The USMS is responsible for ensuring the safe and secure conduct of judicial proceedings; protecting more than 2,000 federal judges and approximately 5,250 other court officials at more than 400 court facilities while providing security systems at over 900 facilities; arresting federal, state, and local fugitives; protecting federal witnesses; transporting federal prisoners; managing assets seized from criminal enterprises; and responding to major national events, terrorism, and significant high-threat trials. The USMS Director and Deputy Director work with 94 U.S. Marshals to direct approximately 4,900 employees at more than 350 locations throughout the 50 states, Guam, Northern Mariana Islands, Puerto Rico, U.S. Virgin Islands, Mexico, Jamaica, Colombia, and the Dominican Republic.



Investigations

During this reporting period, the OIG received 209 complaints involving the USMS. The most common allegations made against USMS employees included job performance failure; force, abuse, and rights violations; and official misconduct. The OIG opened 13 investigations and referred 2 allegations to the USMS's Office of Internal Affairs for review. The majority of the complaints were considered management issues and were provided to the USMS for its review and appropriate action. At the close of the reporting period, the OIG had 29 open cases of alleged misconduct against USMS employees.

Ongoing Work

The USMS's Oversight of its Judicial Facilities Security Program

The OIG is assessing the USMS's management of its court security officer program and its oversight of the physical security of federal court facilities.

The USMS's Administration of Seized and Forfeited Complex Assets

The USMS's Complex Assets Unit administers complex financial assets seized by the Department that involve special business or financial issues, which may include large companies, rental properties, and stock and bond portfolios. This OIG audit is assessing the USMS's oversight of seized and forfeited complex assets.

Drug Enforcement Administration

The DEA enforces federal laws and regulations related to the growth, production, or distribution of controlled substances. In addition, the DEA seeks to reduce the supply of and demand for illicit drugs, both domestically and internationally. The DEA has approximately 10,800 employees staffing its 21 division offices in the United States and the Caribbean and 87 offices in 63 other countries.



Reports Issued

The DEA's El Paso Intelligence Center

The OIG's Evaluation and Inspections Division examined the work of the DEA's El Paso Intelligence Center (EPIC). EPIC provides federal, state, and local law enforcement agencies intelligence information for use in investigations and operations that target drug smuggling and other criminal activities, primarily along the Southwest border. EPIC is a multi-agency center located in El Paso, Texas. EPIC is led and funded by the DEA, has representatives from 21 different agencies, and provides information to over 19,000 law enforcement officers and analysts nationwide.

The OIG review found that EPIC's partner agencies and users regard EPIC's products and services as valuable and useful. However, we identified significant weaknesses that have prevented EPIC from being as effective as it could be.

We found that EPIC could better inform users and potential users about its products and services that could assist them. Further, EPIC had not sustained the staffing for some key interdiction programs, such as its Fraudulent Document unit, its Air Watch unit, or its

Maritime Intelligence unit, and as a result EPIC's service to users in these program areas had been disrupted or diminished for periods of time.

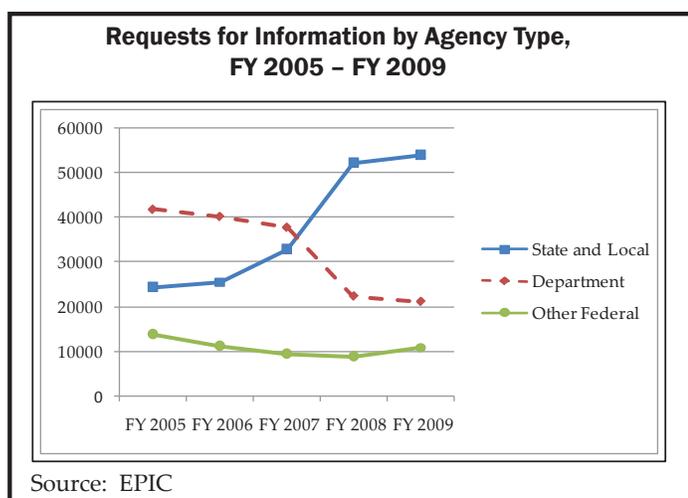
In addition, we found that the lack of an up-to-date agreement between EPIC and its participating members has contributed to coordination problems, such as EPIC member agencies not sharing information or contributing resources to sustain programs at EPIC. EPIC could not produce a complete record of drug seizures nationwide because of incomplete reporting into the National Seizure System, which is managed by EPIC. Only five federal agencies are required to report their drug seizures to the system, and only seizures above certain threshold amounts must be reported. Similarly, state and local law enforcement agencies are not required to report drug seizures. The number of different state and local law enforcement agencies that reported drug seizure events directly into the National Seizure System during FY 2008 represented only about 1 percent of these agencies nationwide.

Further, we found that EPIC's coordination with federal and state intelligence organizations across the country is inconsistent. EPIC did not maintain an up-to-date list of key intelligence

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and fusion centers where multiple agencies' resources are shared and their points of contact. In addition, EPIC did not know if it had users in each center. Of the 107 intelligence and fusion centers we identified, 23 did not have staff authorized to use EPIC.

We also found that as the number of participating agencies at EPIC increased overall, federal agencies submitted fewer requests for information from EPIC's databases between FY 2005 and FY 2009. By contrast, the total number of similar requests for information submitted to EPIC by state and local law enforcement had steadily increased. We are concerned about the decline in the use of EPIC by some federal agencies at a time of their increased focus on combating smuggling and associated violence on the Southwest border.



In addition, we found that EPIC does not analyze some information that it uniquely collects, and as a result, EPIC may be overlooking drug trafficking trends and patterns that could assist interdiction investigations and operations. For example, at the time of our review, EPIC was not identifying trends or patterns in the use of documents sent to EPIC that were suspected of being used to commit fraud.

While EPIC generally complements other drug intelligence centers, such as the National

Drug Intelligence Center, the Financial Crimes Enforcement Network, the Crime and Narcotics Center, and the Organized Crime Drug Enforcement Task Force Fusion Center, we found overlap in some program areas. We believe that updated guidance on the roles and missions of the various counterdrug intelligence centers is needed.

Our report made 11 recommendations to improve EPIC's utility to the law enforcement and intelligence communities. The DEA and the Department stated that they concurred with our recommendations and have begun implementing corrective actions.

The DEA's Clandestine Drug Laboratory Cleanup Program

The OIG's Audit Division examined the DEA's Clandestine Laboratory Cleanup Program, focusing on the removal and disposal of the chemicals and equipment that are used to manufacture illegal drugs, such as methamphetamine. Due to the chemicals used to make drugs and the waste generated during the "cooking" process, clandestine laboratories present significant safety and health risks to law enforcement and to the public. As a result, the DEA contracts with vendors who remove the waste from the clandestine drug laboratory sites seized by the DEA or by state and local law enforcement agencies, and transport the waste to a disposal facility.

The audit found that the DEA's Clandestine Laboratory Cleanup program had significant problems, including missing documentation to confirm that hazardous waste materials were removed from cleanup sites or disposed of properly. While the DEA implemented new policies in 2008 designed to address the problems in its program, we concluded that there are remaining steps the DEA should take to ensure that hazardous materials are accounted for and properly disposed of by its vendors.

Drug Enforcement Administration

Since the initiation of its Cleanup Program in 1989, the DEA has funded more than 70,000 clandestine drug laboratory cleanups. One of the methods that the DEA uses to ensure that the hazardous waste is removed properly is to require contractors to obtain Certificates of Disposal from a disposal facility regulated by the Environmental Protection Agency (EPA) as verification that the hazardous waste materials were disposed of properly. In addition, the EPA requires manifests that detail the quantity and types of hazardous materials removed from clandestine drug laboratory sites and that document the chain of custody of the hazardous materials from the time the waste is removed from the site until it is delivered to an EPA-regulated disposal facility.

In 1999, the OIG reviewed the DEA's Cleanup Program and found that 72 percent of the manifests were not signed by the vendor and that Certificates of Disposal were missing in 53 percent of the files reviewed.

In our current audit, the DEA provided a list of 1,747 cleanups between 2004 and 2008 for which Certificates of Disposal had not been provided by the vendor. According to the DEA, one vendor was responsible for 1,132 (65 percent) of the missing Certificates of Disposal. The OIG Investigations Division investigated and referred this matter to a USAO, which resulted in a civil settlement with the vendor.

Our audit found that in the remaining 615 cleanups without certificates, the DEA has worked with the vendors in an effort to obtain other legal assurance that the hazardous waste was disposed of properly and not diverted for the manufacture of illegal drugs or illegally dumped in a manner harmful to the environment. Since March 2009, the DEA has obtained 555 (90 percent) of the 615 certificates that were not provided by the vendors.

We also sampled files from 606 cleanups that occurred during FYs 2006 through 2008. We found that the DEA did not have Certificates of

Disposal from the vendors for 28 of the 606 cleanups (5 percent) and did not have the final manifests for 52 of the 606 cleanups (9 percent).

The DEA was able to obtain from the disposal facilities either the certificates or a final manifest for the majority of these cleanups. However, for three cleanups the DEA did not obtain either a Certificate of Disposal or a final manifest.

