

Office of the Inspector General Semiannual Report to Congress



October 1, 2008 – March 31, 2009

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Message From the Inspector General

This Semiannual reporting period marks an important milestone for the Department of Justice Office of the Inspector General (OIG) – the 20th anniversary of the creation of our office. The OIG began operations on April 14, 1989, with employees transferred from a variety of Department of Justice (Department) components. We have come a long way since that first day, expanding our jurisdiction throughout the Department, establishing seven Investigations Division field offices and seven Regional Audit offices throughout the country, building our Evaluation and Inspections Division, and creating an Oversight and Review Division to conduct special investigations and reviews. From our original workforce of about 300 employees in 1989, we have 35 “charter members” of the OIG who are still with us 20 years later.

During the past two decades, the OIG has made significant contributions to the Department, conducting thousands of audits, inspections, special reviews, and investigations of Department programs and operations. These reviews have examined issues as diverse as grant and procurement fraud, criminal civil rights abuses, counterterrorism and counterintelligence, financial statements, computer security, and allegations of employee misconduct. We have addressed big issues and smaller issues, identifying both Department successes and shortcomings. Our reports provide concrete recommendations for improvement, and we regularly follow up on our findings to determine whether corrective actions have been implemented successfully.

We have also been fortunate over the years to have gained the support of Department leaders and employees for our work. Although they have not always agreed with every report and each recommendation, I believe they have valued our input, reviewed our reports fairly, and ensured that Department components cooperate with the OIG and take our findings seriously.

I want to thank the many OIG employees over the years who have advanced our mission. Former Inspectors General, many OIG supervisors and managers, and hundreds of OIG employees have served with dedication, commitment, and sacrifice, and they should be proud of their achievements. The Department – as well as Congress and the public – have received great value from the work of the OIG, and the many employees who have served in the OIG deserve credit and thanks for their outstanding efforts.

During this semiannual reporting period, from October 1, 2008, through March 31, 2009, the OIG has continued to provide valuable oversight of Department operations. For example, in January 2009 the OIG publicly issued a report detailing its investigation of allegations of politicized hiring in the Civil Rights Division. This was the fourth report in a series of joint investigations with the Department’s Office of Professional Responsibility (OPR) relating to allegations of politicized hiring in the Department and the removal of nine U.S. attorneys in 2006.

We issued several other significant reports during this reporting period, including a report that found the Federal Bureau of Investigation (FBI) paid excess overtime to employees in Iraq and Afghanistan, a report on the Department's efforts to implement the *Sex Offender Registration and Notification Act*, a review of the FBI's efforts to combat crimes against children, a review of how personnel resources are allocated among U.S. Attorneys' Offices (USAO), and a report on the Department's grant programs aimed at reducing backlogs in DNA samples collected from convicted offenders.

In addition, the OIG moved swiftly upon enactment of the *American Recovery and Reinvestment Act of 2009* (Recovery Act) to provide oversight over these funds provided for Department programs. The Recovery Act includes \$4 billion in Department 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 taking proactive steps to help oversee these Recovery Act funds, including providing Department officials and grant administrators with training to improve the grant management process in an effort to prevent fraud or misuse of the funds, commenting on the expedited processes used to award Recovery Act money, and initiating audits relating to these grant programs. We also created a practical guide for the Department regarding best practices for the management of grant funds, entitled "Improving the Grant Management Process." In addition, the Recovery Act created the Recovery Accountability and Transparency Board and designated the Department's Inspector General as one of 10 Inspector Generals who will serve as Board members.

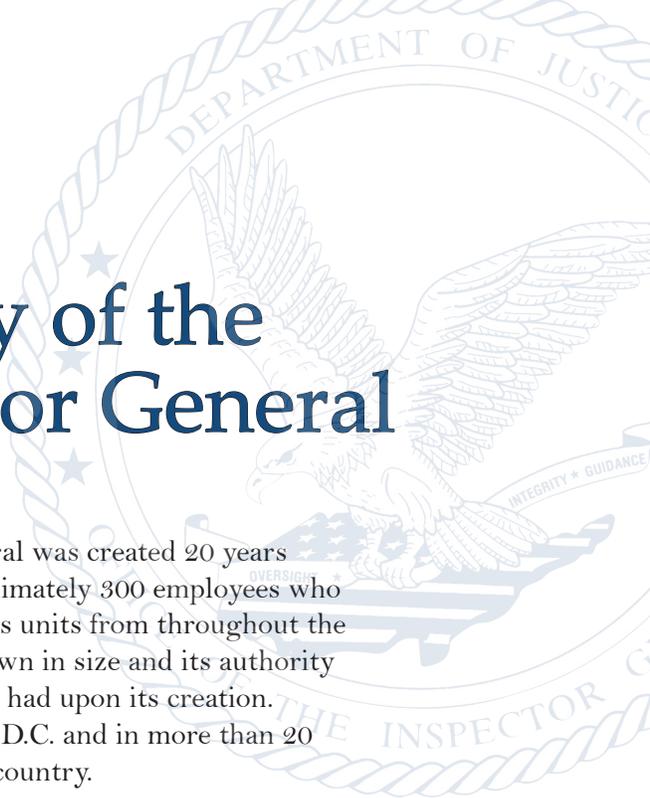
The OIG looks forward to a positive working relationship with the new Attorney General, Department leaders, and the new Congress as we continue our oversight work. In the months and years ahead, the OIG will strive to continue its record of accomplishment.

A handwritten signature in cursive script that reads "Glenn A. Fine".

Glenn A. Fine
Inspector General
April 30, 2009

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The seal of the Department of Justice Office of the Inspector General is visible in the background. It features an eagle with wings spread, perched on a shield with stars and stripes. The eagle is surrounded by a circular border containing the text "DEPARTMENT OF JUSTICE" at the top and "OFFICE OF THE INSPECTOR GENERAL" at the bottom. A banner below the eagle reads "INTEGRITY * GUIDANCE".

20th Anniversary of the Office of the Inspector General

The Department of Justice Office of the Inspector General was created 20 years ago, on April 14, 1989. We began operations with approximately 300 employees who came primarily from internal affairs, audit, and inspections units from throughout the Department. Over the past two decades, the OIG has grown in size and its authority has expanded significantly from the limited jurisdiction it had upon its creation. The OIG now has 425 employees located in Washington, D.C. and in more than 20 Investigations and Audit Division field offices across the country.

At its inception, the OIG had the authority to conduct audits and inspections in all Department components but its jurisdiction to investigate employee misconduct was limited. However, in 1994 Attorney General Janet Reno issued an order giving the OIG authority to investigate misconduct by Department law enforcement agents, except for agents in the FBI and the Drug Enforcement Administration (DEA). In 2001 Attorney General John Ashcroft issued an order that expanded the OIG's jurisdiction to investigate allegations of misconduct involving FBI and DEA employees, which Congress codified in 2002. And in 2002, OIG investigators obtained statutory law enforcement authority.

During the past 20 years, the OIG has made significant contributions to improving the operations of the Department of Justice. The OIG has issued more than 5,000 audit reports and nearly 250 inspection reports containing thousands of recommendations for improvement, most of which the Department has agreed to implement. In addition, during this period the Investigations Division has processed more than 140,000 complaints and opened more than 10,000 cases that have resulted in more than 2,000 convictions and 2,000 administrative actions.

OIG reviews over the years have independently and objectively examined some of the most complex issues facing the Department, such as reviews of the FBI's handling of the Aldrich Ames and Robert Hanssen espionage cases, the FBI's handling of intelligence information related to the September 11, 2001, terrorist attacks, the treatment of detainees held on immigration charges in connection with the investigation of the September 11 attacks, the FBI's involvement in detainee interrogations at Guantanamo, the misuse of national security letters, and most recently allegations of politicized hiring and firing in the Department.

Amidst our many significant accomplishments, the OIG also has experienced tragedy, most notably the death of OIG Special Agent William “Buddy” Sentner who was shot and killed in the line of duty on June 21, 2006, while working as part of an OIG team to arrest six Federal Bureau of Prisons (BOP) correctional officers at a federal prison in Florida. When one of the guards was being arrested, he began shooting, hitting Special Agent Sentner. In his last heroic act, Special Agent Sentner returned fire, saving the lives of many others while sacrificing his own life. Special Agent Sentner was a hero in every sense of that word, and the OIG continues to honor his service and sacrifice.

On the 20th anniversary of the creation of the OIG, we thank the current and former OIG employees who have created and sustained an office that continues to make significant contributions to the Department of Justice.

Highlights of OIG Activities

The following table summarizes OIG activities discussed in this report. As these statistics and the following highlights illustrate, the OIG continues to conduct wide-ranging oversight of Department programs and operations.

Statistical Highlights

October 1, 2008 - March 31, 2009

| | |
|---|----------------|
| Allegations Received by the Investigations Division | 4,489 |
| Investigations Opened | 171 |
| Investigations Closed | 180 |
| Arrests | 56 |
| Indictments/Informations | 52 |
| Convictions/Pleas | 49 |
| Administrative Actions | 103 |
| Fines/Restitutions/Recoveries | \$4.1 million |
| Audit Reports Issued | 155 |
| Questioned Costs | \$15.7 million |
| Funds Put to Better Use | \$107,653 |
| Recommendations for Management Improvements | 377 |

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

- ◆ **Politicized Hiring and Other Improper Personnel Actions in the Civil Rights Division.** The OIG and OPR jointly investigated allegations that Bradley Schlozman, former Deputy Assistant Attorney

General (AAG) and Acting AAG for the Civil Rights Division, hired lawyers for career positions and made personnel decisions based on attorneys' political or ideological affiliations. We determined that Schlozman violated federal law and Department policy, both of which prohibit discrimination in federal employment based on political affiliations, and committed misconduct. We also concluded that Schlozman made false statements about whether he considered political and ideological affiliations when he testified before the Senate Judiciary Committee on June 5, 2007, and in his written responses to supplemental questions from the Committee. In addition, senior managers in the Civil Rights Division failed to exercise sufficient oversight to ensure that Schlozman did not engage in inappropriate hiring and personnel practices.

- ◆ **Overtime Payments to FBI and Other Department Employees Deployed to Iraq and Afghanistan.** Our review of overtime pay for FBI employees deployed to Iraq determined that these FBI employees received millions of dollars in excess overtime payments that were not allowable under federal pay statutes, federal regulations, and FBI policies. We found that the FBI's Counterterrorism Division encouraged or condoned the practice of employees routinely reporting all waking activities in Iraq as "work" on the employees' time and attendance forms. In addition, the FBI shifted the regular work week for employees in Iraq from Monday through Friday to Sunday through Thursday in order to obtain additional Sunday pay for FBI employees. We discovered similar time and attendance practices of FBI employees deployed in Afghanistan, as well as for the small number of employees in other Department components deployed in

Iraq and Afghanistan. The FBI agreed that its employees had received excess overtime payments, and it plans on implementing the OIG's recommendations.

◆ **The FBI's Efforts to Combat Crimes**

Against Children. In reviewing the FBI's efforts to combat crimes against children, we determined that the FBI has developed national programs, expended significant resources, and coordinated efforts with state and local law enforcement agencies. However, the OIG identified several areas that could impede the FBI's efforts to protect children from violent crimes and sexual exploitation. For example, the FBI's investigation of online crimes against children has been hampered to some extent by the length of time needed for FBI laboratories to conduct forensic analysis of digital evidence. We found that the overall amount of digital evidence analyzed by the FBI increased nearly 2,200 percent between fiscal years (FY) 2001 and 2007. In addition, the FBI needs to provide more specialized training to its special agents stationed at overseas posts who work with foreign governments on international parental kidnapping cases. In total, the OIG made 13 recommendations for the FBI to enhance its crimes against children programs, and the FBI agreed with our recommendations.

◆ **Implementation of the *Sex Offender Registration and Notification Act*.** The *Sex Offender Registration and Notification Act* requires the Department to help identify, arrest, and prosecute sex offenders who violate registration laws, and to help improve the quality of information available to law enforcement and the public about registered, non-compliant, and fugitive sex offenders. We found that the Department's efforts have led to more investigations and arrests of fugitive sex offenders. However, the registries that make up the national sex offender registration system are missing records; existing records often fail to identify known fugitives; and

records often do not contain sufficient information to enable law enforcement or the public to accurately identify registered, non-compliant, or fugitive sex offenders. We recommended that the Department and its components provide additional assistance to jurisdictions to ensure that information in the national registries is accurate and complete. The Department components concurred with the recommendations and are taking steps to implement them.

◆ **The Convicted Offender DNA Backlog Reduction Program.**

The OIG examined the Convicted Offender DNA Backlog Reduction Program (Backlog Reduction Program), which provides funding to help states reduce the backlog of convicted offender DNA samples. We found that the Backlog Reduction Program has contributed to the decrease in the nationwide backlog of convicted offender DNA samples awaiting analysis, although the Department could improve the effectiveness of the program. We determined that the Department did not provide adequate guidance to state laboratories on collecting and reporting performance and did not adequately use the information reported by state laboratories to manage its Backlog Reduction Program. We also found significant delays in starting several Backlog Reduction Program awards, which caused more than 180,000 convicted offender DNA samples to not be uploaded in a timely manner. In addition, the Department continued to award funding to state laboratories that had not utilized previous award funding.