In FY 2008, the DEA implemented a new requirement in its contracts that it will not pay the vendors' invoices until after the vendor has submitted a Certificate of Disposal. We believe this policy, if enforced consistently, should help ensure that the hazardous waste is disposed of properly.

In addition, the DEA has implemented several cost saving measures to help reduce cleanup costs, such as allowing more businesses to compete for coverage of the contract area, which has resulted in price reductions during the contract bidding process. Additionally, the DEA's Authorized Central Storage Container Program, which allows law enforcement officers to store hazardous materials from small laboratories in a safe and secure location pending the final removal by a DEA vendor, resulted in cost savings of over \$4.2 million during FYs 2006 through 2008.

The report made six recommendations designed to strengthen the DEA's Laboratory Cleanup Program, including that the DEA ensure that final manifests are submitted with vendor invoices and that invoices are not paid until a final manifest is received. The DEA agreed with our recommendations and is taking steps to implement them.

Investigations

During this reporting period, the OIG received 268 complaints involving the DEA. The most common allegations made against DEA

Drug Enforcement Administration

employees included job performance failure; theft or loss of seized property, money, or drugs; waste; and mismanagement. The majority of the complaints were considered management issues and were provided to the DEA for its review and appropriate action.

At the close of the reporting period, the OIG had 19 open cases of alleged misconduct against DEA employees. The most common allegations were false statements, release of information, and personal relationship violations. The following is an example of a case involving the DEA that the OIG's Investigations Division handled during this reporting period:

- An investigation by the OIG's New York Field Office and the DEA led to the arrest of a DEA special agent, assigned to the New York Field Division, on charges of possession of child pornography. The investigation determined that the special agent possessed images and videos of child pornography on his computer hard drives. Judicial proceedings continue.

Ongoing Work

DEA Resource Management

The OIG is examining the allocation and utilization of DEA personnel on narcotics-related investigations, as well as the number and types of drug investigations handled by the DEA.

The DEA's Mobile Enforcement Teams

The OIG's Audit Division is assessing the DEA's design, implementation, and effectiveness of the Mobile Enforcement Teams program. The DEA deploys mobile enforcement teams to assist state, local, and tribal law enforcement in an effort to disrupt or dismantle violent drug trafficking organizations and gangs.

Bureau of Alcohol, Tobacco, Firearms and Explosives

ATF's 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, Puerto Rico, U.S. Virgin Islands, and Guam. Foreign offices are located in Mexico, Canada, Colombia, and representatives in France, the Netherlands, Iraq, and El Salvador.



Investigations

During this reporting period, the OIG received 243 complaints involving ATF personnel. The most common allegations made against ATF employees were waste; misuse of government property; theft; and job performance failure. The majority of the complaints were considered management issues and were provided to ATF for its review and appropriate action.

At the close of the reporting period, the OIG had 10 open criminal or administrative investigations of alleged misconduct related to ATF employees. The criminal investigations include waste, misuse of government property, and theft. The following are examples of cases involving ATF that the OIG's Investigations Division handled during this reporting period:

- An investigation by the OIG's Dallas Field Office and the FBI resulted in the arrest of an ATF special agent pursuant to an indictment charging him with conspiracy to distribute methamphetamine, cocaine, and marijuana; possessing methamphetamine with intent to distribute; possessing a firearm during a drug trafficking offense; and money laundering. The investigation revealed that the special agent and several Tulsa police officers engaged in criminal activities in which they planted drug evidence on suspects, stole drugs and money from suspects, coerced individuals to distribute stolen drugs, split the proceeds from their illegal activities, and testified falsely in court. The ATF special agent pled guilty to conspiring to distribute methamphetamine and awaits sentencing. The special agent resigned from ATF as a result of our investigation.
- An investigation by the OIG's Dallas Field Office, the U.S. Department of State's Bureau of Diplomatic Security, and ATF's Internal Affairs Division led to the arrest and guilty plea of an ATF special agent for making false statements

Bureau of Alcohol, Tobacco, Firearms and Explosives

in connection with a series of fraudulent visa referrals. The investigation revealed that the special agent, while serving as an ATF Assistant Country Attaché at the U.S. Embassy in Mexico City, fraudulently referred several Mexican nationals to an ATF program that expedited visa processing for persons whose travel to the United States would advance the national interest of the United States. The special agent was sentenced in the U.S. District Court for the District of Columbia to two years' probation and fined \$1,000, and he retired from the ATF as a result of this investigation.

ATF's National Response Team

The OIG is evaluating the use, management, and effectiveness of ATF's National Response Team, which assists federal, state, and local investigators at the scenes of significant fire and explosives incidents.

Ongoing Work

ATF's Project Gunrunner

The OIG is reviewing the implementation of Project Gunrunner, ATF's national initiative to combat firearms trafficking to Mexico and associated violence along the Southwest border.

ATF's Federal Firearms Licensee Inspection Program

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

Office of Justice Programs

OJP manages the majority of the Department's grant programs and is responsible for developing initiatives to address crime at the state and local levels. OJP is composed of 5 bureaus – Bureau of Justice Assistance (BJA), Bureau of Justice Statistics (BJS), National Institute of Justice (NIJ), Office of Juvenile Justice and Delinquency Prevention (OJJDP), and Office for Victims of Crime (OVC) – as well as the Community Capacity Development Office and the Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking Office. In this section, we discuss OJP's oversight of grant funds awarded through the regular appropriations process. We discuss our work related to OJP's oversight of grant funds awarded under the *American Recovery and Reinvestment Act of 2009* in a separate section in this semiannual report.



Reports Issued

Office of Justice Programs' Management of Offender Reentry Initiatives

The OIG's Audit Division examined the Department's management of grant programs that fund state and local offender reentry initiatives. Over 650,000 individuals are released from federal and state prisons annually, and a greater number reenter communities from local jails. According to the Department, over 50 percent of those released from prison will be in some form of legal trouble within 3 years.

Since FY 2002, OJP has implemented three offender reentry grant programs to reduce recidivism and to help state, local, and community organizations provide assistance to released inmates as they transition to life outside prison. In total, from FY 2002 through FY 2009,

OJP awarded \$173.9 million and 154 grants in all 50 states through its offender reentry grant programs.

This audit identified design flaws in the initial implementation of the Department's reentry grant programs. We determined that OJP did not adequately define key terms essential for determining whether program goals were met, did not require grantees to identify baseline recidivism rates needed to calculate changes in recidivism, and did not analyze performance measurement data. As a result of these design flaws, neither OJP nor the OIG could determine definitively the effectiveness of OJP's grant programs in reducing recidivism. Additionally, as noted in the audit report, an independent national evaluation of the effectiveness of one of OJP's grant programs concluded that the program had no significant impact on participant recidivism.

Our audit concluded that OJP could improve its management and oversight of offender

Office of Justice Programs

reentry grant programs. In our review of specific OJP grants awarded under the first grant program, the Serious and Violent Offender Reentry Initiative, we found little documentation of OJP's monitoring of grantees, and we questioned approximately \$5.2 million in grant expenditures. While OJP increased the documentation of its grant monitoring activities under its second grant program, the Prisoner Reentry Initiative, we also found a decreased quality in the reviews of grantees that OJP performed. We did not evaluate the monitoring that OJP conducted of its third grant program, the Second Chance Act, because those grants were only recently awarded.

The report made 11 recommendations to assist OJP in designing and managing current and future reentry grant programs. OJP agreed with the recommendations, including enhanced training for grantees, clarification of grant solicitations, and initiation of a project to evaluate the reentry grant program.

Audits of OJP Grants to State and Local Entities

During this reporting period, the OIG continued to conduct audits of various grants and other financial assistance provided by OJP. Examples of findings from these audits included the following:

- The OIG audited 10 Community Capacity Development Office Weed and Seed grants and 2 BJA grants totaling over \$5 million awarded to [Oklahoma City, Oklahoma](#). The purpose of the Weed and Seed grants was to establish and sustain a community-based strategy to prevent, control, and reduce violent crime, drug abuse, and gang activity in designated high-crime neighborhoods within Oklahoma City. One of the BJA grants was part of a nationwide initiative intended to reduce gang

membership and violence in 10 districts. The purpose of the other BJA grant was to help Oklahoma City provide a multi-jurisdictional intelligence-led policing approach to reduce violent crime. Oklahoma City has high rates of crime and the city has experienced a significant increase in gang-related shootings and homicides.

Our audit questioned over \$300,000 in grant funds and identified several internal control discrepancies, including instances where: (1) drawdowns exceeded expenditures and in some cases were drawn months after the 90-day grant closeout period; (2) financial status reports were filed late or were inaccurate; (3) accountable property control records were inadequate; and (4) a city employee opened a bank account in the name of Oklahoma City and improperly gave himself exclusive signatory authority. Included in the questioned costs were \$12,000 in binoculars purchased with the grant, but not used for the grant program – one pair of \$400 binoculars was used on a hunting trip and subsequently sold to a local pawn shop. In addition, we found the city purchased video arcade games, samurai swords, and a 65-inch flat panel television and drop-down media cabinet. We questioned \$192,432 as unallowable, \$19,929 as unsupported, and the remaining \$94,240 in matching costs that were agreed to but never provided by the city. OJP agreed with our eight recommendations and agreed to coordinate with Oklahoma City to remedy the questioned costs and implement appropriate corrective action.

- An OIG audit examined the funding provided to [Los Angeles County, California](#), under the Southwest Border Prosecution Initiative (SWBPI). SWBPI is a program in which the Department provides reimbursement to the four

Office of Justice Programs

Southwest border states and local jurisdictions for prosecution and pre-trial detention costs in federally-initiated cases that are declined by U.S. Attorneys' Offices. The OIG audit examined over \$22 million in SWBPI reimbursements received by Los Angeles County from FY 2002 through FY 2008 and found that Los Angeles County claimed and was reimbursed for cases that were ineligible under the SWBPI guidelines. Specifically, the audit identified questioned costs totaling over \$2.2 million for more than 500 cases that did not meet SWBPI's guidelines for reimbursement. Our report made seven recommendations to OJP related to remedying the questioned costs received by Los Angeles County. OJP agreed with each of our recommendations.

Investigations

During this reporting period, the OIG received 14 complaints involving OJP. The most common allegation made against OJP employees, contractors, or grantees was grantee fraud. The OIG opened 5 cases and referred several complaints to OJP for its review and appropriate action.

At the close of the reporting period, the OIG had 28 open criminal or administrative investigations of alleged misconduct related to OJP employees, contractors, or grantees. The majority of these criminal investigations were grantee fraud. The following are examples of cases involving OJP that the OIG's Investigations Division handled during this reporting period:

- The former executive director of the National Training and Information Center (NTIC), a non-profit corporation in Chicago, Illinois, was debarred by the JMD, effective June 6, 2010, for a period of three years. By this action, the former executive director is precluded

from soliciting or receiving contracts or subcontracts from the federal government, or conducting business with the federal government as an agent or representative of a contractor. The debarment was based on an audit by the OIG's Chicago Regional Audit Office, which uncovered significant irregularities related to a \$3,162,580 DOJ grant to NTIC overseen by the executive director, and an investigation by the OIG's Chicago Field Office, which resulted in his arrest and conviction for misuse of federal program funds. The executive director used the federal program funds to lobby Congress for more federal funds, a purpose which was expressly prohibited under the terms of the grant.

- On May 18, 2010, the Phi Alpha Delta Public Service Center, a Department grantee based in Baltimore, Maryland, agreed to pay \$12,919 in restitution to settle civil allegations that a former administrative employee stole grant funds, and to resolve an outstanding claim of unauthorized expenditures of grant funds resulting from an OJP site visit. Phi Alpha Delta is a national law fraternity that received Department grant funds for its public service center. An investigation by the OIG's Fraud Detection Office determined that the administrative employee stole grant funds totaling \$10,051 using the organization's credit card to pay for personal purchases made at restaurants, gas stations, and retail clothing stores. The civil remedy followed declination of prosecution by the District of Maryland. As a result of this investigation, Phi Alpha Delta also withdrew from receiving \$500,000 in Department grant funds that had been awarded to it.
- A former Chief Financial Officer (CFO) for the National Children's Alliance who

Office of Justice Programs

was indicted in 2009 for theft of grant funds and fled was arrested during this reporting period by the Atlanta Police Department during a routine traffic stop for a broken tail light. An investigation by the OIG's Fraud Detection Office investigation determined that from October 2005 through May 2007, the former CFO stole a total of \$64,390 in Department grant funds from the National Children's Alliance, a non-profit organization that assists victims of child abuse. The former CFO was indicted in 2009 in the United States District Court for the District of Columbia on charges of theft of Department of Justice grant funds. After learning of his indictment, he fled the District of Columbia area and was a fugitive from the warrant for his arrest. Following his arrest, in May 2010 the former CFO pled guilty to theft of Department grant funds. Sentencing is pending.

Other Department Components

Civil Rights Division

Ongoing Work

Enforcement of Civil Rights Laws by the Voting Section

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

Office of Community Oriented Policing Services

Reports Issued

Audits of COPS Grants

The Office of Community Oriented Policing Services (COPS) awards grants to state, local, territory, and tribal law enforcement agencies to hire and train community policing professionals, acquire and deploy crime-fighting technologies, and develop and test policing strategies. In this section, we discuss our audits of grantees who have received COPS grants through funds appropriated through the regular process. We discuss our work related to COPS' oversight



of grant funds awarded under the *American Recovery and Reinvestment Act of 2009* in a separate section in this semiannual report.

One COPS grant program is its Technology Program, which is designed to assist state, local, and tribal law enforcement agencies procure technology that enhances their ability to share information with regional, state, and federal partners. During this reporting period, the OIG audited grantees who received technology awards from COPS. The purpose of our audits was to determine whether the costs reimbursed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The following are examples of findings from OIG audits of COPS Technology Program grants issued during this reporting period.

- The OIG audited a \$6 million COPS Technology Program grant awarded to the [San Antonio, Texas](#), Police Department to support the development of integrated voice and data communication networks in the region that could handle over 1.5 million 911 calls annually. We tested compliance by the grantee with conditions of the grant, including drawdowns, grant expenditures, matching costs, and asset

Other Department Components

management. We found that the San Antonio Police Department underwent an audit for FY 2008 as required and adhered to grant drawdown requirements. The financial status reports we reviewed were timely and accurate. However, we identified weaknesses in the grantee's internal controls, such as the lack of separation-of-duties in instances where the same employee was requesting and approving purchases for technology equipment, misclassification of expenses in the grantee's official accounting records, and timeliness of submitting progress reports. In addition, one of the San Antonio Police Department's grant-funded employees did not function in the capacity approved by COPS in the San Antonio Police Department's grant application. COPS agreed with the four recommendations in our audit, have resolved three of them, and are working towards resolving the final recommendation.

- The OIG conducted an audit of a COPS Technology Program grant awarded to [Bonneville County, Idaho](#), for more than \$2.9 million. The purpose of this grant was to build the infrastructure of a new digital radio communication system and to provide the county's partner agencies with funding to purchase compatible mobile and portable radio equipment. Our audit did not reveal any material noncompliance with regard to COPS' grant requirements. We found that Bonneville County's internal control environment appeared adequate to segregate duties, trace transactions, and limit access to systems. We also found that grant drawdowns and expenditures were properly supported, budget management and control appeared adequate, reports were accurate and submitted timely, and contractors were adequately monitored. Additionally, we found that property purchased with grant

funds was labeled with identification numbers and logged on inventory lists.

Investigations

The following is an example of a case handled by the OIG's Investigation Division during this reporting period:

- An investigation by the OIG's Denver Field Office, the FBI, and the Internal Revenue Service Criminal Investigation Division resulted in the debarment of a former President of the San Juan Southern Paiute Tribe in Tuba City, Arizona, by the Department, effective September 21, 2010, for a period of three years. By this action, the former tribal president is precluded from soliciting or receiving contracts or subcontracts from the federal government or conducting business with the federal government as an agent or representative of a contractor. The investigation had discovered evidence that the former tribal president had obtained a COPS grant totaling \$224,997 from the Department of Justice to hire three police officers. However, she failed to hire the three police officers, and instead submitted a false record stating otherwise and then converted \$174,997 of the federal funds for her own use. The former tribal president was convicted by plea of making false statements, theft from an Indian tribal government receiving federal funds, and money laundering; she was sentenced to 24 months' incarceration followed by 36 months of supervised release and fined \$75,000.

Other Department Components

Criminal Division

Report Issued

Equitable Sharing Audits

Under the Department's Asset Forfeiture Program, state and local law enforcement agencies receive equitable sharing assets when participating directly with the Department's law enforcement components in joint investigations that lead to the seizure or forfeiture of cash and property. Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations. To be eligible for equitable sharing proceeds, law enforcement agencies must submit a request within 60 days of an asset seizure.

During this reporting period, the OIG examined the use of equitable sharing revenues by the [Berwyn Police Department](#) in Berwyn, Illinois. The Berwyn Police Department received \$654,681 in equitable sharing revenues from January 2006 through April 2009 to support law enforcement operations. Our audit found deficiencies in the Berwyn Police Department's management of equitable sharing funds resulting in over \$1 million in questioned costs. Specifically, we identified unallowable expenditures by the Police Department for non-law enforcement purposes, such as charitable donations and banquets, and some expenditures that were not supported with adequate receipts or invoices. In addition, we questioned over \$800,000 in equitable sharing funds used to purchase police department vehicles from FYs 2001 through 2009 because such use represented a replacement of funds required for standard operations rather than an enhancement of law enforcement operations. We also found weaknesses in the Berwyn Police Department's overall internal control environment, particularly related to separation of duties; errors in its required annual certification reports;

and errors and omissions in the property management records. In addition, the Berwyn Police Department failed to report accurate equitable sharing receipts for purposes of single audit requirements for FYs 2006 and 2007. The report made 10 recommendations to address identified weaknesses. One recommendation remains unresolved.

Ongoing Work

The Criminal Division's Office of Prosecutorial Development and Criminal Investigative Training Program

The Criminal Division's Office of Prosecutorial Development Assistance and Training and Criminal Investigative Training Assistance Program provide training and technical assistance to foreign countries' prosecutors, judicial personnel, and law enforcement personnel. Our audit is reviewing the programs' controls and practices relating to funding, training, security, personnel, property, and program results, as well as the programs' coordination with other U.S. agencies and foreign components.