◆ **The Department's Litigation Case**

Management System. In examining the development of a Department-wide Litigation Case Management System (LCMS), the OIG concluded that the project is more than 2 years behind schedule, approximately \$20 million over budget, and at significant risk of not meeting the Department's requirements for

litigation case management. The causes for the delays and budget overruns included: 1) the requirements planning process was not effective, and requirements were modified and added after significant work had been done; 2) system integration and user acceptance testing revealed severe defects; and 3) the Department's oversight efforts identified severe difficulties the contractor was having meeting the schedule and cost requirements, but the Department's actions did not minimize the schedule and cost overruns. The Department agreed with our recommendation to reevaluate the viability of completing implementation of the LCMS.

- ◆ **The FBI's Terrorist Threat and Suspicious Incident Tracking System.** The OIG evaluated the FBI's Guardian Threat Tracking System (Guardian). We determined that Guardian represents a significant improvement to how the FBI previously tracked and handled threat information, but the FBI needs to address shortcomings in the accuracy, timeliness, and completeness of the information entered into Guardian. The FBI's development of E-Guardian, which will provide state and local law enforcement with the capability to share local terrorism incident information with the FBI and receive nationwide unclassified terrorism incident information from the FBI, has been delayed because the FBI changed the contractor developing the system. We made seven recommendations to improve the FBI's tracking of terrorist threats and suspicious incidents, and the FBI agreed with our recommendations.
- ◆ **USAO Resource Management.** In our examination of how the USAOs personnel resources are allocated among the criminal and civil areas that federal prosecutors have emphasized over the past 5 years, we reported a significant gap between allocated attorney positions and the number of attorneys that

USAOs were actually utilizing. We concluded that the Executive Office for U.S. Attorneys (EOUSA) does not routinely examine the utilization of attorneys within USAOs, nor does it regularly perform an assessment of each USAO's casework within prosecutorial areas. We provided 10 recommendations to assist EOUSA in its resource planning and allocation decisions, as well as in overseeing the operations of USAOs. EOUSA agreed with our recommendations.

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:

- ◆ A joint investigation led to the conviction and sentencing of retired FBI Special Agent John J. Connolly, who assisted the criminal activities of the Winter Hill Gang by supplying gang members with sensitive law enforcement information and intelligence that led directly to the murder of former World Jai Alai President John Callahan in 1982. During this reporting period, Connolly was convicted of second-degree murder and sentenced to 40-years' incarceration.
- ◆ An investigation resulted in the sentencing of a BOP correctional officer to 10 years' incarceration followed by 3 years' supervised release for sexual abuse of a ward and 15 years' incarceration followed by 5 years' supervised release for use of an interstate facility in the commission of a murder for hire. OIG investigators found that the correctional officer engaged in a sexual act with a female inmate and agreed to pay the inmate \$5,000 to arrange

for the murder of the correctional officer's wife. He also traveled from his residence in New York to his place of employment in Connecticut with the intent of having his wife murdered.

- ◆ An investigation led to the arrest of an FBI special agent on charges of exceeding his authorized access to FBI computers. The FBI special agent accessed the FBI's Automated Case Support System and determined that a confidential informant with whom he had an inappropriate relationship was a potential target of an FBI criminal investigation. The special agent subsequently disclosed to the confidential informant that he was a potential target of a criminal investigation. Additionally, the special agent informed the confidential informant that he had stopped the investigation from proceeding. Judicial proceedings continue.
- ◆ An investigation led to the arrest of a BOP contract specialist who utilized her government purchasing card to buy more than \$10,000 in unauthorized items for her personal use, such as iPods, baseball uniforms, televisions, and video games and players. In addition, she used her government gas card to purchase more than \$5,000 in fuel for her personal vehicle. Judicial proceedings continue.
- ◆ An investigation led to the sentencing of a BOP correctional officer who smuggled tobacco into a correctional facility in exchange for approximately \$12,000 in bribes. The correctional officer resigned from the BOP and was subsequently sentenced to 46 months' incarceration followed by 2 years' supervised release.
- ◆ A joint investigation with the DEA OPR led to the arrest of a DEA special agent who fraudulently obtained visas for Mexican nationals to enter the United States in exchange for \$2,500 and a diamond ring valued at \$1,000. Judicial proceedings continue.

- ◆ An investigation found that the City of Macon, Georgia, misspent approximately \$350,000 of a \$900,000 Safe Schools Initiative earmark grant from the Office of Juvenile Justice and Delinquency Prevention (OJJDP), which was intended to provide services for at-risk youth. The USAO for the Middle District of Georgia reached a civil settlement with the City of Macon for \$315,002.

Ongoing Work

This report also describes ongoing OIG reviews of important issues throughout the Department, including:

- ◆ The Department's involvement with a National Security Agency (NSA) surveillance program
- ◆ The FBI's misuse of exigent letters
- ◆ The FBI's disciplinary system
- ◆ Coordination of FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) explosives investigations
- ◆ The FBI's terrorist watchlist nomination practices
- ◆ The Department's efforts to protect the federal judiciary and federal prosecutors
- ◆ The Department's efforts to prevent staff sexual abuse of federal inmates
- ◆ FBI Weapons of Mass Destruction preparedness
- ◆ The Department's use of less-lethal weapons
- ◆ The FBI's foreign language translation services
- ◆ The Department's efforts to combat gang violence
- ◆ The FBI's efforts to combat cyber crime

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, 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, and Advanced Audit Techniques Group.
- ◆ **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 Fraud Detection Office is located in 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, quality assurance, internal controls, and general support.

- ◆ **Office of the 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 410 special agents, auditors, inspectors, attorneys, and support staff. For

FY 2009, the OIG's direct appropriation was \$76 million, and the OIG received an additional \$3.8 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 October 1, 2008, through March 31, 2009, is to be submitted no later than April 30, 2009, to the Attorney General for his review. The Attorney General is required to forward the report to Congress no later than May 31, 2009, 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.usdoj.gov/oig.



Multicomponent Audits, Reviews, and Investigations

While many of the OIG's audits, reviews, and investigations are specific to a particular component of the Department, other work spans 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

Overtime Payments to FBI and Other Department Employees Deployed to Iraq and Afghanistan

The OIG's Oversight and Review Division examined allegations that FBI employees deployed to Iraq received overtime pay in excess of the amounts permitted under federal pay statutes, federal regulations, and FBI policies. We determined that FBI employees, prior to 2008, uniformly claimed overtime for working 16 hours per day for every day of their 90-day tours in Iraq. However, although many FBI employees in Iraq worked long hours under difficult circumstances, few if any worked 16 hours a day, every day, for 90 days straight within the meaning of the term "work" as defined in applicable regulations and policies. Our report estimated that FBI employees deployed to Iraq received millions of dollars in excess overtime payments that were not allowable under federal pay statutes, federal regulations, and FBI policies.

In an effort to maximize compensation for FBI employees who volunteered for Iraq duty, the FBI's Counterterrorism Division encouraged or condoned the practice of employees routinely reporting all waking activities in Iraq, up to

16 hours per day, as "work" on their time and attendance forms. The OIG determined that the FBI inappropriately permitted employees to regularly claim overtime for activities that are not compensable as "work," such as time spent eating meals, exercising more than 3 hours per week, and socializing.

In 2008, the FBI began requiring its employees to report their time more accurately. Based on the reduced hours reported by FBI employees in 2008, the OIG estimated that from 2003 through 2007 the FBI paid its employees in Iraq approximately \$6.4 million in excess overtime that was not permitted by federal regulations governing overtime pay. The report also estimated that agents received approximately \$1.4 million in excess Sunday pay.

The OIG also found that FBI special agents who already receive "availability pay" – a 25 percent premium above their regular salary – for unscheduled overtime also claimed overtime pay for hours spent "standing by" or "on call" waiting for assignments. Federal pay regulations prohibit paying special agents overtime for such duty because they already receive availability pay for this purpose. In addition, the FBI violated federal

regulations and FBI policy when it shifted the regular work week for employees in Iraq from Monday through Friday to Sunday through Thursday in order to obtain additional Sunday pay for FBI employees. Changing the regular work week schedule enabled FBI employees to claim a 25 percent bonus for 8 hours of regularly scheduled “Sunday work.” Although federal regulations and FBI policy permit employees to switch work weeks under certain circumstances, we found that those circumstances did not exist in Iraq.

Based on a more limited review, the OIG found similar time and attendance practices for FBI employees deployed in Afghanistan, as well as for the small number of ATF, DEA, and USMS employees deployed in Iraq and Afghanistan. Although the FBI issued several guidance documents in 2008 intended to clarify how FBI employees deployed to Iraq and Afghanistan should report their time, this guidance failed to correct some of the improper pay practices.

The OIG report recommended bringing FBI pay practices in Iraq and Afghanistan into compliance with applicable federal regulations. The FBI agreed that its employees received excess overtime payments, and said it plans to implement the OIG’s recommendations.

Sex Offender Registration

The OIG’s Evaluation and Inspections Division reviewed the Department’s implementation of the *Sex Offender Registration and Notification Act* (SORNA), which requires the Department to take steps to help identify, arrest, and prosecute sex offenders who violate registration laws and to improve the quality of information

available to law enforcement and the public about registered, non-compliant, and fugitive sex offenders. The OIG review found that, although implementation of SORNA was not yet complete, the Department’s efforts have led to more investigations and arrests of fugitive sex offenders. However, we also determined that information in the national sex offender registries was incomplete and inaccurate.

The FBI maintains the National Sex Offender Registry, which is used primarily by law enforcement agencies, while the Office of Justice Programs (OJP) maintains an online portal linked to all states’ public sex offender registries, which is used mainly by the public to search for information in any of the states’ public registries.

We found that the registries that make up the national sex offender registration system are inaccurate and incomplete. The registries are missing records, existing records often fail to identify known fugitives, and the records often do not contain sufficient information to enable law enforcement or the public to accurately identify registered, non-compliant, or fugitive sex offenders. Further, some state data systems were incompatible with the FBI’s system, causing records to be rejected or lost when those states attempted to update registry records. As a result, neither law enforcement officials nor the public can rely on the registries for accurately identifying registered sex offenders, particularly those who are fugitives.

The OIG recommended that the Department and its components provide additional assistance to state, territorial, and tribal jurisdictions to ensure that information in the national registries is accurate and complete. Department components concurred with the recommendations and are taking steps to implement them.

The Department's Litigation Case Management System

The OIG's Audit Division examined the Department's progress toward developing a Department-wide Litigation Case Management System (LCMS). Our audit concluded that the LCMS project, which the Department began in 2004, is more than 2 years behind schedule, approximately \$20 million over budget, and at significant risk of not meeting the Department's requirements for litigation case management.

Each of the Department's litigating divisions maintains their own case management system, and these individual systems are unable to share information with other Department case management systems. The Department began the LCMS project to develop an information technology (IT) infrastructure for effectively storing case information once, managing it centrally, and making it available to the approximately 14,500 authorized users in the Department's seven litigating divisions.

The Department initially estimated the LCMS would be implemented in the EOUSA and USAOs by March 2008, with implementation in the six other litigating divisions by December 2010. The Department now estimates that the LCMS will not be fully implemented in EOUSA and USAOs until July 2010, more than 2 years later than estimated and only 5 months before the initial estimated completion date for all seven litigating divisions. The Department also initially estimated that the primary contract to develop and implement the system would cost approximately \$42 million, of which about \$35 million was for implementation of the LCMS in EOUSA and USAOs. However, as of January 2009 the

Department estimated the cost of implementing the LCMS in EOUSA and USAOs at about \$61 million, 75 percent higher than the initial estimate and \$18 million more than the initial estimated cost of implementing the LCMS in all seven litigating divisions.

Because implementation of the LCMS in EOUSA and USAOs is significantly behind schedule and over budget, the Department has postponed any further work related to the other litigating divisions and does not have current schedule and cost estimates for completing the LCMS in the other divisions. Moreover, we found that officials in the remaining six litigating divisions are uncertain that the LCMS will meet their needs.

The OIG review found that causes for the delays and budget overruns included: 1) the requirements planning process was not effective, and requirements were modified and added after significant work had been done; 2) system integration and user acceptance testing revealed severe defects, including data migration errors, access restrictions, and other errors that required an extensive amount of time to correct; and 3) the Department's oversight efforts identified severe difficulties the contractor was having meeting the schedule and cost requirements, but the Department's actions did not minimize the schedule and cost overruns.

We concluded that both the Department and the contractor share responsibility for the significant delays and budget overruns in this project. We recommended that the Department's Chief Information Officer reevaluate the viability of implementing the LCMS in the other litigating divisions. The Department agreed with our recommendation.

The Department's Management of IT Security Vulnerabilities

The *Federal Information Security Management Act* (FISMA) requires the Inspector General for each federal 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. To oversee the implementation of policies and practices relating to information security, the Office on Management and Budget (OMB) has issued guidance to agencies for their FISMA requirements.

In May 2008, the Department received an "A+" from the House Committee on Oversight and Government Reform for its efforts to successfully document required IT security processes. However, the grade did not assess whether the Department has actually implemented these processes, nor did it assess the actual security of the Department's IT systems.

During this reporting period, the OIG's Audit Division assessed the Department's efforts to manage its IT security vulnerabilities and found that, while the Department has implemented sound processes and procedures for identifying IT vulnerabilities, it has not fully implemented procedures to remedy the vulnerabilities. Our audit concluded that the Department lacks effective methodologies for tracking the remediation of identified IT vulnerabilities, applying Department-wide remedies for known vulnerabilities, and ensuring that monthly system scans cover the Department's entire IT environment. These vulnerabilities increase the risk of unauthorized users gaining access to Department IT systems and potentially compromising sensitive Department information.

We made four recommendations to assist the Department in its efforts to address IT vulnerabilities, and the Department agreed with each.

Federal Information Security Management Act Audits

As part of the FISMA requirements, for FY 2008 the OIG audited the security programs of four Department components: the FBI, ATF, DEA, and Justice Management Division (JMD). Within these components, we selected for review two classified systems within the FBI and three sensitive but unclassified systems: ATF's Arson and Explosives Incident System, DEA's Validation Integrity and Penetration Response System, and JMD's Automated Configuration and Engineering System.

In these five audits, we identified deficiencies in configuration management, privacy program leadership, and security awareness training. We provided more than 25 recommendations for improving implementation of the Department's information security program and practices for its sensitive but unclassified, classified, and national security 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. On February 12, 2009, the OIG issued its 14th report summarizing its Section 1001 activities covering

the period from July 1, 2008, to December 31, 2008. In addition to describing the number of complaints we received under this section and the status of investigations conducted by the OIG and Department components, the report summarized the findings of our audit of the FBI's Terrorist Threat and Suspicious Incident Tracking System, which falls under our civil rights and civil liberties oversight responsibilities.

The Section 1001 report also described several ongoing OIG reviews and audits examining civil rights/civil liberties-related issues that are expected to be completed in the coming months: review of the Department's involvement with an NSA surveillance program, follow-up on the FBI's watchlist nomination process, and investigation of the FBI's use of exigent letters.

The Department's Financial Statement Audits

The *Chief Financial Officers Act of 1990* and the *Government Management Reform Act of 1994* require annual financial statement audits of the Department. The OIG's Audit Division oversees and issues the reports that are based on the work performed by independent public accountants. During this reporting period, we issued the audit report for the Department's Annual Financial Statement for FY 2008.

The Department received an unqualified opinion on its FYs 2008 and 2007 financial statements. At the consolidated level, the Department had two significant deficiencies, both of which were repeat issues. The first significant deficiency related to weaknesses in the general and application controls for five of the Department's nine reporting components. The Department's other significant deficiency related to financial reporting and consisted of several serious but isolated issues,

including the USMS's financial accounting and reporting quality-control and assurance and funds management controls; ATF's accounts payable process; FBI's financial reporting process; OJP's grant advances and grant de-obligation process; Offices, Boards and Divisions' preparation, review, and approval of journal entries; and Assets Forfeiture Fund and Seized Asset Deposit Fund's financial reporting environment, obligations and disbursements controls, and seized and forfeited property controls.

However, the Department has continued making progress in its financial management systems and has continued addressing the major problems identified in our previous annual financial statement audits. For example, at the component level the number of material weaknesses decreased from four in FY 2007 to one in FY 2008. We concluded that the Department and its components deserve significant credit for these improvements.

The Department still does not have a unified financial management system to readily support ongoing accounting operations and preparation of financial statements. As discussed in past years, we believe the most important challenge facing the Department in its financial management is to successfully implement an integrated financial management system to replace the disparate and, in some cases, antiquated financial systems used by components.

In the FY 2008 consolidated Report on Compliance and Other Matters, no instances of significant non-compliance with applicable laws and regulations or other matters were identified during the audit. Although instances of non-compliance were reported at some of the components, the consolidated auditors determined that none of the component level non-compliance issues caused the Department as a whole to be in significant non-compliance.

| Comparison of FY 2008 and 2007 Audit Results | | | | | | | | | | |
|---|--|-------------|--|-------------|----------------------------|-------------|---|-------------|----------------------------|-------------|
| Reporting Entity | Auditors' Opinion on Financial Statements | | Number of Material Weaknesses¹ | | | | Number of Significant Deficiencies² | | | |
| | | | Financial | | Information Systems | | Financial | | Information Systems | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Consolidated Department of Justice | U ³ | U | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 |
| Offices, Boards and Divisions | U | U | 0 | 0 | 0 | 0 | 1 | 2 | 0 | 1 |
| Assets Forfeiture Fund and Seized Asset Deposit Fund | U | U | 0 | 0 | 0 | 0 | 3 | 2 | 1 | 1 |
| Federal Bureau of Investigation | U | U | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 |
| Drug Enforcement Administration | U | U | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Office of Justice Programs | U | U | 0 | 0 | 0 | 0 | 1 | 2 | 1 | 1 |
| U.S. Marshals Service | U | U | 1 | 2 | 0 | 0 | 1 | 0 | 1 | 1 |
| Federal Bureau of Prisons | U | U | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Federal Prison Industries, Inc. | U | U | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Bureau of Alcohol, Tobacco, Firearms and Explosives | U | U | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 1 |
| Component Totals | | | 1 | 3 | 0 | 1 | 8 | 6 | 5 | 8 |
| <p>¹ <i>Material weakness – A significant deficiency (see below), or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.</i></p> <p>² <i>Significant deficiency – A control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's consolidated financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.</i></p> <p>³ <i>Unqualified opinion – An auditor's report that states the financial statements present fairly, in all material respects, the financial position and results of operations of the reporting entity, in conformity with generally accepted accounting principles.</i></p> | | | | | | | | | | |

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 issued to determine whether they meet the requirements of OMB Circular A-133 and whether they contain any audit findings related to Department grants. During this semiannual period, the OIG issued to the Department’s granting agencies 103 single audit reports encompassing 705 contracts, grants, and other agreements totaling more than \$483 million. The OIG also monitors these audits through the resolution and closure process.

Ongoing Work

American Recovery and Reinvestment Act of 2009

The *American Recovery and Reinvestment Act of 2009* (Recovery Act) provides \$4 billion to the Department to fund grant programs to enhance state, local, and tribal law enforcement; to combat violence against women; and to fight Internet crimes against children. The Recovery Act also provides \$2 million for the OIG to provide oversight of the funds awarded by the three Department grant-making agencies: OJP, Office of Community Oriented Policing Services (COPS), and Office on Violence Against Women (OVW).

The OIG’s Recovery Act efforts include:

- 1) providing advice and training to Department grant administrators on improving grant management processes, managing the potential for fraud, issuing grant solicitations, improving performance measures, reviewing grant applications, improving guidance for grantees, improving performance and risk management plans, and developing other materials for grantees;
- 2) conducting audits of the Department’s administration of Recovery Act funds; and
- 3) meeting with state administering and oversight agencies to discuss management of Recovery Act programs, the potential for fraud, and the OIG’s role in the oversight process. Our Recovery Act efforts are described in more detail on page 40 of this semiannual report

Review of the Department’s Involvement with a National Security Agency Surveillance Program

The OIG is reviewing the Department’s involvement with an NSA surveillance program. We are examining the Department’s control over and use of information related to an NSA program and the Department’s compliance with legal requirements governing the program.

Protection of the Federal Judiciary and Federal Prosecutors

The OIG is examining the USMS’s efforts to protect federal judges and prosecutors. We also are examining the role that EOUSA plays in the protection of federal prosecutors.

Coordination of FBI and ATF Explosives Investigations

The OIG is reviewing the coordination between the FBI and ATF on explosives investigations, including the determination of lead investigative agency at incident scenes, training programs, and laboratory operations. Additionally, we are following up on our October 2004 audit recommendation to consolidate the Repository and Bomb Data Center databases under ATF management.

Staff Sexual Abuse of Federal Inmates

The OIG is reviewing the Department's efforts to prevent sexual abuse of federal inmates and detainees by BOP and USMS staff. Our review examines the Department's policies and procedures for addressing sexual abuse issues, investigating allegations of abuse, and prosecuting substantiated cases.

Deployment, Use, and Policies Governing Less-Lethal Weapons

The OIG is examining the types of less-lethal weapons used by the Department's law enforcement components, the circumstances in which the weapons are used, and the

policies governing their use. This review covers components' training, reporting, and investigations concerning the use of less-lethal weapons by Department personnel.

Combating Gangs and Gang Violence

The OIG is reviewing the intelligence and coordination activities of the National Gang Intelligence Center and the National Gang Targeting, Enforcement, and Coordination Center. We are examining how these two organizations contribute to the Department's anti-gang initiatives by assessing the effectiveness of their respective structures and organizations and whether each entity is achieving its stated mission to assist multi-jurisdictional gang investigations and prosecutions.

Federal Employees' Compensation Act

The OIG is reviewing the Department's administration and oversight of its *Federal Employees' Compensation Act* program, including whether controls are in place to effectively administer the program, whether Department management has implemented controls to prevent improper payments and opportunities for claimant fraud, and whether effective initiatives and practices exist for reducing the cause and duration of extended leave related to occupational injuries.

Federal Bureau of Investigation



The FBI's mission is to protect the United States against terrorist and foreign intelligence threats, enforce the criminal laws of the United States, and provide criminal justice services to federal, state, municipal, and international agencies and partners. FBI Headquarters in Washington, D.C. coordinates activities of more than 30,000 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 Efforts to Combat Crimes Against Children

The OIG's Audit Division assessed the FBI's efforts to combat crimes against children. The FBI's efforts focus primarily on online child sexual exploitation, child abductions, and non-cyber sexual exploitation. Our audit found that the FBI expends significant resources in these areas, employing the equivalent of 326 full-time special agents and initiating 2,891 investigations to address crimes against children in FY 2007.

The FBI primarily addresses crimes against children through two investigative units: 1) the Innocent Images Unit, which focuses on crimes against children facilitated through the Internet and technology, and 2) the Crimes Against Children Unit, which addresses non-cyber crimes such as child kidnapping and child prostitution. From its inception in 1995 through FY 2007, the Innocent Images Unit opened more than 20,000 investigations that resulted in nearly 7,000 convictions. Our audit found that between FYs

2006 and 2007 the FBI focused 70 percent of its Innocent Images special agent resources on its top two priorities – criminal enterprises and child pornography producers who sexually exploit children online.

Our audit identified several areas that could impede the FBI's efforts to protect children from violent crimes and sexual exploitation. The FBI's investigation of online crimes against children has been hampered to some extent by the length of time needed for FBI laboratories to conduct forensic analysis of digital evidence. The overall amount of digital evidence analyzed by the FBI increased nearly 2,200 percent between FYs 2001 and 2007. Although the FBI has tried to reduce its backlog of digital evidence, at the time of our audit a significant backlog still existed. We determined that FBI computer forensic personnel spent an overall average of 59 days examining digital evidence in FY 2007, but the processing time for some cases could have taken up to 9 months. To ensure timely processing of digital evidence, we recommended that the FBI

establish appropriate deadlines or benchmarks for completing requests.

In addition, the FBI has developed Child Abduction Rapid Deployment (CARD) teams, composed of experienced FBI special agents who provide onsite consultation to local law enforcement in missing children investigations. CARD teams were deployed on 26 occasions from March 2006 through December 2007. While the local law enforcement agencies we interviewed were generally satisfied with the assistance provided by the CARD teams, we could not determine how long it took for the FBI, on average, to respond to reports of missing children on a nationwide basis because the FBI does not have a mechanism for evaluating the timeliness of its CARD team deployments.

The OIG determined that the FBI needs to provide more specialized training to its special agents stationed at overseas posts who work with foreign governments on international parental kidnapping cases. We also found that the investigation of international parental kidnapping has been hampered by the lack of a shared database among the FBI, Department of State, and the National Center for Missing and Exploited Children (NCMEC).

To combat the prostitution of children, the FBI participates in the Innocence Lost National Initiative, a cooperative venture with NCMEC and the Child Exploitation and Obscenity Section in the Criminal Division. From FY 2003 through FY 2007, the FBI provided training on combating child prostitution, formed 24 nationwide Innocence Lost National Initiative task forces and working groups, and dismantled 31 criminal enterprises that trafficked children for prostitution. However, the FBI has not developed a complementary strategy for child sex tourism, which involves adults who travel to foreign countries to exploit children sexually. We recommended that the FBI develop a

comprehensive program on child sex tourism similar to the Innocence Lost National Initiative.

In total, the OIG made 13 recommendations for the FBI to enhance its crimes against children programs. The FBI agreed with our recommendations.

The FBI's Terrorist Threat and Suspicious Incident Tracking System

The OIG's Audit Division evaluated the FBI's Guardian Threat Tracking System known as Guardian, an automated system that records, stores, and assigns responsibility for follow up on counterterrorism threats and suspicious incidents received by the FBI. Guardian also records the outcome of the FBI's handling of these terrorist threats and suspicious incidents and can be used to disseminate immediate threat information and analyze threat information for trends and patterns.

From July 2004 through November 2007, the FBI documented in Guardian approximately 108,000 potential terrorism-related threats, reports of suspicious incidents, and terrorist watchlist encounters. Our audit found that the Guardian system represents a significant improvement to how the FBI previously tracked and handled threat information. However, the FBI must address shortcomings in the accuracy, timeliness, and completeness of the information entered into Guardian.

For example, FBI policy requires an FBI supervisor to review and close each threat or suspicious incident in Guardian. However, our review found that supervisory reviews were not performed in 12 percent of the 218 Guardian incidents tested. Additionally, FBI personnel did not consistently include supplementary information in the Guardian system, which could cause Guardian users performing searches or trend analyses of Guardian data to receive

inaccurate assessments of threats due to incomplete data. The OIG also found that while the FBI generally addressed high-priority and urgent threats in a timely manner, 28 percent of the 218 Guardian incidents tested were not resolved within 30 days – the timeframe established by the FBI to resolve most incidents. Moreover, some Guardian incidents remained unresolved in the threat tracking system for several months.