Executive Office for Immigration Review

Investigations

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

- A joint investigation conducted by the OIG's New York Field Office and the U.S. Immigration and Customs Enforcement led to the arrest and guilty plea of an

Other Department Components

Executive Office for Immigration Review (EOIR) legal clerk and a civilian in the District of New Jersey on immigration fraud charges. The investigation determined that beginning in 2004, the legal clerk and civilian participated in a scheme to submit fraudulent applications to the United States immigration services on behalf of individuals who did not qualify for immigration benefits. They each received cash payments in exchange for submitting the fraudulent applications. The legal clerk has been suspended from her position at EOIR. Sentencing is pending for both the legal clerk and civilian.

Ongoing Work

Administration of Immigration Courts

The OIG is examining EOIR's efforts to reduce the backlog of cases in its immigration courts.

Office of the Pardon Attorney

Ongoing Work

Office of the Pardon Attorney Processing of Clemency Petitions

The OIG is examining the Office of the Pardon Attorney procedures for processing clemency petitions.

U.S. Attorneys' Offices

Investigations

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

- An investigation by the OIG's Denver Field Office led to the arrest of a District of Colorado USAO paralegal on charges of concealing and failing to report a felony. The investigation revealed that the paralegal laundered the proceeds from an associate's drug sales by depositing them into her own bank account and acted as the associate's banker, knowing that the banking transactions were designed to conceal the ownership and control of the drug proceeds. In addition, the paralegal failed to make known the commission of the drug-distribution crimes to police or federal law enforcement officials. The paralegal has resigned from the USAO. Judicial proceedings continue.

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 that are developing programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking.

Other Department Components

During this reporting period, the OIG conducted audits of OVW grant recipients, including recipients of the award programs described above. The following are examples of those OIG grant audits.

- The [Community Legal Aid Society, Inc.](#) (CLASI), a nonprofit organization in Wilmington, Delaware, received a Legal Assistance for Victims award and two supplements totaling almost \$900,000 from FYs 2005 through 2009. Our audit found CLASI to be in material non-compliance with the grant requirements tested and that \$829,340 of grant-funded expenditures, or 93 percent of the \$891,422 grant award, were unsupported or unallowable. Specifically, the audit found material weaknesses with CLASI's internal control environment; inadequate support for expenditures and expenditures on unapproved costs; inadequate monitoring of contractors; and failure to track expenditures according to approved budget categories. The audit found that the accounting records were unreliable and contained duplicate accounting entries, as well as errors. As a result, we recommended changes to the existing accounting system, implementing a consistent methodology to charge overhead costs to the grant, instituting a documented and formalized drawdown process, strengthening financial reporting procedures, and adhering to prudent budget management and control practices. The OVW agreed with our seven recommendations and is coordinating with CLASI to remedy the questioned costs and enhance the program's financial management.
- [Ama Doo Alchini Bighan, Inc.](#), a nonprofit organization located in Chinle, Arizona, received almost \$2 million in Tribal Coalitions Program and Rural Domestic Violence and Child

Victimization Enforcement grants. Our audit found that the grantee met the match requirement for the Tribal Coalitions Program grant and that performance under both grant programs was acceptable. However, we found that, while there were adequate operating policies and procedures, the grantee did not have approved written financial policies and procedures in place. Also, we found that the FY 2008 Single Audit was delinquent, some drawdowns were inaccurate, notations concerning adjustments to the general ledger were unsupported, some expenses were not accurately recorded in the proper expense categories, and support documentation was inadequate. Additionally, payroll records did not always accurately match the hours worked; percentages of salaries charged to the grant exceeded the amounts approved by the OVW; the match contribution was not recorded in the accounting system; financial status reports did not reconcile to the accounting records and were generally late; and progress reports were incomplete and generally late. Our audit report questioned \$22,000 as unsupported costs and contained 13 recommendations to improve the recipient's grant management. The OVW agreed with each recommendation and is working with the grantee to implement improvements.

American Recovery and Reinvestment Act of 2009

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



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

In particular, since the enactment of the Recovery Act in February 2009, the OIG has trained 5,280 federal, state, and local program managers and participants on Recovery Act fraud awareness, conducted 104 outreach sessions with state and local agencies, and initiated 27 audits and reviews of Recovery Act funds. In addition, the OIG is conducting 8 investigations of allegations pertaining to the Department's Recovery Act programs. During this semiannual reporting period, the OIG issued 15 reports on the Recovery Act grant management activities of the Department as well as state and local entities, including an interim report designed to provide timely feedback to Department managers on matters of immediate concern regarding topics such as recipient reporting and grant award activities.

Our reviews found that from enactment of the Recovery Act in February 2009 through September 2010, the Department has obligated more than 99 percent of its \$4 billion in Recovery Act funds. Moreover, as of the end of August 2010, the Department had expended about 52 percent of its Recovery Act funds. The Department has handled this increased workload without any significant increase in staff.

Our reviews have also found that, in general, the Department's grant management staff has issued the Recovery grant funds in a timely, fair, and objective manner. However, our reports also identified several areas in which the Department could improve its grant management practices. We provide a summary below of our findings from our audit work.

Reports Issued

[The Grantee Selection Process for the COPS Hiring Recovery Program](#)

The OIG's Audit Division examined the COPS selection process for the COPS Hiring Recovery Program (CHRP), a grant program using funding provided by the Recovery Act. The \$1 billion program provides grant funding to state, local, and tribal law enforcement agencies in order to hire and rehire law enforcement officers. COPS received 7,272 applications

American Recovery and Reinvestment Act of 2009

requesting CHRP grant funding. In July 2009, COPS announced the selection of 1,046 grantees (approximately 14 percent of the total applicants), funding 4,699 officer positions.

The OIG audit found that COPS developed the CHRP and selected grantees to receive grant funding in a timely and transparent manner, consistent with the requirements established in the Recovery Act. However, we identified inaccuracies in the scoring formulas used by COPS to select grantees. These inaccuracies resulted in the allocation of grants to 45 entities that should not have received grants, while another 34 entities that should have received grants did not. In addition, we identified six grantees that received more officer positions than they should have, and six grantees that received fewer officer positions than they should have. In total, the inaccuracies we identified affected the allocation of approximately \$16 million in CHRP funds. Our report identifies the specific jurisdictions that were affected by the inaccuracies in the COPS scoring formulas.

In response to the inaccuracies we identified, COPS has corrected the scoring formulas so that the correct formulas can be used in the future when making grant awards. In addition, COPS stated it modified its FY 2010 hiring grant allocation process to ensure that those entities that were negatively affected due to scoring inaccuracies would receive appropriate grant funding.

The audit also concluded that COPS could improve its coordination with OJP, such as by sharing information on grant management documentation and on the identification and management of high-risk grantees. In addition, the report emphasized that COPS should encourage grant recipients to participate in training so that they are fully aware of how to meet grant requirements and conditions.

In total, the report contained seven recommendations to COPS to help improve its grant management processes, including

recommendations to remedy those agencies negatively affected by the scoring inaccuracies, to improve the grantee selection processes, and to improve coordination with OJP relating to the oversight of Department grantees. COPS agreed with our recommendations and is taking steps to implement them.

OJP Recovery Act and Non-Recovery Act Programs for Edward Byrne Memorial Justice Assistance Grants and Byrne Competitive Grants

The OIG's Audit Division issued an audit report examining the Department's administration of the Edward Byrne Memorial Grant Program (Byrne Program), which provides grants to states, tribes, and local governments to support a broad range of law enforcement activities. The Byrne Program consists of the Justice Assistance Grant (JAG) Program and the Byrne Competitive Grant Program. Byrne JAG Program funds are awarded non-competitively based on a formula established by law. Byrne Competitive Grant Program funds are awarded using a competitive application process. The Department received \$2.2 billion in Recovery Act funds for the Byrne Program in FY 2009, which was more than the total Byrne JAG funds in the preceding 4 fiscal years.

Our audit found that, despite the large workload increase, OJP generally managed the \$2 billion in Recovery Act funds for the Byrne JAG Program in accordance with guidelines and established grant management practices. We found that OJP made the formula awards to states, territories, and local governments in a prompt and reasonable manner, and that it acted quickly to develop the solicitations, set reasonable deadlines for submitting applications, timely reviewed applications against solicitation requirements, and promptly made awards.

However, we found some grantees who had received Byrne JAG Recovery Act funds had

American Recovery and Reinvestment Act of 2009

submitted application packages missing complete program narratives, project abstracts, and budget documents, but still received awards.

In addition, our individual audits of 12 Byrne JAG grantees also found deficiencies in the grantees' use of grant awards in the areas of internal control environment, grant expenditures, property management, monitoring of subrecipients, reporting, and program performance. The deficiencies we identified included some grantees: (1) not segregating duties over payroll functions; (2) not employing sufficient staff with the training and experience to properly manage the grants; (3) not placing equipment items purchased with grant funds into operation until years after purchase; (4) not maintaining property disposal records; (5) not having sufficient staff to adequately manage and oversee subrecipients of Byrne JAG funds; and (6) not submitting timely and accurate financial, progress, and Recovery Act reports. Specific examples of the deficiencies include:

- The [City of Atlanta](#) submitted inaccurate or incomplete annual progress reports for Byrne JAG grants. Two reports submitted by the city stated that a total of 1,013 youths had completed nonviolence training, but the city could only provide one sign-in sheet showing that 19 youths attended training. For two other reports the city could not support grant activity associated with youth sports teams and arrests for various types of crimes.
- The [Washington, D.C., Justice Grants](#) Administration could not provide supporting documentation for \$324,011 in grant expenditures and made \$53,495 in unallowable grant expenditures. In addition, the agency did not always award funds to subrecipients with the highest ranking peer review scores and could not provide documentation justifying or supporting the decisions.