The FBI generally requires all threat information obtained from ongoing counterterrorism investigations recorded in its Automated Case Support System to also be entered into Guardian. We found that in almost half the cases tested the corresponding threat information was not entered into Guardian, which could prevent threat information from being available to all Guardian users, including the FBI's law enforcement and intelligence partners.

In addition to Guardian, the OIG reviewed the FBI's development of E-Guardian, a companion system that will provide state and local law enforcement with the capability to share local terrorism incident information with the FBI and receive nationwide unclassified terrorism incident information from the FBI. Deployment of E-Guardian has been delayed because the FBI changed the contractor developing the system. In addition, the implementation of technical patches to Guardian, designed to improve its operation, also caused some delay. Because both Guardian and E-Guardian are critical to the FBI's terrorist threat tracking and management process, any additional delays in the deployment of E-Guardian or the implementation of Guardian technical patches could inhibit the FBI's ability to track terrorist threats and suspicious incidents.

We made seven recommendations to improve the FBI's tracking of terrorist threats and suspicious incidents. The FBI agreed with our recommendations.

Sentinel IV: Status of the FBI's Case Management System

The OIG released its fourth in a series of reports examining the FBI's ongoing development of its Sentinel case management project. The Sentinel program is intended to upgrade the FBI's electronic case management system and provide the FBI with an automated workflow process.

In our third audit, issued in August 2007, we reported that Phase 1 of Sentinel was completed generally within budget, and the contractor delivered two key project components: a web-based portal for employees to log onto the FBI's Automated Case Support System (ACS) and personal and squad workboxes that summarize a user's cases and leads and helps supervisors manage resources. However, the FBI deferred one major deliverable – data cleansing of some ACS data for eventual migration to Sentinel. In our third report, we recommended that the FBI continue to implement the “lessons learned” from Phase 1 and consider modifying its four-phase approach to allow for more frequent updates to Sentinel.

Our current audit determined that the FBI was making progress in addressing most of the concerns identified in the three previous OIG audits of the Sentinel project. We also found that the FBI implemented several management controls and processes designed to help manage the development of Sentinel and bring it to a successful conclusion.

Our audit also focused on the FBI's replanning of Phases 2 through 4, during which time the FBI used the replanning effort to update its requirements for Sentinel. As a result of these changes, the FBI's total estimated cost of Sentinel has increased from \$425 million to \$451 million, and the completion date for Phase 4 has been extended from December 2009 to June 2010.

In the audit, we raised concerns about the FBI's limited planning for streamlining its business processes to coincide with implementation of Sentinel. While Sentinel offers the FBI an opportunity to make processes such as the collection of performance statistics more efficient, the FBI has completed minimal planning in this area. The FBI also needs to make several important decisions about the scope and functionality of Sentinel, such as Sentinel's role in automating the FBI's records management process. In addition, the FBI needs to improve the risk management process it uses to identify, monitor, control, and mitigate risks before they negatively affect Sentinel's cost, schedule, and performance. The current threshold for determining when a risk requires a contingency plan is set so high that very few, if any, risks will require a contingency plan. Improving the risk management process will enhance the FBI's overall risk management as well as its contingency preparedness.

We made 10 new recommendations to help the FBI ensure success of the Sentinel case management system and to better manage project costs. The FBI agreed with our recommendations.

CODIS Audits

The FBI's Combined DNA Index System (CODIS) includes a national information repository that permits the storing and searching of DNA specimen information to facilitate the exchange of DNA information by law enforcement agencies. During this reporting period, the OIG audited several state and local laboratories that participate in CODIS to determine if they comply with the FBI's Quality Assurance Standards and National DNA Index System (NDIS) requirements. Additionally, we evaluated whether the laboratories' DNA profiles in CODIS databases were complete, accurate, and allowable. Below are two examples of our audit findings.

- ◆ The Louisiana State Police Crime Laboratory in Baton Rouge, Louisiana, was in compliance with the FBI's Quality Assurance Standards that we reviewed. Further, the laboratory was in compliance with the NDIS requirements with the following exceptions: 1) the laboratory did not resolve 4 out of 15 NDIS matches within the allotted 30-business day timeframe; 2) the laboratory was not maintaining accurate records for CODIS users; 3) 14 of 100 uploaded forensic profiles were improperly included in NDIS; 4) 6 of 50 uploaded arrestee profiles were unallowable for inclusion in NDIS; and 5) the criterion used to determine whether the uploaded arrestee profiles were eligible for collection was not completely accurate. The FBI concurred with our recommendations, and Laboratory officials have taken corrective action to address these deficiencies.
- ◆ The Maine State Police Crime Laboratory in Augusta, Maine, was generally in compliance with the standards governing CODIS activities. However, we found the following deficiencies: 1) in two of the eight cases we tested, the candidate matches were not confirmed in a timely manner; 2) 18 of 100 forensic profiles tested either were not properly supported with casework documentation, were unallowable, or were incomplete; and 3) for 13 of the 18 profiles questioned, 2 profiles matched persons other than the perpetrator, 3 could not be potentially attributed to a putative perpetrator, and 8 profiles lacked adequate casework documentation to support the inclusion in NDIS. The FBI stated it would work with the Laboratory to comply with the report's recommendations.

Investigations

During this reporting period, the OIG received 892 complaints involving the FBI. The most

common allegations made against FBI employees were Intelligence Oversight Board violations, job performance failure, waste, and misuse of government property. The OIG opened 16 cases and referred other allegations to the FBI's Inspection Division for its review.

At the close of the reporting period, the OIG had 41 open criminal or administrative investigations of alleged misconduct related to FBI employees. The criminal investigations covered a wide range of offenses including release of information, false statements, and job performance failure. 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:

- ◆ In our *September 2005 Semiannual Report To Congress*, we reported on an investigation by the OIG's Boston Area Office that led to the indictment of retired FBI Special Agent John J. Connolly in Miami, Florida, on charges of first degree murder and conspiracy to commit murder in relation to the killing of former World Jai Alai President John Callahan in 1982. A joint investigation by the OIG's Boston Area Office, USAO for the District of Massachusetts, DEA, Massachusetts State Police, Miami-Dade Police Department, and Miami-Dade State Attorney's Office developed evidence that Connolly, while employed by the FBI in Boston, assisted the criminal activities of the Winter Hill Gang by supplying gang members with sensitive law enforcement information and intelligence that led directly to the murder of Callahan. During this reporting period, Connolly was convicted at trial of second-degree murder and sentenced to 40-years' incarceration.
- ◆ An investigation by the OIG's Atlanta Area Office led to the arrest of an FBI special

agent in the Southern District of New York on charges of exceeding his authorized access to FBI computers. OIG investigators determined that the special agent developed an inappropriate relationship with an FBI confidential informant, which included accepting gifts from the confidential informant. The special agent accessed the FBI's Automated Case Support System, determined that the confidential informant was a potential target of an FBI criminal investigation, and subsequently disclosed to the confidential informant that he was a potential target of a criminal investigation. Additionally, the special agent informed the confidential informant that he had stopped the investigation from proceeding. Judicial proceedings continue.

- ◆ An investigation by the OIG's New York Field Office resulted in the arrest and guilty plea of an FBI special agent on charges of criminally accessing a sensitive FBI database for personal purposes. OIG investigators determined that between January 2007 and July 2007 the special agent improperly released a copy of a confidential informant's report to a close personal friend and made more than 40 unauthorized searches in the FBI's Automated Case Support System, which contains confidential, law-enforcement sensitive information. Sentencing is pending.

Ongoing Work

The FBI's Use of Exigent Letters and Other Improper Requests for Telephone Records

As a follow-up to our reviews of the FBI's use of national security letters, the OIG is investigating the FBI's use of exigent letters and other improper requests to obtain telephone records.

The FBI's Terrorist Watchlist Nomination Practices

This follow-up to our audit of the Department's watchlist nomination processes is focusing on the FBI's practices for nominating individuals to the consolidated terrorist watchlist. This review is examining whether the FBI appropriately places or removes individuals on the watchlist in a timely manner and if records are updated with new information.

Review of the FBI's Disciplinary System

The OIG is reviewing the FBI's system for investigating allegations of employee misconduct and for disciplining employees who are found to have committed misconduct.

FBI Weapons of Mass Destruction Preparedness

The OIG is evaluating the FBI's efforts to prepare for Weapons of Mass Destruction (WMD) threats by reviewing its WMD operations, including how the WMD Directorate assists and supports field division WMD coordinators. This review also is assessing the WMD coordinators' activities with FBI personnel, as well as with public and private industry and the wider law enforcement community.

The FBI's Foreign Language Translation Services

As a follow-up to our July 2005 audit, we are assessing the FBI's ability to translate critical

foreign language material and whether the FBI ensures the appropriate prioritization of translation work, accurate and timely translations of pertinent information, and adequate pre- and post-hire security screening of linguists. We also are examining the FBI's success in meeting linguist hiring goals and the extent of any translation backlogs and the efforts taken by the FBI to address these backlogs.

Review of the FBI's Efforts to Combat Cyber Crime

The OIG is examining the FBI's programs to monitor, analyze, and investigate cyber crime.

Sentinel Audit V: Status of the FBI's Case Management System

This audit is evaluating the implementation of Phase 2 of the FBI's development of its new case management system, including cost and schedule performance. We also are assessing the FBI's progress in resolving concerns identified in our previous Sentinel audits.

Follow-up of the FBI's Casework and Human Resource Allocation

This review is examining the FBI's allocation and reprioritization of its personnel resources. We are assessing whether: 1) the FBI has sufficiently improved its process for allocating resources based on the investigative needs of the organization, 2) each FBI Investigative Operational Division has established a process for assessing the resource needs of field offices and headquarters in line with its priorities and threats, and 3) FBI resources are being utilized as intended.

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 36,000 employees and operates 114 institutions, 6 regional offices, and 2 staff training centers. The BOP is responsible for the custody and care of approximately 203,700 federal offenders, 167,150 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

The BOP's Witness Security Program

The OIG previously examined the USMS's and the Criminal Division's roles in the Department's Witness Security Program (WITSEC), which provides protection to federal witnesses and their family members. Our third audit in this series assessed the BOP's role in WITSEC, including the BOP's security for WITSEC prisoners in its custody.

The OIG's audit concluded that the BOP provides a secure environment for WITSEC inmates, but several program areas are in need of improvement. In our review, we identified at least 120 individuals who posed a threat to 23 WITSEC inmates but who were not entered into SENTRY – the primary information system used by the BOP to manage inmate population – because the BOP did not have all the required identifying information. We recommended that individuals who may pose a threat to WITSEC inmates should be entered into SENTRY even when only partial identifying information is available because this information can still be used to avoid placing

an inmate in close proximity to an inmate who poses a threat. We also determined that, although the Inmate Monitoring Section's headquarters staff and other select staff members are required to maintain a Top Secret security clearance, other BOP employees with access to WITSEC inmates and information generally undergo only basic background checks.

Since FY 1982, 20 inmates have died while participating in WITSEC, primarily due to natural causes or illness. However, death certificates showing cause of death were on file for only 12 of the deceased inmates. The absence of death certificates for the remaining eight inmates creates uncertainty whether the deaths were related to the inmates' participation in the program. Moreover, an autopsy report confirmed that one of the deaths was a suicide, and the lack of an autopsy report in another inmate's file raised questions as to whether the death was confirmed as a suicide. BOP policy states that the warden is not required to order an autopsy of a deceased inmate. We recommended that the BOP should have an autopsy performed whenever a WITSEC inmate

dies in custody by homicide, suicide, accident, or unknown causes, and that the BOP should maintain copies of those autopsy reports along with copies of the death certificates.

We also found that the BOP's Inmate Monitoring Section did not accumulate statistical data on WITSEC activity in several key areas, including the number of WITSEC inmates terminated from the program or released from the BOP and released inmates who transferred into the USMS's WITSEC program. In addition, the BOP does not separately budget or account for the operating costs of its Protective Custody Units that house WITSEC inmates.

We made 18 recommendations to assist the BOP in strengthening its management of WITSEC. The BOP and OIG have reached agreement on all but 3 of the report's 18 recommendations.

Investigations

During this reporting period, the OIG received 2,460 complaints involving the BOP. The most common allegations made against BOP employees were 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 review.

At the close of the reporting period, the OIG had 219 open cases of alleged misconduct against BOP employees. The criminal investigations covered a wide range of allegations, including introduction of contraband, bribery, and sexual abuse. The following are examples of cases involving the BOP that the OIG's Investigations Division handled during this reporting period:

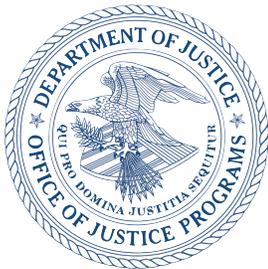
- ◆ An investigation by the OIG's Atlanta Area Office led to the arrest of a BOP contract specialist in the Northern District of Georgia on charges of embezzlement and making false statements. OIG investigators developed evidence that on numerous occasions the contract specialist used her government purchasing card to buy more than \$10,000 in unauthorized personal items, such as iPods, baseball uniforms, televisions, and video games and players. In addition, she used her government gas card to purchase more than \$5,000 in fuel for her personal vehicle.
- ◆ An investigation by the OIG's New York Field Office resulted in the sentencing of a BOP correctional officer to 10 years' incarceration followed by 3 years' supervised release for sexual abuse of a ward and a concurrent sentence of 15 years' incarceration followed by 5 years' supervised release for use of an interstate facility in the commission of a murder for hire. OIG investigators developed evidence that the correctional officer engaged in a sexual act with a female inmate, agreed to pay the inmate \$5,000 to arrange for the murder of the correctional officer's wife, and traveled from his residence in New York to his place of employment in Connecticut with the intent to have his wife murdered. In furtherance of the crime, the correctional officer caused his wife to reinstate him as the beneficiary of her life insurance policy and used the U.S. mail to accomplish this result.
- ◆ The OIG's Washington Field Office investigated allegations that a BOP inmate was physically and verbally abused by correctional officers because of his Arab ethnicity and Muslim faith. The OIG investigation substantiated that the inmate was subjected to verbal abuse by two correctional officers

because of his ethnicity and religion and that one of the correctional officers physically abused the inmate by pushing him into a wall. The OIG provided its findings to the BOP for appropriate disciplinary action.

- ◆ An investigation by the OIG's Dallas Field Office led to the arrest and guilty plea by a BOP correctional officer in the Northern District of Texas to charges of bribery of a public official. OIG investigators determined that during a 9-month period the correctional officer smuggled tobacco into the correctional facility in exchange for approximately \$12,000 in bribes. The correctional officer resigned from the BOP and was subsequently sentenced to 46 months' incarceration followed by 2 years' supervised release.

- ◆ In our *September 2008 Semiannual Report To Congress*, we reported on an investigation by the OIG's Washington Field Office that led to the arrest of a BOP senior correctional officer on charges of bribery of a public official, sexual abuse of a ward, conspiracy to possess contraband in a federal prison, and possession of contraband in a federal prison. OIG investigators determined that the senior correctional officer accepted cash payments and jewelry from an inmate in exchange for sex and provided contraband to the inmate, including marijuana, prescription drugs, alcohol, and cigarettes. During this reporting period, the senior correctional officer was sentenced to 21 months' incarceration pursuant to her guilty plea to charges of bribery of a public official and carnal knowledge with an inmate.

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 level. OJP is composed of 5 bureaus – the 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.

Reports Issued

The Convicted Offender DNA Backlog Reduction Program

The OIG's Audit Division examined OJP's Convicted Offender DNA Backlog Reduction Program (Backlog Reduction Program), a grant program that provides funding to help states reduce the backlog of convicted offender DNA samples. Our audit found that the Backlog Reduction Program has contributed to the decrease in the nationwide backlog of DNA samples awaiting analysis, but the Department could increase the effectiveness of the program by improving its method for collecting information from grantees, by ensuring that grants are used in a timely manner, and by not awarding funds to grantees who have not utilized prior awarded program funds.

In 2004, the Department implemented a 5 year, \$1 billion DNA grant program initiative to improve the capacity of law enforcement agencies to solve crimes using DNA evidence. As part of this DNA initiative, the Department provided

funding to help states reduce the backlog of convicted offender samples awaiting analysis and entry into the FBI's Combined DNA Index System (CODIS).

Between FYs 2005 and 2007, 39 states received Backlog Reduction Program grants totaling \$41.3 million to analyze 1.46 million DNA samples either through in-house analysis or by sending samples to approved vendor laboratories. We concluded that the national backlog of convicted offender DNA samples has been reduced significantly as a result of efforts by the states to analyze convicted offender DNA samples. However, the backlog may continue to grow because of recent legislation in some states that increased the number of offenses for which DNA samples could be collected.

We found several areas where the Backlog Reduction Program could be improved. Despite the fact that the Department required state laboratories to collect information on performance measures, the Department did not provide

adequate guidance to state laboratories on collecting and reporting performance and did not adequately use the information reported by the state laboratories to manage its Backlog Reduction Program. As a result, we identified inconsistencies with the statistical information reported by the laboratories, which prevents the Department from fully and accurately assessing overall Backlog Reduction Program performance.

We also found significant delays to the start of several Backlog Reduction Program awards, which caused more than 180,000 convicted offender DNA samples to not be uploaded to CODIS in a timely manner. These Backlog Reduction Program awards lacked any indication of activity in both financial and programmatic reports submitted to the Department, suggesting that award recipients may have encountered problems fulfilling the award requirements or that the Backlog Reduction Program may not be meeting the specific needs of the award recipient.

In addition, we found that the Department continued to award funding to several state laboratories that had not utilized previous award funding, despite the fact that the Department added requirements to the FY 2008 Backlog Reduction Program solicitation to reject applications from laboratories with prior awards that remain entirely unobligated as of the posting date of the solicitation. Awarding additional funding to state laboratories with inactive awards prevents those funds from being put to better use by another laboratory or federal program.

The OIG made 11 recommendations to help strengthen the Department's oversight and administration of the Backlog Reduction Program. The Department agreed with our recommendations.

Audits of OJP Grants to State and Local Entities

During this reporting period, the OIG continued to conduct audits of grants awarded by OJP. Examples of findings from these audits included the following:

- ◆ As of April 2, 2008, OJP awarded more than \$1.9 million in Southwest Border Prosecution Initiative (SWBPI) funding to [Mendocino County, California](#). Our audit found that all 710 cases Mendocino County claimed and was reimbursed for were ineligible under the SWBPI guidelines because the cases were not federally initiated. OJP agreed with our findings and will coordinate with Mendocino County on further corrective actions to remedy the \$1.9 million in questioned costs.
- ◆ As of April 15, 2008, [Lake County, California](#), received SWBPI funding totaling \$1.01 million. Our audit found that Lake County claimed and was reimbursed for cases that were ineligible under the SWBPI guidelines. As a result, we identified questioned costs totaling \$989,605 for 264 cases that were not federally initiated, of which Lake County has already repaid \$700,455. OJP agreed with our findings and will coordinate with Lake County on further corrective actions to remedy the remaining \$289,150 in questioned costs.
- ◆ As of April 15, 2008, OJP awarded SWBPI funding in the amount of \$702,317 to [Siskiyou County, California](#). Our audit found that all 259 of the cases Siskiyou County claimed and was reimbursed for were ineligible under the SWBPI guidelines because they were not federally initiated. OJP agreed with our findings and will coordinate with Siskiyou County to remedy the \$702,317 in questioned costs.

- ◆ In 2005 and 2006, OJP awarded two Convicted Offender DNA Backlog Reduction Cooperative Agreements totaling \$521,469 to the [Missouri State Highway Patrol \(MSHP\)](#). Our audit found that the MSHP did not inform OJP of its intent to use sole source vendors, nor did it tell OJP it was not using competitive bidding for all purchased laboratory supplies. As a result, we questioned \$249,617. We also found that the MSHP charged the cooperative agreement \$4,543 in unallowable fringe benefits, \$7,310 in unreported positions, and \$652 in unsupported overtime. In addition, the MSHP did not submit required reports on time, did not prepare reports correctly, and did not provide accurate information in its reports to OJP. OJP agreed with our recommendations and indicated that additional coordination will be required to remedy the \$261,620 in unsupported expenditures.
- ◆ As of December 31, 2006, OJP awarded a Services for Trafficking Victims Grant totaling \$1.3 million to the [Coalition to Abolish Slavery and Trafficking \(CAST\) in Los Angeles, California](#). We identified several grant-related expenditures for activities that were not authorized in the grant budget, unsupported costs associated with the grantee's claims of in-kind matching contributions, and semiannual progress reports that lacked the detail and consistency necessary to accurately assess CAST's ongoing efforts to achieve the goals of the grant. As a result of our audit, we questioned a total of \$112,566 in grant expenditures as either unallowable or unsupported. OJP agreed with our findings and will coordinate with CAST to remedy the total questioned costs.

Investigations

During this reporting period, the OIG received 24 complaints involving OJP and opened 7 new cases. The most common allegations made against OJP employees, contractors, or grantees were grantee fraud.

At the close of the reporting period, the OIG had 27 open criminal or administrative investigations of alleged misconduct related to OJP employees, contractors, or grantees. The criminal investigations included grantee fraud, contract fraud, false statements, and theft. The administrative investigations involved serious allegations of misconduct. The following are examples of cases involving OJP that the OIG's Investigations Division handled during this reporting period:

- ◆ In our March 2006 *Semiannual Report to Congress*, we reported on an investigation by the OIG's Fraud Detection Office and the Lansing, Michigan, Police Department that resulted in the sentencing of a Department grantee who stole \$60,135 in Department grant funds from her employer, the Neighborhood Youth and Parent Prevention Partnership of Lansing, Michigan. In December 2006, the former grantee pled guilty and was sentenced to 5 months' in a half-way house, 5 months' home confinement, and 3 years' probation pursuant to her guilty plea to making a false statement. She also was ordered to perform 200 hours' community service and pay \$60,135 in restitution. During this reporting period, the Department debarred the former grantee from receiving federal funds for a period of 3 years.

- ◆ An investigation by the OIG's Fraud Detection Office found that the City of Macon, Georgia, misspent approximately \$350,000 of a \$900,000 Safe Schools Initiative earmark grant from OJJDP intended to provide services for at-risk youth. Approximately \$71,000 of the City of Macon's grant expenditures was unallowable (e.g., travel, food purchases, cosmetic office enhancements, supplies, and equipment) per federal grant rules and regulations, and documentation did not exist to support an estimated \$279,000 in expenditures. Additionally, every quarterly financial status report submitted to OJP was false. The USAO for the Middle District of Georgia reached a civil settlement with the City of Macon for \$315,002.
- ◆ A joint investigation by the OIG's Fraud Detection Office, Legal Services Corporation OIG, and Department of Homeland Security (DHS) OIG led to the arrest of a secretary at Southern Arizona Legal Aid on 73 counts of mail fraud. The indictment returned in the District of Arizona alleged that the secretary embezzled more than \$18,000 in funds from clients filing Employment Authorization Documents and more than \$19,000 of Department grant matching funds and DHS fee waivers for those same clients.

Ongoing Work

OJJDP's Grant and Contract Award Procedures

The OIG is reviewing the policies and procedures used by OJJDP to solicit, assess, and

award discretionary grants in FY 2007. This review stems from allegations that the OJJDP Administrator and his executive staff bypassed several highly-rated grant applications in favor of lower-rated proposals.

NIJ's Grant and Contract Award Practices

We are examining whether competitive NIJ grants and contracts awarded in the last 3 fiscal years were awarded based on fair and open competition. We also are assessing whether non-competitive NIJ grants and contracts awarded in the last 3 fiscal years were properly justified. In addition, we are identifying costs related to competitively awarded NIJ grants and contracts that are administrative in nature and how those costs are determined.

OJP'S Management and Oversight of the Serious and Violent Offender Reentry Initiative

The OIG is assessing the adequacy of OJP's design and management of its Serious and Violent Offender Reentry Initiative grant program. We are examining the extent to which grantees have administered grants in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant awards. In addition, we are evaluating OJP's efforts to reduce recidivism among high risk violent offenders who have participated in Serious and Violent Offender Reentry Initiative sponsored programs.

U.S. Marshals Service



The USMS is responsible for protecting more than 2,000 federal judges and other members of the federal judiciary; arresting federal, state, and local fugitives; protecting federal witnesses; transporting federal prisoners; managing assets seized from criminal enterprises; and responding to special assignments. The Director and Deputy Director work with 94 U.S. marshals to direct the work of approximately 4,800 employees at more than 350 locations throughout the 50 states, Guam, Northern Mariana Islands, Puerto Rico, U.S. Virgin Islands, Mexico, Jamaica, and the Dominican Republic.

Investigations

During this reporting period, the OIG received 173 complaints involving the USMS. The most common allegations made against USMS employees were official misconduct; job performance failure; and force, abuse, and civil rights violations. The OIG opened seven investigations and referred other allegations to the USMS's Office of Internal Affairs for review.

At the close of the reporting period, the OIG had 22 open cases of alleged misconduct against USMS employees. The following are examples of cases involving the USMS that the OIG's Investigations Division handled during this reporting period:

- ◆ The OIG investigated allegations that a USMS attorney misused his official position by requesting and using USMS resources while engaging in his personal employment for Fox Sports. Our investigation revealed that when the attorney attended sporting events as a paid, part-time statistician for Fox Sports, he asked for and received transportation in

USMS cars driven by deputy U.S. Marshals to and from the games. Such events included the 2007 World Series in Boston, Massachusetts; the 2007 college football championship game and the 2008 Super Bowl, both in Phoenix, Arizona; and a 2008 NFL playoff game in Tampa, Florida. We also found that the USMS attorney inappropriately arranged for Fox broadcasters to be driven by or escorted in a motorcade led by deputy U.S. Marshals.

We concluded that the attorney's conduct violated the USMS's standards of ethical conduct for misuse of position and USMS policy on the proper use of government vehicles. In addition, we concluded that the attorney lacked candor when he was interviewed by OIG investigators about these matters. We also found that three U.S. Marshals inappropriately approved the attorney's requests to use USMS resources for personal business in their districts, while one U.S. Marshall appropriately denied the attorney's request.