- The [Indiana Criminal Justice Institute](#) had only one program monitor assigned to oversee 173 subawards of Byrne Program grants from 2007 to 2009. This individual was no longer employed by the grant recipient at the time of our audit, and no other employee had been trained to assume oversight of the grant recipient's JAG-funded programs.
- Marion County, South Carolina, submitted several required financial reports late or not at all, with one report submitted more than 19 months after it was due. County grant management officials said they had not had a grant manager and were not aware of the requirements for submitting the reports.

While most of the deficiencies we noted in these audits involved the non-Recovery Act Byrne grants, we believe the results are applicable more broadly to management of the annual Byrne Program.

In the Byrne Competitive Grant Program, we also found that the Department made the discretionary awards in a prompt and reasonable manner, but we noted some processes that could be improved. For instance, some grant applications were allowed to continue through the competitive process even though they did not meet one or more of the solicitation requirements, while other applicants were denied further consideration for the same deficiencies. We recommended that the Department establish procedures to ensure that applications are treated consistently when determining whether the applications meet the solicitation requirements.

We also noted deficiencies in the peer review processes used by the Department's bureaus and offices for evaluating and scoring grant applications, and for fully documenting the basis for award recommendations.

American Recovery and Reinvestment Act of 2009

The OIG report made 15 recommendations to help the Department ensure that the Byrne programs are managed fairly and effectively. The Department agreed with 14 of the 15 recommendations and provided an acceptable alternative action for the remaining recommendation.

The Office on Violence Against Women's Recovery Act Grant Selection Process

The OIG's Audit Division examined the policies and procedures the OVW used to solicit, assess, and award Recovery Act grants. OVW administers \$225 million from Recovery Act funding to award grants to state, local, and tribal governments and to non-government organizations to increase services that address violent crimes against women.

Our audit found that the OVW expeditiously announced grant opportunities and provided applicants sufficient time to apply for grant awards. The OVW used a grant selection process that was generally transparent and objective. In addition, the OVW's spending plan complied with Recovery Act and programmatic requirements.

However, the audit identified some weaknesses in the OVW's award selection process. An important part of the OVW's discretionary award process involves a peer review where individual program experts independently evaluate and score grant applications. The OVW uses the scores to rank applications by program, and those scores are an important factor, but not the only factor, in deciding which organizations should receive an award. Our audit found that in tabulating individual application scores, OVW staff added peer reviewers' points incorrectly on many occasions.

A significant number of these miscalculations involved applications submitted under the

two OVW tribal grant programs. OVW staff incorrectly calculated the peer review scores of 43 out of 77 applications in those two grant programs. The miscalculations resulted in some applications being incorrectly ranked above other applications that should have received higher scores. Our audit recommended that the OVW implement stronger internal controls to avoid future miscalculations in the award selection process.

The audit further revealed that peer reviewers were not always thoroughly screened for potential conflicts of interest before they were allowed to evaluate and score discretionary grant applications. In many instances, peer reviewers attested that they were free from conflicts of interest before they received the list of applicant names they were assigned to review. As a result, reviewers said they were free from conflict before they could possibly know if a conflict existed. While our audit did not identify specific instances where peer reviewers had a conflict of interest, we recommended that the OVW strengthen its conflict of interest procedures.

In addition, OVW award decision documents did not always detail why some higher-scoring applicants did not receive award recommendations. We recommended that the OVW improve its process for documenting its reasons for award decisions.

In total, our report made five recommendations to the OVW to improve future grant selection processes. The OVW agreed to implement all five recommendations.

American Recovery and Reinvestment Act of 2009

The Award Process for the Bureau of Justice Assistance American Recovery and Reinvestment Act Correctional Facilities on Tribal Lands Grants Program: Award Categories I through IV

The OIG's Audit Division examined the award process for certain grants made under the Bureau of Justice Assistance (BJA) Recovery and Reinvestment Act Correctional Facilities on Tribal Lands Grant Program. The purpose of these grants is to assist tribes in constructing and renovating correctional facilities that are appropriate for the intended population, supportive of cultural and traditional values, safe and secure, and in compliance with relevant Bureau of Indian Affairs correctional standards. The report concluded that the BJA made category I through IV awards under this program in compliance with established policies and procedures. However, the report noted some concerns with the consistent enforcement of required application materials. The BJA addressed these concerns by placing special conditions on eight awards with incomplete applications.

OIG Audits of Recovery Act Grants

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

- In an audit of OJP grants awarded to the [City of Jackson, Mississippi](#), including a 2009 Byrne JAG Recovery Act grant, to assist in the prevention of juvenile delinquency and the control and prevention of crime, the OIG found that the City of Jackson generally complied with requirements pertaining to grant drawdowns and budget management and control.

However, we found weaknesses in the areas of grant expenditures, matching costs, property management, financial and programmatic reports, grant goals and accomplishments, and monitoring of subrecipients. For example, we found that the City of Jackson charged unallowable and unsupported costs to grant funds and overestimated other grant costs when it prepared its grant applications. The city also provided to its police department \$225,540 in laptop computers, global positioning system units, and training equipment that 2 years later remained in a warehouse or had not been installed. Further, some of those property items had become obsolete. The report contained 18 recommendations and over \$518,000 in questioned costs. We are concerned that the City of Jackson may not be able to properly manage the over \$1.6 million awarded under the Recovery Act. OJP agreed with our findings and agreed to coordinate with the City of Jackson to remedy questioned costs and institute procedures to ensure that grant requirements are properly met.

- The OIG completed an audit this reporting period of three grants totaling over \$8.8 million, including a \$3.3 million Recovery Act grant, awarded to the [Commonwealth of Virginia Department of Criminal Justice Services](#) (DCJS) under the OVW's Services, Training, Officers, and Prosecution (STOP) grant program. The DCJS distributes STOP funds to localities, state agencies, and nonprofit organizations within the Commonwealth of Virginia to administer programs that address violence against women issues. Our audit found that the DCJS complied in part with STOP program requirements. However, we concluded that the DCJS needs to finalize its risk-assessment policy and ensure that high-risk STOP subgrantees receive adequate

American Recovery and Reinvestment Act of 2009

oversight. In addition, the DCJS used a budget estimate to allocate direct and indirect costs, and we determined that this method did not properly allocate over \$200,000 in costs charged to the 2008 STOP award. The DCJS was also unable to meet specific STOP category allocation requirements that ensure law enforcement agencies and prosecutor offices receive a percentage of subgrantee funds. We made five recommendations for corrective action, questioned approximately \$200,000, and identified another approximate \$100,000 in funds that should be deobligated. The OVW concurred with each of our recommendations.

- The [Nevada Department of Public Safety \(DPS\)](#) was awarded over \$23 million in Byrne JAG grants between FYs 2007 and 2009, including a \$13.8 million Recovery Act award. Our audit was limited to \$17.86 million due to limited grant activity on the remaining funds. Our audit revealed that the DPS's Office of Criminal Justice Assistance accurately accounted for and reported program income; transactions reviewed were properly authorized, classified, supported, and charged to the grant; all costs associated with payroll and fringe benefits for the pay periods reviewed were supported and reasonable; and financial status reports were submitted timely and accurately. However, we found weaknesses including a subrecipient that did not comply with regulations regarding the acquisition and disposition of federally-funded property, the lack of a process to independently verify subrecipient program accomplishments, and the lack of written internal controls to ensure that quarterly Recovery Act reports were timely, accurate, and free from omission and errors. The DPS and OJP concurred

with our recommendations related to these deficiencies and were taking steps to remedy them.

- The OIG audited Byrne JAG grants totaling over \$23 million, including a \$21.4 million Recovery Act grant, awarded to the [Louisiana Commission on Law Enforcement \(LCLE\)](#). We reported that the LCLE complied with the special grant conditions we reviewed, properly drew down funds and accounted for and reported program income, and submitted all of the required financial reports. However, we found various program weaknesses, including reimbursements made to subrecipients for unsupported expenditures, incomplete monitoring reports, and lack of verification of quarterly progress reports submitted by subrecipients. OJP agreed with our 10 recommendations and is coordinating with LCLE to improve its grant management.

Ongoing Work

OJP's Monitoring and Oversight of Recovery Act and Non-Recovery Act Grants

As part of the OIG's Recovery Act reviews, we are examining the grant oversight efforts that OJP employs in its management of both Recovery Act and non-Recovery Act grants. Responsibility for grant oversight in OJP is shared between its award-making bureaus and offices, which are responsible for providing programmatic assistance and monitoring; the Office of Audit, Assessment, and Management, which assists with improvements and enhancements of the programmatic oversight; and the Office of the Chief Financial Officer, which conducts financial monitoring and provides financial management assistance to grantees.