We recommended the USMS take corrective actions to address weaknesses that our investigation disclosed in its internal controls regarding policies on outside employment. The USMS agreed to implement our recommendations.

- ◆ An investigation by the OIG's New York Field Office resulted in the arrest of a deputy U.S. Marshal pursuant to an indictment returned in the District of New Jersey charging him with providing a firearm to a convicted felon. OIG investigators determined that the deputy U.S. Marshal purchased a semi-automatic handgun by certifying on USMS letterhead that it was for "official use" only and would not be transferred to another person. However, the deputy U.S. Marshal gave the weapon to a friend whose past criminal convictions included aggravated assault, robbery, and unlawful possession of a handgun. The friend was arrested for possession of the handgun after police officers recognized him in the parking lot of an adult entertainment club as an individual who had days earlier misrepresented himself as a law enforcement officer. Judicial proceedings continue.
- ◆ An investigation by the OIG's New York Field Office led to the arrest of four USMS contract correctional officers (one of whom was a lieutenant) on charges of excessive force, obstruction of justice, and making a false statement. The OIG investigation led to an indictment returned in the Eastern District of New York alleging that an inmate

at the Queens Private Detention Facility (a USMS contract facility) was assaulted after he purportedly made a derogatory remark to one of the correctional officers. According to the indictment, the lieutenant and two of the correctional officers brought the victim to a shower room, ordered the victim to remove his clothes, and repeatedly hit the victim in the neck, causing the inmate's head to slam against the wall. The lieutenant then ordered the victim to apologize to the correctional officer he insulted and threatened to kill the victim if he reported the assault. The assault was brought to the attention of correctional facility authorities after inmates in the victim's dorm demanded that he receive medical treatment. Subsequently, three of the correctional officers allegedly conspired to cover up the incident and attempted to prevent two other correctional facility officers, both of whom reported to the lieutenant, from reporting the assault. In addition, the lieutenant and two correctional officers made false statements to law enforcement authorities in an effort to obstruct the government's investigation. Judicial proceedings continue.

Ongoing Work

The USMS's Oversight of Courthouse Security

The OIG is assessing the USMS's oversight of courthouse security.

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.

Investigations

During this reporting period, the OIG received 202 complaints involving the DEA. The most common allegations made against DEA employees were job performance failure, off-duty misconduct, waste, and mismanagement. The OIG opened eight investigations and referred other allegations to the DEA's Office of Professional Responsibility for review.

At the close of the reporting period, the OIG had 20 open cases of alleged misconduct against DEA employees. The most common allegation was improper release of information. The following are examples of cases involving the DEA that the OIG's Investigations Division handled during this reporting period:

◆ A joint investigation by the OIG's Dallas Field Office and the DEA OPR led to the arrest of a DEA special agent on charges of bribery, accepting gratuities, and aiding and abetting false statements on visa applications. The investigation revealed that the DEA special agent fraudulently obtained visas for Mexican

nationals so they could legally enter the United States. The investigation also revealed that the special agent falsified several visa referrals in return for \$2,500 and a diamond ring valued at \$1,000. Judicial proceedings continue.

◆ An investigation by the OIG's Boston Area Office resulted in the arrest of a DEA task force member assigned to a High Intensity Drug Trafficking Area (HIDTA) task force on charges of making false statements, altering and falsifying records in a federal investigation, and wire fraud resulting in the theft of honest services from the National Guard and the DEA. The task force member served as a criminal intelligence analyst for HIDTA, a position that provided him with access to computer databases containing sensitive case information. OIG investigators developed evidence that the task force member accessed state records regarding his ex-girlfriend for harassment purposes and misused DEA subpoenas when he falsely implicated her in an active drug investigation. Judicial proceedings continue.

- ◆ The OIG's Dallas Field Office investigated an allegation that a DEA special agent was involved in a sexual relationship with a confidential source that he allegedly protected from criminal prosecution for illegal drug activities. The investigation confirmed the existence of the sexual relationship between the agent and the informant and that the agent likely protected the informant from criminal prosecution because of this relationship. The investigation also established that the DEA agent attempted to obstruct the OIG investigation by advising the informant not to cooperate with the OIG. Because the subject's admissions were administratively obtained, criminal prosecution was not pursued, and the OIG provided its report to the DEA for appropriate administrative action.

Ongoing Work

Follow-up on the DEA's Handling of Cash Seizures

This follow-up review is assessing if the DEA has taken appropriate actions to implement our prior audit recommendations for handling cash seizures and whether the DEA's corrective actions have improved its handling of seized cash.

The DEA's Clandestine Drug Laboratory Cleanup Program

The OIG is evaluating the effectiveness of the DEA's Clandestine Laboratory Cleanup Program.

The DEA's El Paso Intelligence Center

The OIG is reviewing how the DEA's El Paso Intelligence Center provides intelligence support to federal, state, and local law enforcement agencies.

Bureau of Alcohol, Tobacco, Firearms and Explosives



ATF's 5,000 employees perform the dual responsibilities of enforcing federal criminal laws and regulating 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.

Investigations

During this reporting period, the OIG received 202 complaints involving ATF. The most common allegations made against ATF employees were waste, misuse of government property, and theft. The OIG opened three cases and referred other allegations to ATF's OPR for its review.

At the close of the reporting period, the OIG had six open criminal or administrative investigations of alleged misconduct related to ATF employees. The criminal investigations included release of information, denial of rights or due process, drug trafficking, and fraud. The administrative investigations involved serious allegations of misconduct. 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 led to the arrest of an ATF analyst in

the Northern District of Texas on charges of exceeding her authorized access to a government computer. OIG investigators determined that the analyst accessed National Crime Information Center computer records concerning her boyfriend, who was a member of the Aryan Brotherhood. In addition, the analyst released details of an imminent undercover operation to the Aryan Brotherhood target of the operation. Judicial proceedings continue.

- ◆ The OIG's Atlanta Area Office investigated allegations that an ATF special agent in charge (SAC) misused her position and ATF resources for personal gain. Specifically, the SAC allegedly directed ATF agents to provide security for her personal friend while the friend was signing books at a local bookstore. The OIG investigation concluded that the SAC

provided false statements during the OIG investigation and misused ATF resources and her position. Criminal prosecution was declined, and the SAC subsequently retired from ATF.

Ongoing Work

ATF's Alcohol and Tobacco Diversion Program

The OIG is reviewing ATF activities that address the domestic and international diversion of alcohol and tobacco products from legitimate commerce.

ATF's Project Gunrunner

The OIG is reviewing the effectiveness of ATF's Project Gunrunner, an anti-firearms-trafficking initiative along the southwest border.

Other Department Components

Civil Rights Division

Reports Issued

Politicized Hiring and Other Improper Personnel Actions

The OIG and OPR jointly investigated allegations that Bradley Schlozman, former Deputy Assistant Attorney General (AAG) and Acting AAG for the Civil Rights Division, inappropriately considered political and ideological affiliations in hiring career attorneys and in other personnel actions affecting career attorneys in the Division.

We concluded that Schlozman violated federal law (*Civil Service Reform Act*) and Department policy, both of which prohibit discrimination in federal employment based on political affiliations, and committed misconduct. Moreover, our report concluded that Schlozman made false statements about whether he considered political and ideological affiliations when he testified before the Senate Judiciary Committee and in his written responses to supplemental questions from the Committee. We also found that senior managers in the Civil Rights Division failed to exercise sufficient oversight to ensure that Schlozman did not engage in inappropriate hiring and personnel practices.

Our review determined that:

- ◆ Schlozman expressed disdain for the career attorneys in the Civil Rights Division and stated his desire to hire “real Americans” into the Division, a term that many witnesses told us Schlozman used when referring to political and ideological conservatives.
- ◆ Responding to the resume of a recent law school graduate who was clerking for a federal judge and was interested in a position at the Department, Schlozman commented that the resume had “lib written all over it.” The resume of the applicant, who was not hired, showed prior employment with three Democratic members of Congress, as well as positions in the Department of Education and OJP during the Clinton Administration.
- ◆ Schlozman told an applicant he recruited that there were too many liberal, Democratic trial attorneys in the Division’s Voting Section, and that he was trying to “remedy” the situation by identifying conservative applicants and selecting them outside the official application process.
- ◆ Schlozman inappropriately considered political and ideological affiliations in the transfer of three career attorneys from the Division’s Appellate Section. He called the attorneys “disloyal,” “not one of us,” “against us,” “not on the team,” or “treacherous.” All three attorneys

were later reinstated in the Appellate Section after Schlozman's departure.

- ◆ Schlozman placed limitations on the assignment of cases to attorneys whom he described as "libs" or "pinkos," and he requested that "important" cases be handled by conservative attorneys he had hired.
- ◆ Schlozman admitted to a Division section chief that he had made mistakes because he "probably considered politics when I shouldn't have."

While testifying under oath before the Senate Judiciary Committee, Schlozman responded to questions about whether he ever violated the policy against considering political and ideological affiliations in the hiring of career Department

employees by stating that he did not. Schlozman also responded "no" to Senator Dianne Feinstein's written question, "Was your decision to order or suggest the transfer of any attorney out of the Appellate Section based, in whole or in part, on an intent to fill the position with an attorney who would adopt more conservative views?" We believe, based on our investigation, that both of these responses were false.

Schlozman resigned from the Department in August 2007. In March 2008, we referred the results of our investigation to the Department for consideration of prosecution of Schlozman for false statements. The Department assigned the matter to the USAO for the District of Columbia. On January 9, 2009, the USAO declined criminal prosecution, and we issued our report on January 13, 2009.

U.S. Attorneys' Offices

Reports Issued

USAO Resource Management

The OIG's Audit Division examined the allocation of personnel resources among USAOs and among the criminal and civil areas federal prosecutors have emphasized over the past 5 years. We found that funding and authorized full time positions for USAOs increased during our 5 year review period, but USAOs experienced a significant gap between allocated attorney positions and the number of attorneys that they were actually utilizing. EOUSA attributed this gap to rising expenses and budget constraints. Further, we found that the average number of cases handled per USAO attorney increased from FYs 2003 to 2007.

We reported several weaknesses in the process used by EOUSA and USAOs to allocate attorney resources. Specifically, EOUSA does not have reliable and specific data to make fully informed resource allocation decisions and to use in reporting statistical data to the Department and Congress. Moreover, EOUSA has not developed an objectively sound statistical model to determine the optimal staffing levels for USAOs and has had difficulty reallocating existing resources between offices.

In our examination of the number and types of cases handled by USAOs, we found that USAOs overall used fewer attorney resources on counterterrorism matters than were funded by Congress for this purpose. EOUSA officials said this underutilization was partially caused by investigative agencies providing fewer terrorism-

related matters to USAOs. By contrast, USAOs expended more attorney resources than allocated in other crime areas, such as health care fraud and organized drug trafficking and money laundering organizations.

In addition, our review determined that USAOs filed for prosecution in approximately half of the 554,675 criminal matters referred between FYs 2003 and 2007 and declined 13 percent of the total matters referred. The information contained in EOUSA's national casework database indicated that the remaining matters referred during this time period were still pending a decision whether to prosecute, including 54,127 criminal matters that were shown in a pending status for at least 3 years. However, our audit of a limited sample of 50 matters that were listed as pending in the

database showed that 56 percent of the matters were no longer pending, meaning the database had not been updated to reflect the change in status.

We concluded that EOUSA does not routinely examine the utilization of attorneys within USAOs, nor does it regularly perform an assessment of each USAO's casework within prosecutorial areas. While EOUSA's stated policy is to conduct USAO evaluations every 3 years, including utilization and casework assessments, these evaluations only were occurring on a 4-to-5 year basis during the time period of our review.

The OIG report included 10 recommendations to assist EOUSA in its resource planning and allocation decisions, as well as in overseeing the operations of USAOs. EOUSA agreed with our recommendations.

Criminal Division

Reports Issued

Equitable Sharing Audits

Under the Department's 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. To be eligible to receive equitable sharing proceeds, law enforcement agencies must submit a request within 60 days of an asset seizure.

During this reporting period, the OIG's Audit Division audited the [Camden County, Georgia, Sheriff's Office's](#) use of equitable sharing

revenues. The Camden County Sheriff's Office was awarded \$1.4 million in equitable sharing revenues from FYs 2005 through 2008 to support its law enforcement operations. Our audit found that the Sheriff's Office complied with equitable sharing requirements pertaining to accounting for equitable sharing receipts, use of equitably shared property, interest earned on equitable sharing funds, and non-supplanting requirements. However, we found that the Sheriff's Office did not comply with other requirements pertaining to Federal Equitable Sharing Agreements, Annual Certification Reports, use of equitable sharing revenues, and record keeping. As a result, we identified \$663,659 in questioned costs, of which \$200,937 were unsupported. Subsequent to the issuance of our final report, the Criminal Division agreed to correct each of the deficiencies we identified.

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 latest list of top challenges, issued in October 2008, is to the right. We believe that all are critical management and performance issues facing the Department, and thus the challenges are not presented in order of priority. However, it is clear that the top challenge facing the Department is its ongoing response to the threat of terrorism. In addition, many of the other top challenges are closely related to and impact directly on the Department's counterterrorism efforts.

Top Management and Performance Challenges in the Department of Justice - 2008

1. Counterterrorism
2. Sharing of Intelligence and Law Enforcement Information
3. Information Technology Planning, Implementation, and Security
4. Civil Rights and Civil Liberties
5. Restoring Confidence in the Department of Justice
6. Violent Crime
7. Cybercrime
8. Grant Management
9. Detention and Incarceration
10. Financial Management and Systems

Detailed information about these management and performance challenges can be found online at <http://www.usdoj.gov/oig/challenges/index.htm>.

The American Recovery and Reinvestment Act of 2009

The *American Recovery and Reinvestment Act of 2009* (Recovery Act) appropriated \$787 billion to provide a stimulus to the economy. In this legislation, the Department received \$4 billion to award in grants to enhance state, local, and tribal law enforcement; to combat violence against women; and to fight Internet crimes against children.

The OIG is taking proactive steps to help oversee the Department's Recovery Act activities, including providing Department officials and grant administrators with advice and training on improving the grant management process and on preventing fraud or misuse of the funds. We also have reviewed and provided advice regarding the internal controls and certifications that the grant administrators are using as they award Recovery Act funds. In addition, we prepared a document entitled "Improving the Grant Management Process," which contains recommendations and best practices that OIG auditors and investigators have identified from our grant oversight work over the years. We distributed this document to Department grant managers, and also beyond the Department, because many of these recommendations have relevance to grant practices across federal agencies.

The OIG also initiated audits examining Department funds received through the Recovery Act. The objectives of the audits are to determine if Department components are properly managing Recovery Act funds in accordance with the

Recovery Act, OMB guidelines, and sound grant management practices. The audit work is being performed in multiple phases throughout the grant-making and implementation processes. As we proceed with these reviews, we will provide grant administrators with significant findings from this audit work as quickly as possible so the findings can be addressed promptly.

Representatives from our Investigations Division field offices and our regional audit offices are also reaching out to state auditing agencies to discuss the monitoring of the Department's Recovery Act funds received by grant recipients in their jurisdictions and encouraging them to report any concerns to the OIG. Our auditors also are conducting risk analyses to focus audit work in areas where fraud is most likely to occur.

Inspector General Glenn Fine has been designated as a member of the Recovery Act Accountability and Transparency Board. The Board is responsible for providing oversight and promoting transparency regarding expenditure of Recovery Act funds, including issuing quarterly and annual reports on the use of Recovery Act funds and any oversight matters; making recommendations to agencies on measures to avoid problems and prevent fraud, waste, and abuse; issuing reports to the President and Congress on potential management and funding problems that require immediate attention; and establishing and maintaining a user friendly website (www.recovery.gov) to foster greater accountability and transparency in the use of covered funds.

| DOJ RECOVERY ACT FUNDING | |
|---|-----------------------|
| Office/Program | \$ in millions |
| Office of Justice Programs | |
| Byrne formula grants | 2,000 |
| Byrne competitive grants | 225 |
| Tribal Law Enforcement | 225 |
| Rural Law Enforcement | 125 |
| Victim Compensation | 100 |
| Internet Crimes Against Children | 50 |
| Southern Border/HIDTA/Project Gunrunner | 40 |
| Subtotal | 2,765 |
| Office of Community Oriented Policing Services | |
| COPS Hiring Recovery Program | 1,000 |
| Office on Violence Against Women | |
| Violence Against Women Prevention and Prosecution Programs | 225 |
| Salaries and Expenses | |
| Management, administration, and oversight of programs within OVW, OJP, and COPS | 10 |
| Total | 4,000 |

Congressional Testimony

On October 3, 2009, Inspector General Fine testified before the House Committee on the Judiciary concerning “The Investigation into the Removal of Nine U.S. Attorneys in 2006.”

Legislation and Regulations

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

During this reporting period, the OIG reviewed and provided comments through the Legislation Committee of the Council of Inspectors General on Integrity and Efficiency on *The American Recovery and Reinvestment Act of 2009*, which was signed into law on February 17, 2009, and on the proposed *Federal Agency Performance Review and Efficiency Act*.

Statistical Information

Audit Statistics

Audit Summary

During this reporting period, the OIG's Audit Division issued 155 audit reports, which contained more than \$15 million in questioned costs and more than \$107,000 in funds to be put to better use and made 377 recommendations for management improvement. Specifically, the Audit Division issued 23 internal audit reports

of Department programs funded at more than \$151 million; 29 external audit reports of contracts, grants, and other agreements funded at more than \$15 million; and 103 *Single Audit Act* audits funded at more than \$483 million. In addition, the Audit Division issued eight Notifications of Irregularities and one Management Advisory Memorandum.

| 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 | 2 | \$107,653 |
| Needing management decision during period | 5 | \$3,159,037 |
| Management decisions made during period: | | |
| ◆ Amounts management agreed to put to better use ¹ | 1 | \$66,403 |
| ◆ Amounts management disagreed to put to better use | 0 | \$0 |
| No management decision at end of period | 4 | \$3,092,634 |

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.

| 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 | 3 | \$7,029,192 | \$1,332,906 |
| Issued during period | 50 | \$15,770,352 | \$9,175,496 |
| Needing management decision during period | 53 | \$22,799,544 | \$10,508,402 |
| Management decisions made during period: | | | |
| ◆ Amount of disallowed costs ¹ | 38 | \$9,632,837 | \$3,610,837 |
| ◆ Amount of costs not disallowed | 0 | \$0 | \$0 |
| No management decision at end of period | 15 | \$13,166,707 | \$6,897,565 |

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.

| 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 | 1 | 1 |
| Issued during period | 118 | 377 |
| Needing management decision during period | 119 | 378 |
| Management decisions made during period: | | |
| ◆ Number management agreed to implement ¹ | 98 ² | 318 |
| ◆ Number management disagreed with | 0 | 0 |
| No management decision at end of period | 22 | 60 |

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.

² Includes two audit reports that were not resolved during this reporting period because management has agreed to implement a number of but not all recommended management improvements in these audits.

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 Followup*, requires audit reports to be resolved within 6 months of the audit report issuance date. The Audit Division monitors the status of open audit reports to track the audit resolution and closure process. As of March 31, 2009, the OIG closed 110 audit reports and was monitoring the resolution process of 368 open audit reports.

Unresolved Audits

Audits Over 6 Months Old without Management Decisions

As of March 31, 2009, the following audits had no management decision or were in disagreement:

- ◆ Oversight of Intergovernmental Agreements by the USMS and the Office of the Federal Detention Trustee
- ◆ USMS Intergovernmental Service Agreement for Detention Facilities with the Blount County, Tennessee, Sheriff's Office
- ◆ USMS Intergovernmental Service Agreement for Detention Facilities with the Central Virginia Regional Jail
- ◆ USMS Intergovernmental Service Agreement for Detention Facilities with the Cumberland County Jail, Portland, Maine
- ◆ USMS Intergovernmental Service Agreement for Detention Facilities with the Hamilton County, Tennessee, Silverdale Correctional Facility
- ◆ USMS Intergovernmental Service Agreement for Detention Facilities with the Western Tidewater Regional Jail, Suffolk, Virginia
- ◆ Single Audit Act Report on the Hoonah Indian Association, Hoonah, Alaska

Evaluation and Inspections Statistics

The chart below summarizes the Evaluation and Inspections Division's (E&I) accomplishments for the 6-month reporting period ending March 31, 2009.

| E&I Workload Accomplishments | Number of Reviews |
|---|--------------------------|
| Reviews active at beginning of period | 7 |
| Reviews initiated | 1 |
| Final reports issued | 1 |
| Reviews active at end of reporting period | 7 |

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 March 31, 2009, one report, "The United States Marshals Service Judicial Security Process," had one unresolved recommendation. The OIG continues to work with the USMS to resolve it.

Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending March 31, 2009.

Source of Allegations

| | |
|---------------------------------------|-------|
| Hotline (telephone, mail, and e-mail) | 1,001 |
| Other sources | 3,488 |
| Total allegations received | 4,489 |

Investigative Caseload

| | |
|--|-----|
| Investigations opened this period | 171 |
| Investigations closed this period | 180 |
| Investigations in progress as of 3/31/09 | 373 |

Prosecutive Actions

| | |
|-----------------------------------|----|
| Criminal indictments/informations | 52 |
| Arrests | 56 |
| Convictions/Pleas | 49 |

Administrative Actions

| | |
|---------------------|----|
| Terminations | 18 |
| Resignations | 49 |
| Disciplinary action | 36 |

Monetary Results

| | |
|-------------------------------|-------------|
| Fines/Restitutions/Recoveries | \$4,473,696 |
|-------------------------------|-------------|

Integrity Awareness Briefings

OIG investigators conducted 129 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 3,729 employees.

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 |
| BOP | Federal Bureau of Prisons | NSA | National Security Agency |
| CODIS | Combined DNA Index System | OIG | Office of the Inspector General |
| DEA | Drug Enforcement Administration | OJP | Office of Justice Programs |
| Department | U.S. Department of Justice | OJJDP | Office of Juvenile Justice and Delinquency Prevention |
| EOUSA | Executive Office for U.S. Attorneys | OMB | Office on Management and Budget |
| FISMA | <i>Federal Information Management Security Act</i> | OPR | Office of Professional Responsibility |
| FBI | Federal Bureau of Investigation | OVW | Office on Violence Against Women |
| FY | Fiscal year | SWBPI | Southwest Border Prosecution Initiative |
| IG Act | <i>Inspector General Act of 1978</i> | USAO | U.S. Attorneys' Offices |
| IT | Information technology | USMS | U.S. Marshals Service |

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.

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 IT, 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.

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.

Appendix 3

Evaluation and Inspections Division Reports

October 1, 2008 - March 31, 2009

Sex Offender Registration and Notification Act

Oversight and Review Division Reports

October 1, 2008 - March 31, 2009

An Investigation of Overtime Payments to FBI
and Other Department Employees Deployed to
Iraq and Afghanistan

An Investigation of Allegations of Politicized
Hiring and Other Improper Personnel Actions in
the Civil Rights Division

Appendix 4

Audit Division Reports

October 1, 2008 - March 31, 2009

INTERNAL AND EXTERNAL AUDIT REPORTS

Annual Accounting and Authentication of Drug Control Funds and Related Performance FY 2008

Assets Forfeiture Fund and Seized Asset Deposit Fund Annual Financial Statement FY 2008

ATF's Annual Financial Statement FY 2008

Compliance with Standards Governing CODIS Activities at the Louisiana State Police Crime Laboratory, Baton Rouge, Louisiana

Compliance with Standards Governing CODIS Activities at the Maine State Police Crime Laboratory, Augusta, Maine

Department's Audit of the Convicted Offender DNA Backlog Reduction Program

Department's Efforts in Managing Information Technology Security Vulnerabilities

DEA's Annual Financial Statement FY 2008

FBI's Annual Financial Statement FY 2008

BOP's Annual Financial Statement FY 2008

Federal Prison Industries, Inc. Annual Financial Statement FY 2008

Federal Prison Industries, Inc. Annual Management Report FY 2008

Follow-up on the OJP SWBPI Funding Received by City and County of San Francisco, California

Independent Evaluation of ATF's Information System Program Pursuant to FISMA, FY 2008

Independent Evaluation of ATF's Arson and Explosives Incident System Pursuant to FISMA, FY 2008

Limited Scope Audit and Investigation of Santee Sioux Nation, Niobrara, Nebraska

Limited Scope Audit of the City of Illinois, Department of Children and Youth Services

Limited Scope Audit of the City of Peoria, Illinois

Limited Scope Audit of the Counseling Services of Eastern Arkansas

Limited Scope Audit of the Domestic Violence Intervention Services, Tulsa, Oklahoma

Limited Scope Audit of the Nassau County Detectives Association Inc., Plainview, New York

Limited Scope Audit of the South Dakota Coalition Against Domestic Violence and Sexual Assault, Pierre, South Dakota

Limited Scope Audit of the Southern Ute Tribe, Ignacio, Colorado

OJP Annual Financial Statement FY 2008

Offices, Boards and Divisions Annual Financial Statement FY 2008

OJP BJA and OVW Grants to Encourage Arrest Policies and Enforcement of Protective Orders Awarded to the Tulsa County, Oklahoma, Sheriff's Office

OJP BJA Grant Awarded to the Geauga County Prosecutor's Office, Chardon, Ohio

OJP BJA Grants Awarded to the County of Belknap, New Hampshire

OJP Community Capacity Development Office Grants to the Community Agencies Corporation of New Jersey for the Clinton Hill Weed and Seed Site, Newark, New Jersey

OJP Convicted Offender DNA Backlog Reduction Program Grants Awarded to the California Department of Justice, Sacramento, California

OJP Grants Awarded to the Internet Crimes Against Children Task Force, Santa Fe, New Mexico

OJP Local Law Enforcement Block Grant Awarded to the City of Cudahy, California

OJP NIJ Cooperative Agreements Administered by the Missouri State Highway Patrol, Jefferson City, Missouri

OJP OJJDP Cooperative Agreement Awarded to the DuPage County Children's Center Project, Wheaton, Illinois

OJP Services for Trafficking Victims Grant Awarded to the Coalition to Abolish Slavery and Trafficking, Los Angeles, California

OJP SWBPI Funding Received by Lake County, California

OJP SWBPI Funding Received by Mendocino County, California

OJP SWBPI Funding Received by Monterey County, Salinas, California

OJP SWBPI Funding Received by San Benito County, California

OJP SWBPI Funding Received by Siskiyou County, California

OVW Grant to Encourage Arrest Policies and Enforcement of Protective Orders Awarded to Asotin County, Washington