Top Management and Performance Challenges

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

The OIG's top challenges for the year, issued in November 2010, are listed here. Many of the challenges from last year's list, such as counterterrorism, are long-standing challenges that remain on the list.

The challenge of "Sharing of Intelligence and Law Enforcement Information" was incorporated into other challenges and removed as a separate entry on the list. In addition, the "Financial Crimes" challenge was expanded to include "Cyber Crimes." "Grant Management" and "Recovery Act Funding and Oversight" were combined into one challenge.

We added two challenges to last year's list: "Southwest Border Security Issues" and "Violent and Organized Crime."



Top Management and Performance Challenges in the Department of Justice – 2010

1. Counterterrorism
2. Restoring Confidence in the Department of Justice
3. Southwest Border Security Issues
4. Civil Rights and Civil Liberties
5. Information Technology Systems Planning, Implementation, and Security
6. Violent and Organized Crime
7. Financial Crimes and Cyber Crimes
8. Detention and Incarceration
9. Grant Management and Recovery Act Funding and Oversight
10. Financial Management

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

Congressional Testimony/Legislation and Regulations

Congressional Testimony

During this reporting period, the Inspector General testified three times:

(1) Before the House Committee on the Judiciary, Subcommittee on the Constitution, Civil Rights and Civil Liberties, concerning the [FBI's use of exigent letters](#) and other informal requests for telephone records;

(2) Before the Senate Committee on the Judiciary Subcommittee on Terrorism and Homeland Security, concerning the Department's readiness to respond to a [Weapons of Mass Destruction incident](#); and

(3) Before the Senate Committee on Appropriations, Subcommittee on Commerce, Justice, Science and Related Agencies, concerning OIG reports relevant to the [FY 2011 budget request for the Department](#).



Legislation and Regulations

The *Inspector General Act* directs the OIG to review proposed legislation and regulations relating to the programs and operations of the Department. Although the Department's Office of Legislative Affairs reviews all proposed or enacted legislation that could affect the Department's activities, the OIG independently reviews proposed legislation that could affect its operations and legislation that relates to waste, fraud, or abuse in the Department's programs and operations.

During this reporting period, the OIG reviewed and provided comments on a variety of proposed legislation and regulations, including proposed amendments to the *Inspector General Act* and proposed regulations pursuant to the *Prison Rape Elimination Act*.

Statistical Information

Audit Statistics

During this reporting period, the OIG's Audit Division issued 52 internal and external audit reports, which contained more than \$20.3 million in questioned costs and made 301 recommendations for management improvement. Specifically, the Audit Division issued 19 internal audit reports of Department

programs funded at more than \$3.66 billion; 33 external audit reports of contracts, grants, and other agreements funded at approximately \$445 million; and 64 Single Audit Act audits of programs funded at more than \$140 million. In addition, the Audit Division issued two Notifications of Irregularities and two other internal reports.

Funds Recommended to be Put to Better Use		
Audit Reports	Number of Audit Reports	Funds Recommended to Be Put to Better Use
No management decision made by beginning of period	3	\$3,051,384
Issued during period	4	\$1,750,798
Needing management decision during period	7	\$4,802,182
Management decisions made during period: - Amounts management agreed to put to better use ¹	4	\$1,750,798
-Amounts management disagreed to put to better use	0	\$0
No management decision at end of period	3	\$3,051,384

¹ 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

Audits with Questioned Costs			
Audit Reports	Number of Audit Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs
No management decision made by beginning of period	6	\$7,488,517	\$1,792,231
Issued during period	36 ¹	\$21,701,977	\$10,512,096
Needing management decision during period	42	\$29,190,494	\$12,304,327
Management decisions made during period:			
-Amount of disallowed costs ²	33	\$22,957,356	\$11,791,249
-Amount of costs not disallowed	0	\$0	\$0
No management decision at end of period	9	\$6,233,138	\$513,078

¹ Of the audit reports issued during this period with questioned costs, 16 were *Single Audit Act* reports.

² 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

Audits Involving Recommendations for Management Improvements		
Audit Reports	Number of Audit Reports	Total Number of Management Improvements Recommended
No management decision made by beginning of period	4	24
Issued during period	95 ¹	453
Needing management decision during period	99	477
Management decisions made during period: -Number management agreed to implement ²	79 ³	409
-Number management disagreed with	0	0
No management decision at end of period	22	68

¹ Of the audit reports issued during this period with recommendations for management improvements, 53 were Single Audit Act reports.

² Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

³ Includes two audits where management agreed with all but three of the recommendations.

Statistical Information

National Defense Authorization Act

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

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

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

Audit Follow-up

OMB Circular A-50

OMB Circular A-50, *Audit Follow-up*, requires audit reports to be resolved within 6 months of the audit report issuance date. The Audit Division monitors the status of open audit reports to track the audit resolution and closure process. As of September 30, 2010, the OIG was monitoring the resolution process of 276 open audit reports and closed 94 audit reports this reporting period.

Unresolved Audits

As of September 30, 2010, the following audits were over 6 months old and had no management decision or were in disagreement:

- Explosives Investigation Coordination Between the FBI and ATF, October 2009
- Oversight of Intergovernmental Agreements by the USMS and the Office of the Federal Detention Trustee, March 2007
- USMS Intergovernmental Service Agreement for Detention Facilities with the Blount County, Tennessee, Sheriff's Office, September 2005
- USMS Intergovernmental Service Agreement for Detention Facilities with the Central Virginia Regional Jail, March 2005
- USMS Intergovernmental Service Agreement for Detention Facilities with the Cumberland County Jail, Portland, Maine, March 2006
- USMS Intergovernmental Service Agreement for Detention Facilities with the Hamilton County, Tennessee, Silverdale Correctional Facility, June 2006
- USMS Intergovernmental Service Agreement for Detention Facilities with the Western Tidewater Regional Jail, Suffolk, Virginia, December 2005

Statistical Information

Evaluation and Inspections Statistics

The chart below summarizes the Evaluation and Inspections Division's accomplishments for the 6-month reporting period ending September 30, 2010.

E&I Workload Accomplishments	Number of Reviews
Reviews active at beginning of period	7
Reviews cancelled	0
Reviews initiated	3
Final reports issued	2
Reviews active at end of reporting period	8

Unresolved Reviews

DOJ Order 2900.10, *Follow-up and Resolution Policy for Inspection Recommendations by the OIG*, requires reports to be resolved within 6 months of the report issuance date. As of September 30, 2010, there were no unresolved recommendations from the Evaluations and Inspection Division that met this criterion.

Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending September 30, 2010.

Source of Allegations	
Hotline (telephone and mail)	1,379
Other Sources	4,497
Total allegations received	5,976
Investigative Caseload	
Investigations opened this period	152
Investigations closed this period	185
Investigations in progress as of 9/30/10	372
Prosecutive Actions	
Criminal indictments/informations	66
Arrests	62
Convictions/Pleas	54
Administrative Actions	
Terminations	17
Resignations	56
Disciplinary action	36
Monetary Results	
Fines/Restitutions/Assessments	\$397,417
Seizures	\$0
Bribe monies deposited to the Treasury	\$0
Civil Fines/Restitutions/Recoveries/Penalties	\$175,000

Statistical Information

Investigations Division Briefing Programs

OIG investigators conducted 26 Integrity Awareness Briefings for Department employees throughout the country. These briefings are designed to educate employees about the misuse of a public official's position for personal gain and to deter employees from committing such offenses. The briefings reached more than 750 employees.

OIG investigators conducted 23 Recovery Act Fraud Awareness Briefings for Department officials, contractors, state and local administering agencies, and grant recipients. The purpose of these briefings is to educate administrators on common fraud schemes and specific vulnerabilities within the contracts or grants they oversee. For contractors and grant recipients, the program provides information about the OIG's oversight role and the potential ramifications of the misuse of Recovery Act funds. The briefings reached more than 1,500 attendees.

OIG Hotline

During FY 2010 the OIG conducted a comprehensive review of its Hotline operations, which resulted in revised and improved operating procedures. For the OIG "1-800" Hotline phone number, we developed a call tree system that provides an opportunity for complainants to speak with OIG personnel or to obtain recorded information regarding certain frequently asked questions.

We also developed new online complaint forms that simplify the process for filing a complaint. These online complaint forms are available through the OIG's website at www.justice.gov/oig/index.html.

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

During FY 2010, the OIG Hotline averaged approximately 900 telephone calls per month; 100 postal mail complaints per month; and over 3,000 e-mail complaints per month. The vast majority of these complaints do not pertain to the Department or are not within the jurisdiction of the OIG and are referred to the appropriate entity.

From all Hotline sources during FY 2010, over 2,500 new complaints relating to Department operations or other federal agencies were entered into our complaint tracking system. Of the new complaints, over 2,000 were forwarded to various Department components for their review and appropriate action; 143 were filed for information; 310 were forwarded to other federal agencies; and 19 were opened by the OIG for investigation.

Appendices

Appendix 1

Acronyms and Abbreviations

The following are acronyms and abbreviations widely used in this report.

ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives	JMD	Justice Management Division
AUSA	Assistant U.S. Attorney	NCIC	National Crime Information Center
BJA	Bureau of Justice Assistance	NIJ	National Institute of Justice
BJS	Bureau of Justice Statistics	NSA	National Security Agency
BOP	Federal Bureau of Prisons	OIG	Office of the Inspector General
CODIS	Combined DNA Index System	OJP	Office of Justice Programs
COPS	Office of Community Oriented Policing Services	OJJDP	Office of Juvenile Justice and Delinquency Prevention
DEA	Drug Enforcement Administration	OMB	Office on Management and Budget
Department	U.S. Department of Justice	OPR	Office of Professional Responsibility
DHS	Department of Homeland Security	OVC	Office for Victims of Crime
DOD	Department of Defense	OVW	Office on Violence Against Women
EOUSA	Executive Office for U.S. Attorneys	Recovery Act	American Recovery and Reinvestment Act of 2009
FBI	Federal Bureau of Investigation	SWBPI	Southwest Border Prosecution Initiative
FISA	Foreign Intelligence Surveillance Act	USAO	U.S. Attorneys' Offices
FY	Fiscal year	USMS	U.S. Marshals Service
IG Act	Inspector General Act of 1978	WMD	Weapons of Mass Destruction

Appendices

Appendix 2

Glossary of Terms

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

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

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

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

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

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.

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

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

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

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

A Review of the Selection Process for the COPS Hiring Recovery Program

Audit of the Federal Bureau of Investigation's Gang Network System Pursuant to the Federal Information Security Management Act Fiscal Year 2009

Audit of the Federal Bureau of Investigation's Information Security Program Pursuant to the Federal Information Security Management Act Fiscal Year 2009

Audit of the Federal Bureau of Investigation's TECHTRACK Unclassified Network Pursuant to the Federal Information Security Management Act Fiscal Year 2009

Audit of the Federal Bureau of Prisons' BOPHires System Pursuant to the Federal Information Security Management Act Fiscal Year 2009

Audit of the Federal Bureau of Prisons' Furlough Program

Audit of the Federal Bureau of Prisons' Information Security Program Pursuant to the Federal Information Security Management Act Fiscal Year 2009

Audit of the Federal Prison Industries, Inc.'s Information Security Program Pursuant to the Federal Information Security Management Act Fiscal Year 2009

Audit of the Federal Prison Industries, Inc.'s Services Business Group General Support System Program Pursuant to the Federal

Information Security Management Act Fiscal Year 2009

Audit of the Justice Management Division's Information Security Program Pursuant to the Federal Information Security Management Act Fiscal Year 2009

Audit of the Justice Management Division's Interim Procurement System Pursuant to the Federal Information Security Management Act Fiscal Year 2009

Audit of the United States Marshals Service's Automated Prisoner Scheduling System Pursuant to the Federal Information Security Management Act Fiscal Year 2009

Audit of the United States Marshals Service's Information Security Program Pursuant to the Federal Information Security Management Act Fiscal Year 2009

Follow-up Audit of the Federal Bureau of Prisons' Efforts to Manage Inmate Health Care

Office of Justice Programs' Management of Its Offender Reentry Initiatives

Office of Justice Programs' Recovery Act and Non-Recovery Act Programs for Edward Byrne Memorial Justice Assistance Grants and Byrne Competitive Grants

The Drug Enforcement Administration's Clandestine Drug Laboratory Cleanup Program

The Federal Bureau of Investigation's Personnel Resource Management and Casework

Appendices

The Office on Violence Against Women's Recovery Act Grant Selection Process

External Audit Reports

Audit of Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Los Angeles County, California

Audit of Office of Justice Programs, Bureau of Justice Assistance Grant Awarded to the Illinois Department of Corrections, Springfield, Illinois

Audit of the Office of Justice Programs Bureau of Justice Assistance Edward Byrne Memorial Justice Assistance Grants Awarded to the Indiana Criminal Justice Institute, Indianapolis, Indiana

Audit of the Office of Justice Programs Edward Byrne Memorial Justice Assistance Grant Program Grant Awarded to City of Long Beach, California

Audit of the Office on Violence Against Women Grants Awarded to Friendship Home of Lincoln, Lincoln, Nebraska

Compliance with Standards Governing Combined DNA Index System Activities at the Houston Police Department Crime Laboratory, Houston, Texas

Compliance with Standards Governing Combined DNA Index System Activities at the Montana Department of Justice Forensic Science Division, Missoula, Montana

Department of Justice Awards to the National District Attorneys Association

Edward Byrne Memorial Justice Assistance Grant Program Grants Awarded to the Florida Department of Law Enforcement Tallahassee, Florida

Edward Byrne Memorial Justice Assistance Grant Program Grants Awarded to the Louisiana Commission on Law Enforcement, Baton Rouge, Louisiana

Edward Byrne Memorial Justice Assistance Grant Program Grants Awarded to the Nevada Department of Public Safety

Edward Byrne Memorial Justice Assistance Grant Program Grants Awarded to the Office of the Governor of Kansas, Topeka, Kansas

Limited Scope Audit of Florence Crittenton Services, Inc.

Limited Scope Audit of the City of Kenosha, Wisconsin, Police Department

Limited Scope Audit of the Office of Juvenile Justice and Delinquency Prevention Grant Awarded to Marian Middle School, St. Louis, Missouri

Limited Scope Audit of the Office on Violence Against Women Technical Assistance Cooperative Agreement, Baylor University, Waco, Texas

Limited Scope Audit of the Puerto Rico Legal Services, Inc., San Juan, Puerto Rico

Office of Community Oriented Policing Services Technology Program Grant Awarded to the Bonneville County, Idaho Falls, Idaho

Office of Community Oriented Policing Services Technology Program Grant Awarded to the San Antonio Police Department, San Antonio, Texas

Office of Justice Programs Awards to Justice Grants Administration: Edward Byrne Memorial State and Local Law Enforcement Assistance Grant Program, Washington, DC

Office of Justice Programs Community Capacity Development Office and Bureau of Justice Assistance Grants Awarded to Oklahoma City, Oklahoma

Appendices

Office of Justice Programs Edward Byrne Memorial Justice Assistance Grants Awarded to the New Jersey Department of Law and Public Safety, Trenton, New Jersey

Office of Justice Programs Grants Awarded to the City of Jackson, Mississippi

Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by El Paso County, Texas

Office of Justice Programs, Edward Byrne Memorial Justice Assistance Grants Awarded to the City of Atlanta, Georgia

Office of Justice Programs, National Institute of Justice Cooperative Agreement with the Allegheny County Medical Examiner's Office, Pittsburgh, Pennsylvania

Office of Justice Programs, Office for Victims of Crime Grants Sub-Awarded by the Puerto Rico Department of Justice to Carlos Albizu University, San Juan, Puerto Rico

Office of the Inspector General Review of Grants Awarded to the Navajo Nation, Window Rock, Arizona

Office on Violence Against Women Grants awarded to the North Dakota Council on Abused Women's Services, Bismarck, North Dakota

Office on Violence Against Women Grants Awarded to Ama Doo Alchini Bighan, Inc., Chinle, Arizona

Office on Violence Against Women Legal Assistance for Victims Grant Program Administered by the Community Legal Aid Society, Inc., Wilmington, Delaware

Office on Violence Against Women Services, Training, Officers, and Prosecution Grants Awarded to the Commonwealth of Virginia Department of Criminal Justice Services

Use of Equitable Sharing Revenues of the Berwyn Police Department, Berwyn, Illinois

Other Internal Reports

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

Review of the Award Process for the Bureau of Justice Assistance American Recovery and Reinvestment Act Correctional Facilities on Tribal Lands Grant Program

Single Audit Act Reports of Department Activities

Adams County, Friendship, Wisconsin

Alabama District Attorney's Association, Montgomery, Alabama

Alliance of Local Service Organization, Chicago, Illinois

An Achievable Dream, Newport News, Virginia

Camden County, Woodbine, Georgia

Champaign County, Urbana, Ohio

Chatham County Board of Commissioners, Savannah, Georgia

City of Augusta, Georgia

City of Dallas, Texas

City of Doraville, Georgia

City of Highland Park, Michigan

City of Knoxville, Tennessee

City of Las Cruces, New Mexico

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City of North Las Vegas, Nevada	National Congress of American Indians Fund, Washington, DC
City of Oklahoma City, Oklahoma	National Crime Victim Institute, Portland, Oregon
City of Orange Beach, Alabama	National Law Enforcement Telecommunication System, Inc., Phoenix, Arizona
City of St. Paul, Minnesota	Nebraska Domestic Violence Sexual Assault Coalition, Lincoln, Nebraska
City of Thomasville, Georgia	New Mexico Department of Public Safety, Sante Fe, New Mexico
Fulton County, Lewiston, Illinois	Oglala Sioux Tribe Department of Public Safety, Pine Ridge, South Dakota
Hawaii Community Foundation, Honolulu, Hawaii	Our House, Inc., Greenville, Mississippi
Itasca County, Grand Rapids, Michigan	Parents of Murdered Children, Cincinnati, Ohio
Jicarilla Apache Nation, Dulce, New Mexico	Pennyrile Narcotics Task Force, Hopkinsville, Kentucky
Kewaunee County, Kewaunee, Wisconsin	People for People, Philadelphia, Pennsylvania
KidsPeace, Corporation, Schnecksville, Pennsylvania	Pit River Tribe, Burney, California
King County, Seattle, Washington	Prevent Child Abuse America, Chicago, Illinois
Lawrence County School District, Monticello, Mississippi	Self-Reliance Foundation, Washington, DC
Legal Momentum, New York, New York	Sheriffs' Association of Texas, Inc., Austin, Texas
Logan County, Lincoln, Illinois	South Carolina Coalition Against Domestic Violence & Sexual Assault, Columbia, South Carolina
Luzerne County, Wilkes-Barre, Pennsylvania	State of New Jersey, Trenton, New Jersey
Marion County, Indianapolis, Indiana	Taylor County, Medford, Wisconsin
Mercer County, Trenton, New Jersey	The After-School Corporation, New York, New York
Minnesota Coalition Against Sexual Assault, St. Paul, Minnesota	The Kickapoo Tribe of Kansas, Horton, Kansas
Natchitoches Parish Sheriff, Natchitoches, Louisiana	
National Alliance for Model State Drug Laws, Alexandria, Virginia	