OVW Safe Haven Grants Awarded to the City of Grand Island, Nebraska

Resource Management of USAOs

Sentinel Audit IV: Status of the FBI's Case Management System

The Department's Litigation Case Management System

The FBI's Efforts to Combat Crimes Against Children

The FBI's Terrorist Threat and Suspicious Incident Tracking System

The BOP's Witness Security Program

The Department's Annual Financial Statement FY 2008

Department Annual Special-Purpose Financial Statements FY 2008

USMS Annual Financial Statement FY 2008

Use of Equitable Sharing Revenues by the Camden County, Georgia, Sheriff's Office, Woodbine, Georgia

Single Audit Act Reports of Department Activities

October 1, 2008 - March 31, 2009

Alabama Coalition Against Domestic Violence, Montgomery, Alabama

Alliance Against Family Violence and Sexual Assault, Bakersfield, California

Bethany Services, Inc., and Alliance Against Family Violence and Sexual Assault, Bakersfield, California

Bexar County, San Antonio, Texas

Blackfeet Tribe of the Blackfeet Indian Reservation, Browning, Montana

Borough of Northampton, Pennsylvania

Boys & Girls Club of Bulloch County, Inc., Statesboro, Georgia

Camden County, Woodbine, Georgia

Champaign County, Urbana, Ohio

Charter Township of Oscoda, Michigan

City and County of San Francisco, California

City of Arlington, Texas

City of Austin, Texas

City of Bridgeport, West Virginia

City of Chester, Pennsylvania

City of Coatesville, Pennsylvania

City of East Peoria, Illinois

City of Farmington Hills, Michigan

City of Galveston, Texas

City of Hamtramck, Michigan

City of Harrisburg, Pennsylvania

City of Henderson, Nevada

Semiannual Report to Congress

City of Highland Park, Michigan
City of Kalispell, Montana
City of Lansing, Michigan
City of Methuen, Massachusetts
City of Modesto, California
City of Oceanside, California
City of Pittsburg, California
City of Pomona, California
City of Saint Albans, Vermont
City of San Diego, California
City of Savannah, Georgia
City of St. Louis, Missouri
Columbia River Inter-Tribal Fish Commission,
Portland, Oregon
Commonwealth of Pennsylvania, Harrisburg,
Pennsylvania
Contra Costa County, Martinez, California
District of Columbia Government, Washington, D.C.
Downriver Mutual Aid, Southgate, Michigan
Fisk University, Nashville, Tennessee
Fond du Lac County, Fond du Lac, Wisconsin
For Love of Children, Washington, D.C.
Georgia Coalition Against Domestic Violence, Decatur,
Georgia
Government of Guam, Hagatna, Guam
Hall County, Grand Island, Nebraska
Helping Services for Northeast Iowa, Inc., Decorah, Iowa
Hawaii Community Foundation, Honolulu, Hawaii
Howell County, West Plains, Missouri
Indian Township Tribal Government, Princeton,
Minnesota
Jasper County, Carthage, Missouri
Jefferson County, Golden, Colorado
Johnson County, Cleburne, Texas
Kanawha County, Charleston, West Virginia
Kansas Big Brothers & Big Sisters, Inc., Wichita, Kansas
Kansas Legal Services, Inc., Topeka, Kansas
Lafayette County, Lexington, Missouri
Levy County, Bronson, Florida
Logan County, Lincoln, Illinois
Los Coyotes Band of Indians, Warner Springs,
California
Marion County, Indianapolis, Indiana
Mescalero Apache Tribe, Mescalero, New Mexico
Monroe County, Sparta, Wisconsin
Mountain Top Technologies, Johnstown, Pennsylvania
National Association of Police Athletic/Activities
Leagues, Inc., Jupiter, Florida
National Criminal Justice Association, Washington, D.C.
National District Attorneys' Association, Alexandria,
Virginia
National Law Enforcement Telecommunication
System, Inc., Phoenix, Arizona
New Mexico Administrative Office of the Courts,
Santa Fe, New Mexico
New Mexico Corrections Department, Santa Fe, New
Mexico
New York State Coalition Against Sexual Assault, Inc.,
Albany, New York
Oglala Sioux Tribe Department of Public Safety, Pine
Ridge, South Dakota
Oglala Sioux Tribe, Pine Ridge, South Dakota
Ozaukee County, Port Washington, Wisconsin
Phelps County, Rolla, Missouri
Poweshiek County, Montezuma, Iowa
Puerto Rico Department of Justice, San Juan, Puerto Rico

Puerto Rico Police, San Juan, Puerto Rico
 Putnam County, Greencastle, Indiana
 Rock Island County Council on Addiction, East Moline, Illinois
 Safe and Fear-Free Environment, Dillingham, Alaska
 Salem County, Salem, New Jersey
 Salt River Pima-Maricopa Indian Community, Scottsdale, Arizona
 San Miguel County, Las Vegas, New Mexico
 Sanders County Coalition for Families, Thompson Falls, Montana
 Sheboygan County, Sheboygan, Wisconsin
 Sheriffs' Association of Texas, Inc., Austin, Texas
 Siouxland Human Investment Partnership, Sioux City, Iowa
 South Dakota Coalition Against Domestic Violence and Sexual Assault, Pierre, South Dakota
 State of California, Sacramento, California

State of Delaware, Dover, Delaware
 State of Mississippi, Institutions of Higher Learning, Jackson, Mississippi
 State of Mississippi, Jackson, Mississippi
 State of Montana, Helena, Montana
 State of Wyoming, Cheyenne, Wyoming
 The Foraker Group, Anchorage, Alaska
 The Paul & Lisa Program, Inc., Essex, Connecticut
 Town of Brattleboro, Vermont
 Town of Hope Mills, North Carolina
 Unified Government of Wyandotte County, Kansas City, Kansas
 Wallowa County, Enterprise, Oregon
 Women Empowered Against Violence, Washington, D.C.
 Young Men's Christian Association of the Greater Houston Area, Houston, Texas
 Youth Crime Watch of America, Inc., Miami, Florida

Audit Division Reports

October 1, 2008 - March 31, 2009

| Quantifiable Potential Monetary Benefits | | | |
|--|------------------|-------------------|-------------------------|
| Audit Report | Questioned Costs | Unsupported Costs | Funds Put to Better Use |
| Camden County, Woodbine, Georgia | \$88,502 | \$19,652 | |
| City of Austin, Texas | \$1,147,912 | | |
| City of Bridgeport, West Virginia | \$13,920 | | |
| City of Harrisburg, Pennsylvania | \$214,812 | \$195,000 | |
| City of Lansing, Michigan | \$17,376 | | |
| City of Methuen, Massachusetts | \$18,262 | \$18,262 | |
| City of San Diego, California | \$53,000 | \$53,000 | |
| City of St. Louis, Missouri | \$118,011 | \$118,011 | |
| Government of Guam, Hagatna, Guam | \$20,763 | \$20,763 | |

| Quantifiable Potential Monetary Benefits | | | |
|--|------------------|-------------------|-------------------------|
| Audit Report | Questioned Costs | Unsupported Costs | Funds Put to Better Use |
| Indian Township Tribal Government, Princeton, Minnesota | \$14,000 | \$14,000 | |
| Kansas Big Brothers, Big Sisters, Inc., Wichita, Kansas | \$5,651 | \$5,651 | |
| Kansas Legal Services, Inc., Topeka, Kansas | \$9,190 | \$9,190 | |
| Lafayette County, Lexington, Missouri | \$185,000 | \$185,000 | |
| Limited Scope Audit and Investigation of Santee Sioux Nation, Niobrara, Nebraska | \$51,466 | \$41,672 | |
| Limited Scope Audit of the South Dakota Coalition Against Domestic Violence and Sexual Assault, Pierre, South Dakota | \$13,944 | \$10,131 | |
| Marion County, Indianapolis, Indiana | \$38,718 | \$38,718 | |
| Mountain Top Technologies, Johnstown, Pennsylvania | \$7,356 | | |
| National Association of Police Athletic/Activities Leagues, Inc., Jupiter, Florida | \$240,575 | \$240,575 | |
| National District Attorneys Association, Alexandria, Virginia | \$54,776 | \$54,776 | |
| National Law Enforcement Telecommunications System, Inc., Phoenix, Arizona | \$3,104 | | |
| Oglala Sioux Department of Public Safety, Pine Ridge, South Dakota | \$40,174 | \$40,174 | |
| Oglala Sioux Tribe, Pine Ridge, South Dakota | \$4,874,905 | \$4,874,905 | |
| OJP BJA and OVW Grants to Encourage Arrest Policies and Enforcement of Protective Orders Awarded to the Tulsa County, Oklahoma Sheriff's Office | \$1,685 | | \$66,403 |
| OJP BJA Grant Awarded to the Geauga County Prosecutor's Office, Chardon, Ohio | \$80,416 | \$42,425 | |
| OJP Community Capacity Development Office Grants to the Community Agencies Corporation of New Jersey for the Clinton Hill Weed and Seed Site, Newark, New Jersey | \$29,551 | \$16,798 | |
| OJP Local Law Enforcement Block Grant Awarded to the City of Cudahy, California | \$32,193 | \$32,193 | |
| OJP NIJ Cooperative Agreements Administered by the Missouri State Highway Patrol | \$261,620 | \$652 | |
| OJP Services for Trafficking Victims Grant Awarded to the Coalition to Abolish Slavery and Trafficking, Los Angeles, California | \$112,566 | \$88,882 | |

| Quantifiable Potential Monetary Benefits | | | |
|--|-------------------------|--------------------------|--------------------------------|
| Audit Report | Questioned Costs | Unsupported Costs | Funds Put to Better Use |
| OJP SWBPI Funding Received by Lake County, California | \$989,605 | | |
| OJP SWBPI Funding Received by Mendocino County, California | \$1,910,431 | | |
| OJP SWBPI Funding Received by Monterey County, Salinas, California | \$76,804 | | \$41,250 |
| OJP SWBPI Funding Received by San Benito County, California | \$397,984 | | |
| OJP SWBPI Funding Received by San Francisco, California | \$336,254 | | |
| OJP SWBPI Funding Received by Siskiyou County, California | \$702,317 | | |
| OVW Grant to Encourage Arrest Policies and Enforcement of Protective Orders Awarded to Asotin County, Washington | \$477,144 | \$466,231 | |
| OVW Safe Haven Grants Awarded to the City of Grand Island, Nebraska | \$45,241 | | |
| Phelps County, Rolla, Missouri | \$20,675 | | |
| Puerto Rico Department of Justice, San Juan, Puerto Rico | \$90,598 | \$90,598 | |
| Puerto Rico Police, San Juan, Puerto Rico | \$950,719 | \$938,045 | |
| Putnam County, Greencastle, Indiana | \$59,461 | \$59,461 | |
| Sheriffs Association of Texas, Austin, Texas | \$93,969 | \$93,969 | |
| South Dakota Coalition Against Domestic Violence and Sexual Assault, Pierre, South Dakota | \$35,661 | \$35,661 | |
| State of California, Sacramento, California | \$223,854 | \$223,854 | |
| State of Delaware, Dover, Delaware | \$317 | \$317 | |
| State of Mississippi, Institutions of Higher Learning, Jackson, Mississippi | \$15,218 | \$15,218 | |
| State of Mississippi, Jackson, Mississippi | \$547,761 | \$547,761 | |
| Unified Government of Wyandotte County, Kansas City, Kansas | \$379,032 | \$379,032 | |
| Use of Equitable Sharing Revenues by the Camden County, Georgia Sheriff's Office, Woodbine, Georgia | \$663,659 | \$200,937 | |
| Wallowa County, Enterprise, Oregon | \$1,456 | \$1,238 | |
| Youth Crime Watch of America, Inc., Miami, Florida | \$2,744 | \$2,744 | |
| Total | \$15,770,352 | \$9,175,496 | \$107,653 |

Appendix 5

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 | 42 |
| Section 5(a)(1) | Significant Problems, Abuses, and Deficiencies | 9-41 |
| Section 5(a)(2) | Significant Recommendations for Corrective Actions | 9-40 |
| Section 5(a)(3) | Prior Significant Recommendations Unimplemented | 45-46 |
| Section 5(a)(4) | Matters Referred to Prosecutive Authorities | 21, 24-25, 28-35 |
| Section 5(a)(5) | Refusal to Provide Information | None |
| Section 5(a)(6) | Listing of Audit Reports | 50-55 |
| Section 5(a)(7) | Summary of Significant Reports | 9-40 |
| Section 5(a)(8) | Audit Reports – Questioned Costs | 44 |
| Section 5(a)(9) | Audit Reports – Funds to Be Put to Better Use | 43 |
| Section 5(a)(10) | Prior Audit Reports Unresolved | 45 |
| Section 5(a)(11) | Significant Revised Management Decisions | None |
| Section 5(a)(12) | Significant Management Decisions with which the OIG Disagreed | None |

Report Waste, Fraud, Abuse, or Misconduct

To report allegations of waste, fraud, abuse, or misconduct in Department of Justice programs, please visit the DOJ OIG website at <http://www.usdoj.gov/oig/>.

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

- ◆ General allegations of fraud, waste, and abuse;
- ◆ 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, 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 DOJ OIG, please call (800) 869-4499.

U.S. DEPARTMENT OF JUSTICE
OFFICE OF THE INSPECTOR GENERAL