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Tripp County, Winner, South Dakota

Tulsa County, Tulsa, Oklahoma

University of West Alabama, Livingston,
Alabama

Vermont Network Against Domestic & Sexual
Assault, Inc., Montpelier, Vermont

West Virginia Foundation for Rape Information
Services, Inc., Fairmont, West Virginia

White Buffalo Calf Woman Society, Inc., Mission,
South Dakota

Wiconi Wawokiya, Inc., (Project Safe), Fort
Thompson, South Dakota

Williamson County Government, Marion,
Illinois

Wood County, Parkersburg, West Virginia

YWCA of Missoula, Missoula, Montana

YWCA of Spokane, Spokane, Washington

Appendices

Quantifiable Potential Monetary Benefits April 1, 2010 - September 30, 2010			
Audit Report	Questioned Costs	Unsupported Costs	Funds Put to Better Use
Audits Performed by the DOJ OIG			
Audit of Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Los Angeles County, California	\$2,267,475	\$21,340	\$0
Audit of Office of Justice Programs, Bureau of Justice Assistance Grant Awarded to the Illinois Department of Corrections, Springfield, Illinois	\$1,130,196	\$737,216	\$0
Audit of the Office of Justice Programs Bureau of Justice Assistance Edward Byrne Memorial Justice Assistance Grants Awarded to the Indiana Criminal Justice Institute, Indianapolis, Indiana	\$37,869	\$36,323	\$0
Audit of the Office of Justice Programs Edward Byrne Memorial Justice Assistance Grant Program Grant Awarded to City of Long Beach, California	\$34,122	\$34,122	\$5,035
Department of Justice Awards to the National District Attorneys Association	\$4,096,528	\$4,031,895	\$0
Edward Byrne Memorial Justice Assistance Grant Program Grants Awarded to the Louisiana Commission on Law Enforcement, Baton Rouge, Louisiana	\$6,972	\$6,972	\$0
Limited Scope Audit of the Puerto Rico Legal Services, Inc., San Juan, Puerto Rico	\$8,250	\$0	\$0
Office of Justice Programs Awards to Justice Grants Administration: Edward Byrne Memorial State and Local Law Enforcement Assistance Grant Program	\$377,506	\$324,011	\$0
Office of Justice Programs Community Capacity Development Office and Bureau of Justice Assistance Grants Awarded to Oklahoma City, Oklahoma	\$306,601	\$19,929	\$0

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Office of Justice Programs Grants Awarded to the City of Jackson, Mississippi	\$144,620	\$140,192	\$373,624
Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by El Paso County, Texas	\$5,100,526	\$0	\$0
Office of Justice Programs, Edward Byrne Memorial Justice Assistance Grants Awarded to the City of Atlanta, Georgia	\$191,161	\$167,793	\$0
Office of Justice Programs, National Institute of Justice Cooperative Agreement with the Allegheny County Medical Examiner's Office, Pittsburgh, Pennsylvania	\$1,054,550	\$989,474	\$0
Office of Justice Programs, Office for Victims of Crime Grants Sub-Awarded by the Puerto Rico Department of Justice to Carlos Albizu University, San Juan, Puerto Rico	\$1,220,716	\$656,836	\$0
Office of the Inspector General Review of Grants Awarded to the Navajo Nation, Window Rock, Arizona	\$2,141,258	\$986,528	\$0
Office on Violence Against Women Grants Awarded to Ama Doo Alchini Bighan, Incorporated, Chinle, Arizona	\$22,398	\$22,398	\$0
Office on Violence Against Women Grants Awarded to the North Dakota Council on Abused Women's Services, Bismarck, North Dakota	\$111,646	\$14,301	\$0
Office on Violence Against Women Legal Assistance for Victims Grant Program Administered by the Community Legal Aid Society, Inc., Wilmington, Delaware	\$829,340	\$829,340	\$0
Office on Violence Against Women Services, Training, Officers, and Prosecution Grants Awarded to the Commonwealth of Virginia Department of Criminal Justice Services	\$201,499	\$201,499	\$95,392
The Office on Violence Against Women's Recovery Act Grant Selection Process	\$0	\$0	\$1,276,747
Use of Equitable Sharing Revenues of the Berwyn Police Department, Berwyn, Illinois	\$1,045,945	\$13,559	\$0
Subtotal (Audits Performed by the DOJ OIG)	\$20,329,178	\$9,233,729	\$1,750,798

Appendices

Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i>¹			
City of Augusta, Georgia	\$79,501	\$79,501	\$0
City of Las Cruces, New Mexico	\$70,658	\$0	\$0
City of Oklahoma City, Oklahoma	\$15,664	\$15,664	\$0
City of St. Paul, Minnesota	\$1,380	\$1,380	\$0
King County, Seattle, Washington	\$378,456	\$378,456	\$0
Logan County, Lincoln, Illinois	\$7,900	\$7,900	\$0
National Congress of American Indians Fund, Washington, DC	\$7,538	\$7,538	\$0
New Mexico Department of Public Safety, Sante Fe, New Mexico	\$23,774	\$0	\$0
Oglala Sioux Tribe Department of Public Safety, Pine Ridge, South Dakota	\$13,321	\$13,321	\$0
Parents of Murdered Children, Cincinnati, Ohio	\$13,809	\$13,809	\$0
Self-Reliance Foundation, Washington, DC	\$470,750	\$470,750	\$0
Sheriffs' Association of Texas, Inc., Austin, Texas	\$61,820	\$61,820	\$0
State of New Jersey, Trenton, New Jersey	\$141,402	\$141,402	\$0
Tripp County, Winner, South Dakota	\$30,008	\$30,008	\$0
University of West Alabama, Livingston, Alabama	\$14,225	\$14,225	\$0
YWCA of Missoula, Missoula, Montana	\$42,593	\$42,593	\$0
Subtotal (Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i>)	\$1,372,799	\$1,278,367	\$0
Total	\$21,701,977	\$10,512,096	\$1,750,798

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 4

Evaluation and Inspections Division Reports

The DEA's El Paso Intelligence Center

The Department's Preparation to Respond to a
WMD Incident

Oversight and Review Division Reports

A Review of the FBI's Investigations of Certain
Domestic Advocacy Groups

Investigation of Allegations of Cheating on the
FBI's Domestic Investigations and Operations
Guide Exam

Appendices

Appendix 5

Peer Reviews

Peer Reviews Conducted by Another OIG

In January 2010, the Department of Health and Human Services Office of the Inspector General (HHS OIG) conducted a review of the internal safeguards and management procedures for the investigative function of the Department's OIG that were in effect for the period ending September 30, 2009. The peer review was conducted in conformity with the applicable quality assessment review guidelines established by the Council of Inspectors General on Integrity and Efficiency (CIGIE) and the Attorney General's Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority.

The peer review concluded that the system of internal safeguards and management procedures for the investigative function of the Department's OIG in effect for the year ended September 30, 2009, was in full compliance with the quality standards established by CIGIE and the Attorney General's guidelines. The peer review concluded that these safeguards and procedures provide reasonable assurance of conforming to professional standards in the conduct of its investigations.

Outstanding Recommendations from Peer Reviews of the OIG

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

Outstanding Recommendations from Peer Reviews Conducted by the OIG

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

Appendices

Appendix 6

Reporting Requirements Index		
The IG Act specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.		
IG Act References	Reporting Requirements	Page
Section 4(a)(2)	Review of Legislation and Regulations	58
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	9-56
Section 5(a)(2)	Significant Recommendations for Corrective Actions	9-56
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	62
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	22-24, 29-31, 33, 37-40, 43-44, 46-48
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	67-74
Section 5(a)(7)	Summary of Significant Reports	9-56
Section 5(a)(8)	Audit Reports - Questioned Costs	60
Section 5(a)(9)	Audit Reports - Funds to Be Put to Better Use	59
Section 5 (a)(10)	Prior Audit Reports Unresolved	62
Section 5(a)(11)	Significant Revised Management Divisions	None
Section 5(a)(12)	Significant Management Decisions with which the OIG Disagreed	None
Section 5(a)(14)	Peer Reviews Conducted by Another OIG	76
Section 5(a)(15)	Outstanding Recommendations from Peer Reviews of the OIG	76
Section 5(a)(16)	Outstanding Recommendations from Peer Reviews Conducted by the OIG	76

Report Waste, Fraud, Abuse, or Misconduct

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

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

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

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

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

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

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